



Mobile payments:

Main trends in the retail industry


































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Introduction: Main trends

Many actors in the Swedish market

Banks	Mobile operators	Payment service providers SMS payment companies	New payment providers	Local transport companies	Retail chains
   	   	     	     	    	       

Introduction: Main trends

Many types of payment application

- Person to person (P2P) transfers
- M-commerce
- Combined with transport tickets
- Combined with parking
- Payment for retail (Point of Sales, PoS)

Introduction: Research Questions

- What are the **obstacles** that affect retailers' decision to adopt the mobile payments?
- What are the **driving forces** that affect retailers' decision to adopt the mobile payments?

Contribution

- Addressing an issue of the **organizational acceptance of the innovation** using the Swedish retail industry as an example
- Analysis and description of the **current trends** related to services applied for the retail industry in the Swedish mobile payment market
- Analysis of **main drivers** and **obstacles** for organizations to adopt the mobile payments

Agenda

Methodology

Cases

Summary of results

Conclusions

Methodology

Qualitative research

Multiple case study approach

Information sources

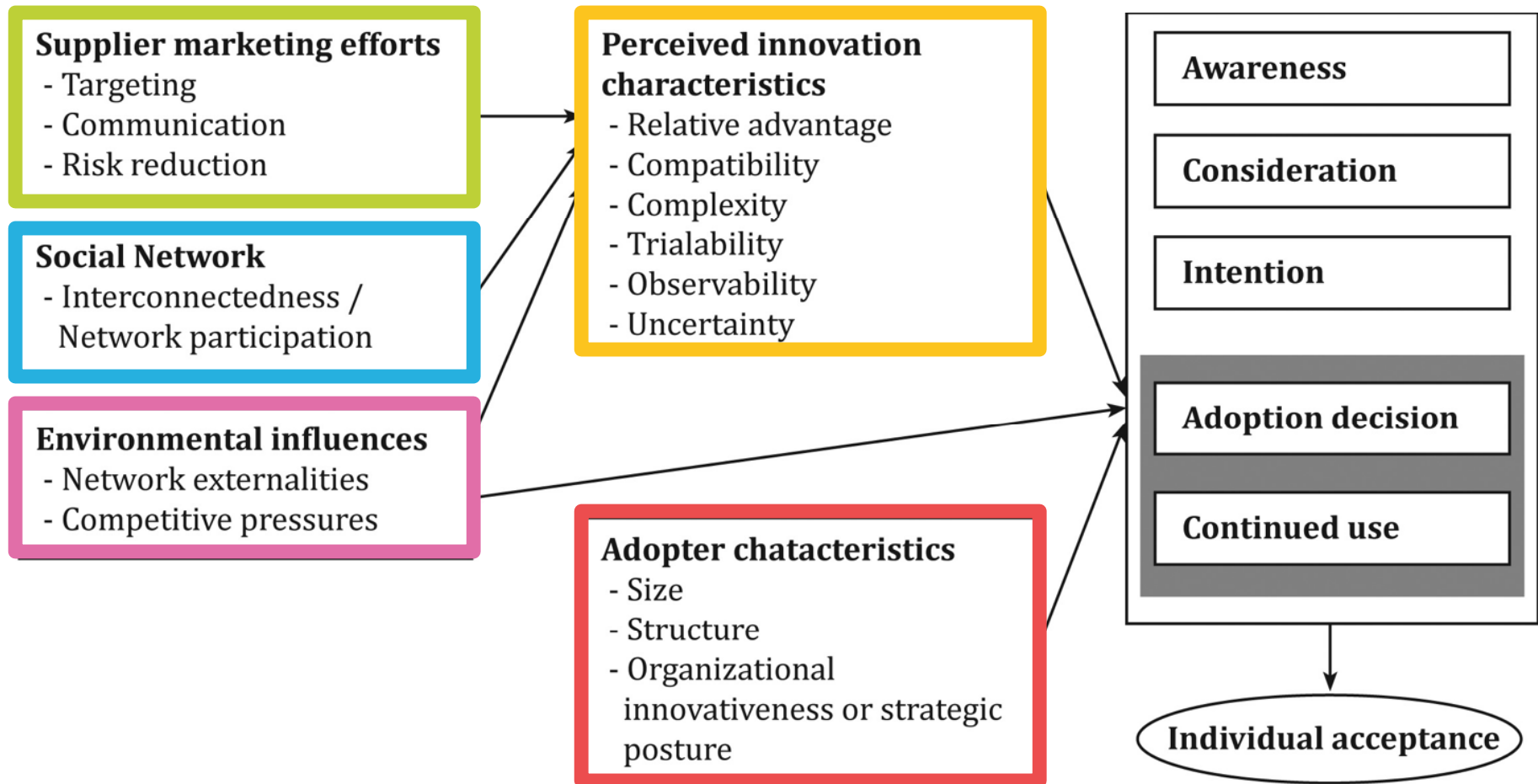
- **Secondary:** press releases, web sites, articles, etc.
- **Primary:** 2013 – 2014
 - Interviews with different mobile payment stakeholders:
 - ✓ Mobile payment providers: Seamless and Swedbank
 - ✓ Interviews with retailers: Axfood
 - Attendance of events dedicated to retail
 - A questionnaire sent to retailers deploying mobile payments
 - ✓ Answers from McDonalds' and Davids

