



Making contact

Cashless payment is becoming more of a rule than an exception with more adults than ever using contactless and smart payment methods. VI investigates the opportunities these transactions present for the vending industry.

Visa's annual Digital Payments study, which surveyed 2,000 UK consumers, found that more than one-third of UK card payments in June 2017 were contactless, making the country a leading market for this payment method.

And as such a significant part of UK purchasing behaviour, these payments are predicted to increase even further, thanks to their ability to give consumers a more convenient checkout experience.

In addition, the number of consumers using mobile payment services such as Apple Pay, Samsung Pay and Android Pay was expected to surpass 150 million by the end of 2017, according to market research specialist Juniper Research.

Founder of RetailStore Ian Tomlinson, says: "Frictionless payment plays a key role in today's shopping experience, amongst other things. We have seen contactless payment grow radically as the need for convenience and ease from consumers remains a dominating factor in retailing today."

A PREFERRED METHOD

A recent study by Vianet has further indicated that convenience purchases, particularly food and drink, have been a key driver in the growth of smart payment, and that contactless is the preferred method of payment when spending £5 or less on lunch.

More importantly for the vending industry, the research reveals that two-thirds of people would be willing to switch to contactless payment in vending, if it was available.

Matt Lane, managing director of Vianet says: "Smart pay devices are versatile and not only enable payment via university and bank cards, but are also compatible with smart phone and mobile apps - the future of smart payment.

"The consumer trend for smart pay technology is clear to see. The question is not 'if' operators should adopt contactless payment, but when."

VENDING OPPORTUNITIES

Some vending companies have already started taking advantage of

this growing trend. Martin Verspeak, CTO at Mr Lee's Pure Foods says: "Consumers have had to become increasingly familiar with cashless payment systems in vending over the past year. The benefits of card payment especially contactless and mobile phone payment, are being enjoyed more than ever before, with the likes of Apple Pay receiving a 450% increase in transactions across all sectors in 2017."

To keep up with these trends Mr Lee's machines are exclusively accepting contactless payment to not only eliminate the bottleneck and required maintenance that goes with cash payment, but also allows the company to create a seamless, interactive experience for the consumer.

"Contactless payment has removed the need to rummage through your pockets for a spare bit of change when seeing a vending machine, elevating consumer mindsets to appreciate and recognise a much higher quality offering when it comes to vending," Martin says.





YOUR CHOICE

However, payment systems specialist Suzohapp believes operators should ensure their customers can buy their goods in the preferred way, including the use of cash.

"Making a purchase at a vending machine can be a spontaneous decision and if the customer cannot pay by the payment method he or she wants, then this vend is lost for good. Paying with cash remains popular in many countries and it is essential to be able to offer change," said UK and Ireland sales manager Nick Norris.

Depending on the vend price, operators should consider allowing their customers to pay with banknotes as well as cashless payment methods including by mobile device. Suzohapp's Currenza C2 with extended coin capacity through six tubes and an intelligent pay-out design, is just one of its range or systems that cater for all payment systems.

Nick said: "Operators have to calculate the benefits against the costs when choosing payment systems as well as the location and vend price. As experts in this field, we advise our customers on the right products to match the application."



EVOLVING DEVICES

The cashless expert VMC cautions that when different payment systems such as closed user cashless, chip & pin and contactless payments all exist alongside each other, but as separately managed solutions, it can be costly to install and difficult to manage.



This is why VMC partnered with Vendotek to create the Vendotek reader which accepts both open contactless and closed cashless payment in one reader, and when combined with its Flex solution it is said to provide reduced merchant costs, real time management information, quicker payments, and options for customised loyalty and promotions.

GATHERING DATA

Aside from convenience and ease of use, vending opportunities presented by contactless and smart payments extend even further particularly when it comes to data collection.

Per Hovland, managing director, Perk Dynamics says: "The fast growth in the use of contactless cards and smartphone payments in vending has presented the vending industry with an opportunity to further increase sales by combining their knowledge of the consumer footfall passing the machines (using audience metrics software) with astute product merchandising techniques to drive ever larger shopping baskets via the large touchscreen.

This, he says is likely to drive up the average transaction value.

In addition, Perk has developed the concept of utilising a large touch screen on its Microsoft IOT based software to drive smart advertising to the consumer. This concept, developed in conjunction with a smartphone app based payment uses QR codes embedded into the advertising content on the screen.

This allows the consumer to not only buy products from inside the machine using contactless payments but also order and pay for an advertised product from the touch screen for home delivery using the smartphone QR code payment app which has already registered all the customer details and preferences.

By collecting all the data gathered, Perk can combine this with all the latest advances in intelligent machine learning to predict consumer spend and payment behaviour thereby creating more profit from each machine.

MD of SB Software, the developers of Vendmanager, Simon Black agrees payment systems lead to profit, but he stresses it's not just a case of whether or not payment systems increase takings.

"They do, both by attracting additional transactions and by uplifting average spend. Our Vendmanager clients can see this because they have the hard data to prove it.

Now the key challenges are to decide the following:

- which machines/sites most merit the additional investment
- what happens "on the other side of the mirror" with regards to the wealth of data that payment systems generate
- how to handle machines where it is hard to justify the additional cost of a payment system.

"Vending machine data provides the hard-nosed insights for operators to decide these issues on the basis of informed assessments.

"Our goal is to supply the best vending management system helping our clients themselves to be simply better."

CONCLUSION

It seems inevitable that the vending industry will move closer towards smart and contactless payments, and considering they are designed to make life easier for consumers while at the same time play a role in gathering vital data to ultimately drive up profits, why wouldn't it.

