

COLUMNS

## Changing landscape of mobile commerce and what it means for brands

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As mobile devices become an integral part of commerce and the customer journey, the balance of power is shifting away from players facilitating these transactions to those players actually conducting the transaction, who are consumers and merchants.

Mobile technology is changing the way that consumers research, purchase and pay for goods and services.

Additionally, mobile commerce is evolving as consumers, phone manufacturers and wireless carriers are now battling banks, credit card processors and POS systems for control of the ecosystem.

### Rise of the smartphone

The GSMA (Groupe Speciale Mobile Association) projects smartphones will replace feature phones as the price point drops around the world. It also forecasts that the adoption rate of smartphones will effectively double to 6 billion by 2020, excluding machine to machine, or M2M.

The number of smartphone connections will grow three-fold over the next six years.

As impressive as mobile phone growth is over the next three years, there is a consumer behavioral shift that is equally as important to note.

The next billion consumers will find out about your product first on mobile phone. These consumers will use their mobile phone to find out where to buy your product and will use the mobile phone to buy a product.

### Ecommerce and mcommerce

Currently, ecommerce accounts for 14 percent of global commerce, with global e-commerce forecast to reach more than \$1.5 trillion this year.

The pace of growth will vary by region. Asia-Pacific is predicted to grow nearly threefold by 2017, while North America is likely to be somewhat slower since it is starting from a higher base, having been the biggest market worldwide as recently as last year.

### Consumers bullish on mobile payments

Multiple factors are contributing to consumer belief that mobile payments will be adopted by a majority of mobile phone users.

The experience improves upon existing payment methods such as cash and cards.

Consumers expect value-added services such as enhanced shopping experiences, real-time proximity offers,

improved loyalty and other benefits.

Mobile payments can save time by enabling a payment process within a mobile-only environment.

#### Emerging markets upgrading technology

While 2G is still the dominant technology in emerging markets, it is quickly being replaced by 3G service. The two main factors contributing to the shift to 3G are:

1. A rapid consumer adoption of smartphones
2. The decrease in smartphone prices

The expansion to 3G will help facilitate the growth of commerce in emerging markets.

#### Understanding the technology roadmap

The payment landscape remains fragmented with new-entrant tech firms Apple, Google and Amazon and carriers battling/partnering with established retailers, financial institutions and other providers, all vying for broader consumer and merchant acceptance and adoption.

In addition, there are other mobile ecosystem impacts that can drive or create barriers for global adoption. They include:

**Awareness:** The next billion consumers will find out about your products first on their mobile phones. It will be critical to know how to effectively reach consumers on mobile phones.

**Interact/shop:** The user interaction will need to be designed as a mobile-first experience. The shopping and product experience needs to provide value to drive to purchase.

**Purchase:** The purchase experience needs to be as quick and simple as possible. A one-click experience is optimal.

**Reward and engage:** New media planning and marketing tools will be needed to plan, measure and deliver the right message, at the right time to influence purchase of your products.

The mobile phone is the most personal and responsive path to the consumers. The investment in new media planning and marketing tools will need to be integrated in a new type of CRM tool.

Mobile commerce data with real-time sales tied in media planning and marketing tool that feeds into the CRM data will be key to ensure the highest levels of consumer's engagement.

AS THE POWER shift happens, brands must develop new strategic partnerships to remain relevant and in control of the consumer experience. This is a time of great opportunity for brands to capitalize on this market shift.

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