

DIGITAL LANDSCAPE AND THE END OF TRADITIONAL HIGH STREET

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Abstract: *Electronic commerce or e-commerce is the process of browsing, buying and selling of products and services over the internet with mobile commerce concept or m-commerce relating to conducting these activities through a handheld device such as a smartphone or tablet. Purchases can be made via browser only (Sony PS Store, Nintendo) or/and mobile application (Starbucks, John Lewis) [4]. Mobile Banking is a service provided usually through a dedicated app. A good illustration is the smartphone app of Wells Fargo Bank, US. The core aim of the application is to provide customers enough functionality thus limiting their visits to a local branch. These services include snapping a photo for depositing a check (an operation accessible only to a phone or a tablet), bill reminders and alerts secured under biometric authentication, Mobile wallet and card-free ATM access [9]. Wells Fargo also provides a mobile version of their services website however with limited functionality for security purposes [26].*

Keywords: *digital landscape; m-commerce; mobile commerce; smartphone apps; e-commerce;*

The role of m-commerce in marketing

Relevance of content is an influential tool especially if made informative to target specific details for the respective audience. Companies in the clothing industry like Burberry and House of Frazer are leading the way in m-commerce, with 55% of online fashion purchases in the UK being done on mobile [24]. According to Criteo's Portrait of Performance Snapchat users are 139% more likely to purchase fashion items on mobile than the average person. Instagram is also at 113% which gives retailers the opportunity to track consumer activity to target specific ads to which device [23]. Social media also allows retailers to receive daily data on what the consumer likes and follows allowing them to compile individual offers [6].

A big opportunity is sending notifications to customers who are in an area close to the retailer prompting them to enter the store. The role of m-commerce is shaped by consumer demand and it brings one massive incentive for companies which is data [14]. Apps, social media, loyalty schemes and other programs are sharing massive amounts of data about the user. Organisations can use the information to cater their offers according to individual needs of the clients [15].

M-commerce brings full shopping experience on the go and with Near Field Communication (NFC) growing exponentially, the number of users in US increased from 20million in 2015 to 144million in 2017 [1]. The main reason for the change is convenience as reported by 75% of the user base [18]. The trend took off after the introduction of Apple Pay in 2014 with seamless iPhone integration in all the preceding models. Half of Generation Y is already using digital wallets regularly with 40% of Gen Xers being informed and used the process in the past year followed by 17% of baby boomers [5].

Company expenditures on M-commerce

Starbucks, the iconic coffee chain built a payment app that automatically attracted a massive user base rising from 14.6million people in 2015 to 23.4 million in 2018 in US. Its success is driven by ease of use, access to promotions, early adoption and the use of a rewards program incentivising customers to come back and use it for every purchase [16]. Retailers are designing increasingly capable mobile apps targeted to a larger audience and catering to various needs expressed by consumers for the extra advantage. It requires heavy spending on research and new programming languages like Swift [17].

Consumers demand a seamless experience across multi-channel platforms with an increased focus on smartphones has pushed retailers to invest approximately 25% of the IT budget on e-commerce and m-commerce platforms. Due to constant effort from retailers to streamline checkout operation on mobile web and apps, costumers are growing more adept at completing transactions on smartphones and tablets [19]. Results from the study conducted by Northridge Group suggest that four out ten millennials switch channels if customer service does not address their issue within an hour [25].

In order to meet demand, companies start inter-collaborations and partnerships pushing for the development of new ways to connect different systems while also protecting customer data. As an example, when Sweden, Denmark, Norway and Finland released plans to build a regionalised payment system, it allowed the roll out of Apple Pay and Samsung Pay in Europe. It gives startups such as PhonePe and MobiKwik ground to compete with global players like WhatsApp and Amazon Pay [13].

Competition among retailers

To gain a competitive advantage some retailers are starting to allow deep personalisation of their products as far as 3D printing clothing items. Nike and New Balance are developing shoes printing technology while Adidas has already started in 2017 to sell 3D printed soles in limited numbers but hopes to enter mass production in the near future [2]. Retailers are developing advanced m-commerce capabilities to drive revenue growth: target key sectors, influence consumer decisions and claim ground from competition [20]. An increasing number of customers are browsing aisles constantly referring to their smartphones to check reviews, compare prices, share items and make purchases from competitors without even leaving the store. M-commerce links the physical and digital mediums blurring the distinction between “clicks” and “bricks and clicks” retailers [21].

To be competitive some retailers take an offensive strategy: directly sending in notification to push for an impulse based sale. For example, North Face uses GPS and phone location data to create virtual zones “geo-fences” in specific regions. There are incentives for consumers who are in the vicinity to a store selling their brand [3].

Difficulties in managing mobile technology

Leonid Goriev, CEO of software development company Alty, Kiev, Ukraine, argues that while his team worked on several mobile commerce projects it has identified key problematic areas like specific expectations, deadlines, regulatory issues and different work techniques among others. The paramount challenge, however, is the delivery of fast feedback to keep projects in motion [11]. For instance, while his company was working on a mobile payment system for the National Bank of Ukraine, new regulations came in requiring only 4 digits of the bank card to be displayed on the phone’s screen unless changed otherwise by the client. As his team’s original UI showed the full credit card number, an overhaul was required while also keeping the deadline. In order to implement it, however, a decision from executives on client side was needed adding a week to the development [12]. Mr. Goriev argues that these delays put the team behind schedules and in order to minimise such problems a meeting is needed between the development and the client teams with the emphasis on strong collaboration with timelines factored in. Developers are not allowed to share details about the project with the concerning parties unless using encrypted data stored behind the firewall.

Companies with interest in m-commerce should regularly meet with regulators and security firms to ensure the integrity of their platform, customer data and keep it up to date in a constantly changing environment [27].

The future

Information collected through smartphones provides companies with private customer data that covers location and consumption habits. Retailers can use it to manipulate purchasing habits on a psychological level using targeted recommendations and offers based on extensive data collected from purchase history, places visited and consumption trends building elaborate algorithms that are individually tailored [8].

It’s not the question on the future of m-commerce but rather of how it will be used, where is the data stored, by whom and what are the legal frameworks like laws that require cloud servers to be geographically placed in the region where actual customers reside [10]. User’s security concerns are a big factor in their attitude toward m-commerce with some limiting their online activities such as online shopping and banking because of fear, instead of taking steps to manage the privacy settings [7]. Alleviating security concerns is of utmost importance for the future of m-commerce, especially with data breaches and cyberattacks. In the last 3 years there was a rise in class action lawsuits against Facebook, Cambridge Analytica, Nielsen Holdings and others coupled with EU’s General Data Protection Regulation (GDPR) tightening regulations on data protection and compliance which have a financial impact as the data sale flow. Tougher privacy laws are challenging business models of companies that store, process or use personal data especially if future governments are going to implement more laws regarding the internet [22].

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