

Retailers large and small find advantages to mobile payments

October 13 2012, by Celeste Smith

The way we pay for things is changing. Those credit-card keypads yielding paper receipts are giving way to a new group of mobile payment devices that merchants say charge cheaper swipe fees, and are faster and easier to use.

Recently, Starbucks signed on with Square, one of the more popular devices in the market. That means 7,000 Starbucks stores will process U.S. credit and debit card transactions with Square - thus linking the card reader with a major retailer.

An array of other devices are on the market, including [Intuit](#) GoPayment and PayPal Here. Others in the [mobile payment](#) mix include Groupon and Google. Several large retailers, including [Wal-Mart](#), [Best Buy](#), Target and others, recently announced they're joining forces on their own upcoming mobile payment method.

Here's how these systems generally work: Commerce companies provide a free card reader to retailers, who plug it into the [headphone jack](#) of their mobile phone. After customers get their card swiped, they sign receipts with their finger, and have the option to leave tips. Receipts are sent by text or email. Merchants are charged a percentage per swipe, with the remaining money from the purchase deposited into their account.

Square's [iPad](#) version, called Square Register, allows sellers to keep inventory of sales.

"I can also track what are my top sellers," said Emma Merisier, who uses the iPad version on her Charlotte food truck, SouthernCakeQueen. "That can help me decide what cupcakes I'm baking for the following week."

Wayne Parker, with Whispering Willow bath and beauty products, thinks using Square generates more business at fairs and markets. After one customer confirmed that his business takes credit cards, she spent more than \$100 in gifts. "It definitely has made a difference (in) the amount of business we've been able to do," Parker said.

Larry Swayne, with Charlotte's Wingzza wings and pizza food truck, is sold on Intuit GoPayment's organization. He said Intuit approached him about trying its system, and he immediately took to the way it links with Intuit QuickBooks, the small-business accounting software. He has been using a more traditional reader system with paper receipts.

He said Intuit is faster and more convenient, and his customers like it, too. "Customers have become used to paying that way, so it's not that much of a new thing."

Some brick-and-mortar retailers say they became tired of other point-of-sale credit-card systems that included hefty bank processing fees. Jason Glunt, owner of Salud Beer Shop in Charlotte, said he's saving about \$250 a month by using Square. "For me, for what I do, it's perfect," Glunt said. "I'd rather spend my money on product, not on some fancy checkout system."

Mobile payment systems aren't foolproof, though - they're at the mercy of how fast phones and tablets can process the cards. Plus, systems can go down, meaning lost business among customers who no longer carry cash.

Some retailers worry about customers questioning guarantees that credit

card information remains private.

And some merchants are surprised when there are delays with their deposits, which can run from one to three days, or longer, they say.

Tom Bartholomy, president of the Charlotte-based Better Business Bureau of Southern Piedmont, said that delay comes from some of these companies taking more time reviewing transactions, compared to banks, which may work faster.

Still, "it's a great market for merchants right now because there are a lot of players in the marketplace," Bartholomy said. "So they can shop the rates, and all the fees associated with it, and do [Google](#) searches, (Better Business Bureau) searches, and see what other merchants are saying about them."

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CHANGING THE WAY WE PAY:

Square:

-How it works: Free white square card reader plugs into the headphone jack on an iPhone, iPad or Android phone.

-Cost: 2.75 percent per swipe, or \$275 per month.

-Pros: Includes a reward system for regular customers based on the number of purchases. There's also a Pay by Square phone app, which allows customers to pay with their phone.

-Cons: The popular register app, which tracks inventory, is only for iPad; Android tablet users are left out.

Intuit GoPayment:

- How it works: Free black elongated card reader plugs into the headphone jack on an iPhone, iPad or Android phones and tablets.
- Cost: 2.7 percent per swipe; that amount goes up or down depending on whether merchant pays an additional monthly fee, or keys in the credit card transaction.
- Pros: Some users say Intuit's device cradles the phone better than Square, which can swivel in the jack. Links with Intuit QuickBooks for convenient bookkeeping.
- Cons: Although launched in 2009, the same year Square was founded, Intuit GoPayment is silent on its number of users.

PayPal Here:

- How it works: Free blue triangular [card reader](#) plugs into the headphone jack.
- Cost: 2.7 percent per swipe.
- Pros: Takes PayPal and checks, in addition to credit and debit cards. Some say triangular shape sits on the phone better than Square.
- Cons: Not supported on Android tablets. Launched earlier this year, it's one of the newest on the market.

SOURCE: gopayment.com, squareup.com, paypal.com/here

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