



M-Commerce in Consumer Goods: Why It Pays to Work Directly With a Service Provider

Executive Summary

Mobile commerce is now a viable channel for consumer goods (CG) companies, not just for customer engagement and product promotion, but also for purchasing.

Several leading companies, such as Estée Lauder, have achieved solid results by adding m-commerce to their PC e-commerce platform. Growth in m-commerce is inevitable, particularly in markets with enthusiastic user uptake of mobile applications.

The question is: Who is best qualified to help consumer goods marketers develop an m-commerce initiative?

Out of habit, many companies will default to their creative agencies, which in turn will enlist technology professionals. A better choice (as Estée Lauder found) is to work directly with a services provider, for several reasons. Namely, services providers are working in the industry domain and, as a result, already have an intimate understanding of the industry's business processes. They are also able to overcome the significant technical challenges of building a powerful and sustainable m-commerce platform.

M-Commerce at the Brink

M-Commerce is taking off. As more users adopt phones with better browsing capability, purchasing from a mobile device will be as simple as using a PC. The drivers for adoption will be convenience, easier interfaces and applications, and more fluid payment models.

We can expect to see the following trends, according to an independent report by Forrester Research, Inc., "2010 Mobile Trends:"

- More brands will invest in mobile, and the buzz around applications will continue.
- The mobile Internet will be bigger than you think. Forrester forecasts that the mobile Internet will reach 22% of European mobile users by the end of 2010. This will create an opportunity for brands to reach more consumers at lower costs.
- Innovation in mobile payments will accelerate. With more than 100 million accounts, Apple has the potential to launch its own payment system and to offer a disruptive solution.

Today, there is a vanguard of mobile online buyers that is likely to expand. Most large CG companies are investing in a digital strategy and see mobile

advertising moving beyond the trial stage. The logical extension of advertising and promotion is a transactional capability.

Simplifying the Complexities

Where service providers can make all the difference for CG companies is in the end-to-end scope of services they can provide. A comprehensive m-commerce strategy requires everything from functional design and blue-printing, to the integration of many different phone platforms, to network knowledge, platform architecture and long-term support.

It's very much a technology play, and there is a need to understand the domain and the business processes involved.

While marketing is also involved with these strategies, the biggest source of complexity is the ever-changing technology platform, the network and the application elements. In fact, unless you are launching a new product, you can often use your existing creative resources.

Where Service Providers Excel

Service providers are exceptionally experienced in the following key m-commerce areas:

Multiple mobile devices and technologies: Service providers are skilled at delivering m-commerce solutions across multiple platforms, such as the iPhone/iPad, Android, Nokia Symbian, BlackBerry and other smartphones that employ various development technologies. They can offer a variety of solutions that fit market needs.

Best practices and guidelines: Mobile technology is evolving rapidly, and service providers can help customers make the right choices through investments in centers of excellence that focus on innovation, best practices and new technologies.

Multichannel mobile/Web integration: M-Commerce should seamlessly integrate with e-commerce on the Web. That requires a great deal

of business process flow and, often, integration with enterprise systems like Oracle or SAP. Again, service providers are best equipped to handle these complexities. They work every day in these domains.

Mobile strategy: CG companies often need assistance developing a mobile strategy that is valuable now and sustainable for the future.

Innovating in Global Markets

Global experience matters because user acceptance of m-commerce varies across the world. Cognizant assisted Estée Lauder's internal digital commerce team in rolling out a highly successful m-commerce program in Japan, where user uptake is world-leading. (See our interview with Estée Lauder Vice President, APAC, Eric Johnson).

It's important for the services provider to be in tune with all key global markets in this relatively new field and be able to anticipate future needs, as well. Constant innovation is necessary to continually find new and better ways to engage consumers and make the experience more intuitive.

In It for the Long Run

Marketing campaigns come and go. M-Commerce platforms build on the past. Companies need to avoid the unnecessary expense of re-inventing the wheel with each m-commerce project. By sustaining a partnership with a service provider, CG companies get the huge benefit of consistency of methodology, re-use of artifacts and assets, and a predictable set of outcomes and deliverables.

What CG companies ultimately want is a sustainable platform that keeps improving, so it can be deployed with every business decision to go mobile, with results that continue to improve as the whole channel takes off. That's what a true IT service provider can offer its partners.

About the Author

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