

# Smart thinking on smartphones

Retail Week's Mobile Retail 2014 report provides crucial insights. This executive summary gives an overview of the full research

**A**s smartphones and tablets continue to revolutionise shopper behaviour *Retail Week*, in association with the Omnicore Group, has produced a report that unearths what retail leaders really think about the impact of mobile on their present and future strategies.

## The mobile retail market

- Technological progress spawns huge growth in mobile retailing
- Sales through mobile and tablet were up 138% in 2013
- Mobile and tablet account for around 30% of online retail sales
- Retailers forecast more m-commerce growth for the coming year
- A new consumer survey confirms consumers are using phones more for shopping than in 2010
- Mobile investment is hard to quantify as it pervades so many areas of a retail business
- Adapting or replacing legacy systems in response to mobile growth is a key challenge
- Pace of change is a major challenge when developing a mobile retail strategy

Technological progress has fostered huge growth in mobile retailing, with sales through mobiles and tablets rising by 138% in 2013. Sales through mobile devices now account for around 30% of the total online retail market, and retailers expect that percentage to grow in the coming year.

New consumer research reveals 47% of consumers have used a mobile phone to browse and 27% have used it to make a purchase, compared with 8% in a similar survey in 2010.

Adapting or replacing legacy systems in response to the technological requirements of mobile retailing is seen as one of the biggest challenges facing retailers, and is costly in terms of investment. The pace of change in mobile retailing is identified as

**"MOBILE  
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another major challenge when developing a mobile retail strategy.

## Engaging with the mobile consumer

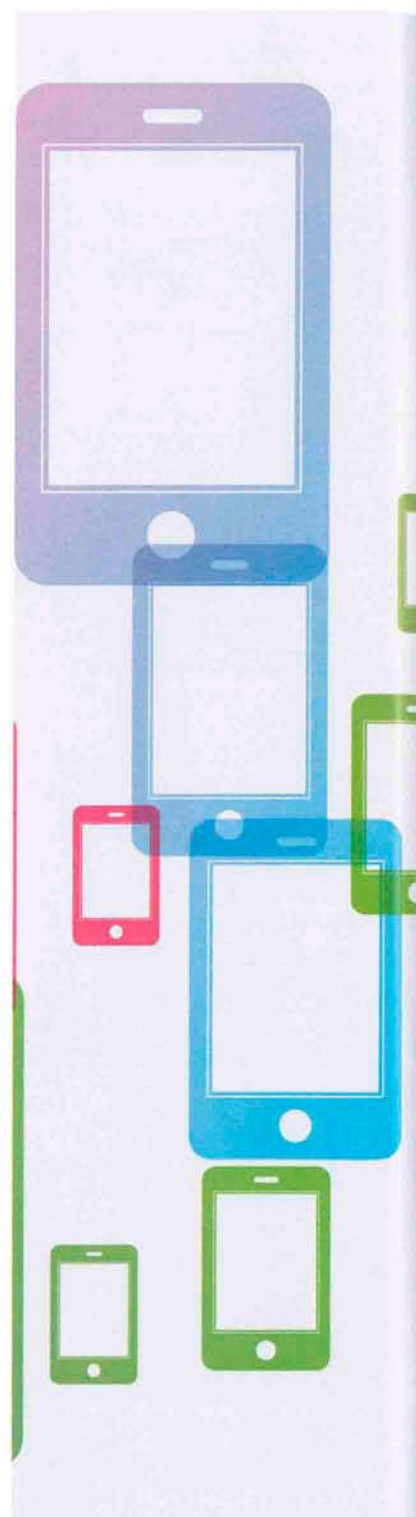
- Mobile plays a crucial role in omnichannel retailing
- Shopping by mobile is generally thought to boost customer loyalty
- Convenience is key to consumers' growing love of mobile
- Mobile fosters a personal connection with customers
- There is potential for integrating mobile with loyalty schemes and social media

Mobile has a crucial role to play in omnichannel retailing, being described by some retailers as the "glue" or the "bridge" that holds the omnichannel idea together. The growth in mobile is also widely believed by retailers to have boosted consumer loyalty, though some of the retailers feel that its primary benefit for consumers is convenience, and it is this that encourages greater fidelity from customers.

