Mobile Consumers & You

How to use mobile to your advantage

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Tradedoubler

Driving value from the mobile consumer

In the age of the smartphone, brands and retailers cannot succeed without persuading mobile researchers to purchase their products. But doing so requires a deeper understanding of why potential customers are researching using their phone – and what they want to do next.

Tradedoubler's unique study of the commercial behaviour of smartphone owners in Europe has firmly established the critical importance of mobile research to today's shopping habits. Our research surveyed 2,000 smartphone owners in Germany, Sweden, France and the UK and demonstrated that mobile devices have rapidly been given a central role in consumers' regular purchase behaviour.

This study found that using a smartphone to research purchases is widespread. Of all the smartphone owners we surveyed, 71% research products on their mobile – and they do so with impressive frequency. Mobile research [Figure 1] is a monthly habit for 52% and a weekly occurrence for 32%. Amongst owners of certain devices, the habit is even more firmly established: 46% of iPhone owners look up product information on their device every week.

Figure 1: Weekly mobile research amongst smartphone owners

Purposeful yet unpredictable

Mobile research is characteristically purposeful. Almost as striking as the number of people turning to their phone for product advice on a monthly basis are the number of those engaging their handset in the later stages of the purchase journey. Almost a third (32%) of smartphone owners seek out vouchers to download every month. Of all those identifying themselves as mobile researchers, 87% said they had gone on to take further action – either continuing their product research, or completing a purchase. Mobile researchers aren't just significant in terms of sheer numbers; they are significant because they mean business.

And the focused nature of this mobile research crosses category lines. Mobile has the power to influence all types of sale, from smaller impulse buys to big-ticket, high consideration items [Figure 2]. Over 30% of mobile researchers have consulted their device when it comes to buying music, clothing and accessories, events and train tickets, holidays and hotels, and consumer electronics. Over 20% have used their mobile to investigate purchases of books, entertainment, flights, cosmetics and cars.

According to the latest Forrester EU Mobile Commerce Forecast*: "The impact mobile will have on the overall shopping experience will be much more significant as consumers increasingly turn to their phones to inform both online and offline purchases." For retailers this means that they cannot hope to compete effectively unless they engage with potential customers while they are using a mobile in this way. Smartphones offer a powerful opportunity to communicate with and influence potential customers at the very point that they are considering a purchase.

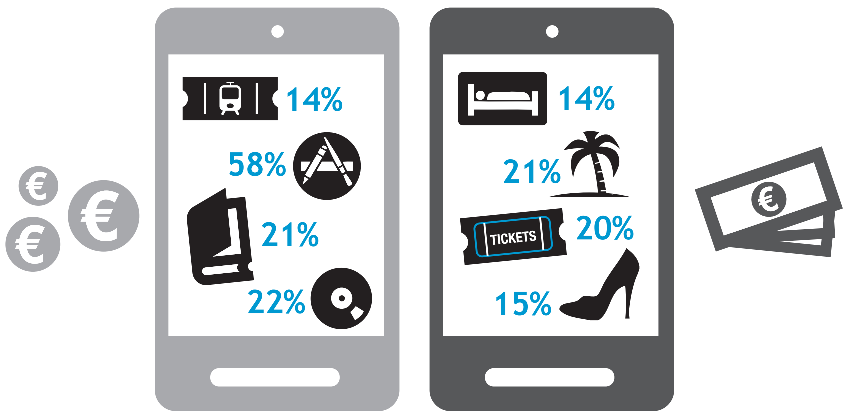


Figure 2: Mobile purchases cross category lines

*EU Mobile Commerce Forecast. 2012 to 2017, Forrester Research Inc. July 11 2012

Yet, the fact that purposeful research is carried out on a mobile device is no guarantee that the purchase itself will be completed through that device. This is perhaps the most significant difference to emerge from a commercial point of view between mobile and the PC-based online revolution that preceded it. Whereas those researching on a PC today are highly likely to complete purchases using the same device (and in many cases in the same session), mobile researchers are not so predictable. The conversions take place – but where and when is up for grabs. If retailers, merchants and brands want a slice of the mobile commerce action, they must take the initiative in anticipating mobile researchers' next moves.

Compared to the 71% who research purchases on their mobiles, 53% of smartphone owners say they have actually purchased something using their phone [Figure 3]. These top line figures indicate a significant number of shoppers seeking alternative channels to complete their purchases.

This means that retailers must understand the different scenarios in which consumers use mobile as part of their research process. They need to be able to provide a choice of conversion opportunities that fit these different situations and incentivise a purchase along the way.

