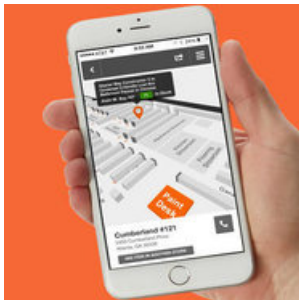


MOBILE

Why mobile in-store winners zero in on more than sales

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Home Depot taps mobile to create great in-store experiences

By **Alex Samuely**

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Although mobile has cemented its status as an important sales tool, retailers including Sephora, Home Depot and Walgreens are leveraging smartphones to enhance in-store shopping experiences with features such as product reviews, item recommendations and in-store layout maps.

DMI's Mobile In-Store Experience Rankings assess the quality of mobile offerings from 100 top United States retailers, with a focus on the in-store experience. While mobile is undoubtedly a powerful sales driver, the channel is best used to provide a hassle-free and streamlined shopping experience for customers in bricks-and-mortar stores, as evidenced by Walgreens' and Home Depot's top rankings.

"Brands that stood out did two things: understood their target audience and built in seamless functionality that catered to the needs of that audience," said Jeremy Gilman, vice president of strategy for DMI's brand marketing and customer experience group. "For example, Walmart informed its shoppers how to save the most simply and easily.

"Giving them the ability to view prices, discounts, competitors' prices, and gives them the power to be reimbursed if the shopper finds a lower price elsewhere," he said. "On a deeper feature level, most retailers who scored well provide shoppers a barcode-scanning feature.

"This may be the simplest way for retailers to instantly connect in-store shoppers to product information housed on ecommerce Web sites. This helps shoppers look up pricing, inventory, recommendations, reviews and other content about an item."

Mobile's unmatched tools

DMI's assessment was undertaken in accordance with the company's Mobile In-Store Maturity Model, which pinpoints six key in-store experience factors that are of paramount importance to customers. These include pricing, inventory, store guidance, personalization, checkout and loyalty and product reviews and advice.

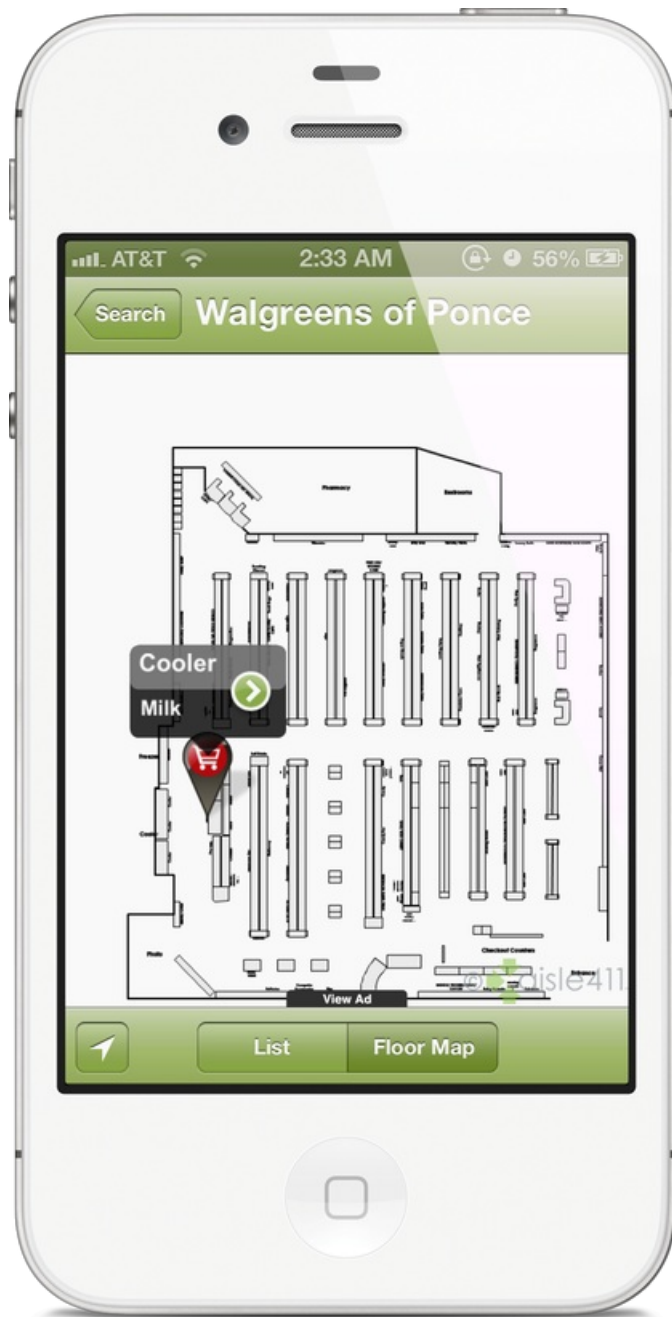
Walgreens nabbed top honors this time around, thanks to the retailer's easy-to-use mobile app, which offers tools such as interactive in-store maps to guide first-time shoppers, digital rewards cards, clinic appointment scheduling and prescription reordering, among others.

