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Platt Retail Institute (PRI) is an internationally recognized consulting firm that focuses on the use of technology to impact the customer experience. In a multi-channel marketing environment, PRI works with its clients to develop strategies to integrate various technologies including digital signage, CRM and POS systems, mobile marketing, and the Internet. PRI clients include retailers, media companies, financial institutions, hard-ware and software companies, educational institutions, and other businesses.

U.S. Office:
P.O. Box 158
Hinsdale, IL 60522 U.S.A.
Phone: 312.265.6106
contact@plattretailinstitute.org

EU Office:
Ctra d Mig, 75
08907 L'Hospitalet de
Llobregat
Barcelona, Spain
Phone: [34] 931847755
juanc@plattretailinstitute.org

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Integrating Mobile Technology into the Retail Customer Experience

By Tom Murphy, Editor-in-Chief, DigitalCanvasRetail.com, DigitalDraw.com, and Business Agility Radio

Recently, Steven Keith Platt, PRI Director and Research Fellow, was interviewed by Tom Murphy of Business Agility Radio to discuss how mobile technology is being incorporated into the retail customer experience. The following are highlights from that interview.

Murphy: Welcome to Business Agility Radio. Business Agility is the place to go for all things that are agile: decision management, analytics tools, the Cloud, and, of course, mobile technologies, which is our topic for today.

Mobile is a big issue, as most of our regular readers and listeners know. Mobile is the focus of three-quarters of all of the developers currently working in corporate IT in America today, according to a recent IBM survey. It is twice as popular for those developers as any other area, and for good reason.

Today, we are going to be talking about the retail sector, which by my count is leading the way in mobile applications and usage. Our guest is an expert in this area. Steven Keith Platt is Director and Research Fellow at the Platt Retail Institute in Chicago.

Murphy: The first area I would like to cover is the forces that are driving mobile in the retail sector, and how retailers are adapting. Can you give us a quick overview?

Platt: With increasing adoption of mobile devices generally, retailers are being forced to change the way they do business. Specifically, we are moving more and more toward omni-channel retailing. This means, in essence, that customers experience a brand, rather than a specific shopping channel. These channels include the store of course, as well as the Internet, catalog, mobile devices, etc. This fragmentation in shopping channels away from brick and mortar stores is forcing retailers to meet consumers on their terms, which is causing a lot of upheaval in the retail business.

Murphy: What do you mean by "meeting consumers on their own terms"?

Platt: Customer loyalty has moved beyond brand, merchandise and price. Consumers today want to shop when, where, and how they want to shop. This trend started with the Internet, but is now being advanced in a very dramatic and rapid fashion due to mobile technologies. And mobile is big business. For example, Juniper Research estimated that mobile payments for digital and physical goods will reach \$630 billion by 2014. The IAB found that mobile advertising reached \$5.3 billion globally in 2011 – \$1.7 billion in



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North America. Strategy Analytics estimates that advertiser spending on mobile in 2012 will reach \$4.2 billion.

Murphy: Let's talk about mobile engagement. What are the opportunities in mobile engagement?

Platt: Specifically, as they relate to retail, you have a variety of different points of contact, if you will, with the consumer, which are generally referred to as mobile touch points. Those can start before the customer leaves for the store. So, for example, on an app, I might put together my shopping list or do some product research. As I head toward the store, I may use a store location GPS-enabled app to check directions and for store hours, as well as to download coupons. Once inside the store, I may engage in product research, price comparisons, and scan barcodes to see usage videos. If I authorized it, a retailer may be communicating highly targeted, one-to-one messaging. At checkout, of course, I might pay with my phone, have coupons scanned, or engage with a loyalty program. Post-purchase, I might look for warranties, rebates, etc.

Murphy: That's a dizzying array of contact points and my guess is that there aren't too many stores that are up on all of those at this point, so this is kind of the beginning of all this, isn't it?

Platt: Absolutely. Many retailers are sort of scrambling, to your point, to figure out how many IT dollars to direct to this channel. CompTIA's recent retailer survey, for example, found that nearly two-thirds of retailers expect to increase their overall IT spending in 2012. So, for example, many retailers are trying to develop apps. The trick then becomes how to get a consumer to download and use it. Other retailers are sending texts to customers with offers and other information. Then the challenge becomes persuading customers to opt-in. Some retailers have seen some success, but I would say the vast majority is still trying to figure it out. This includes all the associated software platform integration issues as well.

Murphy: One of the predictions we heard last fall was that as many as two-thirds of Black Friday shoppers used their phones in some way to shop. I don't know if those numbers fit in with what you are seeing.

