

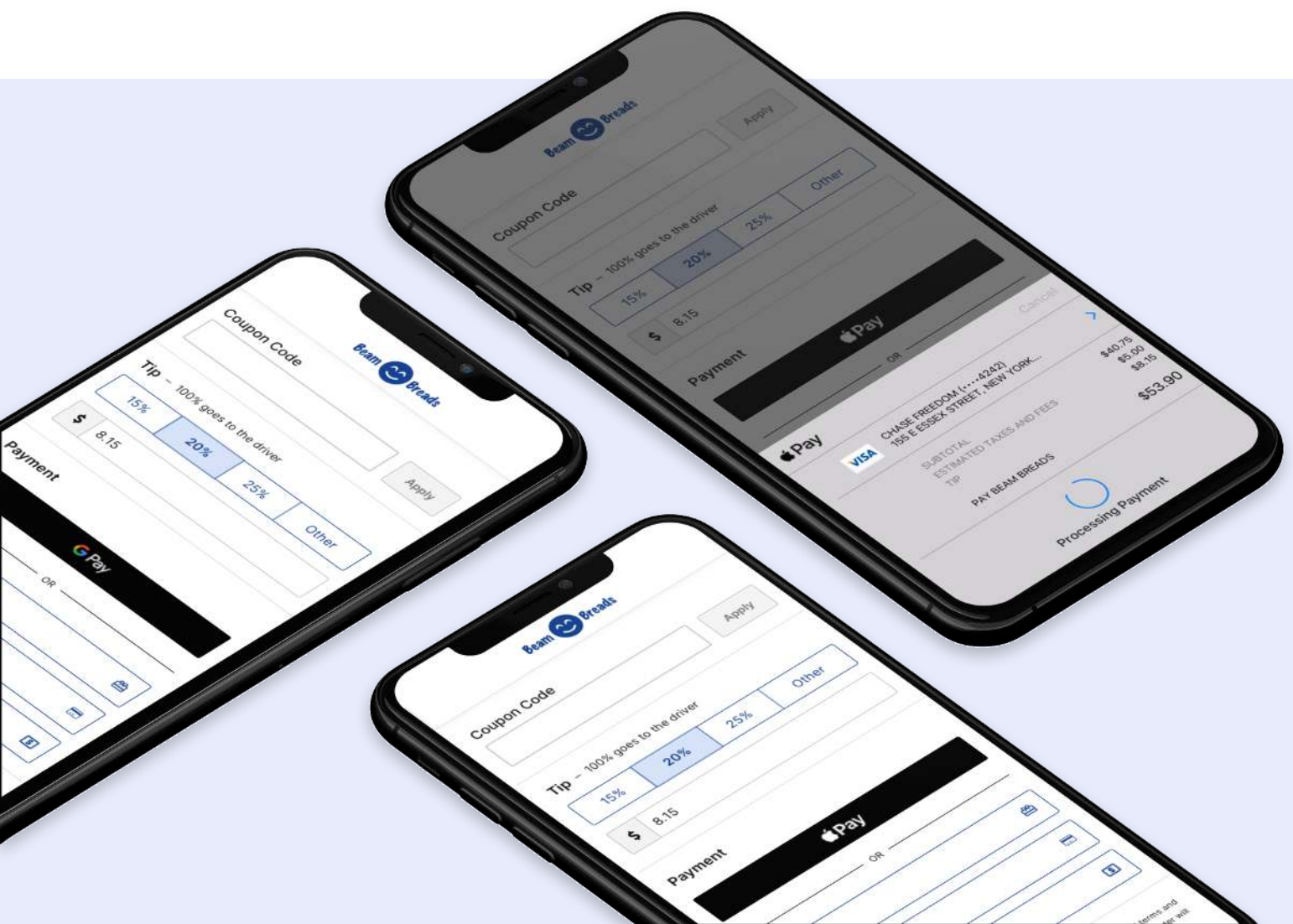


Payments Playbook

Make payments your business advantage

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Why Payment Stacks Matter

For restaurant brands that have long lamented legacy payment systems for their excessive fees, security issues, and lack of tech integration, payment processing can be a sore subject. And yet, a modern payment platform can make a world of difference—from unlocking actionable guest data to growing direct sales and fighting fraud.

To create a seamless guest experience and manage the influx of online orders, brands have to be diligent when selecting a payment stack. The right platform will have a restaurant-first approach that aligns with your goals to grow and protect your business, as well as offer transparent pricing.

