Wearable Payments: Sizing the Opportunity

Description:
The wearable payments market is still very much in its infancy, with most companies in this space still experimenting with form factors and functionality. Apple has emerged as a frontrunner with its payments-capable Apple Watch, but it is far from the only high-profile company in this space. With the market in its current state it is far too early to call Apple's first-mover advantage decisive, and while this space is likely to see a lot of attention and investment in the coming years it is impossible to predict which companies will dominate.

Key Findings
- 25% of consumers globally possess a wearable device of any type (regardless of whether that device is capable of making payments).
- Features and pricing are the two most important factors driving purchases of wearable devices.
- China is the most immediately attractive market due to its sizable population and high proportion of potential early adopters.

Synopsis
"Wearable Payments: Sizing the Opportunity" examines the emerging wearable payments market, evaluating the strengths and weaknesses of the current products available to consumers in this space as well as using our proprietary data on consumer attitudes towards wearable technology and potential early adopters of wearable payments globally.

Specifically the report:
- Analyzes the major payments-capable wearables on the market in terms of function and attractiveness to consumers.
- Identifies the key drivers of wearable payments adoption among consumers globally and by market.
- Analyzes the demographic and geographic distribution of potential wearable payments early adopters and the best strategies to engage with them.
- Explores the potentially winning strategies that can be adopted by players currently in the wearables market and players looking to enter it.

Reasons To Buy
- Understand the players in the wearables market - what products have they launched, and how likely are these to succeed?
- Find out how consumers view wearable payments as a concept, and how this varies between markets.
- Find out where the wearable payments early adopters are, as well as what demographics they belong to in order to effectively market products.
- Discover the three key factors to a successful wearable payments product - what do consumers want, and how is this best delivered to them?

Contents:
1. Executive Summary
- The wearable payments market is currently undergoing the proof-of-concept stage, with Apple leading the
way
- Key findings
- Critical success factors

2. Defining The Potential
- Wearable payments are mainly taking place within the physical proximity of a merchant's POS terminal
- Eat24's smartwatch app looks to streamline repeat order purchases
- Wearable payments are in the formative stages, with wrist-based devices the most widely deployed form factor so far
- Disney's Magic Band provides proof of concept for wearable payments
- Wearable payment developments intensified in 2015, with the supply side of the market driving much of the activity
- Apple Watch is the first big effort at enabling payments with the wrist
- Barclays' bPay range is one of the few examples of payment-only wearables
- Most payments players are entering the wearables market through partnerships
- Consumer appetite for wearable technology is positive, but a sizable number are unconvinced of its benefits
- Wearable device holders are mostly open to the idea of using these devices to pay
- Outside the current wearable user base, attitudes to wearable payments are less positive
- Features and price are the biggest drivers of wearable device adoption

3. Sizing The Opportunity
- Consumer behavior and sentiment are at the heart of our Wearable Payments: Early Adopters Model
- The Wearable Payments Early Adopters Model identifies four target groupings for wearable payment products
- The banked and younger age groupings demonstrate the greatest early adopter potential
- 10% of all consumers are ready to adopt wearable payments immediately
- China has the largest potential customer base for wearable payments
- Wearable providers need to target the highest-potential demographics
- The most immediate potential for wearable payments lies within the 25-34 age group
- High-income earners show the greatest likelihood of being early wearable payment adopters
- Men and women are almost equally as likely to be early adopters of wearable payments
- Consumers who regularly revolve all or part of their credit card balance are the most likely to adopt wearable payment technology

4. Strategic Recommendations
- Payments cannot be the only use case of a wearable device
- Wearables must be convenient to use and compatible with POS infrastructure
- Partnerships are critical to a strong product

5. Appendix
- Abbreviations and acronyms
- Definitions
- Biometrics
- Closed-loop digital wallet
- Credit card
- Currency
- Digital wallet
- EMV
- Mobile payments
- Mobile proximity payments
- Mobile wallet
- NFC
- Open-loop digital wallet
- POS terminal
- Smartphone
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