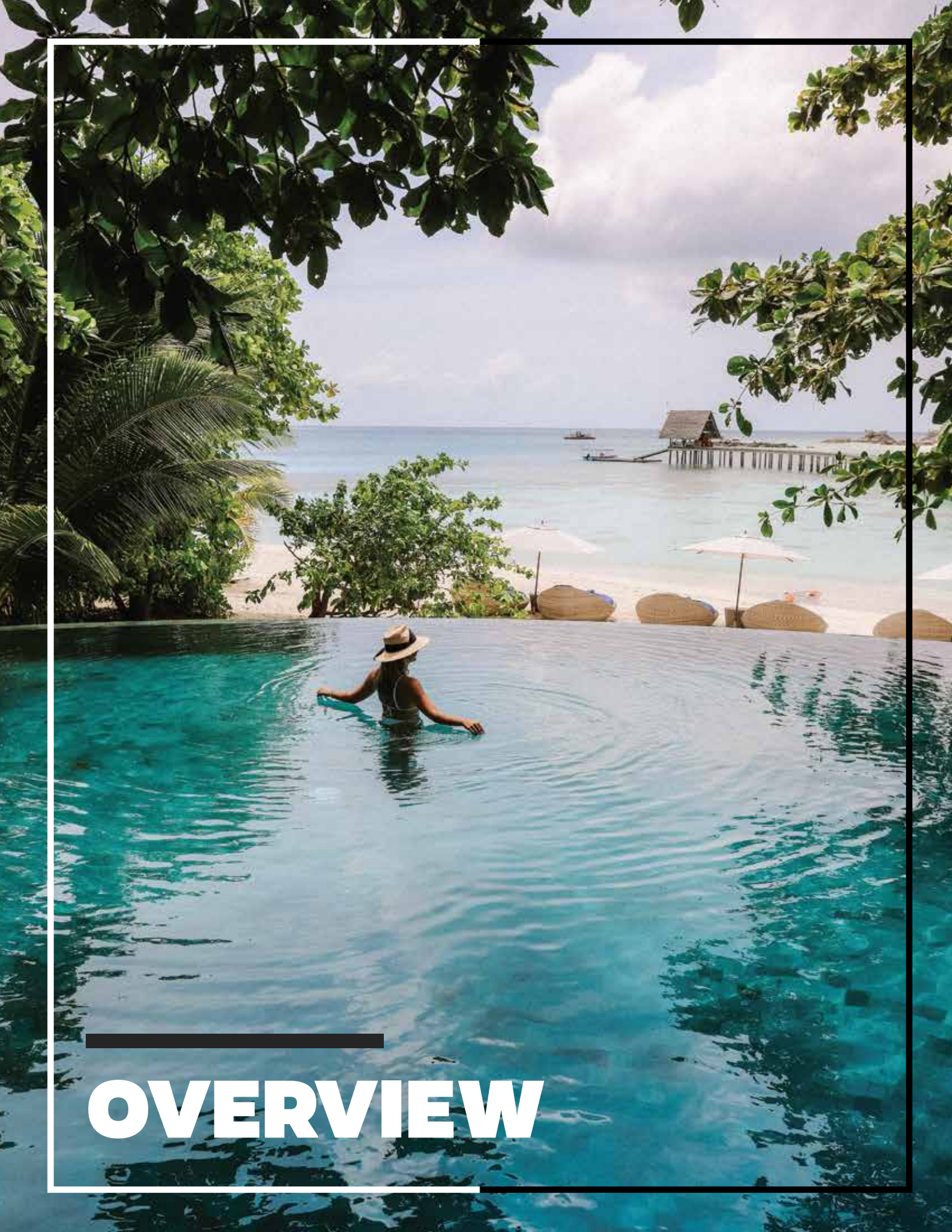FREEDOM.PAY | **worldpay** from FIS | Nolan Cornell SC Johnson College of Business CENTER FOR HOSPITALITY RESEARCH

IMPLEMENTATION VS. REWARDS OF TECH INVESTMENT

Insights from 200+ Hospitality decision-makers for technology solutions including:
· data security management · customer satisfaction
· approaches to legacy technology + investment in new solutions

OVERVIEW

The global commerce landscape is amid massive disruption from political, technological, social, and economic perspectives and it all promises to impact the payment landscape in the coming years.

Some like inflation and supply chain issues pose substantial challenges while others like the emergence of digital wallets, new online shopping methods, and the metaverse offer businesses a new world of possibilities. Many of these opportunities are increasingly linked to the digital world we live in, and the trend is accelerating.

The customer is now in the drivers seat both offline and online, and for a new generation of consumers this is an exciting time but for businesses of all sizes, this presents multiple challenges and opportunities.

The world's largest acquirer, **Worldpay**; the leading global commerce platform, **FreedomPay**; and the renowned **Cornell University's Center for Hospitality Research** set out to understand these challenges and how prepared businesses are today in the hospitality industry particularly when it comes to implementing and investing in new commerce technology

These three Powerhouses in the Hospitality industry commissioned this study, produced by Hanover Research. The report uncovers several insights from interviews with 226 US-based decision-makers for technology solutions across the Hospitality industry with 100+ locations.

