DATA SAYS RETAILER PERCEPTIONS AND CONSUMER EXPERIENCES DON'T ALIGN

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The retail industry today is vastly different from what it was five years ago. In 2025, as merchants work toward unifying commerce and creating omnichannel experiences, they must also manage competing demands:

- Planning for and responding to economic uncertainty and tariffs while also implementing strategies to boost customer engagement

- Investing in artificial intelligence (AI) deployment while also building up the workforce

- Balancing short-term gains with long-term investments

Conducted by FreedomPay and Verifone, with Retail Dive's studioID, this comprehensive study of 150 retailers and 1,000 consumers examines payment journeys from both sides of the aisle: what's working well and what isn't, what consumers want, and how retailers are delivering on customer experiences.

The results hint at a major retail reset ahead — plus major revenue growth potential. Based on the survey data, future-forward retailers could capture additional revenue just by integrating an extra layer of technology and adopting new payment methods to meet consumer demands.

When comparing retailer insights with what consumers say about their recent shopping and payment experiences, the survey also shows that **retailers believe they're doing better than they truly are.** To improve in the eyes of customers, merchants need to take a hard look at the checkout and payment experiences they offer.

Retail leaders can use the exclusive data in this report to assess the payment journeys they create for customers, benchmark performance against their peers, and understand what consumers expect so they can get — and stay — ahead.

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RETAILER CONFIDENCE IS HIGH

Winning is tough; staying on top is even tougher. But most retailers are convinced they're outpacing the competition.

Survey respondents overwhelmingly believe the payment experiences they offer are better than those of their competitors: 54% think they offer "somewhat better" experiences, and 32% think they present "far better" experiences.

The data tells us that confidence is high, but should it be? "It's not bad to be confident, and it's easy to feel like your company is doing all the right things," says John Mansfield, global head of customer success at FreedomPay. "But don't get too comfortable, even if you think you're doing well. And don't forget that the competition is smart. You don't know what every other company has in the works."

According to the survey data, there may be a gap between what retailers believe and what consumers experience. And retail leaders must be ready to address this disparity. By being open to identifying and eliminating these blind spots, your retail organization can be confident about and prepared for what's to come.

How do you think your current payment experiences compare to those of your competitors?
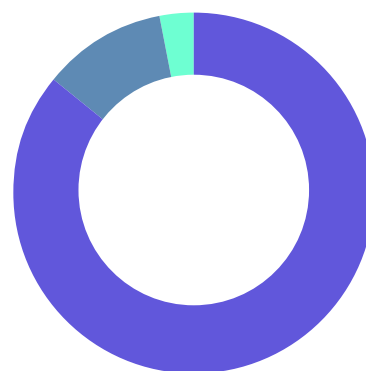
■ **86%** - Far/somewhat better

■ **11%** - About the same

■ **3%** - Somewhat worse

MISSED OPPORTUNITIES:

WHERE RETAILERS ARE FALLING SHORT

What happens when a merchant's offerings don't align with the expectations of its customers? It results in missed opportunities to drive higher sales, increase loyalty, and spur market growth.

Survey data reveals blind spots in three critical areas.

Blind spot 1: payment choices

When retailers don't offer the payment platforms customers want to use, they **miss opportunities that lead to lost sales and lower satisfaction.**

