

RESEARCH

Retail apps increase both sales and returns: study

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Mobile: It is app and down. Image credit: INFORMS

By STAFF REPORTS

While retailers' branded mobile apps are effective in increasing customer engagement and growing sales on their Web sites and in-stores, they are also responsible for increasing the rate of product returns.

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The study, from Texas A&M University researchers and published in the INFORMS journal, *Marketing Science*, pointed out that the increase in sales outweighs the return rates, however.

"Overall, we found that retail app users are significantly more engaged at every level of the retail experience, from making purchases to returning items," said the report's authors.

"Interestingly, we also found that app users tend to purchase a more diverse set of items, including less popular products, than non-app users," he said. "This is particular helpful for long-tail products, such as video games and music."

More or less

The study is titled, "Mobile App Introduction and Online and Offline Purchases and Product Returns."

Marketing Science is a peer-reviewed scholarly marketing journal on research using quantitative approaches to study all aspects of the interface between consumers and firms. It is published by **INFORMS**, a Catonsville, MD-based international association for operations research and analytics professionals.

The study's authors found that retail app users buy 33 percent more frequently, they buy 34 percent more items, and they spend 37 percent more than non-app user customers over 18 months after the app's launch.

However, app users return products 35 percent more frequently, and they return 35 percent more items at a 41 percent increase in dollar value.

THAT SAID, the researchers found that app users spend 36 percent more net of returns.

"For the retailer, the lesson is that having a retail app will likely increase customer engagement and expand the range of products being sold online and in store," the report's authors said.

"We also found that some app users who make a purchase within 48 hours of actually using an app, tend to use it when they are physically close to the store of purchase. They are most likely to access the app for loyalty rewards, product details and notifications."

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