This report will showcase five key trends in merchants' main concerns, including data security management, customer satisfaction, and their approaches to legacy technology and investment in new solutions.
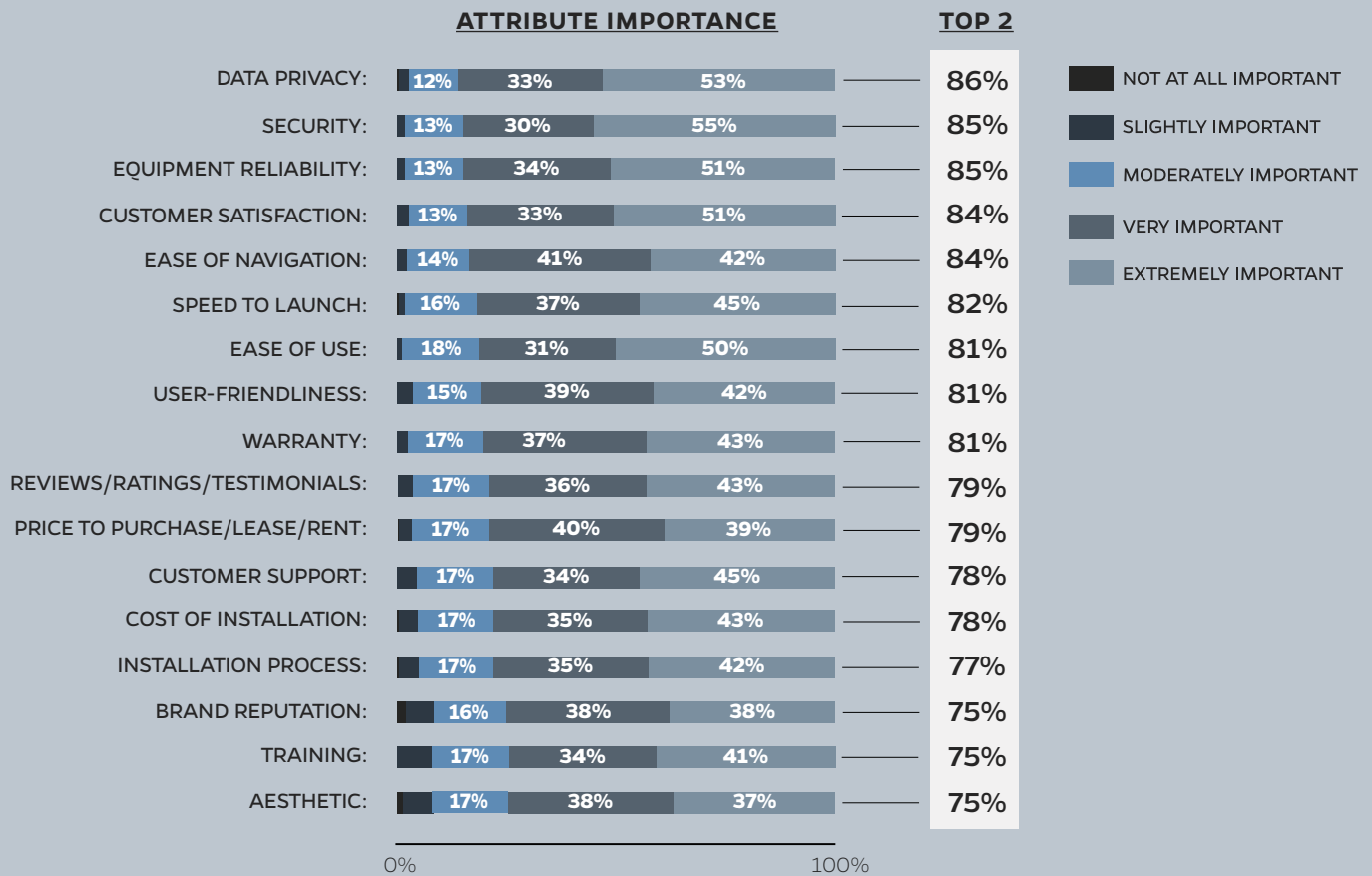
FREEDOM.PAY | worldpay from FIS | Nolan Cornell SC Johnson College of Business CENTER FOR HOSPITALITY RESEARCH

BIGGEST CHALLENGES FACING PROFESSIONALS

DATA PRIVACY AND SECURITY ARE THE ATTRIBUTES THAT TECHNOLOGY DECISION-MAKERS IN HOSPITALITY PRIORITIZE IN THEIR PAYMENT TECHNOLOGY SOLUTION