When it comes to payment platforms, 70% of consumers say the availability of their preferred payment options influences where they shop. If a customer wants to pay using mobile wallet or buy now, pay later (BNPL), and a retail location doesn't offer it, then chances are high they'll look for another place to shop.
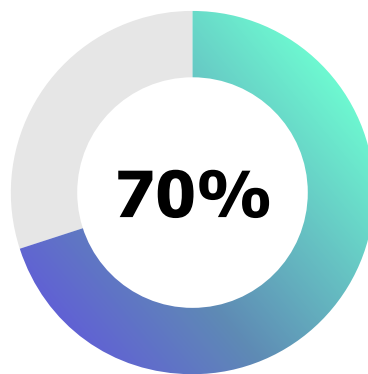
70% of surveyed consumers said that the availability of their preferred payment options influences where they shop
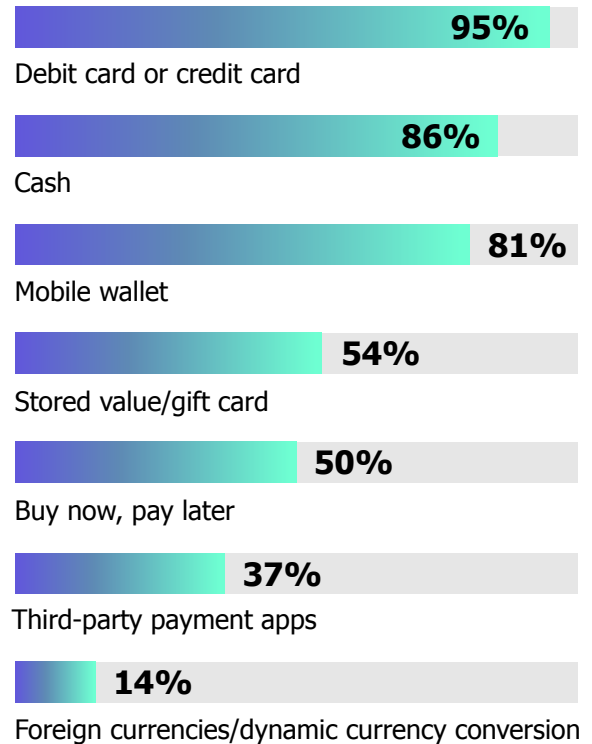
When asked about the payment types they offer, retailers say they offer their customers a variety of options. But are they offering what consumers truly want? And if they aren't, how can they change that?

"One way is to have an engaging technology at the merchant side that gives you access to a gigantic network of back-end payment partners. That way, your customers have more options to choose from," says Chris Kronenthal, president at FreedomPay. "Be sure to work with a partner who can remove hidden stumbling blocks, such as fiscalization requirements, that you wouldn't realize exist until you try to do it yourself."

The top three payment options retailers offer are:

1. Debit/credit

2. Cash

3. Mobile wallet

Which payment types do you currently offer your customers?

- **95%** Debit card or credit card
- **86%** Cash
- **81%** Mobile wallet
- **54%** Stored value/gift card
- **50%** Buy now, pay later
- **37%** Third-party payment apps
- **14%** Foreign currencies/dynamic currency conversion

In 2025, consumers plan to increase their use of

27%	Mobile wallet
20%	Third-party payment apps
16%	Buy now, pay later (BNPL)
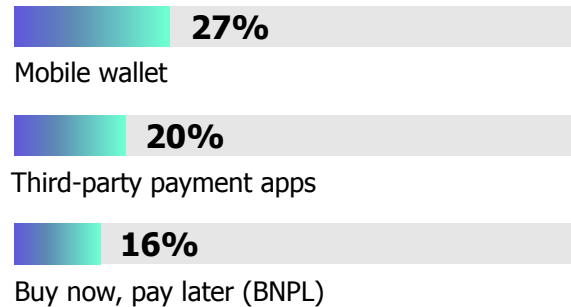
While this is a good start, there's also room for improvement. For example, the nearly one-quarter of retailers that don't offer mobile wallet as a payment option may want to look into it soon. Why? Because 27% of consumers say they plan to use mobile wallet more in 2025 than they did in 2024.

Other payment types on the rise with consumers include:

- **Third-party payment apps,** with 20% of consumers planning to use them more in 2025. Meanwhile, only 37% of retailers offer this payment method today.

- **Buy now, pay later (BNPL),** with 16% of consumers planning to increase use of BNPL in 2025. But only 50% of retailers currently offer this payment method.

"The future of payments includes getting the payment solution right when it comes to not only the ecosystem in the store and the way the payments are routed but also in the way terminals are serviced to improve the shopping experience," emphasizes Tim Aden, executive vice president of global partners at Verifone. "It's about creating a seamless, secure, and comfortable payment process that caters to the evolving needs of retailers and consumers, maintaining and servicing payment terminals to minimize downtime and enhance reliability. Focusing on these aspects elevates the entire shopping experience."

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Blind spot 2: checkout experiences

Not providing the checkout experiences customers want can lead to **missed opportunities: abandoned sales, increased shopper frustration, and reduced loyalty.**

In fact, three-quarters of consumers say that the availability of their preferred checkout experience impacts where they shop.

What dissuades them the most?

