



## IAB Retail Seminar

Joining the dots

Jonathan Sinton, Executive Director, TNS Australia

# Session 3: Joining the Dots

How mobile technology  
can revolutionize retail



# We've all heard the story: Online is killing bricks 'n' mortar

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### Online boom shows much more pain still to come for retailers

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**WHAT ARE WE BUYING ONLINE?**

Part of the problem is high labour costs in Australia, relatively higher rental costs and fatter margins.

**A MOVE** by one of the country's richest men, James Packer, to bankroll two online retailers is the latest proof that internet retailing is booming and will continue to smack around traditional retailers.

Packer yesterday confirmed that a consortium - including global hedge fund Tiger Management - tipped in \$80 million to online retail sites CatchOfTheDay and Scoopon to help them expand into groceries and fashion.

What makes the deal so interesting is that Packer's record in picking online winners has been exemplary. He turned a \$33 million investment in online job advertising site Seek.com into \$440 million, a \$100 million investment in online car ads site carsales.com into \$462 million and a \$20 million investment in

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### Early signs suggest booming sales online in the final week of the Christmas shopping season

Submitted by [Chloe Riqby](#) on December 23, 2011 - 10:40 am [2 Comments](#)

Early figures suggest the final week of the key Christmas shopping period has proved a busy one for the UK's retailers. Multichannel retailers are still hard at work promoting their click and collect services, while online retailers are also showing off their e-vouchers for those who still have to buy before Christmas.



But there's set to be barely a moment for traders to catch breath this weekend, since predictions show even Christmas Day will be a busy one for online retailers.

John Lewis, which has reported online sales up by as much as 42.2% over the course of this month, said it had seen a flurry of ecommerce activity before Wednesday's cut-off point for Christmas deliveries. In the four days to the end of Wednesday December 21, sales across the department store's channels rose by 20.7%. David Barford, director selling operations, said: "Trade this week has started strongly both in our 'bricks' and 'clicks' divisions.

"In-store sales have benefitted from the festive atmosphere created by partners, while online sales soared in the run up to the cut off deadline for delivery."

Online and multichannel retailers are still promoting ways consumers can buy Christmas gifts online, even though final delivery dates have now passed. Among the UK's most visited websites, [Amazon.co.uk](#) and [Next](#) are both highlighting the chance to buy online vouchers for last minute gifts while [Argos](#) and [John Lewis](#) both remind visitors that they can still reserve online and collect in store until Christmas Eve.

But for those online retailers who do not have click and collect services, sale time has arrived. [Gap](#) is already running its post-Christmas sale, as is [Play.com](#). As the sale period swings into action, according to mobile payment specialist [mBlox](#), citing research from Opinion Matters, one in 10 UK shoppers will be buying in the sales from their mobile phones. Michele Turner, chief marketing officer of mBlox said: "We're seeing more consumers who want to combine High Street shopping with mobile online purchasing while they are on the go."

John Lewis said today it is offering customers a new way to shop from its stores - even when they are

## Are you recruiting?

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# Is it going to get worse?