ATTRIBUTE IMPORTANCE — **TOP 2**

Attribute	Moderately	Very	Extremely	TOP 2
DATA PRIVACY:	12%	33%	53%	86%
SECURITY:	13%	30%	55%	85%
EQUIPMENT RELIABILITY:	13%	34%	51%	85%
CUSTOMER SATISFACTION:	13%	33%	51%	84%
EASE OF NAVIGATION:	14%	41%	42%	84%
SPEED TO LAUNCH:	16%	37%	45%	82%
EASE OF USE:	18%	31%	50%	81%
USER-FRIENDLINESS:	15%	39%	42%	81%
WARRANTY:	17%	37%	43%	81%
REVIEWS/RATINGS/TESTIMONIALS:	17%	36%	43%	79%
PRICE TO PURCHASE/LEASE/RENT:	17%	40%	39%	79%
CUSTOMER SUPPORT:	17%	34%	45%	78%
COST OF INSTALLATION:	17%	35%	43%	78%
INSTALLATION PROCESS:	17%	35%	42%	77%
BRAND REPUTATION:	16%	38%	38%	75%
TRAINING:	17%	34%	41%	75%
AESTHETIC:	17%	38%	37%	75%

0%   100%

Legend:
- NOT AT ALL IMPORTANT
- SLIGHTLY IMPORTANT
- MODERATELY IMPORTANT
- VERY IMPORTANT
- EXTREMELY IMPORTANT

Protecting against data breaches and cyber-attacks is a clear priority for businesses: 86% of respondents viewed data privacy as a very or extremely important attribute of a Payment Tech system, whether they used Point of Sale (POS), Property Management Systems (PMS), or both. Similarly, 85% considered security a key attribute.

Data breaches can wreak havoc on a company's reputation and the satisfaction of its stakeholders.

84% of respondents suggest that customer satisfaction is important for them, and securing valuable personal customer and transactional information is vital to maintaining the trust of customers, investors, and all other stakeholders.

Beyond the immediate financial impact of a data breach, there is a ripple effect caused by diminishing brand image.

Respondents named security and data privacy as the biggest challenge they faced with their current payments technology solution. This followed across both POS and PMS systems, at 31% and 28% respectively.

Selecting a payment solution that is fully compliant with local and global regulations and restrictions can make data security straightforward for Hospitality merchants.
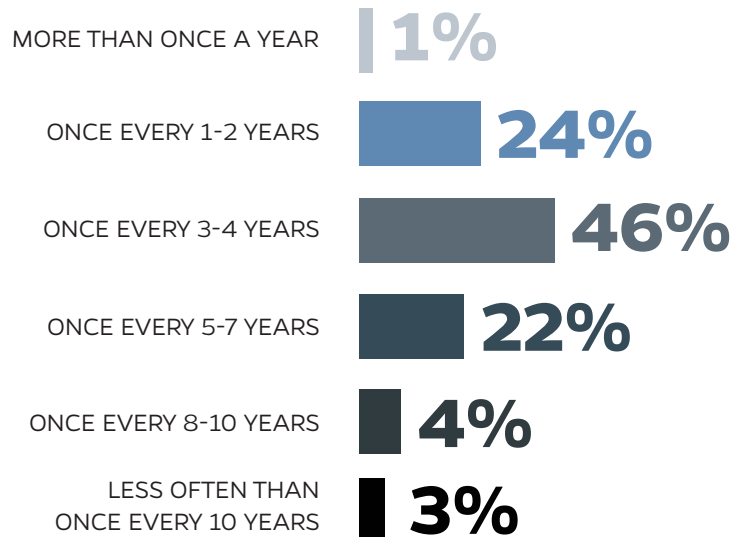
INTEGRATION, BARRIERS, AND FUTURE PLANS
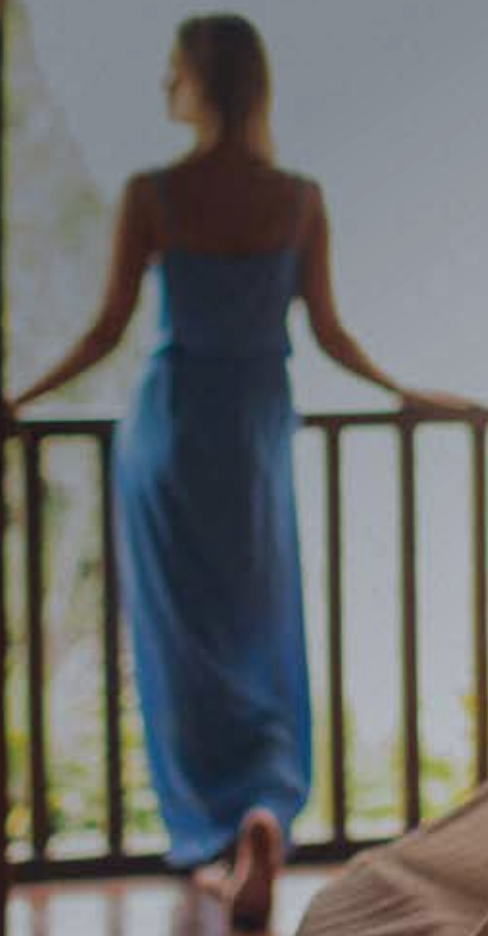
Only half of the companies are prioritizing purchasing new payment technology as a long-term investment, and among those with plans to purchase, 68% plan to do so every 3-7 years.

