



APPLAUSE®
WINNING APPS GET IT

FORRESTER®

I Just Want to Check Out!

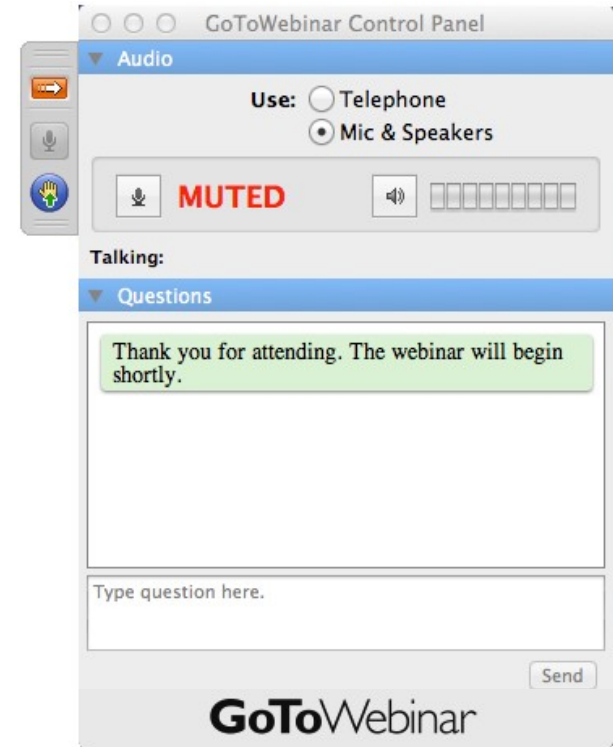
Mobile Payments That Work

Thomas Husson | VP, Principal Analyst | Forrester Research

Ken Paetzold | Digital Experience Evangelist | Applause

Webinar Logistics

- Today's webinar will be recorded. You will be emailed a link.
- We welcome your feedback.
- Please enter your questions in the Questions box. We will answer as many as possible at the end.
- If you're having technical difficulties, try logging in with a different browser.



Today's Presenters



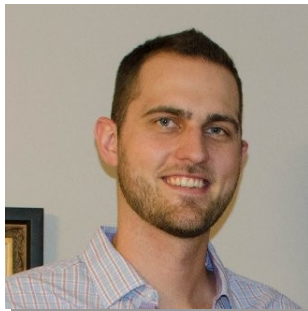
Thomas Husson

VP, Principal Analyst

Forrester Research

thusson@forrester.com

@Thomas_Husson



Ken Paetzold

Digital Experience Evangelist

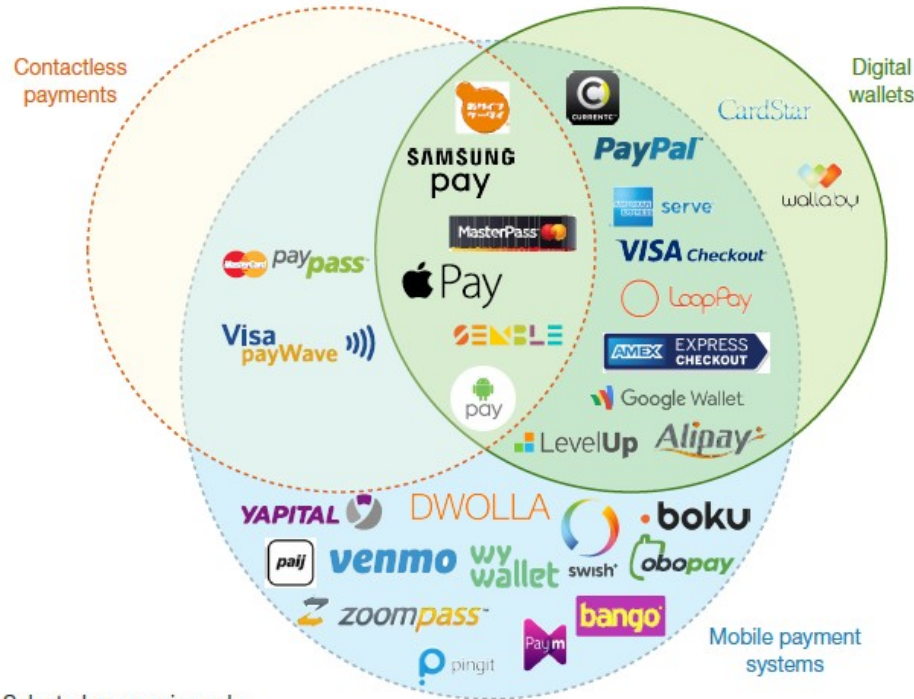
Applause

kpaetzold@applause.com

Agenda

- › What is the reality of mobile payments today: from in-app payments to emerging mobile wallet solutions?
- › What are the key trends shaping the future of mobile payments in the next couple of years?
- › How should business leaders embrace these trends to make the most of mobile payments?

