

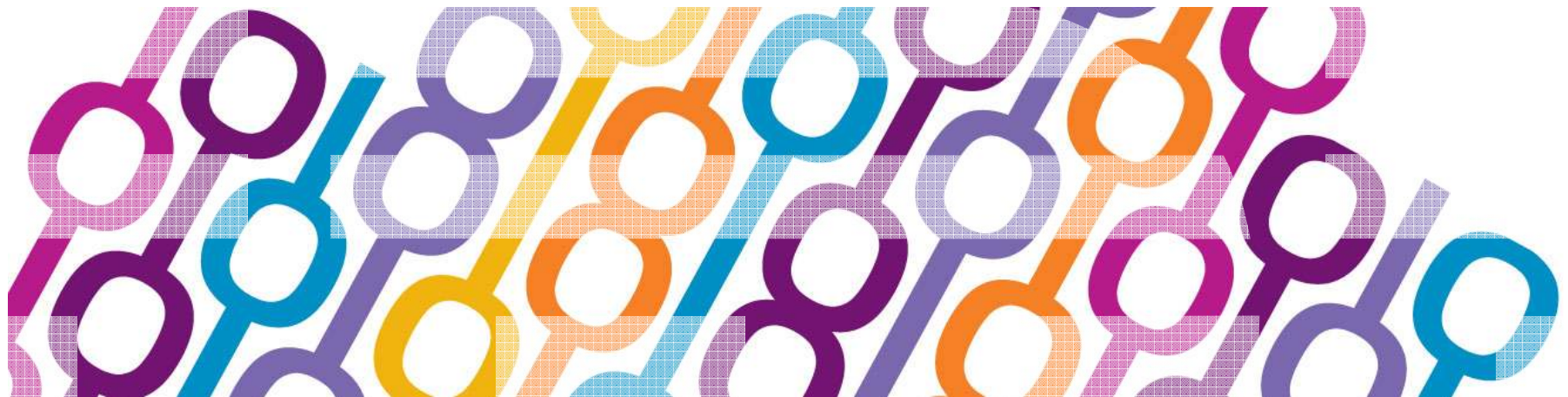
2010 WebSphere Commerce Leadership Summit

Bill Holtshouser – Program Director, WebSphere Commerce / WRS Product Management

10/5/2010



Mobile Commerce Momentum





Agenda

- Market Trends & Mobile Penetration
- Implementing Successful Mobile Strategy
- Mobile Implementation Examples
- WebSphere Commerce Mobile Capabilities
- Looking Forward & Recommendations



Technology is changing the way consumers interact, obtain information, and purchase goods and services

The consumer voice has never been stronger

28% of the world's population, **2 billion people**, are online today

In North America alone users have access to:

- 1,000,000,000,000+** web pages
- 100,000+** iPhone apps
- 10,500+** radio stations
- 5,500+** magazines
- 200+** cable networks



There are **4.6 Billion** mobile subscribers worldwide; over half of the world's population

- 116%** in Europe,
- 91%** in U.S.
- 80%** in Brazil,
- 54%** in China
- 38%** in India

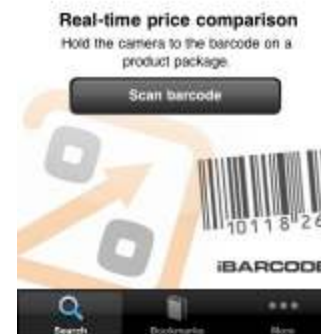
500+ million mobile Internet users worldwide in 2009. It will increase to **> 1 Billion** by 2011



Market Trends

- **Emerging Trend:** Consumers are checking out products in bricks-and-mortar retail stores and using their phones for comparison shopping
- *“In February 2010 four in five multichannel retailers were not yet using any m-commerce features. Retailers that don’t get on board may soon find themselves acting as showroom for online pure plays like Amazon or for mobile price comparison apps”*

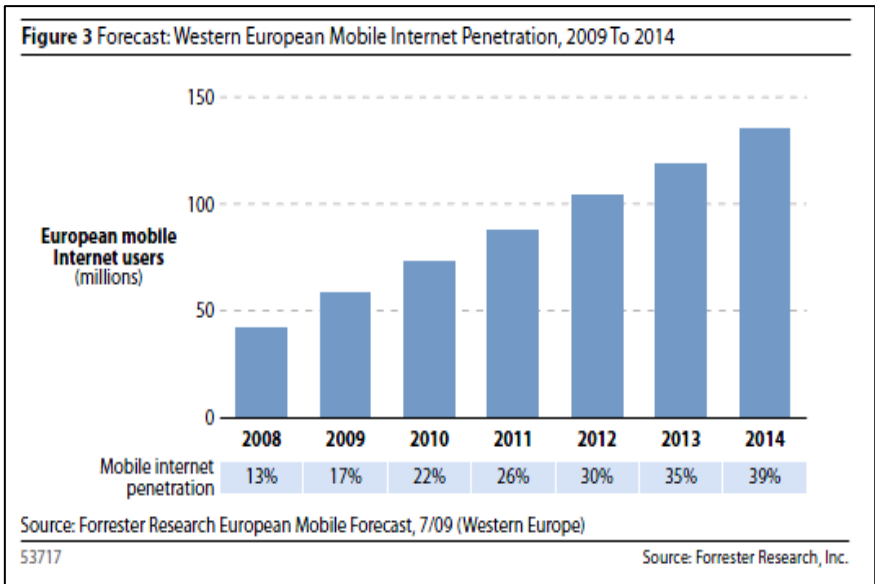
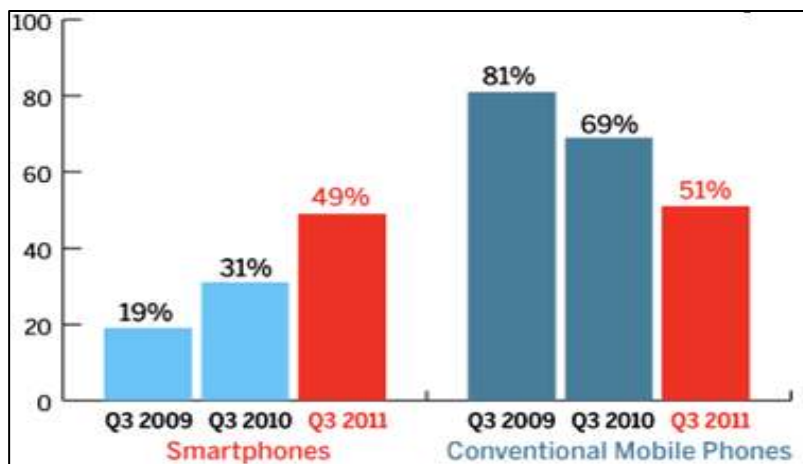
– Multichannel Merchant





Market Trends – Smart Phone Market Penetration - Europe

- **Forrester:** Western European Mobile web penetration will continue to exhibit **double-digit growth through 2014**, when **106M consumers**, or **39% of wireless subscribers**, will be regular mobile web users
- **IDC:** During the 1Q2010, **12M** new smart-phones were purchased in Western Europe
- **Nielsen:** At end of 2009, smart-phones were 19% of phones sold but **by end of 1Q10 they were 31%**; forecast: **by 4Q11 smartphones will out-number** conventional cell phones



