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WORLDWIDE

NFC & SHOPPING

July 2012

“ Removing the barriers that separate Web, mobile and in-store commerce represents one of the hottest trends in retail.”

– *Internet Retailer*, January 17, 2012

Are You Ready?

In a recent edition of *Harvard Business Review*, an article called “The Future of Shopping” is all about one key theme: “omnichannel retail.”

“As it evolves, digital retailing is quickly morphing into something so different that it requires a new name: omnichannel retailing. The name reflects the fact that retailers will be able to interact with customers through countless channels— websites, physical stores, kiosks, direct mail and catalogs, call centers, social media, mobile devices, gaming consoles, televisions, networked appliances, home services, and more. Unless conventional merchants adopt an entirely new perspective—one that allows them to integrate disparate channels into a single seamless omnichannel experience—they are likely to be swept away.”

The article goes on to basically say that retail is stuck in the proverbial box. Expectations across every channel are increasing and consumer dissatisfaction is on the rise and customers want more from every buying experience. They want the best of online available in-store and want the upsides of stores in their digital interactions. And they don’t want excuses if it doesn’t happen—they’ll just head elsewhere.

“In today’s environment, information and ideas can flow freely. Retailers who learn to take advantage of both will be well positioned for success.”

Greasing the skids to the free flow of information and ideas will mean jumping ahead and embracing technologies that enable it. One is looming. And it’s NFC.

What Is NFC?

The world doesn't need another acronym. We know. But NFC, or Near Field Communication, represents much more than a slick tech term that makes you sound like you're in the know—it might just change life as we know it.

For years, we've talked about the potential to one day access anything you want with a simple tap of a device. In a nutshell, this is what NFC enables. By doing so, it's the perfect bridge between physical and online worlds—kind of information highway nirvana. Yet, it's the easy, dummy-proof engagement tool everyone—marketers and consumers alike—has been yearning for.

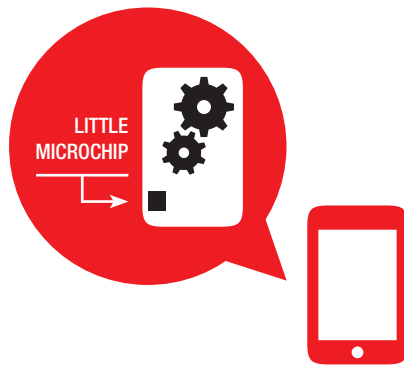
Let's break it down.

NFC is a sister to RFID.

Both are little microchips that transmit information wirelessly.

However, where RFID is used to transmit over a distance of a few meters (think inventory tracking, luggage tracking, toll tags, meters, etc.), NFC is used at close range for end user applications that have some kind of personal identification attached to it.

It works over a few centimeters (thus the "near field") and is very much controlled by the user. They can either opt to use it or ignore it.



NFC **VS** **RFID**

RFID IS USED TO TRANSMIT OVER A DISTANCE OF A FEW METERS



NFC IS USED OVER A FEW CENTIMETERS FOR END USER APPLICATIONS THAT HAVE SOME KIND OF PERSONAL IDENTIFICATION ATTACHED TO IT

Believe it or not,

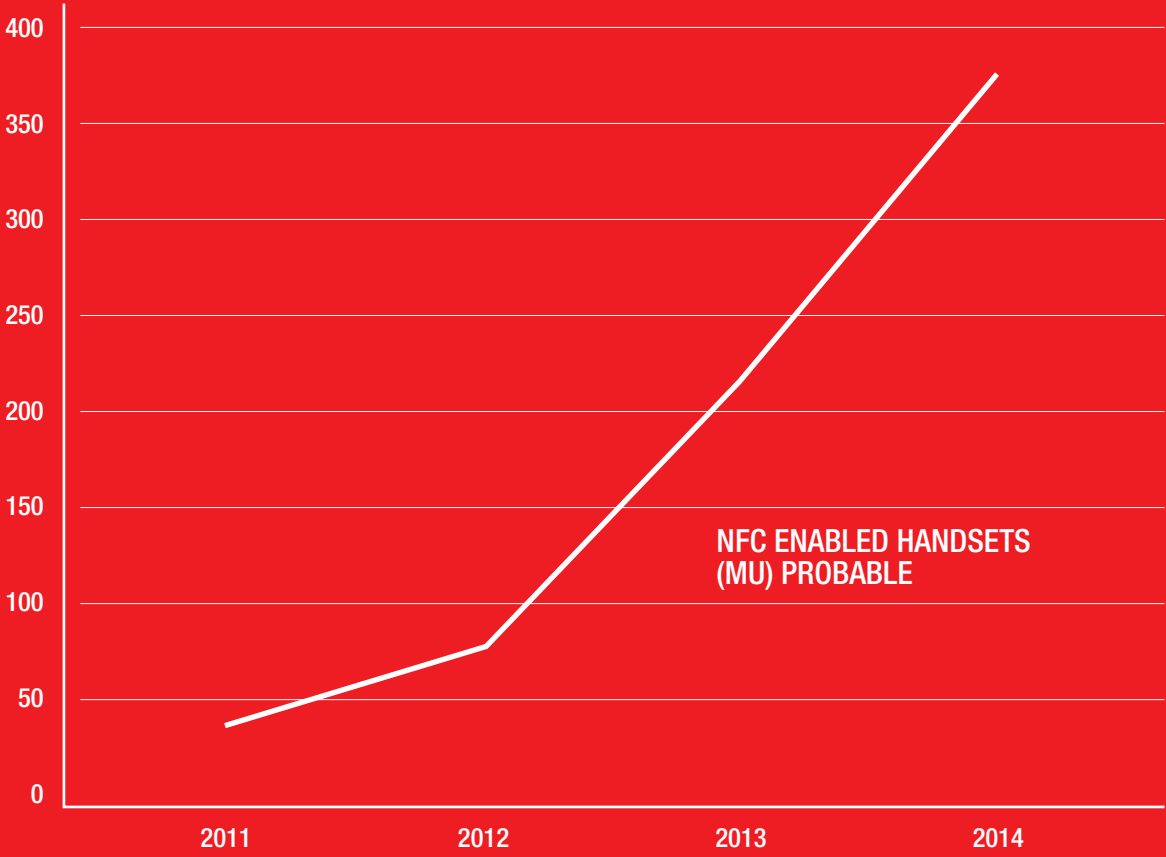
phone manufacturers have been putting these guys into cell phones for almost 10 years. We got our first whiff of NFC in 2005 when banks started using them in credit cards to speed up transactions and reduce card cloning. Then came “pay and go,” which let people tap a card against a reader and get on their way quickly. But prime time is just around the corner.

