

For: Marketing
Leadership
Professionals

The Future Of Mobile Wallets Lies Beyond Payments

by Thomas Husson, February 9, 2015

KEY TAKEAWAYS

Mobile Wallets Can Deliver Some Value To Marketers Today

By aggregating offerings, loyalty points, coupons, and product information from multiple brands on top of faster, more-convenient payments, mobile wallets enable marketers to extend the brand promise, improve conversion rates, and drive traffic and sales.

In The Next Five Years, Mobile Wallets Will Become Marketing Platforms

In the next few years, third-party players like Apple or PayPal are best placed to emerge from the mobile wallet wars and morph into rich marketing platforms, offering reach and the opportunity for other brands to borrow mobile moments to better serve their customers.

Marketing Leaders Should Look At Wallets' Potential Beyond Payments And Develop Contextual Offerings

Marketing leaders should test mobile wallet campaigns now. To make the most of mobile wallets' full potential, marketers should plan for contextually relevant real-time offerings, mobilize their loyalty programs, and regularly update the branded content they will use to engage customers in these third-party apps.



The Future Of Mobile Wallets Lies Beyond Payments

Select Your Mobile Wallet Partners To Craft Valuable Mobile Moments

by [Thomas Husson](#)

with [Luca S. Paderni](#), [Benjamin Ensor](#), [Julie A. Ask](#), [Oliwia Berdak](#), [Emily Collins](#), [Sucharita Mulpuru](#), [Vanessa Zeng](#), and [Kasia Madej](#)

WHY READ THIS REPORT

Despite the accelerating rate of disruption and innovation in mobile payments, no one, including Apple, has yet cracked mobile wallets. Forrester believes that several players will emerge as winners of the mobile wallet wars — by adding marketing value beyond payments — to become marketing platforms complementing merchants' own integrated apps. Read this report to understand the likely evolution of the wallet ecosystem in different countries and the opportunities that mobile wallets are opening up for marketing leaders to engage customers in their mobile moments.

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Forrester interviewed a number of vendors and user companies, including Blue Cross and Blue Shield of Illinois, Cardfree, Clutch, DigiCash, Dunkin' Brands, Fivory, Gemalto, Ingenico, LevelUp, Mahindra Comviva, Open Table, Orange, Paydiant, PayPal, Sapient Nitro, Softcard (formerly Isis), Square, Starbucks, Tapcentive, Think&Go NFC, Urban Airship, Verifone, Vibes, Visa, and Worldline.

Related Research Documents

[The Clash Of The Digital Platforms](#)

March 7, 2014

[Understanding Digital Wallet Options For Your Business](#)

December 2, 2013

[Why The Digital Wallet Wars Matter](#)

August 2, 2012

MOBILE WALLETS ARE OPENING UP NEW OPPORTUNITIES FOR MARKETERS

Back in 2011, Forrester anticipated that massive disruption in the mobile payment space would emerge slowly.¹ We expected the digital wallet opportunity to go way beyond mobile payments by enabling smarter and more efficient commerce experience through the delivery of value-added services — before, during, and after the payment moment.²

- **Starbucks has built a mobile engagement platform.** With 7 million mobile transactions per week, the Starbucks app is a success story of an integrated app where payments fade into the background to cede place to a mobile engagement platform.³
- **Third-party platforms like Apple and PayPal are building mobile wallets.** The launch of Apple Passbook and the success of PayPal mobile solutions have opened up new opportunities for marketers. In China, the Alipay Wallet already lets brands reach consumers via mobile banner ads (see Figure 1).

In September 2014, Tim Cook, CEO of Apple, summarized the potential opportunity by saying: “The vision is to replace the wallet. And the starting point is payments.”⁴ Indeed, while it’s critical that wallets offer fast, secure, and more-convenient payment functionality, this is only one of the many components of a successful digital wallet. Taking into account the innovations of the past two years, Forrester now defines a digital wallet as:

A service that lets consumers manage digitized valuables (offers, coupons, loyalty rewards, tickets, boarding passes, gift cards, IDs, electronic receipts, or product information) from multiple brands and that enables payment transactions.

Figure 1 Brands Can Advertise In Alipay Wallet Via Mobile Banner Ads



Source: Alipay mobile app

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Mobile Wallets Are Much More Than Just Payment Tools

While digital wallets are accessible via any touchpoint (e.g., PCs, tablets, or wearables), we expect smartphone usage to dominate and to add the most value due to the unique ability of mobile to bridge offline and online worlds. Mixing different technologies that are connecting smartphones to the physical world (e.g., near field communication [NFC], beacons, image recognition, QR codes, or sound wave), mobile wallets will enable brands to add value beyond just faster and more convenient payment solutions. New entrants are answering consumers' latent needs and offering much more than simply handier payment methods:

