

**2012 Survey:**

# MOVING FORWARD WITH **MOBILE**

THE POWER OF  
PERSONALIZING  
**THE MOBILE  
EXPERIENCE**

Sponsored by:



**CERTONA**  
Personalize Anytime Anywhere™





# 71.9%

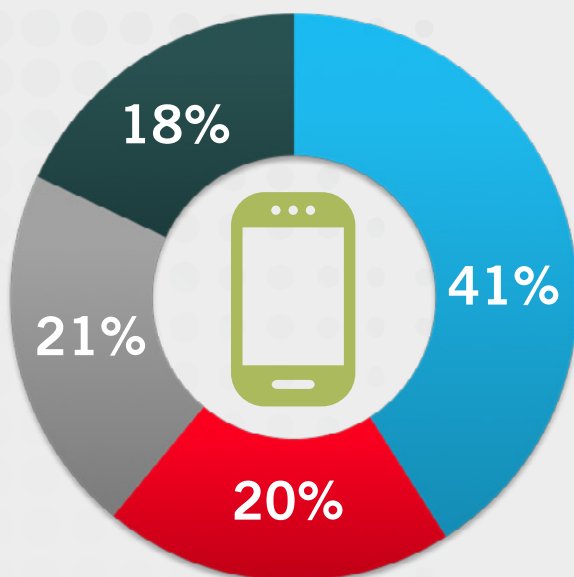
of retailers predict that revenue from mobile will top 10% by the end of 2012.

Mobile is a different animal in the world of retail marketing. With limited real estate, mobile campaigns and promotions must be quick and compelling. Merchants must be able to engage consumers with a personalized experience.

As mobile adoption grows swiftly and exponentially, retailers can't wait to react. Retaining a competitive advantage will mean implementing successful mobile programs swiftly and ahead of the competition.

One of the primary challenges with mobile strategies currently is the number of options. While most retail companies have initiated some type of mobile presence, they are still navigating the twists and turns of the mobile experience — how to effectively reach shoppers via mobile devices and which mobile technologies to deploy — according to a recent retailer survey titled: ***Moving Forward With Mobile***. The largest percentage (40.7%) of retailers recently surveyed state they are still in the “Research and Learning” phase of their mobile strategies, with just over 21% “Live and Optimizing.”

## WHAT STAGE IS YOUR COMPANY IN ITS MOBILE STRATEGY?



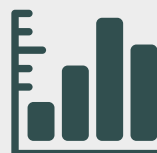
RESEARCH AND LEARNING



PROGRAM IN DEVELOPMENT



LIVE AND OPTIMIZING



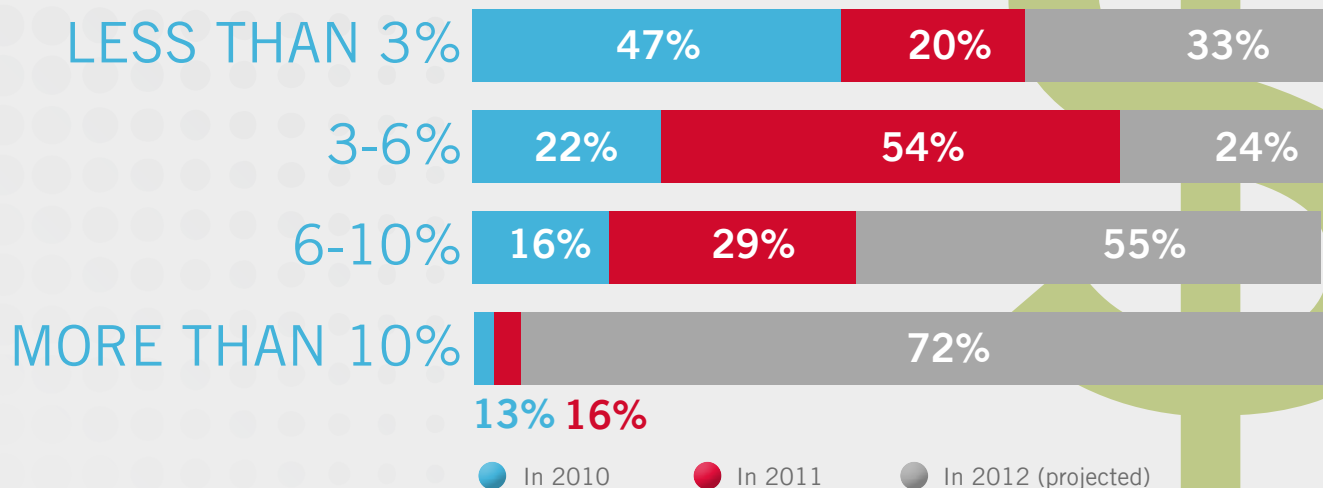
TRACKING SALES



“Although a large percentage is still in the research and learning phase, it’s not necessarily a bad thing,” noted Mark Loucks, Vice President, Channel Development, Certona, “but at the rate things are moving it’s really important that, at a minimum, they at least develop a mobile-optimized site and get that squared away.”

