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Report: 2014 Mobile Holiday Shopping Perform or Perish! Mobile Shopping on Track to Unseat In-Store Shopping



37%

Smartphone &
Tablet Owners

52%

Millennials

**WILL DO MORE HOLIDAY
SHOPPING VIA THEIR
DEVICES THAN IN STORES**

56%

Use smartphones &
tablets to search for
and/or buy gifts

42%

Will do MORE
shopping on their
smartphones & tablets
this year



mobile shoppers age 18 to 34

76%

Use smartphones &
tablets to search for
and/or buy gifts



↳ UP 10%

RETAILERS THAT IGNORE MOBILE PERFORMANCE DO SO AT THEIR OWN PERIL

The surge in mobile shopping for the holidays will reach the force of a tsunami this year, making the performance of retailers' mobile websites and native applications vital to bottom line success.

Dynatrace's annual research into the shopping plans of smartphone and tablet owners revealed new information that shows retailers are at a tipping point: PERFORM for mobile users, or PERISH at the hands of competitors.

Mobile shopping on Black Friday, Cyber Monday and the run up to Christmas will shatter prior levels, according to findings of an online survey conducted by Harris Poll on behalf of Dynatrace with more than 2,000 U.S. adults ages 18+, of whom 1,353 are smartphone and/or tablet owners. The survey indicates mobile shopping will occur inside the walls of brick and mortar stores.

This new research underscores how crucial it is for retailers to invest in and focus on mobile performance to remain competitive in a hyper-connected landscape that is changing before our eyes.

MOBILE SHOPPING SET TO SURPASS IN-STORE PURCHASES

The huge wave of mobile use is reshaping how retailers must prepare to succeed this holiday season. Thirty-seven percent of smartphone/tablet owners, and 52 percent of Millennials (adults age 18-34) say they will do MORE HOLIDAY SHOPPING THIS YEAR VIA THEIR SMARTPHONE AND/OR TABLET THAN THEY WILL THROUGH IN-STORE PURCHASES. These findings put the importance of mobile and native app performance in a new light; unless retailers can handle the mobile shopping onslaught, they will be left with empty shopping carts and dismal sales this year.

THE MOBILE MAJORITY

Mobile Shopping Will Have a Major Impact on Holiday Sales

The study reveals 56 percent of smartphone/tablet owners plan to use their devices to search for and/or buy gifts this holiday season. Strikingly, 42 percent say they will do MORE holiday shopping on their devices this year than last, indicating that mobile shopping records set last year will be smashed in the coming mobile storm.

80%
abandon a
mobile app
or website
if it is buggy



THREE SECOND RULE



46%
will shop elsewhere
if app or website
fails to load in
3 secs

IN-STORE SMARTPHONE AND TABLET USE

26% make purchases
via devices

53% compare
prices

47% read product
reviews

51% download
coupons



44%
air their
frustrations on
social media

MOBILE MILLENNIALS SKYROCKETING

Retailers Will Find Gen Y Shoppers on Devices, Not in Stores

In even greater numbers than last year, smartphone/tablet owners age 18 to 34 will be glued to devices at record levels. Seventy-six percent will use smartphones and/or tablets to find and buy gifts this holiday season, a full 10 percent higher than last year (66 percent). Not just that, 61 percent say they will do more holiday shopping this year via smartphone/tablet than last year. Retailers that care about Gen Y consumers must make sure their mobile strategies and performance are rock solid or they will be on shaky ground.

PATIENCE FOR POOR PERFORMANCE IS GONE

Consumers Will Abandon Sites, Move to Competitors in Droves

Patience shown in the past is disappearing, as nearly half of smartphone/tablet owners (46 percent) will shop elsewhere if a mobile site or app fails to load in three seconds or less, and once they are connected, a full 80 percent say they will abandon a mobile app or website if it is buggy, slow or prone to crashes and shop elsewhere. Last year, the "Three Second Rule" was a threshold for just 37 percent of smartphone/tablet owners, so it is clear that retailers should abandon hopes that shoppers will be forgiving – they won't be. The stakes couldn't be higher; retailers who don't have their act together will lose customers and sales.