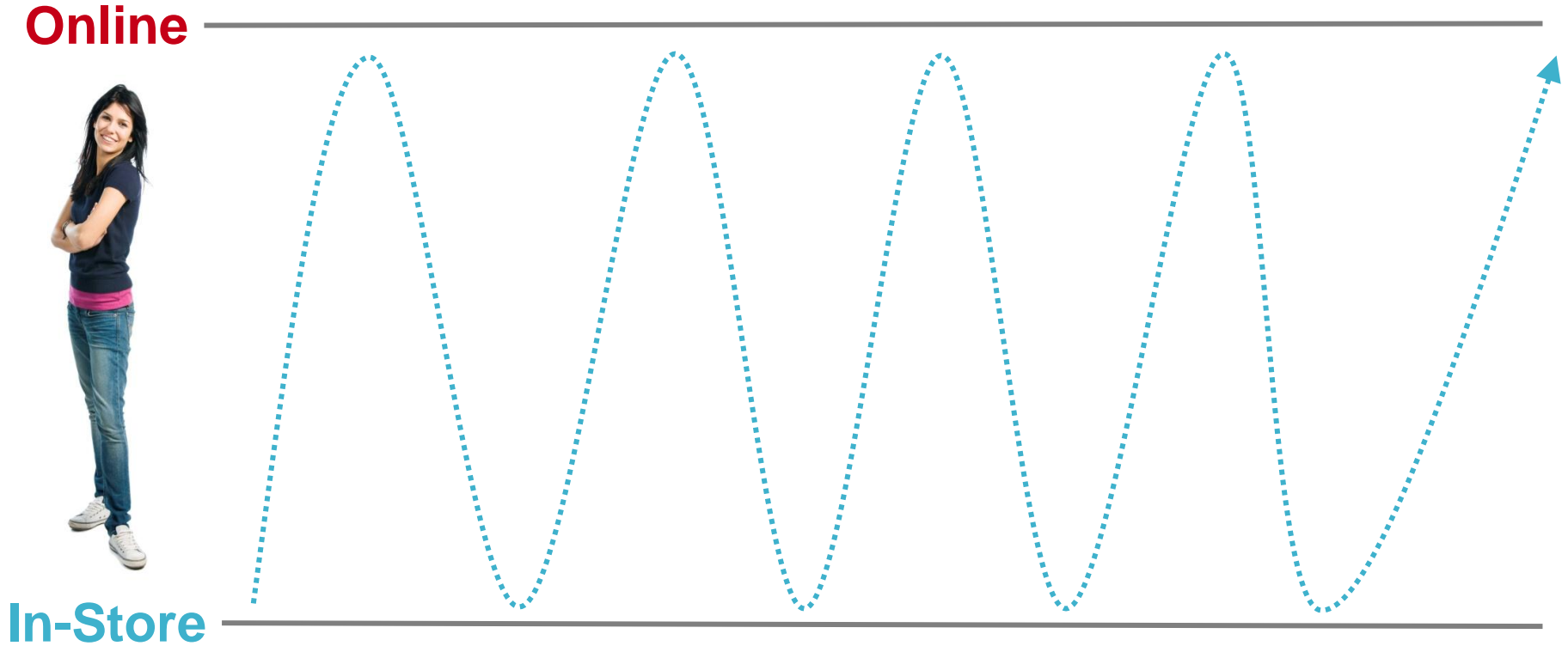


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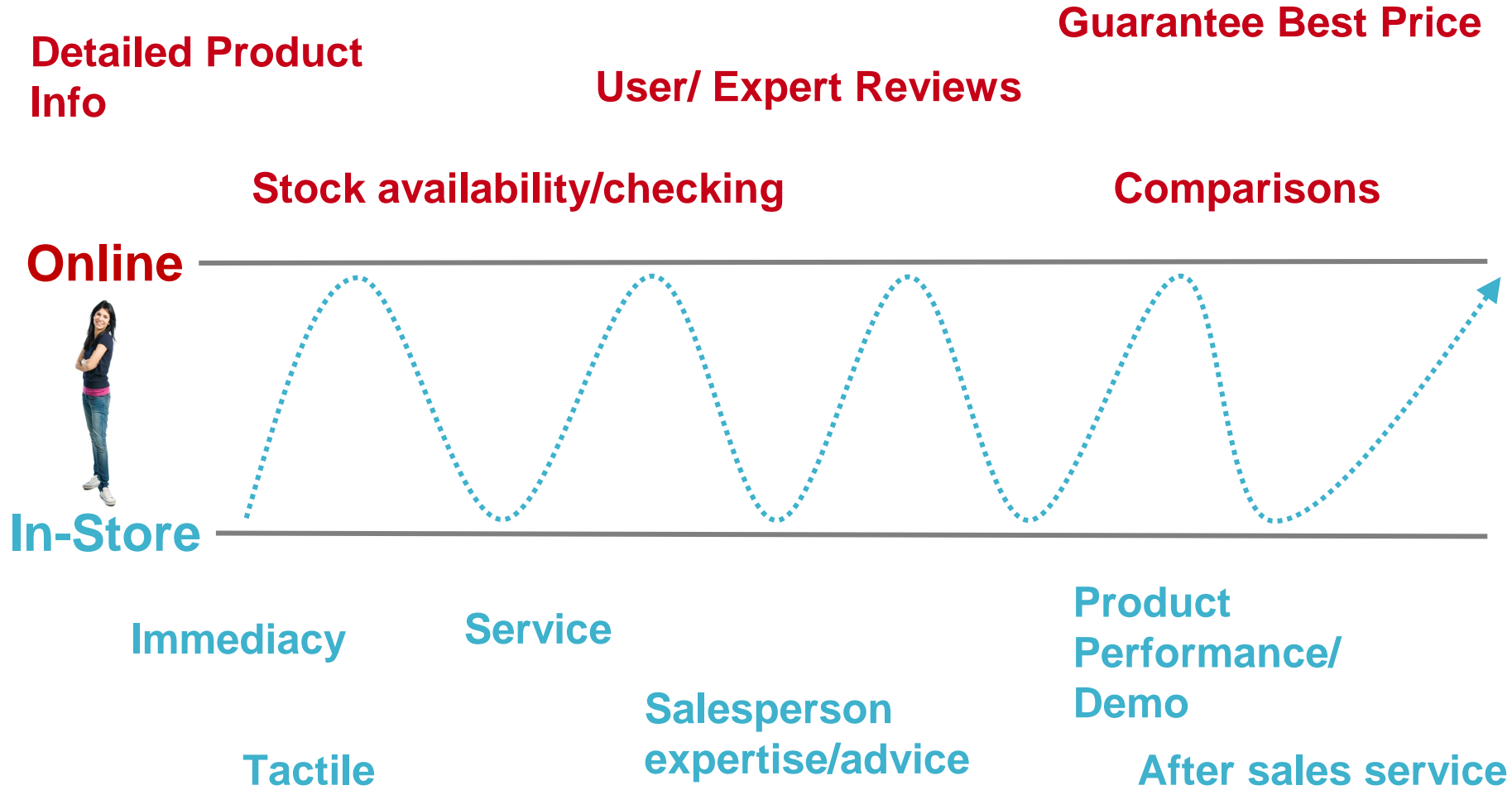
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# People oscillate between Online & In-store when purchasing



# The in-store experience remains critical



# Why Best Buy is Going out of Business...Gradually



1,073 comments, 76 called-out

+ Comment now

Electronics retailer [Best Buy](#) is headed for the exits. I can't say when exactly, but my guess is that it's only a matter of time, maybe a few more years.

Consider a few key metrics. Despite

Best Buy and other traditional retailers complain that Amazon can undercut them in prices because the site doesn't charge sales tax, and that Amazon customers use Best Buy as their showroom, taking advantage of the extensive, well-stocked locations and knowledgeable staff to research products they actually buy from someone else online.

Online competitors are certainly part of Best Buy's problem, but not for the reasons it thinks. What's really going on is more basic. Best Buy just doesn't understand its customers' point of view.

<http://www.forbes.com/sites/larrydownes/2012/01/02/why-best-buy-is-going-out-of-business-gradually/>



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**So how do highstreet  
retailers retain the  
purchase?**



# Can mobile be the saviour?



# TNS Research Overview



# As smartphones become ubiquitous, in-store usage grows

Internet  
penetration\*  
(total  
population)

78%

% of internet users that:

Own a  
Smartphone\*\*

53%

Use their  
smartphone  
in-store to aid  
shopping

30%

\*Source: \*TNS Digital Life 2011 \*\*TNS Mobile Life 2012

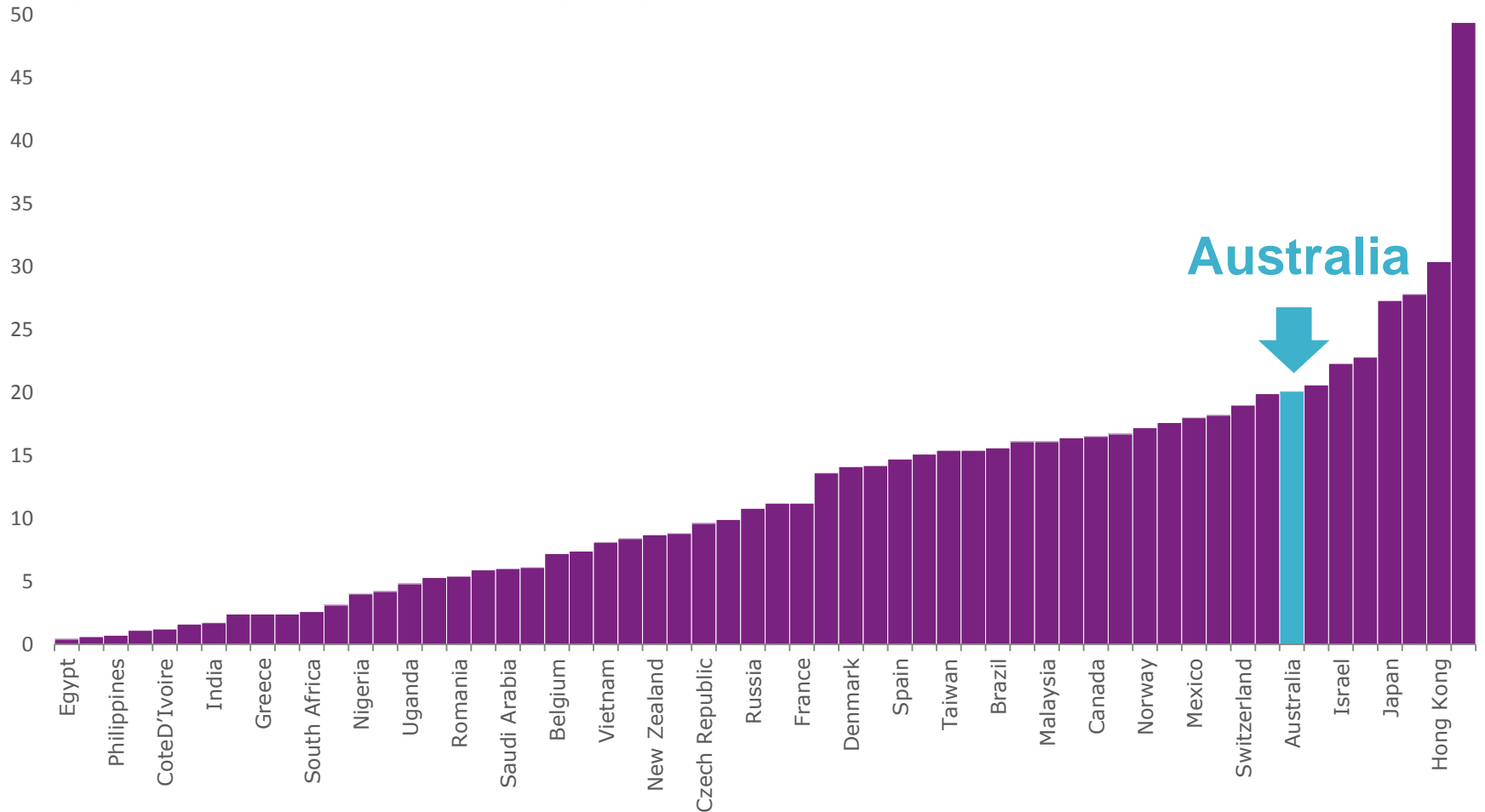


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# Australia is one of the leading mobile retail markets in the world



