

An Exclusive eTail Report:

# Mobile Innovation & The Next Step in Omnichannel Commerce



A WBR Digital Whitepaper Presented in Conjunction with KIBO and SilverPop  
Winter 2015

# Executive Summary

2015 was another year of major mobile disruption, as smartphones and tablets further entrenched themselves as key components of the modern omnichannel shopping paradigm. Mobile is an increasingly important revenue channel for retailers, as evidenced by research from Forrester Research that indicates mobile commerce is expected to nearly double by 2018, surpassing \$130 billion. According to Forrester, mobile would then represent 54% of all e-commerce revenue (US eCommerce Forecast: 2013 to 2018, Forrester Research). But the power of mobile to influence the shopping experience extends far beyond the ability for consumers to make purchases on smartphones and tablets.

The proliferation of commercial channels is making the path to purchase more diffuse than ever, as consumers become accustomed to jumping from device to device in order to research products, compare prices, and make purchases. In this paradigm, mobile is the glue that holds omnichannel shopping experiences together, because it is a ubiquitous and an instantly accessible way for a consumer to extend their interaction with a brand. Moreover, mobile enables retailers to continuously engage with consumers as they move through an increasingly non-linear sales funnel. With so many consumers taking advantage of the convenience of mobile apps and browsers to help make buying decisions, it is imperative that retailers are able to reach users through tools like mobile-optimized email, search, SMS, push notifications, and mobile-enabled store displays. Once a consumer makes a purchase, brands can combine mobile capabilities with other activities (such as social media campaigns) to improve customer retention and engagement.

Mobile also empowers businesses to develop a better understanding of their customers' behaviors and needs, while improving their ability to adapt to a rapidly changing industry. For example, a better understanding of how consumers are moving from device to device and what they are accomplishing at each interaction can help brands build better attribution models that properly assess each touchpoint's fractional contribution to a sale. From there, they can optimize those experiences by delivering personalized, contextual messages and content.

Using proprietary data, this report will take a first-hand look at how brands are approaching the opportunities and challenges of mobile into 2016. It will show how those businesses are investing in order to develop the mobile capabilities that will have the biggest impact on customer experiences and conversions. The report will also discuss how businesses are managing the organizational and technological challenges inherent to the mobile shopping paradigm. Finally, it will touch on how mobile acts as the glue that holds together omnichannel customer experiences, and how organizations are using mobile to improve those experiences.

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# Key Findings

1

**Technological innovation is at the core of mobile excellence, but it does not always come easy (or cheaply). Ongoing investment is necessary for brands to stay current with mobile trends and to build the next generation of mobile tools.**

As the power of mobile capabilities to engage and convert expands, brands will have to increase their investment in order to stay up-to-date. However, because the mobile channel is so interconnected with other commercial channels like desktop sites and stores, brands have to be mindful of how investments in mobile will impact those other channels and vice versa.

2

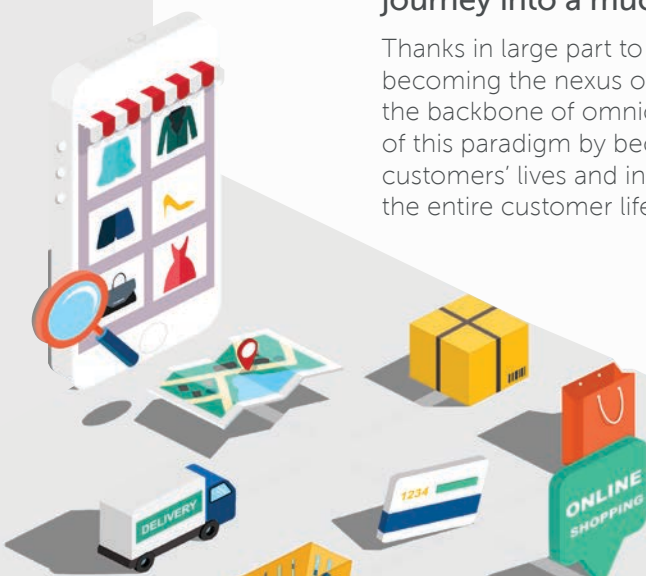
**The multiplicity of consumer interactions that mobile enables are a big opportunity for brands, but they also present unique challenges**