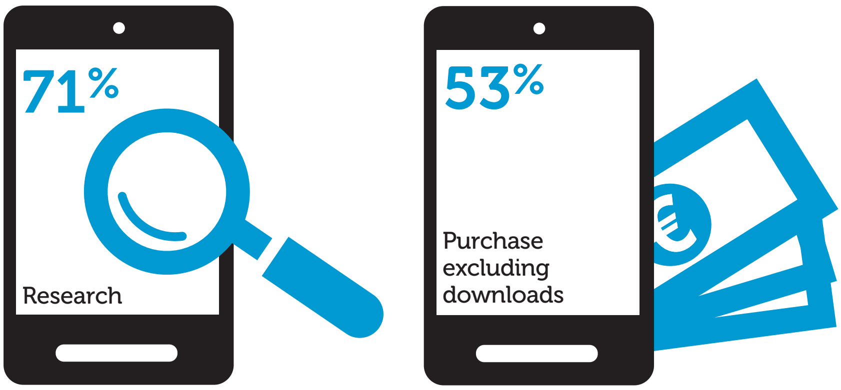


Figure 3: Research and purchase on mobiles amongst smartphone owners

Research on mobile, purchase elsewhere

When asked what they had done after researching products on their mobile device [Figure 4], 25% of mobile researchers responded that they had completed a mobile purchase, with 7% completing purchases using their tablet. A far greater proportion of mobile influenced commerce is completed through other channels: 38% of smartphone owners say that, following mobile research, they have completed a purchase in a store, while 47% say they have gone on to complete a purchase online using a PC.

For retailers seeking to take a slice of the growing mobile commerce pie, this split between conversion channels makes the question of which strategy to adopt when targeting mobile researchers a complex one. Retailers who target mobile conversions in isolation risk failing to connect with the significant numbers of people who complete purchases through other channels. On the other hand, continuing with business as usual brings the risk of losing contact with mobile researchers altogether by failing to deliver an experience that fits with a mobile-powered purchase journey.

The requirement is growing for merchants to adopt a seamless approach across all three of the channels through which mobile researchers choose to convert; seamless from the point of view of the consumer, but also in the way that conversions are tracked and credited. Tradedoubler's experience of linking affiliate programmes across offline, PC and mobile channels can provide valuable insights in this area – and is already helping merchants to drive and track conversions across a range of channels.

In particular, there are three factors that merchants must consider when targeting different mobile research audiences: what is being researched, where the research is taking place, and the nature of the device being used.

Figure 4: Where users convert after researching on mobiles

Different purchase journeys for different product categories

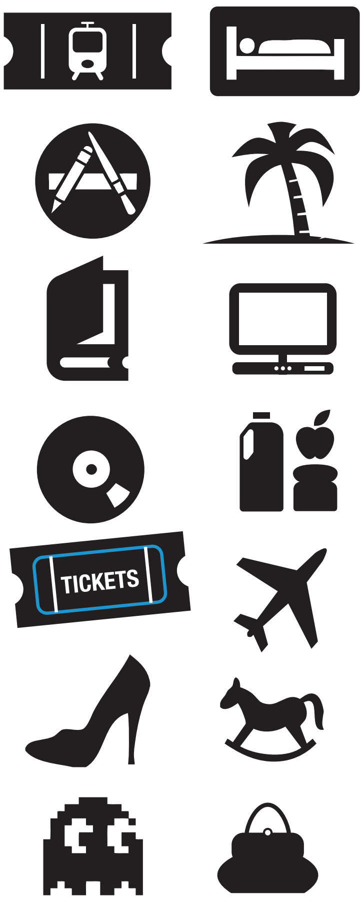


Figure 5: Types of goods purchased on mobiles

The most likely next step for a mobile researcher depends first and foremost on what they are researching. The Tradedoubler study suggests that significantly different mobile-influenced purchase journeys exist for different product categories [Figure 5]. For merchants selling books, music, take-away food and event tickets, there appears to be greater potential for a converted sale to take place on a mobile. For each of these categories, large numbers of respondents have both researched and purchased using their mobile. And it is these less expensive, lower consideration product categories that are initially the most likely to be the core mobile commerce growth categories.

For higher ticket purchases, in particular luxury goods, consumer electronics, mobile phones, groceries and car rentals and purchases, our survey shows a clear gap between propensity to research using a mobile and propensity to complete purchases using that device. For merchants in these categories, alternative strategies for engaging mobile researchers and leading them through to conversion are essential.

