

Revolutionizing Mobile Shopping & Ecommerce



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Introduction

For the past several years, physical retail stores looked at mobile shopping and ecommerce as “the enemy” and for good reason. With the rise of ecommerce and the ability to buy whatever they might want right from a smartphone, consumers began to avoid physical stores completely. However, that’s not the truth today. In fact, mobile shopping and ecommerce continue to evolve, and even brick and mortar retail stores are beginning to benefit.

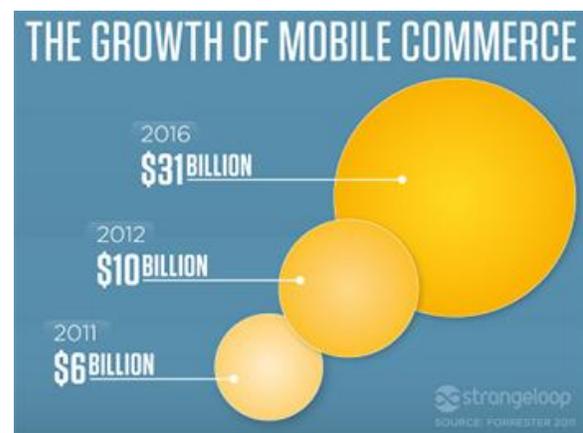
There is no reason for technology to cause consternation or fear. It should embolden, and make it possible to achieve more. With the right tools and the right techniques, that’s now possible. From online giants like Amazon to small, local shops, mobile technology now offers tremendous advantages.

The key to this seismic shift is a change in how mobile apps are being used, coupled with consumers’ need to have their smartphone with them at all times. Within this book, we will delve into not only how mobile shopping and ecommerce are evolving, but the underlying factors of that

evolution and how they can be put to work for any retailer, online or off.

Understanding Where We Were

To truly understand where we are going, we must first understand where we’ve been. In this case, we need to take a closer look at ecommerce and mobile shopping in the early days to truly grasp the enormous changes that have taken place, and are still ongoing.



The Growth of Mobile Shopping and Ecommerce

It wasn’t that long ago that mobile shopping accounted for a paltry percentage of global

retail sales. In fact, in 2004, it only made up 2% of all retail sales. However, fast forward just a few years to 2014 and that amount grows to 6.6% for just the third quarter.

Experts are predicting that online sales will continue to grow at 9.5% into the future, and eventually account for up to 11% of retail sales (by 2018). By the end of 2016, mobile commerce is expected to account for up to \$31 billion globally. That's a sizeable chunk of change, certainly.

That growth is stunning, and it's no wonder that so many retailers are terrified of the impact of mobile shopping and ecommerce. Here's the thing, though – it doesn't have to mean a cut to retailers' profits. Mobile sales are not exclusive to online-only businesses. In fact, mobile devices often influence purchaser decisions in physical stores.

More and more shoppers are relying on their mobile devices to provide them with the ability to comparison shop while in a physical store, to access coupons on the go, to learn more about the businesses around them while they're out and about in the real world.

In short, ecommerce no longer means "just the Internet". The complex relationship between consumers and their mobile devices has changed things considerably.

Malls Aren't Dead

When ecommerce first began to trend, there was considerable alarm among physical store owners. That was natural. More and more consumers were choosing to buy online, rather than heading down to the mall or local shopping center. We saw something similar during the original Dot Com boom of the 1990s, and we all know how that turned out. After a boom and bust, things evened out and got back to normal. The same thing occurred with ecommerce and physical shopping.

You might remember the headline from *The New Yorker* in 2014 that asked the question of whether or not the mall was something that was over and done with. The point of the article was that with ecommerce available, consumers no longer needed the mall. This was coupled with a growing number of shopping centers and aging malls experiencing a downturn in traffic. It seemed to point to what the newspaper implied, but that was deceiving.

The truth of the matter was slightly different. Yes, malls and shopping centers across the US were closing or being demolished. However, these were the ones that had failed to capitalize on the mobile shopping trend. Among the malls that had managed to get onboard with new technology, the story was very different.

For these locations, the result was growth, not decline. They experienced a surge in sales, not departing masses of shoppers rushing home to use the PC or laptop.