Use their smartphone in-store to aid shopping



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Source Mobile Life 2012

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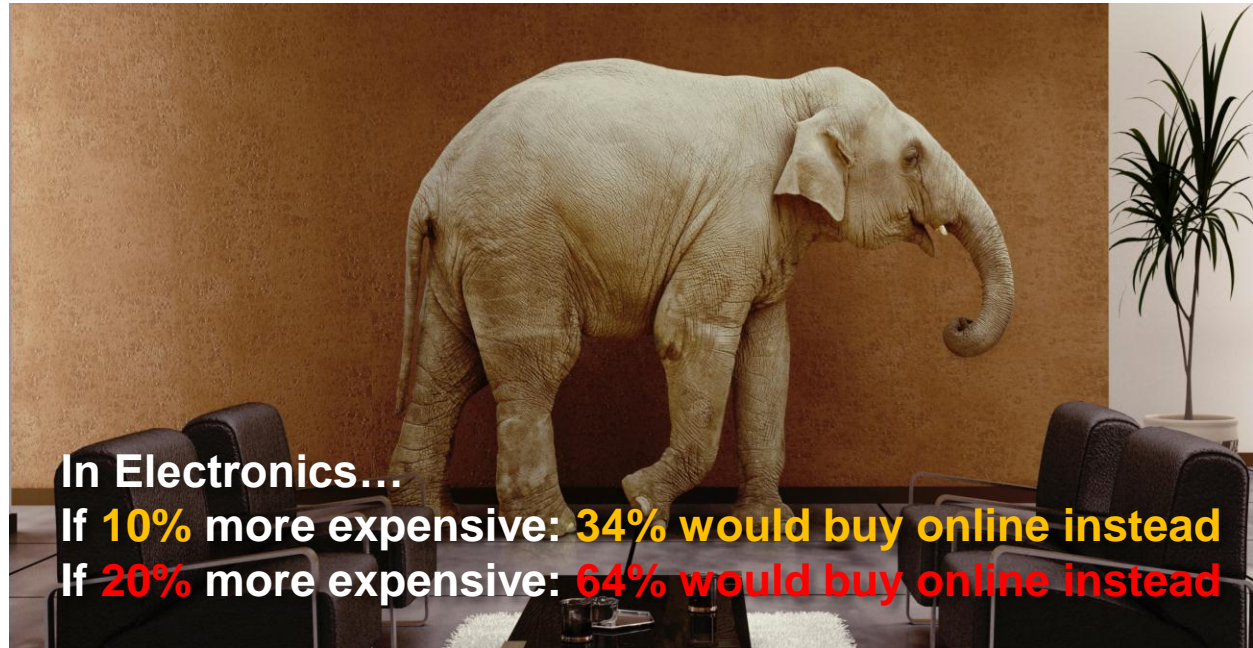


**How are they currently  
using mobile in-store?**

# Price checking amplifying the need for price matching

82

Check...

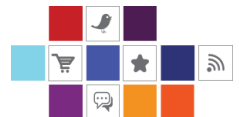


## Reason for mobile use in-store

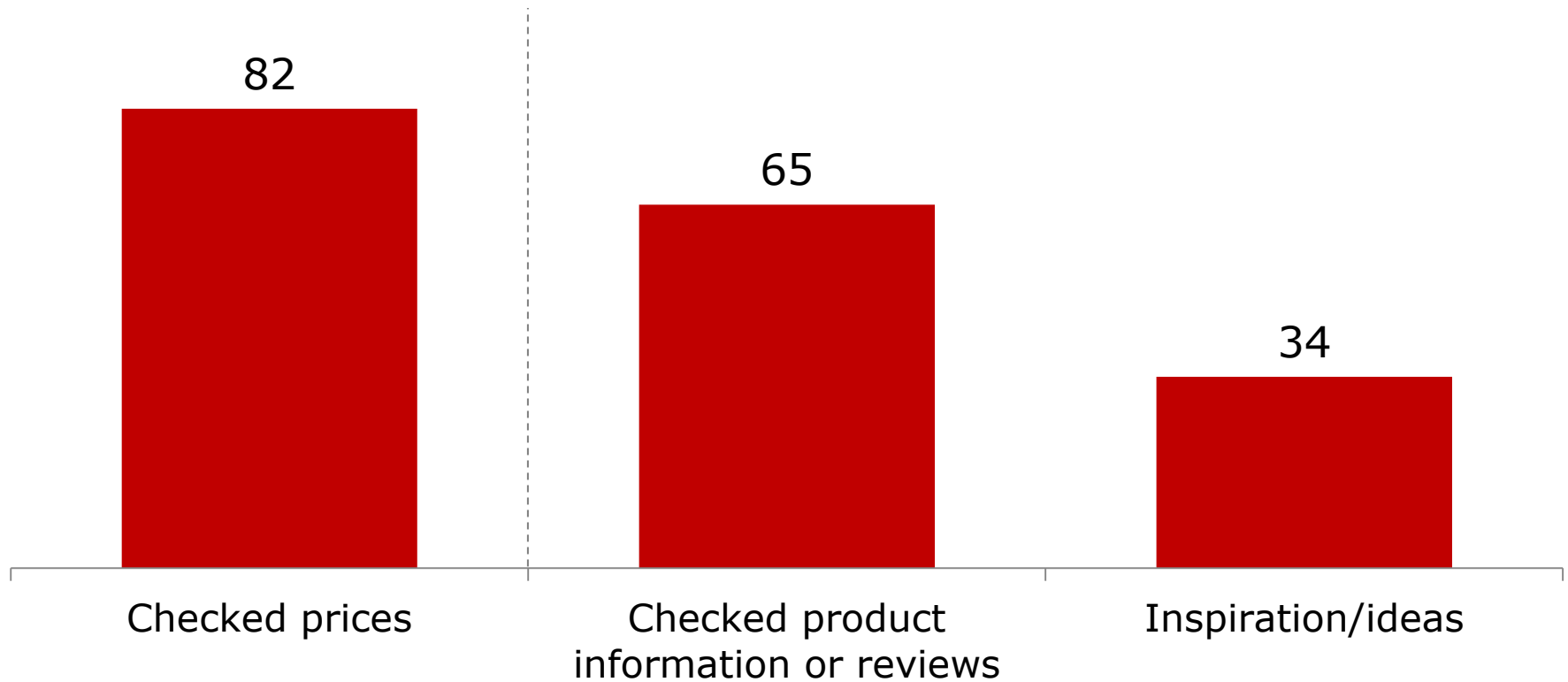


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...but other information is being sought too



