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The Future of Shopping Reimagined

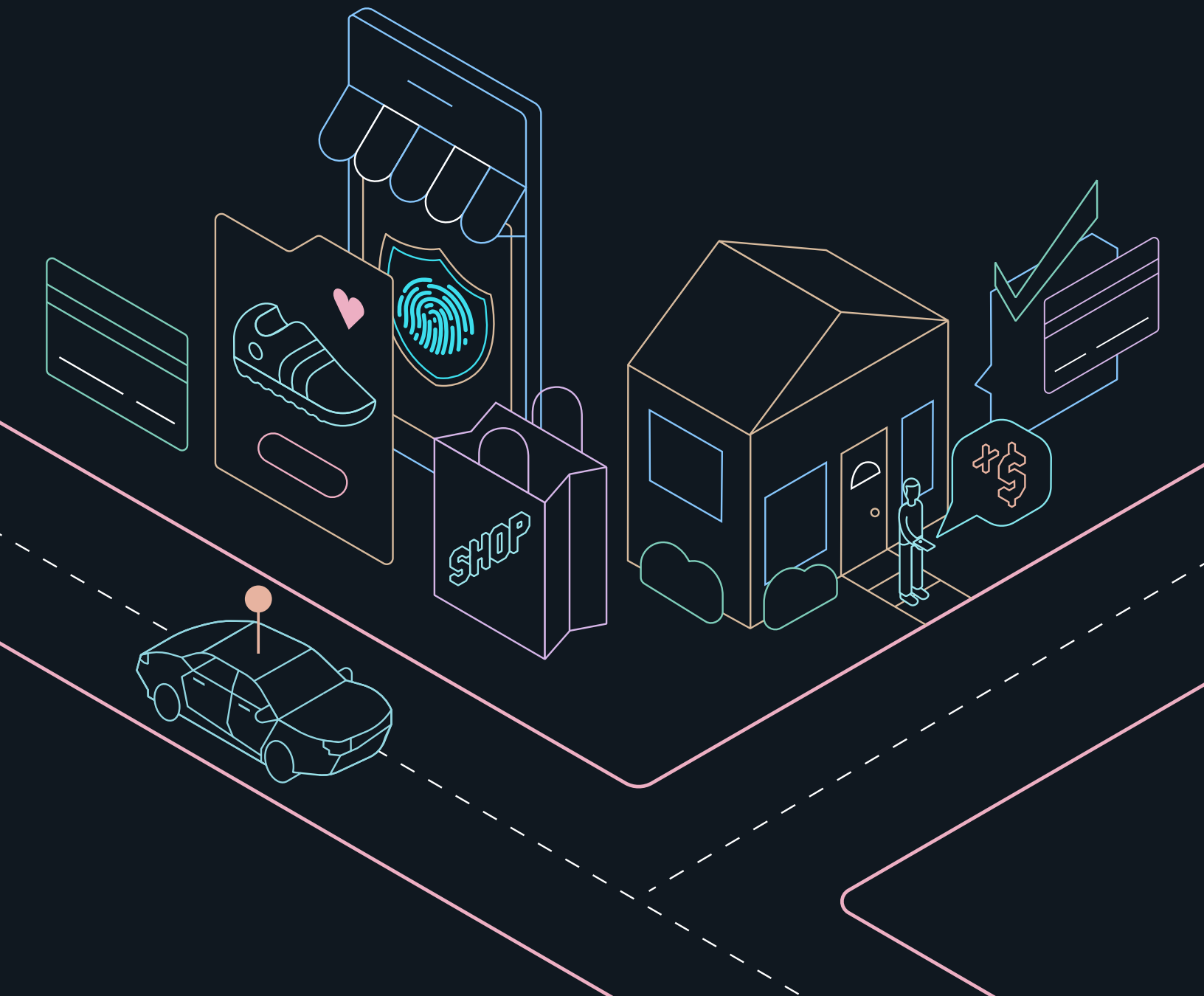


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ARTICLE 1

Reimagining shopping is more important than ever

Customers expect innovative and convenient shopping experiences, so businesses are innovating around how customers make purchases and engage with brands. Payments is one of these innovations.

Consumers are changing how they discover, try and buy products and services. This colossal shift has resulted in companies reimagining what they do, how they do it and who they partner with to create lasting and revenue-driving customer relationships. Every industry is going through these changes and investing in new shopping models: [Direct to consumers](#), [marketplaces](#), [connected cars](#), [value-add healthcare](#) and new technology platforms including localized drone delivery and vending machine innovations. These changes have a pace and complexity that's driving tremendous value up and down the value chain.

While companies are investing in digitization and innovation, many are asking about the ROI and monetization potential of these new shopping models. The answer isn't simple, but brands of the future will separate themselves from brands of the past by solving for the unique needs of each service provider in their ecosystem - and particularly their payment needs.

