

UK RETAIL MCOMMERCE TRENDS

**Mobile Fast Becoming the Digital
Transaction Destination**

MARCH 2015

Bill Fisher

Contributors: Danielle Drolet, Natalie Marin-Sharp



**Read this on
eMarketer for iPad**



EXECUTIVE SUMMARY

The UK continues to lead globally when it comes to digital shoppers, buyers and ecommerce as a proportion of total retail sales. Mobile's role in UK ecommerce is also well advanced. But more than merely facilitating commerce via search, showrooming and the like, mobile devices are becoming increasingly common as the means for making retail transactions.

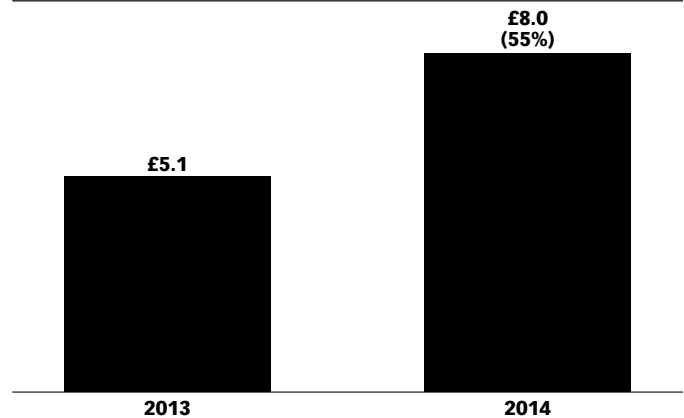
Recent holiday shopping trends pointed not only to an accentuated desire for digital buying options among UK consumers, but also an interest for more advanced mobile ones. Some data suggests more digital sales happened via mobile devices than desktop PCs or laptops during key points of the 2014 holiday season. A more balanced viewpoint still sees mobile primarily as a research platform, but transactions are rising fast, and mobile's influence on many final purchase decisions is often significant.

As consumers in the UK increasingly look for more options and, ultimately, greater shopping convenience, mobile's role in the retail commerce landscape—digital and physical—is growing for both shoppers and sellers. Viewed as more than a diversion of traffic and sales away from physical stores, a conjoined experience where mobile is a key part of retailers' offerings might just breathe new life back into merchants' brick-and-mortar stores—and the UK high street overall.

KEY QUESTIONS

- How advanced is the retail mcommerce landscape in the UK?
- What do 2014 holiday season statistics tell us about mcommerce trends, and what might future behaviors look like?
- What will be mobile's role in the UK's wider commerce picture in the next few years?

UK Holiday* Mcommerce Sales, 2013 & 2014 billions of £ and % change



Note: smartphones and tablets; *Christmas period between Nov 2 and Dec 27
Source: Interactive Media in Retail Group (IMRG) and Capgemini, "e-Retail Sales Index," Jan 14, 2015

184407

www.eMarketer.com

CONTENTS

- 2 Executive Summary
- 3 The UK Retail Mcommerce Landscape
- 8 Mobile and the Rise of the Frictionless Shopper
- 11 eMarketer Interviews
- 12 Related eMarketer Reports
- 12 Related Links
- 12 Editorial and Production Contributors

THE UK RETAIL MCOMMERCE LANDSCAPE

The UK is arguably the most advanced market in the world when it comes to digital shopping and buying, and mobile's role in the ecommerce equation is equally advanced.

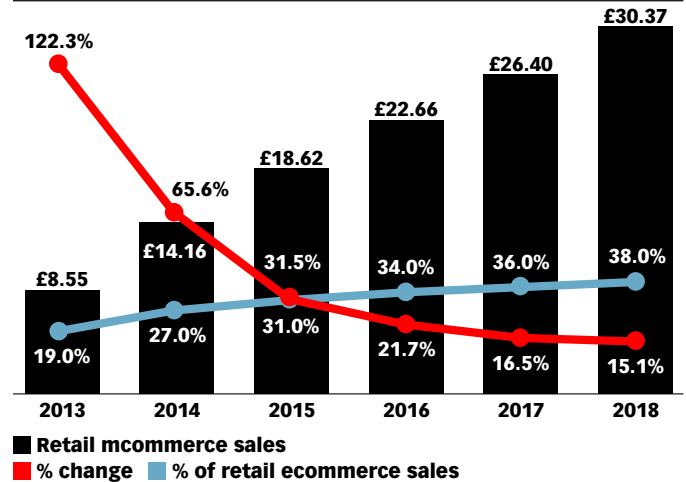
ADVANCED DIGITAL SHOPPING BEHAVIORS

Retail ecommerce sales in the UK are proportionally huge. The UK has consistently sat atop the global rankings when it comes to ecommerce's portion of total retail sales. An expected 14.4% share in 2015 will keep it there once again, eMarketer estimates, above No. 2 China's 12.0% share and well beyond the 7.1% stake seen in the US. Even in value terms, the UK will sit only two places below the top spot globally, with retail ecommerce sales worth \$93.89 billion (£57.02 billion) in 2015, trailing only China (\$562.66 billion, or £341.70 billion) and the US (\$349.06 billion, or £211.98 billion).