While mobile has garnered only a small percentage of overall revenue as recently as 2010 and 2011, retailers are optimistic that the numbers will increase dramatically by the end of 2012. The largest percentage of retail respondents (71.9%) predict that revenue from mobile will top 10% by the end of 2012, which would be a significant increase for most companies. In 2010 and 2011 combined, the greatest percentage of respondents (66.7%) reported mobile revenue at less than 3% of the total.

## WHAT PERCENTAGE OF YOUR COMPANY’S REVENUE IS GENERATED FROM MOBILE?





The National Retail Federation (NRF) predicts that more than half of total online retail revenue will come from mobile by 2014. If that is true, merchants must quickly identify where the increase in mobile revenue is coming from. “This is cannibalization of existing site traffic,” said Loucks. “By the amount your mobile traffic is increasing, your desktop is decreasing.” But, he warns, retailers that have not optimized their mobile site experience can expect a lower overall conversion rate compared to the desktop.

These numbers show no signs of slowing down, as the number of smartphone owners continues to rise. A survey of mobile users in the United States by Nielsen in Q3, 2011 reports that smartphone ownership had reached 43% of all U.S. mobile subscribers, with the vast majority of users under the age of 44 owning one. In the 25 to 34 age range, smartphone ownership was reported to be at 62%. Additionally, NPD Group reports that the share of handset sales that were smartphones in Q3, 2011 reached 59% for consumers 18 and over in the U.S.

Based on a recent survey of 136 retail executives and 14 consumer product suppliers, this white paper offers the key insights retailers are looking for when determining the best ways to provide the personalized experience consumers are looking for from retailers’ mobile strategies.

Five areas will be covered:

- I. Strategizing For Mobile Implementations
- II. Using Mobile To Personalize The Customer Experience
- III. Focusing On The Channel Challenge
- IV. Honing In On A Mobile Improvement Strategy
- V. Choosing The Right Mobile Platform Partner



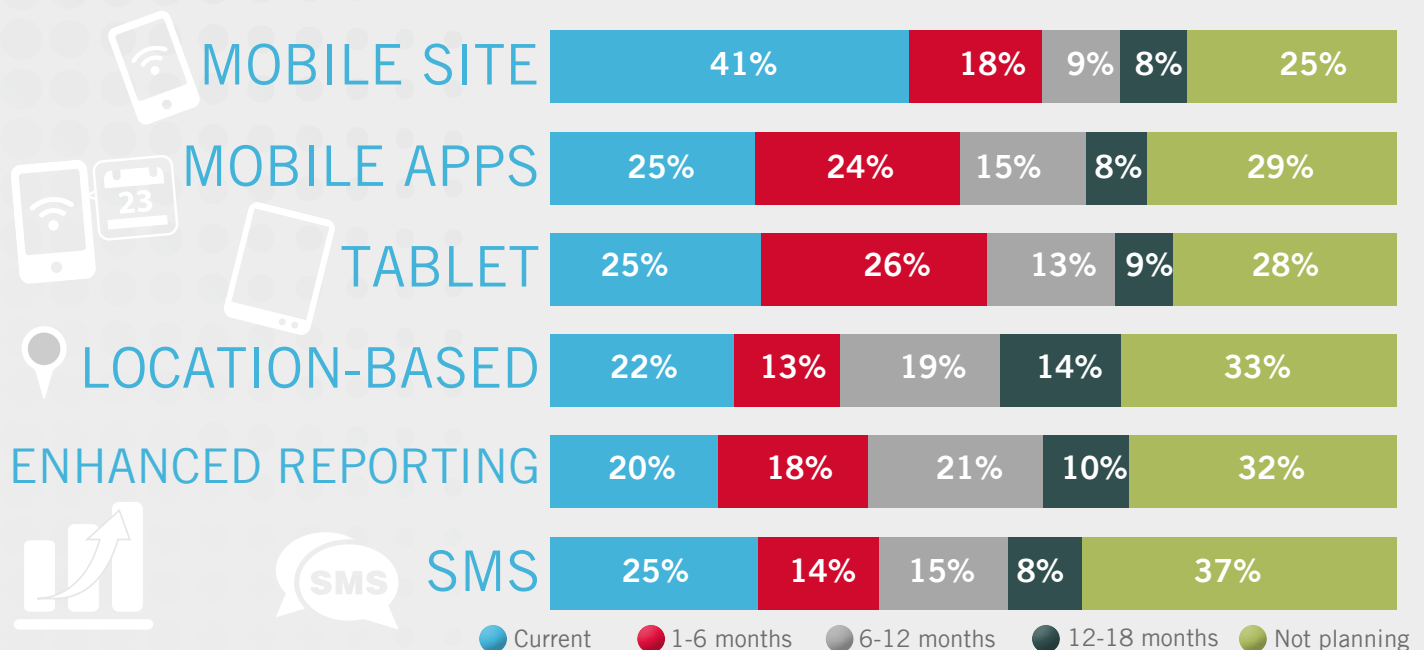
## I. Strategizing For Mobile Implementations