Mobile affiliate channels provide a powerful range of tools for engaging with potential buyers in these categories through meeting researchers' demand for reassurance on the best deal. However, the key to making the most of this opportunity is to provide realistic metrics to incentivise the affiliates that are best placed to drive conversions. For auto purchases, Cost per Lead (CPL), potentially measured through mobile call tracking, relates performance to a natural next step in the purchase journey. For car rentals, in contrast, more conversion-oriented metrics can be adopted, but tracking across mobile, offline and voice calls is essential. When it comes to luxury goods, consumer electronics and groceries, the study suggests that voucher codes, mobile loyalty schemes and price-comparison websites and apps all have a valuable role to play.

Home mobile versus mobile mobile

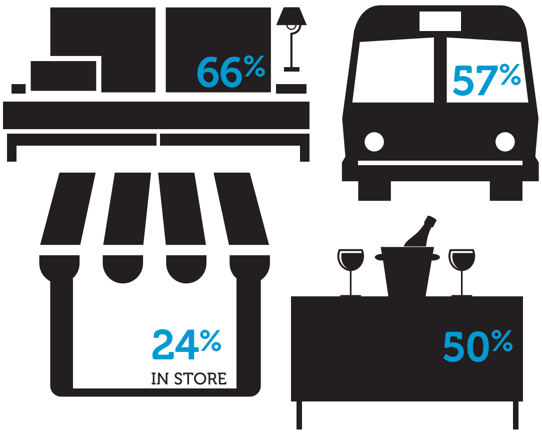


Figure 6: Use of mobile web

The success of different conversion strategies will be hugely influenced by where the mobile research takes place [Figure 6]. For the 66% of smartphone owners who surf the mobile web at home, any immediate purchase behaviour in that environment is likely to take place either through the mobile device itself, over the phone or through a home-based PC.

For the 24% using the mobile web inside stores, the decision over how to convert rests between the mobile device and an offline purchase. The same will also often be true for the 50% using the mobile web in general outdoor areas, where nearby stores offer an immediate conversion opportunity. Since mobile researchers are heavily motivated by price, daily deals and voucher codes can play a valuable role in driving impulse buys that are completed in-person, in-store. In enabling the tracking and crediting of such purchases, they also provide an opportunity to incentivise affiliate channels to drive foot traffic.

For the 57% who use the mobile web whilst travelling, the first non-mobile conversion opportunity that they encounter will depend on the direction of travel: those travelling home are most likely to favour a home PC or mobile purchase; those travelling away from home are more likely to make an immediate choice between mobile and offline purchases.

Much has been written about mobile representing a nightmare scenario for retailers, in which shoppers visit stores to view products and then turn to their mobile phones to find the best prices and complete purchases online [Figure 7]. Although the study found that price checking is a major element of in-store mobile behaviour, it also shows that stores take a healthy share of the conversions resulting from mobile research. The 38% of researchers completing their purchase in a store is second only to the 47% converting online using a PC. When we consider that most mobile web use takes place in the home (where the PC is a far more readily available option for completing a purchase), in-store conversions are, if anything, punching above their weight.

Much of the competition within the store environment appears to be competition against other offline retailers. And in this case, the store most capable of engaging with mobile researchers and leading them through the final stages of the purchase journey is likely to be the one that picks up the sale. Delivering such engagement and helping to incentivise in-store conversion is where location-based offers, daily deals and voucher code sites come into their own.

In France we are working closely with merchants and affiliates in this area of research online/purchase offline (RO/PO), developing a multi-channel model for daily deals sites to track offers that are redeemed either on a mobile device, online or in-store. When we combine this with geo-targeting, it adds up to a powerful tool for reaching consumers with the right offers at exactly the right moment when they are out and about, ready to make a purchase. We are already seeing the value of this approach: for example, working with a leading French telecom retailer, we have run a multichannel program with an offer that is tracked at the point of sale and that includes a mixed metric for affiliate payments. Early results show an uplift in sales both via mobile and in store.