Mobile offers many different ways to interact with users: through mobile sites and apps, via SMS messages, using push notifications, and through wearable devices. However, this multiplicity of interactions forces brands to decide which options will be the most fruitful and feasible. The variety of options can also strain institutional silos.

3

**Mobile gives consumers unprecedented access to brands and changes what was once a linear customer journey into a much more multifaceted one.**

Thanks in large part to its convenience and ubiquity, mobile is becoming the nexus of all consumer-to-brand interactions and the backbone of omnichannel retail. Brands can take advantage of this paradigm by becoming a more regular part of their customers' lives and influencing purchasing decisions across the entire customer lifecycle.



# Research Findings

## Investing in Mobile Innovation

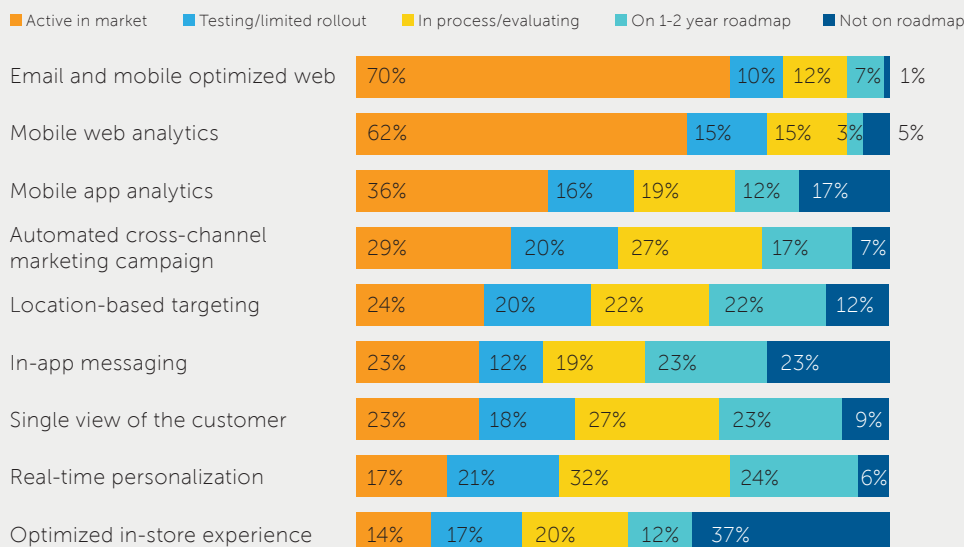
Technology has driven mobile's ascent to its current position as an indispensable retail tool, and it is technological innovation that will continue to redefine mobile's role in commerce. However, as the power of mobile capabilities to engage and convert expands, brands will have to increase their investment in order to stay up-to-date. That investment will be necessary to optimize foundational mobile tools, such as mobile-optimized email and websites, but it will also enable brands to be on the cutting edge of mobile marketing. A few of these cutting-edge initiatives include real-time personalization, better location-based targeting, and data-enabled cross-channel marketing.

Mobile investment decisions can be especially tricky for retailers, because they overlap with so many other omnichannel priorities (as we will see in the final section of this report). The line separating mobile experiences from desktop and in-store experiences is diminishing, which means that mobile innovation will necessarily have an impact on these other channels. Therefore, investments in mobile capabilities cannot be made in a vacuum; rather, brands must take into account how new mobile innovations can support other digital and physical channels. That interconnectivity is important, but it should not stifle mobile innovation.