Smartphone Shipments in Western Europe, by Vendor, Q1 2009 & Q1 2010

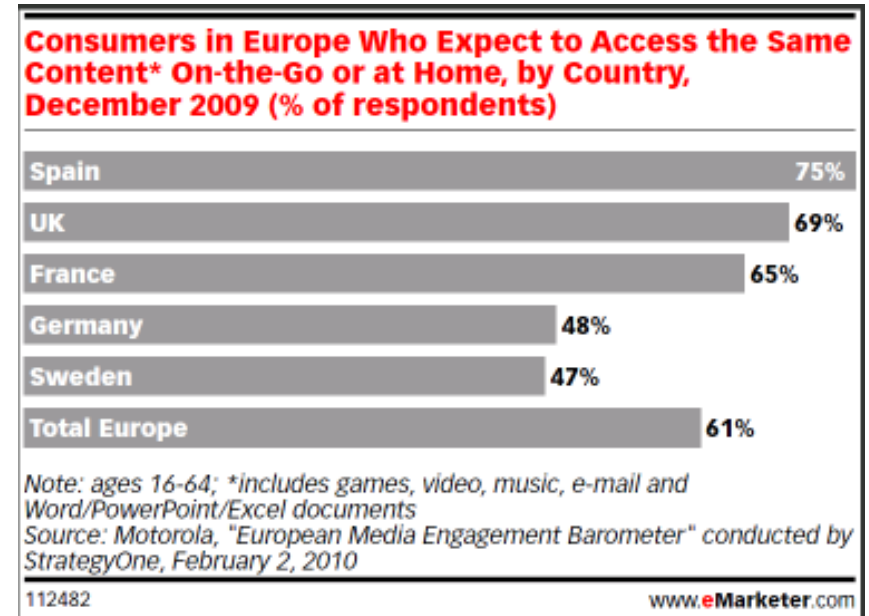
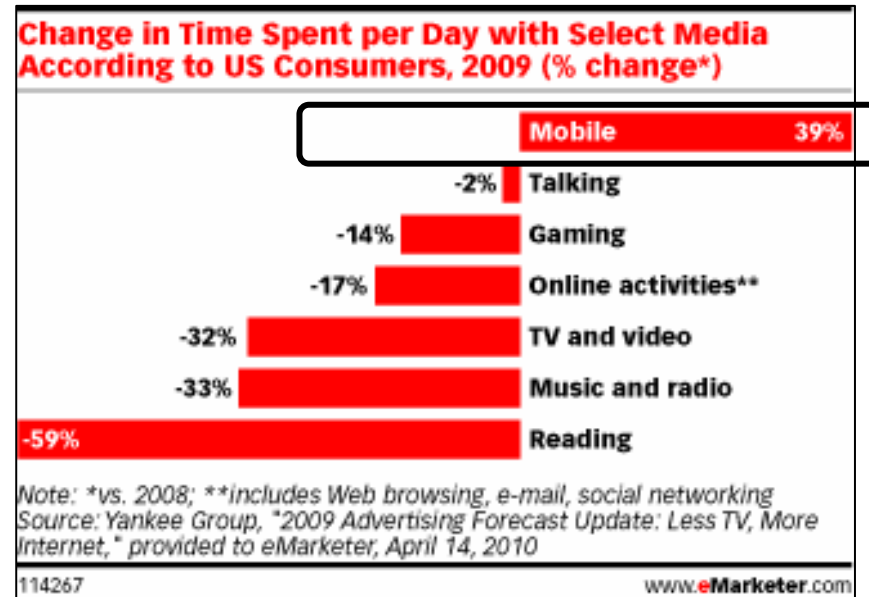
	Q1 2009 (millions)	% market share	Q1 2010 (millions)	% market share	% change
Nokia	4.4	57.1%	4.9	40.8%	11%
Apple	0.9	11.7%	3.0	25.0%	233%
Research in Motion	1.1	14.3%	2.4	20.0%	118%
HTC	0.4	5.2%	0.9	7.5%	125%
Samsung	0.4	5.2%	0.3	2.5%	-25%
Motorola	0.1	1.3%	0.2	1.7%	100%
Other	0.4	5.2%	0.3	2.5%	-25%
Total	7.7	100.0%	12.0	100.0%	8%

Note: vendor shipments are branded shipments and exclude OEM sales for all vendors
Source: International Data Corporation (IDC), "European Quarterly Mobile Phone Tracker" as cited in press release, Jun 30, 2010
117222 www.eMarketer.com



Market Trends – Consumers Embracing Mobile

- **National Retail Federation:** Rising number of consumers want to shop or browse from their phones. Survey found **41.5% of adults want cell phone with Internet access**, compared to 32.6% in July 2009
- **Pew Internet & American Life Project:** **11% of U.S. adults who own mobile phones have made a purchase on a phone**. And the figures are much higher for certain demographic groups, **20% of consumers age 18-29 have made a mobile purchase**
- **Gartner:** **By 2014, more than 3 billion** of the world’s adult population will be able to transact electronically via mobile and Internet technology





Market Trends – Retailers Embracing Mobile

- **Forrester and Shop.org:** 74% of online retailers have, or are developing, an m-commerce strategic plan, while 20% have fully implemented their plans
- **Internet Retailer:** 157 retailers engage in mobile commerce: there are 150 m-commerce sites, and 71 retailers offer mobile apps
- **Yahoo Stores & Unbound:** Signed deal in June/2010 to collaborate in mobile. They predict 250 new m-commerce sites by end of 2010
- **Venda & Digby:** Announced partnership in June/2010. 200 Venda clients will have m-commerce sites by Dec/2010
- **Shopatron:** SaaS e-commerce platform vendor announced in July/2010 it will launch mobile-optimized sites for 610 of its 800 clients
- **BigCommerce:** Finalizing m-commerce beta test with 500 clients

Top Priorities in 2010 According to Senior Marketers Worldwide (% of respondents)

	Top priority	Important	Low priority	Not relevant
Social networks/applications	45.4%	42.2%	11.1%	1.1%
Digital infrastructure	44.5%	51.9%	3.1%	0.5%
Search optimization	27.0%	50.1%	19.9%	3.3%
Mobile	26.8%	43.2%	24.3%	5.3%
Blogger outreach	18.4%	44.3%	28.9%	8.4%
Viral campaigns	18.3%	45.6%	26.7%	7.3%
Digital advertising	15.9%	54.4%	25.5%	4.2%
E-mail marketing	14.1%	43.5%	34.2%	8.4%
Games	8.8%	29.7%	35.2%	26.0%

Note: numbers may not add up to 100% due to rounding
 Source: Society of Digital Agencies (SoDA), "2010 Digital Marketing Outlook," January 19, 2010

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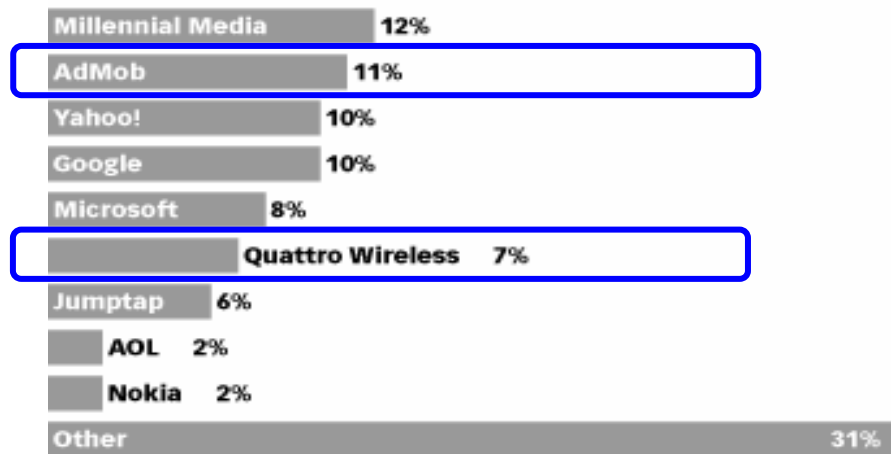