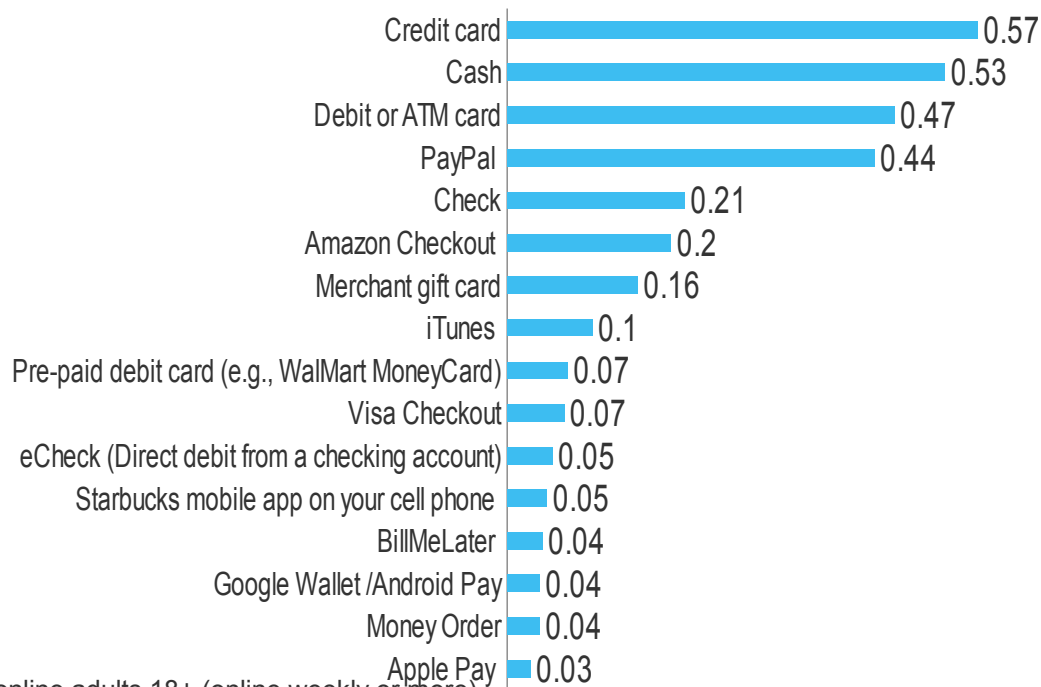
The payment vendor landscape is evolving quickly...



Note: Selected companies only

...but US consumer payment habits are relatively slow to evolve

Which of the following payment methods have you used in the PAST THREE MONTHS to pay for any products or services you purchased (either online or offline)?



Base: 32,055 US online adults 18+ (online weekly or more)

Some stats to put online and mobile payment innovation in perspective

- › Chinese payment providers lead the pack
 - WePay: over 250M WePay users
 - Alipay: over 400M registered users and more than 50% on mobile
- › PayPal: 179M active users in 2015 and 28% of the 4.9 billion global payments processed via mobile; PayPal's transaction volumes over \$80bn in Q4 2015.
- › Adyen: processed over \$50bn in 2015; revenue doubled to \$350M
- › Starbucks: 21% of all US transactions were made using mobile app during Q4 2015

What to learn from Apple Wallet launches?

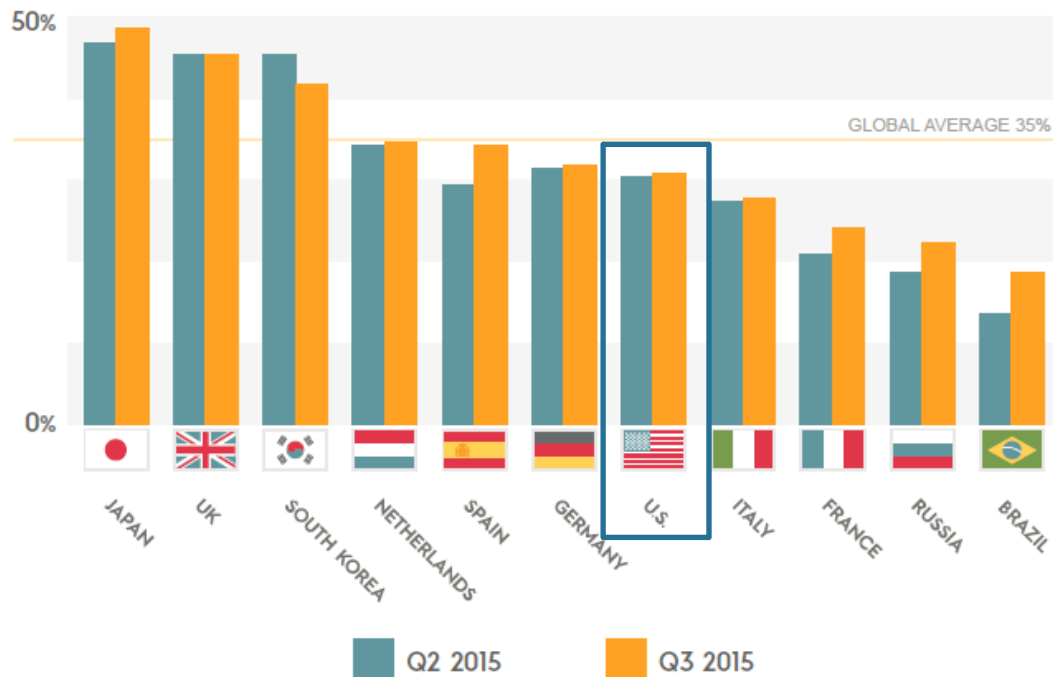
- Collaborate with the ecosystem...but don't be greedy
- Align for instant scale at launch
- Build on capabilities merchants have
- Leverage partners for marketing
- Solve the right problems: C/X, security
- Time it right

