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Fix your retail CX at the payment layer

A five-step guide for CMOs and CDOs to connect payments, loyalty, and identity.

Guide



How to fix your broken retail CX at the payment layer

The disconnected retail customer experience (CX) is rooted in the structural separation of payment, loyalty, and customer identity systems.

The solution is to upgrade your retail DNA by integrating loyalty and identity recognition directly into the payment flow — the one touchpoint every customer uses, in every channel, on every visit.



Why retail CX keeps breaking: The root cause most strategies miss

The retail customer experience is broken because loyalty, identity, and payment systems are structurally separated. According to a study from Forrester and Toshiba, 60% of high-volume retail decision-makers report "too many disparate systems hindering a cohesive view of customers." As a result, retailers are delivering disjointed customer experiences and leaving valuable revenue on the table. As Forbes reported, nearly 60% of consumers are willing to switch brands if a competitor offers a better experience.

To fix this issue, many retailers focus on upgrading the CRM or marketing layer. But that means they're still missing the most critical touchpoint: the payment terminal. It's the only touchpoint in retail that every customer and every transaction passes through. And, unlike CRM campaigns that simply generate email addresses and phone numbers, it's the one moment a customer's card or biometric can confirm who they are.

Before you plan your solution, it's important to identify the specific gaps that are impacting your CX.

If your CX is broken at the moment of payment, it's likely due to one or more of these critical blind spots:

The loyalty gap

Your loyalty programs still exist outside the payment flow. Customers must opt in through apps, phone numbers, or email — with friction at every step. Enrollment rates and personalization suffer as a result. As EY reported, 47% of merchants say tailoring loyalty programs to customer segments is a top challenge.

The identity gap

You don't know who is standing at the terminal until they identify themselves — and most terminals don't ask. Tokenization built into the payment process resolves this problem. When the card or biometric is presented, identity is confirmed without any customer action required.

The channel gap

In-store and digital commerce platforms treat the same customer as two different people, creating a disjointed experience and missed opportunities for engagement. Cross-channel refunds, buy online and pick up in store (BOPIS), curbside pickup, and loyalty redemption break down because the payment layer doesn't unify the identity signal across channels.

The payment moment is the only guaranteed touchpoint in retail

The moment of payment is essential, not just because it's where you make the sale and drive revenue. It's also the one instance where customer identity is confirmed, the transaction is recorded, and the brand has the customer's full attention.

Contrast this with app-based and email-based engagement. On these channels, customers must act before the brand can recognize them, such as by signing into an account or clicking through to a landing page. The payment flow flips this and puts the power in the merchant's hands. The brand recognizes the customer the instant the payment method is presented, providing an invaluable window to personalize and streamline the CX in real time.

What payment-layer integration actually enables

Connecting loyalty and identity at the payment layer lets you:

- Automatically recognize customers at checkout: Identify customers using encrypted payment credentials or biometrics — no app required
- Offer real-time loyalty enrollment and redemption: Meet customers with helpful loyalty options natively at the terminal with single-click opt-in
- Unify the customer identity: Deliver cohesive experiences across in-store, online, and mobile channels via tokenization
- Access real-time behavioral data from earn and redemption events: Gather actual transaction-level insight, not modeled data
- Enable cross-channel services: Offer BOPIS, curbside pickup, refunds, and mobile ordering — all anchored to a single payment identity

How to implement a payment-layer CX integration: A five-step framework

Integrating loyalty and identity at the payment layer doesn't require ripping out your existing infrastructure. It does, however, involve rethinking the business at the foundation level — not just patching surface symptoms.

Use this strategic five-step framework to assess your systems' capabilities, complete your payment-layer CX integration, and unlock measurable business outcomes.

1. Quantify the recognition gap
2. Evaluate the payment layer
3. Unify identity via tokenization
4. Embed loyalty in checkout
5. Operationalize the data



Step 1: Quantify the customer recognition gap at checkout

Identify where customer recognition currently breaks down in the purchase journey. If loyalty enrollment or identification depends on a customer opening an app, entering a phone number, scanning a barcode, or recalling account credentials, the program is introducing friction at the moment of transaction.

