

SumUp takes on PayPal and Square with Fivestars acquisition

Article

The news: UK-based point-of-sale (POS) tech provider **SumUp** acquired **Fivestars**, a customer loyalty platform based in the US, for **\$317 million**, per a press release. Fivestars offers POS loyalty, marketing, and payments solutions to **12,000 small merchants**, and its offerings have been used by **70 million consumers**. SumUp has **about 3 million merchant partners in 34 markets**.

What it means: SumUp's Fivestars acquisition gives it a stronger foothold in the US, where its main competitors—including **PayPal's Zettle** and **Square**—do a lot of business.

Just like these players, SumUp offers card readers, payment processing, invoicing, and other solutions—but it mostly serves the European market and some Latin American countries. But that market may be getting more competitive as Square and PayPal increasingly look overseas:

- Just last month, Square began testing the waters in Spain after moving into Ireland and France.
- And PayPal recently brought its in-store QR code payment offering to Germany, with plans to enter other markets, through a tie-up with **Euronet**.

These expansion efforts may have influenced SumUp's decision to foray into the US.

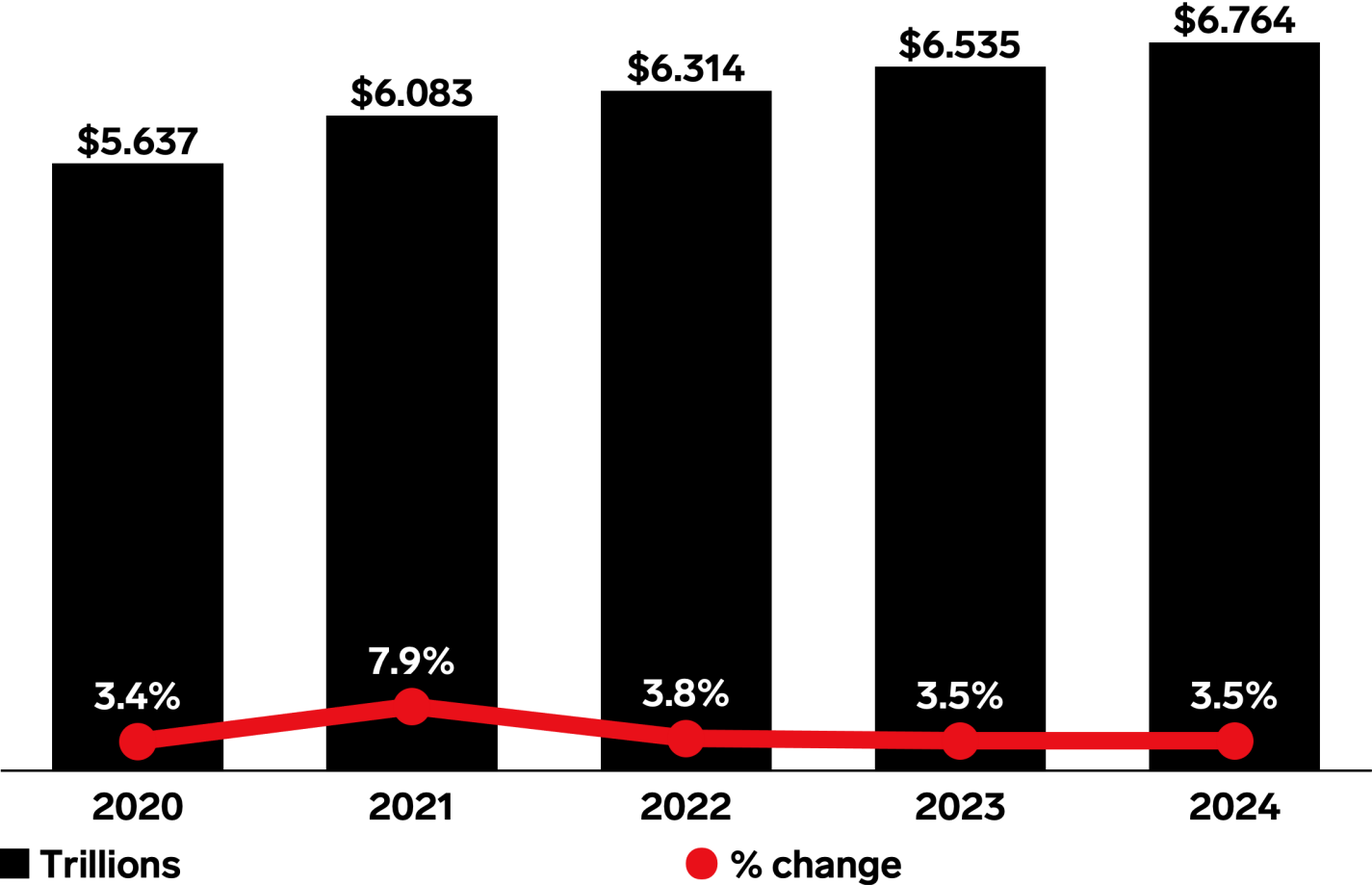
The opportunity: SumUp can use Fivestars to broaden its POS solutions and attract more merchant business.

- Fivestars' customer loyalty solutions can benefit SumUp, which doesn't offer these types of small-business services, especially as many US merchants work to rebuild their in-store customer bases post-COVID-19 lockdowns.
- This makes SumUp more of a one-stop shop for businesses, which can help SumUp become a more attractive partner for US merchants—working with various providers can be more costly.
- Beyond courting new merchants, SumUp can take advantage of retail sales in the US to increase its own revenues. US retail sales are expected to increase 7.9% year over year (YoY)—faster than the UK, for instance, which will see **4.4% YoY growth**, per eMarketer forecasts from Insider Intelligence.
- SumUp can also use Fivestars' POS technology to enhance its own suite of POS hardware and potentially give merchants a broader array of payment tools to choose from for in-person transactions. This should also position SumUp to benefit from in-store payments volume in the US, which is set to hit **\$5.621 trillion** by the end of this year, according to our forecasts.

Related content: Check out our "[Small Business Point-Of-Sale Battle](#)" report to learn about what providers like PayPal, Square, and Toast have done to support small merchants and tactics they've employed to expand their reach.

Retail Sales

US, 2020–2024



Note: Excludes travel and event tickets, payments (such as bill pay, taxes, or money transfers), food services and drinking place sales, gambling, and other vice good sales. eMarketer benchmarks its US total retail sales figures against the US Department of Commerce (DoC), for which the last full year measured was 2020.

Source: eMarketer, May 2021

Methodology: Estimates are based on the analysis of data from benchmark source US Department of Commerce, estimates from other research firms, historical trends, consumer buying trends, and macro-level economic conditions.