

# Checkout and Payments in 2026:

## Consumer Demand, Industry Reality, and the Path to Modernization



Checkout has become one of the most decisive moments in retail and hospitality. **It defines the customer experience.**

Consumers increasingly expect speed, flexibility, and recognition at the point of payment. Yet, for many organizations, checkout remains one of the most constrained and complex parts of the customer journey. And the gap between expectation and execution is widening.

This report shares valuable insights captured through surveys conducted by FreedomPay and Verifone alongside Studio's Retail Dive and Hospitality Dive. Together, we gathered feedback from 1,018 consumers and 200 retail and hospitality leaders on:

- **What consumers want most from checkout and payment**
- **What retailers and hotels are delivering today**
- **Where opportunities exist for brands to improve the experience for shoppers and guests**
- **The barriers preventing modernization and how to get over them**
- **Steps to work toward meeting consumer demand for new checkout and payment options**





# Customers Redefine What They Want, But Retailers Aren't Offering It Yet

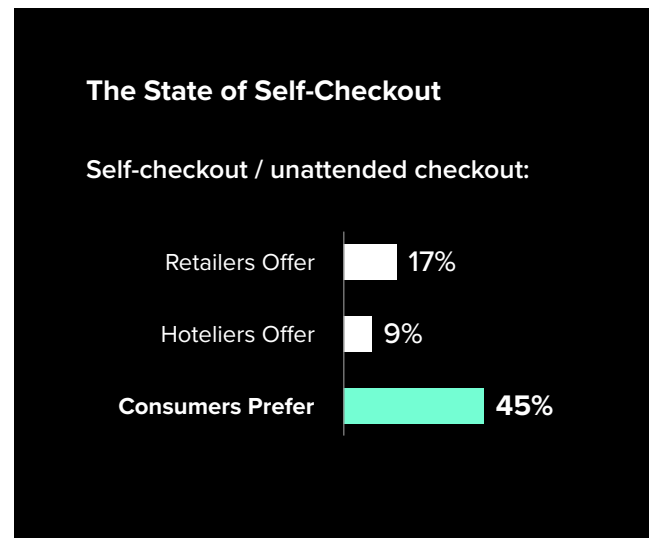
Consumers have more ways than ever to check out and pay. And they have strong opinions about how they want to do it. **Payment methods and checkout experiences are changing fast** when it comes to where they happen, who's in control, and how much human interaction is involved.

But many retailers and hoteliers are still optimized for the status quo instead of tomorrow's expectations.

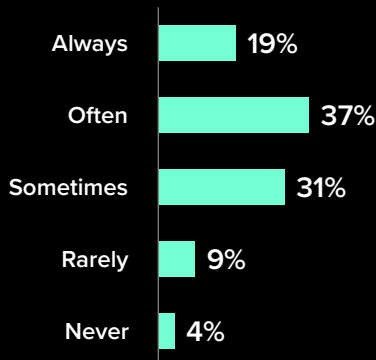
## Checkout Preferences Evolve Toward Unattended Formats

Digital-first and unattended options are the new norm for consumers when it's time to pay for a service or product.

If self-service checkout is available, **87% of consumers choose it at least sometimes**. And it ranks as the most preferred checkout experience overall. Why? Because it's fast and convenient. More than half (53%) opt for unattended checkout so they can quickly get what they need.



**Q: When you shop in a retail store or stay at a hotel, how often do you use self-service or unattended checkout when available?**



Age plays a role in how deeply this preference is taking hold. For example, among 18- to 27-year-olds, more than half (53%) prefer self-checkout. That preference softens among the older demographic; they lean toward cashier-led checkout as their primary choice. But for most shoppers and guests under the age of 60, self service is considered standard.

While consumers are signaling the need for flexibility and control, **retailers and hoteliers are still heavily weighted toward traditional, attended checkout**, which makes sense: After all, it's been the standard for decades. Very few are scaling self-checkout, scan-and-go, and just-walk-out-style experiences to match consumer demand.

## Payment Preferences Prioritize Digital Options

In addition to how they check out, consumers are also **reconsidering payment preferences**.

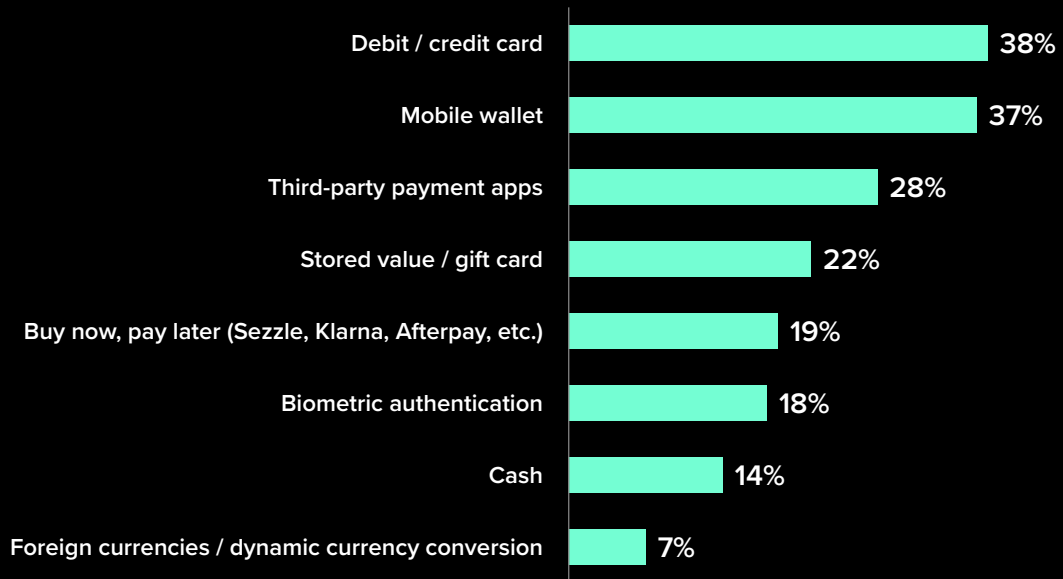
Across purchase types — small, medium, and large — consumers choose to pay with debit and credit cards, which account for nearly 80% of all preferred payment selections.

