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Creating a > experience  
through mobility

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By really understanding who is shopping in their stores, how they shop and how mobile influences their shopping behaviors, retailers can respond with mobile shopping, personalization and promotion capabilities that are designed to create value for both customers and themselves.

Mobile technologies are revolutionizing how people shop. They allow consumers to compare prices with those of rival providers while in-store. They are becoming more and more central to the shopping experience. And they are reshaping the role of both salespeople and technology in delivering a compelling store experience.

More digital interactions and smaller store footprints seem inevitable. Mobile shopping will ultimately drive new store sales and service models as well—models that have the potential to deliver significant financial benefits related to higher close rates and transaction sizes, as well as lower labor and occupancy costs for those retailers that get it right.

For most leading retail players, such prospects are tantalizing indeed. They know that far from killing off stores as a viable shopping channel, mobile technologies offer an opportunity to enhance the store experience exponentially—not only meeting consumer needs and expectations more efficiently, but also assisting in the delivery of the hyper-personalized, hyper-contextual offerings that will help build baskets and improve revenues.

But how can retailers realize the promise of the mobile game changer? And where should they begin?

Our experience suggests four steps to help achieve success:

Figure 1: Six unique mobile shopper segments

Percentage of total population

#### Indifferent Late Adopters

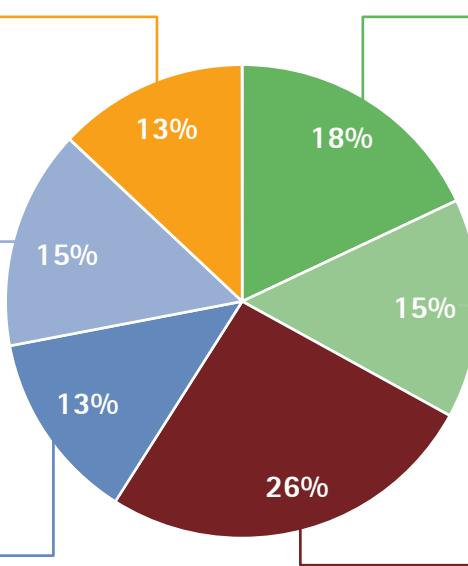
- 'Functional' shoppers
- Lag in technology adoption
- But, open to trying if there is benefit

#### Mission-Oriented Tech-Avoiders

- Want to 'get in and out'
- Avoid technology in life and shopping
- Disproportionately Baby Boomers

#### Privacy-Oriented Service Seekers

- Value service over price
- Seek advice from store associates
- Comfortable with tech, but concerned about privacy



#### Data Hungry Tech-Enthusiasts

- Heavy information-seekers
- Earliest Adopters—'geeks'
- Heaviest 'mobile shopper'
- Value tech-enhanced shopping experience

#### Tech-Savvy Social Shoppers

- Social media users
- Young and tech savvy
- Seek instant gratification
- Multi-channel but value in-store experience

#### Value-Focused Followers

- 'Early majority' technology adopters
- Like a good deal and willing to use tech to get one
- Value social aspects of the store shopping experience

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## 1. Know your (mobile) customer

Everyone knows that the recession-chastened consumer is both stubbornly frugal and increasingly mobile—but what really complicates the picture is the fact that not all mobile shoppers are created equal.

A recent Accenture survey<sup>1</sup> of around 2,500 North American shoppers identified six unique mobile shopper segments, each with a different attitude towards the use of mobile technology while shopping, and idiosyncratic preferences around multi-channel shopping, technology adoption, price sensitivity and brand loyalty (see Figure 1).

