Mobility – The Revolutionary Change to Customer’s Shopping Experience in Retailing

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Abstract

In recent years, mobile devices such as smartphones and tablets have been taking over our lives’ as a consumer. Mobile devices had become a necessity to us as a whole. From this aspect, market retailers seized the opportunity to triumph over e-retailing by introducing mobile technology to retail store known as m-retailing. Mobility is one of the key contributing factor in providing the finest marketing tool to create the best customer shopping experience in retail store. The report seeks to understand the impact of mobility in retail towards customer’s shopping experience.

Keywords: Mobility, Mobile Retailing, Marketing, Management.

Introduction

M-retailing will be revolutionizing faster and more likely to be the next big thing after E-retailing for online retailers and businesses that sells goods and services on the Internet (Brewster, 2014). Brewster emphasized that M-retailing will strive to success in the retail market by the year 2020. This is mainly because there are many active mobile device users that seem to grow across the globe overtime (Brewster, 2014). Therefore, there is a great opportunity for retailers to provide a secure, convenient, and fast accessibility internet connection to enhance M-retailing experience to captivate the potential customers.

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In the past, physical stores were all about allowing consumers to touch and feel the product offered by retailers providing instant gratification (Brynjolfsson, Hu, & Rahman, 2013). On the other hand, online retailers offer a wide variety of choice selections, low prices, and additional contents such as product reviews and ratings to boost online sales. As the retail industry evolves, when mobile technology is introduced, it creates a seamless omnichannel retailing or multichannel retailing experience to consumers, breaking the barriers between physical and online retails, an introduction of a showroom concept (Brynjolfsson, Hu, & Rahman, 2013). Bernstein, founder and president of FurnitureDealer.net, as cited by Engel (2013), claims that mobile technology is a game changer in retailing. In general, mobile retailing is viewed as selling and offering products and services that consumers will buy via their smartphones (Karp, 2014). However, it can be broadly viewed upon as mobile is integrated along online and physical stores in retailing (Karp, 2014). John Donahoe, Chief Executive Officer of eBay, understands the convenience mobile technology has to offer to consumers, as it is accessible at anytime and anywhere right through their mobile devices.

The Adoption Phase of Mobile Retailing

Are consumers ready for change in retail store? Wouldn’t it suffice for e-retailing to be present? Is there a need for mobile retailing? According to Deloitte’s research, about half of the population percentage of United States consumers own smartphone devices and among them, 60 percent of these shoppers use their smartphone while in the retail store and it is actually proven to affect their purchasing decision (Paul et al., 2012). Therefore, there is clear evidence that smartphone contributes to a compelling shopping experience (Paul et al., 2012).

A massive adoption of mobile devices by consumers serves as an opportunity for retailers (Loucks et al., 2009; Persaud & Azhar, 2012). Customers seek enhancement of their lifestyle when adopting mobile devices but in the eyes of a retailer, they see mobile devices as a marketing channel (Persaud & Azhar, 2012). In the early years, mobility was once implemented, but the poor quality of network connectivity, limited capability of mobile devices, and perceived customer apathy have slowed down and delayed the adoption phase of mobile retailing (Loucks et al., 2009). Third generation network known as 3G was introduced as a high-speed network connection to revolutionize mobile retailing. However, due to its poor coverage and competing standards, 3G adoption was delayed. Even if 3G was introduced, mobile retailing will still seek to fail as mobile devices have yet to improve its capabilities in terms of specifications. Therefore, due to its lack of connectivity access and limited capability of mobile devices, there was a lack of demand for advance mobile services. Thus, the following mentioned characteristics have delayed the adoption phase of mobile retailing. Nevertheless, all of which have changed when 3G was successfully implemented along with the new introduction of 4G connection, with mobile devices greatly improving with additional features and up to date specifications built-in within them, and the increase of demand for better convenience for the sake of mobility. Telecommunication carrier encourages consumers to subscribe to their data plan so that they are able to take advantages of it features and services (Persaud & Azher, 2012).
A study conducted by Centre for the Study of Commercial Activities cited by Evans (2013) shows the diffusion of mobile retailing had already moved beyond the early adopter phase. Evans explains that mobile devices has become a shopping companion for information gathering and sharing that contributes a significant impact on mobile retailing even if purchasing from smartphone device is not widely known. Evans introduced the concept of show rooming where customers use their mobile devices in retail stores to search for product information, which influence their purchasing behavior. Therefore, mobile retailers are required to improve their mobile applications or websites to be able to provide better mobile experience for customers. Ultimately, the decision to make a purchase comes down to the experience, service, pricing, and technological access that customers received (Evans, 2013).

