

The Impact of Mobile Marketing on Retailer Sales

Effective mobile campaign strategies drive more sales online and in stores

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EXECUTIVE SUMMARY

In a world long gone digital, retailers are well aware that mobile adoption has reached a tipping point among consumers. Mobile devices arm shoppers with instant access to retailer content: a simple search on a smartphone reveals relevant sales, popular products and current promotions. Hence the reason why effective mobile marketing is key to connecting with consumers as they shop in stores and online. To better capitalize on this rapid growth in mobile usage, retailers must implement stronger planning and execution of mobile marketing strategies.

In May 2015, RetailMeNot commissioned Kelton Global to survey retailers on the impact mobile usage has on their marketing strategies, both now and in the future. Additionally, consumers were surveyed on the significance that mobile marketing plays in their purchase decisions and how it affects their shopping journey.

Nearly half of the retailers surveyed said that measuring the influence of mobile marketing on sales is very important to them. Although some budgets for mobile marketing programs have increased, there is still a

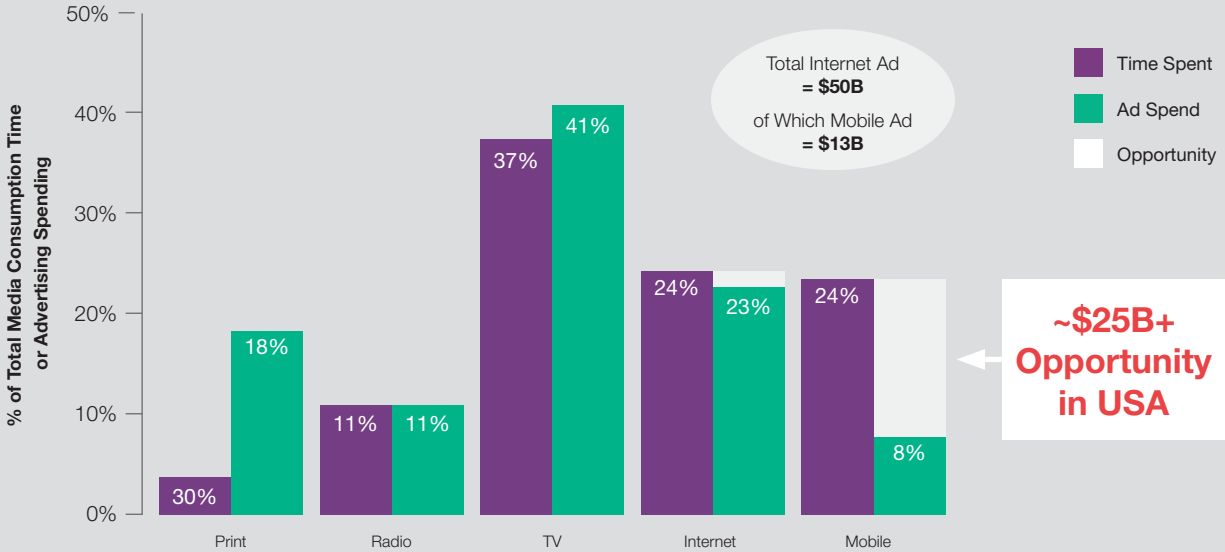
\$25 billion opportunity for retailers (see fig. 1).¹ However, due to lingering challenges, retail marketers remain hesitant to invest more dollars and time into their mobile marketing strategies. But merchants who embrace this burgeoning era of mobile will be better positioned for future success.

