

# THE ULTIMATE MOBILE CUSTOMER EXPERIENCE IS NOW WITHIN REACH FOR RETAILERS

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Insight from Phunware



# THE ULTIMATE MOBILE CUSTOMER EXPERIENCE IS NOW WITHIN REACH FOR RETAILERS

Retailers and mall owners now have a major opportunity to differentiate their brands and locations, more deeply engage their customers, and jump ahead of competitors.

Today's mobile technology advancements are the key. With branded mobile apps coupled with location-based mobile technologies, you can create a compelling, satisfying, and exciting customer experience in ways not possible just a few months ago.

- Surprise and delight customers with personalized welcome messages, promotions and discounts as they arrive at your stores.
- When shoppers approach a new in-store display, automatically trigger pop-up videos, coupons or other information related to the merchandise.
- Help shoppers navigate the store with turn-by-turn directions so they can find what they're looking for and not leave empty-handed.
- Engage shoppers when they are not at the store and encourage them to come back.

This is the ultimate mobile customer experience, and it's now within reach of midsized and large retailers. With an affordable, easy-to-use mobile solution, retail marketers can create a seamless 'omnichannel' experience, which helps increase customer engagement and loyalty along with sales and revenues. In addition, you can capture meaningful data about in-store shoppers to further brand loyalty and revenue goals.

However, most retailers have yet to leverage mobile technology in ways that engage and delight customers in their stores. Developing a branded, location-aware mobile app is now within reach for many retailers, even those with limited resources. Phunware has built more than 400 apps for leading brands including, Edmunds.com, NASCAR, NBC, and the NFL, among many others. Retailers can tap this rich set of experience to build or

enhance their own mobile apps using pre-built mobile application frameworks that deliver a branded mobile shopping experience right out of the box.

Meanwhile, consumer shopping patterns are changing and their expectations for branded mobile apps are rising. For example, the Apigee Institute's recent report, "The Mobile Mandate for Retail,"<sup>1</sup> reveals that a majority of respondents expect grocery and department stores to have "key services and functions available by app now," with two-thirds expecting key services/functions delivered in apps within two years.

"Our research finds that customers not only want brick-and-mortar retailers to deliver key services via apps, they expect them to," according to Apigee's director Bryan Kirschner. Based on its research, the Apigee Institute concluded that developing a branded mobile app to engage customers "is a necessity" for retailers, and those that fail to do so "should expect to lose market share.

*“The data tells a clear story that apps, which were considered a mere fad a few years ago, are completely dominating mobile, and the browser has become a single application swimming in a sea of apps...”*

This white paper illustrates how retailers can engage, manage and monetize today's connected customers through location-aware, branded mobile apps and in-store mobile technologies.

<sup>1</sup> <http://pages.apigee.com/rs/apigee/images/apigee-mobile-mandate-for-retail-ebook-03-2014.pdf>

# THE IMPORTANCE OF THE MOBILE SHOPPER CONNECTION

Though ecommerce long ago became an established retail channel, brands still need to drive people into stores; this is where deep customer engagement happens. However, retailers haven't fully optimized the mobile in-store experience, even though shoppers are increasingly using mobile devices in stores, they want to be engaged and delighted by retailers in their stores, and that location-aware mobile apps may be the key to delivering the ultimate customer experience.

## **THE MAJORITY OF CONSUMERS ARE ALREADY USING MOBILE DEVICES IN STORES.**

Eighty-four percent of consumers use mobile devices to help them shop in stores, according to a Google Shopper Marketing Agency Council report.<sup>2</sup>

## **MOBILE HAS CHANGED HOW PEOPLE SHOP.**

Mobile access to product information, discounts and more has dramatically shifted shopper behavior. Eight out of 10 U.S. smartphone owners say their device has changed how they shop (the Apigee Institute). Nine out of ten believe mobile technology will change how they shop by 2015.<sup>3</sup>

## **MOBILE CONSUMERS MAY SPEND MORE.**

Contrary to what some retailers fear, consumers who use mobile devices in stores sometimes spend more money there. According to Google Shopper Marketing Agency Council's report, frequent mobile shoppers spend 25 percent more in stores than those who only occasionally use a mobile phone for shopping. The increased spending is across multiple retail sectors: appliances, groceries, baby care, electronics, health and beauty, and apparel.<sup>4</sup>