A Study on South Korea’s Mobile Retailing

South Korea has the highest smartphone penetration in the world, coming first at 66%, followed by 57% from Australia, 54% from Britain, and 46% from United States of America (Hwang, McInerney, & Shin (2015). Nevertheless, South Koreans are also heavy users of smartphone devices. Their adoption of mobility has put forth their country’s retail advancement stage to an omnichannel commerce, where physical retail stores and online store website are now complemented by mobile, also known as m-commerce. According to Hwang, McInerney and Shin (2015), there are four key elements when going mobile in retail – Reach, Curate, Entertain, and Lock In. The first element “Reach” in mobility explains the means of distinctive capability that mobile technology possesses to be able to influence the interest of certain customers. The second element “Curate” is the selective marketing strategy approach to trigger the impulsive purchasing of customers. This is due to the fact that when comparing mobile and online stores, the comparison of products and the lengthy details of the products play no part in affecting the customer's purchasing behaviors as mobile device's screens are usually smaller than computer screens. Thus, retailers are to fine tune their product information sufficient to present to their customer in order to pique their interest. The third element “Entertain” depends on how retailer creates an interactive experience for customer providing convenience and intuitively easy to navigate on mobile. According to the research conducted by Hwang, McInerney and Shin (2015), there are more than 60 percent of mobile shoppers in South Korea claiming convenience as their top priority, compared to online shoppers that consist of only 44 percent. Lastly, the fourth element “Lock In” is basically customer retention. As customers are more likely to visit the retailer’s website or application compared to using search engine, there are potential opportunities for retailers to retain their customers. Retailers are able to provide point collection and redemption or coupons to those who are actively visiting or purchasing through the website or application daily.

Retailing – Going Mobile

In mobility aspect, a person’s experience contributes to building engagement and loyalty to a certain brand (Blair, 2013). Thus, if a mobile experience is interesting and appealing that captivates customers’ attention, the likeliness of them making a purchase is higher compared to other form of channels (Blair, 2013). Retailers might have the technology to implement this approach, but what would they need to make it a success? Retailers rely on customer’s mobile usage and analyse their shopping pattern to gain
knowledge of understanding their customer better (Blair, 2013). Generally, implementing mobile strategy will improve customer’s experience and satisfaction because employees are able to spend more time with the customers explaining more in depth of product information in retail stores (Giannopoulous, 2013). Mobile technology has given consumers the capability of browsing through product information at a very convenient state. Other than that, mobile marketers not only present rich media such as texts, audio, and video but also offer a variety of mobile application which implements a pull strategy (Persaud & Azhar, 2012). It enables customers to grasp information instantly on their mobile devices regardless of where they are, in the retail store itself. By increasing the ease of access to information easily, customers tend to understand more about the product and are able to make their better decision. Mobility in retail is mainly about retailers engaging with their customers (Paul et al., 2012). How would they be able to engage efficiently is based on proper data mining and analysis process. Mobile technology is used to track customer data from their customer usage traffic and interaction of the application or website. The accumulated data is then studied so that mobile retailers can understand their customers better.

