



RETAIL INNOVATION

READINESS INDEX

40%

of consumer services merchants
are very or extremely ready for innovation

26%

of merchants are very or extremely
interested in smart POS

CONSUMER SERVICES EDITION

How next-generation acquiring is boosting SMBs' bottom lines

RETAIL INNOVATION READINESS INDEX

ACKNOWLEDGMENT

The Retail Innovation Readiness Index is done in collaboration with AEVI, and PYMNTS is grateful for the company's support and insight. [PYMNTS.com](https://www.pymnts.com) retains full editorial control over the findings presented, as well as the methodology and data analysis.

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KEY FINDINGS

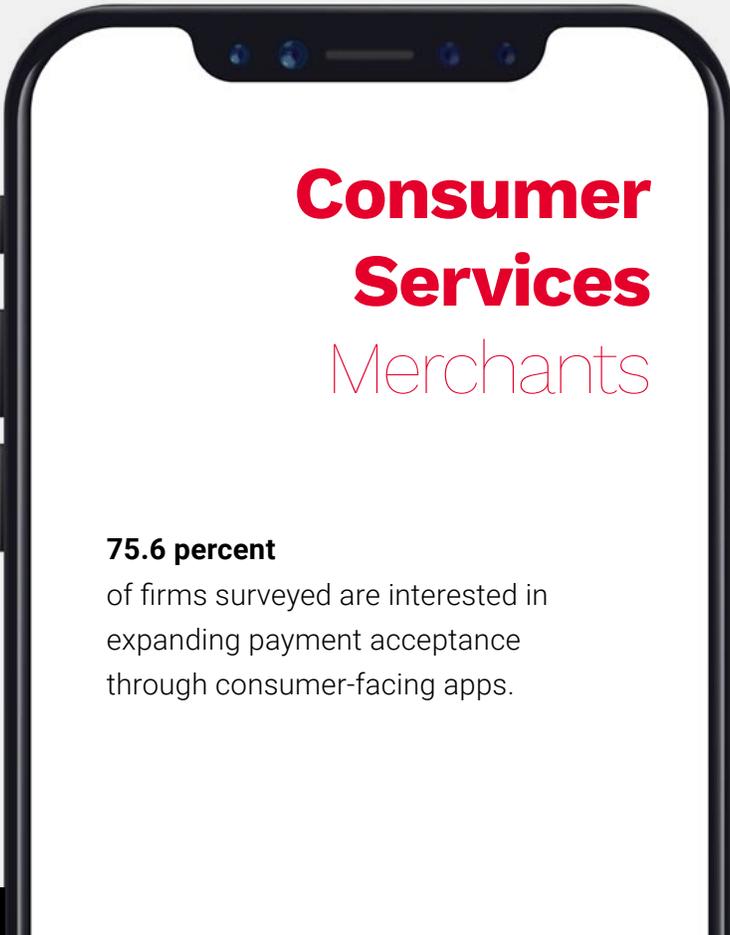
RETAIL
INNOVATION
READINESS INDEX



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For consumer services merchants,
the desire to stay competitive is driving innovation:

44.8 percent of them said innovation was crucial to their survival.

A black smartphone frame is shown, containing text. The text is centered and reads: "Consumer Services Merchants".

Consumer Services Merchants

75.6 percent
of firms surveyed are interested in
expanding payment acceptance
through consumer-facing apps.

- **50.1 percent**
of consumer services firms are interested
in customer satisfaction rankings.
- **42.3 percent**
of them are interested in marketing tools
as back-office apps.
- **14.2 percent**
of firms are already using
smart POS systems.

Introduction

What's not to love about amusement parks and their roller-coasters, cotton candy and chances to win oversized stuffed animals? Anyone who has recently visited one can likely tick off at least a few frustrations, including getting stuck in long lines, running out of cash or losing their vehicles in the parking lot. Hershey Park in Pennsylvania recently rolled out a solution to address such issues, unveiling a mobile app enabling visitors to purchase tickets in advance, see rides' wait times displayed on a GPS-enabled map or even locate their cars.¹

The amusement park industry has seen better days, though, and is currently competing with home gaming and virtual reality systems that offer plenty of thrills from the comfort of one's couch. Hershey Park's mobile app is just one way the facility is working to remain relevant as digital technology transforms the consumer economy – and it is not alone in these efforts.

A growing number of businesses are recognizing that they must embrace innovation if they want to retain and attract customers in the digital age. The Retail Innovation

¹ Author unknown. Get to know the Hershey Park app. Hershey Park website. 2018. <https://stories.hersheypa.com/get-to-know-the-hersheypark-app/>. Accessed May 2019.

Readiness Index, a PYMNTS and AEVI collaboration, has sought to assess how United States-based companies in varying sectors adapt to these changes. This fourth edition focuses on those not known for being cutting-edge: consumer services, which include contractors and automotive garages, tourism and travel, and entertainment-related firms like Hershey Park and small-scale amusement facilities.

PYMNTS surveyed more than 700 consumer services merchants earning less than \$250,000 up to \$100 million in annual revenues, then ranked them on a 100-point scale by 18 key innovation readiness factors. This gave our team a fuller portrait of the sector. The largest group in our sample was comprised of contractors (48.3 percent), followed by arts and entertainment (30.4 percent), automotive garages (11.7 percent), travel and tourism (6.6 percent) and parks, amusement facilities and gaming centers (2.9 percent). A large part of the sample was also comprised of small and medium-size businesses (SMBs). Sixty-eight percent of our respondents were SMBs that employed fewer than 20 people.

Our research confirms what might be expected: This unique sector scored considerably

lower than other types of businesses — food and accommodation, health and beauty, and general retail — examined in previous innovation indexes. Consumer services earned an average of 25.5 points, for example, significantly below health and beauty firms' 35.1 and accommodation's 34.1.

Yet, there is more than meets the eye. The survey also uncovered that the space is lagging in implementing new technologies, but many consumer services businesses recognize the value in innovative solutions like smart point-of-sale (POS) systems. Indeed, 44.8 percent of surveyed firms view innovation as essential to their survival, and some are already adopting solutions in interesting and unlikely ways. In fact, 76 percent of businesses are interested in consumer applications related to payments acceptance.

