INCREASED ENGAGEMENT, CONVERSION, EXPERIENCE AND CUSTOMER DATA:

THE RETAIL APP:
ULTIMATE DIRECT LINK
WITH THE CUSTOMER
INTRODUCTION

The phone affects the way consumers gather information, but also how they move and orient themselves, make purchases, plan holidays and maintain relationships. It’s the logical, almost always present extension for direct interpretation of a large number of daily consumer needs. The retail app provides a unique opportunity to enter into a valuable one-on-one relationship with the consumer.

In the battle for a coveted permanent place in the heart of the mobile consumer, retailers take on not only direct competitors, but also an entire array of successful apps in areas that include social and gaming. How do you stay relevant in this power struggle, and still keep the user engaged?

In our earlier whitepaper The 10 Commandments of Mobile Loyalty we analysed the 10 main characteristics of successful apps. In this additional publication, MOBGEN takes a closer look at four specific challenges facing retail apps today:
Where the mobile website can be used to discover a wide audience, the individual retail app can offer a unique opportunity to strengthen the relationship with the consumer through a rich and relevant user experience.

An important part of the user experience is the possibility to find product information, and to make in-app purchases. By facilitating this smoothly and easily, and by alerting consumers about relevant offers, the average number of purchases and the order value can be greatly increased.

Whilst the app has evolved into an indispensable sales channel, the majority of all retail purchases are still completed in the store. That’s why smart retailers are creating a total experience, in which the digital and physical shopping experiences meet seamlessly.

To communicate consistently and personally with the customer, it’s essential to have the relevant data about their wishes and needs. Thanks to its intimate one-on-one relationship with the consumer, the personalised app is the ideal tool to collect this data.
1 - INCREASE YOUR ENGAGEMENT

The mobile phone has developed into the favourite consumer tool in recent years. Retailers who understand this use their mobile app to build consumer loyalty at all stages of their customer journey. However, simply providing an app is not enough. Smarter retailers provide customers with relevant added value through personalised content and services, which increases app engagement and strengthens the brand.
TO INCREASE ENGAGEMENT
RETAIL APPS OFFER CONSUMERS:

• Essential information such as product range, price comparison, current offers, store locations and opening hours.

• Valuable content, for example, in the form of usage tips for purchased products, previews and unique videos being distributed exclusively through the app.

• Additional and preferably personalised services, freebees and other extras that help make the lives of consumers in relevant areas easier, cheaper or more fun.

• A perfect user experience with appropriate design in the DNA of the brand and its channels.
Consumers use mobile channels more and more to come into contact with retailers. In 2014 66% of all customer contact accounted for originated from a mobile device, according to research by digital measurement specialist comScore. That’s 14% more than in the previous year. Whilst retailers expect a mobile-optimised website for a broader reach, it’s not exactly an individual app’s best alternative for sustainable interaction. “Our data tells a crystal-clear story,” according to researchers at comScore. “Apps dominate the mobile experience, and the mobile browser has become a solitary application in a sea of more apps.”

Likewise, social media and games dominate the app market. So then, as a retailer, how do you carve out a niche and secure your relevance? In a report titled The Mobile Mandate for Retail from the Apigee research institute, surveyed consumers stated that they expect an app to include a number of “essential services and functions.” According to the Google Shopper Marketing Agency Council, the four most common activities for which a smart phone is used in a store is for comparing prices (53%), finding deals and other promotions (39%), finding the location of other shops (36%) and viewing opening hours (35%).

However, the most successful retail apps don’t stop at providing the required essentials. An app can enhance the user’s engagement further by offering personalised content and relevant services, where the consumer can make use of those services at any time through their mobile phone. This is why smart retailers go from increasing conversion to inspiring consumers. Even for notoriously difficult to reach customer segments – the demanding Millennials – this approach is highly effective.
In its report Millennials and mobility: how businesses can tap into the app generation software provider Oracle reports that nearly three-quarters of this group prefer to make purchases from an app. A hard condition, however, is the addition of relevant services. For example: a clear order list; the ability to identify a warranty; or additional information about product usage. If the retailer can satisfy that condition, the personalised app experience becomes “the ultimate new weapon in the fight to bind Millennials to the brand,” concludes Oracle.
A good example of the personalised app approach is the successful content app from Victoria’s Secret Pink. Based on their profile, for example, users get daily new backstage video from Victoria’s Secret’s much talked about fashion shows and other offered events, plus social media content, new product information and freebees. In this way, the app generates 70% of all digital traffic from the youth segment of this famous lingerie brand.