Market Trends – Mobile Advertising

- **ABI Research:** In 2009, over \$500M were spent on mobile marketing and advertising. From 2010 through 2015, mobile marketing and advertising will grow > 40% CAGR
- **ABI Research:** In February 2010, 85% of mobile phone users have used their phone's search engine, or clicked on mobile web advertisement
- **Google:** In May/2010 acquisition approved for AdMob for \$750M
- **Apple:** In Jan/2010 acquires mobile advertising company Quattro Wireless for \$275M. This will be engine behind Apple's iAd ecosystem

US Mobile Advertising Market Share, by Network, 2009 (% of total revenues)



Note: numbers may not add up to 100% due to rounding
 Source: International Data Corporation (IDC) as cited by The Wall Street Journal, January 28, 2010

Types of Mobile Advertising

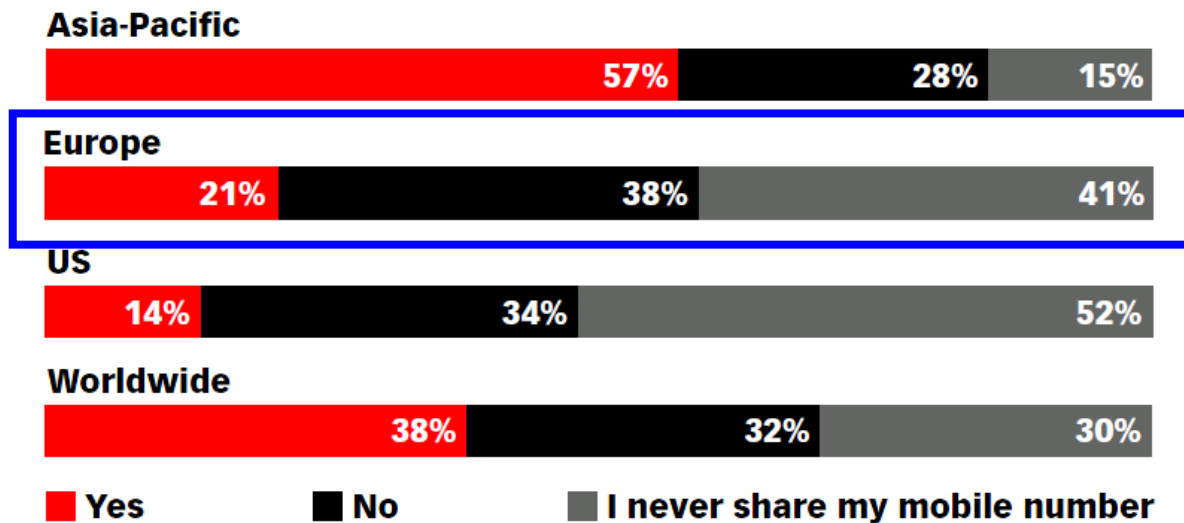




Market Trends – SMS Promotions Starting to Have an Impact

- 21% of Europeans will respond to an SMS promotional message by making a purchase

Internet Users Worldwide Who Have Purchased a Product/Service After Receiving a Promotional Text Message, by Region, April 2010 (% of respondents)



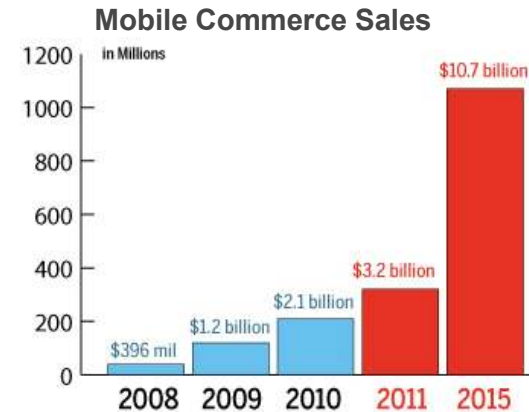
Note: Asia-Pacific n=5,036; Europe n=6,913; US n=998; Worldwide n=12,947

Source: e-Dialog, "Global Perspectives: A Study of Consumer Attitudes to Digital Marketing" conducted by Lightspeed Research, provided to eMarketer, June 23, 2010



Market Trends – Revenue From Mobile Commerce

- **ABI Research:** **Worldwide** mobile shopping of goods and services will surge to **\$119 billion by 2015**; about 8% of total e-commerce market
- **ABI Research:** **US** m-commerce sales rose from \$396M in 2008 to **\$1.2 billion in 2009**. Forecasting mobile commerce sales will hit \$2.1 billion this year and **\$10.7 billion by 2015**
- **Forrester:** Retailers surveyed reported mobile browsers were generating 2.8% of overall site traffic and **2% of web revenue**
- **eBay:** In 2009 it **sold \$600M** worth of goods via mobile channel. Forecasting it will jump to \$1.2 billion in 2010
- **Amazon:** In Jul/2010 announce it reached **\$1 billion in mobile commerce sales** in last 12 months
- **Japan:** Mobile online shopping in **2009 > \$10B**



Source: ABI Research

Mobile Application Stores Downloads and Revenues Worldwide, 2009, 2010 & 2013 (millions)

	Downloads	Total revenues
2009	2,516	\$4,237.80
2010	4,507	\$6,770.40
2013	21,646	\$29,479.30

Source: Gartner, "Dataquest Insight: Application Stores; The Revenue Opportunity Beyond the Hype" as cited in press release, January 18, 2010

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US Mobile Application Store Revenues, 2010 & 2014 (billions)

2010	\$1.6
2014	\$11.0

Source: Yankee Group, "The Mobile App Gold Rush Speeds Up" as cited in press release, March 16, 2010

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www.eMarketer.com

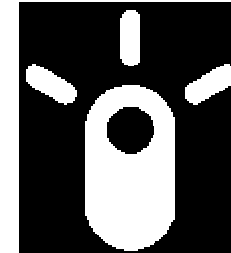
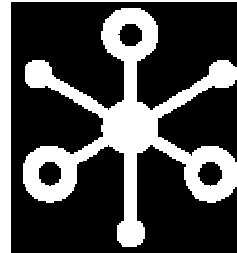
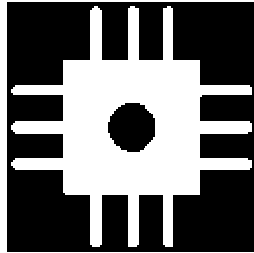


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Smarter Consumers Are Making Smarter Decisions



Interconnected:

They have instantaneous access to information about retailers, products and other consumers' experiences through technology

Instrumented:

They use multiple technologies to interact with other consumers and with retailers

Intelligent:

They have clearly defined expectations of what they want from their retailer now and in the future