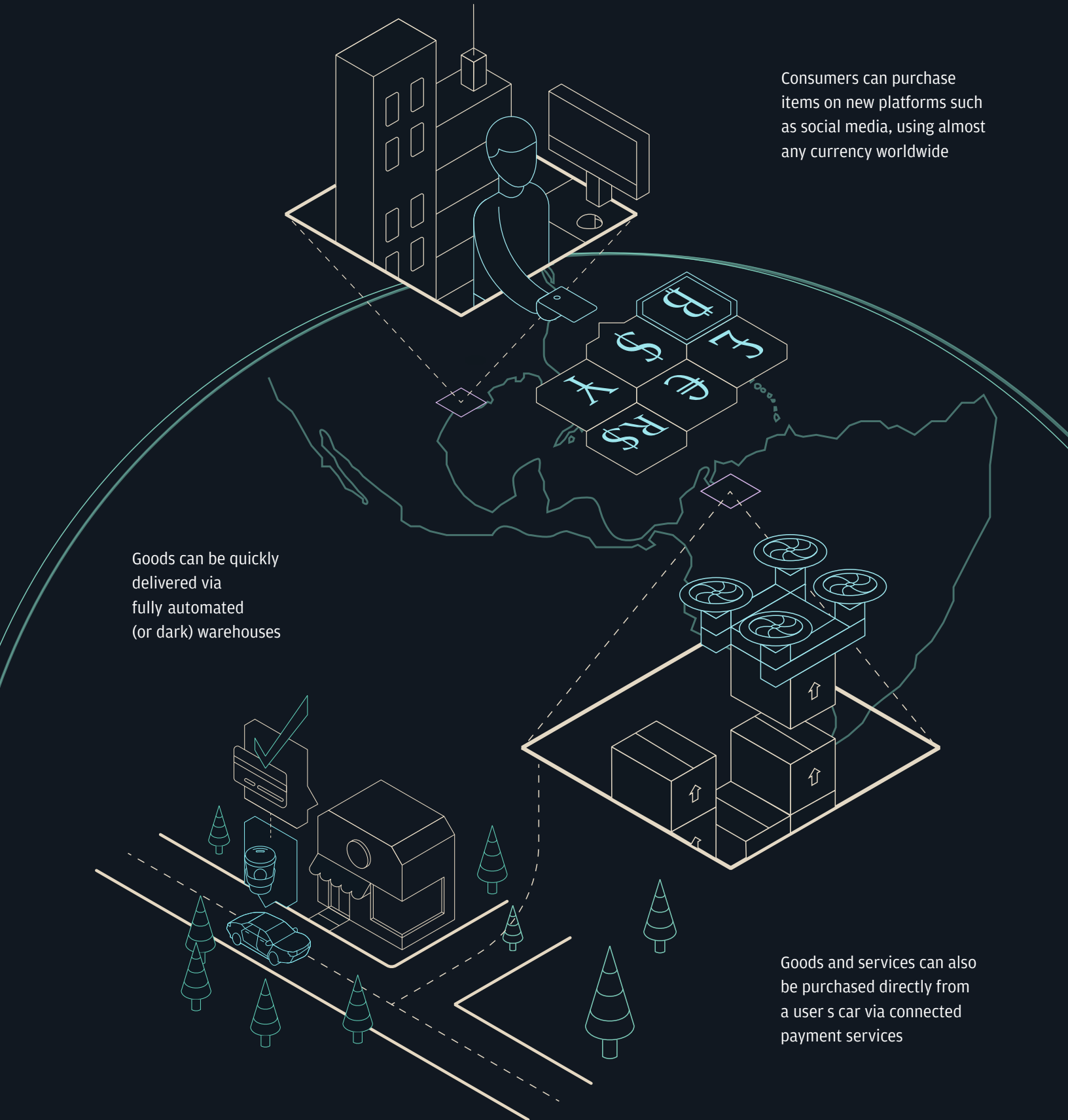
The future of shopping innovations

Consumers can purchase items on new platforms such as social media, using almost any currency worldwide

Goods can be quickly delivered via fully automated (or dark) warehouses

Goods and services can also be purchased directly from a user's car via connected payment services

Shopping is becoming a multi-channel, interconnected experience



Customer experiences and data are reinventing the future of shopping

The [future of shopping](#) is evolving to be real time, contextual, data driven global, and experiential. Consumers expect convenient, relevant, transparent and omnichannel purchasing experiences. To deliver on these evolutions, businesses are increasingly using data to glean patterns and preferences that predict and deliver expectation-exceeding experiences to delight the consumer. All of these innovations must occur in a more seamless, elevated and tailored way.

The consumer and retail space is already adapting to these evolutions. Consumers can purchase items on new platforms such as on social media, with a smart speaker or during a live stream. Goods can be more quickly delivered via fully-automated warehouses (often called dark warehouses) or through the nearest local store. Some restaurants are exploring how consumers can order items within the [metaverse](#) and receive them in real life.

[Other industries](#) are adapting, too:

- Within the auto industry, automakers are investing in technology and creating in-car and out-of-car purchasing experiences, such as purchasing maintenance service or your morning coffee from your car. The industry is also adding new car ownership models such as subscription services, car sharing and pay-per-use as substitutes for full ownership.
- In healthcare, patients can shop for healthcare needs including telemedicine online.
- In the [public sector](#), online sites are allowing current and retired military personnel to purchase items online rather than at military bases.

Payments are delivering the shopping experiences of the future

As these new shopping models emerge and take hold, they require support from additional service providers. For example, [marketplaces](#) depend on third-party sellers, and contextual commerce depends on influencers. It's critical to keep these new service providers as happy as end customers, and payments can play a crucial role in delivering this satisfaction. Gone are the days where payments are merely a transaction at the end of a buying decision; they're now part of the overall driving the success of new shopping models. A bad payments experience (e.g., for purchases or service provided delivery, or return) could result in the loss of sales, permanent customers, whole shopping communities and service providers.

Solving for these new shopping models means solving for the unique needs of players such as gig workers, influencers, small retailers and farmers, and the treasury operations managers who contribute to funds flowing 24x7x365.



How different industry players are affected



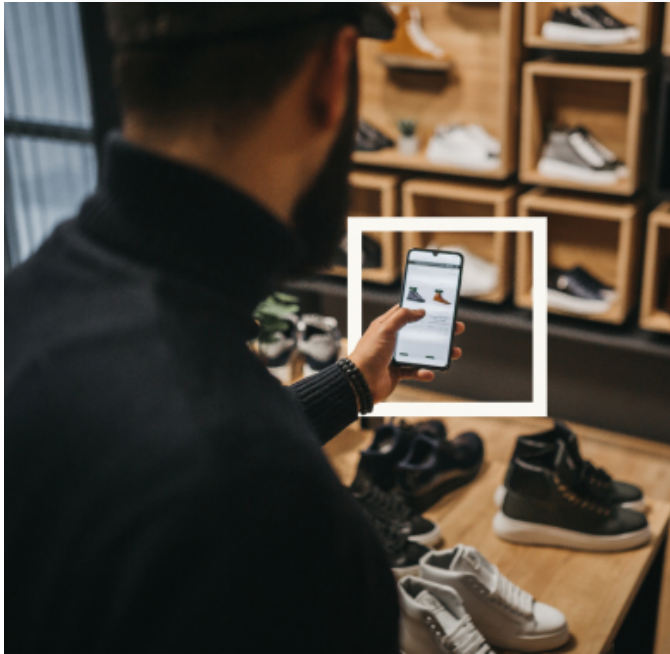
Brand managers can increase revenue by positioning their brands on evolving shopping platforms.

- Some examples include [online marketplaces](#) and the [metaverse](#)

Customer experience directors can use payments innovations and the resulting data stream to create more personalized shopping experiences.

- Examples include customers pre-paying for goods and accruing loyalty points across a wider network





Small business owners can enhance the customer buying experience and their business processes with shopping innovations.

- Businesses can also analyze data – including from payments – to make more informed decisions around consumer behavior

Gig workers are increasingly needed in shopping for real-time delivery across ridesharing, food delivery and seasonal work.

- This group wants to immediately access their earned wages via real-time payroll





[Treasury operations managers](#) can capitalize on a wide variety of payments tools to streamline how they manage funds.

- [Liquidity solutions](#), [virtual account management](#) and [trade and working capital](#) all must work together with transparency, security and control

The Future of Shopping is now

The future is now, and one of the most important decisions to propel your organization forward is deciding who you bring into your ecosystem. It's crucial that companies looking to grow solve for ecosystem players like brand managers, gig workers, small business owners, treasury managers and customer experience leads. One challenge is that each player has different priorities and opportunities, and they may be at different stages of their own [digitization](#) journey.

