Rethinking Mobile Engagement Online and In-store

Best Practices and Lessons Learned From a Mobile-first Redesign

Featured Speakers

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Forrester Research, Inc.

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SVP eCommerce & Omni-Channel Marketing  
Rebecca Minkoff

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Chief Marketing Officer  
Blue Acorn
online
“new retail” emerging

offline
consumer behavior changing
The State of Mobile Commerce

Sucharita Mulpuru, VP and Principal Analyst

October 15, 2014
Mobile is the top priority for web retailers

“What are your top three initiatives and priorities for your online (digital) business in 2014?”

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Percentage</th>
<th>Examples/definitions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mobile</td>
<td>53%</td>
<td>Responsive design, mobile site optimization, tablet redesign</td>
</tr>
<tr>
<td>Site overhaul</td>
<td>46%</td>
<td>Redesign (not specific to responsive design), personalization, site usability, content management system integration, taxonomy improvements</td>
</tr>
<tr>
<td>Marketing</td>
<td>36%</td>
<td>Brand marketing, search optimization, customer acquisition, loyalty and CRM</td>
</tr>
<tr>
<td>Omnichannel efforts</td>
<td>26%</td>
<td>In-store pickup, order management system overhaul</td>
</tr>
<tr>
<td>Replatform</td>
<td>19%</td>
<td>New platform integration, site performance</td>
</tr>
<tr>
<td>Checkout overhaul</td>
<td>19%</td>
<td>Alternative payments, checkout optimization</td>
</tr>
<tr>
<td>International expansion</td>
<td>14%</td>
<td>Growth to key markets like BRIC</td>
</tr>
<tr>
<td>Merchandising improvements</td>
<td>14%</td>
<td>Videos, on-site selection improvement, enhancing marketplace and drop ship capabilities</td>
</tr>
<tr>
<td>Fulfillment</td>
<td>4%</td>
<td>Speed to ship packages, order visibility</td>
</tr>
<tr>
<td>Social</td>
<td>3%</td>
<td>Integration with Instagram and Pinterest</td>
</tr>
<tr>
<td>Customer service</td>
<td>3%</td>
<td>Integration of live chat</td>
</tr>
</tbody>
</table>

Base: 60 online retailers

Source: “The State Of Retailing Online 2014,” a Shop.org study conducted by Forrester Research
Most marketers are focusing on the basics

Here is a chart showing the current use and future expectations for various mobile marketing tools:

- **Paid search campaigns optimized for mobile shopping**: 75% currently use, 15% expect to implement in latter half of 2014, 5% expect to implement in 2015 or later, 4% have no plans.
- **Mobile email optimization**: 66% currently use, 21% expect to implement in latter half of 2014, 9% expect to implement in 2015 or later, 9% have no plans.
- **Mobile display ads**: 53% currently use, 14% expect to implement in latter half of 2014, 9% expect to implement in 2015 or later, 23% have no plans.
- **Paid search campaigns that focus on driving traffic/sales to local stores**: 53% currently use, 12% expect to implement in latter half of 2014, 8% expect to implement in 2015 or later, 28% have no plans.
- **Tablet display ads**: 45% currently use, 17% expect to implement in latter half of 2014, 8% expect to implement in 2015 or later, 30% have no plans.
- **QR codes or other bar-code scanning**: 39% currently use, 12% expect to implement in latter half of 2014, 48% have no plans.
- **Mobile messaging (including SMS, MMS, push notifications, etc.)**: 36% currently use, 13% expect to implement in latter half of 2014, 12% expect to implement in 2015 or later, 39% have no plans.
- **Other location-based marketing (e.g., NFC or geofencing via GPS)**: 21% currently use, 16% expect to implement in latter half of 2014, 17% expect to implement in 2015 or later, 45% have no plans.
- **“Check-ins”**: 11% currently use, 18% expect to implement in latter half of 2014, 5% expect to implement in 2015 or later, 68% have no plans.
- **Beacon technology**: 8% currently use, 21% expect to implement in latter half of 2014, 65% have no plans.

78 online retailers (percentages may not total 100 because of rounding)

Source: “The State Of Retailing Online 2014,” a Shop.org study conducted by Forrester Research
How much will phones generate in commerce?