An important mass of mobile shoppers exhibits a strong interest in mobile shopping capabilities. 'Early adopters'—the Data Hungry Tech-Enthusiasts and Tech-Savvy Social Shoppers—and

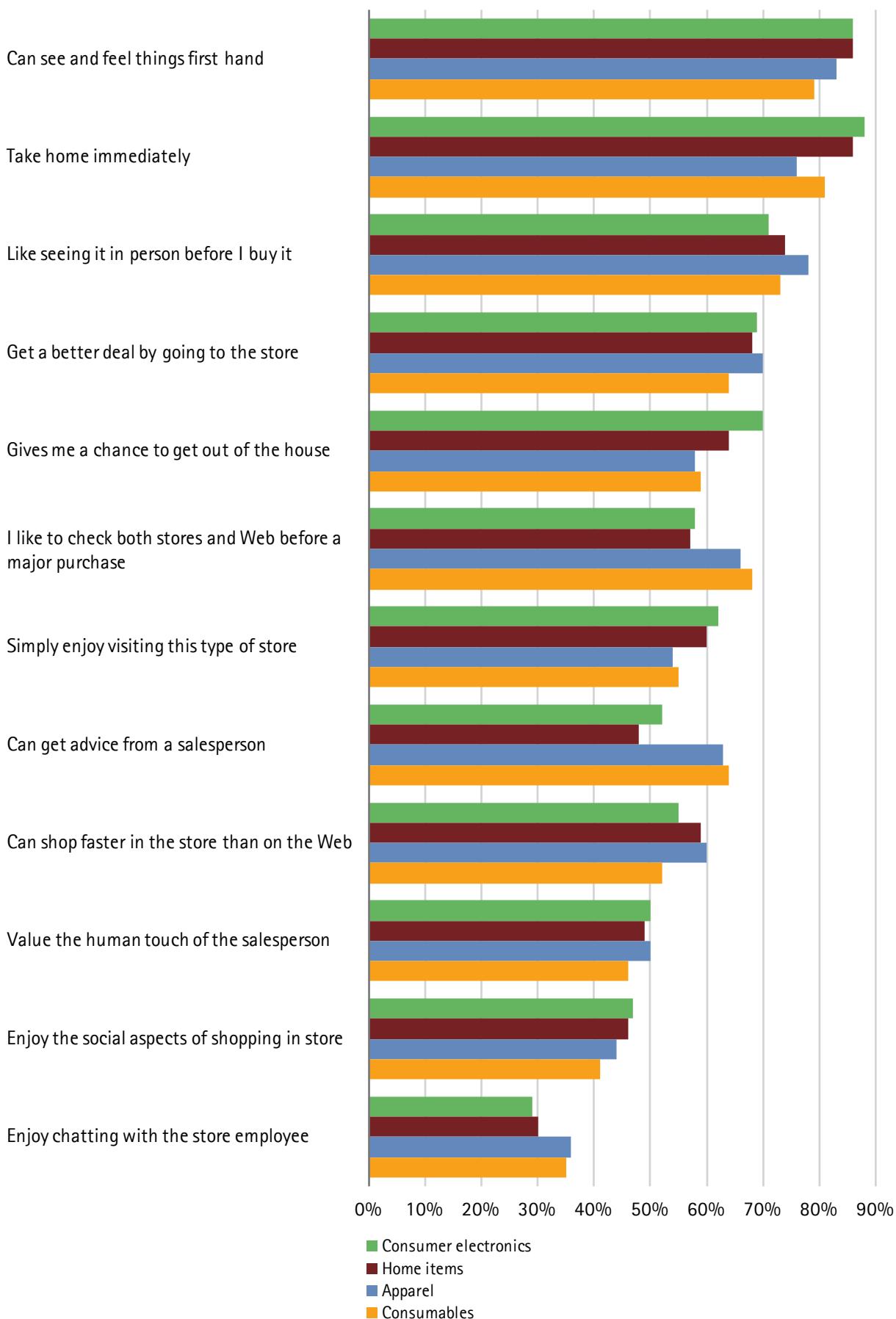
the 'early majority'—Value Focused Followers—comprise approximately 59 percent of North American consumers and indicate a higher degree of current and planned mobile shopping behaviors. More surprisingly, Indifferent Late Adopters—an older cohort, representing around 13 percent of North American consumers—also showed a willingness to leverage mobile while shopping. Indeed, despite their many differences, most consumers surveyed either use or aspire to use mobile devices to assist, enhance and simplify their shopping experience.