Retailers also stress that mobile fosters a personal connection with their customers and see significant potential for integrating mobile retailing with loyalty schemes and social media.

## The consumer view of mobile retailing

- 47% of consumers have used phones to browse a retailer's site
- 27% of consumers have used phones to buy from a retailer's site
- There has been a substantial increase in the percentage of consumers shopping by phone since 2010
- Comparing prices in store is seen as an important use for a phone by consumers
- Books, CDs and DVDs are the main category for mobile shopping, followed by fashion
- Amazon tops the charts as the most popular retail destination



A consumer survey conducted for the report reveals that 47% of consumers have used phones to browse a retailer's website, while 27% of consumers have used phones to buy a product. These figures represent a substantial increase from the findings of research commissioned by *Retail Week* in 2010.

Comparing prices in store has been seen as an important use for their phones by consumers since the early days of mobile retailing and continues





- Mobiles are frequently used by consumers to compare prices in store
- Concerns that mobile usage fuels 'showrooming' are played down
- Store wi-fi for customers is viewed as important by retailers
- Mobiles are used for customer service and queue-busting innovations in store
- In-store positioning and geolocation technology offers marketing and customer service benefits

Retailers are increasingly looking to use mobile technology to enhance the in-store experience.

Mobiles have always been used by consumers to compare prices in store and retailers play down the idea that growth in mobile retailing has fuelled the 'showrooming' trend. Rather, they are seeking to take advantage of the fact that consumers are using their phones to research while in store by marketing to them. For this reason, in-store wi-fi for customers is viewed as important by retailers.

Mobiles and particularly tablets are increasingly being used by store staff for customer service and queue-busting innovations. Meanwhile, retailers believe in-store positioning and geolocation technology offer marketing and customer service benefits.

#### Optimising the mobile interaction

- Poorly optimised websites are a barrier to consumer engagement
- Challenges remain in designing retailer websites for mobile use
- Consumers view product search as the most important function
- Comparing prices and payment are also key functions for consumers
- Retailers see ease of navigation as a critical attribute for mobile websites
- Some retailers question consumer interest in apps

All the retailers believe poorly optimised websites represent a significant barrier to consumer engagement in m-commerce. Challenges remain in designing retailer websites for mobile use, with the diversity of devices and operating systems being used seen as a particular difficulty to overcome.

For consumers, product search is seen as the most important feature that a retailer website should offer, while comparing prices and payment are also valued functions for consumers. The majority of retailers, meanwhile, see ease of navigation as the critical attribute that epitomises a top mobile website.

Some retailers question the level of consumer interest in apps, and the consumer research shows a significant drop-off between the numbers of consumers visiting retailer websites and using apps.

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#### Proceed to checkout

- Consumers are more prepared to browse than buy using their mobiles
- Younger consumers are more likely to complete purchases using a phone
- Ease and speed of payment is the main issue but security is still a concern for some shoppers
- A plethora of payment innovations are confusing consumers, say retailers
- Some retailers feel consumers do not see benefits of new payment innovations
- A winning solution to mobile payment is likely to come from the banking sector rather than retail

Consumers are more prepared to browse than buy using their mobiles, and younger consumers are more likely to complete purchases using a phone.

Retailers believe ease and speed of payment are the main issue but some say security is still a concern for some shoppers.

There is a unanimous view among the retailers that the plethora of payment innovations currently available is confusing consumers. However, some believe that consumers do not recognise the benefits new and faster payment solutions might bring, and are happy with the status quo.

Retailers believe a universal faster payment system would soon become widely used and valued by consumers. There is a prevailing feeling that the desired uniform solution to the mobile payment issue is more likely to come from the banking sector than be generated collectively by retailers.

#### FREE TO SUBSCRIBERS

The Mobile Retail 2014 report is free to Retail Week subscribers.

It will be available to download from March 20 at [retail-week.com](http://retail-week.com)



to be a valued function. The research shows that books, CDs and DVDs represent the largest category for mobile shoppers, followed by fashion, electricals, health and beauty, grocery and homewares. Amazon heads the rankings as the most popular retail destination.

#### Mobile in store

- Retailers are trying to use mobile to enhance the in-store experience

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