COLUMNS

Focusing on the wrong benchmark for mobile commerce?

November 9, 2011

By Anand Raman

A decade after we began talking about mobile commerce, we are still wondering if mainstream adoption has arrived. Here is the short answer: it has.

So if widespread adoption has taken place, why is there still confusion in the marketplace?

One reason for the lack of clarity stems from our focus on the wrong benchmark for measuring adoption.

Hitting the marks

If we judge by the percentage of all U.S. retail sales that take place via mobile commerce or the closely related ecommerce channels, it appears as if both channels are still in their infancy.

Despite predictions of bricks-and-mortar stores' demise in favor of transactions executed digitally from consumers' living rooms, a widespread transformation of ultimate point-of-purchase locations has not taken place.

Real estate still matters for most retailers. That is not to say that ecommerce and mobile commerce are still in their infancy, however.

While online sales accounted for only 8 percent of total U.S. retail sales in 2010, online content contributed to 48 percent of total sales the same year, suggesting that these channels are indeed widely adopted but are presently being used to satisfy a different consumer need.

Rather than completing transactions via phone or computer, the majority of U.S. consumers are using digital channels to begin or proceed along their path-to-purchase, educating themselves about products and services before proceeding to make purchases in their preferred retail stores.

Post-purchase, many consumers use those same digital channels to advocate for brands, sharing their experience with friends and the public at large.

As a result, it is fair to conclude that digital channels' influence is significant to many consumer purchases and its adoption widespread even, if at this moment, they are not the channels where the majority of transactions are taking place.

So what can we expect for the future?

With mobile Web browsing set to outpace desktop Web browsing by 2013, we can expect to see more consumers using mobile commerce-ready Web sites to accompany them along their path-to-purchase in the near future.

Will we ever see more than a single-digit percentage of retail sales taking place on mobile channels?

Absolutely.

We cannot look to the evolution of ecommerce to project the next steps that mobile commerce will take as they are following different trajectories.

Right call?

Although initially there were parallels in their development, the smartphone changed the course of both channels.

The introduction of custom applications for the smartphone diverted resources away from ecommerce, stymieing its growth. It also slowed down mobile commerce adoption as retailers and brands had to choose one type of mobile presence over the other or stretch their resources to accomplish both.

HTML5 will unify these two paths, accelerating the overall growth in mobile commerce.

The emergence of a walled-garden approach to smartphone custom apps, which made their content inaccessible to mobile search, also inhibited the growth of mobile commerce.

Today, if consumers search for "Best HDTV deals during Black Friday," their search results will only include deals available on the Web and will not include the specials available on Best Buy's app.

A more integrated search capability that taps the broader universe of mobile content will spur ecommerce growth.

Finally, myriad differences in mobile phone design bar, flip, sliders, swivel and mixed have made it challenging to develop mobile-optimized content.

The good news is that we are beginning to see more consistency in design that will affect consumers' ease of use.

Tips for path-to-purchase

In the end, continued growth in mobile commerce and ecommerce is directly correlated with ease of use.

Consumers expect technology to make their lives easier or, at least, not more complicated.

To guide consumers through their entire path-to-purchase, including concluding actual sales, retailers should:

1. Optimize their Web sites and any other program-landing pages for mobile consumption.

2. Develop smartphone apps that provide consumers with interactive and location-aware content.

3. Actively support SMS marketing, taking care to provide consumers with a hyperlink in all text messages to lead consumers to branded sites for further engagement. Sending plain text messages without the ability to "learn" from consumers viewing choices is a waste of resources.

4. Make it easy one-click to complete a transaction on every mobile channel.

The average time consumers spend browsing on mobile phones is considerably less than that conducted on their PC or laptop counterpart, given the nature of the device.

Making channels commerce-ready takes advantage of that time-limited window of opportunity to move consumers from consideration to purchase.

Anand Raman is vice president of digital programs and resident mobile expert at inStream, a cross-channel marketing company based in Boston. Reach him at araman@instreamglobal.com.