



Mobile Apps: The Next Big Thing

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E-retailers are just starting to get their feet wet when it comes to offering mobile applications for cell phone users to enhance the in-store shopping experience. As part of our annual research on the Top 40 e-retailers by sales volume, we decided to study how and when shoppers are using mobile applications.

The vast majority of online shoppers in our survey have mobile phones (91%), but only about a third of respondents have used them while shopping.

Fig. 1

Have you ever used a mobile phone as part of your shopping experience in retail stores?	% of respondents
Yes	29%
No	71%

The vast majority of shoppers who did use a cell phone as part of their shopping experience did not make heavy use of retailer-originated mobile apps or Internet-based product information. Most used their phone to get a simple opinion about a purchase. This may indicate that mobile apps are very much on the “bleeding edge,” rather than the leading edge, of technology.

Fig. 2

How mobile phone was used as part of retail shopping experience	% of respondents
To ask someone about a product I might purchase	72%
To send a picture of a product I might purchase	40%
To use the Internet to look at comparison prices	24%
To use the Internet to look at product reviews	15%

One in four shoppers who used a cell phone while shopping used it to look at comparison prices, while 15% used it to go online to check product reviews. These numbers make up 7% and 4% of our total respondent pool, respectively. This is not an insignificant number, considering the small but growing use of smart phones and the fact that many retailer mobile apps were new this holiday or still in beta testing. For the 2009 holiday shopping season, I wouldn't be surprised if we see this number double, at least.

Are Mobile Phone Users More Valuable Customers?

Satisfaction is a proven predictor of certain future behaviors. We know through countless studies that a satisfied shopper is more likely to purchase, recommend, and return to the store or website. But how does mobile phone usage impact those same future behaviors?

We found that people who use mobile phones while shopping are not more loyal, more satisfied, or more likely to recommend top retailers' websites. In fact, of all the behaviors we study, only one was different for this group: greater likelihood to purchase offline. All the other scores are identical for those who shop with or without a mobile phone. Given the indications in Fig.2 that

people are using phones more often to actually call someone to get an opinion or to send a picture of an item (and less for price comparison shopping or store-initiated mobile apps), it would seem that, more often than not, the opinion they get encourages them to buy the item. Perhaps stores should consider “phone-a-friend” promotions to encourage this kind of shopping behavior.

Fig. 3

	Used mobile phones while shopping	Did not use mobile phones while shopping
Brand Commitment	73	73
Likelihood to Return	80	80
Purchase Next Time	75	75
Purchase Offline	66	62
Purchase Online	73	73
Recommend	74	74
Retailer Satisfaction	77	77

*all scores on a 100-point scale

Conclusion

Mobile apps offer a huge opportunity for retailers to encourage in-store purchases. Shoppers who use a mobile phone as part of an in-store shopping experience are 6% more likely to buy something in the store. That’s valuable knowledge in a tight economy when any advantage helps.

Going forward, retailers should encourage smart phone users to adopt retailer-generated mobile apps, not only to ask about a product or send a picture of a product to a friend, but to compare online prices, remember specs of something they were researching online, and identify the proper model or version of a wish list item.

It will be a while before we see huge penetration of cell phones being used as part of the in-store experience, but I expect it to double next year and continue growing from there.

About the Author

Larry Freed is an expert on website effectiveness and online customer satisfaction. He is also President and CEO of ForeSee Results, a market leader in customer satisfaction measurement on the web, which utilizes the methodology of the American Customer Satisfaction Index.

About the Top 40 Online Retail Satisfaction Index: Methodology

The 2008 edition of the Top 40 Online Retail Satisfaction Index is the fourth annual evaluation of holiday shopper satisfaction with top 40 retail websites by sales volume, as reported by Internet Retailer. ForeSee Results also measures satisfaction with the Top 100 online retailers every spring, resulting in eight consecutive reports on customer satisfaction with the top e-retailers over the last four years.

The Top 40 Online Retail Satisfaction Index uses the methodology of the American Customer Satisfaction Index to analyze data collected from visitors to the Top 40 retail websites, as defined by sales volume from the Internet Retailer Top 500 Guide. Data was collected through FGI Research's SmartPanel™, a nationwide panel of approximately 1.6 million consumer households who have agreed to participate in opt-in surveys.

More than 9,000 survey responses were collected from December 1, 2008 through December 18, 2008 from shoppers who had visited the Top 40 retail websites at any point within the prior 14 days.

Some respondents went on to complete an online purchase; others didn't, so the respondent group is defined as "website browsers." Browsers include existing customers, first-time visitors, infrequent visitors, competitors' customers who may be cross-shopping, and others spending time researching purchases on a retail website, perhaps with the intent to purchase through offline channels. They may shop on a variety of websites and other channels before making a purchase. Knowing why a browser does or doesn't purchase during the visit is one of the keys to understanding multichannel impact, as well as the degree to which even these top e-retailers are fulfilling their potential.

The Top 40 Online Retail Satisfaction Index is based upon the methodology of the University of Michigan's American Customer Satisfaction Index (ACSI), the only cross-industry methodology scientifically proving that organizations that more effectively satisfy customers realize higher financial returns. For the past seven years, ForeSee Results has used this scientific approach to measure online customer satisfaction with nearly 100 leading e-retail sites in both the U.S. and the U.K. Additionally, the firm produces the U.K.-based Top 30 U.K. Online Retail Satisfaction Index every Christmas and a Top 100 Online Retail Satisfaction Index every spring, which provides an interesting point of comparison to customer satisfaction with U.K. online retail.

About ForeSee Results

As the leader in online customer satisfaction measurement, ForeSee Results captures and analyzes online voice of customer data to help organizations increase sales, loyalty, recommendations and website value. Using the methodology of the University of Michigan's American Customer Satisfaction Index (ACSI), ForeSee Results identifies the improvements to websites and other online initiatives with the greatest ROI. With over 30 million survey responses collected to date and benchmarks across dozens of industries, ForeSee Results offers unparalleled expertise in customer satisfaction measurement and management particularly in the retail category, with over 85 retail measures in ForeSee benchmarks.

ForeSee Results, a privately held company, is headquartered in Ann Arbor, Michigan, has offices in London and Toronto, and can be found online at www.ForeSeeResults.com.

About FGI Research

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