

# THE MODERN CHECKOUT

Whether it's apps, mobile self-checkout or in-vehicle payments, payment technology is evolving faster than ever By Tammy Mastroberte



**Choice Market customers have the option of traditional checkout or self-checkout, whereby they can order food and scan grocery items into an iPad.**

locations; Jiffy Trip, based in Cherokee, Okla., operating 28 stores; and Enmarket, based in Savannah, Ga., with 123 stores.

“Consumer interest in mobile self-checkout is already there, especially given the marketing hype around Amazon Go,” said Patrick T. Raycroft, a consultant at Chicago-based W. Capra Consulting Group, specializing in c-store and petroleum, quick-service restaurant and specialty retail, as well as digital commerce technologies.

All of the new payment options today are meant to make the checkout process easier and more convenient. Consumer adoption of such technology is increasing fast.

**THE CHECKOUT PROCESS IS EVER-CHANGING** in all areas of retail, whether it's big-box, apparel, grocery or convenience stores. The standard cash, credit or debit payment methods are now accompanied by mobile payment, Apple Pay, Google Pay, Samsung Pay, Chase Pay, and even taking the entire checkout process mobile. Consumers are also being given the ability to pay right from their vehicles with in-car payment technologies in select newer vehicles.

“Consumers have told us they want speed, ease, value and security, as well as convenient access to a variety of payment types,” Albert Rivas, head of North American marketing technology for Shell Retail, based in Houston, told *Convenience Store News*. “Adding these different payment platforms and forms of payment delivers a simplified, differentiated and personalized customer experience while driving loyalty.”

Amazon introduced a cashierless checkout experience with its Amazon Go stores, and frictionless checkout options are now popping up at other retailers, including c-stores.

7-Eleven Inc. is piloting mobile self-checkout using its own app at a handful of stores in the Dallas area, while several other chains are using a third-party service, Skip mobile self-checkout, to offer a frictionless checkout experience. These chains include Domino's Food and Fuel, a subsidiary of Elmer Smith Oil Co., based in Clinton, Okla., with 17 stores; Ricker's, based in Anderson, Ind., operating 58

In the convenience and fuel retailing industry, fuel brands and c-store brands are rolling out their own branded apps, tying payments into them along with loyalty programs, and continually updating and expanding upon them to keep pace.

“In October 2018, Shell rolled out a new Shell app with a variety of payment options,” Rivas explained, noting that Shell's Fuel Rewards program is integrated into the app, allowing customers to gain benefits by using mobile payment. “In December 2018, we added Shell branded credit cards and Masterpass within the Shell app. We now offer



“Now we can push targeted offers that really engage members and drive a behavior change such as drawing gas-only customers into the stores.”



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**Choice Market will soon offer its customers a frictionless checkout option that uses an app to complete payment.**

customers the ability to pay in a wide variety of ways, including Chase Pay, card on file (Mastercard, Visa, American Express, Discover), S-Pay (linked to a checking account), Shell branded credit cards and Masterpass.”

Some companies, like Chevron, are even including Paypal as an option for fuel payments.

As technology innovation continues, consumer expectations keep rising based not just on what they see in the c-store industry, but in other industries as well, according to Kevin Grieve, North America payments lead at Accenture, a consulting firm based in Dublin, Ireland. This encompasses Netflix, Amazon, Airbnb and Starbucks, to name a few.

“When Starbucks launched mobile payments, they didn’t just offer payments,” Grieve explained as an example of what consumers will expect from other industries. “They added a loyalty program on top of

it, so they offered convenience and value. If it was just a payment system, there might have been less interest. Now, they added mobile ordering, which is another value-added component.”

Simply offering mobile payment is not going to alone drive adoption of mobile commerce, although it is necessary to offer options in today’s world. Rather, Raycroft believes it’s about the experience given to a consumer using the mobile platform, with payment being only a piece of it.

“It could be offering rewards or a loyalty program, but there has to be something that brings them to that experience because just being able to pay on my phone doesn’t do it the way people anticipated,” he said.

### **Frictionless Checkout**

When it comes to the checkout process, consumers are looking for flexibility in payment methods, ease and speed. In the c-store industry, customers used to go into the store to checkout for fuel, but then pay at the pump was added. Now, customers are gaining the ability to pay from inside their cars and, of course, use their mobile phones, Grieve pointed out.