According to Giannopoulous (2013), mobile technology can be utilized by retailers in two ways, assisting employees and customers who prioritized their mobile device as part of their daily lives. The recent growth of mobile technology has led a new approach of data-gathering and analytical possibilities for retailers (Giannopoulous, 2013; Blair, 2013). This approach provides customers’ insights to gain better understanding of the general traffic pattern as well as customer behaviour when shopping (Giannopoulous, 2013). Retailers whom incorporate the mobile capabilities into their brand, there will be an increase of sales and productivity from employees (Giannopoulous, 2013). The way retailers utilize mobile technology in their retail are as follow: sending coupon to customers, topping up customer’s loyalty point, quicker access to checkout, and able to redeem rewards on the go (Giannopoulous, 2013). Under the Cisco Internet Business Solution Group (IBSB) cited by Westernberg (2012), they identified the four key areas that have a major impact on retail industries – Mobile marketing, shopping services, mobile payment, and store operations. When all of these four key areas are focused on, it is beneficial to mobile retailers as it lowers customer conversion cost, improves customer satisfaction and loyalty, gains greater revenues, and improved productivity of staff.

**Mobile Point of Sale**

According to Rightmer (2013), mobile point of sale (POS) is the first phase that retail mobility must undergo in regards to their business model and strategic focus. Rightmer then emphasized that the next phase is to fulfill cross channel orders, bringing customer data into the engagement process, and adding rich product content sales offer. Fulfilling cross channel orders enable the convenience of retailers in meeting its customer’s need in search of the product they are looking for. Therefore, retailers are able to locate and source the product easier hence delivering conveniently to the customer. Furthermore, with the aid of customer data, retailers are able to engage with their customer’s decision making process from their purchase histories, preferences, loyalty program status, and tailored recommendations. Lastly, retailers can use images, comparisons, and rating reviews to enrich their selling process in providing interactivity of their product content.
Internet Access for Mobile Presence

What else could retailers offer to deliver a greater in depth store experience to customers? Many retailers offer free WiFi connectivity access to customers in their retail store (Blair, 2013). Would WiFi network connection be the solution or the problem in the perception of the brand image? The security of customers’ personal information as well as the store operating structure could be at risk. Hence, security risks have to be addressed because of implementing the WiFi access point with an integrated firewall solution (Cooks, 2013). Therefore, retailers will be supporting guest internet access to WiFi connection keeping them anonymous while safeguarding retailers and customers under real-time protection (Cooks, 2013).

However, security of WiFi would not matter if the performance of a retail store’s WiFi connection network is poor. If it does not have a proper coverage, reliability and capacity, it will disrupt the sales process as this influences customer’s buying decision (Cooks, 2013). The bad experience that customers received will be detrimental to the future of retailing. As a result, WiFi connection performance should be improved and optimized for customers to provide the best in-store experience.

Mobile Payment in Retail

After a decade of trials and errors about mobile payment, is the technology today ready? According to the survey conducted by Bertand and Ahmad (2014), there are many consumers that are moving towards mobile payment in the United States and major Western European markets. Top Technology Company such as Apple, Amazon, Facebook, Google, Microsoft, and Samsung, had contributed to the innovation of mobile retailing. Even though the adoption rate of mobile payment is low, there is substantial awareness of mobile payment across the countries such as United States, United Kingdom, Germany, France and Spain consisting more than 50% and higher. Despite having heavy investments and hype on mobile payment, there is a need for a clearer standpoint for customers to perceive their benefit before the occurrence of mass adoption of mobile payments (Bertand & Ahmad, 2014). Consumers are mainly concerned on the following issues – Security, Privacy and Convenience.