For CMOs and CDOs, this is not simply a usability issue; it directly impacts loyalty participation rates, attribution accuracy, and the ability to build reliable first-party customer profiles. First, evaluate how many transactions currently occur without customer identification and estimate the downstream impact on retention, personalization, and campaign measurement.



What to assess

- Percentage of transactions linked to a known customer
- Checkout steps required for loyalty identification
- Where customers abandon or bypass loyalty participation

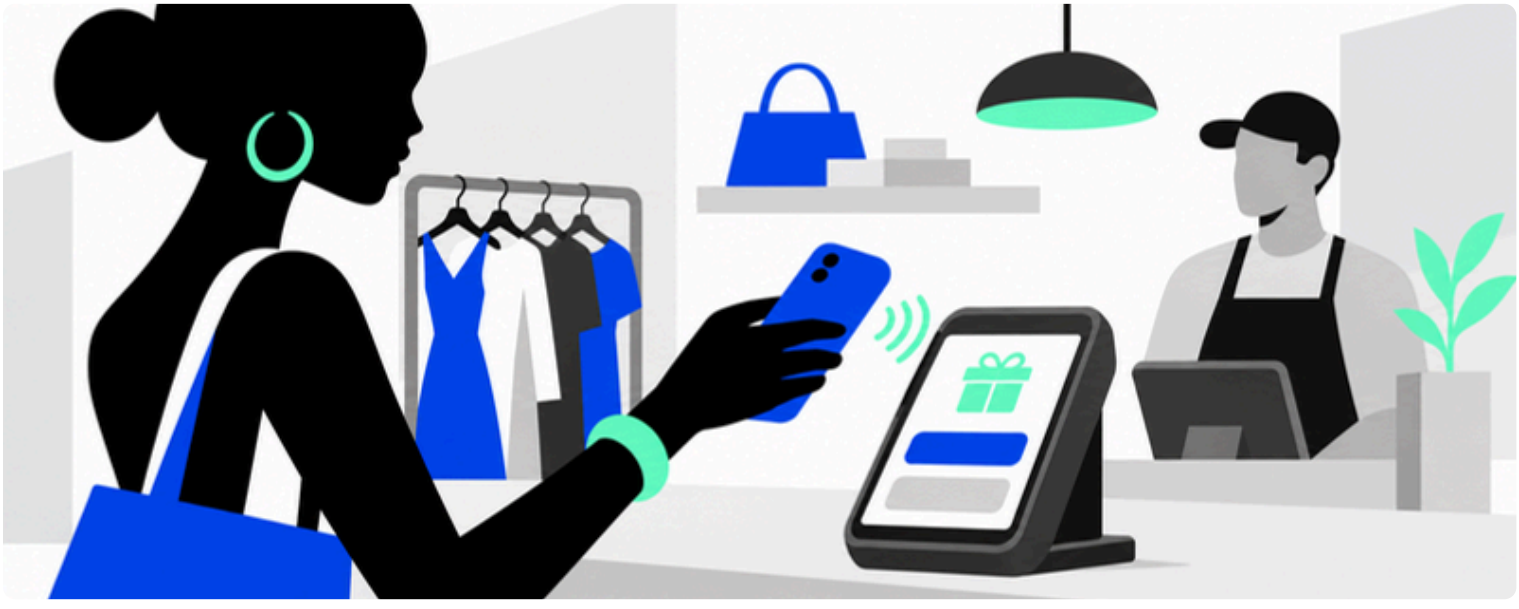
Step 2: Evaluate whether the payment layer can support CX applications natively

Many loyalty initiatives fail because engagement systems operate adjacent to the payment experience rather than inside it. Determine whether your payment infrastructure can support loyalty, identity, and customer engagement applications directly at the terminal level through an open application environment.

