

MOBILE

What to expect in mobile payments in 2016

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Will Apple Pay still be the clear winner in 2016?

By [Alex Samuely](#)

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The proliferation of digital payment options has prompted countless merchants to deploy contactless terminals for in-store shoppers this year, suggesting that 2016 will see brands focus on leveraging mobile wallets to better cater to customers in real-time.

With Apple Pay taking over many consumers' small screens this year and Android Pay hitting the ground running several months ago, retailers have been forced to hustle up their mobile payments adoption to benefit the new, digitally-savvy shopper. Next year is likely to bring additional retail-branded mobile wallets to the fray, as well as an increased focus on using digital platforms to send targeted, real-time deals to consumers in the vicinity.

"Consumers can expect to see more movement toward taking the focus off the actual payments process including payment types, payment technology and POS confusion and more focus on providing value added services like real-time offers, the ability to order ahead and skip the line and/or loyalty programs that have meaning to the mobile customer," said Jon Squire, CEO and founder of [CardFree](#), San Francisco.

"Merchants can expect more and more attention (and confusion) from the ...Pays' as it's now clearly a full-on battle for who owns the digital bug on your wallet. The edict seems to be holding true that the default payment vehicle that a consumer chooses ends up being retained over 90 percent of the time and all the payment players know that merchants hold the keys to this initial experience."

In-wallet offers

2015 served mostly as a pilot year for many mobile payment platforms, particularly those geared toward Android devices. Now that consumer adoption has gone up and most national retailers are comfortable making transactions via smartphones, shoppers can expect to see more discounts and promotions sent to them through these digital wallets.

If beacon technology continues its rollout among department stores and bricks-and-mortar shops, brands will be able to send targeted deals to passersby, which may be stored within mobile wallets for safekeeping. Offers that are valid for an extended period of time may see a surge in redemption rates, as customers will not have to worry about losing or misplacing print coupons.

One surefire bet is that payment platforms will battle it out to retain and gain the most amount of new users, which could lead to enticing welcome deals or cross-partnerships with other marketers.

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An example of a mobile wallet offer, courtesy of Vibes

For example, online food grocer FreshDirect is teaming up with MasterPass to attract new consumers with a seasonal promotion, giving users a \$25 deduction off their FreshDirect purchase when they use MasterPass for the first time ([see story](#)).

"As consumers grow wary of storing their credit card data in so many places and worry about outdated mag-strip security, the tipping point for mobile wallets seems to be upon us," said Wilson Kerr, vice president of business development and sales at [Unbound Commerce](#), Boston. "While Apple Pay and Android Pay slug it out, Visa, MasterCard and PayPal are all pouring millions into marketing campaigns urging consumers to adopt their wallets and priming the retail pump so there will be a critical mass of merchants who accept these virtual wallets.

"And watch for retailers to get in on the act, with private label mobile wallets," he said. "Wal-Mart and Target have thrown their hats into that ring already and Starbucks was named mobile retailer of the year, largely because of the success of its mobile payment app."

Retail-branded solutions

It is likely that other financial conglomerates or major retailers will attempt to hop on the mobile payments bandwagon with their own platforms.

Walmart, the nation's largest retailer, recently launched the Walmart Pay mobile wallet to meet customers' demands and address the lack of open solutions usable across devices and payment types ([see story](#)).

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Walmart Pay may go head-to-head with its competitors next year

Meanwhile, smaller retailers may encounter challenges in trying to navigate the entire ecosystem. The key piece of advice to keep in mind is to stay active on platforms and solutions on which your customers maintain a strong presence.

"The biggest challenge for retailers will be, as it was in 2015, where to focus their limited bandwidth/efforts in a constantly evolving mobile commerce ecosystem," CardFree's Mr. Squire said. "Do I go it directly like the large brands?

"Do I team up/believe that the ...Pays' will win the day?" he said. "At this point there is no doubt of whether or not a retailer understands the importance of mobile, but it's all about the understanding how its brand can resonate in this channel and prioritizing the right mobile offerings that will add value in its customers' busy days."

Final Take

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