



LEVERAGING M-COMMERCE AND MOBILE STRATEGIES

Abstract

The home furnishing company HomeDecor is considering transitioning and expanding into the mobile market. This paper thus describes the importance and competitive benefits of m-commerce adoption for the company. This paper also details the impacts, adjustments and improvements that would need to be made to the company's workflow, culture, management structure, and its online review management in order to successfully implement m-commerce.

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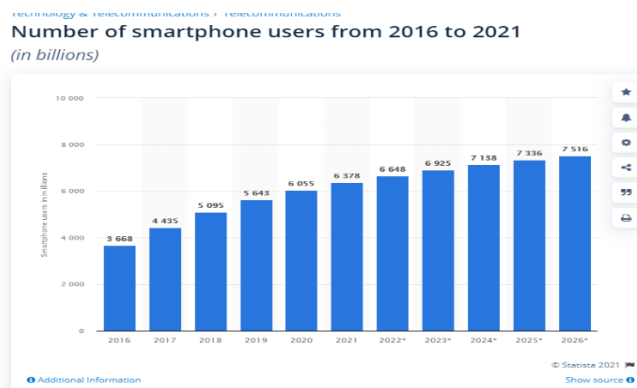
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Section 1 – Introduction

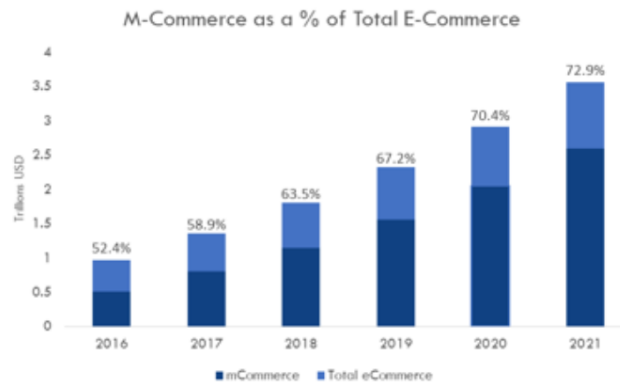
HomeDecor is a company selling home goods and accessories in the US. Currently, the company's sales channels include selling products through its own e-commerce website (homedecor.com), working with other e-commerce vendors (i.e., Amazon and Alibaba), and working with other retail stores (i.e., Walmart, Target, Home Goods, etc.). The company's business overall is growing; however, the company's executive level has noticed a slower increasing rate of annual revenue during the year of 2019-2020 in comparison to previous years. The executives also have noticed that when many of their customers have tried to connect to their e-commerce site via mobile devices, the customers usually do not stay on the HomeDecor e-commerce site very long because the e-commerce site is designed for computer users, so the customers have found it very difficult to navigate the site using mobile devices. And thus, many customers leave their site before purchasing any items. Facing these challenges, the company needs to create a new business strategy to help them maintain a faster revenue increasing rate and keep a much higher rate of customer retention, especially for the customers are using their mobile devices. M-commerce therefore presents itself as the best solution to tackle these issues.

The Importance of M-commerce

M-commerce means purchasing and selling products through dedicated apps designed for mobile devices such as smartphones and tablets. Over the years, mobile devices have been sharply on the rise and have become one of the daily necessities for most people. The number of smartphone users worldwide as of today has exceeded 6 billion and is expected to continuously grow in the future (Statista, 2021). In the US alone, 85% of the population owns a smartphone in 2021 (Pew Research Center, 2021). Furthermore, Smartphones are no longer merely telephone devices for communication, but for internet use. According to Statista (2021), "In 2020, the number of unique mobile internet users stood at 4.28 billion, indicating that over 90 percent of the global internet population use a mobile device to go online." Additionally, the emergence of mobile payment solutions such as Apple Pay, Android Pay and Samsung Pay have allowed m-commerce payment processing to be completed with a few clicks of fingertips. Due to these factors, it is easy to understand why 72.9% of global e-commerce sales is expected to be made through mobile devices in 2021 (Kompaniets Anastasia, 2021).



