

How mobile commerce is increasingly becoming important for E-tailing

Mobile phones, especially smartphones, have become a natural choice of communication device over the past decade. They are increasingly used by people of all genders, origins, and ages, for both personal and business purposes. As per Technopak's estimates, smartphone penetration in India is expected to grow from the current 6% to 33%, by 2020. It is also estimated that, by 2020, 80% of the mobile devices used in the country will be smartphones. People all over the world use mobile devices not just for communication, but also for browsing the Internet, navigating, playing, shopping, etc. In a country like India, the rise of smartphones plays a significant role. While people in developed countries got in touch with the Internet initially through personal computers and many years later switched to smartphones. For a large percentage of the Indian population, however, smartphones are the first and only point of access to the Internet. As per Telecom Regulatory Authority of India (TRAI) data released in December 2013, of the total 237 million Internet subscribers in the country, 92% are mobile wireless subscribers, which fact highlights the importance of mobile Internet services.

Retail e-commerce in India can grow from USD 2.3 billion at present to nearly USD 32 billion by 2020, thus comprising more than 3% of the total retail in the country. Given the nuanced characteristics of Indian Internet users, it can be estimated that the share of mobile commerce will rise sharply with the increase in the number of people not using personal computers and instead making online purchases through their mobiles. It is estimated that, in 2013, 15% of Indians made at least one purchase per month through a mobile device. This number is only topped by China, with 18%, and is much higher than Great Britain (10%), Australia (8%), and the US (8%).

Today, China is the biggest e-tailing market in the world. The country can also provide a valuable benchmark in terms of mobile commerce due to its similarities with the Indian market. In China, the number of digital buyers is expected to increase by 14%, by 2015, while the market volume of mobile e-commerce will grow by 38% over the same period, indicating a greater share of mobile e-commerce. By 2015, an estimated 348 million people in China will use mobile e-commerce for shopping. Likewise, the mobile commerce market in India is expected to grow at a phenomenal pace.

Companies which try to be successful in the e-commerce space should have in mind the specific characteristics of mobile shopping, viz. smaller screens, touch interfaces, limited data volume, etc. in order to target potential customers, who are limited by mobile access. Many e-tailers have realized the potential of mobile commerce in multiplying their sales and are rapidly adopting the necessary tools, with encouraging results. Snapdeal.com, for example, gets over half of its sales from customers using mobile devices, while even one year ago the share of mobile purchases was a mere 5%. Flipkart, the largest online shopping platform in India, receives 20% of its e-commerce orders from customers using mobile devices and plans to increase this number to as much as 50% in future. This trend is not limited to online retailers alone; even the American pizza chain, Domino's Pizza, gets 10% of all online transactions through customers using mobile devices, with this share expected to increase to 20%. Shoppers Stop, a Brick & Mortar player, has also realized the importance of mobile devices as a platform, and has extended its First Citizen services and promotional offers to mobiles as well. Café Coffee Day has also launched a mobile application which enables users to access their menus, earn and maintain rewards, and get offers.

Customers and companies can choose between various payment options which use mobile commerce, like stored-value cards, credit cards, premium rate telephone numbers, and charges added to the customer's phone bill. By selecting the right payment method, different sets of customers can be targeted, including the ones who have no banking accounts. The smartphone will become increasingly important as a digital wallet in the future.

The further development of mobile commerce offers great opportunities for e-tailers in India. For some, mobile devices will be the only contact point on their journey towards becoming online customers, while others will use smartphones in addition to computers and laptops. Besides the fact that mobile commerce in India will grow significantly over the next few years, the content available on mobile devices will be personalized to suit individual customers to a greater degree, using information about their previous purchases, social networks, etc. Although screen sizes and data speeds limit the user experience on smartphones, companies will have to continue to find innovative ways to present their products in ways that are competitive for e-commerce stores over personal computers. Moreover, the connection between social networks and mobile commerce will have to be leveraged in order to escalate sales.

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