It's clear that retailers want to move forward with mobile, but many are stumped about how to prioritize the initiatives. The mobile site seems to have captured the most attention in the retail industry, with 60% of survey respondents stating that it is a priority now (42.7%) and in the next six months (17.3%). But mobile apps (46.7%), tablets (51.3%) and mobile personalization (35.4%) also are priorities.

With its mobile site in place, **Staples** recently added a tablet site for both Android and iOS devices. Site users can insert items into their shopping carts with a touch on the screen. It is designed to make shopping simpler and easier with fewer clicks than online, according to an article in [Direct Marketing News](#). Customers also can save their loyalty account information on the tablet site. "When you go to the store, you may not necessarily remember what kind of printer and toner cartridge you have," noted Prat Vemana, Director of Mobile strategy for Staples. "You can save these details to your log-in on the tablet site and access these details more easily."

### WHICH MOBILE INITIATIVES AND/OR STRATEGIES ARE YOU PURSUING, NOW AND IN THE NEXT 6-18 MONTHS?

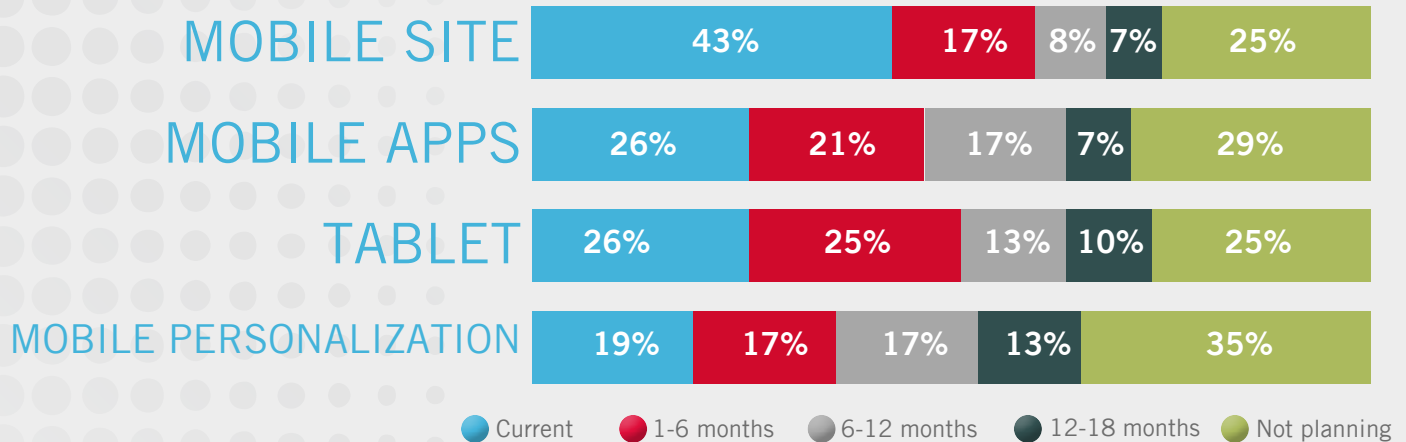
(check one answer for each)





## WHICH INITIATIVES HAVE HIGHER PRIORITY — WHAT ARE YOUR PRIORITIES OVER THE NEXT 6-18 MONTHS?

(check one answer for each)



With its mobile site in place, Staples recently added a tablet site for both Android and iOS devices. Site users can insert items into their shopping carts with a touch on the screen.