NFC chips will soon be incorporated right into your smartphone’s circuitry. Juniper Research thinks that about 20 percent of phones worldwide might have NFC capabilities by next year. That’s one out of five phones out there, or 300 million when you do the math.

By 2016, analysts are expecting 550 million of them, and when NFC phones are prevalent, the tags that talk to them could one day be as commonplace as a barcode.

WORLD SHIPMENTS OF NFC-ENABLED CELLULAR HANDSETS

SHIPMENT GROWTH PROFILE – 2011 TO 2014



DATA SOURCE: IMS RESEARCH FEB 2012.

But it's the commerce opportunity that's making NFC the new digital darling. Mobile payments make life easy. And stuff that makes life easy usually gets adopted. The market is growing through the roof and some seriously big players have a lot to gain by making it mainstream. The race is on regarding who's going to come out on top.

THE GROWING MOBILE PAYMENTS MARKET

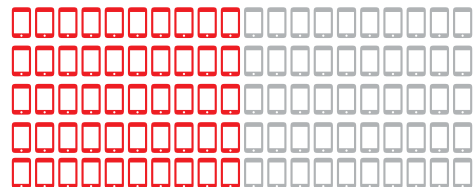
BY 2013:

SALES OF NFC-EQUIPPED PHONES WILL EXCEED **\$75 BILLION**
1 IN 5 CELLPHONES WORLDWIDE WILL USE NFC TECHNOLOGY



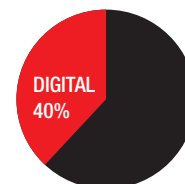
BY 2014:

NFC TRANSACTIONS ALONE WILL APPROACH **\$50 BILLION**
GOOGLE PREDICTS THAT **50%** OF ALL CELL PHONES WILL USE NFC TECHNOLOGY



BY 2015:





THE VALUE OF ALL MOBILE MONEY TRANSACTIONS IS EXPECTED TO REACH **\$670 BILLION**
DIGITAL GOODS WILL MAKE UP NEARLY **40%** OF THIS MARKET
ASIA, WESTERN EUROPE AND NORTH AMERICA WILL BE RESPONSIBLE FOR **75%** OF ALL MOBILE PAYMENT TRANSACTIONS



TOTAL MOBILE MONEY TRANSACTIONS

DATA SOURCE: [HTTP://WWW.GOTTABEMOBILE.COM/2011/07/10/THE-FUTURE-OF-MOBILE-PAYMENTS-AND-NFC-IS-BRIGHT-INFOGRAPHIC/](http://www.gottabemobile.com/2011/07/10/the-future-of-mobile-payments-and-nfc-is-bright-infographic/)

THE CONTENDERS

	 <p>Google wallet</p>	 <p>ISIS</p>	 <p>V.me by Visa</p>	 <p>serveSM</p>
TARGET MARKET	THE PREMIERE MOBILE PAYMENT PLATFORM FOR ANDROID USERS	ISIS WAS FOUNDED AS A COALITION BETWEEN AT&T, VERIZON WIRELESS AND T-MOBILE	THE DIGITAL WALLET IS EXPECTED TO HANDLE MULTIPLE CARDS AND PAYMENT OPTIONS THROUGH MANY FINANCIAL NETWORKS	AMERICAN EXPRESS CUSTOMERS
TECHNOLOGY	THE NEXUS 5 4G IS ALREADY SHIPPING WITH NFC CHIPS THAT WILL INTERFACE WITH GOOGLE WALLET WHEN IT LAUNCHES	WILL RUN ON ANY NFC-ENABLED DEVICE SUPPORTED BY THE THREE CARRIERS	WILL RUN ON MOST SMART DEVICES, AND CAN MAKE USE OF NFC IF AVAILABLE	WILL PRIMARILY RUN ON THE PAYPHONE, A MOBILE-COMMERCE CENTERED DEVICE BACKED BY AMEX
PROS	GOOGLE WALLET WILL SYNC WITH GOOGLE OFFERS, ALLOWING YOU TO TAKE YOUR COUPONS AND SAVINGS WITH YOU AS YOU SHOP	ISIS IS WORKING ON A MOBILE WALLET SYSTEM THAT COULD STORE MULTIPLE CREDIT AND DEBIT CARDS, AND ALLOW USERS TO PAY WITH ANY OF THEM	VISA'S 50+ YEARS EXPERIENCE IN PAYMENT PROCESSING	CAN SEND MONEY SECURELY BETWEEN TWO DEVICES
CONS	NO MENTION OF SUPPORT FOR VISA, AND NO MENTION OF IPHONE SUPPORT	NO SUPPORT FOR SPRINT	NO MENTION OF SUPPORT FOR MASTERCARD, DISCOVER OR AMEX	\$2.00 FEE FOR USING AN ATM TO WITHDRAW MONEY FROM A SERVE ACCOUNT
PAYMENT NETWORK PARTNERS	GOOGLE, CITI, MASTERCARD, FIRST DATA, AND SPRINT	DISCOVER, MASTERCARD AND VISA	VISA AND 14 ADDITIONAL BANKS AND FINANCIAL SERVICE PROVIDERS	AMERICAN EXPRESS FINANCIAL NETWORK, VISA, MASTERCARD, DISCOVER AND DEBIT CARDS