But what they prefer today isn't necessarily what they'll rely on tomorrow. **Consumers are actively rebalancing the payment methods they use**, citing plans to use new options like mobile wallets and third-party payment apps more frequently this year.

Younger shoppers especially are more willing to experiment with payment types, but even older demographics are incrementally trying new options.

To keep pace, retailers and hoteliers need to track what consumers are moving toward — not just what they use right now. While cards still dominate today, payments are becoming more flexible, mobile-driven, and context-dependent.

## Percent of Consumers Expecting to Use These Payment Types More in 2026



# Checkout and Payment Now Play a Bigger Role in Customer Decisions

Consumers have strong feelings about what creates “good” checkout experiences, and they have just as many opinions about what makes an experience “bad.”

When certain issues show up at checkout, they can erode satisfaction and loyalty. Everyday frustrations that consumers used to tolerate are no longer acceptable, and they’re likely a big reason for the growth in unattended / self-service options.

**Long lines and wait times are the biggest offenders**, according to survey results. Three-quarters of consumers (75%) report a negative impact on their shopping or stay experience when they come up against these delays.

**Slow employee service** is another source of frustration, with 75% of consumers reporting some level of negative impact here, too.

Once technology is added to the mix, reliability becomes essential.

- **Pricing discrepancies** are damaging, with 71% reporting their negative impact
- **Declined payments** result in negative sentiment for 65% of respondents
- **Technical issues at checkout** (whether they involve systems freezing, terminals failing, or scanners not working) undermine the experience for approximately 70%

## How Preferred Options Can Influence Where They Shop and Stay

Anything less than what they want may push consumers to competitors that offer their desired payment and checkout experiences.

Three in four consumers (75%) say that, to some degree, the **availability of their preferred checkout experience influences where they spend money.**



Age intensifies the effect, with 43% of 18- to 27-year-olds saying that checkout options have a “strong” influence on their brand choices, compared to 38% for 28- to 43-year-olds, 27% for 44- to 59-year-olds, and 17% for those age 60 and older.

The same holds true for payment preferences. For example, if a consumer wants to pay with mobile wallet and the hotel or store they’re considering doesn’t offer that option, then **they’re likely looking elsewhere.**

“The checkout experience is one of the most underestimated drivers of loyalty,” describes Chris Kronenthal, President of FreedomPay. “It’s the final and most frequent in brand interaction. Inconsistency in experience and lack of payment optionality can erode trust quickly. Loyalty today is built on convenience, speed, and recognition at every payment touchpoint.”

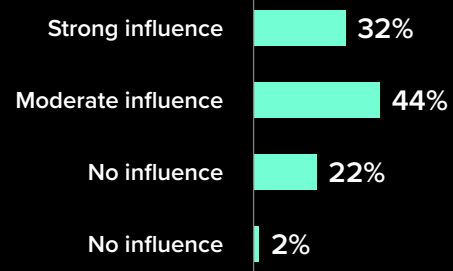
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**“If the experience is slow, inconsistent, or fails, nothing that happened before it really matters. Every transaction is a moment of truth for the brand.”**

**Prasanna Narayan**  
EVP & Head of Product, Verifone

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**Q: Does the availability of your preferred payment type influence where you shop or stay?**



# Aging Hardware and Disconnected Platforms Are Slowing Modernization

Retail and hospitality leaders know that payment and checkout capabilities have to evolve. They see the shifts in customer behavior toward self-service, mobile, and always-on digital experiences.

On the ground, however, there are a few reasons they can't keep up.

For starters, **most are far from offering unified, data-rich payment environments** that support the experiences consumers are after. They still run fragmented, multi-vendor payment stacks that make it hard to deliver a consistent brand presence and build connected customer journeys.

