

*RetailMeNot*<sup>inc.</sup>

# Mobile Retailing in Europe And North America

A RESEARCH REPORT FROM THE CENTRE FOR RETAIL RESEARCH FOR RETAILMENOT, INC.

JUNE 2015

# Overview

- Methodology
- The Scale of Mobile Retailing
- Mobile Purchases
- Consumer Expectations and Retailer Strategies
- The In-Store Opportunity
- Why retailers can no longer ignore mobile
- Conclusion

# About the Report

- This report is based on surveys of a combined total of **1,300 major retailers** with combined sales of more than £585 billion and a **total of 5,400 consumers in Canada, France, Germany, the Netherlands, the UK and the U.S.** There were 250 major retailers from a cross section of all vertical markets interviewed in each country, apart from Canada and the Netherlands (150 each). One thousand customers were interviewed in every country, except the Netherlands where the total was 400. The customer sample was a cross-section of the population aged 16 years and above between 1 April and 8 May 2015. The confidential retailer sample was carried out between 1 April and 15 May drawn from a cross section of vertical markets including department stores, clothing and footwear, hardware/DYI, pharmacy, convenience, consumer electronics, jewellery and general stores.
- ‘Retail sales’ in this report means the sale of merchandise to the final consumer. **It excludes the sale of tickets, travel, automobiles, rentals, car parts, fuel, hospitality services such as food services, restaurants, cafes and coffee shops**, and as far as possible sales tax or VAT.

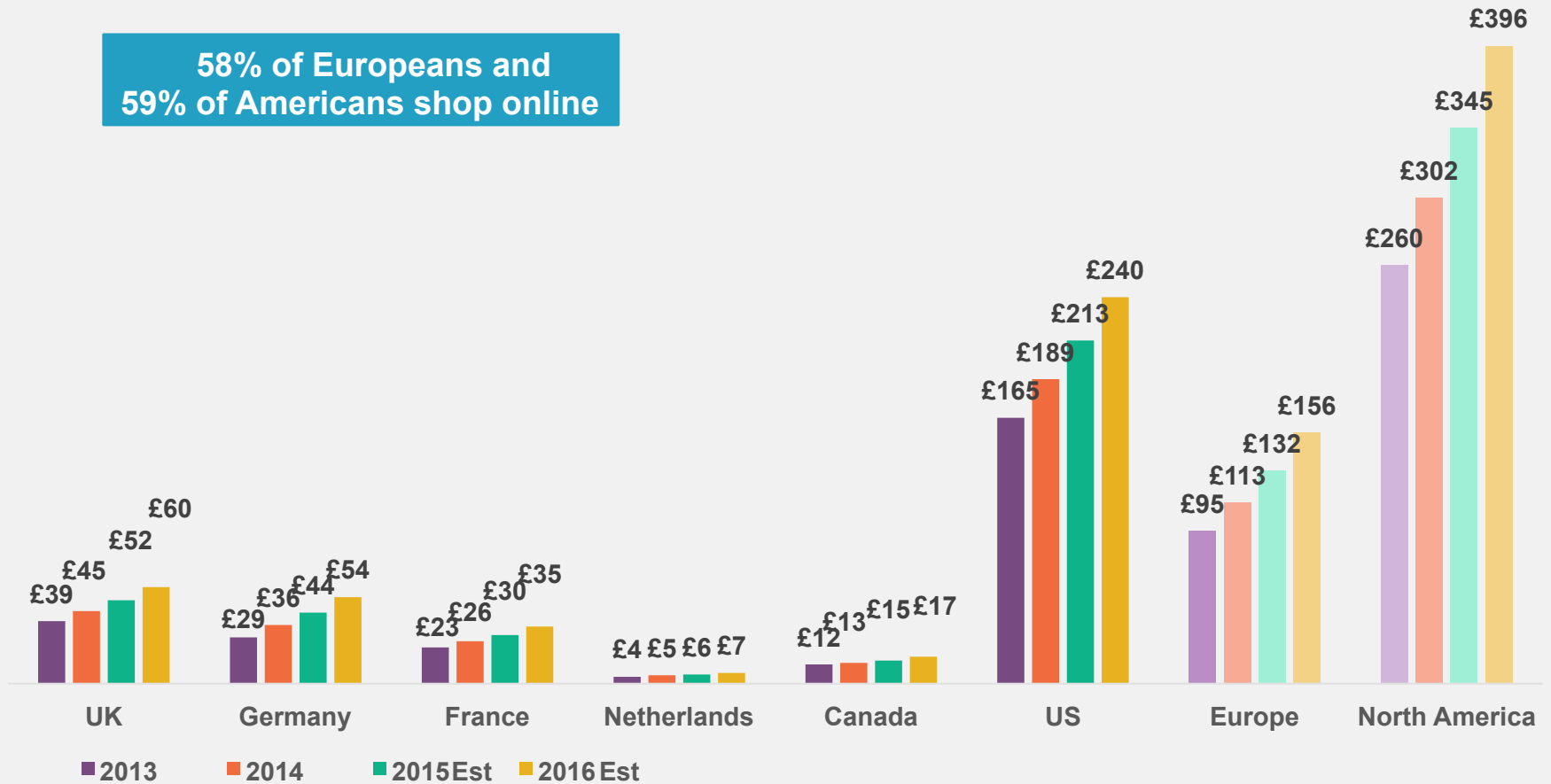


# The Scale of Mobile Retailing

# Online retailing continues to grow

Total Online Retail Sales by Country, 2013-2016 (in bn £)