“The critical shift is payments have moved into the cloud, so there is no more POS [point-of-sale] terminal if you think about it,” he said. “Look at Uber — the POS is on the phone and in the cloud. Customers have stored credentials and just go into the app, add tips and get out. The POS is gone. It’s all in the cloud and all software.”

The first step is the “hybrid,” where people still use their mobile phones to pay in the store, such as Starbucks scanning the phone at the register. The next step is with mobile order ahead, where people can just go inside, pick up their coffee and go, according to Grieve.

“With Amazon Go and other industries and retailers, including Walmart, moving to self-checkout, it’s about removing the friction for people,” he explained.

At Choice Market, a new convenience store concept in Denver, Colo. (with one location open and two more in development), the POS is in the form of iPads. A kiosk



feature allows for self-checkout. Customers can order food and scan grocery items into the iPad.

“One of our newest stores will be the first test of a truly frictionless checkout and that will be our prototype for future stores,” said founder and CEO Mike Fogarty, noting that the retailer is partnering with Ava Retail and using artificial intelligence, computer vision and Internet of Things (IoT) to track customer purchases. “They will be able to check in on the app, scan and add things to their receipt, and also order ahead.”

Choice Market’s new frictionless checkout experience using the app will allow customers to purchase anything, even coffee and bagels without a UPC code, and the system will know what it is, Fogarty said. The Ava Retail technology will integrate with the POS and using camera sensors and artificial intelligence, it will connect each shopper with the items pulled off the shelf in real time. While Choice Market offers an app now, the company will debut a new app in the third quarter of 2019 to allow for all the changes it is making.

“Part of the app will be click and select, order ahead or scan a code when you come into the store. Once you check in, you can purchase anything in the store, including prepared food, and it will add it to your cart in the app,” he said. “We have 40 percent of our transactions coming through self-checkout and people really enjoy using it with the UPC items now.”

At the c-store chains tapping into third-party apps like Skip, customers scan items and pay on their mobile phones, creating a frictionless environment. Skip integrates with several POS and loyalty providers, and is willing to build integrations where necessary, according to its website.

“Frictionless makes the customer’s journey and experience enjoyable and efficient, and we are a customer-centric company,” Fogarty said. “We are not looking at frictionless from a labor savings standpoint because we will just adjust our labor as ambassadors on the floor helping customers or in the kitchen. We are thinking about it through the lens of the customer.”

### In-Vehicle Payments

One of the newest payment options to hit the market, and specifically the c-store industry, is in-vehicle payments. Shell has partnered with General Motors for the automotive industry’s first-ever embedded, in-dash fuel payment and loyalty experience. At Shell-branded gas stations, customers who fuel eligible Chevrolet, Buick, GMC and Cadillac brands can use their vehicle’s in-dash app to pay and earn and redeem Fuel Rewards savings.

“Customers can use Shell Pay & Save within the GM Marketplace to pay for their fuel directly from their vehicles’ infotainment screen, and earn and redeem Fuel Rewards savings in the process,” Rivas detailed.

Once a customer selects Shell Pay & Save in the vehicle’s Marketplace, instructions to sign up are emailed to them so they can register. Then, they simply enter the



**Shell recently partnered with General Motors to enable in-vehicle payment.**

pump number at the Shell station and receive a three-digit code to enter into the dispenser.

And Shell isn’t the only fuel company offering this option. Chevron Products Co., a division of Chevron U.S.A. Inc., is partnering with Honda Innovations’ Honda Developer Studio to offer in-vehicle payment, allowing customers to pay for fuel and make c-store purchases from inside their vehicle. In addition, Wex Inc.’s payment solution Driver-Dash is currently available at more than 11,000 Exxon- and Mobil-branded gas stations across the United States, enabling fleet drivers to authorize fuel transactions from inside their vehicles.

“It works similarly to a mobile app but it’s in the car’s navigation system,” said Raycroft. “What this really brings to the table is a significant amount of consumer data not captured from a mobile device to help create more personalized experiences, including odometer readings, traffic routes and average mile per hour. My perspective is it’s the future.”

Mobile payment, in general, is really the “end game,” according to Grieve, and while the United States has been slower to adopt compared to other countries like China, where nearly half of all commerce is mobile, he believes U.S. adoption will continue to grow.

“Mobile payment is definitely a place that is experiencing innovation and we expect the appetite for mobile payment solutions will only grow in the future,” Rivas agreed. **CSN**