These numbers are swelled by a nation in which digital buying has become widespread. The percentage of the UK population who are digital buyers will reach 74.3% in 2015, a figure higher than for any other country tracked by eMarketer and well above the 22.6% global average. Mobile commerce is advancing alongside it. This year, mcommerce will account for close to a third of the UK's total retail ecommerce (31.0%), eMarketer estimates. By comparison, the US figure is expected to be 22.0%.

UK Retail Mcommerce Sales, 2013-2018

billions of £, % change and % of retail ecommerce sales



Note: includes products or services ordered using the internet via mobile devices, regardless of the method of payment or fulfillment; excludes travel and event ticket sales; includes sales on tablets
Source: eMarketer, Sep 2014

178860

www.eMarketer.com

Mobile's role in the UK's commerce equation was clearer than ever during the 2014 holiday season. While there were no great surprises, it did show the pace of mobile's rise to prominence.

UK HOLIDAY SEASON COMMERCE TRENDS

Digital's influence was substantial during the 2014 holiday season. In particular, 2014 was the year Black Friday and Cyber Monday took hold in the UK, with digital prominent in shopping behavior during both.

According to December 2014 research from Interactive Media in Retail Group (IMRG) and Experian Marketing Services, retail ecommerce on Black Friday, Cyber Monday and Manic Monday (the second Monday in December) accounted for a combined £2.2 billion (\$3.6 billion) in sales. In terms of retail site traffic, Black Friday and Cyber Monday accounted for more visits than the UK's traditional holiday season big hitter, Boxing Day (December 26).

UK Holiday Retail Ecommerce Metrics, by Shopping Day, 2014

| | Retail ecommerce sales (millions of £) | Retail site visits (millions) |
|-----------------------------|--|-------------------------------|
| Black Friday ⁽¹⁾ | £810 | 181 |
| Cyber Monday ⁽²⁾ | £720 | 161 |
| Manic Monday ⁽³⁾ | £666 | 149 |
| Boxing Day ⁽⁴⁾ | - | 156 |

Note: (1) Nov 28; (2) Dec 1; (3) Dec 8; (4) Dec 26

Source: Interactive Media in Retail Group (IMRG) and Experian Marketing Services as cited in press release, Dec 30, 2014

184717

www.eMarketer.com

The amount of traffic headed to retail sites during these US-import holidays has risen steadily in recent years. However, 2014 saw a noticeable spike in the amount of revenue shifting to digital, too. A year-over-year comparison of Black Friday metrics by Peerius found that while UK retail ecommerce traffic increased 50% in 2014, revenues rose 133%.

UK Black Friday* Retail Ecommerce Traffic and Revenue Growth, 2014

% change**

| | |
|----------|------|
| Traffic | 50% |
| Revenues | 133% |

Note: *Nov 28, 2014; **vs. Nov 29, 2013

Source: Peerius as cited in press release, Dec 2014

184903

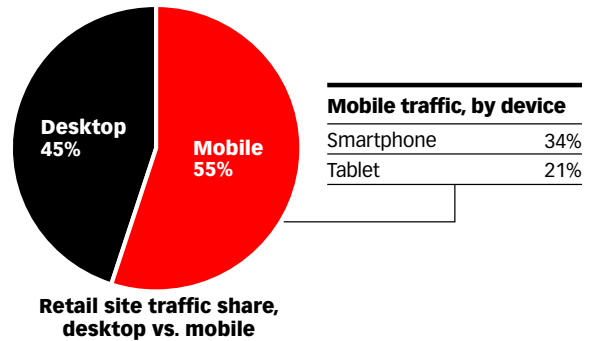
www.eMarketer.com

Of particular note in 2014 was the rising influence of mobile on holiday season sales statistics. While mobile's role in the shopping journey as a research tool and shopping companion was as marked as ever, there was evidence that more people were turning to their mobile devices in order to make final purchase decisions.

Peerius found that UK retail site traffic on mobile devices outweighed desktop traffic on Black Friday by 55% to 45%. That mobile figure was split in favor of smartphones (34%) over tablets (21%)—perhaps highlighting the use of smartphones in-store for research purposes.

UK Black Friday* Retail Site Traffic Share, by Device, 2014

% of total



Note: *Nov 28, 2014

Source: Peerius as cited in press release, Dec 2014

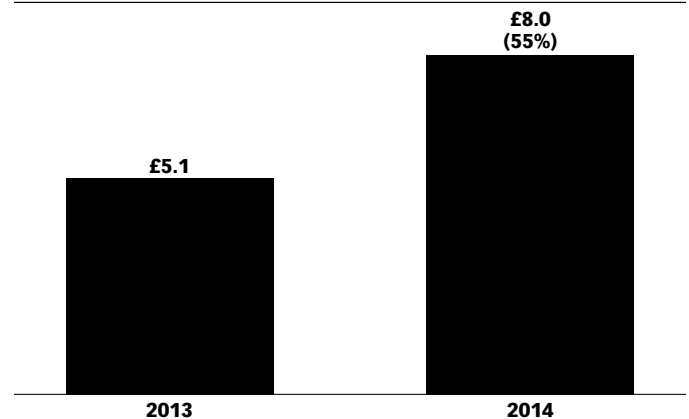
184902

www.eMarketer.com

Moreover, there are signs that, more than simply acting as a search tool for comparison purposes, the revenue potential of mobile devices for ecommerce is growing. Data from IMRG and Capgemini indicated that overall UK holiday mcommerce sales reached £8.0 billion (\$13.2 billion) in 2014, a 55% year-over-year increase.

