

White Paper

MOBILE COMMERCE

The Future Is Here



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Abstract

Mobile commerce was born in 1997 when the first two mobile phone enabled Coca Cola vending machines were installed in Finland. They used SMS text messages to send the payment to the vending machines. In 1997, the first mobile phone based banking service was also launched in Finland using SMS. Mobile Commerce also known as mCommerce allows consumers the ability to conduct commerce, using a mobile device e.g. a mobile handset (cell phone), PDA, smartphone and other emerging mobile equipment.

Mobile Commerce has been defined as follows: "Mobile Commerce is any transaction, involving the transfer of ownership or rights to use goods and services, which is initiated and/or completed by using mobile access to computer-mediated networks with the help of an electronic device."

mCommerce represents a enormous opportunity for business owners to increase sales and customer loyalty. This is especially true in a dreadful economy that has seemingly remained stagnant for the past 3 years. Where does this opportunity lie exactly? How about in the fact that while 80% of Americans own a cell-phone, only 7% of them have purchased goods or services with their cell phone, according to Nielsen.

While mCommerce is still years from being universal in a mass-market industry, those businesses that become early adopter's and position themselves ahead of the curve will stand the best chance to reap the benefits from future mCommerce trends and innovative technology.



This white paper will focus on 4 mCommerce topics:

1. mCommerce history and current statistics
2. How to make your website mobile friendly
3. Simple mCommerce ideas to drive mobile sales
4. Important metrics to analyze the effectiveness of mCommerce initiatives

mCommerce History and Current Statistics

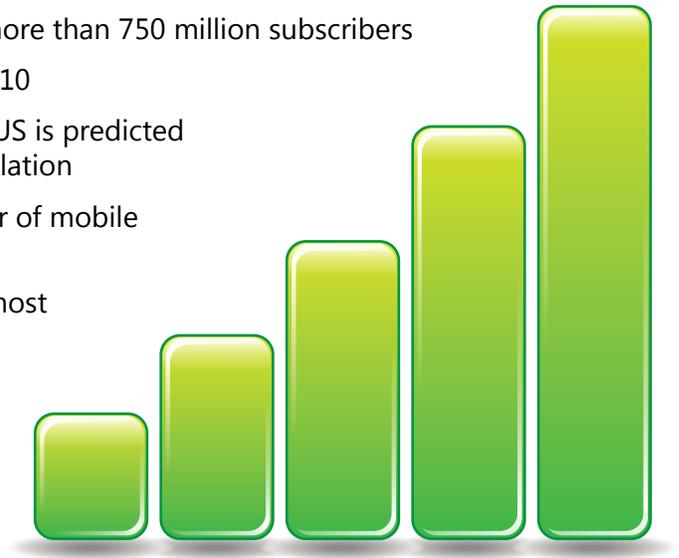
It might be wise to start with a little background on mCommerce and follow the trail of technology and significant moments of mCommerce growth. Mobile commerce was introduced back in 1997 when Coca Cola installed the first two mobile phone enabled vending machines in Finland. They were able to send mobile payments to the vending machines via SMS text messages. It was in the same year and country that an mCommerce based banking service was introduced as well.

The first mCommerce internet platform was launched in 1999 by a Japanese company called I-mode. I-Mode would be similar to T-Mobile's web2go browsing interface which allows users the ability to browse the net, view email, download games and access other services.

One must also keep in mind that North America typically lags behind most European and Asian markets when it comes to mobile technology. There are many reasons for this including lack of high end semi conductor manufacturing facilities, universal mobile platforms and standards and of course profit related issues. For instance, here in the U.S. "unlimited" cell phone plans were none existent among major carriers a year ago while in the European markets it has been the norm and in some cases is the law. While Japan and Europe rolled out 3G in 2001, the U.S. didn't introduce 3G until 2003.

Below is a list of mCommerce and mobile related statistics:

- China has the world's largest mobile market with more than 750 million subscribers
- 50 million iPhones have been sold as of April 8, 2010
- In 2013, the number of mobile phone users in the US is predicted to reach 255 million, representing 80% of the population
- Brazil was the BRIC country with the lowest number of mobile phone subscribers with only 174 million in 2009
- Purchasing "Train or Plane Tickets" (30%) was the most popular mCommerce application in France in 2009
- 6 out of the top 10 selling iPhone apps are related to shopping
- Japan's mCommerce exceeded \$10 billion in 2009, compared to \$1.2 billion in the US



How to Make Your Website Mobile Friendly

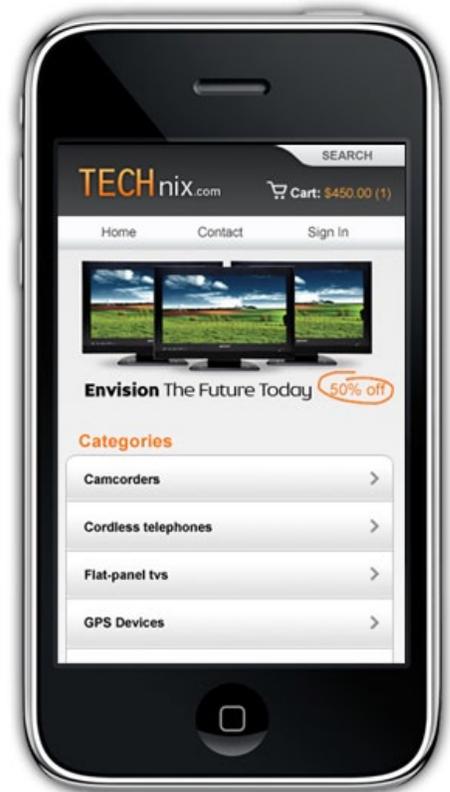
3dcart realizes that a mobile friendly site can dramatically increase mCommerce sales. Our new mobile platform will give your customers a complete mobile commerce experience when shopping your site using their iPhone or favorite smartphone. With a large percentage of consumers actively using their mobile phone to search the web and a growing percentage making purchases with their phone, it's important that you provide a mobile friendly version of your website. You can do this through a link on your home page or by purchasing a separate .mobi domain for your business.