Methodology

Analysis Framework

Integrated model of organizational adoption of innovation by Frambach and Schillewaert (2002)

Methodology: Analysis Framework



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Cases

Mobile payment service	Mobile payment service provider	Other parties involved	Payment type	Cases of retailers
SEQR	Seamless	Collector, Gothia (billing)	Monthly bill	Axfood, McDonalds'
Bart Closed from spring 2014	Swedbank		Bank account	Axfood
Payair	Payair		Bank accounts, credit card	Davids

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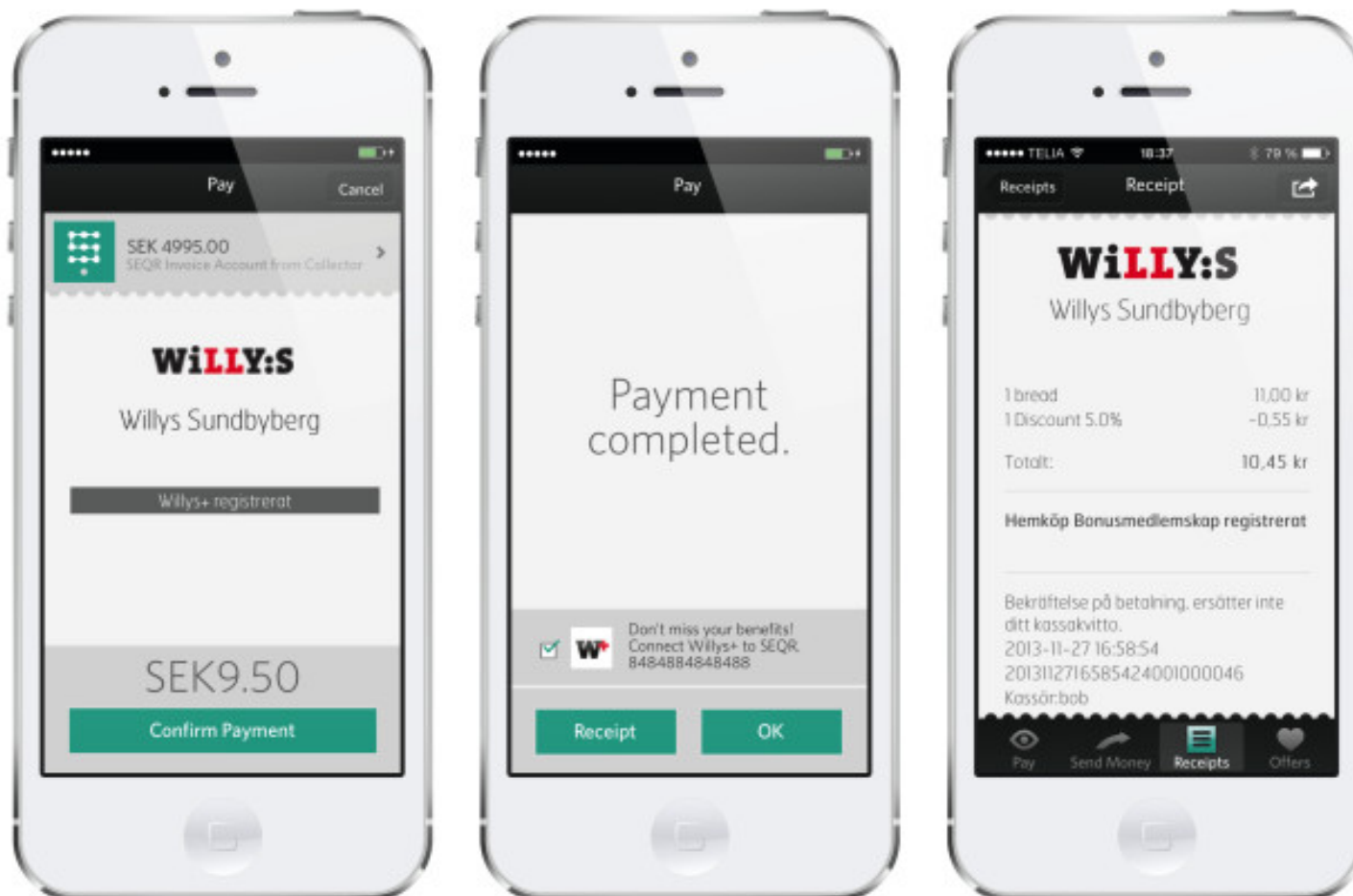
Case Description (a brief summary of a case)