Outdoor clothing retailer REI saw its app engagement more than double by thinking carefully about the basic needs of its winter sports clientele. Through its REI Snow Report customers can see what the weather is like at a variety of American ski resorts, whether there is snow and when more fresh snow is expected. They are warned if a snowstorm is predicted in the short term, and can even plan their whole ski holiday via the app.

The app from pharmacy chain Walgreens helps users by reminding them to take their medicine at the right time. And if they’re running low on medicine, users can simply scan the package and go pick up the renewed prescription in the store. Users could also get a potential discount via an app-supplied coupon or through other advertisements.

These examples show how successful retailers have strengthened the relationship with their customers by offering content, inspiration or services that meet the needs of the target group and the positioning.
It’s time to take your medicine!

A new recipe is waiting for you in our shop

This is how a marketing message changes suddenly into a complementary service, which adds real value for many consumers.
2 - INCREASE YOUR CONVERSION

A mobile app with good user experience can increase and strengthen the engagement between consumer and retailer. An important part of that user experience is offering and communicating in-app purchase options. Consumers count on an attractive and efficient buying experience, and they expect to be informed on time about promotions and other special offers. Messages sent via an app are read more frequently than emails distribution campaigns, and lead to much higher conversion rates. Thanks to innovative mobile payment solutions, this ratio will also greatly improve throughout the coming years.
TO INCREASE CONVERSION
RETAIL APPS OFFER CONSUMERS:

• The ability to perform accessible and flexible in-app purchases, with seamless integration of mobile payment and transaction history.

• Well-timed Push messages and other notifications that alert the user to relevant new collections, daily offers, discount coupons and special deals.

• Customised offers based on consumer purchase history.

• The opportunity to compare prices and products and/or to redeem accumulated points in a simple way.
The mobile channel now accounts for over a third of all global e-commerce purchases. Phones have surpassed tablets in 2015 for the first time, according to the State of Mobile Rapport marketing firm Criteo. Researchers predict that, by the end of 2015, the mobile share of all e-commerce purchases will count for around 40 to even 50%. According to research by Internet Retailer, among the 500 largest mobile retailers in the world 42% of all their mobile sales were generated from mobile apps.

Scoping out offers and other promotions is for many consumers one of the most important uses for a retail app. Smart retailers use this to their advantage in the form of Push messages and in-app notifications. According to Good Push Index, an ongoing study in which mobile marketing expert Urban Airship analysed 500 million Push
notifications from 2400 apps, Push notifications receive on average 50% higher open rates than mailings from the same retailer. Moreover, the click through rates (CTR) are about 20 times higher and the conversion rates 12 times higher. MOBGEN research revealed that the 25-35% activation ratio of mobile offers, is 4-10 times more effective than e-mail and 20-90% more effective than direct marketing.

Interesting is that users often view these messages as an additional service, rather than an advertisement. According to Urban Airship, apps that use in-app messages are also used twice as much as apps without this functionality. The retention rate apps with Push notifications is even four times higher, researchers note. The best performing retailers scored high mainly by alerting customers about daily offers, discount coupons and special deals surrounding products from the purchase history of the consumers.

In the previously-mentioned study by Internet Retailer, the app engagement was also calculated. This is done by reference to the percentage of unique monthly users that make an in-app purchase a minimum of once a week. The best performing retailers include Neiman Marcus Kohl’s (63.6%), Victoria’s Secret (61.7%) and H&M (56.6%). All owe their position largely to the manner in which they succeed in seducing users to interact through Push and in-app messages.