UK Holiday* Mcommerce Sales, 2013 & 2014

billions of £ and % change



Note: smartphones and tablets; *Christmas period between Nov 2 and Dec 27

Source: Interactive Media in Retail Group (IMRG) and Capgemini, "e-Retail Sales Index," Jan 14, 2015

184407

www.eMarketer.com

More interesting than sheer volume, though, were the proportional splits between mobile and desktop sales. The performance of mobile devices in the 2014 holiday season's ecommerce sales figures was impressive, suggesting they were increasingly employed for making that final, all-important Christmas purchase.

A UK holiday shopping forecast from RetailMeNot.com conducted by the Centre for Retail Research suggested that the 2014 season's ecommerce sales split would still be heavily weighted in favor of desktop PCs, accounting for 70.2% of total sales from mid November to the end of December. Smartphones and tablets were forecast for 17.5% and 12.3% of the total, respectively.

Christmas Retail Ecommerce Sales in the US and Select Countries in Western Europe, by Device, 2014 billions of € and % of total

| | PC | % of total | Smartphone | % of total | Tablet | % of total |
|--------------|---------------|--------------|---------------|--------------|--------------|--------------|
| UK | €14.43 | 70.2% | €3.60 | 17.5% | €2.53 | 12.3% |
| Germany | €8.69 | 71.8% | €2.19 | 18.1% | €1.22 | 10.1% |
| France | €6.37 | 75.4% | €1.40 | 16.5% | €0.68 | 8.1% |
| Italy | €1.62 | 80.4% | €0.32 | 15.7% | €0.08 | 3.9% |
| Spain | €1.36 | 87.7% | €0.13 | 8.7% | €0.06 | 3.6% |
| Netherlands | €1.03 | 76.7% | €0.20 | 14.9% | €0.11 | 8.4% |
| Belgium | €0.68 | 81.4% | €0.10 | 11.7% | €0.06 | 6.9% |
| Total | €34.18 | 77.7% | €7.94 | 14.7% | €4.74 | 7.6% |
| US | €59.42 | 71.6% | €13.61 | 16.4% | €9.96 | 12.0% |

Note: from mid Nov to the end of Dec; excludes auto, car parts or fuel sales, car rentals, hospitality services (cafes, coffee shops, restaurants), sales tax and VAT where applicable
Source: RetailMeNot.com, "Shopping for Christmas 2014: Retail Prospects" conducted by Centre for Retail Research, Nov 12, 2014

182603

www.eMarketer.com

These figures were more heavily weighted toward desktop sales than most other sources cited in this report. But even here, the UK's percentage of Christmas season ecommerce coming from PCs was lower compared with any other country in Western Europe, as well as in the US.

Other sources' holiday season data pointed toward a greater-than-ever reliance on mobile in the UK, and particularly during key shopping days.

Holiday season retail mcommerce metrics from IBM show both mobile site traffic and mcommerce sales on Black Friday and Cyber Monday in 2014. On both days, mobile as a percentage of UK retail site traffic was predominant, accounting for 60% on Black Friday and 56% on Cyber Monday. However, mobile as a percentage of UK ecommerce sales drew close to half of all sales on Black Friday—47% of the total—and represented nearly as much (43%) on Cyber Monday.

UK Holiday Retail Mcommerce Metrics, 2014

| | Black Friday* | Cyber Monday** |
|--|---------------|----------------|
| Mcommerce sales % change vs. 2013 | 36% | 29% |
| Mobile % of site traffic | 60% | 56% |
| —Smartphone % of site traffic | 40% | 35% |
| —Tablet % of site traffic | 20% | 21% |
| Mobile % of ecommerce sales | 47% | 43% |
| —Smartphone % of ecommerce sales | 24% | 20% |
| —Tablet % of ecommerce sales | 23% | 23% |

Note: *Nov 28, 2014; **Dec 1, 2014

Source: IBM Digital Analytics Benchmark as cited in press release, Dec 2, 2014

182765

www.eMarketer.com

More recent data from IBM also took Boxing Day into account, and the stats were even more startling. Mobile traffic accounted for close to 70% of all UK retail site traffic that day and 56% of retail site sales.