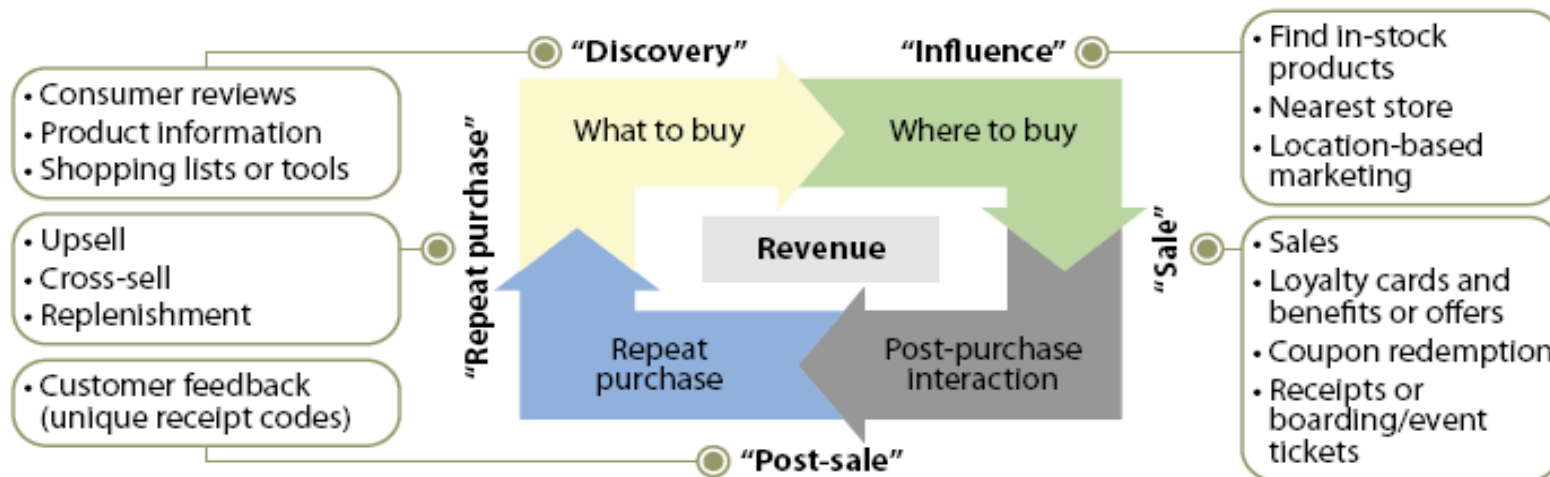
- Generation Y is key influencer, they are the most:
 - Instrumented, meaning they use two or more technologies to browse and to purchase
 - willing to try alternative channels
 - likely to reward retailers financially
- Tech savvy shoppers are defining tomorrow - creating opportunities for innovative retailers to leverage alternative channels



Mobility is Important Throughout the Buying Cycle

Mobile delivers benefits in three categories: increased revenue, reduced cost, and higher performance on KPIs

- Mobile Commerce provides value during complete *buying cycle*
 - Product Discovery
 - Influence Stage
 - Purchasing
 - Post-Sale Support
 - Relationship Building to Encourage Repeat Purchase



Source: Forrester. The ROI of Mobile. Jan 11, 2010

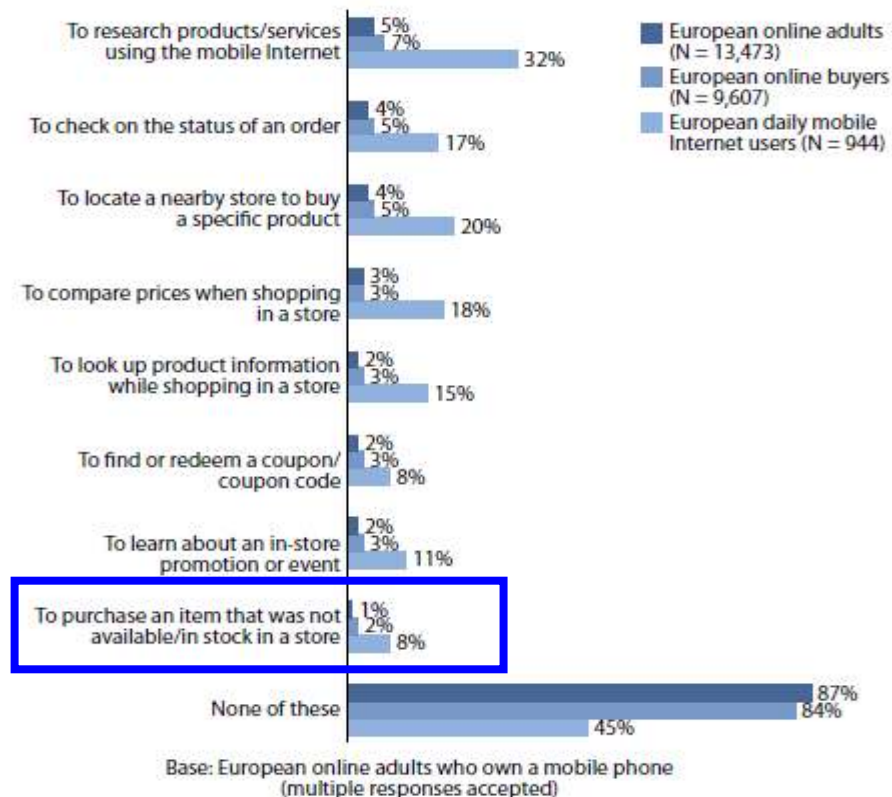


...but More as a “Shopping Accessory” Device

In devising your mobile strategy, it is critical to take mobile device limitations and strengths into consideration

“The mobile web is not the web. Understanding this is key... The decade of experience we have cultivated on how to sell on the web cannot be ported straight to the mobile world. Retailers need to think through their mobile strategy from the ground up.”

“Which of the following have you ever used your mobile phone for?”



Source: European Technographics® Retail, Customer Experience, And Travel Online Survey, Q3 2009

57238

Source: Forrester Research, Inc.

Consumers are more likely to shop than to buy from a mobile phone – Gartner



Implementing a Successful Mobile Commerce Strategy

**Consumer adoption and usage of mobile and multimedia has reached critical mass.
Any brand that interacts with consumers needs to develop a mobile strategy**

- Success in mobile requires a systematic approach
- First, we need to understand how mobile-advanced our consumers are
- Next, we determine objectives — to grow revenues or cut costs
- Then, we define mobile strategy based on level of corporate commitment, desired offering, and willingness to engage partners
- Last, we choose the technology to implement mobile strategy





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Mobility for Travel – Air Canada



Business Drivers

- Create new way to connect with customers
- Increase brand-loyalty

Solution

- Leverage web services & enterprise backend systems
- Integration to third party content
- Native app built for iPhone & iTouch
- Rank #1 in Travel Category of App Store

Features

- *My Flights*: Track selected flights
- *Messages*: Notifications & online boarding pass
- *Check-in*: Check-in and seat selection
- *Find Flight*: Find Air Canada or Jazz flights



Mobile Coupons and Tickets

- **Coupons**
 - Redeemed by scanning 2D bar codes at checkout
 - Offers are single-use and have expiration date
 - New offers sent each month
 - After opt-in, shopper receives SMS with link to mobile Web page with offers
 - Consumers can also access Mobile Gift Cards, view online catalog, check product availability, store locations, gift registry, and weekly ads

