

Browsing to buying: completing the mobile journey



When Argos revealed it had smashed through the elusive £1bn m-commerce sales barrier this summer, it wasn't just a big moment for the retailer.

Across the industry, eyebrows raised in admiration. Mobile shopping is arguably the next big prize but, while Argos soars ahead, most retailers are still grappling with new devices, apps, operating systems, shopper habits and, ultimately, how to turn a profit from it all.

It's a tricky business, especially because with all the seemingly wondrous steps that have been made in mobile shopping, personal computers account for a majority of sales while mobile is still arguably more of a research and social tool when it comes to shopping.

So with technology still changing rapidly and the mobile wallet finally a reality, are retailers leading developments in mobile shopping, or are new habits and devices telling them what they should be doing?

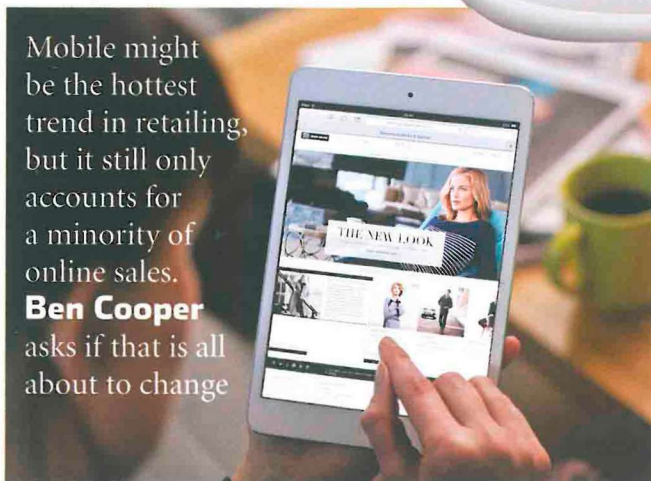
Mobile's sense of place

It is quite telling that statistics on what percentage of online sales come from mobile vary significantly. Google says only 19% of sales on its consumer barometer tool come from mobile, while figures released by IMRG and Capgemini in February showed mobile sales accounting for 40% of the total between November and January.

The difference is indicative in itself: getting clear data, and even defining what constitutes a mobile sale, is difficult. Do you count a transac-

Mobile might be the hottest trend in retailing, but it still only accounts for a minority of online sales.

Ben Cooper asks if that is all about to change



tion that started out life as a browse on a smartphone while the shopper was on their lunch-break, was then sent to the basket on their tablet as they were sat in a coffee shop after work, then finally completed at home on the laptop as they were curled up on the sofa?

It is a difficulty of definition that Professor Joshua Bamfield, director of the Centre for Retail Research, says is at the heart of the mobile debate. "People will often do every part of the transaction on their mobile

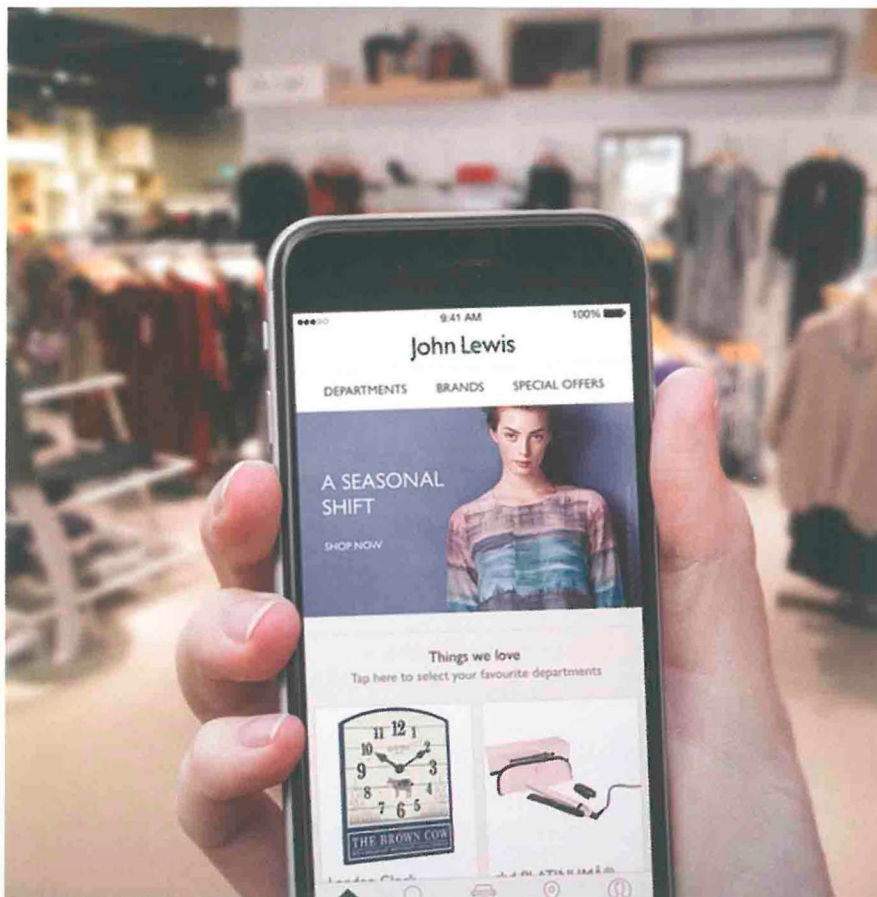
apart from the final stage. The browser experience on most retailers' website is not good enough and needs to be much easier than it is; there are hundreds of retailers up and down the country trying to decide how to make this work," he says.