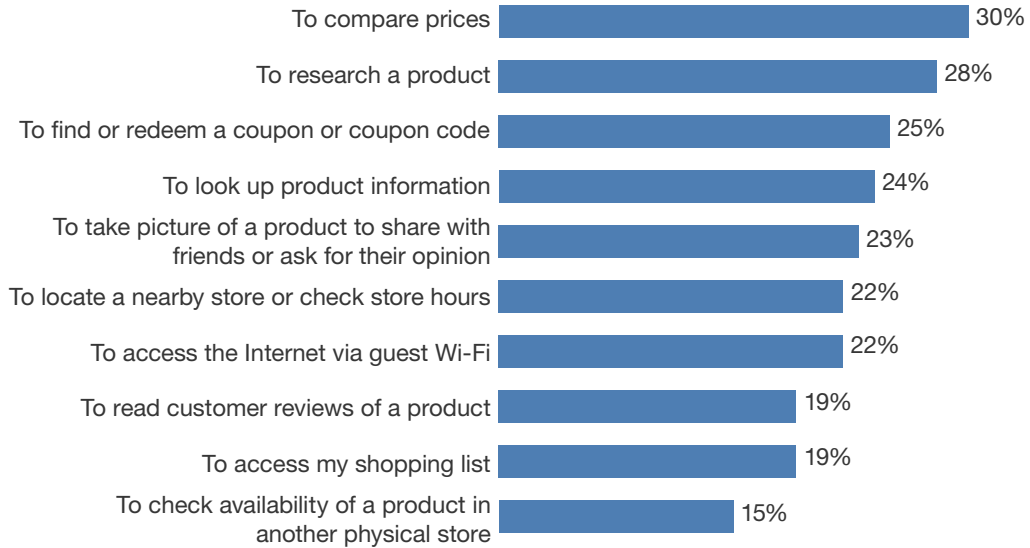
- **Consumers want a better shopping experience.** Consumers are not specifically demanding new mobile payment offerings. Offering faster or more-secure payments is not enough; wallet providers will have to solve real pain points, such as giving consumers the ability to see how

much is on stored value cards at any moment in time, access loyalty points, or automatically receive digital copies of payment receipts. Indeed, consumers are already using their smartphones in stores to compare prices; research product information and reviews; and access shopping lists and coupons, gift cards, and loyalty points (see Figure 2). Consumers — especially in the US — are interested in accessing all these services in a mobile wallet (see Figure 3). In particular, 57% of US online adult smartphone users are interested in having access to loyalty program points and rewards within a mobile wallet.

- **Wallet providers are not after payment per se.** “Differentiation will come from the opportunity to build marketing opportunities beyond the payment itself,” Laurent Le Moal, managing director for PayPal in continental Europe, the Middle East and Africa, told us.⁵ Along the same lines, Apple is seeing the potential to increase the value of its entire ecosystem to defend the premium it demands for its devices. Apple Pay is critical in that it offers consumers a more secure and convenient checkout experience. However, the key to Apple’s wallet lies in the central role of Passbook, where consumers can easily save and organize branded content. Similarly, Google is not seeking payments per se but rather the transaction data underlying the complete chain of commerce to strengthen its advertising business.⁶
- **Mobile wallets will enable brands to reach out to all customers beyond apps.** No matter how good your own app is, the reality is that only a small subset of your customer base will use it. Consumers spend the majority of their time on just a few mobile apps and, increasingly, on new audience portals like messaging and social media apps.⁷ Forrester expects mobile wallets to become one of these platforms, requiring brands to “borrow” mobile moments through a broader mobile partnership ecosystem strategy to serve their customers where they are.⁸ In addition, mobile wallet players don’t require you to have an app: Notifications alert consumers that they are near your store or that their Apple Passbook offer has been updated. Specialized mobile marketing companies will open their mobile wallet campaign platforms to integrate open applications programming interfaces (APIs) and mobile advertising solutions.

Figure 2 Consumer Behaviors Highlight The Need For Better Shopping Experiences

“In the past three months, have you used your cell phone for any of the following while shopping in a physical store?”