## **SHOPPERS LOVE APPS, NOT MOBILE-OPTIMIZED WEBSITES.**

A 2014 study by research firm Flurry revealed shoppers aren't interested in mobile-optimized websites, which many retailers offer

today instead of apps. Apps consumed 86 percent of the average U.S. consumer's time spent on mobile devices, or an average of 2 hours and 19 minutes daily, according to Flurry. Consumers spent only 14 percent of their mobile device time on websites, or 22 minutes per day.<sup>5</sup> "The data tells a clear story that apps, which were considered a mere fad a few years ago, are completely dominating mobile, and the browser has become a single application swimming in a sea of apps," according to Flurry.<sup>6</sup>

## **CONSUMERS ARE MORE LIKELY TO SHOP AT STORES THAT OFFER APPS.**

Two-thirds of U.S. adults with smartphones say they are more likely to shop at a store if it has a mobile app (the Apigee Institute).<sup>7</sup> The more 'useful' the app is, the likelier it is to drive consumers into the retailer's stores. Sixty-six percent of average smartphone owners and 84 percent of power users say they are more inclined to shop in a bricks-and-mortar store that offers a useful mobile app. The qualities that consumers say make a retailer's app useful: a searchable product catalog, featured sales, and a store locator.

The rise of mobile isn't just changing e-commerce," according to Bryan Kirschner, director of the Apigee Institute. "Our research finds that customers not only want brick-and-mortar retailers to deliver key services via apps, they expect them to." Based on its research, the Apigee Institute concluded that developing a branded mobile app to engage customers "is a necessity" for retailers, and those that fail to do so "should expect to lose market share."

2 Google Shopper Marketing Agency Council, <http://www.thinkwithgoogle.com/research-studies/mobile-in-store.html>

3 Apigee Institute, The Mobile Mandate for Retail study, <http://pages.apigee.com/rs/apigee/images/apigee-mobile-mandate-for-retail-eb-ook-03-2014.pdf>

4 Google Shopper Marketing Agency Council, <http://www.thinkwithgoogle.com/research-studies/mobile-in-store.html>

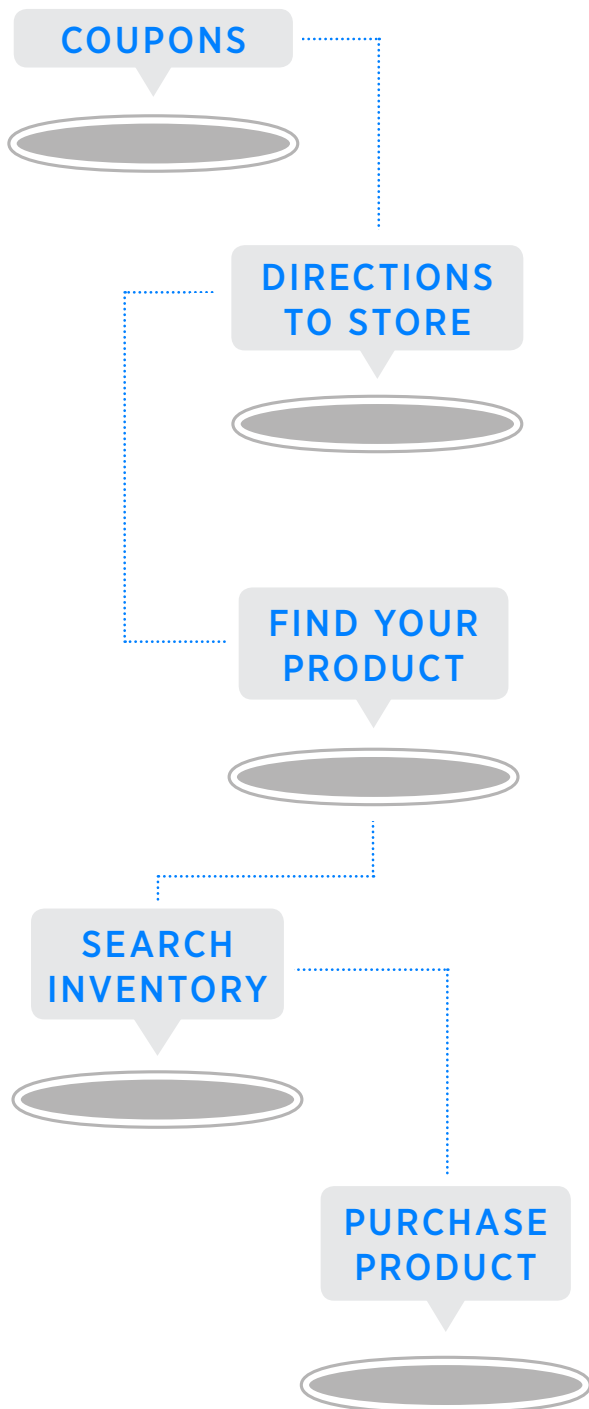
5 Flurry, <http://blog.flurry.com/bid/109749/Apps-Solidify-Leadership-Six-Years-into-the-Mobile-Revolution>