With such infrequent upgrades of payment tech and hardware, Hospitality businesses could be at an immediate disadvantage when it comes to implementing new functionality and keeping up with consumer preferences.

Professionals from the 100+ location merchants surveyed also said they were divided in their interest in standard "plug and play" configurations vs. consultative approaches (i.e., customized solutions often suited to mid-enterprise merchants), with a quarter more interested in each (standard:30%; customized: 26%) and nearly half (44%) equally interested in both.

FREQUENCY OF PURCHASING NEW SOLUTIONS

MORE THAN ONCE A YEAR	1%
ONCE EVERY 1-2 YEARS	24%
ONCE EVERY 3-4 YEARS	46%
ONCE EVERY 5-7 YEARS	22%
ONCE EVERY 8-10 YEARS	4%
LESS OFTEN THAN ONCE EVERY 10 YEARS	3%

The research also uncovered that fewer than a quarter of professionals experience any one barrier to investing in new payment technology solutions. Frequent technology updates are the most common barrier (18%); however, one quarter (26%) of companies are facing no barriers.

In general, professionals are highly confident that their companies can support new emerging forms of payment such as crypto.
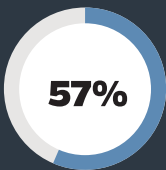
13%

EXTREMELY CONFIDENT
That their companies can support new emerging forms of payment

57%

VERY CONFIDENT
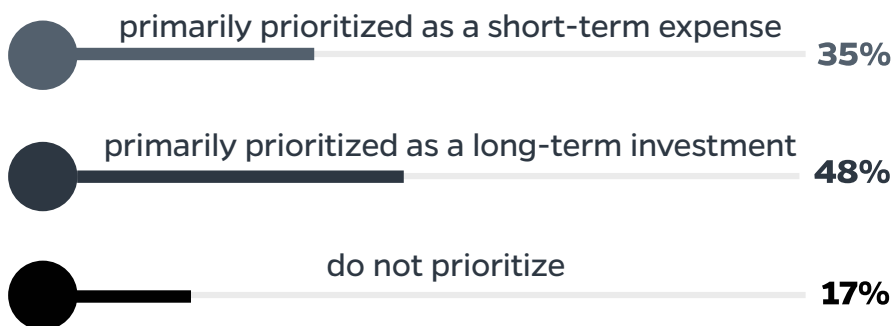That their companies can support new emerging forms of payment

24%
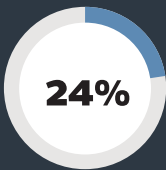
SOMEWHAT CONFIDENT
That their companies can support new emerging forms of payment

Specifically, the majority are "very confident" (57%) with another group extremely confident (13%). That said, if budgets were unlimited professionals would improve the reliability (42%), security (39%), customer loyalty programs (36%), and end-to-end gathering capabilities (35%) of their payment systems, along with other improvements.

However, if the industry waits until c.2030 to purchase new or updated technology it remains to be seen how they will stay relevant. And how they will grow, win new business, or even satisfy customers in an industry surrounded by a rapidly changing payment/commerce landscape.

17%

35%

48%

How are companies prioritizing purchasing new payment technology?

primarily prioritized as a short-term expense

35%

primarily prioritized as a long-term investment

48%

do not prioritize

17%

# HOW IMPORTANT IS CUSTOMER SATISFACTION?

Customer satisfaction is the highest priority for the largest share of companies when purchasing payment solutions.
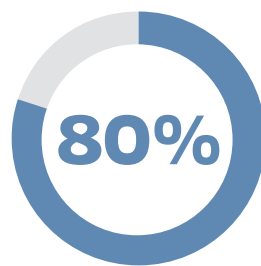
More than half (59%) believe customer satisfaction is a high priority. And yet, when it comes to considering customer preferences less than a quarter (23%) said they would strongly consider customer preferences vs more than half (67%) who would moderately consider their customer preferences.
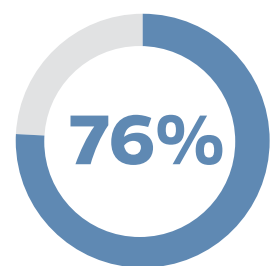
89%

CUSTOMER SATISFACTION

84%
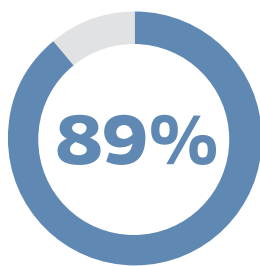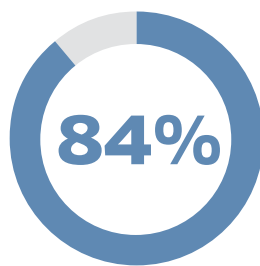
CURRENT REVENUE + COST SAVINGS

80%

LONG-TERM REVENUE + COST SAVINGS

76%

SHORT-TERM REVENUE + COST SAVINGS
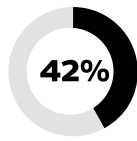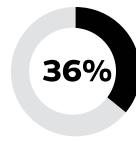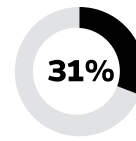
59%
HIGHEST PRIORITY