“ Mobile apps eat up more of our time than desktop usage or mobile web surfing, accounting for 52% of the time spent using digital media. ”

— TechCrunch (via comScore data)

FIGURE 1

SPENT IN MEDIA VS. % OF ADVERTISING SPENDING, USA, 2014



Key findings

This study yielded three main takeaways:

- 1. Consumers are demanding more personalized and information-rich content.** Shoppers are willing to provide more information about themselves than ever before. In return, they expect better targeted promotional content from retailers. Savvy retail marketers will use these insights to build and evolve their mobile marketing strategies.
- 2. There's room for improvement in everything mobile.** Consumers desire an overall smooth mobile experience from retailers. Marketing content found via smartphone devices appears to influence online and in-store purchase decisions almost equally. A successful retailer will ensure that the cross-channel experience is up to par for shoppers.
- 3. Continuous evaluation of mobile content and measurement is key.** The industry is challenged with painting a holistic view of the consumer journey through the shopping funnel. When working with marketing partners, choosing those that are experienced in data

sharing and measurement ensures higher success. These partnerships can also lead to greater awareness of mobile marketing trends and the appropriate promotional strategy for retailers.

MOBILE SHOPPERS SAY, "WE WANT MORE!"

Consumer interest in retail content on mobile devices, such as promotions, products and services, is high enough for mobile marketing investments to be very effective for retailer marketers. A large majority of consumers who own a smartphone have consumed some type of retail content on their device recently (see fig. 2.1).

According to our survey, 91 percent of shoppers have used their smartphone to consume at least one piece of content from a retailer in the last four weeks (see fig. 2.2 and fig. 2.3). And 89 percent of shoppers are willing to provide retail marketers with personal information in exchange for more targeted content (see fig. 3).

Not surprisingly, millennials are more inclined (93 percent) to offer at least one piece of personal information to retail marketers than those ages 35 and over (84 percent). Interestingly, among all ages surveyed, men (94 percent) were more likely than women (86 percent) to share personal information with retailers (see fig. 4).

How can retailers capitalize on these trends? With regard to what marketing content works best among mobile shoppers, here's what we found:

➤ **General shopping apps (e.g., rebates, loyalty or promotions) are most successful at driving**

in-store visits for consumers. Promotional content read in a general shopping email newsletter on a smartphone follows closely behind (see fig. 5).

➤ **Overall, emails directly from the retailer are most likely to compel shoppers to visit a retailer online (60 percent).** General shopping apps are a close second in driving consumers to an online website after viewing content on a smartphone (57 percent). However, specifically among the 18- to 34-year-old group, use of a general shopping app was more often the preference (66 percent) (see fig. 6).

MOBILE'S IMPACT ON THE SHOPPER'S JOURNEY IS REMARKABLE

FIGURE 2.1

"In the last six months, I have used my smartphone to ..."



FIGURE 2.2

"In the last four weeks, have you looked at your smartphone specifically to find out information about a retailer (e.g., sales, promotions and new product offerings)?"

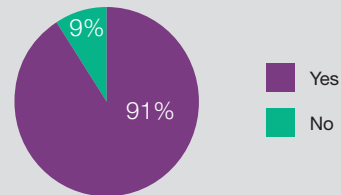


FIGURE 2.3

"In the last four weeks, on my smartphone, I have ..."

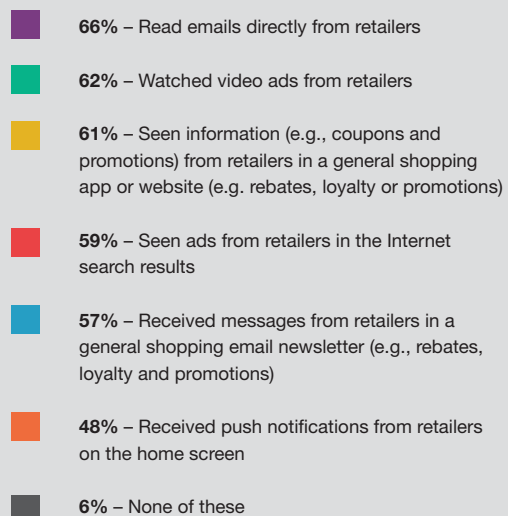
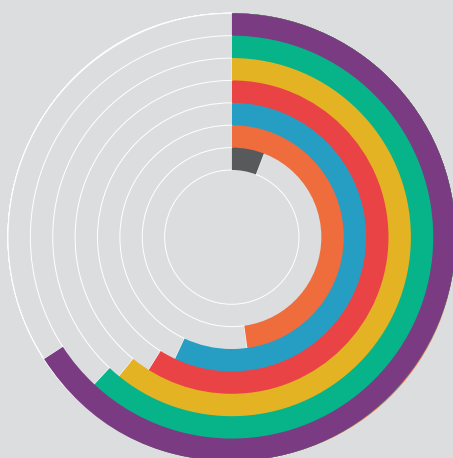