In this playbook, we will discuss the importance of acting on guest data, the benefits of offering a frictionless checkout experience, what you really pay to get paid, and how to reduce fraud in an increasingly digital-first industry. Let's dive in.

Tor Opedal

Vice President & General Manager,
Payments at Olo

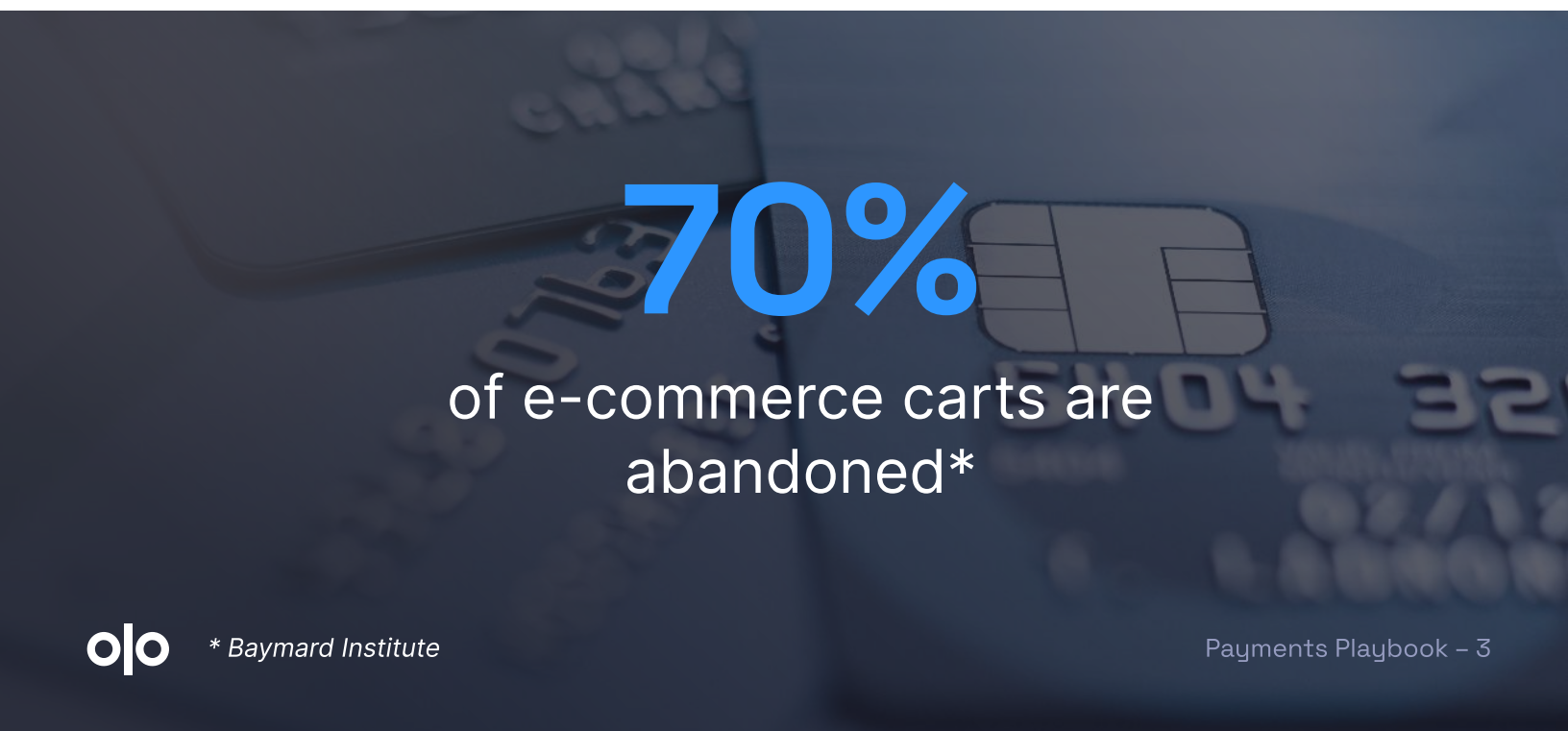
Driving Digital Growth

Frictionless Checkout

A modern payment stack will not only protect your business but also help it grow—and accelerated checkout is key to strengthening a direct digital program.

One of the best ways to drive direct sales and repeat visits is by offering multiple payment options to guests, including mobile wallet support (Apple Pay and Google Pay), the ability to save a card-on-file, and passwordless login. Faster, easier checkout will better position your brand to compete with marketplaces and reduce the likelihood of cart abandonment (less manual entry, password management issues, etc.).

