ORIGINAL RESEARCH PAPER

Commerce

CONSUMER PURCHASING BEHAVIOUR AFFECTED BY USE OF SMARTPHONE

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ABSTRACT

The biggest impact of mobile on e-commerce may be that it has dramatically expanded opportunity. Accompanying the overall shift in shopping behaviour is a change in purchasing behaviour. Oddly, mobile devices have altered the process in two contrasting ways. On one hand mobile has made "show rooming"—viewing an item in a brick-and-mortar store and then buying it later online—more common. Business Insider estimates that 59 million American shoppers did this last year, meaning that the purchasing timeline for a significant number of transactions has become elongated. More consumers rely on mobile to make purchases not just on their device, but also in retail stores. It has become a powerful tool for retailers to increase sales, conversions and loyalty as well as track and mine consumer data for targeted marketing.

INTRODUCTION:-

Why do people tend to shop so quickly on their mobile devices? Often because they have limited time and limited screen space to browse. These same factors mean that consumers often return to brands they trust when mobile shopping. Mobile functionality isn't just one thing. Beyond the multiple design theories (such as responsive design vs. dedicated mobile sites), there is the broader problem of needing to account for both mobile apps and mobile websites. Moreover, there are myriad Smartphone screen sizes to think about. There are seven reasons why people's shopping behaviour is changed by Smartphone.

1. Shopping behaviour

The biggest impact of mobile on e-commerce may be that it has dramatically expanded opportunity. Until smart-devices became prevalent, online purchases were constrained by location—you really only could shop while at a desktop/laptop computer that had an Internet connection.

Today that's all changed. Always-connected mobile devices let us shop from anywhere, and so have fundamentally changed shopping behaviour. In particular, mobile has broken down the wall between physical retailers and digital sellers.

For example, according to recent data from Experian, 97% of tablet owners have made a purchase on their device, and 83% have engaged in shopping-related activities immediately before, during, or after visiting a store.

For both brick-and-mortar and e-commerce companies this represents both a huge opportunity and a huge challenge. Consumers are increasingly accustomed to the idea that almost any product can be bought online from any location. That means more comparison shopping, more price awareness, and potentially shifting sales.

Percent of tablet and mobile phone owners who have made any purchase on their device

97% 72%

Source: Experian Marketing Services

Percent of tablet and mobile phone owners who have purchased apparel, toys or electronics on their device

77% 48%

Source: Experian Marketing Services

2. Purchasing behaviour:-

Accompanying the overall shift in shopping behaviour is a change in purchasing behaviour. Oddly, mobile devices have altered the process in two contrasting ways.

On one hand mobile has made "showrooming"—viewing an item in a brick-and-mortar store and then buying it later online—more common. Business Insider estimates that 59 million American shoppers did this last year, meaning that the purchasing timeline for a significant number of transactions has become elongated.

On the flip side, the immediacy of mobile devices has also shortened the purchase process in other cases. A study by The Integer Group found 15% of all mobile commerce purchases now occur extremely quickly (within a couple of minutes of discovery).

Figure 3. The average mobile-purchase decision happens within minutes or hours, not days or weeks.
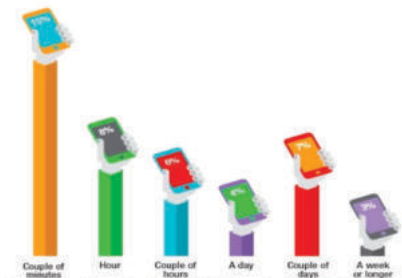
Source: The Integer Group® I M/A/R/C® Research, April 2014, N = 1,205
Q: Think back to the last time you made a purchase on your mobile device. From the moment you discovered the product on your mobile device, how long did it take you to decide to purchase and then to purchase the product?

3. Brand favouritism:-

Why do people tend to shop so quickly on their mobile devices? Often because they have limited time and limited screen space to browse. These same factors mean that consumers often return to brands they trust when mobile shopping.

That's why brands that offer a seamless mobile shopping experience earn the respect and loyalty of their customers. Amazon, for example, is as strong as a mobile shopping entity that it boasts the largest mobile-consumer base of any e-commerce company.

Moreover, companies such as Amazon continue to increase their share of mobile e-commerce because the cycle snowballs—once a mobile shopper favours a brand, they tend to return over and over (and over).
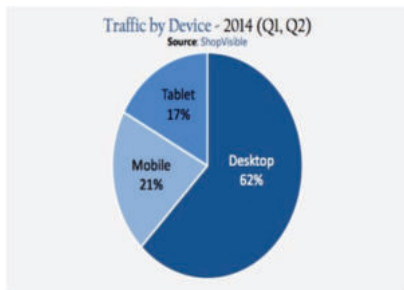
4. Functionality:-

User experience and functionality are a crucial part of mobile commerce, and in many ways the most simple to understand. Basically, your site must work well on a device for a sale to occur. That means both the small things and the big things must be done right.

In particular, consumers expect that core e-commerce

functions such as "add to cart" work smoothly and error free. This mobile-optimized functionality can make or break an e-commerce offering.

