

CLASSIC GUIDES

Mobile Commerce Daily's Mobile Commerce Outlook 2013

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Mobile commerce to make customers pickier



The runaway hit for retail this year will be mobile commerce. The best way to leave money on the table is not to have a commerce-enabled mobile site and application.

Retailers and financial institutions are undergoing the biggest business-model shifts in a generation. Technology has changed the relationship between retailers and their customers, shifting the balance towards those who buy away from those who sell. Mobile is hastening this evolution, or as it will be for some merchants, revolution.

Basket case

While it is hard to quantify, it is obvious that mobile is helping boost the basket size for smart retailers offering seamless shopping and checkout experiences on smartphones and tablets.

Whether the sales are incremental or channel shift is up for debate, echoing some of the same discussions over ecommerce and retail stores. Mobile is also driving traffic in-store, thus giving it its biggest edge of PC-based ecommerce.

The early advantage in mobile commerce goes to players already invested in the ecommerce space: eBay and Amazon. eBay's PayPal unit last year closed \$14 billion in transactions via mobile devices – one-tenth of the online total. This year, eBay expects to close \$20 billion in transactions on mobile and another \$20 billion via PayPal, clearly putting it in the lead for mobile payments yet again.

Amazon, for its part, is the great disruptor. Online was its killer weapon and now mobile

serves the coup de grace. Take any retail category and Amazon is forcing its competitors into the uncomfortable position of defending their turf at the risk of losing loyal customers.

Amazon thrives on extreme loyalty from a customer base addicted to quick and easy shopping on PC and mobile. It also benefits from its 1-click ordering process that is a natural for mobile.

As a disruptor, Amazon is dangerously close to becoming the search engine of choice for retail searches, thus upsetting Google's plans for continued search world dominance. And mobile is where most searches will soon migrate.

But retailers' biggest beef with Amazon is what threatens their stability and customer relationships – the growing phenomenon of showrooming where consumers compare product prices on Amazon's mobile site and apps while in the competitor's store. Amazon is training consumers to shop mainly by price and then for convenience, threatening retailers' business models that rely on customer relationships for repeat purchases and loyalty to brand over pricing. Amazon is not going away anytime soon, nor is the behavior it is ingraining in consumers.

Shop shop or chop chop

That said, brand still does count for much in retail. Those retailers investing in smart marketing, attractive pricing, convenient product delivery and a quick and seamless shopping experience on mobile will continue their growth momentum. Mobile brings the store closer to the consumer.

This Mobile Commerce Outlook outlines some of the opportunities and challenges in the year ahead for mobile commerce. Many thanks to Mobile Commerce Daily's Chantal Tode, Rimma Kats and Lauren Johnson for their reporting and analysis. Thanks also to Rimma for her art direction and to ad sales director Jodie Solomon and content assistant Kristina Mayne for their support.

Please read this Outlook from cover to cover. Mobile will change the world of retail even more than ecommerce did, redefining the relationship between shop and shopper to their extreme advantage of the latter.

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