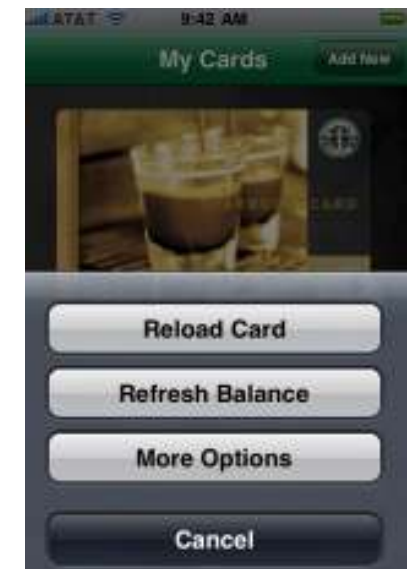
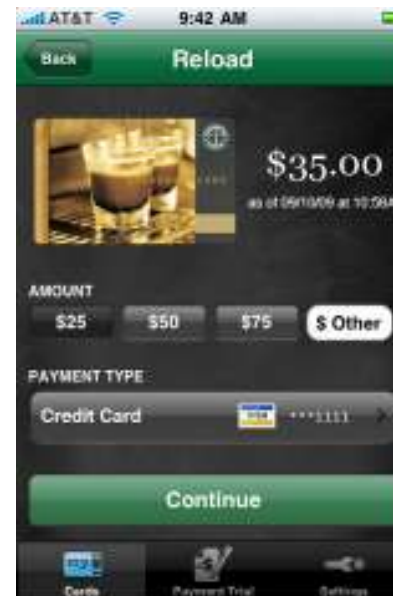
- **Movie Tickets**
 - Consumers buy ticket via their mobile and have it scanned at theater entrance
 - Shoppers can buy tickets in advance, read reviews, commentaries, and watch trailers





Mobile Payments

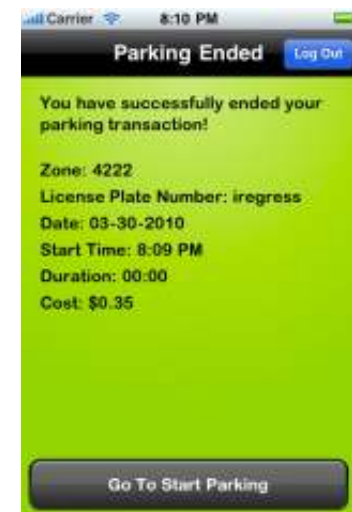
- Mobile payment systems are being deployed...
 - Check card balance
 - Make payments using 2D barcode
 - Reload card using major credit card
 - View transactions





Mobile Payments

- Parking mobile payments are being deployed...
 - Customers register via phone, web, or downloading mobile App
 - Customers can select option to receive text message alerts & reminders before parking time expires
 - Atlanta: Lanier parking lots located in downtown and midtown Atlanta
 - Albuquerque: Park-It-Place locations surrounding University of New Mexico campus





Location-Based Services

Chili's

- Chili's distributes location-based mobile coupons to drive traffic
- If someone checks-in near or at Chili's on Foursquare, they receive 'free order of chips & salsa' offer on their screen



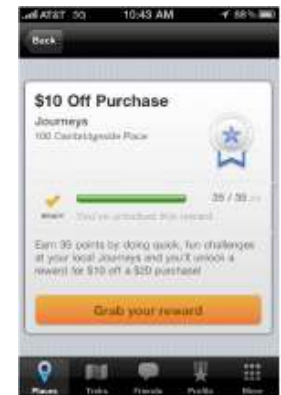
Pepsi

- Pepsi Loot rewards users for visiting one of 200,000+ restaurants that serve Pepsi. App shows type of food each restaurant serves
- App users earn loyalty points by walking in & checking in. Loot reward can be redeemed for music downloads



Journeys

- Apparel retailer offers mobile coupons through location-based game SCVNGR to drive foot traffic to its 800+ stores
- Mobile users earn coupons for completing tasks in store, such as checking in or posting a message; e.g., users win \$10 off mobile coupon by accumulating 35 points





Mobile App–GPS–Camera–Store Integration



- Using GPS in mobile, app knows consumer location
- Using camera and mobile app, consumer finds nearby store locations
- Pizza Hut revenue from mobile app was over \$1M in first three months
- LBS application – Using Foursquare, majors get free single order of breadsticks





Store–Web–Mobile Integration

shopyourway

Where shopping revolves around you 24/7

We understand that every customer shops differently.
We have all the tools you'll need to **shopyourway**

Start Shopping



The screenshot shows the Sears website with a navigation menu on the left and a central banner for the 'LABOR DAY BIG WEEKEND EVENT'. The banner includes the text 'FREE SHIPPING LAST DAY or GET IT TODAY' and three promotional offers: '50% off mattresses plus extra 10% off FREE DELIVERY & special financing available separately', '30% off Whirlpool, Maytag & Samsung ENERGY STAR qualified appliances plus 20% off other ENERGY STAR appliances plus extra 5% off with Sears card separately', and 'all tools on sale up to 20% off plus FREE SHIPPING'. Below each offer is a corresponding image of the product category.

The screenshot shows the 'buyyourway' mobile app interface with several service icons and descriptions:

- sears mobile**: Everything you need. Anywhere you are. Applications, text alerts, sears2go, and much more!
- marketplace**: Shop millions of products at great prices everyday.
- personal shopper**: Need Help? Contact our expert staff and we'll help you find what you need.
- price match guarantee**: We match our competitor's prices - you always get the best deal.
- 1.800.MY.SEARS**: Have questions? Call us for orders, store locations, and more!

The screenshot shows two sections of the Sears website:

- Check Availability**: A form with a 'See What's in Stock' checkmark, a text input for 'Enter your zip' (with '27519' entered), and a green 'Check Availability' button.
- Pick Up Your Order**: A section titled 'Product Availability at listed stores may change as you shop'. It shows search results for ZIP Code 27519, listing two stores: 'CARY TOWNE CENTER' and '6910 FAYETTEVILLE RD STE 400'. Each store listing includes the address, phone number, and a 'Select This Store' button.

A stack of three mobile app screenshots:

- Sears 2go**: Shows a search bar and a 'Current Offer Save Big' section.
- Stores**: Shows a map of store locations with a list of nearby stores including 'Chicago/State St - A', 'Sears Auto Center', and 'Chicago-Lawrence - A'.
- Store Details**: Shows detailed information for a specific store, including a map, phone number, hours of operation, and store services like 'GR Registry' and 'Store Pick Up'.



Web & Mobile Integrated and Powered by WC v7



- Group Inditex has more than 4,700 stores in 76 countries

Around the world	
Zara	1.422
Zara Kids	209
Pull & Bear	640
Massimo Dutti	507
Bershka	665
Stradivarius	533
Oysho	402
Zara Home	263
Uterqüe	64
TOTAL	4.705

Last update: 04/30/2010





Other European Mobile Commerce Examples

- **Ocado:** “On The Go” site enables customers to shop for groceries on their mobile