It's equally important that guests feel confident that your payment process is secure, and that they know exactly how their data is stored, with clear opt-in and opt-out capabilities. Brands have the added bonus of being able to personalize the ordering experience and market to guests that have opted in across their portfolio.



70%
of e-commerce carts are
abandoned*

Authorization Checkup

Though often overlooked as a backend improvement, authorization rates can have a big impact on a restaurant brand's bottom line. For one, higher authorization rates lead to higher cart conversion rates. The reason is quite simple: if a transaction is not authorized, it cannot be converted.

Think of it this way: if your authorization rate is hovering around 94%, and 1,000 orders come through at \$25, you can expect 940 orders or \$23,500 to be authorized. In the same scenario, with a lower rate of 80%, you can expect 800 orders or \$20,000 to be authorized.

That's a significant difference and one that shouldn't be taken lightly. The best way to ensure that your brand is on the winning side of the equation is to choose a payment platform that prioritizes high authorization rates.



A Treasure Trove of Guest Data

To enhance the guest experience and maximize revenue, you need a restaurant tech stack built with systems that talk to each other and give you full ownership of your data. That way, you can collect, analyze, and act on unified data from across the entire guest journey.

Restaurant brands that use legacy payment providers face a mix of challenges when it comes to unlocking the massive amount of guest data associated with processing payments. Lack of access due to archaic systems or vendor limitations and little to no integration between systems are just a few examples.

Unified data is key to being able to treat every guest like a regular, whether they order in-restaurant or off-premise, and keeping them engaged with your brand via 1:1 marketing long after they check out. A fully integrated restaurant payment stack will enable you to build a first-class ordering platform that drives recency, frequency, and spend and stay connected with guests in order to maximize their lifetime value.





Protecting Your Business

The Battle Against Chargebacks

Fraudsters are attracted to growing businesses. As the restaurant industry continues to evolve and digital sales soar—in January 2022 overall sales were up [36.7%](#) from 2021 and 16.6% from 2019—brands need to be on high alert.

The chance of fraud increases with online orders and chargebacks occur more often in card-not-present transactions. While we can't avoid chargebacks entirely, brands can limit fraud with smart payment technology that uses machine learning to accept legitimate transactions and outsmart bad actors.

A comprehensive payment platform will include this type of advanced fraud protection within its offerings and the upfront cost, so you don't have to outsource security to another vendor.



The Cost of Acceptance

What You Pay to Get Paid

When evaluating payment stacks, brands often look for the cheapest rate. Once locked in, they tend to stick to the provider—regardless of any issues that arise—due to the hassle of switching. Onboarding a new payment processor alone can take weeks, but most often takes months.

And yet, inaction can come with a high price tag.

Payment Processing Fees

Payment processing fees may look simple on paper but the devil is in the details. For example, a provider might offer a rate of 2.9% + \$0.35 per transaction. It seems straightforward, but the cost of accepting payments goes beyond the processing fee and often includes charges not shown in the rate. We've heard from numerous brands about payment providers hiding fees, overcharging for services, and even charging for unnecessary items without their consent.

There are two common rate structures offered by payment providers: blended and Interchange-plus or (IC+). With a blended pricing structure, you pay a percentage of the transaction total plus a flat fee. For IC+, you pay the Interchange fee specific for each



transaction type, plus a pre-negotiated margin for the processor.

Processing fees differ based on if the card is physically present during the transaction or not. Card-not-present is a higher-risk transaction with increased processing fees.

Additional Fees

The processing fee is only one of the ways brands pay to get paid. You can also expect to see the following fees, often charged separately:

PCI Compliance: The Payment Card Industry Data Security Standard (PCI DSS) is designed to ensure that all companies that accept, process, store, or transmit credit card information maintain a secure environment. PCI DSS compliance can cost around \$300 annually for small businesses and upwards of \$70,000 for enterprise-size businesses.

Authorization Fees: An authorization fee is charged every time a credit card is swiped or manually keyed in by a business for goods or services. In addition to being a per-transaction fee, it can show up as a monthly fee.

Tokenization Fees: Tokenization is the process of replacing sensitive data with unique identification symbols that retain all of the essential information about the data without compromising its security. Tokenization can enable brands to retarget guests based on their purchase history.

Chargeback Fees/Fraud Prevention: A chargeback is a charge that is returned to a payment card after a guest successfully disputes an item on their account statement or transactions report. A chargeback may occur on debit cards (and the underlying bank account) or credit cards. It can be granted to a cardholder for a variety of reasons. Often called “friendly fraud,” chargebacks account for the majority of fraudulent transactions and can be intentional or not.