FIGURE 3

CONSUMERS WHO CRAVE PERSONALIZATION ARE WILLING TO SHARE MORE

“Which of the following pieces of information about yourself, if any, would you be willing to provide if it meant that you would receive a more customized experience on shopping sites or apps (e.g., rebates, loyalty or promotions) on your smartphone?”

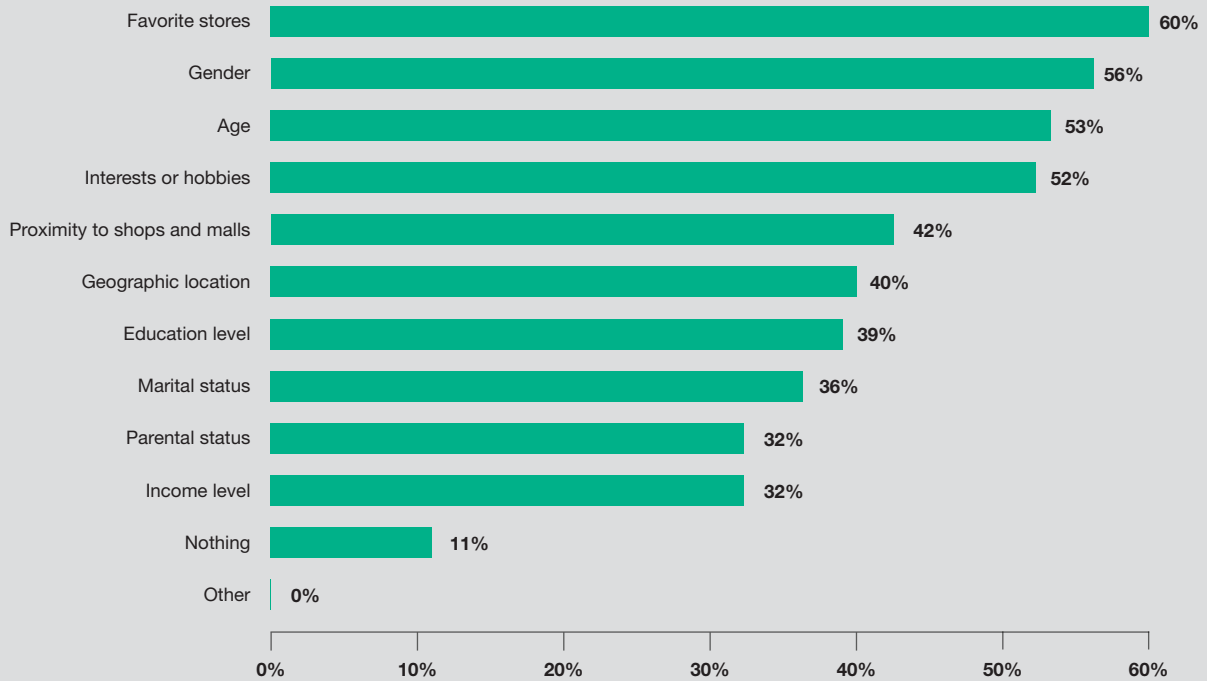


FIGURE 4

MEN AND MILLENNIALS ARE MOST LIKELY TO SHARE PERSONAL INFORMATION

“Which of the following pieces of information about yourself, if any, would you be willing to provide if it meant that you would receive a more customized experience on shopping sites or apps (e.g., rebates, loyalty or promotions) on your smartphone?”