Source: • [Smartphone users 2026](#) | [Statista](#)



Source: [*Changing World: mCommerce – Somar Capital Management*](#)

This provides a significant opportunity for many companies to expand their business to m-commerce. HomeDecor’s main competitors such as Wayfair, HomeGoods, and Target have already taken advantages of this. To take Wayfair as an example, Wayfair’s app was released in March 2014. By end of 2015, its Apple iOS and Google Android mobile apps surpassed 2 million downloads. More than 67% of Wayfair’s mobile app shoppers were its repeat customers, and 35% percent of all orders were placed on mobile devices based on the third quarter report of 2015 (Wayfair, 2015).

HomeDecor would need to invest more money, time, and experts to complete their m-commerce implementation, which might cause initial financial burden, however, the benefits would outweigh the negatives by allowing the company to obtain many competitive benefits and place the company in a better market position.

Section 2 - Competitive Benefits

Enhancing the Customer Experience

A good customer experience requires businesses offering personalized, simple/effortless, consistent products and services to their consumers. Ensuring satisfied customer experience is critical for HomeDecor to obtain competitive advantages. This is because many similar home furnishing companies in the US such as Wayfair and Word Market have been committed to offering high quality products and reasonable pricing, and therefore in order for HomeDecor to obtain more market share, besides ensuring competitive products and pricing, HomeDecor would need to find a differentiator to stand out from these competitors. Providing an excellent customer experience would be their best chance to achieve such goals.

Additionally, like many other companies’ e-commerce sites, HomeDecor’s current e-commerce structure is designed for computer/laptop users only. The customers first need to go to their e-commerce site (homedecor.com) and browse product categories or type the desired products in a search bar to find the right products, then review product information, decide which product to purchase and proceed with payment submission. HomeDecor’s current e-commerce structure has presented some limitations in comparison with a dedicated m-commerce app. First, e-commerce site is not optimized for mobile devices users, and customers often find it very visually ‘busy’ and very hard to navigate. Second,

laptops/computers with reliable internet connection are not always available to the customers. Third, some customers do not like wasting time on inputting bank card information for each transaction and they are concerned that such sensitive information might be compromised online.

Implementing m-commerce would certainly help HomeDecor resolve these limitations and lead to an enhanced customer experience. The main reasons are:

Simplicity

“If you can’t explain it simply, you don’t understand it well enough.” – Albert Einstein.

What Albert Einstein said has been deeply embedded into today’s business world and was interpreted as a KISS (Keep it simple, stupid) principle. KISS principle is used in various fields such as product design and software development, which requires that any designs or systems should be as simple as possible to guarantee the greatest levels of user acceptance and interaction and thus improve customer experience (Interaction Design Foundation, n.d.). M-commerce would greatly assist HomeDecor in following KISS rule by leveraging many characteristics and features of mobile devices to achieve the company’s business goal of enhancing customer experience and thus maintain sustainable competitive advantages. For instance, instead of customers using their mobile devices to view the existing e-commerce site that was originally designed for computer use only, HomeDecor should create a dedicated m-commerce site, which has a simple and clear-cut look to allow customers smoothly navigate to their desired product pages with a few taps. This would greatly improve the legibility of the site and the first impression from the customers. Moreover, mobile devices provide many features such as mobile payment or digital wallets (i.e., Apple Pay, Android Pay, and AliPay) to facilitate the simplicity of the company’s m-commerce. Unlike most e-commerce sites in which customers must input their bank card information to complete their transaction, m-commerce eliminates this process, allowing customers to quickly browse and purchase any products with a few taps.

Availability

Unlike most brick-and-mortar retail stores that have specific business hours, and e-commerce sites that require laptops or computers with wired or wireless internet connection, m-commerce offers 24/7 convenience so that customers can shop anytime and anywhere using their mobile devices (mostly smartphones) with Wi-Fi connection or cellular data.