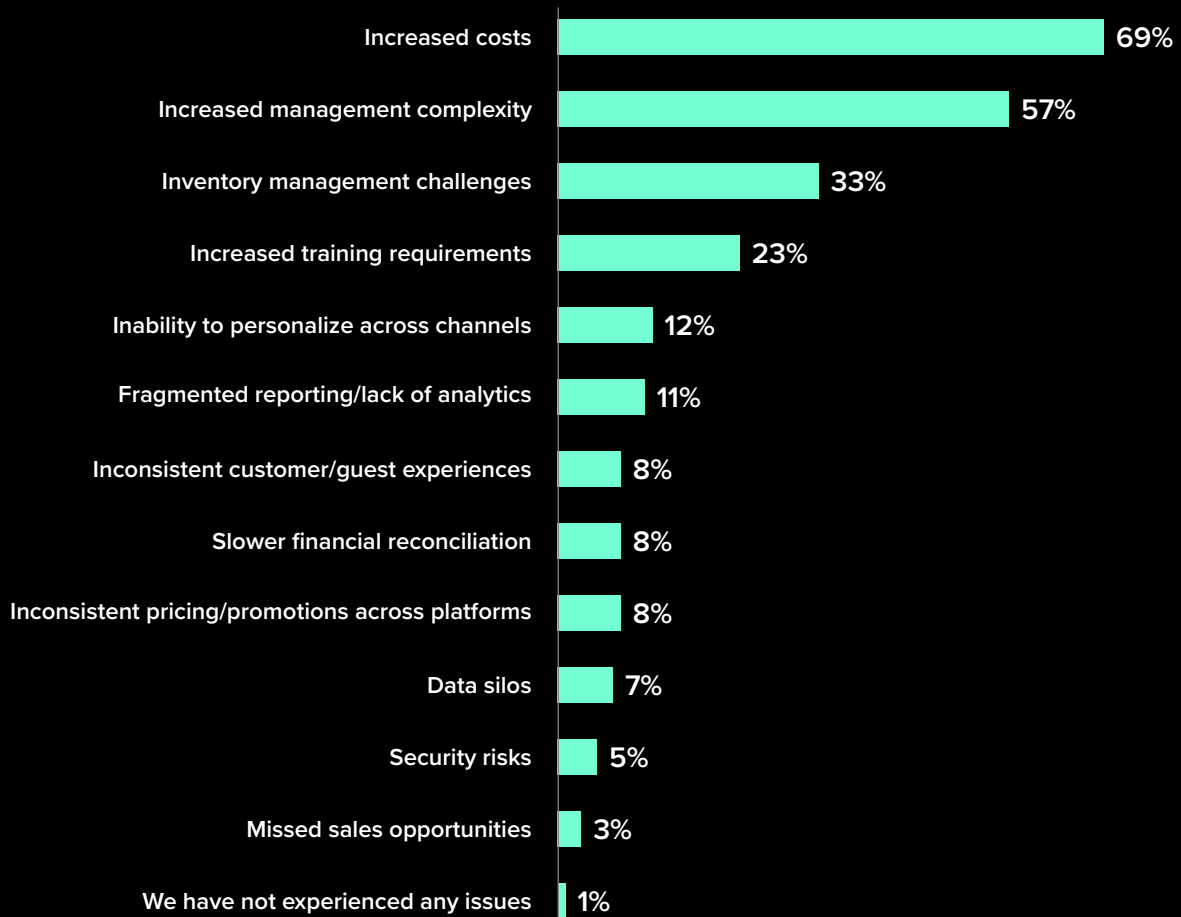
Eighty-one percent (81%) of leaders say their retail and hospitality organizations don't operate on a unified payment platform across channels. Instead, they rely on different systems for in-store, online, and in-app transactions, which limits what they can see and how they can act.

When organizations don't use the same payment platform for all transactions, they cite consequences like:

- **High costs** to maintain, integrate, and support multiple systems and vendors
- **An increase in management complexity** due to juggling different contracts, workflows, etc.
- **Inventory management challenges** because data is captured and reconciled in disconnected systems
- **Increasing training requirements** as teams have to learn and relearn different tools and processes



