

iOS 8

iPhone 6

Apple Pay

Apple Watch

What do they mean for retail
apps?



Apple Event 2014

On the 9th of September 2014, Apple announced iOS 8, its next generation operating system, as well as several exciting new products including the iPhone 6, iPhone 6 Plus and the Apple Watch. As a leading mobile commerce specialist with a strong retail portfolio, we have summarised what Apple's new products mean for retail apps in the following pages.

The Big Questions

What does iOS 8 give us?

There are many features in iOS 8 with more than 4000 new APIs. For retailer apps, the key new features in iOS 8 include:

- Enhancements to push messages
- Wider use of Touch ID
- Payments using Apple Pay
- Widgets in the Notification Centre

Will existing apps work on the new phones and iOS 8?

Yes, all apps will work as long as they have been developed for iPhone 5 and iOS 7. We expect others to work as well but this cannot be verified in the simulator and will need to wait until the new devices are available.

When will the new products be available?

- The iPhone 6 and 6 Plus will be available for pre-order from 12/09/2014 and delivery from 19/09/2014
- iOS 8 will be released on 17/09/2014, while the Gold Master (Release Version) is available now for developers
- Apple Pay will be available in the USA from October, but the launch date for the rest of the world is unknown
- Apple Watch will be available in early 2015

The New Features - iOS 8

1. QuickType predictive text input

What it is: an extra bar above the keyboard that suggests completion of words as you type.

Impact to existing apps: This makes the keyboard taller which will reduce the screen real estate but will improve the usage of features such as search.

2. Third-party keyboard support

What it is: Developers can now create their own keyboards such as SWYPE, but these have not yet been released. We expect them to work seamlessly with all apps.

Impact to existing apps: None expected however some specific designs may face screen real estate challenges.

3. Interactive notifications

What it is: Users will now be able to receive push messages while they are in other apps and interact with them without changing apps. For example, users could receive a Wish List push message and add the item(s) straight to their basket without leaving the Facebook app.

Impact to existing apps: None

Opportunities: Users can interact with your app without being in your app. Also, the data you receive from these interactions will be extremely beneficial as you can see exactly how users react to notifications and which notifications receive positive responses and engagement.

4. Widgets

What it is: iOS 8 enables apps to create widgets that consumers can add to the Today View of the Notification Centre for the ultimate in top-level, at-a-glance access to content.

Impact to existing apps: None

Opportunities: You have the flexibility to add widgets for things like Delivery, My Account and New Products, to name a few.

5. Push Payload size increase

What it is: You will be able to send more information in a message to a device. The exact specs are not yet known.

Impact to existing apps: None

Opportunities: Your push messages can be longer.

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6. Fingerprint recognition (Touch ID API)

What it is: Developers now have access to the Touch ID APIs. As yet it is not clear exactly what this will enable, but it is likely to form a key part of the Apple Pay process for which APIs and documentation will be released in October.

Impact to existing apps: None

Opportunities: It may be possible to integrate Touch ID with your app to make sign-in easier and improve the payment process with Apple Pay.

7. Videos in iTunes (App Preview)

What it is: Within iTunes app developers can now provide 30 second app videos. This is optional but will help get your app more attention. We expect Apple to promote apps that have great videos.

Impact to existing apps: None

Opportunities: You will be able to create a 30 second promotional video for your app.

The NN4M Perspective:

iOS 8 is another step toward a future in which mobile devices dominate the retail world. The ability to log in and pay via one touch of a finger means customers will no longer need to type information into the small screen of a smartphone, one of the biggest challenges for retailers attempting to convert mobile shoppers into buyers. In one fell swoop, the smartphone goes from one of the more tricky platforms on which to purchase items to the simplest.

The greater flexibility of push message size will also prove to be a big advantage for retailers. Push action buttons allow retailers to provide several ways to respond to messages, providing immediate feedback into what users want and the best ways to interact with them.

