

A Makeover from Cash to Card Payments Helps Salon Eliminate Bad Debt, Increase Sales Volume



MORE CONSISTENT CASH FLOW AND LOWER COSTS HELP MERCHANTS IMPROVE BUSINESS PERFORMANCE

Courtney Shaw Skin Care and Body Therapy is known for helping clients in Durban, South Africa, feel pampered and relaxed. However, getting paid for in-home services had become stressful for salon owner Courtney Shaw, when clients did not have enough cash on hand. The business is now virtually cashless, accepting debit and credit card payments via a Mobile Point-of-Sale (Mobile POS) card acceptance solution registered in the MasterCard Mobile POS Program.

Challenge

When customers didn't have enough cash on hand to pay for in-home services, Shaw was losing time and revenue trying to chase down money owed. Card payments seemed a good alternative, but the high card acceptance costs of a traditional POS terminal were prohibitive for this small business.

Solution

Shaw chose an iKhokha Edge payments solution consisting of an app installed on her smartphone, a chip-card reader into which consumers insert their cards, and online reporting tools to manage her business. The salon can now process debit and credit card transactions virtually anywhere.

Results

Shaw is now getting timely payments and customers are spending more per visit. Non-payment by customers has fallen from 10 percent to nearly zero, while card acceptance fees are 75 percent less than with a traditional POS terminal. For Shaw, going cashless means greater efficiency and security.

With a Mobile POS payment solution, non-payment by customers has fallen from 10% to nearly

0%

Challenge

Shaw began her business in 2011, providing in-home beauty and personal care services. Initially, she only accepted cash (or EFT transfers to her bank in the absence of cash). However, about one in 10 customers did not pay at the time of service, and resisted her follow-up efforts to collect payment. Even when customers did pay, handling large amounts of cash was inefficient, posed security risks, and triggered costly deposit fees. Accepting card payments was the clear answer, but the fixed costs, monthly rental fees, and high transactional fees of a traditional POS terminal threatened to eat up profits for this small business.

Solution

Innovative technologies that turn smartphones, tablets, and PDAs into point-of-sale card acceptance devices are growing in popularity. For small businesses needing a low-cost way to accept card payments, Mobile POS solutions offer distinct advantages over traditional POS terminals, including:

- Lower total cost of ownership without fixed monthly fees
- Simple user interfaces for both merchant and consumer
- Online reporting to easily track sales and issue refunds if needed
- Portability and ease of setup and use
- Flexibility to fit any type of business

Shaw selected iKhokha Edge, a secure Chip and PIN card reader that plugs into her smartphone. Coupled with the iKhokha mobile app, the reader transforms the phone into a secure Mobile POS terminal that accepts debit and credit card payments. Shaw uses the iKhokha Edge solution for both her in-home services and payments from customers who visit her salon. She also has access to sales transaction data and analytics via iKhokha's password-protected administrative Web page.

"The iKhokha Edge mobile POS solution helps my business be more successful. Bad debt has been virtually eliminated. Customers buy more. Card acceptance charges are one-quarter what they used to be. I can use it in the salon and also for home visits."

Courtney Shaw, Owner,
Courtney Shaw Skin Care and Body Therapy

Results

No lost revenue – Since customers can now pay by debit or credit card, they can no longer plead "not enough cash" and delay or avoid payment. As a result, bad debt went from 10 percent of customers to nearly zero.

Predictable cash flow – The immediacy of card payment means that the salon is no longer subject to lengthy delays in availability of funds.

Higher sales volume – Many customers make appointments for specific treatments but now feel able to purchase additional products and services as they are no longer restricted to cash on hand—raising the salon's revenue.

Reduced operational costs – When Shaw began accepting cards, she used a traditional POS terminal with high transaction costs, plus a monthly rental fee. In switching to the Mobile POS terminal, her card acceptance costs fell by 75 percent.

Greater security – Shaw no longer has to carry cash, reducing the risk of theft.

More efficient business management – The online business analytics tools enable Shaw to easily export sales figures into an Excel® spreadsheet and check daily, weekly, and monthly income. Since the Mobile POS device is used for both home and salon visits, she can reconcile her accounts from both sales channels quickly and accurately.

More time for what really matters – With the Mobile POS solution, Shaw can spend less time on numbers and more time thinking of creative ways to grow her business and enhance customer satisfaction.

THE LOW-COST WAY TO SERVE TODAY'S "CASHLESS" CONSUMERS

Mobile card acceptance is now a \$5.7 billion business worldwide and the fastest-growing trend in retail.¹ From salon services to lunch on the go, consumers expect to be able to pay for their everyday transactions with a credit or debit card rather than cash. To meet this demand, small merchants are finding it easy and cost-effective to transform existing mobile devices, such as smartphones and tablets, into Mobile Point-of-Sale solutions to ensure convenient and safe transactions.

1. IHL Group, *Mobile POS: Hype to Reality*, May 2013.

For more information, please contact the MasterCard Mobile POS Team at mobilepos@mastercard.com



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