The role of mobile in retail commerce

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Overview
Since June 2010, eDigitalResearch, in partnership with Portaltech Reply, have been tracking the growth and development of smartphone devices in mobile and retail commerce.

The first study sought to investigate the role that smartphones were playing in consumer interaction with retailers and brands, whilst browsing or shopping across channels. This research established beyond all doubt, that mobile was playing an increasingly important part in the way that consumers researched, browsed and shopped.

Nine months later in May 2011, eDigitalResearch and Portaltech Reply carried out a similar study to determine how smartphone use had changed and evolved. Results found that, in less than a year, there was a substantial rate of change in consumer behaviour and interaction with retailers via mobile channels. This time, another 12 months on, we are once again undertaking new research to realise the importance and significance of this growth and truly understand how mobile is helping to fundamentally change the way we shop and browse.

We were interested in investigating the following areas:
- How quickly consumers have continued to adopt mobile and for what purposes? What were the biggest changes in the past year?
- How has mobile use changed and evolved since the early days of mCommerce?
- What are the key, influential features for consumers that mobile web and app developers should be considering?
- For retailers and brands, what are the key opportunities to utilise mobile technology and improve customer engagement, loyalty, browsing and sales?
- What are the essential features and functions that consumers want from a mobile solution?

Background
The research was conducted via an online survey which was emailed via an external survey provider to a nationally representative sample. 509 responses were collected from smartphone owners, whilst an additional 504 were from those with an ‘ordinary’ phone without smartphone functionality.

Aims of the research
The purpose of the research was to look at the role of mobile in the shopping experience from a consumer perspective.

The key objectives were:
- To gain an in-depth understanding of consumer behaviour when browsing and shopping across multiple channels
- To look at how consumers were currently engaging with their mobile devices, specifically smart phones
- To determine the role and opportunity for smartphones
- To determine key features and functions that were expected and liked by consumers in app, or in mobile web solutions
- To establish the future role and applications of mobile as a commerce, marketing and communication tool for retailers and brands

Key Findings
This latest set of results shows that, once again, mobile is increasingly playing a major role in the way that consumers research, shop and browse. Year on year results show that we are witnessing unprecedented
growth in mobile commerce, which is undoubtedly changing forever the way in which we interact with retailers, brands and one another. Results are showing that consumers are increasingly driving the mobile change and this latest set of results provides further guidance to retailers and brands looking to utilise fully this massive opportunity.

- Mobile looks set to continue to grow as more and more consumers expect to use their smartphones for shopping and browsing. Almost half (44%) of smartphone owners expect to use their mobile devices to browse more in the coming months, with one third (31%) claiming they will go on to make a purchase.
- Consumers are continuing to use their mobiles to research, shop and browse:
  - 84% of smartphone owners have used their devices to browse websites (a number which has almost tripled since the first set of results in 2010), with one third (33%) doing so on a daily basis.
  - 77% of smartphone owners use their mobiles for research.
  - Over half (64%) use their mobile apps to shop, with one fifth (20%) doing so on a monthly basis and an additional 7% shopping daily. In 2010, just 13% of smartphone owners were using their devices to shop online on a regular basis.
- Shopping through online mobile sites has remained more popular than shopping on a mobile app. Previous research suggests that consumers gravitate towards a mobile site first, before moving onto mobile apps, mirroring the results in this study.
- There appears to be a preference emerging amongst some smartphone owners as to whether they shop via an optimised mobile site or a transactional mobile app. 51% of smartphone owners have used a mobile site to shop, whilst 45% have used a mobile app to make a purchase, whereas 64% of smartphone consumers claim to have used their phone to shop.
- The number of smartphone owners using mobile apps to browse has significantly increased year-on-year; Almost a quarter (23%) of smartphone owners are using mobile apps on a weekly basis to browse for products. Past research suggests that mobile apps are used by more engaged and loyal customers and therefore these results suggest that customers are using apps on a regular basis to ‘check-in’ with their favourite retailers.
- Security remains one of the most influential factors for mobile shoppers. Other factors that mobile shoppers rate highly include clear navigational links, quick browsing and fast loading images, once again demonstrating that mobile shoppers rate functionality over style.
- The number of smartphone owners who said that they have never shopped using their smartphone has reduced to 37%, dropping 21% from June 2010 and 12% since March last year, echoing the overall trend.

**Use of smartphones**

Smartphones are now a daily necessity for most and are used for a wide range of essential activities. Our research has shown a definitive move to smartphones being seen more as a lifestyle accessory, used to do anything from shop online, research information, find directions and check local weather reports.

When asked if they had completed a series of shopping related activities, finding product information, purchasing products online and browsing retailer websites remain the most popular choices when compared to last year’s results. 40% of smartphone owners now say that they use their mobile to find specific product information, compared to 28% last year.