UK Boxing Day* Retail Ecommerce Metrics, by Device, 2014

| | Smartphone | Desktop | Tablet |
|---------------------|------------|---------|--------|
| % of traffic | 42.4% | 31.5% | 26.7% |
| % of sales | 25.6% | 43.9% | 30.4% |
| Conversion rate | 1.4% | 3.1% | 2.5% |
| Bounce rate | 31.0% | 23.5% | 24.7% |
| Average page views | 7.4 | 9.9 | 9.9 |
| Average order value | £75.72 | £79.94 | £81.54 |

Note: numbers may not add up to 100% due to rounding; *Dec 26

Source: IBM, "UK Retail Online Christmas Shopping Recap Report 2014," Jan 20, 2015

186222

www.eMarketer.com

In addition to the typical deadline-induced panic that's part and parcel for many consumers during the holidays, it's possible that a larger-than-average amount of digital behavior during this period arose from aggressive retailer efforts to spur greater ecommerce. For example, flash sales were a fixture in 2014, and well suited to the immediacy and tracking capabilities mobile offers. Black Friday and Cyber Monday are both working days in the UK, and smartphones offered many people a way to track said flash sales and even complete purchases while on the clock.

The Centre for Retail Research reported that a series of flash sales generated £850 million (\$1,400 million) on Black Friday and £600 million (\$988 million) on Cyber Monday in the UK in 2014. It also noted that "regular" trading patterns were affected as a result, with some shoppers holding back their spending in anticipation of further discounting, while others had brought forward spending that would otherwise have occurred in the middle of December.

How holiday shopping trends will play out into 2015 is not entirely clear, but a broader look at UK shopping behavior in 2014 augurs for a more tempered outlook, albeit with mobile a still-central actor.

THE HOLIDAY SEASON IN CONTEXT

A more nuanced look at UK digital shopping behaviors during and leading up to the 2014 holiday season shows that mobile's influence, while still substantial, was not quite at the point that it might overtake traditional desktop commerce—not yet, at least.

For example, IBM's UK holiday season stats, which showed Boxing Day sales weighted toward mobile, provided more traditionally aligned results when November and December were taken into consideration. While more UK retail site traffic still went to mobile during those months, the proportion of sales still tipped in favor of desktop PCs, by 53.6% vs. 46.3%.

UK Holiday* Retail Ecommerce Metrics, by Device, 2014

| | Desktop | Smartphone | Tablet |
|---------------------|---------|------------|--------|
| % of traffic | 40.3% | 36.8% | 22.5% |
| % of sales | 53.6% | 21.7% | 24.6% |
| Conversion rate | 4.1% | 1.9% | 3.4% |
| Bounce rate | 27.3% | 35.2% | 29.5% |
| Average page views | 9.2 | 7.1 | 9.3 |
| Average order value | £81.06 | £76.29 | £80.03 |

*Note: numbers may not add up to 100% due to rounding; *Nov and Dec Source: IBM, "UK Retail Online Christmas Shopping Recap Report 2014," Jan 20, 2015*

186223

www.eMarketer.com

Though mobile's influence was still sizable in IBM's survey, when the key holiday shopping days are diluted things begin to level out a little. This was even more apparent when ecommerce metrics immediately preceding the Christmas shopping season were considered. In IMRG and Capgemini's research, mcommerce sales as a percentage of total UK retail ecommerce stood at 37% in Q3 2014—up from 34% in Q1 2014, but still a good deal less than the 47% that IBM attributed to mcommerce on Black Friday last year.

UK Retail Ecommerce Metrics, Q1 & Q3 2014

| | Q1 2014 | Q3 2014 |
|---|---------|---------|
| Smartphone/tablet retail site visits as % of total retail site visits | 48% | 50% |
| Retail mcommerce sales as % of total retail ecommerce sales | 34% | 37% |
| Click-and-collect* ecommerce sales as % of total multichannel ecommerce sales | 14% | 18% |
| Checkout abandonment rate | 36% | - |

*Note: *reserve product online to collect in-store*

Source: Interactive Media in Retail Group (IMRG) and Capgemini, "Quarterly Benchmarking Index" as cited in press release, Dec 1, 2014

175173

www.eMarketer.com

Similarly, the split between tablet and smartphone commerce was less balanced when considered beyond the narrow confines of the holiday shopping period.

RetailMeNot data cited earlier in this report estimated that smartphone sales would outdo tablet sales over Christmas 2014, while IBM suggested a similar pattern would be seen on Black Friday (though not on Cyber Monday or Boxing Day). However, when Criteo considered smartphone and tablet shares of UK ecommerce transactions in Q4 2014, the balance tipped heavily in favor of tablets: One-quarter of ecommerce transactions during that period were completed on tablets, compared with just 16% on smartphones.

Smartphone vs. Tablet B2C Ecommerce Transaction Share in Select Countries, Q4 2014

% of total B2C ecommerce transactions

| | Smartphones | Tablets |
|-------------|-------------|---------|
| South Korea | 45% | 1% |
| Japan | 44% | 5% |
| UK | 16% | 25% |
| Spain | 15% | 13% |
| US | 14% | 13% |
| Italy | 12% | 11% |
| Germany | 10% | 15% |
| Netherlands | 9% | 16% |
| France | 8% | 13% |
| Russia | 7% | 13% |
| Brazil | 6% | 4% |

Source: Criteo, "State of Mobile Commerce Q4 2014," Dec 10, 2014

185772

www.eMarketer.com

But mobile overall is on the upswing. Giulio Montemagno, senior vice president of international at RetailMeNot, put mobile's growing influence into perspective: "If you look at the growth of mobile sales, it's 78%, which is really telling you that mobile is driving the growth in ecommerce in the UK."