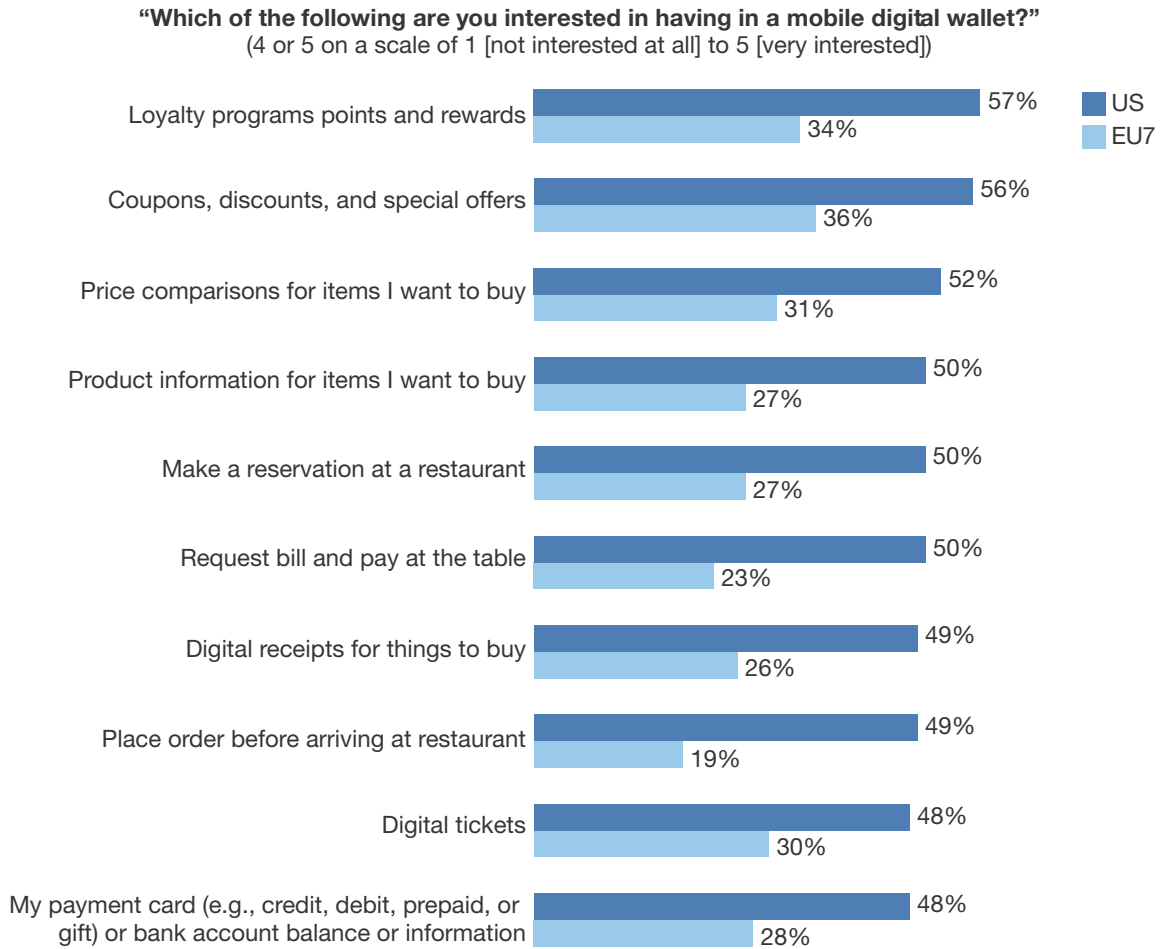


Base: 3,553 US online adult (18+) smartphone users
(multiple responses accepted)

Note: Only the top 10 options are shown.

Source: Forrester’s North American Consumer Technographics® Retail Survey, 2014

Figure 3 Consumers Expect Many Services To Be Included In A Mobile Wallet



Base: 3,396 US online adult (18+) smartphone users and
 9,379 European online adult (18+) smartphone users

Source: Forrester’s North American Consumer Technographics® Financial Services Survey, 2014 and
 Forrester’s European Consumer Technographics Financial Services Survey 2, 2014

MOBILE WALLETES WILL BECOME POWERFUL MARKETING PLATFORMS

Mobile wallets already offer marketing opportunities for retailers and brands. They enable brands to reach and engage customers when they have mobile moments, especially when shopping. Early examples and best practices show that marketers can benefit from the following:

- **Ability to drive foot traffic and increase sales.** By offering consumers timely reminders and location triggers through relevant coupons or geolocalized push notifications, marketers can leverage mobile wallets to increase traffic in their physical stores. Pep Boys, a US automotive aftermarket service and retail chain, launched a mobile wallet marketing campaign where customers could save coupons to their phones. “We are seeing seven-figure sales results in the first couple of months with Passbook and Google Wallet,” said Ron Stoupa, CMO at Pep Boys.⁹ Why? Thirty percent of all Pep Boys mobile wallet offers added to mobile wallets were redeemed in-store. A leading US specialty retail and service provider that lets its customers instantly “tap to save” all mobilized offers to their mobile wallets expects to drive a \$15 million-a-year run rate in mobile attributed revenue.¹⁰
- **Higher conversion rates versus mobile web coupons.** According to several interviews, brands see higher redemption rates via Apple Passbook or Google Wallet than when using offline coupons or even mobile web coupons. The ability to save coupons via various distribution channels (e.g., SMS, email, or direct mail through QR codes) and to use them in context via updated offerings is powerful. Vibes, a mobile marketing vendor, sees an average redemption rate of 21%, having run more than 400 mobile wallet campaigns for more than 20 retailers or brands since September 2012.¹¹

As They Reach Scale, Mobile Wallets Engage Consumers Beyond Owned Mobile Apps

In the next couple of years, Forrester expects mobile wallets to take off significantly, becoming a new marketing channel where marketers will mix their offline and online marketing efforts. Instead of replacing merchants’ own integrated apps, they will complement them and offer more reach to engage beyond apps and loyal brand aficionados.

We expect wallet providers to develop more-compelling offerings across the whole customer life cycle. With a lot of education and reassurance, usage of mobile wallets will reach critical mass. Here’s what we expect to happen in the next couple of years in the mobile wallet space:

- **Wallet providers will boost their mobile offerings.** The challenge for most mobile wallet providers is to offer a differentiated experience throughout the customer life cycle — not just at the moment of transaction. Many innovative players are offering such experiences at different stages, but to integrate such offerings at scale, we will see many more partnerships and acquisitions in the coming years (see Figure 4). The phenomenon started several years ago, with Google buying Dealmap, TxVia, Zagat, and Zave Networks and PayPal buying Hunch, Milo, RedLaser, Venmo, and Where to acquire expertise and technology to build a richer mobile wallet experience.

