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State of digital payments acceptance in US online retail

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By **Lily Varon**

Amazon Pay, Apple Pay, PayPal, Google Pay: alternative payments are a hot topic. And they are key to seamless checkout experiences, especially while consumers shop on their smartphones. But which options are merchants offering? And which are consumers actually using?

Forrester dove into 100 retailer sites to determine the state of alternative-payments acceptance in U.S. online retail, and we cross-referenced what we discovered with what we know from Forrester's data on consumer behavior.

From this review, we found that:

Forty-two percent of retailers in our study accept Apple Pay but consumer usage is low. Apple Pay is the second-most-popular digital payment method among retailers.

However, while almost half of U.S. online adults are familiar with it, just 17 percent have used it in the past three months. And Apple Pay usage is higher among younger consumers.

For consumers who are aware of them, installment payments usage is high. About one-quarter of retailers we evaluated offered some form of installment payment option e.g., Affirm or Afterpay. And awareness and adoption of these methods among U.S. online adults remains extremely low.

However, a bright spot: Of the small percentage of consumers who are aware of installment payment methods, the adoption is quite high. Retailers, if you offer installment payments, you need to market them.

PayPal is still the most widely used digital payment, especially for consumers over 35. Eighty-three percent of retailers we evaluated offer PayPal on their sites. While PayPal was the most-used alternative payment method across all age groups, consumers 35 years or older are more likely to have used PayPal in the past three months compared to their younger counterparts.

Alternative payments can facilitate online checkout experiences. Convenience is not the silver bullet to get consumers to adopt new payment methods, but it is a necessary ingredient.

Some retailers are breaking alternative payments free from the confines of the checkout page to promote their availability and encourage consumers to convert. For example, Carhartt has the PayPal button right on its product detail pages.

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