

WEARABLE COMMERCE

The Future of ePayments



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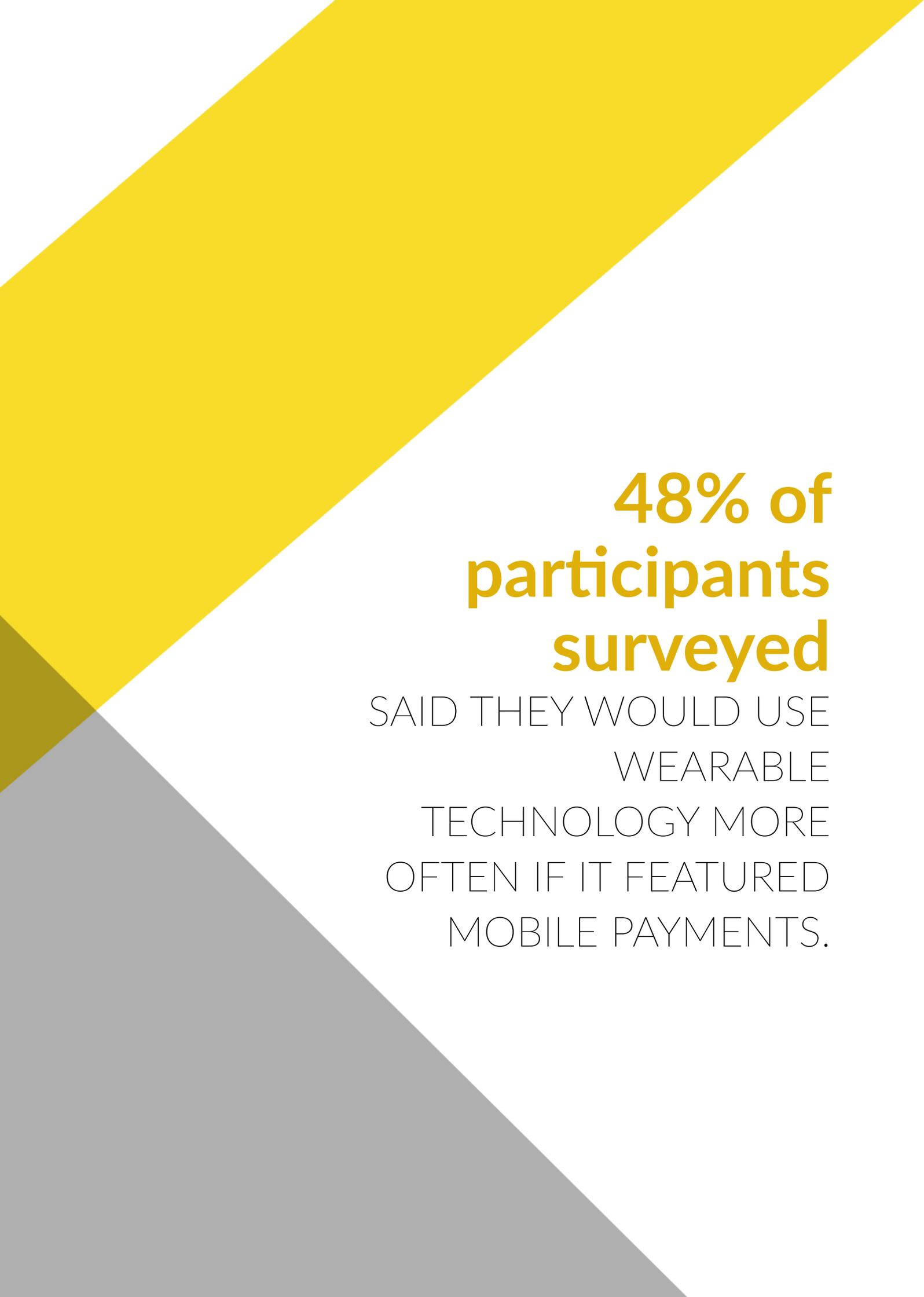
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Wearable Commerce: The Future of ePayments

According to surveys conducted by Internet Retailer across four hundred smartphone owners, 30 percent of the participants questioned indicated that they already own a wearable device. The rest of the survey group indicated that they plan on purchasing one the current year. According to another survey conducted by Infosys in July 2019, the estimated volume of wearable payment transactions at the end of that year was around USD 250 billion whereas in the end of 2020, the total amount is expected to almost double, reaching USD 450 billion. Wearable technology is a new idea, but as the technology evolves, it evolves at a very fast pace and is predicted to become a powerful tool over the coming years.