 Pay



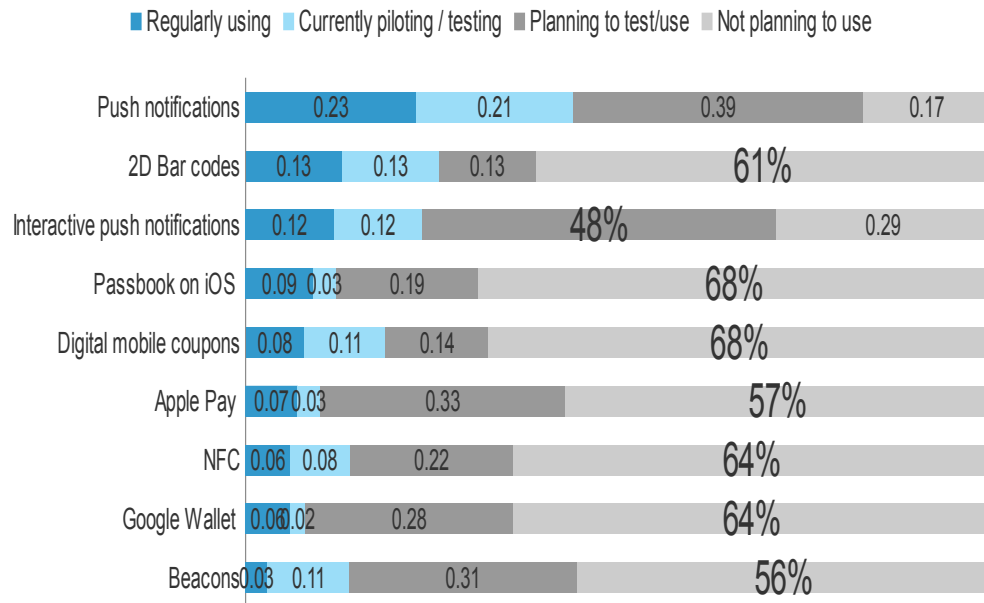
Mobile commerce is growing fast

Mobile Share of Retail eCommerce Transactions



Brands are slow to embrace mobile wallet tactics

“Which of the following mobile app/mobile web technologies and tactics does your company use or plan to use on mobile phones in 2015?” (Top 16 answers shown)



Base: 114 executives who either own or have extensive knowledge of their mobile strategy and services

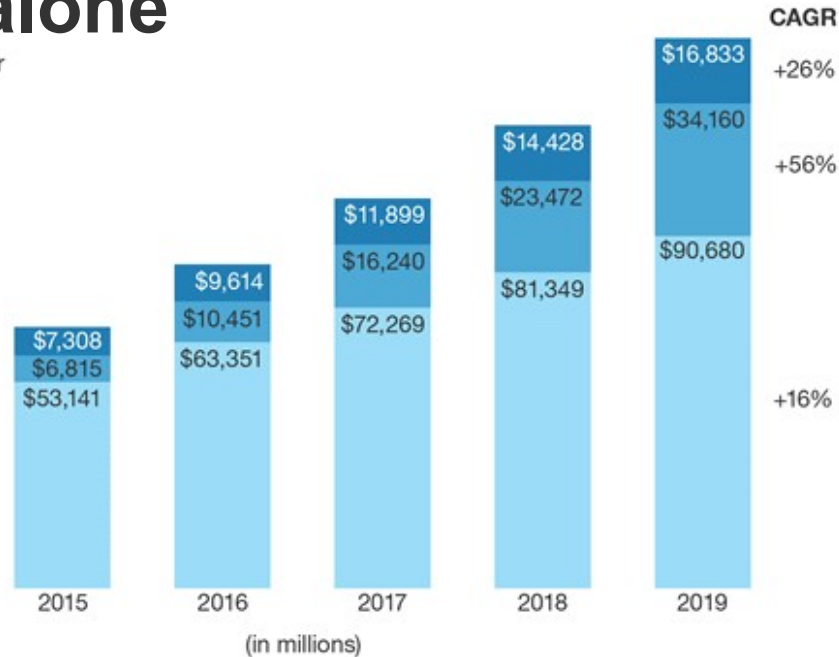
Source: Q3 2015 Global Mobile Maturity Executive Survey

Agenda

- › What is the reality of mobile payments today: from in-app payments to emerging mobile wallet solutions?
- › What are the key trends shaping the future of mobile payments in the next couple of years?
- › How should business leaders embrace these trends to make the most of mobile payments?