We work with the top and emerging brands around the world at all stages of their journey to collaborate, co-create and ensure payments aren't an afterthought. Check out other articles in this series about [marketplaces](#) and [how shopping has changed forever](#), and look out for forthcoming articles where we'll explore each of the above ecosystem players in more depth.

ARTICLE 2

What new tools can help you build a modern brand?

Brand managers are always looking for ways to enhance a brand's experience. Payments are one tool to improve these experiences in the future of shopping while improving operating efficiencies and reduced costs.

The brand manager is essential to enhance a company's brand in the future of shopping. They can use various tools to unlock new revenue streams, deepen customer relationships and improve costs and operational efficiencies. In support of these goals, brand managers must consider the role of payments.

How are payments modernizing a brand?



Making the purchase experience easy and seamless

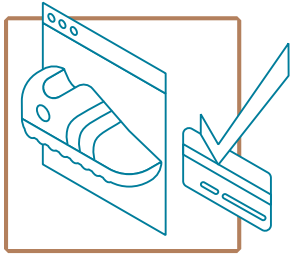
Increasing operational efficiency, decreasing costs and providing data insights

Payments are interconnected to brands, powering every purchase

Helping businesses establish presences in virtual reality

Enhancing loyalty programs with data and open-loop networks

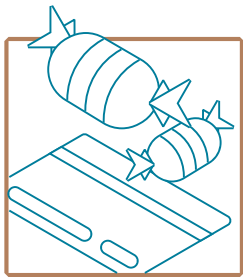
Supporting emerging ESG opportunities in supply chain



First, recognize what's needed in a modern brand

Payments innovation improves shopping experiences and brand perception

Brand managers may be unaware of how integral payments are to building a modern brand. They've evolved from a tool to complete transactions into something that can deliver unique and additive experiences, reduce shopper friction and serve as an efficiency engine for businesses. Further, payments power every shopping purchase, meaning the two are so interconnected that any payments innovation directly improves shopping and the overall brand perception. If payments aren't on your radar, they should be now.



Then understand the benefits of payments to a brand

Embedded finance can help marry selecting items in online shopping with payment

Payments have multiple factors that can contribute to improving a brand's overall perception. It's important to understand these elements (listed below) before diving into specific, detailed ways that payments can contribute to a brand's overall perception (as discussed in the remainder of the article).

Growth

Enhanced consumer experience

By offering a variety of payments so consumers can pay how they want to pay

Actionable data insights

By incorporating payments data into analysis of customer loyalty and demographics, and brand performance

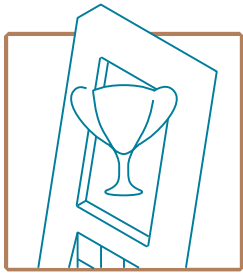
Efficiency

Gaining operational efficiency

Through digital tools, such as using payment APIs to shift to real-time visibility on balances, or to pay in real time

Reduce cost of doing business

Including eliminating manual work, such as payment reconciliation, and minimizing fraud



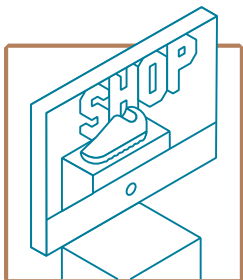
Next, work to enhance preexisting loyalty efforts

Data and open-loop networks can help reinvent loyalty programs

Data is just the beginning of how your brand can instill loyalty, and one piece of low-hanging fruit is reinventing a loyalty program. Customer discount or reward points systems are [generally ineffective](#) at driving recurring purchases. One reason is they've been constrained to closed-loop networks where rewards must generally be redeemed at the business they're earned.

Open-loop networks and real-time payments are opening new opportunities. With open-loop rewards point networks, consumers can redeem points at a variety of businesses through payment methods such as a prepaid debit card. Alternatively, real-time payments allow consumers to frictionlessly transfer points to other places such as another loyalty program or their bank account. These innovations will be particularly critical for companies that support [third-party money models](#) that result in consumers receiving company-specific funds in places like digital wallets.

Businesses are already using these innovations to reinvent their loyalty programs. For example, outdoor clothing retailers let consumers spend rewards points on travel experiences, which align with their association with nature. By adding opportunities to spend reward points, shoppers deepen their brand relationship and perception.

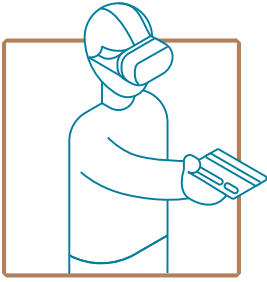


Then identify how to merge payments into your brand experience

Embedded finance can help marry selecting items in online shopping with payment

Payments themselves are now an integral component of a brand's identity. The modern consumer expects that relevant financial services are seamlessly weaved into shopping, and the two can be married via banking as a service.

Companies are already using [embedded finance](#) to offer relevant financial services. Many are meeting the consumer expectation of a frictionless shopping experience by marrying item selection and payment on the same page. Others are offering buy now pay later to reduce barriers for consumers to purchase products. Some industries are even providing even more tailored financing opportunities; for instance, some automakers allow consumers to concurrently purchase a car and insurance online.

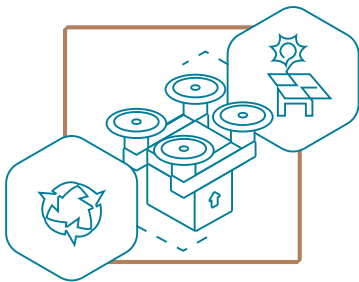


Go deeper by using payments to strengthen your brand in new places

Payments can help businesses establish meaningful presences in virtual reality

Virtual reality is an unprecedented opportunity. Brand managers will want to strike while the iron's hot to reimagine their brand in ways that resonate and excite consumers in virtual spaces like the [metaverse](#). Restaurants are already building models where consumers receive orders from virtual dining via physical delivery at their front door. Meanwhile, clothing brands are using NFTs to sell unique virtual equivalents of physical items.

Businesses that want to win in virtual reality must acclimate to the emerging financial ecosystem that connects the physical and virtual worlds. Interoperable [virtual wallets](#) open the path for shoppers to complete payments with a few taps in various currencies or digital assets. [Blockchain](#) creates a universal record of asset transfer to identify the current and specific owners of any NFT. Brand managers should understand which of these financial innovations complement their brand to advocate for their inclusion in virtual reality products.



And prioritize sustainability wherever possible

While still evolving, opportunities are emerging for payments to support ESG in supply chain

Modern consumers buy products from brands that reflect their values. Since sustainability is one of their top priorities, brands must embody ESG best practices or risk losing customers to more environmentally friendly options.

The role of payments in sustainability is still evolving, but some companies are already paving the way with sustainability supply chain best practices. Treasurers are using [ESG scorecards](#) to offer suppliers fee discounts for quantifiably improving ESG through methods like reducing carbon emissions or paper via electronic transactions. Brand managers can use these innovations as supporting points to market their brand's sustainability, so they should advocate that their treasury departments adopt these changes.