With such heavy emphasis on mobile as a revenue channel and engagement driver, it is essential that brands optimize their mobile sites. Respondents in this study understand that need, which is why mobile-optimized web and email are the most widely implemented mobile initiatives. Mobile analytics are also quickly becoming table stakes, with the majority of respondents already running mobile web analytics. Mobile-optimized sites and analytics are also the top two investment targets for brands over the next 12 months, while investment in many cutting-edge technologies like in-store mobile discovery, location-based targeting, and real-time personalization is still lagging behind.

Although investment in newer technologies may not match the resources being poured into more foundational capabilities, brands are still eyeing a number of potentially fruitful mobile innovations. Mobile wallets are the perfect example of an innovative tool on the cusp of popularity. While mobile wallets are not currently broadly utilized, more than half of all respondents plan to adopt them within the next year. While in-store beacons and geolocation technologies are lower on brands' priorities lists than mobile wallets, a third of respondents expect to be utilizing those capabilities in the next 12 months. Over that period, less than 10% of brands expect to have virtual reality available in-store.

### Describe your current status regarding the following mobile marketing initiatives



Capabilities like mobile-optimized web and email and mobile analytics have become table stakes, while real-time personalization, optimized in-store experiences, and in-app messaging lag behind.

# Research Findings

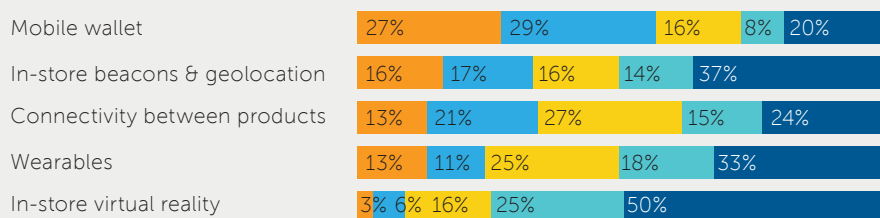
Rank your investment priorities over the next 12 months

- 1 Email and mobile optimized web
- 2 Mobile web analytics
- 3 Real-time personalization
- 4 Single view of the customer (mobile data capture and integration)
- 5 Automated cross-channel marketing campaign
- 6 Location-based targeting
- 7 Mobile app analytics
- 8 Optimized in-store experience (mobile discovery and purchase)
- 9 In-app messaging

Businesses are focusing on optimizing their most developed capabilities – such as mobile-optimized web and email and mobile web analytics – over investing in new tools. However, real-time personalization and mobile data integration round out the top 4 mobile priorities.

When do you plan to adopt the following innovations?

Within 6 months   6-12 months   1+ years   2+ years   3+ years



*"Mobile payments can take place at the POS, on the web, and in stores. By understanding how customers like to shop, retailers can use mobile payments to increase sales and strengthen customer loyalty. It is gradually becoming clear: the stores that make proper use of mobile wallets are the ones who will come out on top in the modern retail era."*

- Fortune 1000 Mobile Executive

More than 50% of respondents plan to adopt mobile wallets within the next 12 months; in-store beacons, geolocation, and the Internet of Things are also popular capabilities businesses are pursuing.

2015 saw important new entrants into the world of mobile payments, with both Apple Pay and Google Wallet making great strides in the proliferation of mobile payment technologies. However, there are still some important barriers to widespread adoption of mobile payments, including the need for more stores to accommodate the

technology and consumer concerns over information security. Mobile wallets constitute a fascinating technology with a myriad of potential uses, but for the time being, the best way to grow the user base of mobile wallets is to either ensure that they make the transaction smoother, or to use them to add value through loyalty programs.