This essentially allows consumers to leverage their mobile devices as personal shopping companions, a tactic that

also relieves stress for busy store associates. While users can complete commerce-related tasks in the app, such as using the mobile self-checkout service, it ultimately functions as a way to offer additive experiences that bridge the gap between the physical and digital worlds.

"Standout performers also integrated their loyalty or rewards programs into the in-store experience making it easy for shoppers to track and redeem points, receive special invitations for discounts and save payment information for easy checkout at the register," Mr. Gilman said.

Home Depot and Sephora ranked in at second and third place, respectively. The home improvement brand's app excels at navigating stores, comparing prices and pulling up product reviews, which are three key factors for many of its shoppers.



Walgreens shoppers can use smartphones as an in-store navigational device

However, DMI recommended that Home Depot focus more on personalization in future updates, as many featured promotions are generic and not customized to each user and his or her purchase history.

Meanwhile, Sephora's mobile offerings are designed to perfectly complement the in-store experience. Users can quickly access loyalty information and also delve deep into a library of reviews, how-to videos and product content that can transform their personal device into a mobile makeup maven.

Additionally, ABI Research suggests that steadily increasing 4G Wi-Fi rollouts will bolster stores' mobile and physical traffic this year. The company forecasts that, by 2020, increasing 4G adoption will drive monthly in-building

traffic up to 53 exabytes per month.

Consumers who perhaps were not planning to browse in a specific store may be fueled to walk inside if they spot signage revealing that 4G Wi-Fi is available, which could result in them making an unplanned purchase.

In-store connectivity is set to become a must-have strategy for 2016, meaning that retailers may find themselves at a severe disadvantage among their competitors if they choose not to adopt these tools.

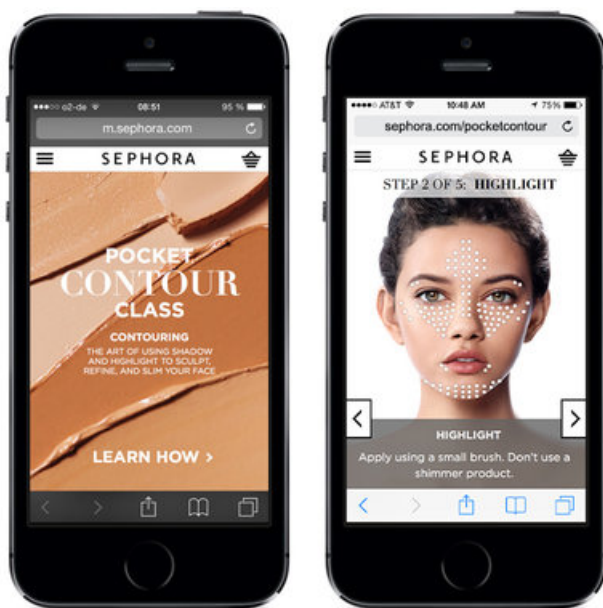
"The majority of retailers that scored highest on our assessment were working towards something referred to as store mode," Mr. Gilman said. "In addition to offering ecommerce functionality through an application, these retailers unlock additional features when a shopper is in one of their physical stores designed to aid and improve the in-store shopping experience."

Experiences trump products

Several brands' disappointing holiday sales this past year revealed another growing trend: consumers now tend to shell out their money on memorable experiences rather than material goods. While the likes of Macy's and Urban Outfitters saw fledgling sales in December, restaurant profits were reported to jump eight percent, according to a recent census.

Last year, millennials, a highly sought-after demographic, were expected to spend approximately \$750 each on media, such as streaming services. This proves that consumers are willing to open their wallets, but are increasingly passing up apparel and accessory items in favor of dining out, going on vacation or streaming their favorite shows.

Consequently, retailers must keep this fundamental shift in mind when pondering new ways with which to target consumers.



Makeup fans can take contouring classes within Sephora's app

One example of a brand leveraging experience to complement in-store shopping is fitness apparel marketer Lululemon. Its Flatiron flagship store offers a concierge service that helps visitors secure a spot in an exercise class, which could be the perfect way to put a recent purchase of yoga pants to use.

Offering this concierge service through mobile could reach an even wider audience and garner more fans for Lululemon.

"The mobile experience should shift when you're in a physical store," Mr. Gilman said. "Mobile has the power to make every shopping experience smarter, and alleviate pain points along the path to purchase.

"Our research reveals that shoppers want mobile shopping tools that make in-store shopping easier, faster and more customized like their online shopping experiences. Mobile devices today are advanced enough to transform a shopper's experience retailers just need to harness that power and meticulously craft that experience for shoppers."

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