MOBILE CHANGING IN-STORE SHOPPING FOREVER

One of Every Four Will Buy on Devices When Standing in Stores

A surprising 26 percent of smartphone/tablet owners say they will use their smartphones or tablets to make purchases even when they are in physical stores shopping for gifts – and the number surges to 41 percent for Millennials. Mobile devices are now integrated with the in-store shopping experience, and users will count on mobile sites and apps to help them decide if their gift ideas are up to snuff. Whether it's making purchases (26 percent), comparing prices (53 percent) and reading product reviews (47 percent) or downloading coupons (51 percent), the fact is that mobile shoppers will be clicking, swiping and buying as they peruse the aisles.

Omni-Channel Reaching New Levels

Traditional shopping is gone. No longer do consumers head to stores to see what deals or gift ideas they will trip over – their trip begins on mobile long before getting in their cars and driving to a mall. Mobile performance in the days leading up to shopping excursions is a critical part of today's omni-channel retail experience, as a majority of smartphone and/or tablet owners turn on their devices ahead of time before shopping in physical stores for holiday gifts to compare prices (60 percent), read product reviews (56 percent) and download coupons (54 percent).

SHOPPER FRUSTRATION WILL BE BROADCAST

Using social media to complain about poor online shopping experiences is becoming even more of a platform for disappointed smartphone/tablet owners. While Millennials are leading the way with 44 percent likely to jump on social media to air their frustrations, the rest aren't far behind – raising collateral damage to brand reputations to new levels.



59%

Millenials say they prefer using company-specific mobile apps

53%

of all smartphone & tablet owners will use company-specific apps downloaded from an app store



FOR MORE INFORMATION

on how Application Performance Management can make the difference between robust sales or empty shopping carts, visit: www.dynatrace.com

NATIVE APPS GO-TO CHOICE FOR CONSUMERS

The survey also revealed that 53 percent of smartphone/tablet owners – and 69 percent of Millennials – will use company-specific mobile applications on their smartphones/tablets this holiday season. These use levels reflect a significant increase over 2013, and indicate that a majority now prefer to this type of mobile application downloaded from an app store rather than company-specific websites when shopping on their smartphone/tablet. In fact, 45 percent of all smartphone and/or tablet owners, and 59 percent of Millennials say they prefer native/hybrid apps when shopping on their smartphone and/or tablet.

So, the demand for performance doesn't stop at a company's website, retailers need their native apps deliver superior shopping experiences, too. This makes complexity challenges worse as performance needs to be maintained across platforms created for scores of different devices. Providing user support can also be difficult with different shoppers on different versions of a native app.

THE BOTTOM LINE: THE MOBILE SHOPPING PERFORMANCE WARS ARE UPON US

The Dynatrace survey reaffirms the transformation mobile shopping is bringing to the retail world, as well as what is at stake for retailers – including abandoned transactions, loss of sales to competitors, complaints across social media that will damage brand reputations, and the influence mobile has on in-store shopping.

Retailers who don't prepare for the mobile holiday shopping storm do so at their own peril, and it doesn't end on December 25th. 2015 will bring a steady stream of "peak" shopping events – the Super Bowl, Valentine's Day, Easter, Mother's Day, Father's Day, and before we know it, Back to School. These will all be "win or lose" opportunities when mobile websites and apps will need to hold up under very heavy traffic. Organizations must have a plan to manage and maximize these vital shopping times.

SURVEY METHODOLOGY

This survey was conducted online within the United States by Harris Poll on behalf of Dynatrace from October 8-10, 2014 among 2,060 (of whom 1,353 are smartphone/tablet owners) and October 14-16, 2013 among 2,025 (of whom 1,191 are smartphone/tablet owners) U.S. adults and adults ages 18 and older. This online survey is not based on a probability sample and therefore no estimate of theoretical sampling error can be calculated. For complete survey methodology, including weighting variables, please contact Kayla Siefker at kayla.siefker@dynatrace.com.

Learn more at dynatrace.com