Verifone's Android-based payment platform and its certified commerce integration partners, for example, allow brands to introduce loyalty and CX functionality without rebuilding the checkout experience from scratch.

What to assess

- Support for third-party CX and loyalty applications
- Integration requirements across existing systems
- Ability to deploy and manage experiences across locations



Step 3: Establish a unified identity layer through tokenization

Tokenization enables brands to associate transactions across in-store, ecommerce, and mobile channels using a secure, encrypted payment credential. This creates the foundation for persistent customer recognition without requiring repeated customer action.

For customer experience leaders, the value extends beyond payments: Tokenized identity creates a more accurate view of customer behavior, improves attribution across channels, and enables more consistent personalization and loyalty engagement. Verifone implements this unified identity layer to ensure cohesive, omnichannel commerce across devices.



What to assess

- Ability to recognize returning customers across channels
- Payment token coverage and identity-matching capabilities
- Privacy, consent, and governance requirements

Step 4: Integrate loyalty directly into the checkout experience

The highest-performing loyalty programs reduce the number of steps between purchase intent and reward participation. Be sure to assess loyalty providers based on whether enrollment, recognition, accrual, and redemption occur directly within the payment flow rather than through separate applications or disconnected interfaces.

Native payment-layer integration reduces friction, improves participation rates, and increases the likelihood that loyalty engagement becomes habitual behavior rather than an occasional action. Verifone helps merchants unlock these benefits through partnerships with leading loyalty program providers like Payment Loyalty and Bilt.

By embedding loyalty directly into Verifone's payment terminals, retailers can transform checkout from a transactional moment into a growth engine. The Payment Loyalty integration, for example, has driven 70–90% enrollment rates from one-click loyalty program opt-ins at the moment of payment — no download or registration required.



What to assess

- Steps required to enroll, earn, and redeem
- Recognition and participation rates at checkout
- Impact on transaction speed and customer experience

Step 5: Operationalize transaction-level loyalty data for revenue optimization

Payment-embedded loyalty programs deliver value beyond the initial transaction. They generate verified behavioral data tied to actual purchase activity, including earn events, redemption behavior, visit frequency, and offer response patterns — providing a more reliable measurement framework than app engagement or email interaction data alone. Verifone makes these omnichannel, real-time insights readily accessible via the central analytics dashboard, including high-level, executive overviews and granular details at the transaction level.

CMOs and CDOs should use this behavioral data to refine offer structures, identify high-value customer segments, improve campaign targeting, and measure the incremental revenue impact of loyalty investments over time. The goal is not simply program participation; it is continuous optimization of customer lifetime value and retention economics.



What to measure

- Incremental revenue compared with a control group
- Repeat purchase frequency and redemption behavior
- Customer retention and lifetime value

Potential challenges and strategies to address them

Rewiring a merchant's retail DNA with a payment-layer CX integration may come with pushback from CFOs, CEOs, operations leaders, and IT stakeholders.

Consider these common executive concerns and suggested constructive responses to help strengthen your case.

CHALLENGE

“Our terminal estate is too large and diverse to modernize.”

STRATEGY

Position payment-layer CX integration as an incremental modernization strategy rather than a full hardware replacement initiative. Many retailers operate mixed terminal environments across regions, banners, or franchise networks, making large-scale rip-and-replace projects operationally unrealistic.

Modern Android-based payment platforms and open application ecosystems like Verifone’s Victa devices allow loyalty and engagement programs to be deployed selectively across compatible devices while maintaining continuity. Address fleet management concerns directly, including certification, deployment flexibility, and the ability to scale gradually over time.

CHALLENGE

“We already have a loyalty platform. We don’t want to rip and replace.”

STRATEGY

Payment-layer CX integration complements existing loyalty infrastructure rather than replacing it. The terminal becomes the real-time enrollment, recognition, and engagement layer, while the existing loyalty platform continues managing rewards logic, offers, customer profiles, and campaign workflows.

This is critical for CMOs and CDOs defending technology investments. The business value of integration comes from increasing customer participation, improving identity resolution, and reducing enrollment friction — not replacing systems that already exist.