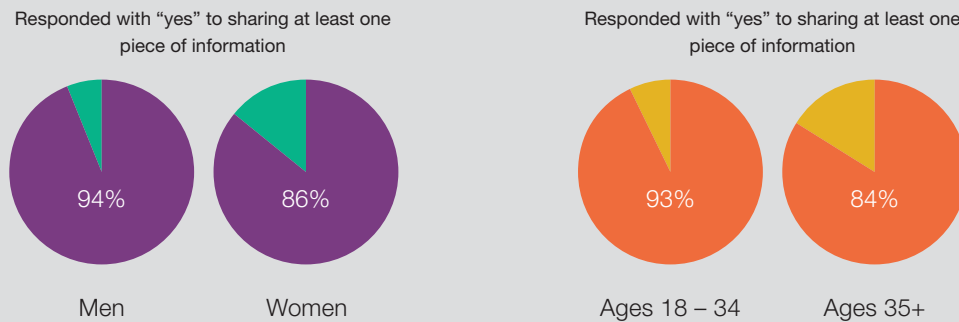
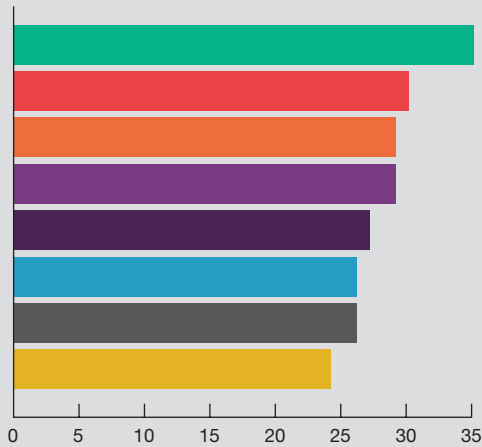


FIGURE 5

MEGA APPS ARE WINNING AT DRIVING IN-STORE VISITS*

“Which of the following, if any, would make you more interested in shopping at a particular retailer in a physical store?”



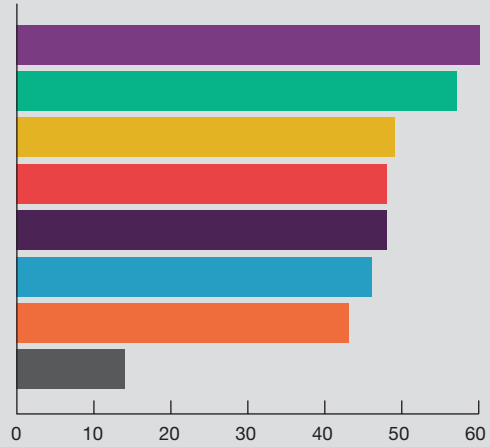
- 35% – Seen information (e.g., coupons and promotions) from retailers in a general shopping app or website (e.g. rebates, loyalty or promotions) on my smartphone
- 30% – Messages from retailers in a general shopping email newsletter on my smartphone
- 29% – Push notifications from retailers on the home screen of my smartphone
- 29% – Emails directly from retailers that are read on my smartphone
- 27% – Ads from retailers in the Internet search results on my smartphone
- 26% – Ads from retailers in apps and sites on my smartphone
- 26% – None of these
- 24% – Video ads from retailers on my smartphone

* Mega apps refers to apps with mass consumer adoption that serve as a destination that consumers continuously return to.

FIGURE 6

EMAIL IS TOP DRIVER FOR ONLINE SHOPPING, BUT MEGA APPS ARE CLOSE BEHIND

Which of the following, if any, would make you more interested in shopping at a particular retailer online?