Of course, getting it right isn't easy. Mobile functionality isn't just one thing. Beyond the multiple design theories (such as responsive design vs. dedicated mobile sites), there is the broader problem of needing to account for both mobile apps and mobile websites. Moreover, there are myriad smartphone screen sizes to think about.

On top of all that, there's the fact that "mobile devices" encompass two big categories—phones and tablets—with very different design and UX needs. Research from ShopVisible shows that each of these device types now accounts for a significant chunk of e-commerce traffic (21% for phones; 17% for tablets on average), meaning that neither can be ignored without jeopardizing revenue.

Traffic by Device - 2014 (Q1, Q2)
Source: ShopVisible

5. Reliability:-
Hand-in-hand with functionality comes reliability. Consumers expect the same mobile shopping experience wherever they go. They want the technology to work securely and safely, each and every time they make a purchase.

If an e-commerce entity violates that trust (i.e., with slow page-load times, security warnings, etc.), it can translate to lost revenue. This is true on desktops as well, but to a lesser extent. On a mobile device, both bandwidth and time are extremely precious, making reliability an absolute essential.

6. Insurance:-
How can consumers ensure that an e-commerce site is reliable and that their goods will arrive safely? Increasingly, via insurance.

This is one of the unexpected ways that mobile devices have changed not just e-commerce, but commerce in general. In the past, when a consumer walked into a store, they probably felt reasonably comfortable that they'd make it through checkout and back home safely with the product. For mobile commerce those things are not necessarily a given, and so the ability to gain peace of mind about purchase and delivery with insurance is worth the cost.

7. Trust:-
Finally, the common thread that runs through many of the changes wrought by mobile is trust.

Mobile devices have made trust even more essential for e-commerce sites because of limited time and bandwidth, as well as because of additional security and privacy concerns.

This necessity for trust while shopping is nothing new—for time eternal, people have been trying to figure out whether they can do business with a store based on certain signifiers. The difference is which clues consumers use in the digital environment.

As a research paper on e-commerce explained it back in 2007: "Physical clues in the traditional shopping environment, such as the appearance of the store and the direct contact with sales persons that affect consumers sense of trust, are absent in the online environment…Therefore, it is important to find factors that help to establish consumer trust in e-commerce." That, in essence, is the key to mobile e-commerce today. If you can establish trust via certain factors—functionality, reliability, insurance, exceptional service, etc.—consumers will not only engage with your brand, but they'll come back again and again.

Fuelling the Internet's next evolution, mobile devices are solidifying the new retail experience from bricks-and-mortar to the ease of click-to-order. With the proliferation of smartphones and tablets, mobile commerce is expected to grow significantly over the next three years.

ABI Research predicts that globally $119 billion in goods and services will be purchased via a mobile phone in 2015, representing about 8 percent of the total ecommerce market. The mobile medium will be a key component of marketers? Overall retail strategy, even though it is still in the early stages of growth.

Although the percentage of mobile commerce is just a fraction of e-commerce, it is revolutionizing the retail landscape.

CONCLUSION:-
More consumers rely on mobile to make purchases not just on their device, but also in retail stores. It has become a powerful tool for retailers to increase sales, conversions and loyalty as well as track and mine consumer data for targeted marketing. However, with evolving technologies, many retailers are also struggling with how to effectively create a meaningful user experience across multiple channels. Today, some of the largest retailers have already deployed special applications and mobile commerce sites designed for mobile devices to enhance the customer experience, while others expect mobile users to adapt to their existing ecommerce site. For the consumer, it is very apparent when they access a site on their mobile phone that is not optimized and, there are thousands of them. Ecommerce sites do not translate well on to mobile devices because most were developed for PCs, leading to difficultly uploading and navigating. It is a common experience and easily drives consumers to other sites that are user-friendly. Mobile commerce is all about convenience. Consumers can do more than make a purchase. They are using their phones to compare prices, find retail locations, read reviews and find coupons.

Mobile sites have some cross-platform capabilities and should not require too many different designs. The problem with this approach is the long-term cost of ongoing maintenance and adapting to other delivery channels. A better, more long-term commerce solution should have a responsive design that fits a site to a given device, screen or browser. In a nutshell, it is ideal for companies to have one Web site with one set of content and one coding framework that can be easily updated as devices evolve. While the upfront costs are more, the long-term costs will be significantly less. The cost to develop one responsive design site and cross-test it is far lower than other current alternatives. Switching devices with a responsive design requires only a presentation layer adjustment, while switching devices with a mobile site can quickly drives up costs with new designs. But there are missed opportunity costs to consider as well. It is hard to define the loss of consumers who write-off an ecommerce site after repeated bad experiences. Making a change sooner than later can help position a retailer as a go-to mobile resource and benefit from the positive brand equity on the way. There will be a continual evolution in mobile devices. While fundamentally each channel has its own needs and limitations, companies need to take a holistic approach to the customer experience and the retail strategy. A short cut now may cost you later.

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