

MOBILE

## Mobile will have unprecedented impact on holiday shopping, except for payments

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*Image courtesy of Bloomingdale's*

By CHANTAL TODE

While mobile's influence on holiday shopping will reach unprecedented levels this year both online and in-store, the impact of mobile payments is likely to be insignificant except for retailers catering to higher income brackets.

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According to a new survey from the National Retail Federation, 21.4 percent of smartphone owners plan to use their device to make holiday purchases and growing numbers will take advantage of mobile-driven omnichannel offerings such as buy-online, pick-up-in-store. At the same time, a new Accenture report suggests that while awareness of mobile payments is on the rise, in terms of actual use, the big opportunity right now is higher income consumers, with 38 percent of consumers that have a household income of at least \$150,000 using their phones to make payments at merchant locations at least weekly.

"While the number of consumers who know they can use their phone to make a payment is growing, actual usage is flat," said Jonathan Magder, business strategy senior manager at Accenture. "This is an indication that digital transformation of payments is progressing, but there is still a ways to go.

"In order for payments to be successful, need to look beyond just payments and enhance the experience across the customer journey, including pre-purchase with coupons and offers as well as post-purchase with stored receipts on the phone," he said.

"Our survey validates this with 79 percent of those using mobile payments today saying they would use them more if offered mobile coupons."

### Omnichannel experiences

Many smartphone and tablet owners have big plans for their handheld device during the holiday season, according to the NRF report. Shoppers will use their smartphones to research products at a rate of 37.9 percent this year, up from 35.8 percent last year. Additionally, 28.4 percent will look for a way to connect with retail store by looking up retailer information, up from 26.9 percent.

Underscoring how mobile is driving a convergence between online and offline experiences, the NRF survey found that 20.3 percent will specifically use their smartphone to look up product availability.

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Certain omnichannel experiences with a strong mobile use case will also be big this holiday season. For example, of those who plan to shop online, 46.5 percent say they will take advantage of retailers' buy-online, pick-up-in-store or ship-to-store options.

However, free shipping will likely to continue to be the most popular online shopping promotion, with 93.1 percent of online shoppers say they will use a free shipping offer when shopping for holiday merchandise.

Mobile payments awareness grows

Millennial online shoppers are the most likely to take advantage of same-day delivery options, which are becoming more prevalent. The NRF found that 16.7 percent of 18- to 24-year-olds and 15.9 percent of 25- to 34-year-olds will use a same-day delivery option when buying gifts, decor and other holiday items, compared to just 7.8 percent of the rest of the population.

Tablet owners will also actively use their devices this holiday season, with 47.5 saying they will use their device to research products and 34.5 percent to make a holiday purchase of some kind, up only slightly from last year's 33 percent. Additionally, 23.5 percent will check for in-store availability from their tablet.

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Overall, the NRF forecasts that consumers will spend an average of \$805.65 on food, decorations and gifts during the holiday season, a number that is very close to last year's \$802.45.

When it comes to mobile payments, awareness is higher than ever, according to the Accenture survey, with 53 percent of U.S. consumers aware that they can use their phones as a payment device, up from 43 percent.

However, there has not been much movement in terms of actual use of mobile payments, with 19 percent of U.S. consumers and 10 percent of Canadians using their mobile phones to make payments at least weekly. Millennials are more active at 23 percent.

The way forward for mobile payments is to offer better security, incentives and rewards. Accenture found that 79 percent of consumers

who currently make mobile payments said they would increase their usage if offered discount pricing or coupons based on past buying behavior while 73 percent would do so if they received reward points.

"Everyone focuses on millennials as prime users of mobile payments, but we found that high-income users are the most avid payments users," Mr. Magder said. "Not surprisingly, millennials are the second-largest user group.

"I do think that Starbucks is driving some of that transaction growth," he said. "Starbucks is not the only reason, but it is big piece of it.

"Apple Pay does help as well, given the marketing push behind it, but it is still very, very small."

Final Take

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

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