Mobile payments will grow up to \$142 billion by 2019 in the US alone

- Peer-to-peer transfer
- In-person payment
- Remote payment



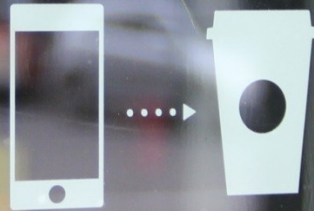
Note: Forecast does not include purchases made on a tablet or card payments made at mobile point of sale (mPOS) or with a mobile card reader.

Source: Forrester Research Mobile Payments Forecast 2014 to 2019 (US)

However, payments will disappear...
behind a mobile engagement platform

ORDER AHEAD

- with -



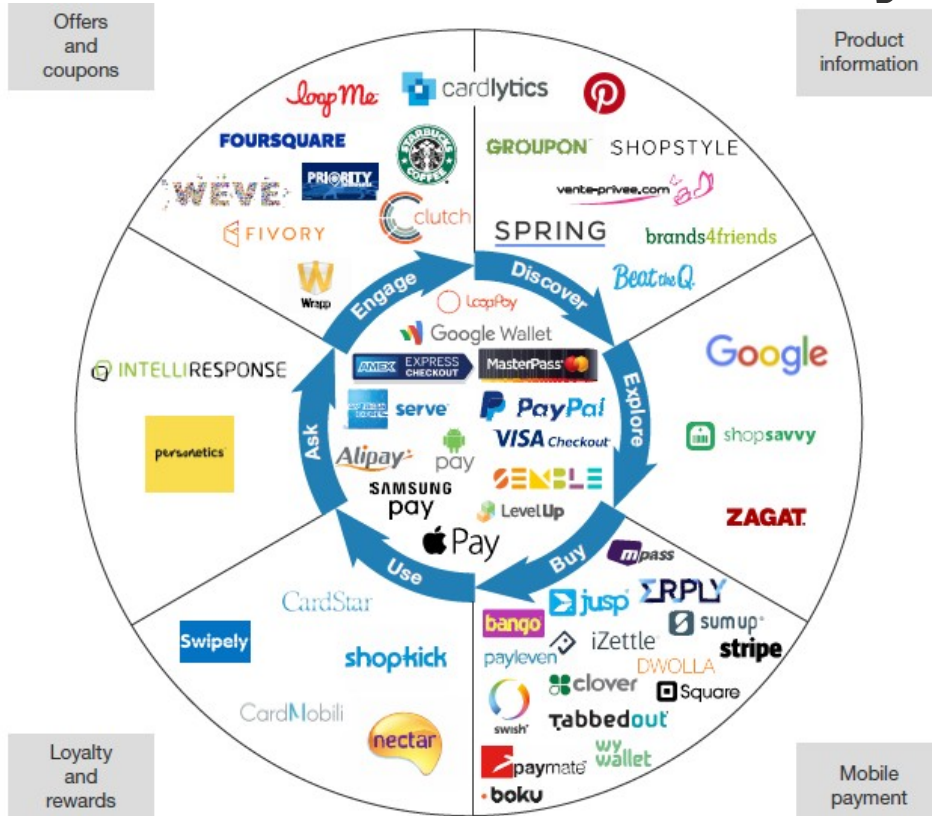
Mobile Order & Pay

- NEW -

On the Starbucks® app for iPhone®

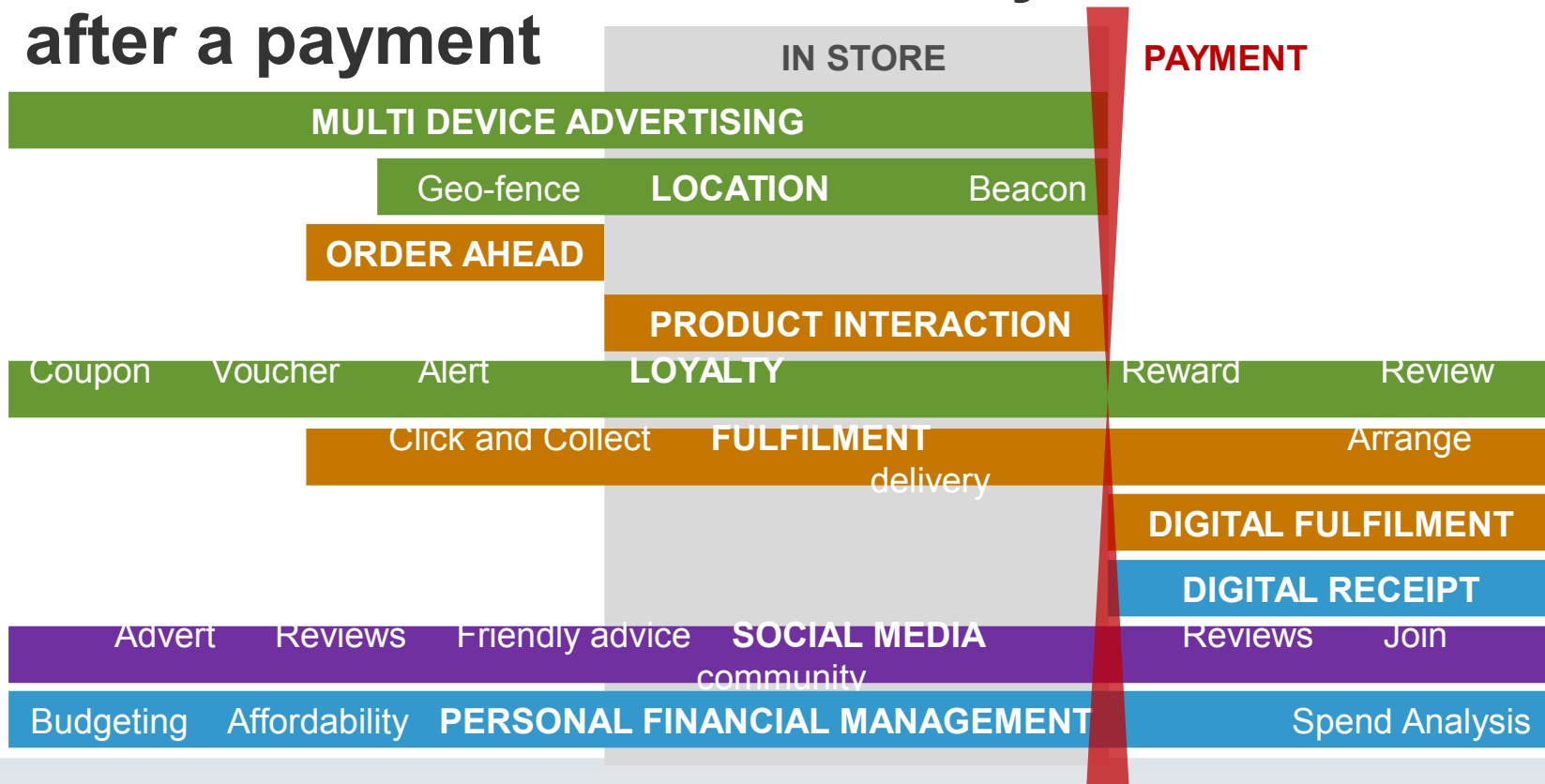
© 2014 Starbucks Coffee Company. All rights reserved. NSP0421453-0008

The future of mobile wallets lies beyond payments



Note: Selected companies only

Wallets to extend services way before and long after a payment



Mobile wallets will become the hub of a connected lifestyle, offering services in context



Three big hurdles down the road

1. Create a better alternative

- Simplicity
- Speed
- Security
- Control
- Cost
- Reliability



2. Drive adoption

- Spark take up
- Change habits
