

GOING MOBILE: THE NEW MARKET

UNTIL NOW, THE ONLY COMPANIES INVESTING IN THE MOBILE-PHONE MARKET WERE THE MOBILE OPERATORS. HOWEVER, THERE IS GROWING INTEREST FROM A NUMBER OF OTHER SECTORS, SUCH AS THE INTERNET, MEDIA, BANKING, TRANSPORT AND DISTRIBUTION INDUSTRIES. WE LOOK AT HOW ONE OF THE LARGEST RETAIL OUTLETS IN FRANCE IS SEEKING TO EXPLOIT THIS VALUABLE NEW OPPORTUNITY.

The mobile phone is no longer a simple communications tool – it's an interactive multimedia device delivering services such as television, music downloads, chat rooms and Internet access to users anytime, anywhere. This steady stream of technological innovation has caused mobile phones to become more powerful, more user-friendly, faster and have more functions than ever before – which means more and more customers are using their mobiles to do a greater number of tasks.

The new revenue streams and customer relationship opportunities that these channels offer have not gone unnoticed. We turn the spotlight onto Fnac to see how the company is gearing up to make the most of this potentially lucrative new route to market.

Fnac, France's largest retailer of entertainment and consumer electronic products, launched its very own m-commerce site in October 2007. The site allows consumers to order books, CDs, DVDs, concert tickets and high-tech products from their mobiles. Payment is carried out using the customer's bank card details, via the same secure payment system that is used for online transactions on Fnac's website. Fnac is one of the pioneers of m-commerce in France and its decision to explore the mobile phone as a new sales channel was a bold move.

The m-commerce site builds on Fnac's existing multi-channel strategy. The company already has a chain of stores (its traditional sales network) and a website, and the move will allow Fnac to cover the three essential areas of its customers' lives:

- Its chain of stores caters for shoppers in city centres and out-of-town shopping centres
- Its e-commerce site caters for those at home or in the office
- Its m-commerce site is perfect for people on the move.

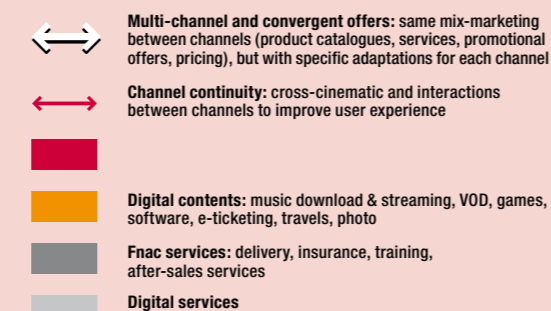


Figure 1
Fnac's Multi-channel Strategy:
covering the three essential areas of
its customers' lives.

The mobile channel has another benefit, too – it allows companies to contact their consumers directly and offer them products that are tailored to their exact needs, as well as target them with specific marketing campaigns (text message alerts for flash sales or special offers, personalised discount vouchers, loyalty points, etc). Fnac uses mobile phones to personalise communications. It enables them to respond to customer requirements and offer products and services that are in line with their needs – thereby strengthening customer relationships.

KEYS TO SUCCESS

In spite of all these benefits, the capabilities of a mobile phone as a sales channel are restricted both by its limited functionality and by its small screen size. In addition, the highly diversified nature of the handset market can be problematic: operating systems, browsers and display capabilities vary from the very basic to the highly advanced, depending on the mobile phone model in question. An m-commerce site must take these limitations into consideration, offering fewer products in sites with fewer navigation levels. When people use their mobile phones to make a purchase, their motives are often different from when they use other sales channels. In the majority of cases, they are buying on impulse or because they need something quickly and urgently. This is very different to shopping on the Internet, when they will take their time to research and find out about the different options available to them.

In response to these challenges and to ensure the success of its m-commerce site, Fnac has based its service around three main principles.

SIMPLIFIED ACCESS AND NAVIGATION

The mobile version of Fnac's e-commerce site Fnac.com has been adapted and simplified specifically for a mobile phone screen – guaranteeing an optimum user experience:

- Simple, smooth navigation, with a highly intuitive interface and minimal text
- Quick access to products via optimised search engine
- Direct access to a selection of must-have products (best-sellers and new releases)
- A three-click purchase and payment system that minimises the amount of data users have to enter. Forms are pre-populated with bank details and personal information (delivery and invoicing addresses) saved from a previous purchase. To confirm the order, the customer simply has to enter the three-digit security code from his/her bank card
- An order confirmation service (a text message) is sent out automatically to the customer when they have placed their order.

THE SAME LOOK AND FEEL ACROSS E-COMMERCE AND M-COMMERCE SITES

The m-commerce site was designed as an extension of the Fnac.com e-commerce site. The aim was to offer customers the same experience via both sale channels. As a result, customers familiar with the website will find the same offers, benefits and services available on the mobile phone site:

- Customers use the same user name and password whether they are accessing their account via the Internet or their mobile
- Customers can track current orders and view their order history using either the e-commerce or the m-commerce site (content is updated simultaneously and in real time)

MOBILE PHONE SERVICES DELIVER AN ADDITIONAL BENEFIT

Selling via the mobile has enabled Fnac to enhance its existing offering with new and practical services, such as a text message alert service that sends customers personalised recommendations, as well as information about flash sales and previews on limited-stock items. The company has also launched a geo-location service that allows customers who are on the move to locate their nearest Fnac store and find out about forthcoming events.

With the launch of its m-commerce site, Fnac aims to fulfil the following objectives:

- Demonstrate its capacity for innovation by offering its customers new services that fit with modern lifestyles (where mobile phones are an integral part of everyday life)
- To exploit a new sales channel and reach a wider target audience
- To increase customer loyalty by offering valuable services and by personalising its offering.

For Fnac, the launch of its m-commerce site only represents the first step in its mobile strategy. The company is already looking into new ways it can develop this further:

- Mobile tickets (m-ticketing): customers receive their tickets (for shows etc.) as a text or multimedia message
- In-store NFC/RFID technology: customers can purchase goods using their mobile or can call up information about a particular product to their mobile's screen as they are browsing the aisles
- Europe-wide roll-out: introducing the strategy to its subsidiaries in other European countries.

“The mobile is no longer just a telephone. It's the portal to the new world of online retailing.”

In the future, the global development of the m-commerce market will be accelerated by several factors:

- A massive increase in the number of people using their mobiles to access the Internet. Currently, around 30 percent of European mobile owners use their devices for this purpose
- Improvements in the performance and coverage of high-speed mobile networks
- Mobile phone operators will offer more unlimited-data plans and cheaper prices generally
- Improvements in the performance and user-friendliness of mobile phone handsets
- The development and widespread use of technological solutions that facilitate direct access to mobile phone sites and that increase ease of navigation (2D barcodes, RFID, embedded applications and rich media interfaces).

The mobile phone has created a unique sales channel that, like any other, requires companies to tailor their sales and marketing strategy to the new medium. Simply replicating an online presence isn't good enough. The implementation of any m-commerce site needs to consider the limitations of the technology and the motivations of the customer – and companies that get this right have the chance to capture what may well be one of the most active and affluent consumer sectors in the world.



Figure 2
Home screen of Fnac's mobile site.