### Reason for mobile use in-store

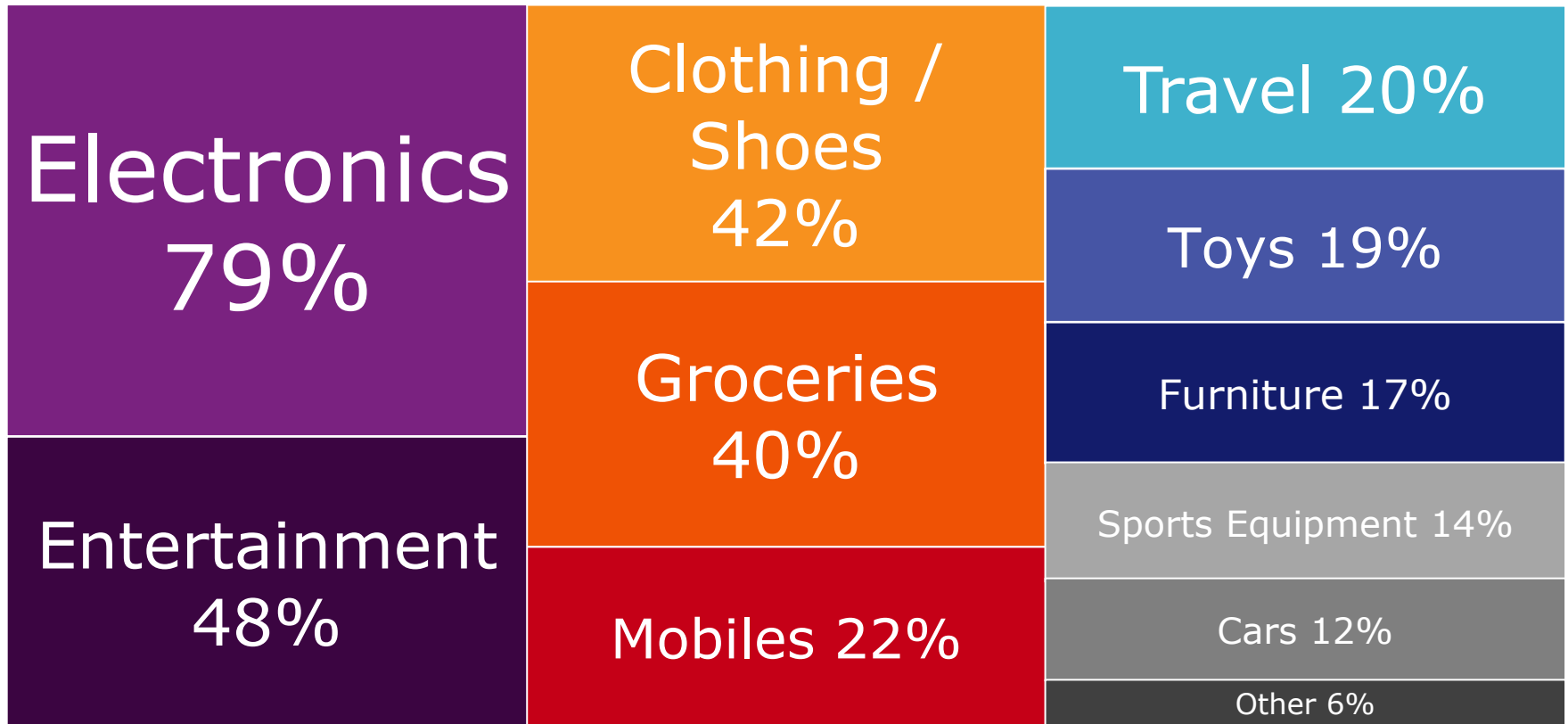


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# People are using their mobiles for a range of purchases

