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MCOMMERCE AND MOBILE PAYMENTS

By Enterprise Ireland

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Abstract

Some years ago, buying something through your mobile was almost a science fiction scene, but today it is a reality with a very good performance. In spite it is not a global trend yet, almost every mobile sold nowadays has the capability to doing so. That is the main reason why it is expected a huge increase, but the websites, the payment methods, etc. have to be adapted to this new sales channel to let it grow.

In the first of a two-part feature about mobile payments made by Enterprise Ireland, they get some expert insight into the world of m-commerce and look at the pros and cons of mobile-enabled websites versus custom-built apps.

mCommerce and mobile payments

The mobile payments market is expected to quadruple by 2014, reaching USD630 billion in value worldwide, according to research conducted by Juniper Research in mid-2010. Juniper found that the value of mobile payments reached USD170 billion in 2010, accounting for around 5 percent of total e-commerce retail sales.

The growing demand for m-commerce functionality is being driven by the rollout of mobile devices with broadband capabilities, says John Clarke, head of product innovation at Dublin-based payment provider WorldNet TPS.

"The majority of mobiles today have this always-on [broadband] capability, including smartphones, iPads and netbook computers. This generation of mobile devices also have larger screens so you can do more on them," he explains. "The general feeling is that the m-commerce channel will achieve in the next three to four years what the e-commerce channel has achieved in the last 15 years."

SME perspective

Given this rapid growth, SMEs should explore their m-commerce options closely.

"Customers are becoming more and more aware of browsing and shopping anytime, anywhere - whether they are sitting on the bus on the way home or sitting in front of the telly in the evening, they normally have a mobile device beside them so, effectively, this m-commerce channel is a new sales channel for SMEs," says Clarke.

"If their customers want to shop over a mobile channel and the SME isn't facilitating that, the customers will obviously go elsewhere."

Understanding true mCommerce

Irish SMEs need to understand the difference between true m-commerce and simply creating websites with e-commerce capabilities that have been optimised for mobile devices.

"What we have at the moment is Irish SMEs offering e-commerce on a mobile device. That's a stepping-stone to m-commerce, but it isn't real m-commerce. Mobile-enabled e-commerce sites are very useful, but a real m-commerce site is much more active and allows the SME to take advantage of a number of technologies that just aren't available to e-commerce," says Clarke.

These include location-based services, which offer specialised, targetted sales opportunities for SMEs.

Here's one example of how you could tie your e-commerce website and m-commerce functionality together:

1. Allow your customers to create 'wish lists' of desired products on your website.
2. Give them the option to sign up for mobile alerts or notifications.
3. If a customer is near your store, you can then send them targetted offers and information via their mobile device. For example: "Product X on your wish list is almost out of stock. Please advise whether you would like us to keep one for you." Or perhaps: "If you purchase product X in the next two hours, we will offer a 15 percent discount on the list price. Call in now to talk to one of our sales team."

Remember that pure m-commerce is tailored toward providing a new experience, as opposed to just providing the e-commerce experience in a slightly different format.

Optimisation versus apps

SMEs interested in exploiting the potential of mobile devices are faced with a simple choice:

- optimise your existing website for mobile devices, or
- provide your customers with applications specially designed for mobile devices (i.e. mobile apps).
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Optimising your website for mobile devices is certainly the cheaper option, but this approach can bring 'cart abandonment' problems (i.e. when customers abandon the purchase process before completing the transaction).

As with all electronic payment processes, keeping it simple yields the best returns. Unfortunately, the limited form factor of mobile devices can make payment a fiddly and time-consuming process. Website optimisation is good for letting customers browse your site on a mobile device, but it falls somewhat short when it comes to payment processes.

Mobile apps, on the other hand, can simplify the payment process, yielding greater returns for sellers. Mobile apps are more expensive to develop and maintain, but offer consumers greater usability by embedding payment options within apps. Users can download the app

to their phone or mobile device. Users then store their credit card details on the app, and it can receive a payment without customers being redirected to payment providers' websites.

"Our experience is that apps are much easier to use and it's much easier to drive commerce through them. If you're serious about m-commerce, the app is the way to go. Apps feel more like they have been designed to meet your individual requirements. So, people tend to be much more comfortable using apps than they are using e-commerce websites or mobile-enabled e-commerce websites," says Clarke.

Clarke advises Irish SMEs to watch out for announcements from m-commerce providers in the first quarter of 2011 that will make it even easier for consumers to make mobile payments.

Explore your options

If you do a lot of selling online, you definitely need to explore your m-commerce options right away.

If e-selling is not critical to your business, the best advice - for now - might be to wait and see how the space develops over the coming six months.

In either case, you can ignore m-commerce at your peril as more and more consumers are embracing the convenience that this growing sales channel provides.

In the next issue, we'll get some tips on m-commerce security issues and look at some specific mobile payment options.