*"Many organizations attach too many metrics to mobile and it inhibits them not only from understanding its impact, but from properly investing in that channel going forward. At this point, we need to treat mobile as more than just a science."*

- Mickey Alam Khan, Editor in Chief, Mobile Marketer & Mobile Commerce Daily

# Research Findings

## Touchpoints and Technology

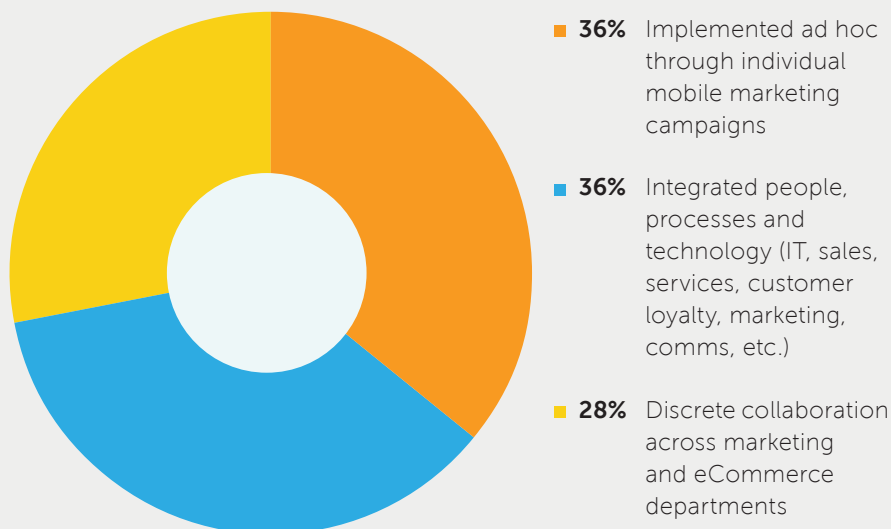
One of the most fascinating aspects of mobile marketing and m-commerce is the close link between the incredible opportunities offered by mobile, and the complex challenges it presents. For instance, mobile is a particularly unique medium because it allows brands to interact with consumers in so many different ways: through mobile sites and apps, via SMS messaging, using push notifications and geofencing capabilities, with mobile payment technologies, and through wearable devices. Each of these touchpoints offers a different context within which to engage users. However, inherent to this multiplicity of options is a confounding challenge: which touchpoints should be prioritized, and which can be considered “nice to haves”? Furthermore, once a brand chooses to interact with consumers through a certain touchpoint, how can it deliver messages that take full advantage of that touchpoint’s micro-context? This push-pull is at the core of mobile commerce.

Unsurprisingly, the most common ways brands are interacting with consumers via mobile are through

mobile websites, although mobile email is a not-too-distant second. (These results are especially unsurprising given the fact that more than three-quarters of respondents plan to have responsive design implemented by the end of 2016, which would facilitate better engagement on mobile sites and email.) Many respondents indicated that they are still struggling to bring consumers to their apps through push notifications and to connect with users through location-based messaging.

Because mobile programs encompass the goals of many different departments and connect with initiatives run through other commercial channels, management of these initiatives can present a challenge for many organizations. Respondents in this survey showed that while 36% of organizations are managing mobile programs through integrated processes, many are still managing those projects on an ad hoc basis. We can expect this trend to slowly change as businesses break down their operational silos and work toward more integrated campaign management.

Which option best describes how mobile is managed in your organization?

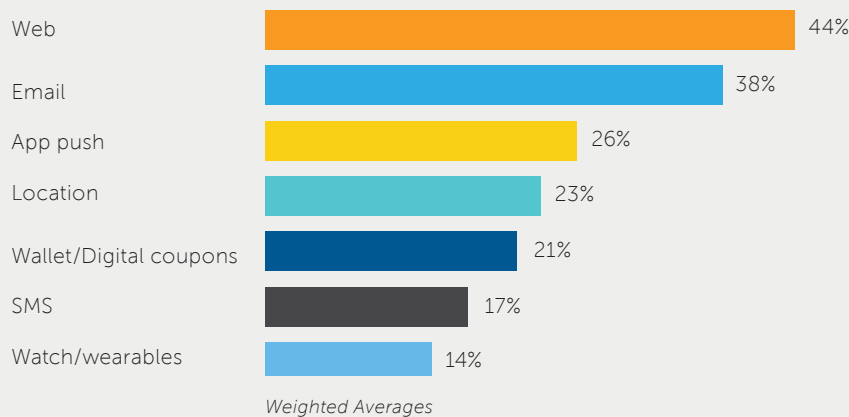


Just over a third of respondents implement and manage mobile capabilities through integrated processes, teams, and technologies.

