

Embracing m-commerce

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Okay, so it doesn't exactly flow off the tongue, but it is certainly worthy of attention: m-commerce (mobile commerce) is the next generation of e-commerce, allowing people to buy and sell goods and services using a mobile device such as a phone, a tablet, or a wearable gadget like a wristband.

Essentially, it involves cashless payments enabled by technology. It does go further than this - it affects how brick-and-mortar merchants approach their business, how businesses can keep in touch with and encourage loyalty from their customers, and more - but for now, we will focus on payments.

[On Device Research](#) pointed out that in 2012, the value of e-commerce in South Africa was \$326m. Kalahari.net's 2013 mobile shopping survey found that 86% of its customers owned smartphones, up 7% from 2012. From this, we can assume that mobile users form, or will soon form, a significant portion of the e-commerce market.



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In South Africa, according to the 2012 World Wide Worx mobile consumer survey, people mostly use their mobile devices to buy airtime and do mobile money transfers and banking. For products, they often buy low-cost items (cellphone apps, movie tickets, and so on), but the cashless payment options offered by mobile can be used to purchase any product or service, affecting:

- Financial services (including mobile banking)
- Telecommunications
- Service and retail

- Information services (a wide variety of information can be sent to a single mobile device)

What does mobile commerce involve?

Mobile commerce is a huge, involved concept, but two key elements need to be considered to make full use of the opportunities offered by this medium:

- Mobile websites
- Cashless payment options

If your business aims to sell goods online, know that an increasing number of people are accessing the web mainly through their mobile device. If your website doesn't look good on mobile, users aren't going to stay long. Optimising websites for mobile is absolutely necessary if you plan to engage in m-commerce (or e-commerce, for that matter).

The fastest-growing aspect of mobile commerce, however, is cashless payment. Cashless payment options are important to think about for any business, both online and physical. These can be done from a distance or at a point-of-sale system using:

- A website
 - Airtime (via SMS or USSD or through direct mobile billing)
 - A QR code (a square black-and-white barcode)
 - NFC readers
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- Mobile wallets

More options exist, but these are the main ones right now.

Implementing cashless payments

Encouraging customers to pick up the use of cashless payment systems requires three things:

Smartphones with appropriate technology. Many types of cashless payment require smartphones, and NFC technology only comes on high-end smartphones. This technological barrier is gradually being reduced, especially with the recent introduction of very-low-cost smartphones.

In-store support of cashless payment options. These payment systems will obviously never see widespread adoption until stores make it possible. Stores need to offer these payment options, and more than one; right now, few physical stores provide options, and not many provide the same ones. This limits their use because people don't want to download five different apps to make payment in five different stores.

Security. Finally, the majority of consumers cite security as their primary concern related to mobile payment methods. This means that reassuring them that m-commerce is as safe as e-commerce and providing multiple payment options for those who might be uncertain is important for progress in this area.

Examples of cashless payment done well

The cashless payment trend is growing in South Africa. Snapscan is one cashless payment system that is increasingly prominent in South Africa. Users merely download the app, link it to a credit card, and then scan a QR code belonging to the vendor they wish to pay. Then they type in the amount they want to pay followed by a pin code, and payment is made.

Snapscan charges 3% per transaction, which is more than many credit card terminals, but its adoption is increasing; it recently rolled out its app across South Africa to vendors of the Big Issue, the non-profit magazine usually sold at

intersections.

A similar option that is slowly catching on is FlickPay. The difference is that this app generates a QR code which is then scanned by the point of sale system. Flickpay checks that sufficient funds are available before sending a confirmation message to the merchant.

Tap-n-Go technology has recently been introduced to help with event management. It allows users to load webticket cards with funds and then make purchases by tapping the card against the vendor's NFC-enabled device. It can also work with NFC-enabled smartphones and tablets. Similar technologies are being introduced all over the world to simplify payments for trains or buses.

Taking this idea a step further, Gust Pay, a mobile payments start-up, created an NFC wristband that was used at the 2013 Rocking the Daisies festival in Cape Town to enable easy payment, working in conjunction with the startup's Rocking the Daisies event management app. In the same way, alt-rock festival Lollapalooza supplied ticket holders with RFID-enabled wristbands that could link to users' credit cards. At the show, users could tap the band against a special pad at restaurants and vendors, type in a pin code, and make cashless purchases.

As a final example of m-commerce used well, Vodacom's vouchercloud app allows retailers and merchants to display special offers and deals. Customers can download these to their mobile device and use them whenever they like. This gives customers good deals on products and services and makes it easier for merchants to acquire new customers.

Mobile payment options are an exciting and growing field, but it does have some challenges to overcome. Most of these challenges can only be met when enough businesses embrace cashless payment options. Consumers want cashless payment, but they are hesitant to adopt it until businesses show that they will make it easy - so get busy.

ABOUT ROBYN HAZEKAMP

As a Knowledge Officer at Red & Yellow, Robyn Hazekamp contributes to the online learning side of the business, ensuring that course content meets the highest possible standards and is always up-to-date, relevant, and accessible to everyone from recent school-leavers to people who have been in the marketing business for years.

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