## Where Fragmented Payment Platforms Create Problems, According to Leaders

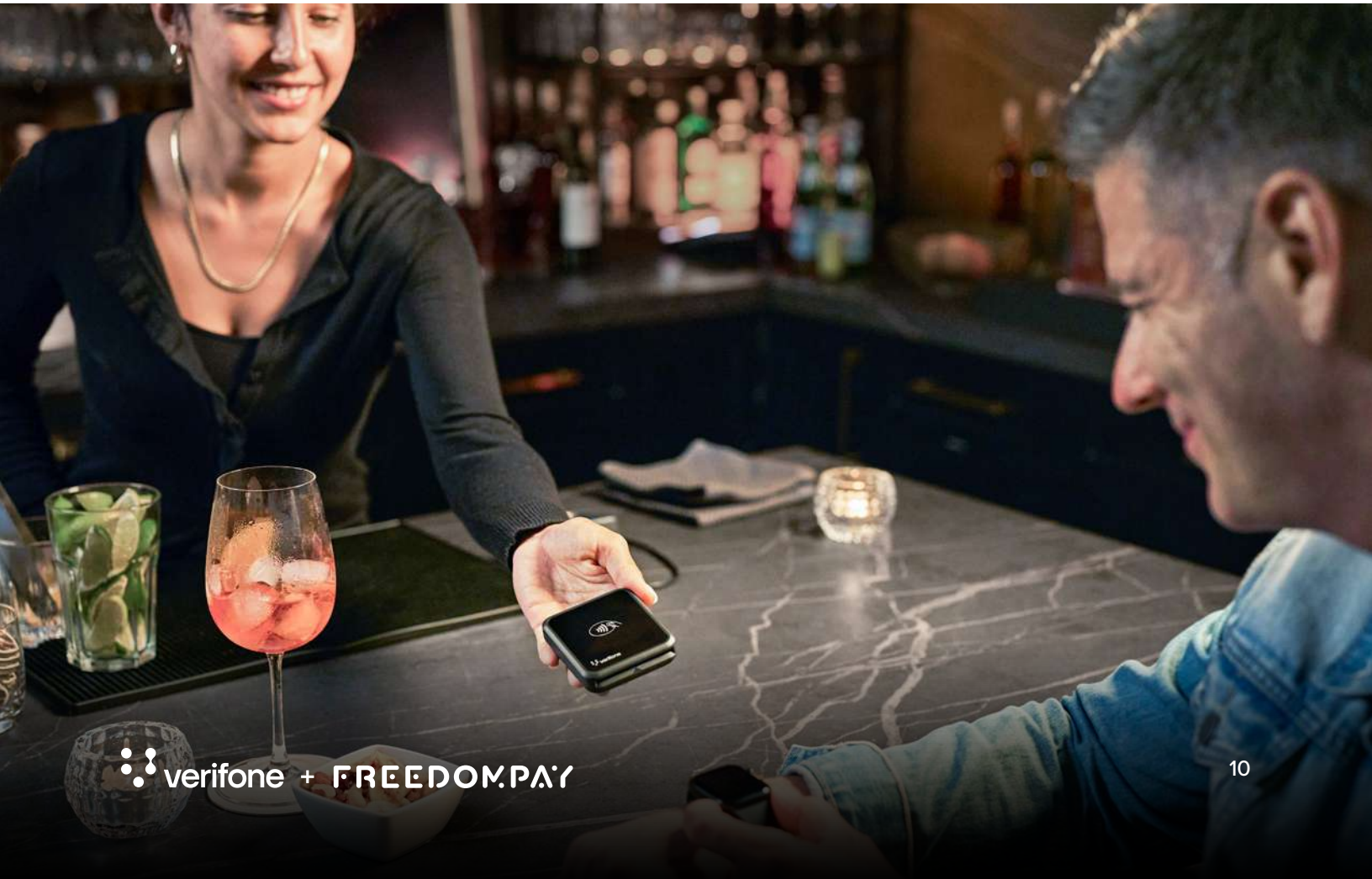
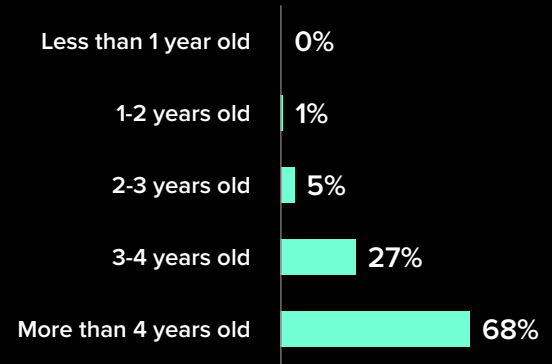


A smaller number mention problems like data silos and fragmented reporting. These issues point to even deeper limitations: Leaders can't view performance as a whole, which makes it harder to personalize, optimize, and make confident decisions. This fragmentation limits the ability to deliver consistent customer experiences across channels.

On top of that, their **POS hardware is more than four years old**. Legacy terminals can limit what's possible in terms of supporting new payment and checkout experiences. They also slow down updates and can introduce reliability and security concerns that hold back innovation.

In practical terms, **legacy infrastructure is now a limiting factor in delivering modern, connected payment experiences.**

### Average Age of POS Hardware





# The Reality Behind Payment-Modernization Readiness

Retail and hospitality leaders understand that their payment and checkout systems can't stay as they are forever. They see customers moving to self-service, mobile wallets, and digital-first journeys. They field complaints about friction and failures. They know the current situation isn't sustainable.

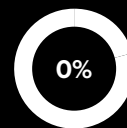
## But how prepared do they feel to modernize payment and checkout capabilities?

Roughly two-thirds place themselves in the "somewhat prepared, but facing significant challenges" bucket. Another approximately one in five say they're "prepared, but need more information or resources," while around one in six admit they're "not prepared, and currently not considering new adoption."

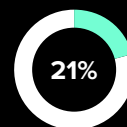
## No surveyed leader reports being "fully prepared" for payment modernization.

Why aren't they confident in making the changes they know must happen? There are two reasons for their hesitation.

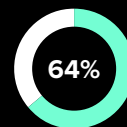
## How Leaders Rate Their Payment-Modernization Readiness



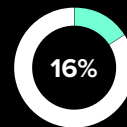
Fully prepared and have a clear plan and budget



Prepared but require more information or resources



Somewhat prepared, but facing significant challenges



Not prepared, currently not considering new adoption

## 1. Fragmented Systems Make Changes Feel Risky

Their current payment tech is hard to work with. Day to day, leaders deal with complex, fragmented payment stacks that slow to change, difficult to integrate, and fragile to maintain.

That kind of environment doesn't inspire confidence. Instead, it makes any adjustments or changes feel risky and resource-intensive.

