



The Role of Mobile in Retail Commerce

June 2013



Overview

Since June 2010, eDigitalResearch and Portaltech Reply have been tracking the growth and development of smartphone devices in mobile and retail commerce.

The first study sought to investigate the role smartphones were playing in shopper interaction with retailers and brands. The research established beyond all doubt that mobile was starting to play an increasingly important role in the way that consumers researched, browsed and shopped and was likely to have a big impact on retail markets in the years to come.

Nine months later in May 2011, and again in May 2012, eDigitalResearch and Portaltech Reply carried out a similar study to determine how smartphone use had changed and evolved. Results found that as predicted, the use of smartphones as a shopping and browsing channel was growing at an unprecedented rate.

Now in 2013, we've expanded the study to better understand the significance of this growth and how it is affecting consumer behaviour by looking at tablet device use, as well as the use of mobiles in store to aid high street and multichannel purchases.

We were interested in determining:

- Are consumers continuing to embrace mobile at an unprecedented rate?
- How has mobile use changed and evolved since the early days of mCommerce? How does it continue to change?
- What are the key, influential features for consumers that mobile web and app developers should be aware of? Do these differ for smartphone and tablet owners?
- For retailers and brands, what are the key opportunities to utilise mobile technology and improve customer engagement, loyalty and sales?

Background

The research was conducted via an online survey which was emailed to an external panel provider to a nationally representative sample between 16th – 17th April 2013. 1,011 responses were collected in total; 684 by smartphone owners and 327 from those consumers with an 'ordinary' phone without smartphone functionality.

Aims of the research

The purpose of the research was to look at the role of mobile in the shopping experience from a consumer perspective.

The key objectives were:

- To gain an in-depth understanding of consumer behaviour when browsing and shopping across multiple channels.
- To look at how consumers are currently engaging with their mobile devices and how this is changing.
- To determine the role and opportunity for mobile in retail commerce.
- To establish the future role and applications of mobile as a commerce, marketing and communication tool for retailers and brands.

Key Findings

As predicted 12 months ago from the previous set of results, the rate of change is beginning to slow after three years of unprecedented growth. Figures suggest that the number of consumers using their smartphones for shopping and browsing purposes has increased only slightly year on year. However, a larger percentage of mobile shoppers are using their smartphone devices to make a purchase on a more regular basis, as well as increasingly using their mobiles in-store to aid their high street purchase decisions, suggesting that mobile use is becoming a key component of people's overall shopping experiences.

- 85% of those smartphone owners surveyed are using their mobile to browse for products, a figure that has practically tripled from 29% in 2010.
- Two thirds (66%) of smartphone owners are purchasing products direct from their mobiles, up from 64% this time last year. This figure has more than doubled since 2010.
- Almost one third (32%) of mobile shoppers are purchasing items on a weekly basis, a number which has almost doubled from this time last year. An additional 25% of shoppers are shopping on a monthly basis.
- 68% of smartphone owners have used their mobile to browse, shop or find product information when out shopping, a number which has grown from 36% in the past 12 months.
- Shopping is one of the most popular tablet related activities. 90% of tablet owners have used their device to browse websites, whilst 79% have made a purchase.
- There still appears to be a preference for making a purchase through a mobile site rather than an app although results suggest that frequent and engaged purchasers will tend to use a mobile app rather than a mobile site to buy products.
- Smartphones are the least rated device for browsing and shopping purposes when compared to laptops, desktops or tablet computers.

Use of mobile devices

It was clear from last year's report that smartphones are now an essential lifestyle accessory and communication tool. What these latest results suggest, however, is that mobile is continuing to play an even bigger role in people's everyday lives, especially those consumers who use their device as a shopping channel.

Unsurprisingly texting is now the most popular daily activity, with 67% of smartphone owners reporting that they do this on a daily basis. However, there appears to be a drop in the number of smartphone owners using their device to make phone calls on a consistent basis (daily use of call functions has dropped from 62% to 53%) and suggests that people are continuing to move away from using their mobiles for basic and traditional 'phone' functions and more towards using it as a portable internet connected device.

Perhaps the biggest indicator of this change comes from the fact that browsing websites on a daily basis has become almost as popular as social networking with friends and family. Social networking has always been a popular activity with smartphone owners; 35% report to use their mobile for social networking on a daily basis, whilst 30% claim to browse websites in general every day, demonstrating just how common place internet related mobile activities are becoming for all smartphone owners.