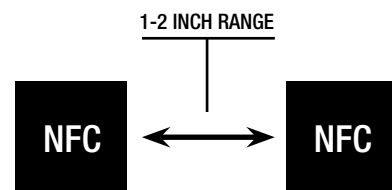
DATA SOURCE: [HTTP://WWW.GOTTABEMOBILE.COM/2011/07/10/THE-FUTURE-OF-MOBILE-PAYMENTS-AND-NFC-IS-BRIGHT-INFOGRAPHIC/](http://www.gottabemobile.com/2011/07/10/the-future-of-mobile-payments-and-nfc-is-bright-infographic/)

Living a Card-Free Life

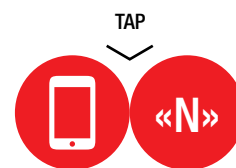
No doubt about it, the mobile phone is an indispensable life tool. Load it up with NFC and it becomes a magic wand of sorts, letting people chuck out any and every “card”—building or hotel access, credit, loyalty, public transportation or more—and do it all with a tap.

NEAR FIELD COMMUNICATIONS

ALLOWS FOR SIMPLIFIED TRANSACTIONS, DATA EXCHANGE AND WIRELESS CONNECTIONS BETWEEN TWO DEVICES IN CLOSE PROXIMITY (THE 1 TO 2 INCH RANGE).



DEVICES WORK THROUGH TAPPING, MEANING USERS DON'T HAVE TO DO ANYTHING EXCEPT BE WITHIN RANGE.





TICKETING



IDENTIFICATION



TRANSIT



PHYSICAL ACCESS



SECURE PC LOG-ON



CASHLESS PAYMENT



LOYALTY & MEMBERSHIPS



TIME & ATTENDANCE

Yeah, yeah, yeah...

We hear you saying, “But wait, QR codes do that too!” Not exactly. QR codes are certainly prevalent, but usage has not been what everyone thought it would be because, although they’re easy to use, they are still not ridiculously easy to use. Here’s a quick comparison of the two (see right).

Speculations:

QR code adoption is much stronger than NFC for the foreseeable future (largely due to the hardware requirement).

Once experienced by consumers, NFC is going to be highly desired. And if the big guys get behind it, it will become a standard tool. It’s easier, potentially ubiquitous and solves consumer challenges.

NFC

VS.



ADVANCED FUNCTIONS REQUIRE HARDWARE AND AN APP



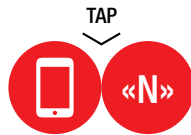
+



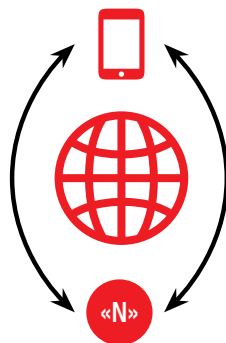
ALSO REQUIRES A TAG OR DEVICE NEAR THAT PHONE



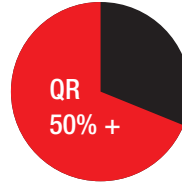
EASIER EXPERIENCE FOR THE CONSUMER AS LONG AS THE NFC HARDWARE IS PRESENT



REPRESENTS A UNIFORM STANDARD OF INTEROPERABILITY THAT'S BEEN ADOPTED GLOBALLY AND RELIES ON VISUAL CUES AND TAP POINTS TO ENGAGE. THIS REMOVES MAJOR BARRIERS TO ADOPTION, MAKING IT CONSISTENT AND EASY TO USE
IT CAN BE RECOGNIZED AND DEPLOYED GLOBALLY WITH NO LANGUAGE BARRIERS

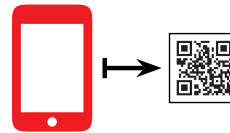


SUPER-ACCESSIBLE; YOU ONLY NEED TO DOWNLOAD AN APP



TOTAL SMARTPHONE USERS

ADOPTION IS WELL OVER 50% OF SMARTPHONE USERS (MAINLY BECAUSE OF APP ACCESSIBILITY)



EASINESS DEPENDS ON DEPLOYMENT; THE QR COULD BE TOO SMALL, TOO FAR AWAY, LIGHTING COULD BE OFF, ETC.



THERE ARE OVER 400 QR CODE FLAVORS OUT THERE AND NO ONE ACCEPTED STANDARD. THIS MEANS MANY QR CODE SCANS REQUIRE A DIFFERENT APP DOWNLOAD TO MAKE THEM WORK. TRANSLATION? SOMETIMES IT'S TOO MUCH TROUBLE TO BOTHER

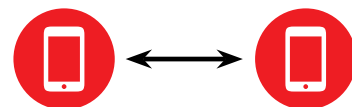
How It Works

We love to talk about how, in the future, we won't be tapping into the digital cloud—we'll be living in it. The concept of phygital—the blending of the physical and the digital—amps up significantly when NFC hits and we experience a physical version of the Web. The nitty-gritty of how it works isn't rocket science either.