Companies that meet the demand for online shopping will take the edge in the market. Tap-and-pay wearables are just the beginning.

The background features a large yellow diagonal band running from the top-left towards the bottom-right. In the bottom-left corner, there is a grey triangle pointing towards the center. The text is positioned on the white background to the right of the yellow band.

48% of participants surveyed

SAID THEY WOULD USE
WEARABLE
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OFTEN IF IT FEATURED
MOBILE PAYMENTS.

CONTEXT POWER WEARABLE COMMERCE

Practical Ecommerce predicts that contextual commerce is the next big thing in wearable devices. Tracking wearers' movements during the day and analyzing the data received, technologically-advanced smart glasses (such as the new glasses developed by XOEye Technologies) can suggest related products that would benefit the consumer in a unique way.

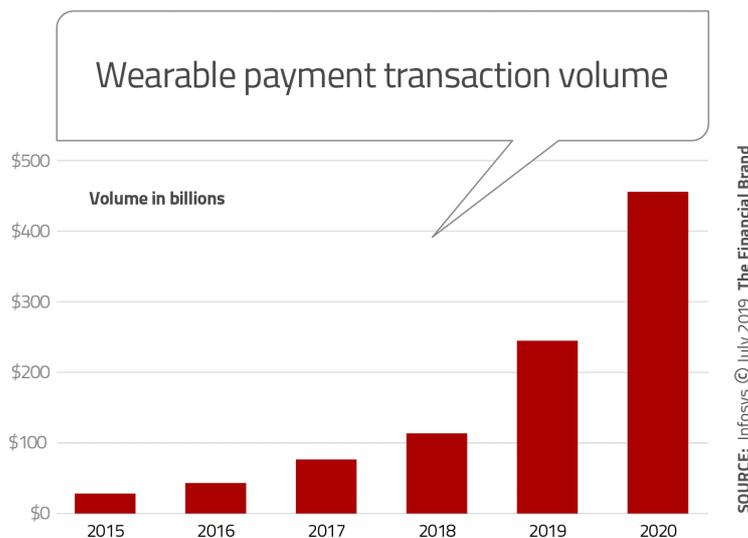


Figure 1: Wearable Payment Transaction Volume. Retrieved from¹¹

PAYMENTS DRIVE WEARABLE COMMERCE

An Internet Retailer research survey has shown that there is a growing interest in wearable technology that allows consumers to make payments for in-store purchases. More specifically, 48 percent of participants surveyed said they would use wearable technology more often if it featured mobile payments.¹ It is expected that future devices will allow for the cardholder's identity to be verified with biometric data, such as fingerprints, heart rate and iris scans.²

These stats create a growth opportunity for companies (fashion and tech companies as well as payment solution firms such as Mastercard, PayPal etc) to invest more in the wearable market. Currently, there are a number of wearable payment devices on the market, it's only a matter of time before nearly any device you own could be used to make payment.



1. Apple Watch allows wearers to do many things without using their iPhone. Features such as live notifications, sending quick text responses and dismissing iPhone alarms are among the more familiar tasks, but the Apple Watch also allows users to make contactless payments anywhere that accepts Apple Pay. Additional services offered by the Apple Pay app includes topping up accounts and checking transaction history. Users can connect to multiple Apple Pay accounts or cards so they can choose which one they prefer to use at any time.³
2. American multinational financial services corporation Visa Inc. has partnered with McLEAR to launch a contactless payments jewellery line which can be connected to the user's bank account or card. Wearers can use these wearable devices to make transactions anywhere that accepts contactless payments. The RingPay app allows wearers to check their spending, track expenses, spend online and pause or lock a lost or stolen ring. Jewelleries are waterproof, scratch resistant and hypoallergenic.⁴



