

# Point of View Mobile Retail

Approximately 41% of consumers aged 18-34 use mobile devices to complete purchases of products and services with varying frequencies. This is a substantial increase from the 23% in this same age group that indicated last year they are making mobile purchases at least four times a year. Even more significant, 62% of *smartphone* owners have bought physical goods from their smartphone devices in the last six months.



Mobile commerce is quickly becoming a viable retail channel, joining the brick-and-mortar store experience, catalog (call center) and internet. This idea could be a somewhat daunting thought for the retailer just now solidifying its online or ecommerce offering. Regardless the stage of development, all retailers must acknowledge that there is a new breed of shopper that navigates between all channels simultaneously.

## The Mobile Shopper

The emergence of the mobile phone gave users accessibility to one another regardless of the location. Today, along with its not so distant relatives the tablet computer and other handheld devices, mobile phones and their technology offer users not only the capability to interact with one another but also the ability to access information and tools that enhance shopping experiences.

Monthly Mobile Commerce Traffic <small>(Average of Sep – Nov 2010)</small>	Total Mobile Users		Smartphone Users
	Unique Monthly Visitors	Share of Users	
<b>Total Mobile Audience: age 13+</b>	<b>234,000,000</b>	<b>100%</b>	<b>100%</b>
Accessed online retail via app	3,952,000	1.7%	5.6%
Accessed online retail via site	8,632,000	3.7%	10.4%
Accessed almost everyday	2,120,000	0.9%	2.4%
Accessed at least once each week	3,853,000	1.6%	4.7%
Accessed 1-3 times a month	7,296,000	3.1%	8.6%

**Millions of mobile phone users are accessing mobile commerce sites and apps every day. 8,632,000 mobile phone users have accessed a mobile commerce web site. 3,952,000 have accessed a mobile shopping app.**

Source: comScore MobiLens

On average, 2.1M consumers go mobile shopping almost every day; a number that is comparable to an average specialty retailer's monthly catalog mailing. Additionally, 7.3M mobile phone users access mobile commerce sites and/or apps one to three times a month. This number represents 3.1% of the 234 million U.S. mobile phone users age 13 and up.

In 2010, mobile commerce revenues were approximately \$2.5B in the United States. By 2015, mobile commerce revenues in the U.S. are expected to reach \$23.8B, accounting for 20% of global mobile commerce revenues. This number takes only in to account the direct purchases made on a mobile device. In reality, shoppers are using their devices for much more.

## The Mobile Retail Experience

- Confused as to what brand he was supposed to pick up, a man stands in the laundry detergent aisle inspecting the colors and shapes in the hope of triggering a memory. He finally sends a text to his wife asking the name of the detergent. She responds by taking a picture of the empty container at home and sending it to her husband. The man makes his way to the checkout with the right brand, size and scent.
- Two college roommates are about to make their first major purchase together and have narrowed it down between two futons. One pulls out her cell phone and scans the barcode of each. She reads the customer reviews aloud to her roommate and finds a review written by another college student praising the ease of assembly for one of the futons they are considering. The reviewer mentions how much he paid for his futon and goes on to suggest retailers to scour for a bargain. Based on this review, they decide to purchase the recommended futon, but wait so they can look for a better deal.
- After using her phone to 'check-in' at a store, a shopper is rewarded with a 50% off coupon to use towards her favorite make-up, a store map directing her to its location and a list of suggested items she might be interested in purchasing. While in the store, she also uses her phone to access the list she created throughout the day to ensure all desired items end up in her shopping cart. When she is ready to checkout, she gives the cashier her phone to scan her loyalty card and 50% off coupon. Looking on her receipt she notices that she has collected 11 points this visit, which can be used towards a gift card.
- Before starting her errands for the day, a busy mom uses an app with GPS technology to check if the outdoor speakers she wants are in stock at any

surrounding retailers. She discovers that one retailer offers free shipping if she buys online. She is directed to the retailer’s mobile site from the app and buys the speakers along with a new patio set – avoiding traffic, lines and transporting the items herself.

- The day before his girlfriend’s birthday, a man flips through an apparel catalog. He uses his mobile phone to call the 1-800 number to ask for advice and to ensure that they can make his delivery deadline. They tell him not to worry and take his order and credit card information over the phone. Before hanging up, they email him a copy of his receipt. Later in the day, his phone buzzes with a text alerting him that the items have shipped.



Four out of five shoppers use their phone while shopping. This ratio and above scenarios extend the definition of mobile commerce much broader than simply making a transaction on a mobile device. Because of its close proximity in the pockets and handbags of customers, the mobile phone has become a readily used companion when making purchasing decisions. Consumers use their phones in a multitude of ways beyond its core function of making calls. For a retailer, there is no one-size-fits-all mobile retail plan; however, we offer basics tenets that retailers can adopt to help deliver a unique and valuable mobile channel.