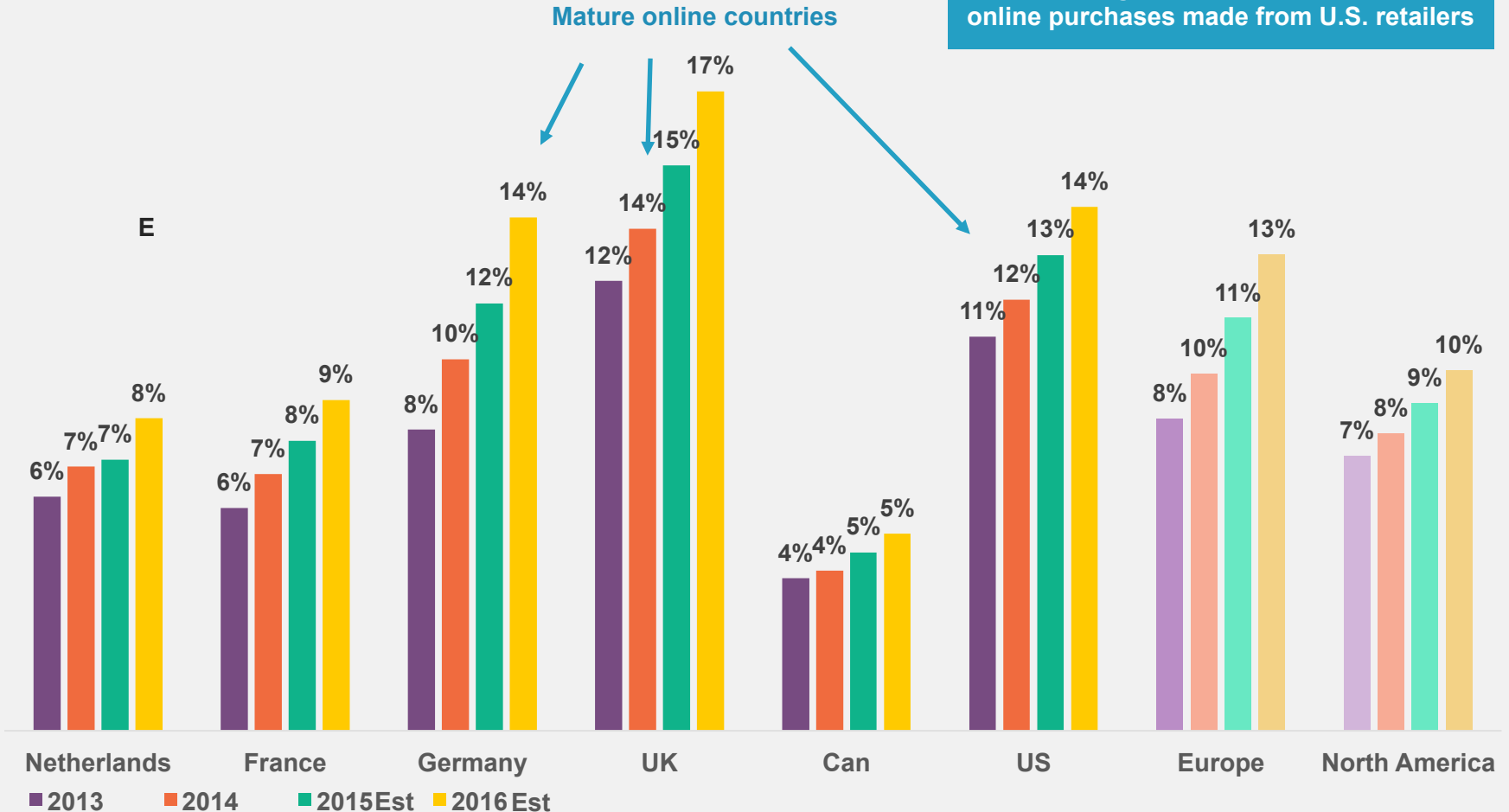
58% of Europeans and 59% of Americans shop online



# But most sales still happen in store

Online Sales as Percentage of Total Retail Sales by Country

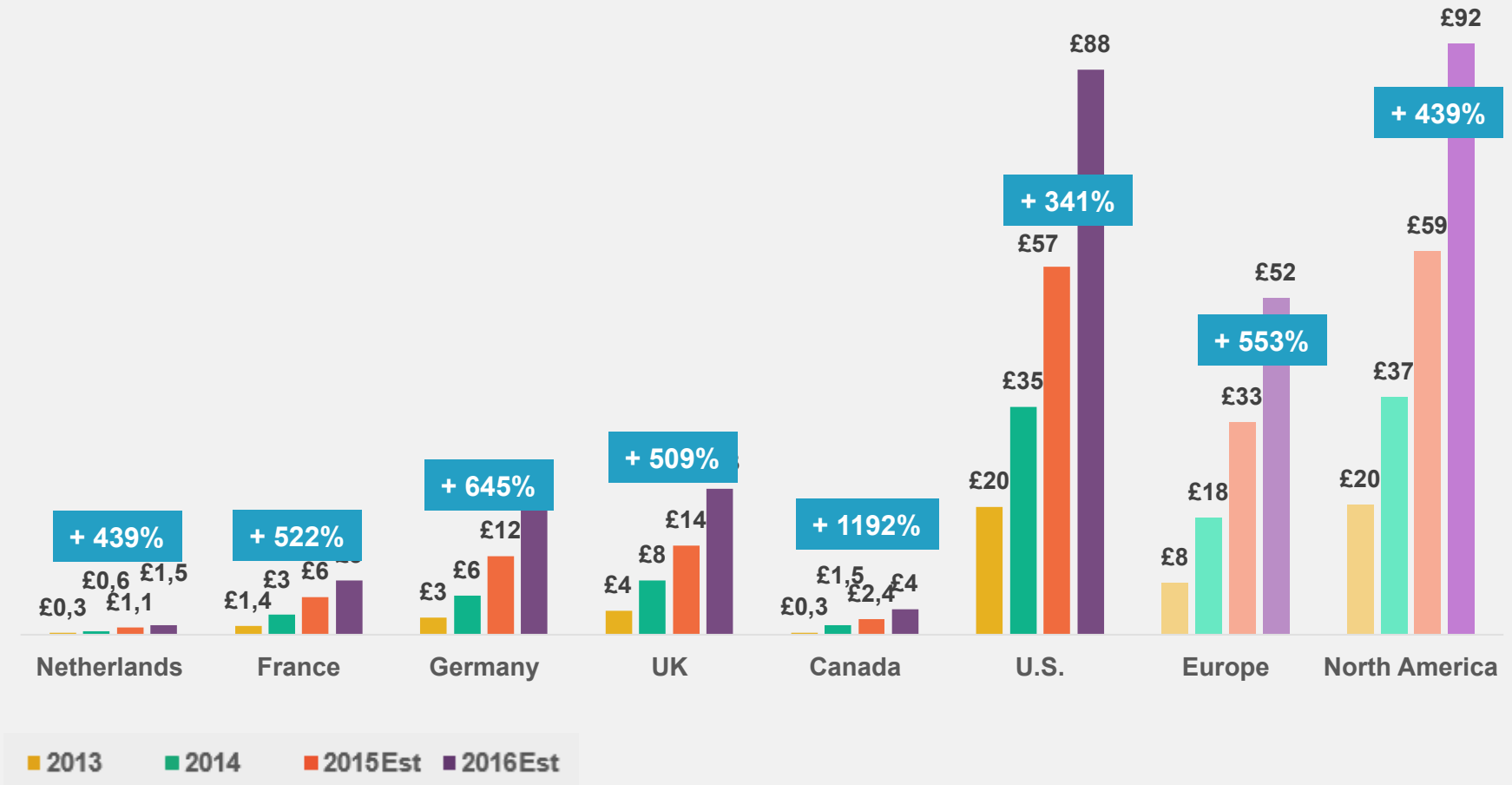
Share of Canadian online retail relatively low due to large number of cross border online purchases made from U.S. retailers



