



Fast Food, Fast Payments via Mobile Phones



Problem

A U.S.-based fast food chain wanted to link its loyalty, gift and prepayment cards to customers' mobile phones

Solution

Combining legacy POS infrastructure with big data technology, a system was developed with built-in security and a customer communication option

Results

Savings of 5¢ per transaction, improved customer experience, lowered interchange fees through aggregated payments

Overview

Fast food restaurants generate a greater percentage of repeat business than any other section of the retail industry. Gift and loyalty programs help them maintain customer relationships, but payment card interchange fees greatly impact profit margins. One U.S.-based fast food convenience chain wanted to link loyalty, gift and prepayment cards to customer mobile phones to reduce costs while simultaneously increasing customer loyalty. Our task, although simply defined, was daunting: find a way to unify retail outlets dispersed over a large geographic area conducting large numbers of small transactions so that mobile phones could be used for payment, customer appreciation and communication.

Challenges

Our consultant's first challenge was to ensure that the new mobile solution reliably gave a customer access to personal loyalty, gift and prepaid accounts at any of the chain's fast food outlets at any time. Furthermore, payment management needed sufficient safeguards to prevent large-scale fraud. We suggested using the food chain's existing point-of-sale infrastructure to interconnect outlets with customer payment account information. As a result, after a simple web or in-store sign up process, customers could have immediate access to their accounts at all locations within the chain, regardless of their preferred wireless network. Real-time payment processing and gift transactions became seamless to outlet employees and customers.

Results

From a revenue standpoint, prepaid accounts with larger payment card transactions resulted in savings of about \$0.05 per individual small transaction. Perhaps more importantly, big data technology enabled extraction of useful information on customer behavior, habits and preferences, thereby improving the customer experience. Additionally, mobile phone features such as caller ID and text messaging provided the convenience chain with previously untapped customer communication avenues.