6 Flurry, <http://blog.flurry.com/bid/109749/Apps-Solidify-Leadership-Six-Years-into-the-Mobile-Revolution>

7 Apigee Institute, The Mobile Mandate for Retail study, <http://pages.apigee.com/rs/apigee/images/apigee-mobile-mandate-for-retail-eb-ook-03-2014.pdf>

# ENGAGE SHOPPERS

With a location-aware mobile app and in-store wireless technologies, you can engage today's connected consumers in ways not possible just months ago.



With standard outdoor location technology such as GPS, a retailer can put a “geo-fence” around their store and start the engagement process before the consumer even enters the store. Welcome messages and enticing promotions based on a macro location can guide a consumer to the store where they can be further engaged with indoor technology such as Apple’s iBeacon.

Apple’s iBeacon, an indoor positioning system that extends location services in Apple’s iOS 7 mobile operating system, is a driving force behind many of the capabilities that can be delivered in location-aware mobile retail apps. With the flexible iBeacon technology and a location-aware mobile app, mid-sized retailers can deliver a ‘big brand’ in-store experience. And large retail marketers can easily create pilots on the fly with new, location-prompted promotions and other sales and marketing initiatives before rolling out to all locations.

Apple’s iBeacons are low-cost, Bluetooth Low Energy (BLE) wireless transmitters that can notify a compatible mobile device when it comes within 100 feet of the iBeacon. A retailer can place iBeacons throughout its stores, triggering opt-in alerts and automatically delivering contextually relevant information as a shopper moves through the store.

Here’s what you can achieve when you combine a location-aware mobile app with in-store wireless technologies:

## **CREATE AN OMNICHANNEL SHOPPING EXPERIENCE THAT DRIVES SHOPPERS TO YOUR STORES.**

Your mobile app (in concert with in-store iBeacons) can be tied to your existing rewards program and member profiles, which helps create a seamless blend of offline and online customer experiences. Automatically offer a discount on select merchandise to reward program members as they arrive at a store for their third, fifth, or other visit. This can be much more powerful than email offers, which are easy to ignore and are usually read (if at all) when the customer is at work, at home—anywhere but at your store.

You don’t even need a loyalty program to reward repeat visitors, as a mobile app platform solution tied to iBeacons can recognize an arriving shopper’s device and automatically send a message and promotional offer that acknowledges their repeat business. Also, shoppers don’t need to have your mobile app open to receive iBeacon triggered messages—a function that Apple’s iOS 7.1 update makes possible.

## **DELIVER RICH INFORMATION ABOUT MERCHANDISE WHILE THE SHOPPER IS LOOKING AT IT.**

A location-aware mobile app can offer pop-up information and videos related to a specific product when the shopper is in the physical proximity of that product. Promote key products with timely, robust, updated information delivered to consumers where they are most likely to take action. Retailers can truly create a “2nd screen” experience for shoppers while in their store.

For example, an auto dealership might place iBeacons throughout its sales lot. As shoppers approach a particular model, they may receive a notification informing them a brief video is available of the car in action. The shopper clicks a link to watch the video, thus receiving rich information on the spot that a sales associate couldn't have provided. Additionally, the user can opt in and indicate interest in the product which creates intent and an extremely valuable sales lead.

