1. The payment modes available along with Apple Pay were Debit/Credit Cards, Cash, Google Wallet, CurrentC (MCX) and Samsung Pay.

People were more habitual with using Debit/Credit Cards and Cash, but the increase in fraudulent activities associated with these payment modes gave acceleration to Apple Pay.

As per the case study, several factors contributed to the stunted growth of Google wallet, such as concerns over the consumer transactions, the limit of phones having NFC and refusal from the large 3 cellphone carriers.

Whereas Apple Pay incorporated not only convenience but also security and privacy. iPhone 6 and 6s were created to support NFC for easy use, Touch ID for privacy and a chip for more security.

Also, the increase in sales of iPhone 6 and 6s (having NFC) was the main reason behind the growth of Apple Pay.

The other wallets were needed to be downloaded exclusively unlike Apple Pay which was an auto wake-up wallet.

But the **con** which I can think of is – the limit of using Apple Pay only on the Apple products, unlike other phones/products.

Analysis of business model with the help of VRIN:

**Valuable** – Yes, Apple Pay is valuable as the company did not think of disrupting the payment system but rather combining all the existing parts of the payments ecosystem to make it more convenient for users. They did not create their own wallet but used NFC instead of carrying cards everywhere.

**Rare** – The idea itself is not rare but was not implemented thoroughly by other companies as well. (Security, NFC, Touch ID)

**Imitable** – Yes, the model can be easily imitated.

**Non-substitutable** – I do think that Apple pay can get substituted by other payment modes. But provided the company fulfils customer and technology evolving expectations, it’ll always stand ahead in its products and delivery.

Using Porter’s Five Forces model for analysis:

**Traditional Rivalry** – *Threat: High* -> Google Wallet, Samsung Pay, CurrentC, etc.

To tackle rivalry up to a certain point, Apple can try diversifying its product and not limiting the use of Apple Pay only on specific platforms.

**Customers** – *Threat: High* -> I believe it’s mainly a B2C model and thus the customers include common people who use payment modes for daily transactions. Low switching cost to other apps/systems due to their cross-platform availability.

**Suppliers** – *Threat: Moderate* -> Apple itself is a supplier but I think that Banks are also their indirect suppliers (as banks are making cards, which are being used by Apple Pay)

**New Entrants** – *Threat: Moderate*

In my opinion, the organizations who are trying to compete and create the same product as Apple Pay with more features or variations (ex. Banks, Payment Networks)

**Substitutes, Products and Services** – Apple Pay itself is a service. [I am not able to apply Porter’s framework for this point, calculating the threat.]

Core Competency – Intellectual property and more efforts that are put on research from the customer perspective.

1. The Major stakeholders that I believe Apple Pay has; are Banks, Payment Networks, Merchants/Retailers.

**Banks** – Apple Pay was supported by several leading banks like American Express, Bank of America, Barclaycard, Capital One Bank, Chase, City, Navy Federal Credit Union, PNC, USAA, US Bank, Wells Fargo and 2500 other banks in the US. Apple pay did not only offer banks a great consumer experience but also assured them to remain top-of-wallet in this new budding ecosystem, increasing mobile commerce transactions. Also, the banks would be in profit as Apple Pay would be helping in generating savings by reducing the frauds and increasing the revenues by replacing more cash-based transactions.

**Payment Networks** - As we see in the case study, Apple was not disrupting the payments ecosystem by creating altogether a new payment mode but rather was integrating the existing modes to create convenience. In this way, Apple Pay collaborated with MasterCard, Visa and American Express which are the top payment networks. These payment networks run their business on the basis of payment volumes. Apple Pay would help generate payment volumes as it was using these payment networks like a backbone.

**Merchants/Retailers** – Having divided the retailers into 3 categories viz., Top 100 merchants, SMEs (Small-to-medium sized) and millions of small merchants, Apple Pay was focusing on these three categories.

For the top 100 merchants, the Apple Pay team worked closely to build relationships and explain how Apple Pay works.

Apple Pay educated acquirers to reach SMEs. The smaller merchants were supported through traditional e-retailers.

The merchants were at a plus point, as we can see from the case study by the following scenarios:

* Panera increased its throughput due to the flexibility of Apple Pay which gave consumers a choice in how to order.
* Apple Pay helped Whole Foods to provide their customers with a better experience by adopting new technologies to meet evolving expectations.
* Another retailer OpenTable integrated Apple Pay to help make their customers pay without the need of adding cards and just by single touch using iPhone.

1. I believe that the motivation behind launching Apple Pay was *bringing together the hardware, software and services to create the experience on phone, by using existing payment modes, instead of disrupting it and bringing digitalization into the payment ecosystem*. As the case study says, Company executives wanted to replace a physical wallet with the help of Apple Pay.

For this, the company decided to study the existing card payment process and pain points of consumers. It then decided to create an easy, secure and private Apple Pay to add value to consumers.

Apart from the Apple Pay wallet on phone, the service can be used via other modes as well like POS, in-store etc. Company even though generates most of its revenue by selling phones, Apple Pay also played a vital role in the growth. Within 72 hours of launch, over 1 million cards were activated. Apple Pay was a quickly adopted mobile payment system, but every coin has two sides, and it has a con of adoption to other platforms.

During the launch of Apple Pay, when merchants were required to migrate to EMV-Compliant cards with built-in smart chips, the surge in demand for new terminals provided an opportunity to acquire the NFC-equipped terminals needed for Apple Pay at little to no cost above those incurred to be in compliance with the new regulation. Also, Apple has previously engaged a large community of iOS app developers to integrate Apple Pay into their apps.

Market Performance - Whereas Apple Pay's launch looked good in terms of numbers and percentages and was the most quickly adopted mobile payment system ever, only small numbers actually tried using it and only half of them used Apple Pay Regularly. The trial rate increased over 4 months, but the regular users still remained less than half of those who tried it.

Another survey claimed that 68% of respondents who have used Apple Pay in stores had encountered some problems during purchase. The most common was the terminal taking too much time to record the transaction, followed by stores claiming not to accept Apple Pay even though they supported the service.

This initial setback suggests that Apple pay was not able to realize its goals but the company, with the help of its core competency, was thriving in an area in which it stepped in.

1. Below are the suggestions and changes I would provide for a roll-out plan:
   1. I strongly suggest Apple Pay diversify its products/services. Apple being a hardware and software company both at the same time, has no doubt emerged successfully but with limitations. Apple Pay has a limitation of a platform or operating system. Unlike other software or systems/products, Apple Pay is not independent of the platform. Thus, Apple Pay can adopt other platforms to grow its presence on non-apple products.
   2. Also, as compared to other products available in the market, Apple is more expensive, and I would suggest it to minimize the cost to some extent. This can help reach Apple Pay (through Phones at the time of case study) to most people and increase its market.
   3. As per the case study, the company executive talks of how the company is not worried about the competition, but I strongly suggest broadening the scope as well as differentiating in the product for staying the first in the race.
   4. The company can also go for joint ventures with start-ups and other platforms, to increase the consumption of services that are being offered on a large scale.