

# To Square or Not To Square?

By Bob Friedman, Marketing Director,  
ASF Lightware Solutions

We needed a solution to take credit cards at a show using a smartphone and/or tablet. We have a merchant account for card-not-present sales when we take orders from shops over the phone, but our terminal wouldn't be a good solution to go on the road. Retail stores might have a similar need for mobile credit card processing when selling at a local event or consumer show away from their shop.

We had signed up to exhibit at The National NeedleArts Association's (TNNA) Summer Show in Columbus. This is a show for stores selling knitting, crochet, needlepoint, and cross stitch supplies – similar to Quilt Market for quilt shops.

Swiping credit cards quickly was especially important for the 90 minute SampleIt! event the evening before the exhibits open. At SampleIt!, stores can buy one sample product from exhibiting vendors and the faster we could take credit cards, the more samples we would sell. Our product is the Beam N Read Hands Free Lights which consistently gets reviewed as the best portable light for needlework. This would be a great opportunity to get our lights into the hands of store buyers to try out while at the show.

Research fairly quickly narrowed the field down to four vendors as we wanted a "pay-as-you-go" solution which didn't lock us into monthly fees since we would only be doing a limited number of trade shows a year. For consumer shows, we look to support local shops to sell our lights.

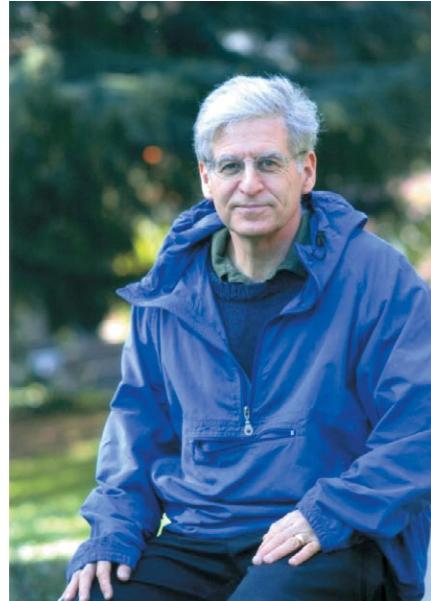
The four were Square, Intuit Go Payment, PayPay Here, and Phone Swipe. Some of the key differences to consider are charges for swiped and card-not-present (non-swiped) transactions, how they pay, and support. Everyone gives one card reader free but ad-

ditional card readers may cost extra. Here's what our research found and then our experience with 2 of the vendors.

Square is the leader in mobile phone swiping, has a fixed price (2.75% fee) for swipes and no other charges. No extra fee for American Express. Easy, simple, and no commitment. However, they have no phone support, and there are lots of complaints about support. Some users have extra card readers as the readers don't always work with all cards and changing the reader can help. Ratings in iPhone app store are mostly 5's (great) and 1's (bad) so people love it or hate it. Lots of 1's. Manually entered cards are charged 3.5% + 15 cents per transaction. There is also a monthly rate for swiping but read the fine print if this might be good for you. There are some limitations. The biggest complaint seems to be from businesses that do a significant dollar volume of manually entered transactions. Funds are paid quickly for swiped transactions but if you exceed certain limits on manually entered, they may hold the manually entered amounts for a lengthy time.

Paypal Here requires a Paypal account to which they deposit the funds. Swipes and PayPal transactions are fixed at 2.7%. Manually entered are 3.5% plus 15 cents. We didn't want to have to go through a PayPal account to access our funds so our research stopped there. If you sell on eBay or use PayPal for payments, you might want to investigate them further. They also have other pricing plans and options.

Intuit's GoPayment flips the pluses and minus of Square and has phone support. They have the 4 charge rates for swipes (qualified,



mid-qualified, non-qualified, and American Express) but while they have a nice qualified rate, the reality is most swipe cards will probably be the non-qualified (3.75% + \$0.15) and thus more expensive than Square. The Intuit rep said we could get 3 card readers at no charge. GoPayment's rating in the iPhone app store is higher than Square but lots of complaints too.

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Phone Swipe has fixed rates like Square and PayPal Here but offers an alternate plan with monthly fee and mixed rates like Intuit. Their pricing is a touch below Square (2.69% for swipes). Most comments seem to be positive and the reviews on iPhone app store are mostly positive. Like Intuit, they can support multiple devices, users' accounts, and have phone support. The first card reader is free and after that it's \$20 for each additional card reader. Phone Swipe is part of North American Bancard.

If there's no phone signal, Phone Swipe and Intuit's GoPayment appear to be able to store the swiped charge and send it later. Square requires having a connection for swiped transactions, and you would have to do a manual transaction if you have no phone or WiFi signal.

I read several suggestions to have multiple accounts (ex. like Square and GoPayment) so if one isn't working they have the other as a back-up. This is a good idea and we chose to sign up with two vendors.

We chose Square for its simplicity. Since we didn't want to work with PayPal that left Intuit GoPayment or Phone Swipe as the alternative. We preferred the simplicity of one low rate for swiped transactions,

especially since that would cost less than the non-qualified rates that most cards would be if we went with GoPayment so we went with Phone Swipe.

Installation and set-up of Square was easy. We could set up for multiple staff to swipe cards and each was supplied with a free card reader. We setup inventory through their web application from our PC. It was easy to access our product line from an iPhone. Emails to support were answered in a reasonable time, although not immediately. The card reader could be used even with our Otter Box protective case on our iPhone.

We signed up for Phone Swipe through Moblized.com instead of North American Bancard with expectations of getting better support. Moblized had developed Phone Swipe and sold it to the bigger company. When the computers listed the wrong town (same zip, different town), the Bancard folks wanted utility bills and more to fix a trivial error on their part. I called Ashley at Moblized and she fixed the problem, but it made me nervous about what would happen with a real problem. Inventory had to be entered through the smartphone app instead of through my PC. This was a real pain as I'm not a texter. The arrangement of inventory made it appear to not be as easy as Square to access items during a sale. To use the Phone Swipe card reader required removing my Otter Box protective case.

Just before the show, Phone Swipe upgraded to version 2.0. It wasn't fully ready for release as immediately I could not enter the app once the upgrade was done. Turns out they changed the password criteria but failed to communicate this and I had to spend 20 minutes with tech support to straighten out what should have been documented on the opening screen of the upgrade. Tech support was nice and helpful but their time and my time was taken up unnecessarily. For version 2.0 they added the ability to have multiple staff having access. We tried to set this up with one staff member but ran into problems.

It's nice to have phone support, but better to not have to need it.

Test transactions for \$1 with both Square and Phone Swipe were easy to do and went smoothly.

In the end, we only used Square at the show. It was easy to use and worked. I didn't have to take the protective case off my phone and inventory was easy to access. Sometimes I needed to swipe the card a few times to be read but never needed to change my card reader. Payments appeared in our account within a business day or two. Square enables receipts to be emailed. In many cases, the email address automatically was entered. I'm not sure if this is on the credit card or came from Square's servers but it was helpful. Otherwise you had to enter the address by hand like you would text a message. Buyers signed with their finger. At SampleIt! night we had two smartphones taking cards and sold more Beam N Read Lights than expected because we were able to process credit card orders quickly.

A few stores near my house use Square with tablets and when I asked how they liked it, I received very positive reports. Several shops at the TNNA show commented on Square and everyone was positive.

Square has become the leader probably because they have made themselves so easy to work with if you're doing swiped transactions. Keep in mind, all vendors will keep improving their software so any limitations of today may be different tomorrow. The above is not a complete analysis but hopefully provides a starting point for your own research.

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