# Three digit growth for mobile shopping

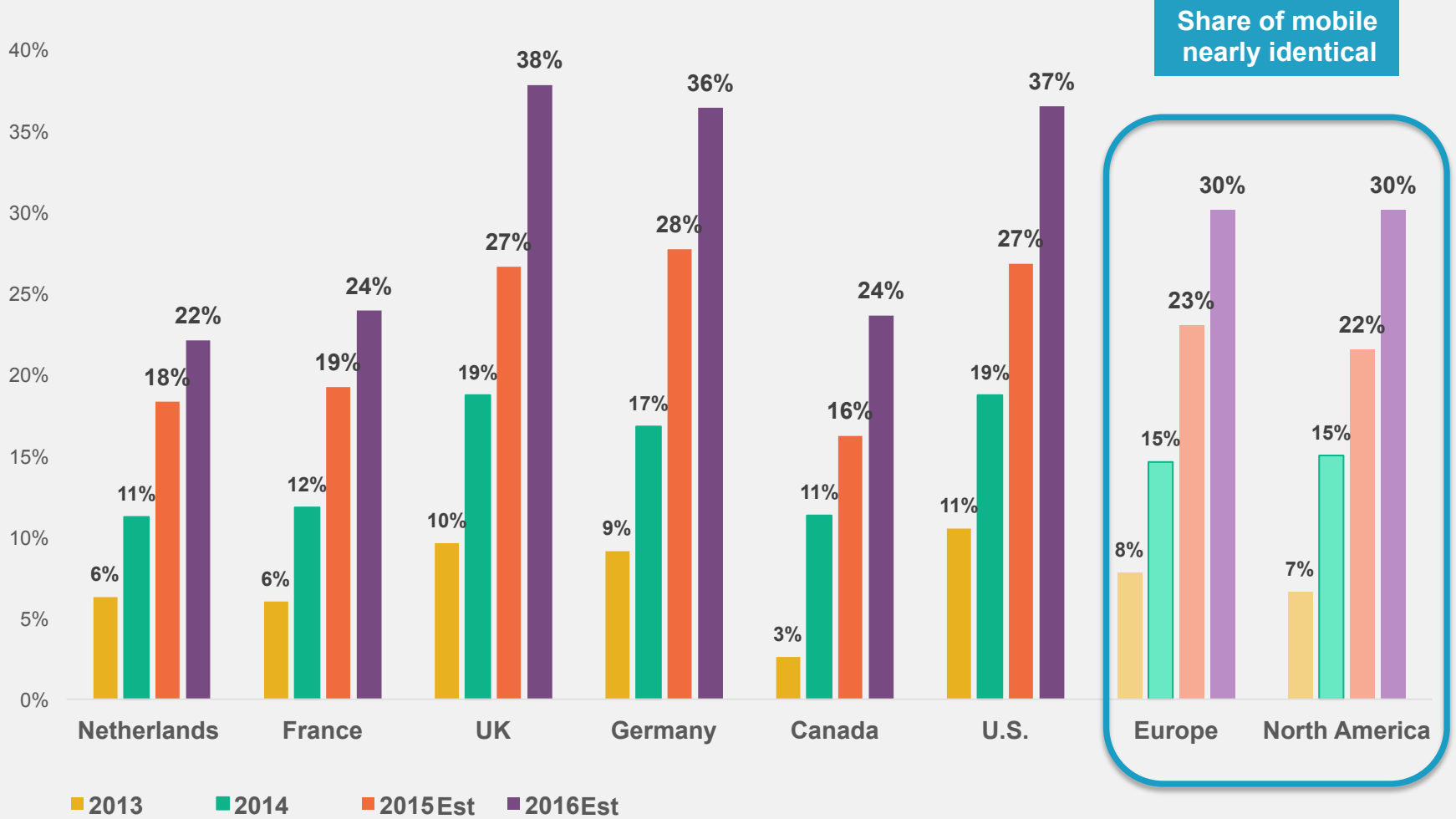
US mobile retail is 73% ahead of Europe in 2015 but the gap is narrowing every year

Mobile Retail Sales 2013 – 2016, in bn £



# Mobile could represent 50% of ecommerce spend by 2017

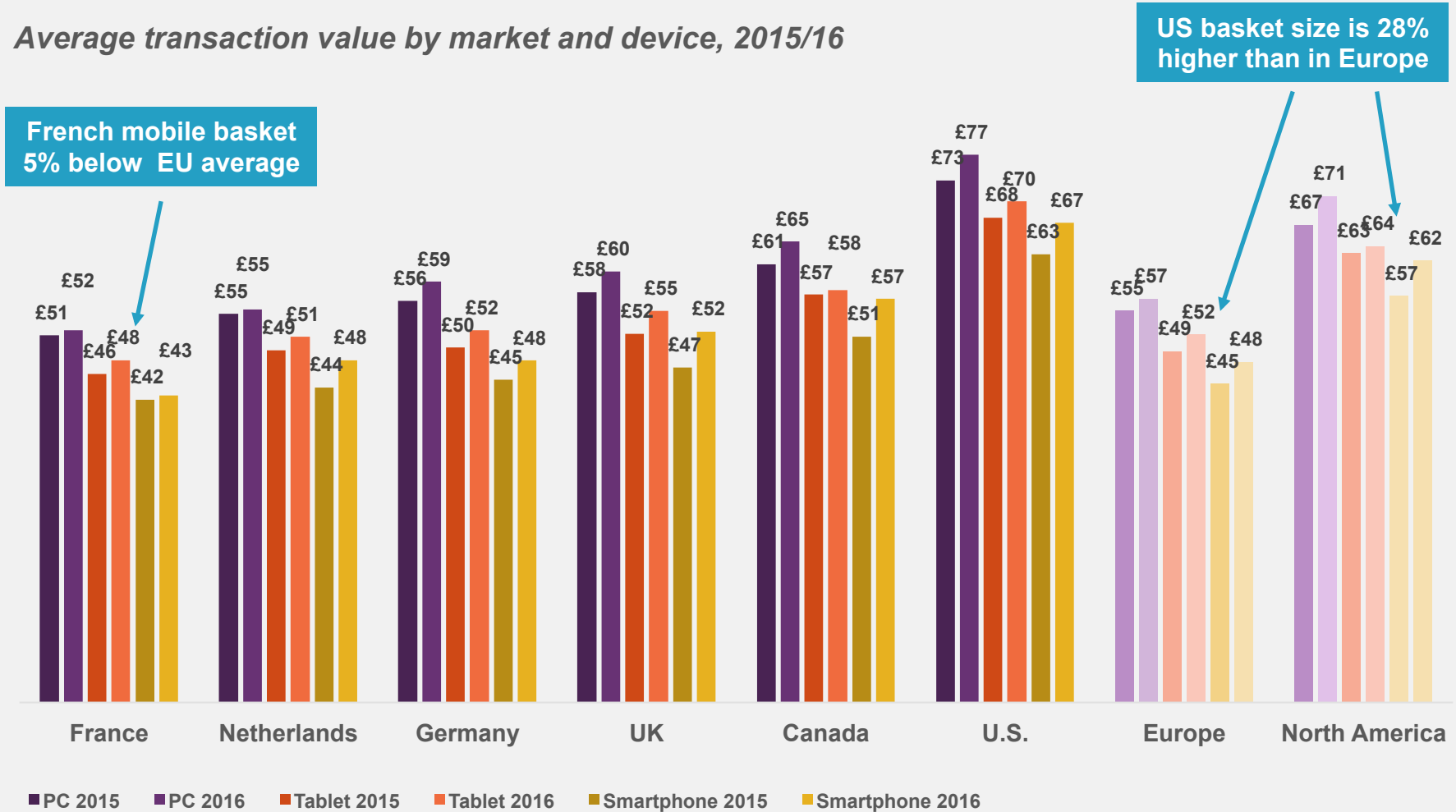
Share of mobile spend as part of all ecommerce spend, 2013 - 15