- 60% – Emails directly from retailers that are read on my smartphone
- 57% – Seen information (e.g., coupons and promotions) from retailers in a general shopping app or website (e.g. rebates, loyalty or promotions) on my smartphone
- 49% – Video ads from retailers on my smartphone
- 48% – Messages from retailers in a general shopping email newsletter on my smartphone
- 48% – Ads from retailers in the Internet search results on my smartphone
- 46% – Ads from retailers in apps and sites on my smartphone
- 43% – Push notifications from retailers on the home screen of my smartphone
- 14% – None of these

ONLINE OR OFF – MOBILE GAINS MOMENTUM AND INFLUENCES ALL CHANNELS

Retail marketers recognize the influence of mobile on sales, seeing it as a top priority for current and future business. Investing in a successful mobile marketing plan begins with designing a mobile-optimized website. Equally important is mobile-friendly promotional content that targets consumers throughout the entire shopping journey.

Google's recent algorithm changes favor websites that are "mobile-friendly" for consumers.² This means big changes for some retailers, lest they risk getting left behind. Ensuring that merchants have a mobile-optimized website is an important first step, but investing in mobile marketing is equally as important.

A seamless experience from search to browse to buy is a must. This is vital now that mobile content from retailers appears to be affecting both in-store and online purchase decisions (see fig. 7). It can be argued that mobile has a stronger influence on in-store decisions in some cases. In fact, according to a study done by one retailer, PetSmart, Google's Store Visits metric in AdWords showed 10 to 18 percent of all clicks on search ads resulted in an in-store visit within 30 days.³ Investing in a relationship with marketing partners can help retailers achieve a smooth mobile experience across all consumer touch points.

After surveying our top retail partners, fewer than half were found to have a simply designed, mobile-optimized website.

—RetailMeNot internal data

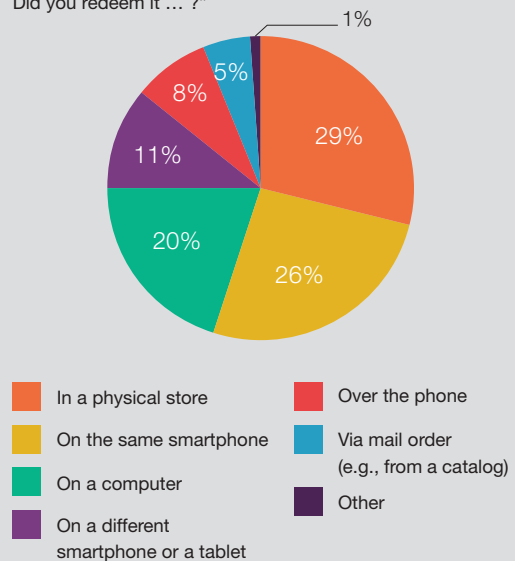
“One of the best insights in recent years is that solid, elegant mobile experiences that can deliver a double-digit share of sales actually don't need millions of investment dollars.”

—Sucharita Mulpuru, Forrester Research, "The State of Retailing Online 2015: Key Metrics, Initiatives and Mobile Benchmarks"⁴

FIGURE 7

DEAL-SAVVY CONSUMERS ARE COMFORTABLE REDEEMING MOBILE OFFERS ACROSS CHANNELS

"Please think about the last retail promotion code, digital coupon or online offer you found using your smartphone. Did you redeem it ... ?"



ALWAYS-ON MARKETING CONTENT IS NECESSARY, BUT MEASUREMENT PROVES TO BE A CHALLENGE

In a world where smartphones and tablets are always within reach, a constant mobile presence is necessary for today's retailers. Mobile marketing is crucial in reaching consumers throughout the shopping funnel—whenever and wherever they might be. So it might come as little surprise that nearly 93 percent of retailer marketers surveyed said that their brand takes an always-on approach to some form of mobile marketing (see fig. 8).

However, a staggering 20 percent of retail marketers felt that measuring mobile marketing's influence on sales was either not important or they were neutral on the issue (see fig. 9.) The bulk of retail marketers' efforts are still focused on mobile display and search advertising (see fig. 8). Meanwhile, consumers respond frequently to content served via a third-party shopping app (see fig. 5 and fig. 6).