- Long checkout lines (78%)

- Slow service from store employees (77%)

- Out-of-stock items (71%)

- Pricing discrepancies (71%)

- Difficulty finding store associates for help (65%)

- Technical issues at checkout (62%)

"Understanding what's happening with devices in the field, being more efficient, ensuring that devices are up and available for use more often — these things can all improve the problems consumers reported in the survey," says Aden. "For example, you can leverage advanced real-time monitoring and analytics systems that track device performance and identify potential issues before they escalate."
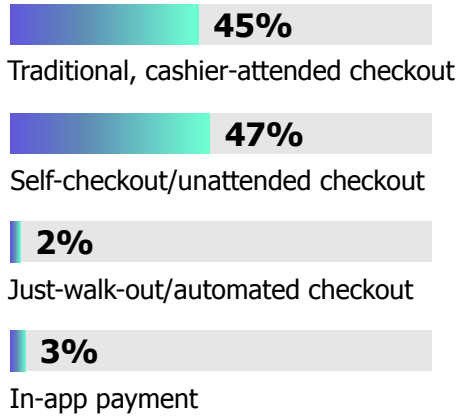
Most retailers currently offer customers more than one way to check out in-store, with traditional/attended and self-checkout topping the list.
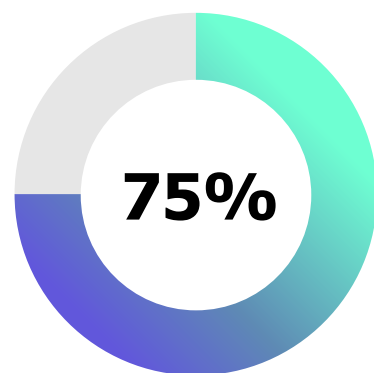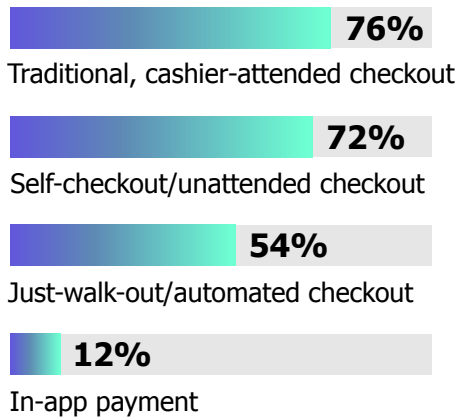
75%

of surveyed consumers said that the availability of their preferred checkout experience influences where they shop

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Consumers prefer

45%
Traditional, cashier-attended checkout

47%
Self-checkout/unattended checkout

2%
Just-walk-out/automated checkout

3%
In-app payment

Retailers provide

76%
Traditional, cashier-attended checkout

72%
Self-checkout/unattended checkout

54%
Just-walk-out/automated checkout

12%
In-app payment

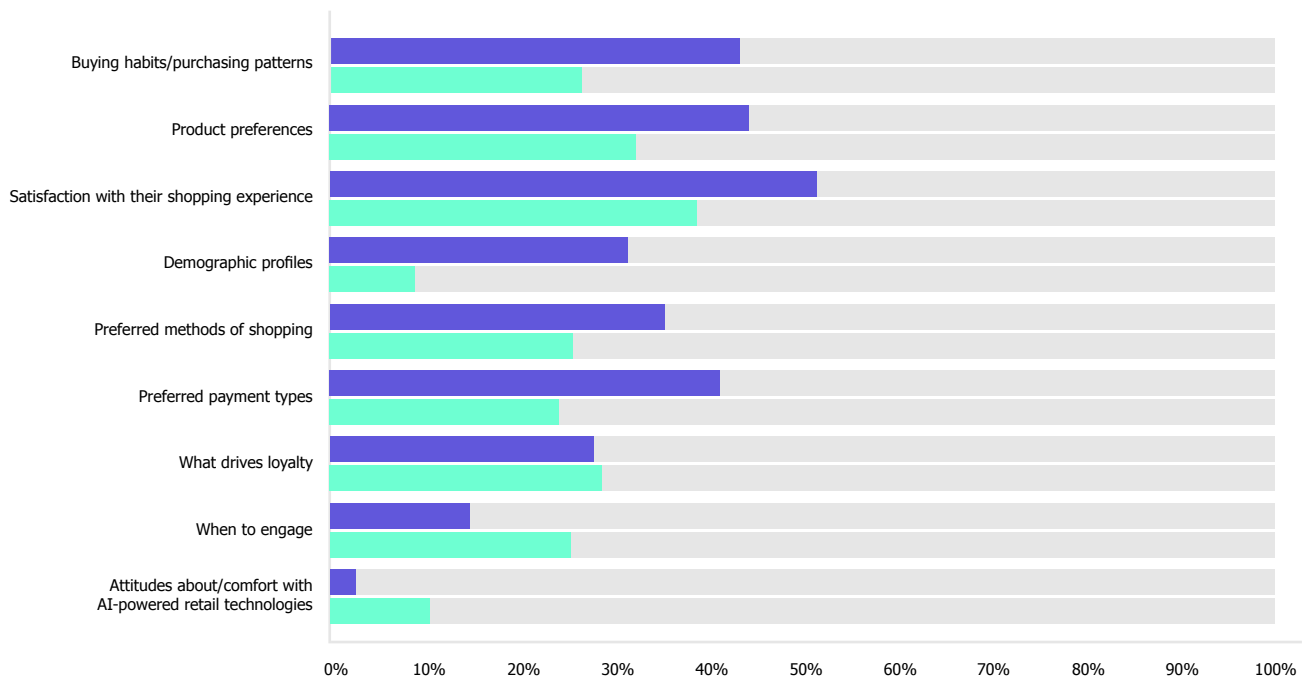This is good news since consumers say they also prefer these two checkout options.