## **INFORM SHOPPERS OF EVENTS RELEVANT TO THEIR INTERESTS.**

Location-based offers and coupons are another way in which retailers can employ iBeacons and mobile apps. A customer at a big-box home-improvement store could be looking at patio furniture, for instance. The iBeacon positioned near the patio furniture could automatically trigger a notification informing the customer that the store offers a class in wooden deck and patio staining. The customer could sign up for the class on the spot using the retailer's mobile app.

## **DRIVE SHOPPERS DEEPER INTO STORES WITH GAMIFICATION.**

Create special events and games to drive traffic into and through your stores. For example, you could hold a treasure hunt that rewards shoppers for finding and scanning key items, such as merchandise you're promoting, or surprise users with personalized product recommendations based on their location and known preferences.

## **SAVE SHOPPERS MONEY WITH DIGITAL COUPONS.**

Consumers appreciate coupons but don't like carrying them around. Target's Cartwheel app for Android and iOS is one example of how retailers today are simplifying coupon-clipping for customers. The app lets consumers browse for bargains and save digital coupon barcodes, which are scanned for redemption in Target stores.

Since Cartwheel's launch, the number of users has grown more than twice the size of its initial forecast, according to MediaPost.<sup>8</sup> More than 80 percent of Cartwheel users engage with the app weekly, unlike most apps that are downloaded and only used a few times. “We see mobile as the future of retail,” said David Peterson, Target's senior group manager of digital vendor marketing, as quoted by MediaPost.

8 <http://www.mediapost.com/publications/article/224740/target-taps-facebook-embraces-mobile-and-search.html>

With a location-aware mobile app and in-store wireless technologies, you can go even further by giving shoppers pop-up coupons and bundles based on their location in the store as well as on previous purchases. This can help increase engagement with customers, as the number of mobile coupon users is expected to grow from 12.3 million people in 2010 to 53.2 million in 2014 (eMarketer).<sup>9</sup>

## **PREVENT FRUSTRATED SHOPPERS FROM LEAVING EMPTY-HANDED.**

A location-aware mobile app can eliminate customers' frustrations when looking for specific departments or items in large shopping areas. This is particularly important, as 90 percent of shoppers leave a store empty-handed when they can't locate what they want. With a location-aware mobile app, retailers can ask customers if they found what they were looking for right after they leave the store - increasing customer satisfaction and potentially bringing them back into the store with a promotion or other targeted content. 86 percent of shoppers purchase even more than originally planned when they receive the assistance they need.<sup>10</sup>

Helping shoppers navigate stores and shopping centers with wayfinding and turn-by-turn directions is one benefit of a location-aware mobile app and in-store mobile technologies. Using a retailer's app, consumers can create shopping lists at home and easily navigate to those items in the store. By saving consumers time and frustration, you can increase loyalty and sales.

Upscale Los Angeles-based shopping center The Grove developed an iOS and Android app that provides a complete directory of its stores and restaurants. An interactive map helps shoppers on site find what they're looking for. The Grove apps also provide reward points to users who check in at the shopping center, take photos while there, and share the app.

9 <http://www.emarketer.com/Article/Mobile-Spurs-Digital-Coupon-User-Growth/1009639#VtDzxL6QcVIG76xo.99>

10 <http://www.businesswire.com/news/home/20140225006605/en/Reality-Check-Retailers-90-Percent-Shoppers-Can%E2%80%99t>



# MONETIZE STORE TRAFFIC

Many retailers believe mobile commerce should be their main mobile strategy. But m-commerce is a small part of the monetization story. The bigger opportunity is in leveraging mobile apps to maximize in-store sales and reduce or redistribute headcount.

## **GAIN INSIGHT FROM SHOPPER BEHAVIOR FOR BETTER TARGETING.**

With integrated attribution, retailers can know instantly if a shopper saw an ad and if that ad drove them to the store or even a specific product. Use the insight to target shoppers directly via the app or through targeted mobile advertising.