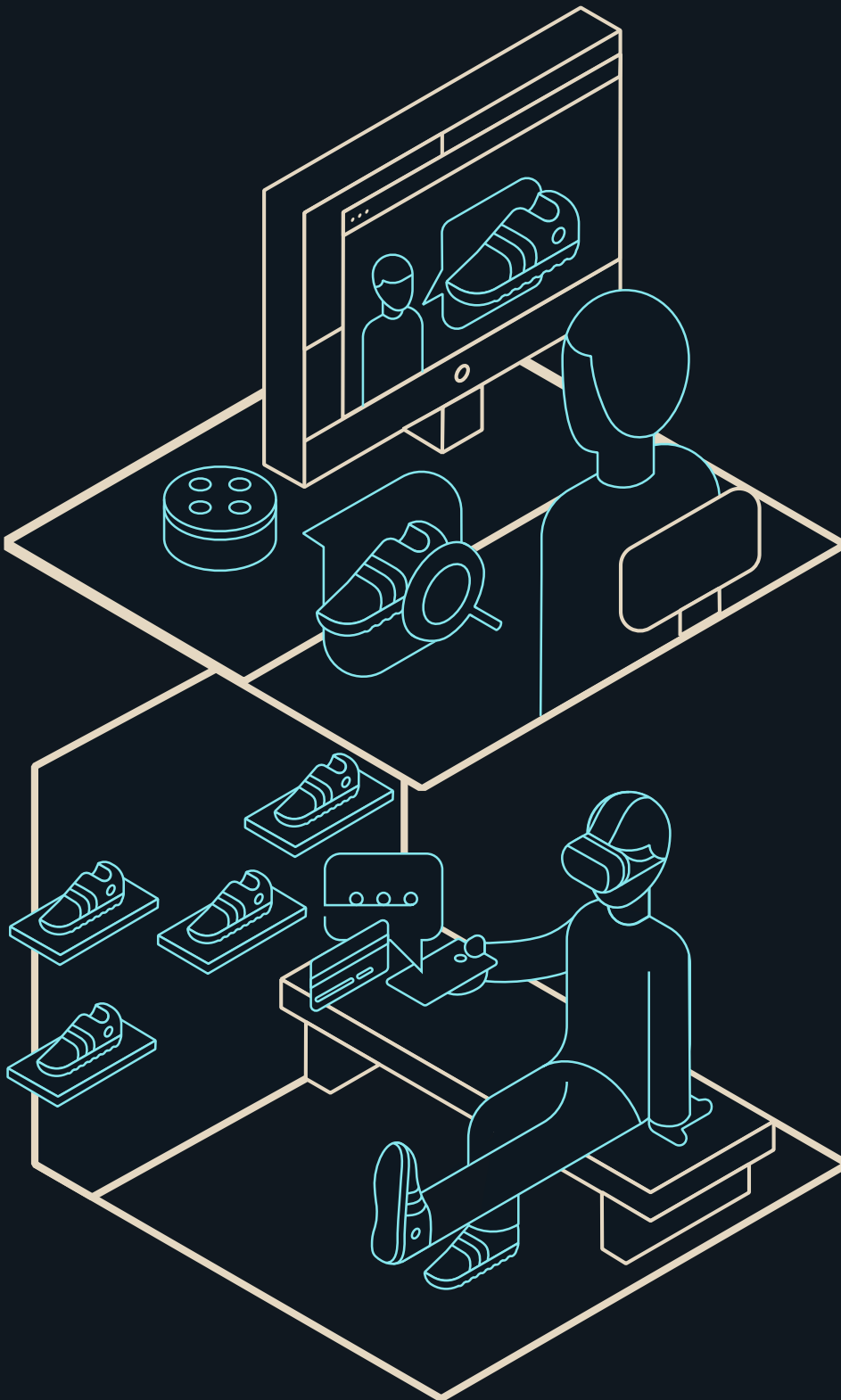
ARTICLE 3

5 channels to enhance shopping with payments – and how to bring them to life

Customer experience directors can use payments to enhance the consumer shopping experience on various shopping channels, and in contributing to an omnichannel strategy.

Customer experience directors are relatively new positions, but they're critical given that consumers demand high-quality shopping experiences. Businesses now use these experiences as a competitive advantage, much like price or product quality. However, building a top-notch experience is easier said than done given various factors that must be considered. These experiences must consider the entire customer journey across shopping, purchasing, delivery and return, as well as how these elements occur across various preexisting and emerging channels. Payments has significant potential to improve each channel.

Shopping is now an omnichannel experience



Businesses are increasingly leveling up online customer experience through different models like direct-to-consumer and online marketplaces

Physical stores will remain important amid the increasing popularity of online shopping, but they must have a clear, experience-driven value proposition to entice customers

With social commerce, businesses can sell products on the social media platforms that many consumers habituate

Conversational commerce is an emerging channel that allows consumers to communicate directly with a business's artificial intelligence (AI)

Brands can also combine multiple channels to support their consumers

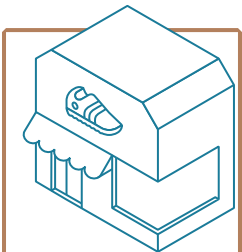


E-commerce

Businesses are increasingly leveling up online customer experience through different models like [direct-to-consumer](#) and [online marketplaces](#). Some are allowing consumers to see how products look on themselves or in their homes. For instance, some beauty companies like Sephora are allowing consumers to test makeup or skincare products on themselves via augmented reality. Others are tailoring ads or upselling products based on what consumers are browsing or have in their carts.

Online platforms are ripe with opportunity for payments to improve the shopping experience. Many are making payments feel invisible by offering integrated checkout in a few steps, or even one click. Rideshare companies like Uber and Lyft have risen to prominence in part because they allow consumers to prepay for a ride and immediately exit the vehicle.

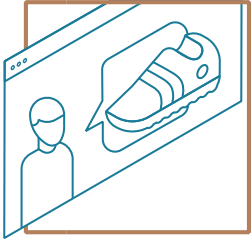
Businesses looking to weave payments into their experience should adopt [embedded banking solutions](#), which allow consumers to use payment methods such as a credit card or [digital wallet](#) to complete purchases in a few taps. Embedded banking can also gather rich customer data that businesses can analyze to further enhance checkout experiences, like through better advertising or cross-selling products.



Physical stores

Physical stores will remain important amid the increasing popularity of online shopping, but they must have a clear, experience-driven value proposition to entice customers. One opportunity is to take an approach like Apple. Apple stores focus on allowing customers to personally experience their products with staff members dedicated to enhancing that experience. Companies like Amazon are making frictionless grab-and-go experiences where customers walk in, grab whatever store items they need and immediately walk out. Other innovative experiences include bringing the easy, convenient digital checkout from e-commerce into the physical store itself.