- Trigger network effects



3. Become viable

- Achieve scale
- Develop a business model that works for all parties
- Generate profit



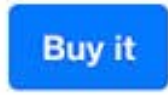
Mobile wallets will enable brands to reach out to all customers beyond apps

- › Expect fragmentation then consolidation
- › To succeed, wallets will have to complement not replace merchants' own integrated apps
- › Open APIs integration and mobile advertising solutions to be embedded in mobile wallet campaign platforms
- › It will take at least 3 years for wallets to reach critical mass (e.g 15 to 20% adoption)

Agenda

- › What is the reality of mobile payments today: from in-app payments to emerging mobile wallet solutions?
- › What are the key trends shaping the future of mobile payments in the next couple of years?
- › How should business leaders embrace these trends to make the most of mobile payments?

Forget about technology, focus on the 5C



Convenience

Confidence

Control

Contextual relevance

Compelling experience

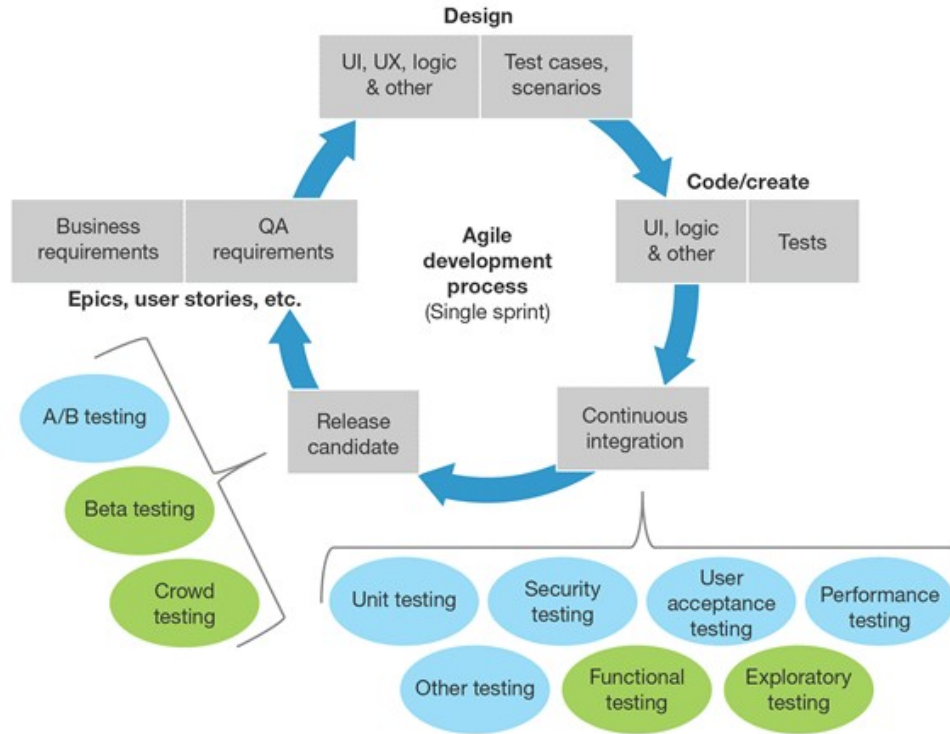
Make the most of mobile innovation and competition among payment vendors

