Mobile Interactive Group

Press Release – Retailers Embrace Mobile

Your customers are already using mobile to browse, select and purchase products... Should retailers create an m-commerce enable application or simple to optimise their e-commerce site for the mobile web?

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Broadly speaking the growth in smartphone penetration, faster mobile internet connections and mobile applications have created a perfect storm where the mobile user experience is massively improved. One consequence of this is the profound impact on consumers' browsing habits. Morgan Stanley predicts that by 2013, mobile devices will overtake PCs as the preferred way of accessing the internet.

Figuring out a mobile strategy for retail brands can be daunting and sooner or later (the sooner the better) retailers will have to make well informed technology decisions about how to tackle m-commerce. Two routes to market have taken hold: applications and optimising sites for the mobile web. Both have a role to play (more of this below) so why a mobile strategy in the first place? Firstly, your audience is already trying to find you through mobile devices. More than 10 percent of women and 17.9 percent of men aged 13 to 44 have tried to browse an online store using their mobile handset (comScore).

So it follows that your website should be optimised for the mobile internet. In another YouGov survey, 25% of consumers said if they cannot browse their preferred retailer's website via their mobile device, they would look for a competitor and never try to access that site again. Consumer enthusiasm and engagement with m-commerce is also growing. ABI research predicts that m-commerce will grow to $119bn (£75bn) by 2015 in the US. This market is growing solidly in Europe and is expected to outpace the US by the end of 2010.

With the growth of usage of the mobile web comes the inevitable growth in search. Mobile search has grown over 500% in the past two years as Google tools, location and voice combine to create a powerful new medium. Search can be used not just to direct users to your m-commerce offering, but also towards physical stores, incentivised by dynamic local vouchering campaigns.

Payments are going mobile too. PayPal recently announced that it has seen a six-fold growth in mobile transactions from $25 million in 2008 to $141 million in 2009 and it is comfortably predicting that it will end 2010 with over $500 million in mobile payment volume, and more than five million members regularly using PayPal from mobile devices. With NFC payment to be enabled in a wide range of phones over the next three years, we can look forward to integrated billing direct from the mobile browser.

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Analyst firm Juniper Research is also indicating that mobile transactions are taking hold, predicting that the total value of mobile payments around the world will quadruple from $170 billion in 2010 to $630 billion in 2014. I'll just repeat that: $170 billion in 2010 to $630 billion in 2014. And there are plenty of great case studies for mobile commerce to give heart to any retailer looking to enter the field. In the UK, online grocer Ocado now receives around 5% of its orders through its app, while in the US Pizza Hut generated over $1m of sales in its first three months – easily recouping the cost of development and opening up new audiences for promotion.

So back to the question: do I create an m-commerce enabled application or simple optimise my e-commerce site for the mobile web? Each channel has benefits and given the rise in mobile browsing, it goes without saying that all retail brands should make sure they have a mobile site provisioned but not at the expense of creating an application. One of the main tasks is figuring out how to get your e-commerce engine or provider to integrate with a mobile front-end, so an engine that can deliver APIs for product set, billing and account management is essential to provide the optimum customer experience.

It should be remembered that although apps are perceived as being 'just' for iPhone and Google devices, in fact the opposite is true. Nearly every handset can support apps written in Java or BREW. Plus, there are major initiatives from Nokia (Ovi), Samsung (Bada), Microsoft (Marketplace) and Blackberry (App World) that are growing rapidly. For example, Ovi is now delivering over 1.7m app downloads per day, with users averaging 12 items each. The whole of the mobile industry is behind apps, so retail brands should be also.

More than this, the download of an app is a positive statement of intent to interact with your brand. Once downloaded your brand 'lives' as a piece of valuable real estate on a user's device. From a mobile internet perspective, the behaviour of bookmarking mobile sites on phones is nowhere near as popular but an app is a bookmark in itself.

At the heart of applications is the mobile user experience. Devices are getting smarter all the time, and create a more bespoke experience than the mobile web. An app can create a unique experience for your brand, rather than being just another shopping channel, while still pulling in web content so the products are front of mind.

However, the mobile web is set to undergo a revolution through 2011 as mobile web developers start to get to grips with the true capabilities of advanced browsers on devices such as iPhone and Android. With built-in capability of HTML5 and javascript, new consumer experiences will be developed such as drag-and-drop, inline video, 360° product views and live data entry validation. In addition developments in thinking around the use of mobile cookies, and the harmonising of mobile and online account access are set to reduce barriers to purchase, so users only have to enter their payment details once, if at all.

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The arena of mobile design is growing increasingly important, with specialist skills in creating a pleasing visual and touch experience for the many different screen sizes is now important. Currently, app users on iPhone and Android represent the most affluent target demographic imaginable, so why not give them the best experience possible right now?

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