Platt: I think that is a bit of an overstatement Tom. In a 2011 survey, Google found that 38 percent of mobile subscribers had smart phones; comScore found 41.8 percent. Of that 38 percent, Google's survey found that 34 percent made purchases on their phones; 29 percent make at least a monthly purchase. So, for example, for every 100 shoppers, 40 or so have smart phones, and perhaps 14 have used their phone to make a purchase and/or conduct research, which is not two-thirds. On the other hand, the president of ecommerce at Sears has stated that seven of ten smartphone owners have either shopped or browsed on their mobile devices while in the store.

Murphy: I've never bought anything on the phone but maybe I will be in the minority soon.

Platt: Neither have I, but I am guessing that guys our age shop a little bit differently. In Japan, for example, the number of consumers who have made purchases on a smart phone is closer to 40 percent, so it also depends on the culture.

Murphy: Let's move on to another area, that of developing a retail mobile strategy for a large company. There are a lot of options out there, Steven, and how does a mid-size or large retailer get started in trying to think about what they need to do first?

Platt: Like most IT initiatives, you want to have a strategy, as well as assess your particular firm's options and needs. Of course, you are going to be asking three basic questions: Where are we now? Where do we want to go? And how will we get there? I am not going to go through the litany of all the questions, but, for example, when you are thinking about where you need to go, the logical question is whether it is even important for your firm to develop mobile strategy. How does it support the corporate vision? How is mobile going to be part of your overall CRM and loyalty strategy, etc? And how will your firm's mobile program impact people, processes, and systems? And how will you get there? Which applications do you plan on integrating? What are the target time frames? Types of training and personnel? How will you track adoption? What are the processes for updating, etc.? That's pretty much the way you would evaluate any new strategy, but this one is a game-changer for retail.

Murphy: Are we seeing some companies that are way out front and pulling away already?

Platt: Yes, and different companies are known for coming up with some different concepts. Starbucks, in the area of mobile pay, has been a leader. Interestingly, Tom, and this will surprise some of your listeners, Sears was voted in 2011 as the Mobile Retailer of the Year by Mobile Commerce Daily.

Murphy: Really? I had heard a lot about Sears's closing stores, but hadn't heard anything about their mobile strategy until now. Would you elaborate on that a little bit?

Platt: I think that the reason they were voted Mobile Retailer of the Year is because they are really looking at it across many different platforms. They have been successful focusing on the customer and the customer's needs and uses, rather than on a specific channel. Sears reported that they had double-digit increases in mobile sales this past Thanksgiving due to their sophistication in mobile. So, for example, they have a mobile-enabled website. They have about six different apps that are very interesting. They send SMS messaging to their loyalists. They do mobile advertising. They have some QR codes embedded, for example, into their catalogs, among other things.

If I can just mention some of their apps. They have Sears2go and Kmart2go. It is very easy to do product searches, browse their catalog, check out gifts, look for product reviews, or find a store. They also have the Sears Personal Shopper, which is kind of interesting. You can take a picture of a product in a store and send it along to your "personal shopper." They will find the product for you and, if they don't sell it, they will still find it for you and you can pick it up in a store. They also have another interesting app called ManageMyLife, which is kind of clever, where you can put together to-do lists, search a library of experts for answers, touch a button and call their personal solutions manager. Their apps are pretty cool and they have done a good job with them.

Murphy: In banking, is there one particular player that has pulled away?

Platt: In 2011, Mobile Commerce Daily voted J.P. Morgan Chase Mobile Banker of the Year.

Murphy: I write a lot about J.P. Morgan Chase because they are doing a lot in technology. They recently spent several hundred million dollars overhauling virtually their entire banking computing system after they merged with several other banks. They are already achieving something like a \$1 billion per year advantage as a result of those changes, although the project is not even complete yet. So, I'm not really surprised to hear that they are ahead in mobile. I also see that there is a lot of activity with all their advertisements for peer-to-peer payment and for remote capture – that idea of photographing your check



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and sending it to the bank. They are leaders in those areas, but I don't know if that is really catching on as fast as they expected.

Platt: Actually, from what I have been able to tell, they sort of invented the “take a check’s picture and make a deposit” idea. You can pretty much manage anything having to do with your bank relationship on their mobile app. This includes getting balance information, paying bills, and depositing checks. It's very clean. The app is highly promoted on their website, and they have some very nice little videos that actually help walk the customer through how you use them and sign up. It's very well done.

Murphy: I oversee another web site focusing on banking, and we talk a lot about mobile applications. There's a lot of talk about people building them; there's not a lot of talk about people using them. So far, it seems to be catching on with about 20 percent of the early adopters and the Gen Y/Gen X category. Not so much with the Boomers, and there's some speculation about whether it will catch on with the other 60 to 80 percent of the consumers out there who do banking in a more conventional way.

