

RESEARCH

## Distinction between online, offline blurs for shoppers, but not retailers: report

May 18, 2015

□

*Mobile's influence on in-store sales continues to grow*

---

By CHANTAL TODE

Mobile's influence on bricks-and-mortar sales rose to 28 percent in 2014, up from 19 percent the prior year, but the divide is growing between the digital functionality retailers provide and the experience consumers want, with mobile particularly affected, according to a new report from Deloitte.

[Sign up now](#)

[Luxury Daily](#)

A key takeaway from the report is that mobile use by shoppers continues to become more sophisticated, as evidenced by a drop in the use of mobile for price checking, suggesting shoppers are using mobile more for inspiration. However, retailers continue to focus on mobile conversions at the expense of enhancing the mobile experience.

“We are quickly moving toward a point where there is really no ‘online’ or ‘offline’ if consumers are connected all the time,” said Kasey Lobaugh, Deloitte Digital’s chief retail innovation officer. “However, there’s a divide between the digital functionality retailers provide and the experience consumers want.

“Mobile is particularly affected,” he said. “While mcommerce sales are small compared to mobile-influenced sales, many retailers continue to design their mobile functionality with the purpose of driving sales specifically in that channel – and miss the larger trend.

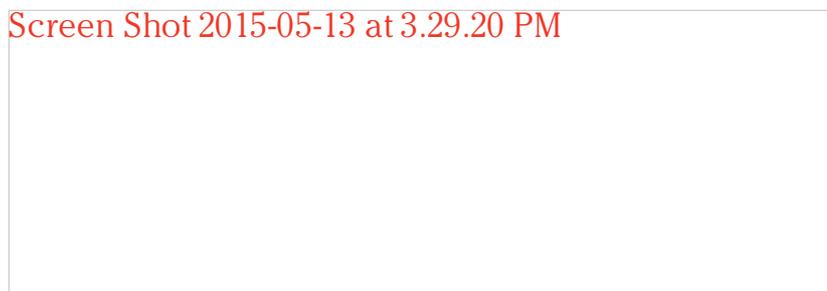
“The mobile experience they offer should aim to influence the entire path to purchase, rather than simply try to point the consumer to a point of purchase when what they really seek is inspiration or information.”

Mobile inspiration

Digital interactions are expected to influence 64 cents of every dollar spent in retail stores by the end of this year, according to Deloitte. This is up from 14 cents of every dollar in 2012.

Digitally influenced sales in bricks-and-mortar stores are expected to reach \$2.2 trillion this year.

Screen Shot 2015-05-13 at 3.29.20 PM



In fact, the report, “Navigating the New Digital Divide,” reveals that digitally influenced sales are five times larger than ecommerce sales.

The report also found that consumers are 30 percent less likely to use smartphones to perform price comparisons in-store than they were a year ago.

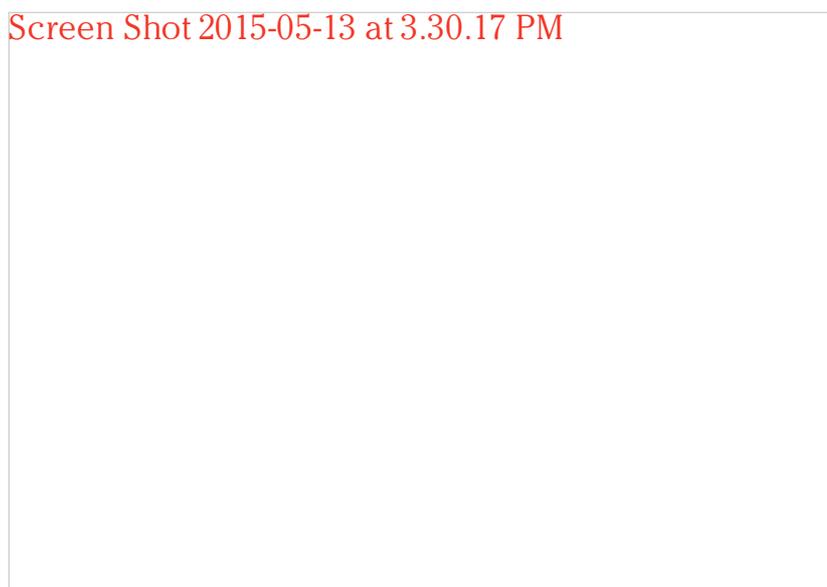
The numbers suggest that consumers are using mobile more often for inspiration and idea generation earlier in their shopping process instead of simply as a price comparison vehicle.