No modern business can solely rely on being a destination attraction, having a good location or its neighborhood reputation to ensure customer loyalty — not with Yelp at fickle consumers' fingertips, anyway. The Retail Innovation Readiness Index: Consumer Services Edition explores how businesses of all sizes — with a special focus on those earning less than \$5 million in annual revenues — are adapting in the digital age.

Key findings

FIGURE 1:

Innovation index scores

How various sectors score on the innovation index, on a scale of zero to 100

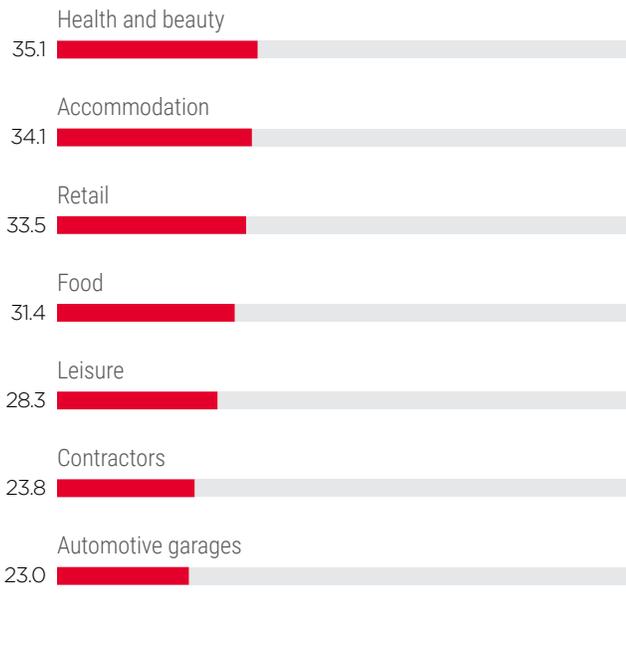
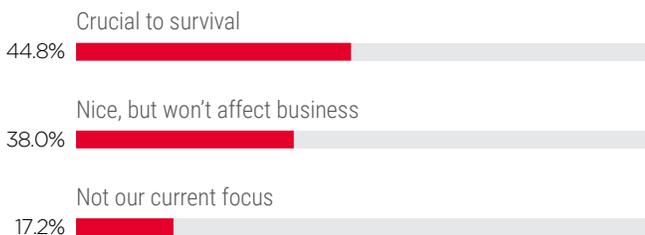


FIGURE 2:

How companies value in-store innovations

Share of companies that consider innovation vital to survival, by focus



There's no escaping that consumer services-related businesses are behind on innovations. Mechanics, plumbers, tourist agencies and others have adopted innovative technologies at lower rates than firms in other segments, averaging an aggregate index score of 25.5, which is several notches below beauty (35.1), accommodation (34.1), general retail (33.5) and food (31.4).

Underlying this lower innovation level is an attitudinal difference: Just 44.8 percent of consumer services businesses consider in-store innovations to be critical to their survival, compared to an average of 58.5 percent for other industry segments.

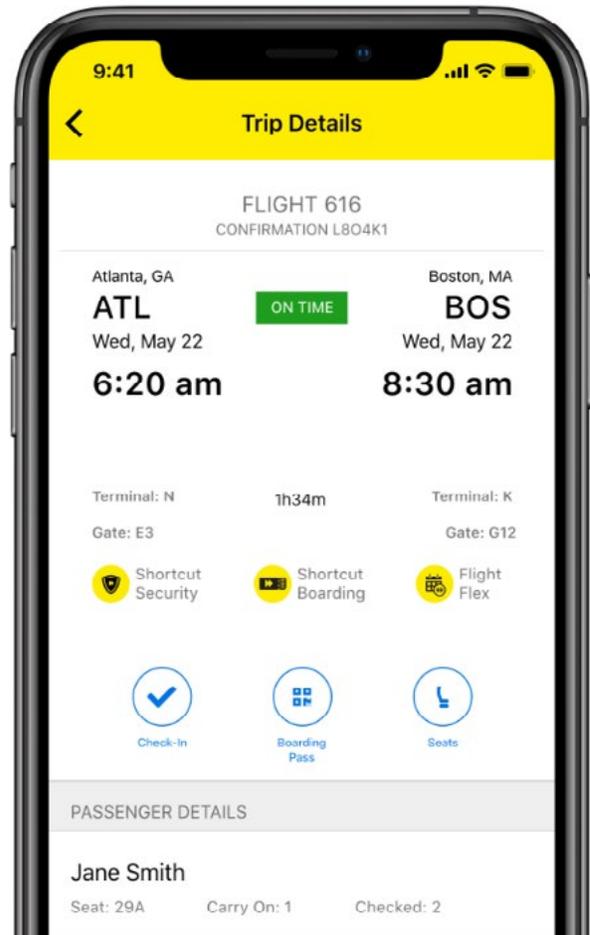
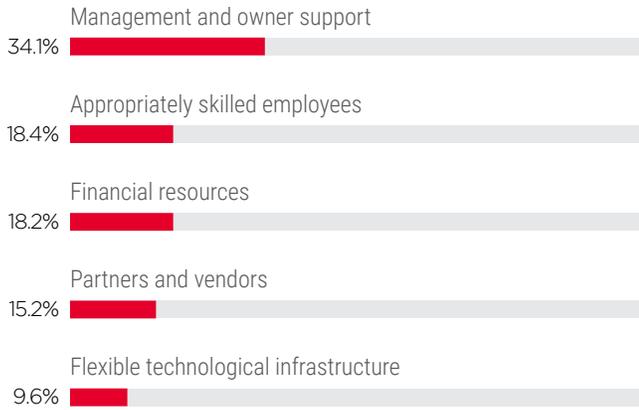


FIGURE 3:

Key innovation factors

Share of firms that believe select conditions will make it “very easy” to innovate



