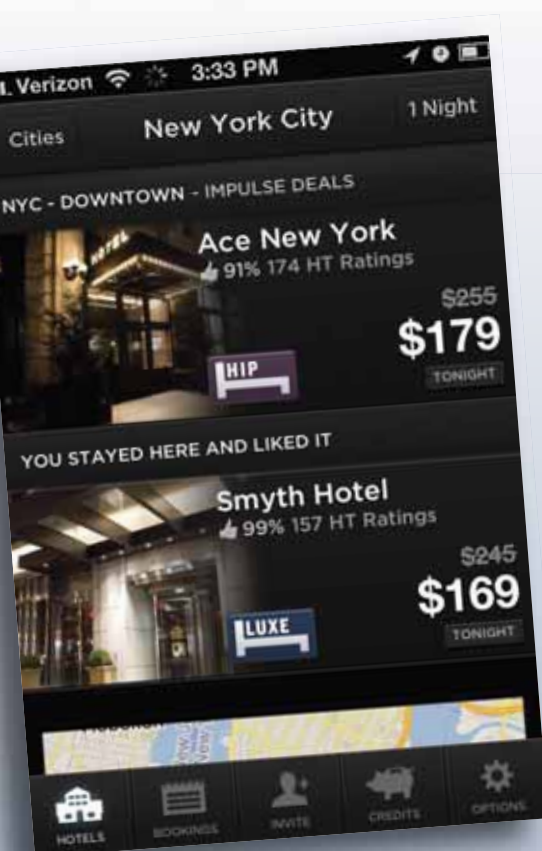MOBILE
by Ritesh Gupta

MAKING PAYMENTS A PART OF MOBILE USAGE

SEAMLESS EXPERIENCE HOLDS THE KEY

The more ways the payments industry, especially mobile app developers, can empower consumers with complete information and real-time tools, the more likely they will be to **build the trust necessary to encourage usage, including completing transactions via mobile devices.** *Transaction World* Magazine's Ritesh Gupta finds out more.

There is little doubt that the mobile commerce experience is increasingly going to be about fulfilling needs on demand, just by virtue of the always-on and always-present nature of mobile devices. However, in order to truly fulfill that potential, it's incumbent on app developers to innovate on ways to create more seamless, effortless, speedy booking experiences.

What consumers demand is a 'clearly seamless' experience – i.e. when mobile commerce is interwoven into what mobile devices are routinely used for and users ends up completing a transaction as a customary task.

For instance, Apple's Passbook is already supported by many travel companies for tickets and passes. With location services enabled, the passes or tickets can appear on the screen exactly where and when you need them. Further information – like flight delays, or loyalty point statements – can be added as additional layers of relevant or timely information. How one is led into a transaction in such environment has to be worked out. Identifying an activity performed via mobile or assessing the situation when users and their mobile are available, and capitalizing on the same, would aptly pave way for winners in this arena.

Real-time functionality

"You can tell how important real-time functionality is for mobile business models by observing some of the brand names used for next generation products. Google Now is a good example, where the immediacy of real-time is embedded in the brand proposition. This suggests real-time equals real-life, and if we use it we'll all experience convenient, practical benefits," says Peter Matthews, director of UK-based Smart Transactions Group. He adds, for instance, by knowing where you are (GPS) and knowing what you want to do when you are there (tap the microphone icon and record a reminder – a list for tomorrow at the office or a shopping list at the supermarket,) Google Now can remind you when you get there. "A small but very useful benefit," adds Matthews.

From a mobile app specialist's perspective, Jared Simon, co-founder and COO of San Francisco, California-based HotelTonight, says, "We're already seeing the effects of mobile's real-time functionality on commerce. Specifically in the travel segment, most of the major OTAs (online travel agencies) and hotel chains are reporting that the majority of

Jared Simon

their mobile bookings are made within 24 hours of check-in, representing a completely different booking window than through legacy channels." Simon's app focuses on mobile booking of same-day unsold hotel inventory.

A couple of aspects of real-time functionality that stand out are:

■ Marketing

Real-time functionality can create new marketing opportunities and/or increase conversion by offering location-based reminders or prompts in appropriate situations. Of course this could be invasive, so the marketer's job is to ensure these interventions are all of benefit to the user. Location-based or contextual push messaging in the form of promos and vouchers will probably be one of the early successes, says Matthews.

■ Convenience

Smartphones with real-time functionality can make life more convenient for users by supplying relevant information at the right time and in the right place. "This is being called contextual marketing and can work well for events, entertainment, advertising and travel. For instance, by creating a ticket or a pass for a destina-

tion or event such as a QR code or a digital ticket, you can then supply detailed information as and when required. Promotions can be weaved into this with discounts or incentives offered depending on time of day or availability and, in time, digital payments will also be made by the phone," says Matthews.

Scope for Improvement

Apps like HotelTonight are definitely a complement to mobile commerce. The app was designed and executed from the ground up for same-day, mobile hotel booking.

"As a result, we've been able to develop the world's most sophisticated platform for hoteliers to reach consumers in real time. Because of their lack of focus, tools from other companies usually aren't optimized for the specific requirements of same-day booking," says Simon.

Features like Passbook can make commerce more seamless for users, but there is quite a bit more potential for device manufacturers to improve the ability for users to engage in real-time commerce, from mobile payment tools to better integration among disparate apps. "We expect to see quite a bit of innovation along these dimensions," says Simon.

Matthews' says his entity's smart ticketing business, ACT, handles over 80m ticketed journeys a month, using contactless smart cards, but as consumers become more comfortable using their smartphones for buying things, the company expects some of this migrating to smartphones – with payments made from a sQuid digital wallet, available on the smartphone.

"Uptake of smartphone payments will depend on consumers' comfort in making NFC payments from their phones and ubiquity will depend on Apple deciding if and when to go NFC. If Apple doesn't go NFC, then

cards will remain the main form of contactless payments," he says. "Certainly combining real-time contextual functionality with payments capability makes a lot of sense, as with a digital wallet like sQuid, loyalty and or rewards become an incentive to use your smartphone to transact seamlessly with one swipe of a finger-friendly device."

Promise

Matthews says the industry has only scratched the surface of real-time functionality and contextual marketing. "We see many opportunities to develop applications that deliver useful, convenient user benefits. Some of these will be little things, not just blockbuster break-throughs. In a 4G and stupidly fast networked-world, the mobile web will also become a big factor and the difference between web and apps will diminish," he says. "Payments is forecast to be one of the 'hot' mobile apps, but Apple, with 50% smartphone market share in the U.S. and UK (and the majority of affluent smartphone users) will be key to this. Will they or won't they back NFC?"

Entities like HotelTonight have started exploiting what kinds of real-time transactions can be accomplished with mobile technology.

With the launch of more purpose-built, focused apps, smartphones will increasingly become remote controls for our lives. We all want what we want when we want it, but as consumers we've never been empowered to realize that fundamental desire. Smartphone and app technology will increasingly change all of that, believes Simon. ▲

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