42%
HIGHEST PRIORITY

36%
HIGHEST PRIORITY

31%
HIGHEST PRIORITY

30%
SOMEWHAT HIGHER PRIORITY

42%
SOMEWHAT HIGHER PRIORITY

44%
SOMEWHAT HIGHER PRIORITY

45%
SOMEWHAT HIGHER PRIORITY

10%
NEITHER LOW NOR HIGH PRIORITY

15%
NEITHER LOW NOR HIGH PRIORITY

18%
NEITHER LOW NOR HIGH PRIORITY

23%
NEITHER LOW NOR HIGH PRIORITY

<1%
SOMEWHAT LOW + LOWEST PRIORITY

<1%
SOMEWHAT LOW + LOWEST PRIORITY

<2%
SOMEWHAT LOW + LOWEST PRIORITY
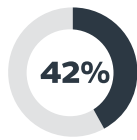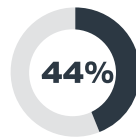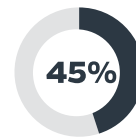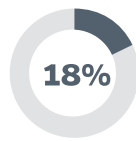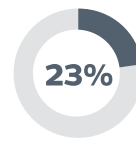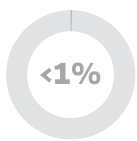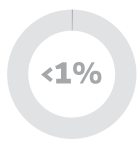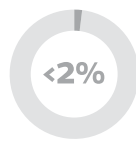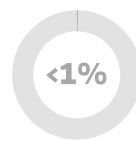
<1%
SOMEWHAT LOW + LOWEST PRIORITY

By upgrading their PMS and POS systems capabilities Business Intelligence could be enhanced, for example. These new data systems securely aggregate transaction and consumer insights and can facilitate effective personalization of the customer journey.

It enables a seamless omnichannel approach to communications with highly targeted loyalty incentivization to be delivered through data-driven segmentation considered. Anticipating and exceeding customers' wants and needs increases customer satisfaction. Similarly, providing payment optionality at checkout enhances the consumer journey.

Researchers asked respondents to consider the frequency with which their customers used a variety of traditional, digital, and alternative payment methods. The commonality of each method highlights the need for Hospitality merchants to invest in their tech capabilities. Offering payment optionality contributes to a positive, personalized customer experience and seamless payment journey.

Offering a frictionless customer journey is vital for brand image and consumer satisfaction. Ensuring maximum data security and payment optionality supports a streamlined process for merchants and their guests. Providing a repeatable, secure yet flexible, straightforward checkout experience across destinations in multiple locations and/or territories builds familiarity and trust. The value for money that merchants seek can be gained through strong relationships and brand loyalty.