In order to develop an effective mobile strategy, retailers should take the following 8 steps:

1. Designate a business owner for mobile initiatives
2. Determine the goals for mobile implementations (omnichannel consistency, increased conversions, higher AOV, influence in-store sales, improved customer loyalty, other?)
3. Identify the target customer base for mobile (all customers, best customers, different demographic or regional groups, other?)
4. Define use cases: Find a store, goal-oriented mobile commerce, tablet browsing/couch commerce, mobile research in-store
5. Collect customer data from all channels (in order to be able to analyze and evaluate mobile program success)
6. Determine a go-forward implementation plan (mobile site, tablet site, mobile apps, tablet apps, personalization, other?)
7. Select the mobile devices/OS for program compatibility (iPhone, Android, Windows, Tablet-Apple, others)
8. Choose the right mobile platform partner

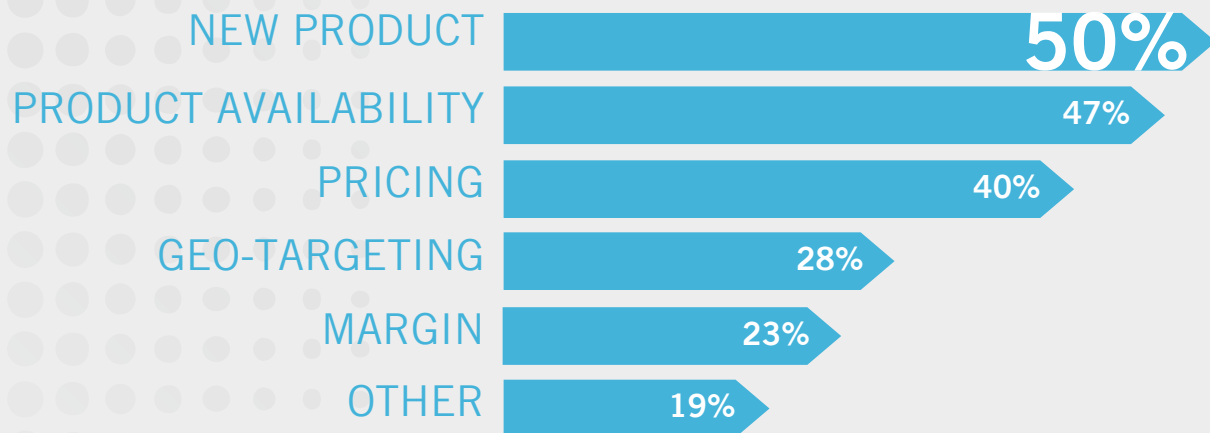




## II. Using Mobile To Personalize The Customer Experience

### WHICH GOALS ARE IMPORTANT FOR YOUR MOBILE PERSONALIZATION STRATEGY?

(in order, features receiving ranking of 1 or 2 out of 9)



It's now a one-to-one playing field. Shoppers want to believe that the message from a retailer is targeted directly to their individual preferences. That is where mobile personalization can play a key role. Unlike desktops, mobile devices are rarely if ever shared within a household or by multiple users. As a result each device is explicitly tied to an individual consumer. Personalization becomes a much bigger part of the equation because of the personal nature of the device and the limited real estate.

In the ***Moving Forward With Mobile*** survey, retailers identified their top goals for their mobile personalization strategy (ranked 1 or 2 out of 6):

1. 49.7% New Product Introductions
2. 46.6% Product Availability
3. 40.3% Pricing



88% of retailers said that attaining “deeper customer engagement to drive sales through personalized offers” was a very valuable or somewhat valuable opportunity with mobile.

These results show that retailers understand the value in giving shoppers the information they want and would be able to find on their own or through a competitor. Retailers that engage in a directed personalization strategy are more likely to garner customer loyalty. **Meijer** is a grocery chain who has been forward thinking in their mobile strategy. Using either Android or iOS devices, shoppers can select an item and it appears on a store-specific map.

Conversely, instead of helping shoppers locate products, some retailers are striving to locate shoppers before they enter the store. With geo-fencing technology, retailers can identify when a shopper is near a specific store, then send that shopper a personalized ad or offer. Consumers opt in to this service and provide product preferences and demographic information. Certona currently is developing this type of application for a startup retailer in Brazil called “Where.” The application is a Groupon-like, offer-based solution that will be powered by Certona personalization. Shopper preferences and demographic information are stored in the Certona 1:1 Profile database.

In a recent report from Retail Systems Research (RSR), 88% of retailers said that attaining “deeper customer engagement to drive sales through personalized offers” was a very valuable or somewhat valuable opportunity with mobile. A total of 98% noted that mobile could provide “deeper customer engagement to build loyalty through mobile channels.”

Additionally, the percentage of emails opened first on mobile devices is increasing significantly and quickly. By the end of 2011, 27.39% of all emails were opened first on a mobile device — a 36% jump from the first half of the year, according to Knotice in the Mobile Email Opens Report — 2nd Half 2011.

