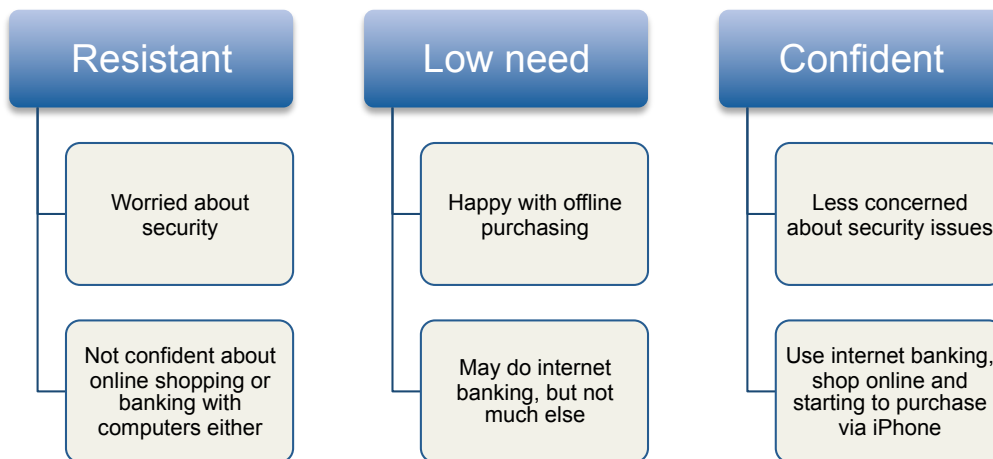


## Pocket shopping via Smartphones: Are we ready?

Insight from the iTalk Online Research Community

While many iPhone users are happy to pay for apps, and download them directly to their phones, there is some reluctance to make other purchases via a mobile device. Concerns about security are an issue for many, however functional barriers also contribute to lack of mobile transacting. Apps which are purpose built for transacting are readily used by some people, but they are few and far between.

iPhone users essentially fall into three groups when it comes to shopping via their smartphones:



Security concerns mainly relate to sending data over public or unsecured WiFi networks, which iPhone users avoid (when transacting) online by using their own WiFi, or sticking with 3G. However, if they're going to transact at home, then a computer is usually accessible, so the concept of mobile purchasing is somewhat irrelevant. Purchasing via a computer also offers the benefit of being able to easily print receipts for proof of purchase.

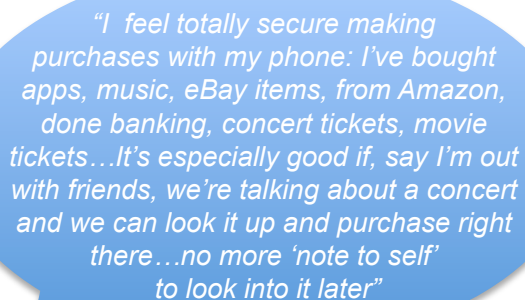
Interestingly, security is not just related to a fear of having their details stolen, but also user error when it comes to entering data on a mobile device. The small screen and touch keyboard are seen as being more likely to result in typing errors – especially if attempting to purchase from a classic site, rather than a mobile-friendly site, or via an app.

*"I am a bit reluctant to make purchases from my iPhone due to security concerns and just in case I incorrectly type in my payment details – e.g. a \$20 donation becomes a \$200!"*

## Fit for purchase

iPhone users were more likely to make purchases from their devices via purpose built apps, like eBay or Dominos Pizza, than to attempt to purchase via the internet on their smartphone. These apps not only make it easier to undertake a transaction because of their design and features, they also, importantly, communicate that the app is fit for purpose.

It's critical that apps which are used for transactions are branded and deliver a positive customer experience. In a virtual environment, the trust markers will predominantly be the brand, and the quality of the app design and functionality – without these elements, doubts about security and authenticity are elevated. Branded apps are also more convincing than mobile sites, when it comes to transactions, again because of a sense that they are designed specifically with the user context in mind (versus merely scaling down a web experience). A clear example of this can be found with banking apps versus purely mobile internet banking

A blue speech bubble with a white border and a tail pointing towards the bottom left. Inside the bubble, there is a quote in a light blue, italicized font.

*"I feel totally secure making purchases with my phone: I've bought apps, music, eBay items, from Amazon, done banking, concert tickets, movie tickets...It's especially good if, say I'm out with friends, we're talking about a concert and we can look it up and purchase right there...no more 'note to self' to look into it later"*

People who are already comfortable purchasing through the iPhone are looking for more opportunities to use their device in this way. Particularly for items such as tickets for movies or events, or for books or small items where the desire to purchase might be triggered spontaneously, rather than being planned. Apps provide the user with a chance to do it 'here and now', thus reducing the time between consideration and purchase if they're on the the move.

While some nervousness will prevail amongst cautious consumers, the iPhone operating system is perceived to offer some inherent protection against cyber fraud and the like. There's an belief that, being a Mac product, the iPhone is not yet a target for viruses, malware or internet scammers. Again, belief in the brand provides a sense of security.

It's early days when it comes to mobile purchasing, but when estimates are that by 2011 85% of handsets shipped globally will have some sort of browser<sup>1</sup>, and given the ever-increasing reach of 3G networks, smartphones will become a huge opportunity as a distribution channel. The challenge is for companies to invest early in creating great app and mobile sites that deliver trusted customer experiences, where we won't think twice about tapping 'buy now'.

<sup>1</sup> Gartner: 10 Mobile Technologies to Watch in 2010 & 2011