Our research also unearthed another key finding: The physical store still plays an important role for shoppers, and doesn't appear to be disappearing any time soon. Though few of our survey respondents rated interacting or chatting with employees as a benefit of in-store shopping, seeing and trying out products first hand, the convenience and instant gratification of taking a

purchase home immediately, and viewing items in person before buying were all cited as important reasons why they prefer shopping in a store rather than online (see Figure 2).

The store, in short, retains an important (and hard to replicate) role for today's consumers, however mobile they may be. Our research suggests, however, that mobile will likely become a conduit for many of the interactions formerly served by sales employees. And we believe that retailers that could leverage segmentation to develop insight into the needs, attitudes, preferences and behaviors of their core customers, both within and across channels, would be able to create strategies and operating models that blend the potential benefits of the mobile and store channel to deliver a personalized, compelling and profitable store experience for their core customers.

**Figure 2: Shopping in-store or online**  
**What might cause consumers to shop in a store rather than online?**



**Figure 3: What consumers value about mobile**  
**Tested uses of personal data to enhance store experience**  
**Top 3 of 17 by segment, percentage indicating Good or Very Good use**

Data Hungry Tech-Enthusiasts	Tech-Savvy Social Shoppers	Value-Focused Followers
<b>90%</b> You are offered special prices for particular goods based on your past purchases in this store.	<b>58%</b> You receive a special offer of rewards points based on your past purchases in this store.	<b>75%</b> You are offered special prices for particular goods based on your past purchases in this store.
<b>86%</b> You can order things in advance and have them packed and waiting for you when you enter the store.	<b>54%</b> You are offered special prices for particular goods based on your past purchases in this store.	<b>73%</b> You receive a special offer of rewards points based on your past purchases in this store.
<b>86%</b> You receive a special offer of rewards points based on your past purchases in this store.	<b>52%</b> You can order things in advance and have them packed and waiting for you when you enter the store.	<b>71%</b> You are offered special prices for particular goods based on your past purchases you have made in other stores and the Web.

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## 2. Understand the customer journey

While mobile clearly is transforming how people shop, the shopping process that consumers follow—from discovery through research, selection and payment—remains largely unchanged. Making it important to ensure that mobile experiences fit naturally and intuitively with how the consumer engages at different points of the shopping journey.

Creating a compelling mobile experience for the consumer starts with mapping the end-to-end customer journey, both before, during and after their store visit, and identifying the key points where access to such essentials as product information, customer service, coupons and promotions, personal account data, and payments via a mobile device could add value to the shopping experience (see Key factors to help achieve success sidebar).

## 3. Focus on finding, delivering and measuring value creation for you and your customers

As mobile capabilities become more robust, the associated development and implementation investment requirements will likely become more significant. What's more, mobile channel owners will come under mounting pressure to deliver tangible business benefits to justify their investments.

In designing mobile experiences, most leaders seek out and focus on the interactions where the intersection of consumer needs and business drivers can help to create a mutually beneficial outcome. And as a first step, we suggest identifying the key interactions along the customer journey where mobile has the potential both to improve shopping activities for the consumer and to help drive value for the business.

When we asked consumers about the perceived usefulness of a series of potential experiences enabled by mobile technologies, an overwhelming majority rated concepts related to personalized and contextual discounts and loyalty rewards most highly (see Figure 3).

It's important to remember that promotions and personalization represent only a fraction of the potential uses of the mobile phone in a shopping environment. In time, mobile payment technologies, Near Field Communication (NFC) and streaming video promise to transform the customer experience.

We believe that mobile payments are an inevitable next step—if only because reaching for the phone to take advantage of deals and capture loyalty account information leads naturally to using the same device for transactions.



Our research suggests, however, that mass adoption of mobile payments is some ways off. With the exception of Data Hungry Tech-Enthusiasts few consumers are yet willing to actually pay for their purchases with a mobile device and many have significant privacy concerns (see Figures 4 and 5).

Meanwhile, the evident willingness of consumers to adopt mobile promotions, combined with the erosion of traditional vendor funding models, could create a common ground where consumer utility and business value meet to help catalyze a new funding model.