Automated stores are using a robust mobile app to bring this experience to life. With these apps, consumers can check in with a mobile app. Then, a myriad of technologies including RFID, Bluetooth and geopositioning track the entire customer journey, finally charging a billing account tied to the consumer's account. These experiences can both create a more frictionless checkout experience and free staff time to focus more on consumers, but they require the proper technological and payments infrastructure.



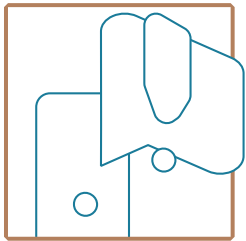
Social commerce

With social commerce, businesses can sell products on the social media platforms that many consumers habituate. This form of online commerce adds an interpersonal touch that's difficult to replicate on other e-commerce platforms, and it's hugely profitable. For example, TikTok earned the highest quarterly revenue spend of any app or game in Q1 2022. It shouldn't come as a surprise that social commerce¹ is projected to triple the growth of traditional ecommerce and reach \$1.2 trillion by 2025.

By 2025, social commerce is projected to triple the growth of traditional ecommerce and reach

\$1,200,000,000,000

Businesses that want to fully harness social commerce will want to offer as close to an instantaneous checkout experience as possible. Immediacy is critical because consumers are likely to abandon purchases that interrupt them from scrolling through the app. For immediacy to occur, businesses must [embed payments](#) into their social platforms and even support [digital wallets](#) so consumers can complete purchases in a few taps.



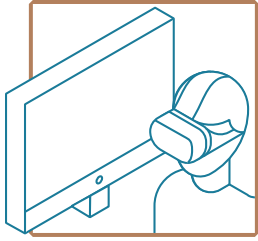
Conversational commerce

Conversational commerce is an emerging channel that allows consumers to communicate directly with a business's artificial intelligence (AI) via text message, push notification, audio message or other formats. This technology can enhance customer support or offer tailored suggestions of additional purchases. For example, businesses can analyze payments data and ask you via text whether you'd like to schedule a recurring purchase for an item that you regularly buy.

Further, [conversational commerce](#) can arguably offer one of the most seamless purchasing experiences. A consumer could ask a home assistant to buy carbonated water. The device would then scan through your online purchases, identify your most recent order of carbonated water and ask whether you'd like to re-purchase this item. The consumer then just has to say yes for the purchase to occur and deliver to their door. This example highlights how successful businesses must go beyond meeting consumers where they're at and proactively integrate into their lives via conversational commerce – and even social commerce – platforms.

Businesses that want to support this innovation need a frictionless yet robust onboarding experience. Consumers must provide their preferred payment method, and businesses must properly store it for use in all future purchases. Any opportunity to simplify inputting this information will increase the odds that they finish onboarding.

¹<https://newsroom.accenture.com/news/shopping-on-social-media-platforms-expected-to-reach-1-2-trillion-globally-by-2025-new-accenture-study-finds.htm>



Omnichannel experiences

Brands can also combine multiple channels to support their consumers. A true omnichannel experience is a singular end-to-end journey where customers can browse, consider and purchase products in the following ways:

Blending online and offline

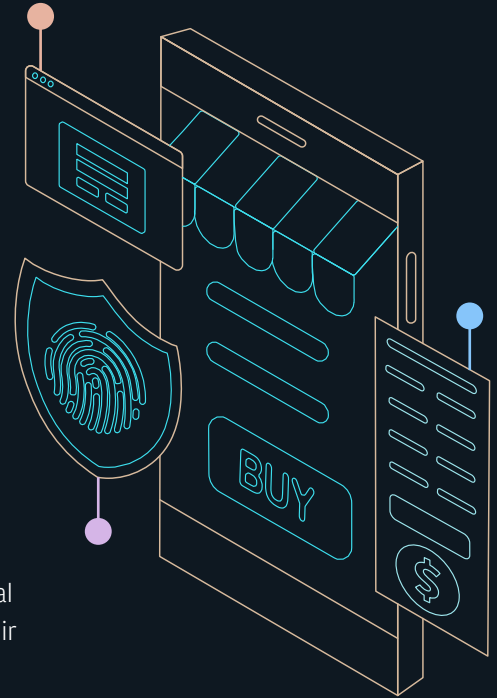
Businesses can create in-person experiences with the best elements of online channels that create a 'phygital' experience

Creating a 360 view

After consumers complete a purchase, they can create a single profile that simplifies future purchases across channels

Paying with biometrics

Consumers used to pay through physical wallets, and then they paid through their phones. The next frontier is through biometrics such as palm scanning



Blending online and offline

Businesses can create in-person experiences with the best elements of online channels that create a 'phygital' experience. For instance, Adidas and Nike offer virtual fitting rooms for customers at select physical locations. Additionally, VIP luxury clients can have an augmented white glove experience by incorporating a digital payment experience (e.g., a link to pay) on top of the personalized, concierge shopping experience.

Creating a 360 view

After consumers complete a purchase, they can create a single profile that simplifies future purchases across channels. Customer experience directors can use past purchases on these profiles to glean [analytics and insights](#) that inform future recommendations. For instance, restaurants can allow customers to easily buy previously purchased items, or retailers can recommend new products based on previous purchases.

Paying with biometrics

Consumers used to pay through physical wallets, and then they paid through their phones. The next frontier is through [biometrics](#) such as palm scanning. Given decreased consumer spending, restaurants and food services can increase customer turnaround by adding payment innovations like biometrics for a faster and more seamless checkout process. Businesses also benefit through operating on a leaner structure and enhancing security.

Creating advanced omnichannel experiences is complex, but businesses can simplify this process by working with a single payment provider to support their needs across channels. We bring our [comprehensive suite](#) of payment solutions to collaborate and co-innovate with your business with the goal of developing a tailored solution that can empower your business to thrive.

