

Mobile Payment

Will it revolutionize retailing?

By Marshall Marcovitz



Prediction is very difficult, especially when it's about the future.

— Niels Bohr, physicist

The idea of consumers paying for goods with the wave of a smartphone has been floating around for years, but it hasn't caught on with America's shoppers — yet. One of the major reasons has been the seven-year-long economic slump that coincided with the rise of smartphones. Now shoppers are finally opening their wallets again. But what about their buying habits? Have they changed? From my informal surveying of shoppers, the answer is “big time!” I got answers like “I try not to buy anything I don't need” and “I think twice before I make any purchase over \$100.”

There is a cautious tone to what shoppers are saying, a sense of hesitation, as they remember the past several years. The pervasive mood is “I'm a smarter shopper now. I do my research.” Shoppers may be opening their wallets, but it's backed up by the knowledge that they can now do their research on a product before buying it. And they can then buy online or in a bricks-and-mortar retail store. Another revealing comment was “I used to see a product, and I had to have it. Price was no object. Now I look for sales. It has to be a product that will last.”

Considering the state of mind of American shoppers and the lure of convenient, speedy, efficient mobile payments, I think this new technology has a very good chance of success.

I started thinking about the value to the merchant and the customer. Why should merchants push mobile payments in their stores? The value was never clear to me in the past because of the limited number of credit card companies making this service available. But the convenience factor never left my mind. I kept thinking about pairing special offers, discounts or loyalty coupons with the convenience of simply waving the smartphone to pay for a purchase. Then I started seeing full-page ads for MasterCard and Apple Pay: “Soon you will be able to add your MasterCard on your iPhone 6 with Apple Pay. It will be a revolutionary way to pay. Use your MasterCard and you might get

#Priceless Surprises — big and small — from music downloads to once-in-a-lifetime experiences.”

Apple's new digital wallet technology could be the beginning of virtual purchasing power for consumers. Think about the value of easily accumulating loyalty points and receiving discounts on your smartphone. Here's a listing of Apple Mobile Pay's attributes:

- **Credit card companies:** MasterCard, Visa, and American Express are teaming with Apple Pay.
- **Retailers:** Whole Foods Market, Macy's, Target, Walgreens, McDonald's, and thousands of other retailers in the USA will accept Apple Pay.
- **Speed:** Shoppers just want to get through the checkout line quickly and easily. Mobile Pay does it.
- **Privacy:** Apple Pay doesn't collect your purchase history.
- **Security:** New Touch ID sensor technology.

The groundwork for mobile payments has been laid: Merchants are taking part, credit card companies are taking part, and shoppers are finally willing to take part.

It's up to you retailers to drive mobile payment adoption. Imagine a shopper wants to buy a 4.5-quart saucepan. She has a mobile payment-enabled smartphone and loyalty points she's earned from shopping at your store — or any other form of purchasing power that you accept. She waves her phone at the cash register, and the saucepan is hers. That's one of the things the current generation of digital wallets already promises; the only obstacle is adoption by retailers. Are you interested?

The Gourmet Retailer Web Extra: Marshall Marcovitz's list of holiday promotion ideas are on GourmetRetailer.com under Expert Columns: Holiday Promotion Ideas. **TGR**



Marshall Marcovitz is the founder and former CEO of the Chef's Catalog, a leading Internet shopping site. Currently, he is a lecturer, university professor and marketing consultant. In each issue of *The Gourmet Retailer*, Marcovitz offers opinions and lessons in all things Web-related, from social networking to marketing.