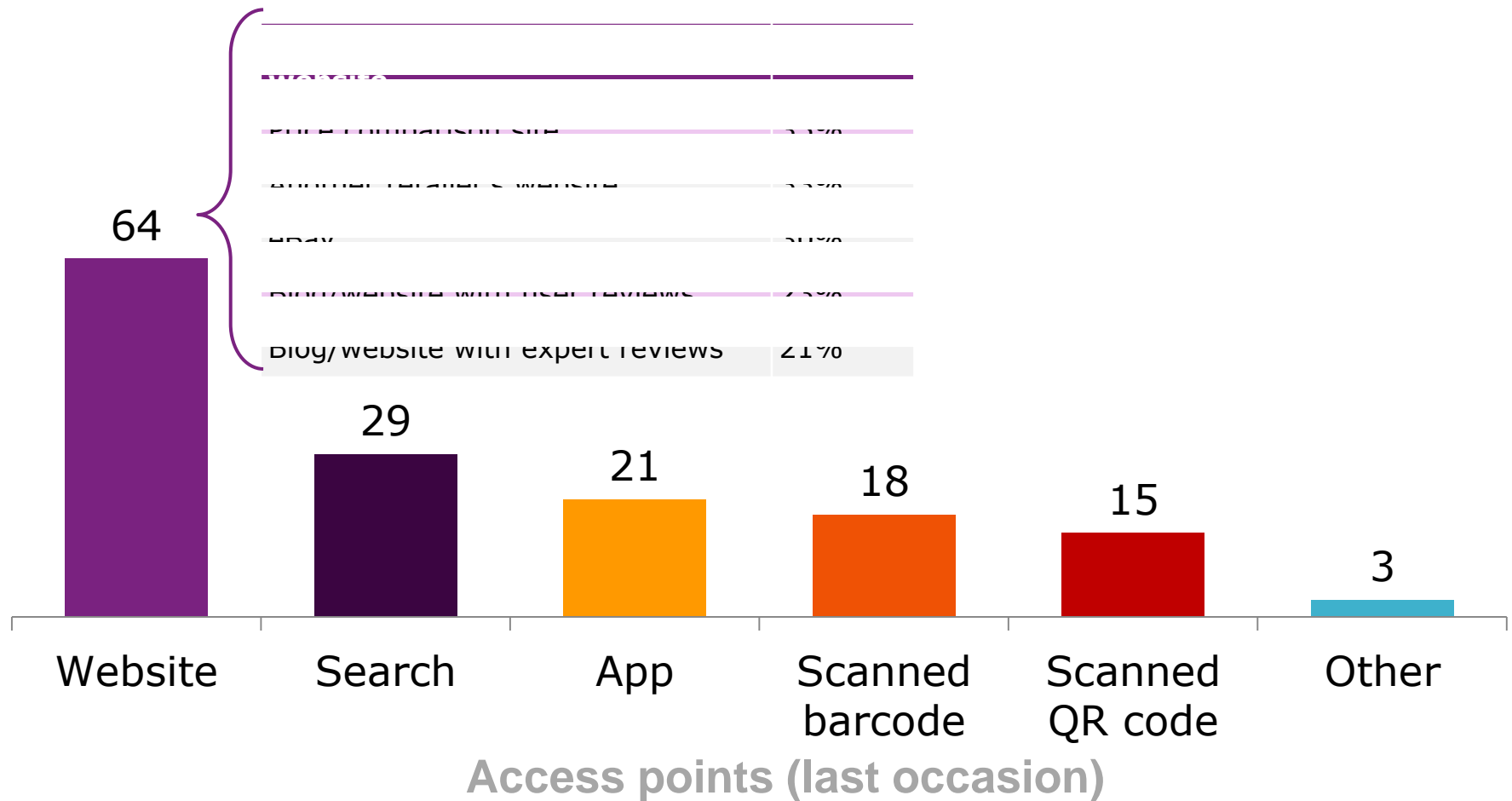


## Categories ever used mobile web/apps in Store for



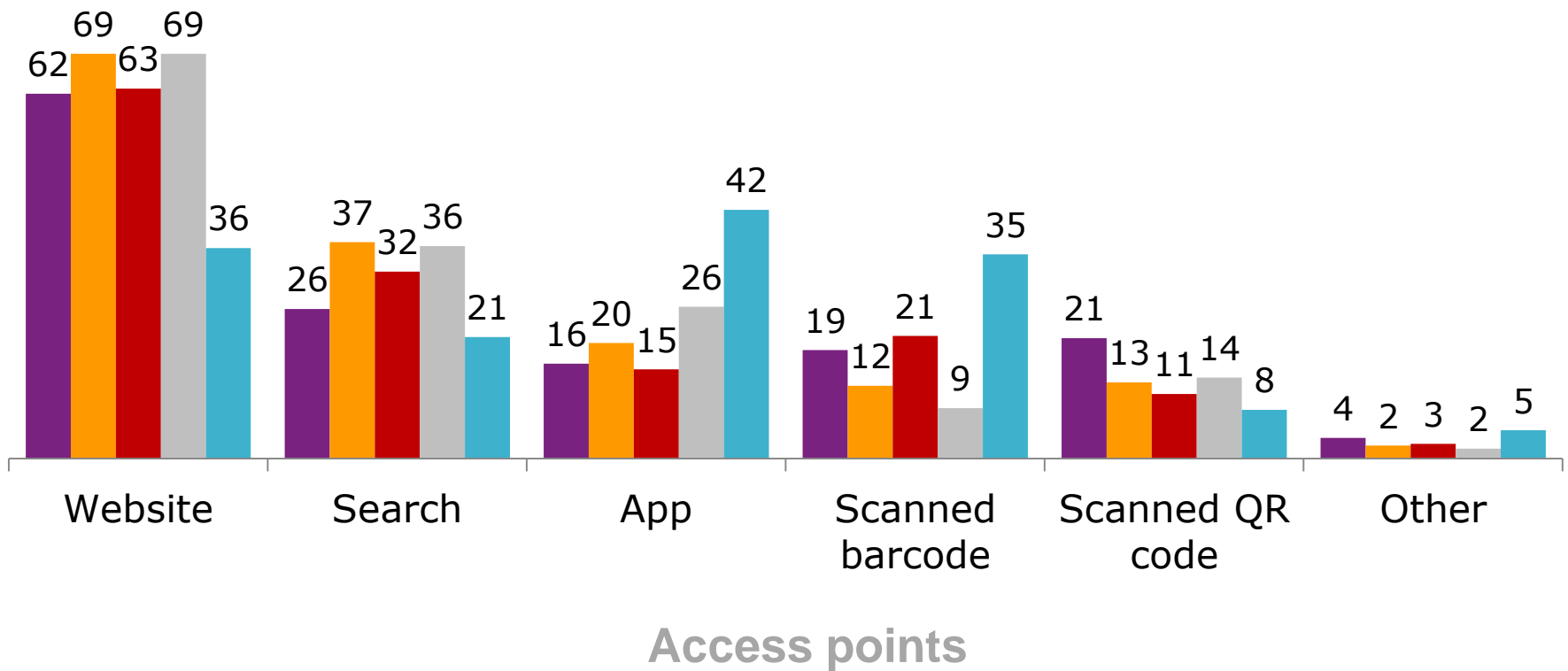
**Where do  
they start?**

# Websites and Search dominate over Apps



# In FMCG, apps and barcode scanning is more prevalent

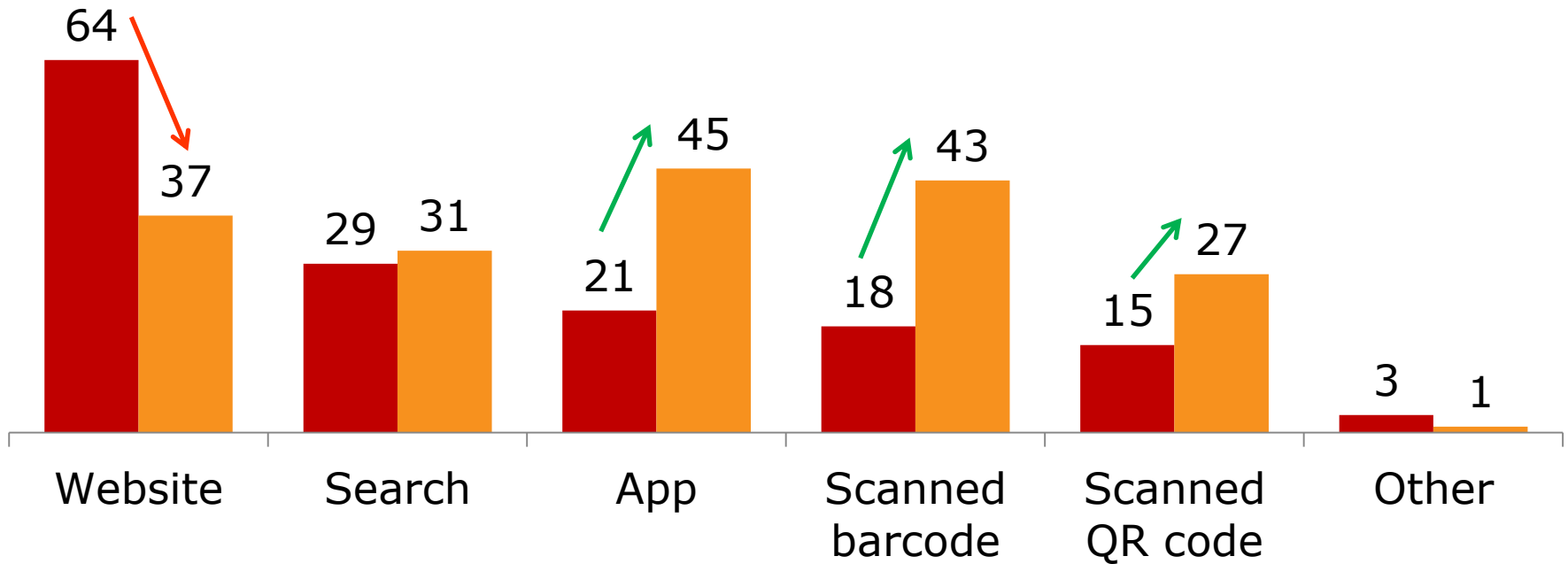
■ Clothing/shoes ■ Electronics ■ Entertainment ■ Travel ■ Groceries