ARTICLE 4

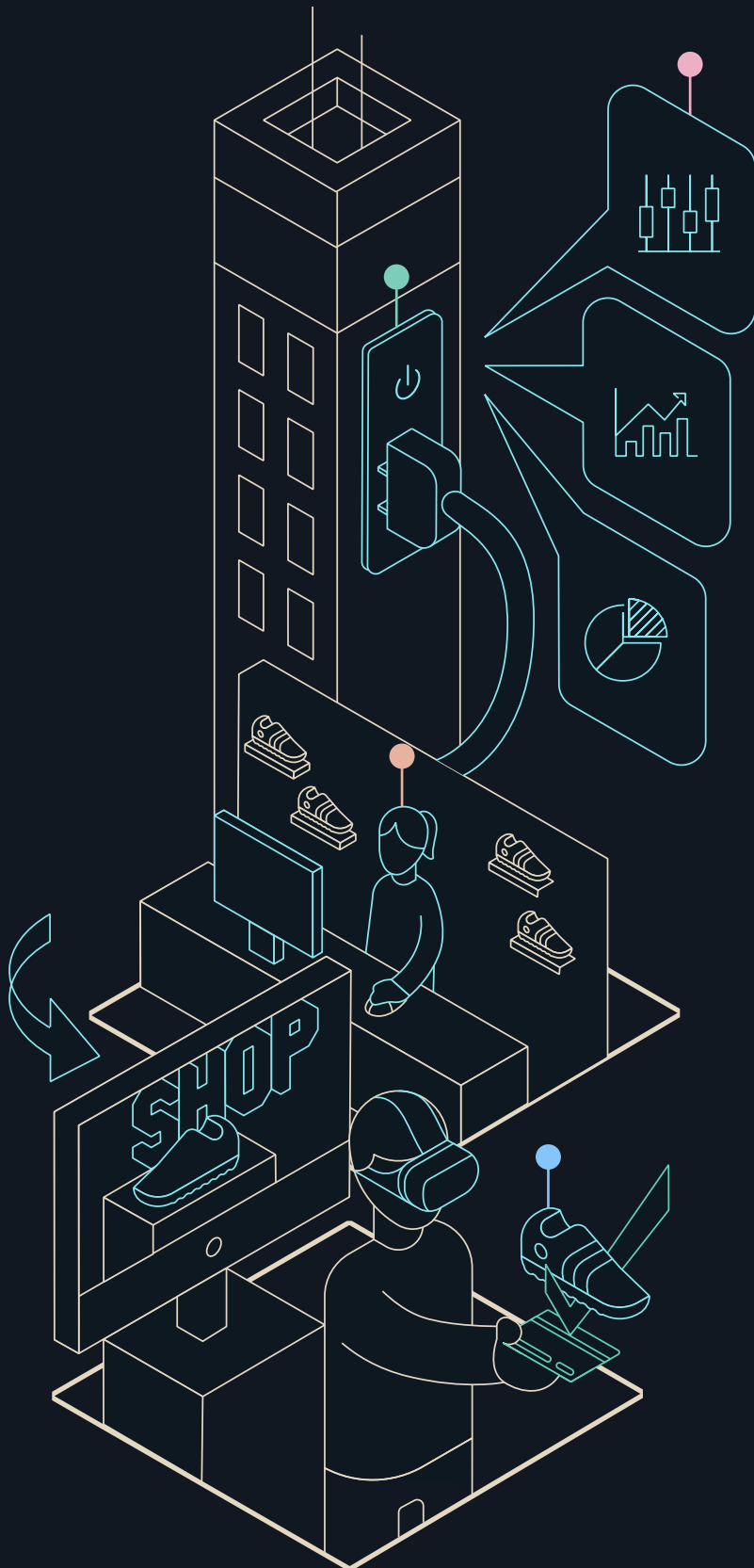
How can companies support small businesses in the future of shopping?

Small businesses are crucial partners for larger companies, but they have unique needs and considerations given their scale. Large companies can support these businesses in various ways, including through payments.

Small businesses are and will remain critical to drive value creation in the [future of shopping](#). They are the backbone of many economies. For instance, they constitute [99% of America's companies](#), and they're 40%-50% of the country's GDP. Despite their impact, small businesses have many unique needs and challenges since they must focus on daily operations given their lack of scale.

Large businesses that can effectively support a small business's nonessential needs can establish themselves as a top-notch partner. Through this reputation, larger companies can more easily position their products at small businesses or promote small business products on their channels. Below are four ways to do this.

Companies can power small-business growth

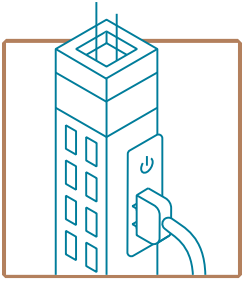


Using their resources, companies can offer data and insights to provide direction for a business

Larger companies can act as advisors to small businesses, empowering them to achieve effective growth and scaling

With the latest data and insights into industry trends, companies can facilitate the adoption of ESG and DE&I values

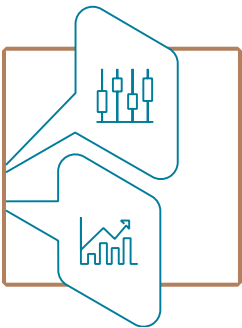
Companies can facilitate e-commerce by creating a small business marketplace



Serve as an advisor

Large companies can provide insights and best practices on how small businesses can become more efficient and grow with scale. They have a wealth of information (including through relationships with banks) on topics like taxes and forecasting inventory.

Payments is another area where brands can provide best practices on solutions through relationships with banks. For example, businesses might recommend [payment solutions](#) that include contactless payments, digital wallets, faster payments and other payment methods or trends. They may also coordinate sessions where a small business's suppliers can meet with banks to better understand how payments can improve the supply-chain process.



Then use data to provide more actionable insights

Large companies can analyze payments transaction data to provide various insights to small businesses. Some examples include:

Consumer segmentation

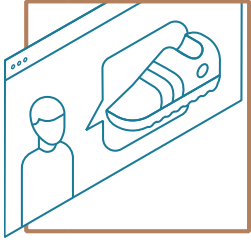
To create a comprehensive view of a small business's customer segments. This information includes what customers purchase outside the store. This type of information can inform product recommendations and even marketing strategies.

Growth recommendations

Around where a business can sell more products. For instance, geographic analysis can indicate high-growth areas where businesses are underpenetrated or high-performing zip codes where businesses should market more products. Growth opportunities can also center around time-specific recommendations or even strong performance of products that other small businesses sell in the same region.

Fraud protection

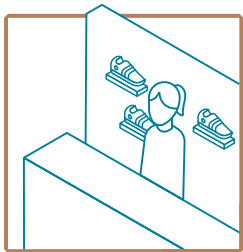
Through both mitigation and prevention. In other words, we work with you to stop fraud after it's occurred, but we also analyze your transactions behind the scenes to prevent fraud before it occurs.



Go beyond advising with a small-business marketplace

[E-commerce constitutes 14% of total U.S. retail](#), and it's projected to grow at a compound annual growth rate (CAGR) of 11.2% into 2024. Large businesses can use their scale to create an [online marketplace](#) for small businesses that may lack the resources to set one up themselves. These spaces allow businesses to purchase products created by smaller businesses. Compass is one example.

Large businesses can also create a business-to-small-business marketplace, which allows small businesses to purchase all the supplies needed to run their businesses. These marketplaces can also serve as an ecosystem through enabling the use of alternative payment methods, such as [digital wallets](#) or [embedding](#) financial services, to open the door to more creative financial services like sophisticated financial loans. [L'Oreal's SalonCentric](#) is one example of this.