- **Mobile wallet providers will also need to win consumers' trust to succeed.** In Europe, banks and credit card networks continue to lead consumer trust in mobile wallets, but PayPal has already established itself as a solid No. 3 (see Figure 5). The level of trust varies dramatically among countries, however. For example, PayPal ranks No. 2 in Germany, while it lags behind in the Netherlands, thanks to the cross-banking initiative iDEAL.¹² It will thus be key to monitor local trust perception over time.
- **Mobile wallet usage will reach critical mass in the next three years.** Only 3% of US mobile phone users report they have accessed a mobile wallet in-store in the past three months.¹³ It will take time to evolve people's payment habits and convince merchants to use alternative solutions. However, thanks to more-compelling offerings adding value beyond payments and significant marketing efforts to reassure consumers by banks, credit card issuers, and retailers, we expect 15% to 20% of US smartphone owners to use mobile wallets by 2018.
- **In 2015, mobile wallet campaigns will reach beyond the early adopters.** Today, only 14% of marketers and digital business executives we surveyed have used or are using digital mobile wallets.¹⁴ These are mostly retailers like Bloomingdale's, Gap, McDonald's, Sears, and Sephora but also include airline companies willing to embrace marketing innovations at the crossroads of offline and online marketing. Many more are planning to add mobile wallets to their marketing mix as well as adding other related marketing tactics like push notifications, beacon marketing, or NFC (see Figure 6). As Patrick Feeney, marketing innovation manager at Blue Cross and Blue Shield of Illinois, part of a major US health insurance company, sums it up: "Many marketers believe that mobile wallets are only for retailers. We believe that everybody will tap into the opportunity they offer once they reach scale. For us, adding digital ID cards to mobile wallets could simplify the customer experience and deepen customer engagement."¹⁵

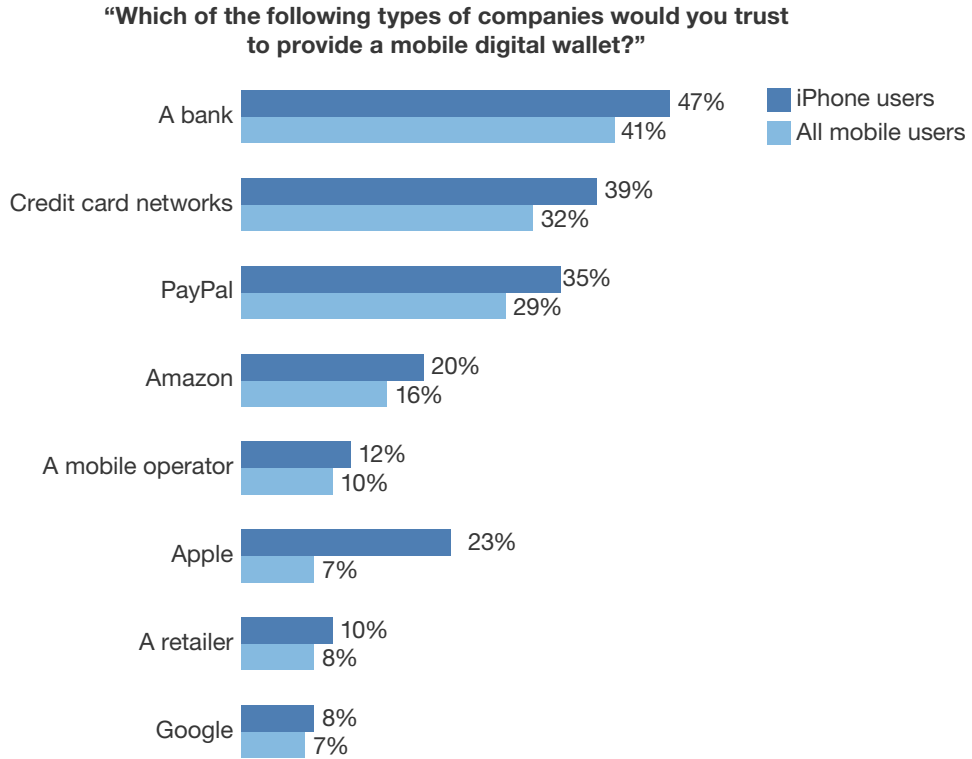
Figure 4 Many Players Are Adding Value To Payments Across The Customer Life Cycle



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Figure 5 Trust Is A Key Enabler Of Mobile Wallet Adoption



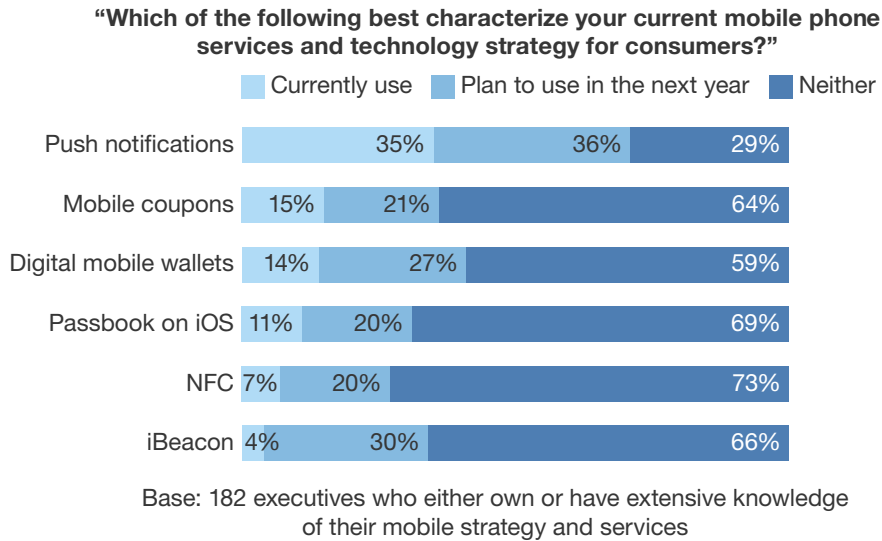
Base: 1,538 EU online adults (18+) who are iPhone owners and
11,667 EU online adults (18+) who are mobile phone users

Source: Forrester’s European Consumer Technographics® Retail Survey 1, 2014

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Figure 6 In 2015, Early Adopters Will Add Mobile Wallets To Their Marketing Mix