Let's examine the business case for such a funding model in detail:

### Loyalty programs as a platform for in-store identification

Our research indicates that using the phone as a platform for managing and applying loyalty rewards has considerable appeal, particularly amongst early majority mobile adopters.

Making loyalty programs more convenient, extendable, and easier to use is likely to create 'sticky-ness' in and of itself, and the migration of those programs onto smartphone creates new opportunities to help identify and locate specific shoppers in or near the store, setting the stage for a seismic shift in how retailers and manufacturers market to consumers.

### Trade promotions: A \$175B market<sup>2</sup>

Thanks largely to current economic conditions and shoppers' focus on price and value (plus, of course, the mounting pressure on CMOs to deliver growth), trade promotion spending is at an all time high<sup>3</sup>. In addition, many retailers are starting to drive the transition of that spend from paper to digital, following the shift in consumer media consumption.

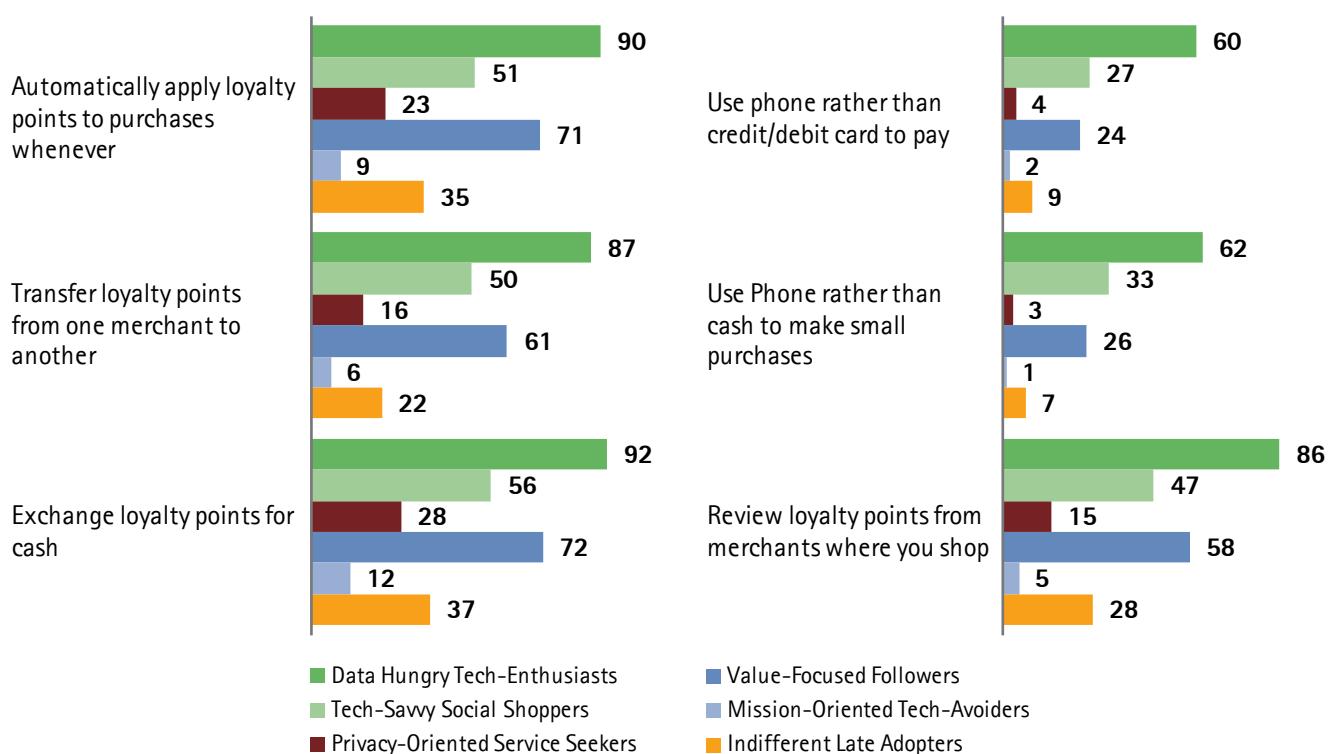
Unlike other digital media, mobility—more specifically, location-based promotions—offers access to consumers right at the point of purchase. What's more, mobile devices provide a link to a treasure trove of end-consumer data—age, income, browsing history, as well as location—so consumer packaged goods marketers, for example, can use the information to target the right consumer, at the right time and in the right context, and understand their evolving customer base better.

