

RESEARCH

Growth of mobile commerce creates online and in-store opportunities: BRP

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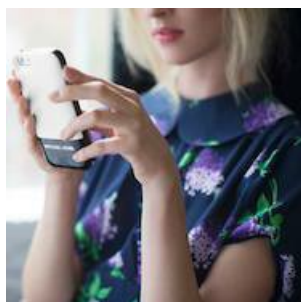


Image courtesy of Michael Kors

By FORREST CARDAMENIS

Mobile commerce creates myriad opportunities for retailers, but they must first accommodate consumers' concerns, according to a new report by Boston Retail Partners.

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Sixty-one percent of Internet usage in the United States is on mobile devices, and mobile commerce, already one-third of ecommerce sales, is set to grow over two-and-a-half times as fast as total online sales. Although mobile commerce has been seen as a lagging point for retailers, most are focusing resources on improving mobile sites and implementing other mobile-based strategies over the next few years.

"Retailers should focus on utilizing mobile as a means to enhance the shopping experience inside and outside of the physical store," said Ken Morris, principal at **Boston Retail Partners**. "To do this, retailers must provide rich product content, encourage product and brand reviews, and allow product or price comparisons.

"They also must provide associates with access to real-time customer and product information to encourage and enhance in-store interactions," he said. "The goal of mobile is to enhance interactions between the brand and the customer through their mobile phone ultimately resulting in additional sales.

"Another issue that retailers need to be concerned with is the increased risk of fraud on mobile commerce. Online fraud increased by 360 percent in France after EMV was implemented and the U.S. is expecting an increase in online fraud in 2016. Retailers need to address security risks and privacy concerns as they prepare for the anticipated shift of fraud from stores to e-commerce and mobile commerce sites."

Mobile Commerce - The Future of Retail uses data from the 2015 **E-Commerce Survey** to examine trends, opportunities and challenges in the mobile marketplace.

Going mobile

Although many consumers may see mobile commerce as an obvious channel for retailers to focus on, it is not without risks. Developing a secure mobile site is crucial for the trust and finances of the consumer, as a shift to online sales often comes with hackers attempting to access secure information.

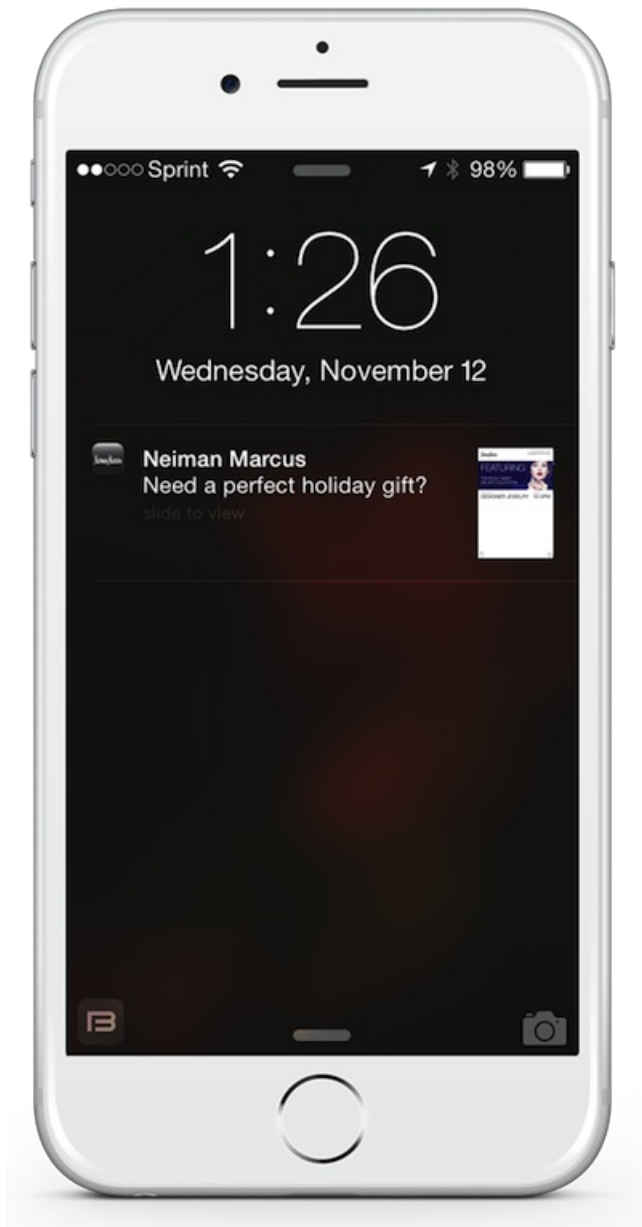
"To address consumers' growing privacy and security concerns, retailers need to incorporate new easy-to-use and secure login methods that better protect their customers' data," Mr. Morris said. "To further alleviate privacy concern, retailers should get certified by the leading privacy certification companies, like Truste, and display the symbols on

the mobile apps and Web sites.

"In addition, whenever a mobile application intends to track the location of customers, retailers should allow users to opt-in or opt-out of location identification capabilities," he said.

Rapid growth is making retailers prioritize mobile. Almost a quarter of surveyed retailers say a new or upgraded mobile site is a top priority, with another 12 percent saying the same of a mobile app.

Choosing between the two is an important step for brands and should be made in conjunction with overarching brand strategies. While apps allow more interaction and cement a place for the brand on the user's phone, all but the most loyal consumers may be discouraged from actually allowing a brand that space, either for security reasons or because they don't expect to use it often enough.



