

Expert group

Mobile as the New Storefront

Takeaways

1. Mobile technology has developed at an unprecedented pace, far more quickly than any other consumer device.
2. There is no other device that can match mobile's ability to facilitate new value propositions.
3. Mobile adoption is enormously high, and mobile is unrivaled by any other device in terms of adoption and usage – 91% of the Dutch population now owns a smartphone.

Mobile as the New Storefront

“Mobile enables retailers to interact with customers throughout the customer journey, offering customers a new and additional storefront.”

All studies come to the same, unanimous conclusion: mobile¹ is becoming more important in the lives of consumers every day. According to a recent study, 91% of the Dutch population now owns a smartphone and everyone, with the exception of not a single age category, uses their smartphone for a wide range of activities.²

The popularity of mobile has prompted the ‘Mobile as the New Storefront’ expert group, consisting of mobile professionals (and, in many cases, self-proclaimed *mobile fanatics*), to provide insight into why mobile is so powerful. Why can mobile make a demonstrable contribution to growth and *store traffic*? Why does mobile boost retention and allow for one-on-one communication?

To answer these questions, we will first consider some of the unique characteristics of mobile. Based on six *forward-looking statements*, we will then sketch a vision for the future: How will mobile become an even greater factor in the customer journey? How will mobile connect consumers even more closely to retailers, both consciously and subconsciously?³ Finally, we will share nine concrete tips to help retailers use mobile as effectively as possible.

The expert group decided to base this blueprint on the b2c and b2b2c segments in the Netherlands, but it must be noted that the retail market is becoming increasingly global. The Dutch market, and with it the experiences of Dutch consumers, is increasingly being influenced by international front-runners such as AliExpress. By creating an excellent mobile experience, this e-commerce giant has rapidly become a serious shopping alternative for a wide range of product groups.

The expert group has set itself the goal of being relevant for all retailers: large and small, young and old, both experienced mobile players and those who might not be as familiar with the opportunities

1 THE WORD ‘MOBILE’ WILL FEATURE PROMINENTLY IN THIS BLUEPAPER. GENERALLY SPEAKING, THIS REFERS TO DEVICES THAT CAN BE USED TO OPEN APPS OR BROWSE THE WEB.

2 GLOBAL MOBILE CONSUMER SURVEY 2018 – DELOITTE

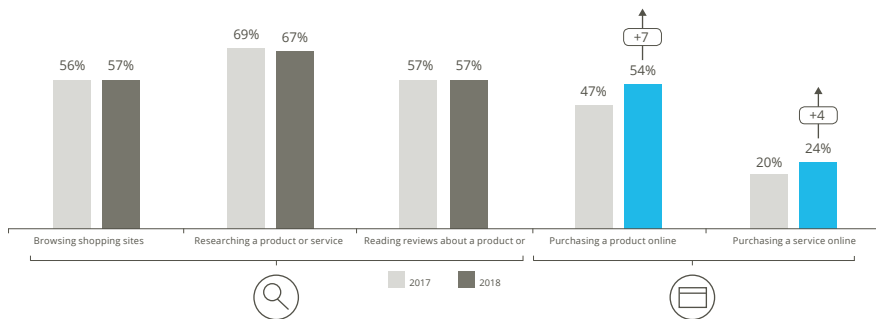
3 WHEN THIS BLUEPAPER REFERS TO RETAILERS, THIS WORD IS MEANT TO BE UNDERSTOOD IN THE WIDEST POSSIBLE SENSE, UNLESS STATED OTHERWISE. RETAILERS INCLUDE EVERYONE FROM THE CORNER BAKERY TO CLOTHING CHAINS WITH BOTH AN OFFLINE AND AN ONLINE PRESENCE, AND RANGE FROM PURE PLAYERS AND CONSUMER-ORIENTED SERVICE PROVIDERS TO BRANDS

that mobile has to offer. One thing is certain – consumers have embraced mobile and we strongly recommend that every retailer do the same!

1. Mobile as the New Storefront?

Since the mid-20th century, storefronts have been used as a showcase: store windows tell the story of the retailer’s identity. By displaying products (and special offers) and creating a particular atmosphere, they give consumers a good impression of the store and, by extension, the retailer. Storefronts, in short, are a way for retailers to create a brand experience. This is where consumers can identify directly with the brand, which often is exactly what retailers want to achieve.

The emergence of e-commerce has led to the desire to build digital storefronts as well. Initially, e-commerce was restricted to larger screens, such as laptops and desktops. The rise of smartphones and the increasing adoption of online shopping, however, mean that creating a good experience (including a good brand experience) on smaller screens is becoming more and more important. After all, mobile usage during the shopping journey is growing rapidly.



What do consumers use their mobile phones for?⁴

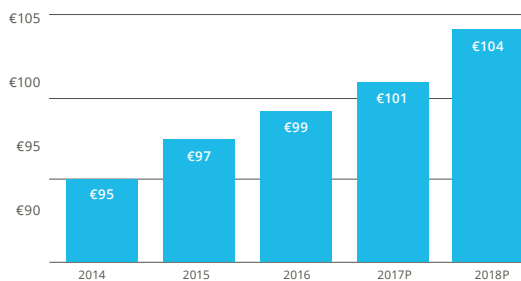
The combination of improving technology and increased adoption provides more and more opportunities for retailers. Research conducted by Forrester shows that the overall customer experience is the primary driver for mobile channel revenue, but this is also true for revenue from purchases initiated on mobile devices. This has led companies such as Prénatal and Vingino to implement *mobile-first* strategies focused on optimizing the experience for mobile users.

