End of cash?

COVID has had a dramatic impact on consumer payment behaviours. What impact will this have on events and festivals? Cashless experts chat

Contactless payments now account for 27 per cent of all payments and 83 per cent of people (regardless of age) now use contactless payment methods to pay for goods. These figures indicate a notable change in how people pay for items and services and highlight the growing impact that COVID-19 and the pandemic has had on payment behaviours. The figures, released by UK Finance, detail the rise of contactless payments (27 per cent compared to seven per cent in 2017) and a reduction in cash usage. In fact, 2020 saw the number of cash payments made in the UK fall by 35 per cent; however, cash remains the second most frequently used payment method behind debit cards.

CONSIDERATIONS

This season, several organisers have opted to change payment methods on their event and festival sites. Victorious Festival is trialling “card only” payments within a new area of the festival site, Splendour is working with traders to make card payments easier, increasing the number of PDQ machines on site and tweaking connectivity, and Boomtown is going fully cashless. But what’s the difference between contactless and cashless?

They are terms that are used interchangeably but they are not the same thing. A contactless payment uses RFID technology or near-field communication (NFC). For example, RFID tech can be found in a wristband, and if you use Apple Pay that is also an example of a contactless payment. Essentially, you tap and go.

Cashless payments are a little different but basically, they mean any kind of payment made without using cash. For instance, a bank transfer or a payment using a digital wallet.

According to Tappit, which has produced a cashless payments guide, there are important considerations that organisers need to mull over. For example, contactless payments are technically cashless payments, but not all cashless payments are contactless. Does this matter?
TOTAL CONTROL
It is important to remember that contactless payments are processed through an open loop system because they are typically processed by a bank, a third party. Cashless payments differ; they are referred to as a “closed loop system”. Closed loop payments allow festivalgoers to pre-load funds into an account that is then linked to a payment device such as an RFID wristband or card. But what’s more, if you chose to go down the contactless route, it is the banks and credit card companies that will receive all the valuable data. By going cashless, your cashless provider will be able to provide you with spending analysis, including spending habits, preferences, and patterns, says Tappit. That’s because a closed loop system enables an organiser to have total control of their payment system.

DIGITAL EXPERIENCE
Weezevent, the online ticketing, registration, and cashless payment provider, operates a closed loop system. It is working with Boomtown, Standon Calling, and Snowbombing this year, but argues that a cashless payment system is nothing more than another “digital experience” to be experienced by festivalgoers.

“During COVID, we observed the dramatic rise of digital experiences,” says Grégor Einis, head of sales at Weezevent. “People used click and collect services a lot more and learned to schedule meetings with an app. Our cashless system is nothing more than a digital experience and that makes the festival experience better.”

For instance, going cashless can physically reduce the size of a bar. Einis explains: “Having to queue at a bar is inconvenient, but cashless can get rid of queues. By going cashless you can physically reduce the size of a bar and the number of staff you employ, or you can keep it the same size and increase turnover.

“For example, we were working on a festival in Paris, and we monitored spend. On the Saturday, 12,000 people attended the event and spent on average 12 euro per head. On the Sunday, 6,000 people attended the same event and spent 24 euro per head. The impact is not small.”

Einis argues that PDQs can kill an event. For example, if you run a two-day show and the PDQ machines you have hired go down for half a day – because connectivity is lost - then you have effectively shut “your shop window for a quarter of the year”. PDQs must also be powered and connected, and lack of Wi-Fi can “kill your event”.

“A cashless system is speedier than a contactless system,” Einis continues. “A transaction is 30 per cent quicker when you don’t use your PIN and you can save up to 20 seconds on each transaction.”

CONFIDENCE
Organisers should roughly calculate the time that could be saved if a cashless system were to be deployed and then calculate the extra revenues that could be achieved at bars/concessions.

Olly Goddard, UK country manager at Weezevent, says: “We have been working with Bear Grylls’ Gone Wild Festival in Devon. As a result of the data that we have compiled, the organiser has now completely changed their trader policies because they can see what’s going on on-site and where.”

According to Weezevent, 50 per cent of festivalgoers download a festival app so that they can access cashless top up services. But if you are unsure of how to encourage your attendees or communicate with them on the benefits of cashless systems and how to use them, there are several things you can do. Weezevent outlines the benefits on its website, which contains a large collection of useful blogs that help you with communication strategies to encourage festivalgoers to use the cashless payment system, and not fear it.

Goddard adds: “When people need to top up their wristband at a festival, 90 per cent of festivalgoers top up through the festival website, so there’s no need to go to a top up bank. Festivalgoers have more trust in the system and are now more confident to put larger sums of money on to their wristband, rather than £20 at a time. Secure networks enable people to top up with confidence and QR codes allow people to top up in one click. This reduces the infrastructure needed on site.

He concludes: “I love being able to make a change, solving an organiser’s problems and being clever in a practical way.”