According to Pilot’s studies as cited by Paul et al. (2012), it was suggested that mobile point of sale can reduce the average transaction time for cash payment and card payment substantially. It also provides retail operational efficiency as mobile checkout reduces counter in retail store. Furthermore, waiting time can be reduced and simplification of coupon redemption improves customer experience while using mobile checkout. Cloud computing is a part of mobile payment. According to The Mobile Retail Blog as cited by Paul et al. (2012), cash register will be obsolete with the introduction of cloud computing. Cloud computing enables the use of a device that connects to smartphone to retrieve credit card information and processes it to make the purchase. According to Avangate as cited by Skeldon (2015), customers are demanding for better online payment services as this will impact their willingness to repeat their purchase based on their experience. As there is a need for better mobility demands, an app itself will not be able to bring success to mobility in retailing. Previously, QR code or barcode have been top of the line payment method for mobile retailers (Heggestuen, 2014). However, the cards have changed when
NFC comes into play in providing mobile payment capabilities. The way NFC works is that it transfers small amount of data wirelessly over a short distance. As a result, smartphone can be used as a mobile credit or debit card if they have a NFC chip present in the device. To make a payment through NFC, a tap or wave of the mobile phone completes the payment transaction. There are many well-known mobile payment applications that use NFC, for example Google Wallet, Apple Pay and Samsung Pay. As there is a hype going on Apple Pay currently, there is a new mobile payment app known as CurrentC, backed by most retailers. Apple Pay and other mobile payment application are disregarded from most retailers because the system involves an intermediary in the process, causing extra credit card processing fee as a result. The way CurrentC works is that money is paid or withdraws directly from customer’s bank account when checking out with a designated QR code displayed on the mobile devices. Customer can also use gift cards or select their credit or debit card respective to retailers’ bank affiliated to CurrentC. Retailers also plan to offer exclusive coupons and promotion if customers do not use their credit card upon using the application.

**On The Borders Implementation of Mobile Payment**

On The Border is a prime example of implementing mobile payment correctly. The restaurant provides mobile payment and educates their customers on how to control their dining experience by showing instructional guide to paying from smartphones (Samuely, 2015). On The Border have integrated NR Corporation’s mobile payment technology in their restaurant to introduce mobile payment to their customers. From the survey conducted by On The Border, it seems that 70 percent of customers found mobile payment appealing. The brilliant thing that On The Border does is not only did they implement mobile payment, but they have created detailed guideline to demonstrate how to use the following payment process. When there is necessary instructions, customers tend to try as they will have clear idea on what they are about to do when setting up mobile payment the first time. After setting up and linking their credit card with their smartphone, it would be easier to pay with the smartphone rather than to pay with their physical wallet. On The Border’s successful implementation of mobile payment has caused an uprise of mobile payment across few chain restaurants. There are also interesting implementations such as by providing tablets, especially iPads, on tables for ease of convenience to order and pay their food, and even to sign up for loyalty program membership.

**The Intelligent Store – Integration of Mobility and Online in Retail Store**

Physical stores have yet to be obsolete as it proves its importance of helping the customer finalize their decision and satisfy their needs (Skinner & Timmasarthy, 2011). By leveraging mobile technology in retailing, not only does it creates an omnichannel retailing, it creates an “intelligent store” (Skinner & Timmasarthy, 2011). From the intelligent store introduced by Skinner and Timmasarthy (2011), the integration of online and mobile channel within the retail store shopping experience is introduced. Intelligent store brings the same level of service and technology that the best online shopping service has to offer in retail stores – customer recognition, customer appreciation, and customer responsive (Skinner & Timmasarthy, 2011). However, with mobile technology integrated in retail stores, retailers are able to provide the flexibility to how customers choose to respond and interact within the store. There are some uniqueness that mobility has to offer
compared to conventional retail experience. First would be the mobile support customer received upon shopping. Smartphones would receive digital coupons that can be redeemed easily within the phone itself without the use of paper coupons anymore. Second would be the loyalty data that retailer creates personalized experience for the customer. Third would be offering social networking, creating a community of same interest, sharing and getting feedback of information right from the mobile device. Fourth would be the real time targeted information. Customers would be informed digitally through their mobile devices based on preference, subscription, or shopping behavior. Lastly, dynamic checkouts have created a seamless transaction purchase for consumer that reduces checkout line.

Walmart Approach to Mobile Retailing

Walmart have created a mobile application that aids customer’s shopping behavior by providing shopping lists from the large amount of customer data they had obtained from their shopping habits (Rightmer, 2013). Walmart believes that mobile technology influenced purchases can top over e-commerce sales in retail shopping experience. A quote from Gibu Thomas, Global Head of Mobile in Walmart, as cited by Rightmer (2013) “The future of retailing is the history of retailing, one of a personalized interactive experience for every customer delivered through a smartphone.” It can be interpreted as what is known to be the future of retailing is derived similarly to the core foundation of marketing retailing that had been practiced throughout the years offering personalized experience to customers, just in this current era, smartphone prevails. It is proven that the mobile application improves purchase behavior of customer because customers who have used the mobile application travel more often to the store and an average increase of spending of up to 40% can be seen. From the mobile application, a search function is used to locate products in the store and redeemable digital coupon via mobile.