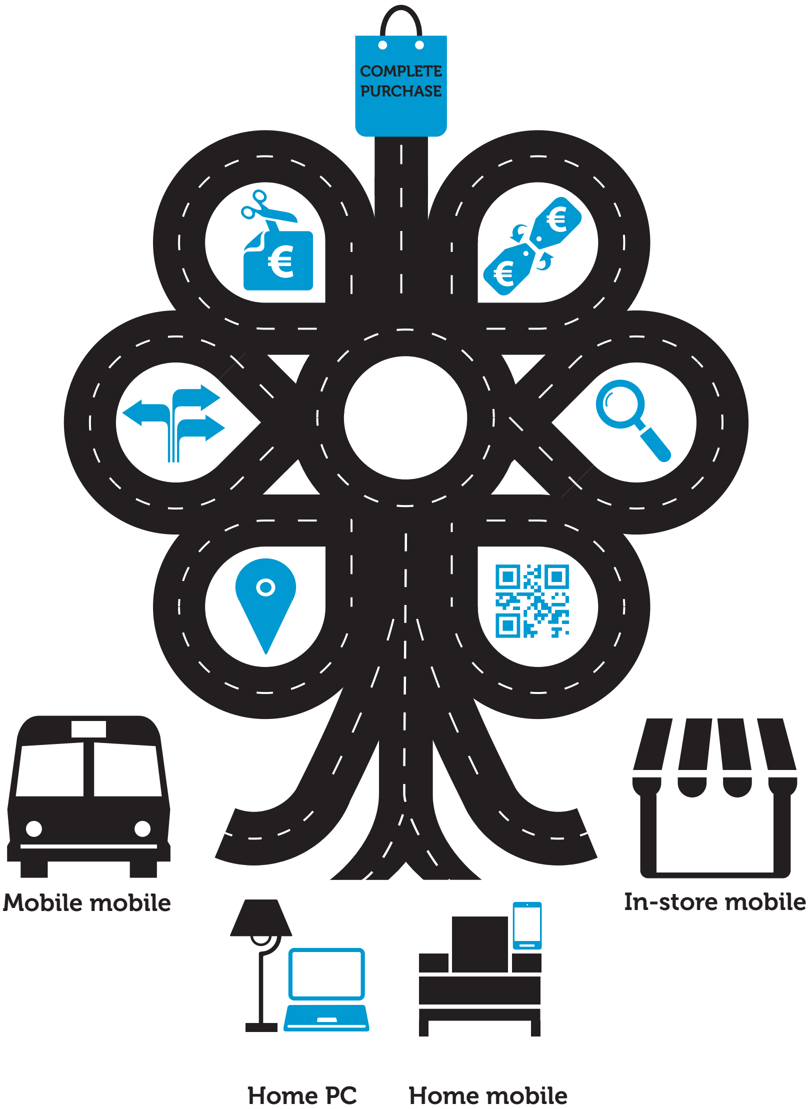


Figure 7: The journey from research to purchase is complex and depends on research, location and use of mobile functionality

The in-store purchase journey: a partnership in the making

In-store mobile research is habitual, with 41% identifying that they use their phone in a store at least half the time. The nature of in-store research and the likely actions resulting from it, are strongly influenced by the type of applications that a shopper has installed on their phone.

	Search for vouchers	Use location-based offers	Use mobile instead of loyalty card
Of in-store researchers	**19%**	**16%**	**16%**
Of those with cashback or loyalty apps	**51%**	**33%**	**43%**
Of those with daily deals apps	**41%**	**30%**	**30%**

Figure 8: In-store behaviour and the impact of affiliate-type apps amongst mobile researchers

Whilst much in-store mobile research has the potential to lead shoppers away from the store - 42% of in-store researchers are trying to find a better price elsewhere - the behaviour of those with mobile affiliate-type apps installed gives plenty of opportunity for stores to secure purchases there and then [Figure 8]. In our research we found that whereas only 19% of in-store researchers overall search for a voucher to help complete their purchase, 51% of those with cash back or loyalty apps and 41% of those with daily deals apps installed on their phone, do. Whilst only 16% of in-store researchers overall receive location-based special offers, this rises to 30% amongst daily deals app users and 33% amongst loyalty scheme users. And although only 16% overall use their phone in place of a loyalty card, 30% of those with daily deals apps, and 43% of those with loyalty apps, do.

These shoppers are significantly less likely to wait to complete a purchase online using a PC. They are far more interested in completing purchases using their mobile or in a store – although they are also more likely than average to travel to a different store to complete the purchase, given the right price incentive. Again, the need for a seamless strategy that bridges all types of device and at the same time encompasses the opportunity to convert a purchase offline, in a store, cannot be over-emphasised.