The conclusion of the researchers is clear: If you activate an app in this way, it presents an ideal opportunity for a brand to increase the value of its loyal customers. It’s not for nothing that the 500 largest mobile retailers
sent out an average of no less than 34% more Push messages in 2014 compared to the previous year, according to a study. Compared with peak periods in 2013 the engagement of consumers doubled with those messages. Over a third of all surveyed retail app openings came directly from these kinds of messages.

Two clear examples of retailers who use offers, discount coupons and other deals successfully come from Wal-Mart and Target. Target introduced its so-called cartwheel in September 2013. This app lets users search and select from all the existing offers of Target. Each selected offer gives a discount coupon that can be scanned at the check-out counter, which can be used on top of existing manufacturer coupons, for example. A separate part of the app displays the total amount saved each time with the digital coupons. A year after its introduction the use of the app jumped to a 41% increase, according to data from comScore.

In August 2014 Walmart introduced its Savings Catcher program as part of its own app. Walmart has offered its customers a “lowest price guarantee” for many years. However, sifting through competitor sales is a lot of work. So Walmart scans these prices themselves now. Consumers need only scan the barcode on their receipt with the app. If Savings Catcher finds that a competitor offers the products purchased for less, the customer will receive directly a Walmart eGift Card for the difference. Customers can redeem their eGift Cards at check-out with a simple scan.

** Target More Than +$270K**

** And growing daily

** Global Savings $270K**

** And growing daily**
Incidentally, new innovations “at check-out” will provide a further strong rise in mobile conversion rates in the near future. In particular, this concerns the increasing ease with which consumers will be able to pay for their mobile purchases. Here, we single out the large expected impact of one-touch payment solutions, which will allow consumers to make a mobile payment with a single press of a button. In a report published in September 2015, MOBGEN goes into detail on the ins and outs of mobile payment solutions.
Whilst apps serve as essential sales channels, the vast majority of all retail purchases are still completed in the store. But even this ‘brick and mortar’ shopping experience has a rapidly growing mobile component. Consumers expect a service-oriented app. One where they can find products quickly in the store, gain fast additional access to information and pick up ordered products easily in the store. This is how smart retailers create a total experience, helping the digital and physical shopping experience meet seamlessly.
TO PROVIDE A **CONSISTENT CUSTOMER EXPERIENCE** RETAIL APPS OFFER:

- An optimal user design that fits in with the other channels of the retailer.
- (Instruction) videos with relevant information about (the use of) the products.
- Services that add value at every stage of the customer journey.
- Relevant information about the products, right when the consumer is in the immediate vicinity of the store.
- Opportunities to order products quickly and easily, and pick those up in the store.
Despite the rapid growth of e- and m-commerce, the vast majority of all retail purchases still take place in the shops. But even this ‘brick and mortar’ shopping experience is becoming more influenced by the rapid development of the mobile channel. According to research by the Google Shopper Marketing Agency Council, 84% of smartphone users have often used their mobile phone to enrich or make their shopping experience easier.

Most consumers use their phones to compare products and prices, and locate deals and review other promotions. Almost half of all consumers also attach great importance to easy access to product reviews, (instruction) videos and other product-related information that can make their purchasing decisions easier. A retailer app is geared towards making this information available quickly and clearly, and creative retailers discover a world of new customer-oriented possibilities open to them.

With the app from retail chain Target, for example, users can scan the packaging to buy products online, or store the information for later use. When users shop online, they can have products delivered directly, request information or make a reservation for in-store pick up. The Amazon Price Check app lets consumers do an online price check and search for product reviews of photographed or scanned products. Users can then order these products online directly from Amazon.

An important innovation is a shop’s ability to make use of the GPS chip, Bluetooth or WiFi access channel in mobile phones. A known example of this is the iBeacon
technology found in Apple iPhones. Through the phone’s Bluetooth signal, customers who give their permission to this app can be ‘followed’ when they are in a shop that has been equipped with special sensors. This way the shopping habits of each individual customer can be maintained accurately; when they pause longer at a certain shelf, which product(s) they buy and even what route they took to the store.