Below are some helpful tips on making your website mobile friendly:

Web Design: Remember that browsers, screen sizes, and connection speeds are all different among mobile users. Resize large images to reduce load time. Rethink your navigation as well. Keep it simple. If you have a lot of links in your nav bar or footer, think about which ones will be most important to mobile users. Use fluid layouts by using percentages and ems instead of setting widths in pixels. If the layout is clean and free of scrolling, the display will look much more appealing to the end user.

Functionality: Scale back on using flash, mouse over affects, JavaScript, Ajax and other dynamic programs. Current smartphones do not support this technology. Stick to using xhtml tags and customized css. Always make sure that the most important content of your site can be seen at the top of the cell phone screen.

Auto Detect: If you'd like to create a separate site or sub-domain for your mobile customers then consider using JavaScript or user agent detection so the server makes a decision on which website to load based on how an incoming browser describes its capabilities.



Want to see what your site looks like on an iPhone or Blackberry?
<http://ready.mobi> is website that enables you to test your mobile website.

Simple mCommerce Ideas to Drive Mobile Sales & ROI

Two key benefits of leveraging mobile to increase mCommerce sales is increased speed through the marketing funnel and cost effectiveness. Just think about it for a second. 10 years ago if you wanted to get your advertisement to your target market you were stuck with traditional methods such as television, radio and print. You could not effectively measure ROI until the campaign was over. You'd then have to figure out what portion of viewers saw your commercial and then wait for sales numbers to come in to analyze the strategy's effectiveness.

Those who put coupons or other offers in the paper but didn't require them in order to receive the offer would never have an accurate assessment of how many customers came in because of the coupon offer. There are other examples of traditional marketing versus eMarketing and mCommerce strategies but the point is that in the digital age organizations can reach their target market in real time and more quickly determine their ROI.

With the emergence of social media and wireless businesses can now reach their customers via SMS text messages and view sales in real time via 3rd party applications and widgets. If a business sends out a SMS stating that a popular pair of shoes is on sale for the next 2 hours only and you must show the text message, you can easily determine what your ROI on that particular offer based on the number of sales from those who presented the text message.

Here is a small list of marketing ideas one can use to increase mCommerce sales:



- Personalized digital coupons and loyalty cards
- Time sensitive offers sent to customers via SMS
- Personalized landing pages upon log in
- Ability to share & forward offers and digital coupons
- Create a relevant application that will make purchasing easy and fun
- Incentivize your customers through reward points and discounts for filling out a survey or retweeting an offer or special
- Create a mobile only "deal of the day" to keep customers coming back to your site
- Deploy a mobile only contest about your brand/products/services in exchange for a chance to win prizes. Great for learning product knowledge, garnering consumer intelligence and driving brand engagement. Use polls, surveys, and questions that only require ticking simple radio buttons.



Important Metrics

mCommerce is definitely the digital sales channel of the future and has a vital role to play in the adoption of next-generation mobile payment instruments. In order to ensure continued growth in this market, executives and service providers must continue to measure mCommerce using logical metrics both qualitative (trends) as well as quantitative (statistics) along with solid KPI's that aid in the support of standardization, market growth, security and easy to use technology. Some of the most basic but most important metrics we can measure for the average business are:

- Cost of customer acquisition
- Customer attrition rates
- Average order value (AOV)
- Items per order
- Order conversion rate
- Number of repeat purchases
- Number of returns
- Shopping cart abandonment rate
- Bounce rate
- Visits to purchase



mCommerce and 3dcart

3dcart recognizes that having real time access to your business and customers is vital and has released a brand new mobile platform, so you'll have a pulse on your business every minute of every hour of every day. Our application will allow you to update your products, view and update orders, view visitor count and manage your shopping cart all in real time. You can even communicate with visitors who may be on your website at the time. Check out www.3dcart.com for more details.

mCommerce promises mobile customers a great user experience with an organized, quick and easy process to complete a purchase. The category and product pages are laid out in a clean and organized manner which allows you to quickly find the product you are searching for and pay utilizing the application's one-page checkout.

Conclusion

Remember, any mCommerce strategy should be an integrated part of a larger strategy. Customers have an expectation of a consistent experience regardless of which entry point they access your products and services through, be it online, the phone, or a physical store. As a business owner your approach to mCommerce should be to test frequently and often, learn quickly, and scale appropriately.

Though mCommerce is a relatively new space, being proactive by exploring and learning now will help in growing your business effectively and afford you the opportunity to stay one step ahead of your competitors.

With the explosion of smartphones, 3G services and the adoption of unlimited data service plans, business owners now have the opportunity to easily connect with their customers in real time whenever and wherever they might be.