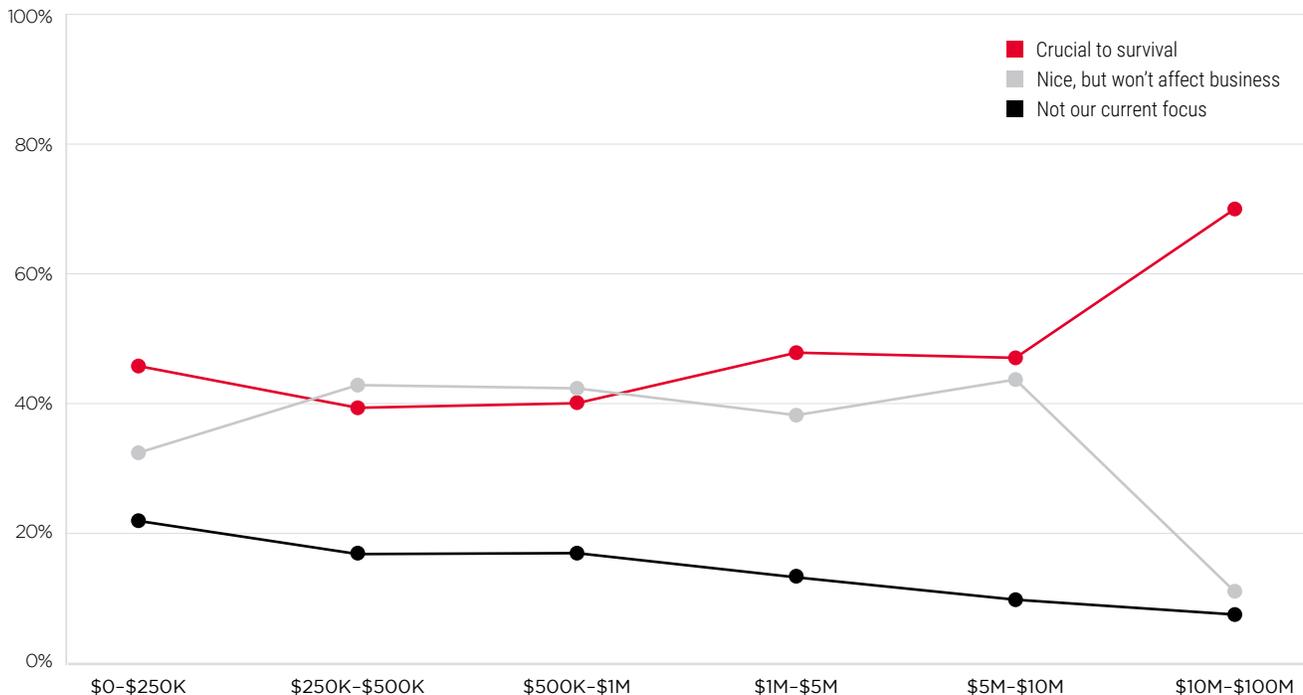
At the same time, we cannot dismiss that nearly 45 percent of consumer services businesses perceive innovation as make-or-break. This view outweighs the proportion that are agnostic or simply don’t regard innovation as a priority.

Firms tend to be of the same mind regarding the elements needed to facilitate innovation. Our research shows an average of 34.1 percent of consumer services companies believe management support makes innovation much easier, followed by skilled employee bases (18.4 percent), financial resources

FIGURE 4:

The value of innovation and company size

Share of companies that consider innovation vital, by annual revenues



(18.2 percent) and proper partners and vendors (15.2 percent).

Digging deeper into the data, we find that consumer services sector innovation levels and attitudes vary considerably depending on company size. Generally speaking, the more revenue a firm generates, the higher it tends to score in innovation readiness. Large contractors earning between \$10 million and \$100 million annually had an average score of 45.1, for example, while the smallest ones – with revenues below \$250,000 – scored just 18.2 points on average.

This speaks to the perceived importance of innovation, as 70.4 percent of firms with revenues between \$10 million and \$100 million viewed it as critical, compared to just 39.3 percent of those in the \$250,000-to-\$500,000 bracket.

Larger consumer services companies are also more likely to believe they have the infrastructure and training in place to adopt new technologies. Of those earning \$5 million to \$10 million, 46.9 percent believed they're ready for innovation, while just 19.7 percent making less than \$250,000 felt the same.

TABLE 1:

Innovation preparation

Share of firms that are "extremely ready" for innovation, by level and annual revenue

	ANNUAL REVENUE					
	Less than \$250K	\$250K-\$500K	\$500K-\$1M	\$1M-\$5M	\$5M-\$10M	\$10M-\$100M
Extremely ready for innovation	10.2%	6.7%	11.0%	19.2%	4.7%	22.2%
Very ready	19.7%	34.7%	32.3%	26.0%	46.9%	44.4%
Somewhat ready	34.8%	34.0%	29.1%	35.6%	34.4%	22.2%
Slightly ready	25.8%	20.0%	23.6%	16.3%	10.9%	3.7%
Not at all ready for innovation	9.4%	4.7%	3.9%	2.9%	3.1%	7.4%

Getting Smart

With POS

A ccepting an array of digital payment methods, offering customer loyalty and being able to order and track inventory are key ways innovation can enhance business operations. These features and others can be found under the hood, as it were, of smart POS systems. In the consumer services sphere, a small home-renovation company could use such products to bring efficiency to processes often ruled by paper invoices, receipts and checks, thereby helping to ensure a satisfied client becomes a repeat one.

Smart POS systems have made only limited inroads into consumer services, though, likely because their development is quite recent. Just