Other European Mobile Commerce Examples

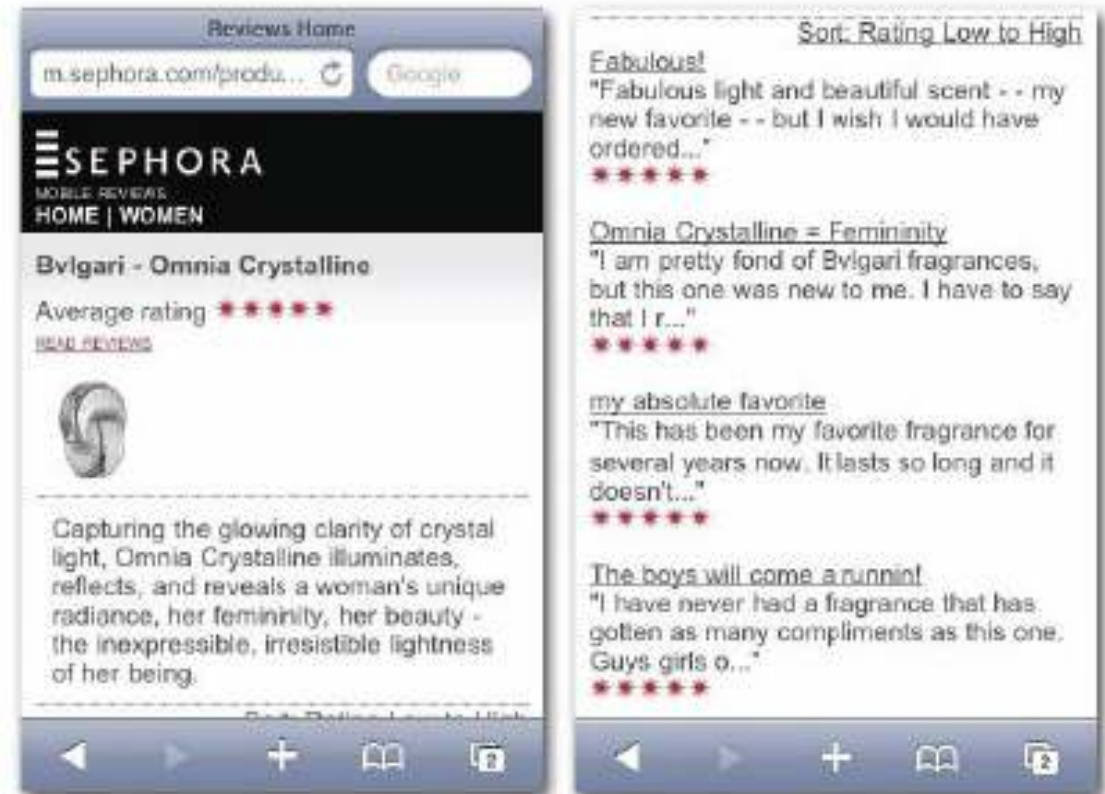
- **Carrefour: Optimized Shopping Site for Mobile at M.carrefour.fr**
 - Carrefour mobile site users can see 360-degree product views, find in-store promotions, check inventory, and order products:





Other European Mobile Commerce Examples

- **Sephora: helping customers gain value from their mobile Phone in the store**
 - Sephora's mobile site lets customers use mobile as an in-store tool (e.g. for price comparison or user review tool when the user is at the point of sale)
 - Sephora brings online content and experience into the store as well as the voice of the customer by urging customers to read reviews on their phones in-store by going to m.sephora.com





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Approaches to Establishing a Mobile Site

1. Mobile Web Application

- Web application programming model
- Portable across multiple smartphone platforms
- Accessible through browsers on mobile phones



2. Mobile Native / Hybrid Applications

- Rich UI layout and user experience
- Web View + Native UI shell and device API
- Distribution through Application Stores



3. Mobile Transcoding Applications

- Broad coverage for various mobile devices
- Minimal programming required
- Does not leverage smartphone capabilities





Mobile Commerce in WebSphere Commerce v7

- **Mobile starter store (Mobile Web Application)**
 - Optimized shopping flow for smartphones
 - Supports Blackberry, iPhone, Nokia, Windows Mobile, Android
 - Support mobile phones with 240*320 or higher resolution
 - Product content and eMarketing spots targeted to mobile users
 - Store and Stock locators
 - Buy on mobile and pickup in store
- **Mobile SMS support**
 - Marketing and promotion
 - Order notification and alerts
 - Store events
- **Benefits**
 - Web & In-store integration
 - Single view of customers and their orders
 - Store Information and Locator
 - Inventory visibility across channels



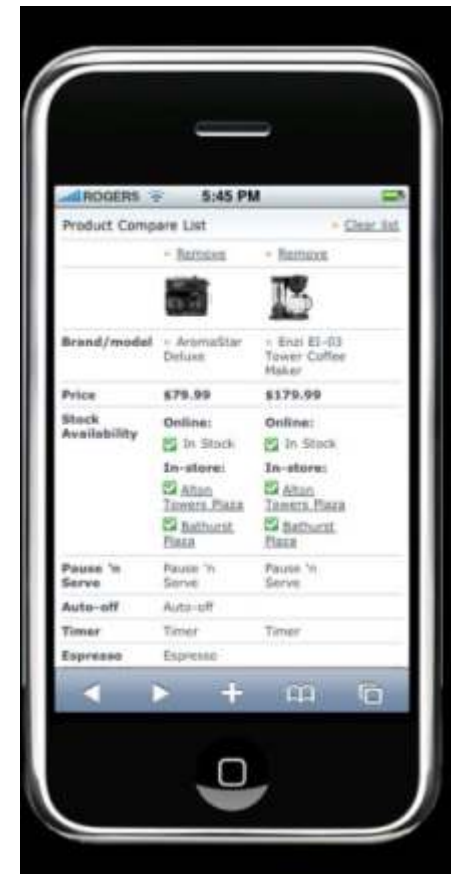
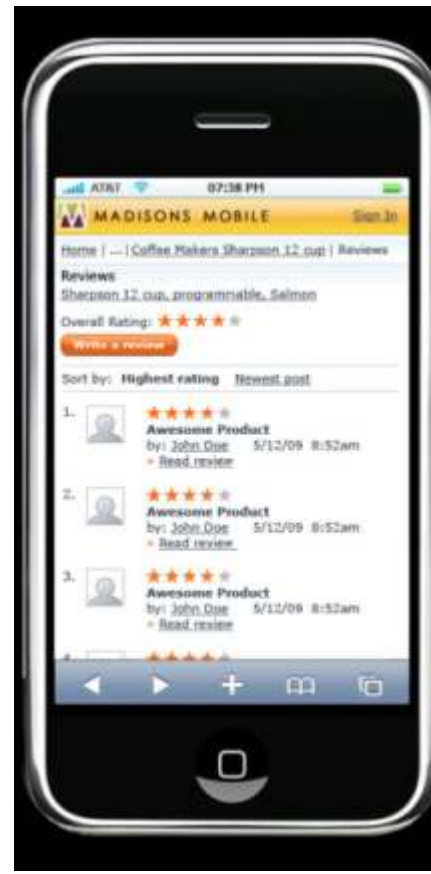
SMS and mobile store for cross channel shoppers