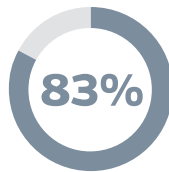## POPULAR DIGITAL AND ALTERNATIVE PAYMENT METHODS INCLUDED CREDIT CARDS, WHICH 92% OF RESPONDENTS CLAIMED THEIR GUESTS USED OFTEN OR VERY OFTEN, FOLLOWED BY DIGITAL WALLETS, DEBIT CARDS, QR CODES, AND STORE OR GIFT CARDS.
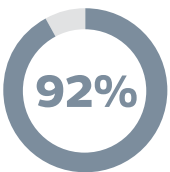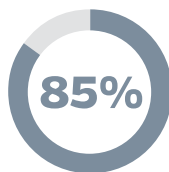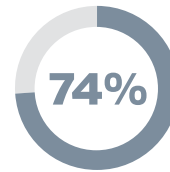
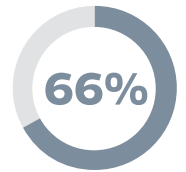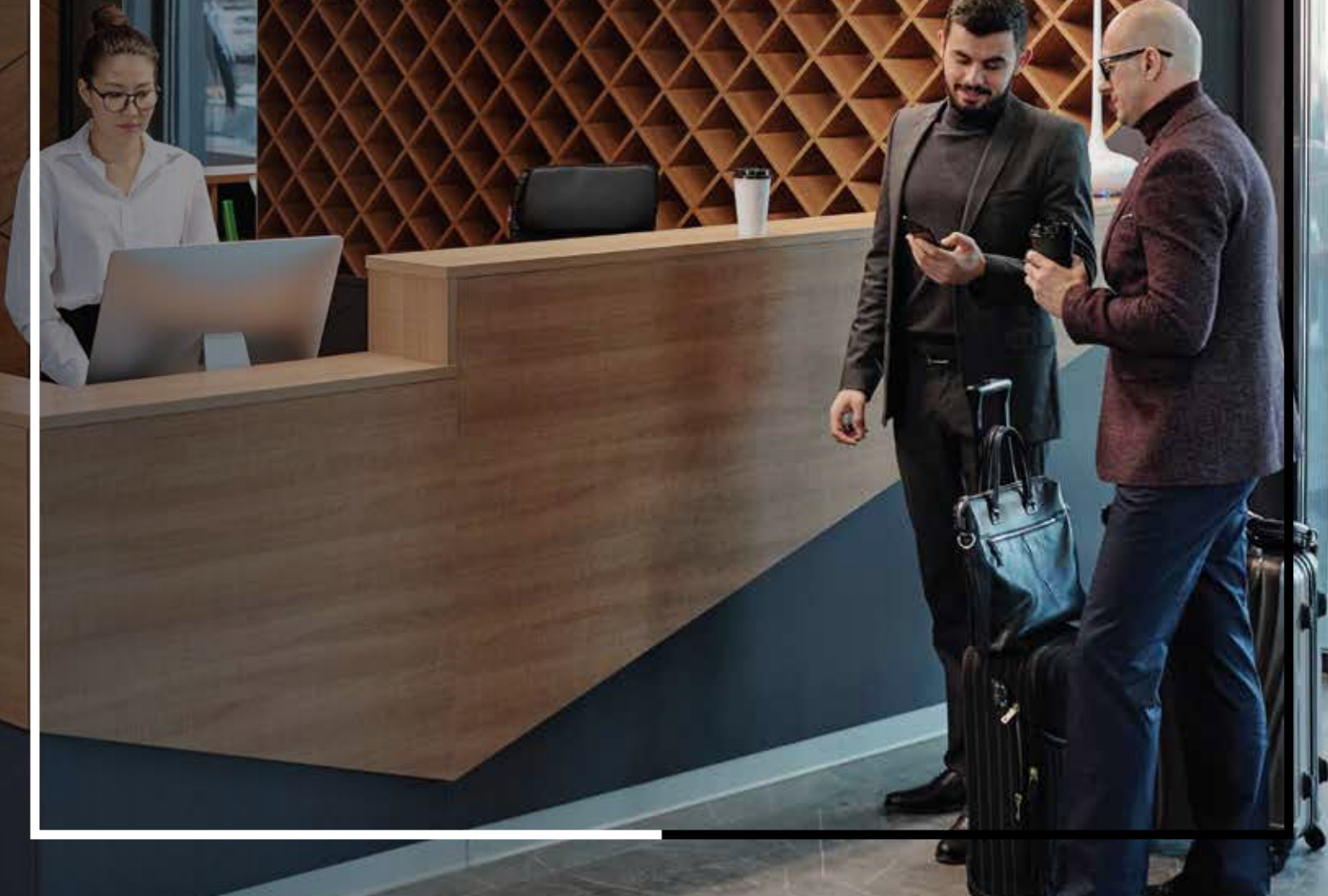| 92%	85%	83%	74%	66%
CREDIT CARDS	DIGITAL WALLETS	DEBIT CARDS	QR CODES	STORE/GIFT CARDS

HOW MERCHANTS FEEL ABOUT THEIR POS AND PMS

In general, professionals are highly satisfied with their current property management and point-of-sale systems.

Many companies do not experience any challenges with their current systems (PMS: 42%; POS system 35%), however, some experience security/data privacy challenges, as previously cited.

Arguably, the pace of innovation has changed with the acceleration of contactless cards, QR codes, and alternative payment methods, digital wallets, to name a few. There is a continuation of payment evolution and technological advancement both in-store and online. A new era of omnichannel beckons.

To meet the growing consumer demand in the new omnichannel world, leaders who most often are primarily responsible for selecting both the PMS and POS systems seem slow to respond. For example, when asked about how long they had been using their primary POS (point-of-sale) systems, a surprisingly high number, more than two-thirds (**71%**), said they had been using their primary system for *3 years or longer*.

With most merchants (73%) owning the device outright, 25% rented and 2% leased the device, which could give these merchants more flexibility.

It is perhaps not possible for commerce technology to work glitch free or as the years roll it accepts new forms of payment. Updates are vital, new integrations necessary and security maintenance critical. And, as younger generations move in, and more payment methods become available, their ability and comfort with their tech could come into question.

TIME USING CURRENT POS SYSTEM

3+ YEARS: 71%

3% LESS THAN 1 YEAR

26% 1-2 YEARS

36% 3-4 YEARS

35% 5 OR MORE YEARS
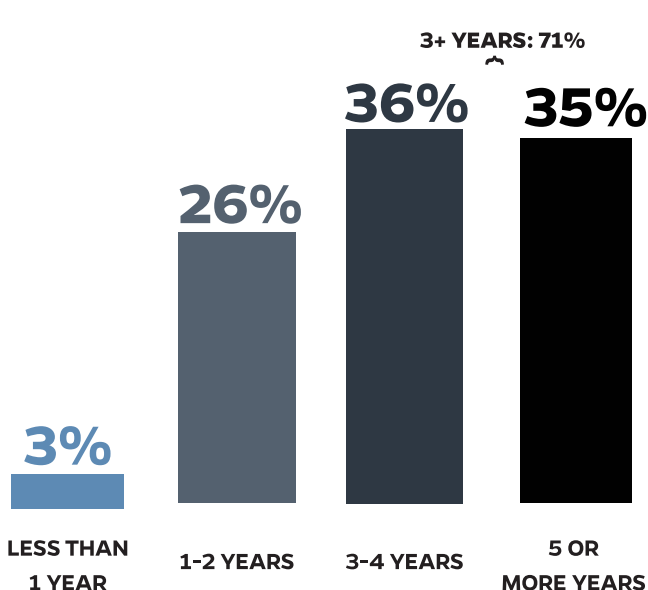
TIME USING CURRENT PMS SYSTEM

