CUSTOMERS ARE READY FOR MOBILE COMMERCE, BUT ARE RETAILERS READY?
A Revolution in Retail

Smart phones are not just here to stay. They are here to rule the world. For the retail industry they spell a revolution. With smart mobile phones become ubiquitous, changes in the retail industry have been truly dramatic. Smart phones are redefining the retail experience. From the way products are discovered, to displaying the outlets where they are available, directing users to stores, showing pricing information, bargains, coupons, user reviews and ratings and enabling a range of mobile payment options — the change is rewriting the rules of retail.

Over the last two decades products in stores have shown remarkable improvement. However, changes in technologies that enhance the in-store shopping experience have been modest. The revolutions in customer-facing technology has been limited to bar codes, computer generated tagging and interactive kiosks. Smart phones are changing that, enabling retailers to do business better.

IDC’s Worldwide Quarterly Mobile Phone Tracker study in June 2011 said the worldwide smart phone market is expected to grow at 55% in 2011. According to IDC, vendors will ship a total of 472 million smart phones by the end of 2011 compared to roughly 305 million shipped in 2010. That figure will be 982 million by the end of 2015. These are eye-popping growth numbers for any industry. If you are in the retail business don’t take your eyes off them. There’s an inordinate amount of commerce riding on that growth. In 2015, shoppers around the world are expected to spend about $119 billion on goods and services purchased via mobile phones. That number represents about 8% of the total e-commerce market.

Retailer and their customers are already warming up to the idea of mobile commerce. In 2010 Amazon reported its mobile commerce sales for the first time. They had crossed $1 billion. eBay saw a staggering $2 billion in sales through its mobile platform in 2010. The company claims to be on track to double that in 2011. PayPal, an eBay Inc company, saw mobile payment transaction volumes grow from $24 million in 2008 to $140 million in 2009 to $750 million in 2010. That number is projected to top $2 billion in 2011 and is expected to reach $7.5 billion in 2013.

Retailers should be worried. Those numbers indicate that customers are ready for mobile commerce. The questions is, are retailers ready?
Risk and Reward

Retailers who are not creating mobile solutions are at risk. Their customer base may shrink. Customer behavior, needs and preferences have matured over the last few years. They expect their favorite brands to have a mobile presence, adding convenience to their shopping experience. They have social media tools on their mobiles, enabling them to instantly share images of products with friends, exchange product information and match their choices with that of their communities. This is highly valuable data for retailers. It enables them to match customer expectations and preferences in real time making customized offers that increase sales, drive customer satisfaction and improve customer loyalty.

The rewards of adopting mobile commerce are significant. The time is ripe for retail businesses to re-evaluate their mobile strategy. Mobile technologies have the capability to deliver against that goal. Emerging mobile practices offer a range of benefits on a scale previously inaccessible to retailers. Mobiles can:

• Provide information in real time so that customers can make better decisions
• Leverage customer data and analytics to personalize the shopping experience
• Drive customers into the store (and keep “unproductive” customers away)
• Improve customer satisfaction, thereby increasing sales
• Increase cross-selling and up-selling
• Increase repeat sales
• Improve business efficiencies that drive profitability

Success in the mobile commerce space is dependent on unifying the customer experience across channels as well as on a deep understanding of customer behavior.

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Market trends

Mobile marketing agency Sponge reveals in its market study that 70 percent of online retailers are using a mobile platform to communicate with their customers. Forty percent of those polled already have an information-led mobile Internet site or are considering building one. But much of what is available on today’s retail mobile sites continues to remain limited to catalogue-based product information. The ability to tap into customer data and create analytics-driven marketing intelligence is a gap that calls for urgent attention.

Fortunately, retailers like Amazon and Sears are shining a light on the future of mobile commerce. They have launched sophisticated mobile platforms that capture shopping preferences, customer location, create shopping wish lists, provide rich product information, integrate social media, create on-the-fly offers and deliver a deeply personalized shopping experience. Others are working up sales strategies around uber-engaging innovations for their customers:

• Best Buy, Macy’s, and American Eagle offer location-aware apps that guide customers through their physical retail stores, providing product reviews and multimedia content.
• Amazon has an iPhone app that allows customers to take a photo of the product. It then searches the store for similar items and adds it to the customer’s wish list.
• Gap’s Merry Mix app lets its customers mix and match clothing.
• Target’s Gift Globe app provides a fun way for customers to find gifts. Users enter the recipient’s details, shake the iPhone and the app reveals a gift the customer can save and buy later.
• Conde Nast’s Lucky Magazine has a mobile application that allows users to shop for an item and then based on the user’s location identifies the nearest store for the item.
• Ralph Lauren’s iPhone application delivers video clips from runways shows and 360 degree item rotation views of clothing.
• Barnes and Noble has an application that allows users to submit a front cover photo using their phone to then receive product details, reviews, and ratings about the book. It even allows them to reserve a copy at the nearest store.
The Uneven Road to a Revolution

The road to retail revolution needs to be navigated with care. Six major challenges must be overcome to be part of a successful mobile commerce play:

• **Complement vs. detriment**: Retailers need to ensure their mobile phone strategy complements their business by presenting customers a convenient, always-on shopping option that is unified with other channels. Lack of channel cohesion should not make it detrimental to business.

• **Price arbitrage**: Customers using a mobile channel need to have simple, anytime access to product pricing. However, competition can use this data to deliver better offers.

• **Content**: Retailers must present customers with relevant content in the right language.

• **Security**: Customer concerns around mobile commerce security must be addressed.

• **Spam**: Retailers must ensure that mobile marketing does not get filtered out as spam.

• **Device compatibility**: Retailers must ensure their marketing collateral is compatible with various mobile devices.

Accelerating Growth, Improving Business Performance

Mobile Customer Experience (MCE) management can provide a never-before shopping experience by leveraging technology. For retailers this is an unprecedented opportunity for accelerated growth. Wipro’s approach has been helping retail clients understand their IT requirements and innovate around their business needs. The outcome for customers has been long term business growth.

Wipro’s relentlessly focus on doing business better has helped clients understand their IT requirements and implement them to accelerate growth and improve business performance.

Wipro’s experience has helped create an invaluable iterative approach to developing a mobile presence for retailers. A Nielsen study last year reported a 13% growth in traffic for Internet sites that added a mobile component. Setting up a mobile site is the first step. In the next phase, retailers must focus on offering product information, store locations and services. The obvious addition to this is focused content and applications that engage customers with the brand, reviews and product ratings as well as tips and tricks around product usage.

The next level of mobile retail is centered on leveraging the core enterprise system for a cross channel experience. For example, customers can look up availability of a product before they walk into a store. In other words, managing and setting customer expectation is about to witness a radical improvement. The capability to deliver such product information can also reduce the pressure on store assistants as they don’t have to deal with customers unlikely to find what they want.

The foundation for the success of mobile technologies in retail is rooted in the multi-media capability of the device, the ability to assist in making decisions through real-time analytics that tailor offers and personalize products and finally complete payments using a single device. This is a complex set of elements playing in tandem. It’s a new world of retail that mines data in real time. It has the ability to capture new business opportunities. And it calls for courage to experiment and create innovations along with a judicious measure of experience.

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