How to increase revenue with an optimized checkout

Introduction

Regardless of how much expertise, time, and resources a business invests in its customer journey—from brand awareness to conversion-focused web design—success ultimately hinges on the key moments before a sale. Any amount of friction can cause customers to hesitate and abandon a purchase. Checkout isn't the end of the buying process; it's often the deciding factor.

Customer acquisition costs are also rising as ecommerce growth slows, making abandoned carts that much more expensive.

A recent Stripe study found that businesses that switched to Stripe's **Payment Element** saw 10.5% more revenue on average than similar businesses that remained on an older Stripe integration. Unlike the older integration, the Payment Element, a customizable prebuilt payments UI, dynamically surfaces the most relevant payment methods increasing conversion.

By using the latest technology to build a frictionless checkout, businesses can benefit from double-digit revenue uplift, not just in domestic markets but around the globe. However, implementing sophisticated checkout optimizations to maximize revenue is both technically challenging and resource-intensive.

10.5%

average revenue growth
on Stripe's Payment Element

Why is building an optimized checkout difficult?

Business leaders who undertake building a bespoke checkout from scratch often tell us they spend more time solving unforeseen challenges than they imagined, which takes them away from other important parts of their business.

A common theme is how challenging it is to meet customers' varied expectations across markets, countries, and currencies, while working to improve the front-end payments experience and back-end data flows. Doing so requires more developer time and resources than you might expect. Market expansion is also time-intensive and costly, which can result in lost momentum and market share.

The process of building a checkout is even more complex for platforms, requiring an optimized front-end experience, settings and controls for users, and complex data models. You need to track account preferences and then reflect those selections within the checkout experience to make sure the right payment methods are shown to each customer, across every business. As a result, business leaders end up hiring teams to focus solely on building and maintaining this required functionality.

You can build a checkout with a team of engineers and internal payments experts, but those investments take away from other pressing initiatives. Regardless of which solution you choose to optimize your checkout, make sure that it integrates with other aspects of your business as you grow and scale. In this guide, we'll show you how.

How to optimize
your checkout

What is an optimized checkout experience?

Customer expectations continue to rise, and people want fast, convenient, and secure transactions. An optimized checkout experience generates revenue for a business by meeting these expectations worldwide.

Customers will abandon carts for many reasons: They don't want to set up an account. Their favorite payment method isn't available. The checkout process is taking too long. If you haven't optimized for convenience, speed, and safety, your checkout will diminish rather than drive revenue.

At Stripe, we've found that there are four key checkout principles to keep in mind:

1 **Brevity:** A clear, concise purchase journey that's easy to navigate.

2 **Personalization:** A checkout that surfaces the most relevant payment methods for each customer and recognizes repeat customers.

3 **Responsiveness:** A responsive design built for both mobile and unified commerce.

4 **Extensibility:** Infrastructure that supports complex revenue models, including subscriptions.

We've found that prioritizing these principles while building your checkout will help drive revenue, no matter how you get there.

Checkout experience with inefficiencies

Optimized checkout experience

1. Brevity: Shorten the purchase journey

Sixty percent of customers say they would abandon a website if a purchase took more than two minutes to complete. There's a lot you can do to shorten the purchase journey beyond just making your checkout form shorter:

Increase the likelihood of a purchase

Businesses can surface relevant information earlier in the sales funnel to streamline a sale:

- **Return policies:** Communicate return policies upfront to cut through indecision, especially in countries where customers prefer to try a new purchase before making a firm commitment.

- **Buy now, pay later options:** Let customers know you accept installment payments prior to checkout so they know you offer flexible payment options.

60%

of customers say they would abandon a website if a purchase took more than two minutes to complete.

- **Shipping and product fees:** Show shipping estimates and dates on the cart page to avoid surprises at checkout.

Set up an express checkout

One-click or express checkout options with embedded buttons get customers to make a purchase faster. For example, OpenAI used Stripe's one-click checkout, Link, to save and autofill payment and shipping information, making the checkout process 40% faster on average. Italic also implemented Link to improve the payments experience, leading to a 34% increase in conversions and a 37% increase in the average order value. Other popular global wallets like Apple Pay, Google Pay, and PayPal should be added to enable faster checkout.

Simplify the experience

Once a customer has added all of their personal and payment details, allow them to store the information so you can pre-populate the form fields next time. You can also benefit from cutting unnecessary prompts. For example, while including a phone number field is a common practice for ecommerce in the United States and in Asia Pacific, it's unexpected in Europe. Validating payment fields in real time also minimizes the risk of transactional errors.