## Mobile Retail Tenets

### 1. Mobile Optimization

If you have a website then there should also be an optimized mobile version. This goes beyond just duplicating existing web content. Mobile consumers have less time and are usually targeting something very specific. This translates into prioritizing the most important functions to your customer and putting those front and center, easy to find and navigate. A mobile phone’s screen is only 2” – 4” so only show essential information and make selecting links and inputting information

as user friendly as possible. Investing in platforms that support texting, mobile web and applications will set the foundation for a positive user experience.

## **2. Functionality and Differentiation**

As a retailer there are fundamental elements that should be included in any mobile app or site experience – store locator, product search and shopping cart. These are just the minimal expectations set by the customer. What used to be differentiators, such as barcode scanning and savable shopping lists, are quickly becoming the standard. Take the approach that your mobile commerce offering is a tool and provide the answer to why yours should be used over the rest.

## **3. Channel Integration**

By providing real-time synchronization between mobile and online wishlists and carts, retailers can decrease cart abandonment and increase conversion rates. Furthermore, providing an interactive in-store shopping experience keeps customers focused on a retailer's offering as opposed to that of their competitors'. For example, allow customers to scan barcodes in-store to access product reviews and ratings or offer a way for customers to communicate with customer service representatives through their mobile devices.

## **4. Consistent Brand Communication**

Retailers spend millions on branding and investing in brand equity. This key point should not be forgotten when developing a mobile commerce strategy; in this exciting arena, many times a retailer's brand is lost or misinterpreted. Think about the demographics of your customer and align mobile communications with existing messaging and expectations.

## **5. Get Social**

Friends and 'virtual strangers' drive transactions and retailers should offer an easy method of facilitating these relationships. Allow customers to share information through your mobile channel by allowing them to link to existing social networks or email product links and content from their mobile address book. Similarly, inform customers of your own social media presence and encourage them to them to interact with it.

## **6. Rapid Checkout**

Checking out on a mobile device should be faster and easier than any other channel because users are mobile and on the go. Develop ways for customers to checkout without reaching for their wallet whether through linking to services such as PayPal or existing online accounts. Most importantly reassure customers that their private and financial information will be kept safe and confidential.

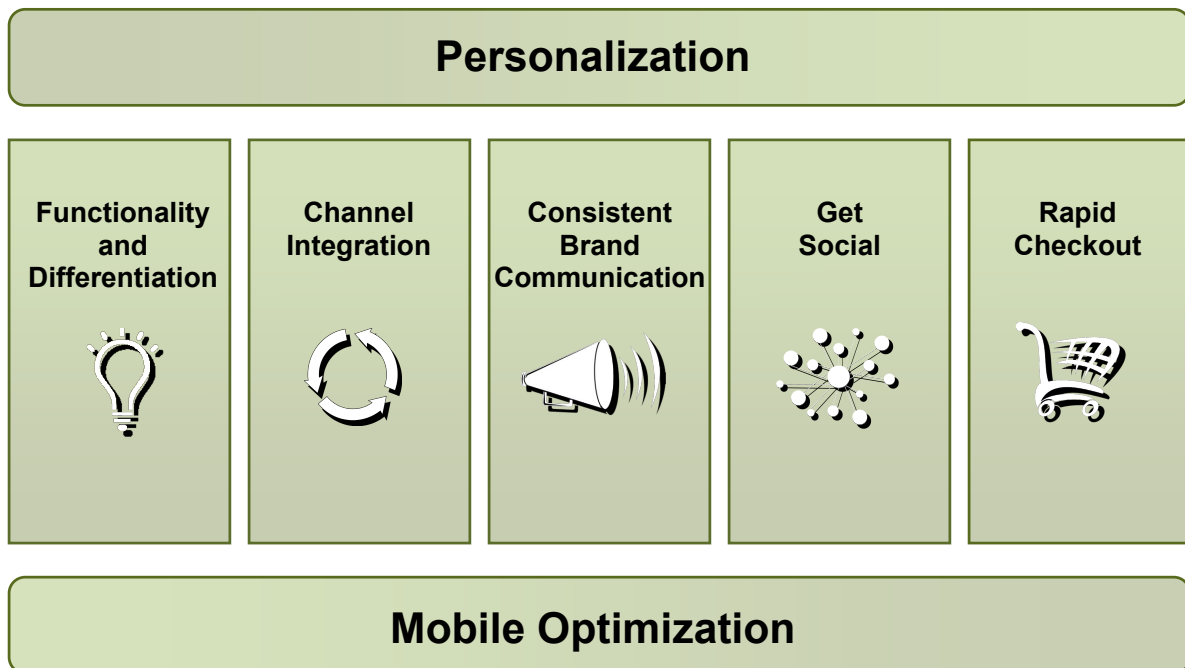
## **7. Personalization**

A strategy point of any mobile commerce strategy should be to build customer

loyalty, always keeping in mind repeat customers will spend more than new ones. One way is to provide personalized offers and recommendations, recent search history or a recently viewed items list based on items purchased or searched for in the past or collected interests data.

## Conclusion

Retail mobile commerce is an opportunity to build and cultivate customer relationships. As a high growth retail channel, we recommend retail executives benchmark their mobile retail capabilities and invest in the seven mobile retail tenets.



### The Parker Avery Group

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