Mobile payment service: **SEQR** by Seamless

- **2012–2013:** Focus on development of a network of merchants
- **2013:** SEQR integration with cashier systems LS Retail
- **End of 2013:** Targeting consumers
- **Now:** About 100 restaurant, retail, and coffee shop chains accept SEQR, at about 800 stores
- **Cases:** McDonalds' and Axfood

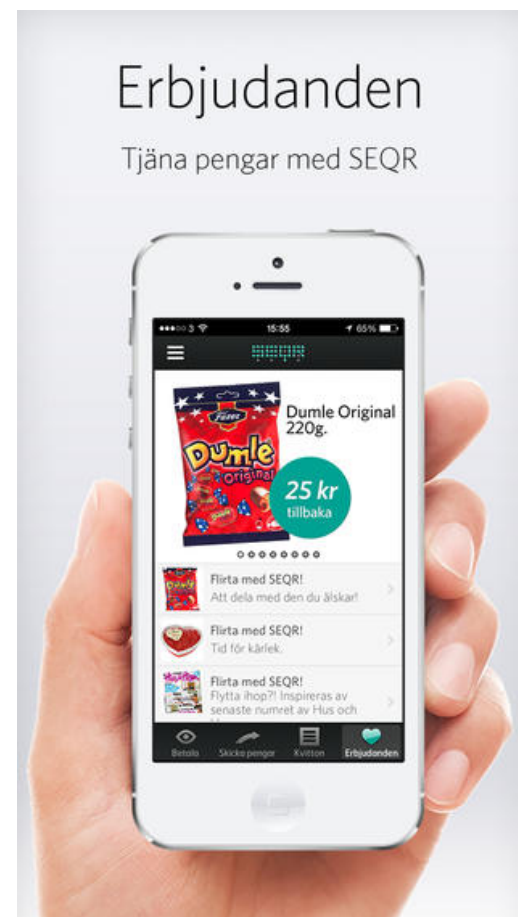
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Mobile payment service: **SEQR** by Seamless



Case Description (a brief summary of a case)

Mobile payment service: **SEQR** by Seamless



Case Description (a brief summary of a case)

Axfood, the third largest Swedish retailer

- The main area of innovation: re-definition of the store concept
- The first retailer that introduced the mobile payments
- Expectations:
 - Lower payment transaction fees compared to credit/debit cards
 - Reduction the amount of cash because of safety perspective
 - Opportunity to get more experience in the mobile payments
- **Spring 2012:** A trial of the SEQR at several stores
Autumn 2012: Rollout of the service in grocery chains
- SEQR - easy to use for personnel
- Small number of the service users

Case Description (a brief sample of a case)

McDonalds', a global foodservice retailer

- The main areas of innovation: customer service improvement
- Adopted SEQR because of the overall market trend
- Expectations:
 - Lower payment transaction fees compared to credit/debit cards
 - Opportunity to get more experience in mobile payment
- **Summer 2012:** Trial of the SEQR service at 4 restaurants
- **March 2013:** Rollout of the service in all restaurants
- SEQR - easy to use for personnel
- Small number of the service users

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Results: Adopter characteristics

	Obstacle	Driving force
Size	–	Yes
Organizational structure	Not identified	Not identified
Organizational innovativeness or strategic posture	–	Yes

Results: Marketing efforts of mobile payment provider

	Obstacle	Driving force
Targeting	Yes	Yes
Communication	–	Yes
Risk reduction measures	–	Yes

Results: Perceived innovation characteristics

	Obstacle	Driving force
Potential benefits of innovation	–	Yes
Relative advantage	–	Yes
Compatibility	Yes	Yes
Complexity	Yes	–
Trialability	–	Yes
Observability	Not identified	Not identified
Uncertainty of innovation	Yes	–

Results: Social network

	Obstacle	Driving force
Social network	Not identified	Not identified

Results: Environmental influence

	Obstacle	Driving force
Network externalities	Yes	Yes
Competitive pressures	–	Yes

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Conclusions

Factors driving adoption of the mobile payments in the retailing:

- Positive adopters' attitudes towards innovation
- Right marketing efforts and strategy of mobile payment service providers
- Characteristics of innovation that are attractive to adopters (benefits, relative advantage, compatibility, ease of use, trialability)
- Trends in the market and situation when network externalities are not important

Conclusions

Obstacles to adoption of mobile payment services in the retailing:

- Wrong targeting strategy by mobile service provider
- Incompatibility of the service with needs and values of retailers
- Complexity of the service
- Uncertainty of innovation
- Network externalities (to some degree)



Thank you