Proper measurement of a brand's mobile marketing efforts across all steps of the shopper's journey alleviates any

disconnect between content being served and where the consumer is searching. Additionally, this helps reduce mobile leakage, whereby marketing trackability breaks down across devices and in stores throughout the consumer-shopping journey.

As the mobile market continues to grow, methods for reaching shoppers via new marketing tactics will also develop.⁵ With the mobile journey evolving, retailers should focus on collaboration between their online and in-store marketing teams. Cross-channel attribution is still in its infancy, but it's important for marketers to work together to best reach consumers and measure their success across the entire journey.

“ 87% of millennials say that their ‘smartphone never leaves [their] side.’ ”

—Mary Meeker, Kleiner, Perkins, Caulfield & Byers

FIGURE 8

RETAILERS ARE ON BOARD WITH “ALWAYS-ON” MARKETING CONTENT

“Which mobile marketing programs—if any—does your company use an “always-on” approach for, whereby budget is spent on it every month?”

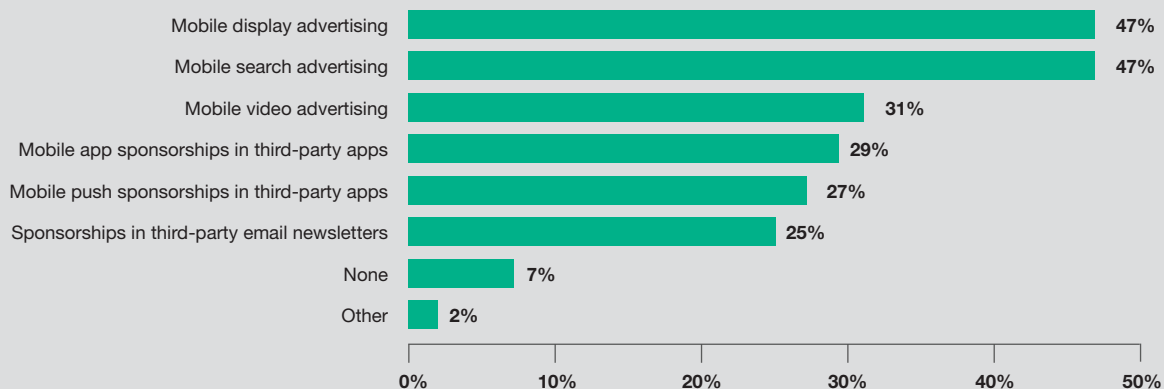


FIGURE 9

MEASURING MOBILE MATTERS TO SOME—BUT NOT ALL

“On a scale from one to five, how important is it to your company to measure the influence of mobile marketing on sales?”

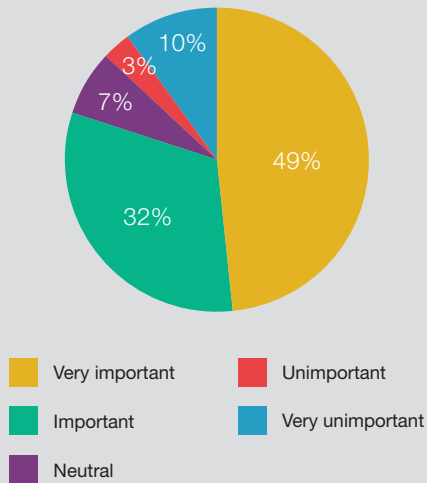
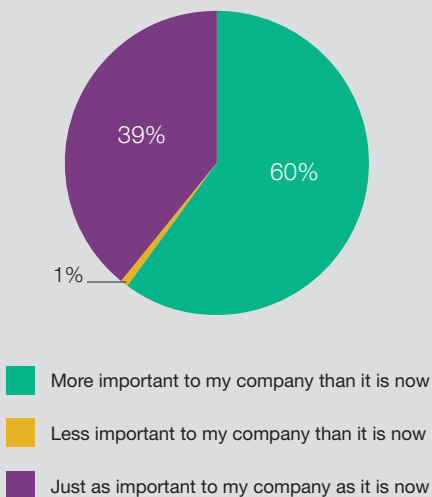


FIGURE 10

MOBILE PRIORITY WILL CONTINUE TO RISE WITHIN RETAIL

“Twelve months from now, do you think that measuring the influence of mobile marketing on sales will be ... ?”