We believe these factors will combine to help accelerate the growth of location-based promotions and attract trade promotions marketing spend—money that will feed the bottom line for retailers with the right capabilities and loyalty value propositions.

Figure 4: Paying with a mobile—consumer preferences

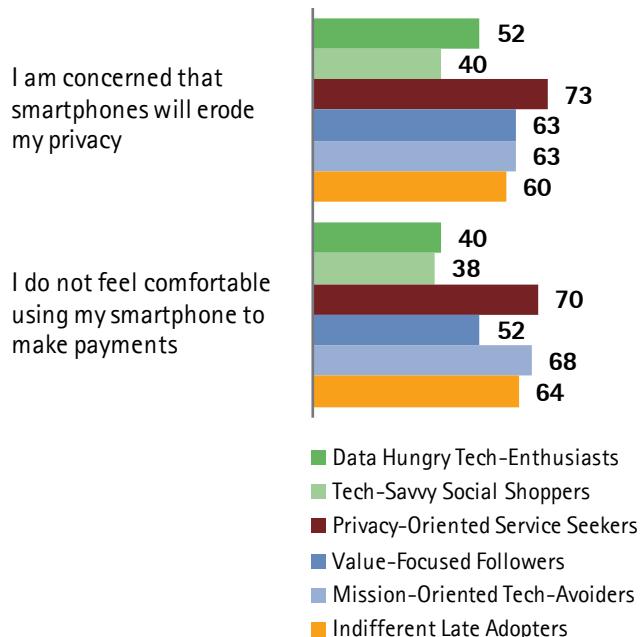
**Usefulness of mobile wallet-related capabilities**