Kind of like Bluetooth and Wi-Fi, NFC is wireless that's "in your immediate space." To make it work, a reader (also called an interrogator) emits a small electric current powered by RFID, which creates a magnetic field that bridges the space between the devices—and communication begins. The field is received by a little coil in one of the devices, or TAGs, where it's converted into electrical impulses that translate it into any kind of information you please (yep, like a magic wand!).

HOW (NFC) WORKS

NFC ALLOWS FOR A SIMPLE DATA EXCHANGE BETWEEN TWO DEVICES BY WAY OF A PHYSICAL TOUCH.



NFC REQUIRES BOTH AN INITIATOR (ALSO CALLED A READER OR INTERROGATOR) AND A TARGET.



THE INITIATOR GENERATES A RADIO FREQUENCY (RF) FIELD WITH A RANGE OF ABOUT FOUR CENTIMETERS, AND THE TARGET PICKS UP THE RF FIELD AND RECEIVES THE DATA IT CONTAINS.



DATA SOURCE: [HTTP://WWW.GOTTABEMOBILE.COM/2011/07/10/THE-FUTURE-OF-MOBILE-PAYMENTS-AND-NFC-IS-BRIGHT-INFOGRAPHIC/](http://www.gottabemobile.com/2011/07/10/the-future-of-mobile-payments-and-nfc-is-bright-infographic/)



• SAMSUNG NFC MINI-STICKER



▲ IMAGE CREDIT: FORBES [HTTP://WWW.FORBES.COM/SITES/BRIANCAULFIELD/2012/06/13/HOW-A-SAMSUNG-INTERN-MAY-HAVE-CRACKED-ONE-OF-THE-MOBILE-INDUSTRYS-BIGGEST-PROBLEMS/](http://www.forbes.com/sites/briancaulfield/2012/06/13/how-a-samsung-intern-may-have-cracked-one-of-the-mobile-industrys-biggest-problems/)

▼ IMAGE CREDIT: TAGSTAND [HTTP://WWW.TAGSTAND.COM/COLLECTIONS/NFC-READER-WRITERS/PRODUCTS/MINI-USB-NFC-READER-WRITER-ACR122T](http://www.tagstand.com/collections/nfc-reader-writers/products/mini-usb-nfc-reader-writer-acr122t)



• NFC STICKERS AND USB READER

• GOOGLE WALLET NFC PAYMENTS



▲ IMAGE CREDIT: VANESSA HARTNOLL, CEO & PRESIDENT OF IMPETUS CONSULTING

▼ IMAGE CREDIT: TAP IT NFC MARKETING [HTTP://WWW.FLICKR.COM/PHOTOS/NFCMARKETING/6194613634/](http://www.flickr.com/photos/nfcmarketing/6194613634/)

• NFC-ENABLED PHONE TWEETING A RESTAURANT



Dummed down,

NFC just connects chips, and not just in smartphones, but also in tablets, appliances, and inanimate stuff like products, a poster, shirts...pretty much whatever you dream up. These chips can go anywhere and be encoded with almost any message, including animation, apps and forms.

There are two kinds of NFC tags for NFC chips: (1) passive ones that use the energy from the reader to encode a response; (2) active ones that have their own power source and zing back a response with their own electromagnetic fields. So, one kind just listens and receives while the other kind talks back and forth (taking location-based messaging to the next level, as you can imagine).

In most cases, when you use NFC from a phone, the user needs to know where to tap—this clearly identified marker for NFC is called a TAP point. It's essential that TAP points are dummy proof—that is, easy to spot and understand.

