

The smartphone story: Intersecting mobile and retail



Table of contents:

Introduction	1
Blending data and retail together	2
Dealing with the tech-savvy and tech-innate.....	2
Mobile usage in today's generation	4
How often are consumers using mobile to shop?	5
Multi-channels for micro-moments	6
Diffusing the confusion.....	7
Optimize mobile by making it simple	7
Conclusion	8

Introduction

The intersection of mobile and retail is driving incredible leaps in products, expectations, and customer service. A large part of that has to do with the way people today are shopping using their mobile devices, particularly with smartphones. The smartphone evolution started in the latter half of the 20th century; some of you may remember the brick-like Nokia flip-phones, the PalmPilots with their styluses, and the enterprise-focused BlackBerry devices. But then came the iPhone in June 2007, and with it followed an onslaught of innovation in mobile devices as competitors battled to out-do, out-perform, and out-provide each other.

This benefits the consumer greatly. They aren't complaining. As mobile browsers get better and better, we look to them to do the same bidding as ones we use on our PCs. Along the same vein, mobile apps also add to today's shopping experience by providing a different flavor to our favorite brands and services.

Retailers are favoring mobile, and rightly so. According to UPS' 2016 Pulse of the Online Shopper, more and more consumers each year are using smartphones as a means of purchase.¹ Over the past three years, mobile usage has risen from 67 to 74 to 77 percent. Smartphones are used for everything; while consumers walk

through a physical store looking to complete one task, they use their phones to perform another. Consumers, however, don't think of a brand as its separate channels nor do they want to experience it as such. But that leaves us, as marketers, with the challenge of knowing how best to deliver what shoppers want at the moment they seek it.

This blurring of physical and digital, of channels and devices asks two things of marketers: 1) That we are realistic enough to know that if customers can reach one brand on all channels, they expect to reach your brand through all channels, and 2) That we are aware enough of our own expectations as consumers to be able to translate an optimal experience to our target market.

This white paper will speak to the monumental role smartphones play in retail, data collection, and understanding the customer.

Physical retailers become **digital retailers**; digital retailers become **data-optimized** physical retailers.²

Blending data and retail together

The most advantageous aspect about technology use in retail is the abundance of data that retailers can glean from their shoppers. Customers leave behind unique traces in every environment used to engage with a retailer, and using these data points enable retailers to craft the most compelling promotions, incentives, updates, and most importantly, stories to draw their shoppers in. As such, contact data is crucial to how retailers today can connect with customers.

For many retailers, mobile is where physical and digital worlds join together. Because technology has advanced to a degree where smartphones are often used as a hand-held laptop, shoppers expect to have their every need fulfilled by mobile at any point in time. This means that they are entering in information about their preferences, purchase history, and contact information on multiple channels and this should be a gold mine for retailers. The challenge for retailers is then being able to make use of all of the data that is available to craft a story that actually resonates with their customers.

With so many stimuli for consumers nowadays, storytelling is a desired, yet elusive art simply because retailers must sift through more and more data to tell a story that cuts through the noise. While complex, the amount of data left by consumers can be used to retailers' advantage. As smartphone ownership and usage continues to proliferate, retailers should keep in mind that content marketing and data will evolve to be intertwined. Particularly for retail marketers, one cannot prove beneficial without the other.

Dealing with the tech-savvy and tech-innate

Millennials, also known as Generation Y, are the coveted age group ranging from 18–34 years old. According to Pew Research, millennials have finally surpassed the retiring Baby Boomer generation as of this past year, 2015.³ But millennials aren't the only population to now consider for today's marketers. Generation Z, those born after 1995, are the first true mobile-first generation and the ones who live and breathe technology.

It's critically important for marketers to understand how to engage both the tech-savvy millennials and tech-innate Gen Z because millennials already spend more money online than any other age group and Gen Z will be next in line. In fact, the demographics of U.S. online and mobile shoppers shows that millennials spend around \$2,000 annually on Ecommerce, which is higher than any other population group.⁴

Millennials, with a population of 75.4M, have finally surpassed the Baby Boomers, with a population of 74.9M. This has huge implications for generational buying power and whom marketers must cater towards.

