# Tips for Taps

## For retailers, getting consumers to download an app is just the first step

**by BRUCE HOROVITZ**

For the price of a cup of coffee, retailers can now learn the secrets to a wildly successful mobile app.

But they'd better get that coffee at Starbucks.

With the national rollout this fall of the Mobile Order and Pay Now app, which essentially lets customers skip the line, Starbucks has arguably run off with the retail mobile app brass ring — at least for the moment.

The Starbucks secret: big-picture planning.

"We're always trying to make sure that we're not just building one feature or one system or one app at a time," says Adam Brotman, Starbucks' chief digital officer. "We're trying to build an ecosystem."

Starbucks' mobile app was first tested in late 2010 with mobile payment as the key feature. By the end of 2012, digital tipping was added, and in 2014, Starbucks began rolling out the mobile ordering app. Mobile Order and Pay ranks as the single most-requested feature by far, says Brotman, and pure mobile payment now accounts for 20 percent of all transactions in Starbucks stores.

Those numbers are the envy of retailers, many of whom arc still trying to figure out how to get consumers to simply download and occasionally use their mobile applications.

"Retailers need to ask themselves, 'What the heck is the problem here?'" says Liz Crawford, senior vice president of strategy and insights at Match Marketing, and author of *The Shopper Economy*. "You have all of these people with smartphones — and all of these retailers — but the two aren't meeting up very well."
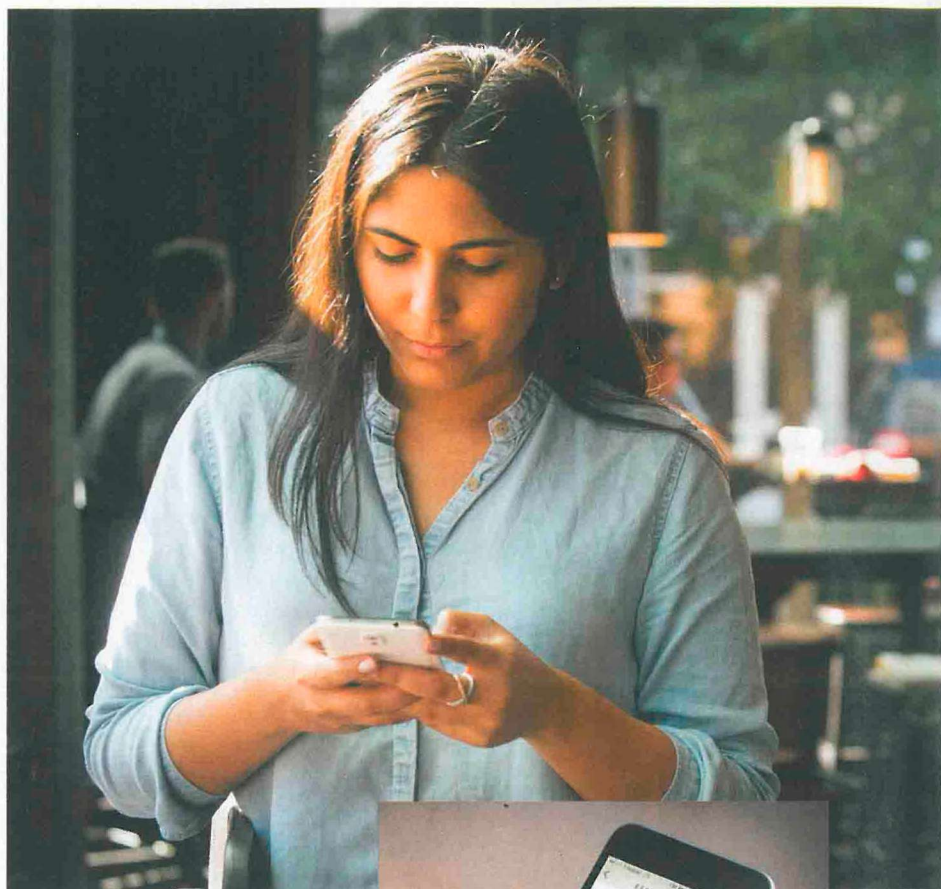
Pure mobile payment now accounts for **20 percent** of all transactions in Starbucks stores.
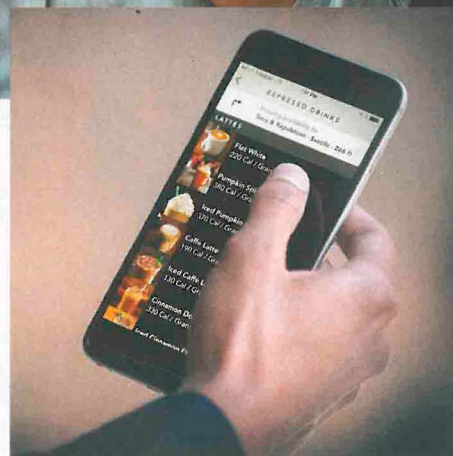
Perhaps just a few dozen of the nation's retailers rank as experts at creating and using mobile apps, estimates Sucharita Mulpuru, retail analyst at Forrester. The remaining 99.9 percent, she says, "are not really that good."

The numbers are concerning. Only 22 percent of grocery store shoppers with smartphones actually download grocery store apps and use them, according to a recent Match Marketing study. "What happens to the other 78 percent?" says Crawford, who oversaw the study.

### CONVENIENCE AND CONTROL

The biggest thing that the Starbucks app has accomplished — which other retailers should mimic — is integrating loyalty with mobile payments, says Alex Muller, CEO of integrated mobile app platform provider GPShopper.

That is precisely what the best apps do: give consumers more convenience — and control. Retailers with the most successful apps follow a number of unofficial rules. First of all, they alert shoppers about the app — and its benefits — when consumers are in the store, then advise them how to

download it, says Crawford.

Successful apps also rely on in-store Wi-Fi. Often, smartphone-carrying shoppers get in a bricks-and-mortar store and try to use the app but are unsuccessful due to poor Wi-Fi or mobile network reception. Retailers must make it easy for shoppers to use an app in the store, says Crawford, as well as make the benefits worthwhile. The No. 1 reason people download a retailer's app is to get discounts on purchases; make the discounts clear and compelling, she says.

Muller notes that successful retailers monitor apps regularly and make sure they're always working and relevant. Retailers with loyalty programs must make certain the app can access the program and keep it updated with current technology.

Maintaining focus also is important; Mulpuru says to select two or three things that are critical to customers,

and make certain the app speaks to these needs. She also recommends a "reasonable amount" of marketing investment to make sure customers download the app.

If you're wondering if you need an app — and you're not certain — you probably don't, she says. "Everyone who needs one probably already has one."

And it's far better for a retailer to have no app at all than a bad app, Mulpuru notes. "A bad app is a waste of time and nobody wants to waste time," she says. "If you don't have the resources to do it well, don't do it."

Even as a good app will enhance a brand, a bad app can seriously detract from it. And under that scenario, she says, "You are angering your best customers."

It's the best customers, after all, who typically download — and use — retailer apps.

### GOING BEYOND

"Many retailers are doing the bare minimum just to claim they have an app," Muller says. "There is a large group of retailers that take the first step, but don't take the next."

Starbucks not only takes the next step — but the one after that, as well.

"This is not an overnight success," says Brotman, who notes that the key feature to a successful app is making certain that it provides "some convenience [consumers] don't otherwise have."

Successful retail apps, he says, must be "core" to the customer experience, not something that could just as easily be done on the company's website.

"We're not just doing an app for app's sake," he says. **STORES**

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