Percentage indicating Useful or Very Useful, by segment



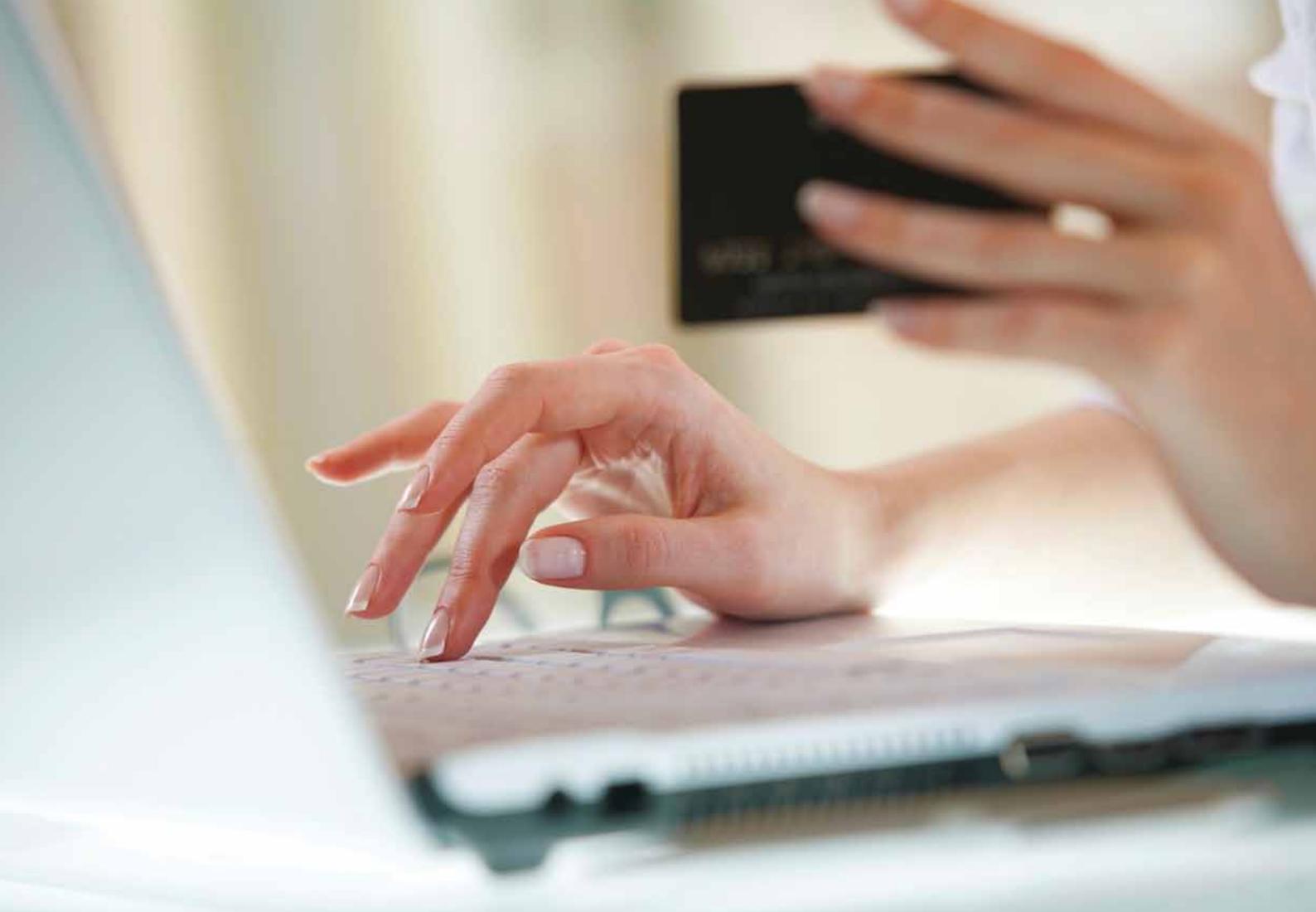
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Figure 5: Privacy concerns



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#### 4. Develop flexible, iterative capabilities that align with your mobile vision, and experiment to stay abreast of rapid change