Millennials	Gen Z
Tech Savvy: 2 screens at once	Tech Innate: 5 screens at once
Communicate with text	Communicate with images
Curators and Sharers	Creators and Collaborators
Now-focused	Future-focused
Optimists	Realists
Want to be discovered	Want to work for success

Source: [KPCB 2016 Internet Trends Report, Slide 74](#)

Technology has decreased the length of time we expect to get things done, so the moment we reach for our phones, we expect to fill that need. The definition of micro-moments has cemented the fact that the shopping journey never stops or rests. At any given moment, we are on our way to beginning or resuming a buyer’s journey, and this means retail marketers must be ready to address any need.

Equipped with this knowledge, marketers should be aware of two facts: 1) Marketing strategies will likely need a complete makeover as previous generations lose buying power and more technologically-oriented consumers

take the stage—and market—and 2) There must be more fluidity between channels and more emphasis placed on compelling content; more and more we see images and videos being that compelling content. And according to a visual web study by GumGum, mobile and social channels will be the best-suited to take on these technology and marketing challenges.⁵

To achieve sustainable success, marketers must combine mobile technology and mobile-optimized content to engage their changing consumer landscape.

“The millennial generation is larger than the Baby Boomer generation and three times the size of Generation X.”

– Rick Ferguson, Vice President for Knowledge Development, Aimia⁶

John is a 27-year-old millennial.

He is well-to-do, well-read, and has a few hobbies, one of which is being environmentally-conscious. He signs into his Facebook mobile app to scroll through the news feed, and happens to see an interesting New York Times article about saving the bees by buying locally farmed honey.

He clicks on it, the article opens up on a mobile browser, but an ad pops up, filling up his entire screen. John now gets frustrated—and why shouldn't he be? He has a smartphone, yes, but an outmoded smartphone that has horrendous lag time and processing speed. Having the ad pop up on his mobile browser momentarily freezes his screen and in the two seconds John notices his screen is frozen, he irritably changes to his desktop computer.

When he opens his desktop browser, in which he always has Gmail open as a pinned tab, he sees that the New York Times sent him an email about a \$0.99-for-eight-weeks promotion because they noticed that he was reading an article earlier. Intrigued by the deal, John ends up purchasing the eight-week subscription.

Funnily enough, John originally signed onto the Facebook mobile app to make dinner plans with friends.



Jhohn, (the “h” is silent) is a 20-year-old member of Gen Z.

He's still in college, but is busy running his own streetwear business. He doesn't have much free time, so when he decides he wants to have an intimate get-together for his 21st birthday, he takes to his devices to begin the search.

Jhohn is current with the newest technology; his business demands performance excellence and he grew up using it. He has an iPhone 6s Plus always at hand, a MacBook Pro serving as his desktop, an iPad he carries with him everywhere, an Apple watch he uses to listen to music more so than to tell time, and an old TV that his parents lent him that he keeps on for background noise.

Jhohn starts off a preliminary search for restaurants on his smartphone while walking to the campus center one day. He visits Yelp and the mobile websites of restaurants. He gets frustrated at those who have good customer reviews, but poor mobile website design. When he sits down, Jhohn revisits those sites on his desktop browser. The experience is much better and he narrows it down to two choices before he leaves for class.

During class, Jhohn uses his laptop and tablet for notes and his smartphone for communication. He shuttles back and forth between his laptop and phone to talk with friends via a messenger app. And in the end, guess what? Jhohn chose the restaurant with the best desktop and mobile site design and experience.

Mobile stats for the mobile marketer

Consumers are spending around 25 percent of their time on mobile, and it looks like retailers are noticing.

