

Impact of mobile commerce on the retail market



1. What E-Commerce services are provided by M-Commerce?

The increase in mobile sales is no disbelief, as the sustained increase in smartphone use through the U. S. According to the Pew Research Center, 95% of U. S. grownups own mobile phones and 77% of them are smartphones. Improved access to both smart devices and Wi-Fi are facilitating the swing to mobile shopping.

There are many diverse explanations and descriptions of what M-Commerce is. Lehman (1995) describes M-Commerce as “ the use of mobile hand-held devices to communicate, inform, transact and entertain using text and data via connection to public and private networks.” This is a very broad description as mobile technology has continued to grow and its capabilities have been developed and continue to develop furiously. Haddon (1997) supports this broad view by defining M-commerce as “ a financial transaction specifically purchasing and selling”

M-Commerce includes many new innovative apps that have become possible simply due to the advances in technology. These apps include mobile financial services - checking account balance/info, money transfer etc. Travel - online reservation, timetables, Airline/train tickets. Entertainment (games) News/information. Event ticket booking (telephone and online booking). These are all examples of E-commerce services that have the capability to be carried out using mobile devices.

2. Discuss the role of M-Commerce in retailing.

According to CBRE, from 2013 to 2017 M-commerce sales grew 276% and they are expected by 2021 to grow another 170%. This growth is expected

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to bring m-commerce sales beyond those of computer sales and account for approximately 54% of online retail sales by 2021.

Combined with changes in consumer shopping habits technology and retailers' investments in mobile channels they are contributing significantly to m-commerce growth.

From advertising and social media to mobile-friendly websites and apps, retailers are investing in strategies to reach consumers via their phones. Although the consumer demand is driving investments data is another main for encouragement pushing mobile commerce. By implementing attractive loyalty plans and apps, consumers are sharing a data about their shopping behaviours. Thus facilitating retailers with an improved and enhanced understanding of their customers and the ability to adapt offers and products to individual customers.

According to Strategy& survey, over half (54%) of consumers like online loyalty promotions that provide points and offers which allow consumers to have access across all channels both instore and online. An example of this kind of scheme is represented by Amazon who offer their customers a subscription option to ' Amazon Prime'. This promotion offers consumers free next day delivery and discounts on products all for \$79 dollars a year. Last year's figures showed a sign up of over 2million people with a growth annually of 24%. A statistic that Amazon have released is that a subscriber spends on average 130% more than non-subscribers and new members spend a total of \$900 which is an increase from \$400 .

Latitude1 surveyed smartphone users in both America and the UK, which resulted in over 60% of consumers once they received an email or a text message from a retailer they were more inclined to buy from that brand. Furthermore, 'try on' virtual simulations, digital content, sample videos and product info interested 79% of shoppers

PWC (2018) stress 'Give customers a new, enjoyable, rewarding, novel, and inventive channel in which to purchase your products and increase their loyalty.' Resulting in m-commerce becoming second nature and part a normal and expected part of the retailing experience.'

3. Why is M-Commerce such a fragmented market?

Enterprise Guide to Gaining Business Value from Mobile Technologies a book by Adam Kornak's expresses mobility as 'business transactions and data access at any time from any device, anywhere using wireless technology.' Kornak (Pp. 4-5) (2004)

Moreover, Deloitte stress in mobile 'one size does not fit all. Retailers should take steps to understand their customers and how they shop within specific product categories.' Retailers have the ability to shape and use the technology to enhance their shopping experience.

Camponovo (2002) highlights that m-commerce is a very promising and an emerging industry, however highlights that 'due to technology continuously changing the m-commerce industry is complex and a very uncertain environment. Furthermore, Camponovo (2002) paper on m-commerce business models highlights that many big players in the industry are still

experimenting with a variety of technologies and business models with the long term view of trying to implement a profitable and sustainable position.

Overall there are many uncertainties in the m-commerce sector as in what technologies will have a transformative influence, and what technologies are just hype? This is a normal for emerging industries. As a consequence retailers must try a variety of strategic approaches as well as continually reevaluating and repositioning themselves in order to be in the most competitive position possible.

4. Why do retailers spend much of their IT budget on M-Commerce?

Michael Moeser, Javelin payments practice director stated “ Mobile is the growth engine of digital commerce.” In the US a survey by Javelin predicted that the market share of purchases by smart devices will grow to \$319 billion by 2020 from \$122 billion in 2015.

eMarketer’s numbers suggest, a huge amount of sales are being missed out by retailers. They indicated that many retailers websites are not mobile friendly/accessible. According to eMarketers consumers are influenced up to One-third more by searching for additional information on products via smart/mobile device

Richard Lowe, CEO, BT Expedite highlighted recently that huge retailers are investing in technology and have set aside up to “ Many retailers are struggling to keep pace with the rapidly changing requirements of multichannel operations with legacy systems slowing them down. Replacing these systems is vital for gaining competitive advantage.”

“ Retailers need to focus on their mobile apps, mobile marketing and facilitating the omnichannel buying experience,” Mr. Moeser said. “

Consumers are more willing than ever to receive mobile marketing messages from retailers and willing to act upon them.”

Millennial shoppers aged 25-34 from a recent study show they are the top and largest users in the mobile commerce area. With this in mind it is important for retailers to streamline their services and offer a user friendly experience across multiple services. With the statistic of 87% of 25-34 year olds have at least purchased a product online this highlights the shift and the importance of integrating technology.