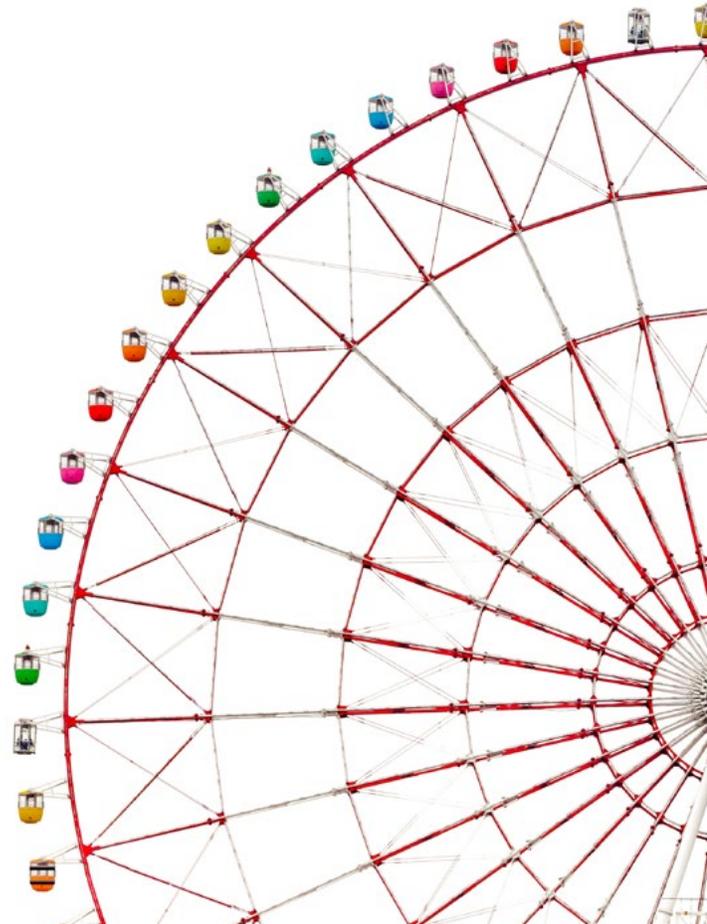
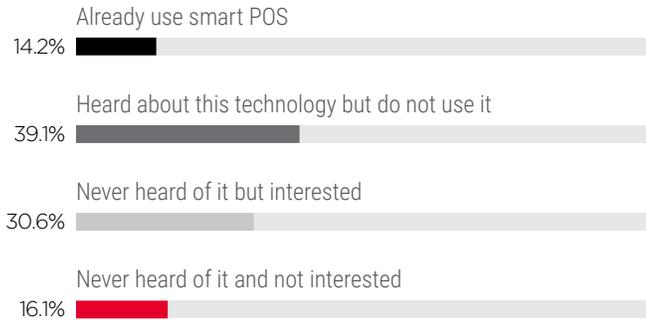


FIGURE 5:

Smart POS' proliferation

Share of firms that use and/or know about smart POS systems



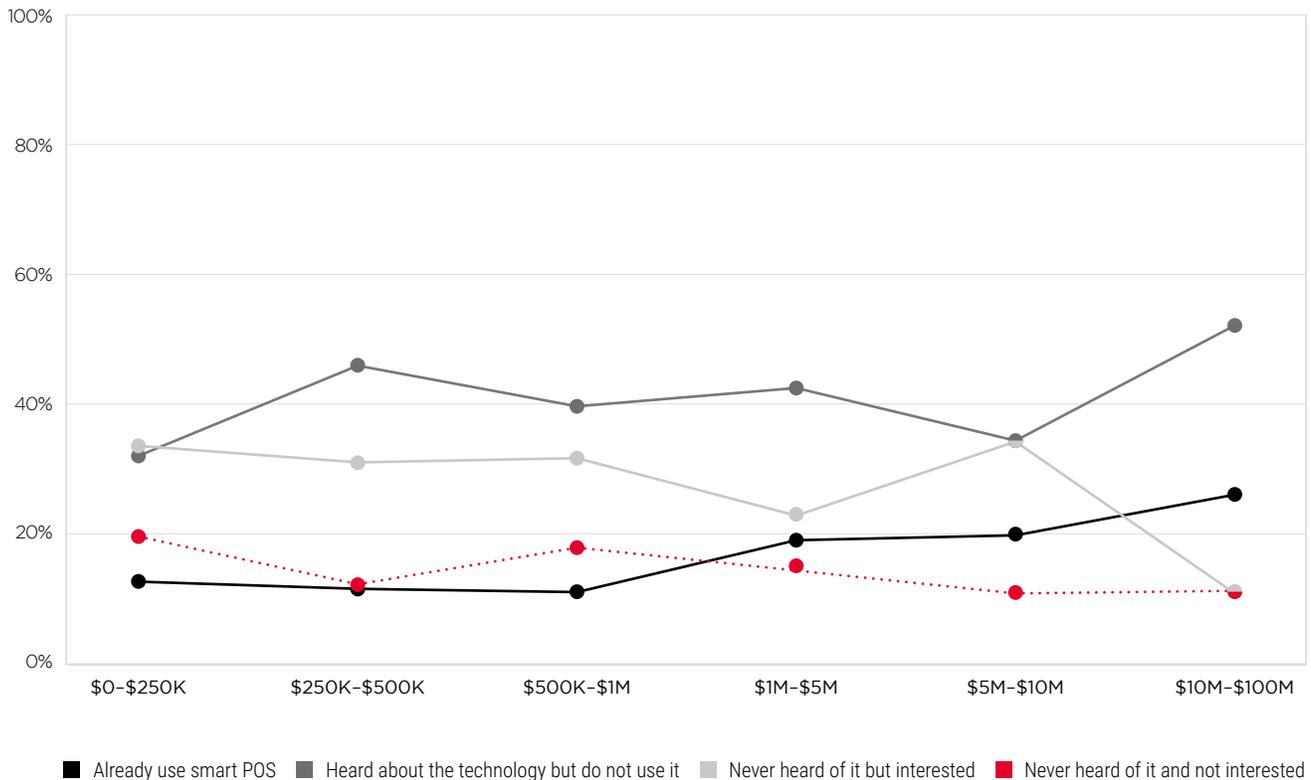
14.2 percent of businesses in the sector are currently using them, despite their capabilities, which reflects a lack of awareness. In our sample, 46.7 percent had not heard of smart POS systems.

There appears to be a size bias in innovation, too. As previously seen in our index series, larger companies are more likely to have implemented smart POS systems. Our research found 25.9 percent of those with

FIGURE 6:

Use and knowledge of smart POS systems

Share of companies that use and/or know about smart POS technology, by annual revenues



revenues between \$10 million and \$100 million have done so, while just 12.7 percent of firms earning below \$250,000 have said the same.

This doesn't mean smaller firms aren't interested in smart POS, however. In fact, among consumer services firms that were unfamiliar with smart POS offerings, 34.4 percent were interested in them, while only 11.1 percent of the largest firms in this group were.

All consumer services businesses can't be painted with the same brush, however. Our research shows that 19.1 percent of travel

26.3%
of firms were
"very" or "extremely"
interested in
smart POS.

