

# Mobile Buying and the Retail Sector

Abdullah Alsitrawi

**Abstract-** The use of technology has changed the way the companies operate in their industry. The new technological improvements forced businesses to adopt the changes and follow the need of their customers. When a company rejects to make the necessary changes, it would not be able satisfy their customers' needs and sustain their competitive edge. Thus, it is crucial for companies to follow the trend and offer something unique for their customers, so the customers continue deal with them. The companies can fulfill their customers' needs by changing their strategies to reach customers easier and faster, and mobile buying is only one example. As more people continue using their phone for many reasons on a daily basis, companies can make the shopping experience through phone much convenient and great.

## Introduction

In their article, Coleman and Rupp explained how technological improvements could help retailers to encourage more customers to shop in store or online while not being worried about privacy and security issues. The new advancement of mobiles made shopping very simple, easy and convenient. The mobile revolution began in October 2014 when Apple introduced its innovative technology called Apple Pay. It is like a digital wallet to pay for products in stores without a need to hold or even show up your credit or debit card. Apple offered Apple Pay in the market because the positive expectation that mobile sales will increase to 23%, \$142 billion in the near future. The innovative Near Field Communication antenna (NFA) enables customers to pay for their purchases by holding iPhone 6 & iPhone 6s near contactless reader with just a finger on Touch ID to complete the transaction. It works with all major banks and networks which account for more than 80% of credit card purchase volume in the US (Coleman and Rupp, 2015).

## The Benefits of Apple Pay

Besides its positive effects on the retail industry, Apple Pay has a lot of benefits for customers, merchants, banks and for Apple itself. First, customers benefit from buying through Apple Pay because it is secure, fast, and simple. The main thing is privacy it offers because the data will not be transferred to merchants and they don't have to carry their wallet. Additionally, customers can use their iPhone or Apple Watch in more than one million stores to make their purchases easily. Also, there are more stores and apps accepting Apple Pay every day. Second, merchants don't have to worry about security issues because Apple Pay is very secure. The sales will increase because more customers

are expected to buy through their mobiles. They also will save time to finish sales transactions because it only takes seconds to check out with just a single touch (Apple Website).

Third, the banks benefit when customers use Apple Pay because more cards will be issued and used. As a result, they will collect more fees from companies such as Visa and MasterCard when customers make their purchases through this innovative technology. Fourth, Apple also has many advantages by offering Apple Pay in the industry. It transformed the way customers conduct mobile commerce transactions. It earns 0.15% commission on every Apple Pay transaction. Additionally, it helps Apple to sell more of its products especially iPhones in the market which is another source of profit for the company.

## The Shopping Experience

The Impact of Apple Pay on the retail industry is huge. This advanced technology made shopping very easy and convenient. It also solved privacy issues and improved security matters which help customers to shop with more confidence. It also reduced the cost and saved time for both customers and merchants. For these reasons and more, the experience of customers in online and store shopping became more fun and simple.

## The Competition from Android Pay

On the other hand, Google Waller or Android Pay were introduced after Apple Pay in the market but it is totally free. However, there are many factors that made Apple Pay more successful than Android Pay. The major factor is that Apple does not store or use customer data in one way or another like selling this information to a third party. Another reason for the success of Apple Pay is due to the

huge number of people who own iPhone because they feel it is more efficient and effective compared to those who have Samsung mobile. Also, Apple has the first mover advantage since it introduced Apple Pay earlier than other competitors.

An example of a big retail store that rejected to use Apple Pay as a method of payment is Walmart. It launched its Merchant Customer Exchange App (MCX), called CurrentC that enables customers to use it for payment. The reasons for Walmart rejection to Apple Pay is because there are millions of transactions in more than 5,000 stores in the US alone while the profit margin is very small so Walmart denied to share it with another party and they want to cut their fees as low as possible.

### Some Concerns

Many concerns have arisen about the impact of this technology on the companies and how it is related to the business world. To answer these questions, we have to consider that Apple Pay is considered a new technology, so the result and impact of it could not be figured out until it continues for more years. An important factor to mention is how customers react and see this technology and do they consider it as an important technology or not because many customers feel comfortable with paying by cards or even cash. This is due to the fact that although Apple Pay is free and already configured in a lot of iPhones, it does not mean that it is being used or even needed by all people. The situation is even more complicated with online sales where customers already buy products with a one-click transaction in websites like Amazon.com and others. Thus, it really depends on the mentality of customers and how privacy is a concern to them and those who don't like marketing and advertising campaigns to follow them because all the information is stored on the websites.

Other concerns include questions such as what if Apple closed, will Apple Pay still work? Was it better for Apple to build its own system similar to those of Visa and MasterCard? Currently, a lot of questions and points will not be fully answered or clarified unless we wait and actually see what exactly will happen. Apple Pay was introduced in specific circumstances and based on assumptions by Apple to solve privacy, security and convenience concerns. As a result, it does not hurt us to at least try it since it is a free option, not an obligation.

### Conclusion

The innovation in technology such as Apple Pay and other similar technologies help to accelerate the development process in the industry and solve a lot of issues that prohibit the increase of sales, especially in the retail sector. As a final word, the impact of such technology on our life is tremendous because it helps us to live better and happier in one way or another. Begun

### References

Apple Website: <http://www.apple.com/apple-pay/>.

Coleman-Lochner, L., & Rupp, L. (2015, November 5). How Mobile Buying Went From Many Screens to One. Retrieved November 8, 2015, from <http://www.bloomberg.com/news/articles/2015-11-05/how-mobile-buying-went-from-many-screens-to-one>.