

# How digital wallets help retailers reduce friction, increase loyalty

Article

“For consumers, convenience is the [most important] factor for both in-store and online shopping,” our analyst Sky Canaves said during a recent [“Behind the Numbers: Reimagining Retail”](#) podcast episode.

Retailers looking to increase convenience along the shopping journey may find the answer lies in digital wallet integration.

**Best of both worlds:** In-store, digital wallets speed up the checkout process by reducing the need to enter pins or sign a receipt. It also gives consumers one less thing to worry about carrying or losing.

Online, digital wallets cut down on the time consumers have to enter their payment information, which can help reduce cart abandonment rates and inspire impulse purchases, especially if that consumer is on a mobile device.

**Keep 'em coming back:** Digital wallets can also help retailers drive loyalty, especially among high-volume or repeat purchasers.

“Quick-service restaurant players have a bit of a leg up here, because it’s something people will purchase two, three, four times a week,” said our analyst Jaime Toplin.

Starbucks has taken advantage of its high number of repeat purchasers and integrated payment solutions into its loyalty program, creating one of the most widely regarded loyalty programs in the US.

But even retailers that don’t see that kind of purchase frequency can still use their digital wallet integrations to target their most loyal customers and use personalized rewards to further engage them.

“While all major mobile wallets support loyalty cards, there’s still a lot of [opportunity] there for personalized marketing offers,” said Toplin. “We’re starting to see some of that happen, especially with Google [Wallet], but there’s tons of room [for growth].”

**Take it into consideration:** “On [the] one hand, [digital] wallets are great for retailers,” said Toplin. “They help drive loyalty and engagement and keep customers coming back. On the other hand, they can also be a point of friction because no one is going to have an individual app for every single store they shop at.”

Instead, retailers may want to partner with existing digital wallets, which can provide customers with the same functionalities but in a more organic, seamless way.

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