Protect personal information

Protecting both personally identifiable information (PII) and financial data builds trust in your business. Display payment method logos and security credentials on every page in the checkout process to reinforce confidence and trust in your business.

Implementing Stripe's one-click checkout, Link, led to:

40%
faster checkout process

OpenAI

34%
increase in conversions

37%
increase in the average order value

ITALIC

2. Personalization: Localize checkouts with the most relevant payment options
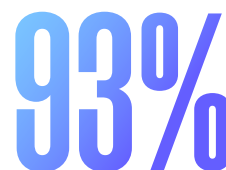
Customers want to make purchases with the payment method that feels most comfortable for them, but it can be challenging to predict which payment methods will resonate across locations and currencies—especially as preferences evolve.

Our research found that **93% of customers** believed it was important to provide common payment methods in their country. Businesses that assess and adjust for a customer's ideal payment method based on country, browser type, industry, currency, and purchase amount and more are far more likely to have a checkout that converts.

Although it may be tempting to show a wide variety of payment options at checkout to appeal to a broader group of customers, this approach has the opposite effect. Because of the paradox of choice, it takes far more effort for a customer to consider a long list of payment options rather than a few targeted options. Imagine, for example, the experience of a customer in Europe sifting through payment methods that are only popular in North America.

When Danish kitchenware manufacturer **Bodum** scaled its ecommerce business to 23 countries and added 18+ payment methods, it used Stripe's dynamic ordering to surface the most relevant payment methods for each customer based on local preferences, eligibility, and more. During the company's expansion to the Netherlands, for example, 83% of transactions used local payment types that are not prominent in other markets, including iDEAL and Bancontact. Bodum adapted to local preferences without overwhelming customers with irrelevant options.

Platforms also need to be able to use complex data models to surface the most relevant payment methods for businesses and their customers. **Ticket Tailor**, a UK-based event ticketing platform designed its checkouts with a few key payment

93%

of customers believed it was important to provide common payment methods in their country.

choices when expanding to the Netherlands and Belgium. Founder and CEO Jonny White said, "Since launching the local payment methods in those markets, we've doubled the number of sign-ups in twelve months." Ticket Tailor's success hinged on its ability to launch local payment methods quickly to match customer expectations in both countries. Customers everywhere will get overwhelmed and decide not to make a purchase when they're given too many payment options, or not the right ones.

Successful companies have also implemented A/B testing to gauge interest in each payment method and experiment as consumer preferences change. These strategic optimizations extend beyond geographic location to include industry-specific preferences and demographic differences. For example, one study indicates that **26% of millennials and 11% of Generation Z shoppers chose buy now, pay later (BNPL) services** at checkout. If a business wants to market to younger generations, it should consider prioritizing BNPL. When **Thinkific** partnered with Stripe to offer BNPL options, it found that transactions made with a BNPL method had three times higher average order value than those made with cards. Industry-specific norms are also important to include in the decision-making process. For example, B2B buyers paying tens of thousands of dollars in a single transaction typically need to use a bank transfer rather than a credit card.

3. Responsiveness: Build for mobile and unified commerce

In Asia Pacific, roughly half the customers Stripe surveyed use smartphones more than desktop devices to shop. Eighty percent said that they make purchases on social media platforms.

This shift has reverberated across markets. **One study by Insider Intelligence** predicts that mobile will account for 40.4% of ecommerce sales in the United States in 2024. This shift presents new hurdles given that conversion rates are
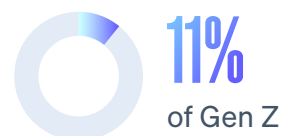
"Since launching the local payment methods in those markets, we've doubled the number of sign-ups in twelve months."

Jonny White
Founder and CEO
Ticket Tailor

TicketTailor

Percentage of shoppers who chose buy now, pay later (BNPL) services at checkout

26%
of millennials

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stripe

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significantly lower on mobile devices. As Bodum's leadership summarized: "Mobile checkout is the future, but the distraction rate is very high. If a customer is buying something through a mobile site and they get another notification, the risk of losing that purchase is significant."

To increase conversion rates, there are three best practices to ensure an easy-to-use checkout on mobile devices:

- **Responsive design:** Make sure that your design automatically resizes based on the most common device screen sizes, especially for smartphones.

- **Digital wallets:** Most customers would rather not type credit card information into a smartphone or tablet. By accepting digital wallets—including Apple Pay, Google Pay, and PayPal—you can decrease abandoned carts.