- Smartphones are the second most popular devices used to search the Internet. The first is PCs/laptops, and the third and fourth are tablets and game consoles, respectively.
- The average mobile user has 37 apps installed on their device, not counting pre-installed apps.
 - Average number of apps used daily is 12
 - Five apps account for 80 percent of app usage
 - Most commonly-used apps: Facebook, Chrome, YouTube
- Thirty-two percent of shoppers use desktops or laptops to shop
 - Smartphones are the next most popular (25%), followed very closely by tablets (24%)
 - In-store shopping lags last (11%) (It's important to not neglect the advantage of a physical store! Its role needs to be redefined, not eliminated.)
- On average, 54 percent of millennials now make purchases online versus 49 percent of non-millennials
- Smartphone purchases have grown incrementally over the past three years, increasing from 67 to 74 to 77 percent from 2014 to 2016.⁷

How often are consumers using mobile to shop?

The role of smartphones has yet to be firmly defined in the shopping journey. Some argue that mobile will replace desktops as the sole channel and device for purchase. Others are staunch in their stance that mobile is first and foremost a research assistant. It is clear, however, that consumers are using their smartphones as the bridge that connects their shopping experience—across physical and digital channels.

This is key: in whatever manner consumers use their smartphones in the shopping journey, the fact remains that

they use it. This means that at any given point, there is at least one mobile device being used to facilitate a purchase. And what this means for retail marketers is that an equal amount of attention should be devoted to harmonizing the mobile experience, as much as the desktop experience, as much as the in-store experience. Each channel should be redefined not as separate entities that perform separate functions, but as channels that can interact fluidly and flexibly with one another.

Channels should be **redefined** so that they interact **fluidly** and **flexibly** with one another.

Consumers will either search and buy online (42%) or search and buy in store (20%). There are power users in each generation that have a strong grasp of how technology can be leveraged to bolster every purchase. The possibilities are endless! Consumers are using devices for more technology services, including shopping-related activities, resulting in shifts in consumer behavior that have implications for all retailers.

Below are different ways consumers today use mobile to shop. The possibilities are endless!

- Reading product reviews on a retail app or website
- Making a new purchase after processing a return on the web
- Viewing crowd-sourced photos in their decision-making process
- Visiting a retailer's social media posts while going through a research phase
- Comparing prices while in a physical store against a competitor
- Tracking the delivery of an order
- Searching for a retail coupon

53% of shoppers still prefer using a website over a retail app.

Multi-channels for micro-moments

Millennials tend to use three different devices at the same time, with at least two of those three having screens and being communications-oriented. The accessibility to, and influx of, data nowadays leads people to prefer multi-tasking rather than focus on a single activity. Mobile devices have taken multi-tasking to a new level by offering an avenue for communication, research, distraction, and entertainment at any time. The shopping landscape reflects these technology enhancements.

Scenario A – The 'pause-and-resume'

A customer can start browsing for new clothes on her mobile, preferring to start some summer shopping while on her commute home rather than staring into strangers' faces on a crowded bus. When she gets off the bus, she pauses her perusing, with a mobile shopping cart full of items. After a few hours of unwinding after work, she resumes her shopping. But since she now has access to her laptop, she resumes shopping there.

Scenario B – The power user

This particular customer remembers that he ran out of contact solution and shampoo, and also needs to pick up prescription allergy medication. While at work, he checks the hours of a CVS/Pharmacy and then orders a refill on his allergy medicine. After work, he walks to CVS and when he gets there, he checks in to Swarm to share his location with his social network. As he walks through the aisles, he grins as his friends start commenting on the location update. He then switches back to the CVS app and then does a quick scan for deals on contact solutions and shampoo. He doesn't see any, so he meanders to the pharmacy pick-up area. He uses his mobile app to scan the barcode and pay for the medication, and then leaves without any delay.

These are just two of countless examples where consumers today are mixing and matching the devices they use to shop. Thirty-eight percent of shoppers use multiple channels to search and buy.⁸ This may not seem like a lot, but it's consistently risen in recent years—up from 36 percent in 2015. Mobile user interfaces have improved, visual elements have been optimized for each mobile device, and the checkouts are more streamlined each year. As smartphones get easier and easier to use, more people will turn to them as a purchasing, not just a researching, device.