Two thirds (66%) of smartphone owners have used their device to shop, up from 64% this time last year. However, almost one third (32%) are now making mobile purchases on a weekly basis, whilst an additional 25% are buying items on their phone every month, a growth of 14% and 5% respectively year on year.

85% have used their smartphone to browse for products, an increase of just 1% year on year. However, 76% report to have used their smartphone to browse for products that they wanted to buy, with 26% doing so on a weekly basis. This suggests that the majority of smartphone browsers will research from their phone with some intent of making a purchase; whether that's immediately online via their smartphone or at a later date in a high street store. It is therefore essential that retailers and brands ensure that they have an easy-to-use, mobile optimised site that will encourage consumers to potentially take the next step down the purchase journey.

For the first time, the research also looked into the shopping and browsing preferences of tablet owners. On average, tablet device owners are much more engaged with shopping activities than their smartphone counterparts. The results show that shopping is one of the most

popular tablet related tasks. 90% of tablet owners have used their device to browse websites, whilst 79% have made a purchase using their device. As recent trends towards prominent retailers and brands optimising websites for tablet use by modifying their website layout and design continue to develop, it is likely that this number will only increase.

With that in mind, it is not a surprise perhaps that smartphones are the least rated device for browsing and shopping. Of those surveyed that use a PC or laptop, smartphone and tablet on a regular basis, smartphone devices were ranked as their the worst internet connected device to make a purchase from, demonstrating that mobile web and app developers still have some innovative changes to make to help increase confidence in the channel.

Mobile sites vs. Mobile app

Yet again, this latest report shows that there is still a preference towards users shopping via a mobile site compared to a mobile app. Of those surveyed, 48% have made a purchase on a mobile site, compared to 41% who have made a purchase through a mobile app.

However, further analysis suggests that frequent shoppers (those making a purchase every week) are more inclined to use a mobile app to make a purchase. If a consumer is making retail purchases on a weekly basis, then it is likely that they are going to be big advocates of certain brands and very engaged with the retail industry in general. They are therefore going to have a selection of retail mobile apps downloaded onto their smartphones, offering them easy access to mobile product catalogues and their account details (especially if they are registered users) helping them to make swift mobile purchases.

Previous research into mobile browsing and buying behaviour also suggested that smartphone owners who download and purchase through retail apps are often more engaged with brands. Retailers and brands should bear this in mind when constructing their mobile strategies, incorporating features such as regular push messages to app users, encouraging brand advocates to make more purchases via their phone.

Technology In Store

It is extremely clear from this latest set of results that mobile devices are playing a bigger part in consumer shopping journeys and are starting to have a bigger influence on purchases made in store.

Of those smartphone owners surveyed, 68% have used their device to browse, shop or find product information when out shopping (with almost a quarter doing so on a regular basis), a figure which has grown from 36% in the past 12 months. With more and more retailers, high street stores and shopping centres integrating wifi access up and down the country, these growth figures are hardly surprising. However, the most popular place to browse and buy from a mobile is still in the home; 78% use their devices to browse, shop or find product information inside their home, with 29% reportedly doing so on a weekly basis.

Unsurprisingly, given the bigger dimensions and bulkier weight of a tablet, the majority of tablet device users do their browsing and buying from the home. Less than half (41%) have ever used their tablet in a store environment. However, tablet owners are making more purchases more frequently; 35% reportedly do so on a daily basis compared to just 29% of smartphone owners who do the same.

Of those smartphone owners that have already used their device whilst out shopping, 47% used it to browse the internet, whilst 31% reportedly used it to pass the time. Just one in five (20%) said that they have used their mobile to make a purchase in store (and that isn't necessarily from a competitor), suggesting that the introduction of technology in store allows retailers to further engage with their customers and even enhance their in store shopping experiences. Offering free wifi access, customised in store landing pages and QR codes for further product information (such as catwalk videos) are just some of the initiatives that some multichannel retailers are providing their in store mobile customers in an effort to better engage with them, improve overall customer experiences and strengthen relationships.

As smartphones continue to become a bigger part of people's everyday lives, it is likely that smartphone use in store will continue to grow. However, results suggest that this growth will rely heavily on in store internet access. When asked if data charges would ever prevent smartphone owners from using their mobile in store if free wifi was not available, 37% said yes, whilst 64% said that they would be more inclined to use their mobile if free wifi was available.