Additionally, Hannah Kimuyu, director of paid media at Greenlight, highlighted the folly of ignoring mobile. “Look at it this way,” she said. “If you’re not prepared to invest time into optimizing your site experience for mobile, then that’s effectively 30% of the traffic that you’re not listening to on a daily basis.”

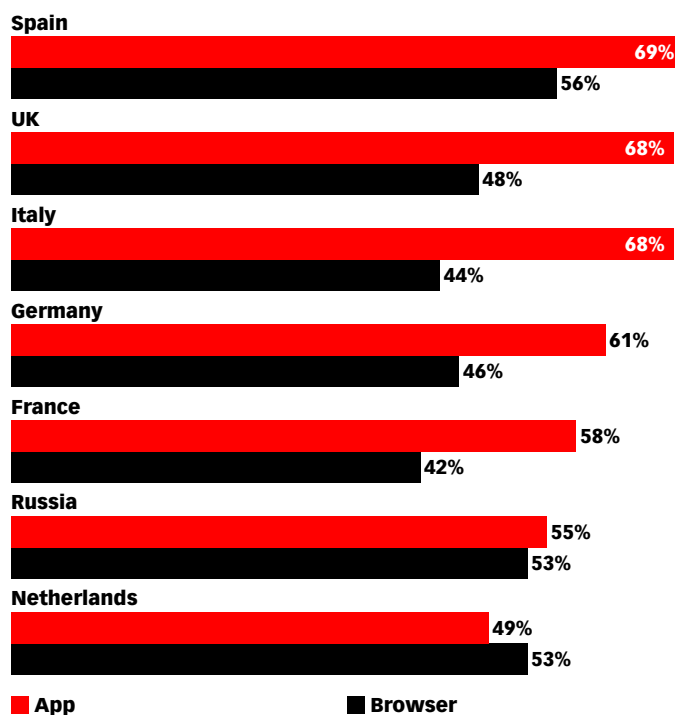
Kimuyu’s comments about mobile site optimization are part of a bigger argument about mobile devices as research vs. buying tools. The reality is mobile conversion rates are still woeful compared with desktop. According to the IBM holiday shopping statistics cited earlier, smartphone conversion rates were 1.4% on Boxing Day (compared with 3.1% for desktop) and 1.9% across November and December (vs. 4.1% for desktop). Tablets fared better, but that’s to be expected given the greater convenience of their larger screen size and their similarity to the desktop experience.

APP VS. MOBILE WEB

With respect to the smartphone shopping experience, one longstanding issue among UK retailers is whether to offer a commerce-enabled app or rely on a mobile-web-optimized site.

Data around the relative merits of apps and mobile websites is somewhat sparse and rather mixed. A November 2014 PayPal survey suggested that shopping via a smartphone app was more popular than doing so via a phone’s mobile internet browser, with 68% of UK shoppers having done so via an app vs. 48% via browser.

Smartphone Buyers in Select Countries in Europe Who Have Made a Purchase via Smartphone App vs. Browser, Nov 2014 % of respondents



Note: ages 18+ who made a purchase via smartphone in the past 12 months

Source: PayPal, "Mobile Research 2014/2015 Global Snapshot" conducted by Ipsos, Feb 18, 2015

186404

www.eMarketer.com

On the other hand, a Marketing Week survey conducted by ICM Research in March 2014 found that in the vast majority of cases, mobile shoppers in Great Britain preferred merchants’ mobile sites over retail apps. For example, only 8% of smartphone owners in the survey said they had accessed the app of leading pharmacy chain Boots, but 65% had visited its mobile website. For the other brick-and-mortar retailers covered, the splits weren’t all that different. Only the digital businesses the survey examined—Amazon and eBay—saw significant engagement with apps; even there, only eBay’s app was more popular, accessed by 52% of respondents.

General consensus among executives who spoke with eMarketer is that retailers should concentrate on making things easy for the consumer, and for now at least, that means focusing on the mobile web. According to Nick Fletcher, director of service strategy at Rakuten Marketing, UK consumers face something of a headache when it comes to managing retail apps. "As a smartphone user, you don't want to have an app for every single website that you purchase from. You're going to want to have a good responsive mobile website that you can visit and that you can convert on and purchase on easily," he said.

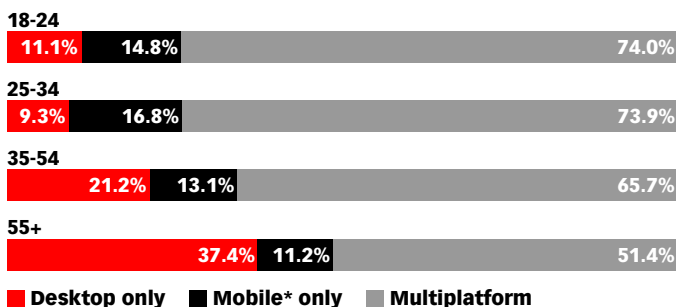
"It's just easier for consumers to purchase on their traditional browser," said Caroline Higgins, associate director at Hotwire PR. "And because they're already in that browsing environment, they're more likely to visit your site that way."

