

Is Amazon "Fish and Cushion"...

21 June 2014 By: Nick Holland

I had the pleasure of speaking at NextBankUSA in Boston the other week on the Future of Payments, as I see them. It was a fun event, and provided some latitude to go off topic a little, including [one of my favorite British comedy skits on Chip and PIN](#). Okay, I found it much funnier than the audience but that happens to me a lot. What can I say? I crack myself up. The crux of my presentation being... "Chip and PIN" had no idea that they would inadvertently launch "Fish and Cushion" and that goes for the payments industry as a whole. Huge assumptions have been made that the architecture that exists today, and has done for decades (card / POS / checkout) will remain intact as we shift to EMV, which will hypothetically maintain the status quo for current ecosystem players when the mythical NFC payments unicorn arrives in around 2018.

This assumption is broken on so many levels - EMV (or, using the colloquialism Chip and PIN) backers assume that technology innovation will somehow take a nap for the next four years and that disruptive newcomers will sit idly in the wings until the requisite EMV card and POS penetration reaches a palatable level of traction. I think we're ripe for "Fish and Cushion" (FNC). Meaning - a totally unexpected and counterintuitive success from an outsider that will broadside the incumbents. I think that the deliverance of FNC will come not from Apple, or Google, or Isis, or Facebook, or Square. I think FNC will come from Amazon. Here's why... While Apple has been touting "innovation" the last couple of years as a longer, or thinner, or more colorful device, while Google has been discovering that merchants aren't going to give up SKU data easily, while Square has been facing the realization that their cash cow of free mag stripe readers has an expiration date (October 2015), while Facebook has been transitioning to your uncle's social network and while Isis has been doing whatever they've been doing (taking over swathes of Syria and Iraq?), Amazon has been tinkering away with relentlessly removing friction from not just payments, but the entire retail experience. And this is the crux of the matter - as far as consumers are concerned, payments don't need fixing. The retail experience does.

I used the "Fastlane" analogy for US retail at NextBank. Travel on any US highway for a distance and you'll come across a toll and you will be faced with one of two scenarios. First scenario... you're paying with cash and have to grind to a halt, quite possibly behind a long line of other vehicles that have ground to a halt. Second scenario... you've pre-registered with your local state for a FastLane transponder, have your payment credentials stored in the cloud and have luxury of passing through the toll at 60mph. Mag stripe and EMV are scenario one. NFC, BLE beacons and other wireless protocols applied to retail are scenario two. Amazon is an entirely different scenario - the roadtrip equivalent to teleportation... you don't travel to the destination, the destination travels to you. Amazon has been relentless in shifting from the electronic equivalent of a mail order catalog to a viable contender to all forms of brick and mortar retailer by focusing on what consumers want... anything they want in the world at rock bottom prices delivered to their doorstep in a timeframe that is compelling. Speed is being addressed by services such as Prime that deliver goods within two days or less to the home. Two days is a bit long for the dopamine release of an impulse purchase, so Amazon is addressing this with pre-emptive shipping of wish list items to dropship locations near you. They have also mentioned the use of drone delivery, although this one looks more than a little sci-fi for now (along with providing inspiration for a brand new sport I'll call for now "Skeet Shopping"). In short though, the barrier of speed for online purchasing via Amazon is sufficiently truncated to negate a trip to the mall. Available products are almost limitless, given Amazon's connection to third party retailers across the globe, and broadening from books, electronics and clothing to more mundane items like diapers, condiments and, in my case, cans of tuna fish. No, I can't quite do my grocery shopping on Amazon yet, but it's getting damn close. And then this week, news of the [Amazon Fire Phone](#) went public, and with that news of Firefly. Granted, proof of the pudding and all that, but the concept of Firefly as a conduit for connecting physical world items to a retail store in the cloud is inspirational. I should have a Fire Phone to play with next month and I'll keep you updated on the experience. Amazon seems to be truly connecting the dots here and while the payments industry struggles with collective myopia around EMV, they have seen the future of payments, and indeed retail transcends cards, the point of sale and even retail stores at all. Amazon is arguably, IMHO, "Fish and Cushion".

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