Growth Drivers in the Mobile Shopping World

It's easy to see the difference being made in the world of physical commerce by mobile devices, apps and other related technology. However, it's not so easy to see the drivers of that growth and evolution. There are several that are having an immense impact on not only mobile sales, but mobile-originated sales in physical locations, and the key to tapping into those advantages for retailers is to drill down to the bedrock of what is driving this fundamental shift.

The Change in Mobile Apps

Once upon a time, mobile apps did essentially very little. They might connect a user to a website, allowing them to shop with a company like Amazon or something similar, but offered little more. Today's apps are very different, incorporating a host of advanced functions that provide greater convenience to consumers, but can also provide benefits to retailers, mall operators, shopping center managers and others in the physical world.

Today's apps let consumers do any number of things that impact the physical world. They can preorder movie tickets for their preferred theater and pick them up in person at the kiosk. They can order food at their favorite restaurants and pay for it right through the app.

There are two significant things that today's apps offer retailers. First, there's the aforementioned functionality and features, which we will address more in depth below. Second, there's a new channel of communication, and a new way of gaining greater insight about what that consumer wants and needs. Mobile apps are seen as consumer-facing, as providing information

to users, but they can also provide just as much data to retailers, if not more.

App functionality is underlined and supported by not the virtual world, but the physical world. Retailers can gain tremendous insight into things like:

- ❖ Where consumers prefer to shop
- ❖ How often they shop
- ❖ What days of the week or weekend are preferred
- ❖ What stores they frequent
- ❖ How they prefer to pay for purchases through apps
- ❖ The average amount spent weekly and monthly

This is just the tip of the proverbial iceberg in terms of the information savvy retailers could access with the right approach to mobile shopping and ecommerce. Of course, you do need a firm understanding of what techniques and technologies can provide the best return.



Location-Based Services

We've become accustomed to our devices tracking our movements and notifying us when we're in proximity to certain things. For instance, Google Now will alert you automatically to accidents and traffic snarls in your path, helping you save time and frustration.

Mobile apps can provide consumers with other benefits, including alerting them to specials, deals, sales and other information when they're close to retail stores, or even when approaching certain areas within a single store.

Beacons placed near the entrance to specific stores, or even within individual stores, send out information to a consumer's phone. This taps into the hyper-local mindset that's growing amongst many people today. It's no longer enough to be

“local” – people are now using their devices to learn more about what’s available within mere feet of their location.

Of course, that does little good if the offers you’re sending to the individual’s Smartphone aren’t tailored to his or her wants and needs. This is where data analytics comes into play, and the need for the information about each user is most paramount.

The Power of Social

If there’s one thing you should have learned from the rise of sites like Facebook, Twitter and the rest, it’s to never underestimate the power of social. Social sharing has dramatically changed the world in which we live, how we communicate and, yes how we shop.

How many times have you seen that one of your friends or family members has “checked in” at a location? How many times have you seen someone post about what they just purchased, or sent out a picture of the meal they’re enjoying at a local restaurant? You can turn this to your advantage as a retailer.

By integrating social sharing features into your app, it’s possible to engage not just the user on whose phone the app resides, but a significant number of their friends, family members, coworkers and acquaintances with a single well-timed share on a social network.

Of course, there’s also the ability to access even more information about your customer base through social integration. You’re able to learn more about their habits, their friends, what they share, and a great deal more. While it will be mostly anonymized, this information can provide you with further direction for marketing purposes, and even help to inform your social media activities.



Mobile Wallets

It's tough to think of something that caused more alarm and consternation than the prospect of electronic and mobile payments. And, truth be told, there was reason for that concern. Security measures were still immature, theft was prevalent, and most consumers had no idea of what they needed to do to protect their personal and financial information.

Today, that's no longer the case. Electronic payments have not only become common, but they've become the preferred option for most people. In fact, most consumers are more likely to pay with a card than with cash, and that trend has grown to encompass mobile wallets.

Mobile wallets allow consumers to save all of their financial information in a safe, secure app on their smartphone without worrying about it being stolen or even accessed if someone took their phone (thanks to bio-security measures like Apple's fingerprint scanning system). In many instances, retailers can accept payment from a mobile wallet without even seeing the credit card (or sometimes even

needing the consumer to access the wallet app).