Social channels also provide an opportunity for personalized interaction with shoppers; and, an increasing number of smartphone users are accessing their social networks via mobile devices. This confluence of channels is providing the perfect storm of opportunity for retailers to personalize the customer experience.

“If you don’t have mobile-friendly email or social capabilities — including sharing and liking through Facebook, Pinterest and other social mobile applications — you are missing a huge opportunity,” stated Loucks.

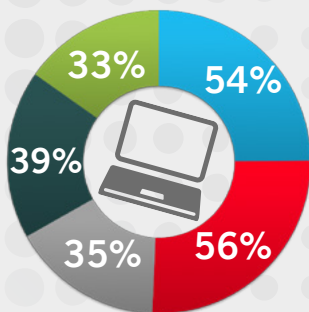




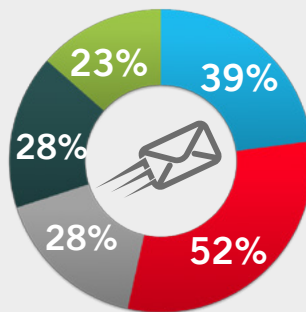
### III. Focusing On The Channel Challenge

WHICH CHANNELS OF PERSONALIZATION ARE YOU PROVIDING TO CONSUMERS? (check all that apply)

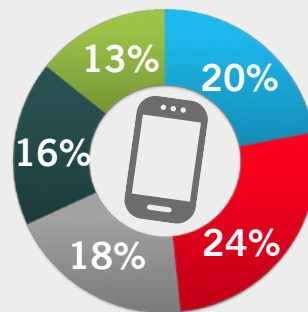
#### ONLINE



#### EMAIL

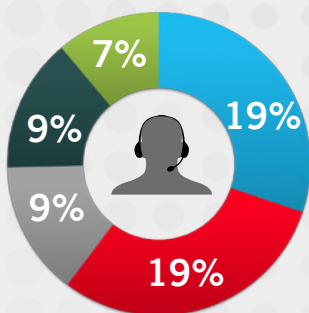


#### MOBILE

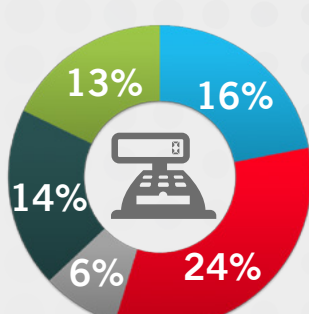


- Product recommendations
- Promotions
- Alerts
- Content
- Ads

#### CALL CENTER



#### POP



Survey results also confirm that retailers are beginning to take the omnichannel challenge seriously. More than half of respondents offer personalized promotions online and via email; and, close to 24% are providing personalized promotions via mobile and at the point of purchase.

“The whole idea of omnichannel is that the consumers get the same experience no matter where they touch you,” said Loucks. “This is going to be a big piece of the omnichannel prize.”

But, with mobile growing in importance, retailers now need to decide how to split the budgeting pie into more pieces. Because mobile can impact each of the channels in different ways, the budget question is a challenge. Therefore, the focus on mobile may need to come from a variety of channels. While some of the mCommerce is taken directly from eCommerce, retailers must also consider the in-store opportunity.

As with any technological revolution like radio, television, personal computing and the Internet, brands must adapt to remain relevant in the marketplace. The speed of adoption is where mobile is unprecedented by any cultural change that has happened previously. This rate of adoption does not allow organizations to take a wait-and-see strategy. Organizations need to create strategies with a holistic view of the customer regardless of channel and eliminate barriers



within their organization due to channel silos. The organizations that are getting ahead have successfully embraced the omnichannel model and are taking down the barriers that create channel conflict, putting the customer first.

Showrooming has become a common and disturbing term for many retail companies. Shoppers are entering stores to browse, but not buy. Competitors offering lower prices down the street, and Amazon, are the beneficiaries of the showrooming phenomenon.

“Mobile has a much bigger impact than just the mobile site component,” Loucks noted. “It really is impacting sales in all channels retailers operate, from web sites to stores and catalogs.

Personalized mobile solutions can significantly improve the catalog experience for customers, while saving the retailer the expense of printing. In one example, a large catalog company in the home décor vertical is seeking to work with Certona to create a fully personalized tablet/mobile catalog experience. The solution is designed to create multiple experiences based on the context of the shopper’s task. The digital experience can actually create a catalog of one for each consumer and allow him or her to curate content and favorites; create wish lists; set preferences for rooms, color palettes, style preferences, etc. This can actually both reduce the cost of sales to the catalog company and increase consumer engagement with the catalog because it is highly relevant and visually engaging.