However, over the past 12 months, there appears to have been an increase in the number of people using their smartphones to compare prices in a shop. As more and more retailers begin to offer free-wifi throughout their stores, along with the anticipated rollout of 4G, and more brands encouraging smartphone owners to use their devices in-store with promotional material, we would expect this number to increase within the
When asked what they most use their smartphones for, primary functions, such as phone calls and texting, remain the most popular. Social networking with family and friends and interacting with apps are other popular daily smartphone uses. However, we are beginning to witness a significant shift away from more traditional 'mobile' activities, such as listening to music. Over the past 12 months, there has been a 5% rise in the number of people who claim to never use their smartphone to listen to music as more and more emphasis is placed on online mobile services and mirroring the overall trend that researching, browsing and shopping activities have become more popular with smartphone owners.

Our research since 2010 has shown that smartphone owners are using their smartphones most to browse, shop or find product information whilst in the home. Of the consumers surveyed, 74% have used their mobile device at one point or another to shop or browse online within the comfort of their own home. Other popular locations and situations to shop and browse on a mobile include on transport (69%), whilst at lunch (68%) or out shopping (68%), reflecting what we’ve found previously.

Like the growth of online shopping on the Internet, mobile users are gravitating towards purchasing smaller, less expensive items from their mobiles first, before moving to bigger items as their confidence in the channel grows. Our research study from 2010 showed that 10% of smartphone owners had purchased books, CD’s, DVD’s and games from their mobiles within the past 6 months from when surveyed, whereas now, this figure stands at 32% [Figure 1].

There’s also been similar growth across other product categories, particularly clothing, jewellery and gifts. Almost a quarter (24%) of smartphone owners surveyed have purchased clothes via their mobile in the past 6 months, increasing by 18% over the past two years. Jewellery products have also seen similar growth levels of 18% as 22% of mobile owners having purchased products from their mobile in the past 6 months.
Smartphone and mCommerce opportunities for retailers and brands

The ability to send information to customers who are on the move and potentially about to step foot in one of your stores presents a massive opportunity for retailers and brands.

When asked what sort of information smartphone owners would be interested in receiving to their smartphones, a quarter (25%) of respondents said that they would be ‘very interested’ in receiving vouchers sent to their phones, whilst an additional 28% said they would be ‘fairly interested’. This has grown somewhat from previous years, and in line with the incredible rise of ‘voucher’ sites, demonstrating that mobile trends are likely to mirror and merge with their online counterparts.

Other information that smartphone owners said they would be ‘very interested’ in having sent directly to their mobile, include special offers (20%) and sale information (16%). On the other hand, 39% of smartphone owners said that they were ‘not at all interested’ in receiving style advice on their mobile.

Overall, this seems to suggest that mobile consumers are more concerned with offers, rather than other information. As this study proves, smartphones are used increasing more and more in everyday life and it is important that users are not bombarded with information that is not relevant or useful to them when they are using their phones. It is therefore imperative that retailers understand their own mobile customers, in order to target the correct type of information to them when they are on the move.

27% of smartphone owners said that they would be happy for retailers to send them personalised recommendations, offers and notifications when they were entering their stores. 26% said that they would prefer to receive information whilst at home and 25% also claimed that they would be happy to have information sent to them whilst they were out shopping. However, 20% of smartphone owners said that it would depend entirely on the store or brand sending them, suggesting that consumers are only willing to accept messages from their favourite brands.

Online vs. Mobile Apps

This study, once again, shows that shopping and browsing on an online mobile site is more popular than shopping through a mobile app. Previous research suggests that mobile customers are more likely to gravitate towards a mobile site, before using a mobile app, mirroring what we’ve found in this latest set of results.

Of those surveyed, 51% of smartphone owners have used a mobile site to shop, whilst 45% have used a mobile app to make a purchase, increasing slightly year-on-year. As 64% of consumers claim to have used their phone to shop, this suggests that a considerable proportion have real preference to using either a mobile optimised site, or a mobile app, not both.

We’ve seen a significant increase in the number of smartphone owners using mobile apps to browse when compared to last year’s results. Almost a quarter (23%) of smartphone owners are using mobile apps on a weekly basis to browse for products, a rise of 4% since the study last year, with an additional 13% using them for the same purpose on a monthly basis. As previously mentioned, past research suggests that mobile apps are used by more engaged and loyal customers and therefore these results suggest that these customers are using apps on a regular basis to ‘check-in’ with their favourite retailers and brands.

