COLUMNS

How retailers should select their mobile payment platform

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Over the past few months, I have had a number of boutique retailers inquire about implementing new point-of-sale systems and mobile payment solutions for their business.

When working with one of our clients who was interested in exploring a smarter way to accept payments in their store, we started researching the various tools currently in the marketplace.

What is interesting in these different solutions was their range of functionality. We realized it was important to hone in on the specific problem that our client was trying to solve. Do you just need a cheaper way to accept payments? Do you want to replace your existing POS system? Are you looking to gain more analytics around your sales?

It is unlikely that you will find the right solution without first identifying the core problem that your business is experiencing.

We examined nine of the leading mobile payment platforms and specifically evaluated the following seven problems that they addressed:

Payment processing
At the core of any mobile payment platform would naturally be the ability to process

customer payments.

Surprisingly, the platforms we reviewed were split between native payments and integrated payments.

Platforms supporting native payments such as Square were built and included the necessary hardware to accept payments with their system without the need for a third-party payment gateway. Those which required integration did, in fact, require an external payment gateway to be set up.

Point-of-sale interface
It seems as though most of the platforms had their own POS (point-of-sale) capability and interface to allow for employees to key in customer orders for a pre-set menu of available products and generate an order.

The interfaces and level of customization for those interfaces vary greatly. Those that did not have their own native interface did support the integration of a third- party POS.

Inventory management
As an extension of the POS feature, most of the platforms had built-in inventory management features. These would allow employees to key in products and keep track of available stock, while dynamically adjusting as orders are placed throughout the day.

Product analytics
One feature that seemed to be commonly supported was the idea of product analytics, or sharing data on how much of particular products were being purchased. Naturally this sort of data can be quite informative for a business owner testing new products or optimizing its stock of existing products.

Customer analytics
Separate from product analytics, and not as widely supported, was the idea of customer analytics. This includes insights around your customers such as names, emails and demographics – information you would expect to track in traditional CRM.

Loyalty programs
A few of the platforms, particularly LevelUp, included the ability to create and manage loyalty programs such as discounts for repeat customers, discounts on specific products or promotional codes for referrals generated by customers.

Shopping cart integration
It seems integrating with an online shopping cart is primarily accessible via API integration. But some platforms such as the Shopify POS integrate directly with your online ecommerce platform to make syncing offline and online transactions simple.

When making a decision on a mobile payment platform, there are a few additional considerations to make besides functionality:

Turnkey versus white-label
The platforms we reviewed would all be considered turnkey as they work out-of-the-box

with relatively little configuration.

Since they are turnkey, these platforms are generally less customizable and have a relatively branded experience provide to shop owners and customers.

For retailers looking for a most customized solution, companies such as Paydiant have focused on building white-label mobile payment platforms that allow retailers, with the right development support, to do more than just what comes out-of-the-box.

Payment devices
Each platform had its own assortment of payment devices that actually accepts credit card payments. Most provided their own iOS dongle, an external hardware piece that plugs into your Apple device. Those that did not either integrated with traditional credit card swipers or had their own non-credit card payment device, such as LevelUp's QR code scanner.

Payment technologies
The specific technology behind mobile payments is a hot topic as companies such as Google explore digital wallets that use NFC technology.

On the fringe are companies such as LevelUp that exclusively use QR code scanners, while the majority of platforms seem to be sticking to the traditional credit card swipe.

Pricing
Naturally, a consideration to make when selecting a mobile payment platform would be pricing. Those that function as their own payment processor will typically charge a transaction fee, while those using a third-party payment processor require a monthly subscription to use their software.

IT IS IMPORTANT to look at the full range of issues that you are trying to address with your business to help determine what solution makes the most sense.

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