However, if retailers are to improve on the conversion rates mentioned earlier, the smartphone experience for consumers browsing mobile sites needs to improve. This is becoming increasingly important given the growing role of mobile in the wider shopping journey.

According to April 2014 polling from comScore, shopping habits of UK digital retail shoppers by age and platform didn't hold many surprises regarding demographic breakouts. What was interesting, however, was the dominance of a multiplatform approach across age groups. While slightly larger proportions of millennials were likely to shop exclusively via mobile, majorities in all age segments were likely to shop across multiple platforms.

UK Digital Retail Shoppers, by Age and Platform, April 2014

% of respondents in each group



Note: numbers may not add up to 100% due to rounding; *includes tablets
Source: comScore Inc., "UK Device Adoption Overview: Mobile in Retail," Sep 12, 2014

180975

www.eMarketer.com

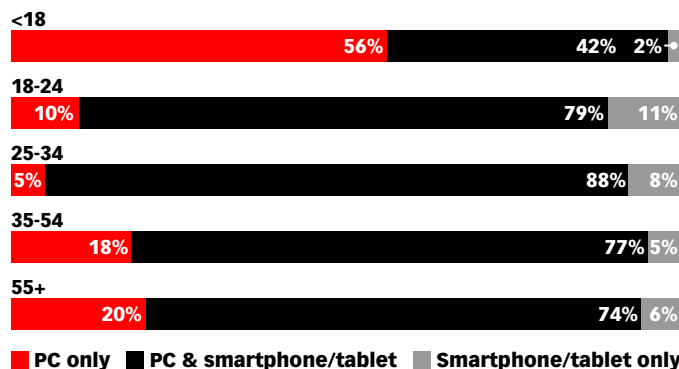
MOBILE AND THE RISE OF THE FRICTIONLESS SHOPPER

That mobile has taken its place in the UK's commerce "ecosystem" is undeniable. But it should be considered just one part of UK consumers' increasingly multiplatform approach to shopping. After all, even among the most mobile of digital cohorts in the country, mobile-only use is comparatively very low.

According to comScore MMX MP data, the vast majority of UK internet users across all age ranges utilized both PCs and smartphones/tablets for their digital activities in August 2014. Even young millennials ages 18 to 24 were far more likely to be cross-device internet users—79%, according to the polling, vs. just 11% who were smartphone/tablet-only users.

UK Internet Users, by Platform and Age, Aug 2014

% of total



Note: ages 6+ via PC; all ages via smartphone; ages 13+ via tablet; numbers may not add up to 100% due to rounding
Source: comScore MMX MP, "Cross Channel Measurement - Understanding Consumer Behaviour Across Multiple Devices," Oct 15, 2014

182430

www.eMarketer.com

When it comes to shopping more specifically, the pattern persists across the wider population. In terms of unique UK retail site visitors, comScore found that cross-platform users were far more prevalent (22.1 million) than PC-only (16.2 million) or mobile-only visitors (7.4 million) in July 2014.

UK Retail Site Unique Visitors, by Platform, July 2014 millions

| | |
|------------------------|------|
| PC only | 16.2 |
| PC/mobile phone/tablet | 22.1 |
| Mobile only | 7.4 |

Source: comScore Inc., "UK Device Adoption Overview: Mobile in Retail," Sep 12, 2014

180973

www.eMarketer.com

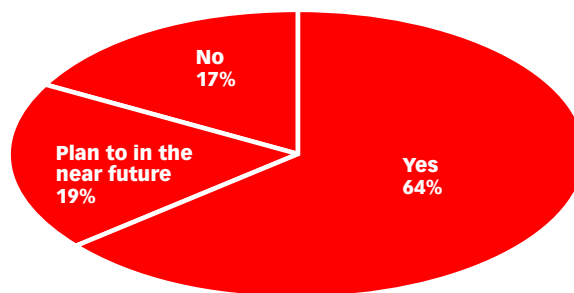
Another way to look at this comScore data is to consider that mobile devices accounted, in some part, for almost 30 million unique site visitors. However, it should be noted that this data only considers traffic on digital platforms—and mobile's influence is wider than that.

According to Hotwire PR's Higgins, mobile remains a vital consideration for retail but needs to be considered as part of the idea of frictionless consumption. "It's no longer about ecommerce, mobile and in-store departments within retail organizations," she said. "We're starting to see that break down a lot. That's really helping to drive us toward that mobile-first reality."

Other research also points toward digital—and particularly mobile—having an ever greater impact on physical store shopping. A recent Deloitte report titled "Digital Influence in UK Retail" suggested that digital devices influenced one-third of in-store retail sales in the UK last year. This equated to a retail value of almost £100 billion (\$165 billion).

