

A coming of age for contactless tech in an infected world

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To reduce the risk of infection, consumers are increasingly using QR codes and near-field communication to interact with brands and pay for goods. This marks a ‘coming of age’ for physical to digital connectivity in western markets.

It’s Saturday morning. You dutifully don your mask and head out to pick up your morning coffee. After lining up six feet away from your fellow caffeine addicts, you reach checkout and are prompted to pay and sign via the touch screen. Six months ago, this would have seemed like a convenient and innovative way to pay, but now it evokes a squirmy discomfort.

You try to make as little screen contact as possible, perhaps with the knuckle of your little finger, or with a small dash instead of your actual signature. You are not alone – [70% of consumers now fear](#) for their health when it comes to paying in stores. Such fears have created a crisis around retail hygiene and convenience. The solution is mobile tech innovation, with [many believing](#) this is a critical moment in “the death of cash”.

If you’ve dined out recently, for example, you’ll likely have noticed that along with outdoor seating and social distancing, menus and payments are mostly done now by scanning a QR code that [links you to your menu or bill](#). Mass retail has also jumped on board, for example, [PayPal has partnered with pharmacy brand CVS](#) to roll out QR code payment options across 8,200 US stores by the fourth quarter of 2020.

In Asia, they’re [even further ahead](#) given QR codes have been popular for some time there. China is using them as a way to filter visitors at checkpoints. Singapore is using them to ensure contactless visitor entry and to facilitate community-driven contact tracing. Across the globe, QR Codes are being used in contactless delivery, contactless pickup and most importantly contactless payments, contributing to a [massive surge in usage](#). It’s now safe to say that – thanks to a global pandemic – QR codes have finally reached the ‘Slope of Enlightenment’ in western markets on the ‘[Gartner Hype Cycle](#)’; a rare achievement, and one that’s come an incredible 26 years since their invention in 1994.

[Near-field communications \(NFC\) technology](#), which enables similar smartphone behaviour, has followed a parallel trajectory, and whilst it doesn’t nearly explain Apple’s [\\$1 trillion increase](#) in valuation since March, Apple Pay – the foremost smartphone contactless payment option – has never been more relevant.

If there’s one word that summarises the impact of COVID-19 on global trends, it’s ‘acceleration’. As Lenin put it, *“There are decades where nothing happens; and there are weeks where decades happen”*, and while this much is definitely true in the world of contactless tech, not everyone will benefit.

Those who don't fare as well:

Established US banks: Back in 1999 [Elon Musk first pursued](#) the radical idea of creating a globally borderless bank account with his start-up X.com (later merging to become PayPal). Last year, [Venmo](#) and [TransferWise](#) launched borderless digital debit cards, a big step towards making that dream a reality. By contrast, the 'old guard' US credit card companies [egregiously lag](#) behind the rest of the world in their roll-out of NFC/Radio-frequency identification (RFID) credit cards, citing the major up-front investments required to implement the infrastructure. In not biting that bullet they've left a room for products like Apple Card to become small but [legitimate competitors](#), fragmenting that category.

Cash-only businesses: Companies that run on cash will naturally come out worse off in all of this. A macro shift towards cashless business means pressure to comply.

Those who fare well:

Mobile Payment Apps: Since March 1st, there's been a surge in usage of money transfer and payment apps, with the most popular apps rising nearly 11%. US downloads for Venmo grew 16.5% and those for Square's Cash App grew 20.1% from April to May. Meanwhile, PayPal downloads [soared 32.3%](#) during this period with [record revenues](#) of \$5.26B announced in the second quarter.

The opportunity for marketers:

Marketing that blends physical and digital worlds: The explosion of QR codes will have an adjacent outcome – establishing image scanning as a mass consumer behaviour. This creates a huge opportunity for brands to erase dead ends in their marketing system by ensuring [physical touchpoints always connect](#) to digital experiences:

- The simplest way to activate this is to connect all physical product advertisements directly to eCommerce via QR codes. This is low effort and immediately opens the door for incremental revenue by converting

leads in the moment you actually have their attention. Put practically, if you have space on an ad for *either* your website link *or* a QR code, you should now be choosing the QR code.

- The more ambitious opportunity is to create a whole new channel for ‘surprise and delight’ content discovery. A great early example is [this partnership](#) between Snapchat, Coke and McDonalds at the end of 2019 where consumers could connect to branded AR content by scanning the brand logo. BMW [also used](#) QR code scanning at their ‘Art of Decoding’ event as a portal to experience interactive content. Whether you use this portal to give consumers access to compelling product stories or as a way to distribute editorial-style branded content, it widens the aperture through which avid consumers can engage with your brand.

New data partnerships: As adoption skyrockets, these new payment companies become valuable partners for advertisers trying to target consumers based on their spending habits. According to payments consulting firm, Crone Consulting, the [value of data](#) from each enrolled active account user each year is \$400. In other words, a market potentially worth \$84B in the US alone if fully leveraged among all US adults.

The long and short of it is that we’re at an inflection point where scanning connectivity should now be mandatory in any marketing touchpoint brief. Those slow to adopt will miss out on incremental growth and repute as innovators. While this change has been born out of a negative, Stanford economist Paul Romer [put it best](#) – “*A crisis is a really terrible thing to waste*”.

OPINION