Similarly, the ability to create widgets to be used in the Notification Centre will be hugely beneficial. In a world where the typical device has several dozen apps, the Notification Centre is possibly the most noticeable area of the iPhone, allowing retailers to set themselves apart with interesting content.

iPhone 6 & 6 Plus

What's Changing?

- Improved screen resolution and DPI brackets, referred to as "Retina HD"
- Larger screens - 4.7" for the iPhone 6 and 5.5" for the iPhone 6 Plus
- A new 64-bit chip which Apple claims is a 20% faster CPU than the 5s
- Landscape view on the iPhone 6 Plus
- Improved battery life
- Memory: 16, 64 and 128 GB options
- Faster graphics
- The new phones can now track elevation

The NN4M Perspective:

The larger devices and memory options provide greater space for apps to keep up with consumer demand. The larger screen and improved resolution will also allow a greater amount of information and rich content to be displayed on-screen.

The ability to track elevation will open up the opportunity to track which floors customers are on at any given time, enabling retailers to send customers floor-specific push messages and beacons.

Apple Pay

In October 2014, Apple will launch its new payment process in the USA that will turn the iPhone 6 into a payment platform for both in-store and in-app. It has also been rumoured that the Apple Watch will enable customers to use Apple Pay on an iPhone 5. There is no word yet on when the technology will be launched in other countries.

The service is available for in-store and in-app transactions and will act as an additional payment method, similar to PayPal. Currently, there is no public information on cost.

The exciting part of this is that it has the potential to create a very simple and seamless checkout and payment process - and even the elusive **single tap purchase**.

For in-store transactions, Apple Pay uses NFC chips which can communicate securely and wirelessly using the Touch ID fingerprint sensor to authenticate purchases. You can make payments in compatible apps and in-store simply by tapping your phone and pressing your finger on the Touch ID sensor.

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Apple has teamed up with MasterCard and Visa to launch the service in the US, as well as retailers including Macy's, Bloomingdale's, Walgreens, Staples, McDonald's and Subway for the October launch. The API will be available to all developers in October, after which a lot more information will become clear.

The NN4M Perspective:

Apple Pay will encourage users to think 'mobile first' in retail situations. Not having to input a security code or pin makes Apple Pay quicker and more secure than traditional payment methods, making the likelihood of widespread adoption very high.

With retailer data breaches occurring relatively often, the security and encryption features built into Apple Pay will attract users. Consumers can buy goods from physical and online merchants without providing any payment or personal information. Combined with options like Buy Now buttons in Interactive Notifications, it is easy to see how transactions will become effortless.

The question remains how much retailers will have to pay to use this technology. Nevertheless, Apple has a successful track record of propelling new technology into the mainstream. Watch this space.

Questions:

What does this mean for my app?

Once available, Apple Pay can be implemented as a new payment option into any transactional app. This has the potential to become a very important development in the evolution of payment and will make users more likely to use your app.

What about 3DS?

We expect Apple Pay transactions to be completed without 3DS/VbV.

What about high value transactions using NFC?

This has traditionally been one of the reasons that NFC deployment has been limited. However, two of Apple's launch partners are Bloomingdale's and Macy's whose average transaction value is well above the basic NFC transaction limit. We therefore believe that this limitation has been removed in the Apple solution.

Apple Watch

The Apple Watch will be available in early 2015 and will also allow instant payments. We are expecting to have an API and development information later this year and will provide more details on how this exciting device can be used in a retail context.

The NN4M Perspective:

The Apple Watch will offer new inputs, inter-device communication modes and data points that phones have never been able to provide. It is not completely clear how a retailer can use these in a meaningful way, but one thing is for sure: retailers should not dismiss the Apple Watch, or wearables in general, as a consumer toy.

It is highly possible that the Apple Watch will become a mainstream part of the retail world. We're interested to see how the popularity of wearables grows among consumers. In the next few years, we predict a strong demand for retail solutions for this platform.

So what do we do now?

Start thinking about taking advantage of the new opportunities to stay ahead of the game. If you'd like to discuss this with us, feel free to give us a ring at **0131 523 1344** or email us at info@nn4m.com.