Research from xAd and Telmetrics conducted by Nielsen, meanwhile, illustrated just how integral mobile search was in many consumer purchase decisions. It found that among UK mobile users, 64% had made a purchase or transaction related to mobile search in the 30 days prior to polling in March 2014. A further 19% said they planned to in the near future.

UK Smartphone and Tablet Users Who Have Made a Purchase/Transaction* Related to Research Conducted via Mobile Search, March 2014 % of respondents



Note: *in the past 30 days

Source: xAd and Telmetrics, "UK Mobile Path to Purchase 2014: Understanding Mobile's Role in the Retail Path to Purchase" conducted by Nielsen, Nov 26, 2014

186155

www.eMarketer.com

Here again, though, the idea of the smartphone as a device for transacting came to the fore. When asked how retail purchases related to a mobile search were completed, 40% of smartphone users said they completed the purchase in-store. However, completion via the mobile device came only 4 percentage points behind, cited by 36% of respondents.

Primary Way in Which UK Smartphone vs. Tablet Users Have Completed a Purchase/Transaction Related to Research Conducted via Mobile Search, March 2014 % of respondents

| | Smartphone users | Tablet users |
|-------------------|------------------|--------------|
| In person | 40% | 30% |
| Online via mobile | 36% | 31% |
| Online via PC | 22% | 36% |
| By phone/other | 1% | 3% |

Note: based on most recent purchase in the past 30 days; among the 64% of respondents who have made a purchase/transaction related to a mobile search; numbers may not add up to 100% due to rounding

Source: xAd and Telmetrics, "UK Mobile Path to Purchase 2014: Understanding Mobile's Role in the Retail Path to Purchase" conducted by Nielsen, Nov 26, 2014

186156

www.eMarketer.com

A Kantar report, "Winning the Retail Battle in 2015," gives further credence to the idea that purchasing is moving away from brick-and-mortar locations. It found that 73% of UK retailers it polled had experienced a more than 50% growth in sales from their mobile channels as of August 2014. (It should be noted, however, that this was from a survey base of just 26 retailers.)

A recent announcement from UK department store chain John Lewis, though, put into context the important role that the physical store still plays in the consumer retail journey. Rather than being swayed by a wave of mobile stats pointing to a less essential high street, it recently announced that it would increase the number of its physical locations by about 50%. While this may appear to fly in the face of current data-fueled wisdom, it also plays to the idea of the frictionless shopper. Consumers are becoming less concerned about how and where they make their purchases; rather, they just want options and, ultimately, convenience.

Higgins suggested that savvy retailers will exploit consumers’ digital behaviors—or rather, what they know about those behaviors—in the physical world. “What we’ll see is that retailers put a lot of emphasis on how they can introduce technologies that improve the personal service that you get in-store,” she said. “They’ll take a lot of what they know about you online and bring it in-store to make personal recommendations.”

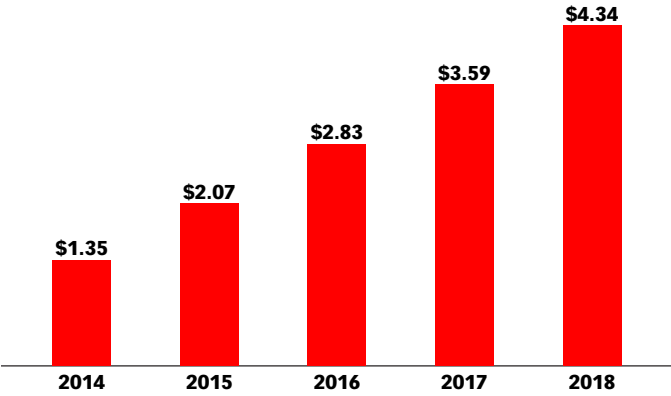
According to Celine Fenech, research manager at Deloitte UK, while retailers are still getting to grips with the idea of omnichannel shopping, consumers are demanding it. “Consumers are expecting a seamless experience, something that we call frictionless,” she said, suggesting that this kind of behavior might even muddy the definitional waters of just what mcommerce means. “The UK market is moving beyond mobile. As researchers in that sector, we’re not even talking about mobile commerce anymore, because it’s integrated in the online world. We’re not looking at it as a single channel, but as an integrated channel to the rest of the online channel.”

MOBILE PAYMENTS: DIGITIZING THE POINT OF SALE

Mobile devices offer UK shoppers a never-before-seen level of convenience and timeliness, giving them the ability to buy things immediately and from anywhere. While not strictly “mobile commerce” by most definitions of the term, mobile payments are a related innovation, and their rising popularity is another sign that the convenience brought by mobile is having a fundamental impact on the wider commerce landscape.

An October 2014 forecast from 451 Research posited that point-of-sale payment transactions made via mobile device in the UK would reach \$4.34 billion (£2.64 billion) by 2018, up from \$1.35 billion (£820.9 million) in 2014.

UK Mobile Payment Transaction Value, 2014-2018
billions



Source: 451 Research, “Global Mobile Forecast,” Sep 2014 as cited in company blog, Oct 8, 2014
180714 www.eMarketer.com

December 2014 research conducted by Atomik Research for mobile payment platform Zapp, meanwhile, indicated that 28% of UK internet users had already used their mobile phone to make a payment, and that 44% planned to switch bank accounts in order to have the option.