# Average smartphone basket in the UK is at £47 this year, and set to grow by 11% in 2016

Average transaction value by market and device, 2015/16

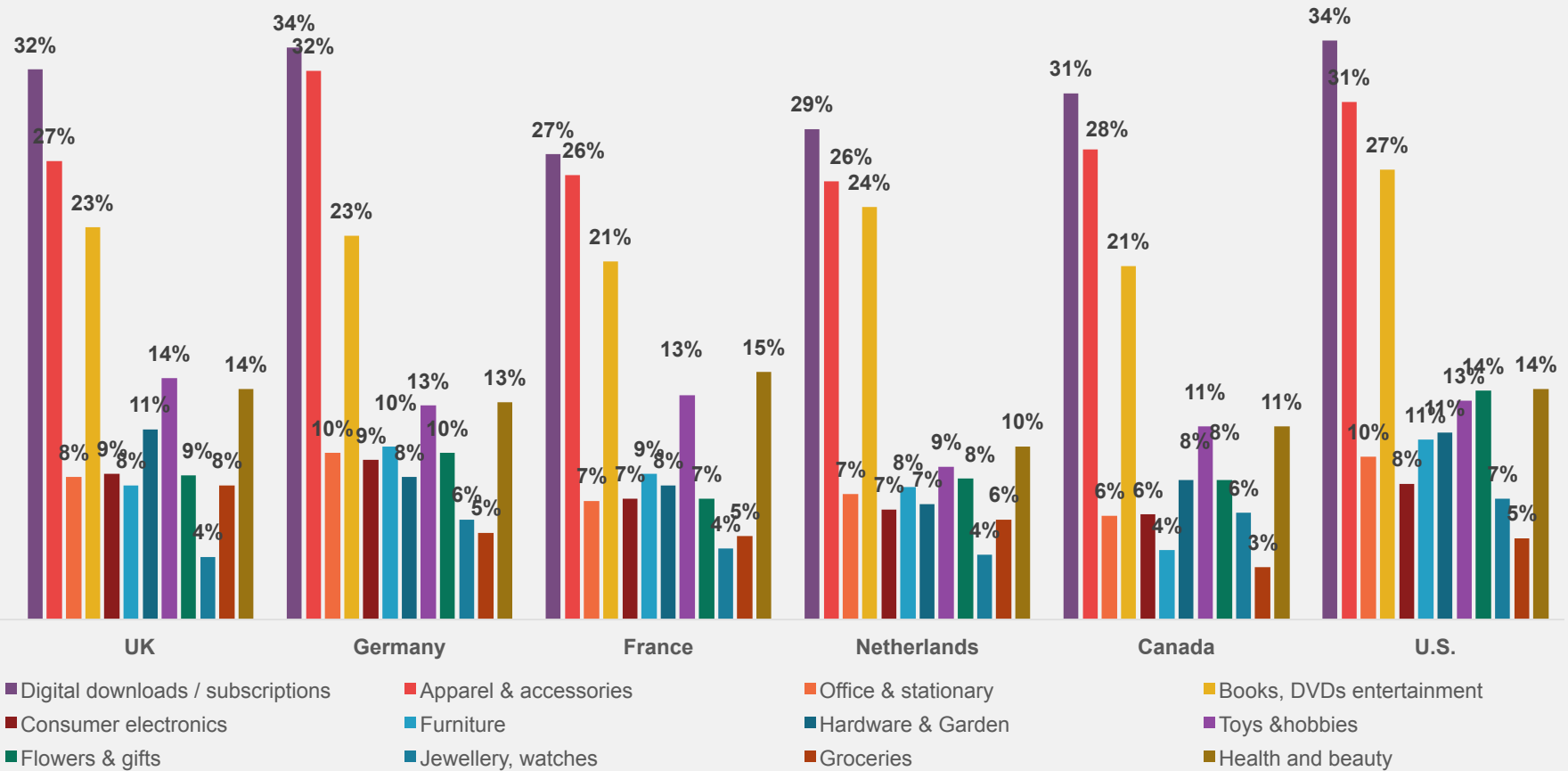




# Mobile Purchases

# Digital downloads #1 mobile purchase, followed by fashion

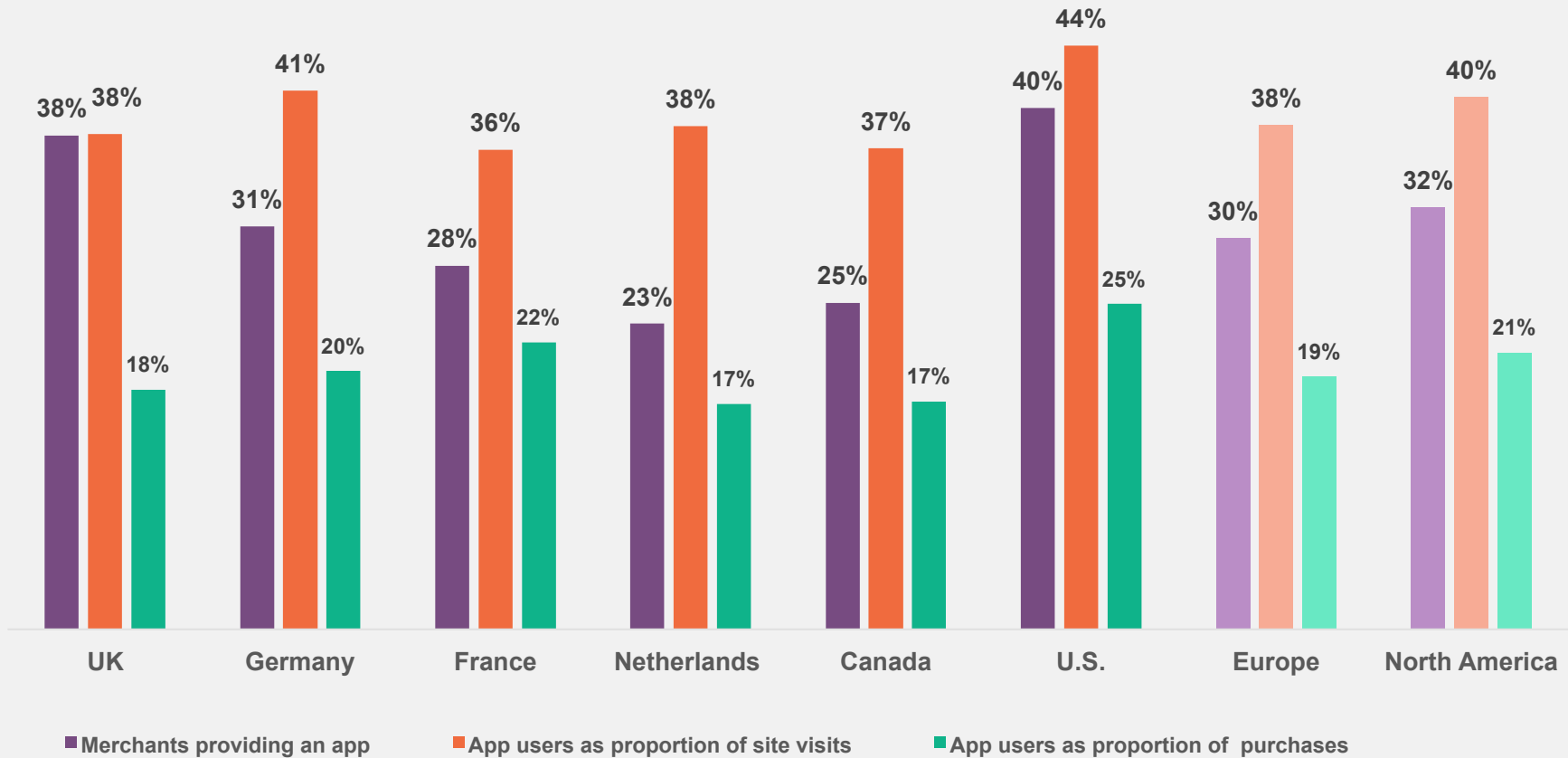
Mobile purchases (past 6 months)



