

RESEARCH

Mcommerce sales to reach \$142B in 2016: Forrester

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Amazon and eBay capture approximately one-third of mobile shopping

By CHANTAL TODE

Mobile commerce transactions are expected to top \$115 billion in 2015 and climb to \$142 billion next year, according to a new report from Forrester Research.

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The numbers in the report, "U.S. Mobile Phone And Tablet Commerce Forecast, 2015 to 2020," point to the ongoing challenge driving conversions on mobile, with nearly one-third of retailers' Web traffic coming from phones but only 11 percent of sales. However, only a few merchants are truly leading the way in mcommerce, with Forrester estimating that Amazon and eBay capture approximately one-third of all mobile shopping in the United States

"We project that mobile phones will generate 15 percent of ecommerce sales by 2020 and tablets will generate 33 percent of ecommerce sales in the same time frame," said Sucharita Mulpuru, vice president and principal analyst at **Forrester Research**, as well as author of the report. "Given that mobile devices are moving toward becoming a primary computing device, why aren't those figures higher?"

"Shoppers experience slow download speeds on smartphones in particular, and few retailers have managed to increase their mobile conversion rates over the years," she said. "Additionally, the vast majority of mobile sales are only in three categories, which means that most shopping categories are underpenetrated and have a long way to go to experience success in mobile commerce."

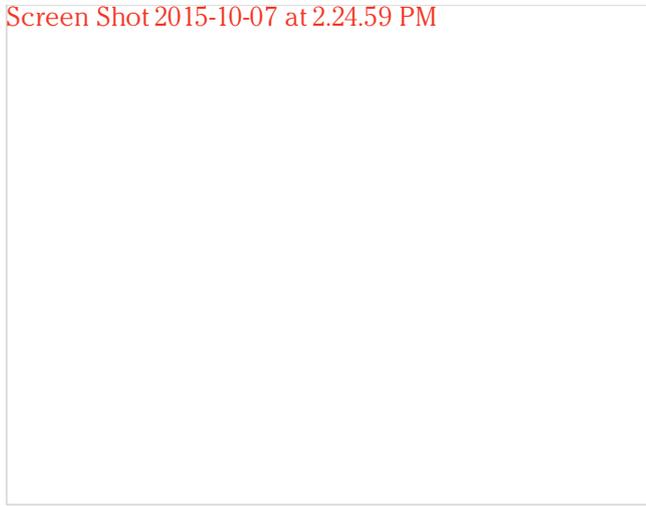
Measuring mobile success

While mobile's influence is estimated to be significantly higher on in-store sales in terms of transactional volume, mcommerce is still an important and growing area.

A key takeaway from the report is that retailers need to look beyond sales and consider drivers of traffic to stores as well as sales via their own properties, Google and Pinterest when measuring mobile success.

Despite challenges such as weak conversion rates and slow download times, the rate of growth of mcommerce sales continues to be rapid, with Forrester projecting a compound annual growth rate of 17 percent across smartphones and tablets in the next five years.

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While mobile currently accounts for 35 percent of overall ecommerce, its forecasted growth means it will account for 49 percent of ecommerce, or \$252 billion in sales, by 2020.

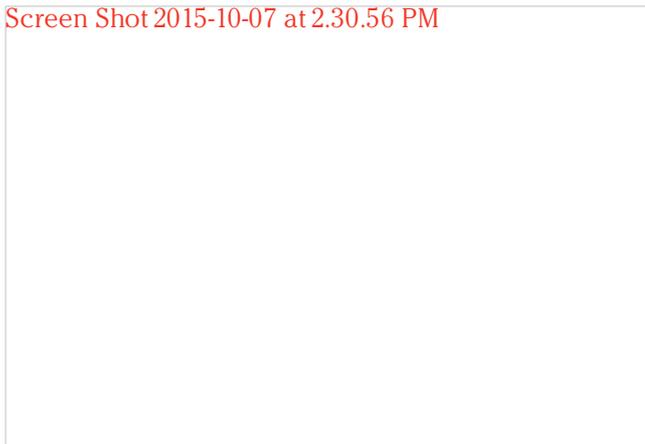
Investing in mobile

The growth in mcommerce is being driven by more than higher adoption rates.

Retailers are investing in better smartphone experiences, according to Forrester's research. Areas of investment include making checkout easier, optimizing emails for smartphones and providing more product reviews. Forrester estimates that in 2014, retailers spent \$1.2 million on smartphone investments compared to \$550,000 on tablets.

The most successful mcommerce sites have strong user experiences that integrate elements such as browsability, buyability and Web site design.

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Despite slow download speeds on mobile devices and low conversion rates, shoppers appear to have greater tolerance for imperfection, much like they did in the early days of desktop. A consumer survey fielded in the second quarter of 2015 found that 60 percent shop on their smartphones, up from 52 percent in 2014, while 71 percent of tablet owners are now shopping on their device, up from the 47 percent.

Multiscreen shopping

Forrester also reports that the vast majority of mobile sales take place in only three categories apparel, consumer electronics and media. Other categories have a long way to go to experience success in mcommerce.

There are several ways that retailers in these other categories can capture shopper demand without investing heavily in mobile commerce.

Forrester suggests facilitating multiscreen shopping as a large number of shoppers are currently researching on mobile and completing a purchase on desktop. For example, eBags enables shoppers to email their mobile carts to themselves.

Another suggestion is borrow mobile moments from some of the apps where consumers are spending a lot of their time. For example, Eat24 offers takeout and delivery options with the Yelp app.

Retailers should also explore new attribution solutions from companies such as Datalogix and Facebook to help them match customers across devices.

"While retailers may lament their low conversion rates and slow download speeds on mobile devices, shoppers still keep shopping on those devices," Ms. Mulpuru said.

"In fact, the majority of customers experience onerous problems, but they forge forward in spite of them and appear to have greater tolerance for imperfection, much like in the early days of desktop," she said.

Final Take

Chantal Tode is senior editor on Mobile Commerce Daily, New York

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