Some recent JWT Intelligence research further supported this idea of pent-up demand for mobile payment services, particularly among younger age groups. It found that almost half (48%) of respondents ages 18 to 34 said they would like to be able to use their mobile phone for small transactions that usually require cash, for example.

Attitudes Toward Mobile Payments Among UK Internet Users, by Age, July 2014
% of respondents in each group

| | 18-34 | 35-49 | 50-64 | 65+ | Total |
|--|-------|-------|-------|-----|-------|
| I would like to use my mobile phone to pay for small transactions that usually require cash | 48% | 34% | 19% | 16% | 29% |
| Keeping track of my purchases sounds much easier with a mobile wallet | 58% | 26% | 14% | 9% | 26% |
| I would like to use my mobile phone to pay if it makes transactions faster | 49% | 28% | 18% | 12% | 26% |
| I would like to use my mobile phone to pay when splitting bills or other expenses with friends | 46% | 28% | 8% | 4% | 21% |

Note: among those who have not used a mobile app, tapping with mobile phone or virtual currency to make a payment in the past year
Source: JWT Intelligence, “The Future of Payments & Currency,” Oct 22, 2014
181535 www.eMarketer.com

Zapp's impending launch in the UK, along with the keenly awaited arrival of Apple Pay, may turn up the heat on an already simmering mobile payments market. In the meantime, mobile's influence on commerce in the UK is already being widely felt.

EMARKETER INTERVIEWS

Marketing in the UK: Usability Is Fundamental to Mobile Commerce Growth



Stuart Carlisle
Managing Director
Ebuyer

Interview conducted on March 4, 2015

Marketing in the UK: Marketers Can Leverage Consumers' Use of Mobile as a Research Tool for In-Store Sales



Nick Fletcher
Director, Service Strategy
Rakuten Marketing

Interview conducted on February 19, 2015

Marketing in the UK: As Retailers Link In-Store, PC and Mobile Channels, More Buying on Mobile Will Occur



Caroline Higgins
Associate Director
Hotwire PR

Interview conducted on February 19, 2015

Marketing in the UK: Traffic to Retailers via Mobile Nearing 50%



Giulio Montemagno
Senior Vice President, International
RetailMeNot

Interview conducted on February 19, 2015

Marketing in the UK: eBay UK Sees Mobile as Vital Piece to Overall Commerce Puzzle



Phuong Nguyen
Head, Advertising
eBay UK

Interview conducted on March 4, 2015



Celine Fenech
Research Manager
Deloitte UK

Interview conducted on March 2, 2015



Hannah Kimuyu
Director, Paid Media
Greenlight Marketing

Interview conducted on February 18, 2015



Puneet Mehta

Co-founder and CEO

MobileROI

Interview conducted on March 9, 2015



Andrew Tobin

Director, Identity Services

TeleSign

Interview conducted on February 25, 2015

RELATED EMARKETER REPORTS

[Western Europe Mcommerce Trends 2015: Mobile Consumers Fuel Double-Digit Growth and Sales Share](#)

[UK Holiday Shopping Preview: A Merry Season Forecast for Ecommerce](#)

RELATED LINKS

[451 Research](#)

[Capgemini](#)

[Centre for Retail Research](#)

[comScore](#)

[Criteo](#)

[eBay UK](#)

[Ebuyer](#)

[Experian Marketing Services](#)

[Greenlight Marketing](#)

[Hotwire PR](#)

[IBM](#)

[Interactive Media in Retail Group \(IMRG\)](#)

[JWT Intelligence](#)

[MobileROI](#)

[Peerius](#)

[Rakuten Marketing](#)

[RetailMeNot.com](#)

[TeleSign](#)

[Telmetrics](#)

[xAd](#)

EDITORIAL AND PRODUCTION CONTRIBUTORS

Cliff Annicelli
Ben Clague
Joanne DiCamillo
Stephanie Meyer
Dana Hill
Kris Oser
Ezra Palmer
Heather Price
Katharine Ulrich

Managing Editor, Reports
Chart Data Specialist
Senior Production Artist
Senior Production Artist
Director of Production
Deputy Editorial Director
Editorial Director
Senior Copy Editor
Copy Editor



Coverage of a Digital World

eMarketer data and insights address how consumers spend time and money, and what marketers are doing to reach them in today's digital world. [Get a deeper look at eMarketer coverage](#), including our reports, benchmarks and forecasts, and charts.



Confidence in the Numbers

Our unique approach of analyzing data from multiple research sources provides our customers with the most definitive answers available about the marketplace. [Learn why.](#)



Customer Stories

The world's top companies across every industry look to eMarketer first for information on digital marketing, media and commerce. [Read more](#) about how our clients use eMarketer to make smarter decisions.

Your account team is here to help:

Email research_requests@emarketer.com to submit a request for research support, or contact accounts@emarketer.com or 866-345-3864 to discuss any details related to your account.