Higher conversions

Another key finding is that consumers who use digital while they shop convert at a 20 percent higher rate compared to those who do not use digital devices.

Consumers who access social media during the shopping process are four times more likely to spend more, and 29 percent are more likely to make a purchase the same day they turn to social media before or during their shopping trip.

Screen Shot 2015-05-13 at 3.30.17 PM



Some product categories are feeling the digital influence more than others.

For example, the digital influence in the baby/toddler category jumped from 39 percent to

52 percent in one year, and now accounts for more than half of all brick-and-mortar sales in that sector. Another key finding is that 56 percent of consumers shopping baby/toddler items consult social media for assistance.

In the home furnishings category, 38 percent indicate they spend more when using their devices in the shopping process.

### Digital divide

The results also point to the importance of leveraging digital to reach Hispanic and Latino consumers, with 49 percent of these consumers using social media during their shopping journey, compared to 32 percent across all ethnic groups. Additionally, 41 percent of Hispanic and Latino consumers indicate they spend more in the store due to digital activities, compared to 28 percent of all consumers surveyed.

While consumers are busily embracing mobile to enhance their shopping experiences, retailers' ability to deliver on consumer expectations are not keeping pace, according to Deloitte. The reason why is that retailers often focus on ecommerce sales to indicate whether their digital strategy is working. Because this number is typically much smaller than a measurement of digitally influenced sales, retailers are underestimating the importance of digital strategies and underinvesting.

At the same time, smaller, digitally focused retailers are gaining ground because they have digital at their core.

Deloitte estimates that, in the last five years, the top 25 established retailers have lost 2 percent of their combined market share, or \$64 billion, at the same time that smaller players have multiplied.

### Beacons

One way that mobile is influencing bricks-and-mortar sales is via the growing use of beacons and indoor technology more broadly to engage with shoppers' smartphones on a hyperlocal basis.

A new forecast from ABI Research expects there to be well over 1 million indoor location retail deployments by 2020, with BLE beacons established as the key building block for indoor location.

"Initially, Beacons and indoor location will focus on reaching customers in the real world, so the impact will be most felt at the till as opposed to digital retail sales," said Patrick Connolly, London-based senior analyst at [ABI Research](#). "As retailers increasingly move to mobile payments and smartphones become a key sales channel, indoor location becomes a key augmentation technology, in terms of upselling the customer both in-store and nearby, and linking online/mobile activity to the physical store.

"With indoor location and a mobile app in place, retailers can now measure customers across all three channels and can tailor their marketing accordingly," he said. "Customers who have engaged with a brand online can now be prompted through the app when they

are nearby a store.

“This in turn lends itself to far more effective advertising measurement.”

Final Take

*Chantal Tode is senior editor on Mobile Commerce Daily, New York*

Embedded Video: <https://www.youtube.com/embed/xTGd6X8KncI?rel=0>

2 thoughts on “Distinction between online, offline blurs for shoppers, but not retailers: report”

1. **Gayle Hagood** says:

**May 18, 2015 at 12:14 pm**

I believe the numbers are indicating the value of recommendations and reviews via social media. This is especially true for those groups most likely to be engaged and in need of advice – a.k.a. the new mother. This demographic includes millennials who typically have the highest adoption rate for new technology, as well as being the group most likely to engage with social media channels. Combine that with the need for real advice from “trusted” sources such as family and friends and voilà – you’ve got the perfect storm of mobile inspired purchases!

2. **Devika Girish** says:

**May 27, 2015 at 2:31 am**

Great read, Chantal. I totally agree with you on the great potential that beacons hold at bridging the gap between the physical and digital worlds. In fact apart from navigation and sending notifications on offers and discounts, retailers can also use beacons include leveraging BLE services to allow customers to reach out to sales associates when they need help or to eliminates long checkout lines by allowing for contactless payments. We’ve mentioned six other lesser known reasons why retailers should strongly look into adopting beacon technology in-store here:

<http://blog.beaconstac.com/internet-retailer-feature-8-lesser-known-uses-of-beacons-for-retailers/>

---

© Napean LLC. All rights reserved.

Luxury Daily is published each business day. Thank you for reading us. Your **feedback** is welcome.