Push Notifications

Anyone with a modern smartphone knows about push notifications. It seems like every app on iTunes or Google Play now asks to alert you to information with push notifications. Depending on the device, they show up as little red circles beside the app, or the phone (or smart watch) might vibrate and show a message.

Push notifications are designed to alert the user that there's something interesting, something of note, going on. It might be a Facebook message, or it could be a new coupon from their favorite retailer. Apps for shopping centers, malls and even individual retail stores can incorporate push notifications to their advantage.

They work hand in hand with beacons, and push out information to let consumers know about sales, discounts, specials and other information based on their interests. It can provide a dramatic boost to in-store performance for almost any physical establishment, from clothing stores to restaurants.

Not sold on push notifications? Consider the fact that they work very similar to the impulse buys you stock near the check out in your location. All shoppers are prone to impulse buys to one extent or another. They've largely become immune to the racks of magazines, candy bars and sundries that surround cash registers, but they're primed for those that tie into their interests, wants and needs.

With the right setup, regular users can even engage with push notifications and have their usage tracked, with rewards for certain actions, cumulative actions and more. It's an amazing way to build both long-term loyalty, and a steady stream of information from your shoppers.

The Upshot for Retailers

What do retailers stand to gain from the rise of mobile use within physical shopping locations? The answer is "a lot". Let's take a closer look at some rather startling statistics that should clearly illustrate this point:

- ❖ 36% of shoppers in physical stores relied on their smartphones to connect them with deals and specials in 2013.
- ❖ 50% of shoppers in physical stores used their smartphones in 2014.
- ❖ That number is expected to grow ever higher in the future.
- ❖ Almost 70% of shoppers use some sort of digital device prior to shopping for things like:
 - Sales comparisons
 - Locating physical store addresses or contact information
 - Comparing products features and specifications
 - Comparing product availability in their immediate area
- ❖ 14% of consumers used a digital device after shopping for price

comparisons or to locate complementary items.

- ❖ 84% of shoppers use a Smartphone or tablet for shopping-related activities either before or during a shopping trip.
- ❖ These shoppers are 40% more likely to convert to buyers in physical stores.
- ❖ 22% of shoppers using mobile devices in store spend more time in the store.
- ❖ More than 50% of shoppers using mobile devices in store spend over 25% more on items than they had planned.
- ❖ 75% of shoppers admitted that they were highly influenced by information from social channels.
- ❖ 53% of shoppers reported that they like when stores or malls have apps designed to enhance the shopping experience and use those apps frequently.
- ❖ 72% of Millennials use these apps frequently.
- ❖ 60% of Gen X shoppers use store or mall-specific apps frequently.

Those are some startling statistics, and should be eye-openers for store owners, shopping center management, and mall owners alike. The future is clear – without a brand-specific app, you cannot hope to run a profitable operation and reach your target audience. Of course, that begs the question of what features and technology shoppers appreciate most in these apps. There are quite a few different possibilities, but some of the most commonly cited “deal breakers” include:

- ❖ Map: Shoppers routinely find it hard to navigate shopping centers, malls and even larger department stores, and prefer the app to contain a map with a position marker showing where they are in relation to various departments (store-specific apps) or stores (mall or shopping center apps).
- ❖ Directory: For malls and shopping centers, shoppers prefer to have a directory that lists the stores at the location (note that the directory needs to be updated regularly as stores open and/or close).

- ❖ General Information: It's surprising the number of shoppers who prefer to have access to general information about the shopping center or mall within an app. This can include the address, phone number, opening/closing hours and more.

- ❖ Events: Shoppers love to be informed of when a venue is hosting an event. This ranges from Christmas tree lighting ceremonies to special dining events and more.

- ❖ Offers: This is perhaps the most important preference to note. Shoppers actively want malls, shopping centers and retailers to give them special offers, deals, discounts and other promotions through their Smartphones and other digital devices.

OpenXcell

At OpenXcell, we've been part of the mobile app and ecommerce industry since the very beginning. We built some of the very first shopping apps, and our years of experience and expertise put our clients in good stead with advanced functionality, the features that today's shoppers demand, and a limitless range of options for style, design, integration and more. We invite you to contact us today to learn how OpenXcell can help ramp up your success.

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