TABLE 2:

Interest in end-to-end smart POS providers

Share of companies that are "extremely interested" in smart POS, by industry

	TOTAL	 Contractors	 Entertainment	 Auto garages	 Travel	 Parks
Extremely interested	7.7%	8.7%	6.5%	5.5%	10.5%	5.0%
Very interested	18.6%	20.5%	18.4%	16.4%	13.2%	10.0%
Somewhat interested	26.7%	25.2%	29.2%	24.7%	21.1%	45.0%
Slightly interested	26.5%	26.5%	24.9%	27.4%	31.6%	30.0%
Not at all interested	20.5%	19.1%	21.1%	26.0%	23.7%	10.0%

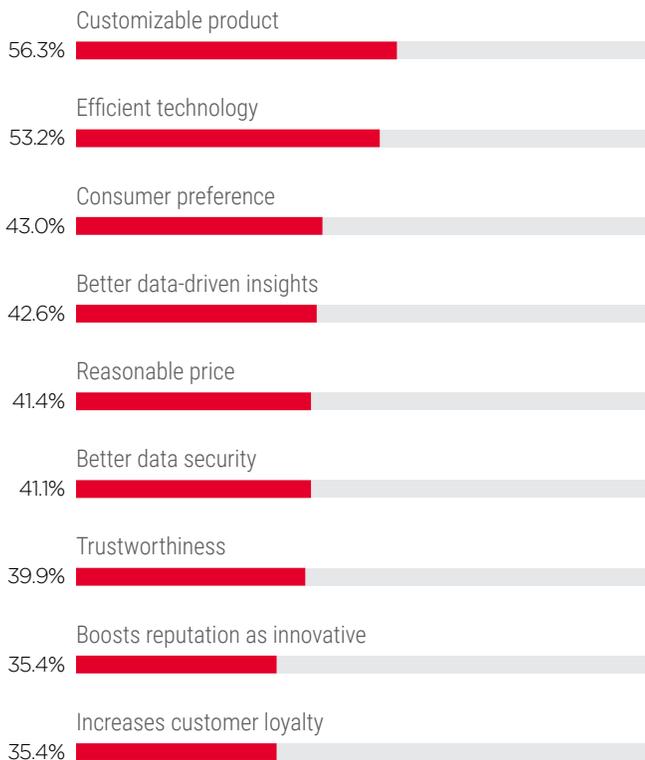
62%

of firms believed smart POS would make running their businesses **easier and more convenient.**

FIGURE 7:

Interest in smart POS technology

Share of firms that already use smart POS, by benefits



and tourism companies have adopted smart POS, exceeding other segments' implementations. More of these businesses reported being "extremely interested" in the technology (10.5 percent), but it appears to be a tougher sell for auto garages: Just 5.5 percent said they're "extremely interested."

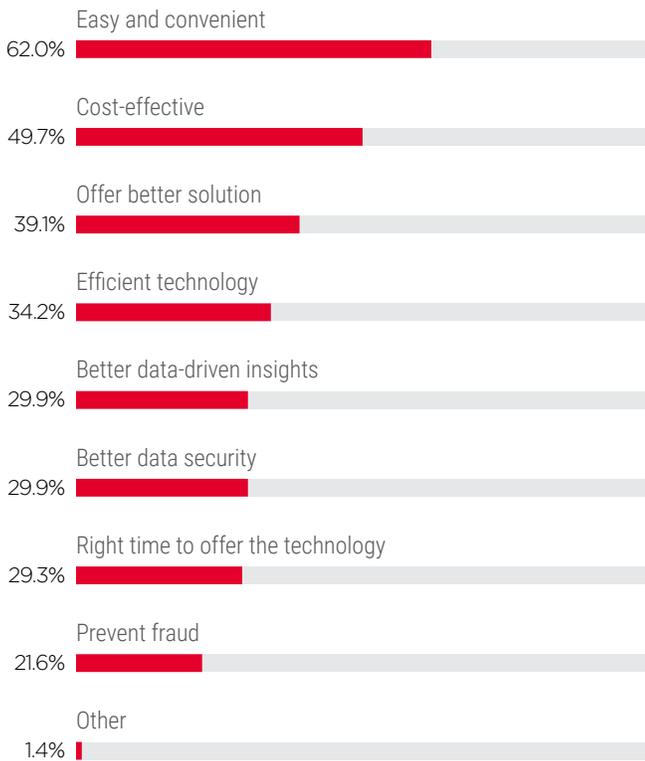
Customization is a key element of smart POS' appeal among the consumer services firms that have implemented the technology or are very interested in doing so, cited by 56.3 percent. Unlike one-size-fits-all hard-wired terminals, smart POS can be tailored to meet companies' unique needs. This corresponds to the technology's second-most appealing aspect: that it works well.

Businesses perceive several benefits from smart POS technology, but the most important is that they find it convenient. Sixty-two percent mentioned that smart POS systems would bring ease of use and convenience to their operations, and nearly 50 percent cited cost-effectiveness.

FIGURE 8:

