

The following guest article has been written for InternetRetailing by Guy Chiswick, Managing Director for Webloyalty, Northern Europe. Webloyalty is a leading online savings programme provider, working with over 200 retail and travel businesses internationally to help them build stronger, more profitable relationships with their customers.

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The new world of m-commerce

Conlumino and Webloyalty recently conducted research into the beliefs and behaviours of the mobile consumer. *Guy Chiswick*, Managing Director of Webloyalty Northern Europe, shares the findings.

THE GROWTH of mobile devices has been one of the most important developments in retail over recent years. With almost two thirds of the population now owning a smartphone, it's never been easier to browse, compare or buy with a mere click of a button or swipe of a screen.

Webloyalty, worked with retail analysts Conlumino to examine current consumer behaviour and attitudes to mobile shopping and we discuss some of our findings here.

The new mobile culture has had a dramatic impact on the retail industry and whilst we are no longer at the beginning of the mobile age, the landscape is continually evolving. In 2014 alone it was estimated that approximately 3% of all retail sales by value were made via a mobile device. That figure is set to rise to 9.1% by 2019, representing sales of just under £32bn. This, when compared against an overall retail sales growth of 8.1% over the same period and predicted online growth of 44.5%, make mobile the fastest growing retail segment.

In fact, 90.2% of smartphone owners have used their devices for at least one aspect of the shopping process. With device penetration soaring to new heights, forecasts predict that by 2019 the mobile channel will take the equivalent of over thirty thousand physical stores. Inevitably, retailers are going to have to evolve their in-store offering to cater for this new breed of shopper.

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So, who is this new online consumer and what shapes their purchasing decisions? The younger generation who have grown up in a mobile era are certainly leading the way when it comes to spend – consumers aged 25-44 accounted for almost 51% of all spend made via mobile last year. This is set to grow to 58% by 2019, driven primarily by growth in the 35-44 age group.

The 65+ segment, who historically have been reluctant to adopt the latest mobile technologies, are also now beginning to embrace it more readily, with penetration rates up over the past decade. However, they are still some way behind other age groups and account for just 4.1% of all mobile spending in 2014.

MOBILE AT HOME

Despite the growing popularity for mobile shopping there is, ironically, still a notable lack of enthusiasm for shopping while 'on the go'. This is compounded by the fact that most consumers who browse whilst on the move and find something they wish to purchase, choose to make the purchase at a later time. This is mainly due to slow connection speeds, screen sizes and poorly optimised websites, which make it difficult to complete transactions.

In stark contrast, 1 in 8 shoppers prefer to shop on their mobile device while at home. Some 59.6% admitting to doing it in front of the TV – many during the peak viewing hours between 8pm and 9.59pm. Frequent weekly purchases tend to be groceries, where consumers can shop on the go and build and edit their orders; and entertainment where consumers can click and download instant films and music etc. which they can play there and then. Typical transactions made via tablets tend to be less than £39 (57.8%).

Mobile has also proven a popular platform for spontaneous purchases with 43% of people having made a purchase on a mobile device as a result of seeing some type of marketing. Unsurprisingly, TV advertising (16.7%) is one of the most popular drivers to purchase, along with online adverts (11.2%).

The majority of consumers that have admitted to making spontaneous purchases have done so via the retailer's website, enforcing the notion that retailers really do need to think about the overall shopper journey from marketing to online purchase and the functionality of their websites.

CHECKING OUT

Despite the overwhelming popularity of mobile shopping there are still a number of barriers surrounding how secure the process is, with 22% of consumers admitting to not liking paying for products via mobile and a further 22% not feeling secure when shopping via mobile.

The process in itself is also perceived as being 'fiddly', with concerns over devices or websites allowing consumers to see the products clearly (15.5%) and providing a true feel for what they are purchasing (12.8%). Mobile technology also lacks the engagement that an instore experience provides with 11% of consumers wishing to have personal contact when they shop. Ironically, 11.6% of consumers also feel that shopping via mobile takes too long, with a further 9% complaining that entering information details can be a rather arduous task.

While mobile shopping still faces its issues, there is little doubt that it is here to stay and plays a key role in direct and indirect sales, bringing with it a wide variety of opportunities for retailers. The development of Click and Collect has demonstrated that online can help to support the survival and facilitate the growth of shops. Indeed, with almost three-quarters of consumers using their mobile while out and about, there are a number of ways that mobile can be used to enhance the in-store experience.

Increasingly retailers are looking to be more targeted with their promotions to help them stand out from the crowd. Location-based marketing is one way of doing this and is a relatively low cost way for retailers to reach consumers directly while they are on the move. It can be used to increase the efficiency of the multichannel process in-store by triggering the picking of click and collect orders and speeding up in-store fulfilment.

The rise of mobile payment brought about by PayPal and, most recently, Apple Pay is also set to revolutionise the way consumers pay for goods, reducing queues and time spent at cash tills. The PayPal app is already accepted in around 8,000 UK shops and Shell recently announced that customers will now be able to use it to pay for fuel without leaving the car. Some three quarters of consumers would be more inclined to purchase via a mobile if easier ways to pay, for example one click payments, were available.

This advancement in mobile payment could also help to free up square footage



in store to make way for other features to help enhance the customer journey. As more consumers become habitual mobile shoppers, the pressure for stores to deliver engaging customer service will be key to the future of the high street.

Opportunities exist for retailers to marry the two worlds and create a truly unique shopper experience through channels such as Augmented Reality, which allow retailers to create seamless customer journeys between stores, online and mobile in a fun and dynamic way.

Similarly, the use of social media to encourage and entice consumers to share their experiences with their friends also helps to drive advocacy and promotion amongst their personal network. Social media sites with a strong visual element such as Pinterest and Instagram are already playing a significant role within retail marketing, acting as a showcase and wish list generator for products.

Ultimately, the rise of online shopping is forcing and will continue to force retailers into re-evaluating the role of stores in their business proposition. Increasingly, mobile will be driving customer purchases, demonstrating that stores must evolve their offer in order to service this demand. 