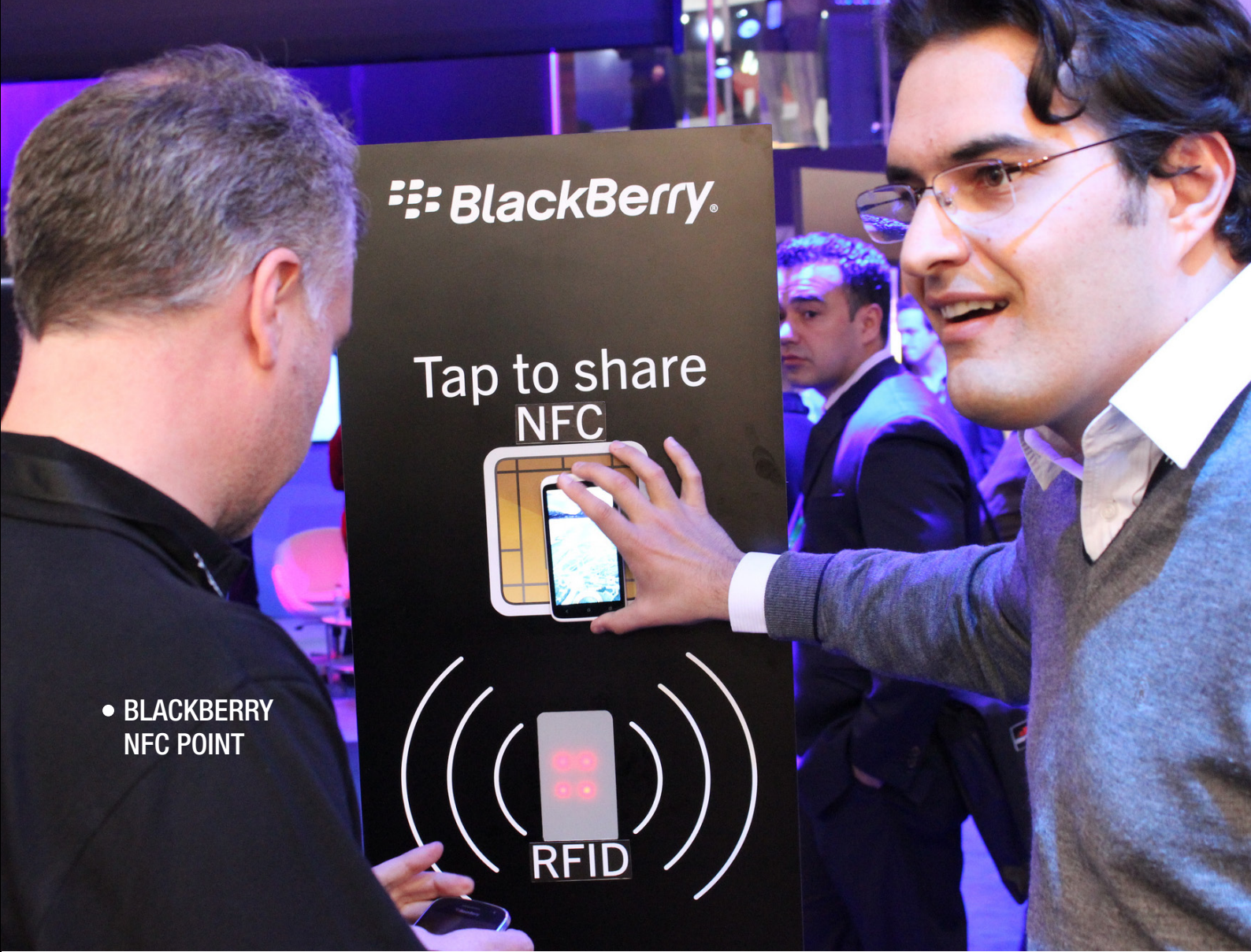
What's great is that when

someone taps, they get the information that they want immediately—and they can also share it easily. We've been searching for years to find something that lets people "like" a physical product in a store to their social outlets. This is the ticket.

While the marketing opportunities are huge for tapping, it's what's happening behind the scenes that really makes us swoon: data capture.

You can't improve what you can't measure, particularly mobile campaigns living as a piece of a larger marketing effort. When a tap happens, the NFC chip stores that action with many other data bits it's been carrying since its inception. With this, we have for the first time the opportunity to close the loop of what is happening from the point of manufacture to the point of sale. Just think of those implications for supply chain and inventory management. Retailers will be able to better control where stuff is made. It will represent how and when it's delivered and to which necessary stores. Just-in-time management on steroids.

We'll also, for the first time, have a data and analytics bridge for shopper behavior between home, life and store. The phone becomes a ubiquitous cookie of sorts. Not only will we be able to better understand the oodles of shopping path iterations people are creating for themselves, but we'll be able to create real-time, intelligent messages to influence them. Wherever they are. It's Clickstream meets mobile stream meets Brickstream business intelligence!



- BLACKBERRY
NFC POINT

▲ IMAGE CREDIT: SERGIO UCEDA

▼ IMAGE CREDIT: HID GLOBAL



- NFC OPENS
SECURITY LOCK

“ We’ll also, for the first time, have a data and analytics bridge for shopper behavior between home, life and store. The phone becomes a ubiquitous cookie of sorts.”

AN NFC ENABLED SHOPPING DATA DIARY



ZOE AT HOME IS SIGNED IN TO HER FAVORITE RETAILER'S SITE. SHE SEES A DRESS SHE LOVES AND SAVES IT TO HER FAV'S ON HER APP. (DATA = ZOE'S PROFILE, HER SITE TRAFFIC BEHAVIOR, LENGTH OF SESSION, AND SAVE A PROFILE OF THE ITEM, BOTH ON THE SITE AND ON HER MOBILE APP)



LATER IN THE WEEK, SHE GOES TO THE STORE TO GET SOME BASICS AND FIRES UP HER APP. SHE SEES THAT SHE HAS THE DRESS SAVED (THANKFULLY! SHE HAD FORGOTTEN ABOUT IT) AND HEADS OVER TO CHECK IT OUT. (DATA = ZOE'S PROFILE, STORE LOCATION, TIME OF DAY)



ON THE WAY TO THE WOMEN'S FASHION SECTION OF THE STORE, SHE SEES A SUPER-CUTE PURSE ON AN ENDCAP. SHE SCANS THE «N» TAG TO SEE WHERE IT WAS MADE. A "FOR YOU ZOE ONLY" ONE-HOUR PROMOTIONAL COUPON SHOWS UP FOR A GREAT PAIR OF SHOES THAT MATCH. SHE HITS A BUTTON AND "LIKES" THE PURSE TO HER FACEBOOK PROFILE AND PUTS IT IN THE CART. (DATA = ZOE'S LOCATION IN THE STORE, APPROXIMATE DWELL LENGTH AT THE ENDCAP, EXPOSURE TO THE SHOE PROMO, AND "LIKE" BEHAVIOR, BOTH ON FACEBOOK AND ON THE RETAIL SITE, AND THE PRESENCE OF THE PURSE IN HER CART)



SHE LEAVES AND FINDS THE DRESS. SHE SCANS THE N TAG AND SEES THAT 50+ PEOPLE ALSO LIKED A SIMILAR ONE (SO CUTE!). SHE "LIKES" THEM BOTH AND PUTS THE FIRST IN HER CART, BUT HER SIZE ISN'T AVAILABLE IN THE OTHER ONE. SHE TAPS THE TAG, ORDERS HER SIZE AND COLOR ON HER PHONE AND SENDS IT TO HER HOUSE. (DATA = ZOE'S LOCATION IN THE STORE, "LIKE" BEHAVIOR, PURCHASE OF DRESS #2 AND THE PRESENCE OF DRESS #1 IN HER CART)