When asked about the biggest pain points with their existing solutions, leaders mention:

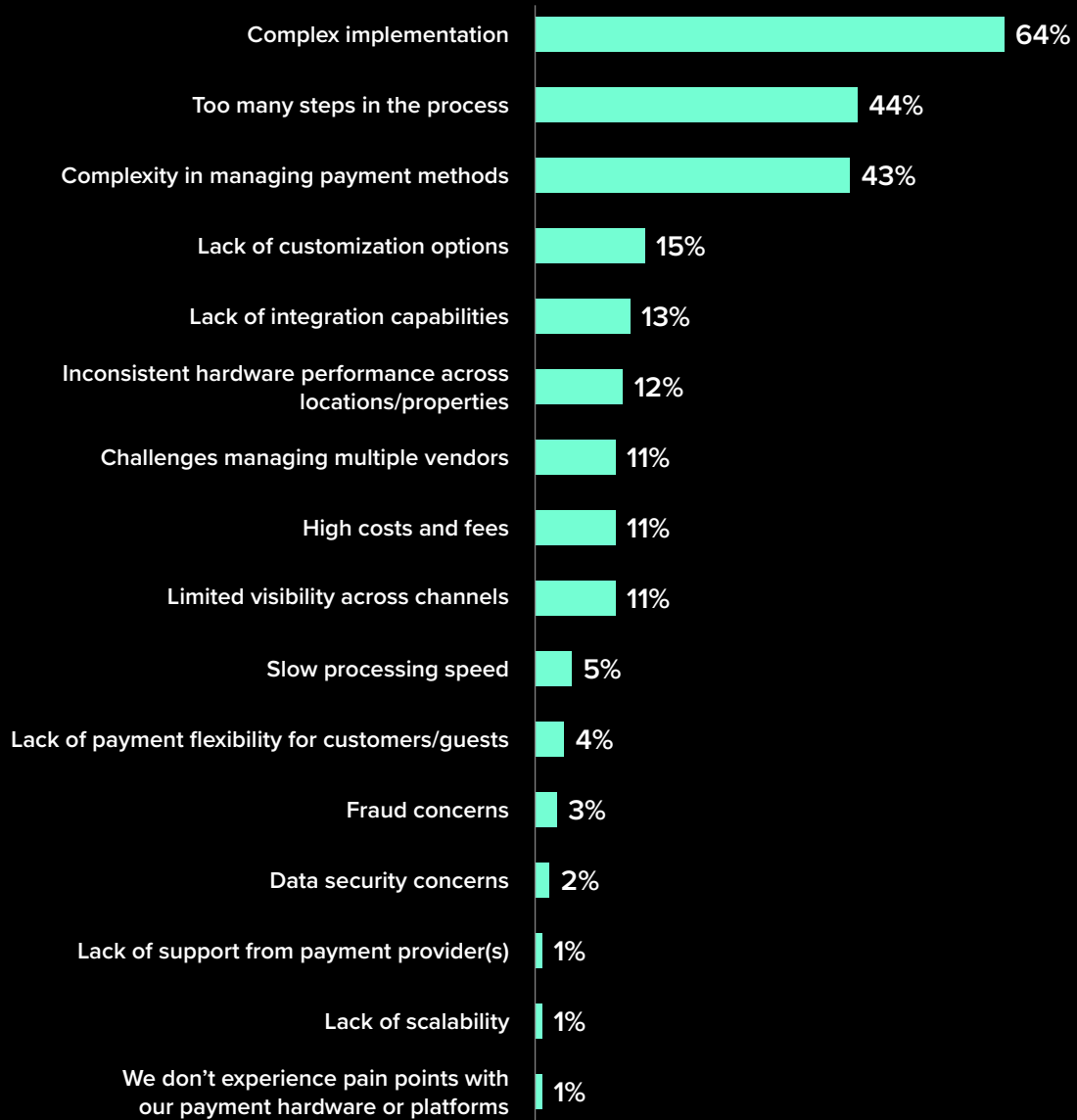
- Complex implementation
- Too many steps in the process
- Complexity in managing payment methods

Alongside those core issues are other struggles like juggling multiple vendors, dealing with inconsistent hardware, and having limited visibility across channels.

It's **hard to feel ready for modernization** when every adjustment seems risky and time-consuming. But these kinds of issues can be a sign that the payment environment has been stretched as far as it can go without a fundamental update.



## The Issues Leaders Face with Their Payment Solutions



## 2. Payment-Tech Investments Seem Expensive and Uncertain

By far, **concerns about cost and ROI are what make payment-tech modernization feel uncertain.**