# App users buy less, but spend 60% more than non-app users in Europe

## The App Environment

Approximately 80% of time spent on mobile involves apps \*



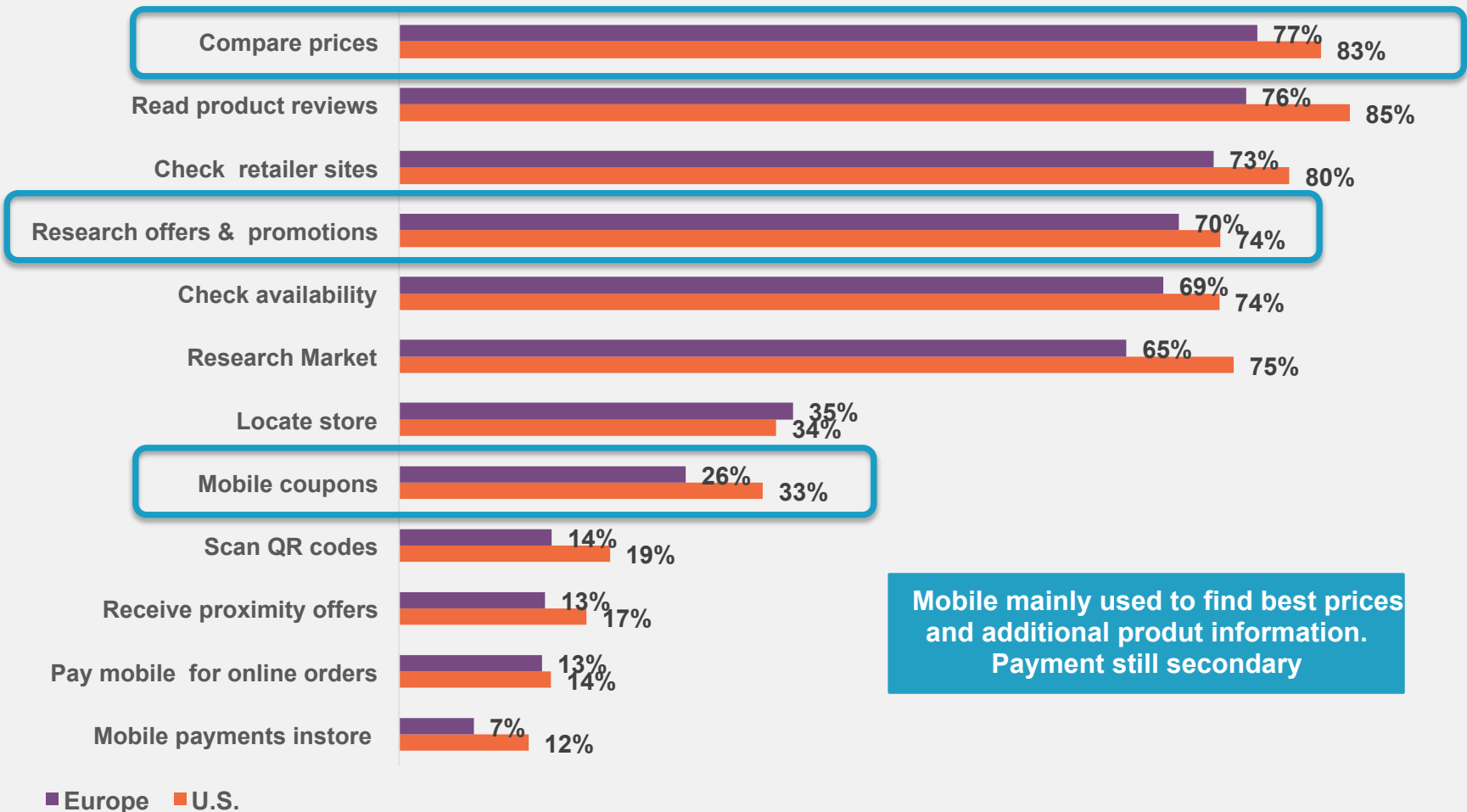
\* Flurry Analytics/Comscore 2013



# Consumer Expectations and Retailer Strategies

# 3 out of 4 compare prices and check reviews

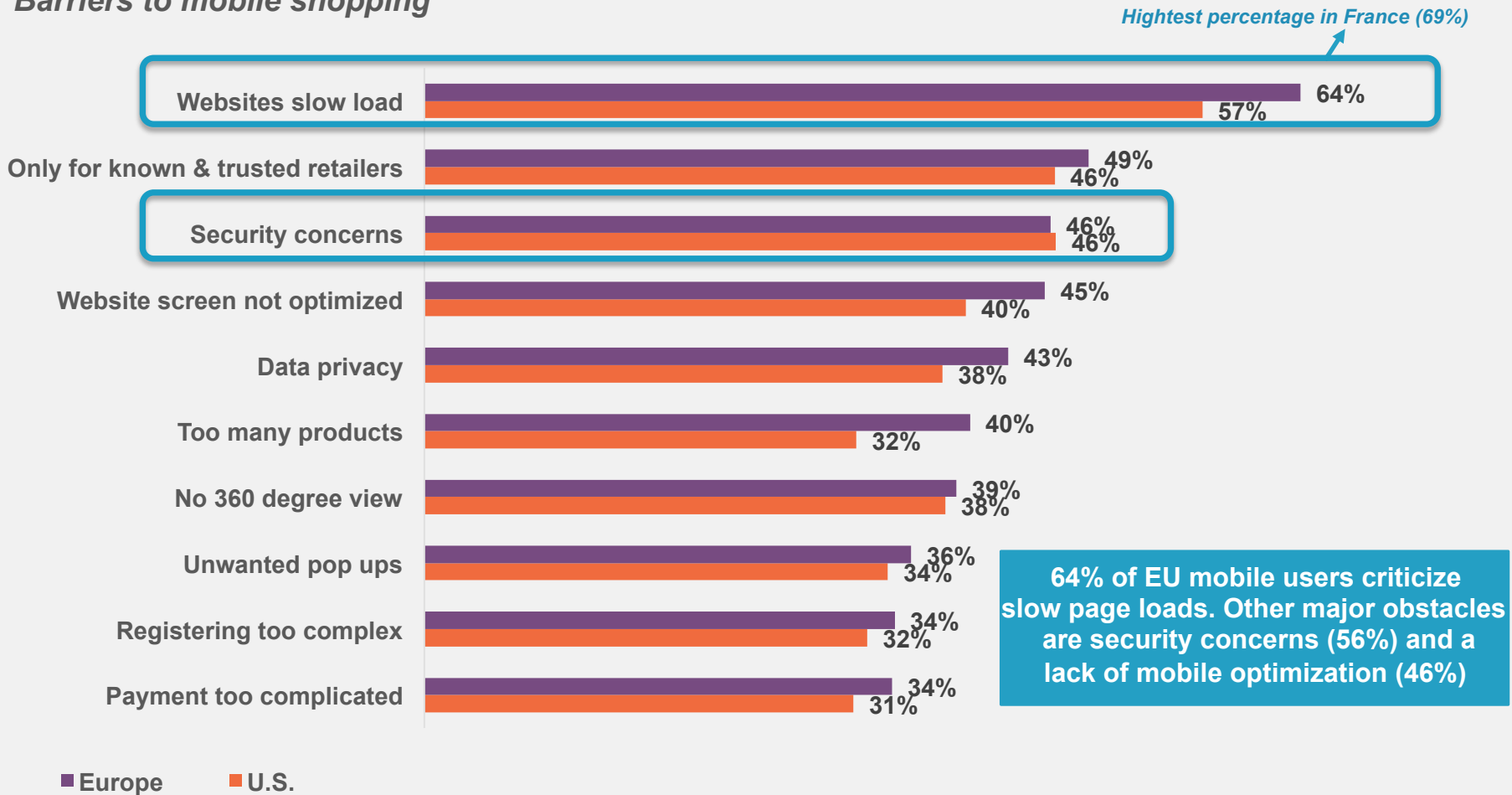
*How consumers are using their mobile for shopping*