Personalization

HomeDecor could also leverage m-commerce to enhance customer experience by promoting personalization. With the help of mobile devices, HomeDecor could offer many personalized features such as instant matching, visualization, and delivery tracking. For instance, HomeDecor’s m-commerce application could offer a real-time product matching function so that the customers could use their mobile devices to take a photo of any desired home furnishing items in real life, and the app would find the same or similar products for the customers. And HomeDecor could offer 3-D modelling visualization that allows their customers to visualize any desired products placed in their own home settings through a camera on their mobile devices. Also, HomeDecor could allow their customers to check their packages in real time on a map with mobile devices’ GPS tracking function. All these personalized services could not be easily achieved without the use of mobile devices.



Source: [Wayfair's Android app now lets you shop for furniture using augmented reality | TechCrunch](#)

Expanding into New Markets

With the rapid evolution of networking technologies, traditional brick-and-mortar stores have unfortunately lost their popularity and face more competitive challenges from e-commerce and m-commerce. In light of Covid, traditional brick-and-mortar retail stores have suffered further strains, resulting in many retail stores closing in response to the pandemic. HomeDecor's retail sales also have been dropping since last year. It is inevitable that HomeDecor must adjust its business strategy and place more focus on expanding into new markets such as online sales. Additionally, several HomeDecor's competitors such as Wayfair and Target have successfully anticipated this transition and launched their mobile applications years ago. In order for HomeDecor to catch up with its competitors, implementing m-commerce should be in HomeDecor's agenda immediately to help the company expand into new markets and regain market shares.

First, m-commerce would provide a significant source of data that can be utilized by the company to discover valuable information and make smart decisions. Such decisions might help the company expand to a niche market that the competition is much less in.

Second, according to a survey conducted by Eplison, about 75% of Gen Z and millennials use smartphones to shop online (Applebaum Michael, 2019). Without implementing m-commerce, HomeDecor is missing a huge opportunity to include the millennials and Generation Z as their target customers.

What Devices Do US Digital Shoppers Use for Shopping?

% of respondents, by age, Aug 2018

	PC	Smartphone	Tablet
Gen Y (19-28)	59%	73%	35%
Gen X (39-53)	69%	59%	29%
Baby boomers (54-72)	79%	33%	22%
Average	69%	53%	26%

Source: GfK, "FutureBuy 2018," Jan 10, 2019

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www.eMarketer.com

Source: [Are Younger Shoppers Always More Tech Friendly? - Insider Intelligence Trends, Forecasts & Statistics \(emarketer.com\)](#)

Third, m-commerce can also allow HomeDecor to take advantages of social media apps on mobile devices to provide a broader reach to potential customers. According to a report on m-commerce in 2021, "55% of people who use their mobile devices to shop made a purchase after they saw a product on social media, and companies with a social media presence have gained 32% more sales than those without." (Petrov Christo, 2021). Therefore, HomeDecor should integrate its mobile application with social media apps (Facebook, Twitter, etc.), which would allow customers to seamlessly share products with others through social media (Embitel, n.d.). As a result, HomeDecor's m-commerce platform would provide a great opportunity to expand their customer base.

Driving Profitability

According to Statista (2018), m-commerce sales are expected to reach \$3.56 trillion in 2021, which will make up 72.9% of total e-commerce. These statistics shows that m-commerce has taken over e-commerce and become the customers' most preferred channel for online shopping (Meola Andrew, 2020). For instance, 66% of shopping was done on mobile devices on Black Friday 2018 (Davidson Adam, 2020).

Therefore, launching m-commerce would be the best option for HomeDecor to follow the overall market trend and money flow to drive profitability. Also, studies done by Harvard Business School have shown that even a 5 percent increase in customer retention can lead to 25% to 95% increase in profits (Stillwagon Amanda, 2014). As mentioned above, implementing m-commerce would allow HomeDecor to enhance the customer experience, which certainly leads to improving customer retention and thus increasing profitability. Furthermore, another benefit brought by m-commerce—expanding into new markets—also drives profitability because new markets always mean broader customer base and more sales.



