



An Introduction to

Mobile Commerce for Multichannel Retailers

This paper is written for retailers who have some experience in eCommerce and want to find out more about the growth and opportunities in mobile commerce (mCommerce). Retailers of all sizes are finding it a real challenge to keep pace with the rate of consumer change driven by new technology. However the good news is that mCommerce does not need to be all that complicated. So here is a quick guide to mobile commerce for those looking to make some pragmatic decisions about what to do.

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The real story about growth in Mobile Commerce

There is no shortage of news about growth in mobile commerce. Well, it is true that more owners of mobile phones in the UK are making purchases from their devices. But it can be hard to get perspective.

IMRG (the UK's industry association for e-retailing) report revealed that in less than 2 years mobile sales climbed from 0.4% to 5% by the end of 2011. This represents a staggering growth rate of 1,320%. IMRG also indicated that 28% of smartphone owners have made a purchase using their device, and that 49% intend to do so in the future.

So this means two things: 1. The percentage of web sales via mobile is quite small. 2. The growth is very rapid.

But what about the number of visitors to websites from mobiles? Well, the percentage of visits has also increased, from 2.6% in 2010 to 11.6% in Q4 2011 (growth of 315%).

Tina Spooner, Chief Information Officer at IMRG, said: "The rise in mobile sales at the end of 2011 has been massive, hitting 5.3% of total e-retail sales. Although it was already growing rapidly, this actually marks an acceleration in pace."

Research from retailers that use the Intelligent Retail system shows similar numbers; 11% of traffic is from mobile phones, although our retailers on average receive 8% of their orders from mobile phones, a higher proportion than the figure reported in the IMRG statistics.

This shows that overall there is a lot of growth in the number of people visiting from mobiles, however people still have less confidence in buying using these devices. But that is changing.



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What is driving this growth and will it continue?

Consumer demand is driving this growth, backed by the mobile phone companies and innovative smartphone devices. Smartphones are the ones with touch screens or full keyboards, on which you can run apps and browse the internet.

As far as technology adoption is concerned, smartphones are in the middle of a perfect storm! I'm not sure we have ever seen anything like this before. Smartphones cost as much as a computer but are given away at a fraction of the price with a mobile phone contract. The contract often lasts 12-24 months. Then the user gets a new phone for very little cost. This fuels the rapid adoption of new computer technology like never before. The network operators see that people want to use smartphones on the internet and are increasingly giving away internet access to compete with each other.

This means that within 12-24 months, millions more people will have the opportunity of upgrading to a smartphone with internet access for relatively little cost.

Do you remember when the Government sold the 3G (mobile broadband) licenses for a fortune back in 2000? They sold for £22 billion; people called it the biggest auction ever! Well now 3G is being used as a key part of the mobile phone offering. It's payback time.

The 'perfect storm' around smartphone adoption means that within 12-24 months millions of people have the opportunity to upgrade to a smartphone with internet access for little initial cost.

So yes, mobile commerce will continue to grow. According to Retail Week, mobile phone sales will grow on average by 42% per year until 2016.

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Which mobile systems will be important?

The top three smartphone systems to consider for your website are Apple iOS (as on the iPhone and iPad), Android and Blackberry.

Google's Android is forecast to be the most popular, and is currently selling on 50% of new smartphones vs. just under 20% for iOS. Blackberry sells on roughly the same number as iOS.

Research from retailers that use our system shows that on average, 60% of visits are from Apple mobile devices like iPhones and iPads. However with the majority of new devices using Android, the balance will shift in the future.



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Is it really that important to go mobile?

Well, it depends on your business. Here is how you can tell. Open up Google Analytics (if you don't have Analytics then ask your website designer to add it in, and make sure they add in the eCommerce module if you sell online), and see how many visits you are getting from mobile devices. If you have eCommerce enabled, see how many visits are converting to orders. Assuming you don't already have a mobile enabled website, you should expect to see a lower conversion rate in mobile sales. I would say that between 50% to 90% of your standard conversion rate is typical for a non-specific mobile site. If it is a lot lower, then something may be wrong with your standard site that is causing problems when viewed on mobile devices.

This Google Analytics data will then tell you the size of the mobile opportunity for your business, and whether it is worth investing now or waiting.

It is also worth considering the way that mobile commerce is growing and whether having a mobile website will give you an advantage over your competition.

A company called TruffleShuffle that made the change is highlighted on the SagePay blog. They had enough traffic to justify the new mobile site, so they created a mobile specific site. Their website now converts five times better than it did without a mobile site, and it's bringing in about three times more revenue than before from mobile customers!

If you don't have Google Analytics then the decision will be harder. In general terms, about 10% of your traffic will probably come from mobile devices. Most of them will be able to view your website, and some will buy products, albeit a lower percentage. All things considered, it is not the end of the world if you do not have a mobile enabled website yet. However you will be missing out on some revenue. It is worth bearing mobile in mind when you get your next website upgrade. During the typical lifespan of a website, which is about 3 years, mobile will become more dominant, so make sure there is support for a mobile style sheet and mobile checkout in your new site.



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Going mobile - what are the options?