CHALLENGE

“Our customers won’t want their payment data used for loyalty without explicit consent.”

STRATEGY

Payment-layer customer recognition is tokenized, consent-based, and opt-in by design. Tokenization replaces sensitive payment credentials with encrypted identifiers that allow customer recognition without exposing underlying payment data. Customer participation occurs through explicit enrollment at the terminal experience itself.

With tokenization enabled, retailers can improve customer recognition without expanding compliance exposure or compromising trust.

CHALLENGE

“We’ve tried loyalty integrations before. Adoption was low.”

STRATEGY

Low adoption is often a result of friction in the enrollment path, not a sign that people aren’t interested in loyalty programs at all. If customers are asked to download an app, provide a phone number, or open an email to enroll, engagement is likely to be low. The solution isn’t to give up on loyalty programs altogether, but to remove obstacles to sign up.

One-click enrollment at the terminal — triggered by the payment credential — removes the biggest barriers to adoption: no app, no form, no phone number. The fewer steps required between payment and participation, the higher the likelihood of repeat engagement and measurable behavioral change.

CHALLENGE

“What’s the ROI — and how quickly will we see it?”

STRATEGY

CMOs and CDOs proposing payment-layer CX initiatives need to present a business case that resonates with finance and executive leadership.

Emphasize that integration is designed to deliver three core, measurable outcomes:

- Increased loyalty participation through reduced enrollment friction
- Higher customer retention and repeat purchase frequency driven by improved recognition
- Better campaign efficiency through transaction-level behavioral data and closed-loop attribution

Stress that payment-layer integration also improves the performance of existing loyalty and marketing investments rather than creating an entirely new budget category. According to data from Verifone and Payment Loyalty, merchants using minimum-spend strategies have seen average transaction values increase by 12% to 18%. Early value can also be measured through metrics such as participation lift, enrollment conversion, redemption behavior, and incremental transaction frequency before broader CX transformation goals are realized.

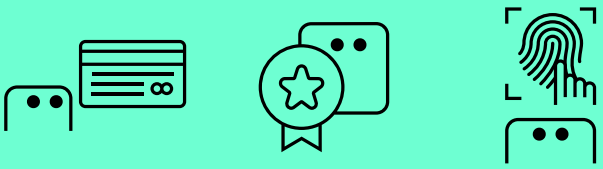
The retail DNA upgrade: What changes when payment, loyalty, and identity are one

Upgrading your retail DNA at the payment layer is not just a cosmetic fix or a bandage; it changes the organization at every level. Connecting loyalty, identity, and payment at the terminal rewires how a retailer recognizes, rewards, and retains customers — across every channel, at every visit.

As a result, retailers who treat the payment terminal as a strategic CX asset — not just a transaction endpoint — will have a structural advantage over those still trying to solve a payment-layer problem with marketing-layer tools.

If you're ready to unlock this advantage for your business, explore Verifone's next-generation payment solutions for retailers.