IBM Mobile Store Solution: Browsing

Browse Catalog → Product Detail → Ratings & Reviews → Compare Products





IBM Mobile Store Solution: Transacting

Search Products



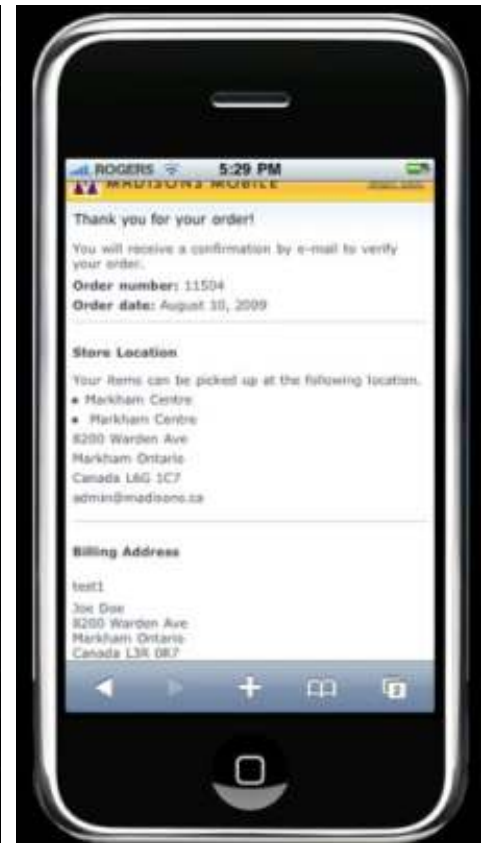
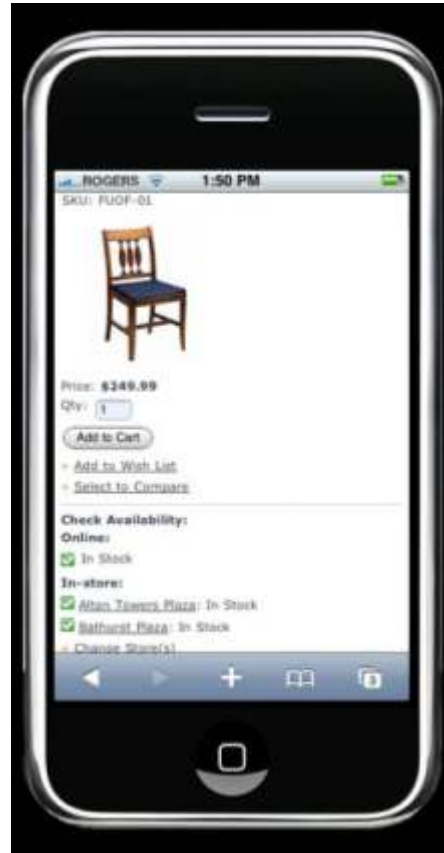
Add to Cart



Select Pickup Store & Checkout



View Order Confirmation





WC Mobile – Store Locator

- **Store location search by city or zipcode**
 - Directions from shopper's GPS location to selected store
- **GPS-based store search**
 - Show nearest stores based on shopper's GPS location
- **Store Information**
 - Store hours, address, and other information
 - Click to call the store associate

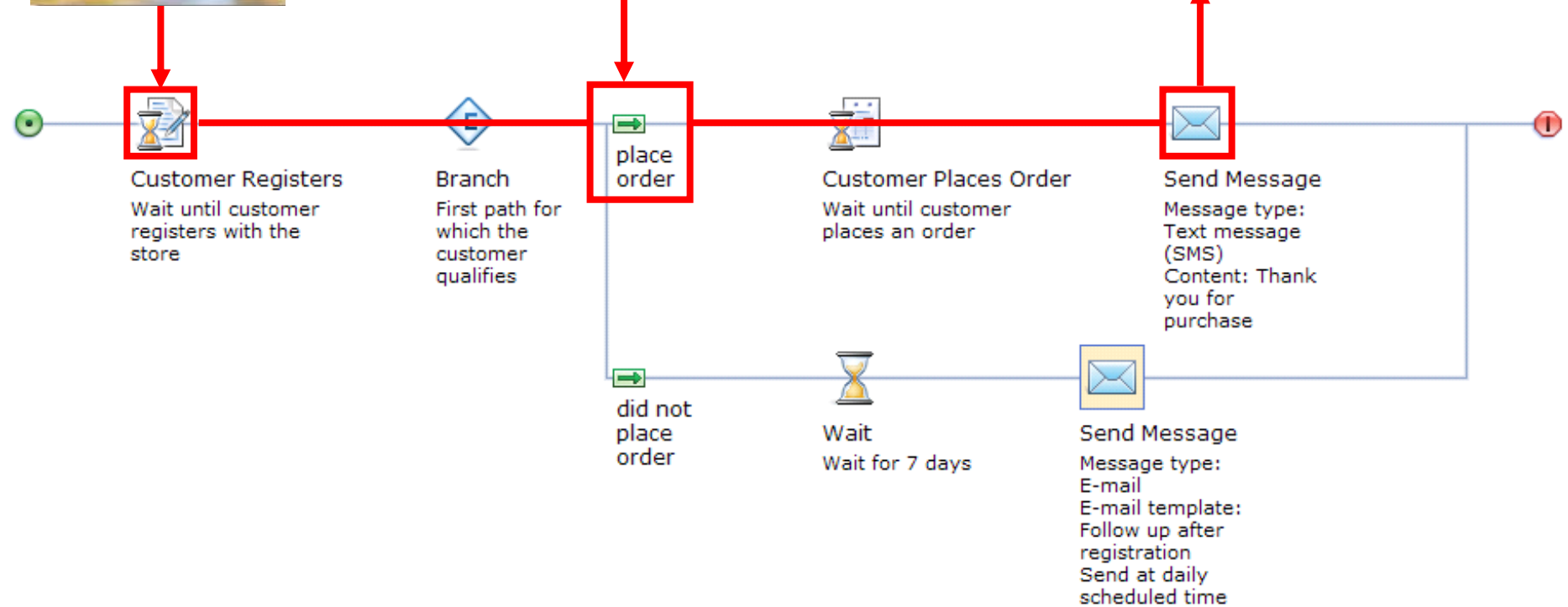


*Common API for 3rd party map service provider integration
(Google Map, MapQuest, Blackberry map etc.)*