**Mobile mainly used to find best prices and additional product information. Payment still secondary**

# Lack of website optimisation and trust issues major obstacles for mobile purchases

## Barriers to mobile shopping



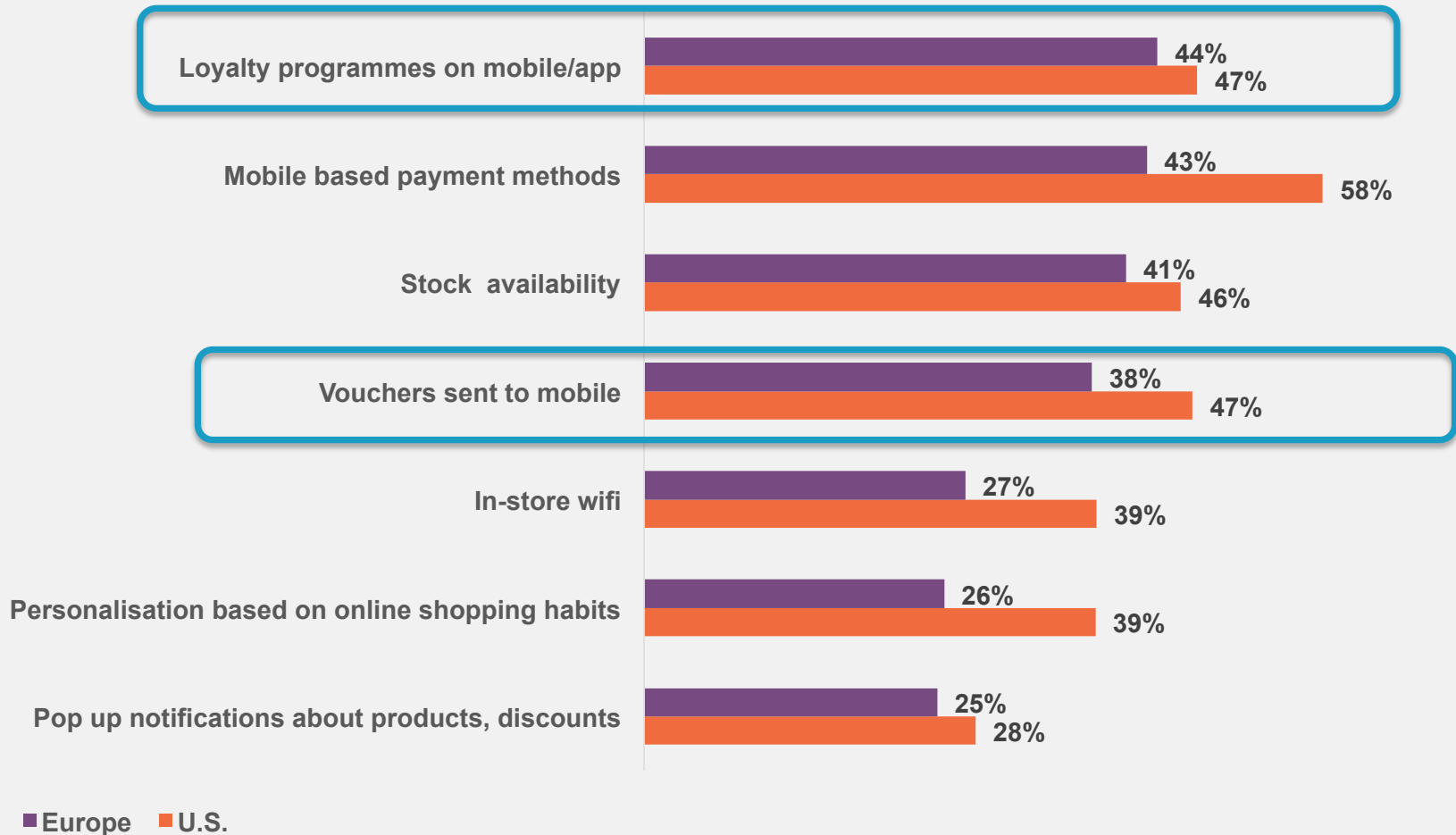


# The In-Store Opportunity



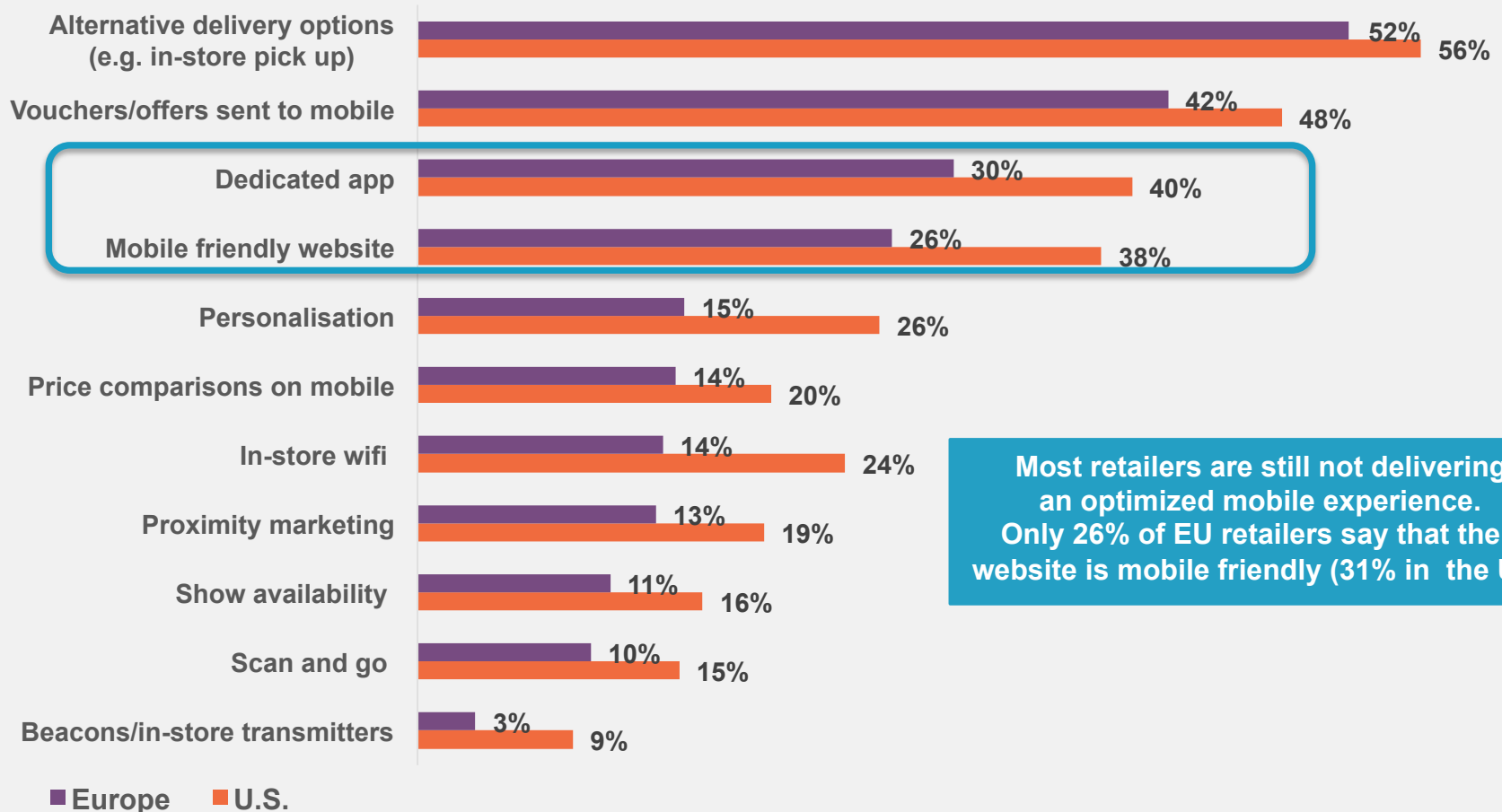
# Consumers are looking for great deals and a seamless shopping experience