US Smartphone Commerce $B
(Physical goods and media)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014 (F)</th>
<th>2015 (F)</th>
<th>2016 (F)</th>
<th>2017 (F)</th>
<th>2018 (F)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$16</td>
<td>$26</td>
<td>$32</td>
<td>$37</td>
<td>$42</td>
<td>$46</td>
</tr>
</tbody>
</table>

Source: Forrester’s Smartphone Commerce Forecast (do not distribute)
In the PAST 3 MONTHS, have you used your cell phone for any of the following while shopping in a physical store

- To compare prices: 24%
- To research a product: 22%
- To find or redeem a coupon/coupon code: 20%
- To look up product information: 19%
- To take picture of a product to share with friends or ask for: 18%
- To locate a nearby store or to check store hours: 17%
- To access the Internet via guest Wi-Fi: 17%
- To access my shopping list: 15%
- To read customer reviews of a product: 15%
- To check availability of a product in another physical store: 12%
- To check availability of a product in an online store: 11%
- To check availability of a product in the store I was in: 11%
- To check-in to a social network: 11%

Base: N=4,814 US Online Adults 18+ (Weekly or more) who are cell phone users
Source: North American Consumer Technographics Retail Survey, 2014
Mobile phone shopping (continued)

In the PAST 3 MONTHS, have you used your cell phone for any of the following while shopping in a physical store

To scan 2-D barcodes to get additional information 10%
To learn about an in-store promotion or event 10%
To take picture of myself in a product to share with friends... 10%
To access my loyalty rewards account 10%
To store gift cards 8%
To purchase a product from the physical store 6%
To find accessories or add on items to purchase 6%
To ask for advice via social networks 6%
To locate a product within the store by using indoor maps... 5%
To check-in to a store using a location-based application 5%
To access a mobile wallet 5%
To receive push notifications that contain offers or product... 4%
None of these 38%

Base: N=4,814 US Online Adults 18+ (Weekly or more) who are cell phone users

Source: North American Consumer Technographics Retail Survey, 2014
## Mobile conversion is generally terrible

### Conversion rates of US retail websites

<table>
<thead>
<tr>
<th>Device</th>
<th>August 2013</th>
<th>August 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smartphone</td>
<td>0.8%</td>
<td>1.0%</td>
</tr>
<tr>
<td>Tablet</td>
<td>2.1%</td>
<td>2.1%</td>
</tr>
<tr>
<td>Desktop</td>
<td>3.1%</td>
<td>2.7%</td>
</tr>
</tbody>
</table>

Source: Adobe Digital Index
Device switching is common and few solutions to measure attribution work.

**Online destinations**
- Site visits
- Display ads
- Email
- Affiliates
- Social networks
- Search engines
- Comparison-shopping engines

**Across devices**
- Desktop
- Smartphones (including apps)
- Tablets (including apps)
- eReaders
- Internet TV

**Cross-channel touchpoints**
- Stores
- Offline mass media (TV, radio, print)
- Direct mail

Most attribution models only take limited touchpoints into account.
These are the most common retail apps

Which of the following types of online shopping apps, if any, have you downloaded to your smartphone/small screen mobile device?

- **Retailer-specific apps**
  - 2011: 33%
  - 2012: 36%
  - 2013: 40%
  - 2014: 45%

- **Comparison shopping**
  - 2011: 15%
  - 2012: 15%
  - 2013: 16%
  - 2014: 14%

- **Fashion trends or tech reviews**
  - 2011: 8%
  - 2012: 7%
  - 2013: 7%
  - 2014: 9%

- **I have not downloaded an app**
  - 2011: 42%
  - 2012: 41%
  - 2013: 37%
  - 2014: 33%

Source: Bizrate Insights/Forrester Mobile Commerce Studies
Shoppers discover phone apps mainly through word of mouth

How do you learn about the apps that you install on your device?

- Word of mouth (e.g. friends, family, colleagues) - 59%
- Social media (e.g. Facebook) - 25%
- The app store - 21%
- An ad on TV/radio/print - 20%
- Retailer websites - 11%
- Sign in a retail store - 6%
- I don't install apps - 14%

Base: recent online buyers who own smartphones or tablets

Source: Bizrate Insights/Forrester Mobile Commerce Studies
The challenges for apps remain large

- Apps can often be cumbersome to download
- Apps are difficult to find
- Apps need to be upgraded
- Most apps do not get repeat usage
- Apps could be subject to privacy restrictions
Apps vs responsive design framework

eBusiness professionals should evaluate write once, run anywhere and hybrid solutions when developing their mCommerce implementation strategy.