With the personalization engine in place, some of the functions that digital catalogs can offer include:

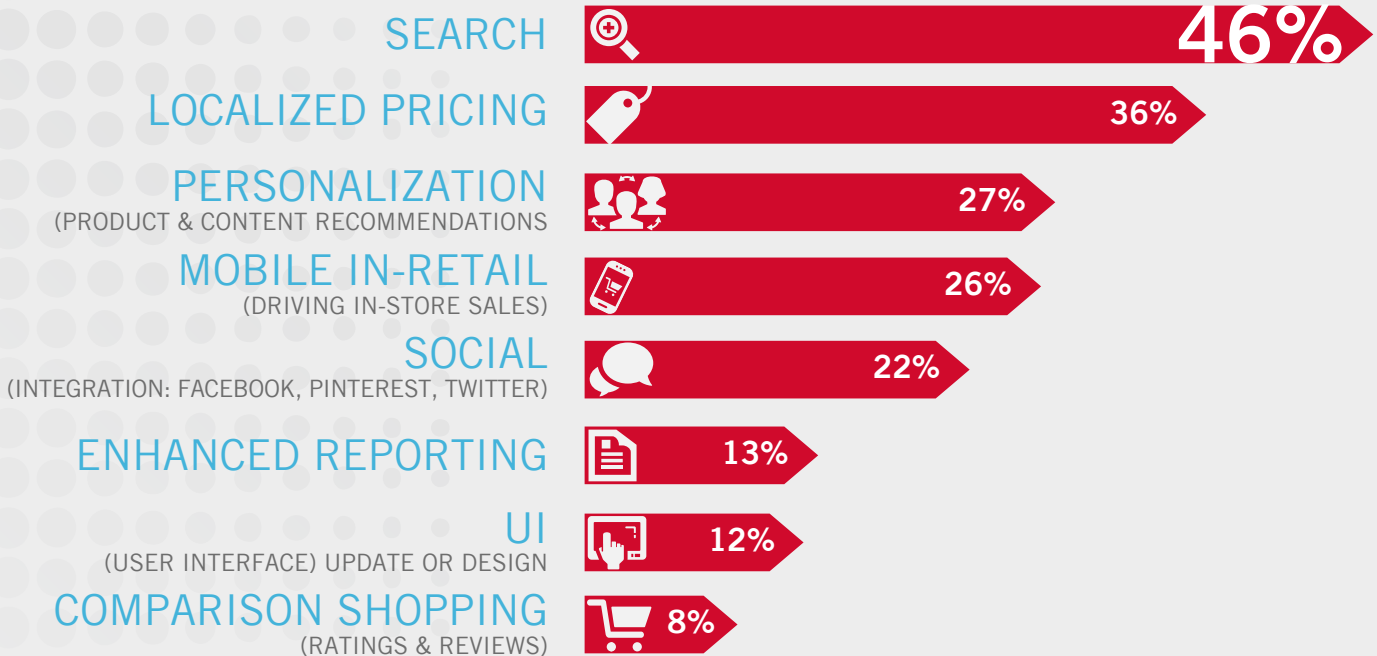
- Leveraging online transaction history information;
- Complete customer profiling based on offline catalog purchase behavior;
- A “finder,” which allows the user to be guided through the catalog experience based on preferences;
- A “favorites” pinboard; and
- A “shake” mode, which allows shoppers to select a product then shake the tablet to locate accessories or similar product recommendations. **Café Press** recently rolled out with this functionality on its mobile site.



## IV. Honing In On A Mobile Improvement Strategy

### PRIORITIZE YOUR NEXT MOBILE INITIATIVES:

(in order, features receiving ranking of 1 or 2 out of 9)



As retailers strive for that one-to-one goal of reaching each shopper with personalized offers and recommendations, they need to lay out the steps along the way. As retailers add more channels — including social and mobile — they add complexity to the challenge of achieving a 360-degree view of their customers.

Because of the ubiquitous nature of mobile — and the steady increase of smartphone owners — the largest number of people will likely touch brands via mobile sites in the very near future. Therefore, getting the mobile site piece right is essential.

“Right now the number-one priority should be the **single customer identifier**,” said Loucks. “Most retailers have not yet nailed that, although many are working on it.” Merchants with loyalty programs



in place are closer than others in their ability to develop a unique identifier for each shopper across all touch points. When customer information is kept in channel silos, merchants are, in effect, reaching the same customer differently in each channel.

