

RESEARCH

Why 40pc of independent retailers will not provide contactless payment

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Growing complexity of mobile payments landscape is a challenge for merchants

By **Brielle Jaekel**

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Independent retailers are still slow to adopt mobile payment services as the majority of consumers are not asking for it, with over 40 percent of businesses uninterested in ever introducing contactless payment options, according to a report by Lightspeed POS.

Despite Apple Pay mainstreaming mobile payment technologies, small business owners are staying away from contactless payments due to consumers' lackluster response. Currently, only nine percent of independent retailers are using Apple Pay, and despite Android Pay's rumored impending release, a major shift is unlikely.

"The key takeaway from the research is that Independent retailers are investing in technology that truly impacts the way they run their business," said Dax Dasilva, founder and CEO of Lightspeed. "Things like data analytics, personalization and eCommerce are on the top of the list for independent retailers.

"They are looking for technology tools that help them take the guesswork out of running a business," he said.

Slow to adopt

Consumers have been sluggish in using mobile payment services such as Apple Pay, which as a result has caused small business owners to stay away as well. The majority of retailers polled plan to remain without contactless payment services, with 51 percent claiming it is due to lack of customer interest.

These retailers feel as though there is no reason to invest in these systems when consumers are likely to not use them.

While many are not interested in contactless payments services as a whole, independent retailers are focused on Apple Pay. Although few are using the technology now, 34 percent plan to accept Apple Pay by the end of the year.

Samsung Pay is in second, as 25 percent claimed to be interested introducing its system by the end of the year, and 23 percent are interested in Android Pay.

Olimpicshop



Samsung Pay brings mobile payments to its devices

It is understandable that Apple Pay is the clear winner, as Apple's devices are significantly popular and universal compared to Android devices, which range in carriers and technology.

Retailers are interested in serving their customers' needs, and if contactless payments become a consumer interest, many will adopt technologies to encompass that. However, as of now, there seems to be an absence in need for the systems.

Small potatoes

Small business owners have significantly lower budgets for technology, with the average being less than \$200 a month. They are focused on developing systems that provide cost-effective solutions, while making their customers happy.

Contactless payments can make for easier checkouts

Also, recently bringing contactless mobile payments to bricks-and-mortar store became a challenging process plagued with technology difficulties, inexperienced store associates and an evolving landscape ([see more](#)).

However, a Capital One executive at the Mcommerce Summit: State of Mobile Commerce 2015 predicted a mass shift to Apple Pay this year and the decline of magnetic stripe payments as more consumers carry their phones on their persons at all times ([see more](#)).

"Since many retailers need to upgrade their systems for the EMV deadline, it is a great time to kill two birds with one stone and invest in a system that also accepts mobile payments," Mr. Dasilva said. "While mobile payments like Apple Pay and Samsung Pay are not exactly mainstream yet, Forrester predicts mobile-based payments will grow from its current volume of \$50 billion to \$142 billion by 2019.

"Retailers should use this moment in time when they are making a switch anyway, to think about the full customer experience, anticipate future shopper needs and ensure they never have to turn down a customer because they can't accept their chosen form of payment," he said.

Final take

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