In today's fast-paced digital economy, consumers across the globe expect speed and convenience at every turn. With our smartphones, ordering a latte requires just a few taps in the Starbucks app. Finding our way through traffic is as simple as speaking an address into Google Maps. And depositing a check requires little more than snapping a picture from the bank's mobile app. This expectation for speed and convenience is now extending to the point of sale where cashless technologies have created a fundamental shift in consumer buying behavior.

CASHLESS TECHNOLOGIES AT THE POINT OF SALE

To respond to changing consumer expectations, businesses are modernizing their point of sale and payment processes to enable cashless or contactless payments. Enterprise businesses in sports and entertainment venues, convention centers, restaurants, theme parks, and other industries use these point of sale technologies to:

» Overcome long concession lines
» Accept pre-ordering through mobile apps
» Enable tableside, bar or kiosk ordering
» Track and monitor procurement, inventory and sales
» Improve decision-making with real-time, interactive business intelligence
» Increase staff efficiency and ease of use
» Manage dynamic price changes and specials
» Customize the solution to suit the business

For decades, businesses have worked to make purchasing goods more pleasurable. As a result, payment methods have evolved over the years. Centuries ago, cash made it possible for two parties to exchange goods and services, but before ATMs came along, going to the bank during business hours to withdraw cash was a hassle. After that, checks provided convenience but gave the business no assurance that funds would be available. Credit cards, with real-time authorization, have simplified payment for both consumer and business owner. And now, mobile, contactless payment technologies bring great improvements to the point of sale experience.

In its 2016 U.S. Consumer Payment Study, TSYS, a payment technology provider, asked consumers how likely they would be to load their credit or debit card information into a mobile phone or mobile wallet. Among those surveyed, 44% said they were likely, would definitely, or already have loaded a credit card, while 42% answered similarly for their debit cards.¹

Among consumers, millennials are leading the trend toward cashless payment usage. A recent survey shows that 34% of those ages 18-29 use mobile payments.² About 45% of millennials have made a contactless payment, and as their purchasing power becomes more influential, this is a trend that businesses cannot ignore.³

Person-to-person smartphone payment apps have been around for as long as many millennials have been old enough to shop. Venmo and Square are just a few years old, but PayPal turned 19 this year. Millennials represent the future of consumerization and will simply expect frictionless, innovative payment options at the point of sale.

With millennials leading the way, mobile payment usage is growing and is expected to continue to do so. According to Business Insider’s Mobile Payments Report, the number of mobile payment users is projected to rise to 150 million by 2020. By the same token, the total of in-store mobile payments is expected to reach $503 billion by 2020.4

“Mobile money is a game-changing endeavor with the potential to improve lives, create jobs, span new enterprises, and expand financial inclusion, particularly in the emerging markets that are critical to the growth of the global economy,” said Citi CEO Vikram Pandit.5

THE EVOLUTION OF CASHLESS PAYMENTS

Cashless technologies are experiencing great innovation and are being seen everywhere people shop. Introduced in 2014, Apple Pay led the movement toward mobile payments, and the technology shows no signs of slowing down.

Apple Pay usage has grown 50% in the 12 months ending December 2016, and in Apple’s Q4 earnings call, CEO Tim Cook said the number of Apple Pay transactions was up 500%.6

While Apple Pay began in stores like Whole Foods, businesses in all environments are seeing the benefits of offering cashless payment options to their consumers. At music festivals, contactless cards and wristbands using RFID or NFC technologies offer ease and convenience for food and merchandise purchases.

Sports venues like Yankee Stadium have used point of sale technologies to reinvent concession stands. Total Food Service reports that 42% of U.S. sports fans don’t buy food and drinks at games because the lines are too long and daunting.7 Mobile ordering enables fans to buy from their seats and order as much as they want without missing a minute of the game.

Convention centers across the country have updated their guest service processes with user-friendly kiosks, handheld ordering tablets and streamlined mobile options.

In live music and entertainment venues, self-service kiosks and mobile ordering enable guests to spend more time enjoying the show and less time waiting in line. They can purchase merchandise and concessions quickly and easily without standing in long lines.

College campuses use modern point of sale solutions to speed ordering and payments in campus bookstores and enable tableside ordering in dining centers. These technologies even allow students to pay for items with their campus cards.

Pushing the limits of point of sale innovation, Amazon is testing the notion of letting consumers shop without stopping to check out. The Amazon Go concept store in Seattle touts no lines and no checkouts. The store enables customers to launch their mobile apps, pick up products, and simply walk out. Store cameras survey purchases and charge consumers’ Amazon accounts as they exit.

THE INNOVATIVE POINT OF SALE: A MANDATE FOR BUSINESSES

As millennials and other forward-thinking consumers continue to expect contactless payments at the point of sale, businesses are being called upon to modernize their point of sale and payment processes and policies. Businesses must future-proof their payment processes for this inevitability, offering the convenience and flexibility consumers expect.