We are working with our own merchants to ensure they are taking advantage of the increasing opportunities in this area. For example, the UK-based camera retailer Jessops has had significant success working with Tradedoubler to develop a location-based voucher offer that is delivered through the mobile app of Quidco, a Tradedoubler affiliate. The app uses location-based check-ins to deliver voucher offers to shoppers as they pass a Jessops store, with vouchers redeemed in-store and credited to Quidco. Online sales through the Quidco site grew by 72% during the campaign period, with analysis showing incremental in-store sales growth. The initiative is significant in the potential it shows for stores to secure conversions using affiliate channels – and the opportunity it presents for affiliates to benefit from offline purchases.

Unsurprisingly, the percentage of in-store shoppers who scan product bar codes jumps substantially amongst those with bar-code readers installed – but so too does the percentage scanning QR codes, which provide a means for merchants to take control of the product information that is provided and engage shoppers throughout their last-minute mobile research. Shoppers with bar code readers installed, like those with daily deals apps, are far less likely to convert using a PC – and far more interested in completing purchases using their mobile, or finding a store with the best price to buy the product face-to-face.

Over half (52%) of those using a phone in a store do so to look up product information. This increases to 70% amongst those who have shopping comparison apps installed on their phones. Working with such established mobile platforms provides merchants with a clear channel for engaging the general in-store researcher.

Research on a browser, convert with an app

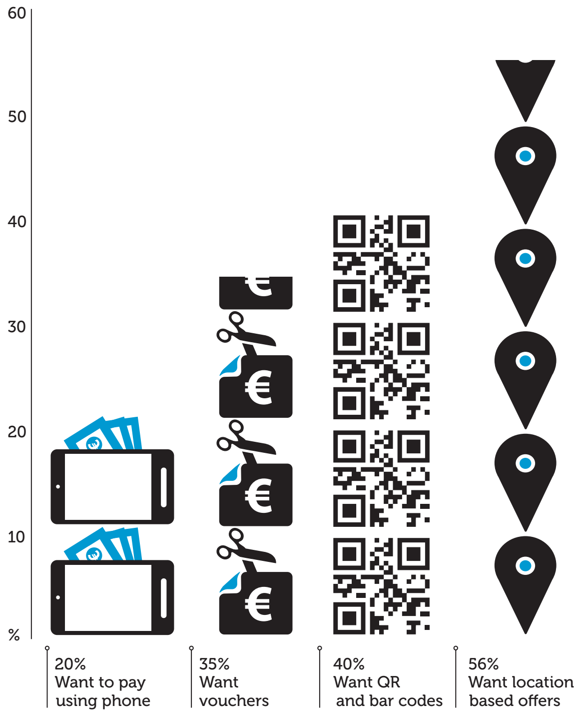
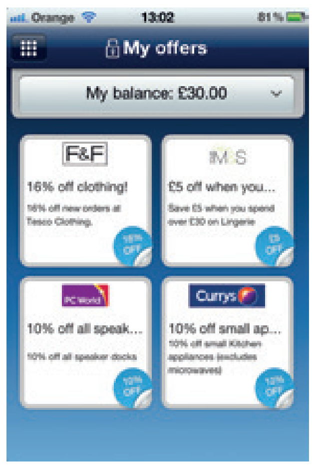


Figure 9: User appetites for mobile shopping functionality

Whilst the mobile browser is the key channel for general product research, apps seem to take on greater significance when it comes to the business end of the purchase journey. It is significant that the apps designed to drive conversion for mobile researchers are most likely to be installed and used by iPhone users (the most active group of mobile researchers) and to a certain extent by Android users (the largest group of smartphone owners). Merchants who can work with such platforms to establish an effective presence, and develop an in-store environment that supports redeeming vouchers, daily deals and loyalty points are likely to establish a major competitive advantage, driving sales amongst a highly significant group of mobile researchers who are highly likely to convert and become purchasers.

This opportunity is likely to grow given the strong interest in taking up such mobile-powered services [Figure 9]: 56% of smartphone owners say they are open to receiving location-based offers, 35% want to search for vouchers and 40% want to scan QR codes or barcodes. 20% are interested in using stored credit card details to pay for in-store purchases using their phone. As such payment services develop, they will provide a natural route to conversion for those enrolled on voucher, daily deals and loyalty schemes. Tradedoubler is already working with mobile wallet services, such as the newly launched O2 Wallet [Figure 10] in the UK, to develop mechanisms for mobile affiliates to drive purchases through these channels.



