

COMMERCE

## Mobile commerce's future has arrived, but many retailers are ill-prepared

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*Image courtesy of Neiman Marcus*

By FORREST CARDAMENIS

NEW YORK Enhancing customer experience and customer engagement is retailers' top priority, according to an executive from Boston Retail Partners speaking at the Mcommerce Summit: State of Mobile Commerce 2016 on May 5.

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Consumers have embraced mobile devices, and improving their experience equates to meeting their needs on that platform. From the business' perspective, integrating a unified commerce experience will not only improve service but also increase productivity and mitigate costs.

"It used to be that if you were a fashion and shoe retailer, then your competition was other fashion and shoe retailers and maybe a department store," said Perry Kramer, vice president and practice lead of [Boston Retail Partners](#). "Now you are fighting the experience your customer has every day.

"You are competing with an experience even if you are selling different products, so you have really got to think about the experience your competitor provides, and you are always trying to play catch-up," he said. "If someone beats you to something in your space, you are probably going to lose that customer."

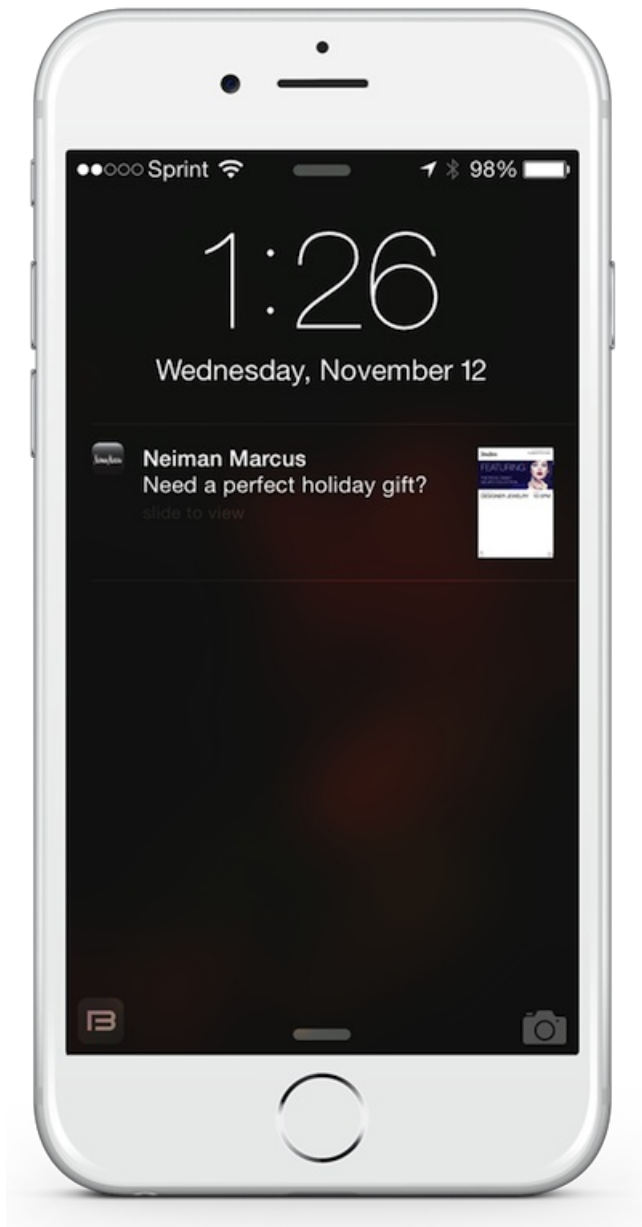
Mcommerce Summit: State of Mobile Commerce 2016 was organized by Luxury Daily's sister publications Mobile Marketer and Mobile Commerce Daily.

A mobile world

In 2008, consumers spent 2.7 hours a day, with only 0.3 hours less than 20 minutes on mobile devices. Since then, Internet use on laptops and desktops has remained virtually unchanged, but consumers now spend close to three hours a day on mobile devices, or 51 percent of time spent online overall.

This increased time spent on mobile, which exposes consumers to products via advertisements and includes time researching or purchasing products both at home and while in stores, presents clear opportunities for retailers to improve customer service.

Perhaps the most significant opportunity time spent on mobile provides is for customer identification. Using beacons, Bluetooth, WiFi, mobile applications or any other number of technologies, retailers can identify customers and provide them a personalized shopping experience.