Perceived smart POS benefits

Share of firms that believe smart POS would bring select benefits, by benefits



The Road To **Optimization**

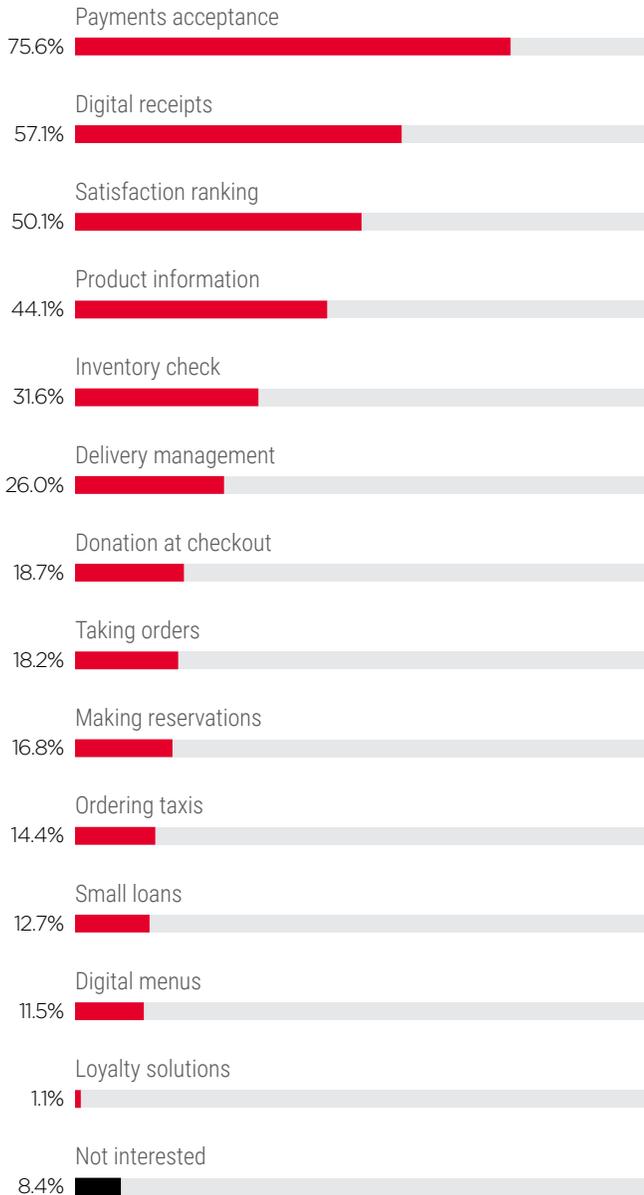


Garages, contractors, entertainment venues and other similar consumer services operations may be behind other sectors on innovation, but they show a lot of interest in consumer applications. As previously noted, their average index score of 25.5 was lower than those for the beauty, food, accommodation and general retail sectors. This doesn't mean consumer services companies lack the appetite for new technology and services, though. In fact, they appear to have some very specific ideas about how digital technology could improve their operations.

FIGURE 9:

Interest in consumer-facing applications

Share of firms interested in select consumer-based apps, by features offered



75.6%
of merchants
would be
interested in
**payments
acceptance apps.**

Consumer services businesses show a great deal of interest in consumer-facing apps like digital payments and receipts, customer satisfaction rankings and loyalty programs. Our research shows most respondents are interested in payments acceptance (75.6 percent), digital receipts (57.1 percent) and customer satisfaction rankings (50.1 percent).

Many firms believe technological solutions – including ordering and managing inventory, booking appointments and loyalty and rewards programs – could also improve their back-office operations. The top related applications for this market segment are inventory management (49.2 percent), payroll management (47.6 percent), taking orders (42.5 percent) and marketing tools (42.3 percent).

49.2%

of firms would be interested in apps that improve **inventory management.**

FIGURE 10:

Interest in back-office applications

Share of firms interested in select back-office apps, by features offered



Firms' annual sales tend to be correlated with how they view such applications. Those in the highest revenue brackets – generating between \$10 million and \$100 million – see inventory and payroll management as the most appealing functions, cited by more than 70 percent. This makes sense, as they

have more staff – and stuff – to manage. Conversely, smaller firms are more likely to identify marketing as beneficial, perhaps because it is something they must handle in-house, unlike larger firms.



TABLE 3:

Interest in back-office applications

Share of firms interested in select back-office solutions, by annual revenue

	ANNUAL REVENUE					
	Less than \$250K	\$250K-\$500K	\$500K-\$1M	\$1M-\$5M	\$5M-\$10M	\$10M-\$100M
Tip pooling	19.1%	8.7%	15.0%	16.3%	12.5%	29.6%
Delivery management	27.5%	23.3%	26.8%	24.0%	28.1%	40.7%
Staff management	39.7%	30.7%	35.4%	39.4%	37.5%	40.7%
Reporting tools	37.4%	34.0%	44.1%	38.5%	28.1%	33.3%
Communication management	29.0%	36.0%	35.4%	29.8%	31.3%	25.9%
CRM tools	32.8%	43.3%	36.2%	31.7%	39.1%	37.0%
Taking orders	44.3%	38.0%	44.9%	47.1%	40.6%	33.3%
Marketing tools	35.9%	41.3%	48.0%	35.6%	26.6%	37.0%
Payroll management	58.0%	44.7%	52.8%	51.0%	40.6%	85.2%
Inventory management	55.0%	46.7%	51.2%	50.0%	48.4%	74.1%
Other	0.8%	0.0%	0.0%	1.0%	0.0%	0.0%
Not interested	12.2%	8.7%	7.1%	14.4%	9.4%	3.7%

Willing to change providers to innovate

Consumer services businesses largely trust their merchant payment service providers (PSPs) to deliver these digital solutions. It bears noting that most are very satisfied with their PSPs, but there is a lot of room for improvement. More than 40 percent of respondents were only “somewhat satisfied” with their current providers, and approximately two-thirds of that group indicated a willingness to switch to another firm. This interest depends on affordability (60.9 percent), solutions’ integration levels (58.4 percent) and ease of use (54.7 percent), among other factors, while smaller firms noted that trust (45 percent), ease of use (54.2 percent) and fully integrated solutions (58 percent) were more important to them.

TABLE 4:

Important reasons for changing providers

Features considered important when selecting new providers, by annual revenue

	ANNUAL REVENUE					
	Less than \$250K	\$250K-\$500K	\$500K-\$1M	\$1M-\$5M	\$5M-\$10M	\$10M-\$100M
End-to-end integration	27.5%	22.0%	27.6%	26.9%	28.1%	29.6%
Best reputation	36.6%	29.3%	33.9%	32.7%	28.1%	51.9%
Greater data security	38.2%	34.0%	35.4%	35.6%	32.8%	48.1%
Most innovative/value-added services	32.8%	37.3%	37.8%	35.6%	40.6%	22.2%
Fraud prevention	38.2%	36.7%	38.6%	37.5%	26.6%	40.7%
Trust in the service	45.0%	54.0%	52.8%	46.2%	46.9%	40.7%
Easy to use	54.2%	54.7%	57.5%	54.8%	45.3%	51.9%
Fully integrated solution	58.0%	58.0%	64.6%	57.7%	59.4%	59.3%
More affordable	53.4%	60.7%	65.4%	54.8%	50.0%	48.1%

Deep Dive:

Bridging The SMB Gap

Picture a neighborhood mechanic. The decor might be a little rough around the edges, but the team is likely big on customer service and the owners might even be on first-name terms with their regulars. However, the business almost certainly lacks robust, digital, multichannel operations. In this case, PYMNTS' research supports this conventional wisdom regarding small firms in venerable customer service-related industries like auto repair.