*Customer views on what makes a mobile friendly store*

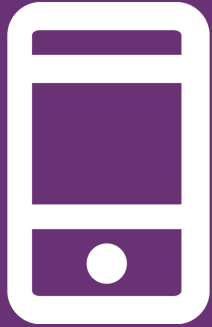


# But retailers are lagging behind with their offerings

## What retailers are doing to leverage mobile retailing



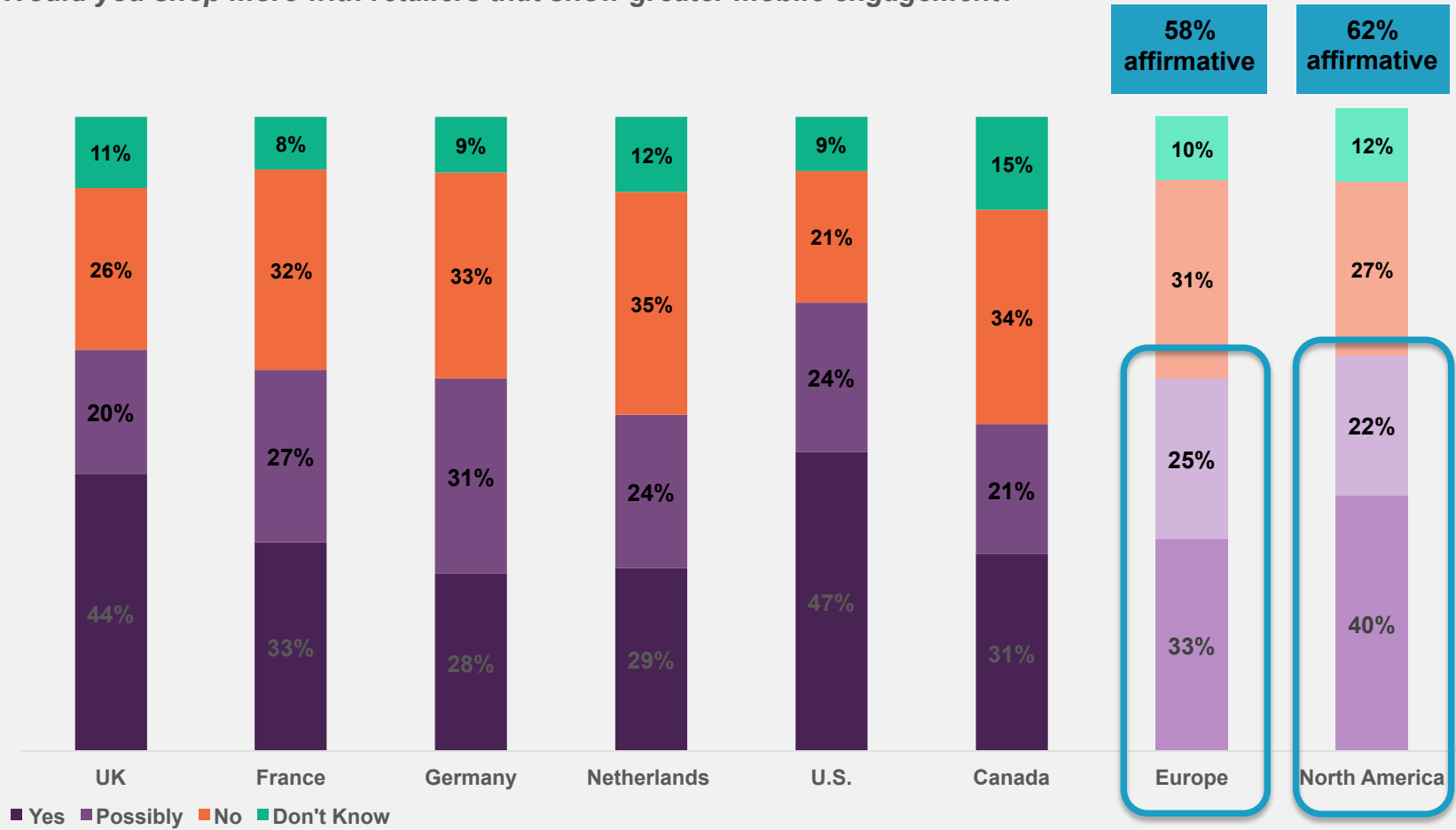
Most retailers are still not delivering an optimized mobile experience. Only 26% of EU retailers say that their website is mobile friendly (31% in the UK)



## **Why retailers can no longer ignore mobile**

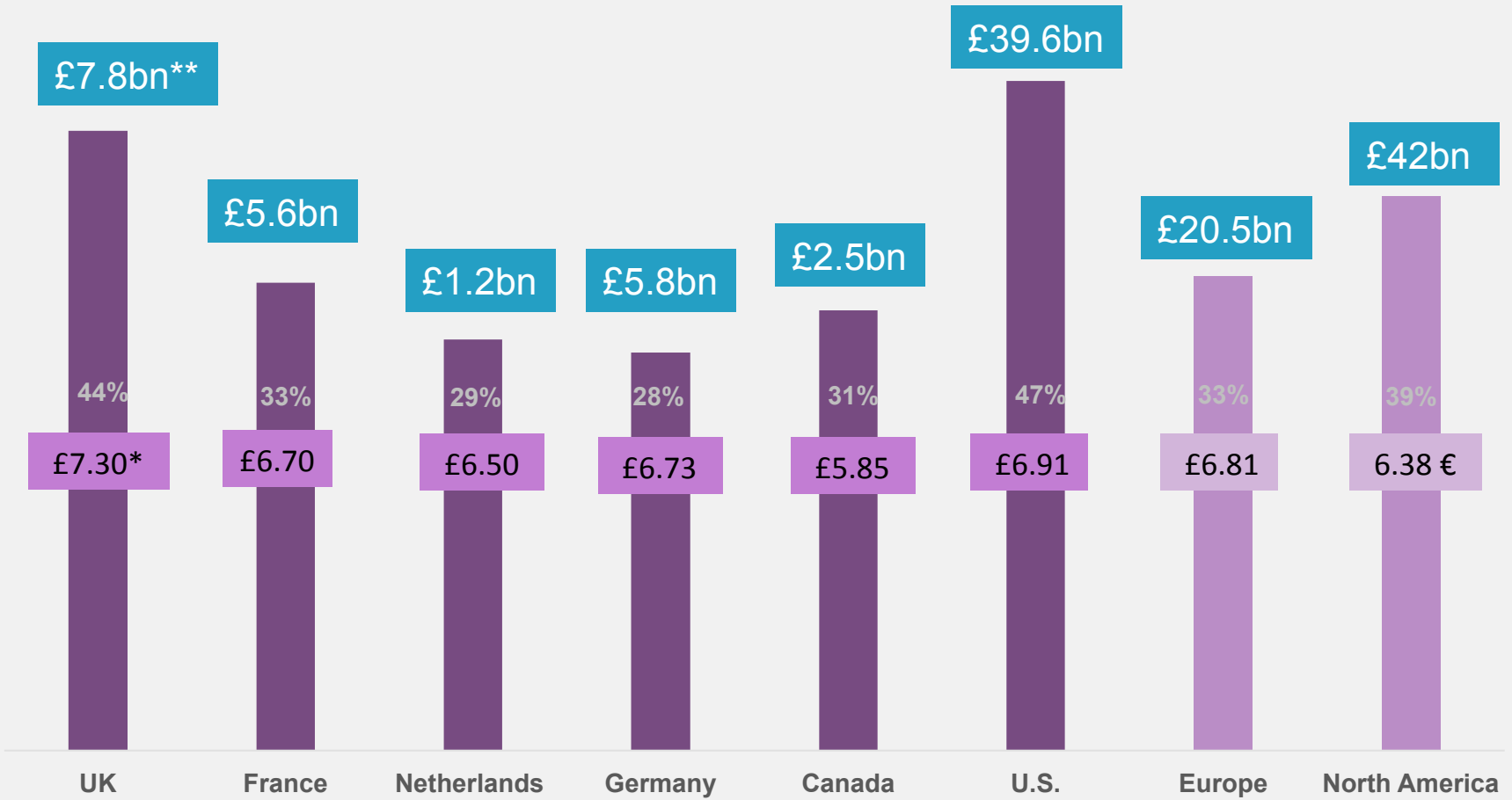
# Customers will reward those who invest - and buy more!