SHE'S IN A RUSH NOW, SO SHE GUNS IT OVER TO THE SHOE SECTION AND FINDS HER SIZE. THROWING THE SHOES IN THE CART, SHE LEAVES AND GETS HER OTHER NEEDED ITEMS. (DATA = STORE LOCATION, LENGTH OF STAY IN SHOES, AND PRESENCE OF PROMOTIONAL SHOES IN HER CART)



SHE CHECKS OUT AND REDEEMS THE PROMOTION FOR THE SHOES. THE CASHIER IS SUPER-HAPPY AND HELPFUL SO SHE "LIKES" HER ON AN N TAG AT THE CASH WRAP. SHE WAVES HER PHONE TO PAY AND HEADS OFF. (DATA = FINAL INFORMATION ON LENGTH OF STAY, "LIKE" BEHAVIOR ATTACHED TO JANE THE CASHIER (GO JANE!), AND PURCHASE DATA)

NFC Rewinding Up Retail

NFC will become a natural part of life everywhere we live. Cafes, bars/clubs, shopping malls, movie theaters, outdoor, in travel venues, health clubs...you name it. But clearly, we just love what it does for shopping.

Right now, NFC is just barely on the retail radar. It's being used most for mobile payments because, as mentioned, the POS (point of sale), mobile carriers, credit card companies and other big transaction guys are pushing it hard. But this is changing. Retailers are realizing that in today's hypercompetitive, Amazon-as-a-showroom environment, it's all about experience. And when it comes to shopping, the current experiences are way too linear.

Shoppers are begging for better digital bridges between home, life and store. Mobile has opened the door to this. They are loving the notion of anywhere, anyhow, anyplace and any-price shopping—and they don't want to work at it.

This is what makes NFC so titillating for retail. With it, the opportunities for “tap and get” branded content are wide open. But it also makes the point of purchase portable. Someone can shop from a smart poster at a concert, in a subway station, from a coffee cup or a C-store counter—heck, even someone's shirt! All that's needed is a TAG and a tap.



BUY PRODUCTS



SOCIAL MEDIA



TABLE TENT INFO



SWEEPSTAKES & EMAIL



IMAGES & WALLPAPERS



VIDEO CONTENT



MOBILE GAMES



APP DOWNLOAD



COUPONS & PROMOTIONS



INTERACTIVE SCHEDULER



VIEW RICH MEDIA



MAPS & LOCATION RELEVANT OFFERS



SIGN UP FOR OFFERS



MOBILE LOYALTY CARDS



VERIFY PRODUCT AUTHENTICITY

The Case for Brands

Brands across many categories – including mobile telecommunications, retail, financial services, technology and media to name a few – are preparing for a marketplace where NFC will be widespread and commonplace. The most innovative brands are already leading the way by spearheading R&D investment and breakthrough programs centered on NFC and its potential to revolutionize the consumer experience. They realize that being early to the NFC game may bring untold dividends in terms of early learnings and future growth. Here, then, is a snapshot into what some of the more notable leadership brands are already doing in the space.



at&t

While AT&T has not yet officially revealed plans for NFC integration into their services, it does offer NFC-enabled products, such as the Galaxy Nexus, which allows for the use of the Google Wallet on AT&T networks by downloading an Android Market app. However, in regards to potential future developments on the NFC front, AT&T has most notably played a big part in the development of Isis, an NFC-based mobile wallet similar to Google Wallet and Visa's v.me.

The Isis Mobile Wallet, the brainchild of a coalition between AT&T, Verizon Wireless and T-Mobile, is a mobile application that “holds virtual versions of most things your existing wallet does—this includes your credit and debit cards,” according to the official website. It uses NFC technology to communicate with “Isis Ready” merchant scanners, enabling the user to not only use Isis as a credit card, but as subway passes, loyalty cards and more. Isis made its debut at this year's South By Southwest Interactive, and is scheduled to roll out to pilot cities Salt Lake City and Austin this summer. Considering the range of Isis's capabilities and the part AT&T played in developing them, it is expected that AT&T will not only integrate itself into the NFC space, but also emerge as a true competitive force.



Historically, Starbucks has been at the forefront of introducing mobile payment schemes to the marketplace so that its consumers can seamlessly transact within the shops across its network. Although NFC technology adoption is forecasted to grow significantly in the U.S. over the next few years, penetration at current levels is still low. As a result, Starbucks has focused on a form of mobile payment that serves as a prelude to NFC in the US.: 2D barcodes. Since its nationwide release in 2011, the Starbucks Card Mobile App has enabled customers to use mobile payments in the form of a barcode-based service, and has received more over 4 million payments thus far.

Despite its slow adoption of NFC payments in the US—which is primarily due to the low volume of American customers with NFC-enabled phones—Starbucks has been ahead of the curve in using NFC technologies internationally. For example, last December, Starbucks partnered with JiePang, a leading location-based social media service in China, to promote a rewards campaign built around check-ins to boost sales at Shanghai Starbucks outlets. So long as 30,000 JiePang users checked in by the Christmas Day deadline, every customer who had done so would receive a free drink upgrade. Using posters with embedded NFC tags, customers could see where the closest Starbucks location was and check-in there to help contribute to the collective goal of 30,000 check-ins.

Additionally, in May 2011, Starbucks UK signed a deal with Barclaycard in partnership with Visa Europe and with French mobile-carrier Orange to allow consumers with NFC-enabled handsets to use contactless and NFC mobile payments in their coffee shops. Most locations in the UK and Ireland will have NFC technologies this year.



