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MOBILE PAYMENTS

Starbucks brews up 26 million mobile payments in first year

by Anthony James on Tuesday, December 6, 2011, 12:52pm PST
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Mobile | Starbucks | Starbucks | Yahoo | Dan Geiman

Updated with analyst comments

In the first year of nationwide use, more than 26 million purchases have been made using Starbucks' mobile apps.



[This year](#), Starbucks has expanded the program to more than 9,000 stores and introduced an Android app.

The apps store a virtual Starbucks Card on a mobile phone for scanning at the register. Starbucks Cards can also be [sent to friends](#) using the iPhone app.

In the last nine weeks, more than 6 million mobile transactions have been made, compared to 3 million transactions in the first nine weeks of the program. The program has since expanded to Canada, and coffee drinkers in the United Kingdom can pay with a smartphone beginning Jan. 5.

The top five cities using mobile payments aren't too surprising: New York, Seattle, San Francisco, Chicago and San Jose.

The Seattle-based coffee company has used tech to speed up transactions for caffeine junkies in a hurry. The mobile pay option isn't new – we told you about the first iPhone app in [2009](#), but the program was significantly expanded beyond the Seattle and Silicon Valley test markets [earlier this year](#).

Technology has also improved the in-store experience for customers. In August 2010, Starbucks [announced](#) a "digital network" deal with Yahoo and made Wi-Fi service free in its cafes.

What does the future hold for mobile transactions? Dan Geiman, an e-commerce analyst with McAdams Wright Ragen said it depends on the type of business.

"I think that Starbucks is in a unique position given that they have so

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KINDLE NEWS

many small transactions. It does play into Starbucks a bit more naturally [than other businesses]," he said. "It's a convenience for many and I think it will be going forward."


As a whole, the mobile commerce industry is expected to reach [\\$31 billion in sales](#) by 2016.

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James Stein

Starbucks' mobile payments program has been a great success for the company, but is it really all that consumer-friendly? After all, customers can only link their phones to a Starbucks prepaid card and then use the service only at Starbucks stores. What would happen if every retailer took the same approach?

I mean, would we want in the not-too-distant future to be using a separate app for each retailer and provide them personal information over and over again? Wouldn't it be far safer and more convenient to have one or two mobile payments accounts with providers of our choosing and use whatever payment method (credit cards, debit cards bank accounts, etc.) we may feel like? <http://blog.unibulmerchantservices.com/why-starbucks-platform-is-not-the-best-way-forward-for-mobile-payments>

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The accounting implications to the "Rush to Mobile"

With the growing demand for the seamless delivery of information, leveraging a mobile capability is becoming an integral part of corporate business plans at tech companies.



Mobile computing presents, perhaps, the largest opportunity for the technology sector since the advent of the PC or the web. In fact, according to ABI Research, more than 240 million business customers will be leveraging cloud computing services through mobile devices by 2015.

The technology industry has traditionally dealt with some of the most complex accounting rules applicable under GAAP. To learn more about the accounting implications of companies operating in the cloud, follow the link <http://www.bdo.com/download/1862> and contact Paul Martini at 206-403-2469.

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