This behaviour, together with the final bill, can be added to the customer’s profile. During the next visit, the customer can then receive targeted Push notifications for products in which they showed an interest earlier. Maybe even when they stand right in front of the same shelf. Store staff can be alerted if a ‘high value customer’ enters the shop. Employees are then better able to give valuable customers more personalised service.
The possibility to also share relevant, in-store information with the customer is used very effectively by Macy’s. The department store chain installed iBeacon technology in its locations to offer customers different content via the Macy’s app at relevant times during their shopping trip. Customers receive relevant discount codes at different departments, giving an additional trigger for the purchase of products in which they have already shown interest. During the famous American ‘Black Friday’ sales in 2014, customer discounts and gifts were offered that were redeemed through a QR code. That was wildly successful.

Miao app from Chinese retail giant Alibaba directs consumers not only towards a specific mall, but also leads users to free parking. Once inside, users can also use the app to find specific stores, ATMs, toilets and restaurants. Or the pick-up counter. Research by UK Online Retail Organisation shows that most mobile shoppers have a strong preference for picking up their order in the store. Convenience, or the ability to pick up the ordered article at a time that works for the shopper, is the main reason.

Retailers who respond to these needs can increase their market share considerably, according to the organisation.
The also British retail chain John Lewis took this research to heart. By making their app’s Click & Collect functionality location sensitive, staff are alerted when the consumer is 70 meters away from the shop. Orders can then be prepared more directly, reducing the wait time in the store considerably. Around 56% of all John Lewis holiday sales last year were ordered via online and mobile channels, and were then picked up in the store after the store’s app (thanks to its GPS function) alerted personnel that the order had to be prepared.

Store apps can be used in many ways to provide the best possible shopping experiences for the consumer. The key to success here is to stay consistent among all the available options and channels, notes Forrester in its report Infrastructure Will Drive the Retail Store Experience of the Future. However, because they fail to connect the necessary dots, many retailers get stuck here, according to the researchers. Forrester goes on to tell that the smart retailer chooses a partner who has a proven track record in delivering end-to-end solutions, not the one that only thinks in loose, disjointed solutions.
4 - PERSONALISE YOUR COMMUNICATIONS

To provide a total experience, the availability of relevant data is a firm condition. With information from and about consumers, retailers can identify their main customer (segments) and can act on customers’ respective preferences, wishes and needs. What do consumers expect from products and services, what do they find irritating and what would make their lives easier? Because of the multifaceted relationship with the user, the mobile app is the ideal tool to collect this information.
TO PERSONALISE CUSTOMER COMMUNICATIONS THE RETAIL APP OFFERS:

• A user-friendly, relevant and safe place to share personal data.

• Relevant services that generate simultaneous information about the personal needs and wishes of the consumer.

• The possibility for retailer and customer to enter into a relationship based on creating added and mutual value.
Already in his book The One to One Future: Building Relationships One Customer at a Time, published in 1996, American marketer Don Peppers predicted the tremendous opportunities that the internet retailers in the future would have at their disposal. “150 years ago, store owners knew every customer who came into their shop by name,” wrote Peppers. “Thanks to this new technology retailers can accumulate massive customer bases, yet still enter into a personal relationship with each customer.”

Over the last twenty years the technology used to gather information about consumers, and to target those consumers for marketing messages, has been developed further. For example, this allows online marketers to adapt their communication more accurately to the online profile of the internet user, and gather information like surfing habits, purchase history and demographic data. However, this way of communicating is encountering increasing opposition, partly due to the rapidly increasing privacy awareness among consumers.

According to Forrester, that awareness leads to a growing number of negative online marketing industry decisions, from refusing cookies to using privacy protection software. And research by GlobalWebIndex shows that nearly a third of all Internet users now use specific tools or services in order to protect their privacy. It’s then evident that this has major implications in following potential consumers online, and thereby tailoring (marketing) communication to their personal characteristics.
For this reason an increasing number of retailers are initiating their own app, to learn more about their (regular) clients. In contrast to the often one-sided marketing, retailers and customers enter into a relationship deliberately via the app based on the creation of two-sided value. The consumer confirms their commitment by downloading the app, and then immediately shares their personal and demographic information. After this, personal preferences that could be relevant in the context of the relationship with the brand can be requested. The clearer the retailer can communicate the benefits to the consumer, the more willing the consumer will be to share their personal data.