**What sources would  
they ideally use?**

# What sources would they ideally use?

■ Current ■ Ideal



Ideal access point

# 3 Leading Applications

## Amazon App



# 3 Leading Applications

## FoodSwitch App



# 3 Leading Applications

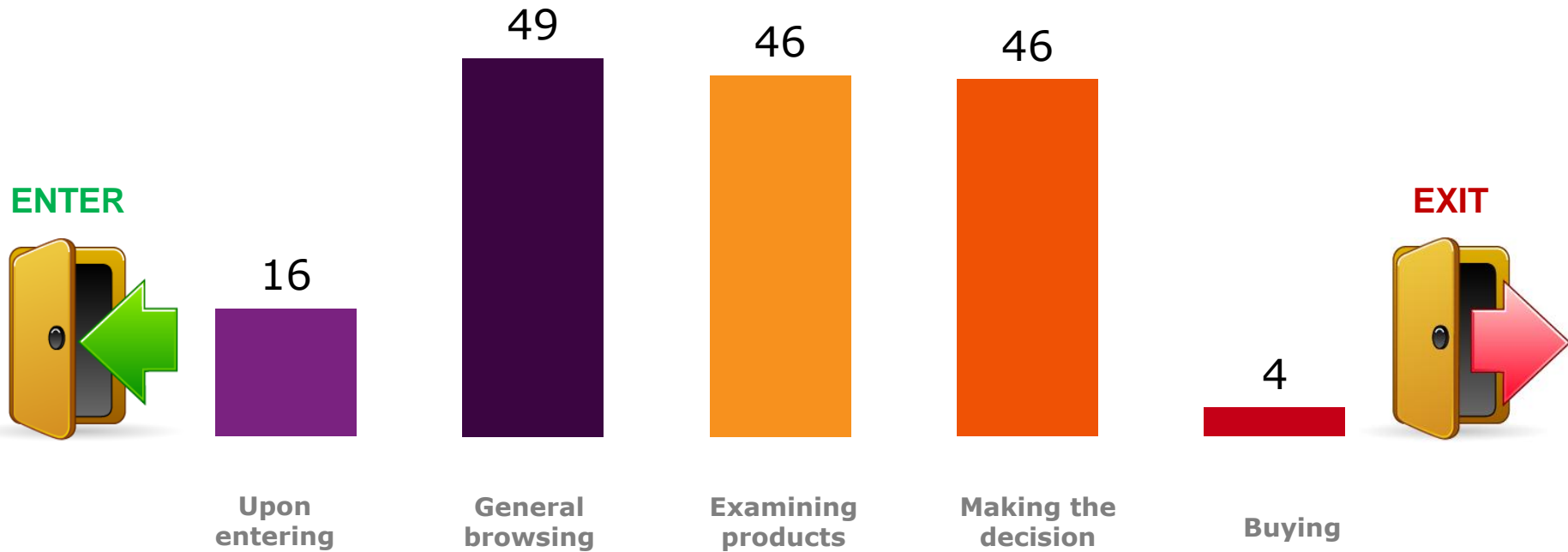
## Woolworths App





**When are phones  
being used?**

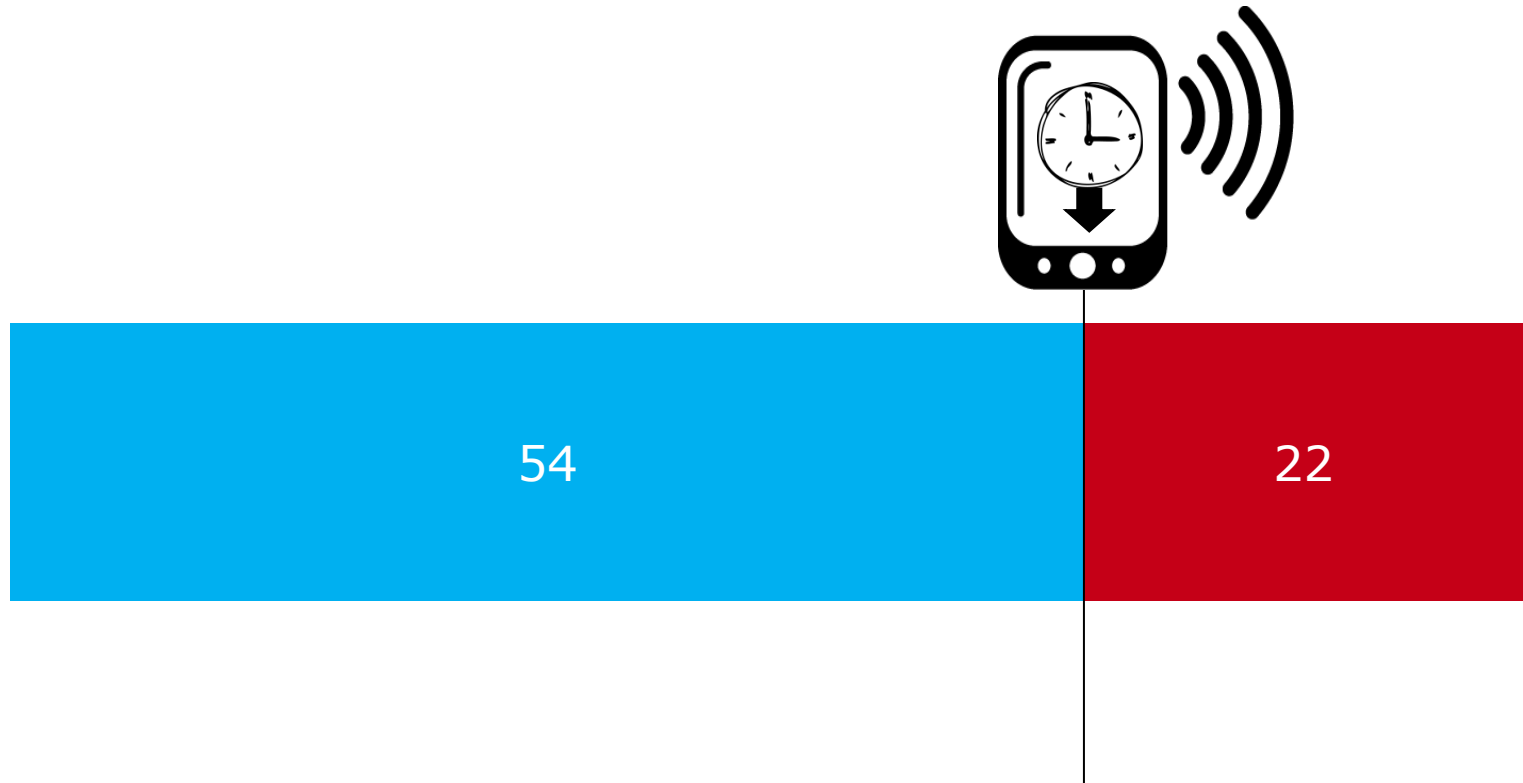
# Used throughout research, but typically not first touchpoint



Point in purchase funnel where mobile used (last occasion)

