

Six Things You Need to Know About Payments

Knowing how your customers like to pay sheds light on how best to engage them

In retail, it is important to know your customer and that includes how they prefer to pay for their purchases. Knowing how consumers like to pay can help convenience store retailers decide the best ways to reach them with promotions and other offerings, and ensure they have the appropriate technology available to make the commerce process simple.

Do your shoppers like to pay in advance and pick up in-store? Do they prefer to pay by card and would it be helpful to use a mobile point-of-sale (POS) device to check out anywhere in the store? How many of your customers are using mobile wallets?



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One thing is certain: Making sure customers have a convenient shopping experience — including at checkout — is important.

With this in mind, below are six things convenience store retailers need to know about how America pays, as a result of a recent Blackhawk Network survey of 1,000 Americans.

1. Get your digital/mobile/emerging payments strategy into context.

A good portion of your customer base is using emerging payments in addition to traditional payments like cash, checks and cards. Instead of abandoning traditional payments altogether, shoppers are using a larger variety of payment options, with digital and mobile payments serving as supplements to the traditional cash and card-based payment tools. As usage of these newer payment tools continues to grow, it will become important to map out a long-term strategy for responding to consumer demands for payments evolution.



2. Convenience is paramount.

Ninety-three percent of consumers have used cash in the last year and the same percentage ranked cash as the most convenient payment method. Consumers also picked credit cards (92 percent), PayPal (90 percent) and retailer-specific gift cards (87 percent) as the next most convenient payment options. Convenience is the primary driver of consumer behavior. Make sure you keep this in mind as your payment strategy evolves.

3. Don't abandon your traditional payment processes.

Instead, make them better, faster and more convenient for consumers as you also add in new ways to pay. This is what people use to pay today: after cash, 68 percent use debit cards, 68 percent use checks, 67 percent use credit cards and 62 percent use PayPal.

Legacy payment tools have a lot going for them: widescale consumer awareness and adoption, ingrained behavior, ease of acceptance at the POS, or the only viable option for the payment (some bills/rent payments/small vendors only take checks).

4. There is movement in mobile, digital and emerging payments.

Sixty-eight percent of mobile payment users report they are using alternative payment methods more than last year and mobile wallets are now used by 25 percent of smartphone owners. However, consumers place traditional methods of payment into their mobile wallets: 64 percent of users have debit cards in their mobile wallets, 58 percent have credit cards and 45 percent have gift cards.

Continue to offer a seamless and convenient experience for legacy products while vetting and adopting the acceptance of new ways to pay. Consumers are willing to pay in various ways. It's an "and" not an "or" situation and digital-savvy consumers are adopting these methods at higher rates than the general population.

5. Gift cards remain extremely popular due to their convenience.

Eighty-seven percent of consumers surveyed think merchant-specific gift cards are convenient to use, even higher than bank-connected debit cards (82 percent).

Additionally, gift cards are now mainstream payment methods, with almost half of consumers (48 percent) using them in the last year.

6. Payment is one of the last steps in the customer journey, providing a strong brand imprint.

No brand wants to see an abandoned cart or poor impression because a consumer wasn't able to pay in what they consider the most convenient way, so follow research carefully. Payment methods are starting to converge and keeping on top of true trends vs. hype is critical for all retailers today.

Convenience store retailers must keep up with the blended traditional and emerging payment methods that are being utilized by consumers today. **CSN**

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Editor's note: The opinions expressed in this column are the author's and do not necessarily reflect the views of *Convenience Store News*.