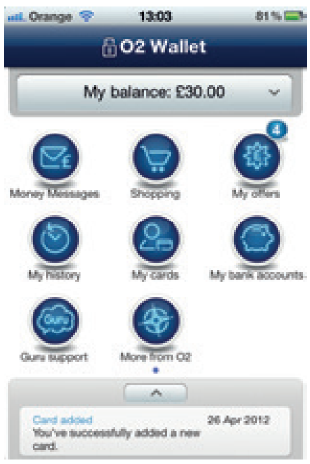


Figure 10: O2 Mobile Wallet

The future of mobile commerce

The trend for shoppers to research products using their mobile and then complete purchases using other means is significant – but is it long-term? To answer this question, we need to look closely at the potential motivations for switching from the mobile channel when it comes to actually making a purchase.

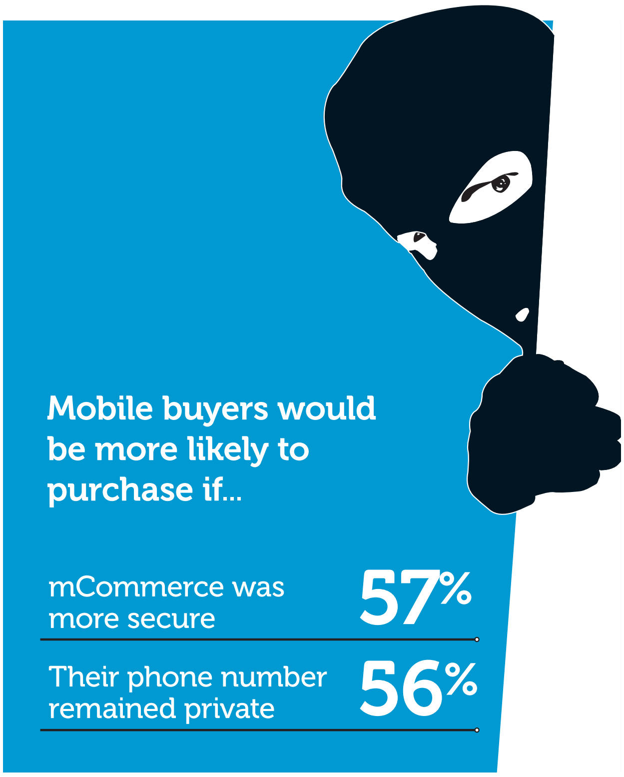


Figure 11: Attitudes to mobile security and privacy

When smartphone owners identify a reason for not completing a purchase on their mobile, they focus on security or privacy concerns [Figure 11] and the frustrations involved with using the mobile internet itself. Within the home, these factors lead consumers to their PC, a more familiar digital channel with potentially a more stable internet connection, a larger screen and a keyboard that is easier to type on. Outside of the home, they lead shoppers back to the comforting experience of completing purchases in person.

Within the home environment, these factors are likely to be gradually eroded as consumers become more familiar with the mobile web – and as the availability of domestic wi-fi negates many of the perceived differences between accessing the web from a mobile or tablet – and accessing it from a PC.

Within the store environment, however, the study appears to show more complex consumer motivations at work. The apps that mobile owners install and use on their phones are designed to merge the digital and physical offline worlds in a way that enables shoppers to reassure themselves on price, access product information, ensure that they are getting a good deal – and then complete a purchase in person.

The potential is there for mobile to take a greater share of offline sales as shoppers become more familiar with m-commerce platforms, but this seems unlikely to entirely displace the already well-established consumer habit of researching on a mobile – and completing a purchase in a store. It is also likely that, as it becomes more established, mobile will generate incremental sales as consumers become more likely to use the device to make impulse purchases, particularly for cheaper, low-consideration items.

Figure 12: Affiliate platforms can provide shoppers with a range of mobile-related purchase options

Tradedoubler's research has delivered many vital new insights into how consumers are increasingly using mobile to inform a whole range of purchase decisions. It confirms that affiliate platforms are playing a hugely influential role in this emerging shopper experience, with daily deals and shopper comparison apps having a significant impact on how consumers choose to convert their purchases. The scope for such influence will only grow with the launch of mobile wallet services that make it ever easier for shoppers to link mobile research with in-store experiences. And as mobile commerce evolves, the ability of affiliate platforms to provide shoppers with a range of mobile-related purchase choices will ensure that they remain an indispensable tool for retailers [Figure 12].

We're pushing against an open door

With mobile consumer behaviour evolving faster than the mobile environment, simple enhancements to the mobile purchase journey can generate significant revenues.

Find out more about Tradedoubler's mCommerce research please contact Jane Turner - Jane.Turner@tradedoubler.com

Or visit **tradedoubler.com**

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