## **PROMOTE HIGHER-MARGIN ITEMS.**

Boost revenues by promoting private label or other higher margin products to shoppers via mobile education and coupons.

## **MAKE MONEY FROM ADS.**

A mobile app lets you integrate manufacturer ads into the shopping experience, providing another revenue source. For instance, an ad for a new cosmetic line could be automatically displayed to a shopper as she approaches a department store's cosmetics department.

## **JUSTIFY YOUR AD BUDGET.**

Analytics and business intelligence gathered from a mobile app platform and in-store location-based technologies can help you determine who saw your ads, and if the ads prompted customers to enter your store. With precise conversion rate data, you can justify your ad budgets more easily and show the CFO your ads are working.

## **HELP SHOPPERS BUY ITEMS, EVEN IF THEY'RE NOT IN STOCK.**

When shoppers can't find the color or size of their desired item in store, your mobile app can let them quickly order it from your

inventory and have it delivered. In addition to driving sales of everyday items, you can increase sales of physically large items that can't be carried out easily, such as furniture or television sets.

## **ENHANCE THE CUSTOMER EXPERIENCE WHILE RELIEVING BUSY SALES ASSOCIATES.**

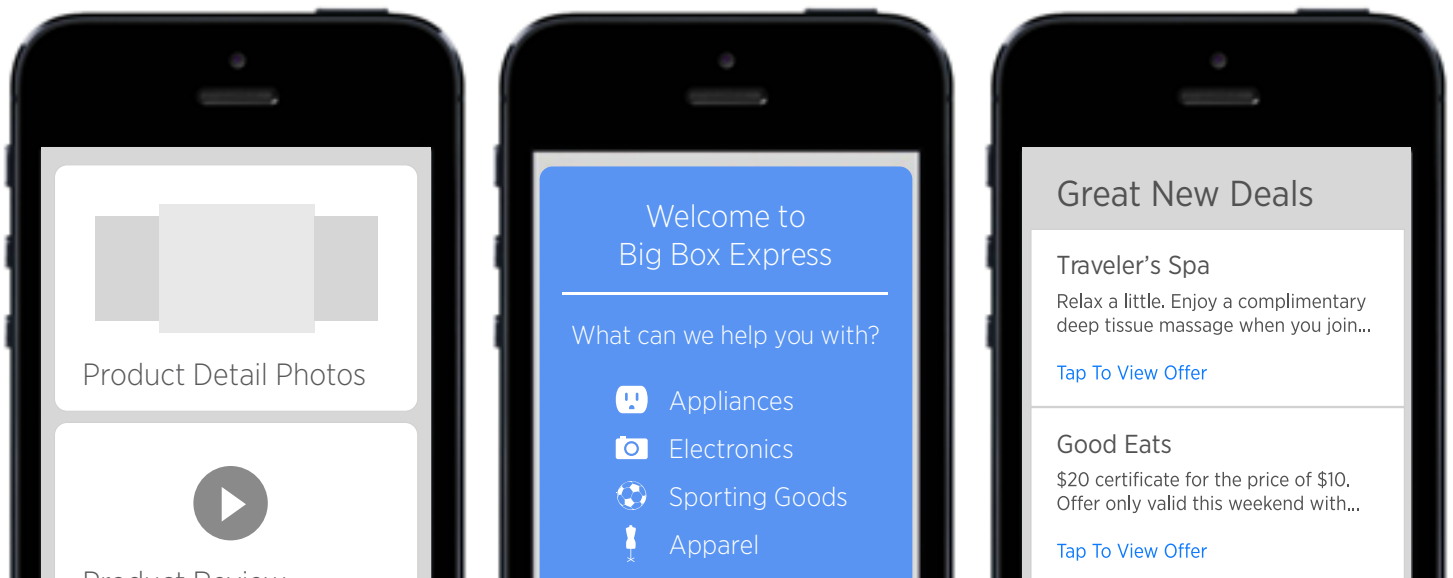
One out of three shoppers would rather receive information about the store's products on their mobile devices instead of asking a store employee.<sup>11</sup> Your mobile app can enhance the DIY customer experience by providing shoppers the same store inventory information that's available to sales associates.