3+ YEARS: 83%

1% LESS THAN 1 YEAR

17% 1-2 YEARS

41% 3-4 YEARS

42% 5 OR MORE YEARS

ON A SCALE FROM 0-10, HOW SATISFIED ARE YOU WITH YOUR CURRENT POINT OF SALE (POS) SYSTEMS?

8% <1% 2% 3%
10%
42%
35%

3	<1%
5	2%
6	3%
7	10%
8	35%
9	42%
10	8%

WHAT CHALLENGES DO YOU HAVE WITH YOUR CURRENT POINT OF SALE (POS) SYSTEMS?

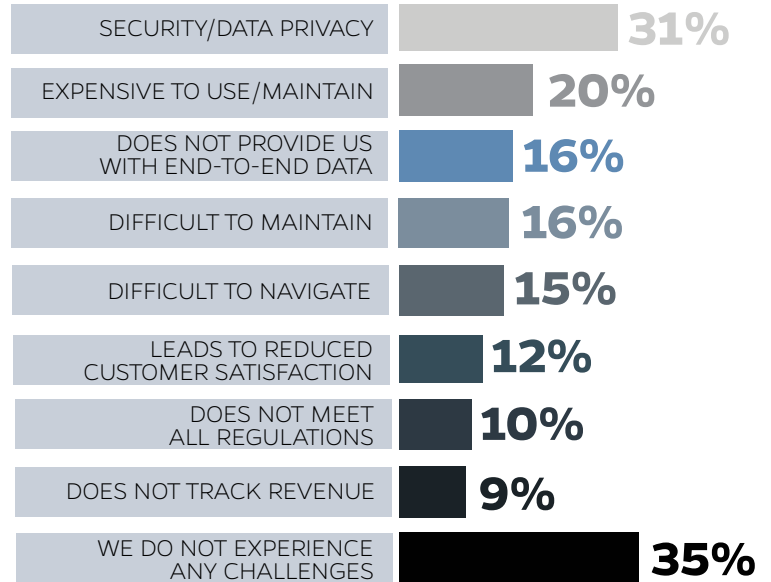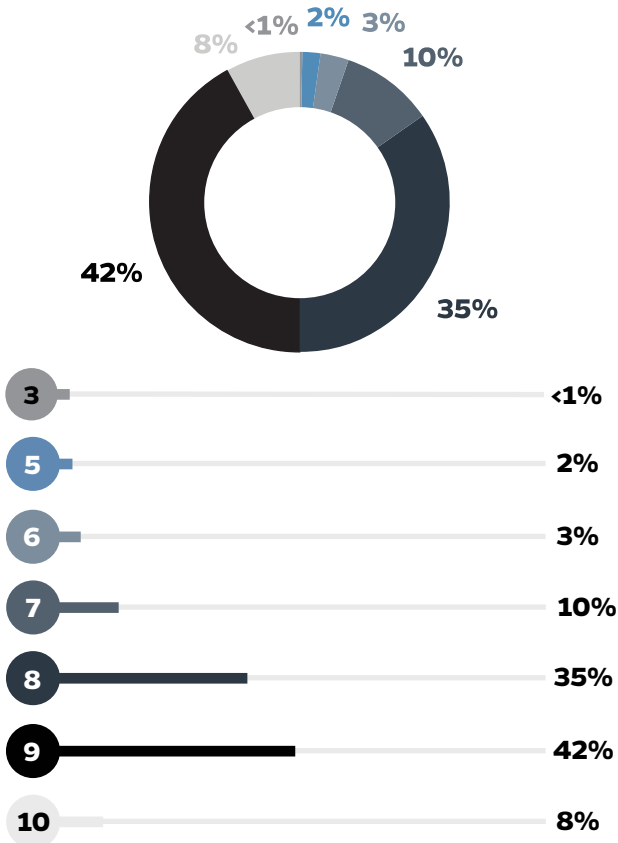| SECURITY/DATA PRIVACY | 31% |
EXPENSIVE TO USE/MAINTAIN	20%
DOES NOT PROVIDE US WITH END-TO-END DATA	16%
DIFFICULT TO MAINTAIN	16%
DIFFICULT TO NAVIGATE	15%
LEADS TO REDUCED CUSTOMER SATISFACTION	12%
DOES NOT MEET ALL REGULATIONS	10%
DOES NOT TRACK REVENUE	9%
WE DO NOT EXPERIENCE ANY CHALLENGES	35%

WHAT CHALLENGES DO YOU HAVE WITH YOUR CURRENT PROPERTY MANAGEMENT SYSTEMS (PMS)?