3. According to Steve Yankovich, Vice President of Innovation and New Ventures at eBay; "Wearable devices are the next frontier". The e-commerce company, which has acquired PayPal, has established a new vision, of becoming a portal for mobile payments on every smart mobile device – whether it is a smartphone, smartwatch or other wearable device. PayPal is the first payment provider which incorporates Samsung and its Gear 2, enabling users to tap-to-pay at physical stores, save and redeem offers, transfer money and receive payment notifications.⁵
4. Osterhout Design Group (ODG) AR Smart Glasses using Mastercard: Osterhout Design Group's (ODG) AR Smart Glasses feature a unique application that allows the user to browse the internet. ODG teamed up with Mastercard to create and implement applications that not only allow consumers to view digital representations of products before they purchase them, but also learn more about what they are buying and see additional options available within their vicinity and receive instant recommendations. They also facilitate transactions using a Mastercard account.⁶

Apart from manufacturers, we have also seen different cases of retailers who have cooperated with a payment solution provider to create unique wearable fashion products that provide an innovative payment option to their consumers. In the UK, we've seen contactless payments via NFC-enabled bracelets, phone cases and keychains, for example, in a fun and colourful series of wearables developed through the co-branding program of Barclaycard and Topshop.⁷ Topshop's second collection consists of unique luxe metal and snake-effect design accessories. These include a bPay by Barclaycard that facilitates contactless payments by linking to a secure digital wallet. bPay is currently available in the UK for customers who own a Visa or MasterCard, debit or credit card, not just Barclaycard and Barclays customers.⁸

LOCATION-BASED MARKETING ENHANCES WEARABLE COMMERCE

The improvement of technology increases the likelihood that wearable devices will become the main payment method for consumers in the future. Some businesses are already taking advantage of the easy and instantly available access of the smartwatch, by sending users text updates about sale events to the device directly instead of sending to their email or smartphones where they can be deleted or ignored. Further to this, there are businesses that target their customers based on their location, for example, by sending texts to local customers to inform them about an event held within their vicinity. A wearable device makes this endeavour easier, which provides a valuable benefit to businesses wanting to appeal to people based within a short walking distance to a brick and mortar store.⁹

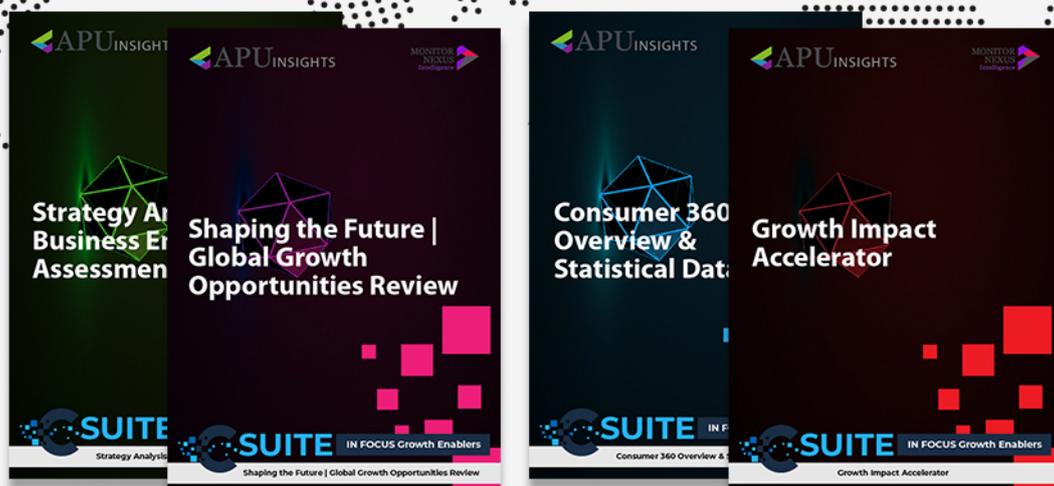


INTEGRATING AN APP WITH BRANDS

Smartwatches and fitness trackers work in tandem with mobile apps. They help people track various factors related to their health, sport and fitness levels; such as their sleep, calories, schedule workouts and so on. At the same time, businesses have devised a new way of boosting their revenue. One of the primary challenges currently facing Ecommerce is ensuring that this data is easy to read on a smaller screen. A few years ago, companies like Google, Apple and Garmin, among others, presented a new range of wearable application development to the public, indicating the robust and competitive nature of this developing market.¹⁰

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