So, it's clear that people are using smartphones to browse and buy online. There will also be a lot of growth in this area. So for independent retailers what are the options?

1. Do nothing. This is always an option, but as mobile is the fastest growth area on the web you will be missing out on an increasing amount of business.
2. Test your existing website. Smartphones use similar browsers to those installed on standard computers. For example the iPhone uses a version of the Safari browser which is used on PCs and Macs. So your website should display normally in miniature.

For pragmatists, I advise only looking at the top 3 mobile phone systems; Apple iOS (as on the iPhone and iPad), Android and Blackberry.

3. Create a mobile specific application (an 'App'). An App is a program that can be downloaded onto a smartphone. Some of the big retailers like Amazon have apps. This is great if you have specific functions over and above that of a standard website that are important for your business. However you would have to build one App for each type of smartphone system.
4. Create a mobile version of your existing website. This can be done in a relatively inexpensive way compared to Apps - providing your eCommerce solution is flexible enough to adapt! A part of your website called a 'style sheet' can be used to adjust the appearance on small screens, and yes, it can tell what type of device each visitor has and adjust the look accordingly. So if a small screen mobile is viewing your website, your style sheet can present a mobile specific look. This is usually the easiest, cheapest and most flexible way to engage in mobile commerce. I would recommend it.

For their mobile site, John Lewis took the main features from their website and changed its appearance to look good on a smaller screen. John Lewis wanted to achieve:

- The same navigation as on the main website
- The facility to buy anything that you can buy on the main website
- Access to your account details using your usual login and password
- Shop opening hours, location maps and contact details



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Mobile Navigation

When it comes to selling on mobile devices, one of the essentials is easy-to-use navigation. Your visitors will want to quickly narrow down their product selection. The two ways to select products are search and navigation. Both of these should be visible on your mobile website.

Whilst search is a standard item these days, there are innovations in navigation that are worthy of note.

I strongly recommend you look at Refine By navigation as this is, in my opinion, best practice in eCommerce and mCommerce. If you are wondering what Refine By navigation is, please have a look at the John Lewis website it's the closest thing to shopping in a store. After you select your department, you are presented with a broad range of options to refine down your search. The experience is fast and highly intuitive. So when looking at a mobile website I would recommend ensuring search and Refine By navigation are part of it.



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Taking Payments on Mobile Devices - The Options

The options for checkout in mobile devices are similar to those in regular websites. The additional point to consider is how long it takes a new visitor to type in all their details using a tiny keyboard.

Whilst for some people this mini-typing may not present too much of a barrier, for others it will prove an arduous task and they will abandon the checkout process.

It is therefore wise to offer an alternative payment method, for example PayPal. Visitors with PayPal accounts will be able to pay for the items without the laborious typing. Not only is checkout quicker, it can be more trustworthy. PayPal also has a mobile version of their pages for a better customer experience.

John Lewis use their own payment gateway. I purchased an item from their website recently using an iPhone. The experience of browsing using a combination of Search and Refine By was first class. Exceptionally quick and intuitive. The payment side was more clunky as I had to create a new account and this took me 5 minutes. I was really quite uncomfortable giving my credit card details on my mobile as there was no HTTPS page and no other indication about security that I could see easily. I felt my details may be more open on a mobile phone than on a computer and memories of the phone hacking scandal and phone tapping came to mind; whilst these are different technologies, they are related to phone security. Despite this I placed my trust in John Lewis and my purchase was made, surprisingly quickly and easily, yet a little less comfortably than on a computer.

EConsultancy research found that 44% of adults say lack of security software in mobile devices is the chief concern when potentially using their mobile phone for payments.

Of those that did buy from their devices, 48% used credit card and 49% used PayPal, underlining the dominance of these two methods with few others being used at all.

For an independent retailer it is essential, in my view, to carry a message about security on the website checkout area to reduce the drop out rate. It is also worth looking at offering both PayPal and card payment options.



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Multichannel interactions between store, web and mobile

Mobile commerce brings with it more opportunities for multichannel retailers. As well as selling direct through a mobile website, multichannel retailers have the option of adding features that can drive sales to your high street store.

These can include:

- Store locator tools allow users to find the nearest store. Remember to include your postcode for adding to Sat Nav. Google can provide location relevant results, so your store may appear in a search because of the location the person is in. A link to a Google Map is a good idea, as Google provides lots of innovative features for mobile devices, including directions from your current location.
- Allow users to check stock levels so they can avoid a wasted journey to the shop.
- Add a reserve and collect service so that customers can search for items by mobile then collect in store.
- Provide information on store opening hours and facilities.

37% of consumers use their smartphones to research or complete a purchase (EConsultancy Internet Statistics February 2012). This activity includes searching for product information, comparing products through to checking prices online.

Another angle is the use of QR barcodes. Any printed promotions can include a QR barcode that provides a link directly to the right page on your website. QR barcodes connect your printed advert to your website on a mobile device. It is a superb call to action and can be used in posters, magazine adverts and in store advertising. If you would like more information on QR barcodes then please drop us a line or visit the Intelligent Retail blog online.



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