Cross-functional collaboration will remain a major challenge as commercial channels and departmental responsibilities continue to merge.

# Research Findings

Which mobile touchpoints are you using to engage your customers?



Web and email are predictably the most widely utilized mobile touchpoints.

Do you plan to adopt responsive design in 2016?



More than three quarters of respondents plan to have responsive design implemented in 2016.

In which ways would you apply the power of cognitive computing to transform the customer experience?

- 1 To engage with a customer in a natural way (i.e the shopper can ask it a question like "what should I wear?")
- 2 To understand shopper needs, intent and use natural language.
- 3 To deliver truly personalized experiences that can be created in real-time
- 4 To provide online customer service same way a manager or assistant would in-store
- 5 To process social interactions and understand how consumers are talking about your brand, about products and about intent
- 6 To power in-store avatars, for instance, who would be able to converse with shopper

## The Future of Cognitive Computing

Cognitive computing combines artificial intelligence (AI) and human speech recognition software to create interactive support that learns and adapts to user behavior over time. While application of this technology in the retail world is relatively new, there are a variety of ways in which cognitive computing can help improve customer experiences.



# Research Findings

## Mobile: The Omnichannel Enabler

The diffusion of mobile technologies is fundamentally changing the way people shop by enabling them to research and compare products, make purchases, and connect with brands from anywhere and at anytime. Smartphones and tablets have given consumers unprecedented access to brands, changing what was once a linear customer buying journey into a much more diffuse, complex network of digital and in-person interactions. Thanks in large part to its convenience and ubiquity, mobile is becoming the nexus of all these interactions and the backbone of omnichannel retail. For instance, consumers can check out an apparel company's new styles online, use their smartphones to find the exact clothes they want to try on in the store, and then tweet about their new purchases on the way home. Mobile is the bridge between in-store and online, and it's always accessible.

Just as mobile is changing the shopping paradigm for consumers, it is also creating new opportunities for brands. Mobile capabilities help brands serve numerous goals encompassing the entire customer lifecycle, including revenue generation, customer relationship building, and cost reduction. In fact, because mobile devices are proving to be the most effective way to tie together the numerous customer touchpoints, mobile is quickly becoming the central driver of customer experiences. In other words, mobile is not simply an additional commercial channel to be treated as a stand-alone revenue stream; rather, it covers the whole of a consumer's journey, from discovering and researching products to making purchases and continuously connecting with the brand. As full-lifecycle marketing

and engagement become bigger priorities for marketers, mobile will likely be at the center of that push.

While the importance of mobile as an omnichannel enabler is clear, the path to developing the right mobile capabilities can be more uncertain. That path starts with a better understanding of customer behaviors and needs, which requires first class data collection and analysis. By understanding where, how, and why consumers are interacting with their mobile websites and apps, brands can begin to map their omnichannel customer journeys and recognize mobile's role. Many brands have made great strides when it comes to mapping the omnichannel customer journey, but only 18% believe they have the technology and processes in place to develop a holistic view of their users, while 30% admit they do not have a strong understanding of their mobile users' experiences.

The good news is that most brands are taking significant steps to improve their omnichannel shopping experiences. As part of this effort, the majority of brands are carefully coordinating their digital and in-store experiences, developing more personalized messages through data collection and analysis, and streamlining order fulfillment on digital purchases. These are major steps forward, although many brands are still struggling to break down data silos, implement organizational structures and processes more conducive to cross-departmental collaboration, and consolidate their many marketing technology platforms.

