

RETAIL

## How mobile shopping apps enhance customer engagement

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By A LUXURY DAILY COLUMNIST

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It has been a monumental time for mobile shopping applications, with more than **2 billion** retail app downloads in the first half of 2018 alone proving mobile is a critical channel for retailers to engage their customers.

Mobile will increasingly become a dominant medium as ecommerce sales are projected to reach **\$4.5 trillion** worldwide by 2021. Mobile and apps even more so provide a unique medium that provides shoppers with capabilities such as purchasing, real-time support, product reviews, loyalty benefits, personalized deals and in-store assistive services such as mobile check out and store mapping.

The average consumer now has upwards of **three shopping apps** installed on his or her phone, and will use at least two of them each month.

While **89 percent** of retailers plan to increase mobile investments, they face a hypercompetitive market.

To gain a competitive edge, retailers need to use data to better understand their direct competition and create compelling mobile experiences that deliver higher conversion rates, larger basket sizes, more frequent purchases and better customer retention.

### Defining your mobile value proposition

Apps account for **52 minutes** of every hour 87 percent of people's time spent on mobile. With increasing competition, it is important for retailers to establish a value proposition that keeps engagement high.

Retailers are not just competing with bricks-and-click players anymore. Competition is coming not only from large, established ecommerce players, but from mobile-first players.

Understanding which features are driving engagement and what consumers are saying and doing with those apps are just two ways for retailers to refine their mobile offering and use apps to attract and retain satisfied customers.

Your value proposition is important as it will provide a framework for how to best measure success and how to

compare momentum in the market. Before you can choose which key performance indicators (KPI) are relevant, you need to have clear goals for customer engagement.

#### Determining the most relevant KPIs

Once you have identified your goals and direct competitors, it is important to identify KPIs that best measure the job your mobile strategy is trying to achieve for customers.

For retailers such as Wish and Overstock that are focused on driving mobile sales, relevant KPIs include number of active users and number of sessions per user.

However, for retailers such as Nordstrom and Macy's that use mobile for assistive shopping features, users' average time spent in-app and satisfaction ratings may be an additional KPI to consider.

The same performance in the same KPI for two mobile apps with different goals could indicate very different levels of success.

Therefore, retailers must identify KPIs most relevant to their goals, whether its number of active users, frequency or duration of sessions, number of transactions or cart size.

#### Creating unique experiences to increase engagement

Once you have identified your competitors and relevant KPIs, you can truly benchmark your app identifying what actions are needed to increase performance and engagement.

For retailers who want shoppers to use mobile to drive in-store traffic, strategies including location-based push notifications can encourage more sessions. It is also helpful to combine this strategy with an incentive, such as an app-exclusive deal.

Retailers can use app-exclusive mobile deals and rewards to amplify loyalty programs and increase engagement with shoppers.

For example, Starbucks' app rewards users with points that can be redeemed for free items.

The program also offers app exclusive deals that reward users for shopping frequently.

BY CREATING engaging mobile experiences, retailers can drive larger basket sizes, higher return frequency and brand loyalty.

Through an understanding of your unique audience and assessing what competitors are doing well versus poorly, retailers can identify the best way to engage their customers via mobile and measure their success.

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