

## Measuring M-Commerce Maturity: A Must-Do in a Mobile-Enabled World

### Executive Summary

Mobility is transforming how consumers shop and how retailers manage their businesses. Consumers, powered with information about products and prices right at their fingertips and available on the go, are driving this change, and retailers are forced to follow. The business case has shifted from “whether” to “how and what.”

News reports paint a story of this ongoing retail transformation, as well as the industry investment and exceptionally high hopes in this area (see Figure 1).

### News Reports on Retail Transformation



Figure 1

The vast majority of retailers, however, have been slow to appreciate the power of the mobile channel, or m-commerce as it has come to be known. Fence sitters still exist, even though some retailers have made piecemeal progress. Among those retailers that have embraced m-commerce, many are still searching for a comprehensive strategy. According to a 2011 survey by Forrester Research, Inc.,<sup>1</sup> about 81% of online retailers have or are developing a mobile strategy. However, according to Forrester, many strategies are in the early stages, with 45% of 202 respondents saying they were just beginning to work on a strategy, and just one-third saying their defined mobile strategy was more than one year old.<sup>2</sup>

But as the mobile revolution sweeps the consumer world, retailers everywhere are belatedly waking up to m-commerce's potential. It's no wonder that investment in mobile is a priority for many retailers this year, and beyond. According to Forrester,<sup>3</sup> 70% of respondents plan to increase their mobile investments in 2011 compared with 2010. And 70% of respondents in a National Retail Foundation/KPMG survey said they considered e-commerce and m-commerce as a strategic initiative for 2011, up from 28% a year ago.

### Seeking the M-Commerce Fast Track

Progressive retailers such as Target, Best Buy, Amazon and eBay have strong mobile offerings covering various platforms, utilizing mobile device capabilities and providing rich user experience

and functionality. While they attempt to fully engage customers on this new channel, others are still building an m-commerce foundation.

Before retailers hop on the mobile bandwagon with both feet, they must ask themselves:

- How does my mobile strategy fit into the overall multichannel strategy?
- Does my mobile strategy have the right elements to help advance my m-commerce goals? Is it flexible enough to quickly adapt to the dynamic marketplace?
- Do I have a team aligned and empowered to execute on that strategy?
- What feature set should my mobile offering include, near-term and longer-term?
- How do I design the user interface for the best shopper experience?
- What technology architecture should I adopt?

Most retailers, if not all, have a mobile presence – either a native app running on an iPhone or Android device, a mobile-optimized Web site or both. However, very few mobile offerings have met retailers' expectations. Responding to the pressure of quickly "getting something out

there," many retailers gave little thought to the aforementioned questions, leading to weak offerings that do not keep customers engaged or, worse, make them frustrated. It is high time for retailers to act.

### Mobile Maturity Assessment

A key starting point, either for retailers with an offering in place or in the planning stages, is to assess the maturity of their mobile offering (current and future) and identify opportunities that make the most business sense. The biggest hurdle, considering the vast ocean of opportunities available and the buzz around mobile, is an objective, holistic and systematic way to perform such an assessment.

Our Retail Multichannel Strategy Consulting Practice has developed a framework to objectively assess the maturity of a mobile offering. Called mVal (for mobile eValuator), this framework can also be used to benchmark a retailer's mobile offering against competitive offerings within the retail industry or other customer-centric industries, leading to an understanding of the contextually relevant opportunities and best practices available.

## M-Commerce Assessment Methodology

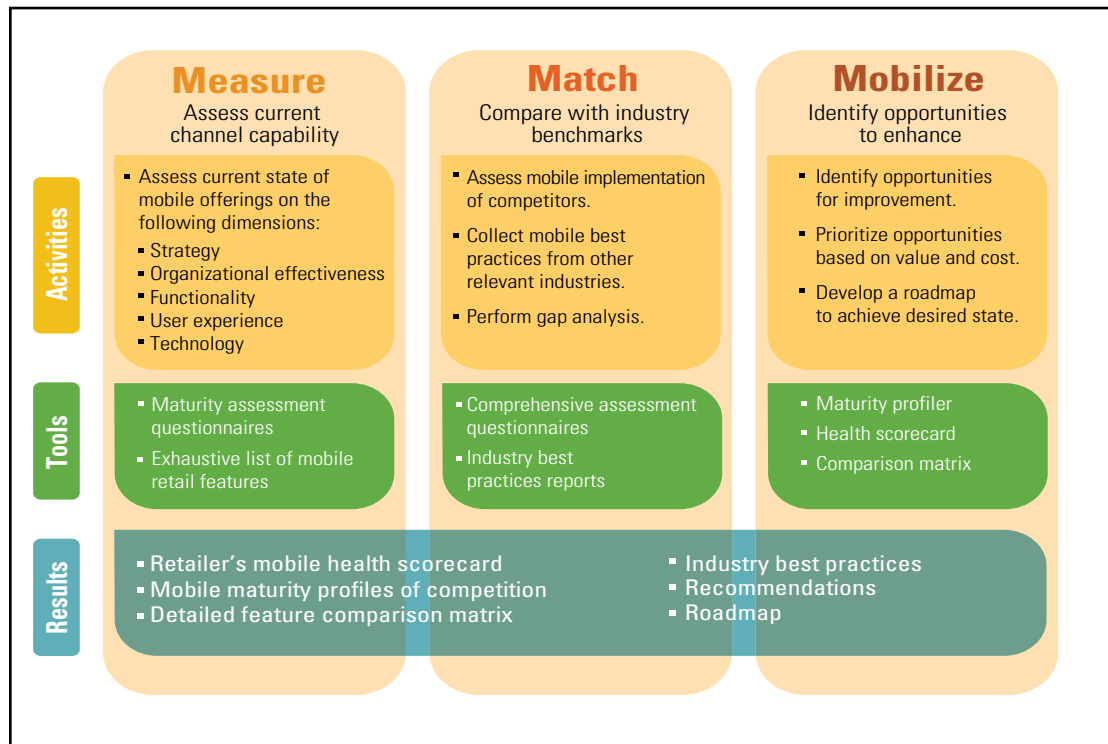


Figure 2

The objectives of mVal include the following:

- Assess the maturity of your current mobile offering along the following dimensions:
  - Mobile strategy
  - Organizational effectiveness
  - Feature/Functionality
  - User experience
  - Technology
- Benchmark against competitors to identify strengths and opportunities.
- Identify best practices and insights from other industries for differentiation.