### Are you actively mapping the importance of mobile in your customer journey across channels?

No, don't have a strong understanding of the overall mobile user experience

30%

Yes, created and re-examined buyers/ personas and mapped how they interact with our brand through different channel including mobile

52%

Yes, determined new workflows and processes enabled by technology to provide holistic view of the user experience

18%

Most businesses are mapping their customer journeys to understand mobile's role, although there is some room for improvement.



# Research Findings

What strategies are you implementing for creating a seamless shopping experience across devices?

Streamlining product delivery and including pick up option on digital purchases

7%

Increasing big data collection and breaking data down to enable increased personalization and predictive marketing

14%

Coordinating user experience across channels, including in-store, online and mobile

19%

All of the above

60%

The majority of companies are optimizing product delivery, data collection and analysis, and better user experiences to improve their omnichannel shopping experiences.

When it comes to improving omnichannel shopping experiences, most retailers have been approaching the challenge more broadly, addressing everything from fulfillment options to data capture.

What is preventing you from building a successful omnichannel strategy?

- 1 Data silos and fragmented data access tools
- 2 Budget and staff constraints
- 3 Departmental silos and lack of a cross functional team
- 4 Complexity due to multiple marketing technology platforms (marketing stack)
- 5 Difficulty in understanding and acting on cross-channel behavior
- 6 Increasing number of customer touch points
- 7 Over-simplistic business models

The biggest barriers to successful omnichannel strategies are access to data, resource constraints, and lack of cross-functional collaboration.

*"Mobile is a way of life for consumers. And it is the glue that holds the whole omnichannel experience together. It's mobile's ability to leverage the strengths of different channels and amplify those channels that will matter most."*

- Mickey Alam Khan, Editor in Chief, Mobile Marketer & Mobile Commerce Daily

# Key Recommendations

1

**As mobile continues to evolve, brands must continue to invest in exciting new capabilities, while also keeping an eye on which mobile strategies are performing the best.**

The most impactful mobile strategies of today may not be the most effective strategies of tomorrow. To become a best-in-class omnichannel brand requires investment, as well as foresight. Businesses need to stay ahead of the curve, building out the mobile capabilities they need today while constantly planning for the future.

2

**Brands must continue to build out mobile capabilities that focus on both conversions and engagement.**

With more purchases coming from mobile than ever before, mobile apps and websites have become a critical revenue source. The next step is to build out mobile strategies that encourage customers to stay engaged throughout their entire customer lifecycle.

3

**Mobile is the glue that holds omnichannel experiences together. Brands must build up mobile offerings that create smooth omnichannel experiences and improve their understanding of their customers' behaviors and needs.**

Mobile is a central element to omnichannel retail, bringing marketing, commercial, and engagement opportunities together all in one place. Brands can take advantage of all mobile has to offer by delivering content and messaging that fits within the mobile context. However, mobile does more than engage and convert: it enables retailers to learn more about the omnichannel customer experience. Therefore, brands must also be able to track customer engagement on mobile and create attribution models that accurately demonstrate its value. Above all, these mobile offerings must be user-centric, giving consumers seamless access to the information they want, when and where they want it.