Recent study shows that the largest share of mobile commerce will come from millennial shoppers, as the top users of mcommerce shopping are individuals aged 25 to 34. Eighty-seven percent of that demographic has purchased something online in the past month, showcasing the importance for retailers to offer streamlined checkout options.

5. Discuss the impact of M-Commerce on competition among retailers.

According to David Eads (2011) a survey found that 90% of retailers believe that mobile commerce is already impacting shopping activities and that shoppers are gradually demanding a seamless mobile shopping experience, with over 60% of shoppers choices being mobile influenced for instore purchases, with 40% using mobile apps to make shopping decisions and 37% using a combination of the two. These statistics illustrate the barriers retailers are facing that are stopping them from introducing end-to-end mobile commerce strategies.

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Whether it's in the travel, healthcare, retail or the financial industries, the key challenge for businesses to overcome when adopting a complete mobile strategy is the rising level of mobile fragmentation. Ley Valentin, C. (2017) highlights when we look at the best brands in retail the best customers and the best retailers success is an experience that is consistent across all mediums and platforms. There is an extraordinary level of competition in the mobile marketplace with numerous crucial companies persistently developing new technologies, shoppers have never had so many options.

Because of MIDs, customers have come to expect a flexible and seamless experience across different channels, whether at their local store or on the social web, whether mobile or at a computer, and whether online or offline (Fulgoni, 2014).

6. What are the difficulties in managing mobile technology?

There are many opportunities in mobile technology however as Jonas Haertfelder et al (2016) state there are many challenges as well. Piotrowicz et al (2014) highlight the development of social media and in what way it has brought the social network into the store. From sharing products, experience, product prices pictures, opinions and thoughts. Spaid et al (2014) discuss how customers can post their opinion regarding a sales assistant they have come in contact with or post and share a comment regarding their satisfaction or dissatisfaction of the store. This as Piotrowicz et al (2014) highlight is a problem and challenge for retailers as they have no direct influence on any social network.

Piotrowicz et al (2014) also highlight the organizational challenges that can occur trying to update and maintain multiple technology channels. Fulgoni (2014) develop on this point by discussing that even if a retailer provides different channels, usually there are different people and different departments highlighting the lack of integration within organizations. Zhang et al, (2010) emphasize the need for retailers to optimize and strive to achieve efficiency across channels.

Another challenge retailers have is the buying process between channels. Brynjolfsson et al, (2013) mention the 'showroom' phenomenon which invites customers to the store for the physical "touch and see" but the purchasing process of the product is online. Verhoef et al., (2015) underline that retailers are in a tricky position as Peltola et al, (2015) stress customers do not separate the different channels, they are all one and the different channels in a customer's journey are only continuing to increase.

Furthermore, it is important to get the balance of channels correct. A study from 2000 that's has been cited found that the more payment options, frequently leads to a reduction in sales and consumer satisfaction. An example is the variety of mobile payments. Several mobile wallets are unavailable in all geographic positions while shoppers in some sites favour one payment choice over another. A real life example is in the Netherlands, 70-80% of individuals use iDeal, a payment system which isn't used in many other locations or very few. If you don't have iDeal in Holland, the Dutch won't buy from you. Overall with technology there is always the need for constant optimization to ensure the customer has a fast and simple experience.

7. What is the future for M-Commerce?

Ovum predicts by 2026 that a quick and efficient experience will be critical to a retailers' success whatever the channel whether that be mobile or desktop. Overall this means that the customer will have the ability to buy a product or service instantaneously and have the ability to see when it's on its way to their home. Amazon and Ebay are already driving the market towards this 'same or next day delivery' mentality which is raising customers' expectations.

This will not only occur in the retail sector but across all sectors. AI and Data analysis is predicted to play a huge part in m-commerce and shoppers future experience as they demand and expect their experience to be more related to their lives. Recommendations and product proposals will become vital for retailers, merging social media activity and prior searches to mould and adapt the experience to that individual, whether in the physical store or online via multiple devices.

A study by eMarketer reports that social networks users favour messenger apps (54.4%) to get in contact with the retailer as opposed to phone calls email, and traditional discussion (46.6%). H&M and Starbucks are already brands that have already implemented technology like chatbots and messaging services and this will continue to grow throughout the different brands and sectors. The bot technology is still in its emerging period however Verhoef, P et al (2015) state there is enormous potential for this technology in the mcommerce market.

Consumers can anticipate Augmented reality (AR) to exhibit how outfits will appear on them before they choose to purchase. From makeup and household furniture, this technology could form the divide between virtual and the real world. Currently, return of goods has always been a problem for retailers however AR could eliminate this as shoppers will have the opportunity to 'try before they buy.'

According to Statista, in 2017 there were around 2.31 billion smartphones connected to the Web; this number is still growing and in 2020 it will probably reach almost 3.0 billion. Google predicts PWAs are the future of mobile and we think they can also be the future of mobile commerce, solving its most problematic pain points. PWAs combine the best things from the mobile and web approaches - Mobile web reach which is 3 times higher than on Apps. It is way easier to launch an internet browser and look for info, a product you need, etc., than to download a particular app, install it, launch it, and so on. This technology is still pretty new and rather in the early stages of development, but some huge e-commerce players have already benefit from it. For example, AliExpress increased conversion rate for new users by 104% with their new PWAs. The airline industry is taking a page from smartphone and computer hardware makers, by dabbling in facial recognition technology to speed up the convenience factor for customers. Recently, Delta Air Lines was the first to launch a biometric terminal in the U. S. for international flights at its Atlanta hub. Passengers can choose to check-in with the optional technology to speed up the process. Trent Gillies

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