Based on our experience working on various mobile initiatives, we have developed a detailed set of parameters to objectively assess each of the above dimensions. mVal calculates the maturity scores for each dimension, providing retailers with a clear view of where the gaps lie. Figure 2 provides an overview of the mVal assessment methodology.

In addition to the overall maturity scores for the five dimensions, mVal provides drill-down scores at detailed levels. The approach not only helps retailers unearth opportunities, but it also allows these businesses to prioritize opportunities in a systematic way, clearly showing, in a graphical format, the trade-offs among the opportunities. Sample outputs are depicted in Figure 3.

### Embracing M-Commerce

Armed with a powerful weapon – the smartphone – the consumer is truly the king. And like a king, the consumer is demanding, hard to please, has a fleeting attention span and can be punishing. This is why retailers need to not only provide consumers with a mobile offering but do so with proper due diligence. It is equally important to continuously scan the marketplace and make sure (relative to rivals) that the mobile offering remains fresh and engaging.

A mature offering will be the one that not only keeps the customer happy but also helps achieve the lofty m-commerce goals expected by the industry.

### mVal Sample Outputs

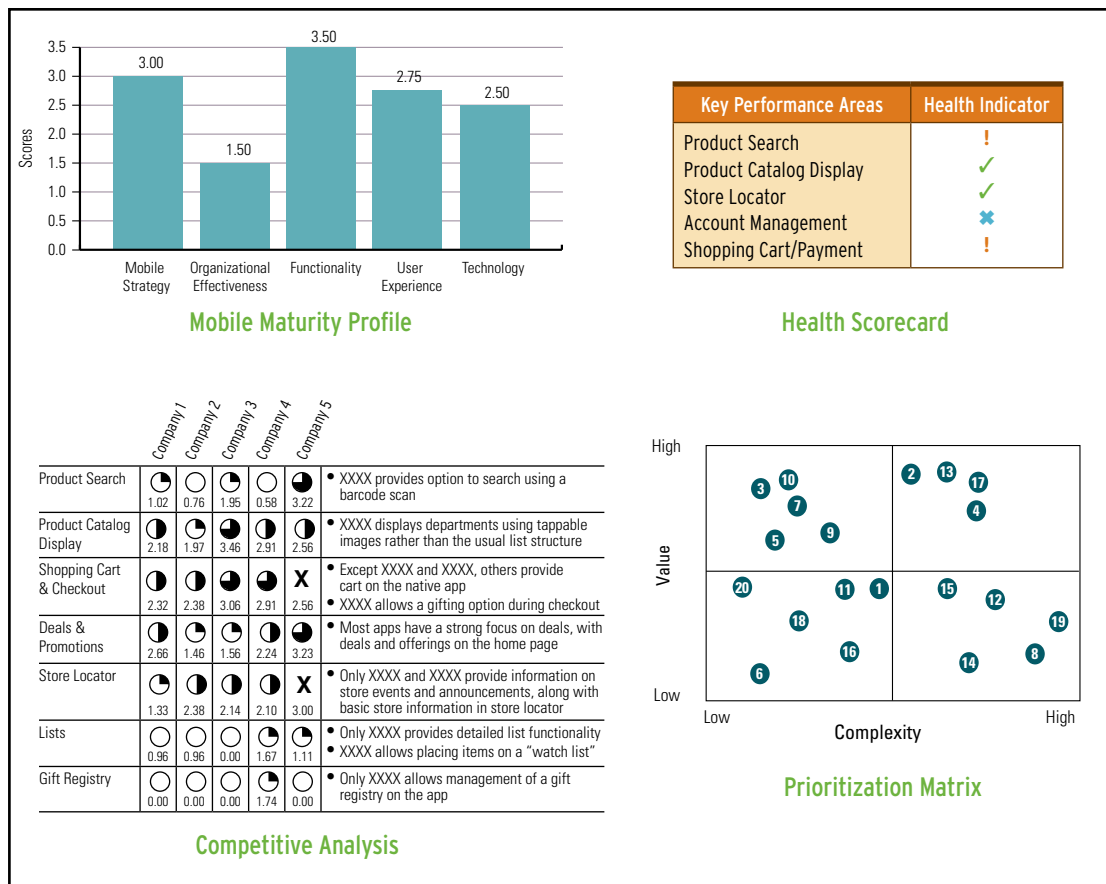


Figure 3

## Footnotes

<sup>1</sup> "The State Of Retailing Online 2011: Marketing, Social, And Mobile," Forrester Research, Inc., June 3, 2011, [http://www.forrester.com/rb/Research/state\\_of\\_retailing\\_online\\_2011\\_marketing%2C\\_social%2C/q/id/58625/t/2](http://www.forrester.com/rb/Research/state_of_retailing_online_2011_marketing%2C_social%2C/q/id/58625/t/2)

<sup>2</sup> "How Mature Is Your Mobile Strategy," Forrester Research, Inc., October 18, 2010.

<sup>3</sup> "How Mature Is Your Mobile Strategy," Forrester.

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