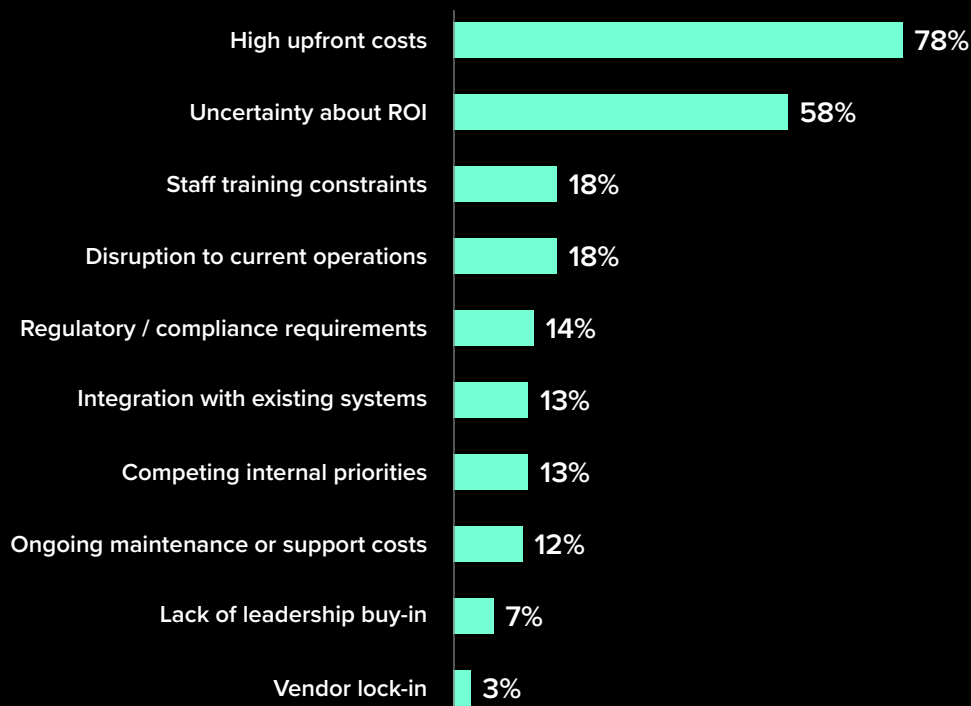
When asked about the barriers that prevent them from upgrading, leaders most often point to these two factors as their top reasons for hesitation, far above things like lack of leadership buy-in, fear of disrupting current operations, or the inability to integrate with existing systems. These constraints create a perception of risk that slows modernization, even when the need is widely recognized.

Costs can seem high when leaders are looking at large upfront investments on top of what they spend to keep legacy systems running

ROI can feel elusive when the expectation after implementing new payment tech is to see an impact on sales, costs, or customer acquisition within one week to one month.

More than half of retail and hospitality leaders say they look for that kind of near-term payoff with payment technology upgrades. Only 10% are prepared to wait seven months or longer for payback, which is a more practical runway for infrastructure-level change. That's a tough expectation to meet: Changes at this level don't usually produce a near-instant return.

### Barriers Standing in the Way of Modern Payment Tech



“Expecting ROI in one week is unrealistic if you’re focused on transformation,” explains Kronenthal. “Quick fixes to achieve fast ROI can lock you into a system that isn’t suited for their business goals long-term. This approach leads to technical debt, making future changes more challenging.”

Payment modernization is being evaluated against software ROI expectations, despite being a transformation of infrastructure.

**The result of this mismatch between complexity and expectations is inaction.** With systems that are difficult to work with, but business cases that feel expensive and uncertain, moving forward doesn’t seem like a sure thing.

To gain progress, leaders need to find ways to simplify their payment tech stacks and adopt a more realistic view of ROI that includes customer experience, operational, and data benefits (not just immediate revenue lift).

“Leaders who frame payments as a cost center will always struggle to justify the investment,” says Prasanna Narayan, executive vice president and head of product at Verifone. “But leaders who see it as a revenue and loyalty engine — one that touches every transaction across every channel — start asking the right questions about what modernization is actually worth.”

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**Chris Kronenthal**  
President of FreedomPay

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## ROI Expectations for POS Technology Updates



# AI Use Is Leaving Checkout and Payment Gaps

Consumers clearly want speed, recognition, and seamless experiences — the kind AI seems perfect to deliver. But payment-modernization challenges can influence where AI shows up in retail and hospitality — and where it doesn't.

At a high level, AI adoption looks impressive and seems to be woven into day-to-day decision-making. More than half of surveyed leaders say their retail or hospitality organization uses AI in at least five use cases.

Across both sectors, nearly all say they use AI for marketing campaigns and personalization. A similarly high proportion use AI to analyze customer and transaction data.

However, **much of today's AI activity occurs upstream — marketing, forecasting, and operations — instead of where customer experiences is decided: checkout.**

The same fragmented, legacy infrastructure that makes payment modernization feel risky is also keeping AI out of the checkout lane.

As a result, AI is improving efficiency behind the scenes, not yet shaping the experience customers directly feel. Until payment infrastructure catches up, that will be difficult change.

## Where AI Is Being Used Today

	Retail	Hospitality
Marketing campaigns / personalization	97%	96%
Customer and transaction data analysis	95%	95%
Inventory management	92%	41%
Customer service / chatbots	20%	6%
Demand forecasting	83%	92%
Dynamic pricing	63%	90%
Staff scheduling	46%	41%
Revenue optimization	33%	56%
Fraud / loss prevention	12%	5%
Self-checkout	9%	4%