Users’ willingness to share more information can be further enhanced by giving them a large degree of control over that information. Research by Forrester and the British consumer organisation Citizens Advice Bureau shows that consumers feel more free if they know they may, at any time, modify or delete their details. Another finding is that consumers appreciate it if they can determine where and how the information is used. For example, by being able to choose whether or not they would like to receive location-based offers.

In offering these choices it's essential for the retailer to clarify the added value of, for example, Push and in-app messages. “Consumers are absolutely open to sharing more personal data,” the researchers conclude from the Citizens Advice Bureau. “An important condition is that sharing is based on fair value exchange. For every detail that they share there must be a clear reward, and the assurance that their data is in safe hands.”
A strong example of the benefits of this kind of reciprocal relationship is mentioned earlier in this whitepaper, the Savings Catcher from Walmart. Because the customer scans the receipt in their app, Walmart can suddenly add a wealth of additional information to the customer’s profile. For example: how often does this customer go shopping; and which supermarket locations do they visit? What is the difference between their online and offline shopping habits?

Which online specials can we offer based on their offline shopping habits? Because the Walmart app also includes location-specific communication: how does the placement of a particular item influence the customer’s buying behaviour? And, how is that behaviour effected by location-driven offers?

The exchange of relevant information about products and services can be built up throughout the customer journey. By offering high-quality,
exclusive content the retailer can, for instance, learn more about the tastes and (product) preferences of the app user. By providing information about the possibilities and how to use specific purchased or sold products, the retailer learns more about user preferences and the requirements attached to those products. By offering location-driven services consumers can save time and effort when looking for specific products, and the retailer can learn more about how a customer moves about the store and which shelves attract their attention.

Over time a detailed and multifaceted profile of the customer is created, which helps the retailer improve the overall sales experience by being able to adapt to the customer’s specific needs and wishes. This also creates important strategic insights: What trends are emerging, what are the competitors doing, where is the battle for the consumer won or lost? In any case the opportunity to personalise products and services will develop over the years, and help the retailer to remain competitive. In this battle the individual app will turn out to be without doubt an invaluable weapon.

TAKE TIME TO COLLECT DETAILED & MANIFOLD CUSTOMER PROFILES
CONCLUSION

In the preceding pages, we have brought to light four key challenges that a retailer can and should engage with their own app:

1 - INCREASE YOUR ENGAGEMENT
2 - INCREASE YOUR CONVERSION
3 - PROVIDE A CONSISTENT CUSTOMER EXPERIENCE
4 - PERSONALISE YOUR COMMUNICATIONS
These challenges are not isolated, but must be linked within the existing brand marketing and communication strategy. This follows an integrated omni-channel strategy, which allows for relevant and consistent communication with each and every consumer. At any point in their customer journey, and through the most suitable channel. In the end, the individual retail app functions as the central link for contact with loyal customers.

If the retailer instills the four key challenges mentioned above successfully, the app can turn into a side channel that will create added value for clients and brands. The clearer and more often customers experience the app’s added value, the more they will use the app, increasing both app and brand engagement. This retail app offers the unique opportunity to enter into a valuable one-on-one relationship with the customer.

The app then becomes the dream of every retailer; a direct channel of communication with the loyal customer. To achieve the ideal scenario, however, some important steps need to be taken. In addition to the app’s challenges, customers should be tempted to give the app a coveted spot on their mobile phone. And, of course, the app must also integrate seamlessly with all existing systems and databases.
A clear mobile strategy and business case is always an essential starting point. It’s also crucial that the app performs optimally under all conditions, and that the right tools are used to deploy and maintain it successfully worldwide. MOBGEN is specialised in the optimum combination of technology, strategy and creativity in the mobile channel. Everything we do revolves around a central question: How can you best use the mobile channel to create and deepen a valuable relationship with consumers?

MOBGEN can help your company formulate the best possible answer.

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