SECURITY/DATA PRIVACY	28%
EXPENSIVE TO USE/MAINTAIN	15%
DIFFICULT TO MAINTAIN	12%
DOES NOT PROVIDE US WITH END-TO-END DATA	11%
LEADS TO REDUCED CUSTOMER SATISFACTION	9%
DOES NOT TRACK REVENUE	9%
DIFFICULT TO NAVIGATE	6%
DOES NOT MEET ALL REGULATIONS	4%
WE DO NOT EXPERIENCE ANY CHALLENGES	42%

ON A SCALE FROM 0-10, HOW SATISFIED ARE YOU WITH YOUR CURRENT PROPERTY MANAGEMENT SYSTEMS (PMS)?

9% <1% 4% 9%
47%
31%

5	<1%
6	4%
7	9%
8	31%
9	47%
10	7%

THE TIME IS NOW TO INVEST

Although there is a strong contingency of businesses who value payment tech investment, many remain neutral, and therefore uninformed, of the transformational benefits of investing in technology.
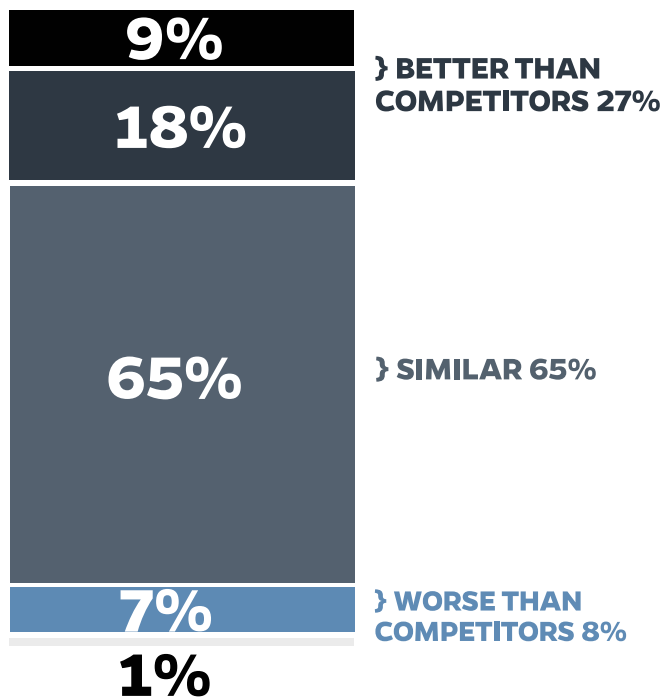
When asked if professionals believe their payment software systems are similar to those used by their competitors, 65% believe their systems are similar. With customer loyalty up for grabs, why even out the playing field?

9%

18%

} BETTER THAN COMPETITORS 27%

65%

} SIMILAR 65%

7%

} WORSE THAN COMPETITORS 8%

1%

- SIGNIFICANTLY WORSE
- SOMEWHAT WORSE THAN
- ABOUT SIMILAR TO
- SOMEWHAT BETTER THAN
- SIGNIFICANTLY BETTER THAN

> " We have more payment options. It's easier to use."
>
> "Fast response time rarely issues, easy to navigate and gives customer multiple ways of completing payments."
>
> "Customer satisfaction is constantly improving."

At the most basic level, customers expect their payment experience to be fast and secure. Now, imagine taking those capabilities to the next level. Enable customers to pay contactless in-store with alternative payment methods including NFC payments (Apple Pay, Google Pay) to QR code payments such as Venmo and PayPal.

In a world where data is king, the key is to focus on identity and value-added services. Make the most of your customer data by tracking spending habits, and pushing personalized incentives to drive loyalty. **Working with the right payment technology partner** can ensure businesses are meeting their customers' preferences and **unleashing the power of pay.**

CONCLUSION

Data and technology are the future of payments and yet according to the research, these two areas of the value chain seem to be a challenge for merchants.

With three-quarters of professionals finding that all tested attributes, including data privacy/ security, reliability, ease of use, and customer satisfaction, are highly important, it is crucial for payment technology solutions to be robust and comprehensive.

For businesses to thrive and succeed in the modern world, they must enhance their payment structure. This investment in payments tech is crucial when it comes to enabling new features and functionality that the customer is looking for. By leaving POS and PMS systems and the powering technology untouched for several years, businesses are putting themselves at greater risk of data and security breaches and lagging behind in supporting new consumer technologies.

For years to come, consumers will continue to be the priority for businesses. Implementing and maintaining best-in-class technology will ensure merchants remain at the forefront of commerce innovation.

Methodology:

This analysis includes questions segmented by Industry* Statistically significant differences are calculte at the 95% confidence level and are denoted by superscript letters (e.g., [A],[B],[C]). Corresponding letters indicate significant differences between groups.

AIRLINE	CASINO	HOTEL/LODING	RESTAURANTS	STADIUM/ARENAS
10%	15%	35%	30%	10%