在此签到
NFC手机放置此区域即可签到



LET'S MERRY
全星点亮圣诞树



街旁
Jiebang.com
NFC 在此实地签到

Developer Zone

 BlackBerry.

Tap to share



Love what you've seen? Share it now!
If you've got NFC-enabled on your
smartphone - tap the "N-mark" on this
station to share the latest exciting developer
news with your contacts on Facebook and
or Twitter. Each of our stations has different
exclusive BlackBerry MWC content for you
to share. If you don't have NFC, head to
the RFID registration desks to find out more.





Research In Motion (RIM) views NFC as a big market opportunity and the company is investing heavily into the technology's future. The company has taken on the mission of aiding the growth and mainstreaming of NFC into the consumer's world by offering mobile payment abilities as well as developing innovative BlackBerry applications. RIM's products have been said to be the most widely owned NFC smartphones in the UK, comprising 80% of handsets and its goal is to put the NFC technology into every one of their upcoming products.

Four in six smartphones that are Visa PayWave enabled are BlackBerry phones. In addition, MasterCard recently approved two BlackBerry models for its own version of PayWave, called PayPass, which are to be sold by France-based mobile carrier Orange in Europe and the UK. Furthermore, RIM has been working with international mobile carriers, such as Istanbul's TurkCell and Spain's Telefonica, to bring NFC payments to NFC-enabled phones worldwide.

New lines of BlackBerry products, specifically those in the BlackBerry 7 family which were released in Summer 2011, also come with NFC applications such as BlackBerry Share and BlackBerry Tag. BlackBerry Share allows users to tap to NFC-enabled RIM devices and share app content that then can be downloaded onto the user's own device from the BlackBerry App World store. BlackBerry Tag, on the other hand, is more suited to sharing content with others, as the application has the ability to transfer information from RIM devices to non-RIM, NFC-enabled devices.



Visa has been one of the companies at the forefront of NFC adoption since the technology's conception. In September 2007, Visa introduced Visa PayWave, one of the first contactless payment technologies to be offered by a financial institution, which used RFID technology. As RFID evolved into its newer sister NFC, Visa, in turn, followed. An NFC iteration of PayWave, a product of a venture between Visa and Oberthur Technologies, was introduced at the Mobile World Conference this year. The technology lets mobile operators and banks deliver the PayWave application over the air to an NFC handset, and securely deliver payment account information to smartphones.

In addition, earlier this year, Visa partnered with Intel to enable smartphones powered with Intel's Atom Z2460 chip to use the NFC version of PayWave to pay quickly at retail points of sale. Four of the six Visa-certified smartphones are BlackBerry devices (the BlackBerry Bold 9900 and 9760, and the BlackBerry Curve 9380 and 9360), and the other two are the Samsung Galaxy S II and the LG Optimus NET.

Furthermore, Visa has stayed competitive in developing a digital wallet service—similar to Isis and Google wallet—called v.me, which is expected to handle multiple cards and payment options through Visa and support NFC in the future.

Lastly, as an official sponsor of the London 2012 Olympic Games, Visa has partnered on issuing special NFC-enabled mobile phones - each equipped to use Visa PayWave through a Visa-branded application - to “key stakeholders and decision makers,” to use at any point of sale at the Games.

Telephone

JCDecaux



RENOVATE
YOUR LIFE WITH
\$100K
WIN



Making It Happen: Drivers & Barriers

Clearly some people are smartly testing the NFC waters. But the industry isn't looking at full-scale commercial deployments until late 2013 or early 2014, based on some obvious wild cards—understanding, awareness, security issues, how quickly NFC-enabled devices are out there, when POS infrastructure becomes widespread, costs for deployment, and clear and bankable ROI to pay for it, etc.

The barriers beg for a bit more explanation.

Whenever a new technology hits, invariably it's either security or privacy issues that emerge as the roadblock. Nothing new here, especially given that NFC has hooks into money accounts. And although the U.S. is the first country to adopt payment devices, we are limited to the initial payment technologies out there.

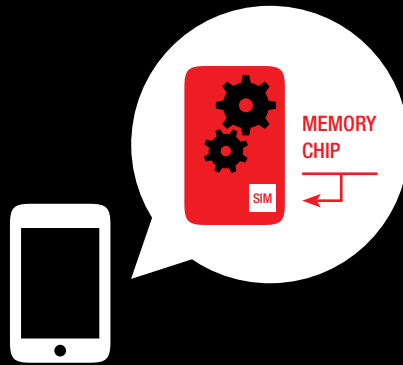
RFID has had hacking challenges in the past, and NFC is trying to lock them down. But people are still wondering. "How easy will it be to grab the data from my phone's NFC chip and clean me out?" There isn't a clear answer.

NFC chips can be embedded into the guts of the mobile phone or placed on the phone with a TAG sticker. The problem is that they are only secure for transactions if they are part of the phone, which is accomplished by embedding the chip via a Secure Element within the SIM card of the phone.

What is a SIM card?

A Subscriber Identity Module (SIM) card is a portable memory chip used mostly in cell phones that operates on the Global System for Mobile Communications (GSM) network. These cards hold the personal information of the account holder, including his or her phone number, address book, text messages, and other data.

Since all of a user's data is tied to the SIM card, only it needs to be activated when the person opens an account with a cell-phone service provider (your mobile phone carrier). Each card has a unique number printed on the microchip, which the carrier needs in order to activate the phone. In most cases, the phone's owner can go either to the carrier's website and enter this number in the appropriate tool or call the service provider directly from another phone to get the phone turned on. SIM cards are tied to a particular carrier and can only be used with a service plan from that carrier.



