LOYALTY MANAGEMENT

How Companies Can Take Full Advantage of Checkout-Free and Remote Order Entry Systems Taking Over the Retail Sector

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Many retailers have increased their adoption of contactless checkout in an effort to follow social distancing guidelines, especially in sports stadiums across the United States.

Joe Scioscia, vice president of sales at VAI, discusses why checkout-free and remote order entry systems are taking over the retail sector and how companies can take full advantage.

Why has the pandemic increased the usage of contactless payment in retail?
For businesses, reducing risk for in-store customers has been a top priority during the ongoing pandemic. In turn, to help fight the spread of COVID-19, retailers are encouraging consumers to use low-touch or no-touch forms of payment whenever possible - resulting in a surge of contactless and mobile payments as well as remote order entry systems. Dunkin', who has supported contactless payment for years for example, began testing a new checkout-free payment system from Mastercard earlier this month, as did Circle K and White Castle.

When Amazon Go launched a few years ago, the thought of walking into a convenient store or coffee shop without

checking out seemed absurd. Now, to survive in this new normal, convenient stores and retail chains are taking checkout-free payment systems more seriously and piloting the technology across the country. This even goes beyond consumer brands to the supply chain, as many buyers are looking to pay remotely and avoid face-to-face interaction. As the pandemic continues to force companies to implement protective measures, more retailers will gravitate toward contactless payments and discover ways to integrate the technology into their day-to-day operations in order to address cleanliness concerns moving forward.

What technology should retailers put in place to enable a checkout-free payment system?
In order to enable a check-out free payment system, retailers must combine an intuitive, user-friendly retail application with powerful enterprise functionality. For quick transactions, retailers are in need of a solution that provides a simple touch screen interface, quick barcode and RFID scanning, and integrated payment options to accelerate the checkout process. One way that retailers are accomplishing this contactless payment option is through PayPal and Venmo QR code technology, in addition to contactless chip cards and mobile devices. Customers simply scan the QR code on the terminal and instantly pay with a debit or credit card or with their PayPal or Venmo account - eliminating all physical touchpoints. Customers can also utilize a retailer's mobile app to complete transactions. Today, credit card issuers offer contactless credit cards, such as CashApp, Google Pay, or Apple Pay, through their smartphones, which enables customers to hold the card near the reader and complete transactions.

No matter what form of technology retailers decide to put in place to launch a contactless cards program, they must consider both cardholder and employee education as well as effectively relay the message around the switch to contactless. When the industry moved from magnetic strip to EMV cards, cardholder education played a major role in mass adoption. Similar to this, in today's growing digital marketplace, cardholders need to understand how to successfully complete a contactless transaction, types of merchants where contactless transactions are supported and continued emphasis on security and safety. It is important for retailers to keep this education top of mind when moving forward.

How will retailers benefit from contactless payment systems?
The most obvious benefit is the reduction in transaction time because of the lack of having to handle payments, and not having to sign for transactions. Contactless payment systems will eliminate the main touch point or moment of contact between customer and merchant. In the age of COVID-19 that's a huge win. Alternatively, retailers will also benefit from reduced checkout lines and not having to hire additional employees during shopping surges like the holidays to keep up with checkout congestion. Contactless payment systems enable employees to focus their time and attention on ensuring shoppers are having a positive in-store experience, and keeping stores sanitized and organized, instead of helping check out customers to keep lines low.
Additionally, check-out free payment systems eliminate the need for large amounts of money in cash registers to make change and employees going to the bank to deposit checks and cash at the end of the day.
Beyond the high fees associated with the touchless payments, retailers are also concerned about cybersecurity and data privacy risks. What tools should retailers and IT teams put in place to secure operations?
Keeping data safe and secure is an ongoing challenge with all payments, but partnering with banks that work with third-parties, like Plaid and Akoya, can help prevent breaches particularly with touchless payments. Those third-parties work as a middle man between banks and apps like Venmo. Essentially, consumers enter data like their account number and password and connect apps (like Venmo) to their bank account, and then the third-party verifies the connection but then

does not store data past that point, making it a safe bet for allowing data to be shared and accessed.

Another measure is hiring IT employees or an IT company to work closely with day-to-day operations ensuring proper software is up-to-date and employees are trained correctly in handling processes and platforms. There are a few considerations organizations need to have built into their architecture to protect their businesses as well as customer information. It's important to have a security-first environment by installing additional layers of security infrastructure between the payment system and hardware platform. This includes having continuous security testing and automating scans of hardware and software systems to seek out vulnerabilities and patch potential issues as they arise.

How can an efficient supply chain help streamline orders connected with contactless payments?
An effective supply chain will be the key to creating positive experiences associated with contactless payments. If a customer purchases a product on their device and then goes to the physical store to pick it up, only to be told by an employee that the product they just purchased is out of stock, they then become a potentially lost customer. If a customer is told an item is out of stock after completing an entire check-out process, there again they become a potentially a lost customer.

Using intelligent automation and eventually blockchain across the entire supply chain — from the manufacturer, warehouse, transportation status, backroom storage, and the retail floor, to the app or website a customer is ordering from — will keep product data consistent and updated. Retailers will know important information like how much of a certain product they have on the floor and in the back. Keeping this process seamless and efficient will eliminate inaccuracies and improve efficiencies that result in satisfied customers, especially when implementing something new like contactless payment.

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