

## Digitally-Led Mid-Tier Merchants on Track to Win Global Innovation Race, Research by ACI Worldwide and Ovum Reveals

October 9, 2019

*Trailblazing merchants focus heavily on payments innovation, including new payment options, a mobile focus, and a seamless cross-channel payment experience*

NAPLES, Fla.--(BUSINESS WIRE)--Oct. 9, 2019-- Digitally-driven mid-tier merchants that are able to bring new and innovative products and services quickly to market as well as deliver a consistent focus on customer experience are winning the global innovation race, new research by [ACI Worldwide](#) and Ovum reveals. According to the [Culture of Innovation Index](#), 37 percent of mid-tier merchants with annual revenues between \$5bn and \$10bn are either 'Advanced' or 'Trailblazers' when it comes to innovation, whereas 23 percent in this group are classified as 'Laggards.'

The index identifies five types of organizations, as defined by their approach to innovation and business transformation: *Laggards, Emerging, Tech-led, Advanced and Trailblazers*. When it comes to the world's largest merchants, the situation reverses: 37 percent of merchants with annual revenues of at least \$10bn are 'Innovation Laggards;' 22 percent are classified as 'Advanced' and only 8 percent are 'Trailblazers.'

"Digital-led mid-tier merchants may well be on the way to becoming the super-merchants of tomorrow," commented Andrew Quartermaine, vice president, Merchant Retail, ACI Worldwide. "Today, growing numbers of consumers globally expect a digital-led shopping experience. Businesses that have a strong digital presence and strategy, whether they are big or small, will therefore have the edge in today's competitive environment."

While there is no single formula for driving innovation within an organization, the [Merchant ebook - How to become a Payments Trailblazer](#) outlines seven key characteristics of 'Trailblazing' Merchants - the most innovative enterprises - that stand out from the rest of the market. Among those key features are: a strong central function tasked with driving innovation, an agile culture that is responsive to customer needs, taking advantage of emerging technologies and focusing on customer experience by bringing innovative products and services quickly to market.

"There is no single recipe for success in today's new retail environment, but our research provides a blueprint for what the most innovative and successful merchants do right," continued Quartermaine. "Catering to a growing customer preference for digital-led or digital-influenced purchasing is key. This includes new payment options; a focus on mobile, especially in-store, and a stronger, more seamless cross-channel payment experience."

Other key findings:

### Overall merchant performance

- Overall, the merchant segments (telecoms, retail, digital goods and hospitality) featured in the Culture of Innovation Index are spread across the Laggard, Emerging and Tech-led categories, placing them behind fintech, retail and corporate banking in the overall ranking

### There are significant regional differences in terms of innovation

- In Europe, 35 percent of all merchants are classified as Laggards, compared to 30 percent globally. European retailers particularly fall behind their global peers, with 43 percent in the Laggard category, reflecting the challenges that many have faced as a result of the rapid shift in customer habits toward eCommerce
- In contrast, merchants in Asia-Pacific are highly focused on investing in technology; 32 percent fall into the Tech-led group, with 26 percent in the Advanced category; only 19 percent are Laggards
- Merchants in the US are polarized, with 34 percent falling into the Laggards and 16 percent into Trailblazers category, reflecting the growing gap between more traditional merchants and many of the more digital-native businesses

### Customer experience is key

- Innovation in payments is focused on areas that enhance customer experience – new payment options, a focus on mobile (especially in-store), and a stronger, more seamless cross-channel payments experience
- Security initiatives like PSD2 and SCA are driving the need for technology innovation in order to balance fraud prevention with maximizing conversion rates; regulatory requirements may drive merchants to close the innovation gap relative to banks

**\*Methodology:**

The Culture of Innovation Index, based on interviews with senior executives in close to 1,200 enterprises, scores each organization based on its plans and behaviors across a range of cultural, organizational and technology-centric factors. For the Merchant segment, 538 merchants globally were surveyed: 237 retailers, 100 merchants from the digital goods sector, 74 from the hospitality sector and 127 from the telecoms sector.

Interviews covered a range of topics relating to two broad themes: **Inputs to the innovation process** (cultural and organizational drivers of innovation, particularly the way that the organization is structured with respect to identifying changing customer needs, competitive challenges and new market opportunities) and **Outputs from the innovation process** (outcomes from the process, in terms of factors such as the adoption and investment in emerging technologies as well as specific product innovation relating to the business area in question). Across the study, the responses to more than 100 individual questions were scored and weighted to produce combined scores for each of the Input and Output categories.

**About ACI Worldwide**

ACI Worldwide, the [Universal Payments](#) (UP) company, powers [electronic payments](#) for more than 5,100 organizations around the world. More than 1,000 of the largest financial institutions and intermediaries, as well as thousands of global merchants, rely on ACI to execute \$14 trillion each day in payments and securities. In addition, myriad organizations utilize our [electronic bill presentment and payment](#) services. Through our comprehensive suite of software solutions delivered on customers' premises or through ACI's [private cloud](#), we provide real-time, [immediate payments](#) capabilities and enable the industry's most complete [omni-channel payments](#) experience. To learn more about ACI, please visit [www.aciworldwide.com](http://www.aciworldwide.com). You can also find us on Twitter [@ACI\\_Worldwide](#).

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