As we've seen, consumer services firms' innovation scores are lower than those of other sectors. This trend is far more pro-

nounced among smaller businesses in the segment, though, and large firms with revenues between \$10 million and \$100 million outscored the smallest firms in our sample — earning below \$250,000 — by more than 20 points at 44.2 and 22.5 points, respectively. This is an important consideration since 68 percent of our sample firms were SMBs that employed fewer than 20 people.

SMBs generating less than \$5 million per year are less likely to have implemented smart POS or other digital tools, like storing customer payment info or accepting digital wallets. That lack of implementation should not be taken for lack of interest, though, and

a closer look at consumer service-focused SMBs reveals many recognize digital innovations' potential for their operations. That said, smaller merchants have less capital and room for error, and may lack dedicated IT teams. All of these factors could make adopting smart POS systems daunting, especially when there is a multitude of products on the market.

Smaller auto repair, contracting and tourism/entertainment firms consider the ability to accept a wider range of payment options to be a high priority. Interest is especially strong within the tourism segment, with 80 percent of its companies considering diversifying their payment acceptance modes. This might be because SMBs currently have more ground to make up when it comes to accepting digital payments.

TABLE 5:
Interest in consumer-facing applications
Share of firms interested in select apps, by industry and size

	 GARAGES		 LEISURE		 CONTRACTORS	
	\$5M or less	More than \$5M	\$5M or less	More than \$5M	\$5M or less	More than \$5M
Booking tables/rooms	8.3%	8.3%	23.6%	21.4%	13.2%	13.7%
Taking orders	18.1%	0.0%	19.4%	32.1%	15.6%	23.5%
Donation at checkout	16.7%	8.3%	25.6%	14.3%	13.9%	19.6%
Delivery management	11.1%	8.3%	26.7%	32.1%	26.8%	39.2%
Inventory check	27.8%	25.0%	37.6%	28.6%	26.4%	39.2%
Product or service information	30.6%	16.7%	45.3%	46.4%	46.4%	49.0%
Customer satisfaction ranking	51.4%	41.7%	51.9%	46.4%	48.8%	51.0%
Digital receipts	59.7%	41.7%	62.4%	57.1%	53.2%	52.9%
Payments acceptance	70.8%	58.3%	80.2%	71.4%	75.6%	64.7%

Customer satisfaction rankings also stand out as particularly appealing for smaller firms, cited by nearly 50 percent of SMBs. This underscores the reality that many smaller enterprises, such as plumbers and mechanics, consider good reviews to be their operations' lifeblood.

Smaller consumer services businesses' unique innovation priorities also extend to their back offices. These firms have less interest in inventory and payroll management compared to larger ones, but more interest in marketing functions. For example, 53 percent of arts/entertainment sector firms call marketing functions a priority. If there's any sphere of business that requires a strong digital operation in the social media age, it's marketing.

As we've noted, smaller consumer services firms may be intimidated by the perceived cost and complexity of implementing smart POS systems. For this reason, the key feature SMBs seek when contemplating smart POS systems is ease of use. Our research shows that 84.7 percent of these firms significantly value intuitive functionality over options like cash acceptance and analytics, among others.

So, what is holding smaller firms back if they recognize the benefits innovation could bring to their operations? Are many of them just technophobes? The short answer is no.

70.8%
of smaller
garages were
interested in
**customer-facing
payments
acceptance apps.**

TABLE 6:

Reasons for selecting smart POS systems

Share of firms citing select reasons for choosing a smart POS product, by industry and size

	 GARAGES		 LEISURE		 CONTRACTORS	
	\$5M or less	More than \$5M	\$5M or less	More than \$5M	\$5M or less	More than \$5M
	Connected to a 15-inch monitor	5.6%	16.7%	3.1%	14.3%	4.7%
Keyboard	15.3%	0.0%	5.8%	14.3%	7.5%	11.8%
Fully integrates with offline systems	9.7%	0.0%	10.9%	3.6%	15.3%	23.5%
Customer-facing screen	6.9%	25.0%	14.0%	17.9%	13.9%	21.6%
Robust	18.1%	8.3%	14.0%	25.0%	11.2%	17.6%
Barcode/scanner	13.9%	25.0%	13.6%	17.9%	14.2%	23.5%
Includes value-added POS apps/services	9.7%	16.7%	14.7%	14.3%	14.9%	23.5%
Available added services	16.7%	16.7%	14.3%	25.0%	19.3%	11.8%
Tracks analytics and data	8.3%	25.0%	27.5%	25.0%	24.1%	37.3%
Receipt printer	25.0%	16.7%	24.4%	25.0%	26.4%	33.3%
Mobile device	25.0%	8.3%	28.3%	25.0%	24.7%	17.6%
Attractive and modern design	40.3%	41.7%	29.5%	46.4%	31.2%	27.5%
Small device	50.0%	41.7%	46.1%	28.6%	45.1%	25.5%
Single system	45.8%	66.7%	45.7%	46.4%	48.8%	47.1%
Cash acceptance	61.1%	41.7%	55.0%	28.6%	51.2%	45.1%
Cashless payment capabilities	63.9%	58.3%	67.8%	57.1%	64.4%	49.0%
Easy to use and intuitive	84.7%	83.3%	83.7%	85.7%	82.0%	64.7%

When pursuing innovations like smart POS, cost appears to be SMBs' paramount consideration. Innovation might be a more costly investment for them compared to their larger counterparts, and they're not entirely sure if the returns will justify it. Smaller firms in all consumer services sectors are more likely to consider a "reasonable price" the top factor in choosing a POS vendor, according to 63.7 percent of those surveyed.