### *Neiman Marcus beacon message*

If a customer is not identified until the point of purchase, the chance to offer personalized recommendations is missed. By identifying her as she enters the store, employees can create a relationship by recognizing her by name and will have access to color, size and other product preferences.

Even earlier, a mobile app sending push notifications could provide a personal offer on a recently viewed product, one abandoned in a cart on any number of channels or a favored beauty item. In doing so, a retailer could push a customer to the store even if a visit was not already planned.

Mobile devices have also given consumers the upper hand in interactions with store associates. By being able to research products on the fly, she often has more information than the sales associate.

Accordingly, 40 percent of retailers have identified arming these employees with mobile tools. With this information, a sales associate will be better able to offer a personalized sales experience, place orders for products not in stock at that particular store, access purchase history and carry out transactions.

Ninety percent of retailers can identify customers in-store, but the two most common methods are doing so are phone number and credit cards, both of which occur too late into the transaction to make a difference.

Loyalty or membership numbers are also common identifiers, but retailers going that route must ensure there is ample incentive for the consumer to keep returning. While the average household has 29 loyalty memberships, 58 percent are inactive, suggesting that consumers sign up for an initial benefit and then never return.

As retailers equip themselves to accommodate consumers' mobile needs, it will require them to similarly adapt

point-of-sale software.

As consumers' shopping dollars are dispersed across a growing number of channels, data managers and analysts will need all the gathered data to be integrated. When these data remain disparate, the efficiency and the quickness of operations are compromised.

Nevertheless, a survey of retailers that BRP has conducted shows that only 6 percent currently have a single commerce platform and only 12 percent have plans to implement one within a year. Forty-one percent intend to do so in the longer-term over the next three years, but this leaves as many without any current plans.

Retailers must also consider that mobile POS will require more frequent updates. While many retailers have POS software nearly or over a decade old, the acceleration of technology will likely require upgrades every few years in the mobile space.

Seventy percent of retailers plan on leveraging a mobile app for customer identification in the future. So far, however, retailers have had trouble penetrating the mobile app bubble.

The number of apps consumers use has remained nearly constant over the past several years, but the time spent in apps has increased dramatically. Nevertheless, 60 percent of consumers have no more than two retail apps on their phone and only 13 percent have at least six.

Perhaps as a result of retail's relative stagnation in the app field, significantly more retailers 68 percent compared to 38 percent see long-term digital growth coming from their Web site.

Simply moving sales from the Web site to the app or vice versa does not help the retailer. Apps will need to offer continuing value to the consumer in the form of coupons, frictionless rewards, gamification and personal shopping experiences in short, customer identification via mobile apps offer a sizable value opportunity and a benefit to the consumer for granting the retailer real estate on a mobile phone.

All or nothing

When designing a mobile app, retailers are "all-in." An app will require updates at least twice a year to ensure they continue to bring value to the consumer.

Likewise, the progression of mobile technology in general means that retailers are fully committed to maintaining the security of customer data, ranging from payment and contact information to product preferences.

More broadly, a unified commerce plan requires a method that works equally in times of high traffic and low practice, ensuring the customer has the same experience regardless of when she enters.

Behind-the-scenes, plans must incorporate all teams within a company, ensuring that IT, store people, data analysts and other groups are not fighting against one another. A successful commerce initiative is one that is effective at all stages.

While many of mobile's potential opportunities are still in the working stages, some retailers have made them integral to their brand.

Department store chain Barneys New York is offering its consumers an elevated shopping experience by embracing in-store technologies at its newly opened Chelsea flagship.

Barneys' new downtown New York flagship opened its doors Feb. 15 and while increasing Barneys' footprint within the city by 55,000-square feet, the space also acts as a kind of homecoming for the retailer. Located between 16th and 17th Streets along Seventh Avenue, the block-long store is situated on the same block where Barneys first opened in 1923 ([see story](#)).

"We have finally crossed that point where mobile is the future, and it's now," Mr. Kramer said. "We have been talking about mobile five to seven years, It's coming, it's coming' it's here, it's reality.

"The smartphone is definitely the glue that holds the whole transaction together," he said. "That smartphone is in every piece of [the consumers'] strategy.

"Mobile is a big piece of everybody's roadmap, so make sure you budget for it, because it's going to continue to suck money out of other projects if you haven't."

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