Source: • [Chart: Mobile E-commerce is up and Poised for Further Growth | Statista](#)

Section 3 – Impact on Existing Infrastructure

Business Workflow

To maintain the efficiency of the company’s business workflow, first, the company’s IT department would need to hire more experienced developers for the m-commerce implementation. The IT team would need to adopt Web Services and incorporate a REST API to build a Service Oriented Architecture (SOA) so that they can create a framework for both iOS and Android application developments with lower integration costs and greater flexibility (GoodFirms, n.d.).

Also, since m-commerce would lead to a broader market, more sales and customers, the company’s major enterprise business systems would need to be adjusted to keep up with the increasing business volume and maintain a streamlined business workflow. With more m-commerce customers, HomeDecor would also need to: integrate m-commerce order tracking and delivery management with its current Customer Relationship Management (CRM) system to ensure efficient interactions with their customers and maintain high standard customer experience; expand its current Enterprise Resource Planning (ERP) system to support new functionalities (such as new methods of payments and integration with social media), maintain the overall increasing business volume, and ensure an efficient workflow to handle day-to-day activities from various company departments (such as Accounting, Procurement, Customer Service, and Inventory Management, etc.); and also integrate m-commerce catalog and order management with its Supply Chain Management (SCM) system to ensure efficient and sufficient supply for more customers’ demand.

The good news is that HomeDecor has adopted a cloud-based Software as a Service (SaaS) model for all these systems. Therefore, m-commerce integration would only place minimal impact on their existing infrastructure in this regard. HomeDecor does not need to invest in upfront capital costs such as implementing extra hardware and software to support the use of m-commerce. The company would only need to pay recurring monthly fees based on any additional features and their increasing demand. Such extra costs would be far less of a concern compared to the huge profitability potential brought by m-commerce.

Culture

Implementing m-commerce means that HomeDecor would need to readjust its business strategies, switch their goals to focus more on online sales (e-commerce and m-commerce), adopt new technologies, and take additional responsibilities to complete this transition. Such transition would also change the ways in which the company's employees interact with the customers, partners, and suppliers. For instance, the customers might prefer to talk to the company's customer service online instead of in person or over the phone. Some team members (i.e., procurement department) might need to renegotiate with their partners and suppliers to meet the increasing online sales' demand.

Fortunately, it is believed that such transition would not place any substantial impact on HomeDecor's culture. This is because inspired by Netflix's core philosophy - "People over process", HomeDecor has already recently changed its company culture to encourage its employees to make decisions independently and share knowledge and opinions openly and broadly, creating a creative, collaborative, and flexible working environment (Netflix.com, n.d.). HomeDecor's culture is created based on today's fast changing business world and promotes innovation and risk-taking. Such culture environment would help the company quickly adapt any new changes and make the process of m-commerce adoption smoother.

Management Structure

M-commerce adoption might place some changes on the company's management structure. To begin with, since IT-related architectures and technologies play a substantial role in driving the company's profitability and obtaining competitive advantages, HomeDecor's CIO, as one of the major assets of the company, should become a board member to participate in making important strategic business decision and guide the company aligning IT strategies with their business strategies in the fast-changing digital era.

Additionally, m-commerce adoption would require more software development/maintenance, and IT operations. HomeDecor's current IT and operation teams are using a traditional software development and operational structure, which means these teams work separately without sharing goals and responsibilities. Such structure is lacking in collaboration, efficiency, and agility during the process of software development and operation. Therefore, such structure should be replaced by DevOps, which is a better approach of combining software development and IT operations to shorten the system's development life cycle and deliver products in a more collaborative, efficient, and reliable manner.

Section 4 - Online Reputation Management

With m-commerce adoption, the majority of HomeDecor's customers would be online shoppers. Due to the easy access to many competitors' apps on mobile devices, customers now have many options to compare and choose available products between HomeDecor and those competitive companies. Online reputation thus plays a significant role in increasing customer retention and maintaining competitive advantages for HomeDecor. In order to successfully build a positive online reputation, different strategies would need to be considered to improve communication with customers and improve management in a mobile review-based environment.