Walgreen’s Mobile Strategy

According to Amato-McCoy (2012), Walgreen have been in the field of mobile retailing since 2009. Its expertise exceeds limitless potential as it seeks to improve and enhance their mobile strategy. Initially, Tim McCauley, Walgreen’s senior director of mobile commerce, as cited by Amato-McCoy (2012) states that Walgreen started off with a mobile application having a simple goal, to improve customer engagement on how they interact with them. During the initial phase, the application helps customers to navigate their shopping experience outside of the store. Eventually, customer started using the application in store with their mobile devices and Walgreen as a retailer, sought improvement to deliver greater value, excitement, and relevance to customer’s shopping experience. Therefore, they created a product mapping service within its system to help build shopping list for customer and navigate around the aisles when visiting the stores. Even so, Walgreen seeks for seamless navigation, scalability, and flexibility to support their growth strategy. They opt to partner with aisle441 to improve their services.

Optimized Mobile Retailing vs Non-optimized Mobile Retailing

According to Skeldon (2015), mobile optimized websites and applications are better than non-optimized ones, in terms of converting their prospect customers to loyal
customers. From the findings of Criteo States of Mobile Business 2015, it evidently states that a non-optimized websites or applications convert about 1.6 percent, while the optimized websites or applications convert at 3.4 percent. The key factor that contributes to the success of optimized websites and applications is convenience at the very moment of time. According to Jason Morse, Vice President of Mobile Products at Criteo, cited by Skeldon (2015), the key factors that contribute to the success of optimized websites and applications lies within the convenience at the very moment of time, attractive designs, and ease of use are the reasons why customers choose to believe and buy the product. However, there is a challenge faced by retailers whereby a new trend of cross-device purchasing is huge. About 40% of customers use multiple devices rather than a single mobile device. This shows the high need of retailers trying to match and understand their customers across all devices, to deliver the best consumer experience. According to Morse cited by Skeldon (2015), although cross-device platform in retailing is a trend, purchasing on a mobile device is still significant. Morse also states that mobile application is the new future, as mobile application has better conversion rate than desktops and engagement with their loyal customers (Skeldon, 2015).

Discussion

This discussion will be focusing on the following aspect of mobility: Convenience, Accessibility, Security and Optimization. Convenience is important to provide better ease of access to navigate around the mobile application, searching for product information, and making mobile transaction easier. This is important as it enhances the engagement experience of customers. Accessibility involves Wi-Fi connectivity offered in retail store for customers to access information of their product through their mobile. As a result, they are able to drive in higher traffic to their mobile services, improving customer’s experience. While retailers are able to input customer’s data to their system, customer’s data is at potential to risk of having their information breached. Therefore, to be able to build a trust between the retailers and consumers, security when integrating mobile to retail has to be enforced. Data protection should be prioritized if they want to safeguard their customer’s information. Therefore, by putting up a firewall within their Wi-Fi connection, they are able to prevent suspicious party to access their customer’s information. Besides that, when mobile marketers create mobile applications and websites, it has to be optimized in such a way that it is user friendly for consumers. This is mainly because optimized application gives a very good sense of impression as their engagement with the application is simple and smooth with no complications. Thus, they offer a convenience also in a way their experience is enhanced.

Conclusion

In general, mobility in retailing is mainly all about providing convenience and a sense of engagement to consumer’s experience. Data analytics have shown great result in having to better understand their consumers in the aspect of how they behave, interact, and purchase a certain type of product. However, mobile retailers have to take note of the issues regarding security and privacy of customer data. These issues have to be addressed promptly so that they are able to build a trusting bond between their consumers. Integrating mobile technology to physical retail stores is just an additional feature to enhance their customer’s experience. However, mobility is very broad when implied
within itself. It helps consumers to stay connected to retailers at any point of time and anywhere, all within the ease in the handheld mobile device.

References