- Integration and cross-platform capabilities
- Offers and loyalty points beyond payments
- Data requirements
- Proof points of benefits (incremental sales, conversion rates, higher spending)
- Marketing tools to get traffic to your app

Design the payment user-experience over and over again

- A fast and simple UX will create trust and improve conversion rates
- Favor speed – apps are all about performing tasks in a few seconds
- Use analytics to constantly iterate the product design and make the screen flow more efficient
- Teach all users: instruct consumers, merchants and support

Do not underestimate the importance of testing



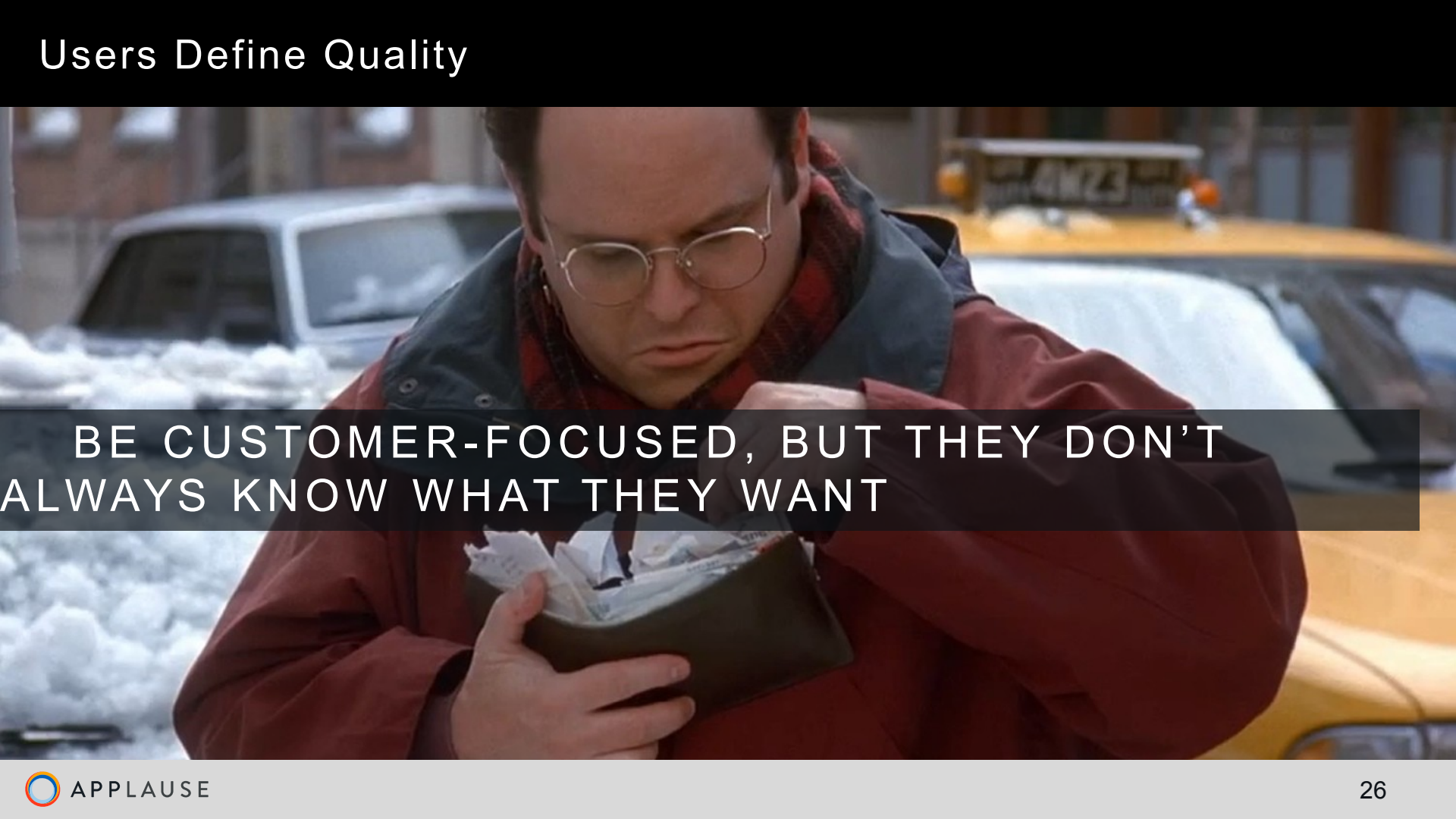