## What Customers Wish Brands Knew About Them

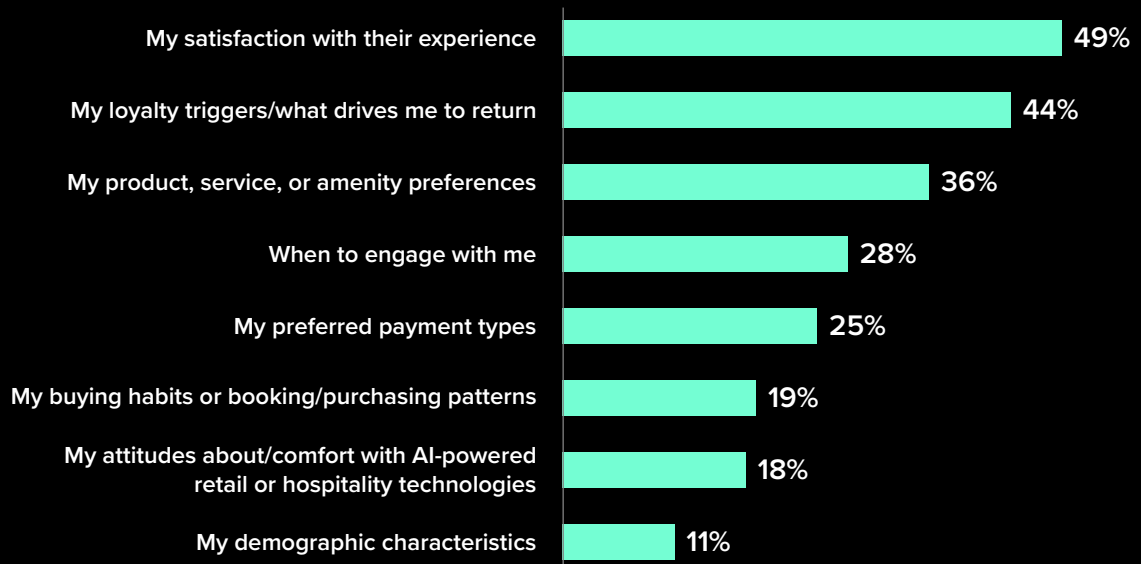
When asked what they wish retailers and hotels understood better, the response from consumers was an indicator that key emotional and behavioral signals aren't being captured and acted on.

Shoppers and guests wish retail and hotel brands knew more about:

- Their satisfaction with payment and checkout experiences
- Their loyalty triggers and what drives them to return
- Their product, service, or amenity preferences
- When to engage with them



### Q: Which of the following insights do you wish retailers and hotels better understood about you?



These responses also help clarify what “personalized” really means: It’s about acknowledging who they are, rewarding their loyalty in ways that feel consistent and fair, and making sure the experience is smooth and painless ... not only about making product recommendations.

**A unified payment platform brings transactions from in-store, online, and mobile into a central location and makes it possible to offer consistent experiences,** regardless of where or how a customer chooses to pay. It also allows retail and hospitality organizations to connect behavioral, identity, and payment data so they can provide the kind of personalization consumers want during checkout and payment.

These expectations point to a broader shift: **personalization is about recognition at the point of interaction.**

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**“When payment systems operate in silos, the data they generate is incomplete, delayed, and disconnected from the customer journey. If your payment data isn’t connected and usable in real time, you’re optimizing after the fact, not during the transaction. Intelligence without execution doesn’t change the experience.”**

**Prasanna Narayan**  
EVP & Head of Product, Verifone

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# A Practical Modernization Path from Fragmentation to Unified Commerce

## Where do leaders go from here?

Closing the gap doesn't have to be done all at once. "Modernization isn't a rip-and-replace," explains Kronenthal. "It's about layering flexible infrastructure that allows for scale and easy integration." Following a series of focused steps allows you to **tackle the biggest pain points first**, then build toward unified, data-rich customer experiences.

## 1. Stabilize the customer experience

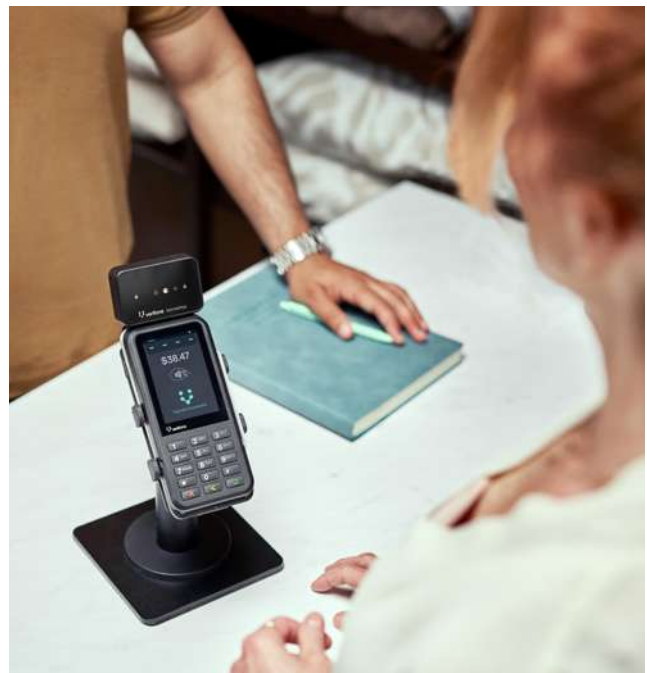
Address the situations that customers say they react to most strongly by:

- **Reviewing payment declines** and adjusting strategies to improve approval
- **Tightening controls** around pricing accuracy
- **Strengthening integration** between payment and loyalty systems so rewards apply as expected
- **Improving monitoring and alerts** around checkout failures so issues can be spotted and resolved quickly

## 2. Simplify and consolidate payment platforms and update hardware

Once immediate reliability issues are better controlled, the next step is to **address platform fragmentation** that contributes to complex implementations, too many steps in the checkout process, and difficulty managing payment methods and vendors. For many organizations, this may also mean refreshing aging POS hardware that can't easily support new payment types, software updates, and more connected experiences.

