

RESEARCH

Retail winners more comfortable with mobile experimentation: report

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Leading retailers are ahead in mobile; image courtesy of Neiman Marcus

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Retailers with above-average sales growth are more aggressive than other retailers in trying different mobile strategies before settling on what works best, according to a new report from RSR Research.

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The report, *Mobile In Retail: The New Normal*, reveals that winning retailers are more likely to recognize deeper customer engagements as mobile's biggest opportunity. These retailers are also more focused on mobile's ability to help shoppers find merchandise easily while other retailers are focused on price comparison.

"Anecdotal shopping experiences in all of our personal lives quickly reveal that truly personalized offers and service are still some ways off," said Steve Rowen, managing partner at **RSR Research**. "Yet while non-winning retailers currently focus on the end product of personalized offerings loyalty winners are putting in the due diligence to make true personalization a reality in the future."

"None of this can happen without a clear definition of what personalization means to each individual brand," he said. "We're advising retailers of all sizes, stripes, and current performance levels to start the conversation about what their brand could do in the realm of personalization in the near future and which of those options would have the most meaningful impact to their specific customers."

Mobile preparedness

RSR's annual survey of retailers' mobile preparedness found that while acceptance of mobile behaviors has grown significantly, the best sales performers overall are already leaps and bounds ahead of other retailers.

Retailers increasingly grasp mobile's significance, with 53 percent saying that their customers frequently read user reviews while in store, up from 19 percent a year ago.

Despite recognizing that their customers are engaged on mobile, only 39 percent of average retailers offer an mcommerce site compared with 73 percent of retail winners, or those whose overall sales growth is above the 4.5 percent average. There is a similar gap when it comes to offering a downloadable mobile app.

For the fourth year in a row, survey respondents said that being where consumers are on mobile is their biggest business challenge, with 64 percent pointing to this challenge.

It is unclear why retailers have not been able to get over this hurdle, although the second biggest business challenge

provides a clue. This year, 48 percent said that their competitors have raised the bar on mobile and they need to respond, up from 22 percent a year ago. This suggests that retailers are feeling like they are having a hard time keeping up with the competition on mobile.

Small retailers lag

The survey's results suggests that small retailers feel more strongly than any other group that they have to catch up to consumer expectations on mobile but are not as clear as to what consumers want.

"The most surprising thing to me, when it comes to mobile, is how far behind small retailers have fallen," Mr. Rowen said. "They're missing a tremendous opportunity with mobile devices.

"Considering how low the cost of these powerful tools has become, and combining that relatively low price point with the fact that smaller retailers have less of a store multiplier effect to contend with, mobile technologies should, in theory, provide a virtual playground full of ways smaller retailers can convert their stores into far more interesting places to shop than that of their larger brethren," he said. "And yet this is simply not the case.

"They display the least interest in gaining deeper insights into shopper's behaviors through mobile sites and apps. This is nothing short of a miss on their parts."

The right opportunity

The report also reveals that leading retailers have a different view of the opportunities offered by mobile. For example, 68 percent of leading retailers and 36 percent of all others view deeper customer engagements to drive sales through personalized offers as the top opportunity. Additionally, 57 percent of leading retailers and 32 percent of others see deeper insights as a top opportunity,

In comparison, just 46 percent of leading retailers and 52 percent of all others view building loyalty as a top opportunity.

These findings suggest that non-winning retailers are focused on the end result - building loyalty - while the best performers are tackling the difficult tasks required to make this happen, namely executing insight-driven offers.

When it comes to prioritizing mobile capabilities for customers, leading retailers are focused on helping shoppers find merchandise easily and accurately. For example, 50 percent of leading retailers and 39 percent of all others name searching for and selecting merchandise as a priority capability.

In comparison, other retailers are focused on price comparison, with 50 percent naming this a priority compared with 32 percent of leading retailers.

In terms of what is holding retailers back on mobile, 52 percent of leading retailers point to stores as not understanding the opportunities of the new retail landscape. In comparison, only 14 percent of other retailers point to stores as a challenge while 51 of other retailers cite budgeting and ROI challenges, suggesting they have not gotten past the boardroom discussions about the need to bring mobile into the organization.

"The absolute best way to promote a mobile strategy that enables both consumers to experience the brand and employees to support the brand is to elect *one person* to take charge of the overall customer experience," Mr. Rowen said.