Recognizing Mobility via Precision Marketing

Customer Registers

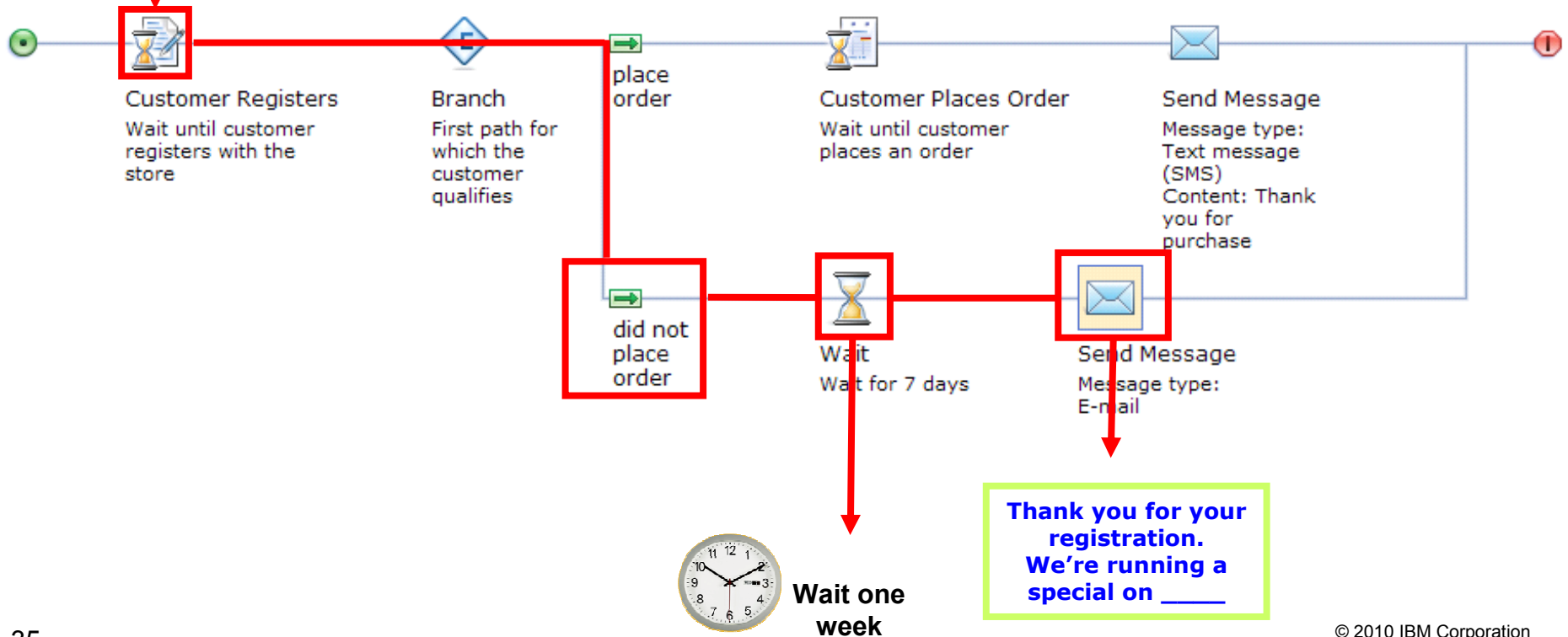




Recognizing Mobility via Precision Marketing



Customer Registers





WebSphere Commerce iPhone Application Sample



Rotational Marketing eSpots for promotional products

'More' to access additional functions (Search, Product Compare, My Account, ...)

Tap bar to access common functions (Home, Store Locator, WishList, Shopcart)



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Mobile Commerce Future

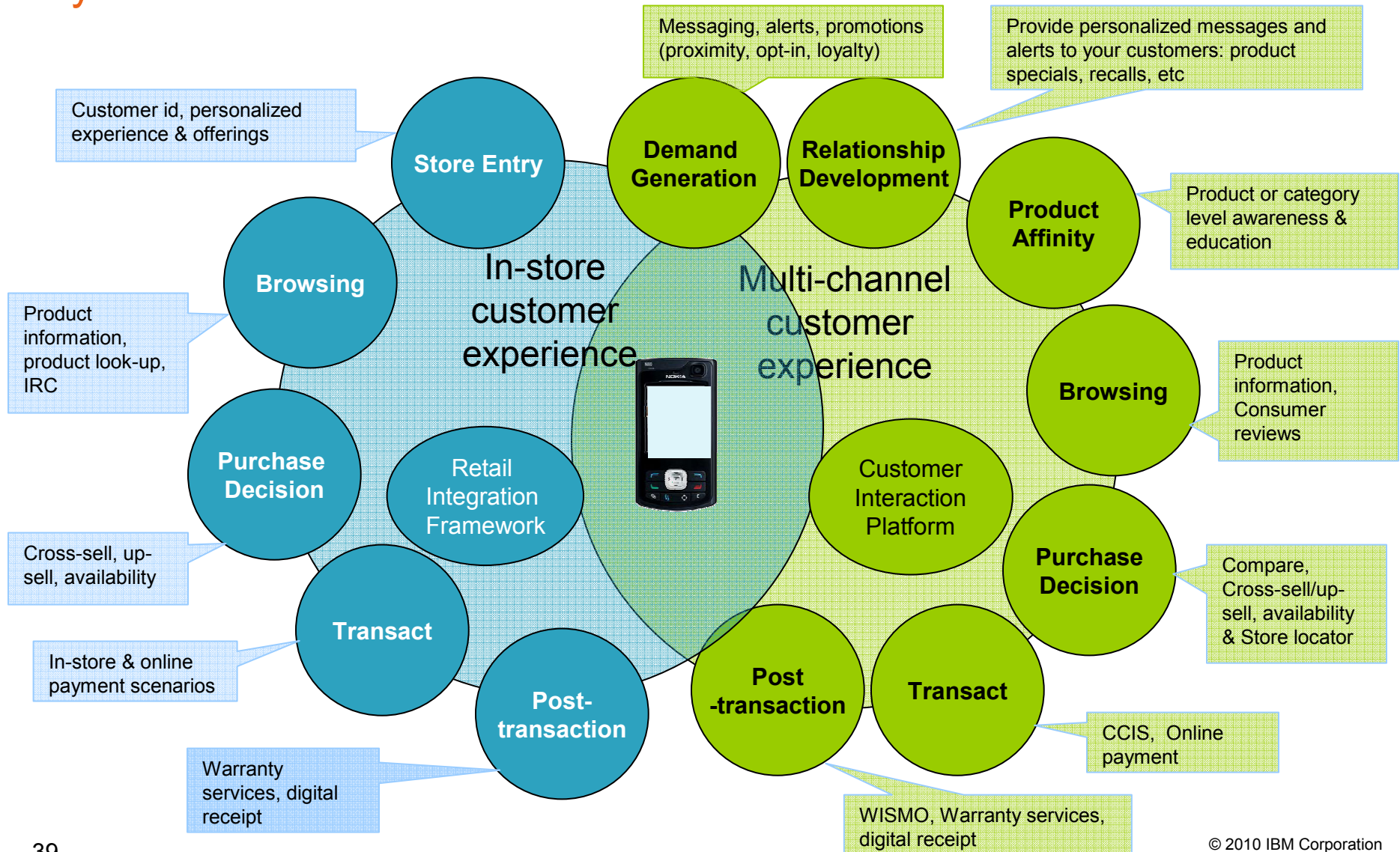
Mobile will develop into a ubiquitous platform for messaging, social networking, entertainment, shopping, and Web access

- **Reasons why mobile commerce will grow exponentially**
 - Ubiquitous wireless broadband
 - iPhone is everywhere
 - Android challenge
 - Affordable data plans
 - Mobile applications are broad and relevant to multichannel
 - Power of mobile lies in its ability to influence multichannel transactions
 - Today, smart phone buyers are early-adopters





A Superior Shopping Experience now Includes Mobile Commerce as Key Touch Point





Leveraging Smart Phone Features in Retail Scenarios





Recommendations

Mobile phones are always on and always with us. This makes them different ... makes them immediate and intimate

- Mobile will become more relevant by delivering timely targeted messages
- Brands will need to transition from **mobile connectivity** ... to **content** ... to **context**; to develop deeper relationship with customers and convert them into brand advocates
- Successful mobile experiences need to provide
 - **Sense of coherence** among multiple apparently disjointed channels
 - **Immediacy** by delivering timely information and services. The always-on aspect of mobile phones strengthen its immediacy
 - **Simplicity** in number of steps and time needed to complete a task
 - **Context** in the interaction by leveraging knowledge about web browsing behavior, purchase history, and location

Sources: Mobile Marketer. Mobile: Where cognitive anthropology meets marketing. Mar 16, 2010
The Convenience Quotient of Mobile Services. Forrester. Oct 19, 20109



Mobile and social commerce are increasingly woven into the social fabric through cross-channel connectivity

- **Increased connectivity**
- **Increased pervasiveness of content**
- **Increased integration across channels**
- **Increased collaboration**
- **Increased personalization**



شكرا

Arab

Gracias

Spanish

תודה רבה

Hebrew

感謝

Traditional Chinese

ଶୁକ୍ରିୟା

Hindu

Спасибо

Russian

Obrigado

Portuguese

Thank You

感謝

Chinese

Danke

German

ขอบคุณ

Thai

Grazie

Italian

Merci

French

தேவையு

Tamil

ありがとうございます

Japanese

고맙습니다

Korean