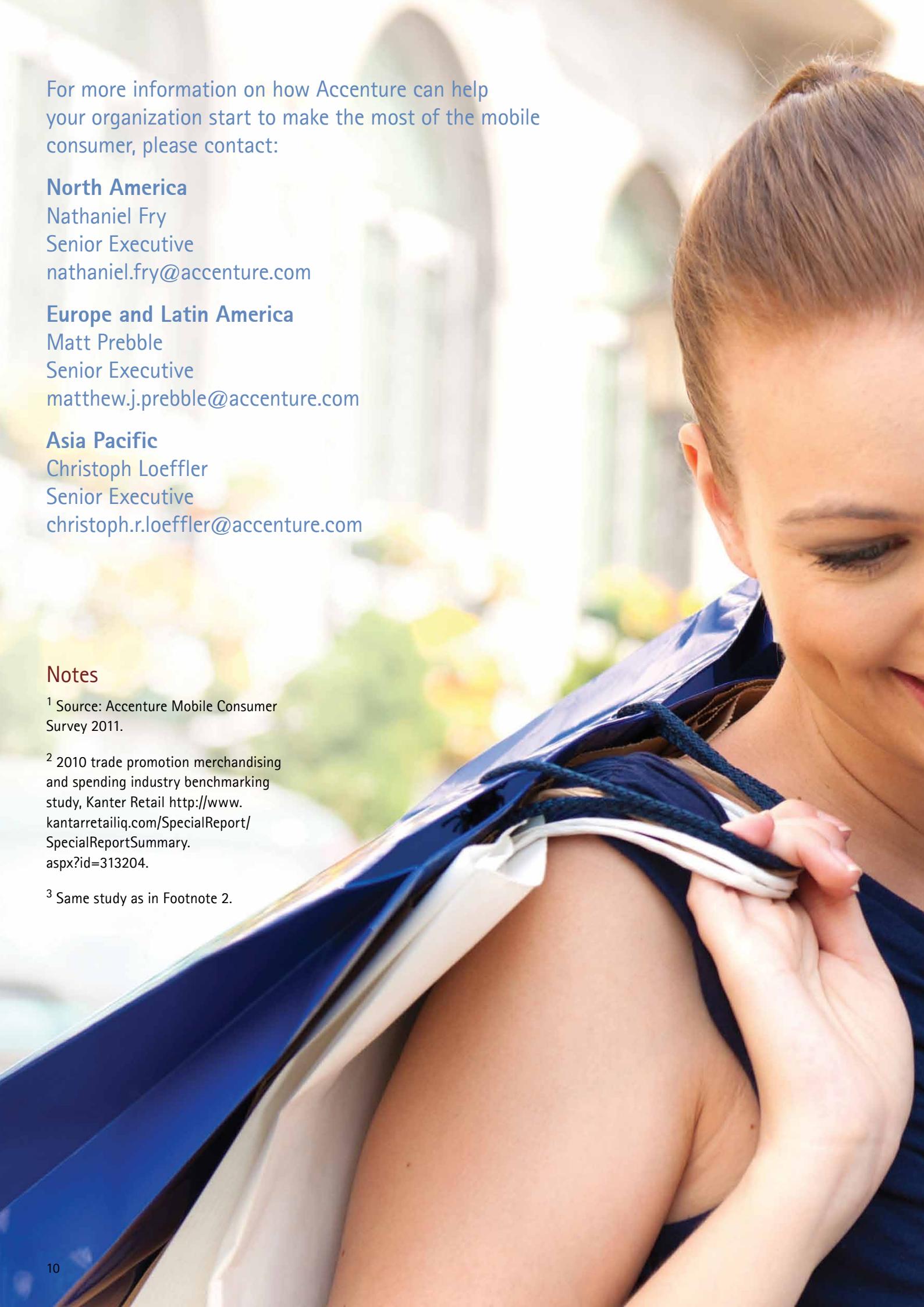
Given the pace of change and level of uncertainty regarding mobile technology innovation and consumer preference and adoption, it is necessary that retailers remain nimble and iterative when developing and deploying new capabilities. Having a long-term vision is an important foundation, but planning further than 18 months into the future is likely to be a fool's errand. Instead, retailers should take a rolling approach to defining and managing their mobile roadmap, actively managing and re-assessing functional releases and development priorities approximately every 3-6 months against consumer behaviors and the evolving handset and platform landscape.

#### The future

Just as Internet security improved and was commoditized over time, allowing more consumers to feel comfortable with online shopping experiences, we anticipate that mobile retailing will make similar advances on the back of innovation in consumer communications technology.

Our North American consumer research revealed that there is strong demand for targeted, personalized and context-relevant experiences across a majority of consumers. Moreover, once the concept of a better deal is introduced, we believe that attitudes to mobile will shift as a majority of consumers have the technical competence to use mobile devices (around 40 percent are deemed 'tech positive').

In the future, we expect retail mobile experiences to transform the shopping experience in tandem with innovations in connectivity, operating systems, applications, or handsets themselves. Consumers will become more comfortable with using their phones to shop, and as 'go to' tools enabling new, mobile-enabled multi-media sales and service experiences. Moreover, retailers, through the ability to interact with the consumer in a personalized yet automated manner, will find new opportunities to reduce operational costs and derive competitive advantage.

A close-up photograph of a woman's face and shoulder. She has brown hair pulled back and is wearing a dark blue top. Her right arm is bent, and she is holding a large blue shopping bag with both hands. The background is blurred, showing what appears to be a store interior with shelves and products.

For more information on how Accenture can help your organization start to make the most of the mobile consumer, please contact:

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#### **Notes**

<sup>1</sup> Source: Accenture Mobile Consumer Survey 2011.

<sup>2</sup> 2010 trade promotion merchandising and spending industry benchmarking study, Kanter Retail <http://www.kantarretailiq.com/SpecialReport/SpecialReportSummary.aspx?id=313204>.

<sup>3</sup> Same study as in Footnote 2.



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