# Appendices

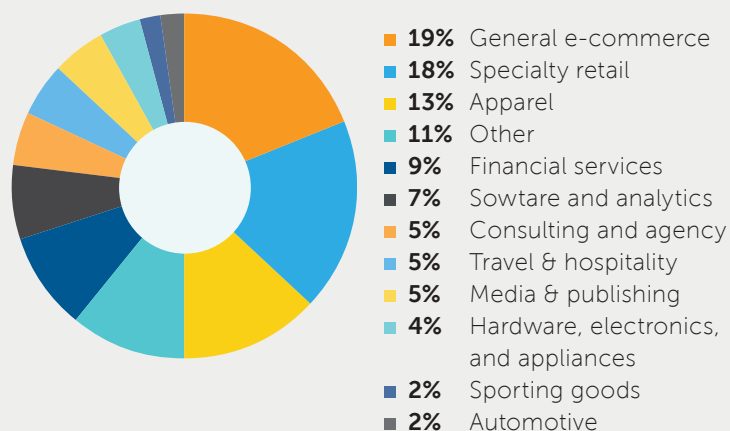
## Appendix A: Methodology

For this report, Worldwide Business Research conducted in-person and online surveys of 87 mobile and omnichannel commerce professionals representing a number of industries (see Appendix B for demographic information). Survey participants included decision-makers and executives with responsibility

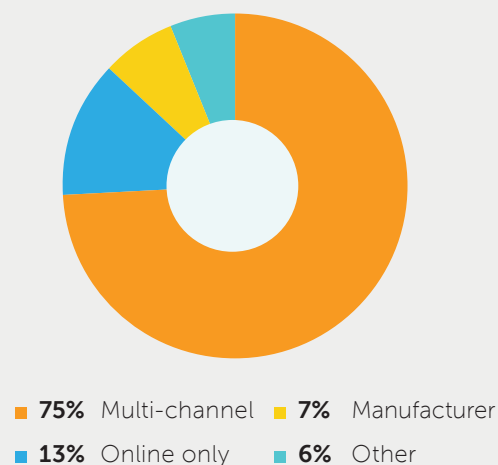
for their firms' mobile marketing and omnichannel commerce strategies. In-person surveys and interviews were conducted on-site at the 2015 Mobile Shopping Summit. Responses were collected in October and November of 2015.

## Appendix B: Demographic Information

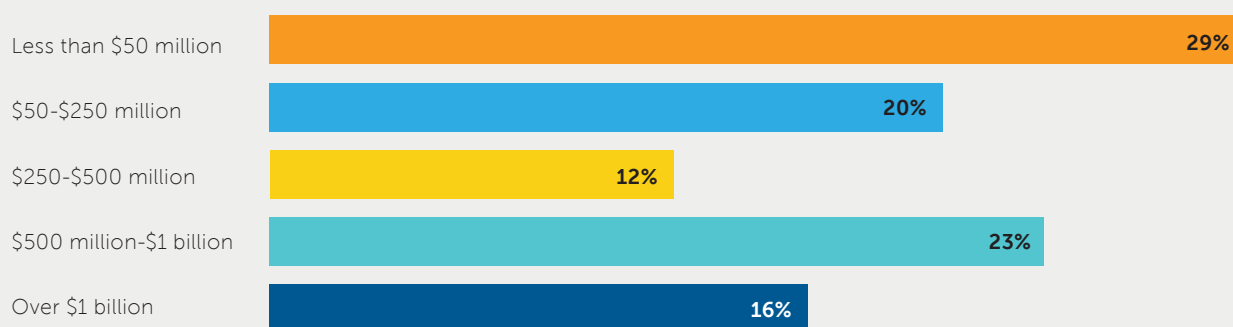
Industry



Company Type



What are your annual online revenues?



## Appendix C: Related Research

"2015 Mobile Shopping Director's Report", WBR Digital, July 2015

"The 2015 Mobile Opportunity" WBR Digital, December, 2014

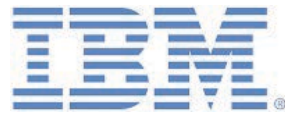
# Research Partners

A special thank you to our research partners, KIBO and IBM, whose vision and expertise helped make this report possible.



## MarketLive

Kibo is the strategic merger of industry leaders, Marketlive, Shopatron, and Fiverun. With a combined 40 years of innovations, we're joining forces to help retailers and branded manufacturers unify the consumer experience. Kibo is a complete omnichannel commerce platform, delivering the lowest total cost of ownership and the fastest time to value. With predictive technologies and enterprise performance, we can help you achieve increased sales. No matter the challenge, Kibo powers your success.



## IBM

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