This cost sensitivity carries over into SMBs' broader relationships with their PSPs. Smaller firms are considerably less likely than



TABLE 7:

Key factors in choosing POS vendors

Share of firms citing select factors when choosing a smart POS system, by industry and size

	 GARAGES		 LEISURE		 CONTRACTORS	
	\$5M or less	More than \$5M	\$5M or less	More than \$5M	\$5M or less	More than \$5M
	Reasonable price	70.8%	33.3%	65.5%	57.1%	63.7%
Consumer preference	31.9%	33.3%	36.8%	28.6%	34.9%	33.3%
Efficient technology	23.6%	33.3%	20.9%	32.1%	21.0%	60.8%
Trustworthiness	23.6%	16.7%	17.4%	39.3%	21.4%	52.9%
Better data security	16.7%	16.7%	12.4%	21.4%	12.9%	45.1%
Customizable product	13.9%	0.0%	15.1%	17.9%	10.5%	25.5%
Value-added services	15.3%	25.0%	12.8%	25.0%	9.8%	39.2%

FIGURE 11:

Willingness to change PSPs

Share of firms willing to switch to different PSPs, by industry and size

■ No ■ Yes

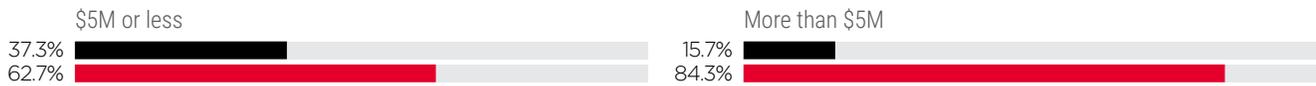
Garages



Leisure



Contractors



larger companies to switch to new providers. While 84.3 percent of large contractors would be willing to change, only 62.7 percent of smaller ones said the same.

Once again, affordability appears to weigh heavily on SMBs. It is the main factor that might convince them to switch providers, in fact, as more than 50 percent indicated that more affordable options would be a reason to change.

Digital optimization may indeed be a harder sell for SMBs, especially those in the consumer services sector, but many recognize innovations' potential value. The key is showing these businesses exactly how digital solutions can benefit them and address their unique needs.

62.7%
of SMBs
in the contracting
field said they were
**willing to switch to
different PSPs.**

CONCLUSION

Digital innovation is transforming the retail economy in fundamental ways, but it is coming to some corners more gradually than others. The consumer services sector is seeing businesses like auto garages, contractors and entertainment and tourist venues rank lower on the innovation scale than other segments, but no business can afford to ignore the wave when digital technologies and platforms like Google and Yelp are making shopping around easier than ever.

Consumer services companies are aware of this, too, and nearly half of those surveyed view innovation as critical to their survival. This sector is disproportionately comprised of SMBs, though, and thus struggles to adapt. Firms are uncertain whether the returns will justify their investments, making the perceived costs of changing their payments operations a key adoption barrier.

What's required are solutions that are uniquely tailored to these businesses' needs. This is the great benefit of smart POS solutions, after all: that they can be customized to businesses' priorities, whether that means broadening accepted payment methods or driving customer loyalty.



METHODOLOGY



We received 2,635 responses, then used 716 (27.2 percent) from consumer services businesses with physical store presences: 1,805 (68.5 percent) were disqualified, and 114 (4.3 percent) responses were partially completed.

	N	Percentage
First sample	2,635	100.0%
Complete	716	27.2%
Partial	114	4.3%
Disqualified	1,805	68.5%
• Not a consumer services business	1,165	44.2%
• Not a founding member or senior management member	90	3.4%
• More than 100 employees	24	0.9%
• More than \$100 million in revenue	7	0.3%
• Do not have physical stores	1,805	70.4%

We created three new categories to simplify our industry analysis.

Original category	New category
Parks (amusement, arcade, etc.)	Leisure
Travel and tourism	Leisure
Automotive garage (vehicle services and maintenance, etc.)	Garages
Arts and entertainment (events, museums, cinema, concerts, etc.)	Leisure
Contractor for consumer residences (plumber, roofer, handyman, etc.)	Contractors

Index

Methodology

Our analysts created an innovation index for our sample merchants, looking at all the features and functions they provide to their customers:

1. In-store kiosks
2. Other in-store features like coupons and rewards
3. In-store payment methods
4. Online capabilities like stored purchase histories or profiles
5. Online payment methods
6. In-store and online integrations
7. The overall importance of innovation and the how well merchants' cultures, systems and resources are prepared for innovation

We used a statistical model to predict how ready each merchant is for innovation. The model identified 18 features that were important to those that are ready.

VARIABLE

KIOSK AVAILABILITY

- Find product in-store
- Ability to check profile online
- Ability to save payment methods

PHYSICAL STORES

- Coupons
- Promo codes
- Order online and pick up in store
- Scan items for more information

Total number of in-store payment methods

WEBSITE

- Customers can order products and services
- Order products and services through social media
- Customers can track their orders
- Online shop stores payment information

Total number of online payment methods

CROSS-CHANNEL

- Customers can check purchase histories
- Loyalty program for online and in-store

REASONS TO INNOVATE

- Store innovation is important to survival
 - Improve customer loyalty
 - Consumer demands for new payment methods
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ABOUT

PYMNTS.com

PYMNTS.com is where the best minds and the best content meet on the web to learn about “What’s Next” in payments and commerce. Our interactive platform is reinventing the way companies in payments share relevant information about the initiatives that make news and shape the future of this dynamic sector. Our data and analytics team includes economists, data scientists and industry analysts who work with companies to measure and quantify the innovations at the cutting edge of this new world.



AEVI lays the foundation for next-generation acquiring by empowering merchant solutions providers to move and manage their classic payments propositions into a new value-added world of apps, payments and smart devices. By subscribing to AEVI’s open-platform, vendor-agnostic Digital Service Center, these providers can access a one-stop shop to pick and mix solutions for any stage of their digital strategies.

AEVI combines the talents and resources of merchant solution providers, app publishers and device vendors in an open, collaborative ecosystem unrestricted by devices, currencies, borders or regulations, providing unprecedented flexibility and choice. AEVI simplifies the complex payment landscape with a single integration for merchant solutions providers resulting in acquisition of new merchants, increased retention of existing customers, cost savings, and generation of new revenue streams.

We are interested in your feedback on this report. If you have questions, comments or would like to subscribe, please email us at retailinnovation@pymnts.com.

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