1. **Traditional checkout.** Although 24% of retailers say they don't offer traditional checkout, nearly half of consumers — 45% — still favor it. This likely means they value personal interaction, appreciate immediate support when problems arise, and may prefer payment methods that aren't always at self-checkout stations. These services all require people. Even in traditional checkout environments, you can use technology to free up your workers so they can provide a higher level of support.

2. **Self-checkout.** While consumers say they like the speed, convenience, and shorter wait times that self-checkout can offer, they don't love technical problems or having to call for help with certain items. If you're one of the 28% of retailers that doesn't offer self-checkout, take note: If self-checkout is in your future, then deployment and implementation must be done right. These systems should deliver fast and safe transactions and support various payment methods. And if you're one of the 72% that does offer it, then make sure you're not frustrating customers by perpetuating some of the frustrations mentioned above.

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Retailers, what do you wish you better understood about your customers?
Consumers, what do you wish retailers better understood about you?

Buying habits/purchasing patterns

Product preferences

Satisfaction with their shopping experience

Demographic profiles

Preferred methods of shopping

Preferred payment types

What drives loyalty

When to engage

Attitudes about/comfort with AI-powered retail technologies

0% 10% 20% 30% 40% 50% 60% 70% 80% 90% 100%

Blind spot 3: data collection

Not capturing customer data means **missing the opportunity to make better connections with consumers.** It also makes it more difficult to establish unified commerce and create omnichannel experiences.

In general, consumers generally wish retailers better understood them and recognized their:

- Satisfaction with the shopping experience

- Product preferences

- Return/loyalty triggers

- Buying habits/purchasing patterns

Retailers recognize this relationship gap, indicating that they wish they knew more, too — and much of what they want to know aligns with what consumers want.

"The first generation of payment solutions were designed to solve for omnichannel payments and the ability to accept payments across disparate checkout points," says Kronenthal. "But now we can also help businesses not only see that payments are happening but also who's making them so they can engage those customers and drive awareness."

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WHAT'S CAUSING THE GROWING GAPS BETWEEN MERCHANTS AND SHOPPERS?

Now that we've identified the disparities between retailers' perceptions and consumers' reality, it's important to understand what's happening behind the scenes to create this disconnect.

Survey data points to four possible drivers.

## 1. Retailers' systems lack security and reliability

Overall, retailers say they're satisfied with the payment tech they offer — except for two big gaps: 71% of retailers are **not completely satisfied with their payment solution's reliability,** and 63% of retailers are **not completely satisfied with their payment solution's security.**

While features like ease of use and payment flexibility are important, basics like security and reliability must always come first.

"The future of payments includes different ways to pay, such as biometrics, to create a more secure payment environment," explains Aden. "We're very interested in seeing how we can help merchants do things like offering biometrics as a form of payment to create a more secure transaction. This will not only help merchants improve payment security but also improve reliability."
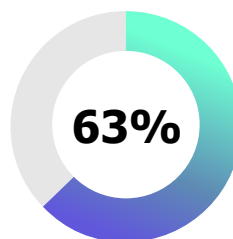
Reliability

71%
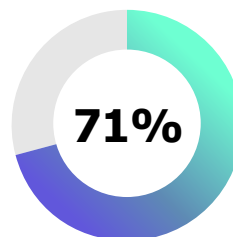
of retailers are not completely satisfied with their payment solution's reliability