Neiman Marcus beacon message

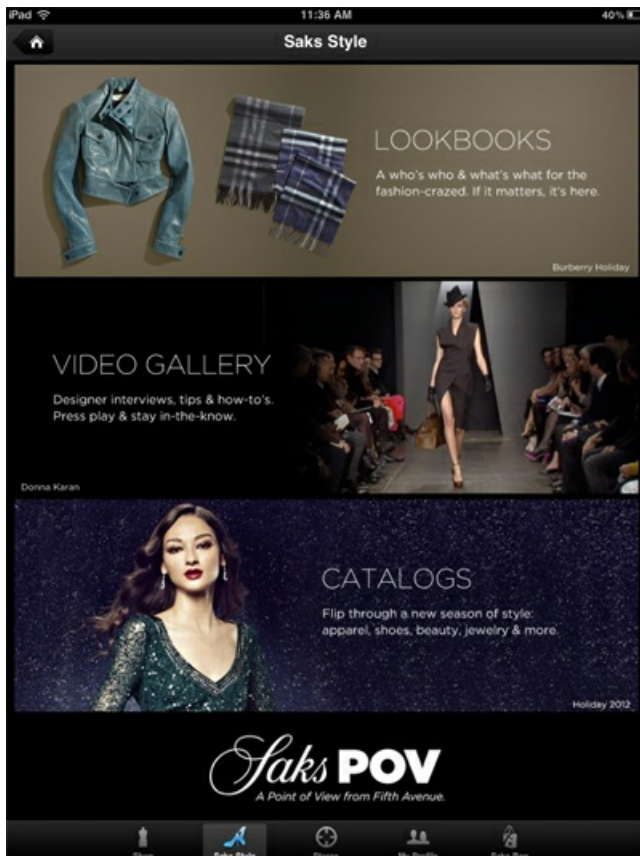
Still, even before optimizing mobile commerce through secure checkout and methods like Apple Pay to expedite the process, retailers must provide features on mobile devices that align with consumer habits. Product reviews, rich content and easy price and product comparisons that do not force users to continually rotate through two or more pages are examples of features still lacking on many mobile sites.

The benefits of mobile devices to retailers extend far beyond commerce. Currently, only 6 percent of retailers can identify a customer by her phone when she walks through the door, but 39 percent plan to implement such technology within two years. This information will help the salesperson give personalized service and allows the retailer to send personalized messages to the consumer.

Customer WiFi will also help retailers to personalize service and messages. If the customer needs to create an account to login, the retailer can use that information to track the customer's browsing history or triangulate location and use that data for guided selling.

Twenty-seven percent of retailers are taking this technology to the next step with geolocation technology, which will allow relevant messages to be sent to the consumer from locations outside the store.

Another possibility enabled by mobile devices and becoming increasingly necessary based on the growth in mobile commerce is a cross-channel transaction. If a consumer is on the fence about a purchase, she could begin a purchase on mobile in the store, then finish or cancel it at home after thinking about the purchase. Alternatively, she could place an item in her cart from home, go see it in-store and then have it rung up.



Saks app style page

"In the luxury space, Nordstrom is a brand that has successfully leveraged mobile apps and mobile commerce," Mr. Morris said. "With online sales now representing 20 percent of Nordstrom's revenues and 90 percent of their customers using mobile devices, they view mobile as a long-term priority to provide a richer experience for its customers. They continue to rollout innovated mobile features, such as text-to-buy, to enhance mobile engagement with their customers and increase sales."

Creepiness cliff

Although these strategies pose considerable benefit to the retailer, they may provide concern for consumers. Specifically, consumers may be weary of giving so much personal information to the retailer, especially if they are not explicitly asked first.

A potential solution is to make explicit opt-in options in which the customer is informed how the information will be used and how handing it over will benefit her.

The "creepiness cliff" for consumer data collection always seems to be one step away, yet consumers have become more tolerant to various practices as the shopping experience improves and brands act in a more mannered way, according to a report by L2.

Brands are moving their CRM programs to cloud-based solutions that better integrate data collected from diverse channels. As data silos collapse, brands can better shape data collection practices to minimize customer repulsion ([see story](#)).

Logistically, implementing all the potential strategies mobile and multichannel retailing allows could be difficult.

Without proper communication among various departments, retailers may not be able to offer consumers everything they promise.



Consumer on mobile phone; image courtesy Four Seasons

For example, a social media presence is just one aspect of an omnichannel strategy, a consumer journey that bridges online and offline interactions ripe with content, experience and high-end service to spur purchase decisions. Omnichannel has become a signifier for "exceptional" brands, but Fashionbi's "Mystery Shopping: Are the brands really able to omni-market, as they claim?" report looks to determine the actuality of the practice.

During its research, Fashionbi found discrepancies in omnichannel strategies and sought to uncover the reality of omni-marketing claims.

There are opportunities being lost by brands not truly following through with omnichannel positioning. As an example of these misconceptions, Fashionbi explained that if a consumer sees a pair of Jimmy Choo pumps on Instagram, but when she goes to purchase they are unavailable in-stores or not available in a particular size or color, this is a cause for discontentment and a lost sale ([see story](#)).

"With smartphones, consumers have a constant, virtually unlimited array of information at their fingertips to research products, check inventory, compare prices, complete purchases online and even pay for in-store purchases," Mr. Morris said. "The mobile phone is becoming the store associate of the future.

"Well-informed consumers have raised the service expectations for sales associates," he said. "Retailers need to empower store associates to leverage customer data (purchase history, personal information, preferences, etc.) and deliver highly personalized customer engagements, provide exceptional in-store shopping experiences and timely follow-up communication with customers.

"In a real-time retail environment, store associates can be immediately notified of exceptions and take specific action to correct the situation. For example, if a retailer has a big promotion on Michael Kors cashmere sweaters and there haven't been any sales of that item today and there is known inventory in the store, a sales associate can receive a real-time alert on their phone to research the issue and take corrective action. This is the central nervous system of the store of the future."

Final Take

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