Communicating With Customers

M-commerce can enhance communications with customers in various ways. First, social media apps (such as Facebook, Instagram, and Twitter) could be integrated with HomeDecor's mobile app, allowing customers to directly share HomeDecor's product information and their experience on the social media platforms with a tap of a 'Share' button placed on HomeDecor's mobile app site. HomeDecor should then build a dedicated team that is responsible for quickly responding to such comments on social media platforms and maintaining a positive online reputation speaking to the fact that the company appreciates and cares about its customers. Doing this would help the company raise more attention and improve the company's brand awareness and reputation on social media with the help of their existing customers.

Second, HomeDecor could build an AI-driven chatbot to answer customers' questions. Unlike all the customers having to wait for a long time to reach the customer service over the phone when they have questions, frequently asked questions such as refund policy and delivery status can be answered by the chatbot immediately. The chatbot would be aimed to assist but not to replace the customer service. With the help of the chatbot, Customer Service's overall call volume would be decreased, and thus customers who still would like to call Customer Service over the phone would have a much shorter waiting time. At the same time, HomeDecor would save money on hiring more customer service staff. A good example of this is Bank of America's virtual financial assistant – Erica (see below figure). This instant and direct connection via a chatbot on mobile devices between HomeDecor and the customers would improve HomeDecor's online reputation and strengthen customer retention by quickly responding to customers' questions and concerns, and it would also cut through the time and costs that would have been spent on dealing with middlemen (such as retail distributors) (Belyh Anastasia, 2019).



Source: [Bank of America Breaks Company Record for New Patents in 2020 Led By AI and Digital Banking - Voicebot.ai](#)

Finally, HomeDecor could leverage its mobile app to push personalized notifications via mobile devices to the customers. Push notification is a quick communication channel, which would enable HomeDecor to send messages, offers, or other information to their customers (vwo.com, n.d.). With the help of various data analytic techniques, HomeDecor could better understand the customers' preference and shopping history/habits and send personalized messages (such as some items in the customers' carts being on sale

or back in stock) to them to enhance the customer experience, resulting in a better online reputation and higher sales.



Source: [Hursh Karkhanis](#)

Improved Online Review Management

Improving management in a mobile review-based environment is critical for both online sales channels – e-commerce and m-commerce. As mentioned before, the company’s online reputation plays an essential role in gaining competitive advantages. According to an online review statistical report in 2021, “Businesses risk losing as many as 22% of customers when just one negative article is found by users considering buying their product. If three negative articles pop up in a search query, the potential for lost customers increases to 59.2%.” (Kaemingk Diana, 2020).

Online review management can facilitate the company to gain feedback from the customers, recognize strength, identify flaws, and address issues in business or operations, and make improvements to enhance online reputation. Therefore, HomeDecor should create an online review management strategy to ensure such goals can be achieved. The strategy should include: identify any main platforms (such as google reviews and social media) on which customers usually leave comments/reviews; adopt online review monitoring and management software such as Birdeye, Reputation and Podium to track, aggregate and interpret online reviews; leverage positive reviews to promote the company’s brand and online reputation; quickly respond to negative reviews and offer resolutions (hopefully turning negative reviews into positive reviews); and create regular online review reports to ensure continued improvement (G2.com, n.d.).

Section 5 – Conclusion

M-commerce today has presented itself as an unstoppable force that is replacing traditional e-commerce and becoming the main channel of retail shopping. The pandemic also has fueled the acceleration of m-commerce’s domination of the retail industry. For HomeDecor to catch up with other competitors who have adopted m-commerce and obtain its own competitive advantages in enhancing customer experience, expanding into new markets, and driving profitability, it is imperative for HomeDecor to implement m-commerce.

Even though investing in mobile application development/maintenance and adjusting current management structure would be required for m-commerce adoption, a high return would outweigh such investments due to the benefits (simplicity, personalization, and availability) brought by mobile devices. Also, m-commerce would place minimal impact on the company's business workflow and their culture due to the company's current flexible and cost-effective SaaS infrastructure and their philosophy of emphasizing innovation, flexibility and risk-taking. Finally, with the help of successful online review management, m-commerce would enable HomeDecor to improve its online reputation and place itself in a sustainable competitive position.

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