Security

63%

of retailers are not completely satisfied with their payment solution's security

2. Retailers find it difficult to integrate new technology with existing systems
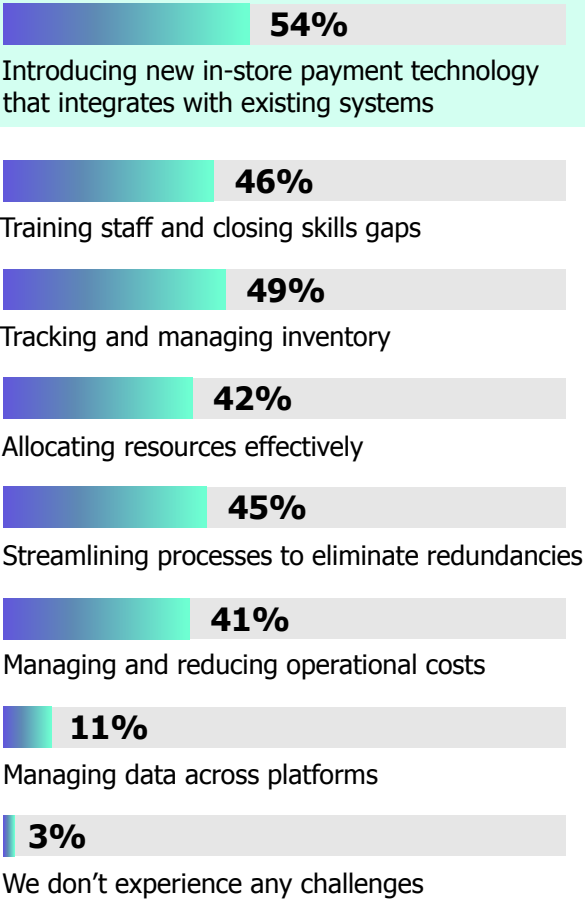
Nearly all retailers (97%) admit challenges with operational efficiency. But among the many issues they battle, one stands out: 54% struggle with **connecting new and existing platforms.**

This difficulty likely stems from several factors. Integrating legacy systems with modern technology can disrupt workflows and require extensive reconfiguration. Transferring information between old and new systems can also be time-consuming and error-prone.
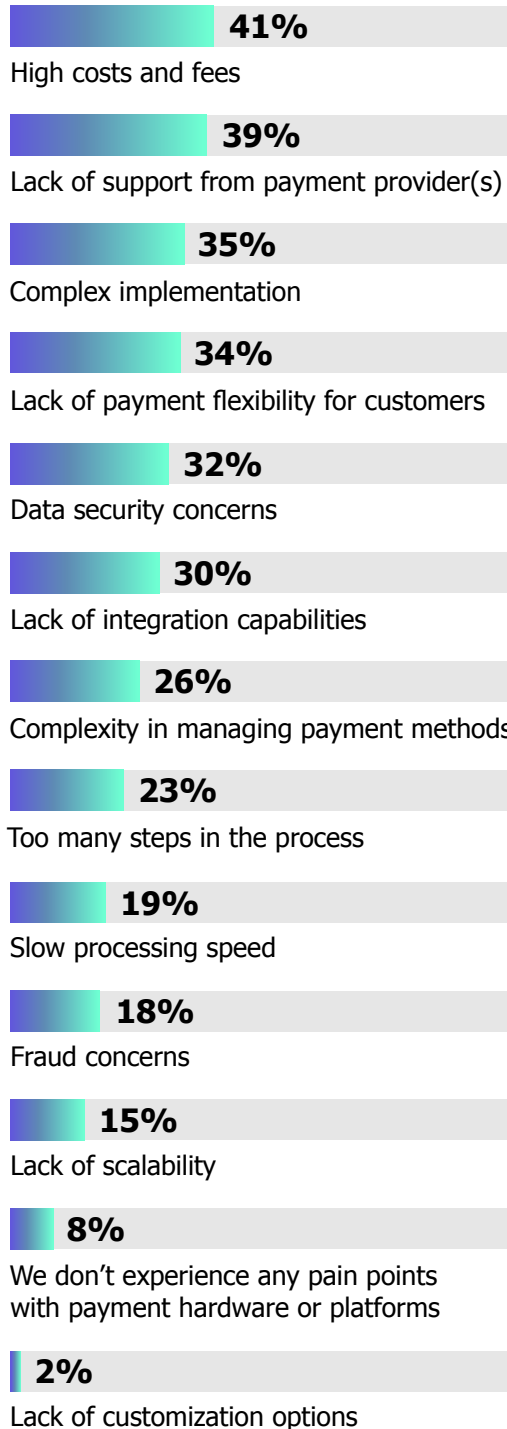
However, the inability to integrate new technology with existing systems creates operational inefficiencies and makes it more difficult to offer customers seamless checkout and payment experiences.