Key takeaways

- Despite strong growth, mobile payments are still in their infancy
- Disruption is looming and payments will disappear behind an engagement platform
- Mobile wallets will offer integrated online and offline experiences
- Designing a contextually relevant and well-designed experience is critical for success

A person is seen from behind, sitting on a couch and watching a television. The TV screen shows a streaming service interface with various movie and TV show thumbnails. The person is holding a remote control in their right hand. The entire image has a light blue overlay.

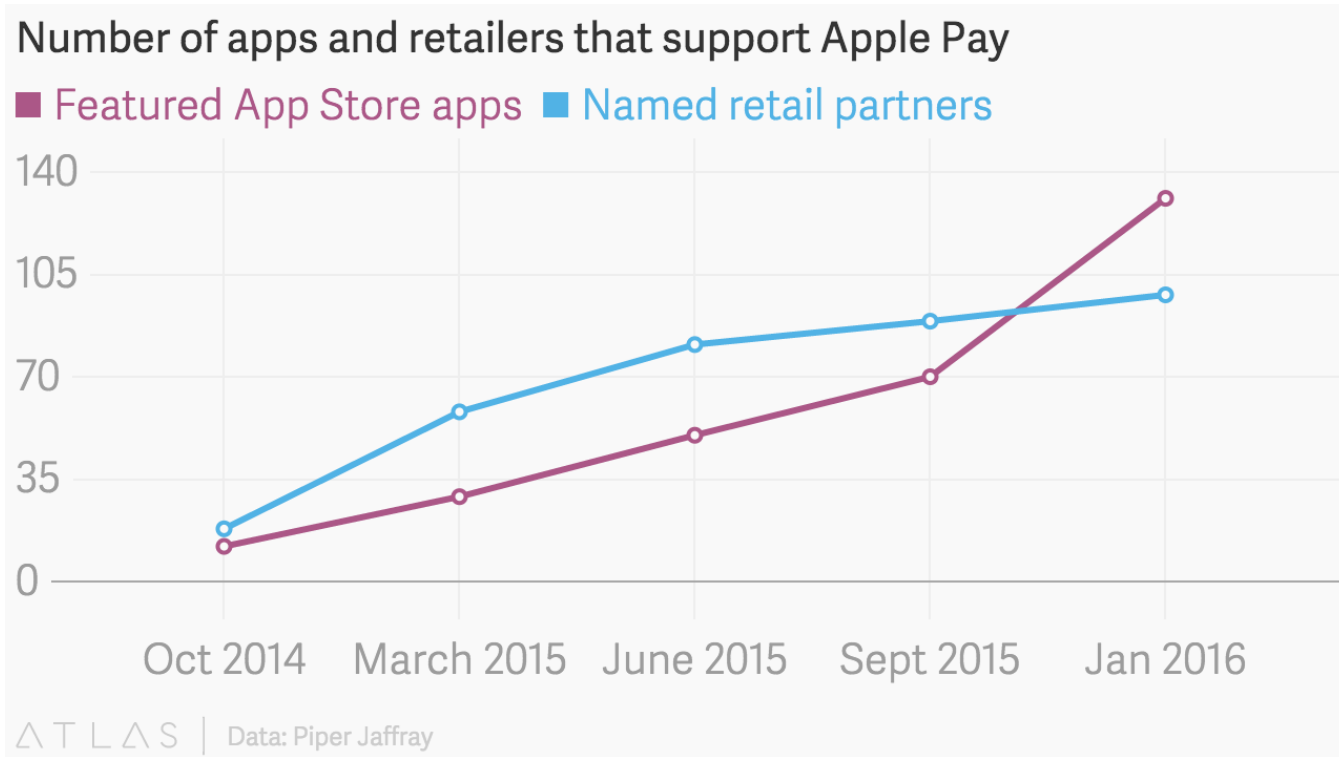
I Just Want To Check
Out...