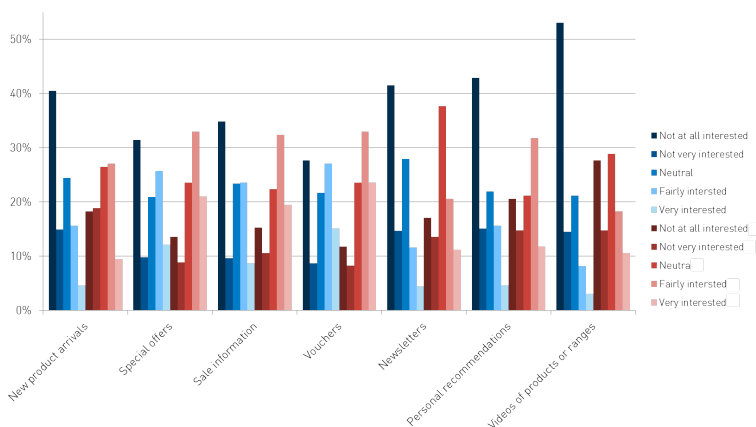
Some retailers are sceptical of free internet access for their customers, worried it will lead to competitors directly stepping into their store in the pockets of even their most loyal customers. But it is important to remember that this latest research highlights that the majority of in store mobile users are using their smartphones for browsing purposes, not making a purchase. Therefore, browsing in store should be made as easy and as simple as browsing at home and include in store initiatives to support mobile use, especially as almost one third (32%) feel that retailers do not currently back the use of mobile in store to aid their purchase decisions.

Smartphone and mCommerce opportunities for retailers

The ability to connect with your customers before they have stepped inside a store or logged onto a website presents a massive opportunity for retailers.

As with last year's results, it appears that smartphone users are more concerned with special offers and money saving initiatives rather than other information. When asked what sort of information smartphone owners would be interested in receiving, 17% of respondents said they would be 'very interested' in receiving vouchers sent to their phone. This figure is down from 25% who said the same this time last year, perhaps suggesting that voucher deals need to be tailored for different audiences.

However, when looking directly at those users who shop via a mobile site or app on a weekly or monthly basis, 29% of respondents would be 'very interested' in getting retail vouchers sent directly to their phone, and another 32% would be 'fairly interested'. This clearly demonstrates that retailers should not adopt a 'one size fits all' solution for smartphone users. Instead, retailers and brands should take the time to understand their own mobile customers in order to target the correct type of information to the correct type of customers.

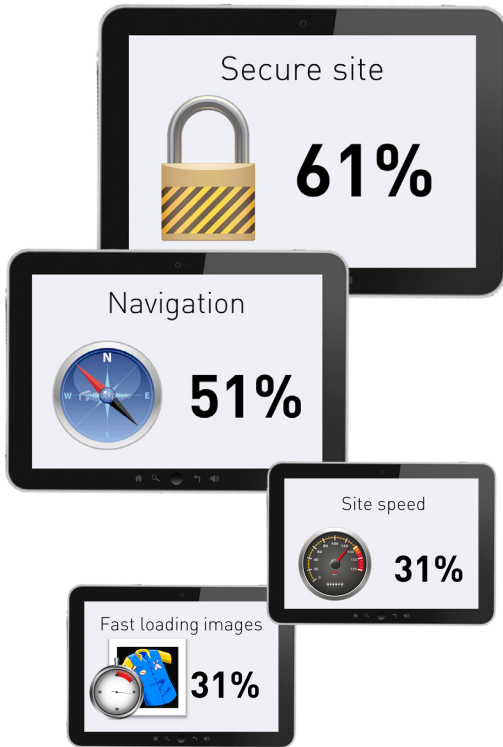


Similarly, 26% of smartphone owners are happy to receive personalised notifications, offers or recommendations when entering a store. Another 16% of owners said that it depended on the brand. Again however, this figure doubles to 50% who are happy to receive information when entering store for those shoppers who make weekly or monthly purchases from their mobiles. 53% of regular mobile purchases would also be willing to receive personalised information from retailers

Information that smartphone owners are willing to receive direct to their devices from retailers compared with information that frequent smartphone shoppers are willing to receive direct to their devices from retailers.

when at home (24% for all smartphone owners) and highlights just how important it is to understand retail customers and tailor engagement strategies based on buying habits and other demographic data.