Source: Q2 2014 Global Mobile Executive Online Survey

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NAVIGATE THE WALLET ECOSYSTEM TO BORROW BRANDED MOBILE MOMENTS

To make sense of the potential partnership opportunities available to borrow mobile moments for their brands, marketing leaders must monitor the key stakeholders and understand what they have at stake, how they see the mobile wallet opportunity, and how relevant they can be in supporting their brands’ goals:

- **Merchants, banks, and credit cards have a defensive approach but are still the driving force.** Traditional commerce and payment stakeholders like merchants, banks, and credit card networks have had a defensive play so far (see Figure 7). Most banks fear disintermediation, where new entrants would steal the customer relationship. Despite some early initiatives, banks lack the interest and scale to aggregate mobile coupons or loyalty schemes on top of their banking and payment apps. While merchants’ integrated apps based on closed-loop systems, like Starbucks’, have the advantage of offering more integrated services in their own apps, they are not wallets per se, as they do not aggregate offerings from other brands. In the US, the MCX consortium was established to cut out middlemen, thus improving margins by reducing commissions’ levels and allowing merchants to keep control of customer data. As the consortium’s mobile wallet app, CurrentC, will not launch until the first half of 2015, it’s too early to say if it will be a failure or a success. However, merchants will pick up whatever wins the digital wallet wars.¹⁶

- **Among digital platforms, Alipay, Apple, and PayPal are best placed to play key roles.** All digital platforms offer a huge global reach in comparison with even big banks like Barclays, Chase, Crédit Agricole, or Wells Fargo, which have dozens of millions of consumers. Today, Apple has become a mobile wallet enabler. It benefits from the support and marketing of financial institutions and is perceived as less of a disintermediation threat than PayPal. While not yet adding enough value for merchants, further iterations of Apple Pay could limit the misses of the first rollout of Apple's new offering.¹⁷ Facebook, Microsoft, and, to a lesser extent, Amazon are not yet in a position to disrupt the mobile wallet ecosystem. Google Wallet offers interesting nonpayment features for marketers but still lacks merchants' support and consumers' trust.¹⁸ Alipay, backed by Alibaba, the world's largest digital ecosystem, has much more disruptive power and is a key player to watch in Asia.¹⁹
- **Other players, from telecom companies to startups, are willing to stand out.** In North America and Europe, telecom operators have tried to leverage their strengths to play a key role, so far without success. They play a much stronger role in emerging markets where the mobile payment ecosystem is fundamentally different and much more mature. There are many other startups and technology companies, including Samsung Wallet, that are establishing some mobile wallet offerings, but their ability to scale will mostly depend on the partnership deals they are able to sign. We also expect some niche players to stand out in specific market verticals. For example, OpenTable could well become the standard mobile wallet app for table-service restaurants.

Figure 7 SWOT Analysis Of Key Stakeholders' Ability To Win The Mobile Wallet War

	Facts	Strengths	Weaknesses	Opportunities	Threats
Banks	<ul style="list-style-type: none"> • Apps with mobile payment functionalities and white-label, partner-branded wallets • Fever mobile wallet apps (Garanti or mBank) 	<ul style="list-style-type: none"> • Consumer trust • Strong merchant relationships • Customer billing relationships • Risk management 	<ul style="list-style-type: none"> • Lack of agility • Lack of business technology enablement • Limited scale globally 	<ul style="list-style-type: none"> • Upsell and cross-sell services by entering new territories (loyalty services or couponing) • Develop customer relationship 	<ul style="list-style-type: none"> • Disintermediation risk • Becoming fat pipes
Credit card networks	<ul style="list-style-type: none"> • First attempt with V.me by VISA now replaced by Visa Checkout, but few services beyond payments • MasterPass launched, first in Australia, then in Canada, UK, Italy, Singapore, and New Zealand 	<ul style="list-style-type: none"> • Global reach • Sizable merchant acceptance list • Consumer trust and brand awareness • Deep pockets • Risk management 	<ul style="list-style-type: none"> • No direct relationship with consumers • Limited merchant relationships • Lack of agility • Lack of developer relationship 	Kill cash	<ul style="list-style-type: none"> • Erosion of brand perception • Lose market share
Merchants and merchants' consortiums	Merchant Customer Exchange (MCX) coalition of 80 of the largest US retailers to launch CurrentC wallet app in 2015	<ul style="list-style-type: none"> • Automatic integration of coupons and loyalty programs at many stores • Lower fees through Automated Clearing House 	<ul style="list-style-type: none"> • Consumer-centricity • US only 	<ul style="list-style-type: none"> • Reduce interchange fee costs • Upsell and cross-sell by developing control on consumer data 	<ul style="list-style-type: none"> • Increased costs • Reduced control over customer data
PayPal	<ul style="list-style-type: none"> • 162 million active digital wallets • \$46 billion processed in mobile payment volume in 2014, up 68% over 2013 	<ul style="list-style-type: none"> • Consumer trust • Agility in business technology (open APIs, etc.) 	<ul style="list-style-type: none"> • Threat to most financial institutions • Ability to deliver services beyond payments 	<ul style="list-style-type: none"> • Strategic partnerships and make acquisitions outside of eBay • Move from the online to the physical retail space 	<ul style="list-style-type: none"> • Ability to maintain innovation • Short-term focus related to IPO • Apple Pay's credentials with financial ecosystem

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Figure 7 SWOT Analysis Of Key Stakeholders' Ability To Win The Mobile Wallet War (Cont.)