And remember your role in supporting diversity, equity and inclusion

Beyond their economic role, mom-and-pop shops are the lifeblood of many local communities, which intrinsically connects them to diversity, equity and inclusion. Larger businesses should remember this connection since many are working to establish themselves as organizations that prioritize Environmental, Social and Governance (ESG) and DE&I. If they truly want to support these initiatives, that means providing cutting-edge services to small businesses, including the ones listed above.

Supporting DE&I could even inform new partnership ideas. For instance, business-to-small-business platforms could include when a supplier is a diverse small business owner to incentivize purchases that can improve ESG scores. Alternatively, a large company could offer financial incentives or discounts when purchasing from small businesses.

ARTICLE 5

Hiring gig workers? If yes, you need to pay them differently.

For many businesses, gig workers will serve a significant role in the future of shopping experience. Businesses looking to attract these workers should consider earned wage access as part of their overall payments strategy.

[The future of shopping](#) will require different types of employees to provide a top-notch customer experience. Previously, in-store employees like servers and retail associates were the primary support for shoppers. But the rise of technology and digitization has created innovative shopping scenarios where other types of employees contribute to the shopping experience. For instance, many companies are employing gig workers to help with the last leg of delivery to customers. These employees demand to be paid in real time, so businesses looking to employ these workers need to offer this functionality as part of their overall payments strategy.

Treasury should re-think payouts to gig workers

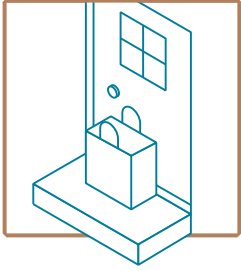


Treasurers should consider how they can create an optimal experience for how gig workers get paid

Gig workers demand businesses give faster access to wages

Businesses can use real-time payments to support instant cash outs

Faster payouts are integral to developing a loyal workforce



Gig workers are integral to many shopping innovations

A gig worker is a catch-all term for anyone with increased flexibility around when or how often they work. Gig work is growing in popularity for various reasons:

Businesses

Like gig work as an innovative way to attract and retain talent amid a challenging labor market.

Growth recommendations

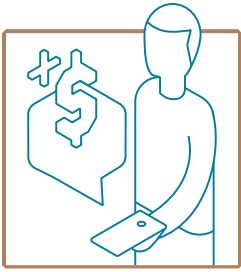
Are increasingly opting for gig work to align with their values of more independence around when and how they work.

Fraud protection

And technology have made gig work more feasible.

These workers are becoming increasingly common for two reasons. First, they're redefining many roles and responsibilities in company business models (discussed below). Second, they're providing structure to an otherwise disorganized labor pool; these employees now have a platform and business model to pursue ad-hoc tasks that replace the need to solicit and build a network of contacts to tap for work. For many reasons, including these benefits, the global gig economy generated \$204 billion in gross payment volume in 2018, and [it's projected](#) to reach \$455.2 billion in 2023.

Many industries are advancing their shopping experiences with this workforce. Gig workers have transformed the rideshare services industry, since an app can now connect users to an available gig-work driver. These employees also now serve as the last leg of delivery for many online food purchases. They're also creating new content creation models on social media apps and serving as jurors and census takers in the public sector. Businesses who want to harness the power of these workers will want to keep this employee base satisfied, and one opportunity is around how they get paid.

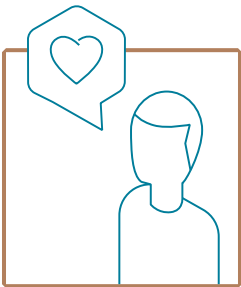


Gig workers demand faster access to their wages

Many gig workers have different payment needs given their unique financial circumstances. Research [indicates](#) that only 15% of gig workers have enough money to cover emergency expenses, and 29% took out a payday loan in the past 12 months. As a result, 91% of gig workers want more frequent payouts than the typical two-week cycle for traditional payroll employees. Companies will best serve these employees if they can as closely as possible align payouts to the completion of labor tasks.

Many of these workers are part of financially underserved communities that lie outside the traditional banking system. Therefore, they also prefer to easily deposit or transfer funds onto the payment platforms that they commonly use in lieu of a bank account.

Some companies are already offering payout options that accommodate gig workers' needs. Grubhub allowed drivers to instantly cash out their wages, and now this functionality is standard in the food delivery industry. Technology app owner ByteDance recently allowed its social media creators (including on TikTok) to instantly receive earned funds. Despite these developments, earned wage access is still a rarity with only [7% of global employers](#) paying out gig workers daily.



Faster payouts are crucial to your payments strategy

Businesses should consider faster payouts as part of their overall payments strategy. This functionality can create a more loyal workforce in addition to attracting talent. It can also support the payment flexibility needed by underserved communities, which can assist with financial inclusion, thereby advancing a company's ESG priorities.

Businesses will want to create a solution for earned wage access or faster payouts through various payments tools. They can use [real-time payments](#) to support instant cash outs. On the backend, a [digital wallet](#) allows businesses to reconcile the individual balances of each gig worker via millions of [virtual account subledgers](#). They can also use APIs [to automate](#) many treasury tasks in support of real-time reconciliation. Finally, they'll want to consider opportunities that can reduce the cost of faster payouts.

Another factor is thinking about gig workers as your customers. Treasurers should consider how they can create an optimal experience for how gig workers get paid, how often they get paid, and what sell service capabilities they can provide them. One example is allowing gig workers free instant payouts if they open an account through us. We can also offer a superior experience compared to partners that introduce risks through outsourcing to other partners.

ARTICLE 6

How treasury is evolving with the future of shopping

Treasurers are essential to the future of shopping because they can take a proactive role by updating their payment systems in preparation for relevant innovations for their organization.

It takes a village to elevate the shopping experience. Brand managers, customer experience directors, gig workers and small businesses all play a crucial role, and the last member of this team is the treasurer. That's because payments are a strategic enabler for many new shopping experiences, and treasurers are critical to bring many of these growth opportunities to life. They also pose considerable challenges for treasurers – understanding the payments model needed to commercialize new sales channels, managing new flows and exposures from these channels, and mitigating working capital impacts from supply chain shifts. The treasurers' role in navigating the impacts of the growth initiatives places them in a critical seat at the strategic table, influencing and guiding their organization.

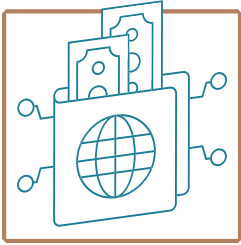
Expanding sales channels

As customer expectations shift at an accelerated rate, businesses should expand their sales channels to reach new customers and markets. Incorporating payments into the end-to-end experience is – necessary from – checkout to navigating cross-currency considerations.