KEY RECOMMENDATIONS

Retailers can boost sales across all channels and reach consumers at the right place and time by executing effective mobile marketing strategies and measurement.

➤ **Listen, listen, listen to consumers for more insight.**

Savvy retail marketers will find new and creative ways to pull information from consumers. The good news? Shoppers are willing to share. However, they do expect retailers to maintain the highest standards of privacy and quality when using this information to drive content creation. Personal information can be a powerful tool for retailers if leveraged appropriately to target consumers.

➤ **Don't stand between the consumer and the action.**

Consumers tend to react negatively to the interruptive methods of advertising, such as pop up ads. Because of limited screen space on mobile devices, it's better to reach consumers when they are open to the engagement versus interrupting their original, intended action.

➤ **Work with marketing partners that are experienced in data sharing with attribution vendors.**

The right marketing partner can provide additional data to make the analysis richer and help steer a retailer's attribution vendor with additional insight. Marketing partners may also have access to a larger audience database across mobile applications in comparison to an individual retailer.

➤ **Support single-use codes for targeted offers.**

Retailers who don't employ the use of single-use offers often find their deals are shared beyond the intended audience. Single-use promotion codes also offer better trackability across channels and in measuring the true impact of mobile.

➤ **Consider all forms of measurement.**

As custom attribution models become more prevalent, multiple variables should be taken into consideration along the shopper's journey. Only 13 percent of digital-business professionals track their companies' mobile audiences across online and offline channels.⁶ This statistic carries major shortcomings for marketers who wish to achieve better ROI. Partnering with experts who use sophisticated measurement systems helps track the journey across channels.



APPENDIX A: Methodology

The RetailMeNot Mobile Marketing Survey was conducted by Kelton Global between April 30 and May 15, 2015, using an email invitation and an online survey among two audiences:

- ▶ 351 smartphone owners ages 18 and over who have used their smartphone to aid in or make a retail purchase in the last six months.
- ▶ 150 retail professionals ages 25 and over with a responsibility for or view into mobile marketing, all working at retail organizations with \$50M+ in annual revenue and in the following industries: restaurant, apparel, books and music, consumer electronics, department store, home and garden, health and beauty, sporting goods, automotive, office supplies, jewelry and travel.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the smartphone owner audience, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 5.2 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample. For the retailer audience, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 8 percentage points from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample. The margin of error for any subgroups will be slightly higher.

Appendix B: Endnotes

1. Internet Trends 2015 – Code Conference, Kleiner, Perkins, Caulfield & Byers, May 27, 2015. <http://www.kpcb.com/internet-trends>
2. “Brace Yourselves: ‘Mobilegeddon’ is here,” Internet Retailer, June 11, 2015. <https://www.internetretailer.com/webinars/brace-yourselves-mobile-geddon-here/>
3. “Omni-Channel Shoppers: An Emerging Retail Reality,” Think With Google, March 2015. <https://www.thinkwithgoogle.com/articles/omni-channel-shoppers-an-emerging-retail-reality.html>
4. “The State of Retailing Online 2015: Key Metrics, Initiatives and Mobile Benchmarks,” Forrester Research, March 2, 2015. <https://nrf.com/resources/retail-library/the-state-of-retailing-online-2015-key-metrics-initiatives-and-mobile> (Fee required to download.)
5. “The Future of Digital 2014,” Business Insider, December 8, 2014. <http://www.businessinsider.com/the-future-of-digital-2014-slide-deck-2014-12>
6. “Use Analytics to Build Mobile Advantage,” Forrester Research, December 11, 2014. <https://www.forrester.com/Use+Analytics+To+Build+Mobile+Advantage/fulltext/-/E-RES97581?objectid=RES97581> (Fee required to download.)