**What impact  
on purchase  
cycle?**

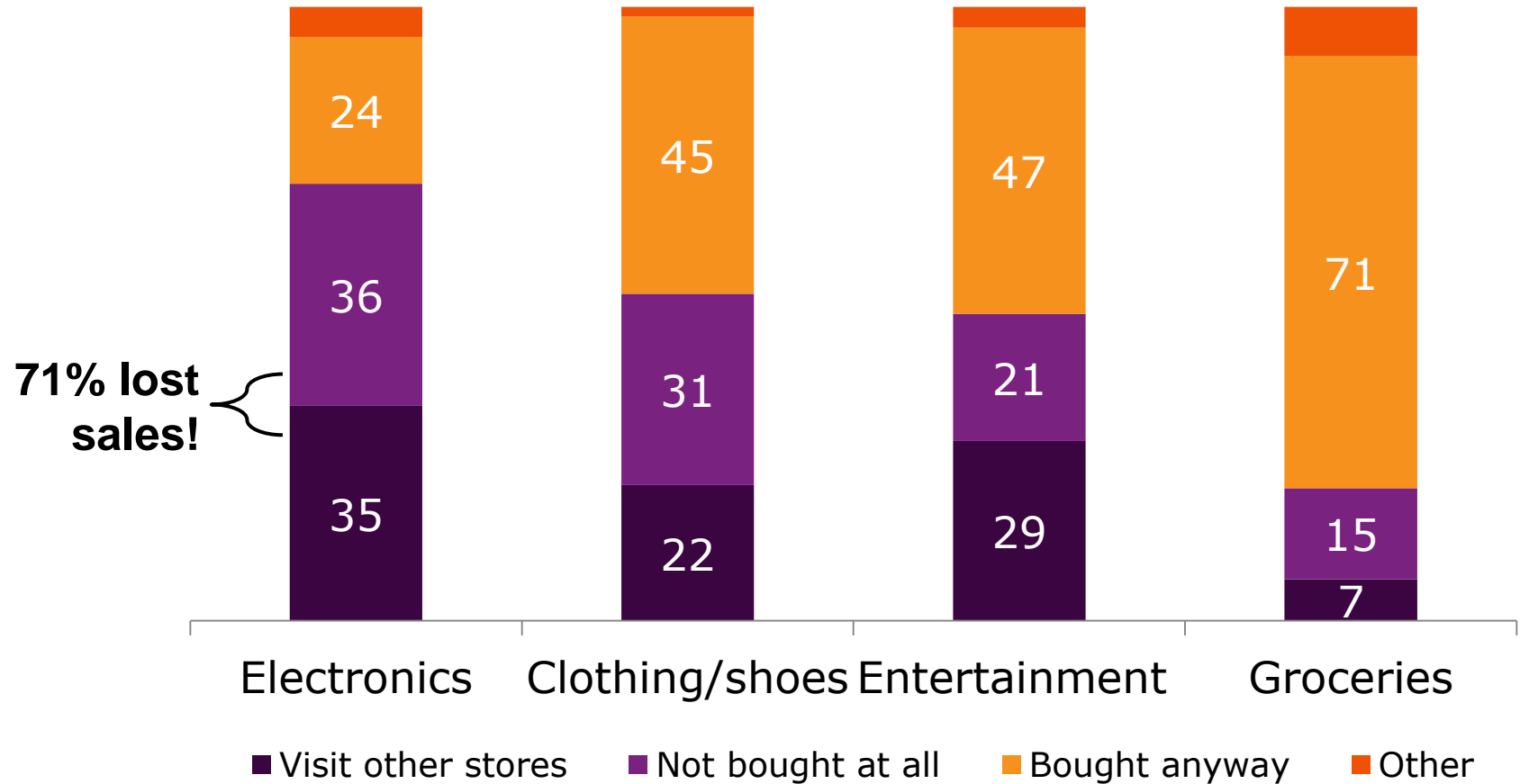
# Using a mobile in store shortens the purchase process



■ Shortened ■ Lengthened

## Impact of Mobile on Purchase Decision (Electronics Purchase)

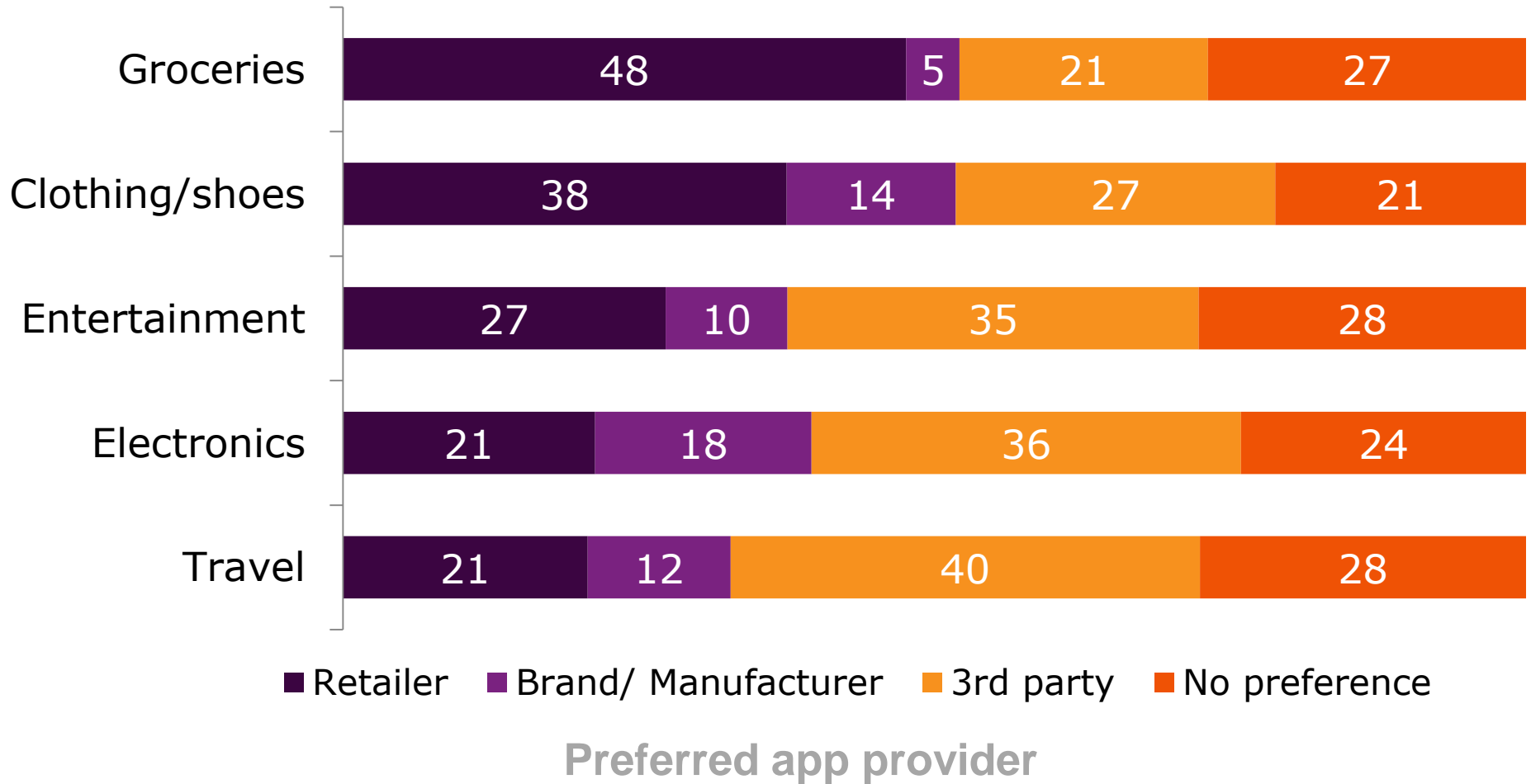
# For higher involvement categories, mobile is a catalyst for decision making