Key features to consider on a tablet



Knowing where your customers are and targeting them with specific or bespoke messages is a fantastic way for retailers to increase footfall into their high street outlets. However, it is important to remember that if you are going to entice customers to set foot in your stores with mobile messages, then stores should be readily optimised to allow users to take full advantage of their smartphone technology.

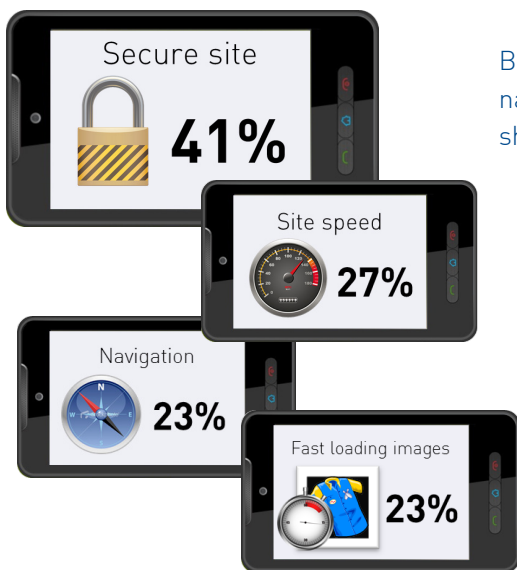
Key features to consider

We asked both smartphone and tablet owners what key features they are keen to see on mobile sites and apps when shopping and browsing from their devices. Interestingly, both sets of consumers cited similar features that they feel are 'very important' when browsing and buying from retail sites.

61% of tablet owners said a secure site was 'very important' to them when they are browsing and buying, whilst 41% of smartphone owners said the same. Interestingly, we also asked smartphone owners what mobile site and app features are key to them when they are using their devices whilst out shopping. 53% said that a secure site was 'very important' and suggests that as mobiles start to enter shopping journeys that are taking place outside the home, it is imperative that retailers ensure that their sites, as well as public internet connections, are safe and secure. Security could clearly become a potential barrier to purchases in some situations if clear messages and symbols are not displayed.

Both smartphone and tablet device owners also feel that speed, navigation and fast loading images are fundamentally important when shopping and browsing on the move. As with previous results, consumers have rated branding and design as less influential and suggests that once again, smartphone customers still rate functionality and usability over look and design, a key insight for all mobile app and site developers, as well as a vital consideration for retailers and brands to bear in mind.

Key features to consider on a smartphone



Conclusion

As predicated 12 months ago, after a huge uptake of mobile as a shopping and browsing channel by consumers in the past few years, the rate of change across the mCommerce revolution is beginning to slow.

However, what this latest study shows is that consumers are now taking to their smartphones on a more regular basis to shop and browse, as well as using their mobiles more in shopping journey's that take place outside the home.

mCommerce is now a daily or weekly occurrence for almost half of all smartphone shoppers. As the rate of uptake continues to slow, we would expect the frequency of purchases made on the move to increase.

About eDigitalResearch

eDigitalResearch are insight specialists with an expertise in multichannel touch points. We help businesses to grow by providing bespoke insight programmes designed with passionate researchers, technical specialists and graphic designers all under one roof. We work closely with clients to deliver a range of insight solutions including Customer Experience Management, Voice of the Customer feedback and Multichannel consumer insight.

eDigitalResearch not only offer digital research expertise and insight support, but innovative technology that works seamlessly with your data and systems, allowing us to offer flexible partnership options and creating an insight solution that fits your business needs.

About Portaltech Reply

Portaltech Reply is the leading hybrid Partner with offices in London, Seattle, Milan and Dusseldorf. The company holds Platinum Elite Status and is Global Partner of the Year 2013, 2012 and 2010 with over 30 major hybrid projects to its name. Portaltech Reply offers an end to end set of products and services for multi-channel commerce including consulting, commerce platform implementation and integration, mobile and digital design, SaaS and on-premise warehouse management, proximity marketing, mobile payments and Cloud based hosting on the Amazon platform wrapped in a full managed service from one single supplier. Portaltech Reply clients include British American Tobacco, Bunzl Group, Costco Wholesale, Delhaize Group, Iceland Foods, Monsoon & Accessorize, Office Shoes, O2, Phones 4u and TUI Travel.



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