## **SAVE MONEY ON STAFF. PROVIDING SHOPPERS WITH ACCESS TO STORE INVENTORY VIA MOBILE APP CAN TAKE PRESSURE OFF SALES ASSOCIATES WHO MAY BE TIED UP WITH OTHER CUSTOMERS.**

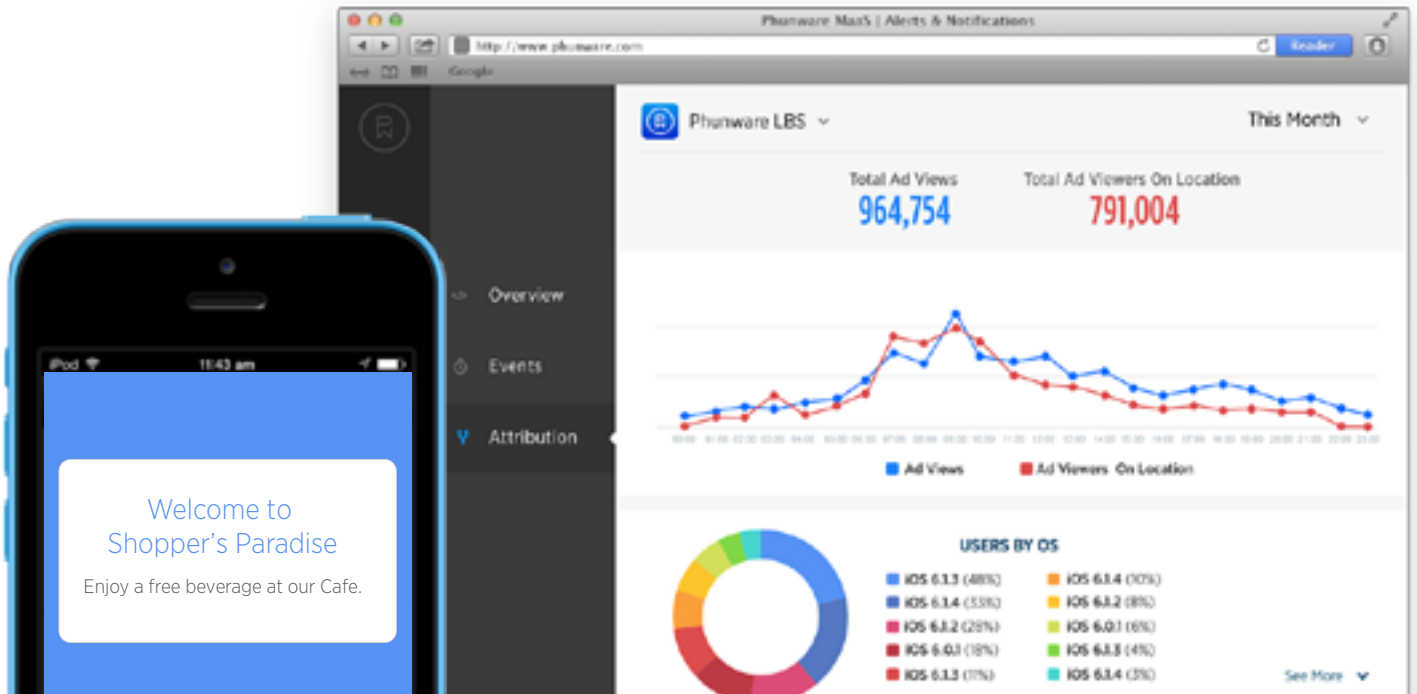
It may be possible to reduce or more cost-effectively reassign in-store headcount, too.

Consider a grocery store chain with an in-store deli. A consumer could use the chain's app while at one of its stores to order a sandwich from the deli. The order could be routed directly to kitchen employee who prepares the sandwich. Bypassing the need for higher-wage, customer-facing employees to take the sandwich order can reduce the store's employee costs over time. Customers win, too: They can continue shopping while their food is being prepared.