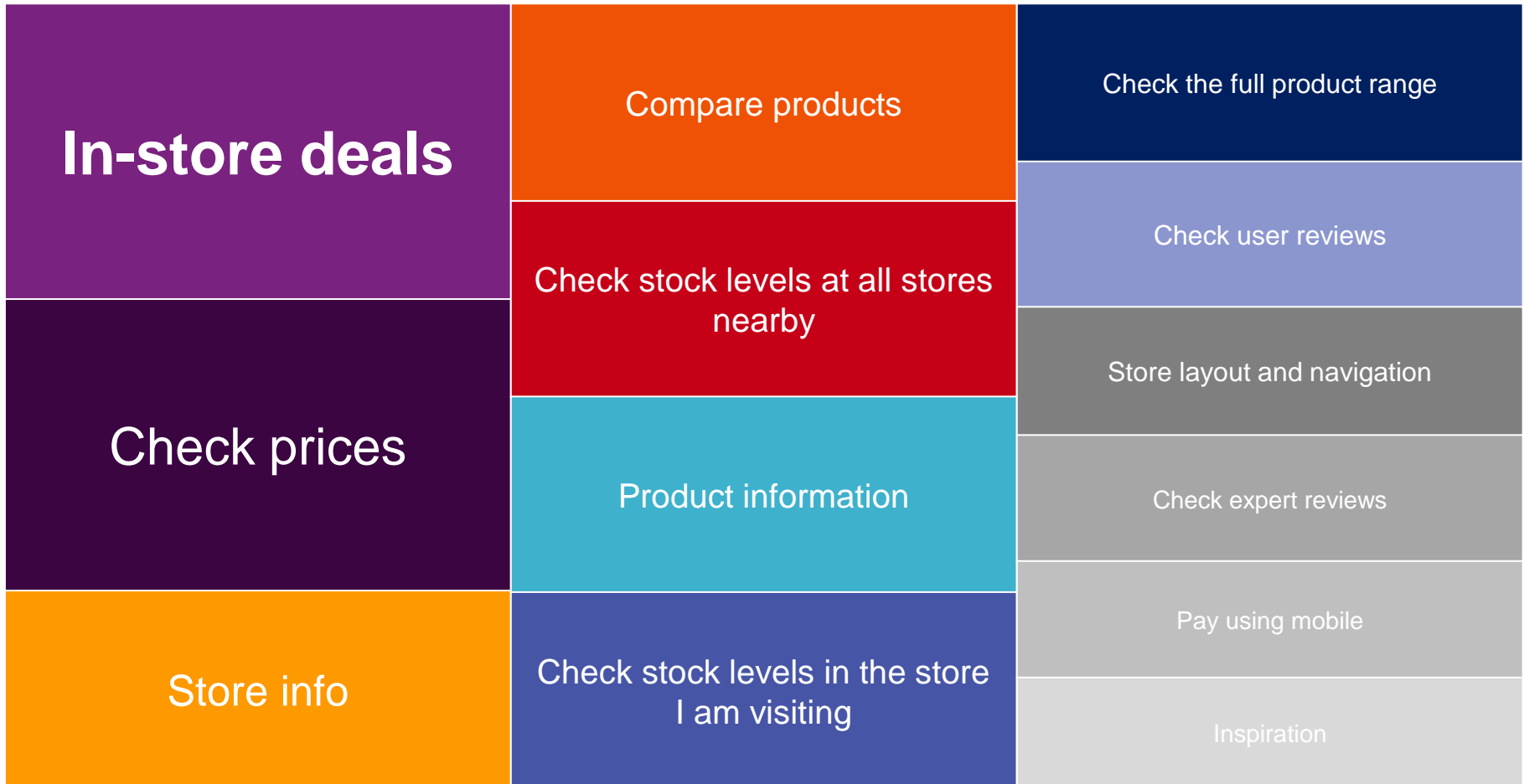
What would they have done if no mobile on that day (last occasion)?

**What do  
shoppers want?**

# People are open minded about who provides the apps



# Price checking remains key



Appeal of being able to use mobile in store for ...



# 5 "Future" services tested



**Recipe suggestions while buying groceries**



**Ideas & inspiration**



**Price comparisons, reviews & product info**

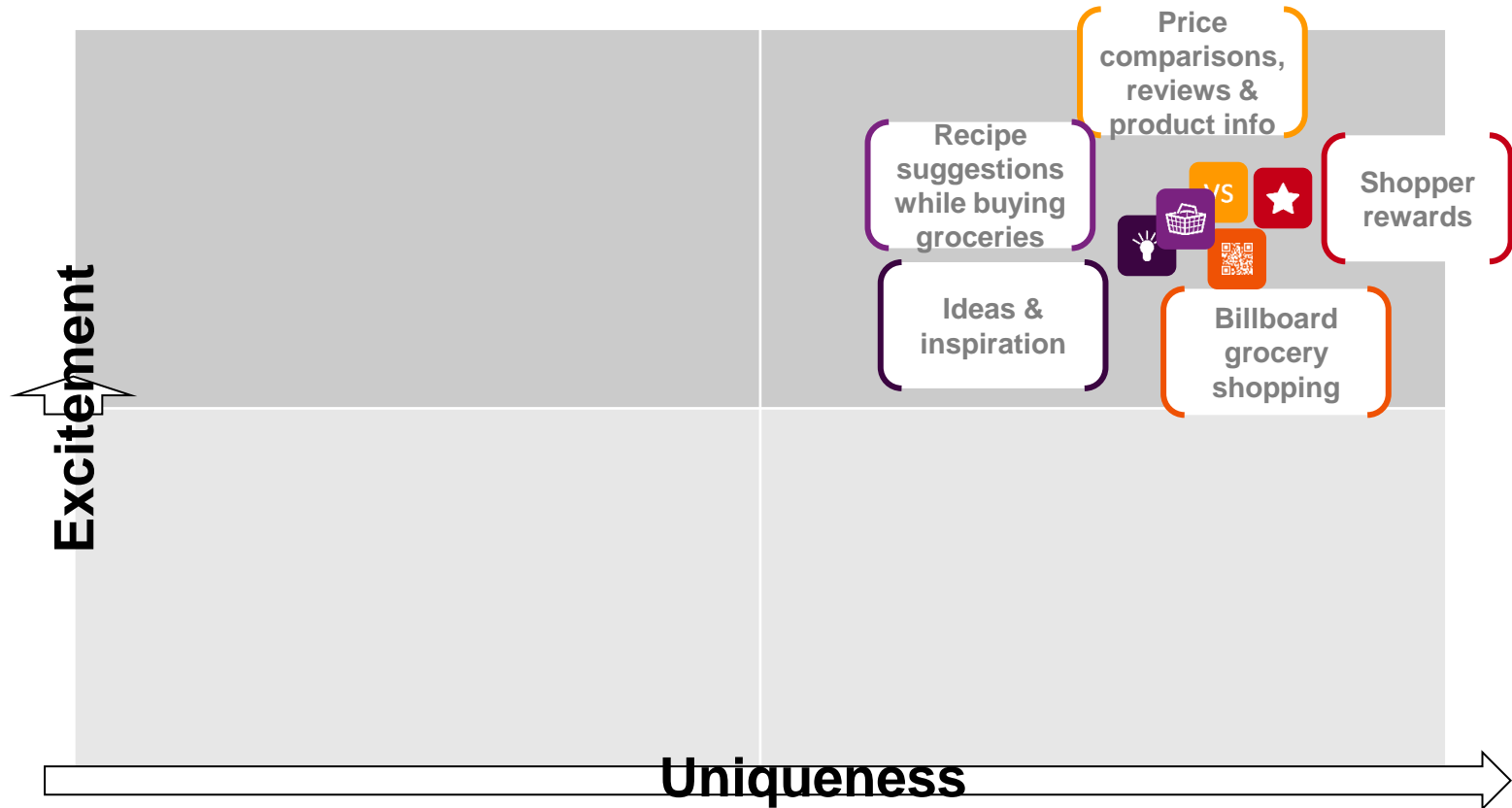


**Shopper rewards**



**Billboard grocery shopping**

# The idea of a shopper reward app is seen as both unique and exciting



**4 thoughts to  
leave you with**

# 4 recommendations for your mobile strategy

1

**Don't stick your head in the sand.**

**It is happening and will only increase**

2

**Ensure your pricing strategy is regularly benchmarked (vs. online)**

3

**Mobile optimised site/search = hygiene factor**

**Mobile app = ahead of the game?**

4

**Cross promote mobile capabilities in-store and encourage interaction**