	Facts	Strengths	Weaknesses	Opportunities	Threats
Google	<ul style="list-style-type: none"> • Google Wallet launched September 2011 • US only 	<ul style="list-style-type: none"> • Android the dominant OS globally • Capacity of innovation and disruption • Deep pockets 	<ul style="list-style-type: none"> • Lack of trust among merchants and financial institutions • Limited consumer trust for now 	<ul style="list-style-type: none"> • De facto standard for the Android ecosystem • Become a digital financial services hub 	<ul style="list-style-type: none"> • Lose preference to the Apple ecosystem
Microsoft	<ul style="list-style-type: none"> • Launched Wallet for Windows 8 in April 2014 	<ul style="list-style-type: none"> • Cross-platform OS provider • Software/ developer expertise 	<ul style="list-style-type: none"> • Limited installed base of smartphones • No track record for merchants and consumers 	<ul style="list-style-type: none"> • Become an alternative to Apple Passbook and Google Wallet 	<ul style="list-style-type: none"> • Diversion of resources – lack of focus versus other priorities MSFT should fix
Apple	<ul style="list-style-type: none"> • Passbook launched in September 2012 • Apple Pay launched in the US in October 2014 and is to be deployed in selected other countries in 2015 	<ul style="list-style-type: none"> • Premium OS leader • Consumer-centricity • Deep pockets • More than 850 million iTunes accounts connected to credit cards 	<ul style="list-style-type: none"> • Lack of ability or unwillingness to share consumer data • B2B, merchants' support, and payment processing/ fraud not part of Apple's DNA • Lack of support for merchants' loyalty programs 	<ul style="list-style-type: none"> • Premium enabler of marketing and commerce experiences • Further integration with other technologies (e.g., iBeacon, TouchID, Apple ID), and iOS advertising solution to launch a full mobile wallet 	<ul style="list-style-type: none"> • Lose preference to the Android ecosystem • Premium paid for the Apple brand
Amazon	<ul style="list-style-type: none"> • Launched an Amazon Wallet (beta) in July 2014 • Amazon CheckOut • Initiative was stopped in January 2015 	<ul style="list-style-type: none"> • 200 million+ registered accounts • Customer experience/ customer intelligence • Suppliers' relationships • Amazon Advertising Network and Cloud infrastructure 	<ul style="list-style-type: none"> • Threat for most merchants and financial institutions • Limited installed base of tablets and failure of Amazon Fire Phone 	<ul style="list-style-type: none"> • Provide VAS and infrastructure to power commerce experiences for its marketplace and those of other brands 	<ul style="list-style-type: none"> • Lose control to PayPal, Google, or Apple in the digital platform war

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Figure 7 SWOT Analysis Of Key Stakeholders' Ability To Win The Mobile Wallet War (Cont.)

	Facts	Strengths	Weaknesses	Opportunities	Threats
Facebook	Payments about 10% of FB total revenues	Huge mobile audience worldwide (more than 1.3 billion active users)	<ul style="list-style-type: none"> No offline presence Limited consumer trust Very limited track record 	<ul style="list-style-type: none"> Mostly limited to the P2P payment space within Facebook Messenger Integration of wallet functionalities within messaging apps 	Loose traction versus more integrated apps like WeChat
Alipay	Alipay Wallet	<ul style="list-style-type: none"> Backed by Alibaba, the world's biggest digital ecosystem Merchants' relationships Strong brand Innovation capacity Escrow payment platform to establish trust 	Local competition from Tencent's WeChat and Chinese banks and telcos	<ul style="list-style-type: none"> Entering new markets and establishing as a financial institution in China International expansion 	Loose dynamics as the global digital commerce leader
Telecom players	<ul style="list-style-type: none"> SK Planet (9 million subscribers) and Korea Telecom's MoCa (2 million subscribers) O2 Wallet's and Weve's consortium failures in the UK Softcard (formerly ISIS) in the US 	<ul style="list-style-type: none"> Large customer base globally Direct billing capabilities Customer Intelligence and data mining Go-to-market and distribution channel for banks and other financial firms 	<ul style="list-style-type: none"> No track record Little expertise in fraud management and merchants' services Lack of agility and developer support 	<ul style="list-style-type: none"> Become trusted provider of security, privacy, and identity for consumers Build on direct billing relationships Distribute financial products to the unbanked and underbanked 	<ul style="list-style-type: none"> Regulation Competition from more-relevant players
Newcomers and technology providers	<ul style="list-style-type: none"> LevelUp Samsung Wallet Powatech, mPayMe, Cardfree, or Ivory OpenTable 	Technology and innovation leadership	<ul style="list-style-type: none"> Lack of scale and scope globally Deep pockets 	<ul style="list-style-type: none"> Become leaders in niche and vertical markets Barriers to entry are lower and could be overcome via partnerships 	More established competition

Note: This list is not exhaustive.