Platt: Good point. We've seen an analogous situation in digital signage. All the “experts” come out when they see a new technology and project that it's going to skyrocket in three years. Well, you know, adoption and changing consumer habits take a long, long time. I've been in the digital signage space for 10 years and we are still waiting for that big pop that we know is going to come. I think there is a lot of hype surrounding mobile—growth projections and until a lot of these retailers really figure it out, it's going to be challenging. Another area of immense interest that we didn't touch on is mobile payments, of course, and there are some huge estimates of the size of that market.

Murphy: I don't know if people are going to opt for that very quickly although, again, you see a lot of Chase commercials for that. You don't see a lot of commercials for that from other banks, interestingly.

Platt: It's cultural too. In Japan, they've been engaging in mobile pay for years. I recall being in the UK about five or six years ago and they were already downloading coupons, etc. Five years ago, if you talked to somebody (in the U.S.) about mobile coupons, they would think you were from a different planet. We have an office in Europe and many clients there, and people will be surprised to hear this, but my experience in digital signage and mobile to-date has been, while we talk about it a lot in North America, we are way slower adopters than in Europe.

Murphy: One of the things that we have talked about in the past was the impact of the slowing economy on digital signage adoption. It seems that adoption was faster a few years ago, before 2008 when the economy went in the tank. Do you think we are seeing any of that in the mobile space? I'm hearing about a lot going on with mobile development, but not a lot of promotion of these products.

Platt: One huge distinction, Tom, which is very much in favor of mobile is that unlike digital signage – which represents, if you are a chain of 1,000 stores, a massive capital investment between screens, software, installation, and content – for a mobile device, the customer bought the hardware, so that just takes a massive problem off the table. So, that's another reason why mobile is going to grow a heck of a lot quicker than digital signage. Ultimately, I see the day where every single store in the United States has a digital sign or two, but today, about 30 or 40 percent of the population is already carrying these (mobile) devices around, so from a retailer's perspective, I don't have to pay for that hardware.



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Tom Murphy is Editor-in-Chief of the popular marketing sites DigitalCanvasRetail.com and DigitalDraw.com. Tom has helped establish best practices in interactive media for more than two decades as writer, editor, and entrepreneur.



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Murphy: Another thing I would like to discuss is mobile touch points and what's happening there. Can you tell us a little bit about that?

Platt: By "mobile touch points," we define that as where on the path to purchase a retailer can be thinking about influencing or helping the consumer. We touched a little bit on pre-store, outside the store, and inside the store earlier.

Maybe, I can change that a little bit just to talk about how and what some of these devices can accomplish. For example, all of a sudden you have personalized sales and interactions anywhere on the sales floor. If I am an associate with a tablet at a high-end retailer like a Neiman Marcus, I have a lot of information on my customers. I could be walking around the floor, pulling up information about my customer, their buying activities, what they like, what they don't like, and have a very personal experience with that shopper. Similarly, that same shopper can have their purchase history on their phone and also in-depth product information. So, if I am looking around at a Best Buy for a high-end TV, and I want to go out and get product reviews of that product as well as do price comparisons, it makes that very easy. There are a lot of opportunities to drive in-store efficiencies. Eventually you will see all sorts of POS data and inventory supply chain data integrated into these apps so the customer and/or associate can search for whether a product is in stock and, if not, which store has it. If the customer does not want to go and get it, it can be shipped to their home.

Murphy: Let's talk about what happens when a consumer goes to the store now. How does the clerk interact with the consumer? Are the clerks carrying tablets and that sort of thing?

Platt: They will be. If you have been in an Apple Store, you have probably experienced that. In the Apple Store, from my experience, mobile devices have been limited to mobile pay and mobile check out, and that can be good if there is a long line and you don't want to wait. Customer wait expectations are a big part of the experience. Sears has deployed iPads and iPod Touches in 450 stores. At some AT&T retail stores, associates with mobile devices can pull up account records and serve a client anywhere in the store. Integrated mobile devices with a POS checkout component are certainly coming down the road for many, many retailers.

Murphy: What haven't we covered that you would like to talk about, Steven?

Platt: I always like to think about practical applications, since we tend to talk about these technologies in theory. So, for example, in a consumer electronics store, what kind of applications should a retailer be providing its customers? It might be price and feature comparisons, customer reviews, mobile video, or demonstrations. In a retail apparel store, it might be style advice or pre-selecting clothing for the fitting room. In a supermarket or drug store, product finders or recipe helpers. There are a lot of really interesting practical applications that are going to drive usage and adoption of mobile technology.

Murphy: There is so much we can talk about and I really appreciate you being here today. Thank you.

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