Addressing this issue is critical to improving operations and customer satisfaction. Connecting retail and payment systems is the key to maintaining a consistent, efficient payment process and optimizing return on investment.

What are your top challenges to maintaining operational efficiency?

54%
Introducing new in-store payment technology that integrates with existing systems

46%
Training staff and closing skills gaps

49%
Tracking and managing inventory

42%
Allocating resources effectively

45%
Streamlining processes to eliminate redundancies

41%
Managing and reducing operational costs

11%
Managing data across platforms

3%
We don't experience any challenges

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What are your top pain points related to your current payment solutions?

41% High costs and fees

39% Lack of support from payment provider(s)

35% Complex implementation

34% Lack of payment flexibility for customers

32% Data security concerns

30% Lack of integration capabilities

26% Complexity in managing payment methods

23% Too many steps in the process

19% Slow processing speed

18% Fraud concerns

15% Lack of scalability

8% We don't experience any pain points with payment hardware or platforms

2% Lack of customization options

3. Payment solutions are making work harder, not easier

Most retailers (92%) point to some sort of problem with their existing payment system, whether those problems relate to lack of provider support, complex implementation, high fees, or lack of payment flexibility. No matter which pain point they struggle with most, it has a negative impact on the customer experience.

Retailers know they've found the right payment solution — one that acts as a propeller instead of an anchor — when it:

- Is cost-effective

- Streamlines tasks

- Reduces mistakes

- Supports different payment types

- Is simple to implement

4. Payment tech is outdated

Nearly four in 10 retailers say they operate on payment tech that is between three and four years old. Another 8% say their tech is 5+ years old.

This means nearly half of respondents are due for a payment tech upgrade. Given the rapid pace of innovation in payment technology, using state-of-the-art systems is crucial to ensure:

- Better security that protects against constantly evolving threats and vulnerabilities

- Fast, convenient, and secure payment options that align with the payment methods customers want to use today and tomorrow

- The ability to improve efficiency and reduce transaction times

- Low operations and maintenance costs

~40%

of retailers are operating with payment tech that is three to four years old

WHAT DOES ALL THIS MEAN FOR RETAILERS?

The bottom line: The basics of payment tech still need to improve before advancements like unified commerce and omnichannel experiences can be realized. The systems behind the scenes aren't sophisticated enough to keep up with the evolving payment ecosystem, and retailers don't have the right data to connect with customers to boost loyalty.

While ease of use, the ability to roll out new features, and payment flexibility are important, they should never trump security and reliability. For merchants already struggling with these two factors, their problems will only get worse — not better — if they aren't addressed. They will act as major obstacles to creating omnichannel experiences and unified commerce.

Foundational elements like security and reliability must be in place before next-gen systems can be deployed and data can be captured and acted on.

The integration of Verifone and FreedomPay ecosystems allows retailers to leverage FreedomPay's global payment orchestration platform while driving growth and operational efficiency with Verifone's secure, ultra-durable payment devices.

"With the way consumers are behaving, and the convergence of digital and physical, an end-to-end gateway proposition on the back end enables a superior experience at the front end," says Kronenthal. "It's undeniable. That treadmill has started: Consumers are adopting technology, and merchants have no choice but to follow."

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Verifone is the leading connected commerce platform for the world's best-known retail brands, major financial institutions and fintechs, and small merchants. FreedomPay is the commerce technology partner of choice for global leaders across hospitality, retail, restaurants, and sports and entertainment.

Through their global partnership, they offer:

- Seamless transaction experiences to power consumer-focused commerce journeys and effortless estate management

- Streamlined, secure operations with simplified management and reinforced security

- Flexibility to upgrade and integrate modern payment solutions into existing point-of-sale environments

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About the Research

Between November 13 and December 2 2024, FreedomPay and Verifone partnered with Retail Dive's studioID to conduct a comprehensive study exploring the evolving landscape of retail payments. The research included two online surveys: one gathering insights from 1,000 U.S. consumers aged 18 and older, and another engaging 150 senior retail executives (director level and above). The consumer survey examined preferences and expectations for in-store and online payment experiences, both today and in the future. Meanwhile, the retailer survey provided a business perspective on current payment solutions, operational challenges, and innovations shaping the future of transactions. Together, these insights offer a well-rounded view of the retail payment ecosystem, helping businesses better understand shifting consumer behaviors and emerging opportunities in payment technology.

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