How Online Payment Systems Can Take Your Business to the Next Level

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When we first started Vagaro, companies primarily relied on cash or checks as their main form of payment methods. Credit card technology was still in its early stages of adoption back then, and both customers and businesses were just starting to familiarize themselves with and trust this new form of payment.

Fast forward to today. Now, preferring cash or check is less popular. The script has flipped — we have a world where instead of saying, “We don’t take credit cards, please pay in cash,” companies are saying, “We don’t take cash, please pay by credit card.”

There’s a reason for this shift. The integration of online payment systems has unlocked considerable advantages for businesses, all while improving the overall experience for buyers.

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The key to convenience and expanded sales

When I created Vagaro, I envisioned a comprehensive, one-stop shop for our customers. To create that seamless customer

experience, we were working on incorporating online booking into our solution. But as I spoke with my sister-in-law, a hairdresser and a big source of industry insight for the company when getting started, about my plans, she posed an important question:

“What about credit card processing?”

Integrating this feature into the platform made sense, but I knew nothing about how credit card processing worked. And when I started to call around, everybody talked about it in complicated terminology.

Most people today are in the same boat I was in. They don’t understand how a hairdresser or other independent business, as well as credit card companies like Visa or Mastercard, each claim a portion of a customer’s payment. But they still want the convenience of payment integration.

From the customer’s perspective, few people are carrying around cash or multiple forms of payment options. In today’s fast-paced world, consumers prefer processing transactions quickly, paying in advance and tracking their spending all in one place.

Online payment integration makes transactions easier for businesses, too. They can sell more products or services more efficiently, including memberships, packages and gift certificates. They can accept deposits to reduce lost revenue from appointment cancellations and no-shows. And when payments are accepted on the same platform as booking, a company can know the profile of the customer, such as the services they book the most or products they tend to gravitate toward. This directly ties into marketing and upselling opportunities. If a company wants to send a VIP discount, they can do that if they know a customer’s profile and how/where they’re spending.

Similarly, a company offering a product to a business, in most cases, will need to collect payments – the product should

ideally include features to facilitate this process. As the marketplace shifts priorities to offering a smooth and comprehensive customer experience, payment integrations are now considered a necessity, and the trend toward becoming a one-stop shop is gaining momentum.

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More tip money, less awkwardness

Looking strictly at the financial side, there's a lot of money to be made from payment integration. It goes beyond simply expanding the variety of products sold; credit card transactions tend to yield higher tips, too.

Imagine getting a haircut. If the customer is forced to pay in cash, that limits the amount they can tip based on how much money they have on them. However, with online payment processing in place, customers are able to tip as generously as they like. And if the business presents tip options – say, 15, 20 and 25 percent – the customer doesn't have to try and calculate the tip in their head. It's easier to click on the percentage and send it off without thinking about it.

Online payment integrations can also remove awkward conversations that often happen around tips. When a hairdresser or other provider shows a tip prompt on the screen, it gives the customer a natural opportunity to tip. The provider doesn't have to say, "Oh! And don't forget the tip!" the way they might if the customer paid in cash.

Additionally, online payment integration can make your solution a lot stickier – a product that generates revenue for its users becomes indispensable. If a company wants to increase dependency on its product and reduce churn, efforts should be focused on offering a solution or service that streamlines increased revenue.

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Setting up a payment integration partnership

When a business wants to partner with another organization for online payment integration, they should prioritize seeking common core elements, just as they would with any partnership: Both companies should have similar philosophies of operation, stages of technology development and understanding of buyer demands.

But another point to check is the contract length. Businesses should make sure that, for a long-term contract, there is a sliding scale – as the company processes more transactions, the costs should go down. If a sliding scale arrangement isn't possible, companies should opt for a short-term contract so that as they evolve and their processing volume increases, they can pivot and move to another provider with more favorable terms if needed.

The real winners are the customers

Online payment integrations have the power to significantly boost a company's earnings. However, the ultimate winners are the customers making purchases. With enhanced convenience, they can buy more of what they want or need without worrying about the form of payment or how the transaction process will work.

The buyer expectation now includes the availability of online payment options, and your competitors likely offer those options already. To stay ahead in the market and meet customer demands, integrate a way for buyers to complete credit card transactions, be a part of the money-making service and continue improving the integration once it's in place.

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