Moving ahead with mobile

BY SUSAN REDA ON APRIL 10, 2017

Recruits, prospects, Olympic hopefuls — they are the future of sports. Mobile apps, mobile websites, mobile payments — these are the future of retail.

Much like a prospective athlete, mobile is putting up some impressive numbers early in the game. Exactly when it will hit its stride, surpassing sales on desktop and carving a deeper notch in overall retail sales, remains unknown; based on recent stats, though, the timetable appears imminent.

Case in point: Holiday 2016. Adobe Digital Insights reports mobile sales increased 23 percent year over year, accounting for $28.4 billion of the $91.7 billion tallied in online sales. Black Friday was the first day in retail history to break $1 billion in mobile revenue; mobile drove $1.2 billion of sales that day — an increase of 33 percent compared with 2015. On Cyber Monday, mobile generated $1.1 billion in sales, a 34 percent increase year over year.

Retailers are getting the message loud and clear. More than half of those surveyed for the latest State of Retailing Online study — 54 percent — listed mobile commerce among their top three initiatives for 2017. The report, released by NRF and Forrester, also found that m-commerce sales — sales made through the use of a mobile device — increased 65 percent over last year; 47 percent of online traffic came from smartphones, and 30 percent of online sales were made using a smartphone.

Performance marketing technology company Criteo recently reported that some retailers are seeing 47 to 54 percent of their mobile transactions generated from apps. Admittedly, that sort of lift is tied to specialized app capabilities such as home screen presence, instant loading, offline content, personalization and native functionality. Still, it suggests what’s possible.

Consumers are enamored with mobile; for most a smartphone is never more than six inches from their hand and they’re becoming increasingly comfortable with m-commerce.

Likewise, retailers say doubling down on mobile investments is at or near the top of their list of priorities as they map out a mobile-first strategy. So where will they focus their attention in the coming months?

STORES talked with a handful of mobile insiders to get their perspective on where retailers should be focusing their energy and capital throughout 2017 — and why.

Connecting through data

Matt Asay, vice president of mobile for Adobe Marketing Cloud, expects retailers to become more savvy about using data analytics to connect the mobile web and mobile app experiences in more intelligent ways.
“They’re recognizing that the mobile web experience is their top-of-the-funnel experience and their mobile app is their bottom-of-the-funnel experience,” he says. “It’s imperative that they separate the two and deliver different, yet relevant experiences.”

Asay insists there’s no one-size-fits-all strategy. “Retailers need to be more thoughtful about segmenting their mobile shoppers and using what they’re learning to blend the experiences through deep linking,” he says.

He is also looking for retailers to invest in macro-location tools. Early on, “location” referred to geolocation which prompted a push notification, or the use of in-store beacons to track a shopper. Macro-location helps retailers understand consumer behavior and then influence it.

“It gives retailers a more sophisticated way of blending physical and digital experiences,” Asay says. “It gets to the heart of understanding who the customer is across physical and digital domains.”

Asay contends that retailers also need to allot a portion of mobile investment toward improving shopping cart navigation and integrating payment technology.

“During the regular retail season, 26 percent of desktop carts result in an order,” he says. “The percentage drops to 16 percent on smartphones. … Entering credit card information on mobile is where the biggest drop-off occurs in the ordering process. If I’m trying to buy something on my phone and I have to enter credit card information, shipping address, et cetera, there’s a strong chance I’ll abandon that cart. Retailers have to remove the complexity and the friction.”

**Why and how**

Recalling Google co-founder Larry Page’s axiom that it’s “not a mobile-first world anymore — it’s mobile-only,” Google’s head of industry and branded apparel Thomas Wykes-Sneyd says mobile is becoming a flagship store in terms of the way consumers are experiencing retail brands.

As Wykes-Sneyd works with brands to shape their mobile strategy, there are three areas he concentrates on: understanding the consumer, mobile measurement and improving the site experience.

“Retailers need to explore why shoppers come to their site using mobile and how they can understand more about them,” he says. “That might require investing in customer relationship management, including an analytics package.”

“We talk a lot about the ‘attention economy,’ referring to the value consumers expect for their attention. Are retailers providing value and are they making the experience frictionless?” he says. Wykes-Sneyd also recommends taking a closer look at whether retailers are creating data segments to better target mobile shoppers and to refine their dialogue about a better value exchange.

Mobile measurement is especially difficult in part because there tend to be gaps in the path to purchase using mobile. Wykes-Sneyd works with retailers to eliminate the blind spots in the journey and to understand the movement between channels.

