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Mcommerce to capture 49pc of online retail sales by 2020: report

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Mobile purchases are going from strength to strength

By [Alex Samuely for Mobile Commerce Daily](#)

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As ecommerce sales continue their meteoric growth, mobile is grabbing a larger market share, with smartphone-enabled purchases set to grow from \$122 billion in 2015 to nearly \$319 billion by 2020, according to a new report from Javelin.

A greater number of overall ecommerce purchases will come from smartphones, per Javelin's estimate that mcommerce purchases will make up 49 percent of total online retail commerce in 2020, a significant increase from 29 percent in 2015. The enlarging spotlight placed on mobile is partly due to retailers' ongoing efforts to provide smartphone-friendly offerings and checkout solutions to customers, according to Javelin's 2016 Online Retail Payments Forecast.

"Mobile is the growth engine of digital commerce," said Michael Moeser, director of payments practice at [Javelin](#). "It is being driven by a combination of retailers flocking to offer mobile solutions to consumers (Papa John's app promoting buy online, pick up in store, IKEA's in-store mobile app checkout, etc.), issuers and card networks enabling more mobile in-app and proximity payments (e.g. Masterpass, Visa Checkout, Chase Pay) and consumers gravitating towards mobile for digital purchases.

"Think Internet of Things devices, subscription services like Spotify, Blue Apron, and mobile consumption apps like Fandango."

New market trends

The significant growth in the mobile commerce sector can be attributed to the rise of several new market trends, such as in-store mobile checkout capabilities within retailers' applications, mobile wallet proliferation and buy online, pick up in store options.

Javelin forecasts a major uptick in mobile commerce purchases by 2020, meaning that retailers must ensure their omnichannel offerings are as optimized as possible now.

"Retailers need to focus on their mobile apps, mobile marketing and facilitating the omnichannel buying experience," Mr. Moeser said. "Consumers are more willing than ever to receive mobile marketing messages from retailers and willing to act upon them.

"Robust mobile apps encourage strong user engagement," he said. "Finally, consumers may want to be able to buy anywhere and anytime with the ability for in-store pick up or special delivery.

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Retailer-owned mobile wallets such as Walmart Pay are upping the ante in mcommerce

"The omnichannel experience requires retailers to access customers no matter where they are and how they want to pay. For financial institutions, having a comprehensive wallet strategy this year is critical. For card networks, it's promoting faster checkout, such as the revamped Masterpass."

Per Javelin, ecommerce sales growth will eclipse the total retail market, with share set to grow from 9.1 percent in 2015 to 12.4 percent in 2020. This underscores the need for businesses to optimize their digital transaction offerings.

Ecommerce sales which include purchases made via desktops, laptops, mobile apps and mobile Web are projected to reach \$646 billion in 2020.

Meanwhile, nearly one in two dollars of online spend will stem from smartphones in 2020.

Millennials and mobile

The largest share of mobile commerce will come from millennial shoppers, as the top users of mcommerce shopping are individuals aged 25 to 34. Eighty-seven percent of that demographic has purchased something online in the past month, showcasing the importance for retailers to offer streamlined checkout options.

Additionally, shoppers in this age group were nearly twice as likely as individuals aged 35 and up to have leveraged a mobile browser and app to make a digital purchase in the last year.

When it comes to pinpointing how financial institutions and retailers fare in the rapidly evolving mobile sector, consumers are becoming more receptive to receiving targeted messages and content from them.

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Integration with mobile wallets such as Apple Pay is critical for merchants

Last year, 42 percent of mobile users were willing to share their GPS location with marketers in exchange for perks such as discounts, up from 35 percent in 2014, per Javelin.

However, all consumers are relying on frictionless checkout experiences regardless of their device of choice. This has opened doors for mobile wallets such as Venmo, Chase Pay and Apple Pay to take the stage.

To capitalize on the growing mcommerce sector, retailers should develop comprehensive mobile wallet tactics that include building their own platform, or teaming up with a third-party service and integrating it into their own

shopping apps.

"The biggest challenges facing mobile payments this year are slow merchant adoption of NFC at POS, the wallet wars, and slow rollout of Pay with Venmo' (and competitors) for in-app purchases," Mr. Moeser said.

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