SIM

SUBSCRIBER IDENTITY MODULE

OPERATES ON THE
GLOBAL SYSTEM
FOR MOBILE
COMMUNICATIONS
(GSM) NETWORK



HOLDS THE PERSONAL
INFORMATION OF THE
ACCOUNT HOLDER

SUCH AS PHONE
NUMBER, ADDRESS
BOOK, TEXT
MESSAGES, AND
OTHER DATA



- NFC LETS GAMERS PREVIEW GAMES BEFORE PURCHASING



▲ IMAGE CREDIT: TAPIT AUSTRALIA

▼ IMAGE CREDIT: GED CARROLL

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There are workarounds,

though. Because they are such short range, someone would have to get really close to you to get to your NFC device and snag your info. You'd notice if someone was one to four inches away from you, right?

But the players can also make sure that any pay transaction has some kind of approval method, the easiest being making someone plug in a PIN to turn the NFC feature on. It's something most of us are used to anyway—we already like to password protect our phones and computers.

Another barrier is that the big retailers will have to upgrade their payment systems to work with NFC (remember, they have to have bidirectional NFC to make mobile POS work). There are millions and millions of POS terminals out there and they work just fine, so retailers are going to need some serious convincing. We think payment players will get through this by offering up incentives, co-marketing/co-investment funds, and maybe even transaction rates that make NFC a tasty alternative. The major retailers will jump in first (like Starbucks) and branded bank brands will grease the skids. We've seen indicators already with contactless payments (e.g., Visa Paywave, MasterCard PayPass, Chase Blink, etc.).

ADOPTION FACTORS

AVAILABILITY OF NFC SMARTPHONES

HISTORICALLY THIS IS A
FACTOR, BUT WON'T BE AN
ISSUE SOON

BRAND OPTIONS ARE
SOMEWHAT LIMITED

NOT AVAILABLE FOR APPLE
PRODUCTS...YET

POSSIBLE WORKAROUND:
NFC-ENABLED CASES,
SLEDS AND STICKERS THAT
MAKE ANY PHONE NFC

MERCHANT INVESTMENT: INFRASTRUCTURE AND APPS

MOST NFC ACTIVITY
REQUIRES RETAIL
MERCHANT INVESTMENT

NFC PHONE PENETRATION
WILL HAVE TO BE USED
EXTENSIVELY TO GET
MERCHANTS INTERESTED

MERCHANTS WILL ONLY
SPEND IF THERE ARE
METRICS/METHODS TO
HELP JUSTIFY THEIR
INVESTMENTS

FIRST MOVERS, ESPECIALLY
COMPETITIVE RETAIL
BRANDS, COULD SPEED UP
INTEREST

AWARENESS AND UNDERSTANDING

NEED FOR AWARENESS
AMONG MANUFACTURERS,
RETAILERS AND CONSUMERS

THERE IS CURRENTLY
A CLEAR LACK OF
UNDERSTANDING

ADOPTION BY MAJOR SMART
PHONE MANUFACTURERS
WOULD PROVIDE A MASSIVE
BOOST...AND IT WOULD
DRAG THE NFC ECOSYSTEM
WITH IT.

Care to see
the menu?



• NFC CAFÉ
MENU

Tap your
NFC-enabled
phone here

OR

Scan the
QR code
below



As featured in...

Time Out

Sydney

timeout.com/sydney

Written by local experts

The Most Important NFC Shopping Factor

In the end, it doesn't matter how many brand behemoths push NFC if the consumer doesn't buy in.

History has shown us that when technology does something truly valuable for people, they will get on board. Sure, we need to get around some barriers here. But the opportunity for NFC to power up our shopping experiences and create never-before-seen retail convenience and connections is mind blowing.

NFC is clean, easy, unobtrusive, and brilliantly interactive. It opens up shopper engagement, data collection, and distribution control. It connects offline and online. And it makes both information and payment portable. What's not to love? What marketers and retailers do with NFC in the next few years is only limited by creativity and imagination.

Tapping is nearing the tipping point. Time to get on board!

“ People will adopt change when the pain of the status quo exceeds the pain of learning something new.”



About the Author

Laura Davis-Taylor is the SVP, Managing Director of ShopWork, BBDO and Proximity's shopper marketing practice. Focused on helping clients turn shoppers into buyers amidst today's ever-changing retail landscape, she has been creating shopper strategies that bridge home, life and store for over 20 years. Her experience is multi-faceted, ranging across account planning, Internet marketing, store design and, more recently, next generation retail experience design.

Laura believes passionately that good brands do not make promises—they deliver them. Done right, it is this that builds irrational brand loyalty. With this philosophy, she has worked with brands such as AT&T, Toyota, Best Buy, Coke, L'Oréal/Lancôme, Lowe's, Office Depot, Russell Athletic, Foot Locker and Unilever. She is an active industry speaker and educator and writes the retail technology column for Digital Signage Magazine. She recently joined Google's Shopper Marketing Agency Advisory Council and her book, "Lighting up the Aisle: Practices and Principles for In-store Digital Media", is the only existing resource for how retail brands can harness technology to reinvent their in-store experience.

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SHOPWORK

powered by
**BBDO &
proximity**

ShopWork is BBDO and Proximity's proprietary domain practice dedicated to empowering brands so that they truly understand, reach and meaningfully engage with the active shopper in-store and beyond. This is undertaken so that consumer journeys those brands take part in end in a purchase, again and again. We generate important insights around the many cross-channel shopping behaviors and touch points that most influence or disrupt the buy, honing in on areas of opportunity. We then create engaging shopper initiatives built to trigger the right human behaviors—regardless of place or platform.

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