“We want to understand more precisely how to drive profitable transactions. Mobile search is a significant driver of footfall, however connecting mobile interactions with physical store sales is
Mobile commerce is currently being measured by the same metrics as digital commerce, but conversion and return on investment may actually not be the best metrics,” he says.

As retailers struggle to refine their strategy and determine how bold to be in mobile, Wykes-Sneyd insists that the site experience — specifically site speed — should be paramount.

“They have to ensure a frictionless experience and speed is vital,” he says. “The goal is for the site to load in one second. That’s quick — and it’s both difficult and expensive to achieve — but there’s a direct correlation between site speed and consumer bounce. Site experience drives the bottom line.”

Data published in late February bears that out. Google/SOASTA research finds that as page load time goes from one second to three seconds the probability of bounce increases 32 percent. From one second to five seconds the probability of bounce increases to 90 percent. From one to six seconds the bounce rate increases to 106 percent, and from one to 10 seconds it climbs to 123 percent.

**Payment initiatives**

Kate Atty, vice president of marketing at Clutch, expects retailers to concentrate mobile investments on technologies that allow them to integrate customer data from multiple platforms to improve mobile segmentation and mobile marketing.

“Retailers are talking to us about the desire to put data into action. The way customers shop on mobile is very different from how they shop on desktop,” Atty says. “Right now, mobile is still a more passive experience. There’s a lot of browsing. Still, retailers are looking at ways to change the experience, to do product recommendations and to send out more targeted messages based on informing decision-making with data.”

Atty anticipates retailers will pursue initiatives related to mobile payments. Citing the need to optimize commerce on a mobile device, she notes that integrating payment into a mobile website or mobile app goes a long way toward customer retention and customer loyalty.

“It’s about taking the shopping journey from start to finish exclusively on mobile, and the easier it is for the shopper to complete a transaction, the more commerce we will see shift to mobile,” she says, noting the importance of bundling loyalty rewards into a retailer’s mobile web and mobile app platforms. “The more convenient it is, the higher the rate of adoption.”

Looking ahead, Atty stresses the importance of focusing attention on projects that augment customer retention. Just a few years ago, retailers were concentrating on acquisition — getting shoppers to sign up, download an app, like, visit — but it didn’t go much beyond.

Today the shift is toward using data to support mobile customer retention and add value to the experience. Retailers are working with partners to find insights in the data they’ve captured and to move beyond acquisition to building relationships with lifecycle marketing.

**Creating consistency**

Retailers must challenge the inherent definition of what it means to be mobile, says Healey Cypher, founder and CEO of Oak Labs.
“Humans are mobile. Mobile phones are small devices we carry with us,” he says. “Storytelling requires understanding your customer and meeting her where she is, on the device she’s chosen. Mobility is about creating a consistent experience across all different form factors. We’re not there yet, and retailers need to invest in the right shared service to achieve mobile modality.

“Consumers are looking for experience parity — not feature parity,” he says. “That experience doesn’t have to be the same, but it has to be equally seamless.”

In line with that thinking, Cypher feels that if retailers are not focusing attention on deploying seamless payments, they’re in trouble. He cites the success of Apple Pay on mobile, particularly over the last year, noting that conversion rates are “through the roof. The whole narrative about reducing friction and making shopping easier has never been more important than it is now.”

Focusing on a handful of customer journeys makes more sense, he says, than “trying to boil the ocean.”

Lastly, Cypher believes more attention needs to be focused on how to engage shoppers when they’re shopping in a physical store. Sending someone a notification when they enter a store is not good use of the technology, he says — and if a retailer dares to send a notification while someone is in the store, the chance of the consumer deleting the brand’s app jumps 300 percent.

“What retailers should be focused on is creating an experience that complements in-store shopping,” he says. “Again, it’s about building the foundation with a common service layer that makes the experience complementary across different channels.”

Oak Labs has developed a connected mirror that allows consumers in the fitting room to tap the screen and receive information relevant to their shopping journey.

“It shows the consumer what they’ve tried on in the past, what they’ve saved and so on,” he says. “We’re delivering information based on previous browsing behavior and purchases that can help them to make better decisions on the spot. It doesn’t force the consumer to put their head down and look at this small screen form factor. It gives the retailers the opportunity to blend the best of both channels to create a shopping experience that has greater value. That’s where the experience parity is real.

“And the numbers back it up: Customers have been spending 59 percent more money with the mirror over the last 12 months.”