One example of this innovation is within the fast-moving consumer goods (FMCG) sector. Most brands are engaged in a business-to-business (B2B) model within this space, but they're moving to direct-to-consumer (D2C) models. In the B2B model, a toothpaste brand may have received a single \$1 million payment from Walmart in exchange for providing dozens of toothpaste crates. In the D2C model, they may experience 500,000 customers across the globe paying \$2 for a single product of toothpaste. The treasurer has to receive consumer payment methods, such as credit cards, digital wallets and alternative methods of payments, in addition to managing the impacts of a significantly higher-volume and lower-value flow.

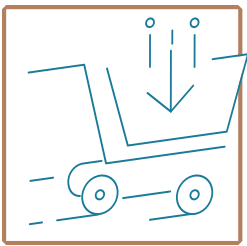


Below are some key considerations:



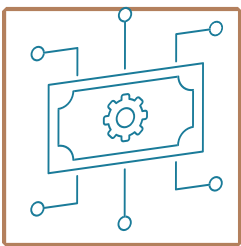
Expanding to multi-party commerce

Businesses are creating platforms such as [marketplaces](#) and [ecosystems](#) that serve as a one-stop-shop for consumers. [Seller wallets](#) can streamline payments and enhance loyalty, but are complex in execution. For instance, the business may hold cash in those wallets that belongs to a third party – often referred to as [third-party money](#) (3PM) – which leads to various licensing, legal, regulatory and commercial considerations. In addition, innovative payout options such as split payments could impact the treasurer’s processing and reconciliation.



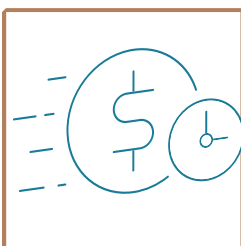
Elevating in-store experience

As e-commerce continues to rise in popularity, payment innovation can elevate the in-store customer experience. One example is through differentiated checkout experiences. Imagine the consumer trying on products virtually within stores, after which the sales associate completes the transaction on the spot via a mobile device. Through this experience, commerce now meets consumers wherever they’re at across the entire journey.



Digital collections

Employees, small business retailers and large suppliers can reap the benefits of payment innovation as well. One major opportunity is within digital collections. For years, some beverage companies have received cash payment after delivering products to small businesses or bars. With payments innovation, the same brands could now collect digitally from small businesses. Switching from cash to digital payments enhances the small brand’s customer experience and more importantly improves the beverage brands’ [working capital](#).



Employee payouts

Large brands that employ gig and seasonal workers can benefit from payment advancements that foster [earned wage access](#). Treasurers can leverage real-time payments and prepaid cards to allow these employees to access their earnings on demand, which [research indicates](#) is a substantial benefit to these employees and can serve as a way to retain employees.

Managing new flows

With these new shifts, treasurers should consider updating their systems and processes to stay ahead and manage the new inflows and outflows. One way is through adopting a [subledger structure](#) with [virtual accounts](#). Through this structure, treasurers can support audience- or business-specific requirements from a reporting and accounting perspective.

Treasurers can also benefit from subledgers in a few ways:

Segregate cash by specific activities to improve visibility and reporting

Centralize and consolidate cash as their organization and commerce model grows increasingly complex

Reduce costs associated with the use of multiple physical accounts



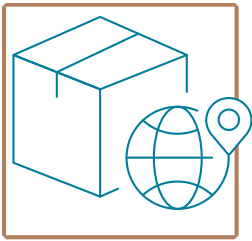
Treasurers will also want to better understand how new commerce and the flow of money impacts their FX exposure. Below are a few questions that they'll want to consider:

- 1 Are new commerce models driving regional shifts to supply chains or capturing new consumer markets?
- 2 What are the new FX payments from consumers and to sellers?
- 3 Are any of these new exposures in trapped cash markets?
- 4 Do any new currency exposures occur in markets with [more complex requirements](#)?
- 5 Is the increased exposure aligned to a larger growth strategy?

In many instances, making larger and more complex enhancements is necessary. For example, multi-party commerce models may subject brands and operators to licensing and certification requirements. Brands may want to offer a [financial ecosystem](#) to the sellers on its platform, which can include FX management. Doing this requires companies to decide whether they want to be in the flow of funds (or not). Those who want to avoid this complexity should engage treasury early in the process to ensure their banking and payment partners remain out of the flow of funds.

Evolving supply chains

Most consumer goods and retail supply chains have been under pressure in recent years, and new commerce models are compounding these shifts. The last few years [exacerbated](#) the need for reliable supply chains, triggering long-term strategy shifts that impact treasurers in the following five ways:



Nearshoring

Many consumer goods companies are mitigating supply chain delays by shifting manufacturing facilities closer to three key hubs: North America, Europe, and East and Southeast Asia. For instance, Latin America is expected to gain \$78 billion in exports from short-term nearshoring strategies.¹ Treasurers can help manage the new FX exposure and cash needs to meet the increased payment obligations in Latin America.



China + 1

Many organizations have been complementing their supply chains beyond China. The primary beneficiaries of the China + 1 strategy are Vietnam, Thailand, Indonesia, Malaysia and other low-cost Southeastern Asian markets. Treasurers can help navigate the complex liquidity and capital movement requirements that are often in these markets.



ESG-driven shifts

Supply chains are also levers to advance Environmental, Social and Governance agendas. At the recent UN Climate Change Conferences (COP26 and COP27), consumer goods brands and agriculture companies alike have committed to sustainability, such as reducing deforestation from the soy and cattle supply chains or moving to low-carbon materials to reduce emissions. Treasury manages FX and working capital in these situations, and more importantly, they can work with procurement and bank partners to reward suppliers who support their initiatives with [improved supplier financing rates](#).

¹Nearshoring can add annual \$78 bln in exports from Latin America and Caribbean. IADB. (n.d.). Retrieved February 28, 2023, from <https://www.iadb.org/en/news/nearshoring-can-add-annual-78-bln-exports-latin-america-and-caribbean>



Powering small business suppliers

Small businesses are critical to the consumer goods and retail sector, especially as consumers demand more locally sourced products. Suppliers can offer their [small-to-medium business](#) partners virtual card solutions like single-use accounts. These benefits allow small businesses faster and easier ways to get paid, which can improve their days sales outstanding (DSO) and working capital, while reducing paper-based transactions and costs. With [small businesses](#) being the lifeblood of communities, empowering these partners – customers, distributors and suppliers – can also advance the diversity, equity and inclusion agenda.



Improving supply chain resiliency and flexibility

As consumer preferences evolve at an accelerated rate, inventory management should become increasingly agile and flexible. Treasurers can consider inventory financing to help businesses better manage inventory demand influxes at critical periods. Inventory financing programs can help leverage the resources of a bank partner to pay for production (one of an organization's largest expenses). This can be particularly useful during periods of long delays between paying for inventory and receiving payment from retailers and customers.

Through these innovations, treasurers are prepared to help transform customer experiences. This transformation takes a team: brand managers, customer experience directors, channel leads, procurement partners and treasury. Every player has a unique role in paving the path toward the future of shopping.

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