

Strategies for Mobile Investments

Part 1: Planning for Maximum ROI

In today's world of Universal Commerce, consumers shop and merchants sell at any time day or night, from anywhere. The combined power of mobile devices, online commerce, e-marketing, and aggressive consumers makes this possible. Businesses not engaged in mobile commerce will be displaced by competitors who are.

The challenge for any business pursuing a mobile commerce strategy comes down to this: deciding what commerce capabilities are valuable to their businesses. Many service providers participate in today's market, and the technology is changing rapidly. How does a business decide what is important and what will deliver good return on investment?

That is exactly the question addressed during the March 2013 quarterly meeting of the *Universal Commerce Innovation Exchange*. The Innovation Exchange is a membership group [made up of industry experts](#) who provide insights and information to help organizations develop effective mobile commerce strategies. The Innovation Exchange invited Senior Analyst Arkady Fridman from Aite Group to present on the topic of how businesses can ensure a good return on mobility investments. Aite Group is a research and advisory firm that focuses on financial services.

In this first of a two-part series, we review what businesses must consider in order to develop a mobile commerce strategy that delivers a good return on investment. In part 2 of the series, we will look at how to implement a mobility plan in a way that helps ensure success.

What Questions Really Matter to the Mobile Commerce ROI Equation?

Much of today's discussion about mobile commerce is technology-centric. Businesses consider what is possible with the available technology, and what technologies will benefit them. However, successful mobile commerce strategies need to be consumer-centric.



A consumer-centric strategy shifts the discussion to where the consumers already are.

Consumer-Centric?

To be consumer-centric, a mobility strategy must answer these questions:

- Who are your customers and what do you know about them?

Some businesses know a great deal about their customers. Banks know who their customers are, how much money they have, how much money they get paid if they receive direct deposits, how much they spend, and their cash position at any moment in time.

Traditionally retailers have known what types of customers come to their stores, and through sales data, they know what products are selling. However, through online and mobile transactions, retailers are able to identify customers and profile their shopping habits over time. In this way they begin to understand what customers buy, how much they spend, and when they spend it.

This makes it possible to determine how activities in different channels influence consumers' spending habits.

"If businesses are not engaged in mobile commerce, they will be displaced by competitors who are."

Arkady Fridman,
Senior Analyst,
Aite Group

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Knowing your customers is important – that knowledge becomes essential for answering these additional customer-centric questions that are at the heart of a mobile business strategy:

- o How do you better engage your particular customers?
- o How do you form a deeper relationship with them?
- o How do you maximize engagement?

Trade-Offs?

Although answers to these questions will be different for every business, how an organization answers them will identify basic judgments regarding what kinds of mobile engagement will work in your business.

- What are the trade-offs you need to make, and more importantly, what trade-offs are consumers willing to make as they engage and interact with you? For example, will they provide more information about themselves, or load a mobile app on their smartphone, or allow you to track their location?

Technology and Platform?

Armed with a framework of customer knowledge and a basic engagement model, you can now turn to answering the difficult technology and platform questions that are necessary to support your strategy.

- Which technology should you use?
- Should you develop a native, downloadable app for customers, and what features should it support?
- Should you develop a mobile-optimized website?
- Which third party services should become part of your strategy?

By taking this customer-centric approach to engagement and the technology decisions needed to support it, businesses will come away with mobility strategies that serve their essential

business objectives. It is important to recognize that answers to these questions depend on the unique character of the business, customer expectations, and larger business objectives. Some businesses will benefit most by reducing operational costs through mobile commerce initiatives. Others will find greater value in acquiring more customers and improving customer engagement. Still others will see greater value in increasing average customer spend.

Taking a customer-centric approach to these fundamental strategy questions is the first step in creating a high-value mobile engagement plan. To realize value from that plan, however, a business must implement the strategy in a way that assures a good return on the mobility investment. How do you do that? That depends in part on how you role out your strategy, and partly on how you think about the ROI equation.

To learn more about realizing a good return on a mobility investment, see the second part of this series: "Strategies for Mobile Investments Part 2: Ensuring Success," or contact Aite Group at info@aitegroup.com.

About Aite Group

Aite Group is an independent research and advisory firm focused on business, technology, and regulatory issues and their impact on the financial services industry. With expertise in banking, payments, securities and investments, and insurance, Aite Group's analysts deliver comprehensive, actionable advice to key market participants in financial services. Headquartered in Boston with a presence in Chicago, New York, San Francisco, London, and Milan, Aite Group works with its clients as a partner, advisor, and catalyst, challenging their basic assumptions and ensuring they remain at the forefront of industry trends. Aite Group is not affiliated with First Data or its subsidiaries.

About the Universal Commerce Innovation Exchange

The [Universal Commerce Innovation Exchange](#), sponsored by First Data, is a membership body made up of industry experts who provide insights and information to encourage and enable organizations to build high-value Universal Commerce business strategies.

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