<sup>11</sup> Google Shopper Marketing Agency Council, <http://www.thinkwithgoogle.com/research-studies/mobile-in-store.html>







## MANAGE THE MOBILE CUSTOMER EXPERIENCE

Today, a cloud-based mobile app-as-a-service platform offers marketers a great deal of flexibility in managing, and analyzing, the customer experience. You can test new promotions quickly to figure out what works and what doesn't before rolling them out to all your locations. Update your mobile app with content pulled from the cloud, bypassing the need to have your iOS app update approved by the Apple App Store. Access real-time analytics about customer traffic without having to wait for IT to pull reports.

Despite these and other benefits, the complexities of managing and supporting mobile apps have kept many retailers on the sidelines. Complexities can result from the need to manage the following, each of which may require its own login, analytics, and support system:

- \* Content management system
- \* Content delivery
- \* Push notifications
- \* Advertising
- \* Analytics
- \* Location-based services

Mobile resourcing for multiscreen environments adds yet more complexity and layers. For one iOS app, you'll likely need one iOS developer, one product manager, one creative designer, and one quality assurance person. The same is true for Android apps. The salaries can add up substantially.

Apps for Android and iOS must be frequently updated to support new OS features and fixes, as well as to add new app content and features. But that's not the end of the complexity story. There

are currently six Android versions<sup>12</sup> supported on hundreds of devices with different screen sizes, which creates another ongoing management challenge. And when you update an iOS app, the new version requires approval from Apple before it can be released to the company's App Store. The process can take weeks.

Because of these and other complexities, most midsize retailers would have to outsource app development. In the past, a brand may have spent \$350,000 or more to develop, deploy, maintain and update a mobile app across multiple platforms including Android and iOS. Currently, however, this can be accomplished beginning around \$50,000 per year using a cloud-based 'mobile app as a service' platform. Such a platform eliminates the high up-front hardware and software costs of traditional development platforms and puts app development in easy reach through affordable, subscription-based models.

12 [http://developer.android.com/about/dashboards/index.html?utm\\_source=ausdroid.net](http://developer.android.com/about/dashboards/index.html?utm_source=ausdroid.net)



For larger brands that can afford the costs, developing a location-aware mobile app has often required getting the IT department (and perhaps other departments) heavily involved. In this scenario, the brand's marketing team must depend on the IT department to take on the app's development, which the IT department must juggle along with its many other projects.

Not surprisingly, the need for IT involvement can slow app development, deployment, management and updating. Marketers can influence but not control the process, especially when tools for creating or updating the mobile app's content or analyzing user data aren't user-friendly.

Today, retail marketers are empowered to create and manage branded, location-aware mobile apps. A cloud-based platform that delivers mobile apps as a service makes this affordable and eliminates the multiple layers of complexity. The mobile app platform you choose should offer the following management features and benefits, among others:

### **AUTOMATICALLY SUPPORT ALL MAJOR MOBILE PLATFORMS AND DEVICES.**

This eliminates the complexities involved in developing for multiple Android flavors as well as iOS.

### **SIMPLIFY APP DEVELOPMENT AND UPDATING WITH STREAMLINED, EASY-TO-USE TOOLS.**

The platform should enable a retailer's marketing team to take control of app development, management, and updates through tools geared towards non-technical users.

### **EASILY UPLOAD NEW CONTENT THROUGH A MOBILE CONTENT MANAGEMENT SYSTEM.**

This bypasses the need to resubmit your app to Apple's App Store for approval, because your app's content is changed via the cloud (similar to how a news app pulls updates from the cloud).

### **ANALYZE BUSINESS INTELLIGENCE, ENABLING MARKETERS TO CAPTURE, VIEW, ANALYZE, AND DISSEMINATE DATA.**

Everything marketers need to know should be consolidated into one easy-to-use dashboard. Depending upon the mobile app development platform, retailers can track who responds to the information and offers served and whether their marketing messages compelled consumers to enter the store and make a purchase.

### **ELIMINATE IT DEPENDENCE.**

A 'self-service' mobile app platform helps marketers get more involved in the app's development and content. This frees up IT team members to focus on other projects and removes obstacles for marketers in getting an app developed, tested, deployed and updated. Because marketers can more rapidly go to market with apps and updates, they can easily launch promotions in time for holidays or special events.