Shoppers, it would appear, are happy

to browse a retailer's site on their mobile, but in most cases are put off making the final purchase by poor usability or security worries. But Georgia Marshall-Brown, digital strategist at Origin Creative, which has worked with a raft of retailers on their multichannel strategies, including on Superdrug's interactive 'Beauty Studio', says retailers need to treat mobile as a vital part of the sale nonetheless, not least for the extra powers the technology has brought.

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Georgia Marshall-Brown, Origin Creative



Leaders of the app space

Only 10% of retailers have developed apps, and many of these are not transactional. But some significant brands have taken the step – and reaped the rewards.

John Lewis has used its app to make the inter-channel bridge that Marshall-Brown says is so crucial, by allowing smartphone scanning of store items to access details and reviews of products as well as make purchases.

Fashionistas have a range of options on app stores including Topshop, which has championed the social aspect with its own smartphone platform; Asos, which offers customisable offers and a WhatsApp link-up; and Harvey Nichols, which has developed something of a modern-day loyalty card with its own platform.

Travis Perkins is making builders' lives easier with handy tools such as a brick calculator and a built-in spirit level, while The Body Shop is leading the way in beauty with an app that, as well as offering a full product range, includes a skincare diagnostic tool and the entire 'how to' tutorial range.

She says: "I think the percentages of sales on mobile is a bit misleading. A lot has to happen before you get to the point of purchase. Mobile gets shoppers interacting with your business through things like hashtags and loyalty schemes, and you can turn that into sales by building a profile of your customers. It's all about making it seamless and being joined up across the channels."

It was this sentiment exactly that Bertrand Bodson, chief digital officer of Argos parent company Home Retail Group, said was key to the retailer's phenomenal results in July. "The true value of mobile," he said, "is as a connector between the virtual and the physical world. At Argos, we recognised this trend early on and invested in agile teams focused on optimising apps that work for customers."

Is new technology the answer?

Getting customers interacting with the brand is one important aspect of mobile strategy, but with IMRG and Capgemini research showing about 75% of m-commerce sales are done

through tablets not smartphones, it would suggest that phone browser usability – or lack of – is what is holding many shoppers back. With fiddly forms and drop-down menus to navigate, a smartphone can be a pain to use on the go, especially if the retailer in question is part of the majority that doesn't have a mobile-friendly site.

Cue the rise of apps (see box). It's no coincidence that Argos, which came second behind Amazon in the Kantar Retail and App Annie 'Top Retailers & The App Economy in the UK' rankings for downloads in February, is also leading the field on m-commerce sales.

The potential is there, so why do only around 10% of retailers have apps? One answer might be the new potential game-changers in m-commerce: Google Wallet, Samsung Wallet and Apple Pay, all now up-and-running. These big names are getting all the attention, but they're the high-profile examples of a major technology that plenty are trying to perfect.

Dan Wagner, founder of payment application PowaTag, which can be used in store as well as for purchases online, claims new payment

methods solve one of the biggest problems in the mobile shopping process.

He says: "Customers have been very focused on their phones for a number of years now, and retailers' side of mobile engagement has been very poor. The attrition rate on a mobile phone is about 97% at the basket stage. But these problems can be resolved and reduced with new payment methods, they add a whole new dimension for retailers."

It is a formative time for the industry. New payment services, new innovations in linking physical space with the virtual, and new ways for shoppers to interact with brands are emerging seemingly every day – even shopping centre landlord Intu has got in on the act with its own mobile-friendly transactional site.

Retailers are right to be excited, but Bamfield says they should also be cautious. With a new mode of shopping still emerging, businesses find themselves in the slightly uncomfortable position where shoppers, and technology, are dictating the future to them, not the other way around. But this is bound to change – and the smart retailers will be in line to reap the rewards.

"It's about what consumers will adopt," he says. "If retailers say 'this is the answer' they could end up with the wrong technology for their business. If they're going to get loyalty they need to be innovative in offering security and usability, then they will do well," Bamfield sums up.

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