

Getting paid: Building a payments and billing strategy

Q&A

PayByCash has single card that can be used by all of their partners  
 Christian DeBaun will there be an universal prepaid card  
 Gene Hoffman Won't see in the US due to highly competitive situation  
 how to deal with international currencies  
 Gene Hoffman e.g. if a customer pays in euros, the chargeback should be in euros  
 try to keep each currency separate  
 set up tools to monitor currency exchange rates and update your prices correspondingly  
 what will be the impact of economic downturn on virtual goods?  
 Gene Hoffman limited impact  
 Tim Bachmann opportunity for vgoods  
 David Marcus opportunity for vgoods  
 Christian DeBaun limited impact  
 Lex Bayer unclear

Additional services for developers

Lex Bayer can be shared across different apps  
 have a network of paying users at SocNets  
 when you start taking money, you need to have customer support  
 Gene Hoffman have a Professional marketing services organization  
 Vindicia charges 2% at scale  
 Tim Bachmann full service solution for prepaid cards  
 feed back data on what is selling, competitive situation, pricing  
 David Marcus e.g. to create mockups for mobile payments  
 user experience team to help developers  
 Christian DeBaun pretty close to offering a turn key solution  
 240 different countries (?), 70 different payment types  
 prepaid card at 16000 retailers nationwide  
 fraud management

any criteria for apps they'd look at seriously?

Tim Bachmann criteria is not only # of users, but about user's commitment level & desirability of items  
 some retailers want to work with growing sites and get their brand in there  
 a new category to retail buyers  
 prepaid cards are great for retailers as they have high value, no carrying cost etc  
 shelvespace is valuable  
 example: 50 hour card = 80% sales, 20 hour card = 20% sales  
 larger purchases are doing well  
 Gene Hoffman you can ask for higher monthly payments than WoW  
 you are perceived as per your price  
 lower the price if you can't make it work

best practices

David Marcus minimize the effort/resistance to buy  
 it's an impulse buy  
 people are hesitant to use credit cards  
 overcome this  
 Lex Bayer size of the game != monetization. It's about engagement, not just userbase  
 collection of items is appealing  
 females  
 competition stimulates purchase  
 males  
 Gene Hoffman upgrade paying customers into recurring payments / subscription  
 less fraud risk with bigger, less frequent payments  
 Tim Bachmann try to mimic cycles of retail  
 holidays, graduation, father's day, summer peak  
 right now for X-Mas teaser campaigns, mail blasts --> add the retail card to your gift wish list  
 Christian DeBaun target to monetize also international audience  
 don't have credit cards, won't use them  
 use an alternate payment provider to capture that money

prepaid cards

Christian DeBaun credit cards not available  
 especially important to tween and teen audience  
 limits payments to allowance money  
 stamp of approval from the big box retailers to parents  
 awareness for the app  
 Tim Bachmann lots of benefits to extending brand reach to retail  
 e.g. in store video, point of sale displays  
 if you can master in-store marketing, you increase impulse buys a lot  
 Gene Hoffman i.e. you might need to be paying taxes on prepaid cards instead of the retailer  
 some states collect it point of sale, but e.g. Texas collects it prepaid card redemption  
 sales taxes apply also to intangible goods  
 Lex Bayer cards under \$5 don't make sense due to fees (e.g. retailer's cut)  
 users just want to be playing, so remove the friction from paying  
 David Marcus when offered standard credit card, mobile and paypal payment options  
 82% of people end up using mobile to pay

US vs. International

Gene Hoffman International less credit card, more SMS  
 some countries have very different payment processing rules  
 e.g. in Brazil credit card payments need the customer to visit a bank physically to authorize it  
 cultural issues toothpaste example  
 for US, position as "your breath will smell better" for Asia, position as "your friends & family will like how your breath smells"  
 US subscription works perhaps a bit better  
 David Marcus International mobile payments are very important  
 hard to monetize with ads  
 US carriers take a lot higher fee than e.g. Nordic countries

fraud protection

Lex Bayer users wanting to return goods after using it  
 # of payments  
 # of refunds  
 assign each user a score  
 friendly fraud  
 developers use it to decide if they want to make a deal with the user or not  
 e.g. fake credit cards  
 people trying to game the system  
 sinister fraud  
 fake user profiles (no friends etc)  
 alerts using social graph  
 Tim Bachmann you get paid immediately at the point of sale  
 no issues with prepaid cards  
 lots of fraud management tools were created for high margin, big ticket items  
 you are hurting yourself turning customers away as false positives as there is low/zero cost to producing virtual goods  
 Gene Hoffman chargeback budget is e.g. %1 --> if you take away the really bad guys, this is as much you can be more aggressive in selling  
 due to the low item prices  
 vgoods may be by fraudsters to test if stolen credit cards are valid  
 game operator ends up with a lot of chargebacks  
 15 day cycle to see results  
 A/B test and see what happens  
 rise of botnets make geographic IP blocking ineffective  
 what do about e.g. Eastern Europe  
 David Marcus mostly seeing "friendly fraud"  
 do pattern analysis to detect suspicious transactions  
 hard to do fraud thru mobile  
 agreed with the other panelists  
 Christian DeBaun too much of it --> PayPal penalty box with money sitting there for 6 months  
 PayPal & fraud is a big issue  
 offer local payment solutions instead of credit cards for high-risk countries

what payment options work best

Lex Bayer the more payment methods, the better  
 microtransactions make it easy to sample the product, and ease customers in  
 Gene Hoffman A/B test your payment methods  
 simplify the payment process to avoid customer frustration  
 tailor your payment pages to show the most relevant payment methods, campaigns, currencies etc  
 not every customer needs to get the same price for the same product  
 test, test, test!  
 don't stop at transaction, monitor chargebacks and fraud  
 Christian DeBaun don't leaving building your billing in the last week  
 work with your bank, paypal, set up merchant accounts, look at the alternative payment providers and test it  
 Paul Thind having mobile payments in US has been very helpful for Habbo