- **Numeric keypads:** The best checkouts for mobile display a numeric keypad for customers automatically. If they're using a credit or debit card, they can input payment information without taking an additional step to change the keypad.

People crave a consistent experience when interacting with a business, whether at a brick-and-mortar location or browsing online. Unified commerce—a personalized, consistent experience across all channels—is key to customer acquisition and retention.

Not only do customers want to see the items in their cart show up across devices, they expect a similar design, flow, and style regardless of where they check out—on an iOS or Android device, a web browser, or an in-person point of sale.

Stripe helped Goodtill realize a 3,000x increase in payments in six months by strengthening unified commerce, enabling eat-in diners to order from mobile devices at their tables in a few clicks. Stripe's responsive design and ability to accept mobile wallets also tripled checkout speed, leading to happier customers and higher revenue.

"Mobile checkout is the future, but the distraction rate is very high. If a customer is buying something through a mobile site and they get another notification, the risk of losing that purchase is significant."

Peter Bodum
Ecommerce Manager
Bodum

bodum®

Implementing Stripe Payments led to:

3,000x

increase in payments in six months

goodtill

4. Extensibility: Natively support subscriptions

Managing recurring revenue requires even more intricate payments infrastructure. Businesses need to charge precise amounts at set intervals and safely store payment, billing, and shipping information. Wallets and one-click checkouts such as Link, which autofills saved payment details, addresses, and phone numbers for future purchases, minimize friction for customers at checkout. Providing free trials can also increase the likelihood that a customer will commit to a subscription.

One of the greatest challenges for subscription businesses is involuntary churn. Failed payments because of expired cards, insufficient funds, or outdated details lower revenue and frustrate customers. These errors account for as much as 50% of subscription turnover for businesses. Enabling payment methods such as wallets that automatically update new card information and bank debits can increase retention over time.

Leading businesses also use automation to decrease turnover. Important capabilities to keep in mind include recovering lost revenue by automating repeated payment attempts, scheduling failed payment emails, and using built-in card updates.

Industry leader OpenAI leveraged these capabilities, available in Stripe Billing, as well as Stripe's optimized checkout suite and Link, to implement multiple pricing models, including one-time purchases, monthly, or usage-based subscriptions. By offering more than 25 different payment methods worldwide, it monetized groundbreaking AI products.

Slack also automated custom usage-based invoices for enterprise clients with a global footprint. By making it easy for customers to enjoy uninterrupted service on their terms, you can build a subscription business model that fosters loyalty and retention.

50%

of subscription turnover is from expired cards, insufficient funds, or outdated details.

Stripe's optimized checkout suite

Building a checkout that evolves with your business and the needs of customers is essential—and it no longer requires internal payments expertise, extensive engineering resources, or limitless time.

Stripe's optimized checkout suite delivers a frictionless customer experience. By combining pre-built payment UIs, payment methods, and Link, businesses can build and launch their own fully optimized payments solution that boosts revenue and saves thousands of engineering hours.

- **Maximize conversion with payment UIs:** Choose the user interface that matches your business goals, whether you're looking to strengthen your checkout with customizable modular UI components through Stripe Elements, launch a prebuilt payments page with Checkout, or quickly accept payments online with no code using Payment Links. Benefit from mobile-friendly navigation, autofill options, error messages, input masking, simplified compliance, mobile SDK support, and more.

- **Accelerate checkout with Link:** Speed up transactions by autofilling saved payment details and embedding express checkouts earlier in the customer journey. With Link's one-click, automated experience, customers make purchases without the wait.