Would you shop more with retailers that show greater mobile engagement?



# UK retailers without mobile-optimised websites are missing on £7.8 bn in sales this year!

% of shoppers who would spend more and total additional annual revenue they would spend at mobile-friendly stores

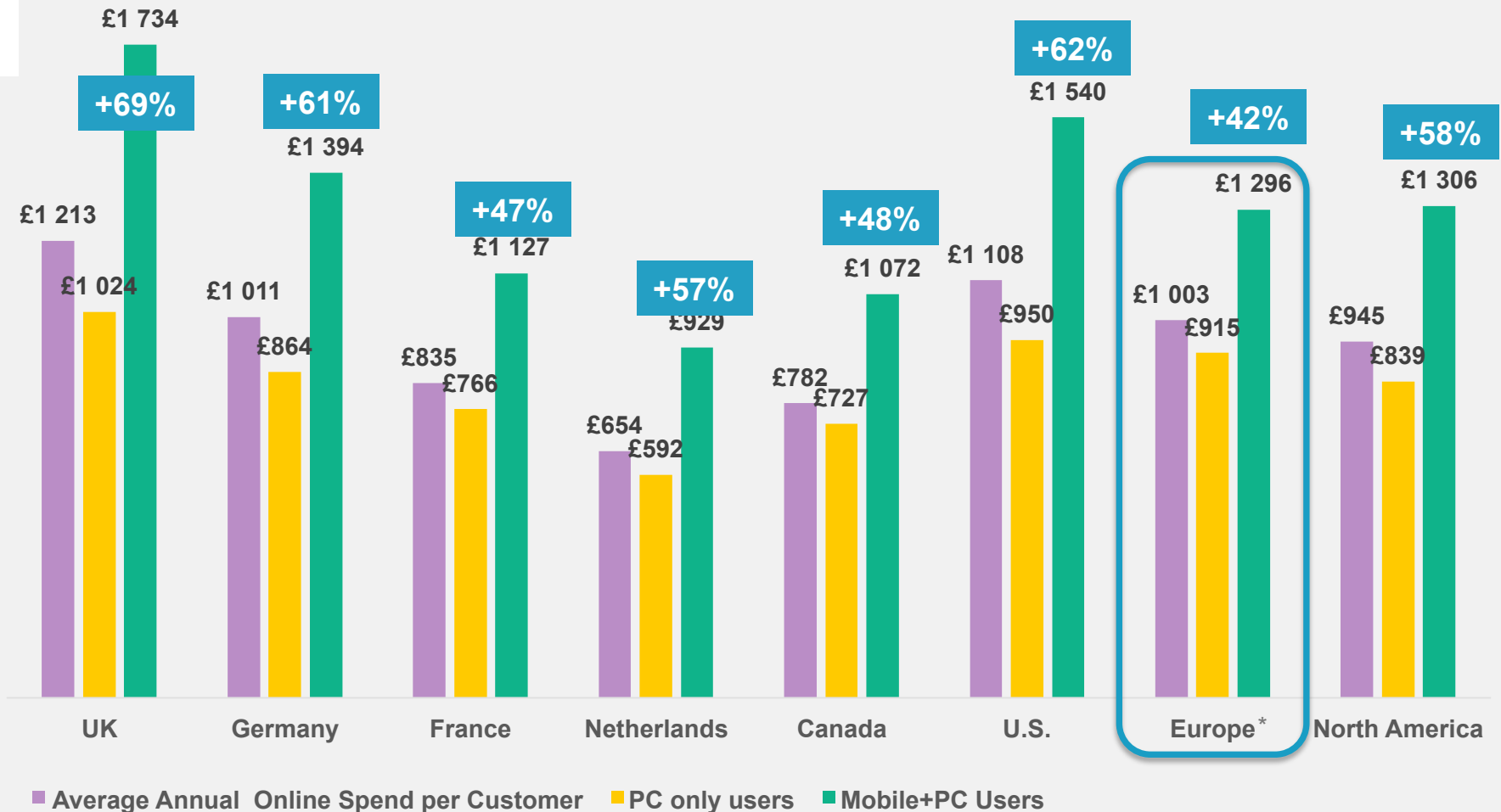


\* Average amount surveyed shoppers said they would spend/trip

\*\* Calculated upon average extra amount spent and avg annual number of non-food related shopping trips taken by those who say that they will shop more

# Multichannel shoppers are better customers and bigger spenders

\* Annual online spend from multichannel (pc & mobile) vs pc-only shoppers



\* Weighted average

# Conclusions

- In just 7 years mobile has taken a major place in retail and could represent 50% or more of all ecommerce spend in Europe by 2017
- The average mobile basket is slightly below the average online basket as consumers are for now using their smartphones or tablets primarily for smaller purchases. Mobile shoppers buy mostly digital downloads (such as apps or subscriptions), fashion and entertainment media (books, cds, media) for now
- While the majority of transactions still happen online or in-store, mobile devices have become a key element in the shopping journey. Consumers use them to find the best prices and deals, redeem vouchers, check instore availability or get additional product information such as reviews
- Barriers to mobile transactions are poor performance and security concerns, but also the complexity of transmitting credit card details or personal information
- Despite the interest from consumers, many retailers are yet not living up to their expectations : only 1 out of 4 European retailers consider their website mobile friendly
- Investments in mobile technologies will pay off. Consumers who use their mobile during their shopping journey spend on average 45% more than pc only shoppers. And for mobile friendly stores there's an opportunity of additional sales of £7.8 bn in the UK this year. In other words, retailers who are not seizing the mobile opportunity are leaving money on the table and may lose their clients to their competitors.

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