



WHY IT'S GOOD FOR BUSINESSES TO TAKE CARDS

WITH RICHARD MILLS & ORIEL HICKS

"We were dead against taking cards initially, but we have to admit it's the best thing we did: life is easier, cash flow is better, customers are happier and they genuinely spend more." Richard Mills, Spero's and The Sailing Centre

For Hotels / B&Bs – Richard Mills

It's impossible not to accept cards in this line, and we found once we started to take cards at the Harbourside, it made bookings quicker and simpler. And we saved time as there was no need to chase up deposits. It also improved our cash flow in the winter months with a steady trickle of deposits coming in. Don't add an extra charge if people opt to pay by card. Expect that they will and absorb the cost into your rates.

Shops and Galleries – Oriël Hicks

We thought long and hard about taking cards at Phoenix Craft Workshops – in the end we realised we didn't have a choice because all our visitors expected it, in particular for items that had to be posted home. We have one card machine that all six artists share in the workshop to keep costs down. We simply note down takings per artist and, at the end of each month, split the standing charges evenly and work out the card's commission per sale. It takes a bit of time, but sharing the cost of the card machine works well for us. And the upside of accepting cards was instant. Our takings went up by 60% as soon as we got a card machine. People come into the workshop and ask almost straight away "do we take cards". When we say "yes", you can sense their delight (or relief?) and they start spending! It's also handy out of season – we often receive telephone orders of items that visitors remembered whilst on holiday in the summer – it's easy for us to take payment by cards and post the items to them – for Christmas, Valentine's Day etc. We're not too fussed about the different charges incurred for credit or debit cards. You take the rough with the smooth – and overall, we're doing much better for taking cards.

Restaurants / Cafes – Richard Mills

Again, in the F&B business, it's impossible not to take cards. People expect it and are shocked that you don't. Very few visitors carry (even possess) cheque books these days. If you only take cash and advertise that, people will come in with a set amount they will spend and will be aware what they are ordering to that value. They may not decide to have a dessert or coffee or even an extra bottle of wine

if they're enjoying themselves. The vast, vast majority of visitors are more likely to order something extra or spoil themselves as "they are on holiday"... only accepting cash is reminding them what they are spending not encouraging them to spend more.

Taking cards also makes a massive difference to cash flow. When we are flat out during peak season, we were guilty of doing the banking when we could fit it in, consequently it was once a week or every 10 days. This then means a lot of banking and more time hassle. Card payments are banked direct, with a lag of just a few days, so we enjoyed a constant positive cash flow in the summer. Revenues also increased substantially as people opted to spend more, unlimited by what's in their pocket.

The Sailing Centre – Richard Mills

Our St. Mary's base opens from around April to the end of September but realistically our trade is all May – September. Tresco is almost purely early July to the end of August.

I tried my best to avoid cards for years, the main reason being that we did not want to have the running costs of a machine for the 9 months that we don't really have any trade. However, some of our week hires and customers' weekly bills can be over £300 so we were finding it more and more difficult to get people to pay with the demise of the cheque book. As soon as we started to take cards, life got a lot easier: no issues with people paying at the time and having to come back or chase. People do actually spend more on cards and our cash flow was massively improved as we take payment for activities upfront at time of booking on the phone. This also avoids issues with no shows - something that we had in the past when they had forgotten their booking or decided to do something else!

THE COST OF TAKING CARDS

At the sailing schools, Richard pays £16.68 a month for the unit and in the winter when not in use this is all he pays, so it works out at approximately £200 a year – less than £4 per week. Spero's is a little more, as they have a wireless unit that they can take to tables etc.

Richard's current rates per transaction with Barclays are as below:

Personal Debit card	15p
Personal credit cards	1.25%
Business cards	1.775%
Authorisation fee	3p

At Phoenix, the cost of the card machine hire is £165.60 regardless of usage. Additionally, they pay a £6.50 monthly fee for associated business account (which businesses may already be paying)

Then current rates per transaction:

Personal debit cards	18p
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Credit cards From 1.25 to 1.775%

There is a further cost of approximately £30 annually for Payment Card Industry data security compliance cover – designed to protect businesses and their customers against payment card theft and fraud. To do this you have to fill in an online questionnaire to confirm that all merchant receipt slips are kept in a secure location as they have a copy of client bank details and also confirm that you make no electronic record of these data, just the slips themselves.

WHO TO USE & TOP TIPS

Richard shares this advice:

“We have used several different companies over the years. Cheap rates are normally middleman companies, such as Seymour Direct and Card Save, who will have hidden costs or minimum spend fees per month which can be problematic in the winter. Also if you have problems, they may blame the machine supplier or the bank handling and you get nowhere. Their customer service is not as good and machines can take a long time to come.

“In our experience, Barclays has been brilliant, and we don’t even bank with them. The machines came within two weeks of agreeing our contract. Any faults you speak to them direct and they sort them out asap. They also pay in to your account quicker than other suppliers we have used. So typically funds clear within 2-5 days depending on weekends etc. They also pay in the amount as calculated each day across all cards as a total, so it’s easy for you to keep check on your banking. Other companies would clear funds from each card i.e. Visa's taken, MasterCard's taken etc making it a nightmare to be sure all funds had cleared.”

FINAL TIP...

Try to avoid accepting American Express cards if possible: the charges are massive but also they take up to 10 days to clear.

TAKING THE PLUNGE...

If you’d like more information about taking cards, the Islands’ Partnership has been in touch with Barclaycard who are happy to assist any Scilly business with setting up. If you mention that you are based here on the islands, you are likely to be able to negotiate good terms. Already Barclaycard offers excellent terms to accommodation providers signed up to VisitEngland’s QiT scheme.

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