Users Define Quality

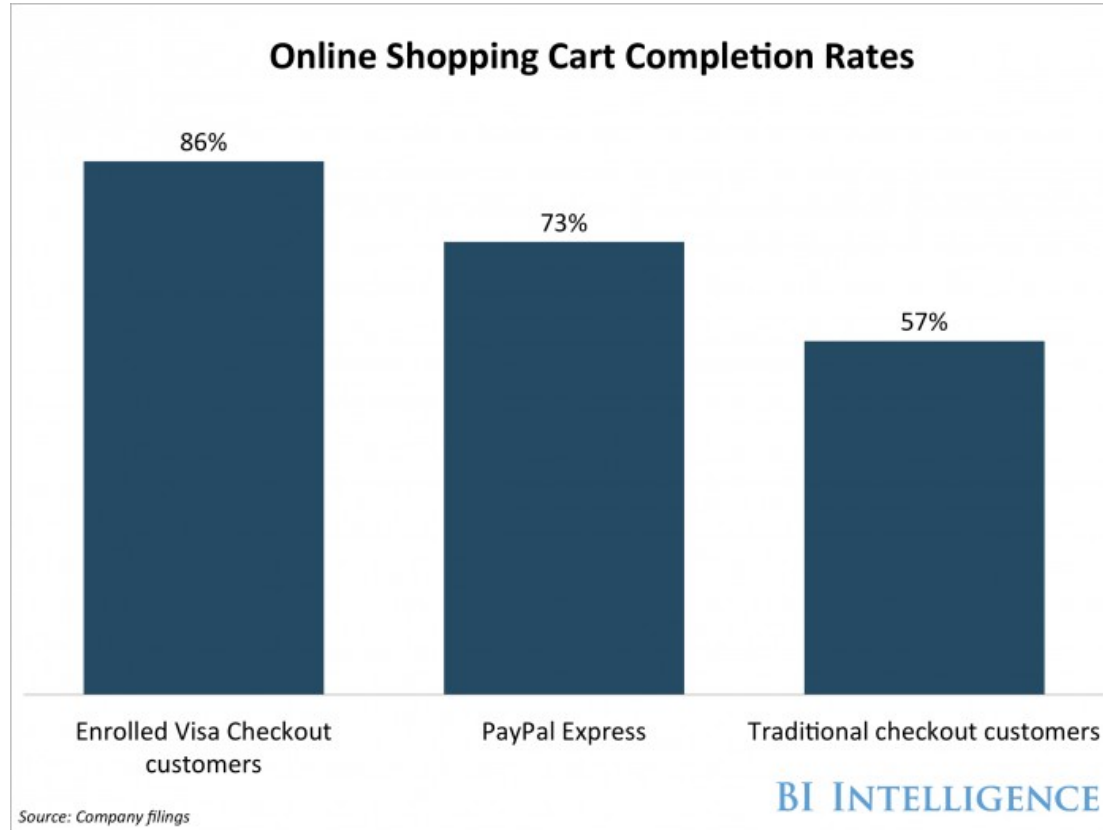
A man with glasses and a red jacket is looking down at a wallet filled with cash. He is standing in a snowy street with a yellow taxi and a white car in the background. The scene is from the movie "The Big Lebowski".

BE CUSTOMER-FOCUSED, BUT THEY DON'T
ALWAYS KNOW WHAT THEY WANT

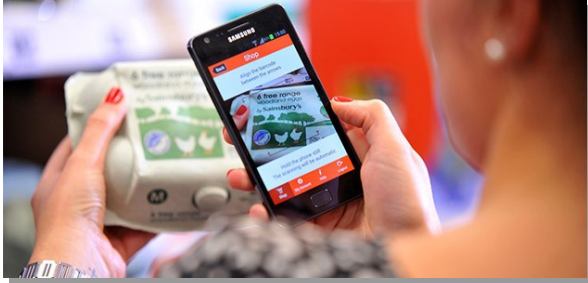
Faster Checkouts, Increased Conversions For Mobile



Digital Wallets Help Web As Well



Anything Can, And Will, Become A Commerce Vehicle

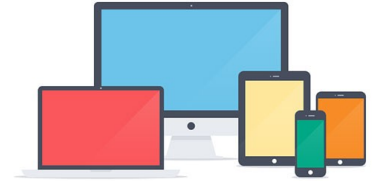


Whatever You Offer, It Has To Work



Variables That Impact Transaction Experience

- Location
- Device/os/browser
- Payment method
- Guest vs. logged in
- Gift cards, loyalty programs, coupons
- Taxes
- 3rd party integrations
- Back-end and fulfillment
- POS systems
- And more...



Testing The Payment / Transaction

- Does it work for the consumer – are they able to complete the transaction?
- Is the payment experience the same regardless of which merchant the consumer uses it at?
- Is the consumer being charged (and are you collecting) the correct amount every time?
- What payment methods should be supported in each region?
- Additional considerations: end-to-end customer journey, security, localization, payment research



Key Takeaways

- Users define quality
- Deliver an experience that solves actual problems
- Understand the different markets where transactions will be made
- Test under real world conditions covering as many variables as possible



QUESTIONS?



APPLAUSE
WINNING APPS GET IT

Thank You!

Get Started With Applause Today

- www.applause.com
- <http://www.applause.com/contact-us>
- Speak with an app quality advisor @ 844.300.2777

Thomas Husson

VP, Principal Analyst

Forrester Research

thusson@forrester.com

@Thomas_Husson

Ken Paetzold

Digital Experience Evangelist

Applause

kpaetzold@applause.com