Hidden Fees

Hidden fees may also show up on a transaction basis or monthly. Often considered markup costs, these fees may include, but are not limited to, discount percentage, per transaction, per authorization, monthly, PCI, PCI nonregulatory, software monthly, gateway, CPU, AVS, equipment, etc. All of these fees are negotiable and should be reviewed before any engagement with a provider.

When evaluating payment platforms, be on the lookout for providers with transparent fee structures, so you get the best bang for your buck—without the surprises.

Other Rates & Fees				
Batch/ACH Fee (per occurrence)		Retrieval Fee (per occurrence)		Fast Access™ Funding (per occurrence) ³
Voice Authorization Fee (per occurrence)		Minimum Monthly Discount		Next Day Funding (per month) ⁴
Voice AVS Fee (per occurrence)		Application Fee		Monthly Statement Fee
Dial Back-Up Fee (per item)		Account Updater Setup Fee (per MID) ¹		Non-Sufficient Funds (per occurrence)
Account Maintenance Fee (per month)		Account Updater Monthly Fee ¹		Monthly Signature Merchant Location Fee
Tokenization Monthly Fee (per MID) ¹		Account Updater Charge (per valid update) ¹		TriPOS Setup Fee
Payment Account Identifier (PAI) Maximum _____		Chargeback Service Fee ²		TriPOS Monthly Fee
Additional Fee per each PAI in excess of PAI Maximum ¹		Optional Service – Check ACH Service (per transaction)		Store and Forward Monthly Fee (per MID) ⁵

¹ See Section A.3 of Addendum A for Additional TransForm Tokenization and Account Update pricing and terms. ² See Section A.4 of Addendum A for Chargeback Service Fee information.
³ See Section A.3 of Addendum A for FastAccess™ Funding terms.. ⁴ Batch must be closed by 7pm ET. ⁵ See Section 6 of Addendum A for Store and Forward information.

EssentialSecure and Risk Fee Schedule		
<input type="checkbox"/> EssentialSecure Required for PCI Level 4 merchants *Includes: PCI Assist, Breach Assist, Point to Point Encryption, and EMV Support services. *Inclusions dependent upon Merchant payment solution Pricing: \$ _____/Month/MID	<input type="checkbox"/> EssentialSecure Pro Required for PCI Level 3 merchants Includes: PCI Assist, Breach Assist Provides access to: eProtect Pricing: As set forth on separate OmniShield Price Quote	<input type="checkbox"/> EssentialSecure Enterprise Available for PCI Level 1 and PCI Level 2 merchants Includes: PCI Assist, Point to Point Encryption, EMV Support Services, eProtect Pricing: As set forth on separate OmniShield Price Quote

PCI Non-Validation Fee/Non-Compliance Fee \$19.95/Month/MID. For OmniShield Security and other security service terms and information, see Section 6.G of the Agreement Terms and Conditions



The Role of Support

Expert Help When You Need It

When selecting a payment provider, brands often underestimate the value of support. The truth is, payment processing isn't for the faint of heart.

Considering how many things can go awry within a single transaction, it's imperative to have a dedicated team of industry-specific payments experts available to help you navigate payment onboarding, chargebacks, and reconciliation. To set your brand up for success, keep support top of mind during the RFP or purchasing process.





A fully-integrated payment platform purpose-built to help restaurants grow and protect their digital business.

Ready to Make the Switch?

Restaurant brands no longer have to settle for legacy payment processors with inaccessible data, exorbitant fees, limited functionality, and security issues. A comprehensive payment stack can improve operations, drive direct sales, prevent fraud, and help you deepen guest relationships in this new digital era of hospitality.

If you're still unsure if it's the right time to swap payment providers, start by examining your current fee structure, authorization rate, chargeback volume, and checkout abandonment rate. Does your brand and your guests deserve better?

Contact Sales to learn more about Olo Pay





About Olo

Olo is a leading open SaaS platform for restaurants that enables hospitality at every guest touchpoint. Millions of orders per day run on Olo's on-demand commerce engine, providing restaurants a single source to understand and serve every guest from every channel, whether direct or third-party. With integrations to over 300 technology partners, Olo customers can build personalized guest experiences in and outside of their four walls, utilizing one of the largest and most flexible restaurant tech ecosystems on the market. Over 600 restaurant brands trust Olo to grow their digital ordering and delivery programs, do more with less, and make every guest feel like a regular. Learn more olo.com.