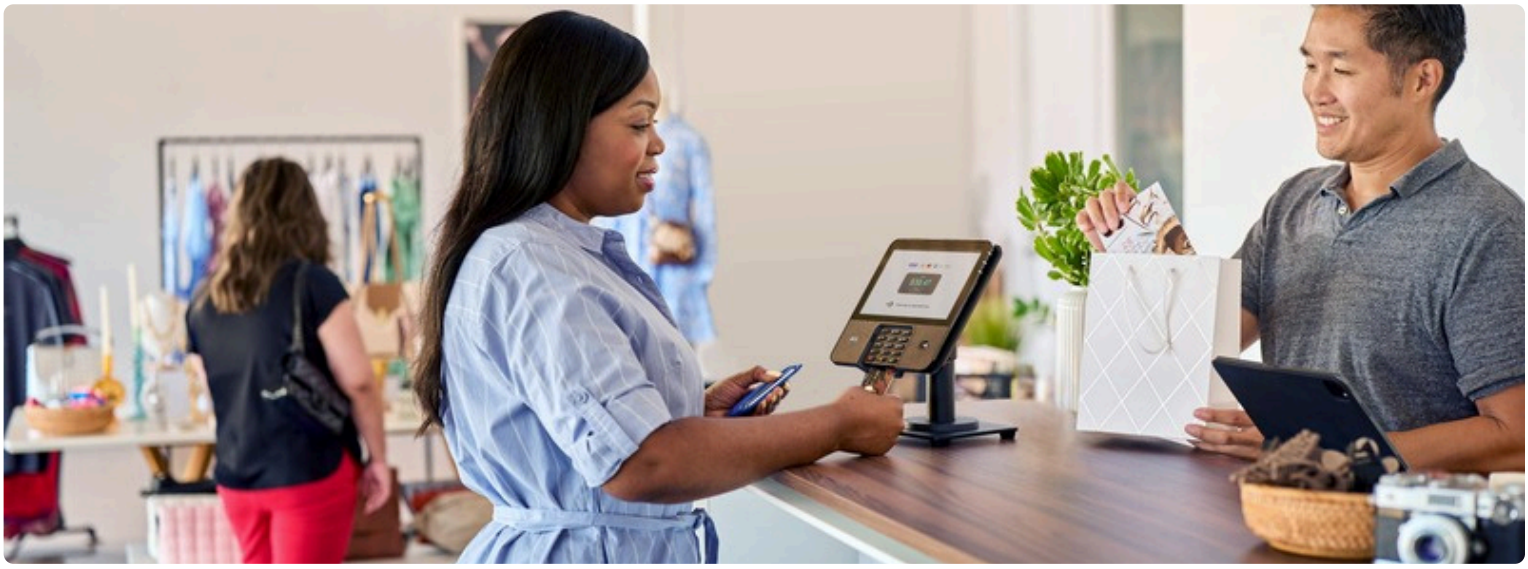
Retail DNA components



Payment Loyalty Identity



FAQs



What is the difference between omnichannel payments and omnichannel CX — and why does it matter for retail transformation leaders?

Omnichannel payments involve accepting and processing transactions across online and offline channels. Omnichannel customer experience involves creating a consistent, connected, and frictionless customer journey across channels. This includes meeting customers with personalized services, data-backed recommendations, and real-time loyalty program offers. Retailers must prioritize omnichannel CX, including omnichannel payments, to remain competitive and increase customer satisfaction and revenue.

Can payment-embedded loyalty integrate with an existing loyalty platform, or does it require replacing the current program?

Payment-embedded loyalty can integrate with an existing loyalty program instead of replacing it. Work with your payment technology provider to connect payment terminals with your existing loyalty platform. This will allow you to accept payments, personalize experiences for loyal customers, and gather new loyalty program sign-ups from the same touchpoint.

How does tokenization enable cross-channel customer recognition without creating a privacy or compliance risk?

Tokenization allows a single encrypted payment credential to recognize a customer across in-store, online, and mobile channels without storing sensitive payment data. That means retailers can securely track customer buying habits and recognize loyal customers without expanding compliance exposure or compromising trust.

What should a chief digital officer look for when evaluating a payment terminal for loyalty and CX integration capabilities?

A chief digital officer should look for a payment terminal that can integrate loyalty programs at checkout, support secure omnichannel identification via tokenization, and generate real-time behavioral data from customer experiences without rebuilding your entire infrastructure from scratch.

Get started today

The world's leading brands trust Verifone for global payments. We power the boundless payments grid — enabling distinctive commerce experiences for merchants, fintech companies, and financial institutions wherever commerce happens.

By combining a flexible payments platform comprising devices, applications, services, acquiring and more, an open ecosystem of 2,500+ integrations, and four decades of payments expertise, Verifone eliminates complexity and expands what's possible across every payment channel. Each year, Verifone processes $8 trillion in transaction value across 165+ countries around the world, helping businesses of all sizes to grow without limits.

Learn more at verifone.com

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