### **GAIN FLEXIBILITY IN YOUR MOBILE MARKETING.**

Marketers want to test new targeted promotions and keep on-site customers updated on the fly, so the mobile app platform you choose should be extremely flexible.

For example, at the WWE's recent WrestleMania 30 in New Orleans, fans would line up at autograph stations, often unaware which performers would be signing. On the first day of the event, fans were sometimes disappointed when their favorite performer wasn't available for autographing.

WWE was able to quickly create a more satisfactory fan experience through in-app notifications. By day two of the event, users of WWE's mobile app received notifications about which wrestlers would be available for signing autographs, when they'd be available, and where—information that often only became available at the last minute.

### **REDUCE ONGOING COSTS.**

Using a cloud-based mobile app as a service platform eliminates the high up-front hardware and software costs of traditional development platforms and puts app management in easy reach through affordable, subscription-based models.





## GAINING A COMPETITIVE ADVANTAGE

Because most companies have not yet developed location-aware, branded mobile apps, retailers have a window of opportunity today to get the jump on competitors. It's only a matter of time before other brands get off the sidelines and release mobile apps, and the sooner a retailer secures space on consumers' smartphone screens, the better. The typical smartphone user downloads about 40 apps and regularly uses only about 15, according to the Harvard Business Review.<sup>13</sup>

The battle to secure real estate on shopper smartphone competitors may already be brewing. "The top challenge retailers say they will devote significant resources to in 2014 is developing applications to enable the newly empowered consumer," notes Jeff Roster, vice president of industry market strategies in retail for Gartner, in a 2014 retail technology study.<sup>14</sup> "This datapoint more than any other illustrates the best reason for accelerating innovation in the retail universe—successfully dealing with empowered customers."

<sup>13</sup> Harvard Business Review, <http://hbr.org/2013/03/for-mobile-devices-think-apps-not-ads/ar/1>

<sup>14</sup> 24th Annual Retail Technology Study: New Direction for Retail, <http://risnews.edgl.com/retail-research>

# PHUNWARE LOCATION-BASED MOBILE AND MULTISCREEN SOLUTIONS FOR RETAIL

With Phunware's Multiscreen as a Service (MaaS) platform and pre-packaged engageME solution, a location-aware, branded mobile app is now within reach of midsized and large retailers. Phunware's MaaS is the first fully integrated services platform that enables retailers and other brands to engage, manage and monetize their anytime/anywhere users worldwide. The platform includes an end-to-end set of capabilities that enable retailers to easily launch new mobile and multiscreen experiences or extend the capabilities of an existing experience:



**MULTISCREEN  
CLOUD PLATFORM**



**MOBILE  
ANALYTICS**



**MOBILE CONTENT  
MANAGEMENT**



**LOCATION-BASED  
SERVICES**



**MOBILE  
ADVERTISING**

Phunware engageME provides brands with a fully configurable, immersive mobile experience for Apple iOS and Google Android devices, with pre-packaged versions for shoppers, travelers, fans, patients, visitors and more. Phunware engageME uses location technology such as iBeacon, high-density indoor WiFi, and GPS to enable retail marketers to engage and delight shoppers with highly interactive, location-based experiences.

With Phunware engageME's easy-to-use interface, marketers are empowered to take control over creating the ultimate customer experience via mobile. The complexity of creating and maintaining a branded mobile experience for today's consumers is simplified. Apps developed on the MaaS platform work across iOS and Android devices and platforms, which is traditionally an expensive and time-

consuming process, and can be easily updated as operating systems evolve.

Phunware engageME is pre-integrated with TapIt by Phunware, a mobile advertising platform for Android and iOS apps. With more than 30,000 active publishers, TapIt maximizes mobile monetization through a comprehensive advertising product suite.

Phunware's brandME services group provides mobile and multiscreen strategy, design, consulting and custom development for brands and retailers who need more than a turn-key solution. Phunware's brandME team has a proven track record, enabling brands that include The Grove, Transamerica, Samsung, NASCAR, NFL, Edmunds.com, among many others. To learn more about our solutions for retailers, contact a Phunware mobile enablement specialist to schedule an evaluation and trial.

**FOR MORE INFORMATION, VISIT:**

[www.phunware.com](http://www.phunware.com).