- **Native apps** (Separate code per OS/device)
- **Native apps** (Write once, run anywhere platforms)
- **Hybrid apps** (Native code + HTML5, CSS, JavaScript)
- **Mobile web** (HTML5, CSS, JavaScript)

- Multiple technology solutions exist when developing mobile commerce apps.
- Mobile web technologies can be implemented quickly but lack the user experience sophistication possible with apps.

User experience: Great, Okay
Cost and time-to-market: High, Low
### Key resource considerations for apps

<table>
<thead>
<tr>
<th>Challenges</th>
<th>What it means</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development expertise</td>
<td>Companies must train or hire multiple developers/development teams for each platform operating system they wish to support. To make matters worse, BlackBerry supports multiple OSes across its span of handsets and tablets and Google has a fragmented adoption of the various versions of Android.</td>
</tr>
<tr>
<td>Code maintainability</td>
<td>Simple bug fixes or feature enhancements must be coded, tested, and deployed across all supported platforms. This results in multiple, often branched, source code versions and makes a consistent, simultaneous rollout of updates to all platforms a laborious process.</td>
</tr>
<tr>
<td>Development velocity</td>
<td>Companies natively developing apps for multiple platforms will inevitably face a slowdown of development pace as they add more platforms and devices to the support matrix.</td>
</tr>
<tr>
<td>Release hurdles</td>
<td>Apps must pass the approval process of each respective app store through which they are distributed. This process can be both slow and repetitive, requiring robust QA, and release management processes to prevent rejection of both new apps and updates to existing ones.</td>
</tr>
<tr>
<td>Development costs</td>
<td>The economy of scale when creating native apps for multiple platforms is low. Each app platform requires experienced development, user experience, QA, and release management resources. Companies will find it difficult to hire resources with in-depth knowledge and experience across multiple mobile platforms.</td>
</tr>
<tr>
<td>Platform updates</td>
<td>The mobile operating system owners and device manufacturers are aggressively releasing new devices and OS updates to the market. Companies that have developed multiple native apps in-house or through an agency must react to each update to ensure that their apps continue to work on older devices, while embracing new capabilities to create end user value and stay ahead of the competition.</td>
</tr>
</tbody>
</table>
Takeaways and summary

› Time online has changed significantly; even phones are now cannibalizing the PC

› Mobile phones are used more than tablets but phone sessions are arguably far less valuable; device switching is also a given

› Offline shopping is a significant outcome of phone browsing

› Non-buyers on mobile don’t buy because of screen size and/or privacy concerns; more will become buyers over time

› Every venue is now a place where shoppers use phones and tablets

› Apps convert well but need to master “mobile moments”
Rethinking Mobile Engagement Online and In-store

Best Practices and Lessons Learned From a Mobile-first Redesign
Know and Empower Your Customers
Female
18 - 25 yrs old

Complex
Connected
Constantly
Conscientious
Passionate
Whimsical

Empower Her
Any device, anywhere
Social Feeds
In-store
Ratings & Reviews
Think Holistically: Omnichannel Starts with Mobile
Seamless Experiences Expected
Mobile Site Converting Better
Responsive Site Foundation for Omnichannel
Why Responsive?

One Design Optimized for All Devices

Faster Time to Market

Lower Maintenance Costs

SEO Benefits
Getting Responsive Right

Set Clear Goals
Prioritize Critical Content
Connect Visual Elements and Data
Rebecca Minkoff Site Redesign Goals

- New Brand Aesthetic
- Channel Agnostic
- Seamless Technology
- Streamline Content Management
Discovery: A Crucial Step in Any Redesign
Review Historical Data
Understand Rebecca Minkoff’s Company Culture
Bringing the Brand to Life
Look Outside Your Category  
Listen to the Customer  
Find the Perfect Intersection Between Fashion and Technology
REBECCA MINKOFF

IN-STORE TECH + CONSUMER APP + ASSOCIATE APP + RESPONSIVE ECOMMERCE SITE

New Site and In-store Experience
Homepage View Across Channels
Category View Across Channels
Product View Across Channels
Prioritizing the Main Navigation

Filters Are Very Important

Address the Paradox of Choice
IN-STORE TECH + CONSUMER APP + ASSOCIATE APP + RESPONSIVE ECOMMERCE SITE
Magento: Fastest Growing Provider on 2014 IR Top 500 Guide

+100%
Flexibility
Speed
Value
Q & A

magento.com/innovation

magento.com/enterprise

magento.com/fashion