When it comes to mobile applications and deciding whether or not to develop one or more apps, merchants should consider their specific business and customers. In banking and grocery, for example, mobile apps make a great deal of sense. When customers are touching the brand one or more times each week, they are more likely to opt into a mobile app. On the other hand, home improvement retailers may be able to get shoppers to sign up for an app to receive a one-time promotion — possibly during a one-off project — but those shoppers may abandon use of the app once the project is complete.

For example, **Peapod**, a grocery delivery service provider, created a mobile app that can be used regularly by shoppers on the go. In conjunction with the mobile app, Peapod displays posters in commuter train tunnels that resemble grocery aisles. On the posters, shoppers can scan CRV codes using the Peapod mobile app and have items delivered directly to their homes.

The other challenge with mobile apps is that, when the OS changes, apps need to be updated. This could become an untenable situation depending on how often the OS is changed. So, once again, getting the mobile site right first is key. The apps, when they make sense, can come later.





## V. Choosing The Right Mobile Platform Partner

### WHAT QUALITIES/EXPERTISE ARE YOU LOOKING FOR MOST IN A MOBILE PLATFORM PARTNER?

(in order, features receiving ranking of 1 or 2 out of 9)



Retailers experienced with IT projects know what to look for in a new partner. When choosing a mobile platform partner, they should consider some specialized expertise. In the ***Moving Forward With Mobile*** survey, the majority (53.3%) said they look for device flexibility as the top priority (ranked 1 or 2 out of 6). Other priorities include Platform Expertise (50.2%), Innovative Ideas/Initiatives (33.4%) and Specific Industry/Segment Experience (28.7%). More retailers also are embracing Personalization (26.9%).



Peapod displays posters in commuter train tunnels that resemble grocery aisles. Shoppers can scan CRV codes using the Peapod mobile app and have items delivered directly to their homes.

Following are some key questions retailers should think about when engaging a mobile platform provider:

- ☑ Do you recommend mirroring the desktop experience or creating a custom mobile experience based on mobile use cases?
- ☑ How will you access the product catalog data and keep the mobile content in sync with the desktop?
- ☑ What will you require from our IT group?
- ☑ How will you leverage key functions from the desktop, e.g. search, personalization, analytics?
- ☑ How do you support product configuration?
- ☑ How do you optimize images and media for mobile?
- ☑ What do you recommend for tablets — responsive design or a unique tablet UI?
- ☑ What technologies and/or tactics do you recommend to maximize conversion rates and AOV?
- ☑ What innovative ideas have you delivered for clients?
- ☑ How is mobile content managed on an ongoing basis?
- ☑ How do you plan to track users across channels?
- ☑ What do you recommend for in-store mobile users?

Additionally, retailers should expect their mobile platform partners to be able to help define the mobile strategy, work with a number of different partners, and provide a user-friendly solution.