A unified payment platform can support in-store, online, and in-app transactions together, which reduces the number of steps in the process, lowers implementation and integration complexity, and creates clearer data and reporting across channels.



### 3. Link payment to identity and loyalty

When payment flows are more reliable and less fragmented, **focus on capturing customer data**. Each payment event can be a rich source of information, giving you insight into who the customer is, how often they visit, what they purchase, and how they like to pay.

Linking payment data to identity and loyalty systems can help you:

- **Recognize returning customers** at checkout, no matter which channel they use
- **Tailor offers** and rewards to behavior
- **Reduce friction** by minimizing false declines and streamlining steps

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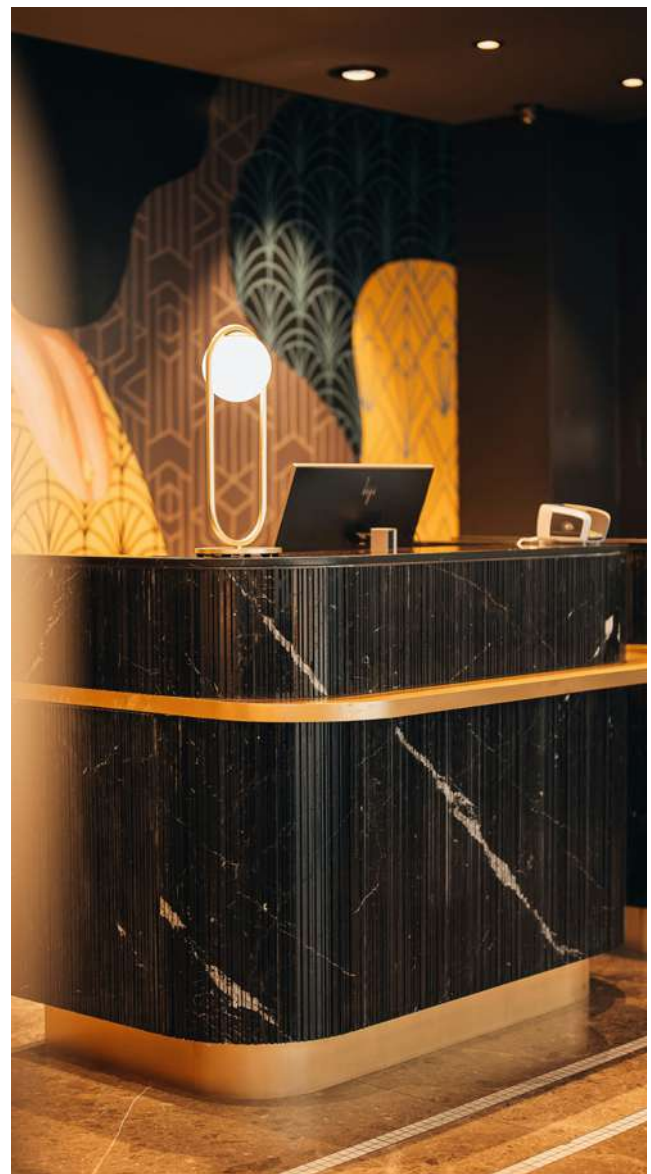
**“Organizations need to make sure their systems’ connections are robust, and that data is being delivered in real-time so they can effectively harness the power of AI and meet the expectations of customers at checkout.”**

**Chris Kronenthal**  
President of FreedomPay

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### 4. Modernize ROI thinking

Finally, **rethink how you approach and calculate ROI**. “ROI should be measured holistically,” she emphasizes, “by not just looking at revenue, but also operational efficiencies and customer loyalty.” For changes that involve consolidating platforms, integrating disparate systems, and unifying data, it makes sense to build a roadmap of potential short-term wins (fewer failed checkouts, improved authorization rates, etc.) and long-term gains (lift in loyalty engagement, higher repeat visits, etc.).



# Delivering the Experiences Customers Are Waiting For

For retail and hospitality organizations that don't fix payments in the next few years, the risks can be significant, Kronenthal points out: lost revenue, declining loyalty, and operational inefficiency. "Today's consumers expect seamless, omnichannel experiences. Brands that can't deliver will lose to those that can. And if they're trapped in a closed system, the need to fix payments is heightened. Every year locked into a legacy system is another year without the control to make innovative changes to their payment stack."

By modernizing in-person payment infrastructure, you can meet today's expectations for speed, flexibility, and choice while creating a foundation for modern payment devices, which are the gateway to richer commerce experiences.

From supporting multiple payment methods and loyalty interactions to enabling real-time data capture and personalized engagement, the in-store payment layer is now **a critical driver of customer experience and business performance.**

Organizations that invest in modern, connected payment devices and unified platforms position will be able to shape the entire customer journey in the moments that matter most.

"If retailers don't evolve payments strategies, they become the system that limits everything else. Growth slows, experiences degrade, and every change gets harder to execute, whether it's a new channel, a loyalty program, or an AI-driven personalization strategy. At some point, the business starts adapting to the system instead of the system supporting the business," emphasizes Narayan.

Treat the point of payment as a strategic touchpoint. When the in-person experience is seamless, intelligent, and connected, it becomes a powerful driver of loyalty, repeat visits, and long-term value.

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