Diffusing the confusion

According to research performed by UX Matters, people prefer to use their phones in one hand with their thumb (49%). Accessibility and ease-of-use are huge influencers in customer satisfaction with smartphones, which is why consumers abandon complex and slow mobile websites and retailers attempt to simplify and quicken mobile websites.

Therefore, the main step to optimizing the mobile experience is to make it as easy as possible for customers to enter contact information.

What this means is you should give the customer as much screen space as possible. Complex forms produce perhaps the biggest strain to a mobile shopping experience, where customers can be infuriated to the point of them abandoning the checkout altogether.

Consider asking only for need-to-know information, making sure your keyboards are field-sensitive, meaning that they become automatically alphabetical or numerical based on whether an address, phone number, or billing information is being filled out, and allowing the field itself to fill the screen width to eliminate the difficulty of scrolling side-to-side to check for errors.⁹ You should also think to disable auto-correct on certain fields, which can be a recipe for a data quality disaster.

Optimize mobile by making it simple

1. Eliminate needless form fields

- These are your “Confirm email” fields and copious address fields that not only hinder how quickly a shopper can place an order, but open opportunities up contact data entry errors. The more fields you have, the more human error you allow to happen.
 - Implement technology that can validate emails and mailing addresses in real time to remove those extra confirmation fields.

2. Reduce the number of keystrokes

- Typing on mobile can be a hairy process filled with small form fields that make correcting typos very onerous. For example, the industry benchmark for the number of keystrokes it takes to fill out an address is 25. Having the keystrokes reduced heightens chances of a streamlined, and therefore successfully completed, checkout experience.
 - Technologies that offer suggested matches for addresses eliminate unnecessary keystrokes that lengthen and interrupt an otherwise pleasant checkout experience.

Conclusion

Mobile has the unique position of being at the apex of the physical and digital transformation affecting today's retail environment. Retailers recognize the need to meet customer expectations and are planning to do so with significant investment in technology. However, using technology to meet customer expectations is not without its challenges.

The tech-savvy and tech-innate consumer will turn towards their smartphones as the device of choice to complete any and every task. Micro-moments are being fulfilled by smartphones and this means that consumers are turning towards them to start, resume, or end their buyer's journeys.

Retail marketers should leave no stone unturned when optimizing the smartphone experience. Consumers are using smartphones as the primary device to fulfill micro-moments. They interact with brands on the go and leave behind numerous footprints through mobile devices. This means that not only should user experience be optimized on the website, on mobile apps, and on social media, but that the customer data collected in those channels should actually be fit for use.

The more form fields **you have** more room you leave for database errors.

With retailers becoming better at omnichannel and unified commerce initiatives, they should continue to focus on the practice of collecting and managing good customer data. As the backbone of effective, personalized marketing, maintaining an accurate customer database will become increasingly important as retailers strive for even better customer marketing practices.

How can Experian's data quality solutions help support retailers with their mobile initiatives? Learn more in our white paper.

[Download](#)

Sources:

1. [UPS 2016 Pulse of the Online Shopper](#)
2. [KPCB 2016 Internet Trends report](#)
3. <http://www.pewresearch.org/fact-tank/2016/04/25/millennials-overtake-baby-boomers/>
4. [Going Mobile: Optimizing eCommerce for a Complete Omnichannel Experience](#)
5. [2015 GumGum Rise of the Visual Web Study](#)
6. <http://www.leadscon.com/18-statistics-that-marketers-need-to-know-about-millennials/>
7. [UPS 2016 Pulse of the Online Shopper](#)
8. [UPS 2016 Pulse of the Online Shopper](#)

References:

1. <http://www.smartinsights.com/mobile-marketing/mobile-marketing-analytics/mobile-marketing-statistics/>
2. <https://www.ometria.com/blog/mobile-checkout-process>
3. <https://blog.crazyegg.com/2015/11/19/perfect-mobile-ecommerce-checkout/>
4. <https://www.thinkwithgoogle.com/micromoments/intro.html>
5. <http://www.comscore.com/Insights/Press-Releases/2016/1/Final-2015-Desktop-Online-Holiday-Sales-Reach-56-Billion-Up-6-Percent-vs-Year-Ago>