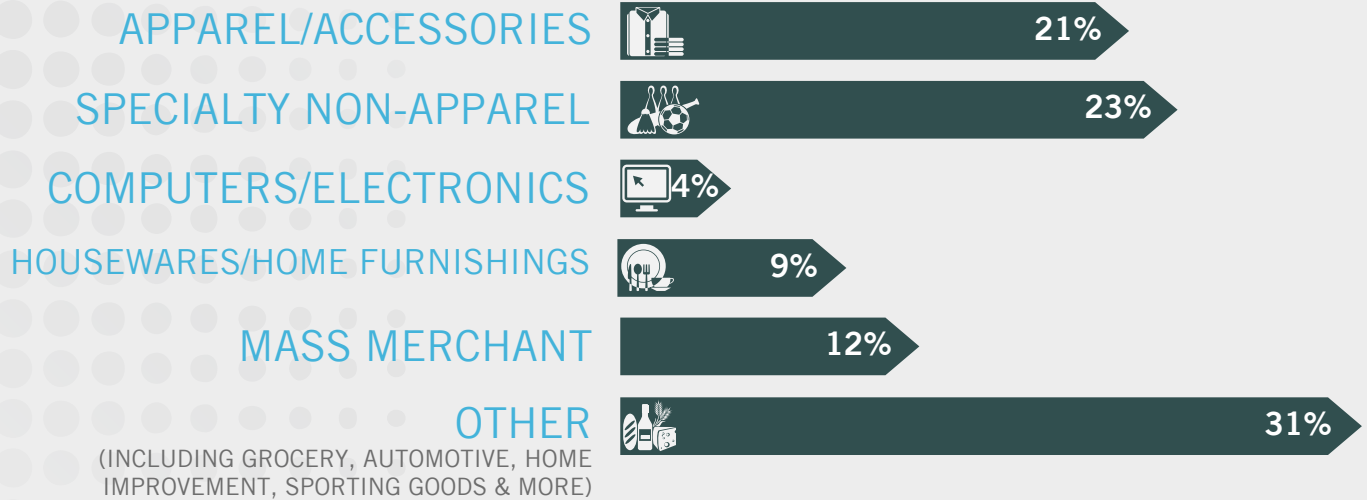




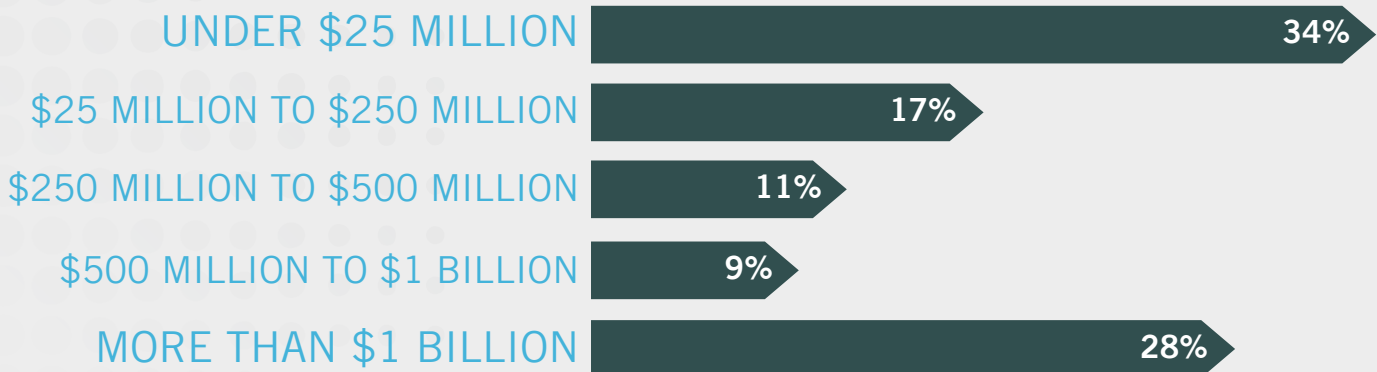


## Respondent Demographics

PLEASE DESCRIBE YOUR INDUSTRY CATEGORY:



PLEASE DESCRIBE YOUR COMPANY'S ANNUAL REVENUE:





Knowing that the top priority in today's retail marketplace is the focus on the customer, then the top priority for mobile implementations should focus on personalizing the mobile experience.



## Conclusion

While most retailers know that mobile is now an integral part of the retail equation, many are still trying to figure out the best strategies for incorporating mobile into overall business processes. But knowing that the top priority in today's retail marketplace is the focus on the customer, then the top priority for mobile implementations should focus on personalizing the mobile experience.

When considering mobile solutions, merchants must realize that they are dealing with less real estate, so information and promotional offers must be quick and easy to access.

Getting the mobile site right can be the first step in developing a successful mobile program. With smartphone adoption increasing at dramatic rates, retailers have an opportunity to reach the greatest number of shoppers via their mobile sites. But, while suited for the mobile device, the messaging must be consistent across all channels.

To get started, merchants must choose their mobile network partner carefully by planning to ask some key questions addressed in this paper.

This white paper has incorporated key input from the ***Moving Forward With Mobile*** survey into a comprehensive look at the power of personalizing the mobile experience.



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## About Certona

Certona is the market-leading provider of personalized product recommendations for multi-channel retailers. Trusted by over 400 leading e-commerce sites and many of the world's largest retailers, the company's Resonance® personalization platform is the highest performing recommendation engine in the industry.

With twelve patents pending, the self-optimizing system is powered by sophisticated neural networks and a portfolio of algorithms to deliver real-time product, content, and promotional offers through multiple channels— web, email, contact center, point-of-sale, and mobile.

Since 2004, Resonance has powered more than \$2.5 billion purchases for some of the most recognized online and multi-channel retail brands across all popular verticals, and has achieved a 95 percent client retention rate.

## About Retail TouchPoints

Retail TouchPoints is an online publishing network for retail executives, with content focused on optimizing the customer experience across all channels. The Retail TouchPoints network is comprised of a weekly newsletter, insightful editorial blog, special reports, web seminars, exclusive benchmark research, and a content-rich web site featuring daily news updates and multimedia interviews at [www.retailtouchpoints.com](http://www.retailtouchpoints.com). The Retail TouchPoints team also interacts with social media communities via Facebook, Twitter and LinkedIn.