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While this may seem like a tall order, businesses can expect to reap multiple benefits from a modern point of sale environment that accepts mobile payments:

» Increased consumer spending
» Reduced labor costs
» Greater security
» Improved customer satisfaction

**Increased Consumer Spending**

Surveys show that simplifying the point of sale and offering cashless payment technologies have the potential to increase consumer spending. When paying with cash, consumers tend to forego small purchases so as not to break larger bills. They are more likely to spend on small, afterthought purchases when paying is as simple as tapping a credit card or phone. MasterCard Canada says it has seen more than 25% higher monthly spending by users of its MasterCard contactless RFID credit cards.⁸

When purchasing from mobile phones or self-service kiosks, consumers tend to spend more since they can easily select items for purchase, modify their orders, and pay without cash. With their mobile phones, consumers can order food, beverage and retail items anytime, anywhere. By eliminating long concession stand lines, businesses increase the likelihood that consumers will spend.

**Case Study: Los Angeles Dodgers**

In Downtown Los Angeles, Dodgers Stadium hosts 47,000 baseball fans a night. With an insufficient network and point of sale system, hungry fans waited in long lines for concessions, requiring them to miss parts of the game. The venue’s new self-service kiosks and attended terminals enable cashiers to provide better service and shorter wait times. The average check is now $4.35 higher, order sizes increased by 20%, and improved reporting shows kiosk orders were larger than those made with a cashier. Self-service kiosks even allow guests extended service periods after cashiers close attended stands, increasing revenue and improving the overall customer experience.

**Reduced Labor Costs**

In addition to increasing consumer spending, businesses are seeing the potential to improve their bottom lines with payment technologies that reduce labor costs. Self-service kiosks for food, beverages, or sports merchandise can reduce labor costs for sports venues, convention centers, zoos, concert halls, theme parks, and the like. Again, millennials are particularly likely to use self-service kiosks, with more than 91% of people ages 35 or younger having used them.⁹

Modern point of sale technologies and cashless payments also enable cashiers to work more quickly and efficiently. Whether they assist customers with self-service ordering or place the orders themselves, streamlined service moves lines faster and requires a smaller staff.

**Case Study: Sacramento Kings**

The Sacramento Kings, one of the oldest operating professional basketball franchises in the nation, recognized the need to improve an old, outdated system used for selling food and merchandise in its arena. The organization’s new point of sale solution enables guests to order on their phones from their seats and offers a streamlined order system for faster prep and delivery. The organization has seen a 20% increase in sales transactions, 15% faster order turnaround time, and 30% higher average check.

“Now our concession stands have the latest technology,” said Chris Granger, president of the Sacramento Kings. “We’re excited to incorporate Appetize’s innovative solutions at our new arena, Golden 1 Center.”

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Greater Security

Cashless payments also offer greater security. Once cash is lost or stolen, it’s gone forever. With credit or debit cards, on the other hand, fraudulent charges can be reversed, and cards can be canceled if lost or stolen.

For mobile payments, transactions are often more secure than credit and debit cards. In fact, studies show that 40% of consumers would rather keep their cards in a mobile wallet. Mobile wallets are password-protected and enable consumers to digitally store documents and receipts which are easy to misplace.

Some mobile payment methods offer security beyond password protection. For example, Apple Pay substitutes payment account numbers with an encrypted, one-time-use code for each transaction. This code would be useless to a hacker who captured it. Plus, consumers must enter a PIN or use fingerprint touch ID to authorize payments.

Improved Customer Satisfaction

With the convenience and efficiency offered by cashless payments, businesses can expect to see an increase in customer satisfaction. Lines move faster since there is no delay in counting out cash or writing checks. Consumers can access funds or lines of credit no matter how much money they may have on hand. And efficient, innovative point of sale technologies let them check out faster, enabling them to purchase what they need and get on with their lives.

In sports and live music venues, fans appreciate point of sale technologies that enable “line busting.” Mobile ordering allows fans to purchase food and beverages from their seats when hunger strikes. With just a few taps on their phones, the food is delivered to their seats, and they don’t miss a minute of the event. Or when self-service kiosks are used, fans can quickly and easily decide what to order, pay with the swipe of a card, and avoid the pain and hassle of long lines.

FUTURE OF A CASHLESS SOCIETY

As consumers increasingly expect the speed and convenience afforded by our digital universe, businesses will continue to adopt innovative point of sale and payment technologies. Fingerprint payments or even “eye print” readers could enable a world where no card or cash is ever required.

“Imagine that your payment mechanism is built into a watch that your bank gave you,” wrote Chris Skinner, author of The Future of Banking and Digital Bank. “The retail consumer can therefore go into any store, wave their watch at the contactless terminal, press their finger to the pay point and they have purchased the goods. No card or cash involved.”

Contactless and mobile payments are fundamentally changing the point of sale for consumers and businesses alike. With the promise to strengthen the bottom line and improve customer satisfaction, the motivation to enable mobile or contactless payments is strong. In sports arenas, concert venues, convention centers, zoos, music festivals, and theme parks across the country, point of sale and mobile payment technologies will continue to evolve to meet the rising demands of the digital consumer.

ABOUT APPETIZE

Appetize is a modern Point of Sale (POS) technology company transforming how sports, entertainment, education and professional service industries manage and process customer transactions at scale. The company’s enterprise-level solution has grown more than 125% year-over-year, increasingly gaining a larger percentage of the total POS market. Appetize’s system seamlessly powers POS technology across handheld devices, kiosks, mobile and inventory systems for operators. For more information, please visit www.appetizeapp.com.