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RECOMMENDATIONS

DEVELOP CONTEXTUALIZED OFFERINGS AND TEST MOBILE WALLETS NOW

No matter who wins the mobile wallet war, marketers should take advantage of this emerging opportunity to create a borrowed brand presence on their customers' mobile devices. Many players will develop integrated mobile wallet apps, sitting at the crossroads of online/offline marketing and adding value beyond payments. Marketing leaders must develop the branded content they want their customers to save and manage on mobile wallets. Marketing leaders will benefit from mobile wallets if they tie together loyalty programs, coupons, product discovery, gift cards, and promotions to create powerful and new brand experiences in the mobile moments of their customers. In particular, to make the most of mobile wallets' potential, marketing leaders should:

- **Test existing mobile wallets' marketing capabilities.** While limited in usage today, initiatives like Passbook already offer opportunities to reach consumers in their mobile moments. Players like Urban Airship, Fosbury, Passkit, Passworks, or Vibes can help marketers manage mobile wallet campaigns by driving foot traffic and letting them update content and offers and power location-based marketing. For marketers, Apple's Passbook can be integrated with existing marketing campaigns leveraging current mobile email or SMS campaigns without necessarily having to develop a specific program test. Such campaigns will let marketers know the most efficient distribution channels (e.g., SMS, email, direct mail, or mobile ads) to engage customers within mobile wallets.
- **Plan for contextually relevant real-time offerings.** To make the most of mobile wallets, marketers must add location and time-sensitive offers to their approach while being very cautious not to be invasive or intrusive. More often than not, brands have imprecise location information about their stores and will need to be very specific on the calls to action they want to happen: at the entrance of the mall, the front doors of their stores, or specific areas of their stores. Some startups, such as Tapcentive, can provide marketers with white-label mobile engagement platforms to link mobile and in-location customer experiences, no matter the technology (e.g., beacon, NFC, etc.). The dynamic nature of mobile wallets, coupled with redemption information, enables advanced programs where incentives can change based on time, location, number of redemptions, and even inventory. Mobile must be tightly integrated into the overall customer relationship management (CRM) approach to personalize offerings and update loyalty card balances in real time.
- **Mobilize loyalty program and regularly update branded content.** Access to loyalty rewards from brands is the most wanted feature from consumers and is the one that is the least integrated in mobile wallets today. Marketers should evaluate how mobile is transforming customer loyalty.²⁰ For retailers that do not have such a program in place, third-party mobile wallets will offer the opportunity to easily integrate basic rewards features for frequent shoppers. "In addition to the insights that merchants can gain by better profiling consumers and their behaviors, a key success driver is not so much promotions but

the ability to constantly update brand content and make it socially available,” said Frédéric Leclef, COO at Fivory, a French marketing and payment platform connecting consumers and local brands.²¹

SUPPLEMENTAL MATERIAL

Survey Methodology

Forrester’s North American Consumer Technographics® Financial Services Survey, 2014 was fielded in September 2014 of 4,540 US individuals ages 18 to 86. For results based on a randomly chosen sample of this size, there is 95% confidence that the results have a statistical precision of plus or minus 1.5% of what they would be if the entire population of US online adults (defined as those online weekly or more often) had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult US online population. The survey sample size, when weighted, was 4,524. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Please note that respondents who participate in online surveys generally have more experience with the Internet and feel more comfortable transacting online.

Forrester’s European Consumer Technographics Retail Survey 1, 2014 was fielded in July 2014 of 13,000 European individuals ages 16 to 90. For results based on a randomly chosen sample of this size, there is 95% confidence that the results have a statistical precision of plus or minus 0.9% of what they would be if the entire population of European online adults (defined as those online weekly or more often) had been surveyed. Ipsos weighted the data by age, gender, online frequency, and online intensity to demographically represent the adult European online population. The survey sample size, when weighted, was 13,000. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Please note that respondents who participate in online surveys generally have more experience with the Internet and feel more comfortable transacting online.

Forrester’s European Consumer Technographics Financial Services Survey 1, 2014 was fielded in February and March 2014 of 13,937 European individuals ages 16 and older who are members of the Ipsos-MORI online panel. For results based on a randomly chosen sample of this size, there is 95% confidence that the results have a statistical precision of plus or minus 0.8% of what they would be if the entire population of European online adults (defined as those online weekly or more often) had been surveyed. Ipsos weighted the data by age, gender, online frequency, and hours spent online to demographically represent the online adult population in each country. The survey sample size, when weighted, was 13,937. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Please note that respondents who participate in online surveys generally have more experience with the Internet and feel more comfortable transacting online.

Forrester's North American Consumer Technographics Retail Survey, 2014 was fielded in September 2014 of 4,540 US individuals ages 18 to 86. For results based on a randomly chosen sample of this size, there is 95% confidence that the results have a statistical precision of plus or minus 1.5% of what they would be if the entire population of US online adults (defined as those online weekly or more often) had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult US online population. The survey sample size, when weighted, was 4,524. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Please note that respondents who participate in online surveys generally have more experience with the Internet and feel more comfortable transacting online.

Forrester's North American Consumer Technographics Retail Online Benchmark Recontact Survey, 2014 was fielded in July 2014 of 4,765 US individuals ages 18 to 88. For results based on a randomly chosen sample of this size, there is 95% confidence that the results have a statistical precision of plus or minus 1.4% of what they would be if the entire population of US online adults (defined as those online weekly or more often) had been surveyed. Forrester weighted the data by age, gender, income, broadband adoption, and region to demographically represent the adult US online population. The survey sample size, when weighted, was 4,742. (Note: Weighted sample sizes can be different from the actual number of respondents to account for individuals generally underrepresented in online panels.) Please note that respondents who participate in online surveys generally have more experience with the Internet and feel more comfortable transacting online.

Companies Interviewed For This Report

We would like to thank the individuals from the following companies and others who generously gave their time during the research for this report.