However, we are also noticing an increase in the number of people not making a purchase through a mobile app because they were ‘just browsing’, rising from 13% to 17% year on year. This is most probably related to the number of non-transactional mobile apps currently on the market and would suggest that if more apps were to be given transactional functionality, retailers could see an increase in purchase rates as more
customers may be encouraged to buy.

**Key features to consider**
Yet again, security remains one of the most influential factors for mobile shoppers. Almost half (46%) of smartphone owners rated security as ‘Very influential’ to them (Figure 2). Other factors and features that mobile shoppers rate highly include clear navigational links, quick browsing and fast loading images, with 28%, 29% and 27% of respondents respectively rating them as ‘Very influential’.

![Figure 2](image)

On the other hand, similar to last year’s results, consumers have rated branding and design as less influential. Of the consumers asked, 16% stated that a ‘recognised brand’ and ‘customer reviews’ as ‘Not very influential at all’, as well as another 14% rating ‘large pictures of images’ as the same.

This all suggests that, once again, mobile customers still rate functionality and usability over look and design, a key insight for all mobile app and site developers, as well as a vital consideration for retailers and brands to bear in mind.

**Conclusions**
Back in June 2010, we made the key conclusion that smartphones were likely to play an increasingly significant part in consumer’s busy lifestyles, becoming a ‘must-have’ rather than ‘nice-to-have’ accessory. Just a short time later, in May 2011, we found that great strides had already been made towards this prediction, with around half of all smartphone owners using their device to shop, up from a third just nine months previously.

Now, in 2012, this trend seems irreversible. Key results show that just 37% of smartphone owners have never used their devices to shop online, with just 16% stating that they’ve never ventured into researching from their phones.

On top of this, practically half (44%) of smartphone owners expect to use their mobile more to just browse in the coming twelve months, whilst almost one third (31%) are going on to make a purchase. For the first time, we also asked non-smartphone owners if they were likely to adapt to mCommerce any time soon. Of the non-smartphone owners surveyed, 17% expect to upgrade to a smartphone device in the next twelve months, whilst an additional 35% are unsure. Most significant, however, is that those who plan to upgrade, 60% will use their new mobile devices to shop and browse and marks an undeniable opportunity for retailers.
If retailers are still yet to grasp the mobile opportunity with both hands, these results show that now is the right time to do it. Mobile is the one device and touch point that consumers always carry with them, and as their confidence in the channel grows, this study shows that more users are beginning to use their mobile outside the home and integrate mCommerce into other shopping journeys. With the increase of in-store wifi and the anticipated rollout of 4G, this is a major mobile trend that we would expect to increase over the next twelve months.

Derek Eccleston, Head of Research at eDigitalResearch comments, “This study once again demonstrates the increasing importance that mobile is playing on our shopping and browsing habits and the huge potential that it has to offer retailers and brands. Future intentions would suggest that the incredible rise of mCommerce that we’ve witnessed over the past two years shows no signs of slowing down. The importance of investing in mobile channels for retailers and brands is now undeniable and we would expect this trend to continue over the coming months and years”.

Mark Adams, Partner at Portaltech Reply comments, “Three years ago we were just at the outset of the mobile revolution and this latest research proves conclusively that the excitement and expectation around how mobile would change eCommerce was not exaggerated. Smartphone use as a shopping tool has become mainstream and the arrival of 4G and better connected retail outlets will further drive smartphone engagement in the multi-channel shopping experience. I believe we will see a greater use of mobile and tablet applications to support the in-store browsing, sharing and purchasing demands of the mobile 2.0 consumer”.

About eDigitalResearch

eDigitalResearch are insight specialists with an expertise in online and multichannel business. We bring passionate researchers, technical experts and art designers together all under one roof to work with clients and create bespoke insight programmes. eDigitalResearch not only offer unrivalled digital research expertise and insight support, but state-of-the-art technology and innovation that works seamlessly with your systems and data across customer touch points.

Our products and services help you to reach your customers no matter how they interact with businesses. Surveys, panels and communities combine to provide holistic insight to give clients the confidence to make critical business decisions. Our eMysteryshopper tool even allows you to benchmark your performance against your closest competitors and our next generation Research HUB provides immediate analysis on all results as they are collected.

About Portaltech Reply

Portaltech Reply is the Reply company specialising in the provision of e-commerce implementation and Multichannel consulting services. The company has gained substantial experience in e-commerce since inception in 2000 by working on some of Europe’s largest e-commerce and MultiChannel retailing projects. Portaltech Reply is 100% dedicated to hybris technology and is one of the world’s most experienced and respected implementation partners with Platinum Elite status. Portaltech Reply customers include TUI, Monsoon & Accessorize, LK Bennett, Long Tall Sally, Office Shoes, H3G, O2, Bunzl Group, Thompson & Morgan and the Daily Mail group.