- **Convert more customers with payment methods:** With the optimized checkout suite, businesses can turn on the most relevant payment methods from the Stripe Dashboard. Increase conversion by dynamically surfacing the most relevant payment methods you've enabled based on Stripe's machine learning algorithm. Test new payment methods to understand the effect on revenue and set custom targeting rules,
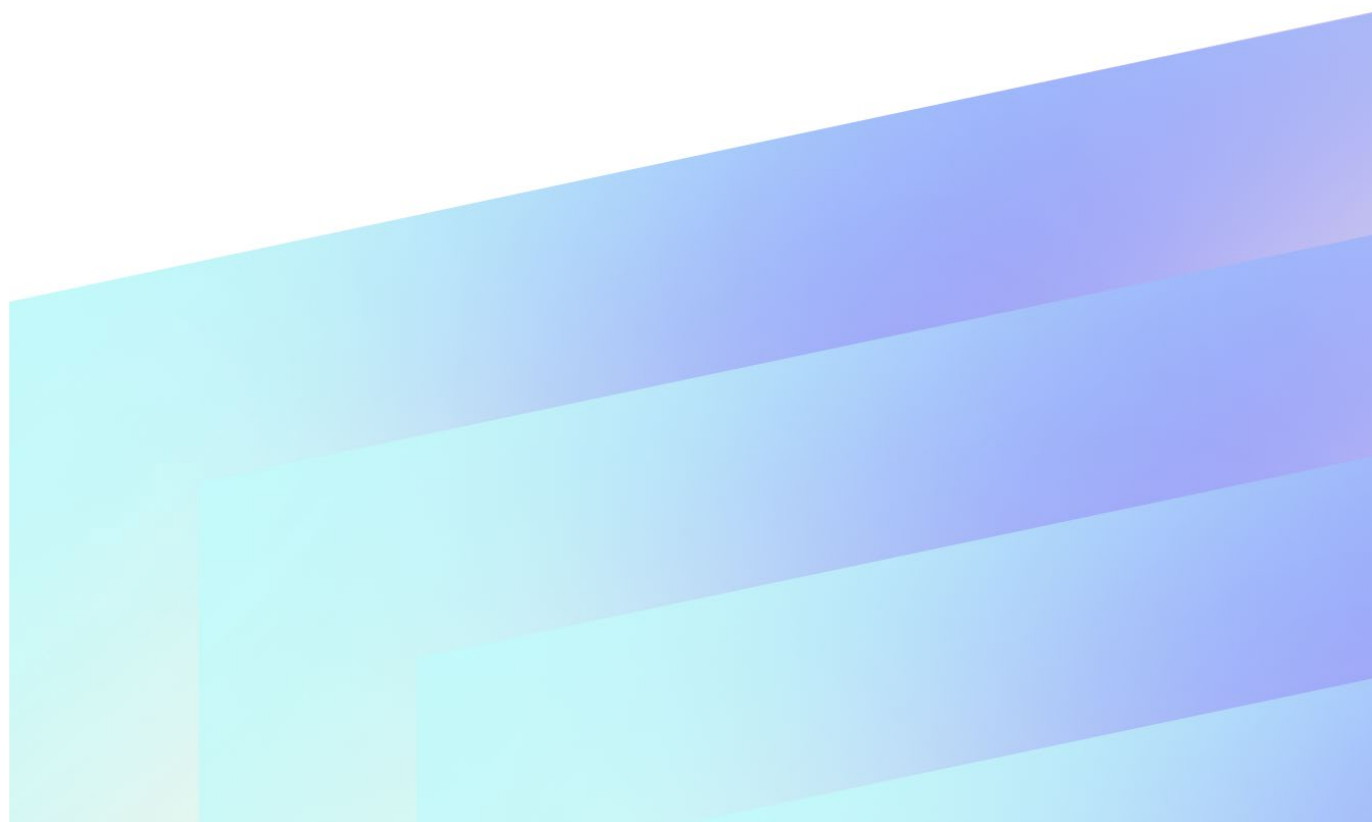
all while offloading payment method maintenance and eligibility complexity to Stripe.

- **Maintain platform-level controls:** With the optimized checkout suite, platforms can distribute payment methods in bulk and access granular controls to configure payment methods for all businesses, offer businesses the ability to turn on payment methods themselves, and block access to certain payment methods.

- **Collect and validate addresses:** Gather, auto-complete, and validate billing and shipping addresses with Stripe's Address Element, which reduces the risk of shipping or sales tax errors.

- **Display BNPL options prior to checkout:** Strengthen up-funnel conversion rates and average order value with Stripe's Payment Method Messaging Element. With a single component that embeds eligible buy now, pay later payment methods, including Affirm, Afterpay, and Klarna, directly into product or cart pages, your customers learn about their options earlier in the sales funnel, making a purchase more convenient and flexible.

- **Support multiprocessors:** Use the Payment Element to create a unified checkout experience across all your payment processors, while still maintaining control over where your payment flows are routed using our Vault and Forward multiprocessor solution, currently in private beta.

- **Minimize recurring declines:** Retain more revenue with Stripe Billing, which helps reduce churn with Smart Retries, automated failed payment emails, and global payment options, including bank debits.

Our end-to-end solution gives businesses granular control over their customer experience without the time and developer resources required to build, maintain, and optimize a best-in-class checkout from scratch.

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For more information about Stripe's optimized checkout suite, read more about **our products**, learn about **payment methods**, or **contact our sales team**.

To start accepting payments right away, **sign up for an account**.

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