Blue Cross and Blue Shield of Illinois	Open Table
Cardfree	Orange
Clutch	Paydiant
Digicash	PayPal
Dunkin' Brands	Sapient Nitro
Fivory	Softcard (formerly Isis)
Gemalto	Square
Ingenico	Starbucks
LevelUp	Tapcentive
Mahindra Comviva	Think&Go NFC

Urban Airship

Visa

Verifone

Worldline

Vibes

Analysts Interviewed For This Report

We would like to thank these Forrester analysts and research members who were interviewed and involved in the research process: Denée Carrington, Collin Colburn, Rebecca Katz, James L. McQuivey, Laura Naparstek, and Jennifer Wise.

ENDNOTES

- ¹ While we believe that mass-market adoption of mobile payments is still years away, new entrants — be they mobile operators, alternative payment providers, or online players — have the potential to disrupt existing payment systems. See the March 31, 2011, “[Mobile Payments Enter A Disruptive Phase](#)” report.
- ² Neither consumers nor merchants are complaining about the hassle of existing payment options for online or offline transactions today. Moving the needle on the adoption of digital wallets — particularly for mobile digital wallets — will require infusion of significant value throughout the purchase journey before, during, and after payment. The collective benefits of these integrated services will need to overcome the barriers to adoption for consumers and merchants. We believe that the winners in the digital wallet wars will successfully deliver convenient use, contextual relevance, and compelling experiences. See the August 2, 2012, “[Why The Digital Wallet Wars Matter](#)” report.
- ³ Source: Marcus Wohlsen, “Forget Apple Pay. The Master of Mobile Payments Is Starbucks,” Wired, November 3, 2014 (<http://www.wired.com/2014/11/forget-apple-pay-master-mobile-payments-starbucks/>).
- ⁴ Source: Apple’s CEO keynote on September 9, 2014 to announce the launch of the new iPhone 6 devices, the Apple Watch, and Apple Pay services.
- ⁵ Forrester phone interview on November 20, 2014.
- ⁶ Given its core search business and ad-based revenue model, why would the company make that investment? Because Google’s product strategists’ focus is not on the payment itself; it’s on all of the other elements that comprise a commerce experience and the data that characterizes those elements. See the May 27, 2011, “[Google Wallet Is Not About Mobile Payments](#)” report.
- ⁷ UK and US consumers use an average of 24 apps per month but spend more than 80% of their time on just five apps. See the January 30, 2015, “[2015 Mobile App Marketing Trends](#)” report.
- ⁸ Marketers should allow strategic partners to serve shared customers on their own app. Doing so will demand a set of application programming interfaces (APIs), at a minimum, to support this functionality or that of app extensions. See the November 11, 2014, “[Predictions 2015: Most Brands Will Underinvest In Mobile](#)” report.

- ⁹ Source: “CMO Speaks: Apple Pay + Passbook & Google Wallet Driving 7-Figure Sales Results,” YouTube (<https://www.youtube.com/watch?v=aWjdmHE0J5g>).
- ¹⁰ Source: Case study information shared with Forrester by Mark Tack, CMO of Vibes, on December 8, 2014.
- ¹¹ Source: Forrester phone interview with Mark Tack, CMO of Vibes, on November 20, 2014.
- ¹² Source: European Consumer Technographics European Retail Survey 1, 2014.
- ¹³ Source: Forrester’s North American Consumer Technographics Retail Online Benchmark Recontact Survey, 2014.
- ¹⁴ Source: Forrester’s Q2 2014 Global Mobile Executive Online Survey.
- ¹⁵ Source: Interview with Forrester on July 17, 2014.
- ¹⁶ “If you build it they will come,” or so the saying goes. Unfortunately, this hasn’t held true in the world of payments. Two first-movers in the digital wallet space, payments disruptors Google and Square, have learned this the hard way. Three years into the digital wallet wars, at least one thing has become clear: Merchants will pick who wins and who loses. See the September 4, 2014, “[Brief: Merchants Will Pick Who Wins The Digital Wallet Wars](#)” report.
- ¹⁷ Apple’s approach to data privacy may be both a blessing and a curse for merchants. If Apple Pay transactions are truly anonymous, then merchants will be unable to maximize their customer data and link customer profiles to purchase behavior and preferences. This presents yet another hit to merchant value. Granted, few, if any, merchants have fully harnessed the power of their data, but Apple Pay may further limit these merchants’ future ability to “know” their Apple Pay customers and to deliver relevant and personalized experiences. Some of Apple Pay’s merchant launch partners are already assessing whether they will have to adjust existing business processes that rely on elements of transaction data that they will no longer have when a customer pays with Apple Pay. See the October 22, 2014, “[The Hits And Misses Of Apple Pay: What You Need To Know](#)” report.
- ¹⁸ Google won’t launch a traditional bank because of the associated costs and regulation and because much of its advertising revenue currently comes from financial services clients. But it can have its cake and eat it, too, by becoming a financial services hub that facilitates the relationship between the consumers and providers of financial services, providing it manages to create consumer and merchant trust. See the July 29, 2014, “[Why Google Bank Won’t Happen](#)” report.
- ¹⁹ For more information on Alibaba, see the June 5, 2014, “[Understanding Digital Wallet Options For Your Business In China](#)” report and see the September 8, 2014, “[Alibaba: Understanding The World’s Biggest Digital Ecosystem](#)” report.
- ²⁰ This report, the continuous improvement report of the customer loyalty playbook, explores how mobile transforms customer loyalty strategies and maps key opportunities across each stage of the customer life cycle. See the December 30, 2014, “[Master Your Mobile Loyalty Moments](#)” report.
- ²¹ Source: Interview with Forrester on December 18, 2014.

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