

Mobile increasingly recognised as valuable in myriad ways to retailers

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Mobile is becoming an increasingly important component of retail businesses as it starts to drive greater traffic and higher conversion rates than desktops, and is also being recognised as a tool to attract shoppers into stores.

Speaking at the 3rd Retail Bulletin Mobile Retailing Summit 2013 Laura Villasenin, founder of shoe designer and retailer Miista, told delegates gathered in London that mobile was quickly becoming a focus: “Mobile usage is taking over and the desktop is becoming influenced by mobile so new websites will probably have one column as they become more app-like.”

Mobile changes core the thinking

The experience at Miista was that smart-phone visits to its site had grown from 9% to 20% and from 3.3% to 7% for tablets for the year to August 2013. And it is predicted to make up 50% of its traffic flow soon.

This has prompted the company to move from a mindset of “never having really thought of a mobile channel” to switching to operating a HTML5 responsive design site that will adapt to the screen size of the device the customer is using for each visit to the Miista website.

This is proving to be an increasingly popular strategy. Paul Francis, head of e-commerce at Domino’s Pizza Group, has been running eight websites including a variety for specific mobile platforms but he indicated that the group was moving to a responsive design website that would give the best experience for multiple-device users as these are the company’s most loyal customers.

Delivering a high quality mobile experience is high on the agenda of Domino’s as 62% of delivered sales come through one of its mobile sites: “It has exploded online in the past four to five years. We’ve gone from a bricks and mortar business with the web, to an online retailer with stores.”

Tailoring mobile sites

One of the challenges for the company is targeting the sites to specific customer types. To this end it has been building its sites around different dining occasions whereby ‘single gamers’ will receive a very different content experience and offers than ‘family feasters’.

“We need a process that’s relevant for these groups so we are using data to target them with more relevant content and offers,” he says, adding that the approach also has to be different in the German market where Domino’s has been expanding. Whereas most of the food sold in the UK is

discounted by around 40% the German consumer prefers to have a cheaper regular price without any discounts.

One advantage Domino's has over other retailers is that its sales peaks are well defined - on Friday and Saturday evenings as well as Tuesday. In contrast John Lewis has much more varied peaks through the week and it now has to recognise how mobile devices are changing shopping behaviours and times of consumption.

Tom Rooney, development manager for mobile at John Lewis, says before 9am mobile phones are most important, then during the day it is desktops, and then a huge jump takes place in the evening with tablets.

These mobile device-driven spikes are different from retailer to retailer, according to Chris Gobby, head of mData for new business at EE, who says Amazon will spike at the start of the day while eBay spikes in the evening and Argos spikes at lunchtime: "Different sites have different spikes during the week while on Saturday there is some common usage across them all."

Not just about sales

Rooney says it is also vital to understand what you want to achieve from a mobile presence – this can determine whether the app or mobile-optimised route is taken and the success metrics.

"If customers are using a site for looking at products then the conversion rate will be low so just looking at sales could be disappointing. Realise that customers are not just shopping on a mobile site," he explains.

This was recognised by Nicola Hollow, former director of multi-channel at Lombok, who told delegates that the furniture chain was disappointed when it launched a mobile site and revenue growth was much lower than it had predicted (50% versus 200%) and when tablets were launched the conversion rate went down.

"Mobile is used for discovery. The timing of its use reflects its out-and-about usage. And tablets are used for browsing and buying. Realise that 65% of journeys start on a smart-phone. It is clear that it is about far more than [driving] revenues," she suggests.

Enhanced experience via data

Such findings can be found from studying data and it is this sort of analysis that gave Lombok insight into how its shoppers were using mobile technologies. Rooney agrees that such are the levels of data available from mobile and online usage that there are some great opportunities for retailers.

They are able to use it to customise the experience for individual or segments of shoppers. But he admits it is a technical challenge for multi-channel retailers like John Lewis to identify these customers across the different channels. "Putting it all together and automating tasks such as making recommendations and cross-selling is a huge challenge."

Don't forget the privacy issue

What also has to be remembered when undertaking such activities are the potential privacy issues, according to Jon Copestake, chief retail and consumer goods analyst at The Economist Intelligence Unit, who says great care has to be taken by merchants.

“In emerging markets they give information away but there is some degree of caution in the UK and US. Retailers need the data to profile customers but some customers don’t like it. People want targeted ads and to be greeted by name but equally they recognise this is personal data so there is a privacy issue and they know this data has a value,” he explains.

The need to innovate

But he also acknowledges that retailers have to innovate and that it can be tough for larger operators to do this as easily as their smaller rivals. “They can bring out more ideas and try things more quickly because they’ve more flexibility,” says Copestake.

This did not deter Kari Coghill, head of business development at Historic Scotland – that manages Edinburgh Castle among many other sites, who suggests retailers of all sizes should “not be afraid to use innovative technology and to do pilots”.

This view comes after the organisation overhauled its ticketing sales methods to fully embrace digital technologies including mobile devices. By creating slick mobile sites that centre on customers planning their visits and buying tickets sales via mobile have quickly reached 24% of online sales and total ticket sales undertaken via its websites have reached a double-digit percentage.

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