⁴ DELOITTE GLOBAL MOBILE CONSUMER SURVEY 2017-2018, NL EDITION, WEIGHTED BASE: ALL ADULTS 18–75 WHO HAVE A PHONE OR SMARTPHONE (2018: N=1921)

2. Connected Consumers in the Current Retail Landscape

Over the past decade, the Dutch retail landscape has gone through some major changes, including the bankruptcies of major companies such as V&D, Macintosh and Unlimited Sports Group (with brands such as Aktiesport and Perry Sport), for instance. These are just three examples of the large number of retailers who have been forced to leave the playing field. At the same time, new players arrived on the scene (including Hudson's Bay, Forever 21 and Uniqlo), as well as new retail formats, such as Jumbo Foodmarkt, store-within-a-store, experience stores, pop-up formats, pure players and subscription retailers).

If we look at macroeconomic trends, we can see that the Dutch retail market has experienced major growth, rising to an expected total value of €104 billion in 2018⁵ (see figure below).



Total value of the Dutch retail market (in billions of euros)

However, the Netherlands is lagging behind the United States and the Asian continent in terms of digital developments and digital maturity in retail. Foreign players such as Amazon, Alibaba and Tencent (the owner of WeChat, among other companies) are turning towards the Netherlands with digital value propositions that established retailers in the Netherlands cannot fully compete with.

These companies are so successful because they prioritize customer experience and use innovative technology to offer a fully omnichannel experience. Not only has this become an expectation among today's and tomorrow's customers, but a failure to offer this has become a deal breaker.

That's why today's consumers are frequently referred to as *connected consumers*, due to the fact that they are always online, whether it be on their phone, smartwatch, a VR application or another type of device. The fact that customers are constantly online has also changed the traditional customer journey. Nowadays, the customer journey has a wide array of possible points of departure and destinations, many of which have only recently become possible. Since customers are often inextricably linked to their mobile devices, this customer journey can often be seamlessly connected by mobile technology across multiple channels and platforms.

The winners of today and, even more importantly, of tomorrow will be those players who manage to reach customers most effectively with value propositions and customer journeys that transition seamlessly from one device and platform to the next.

3. What Makes Mobile So Relevant and Unique

Consumer needs and wants have changed significantly over the past few years, with technology playing a major role. Mobile has been fundamental to this shift. The unique qualities of mobile technology offer retailers highly relevant opportunities to respond to changing needs and wants.

We can distinguish three elements that make mobile so relevant and unique:

1. The technological potential.
2. Mobile technology as the *enabler* of new value propositions.
3. Mobile adoption by consumers.

3.1 The Technological Potential

Mobile devices have a wealth of technological potential that, if used correctly, can help retailers offer value to consumers. Some examples:

- **Pocket computer**

The computing power of mobile devices has exploded in recent years.

“Your cellphone has more computing power than the computers used for the Apollo 11 moon landing.”

This has made it possible to develop augmented reality applications for mobile devices. IKEA Place, for example, uses augmented reality to enable customers to see what Ikea furniture would look like in their own living room.



AR via Ikea Place

- **Always connected**

Mobile devices are connected to the internet almost all of the time. On top of that, people tend not to switch their mobile devices off, whereas they will typically switch off other devices. Effectively, consumers are online 24/7, which means they can also be reached by retailers 24/7 (and vice versa!).

- **Location data on the go**

The availability of location data from mobile devices allows retailers to approach consumers with much more relevant, specific information. Take the proactive approach of Dutch airline KLM, for example, which provides boarding passes to mobile users via WhatsApp, Messenger and the KLM app.



KLM flight information via WhatsApp

- **Camera in your pocket**

Smartphones are equipped with highly advanced cameras. This technology is not only used for personal ends – it can also support the customer journey. For some time now, Carglass, for instance, has enabled customers to request quotes for car damage repairs by submitting pictures of the damage via their mobile app.



The Vivino app

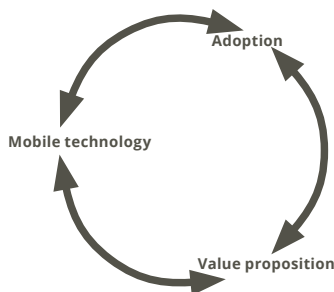
A more advanced use case involves utilizing the cellphone camera to recognize products and provide the user with reviews of said products. The Vivino app is a great example of how this functionality offers added value to wine connoisseurs, wine aficionados, and people eager to learn more about about wine.

- **We tie everything together**

An application programming interface (API) is a way to let apps and other computer programs communicate with one or more other apps. This type of connectivity has allowed unique use cases to become a reality. Take workout tracker apps, for instance. Integrated with platforms or applications specializing in nutrition, they provide users with personalized nutritional advice on the basis of personal fitness data.

3.2 Improved Value Propositions

Rapid technological development has created a wide range of opportunities to improve, or even completely reimagine, customer propositions. Many retailers, big and small, use increasingly mobile-oriented loyalty systems, such as digital loyalty cards. Incorporating mobile technology makes life easier for consumers, while also improving brand experience and customer bonding.



In some cases, mobile technology has led value propositions to transform completely. A good example is Uber, which redefined the value proposition for transporting people from A to B over relatively short distances, radically changing the transit landscape for consumers as well as drivers. Mobile plays a key role in Uber's value proposition: using smart technology and algorithms, a mobile platform is used to bring together supply (drivers) and demand (customers). Supply and demand are matched as closely as possible and the transaction associated with the service is fully integrated in the app. Both customers and drivers are linked to the transaction and can rate and review each other afterwards. This further boosts the reliability of the service. The use of mobile has enhanced a value proposition that had remained virtually the same for decades.

Naturally, there are more of these kinds of examples to learn from, such as *mobile-only* bank bunq and *mobile-only* supermarket Picnic. It looks as if the *mobile-only* experience is starting to take up an increasingly important, and often disruptive, position in various sectors. In the financial sector, for instance, mobile has already come to play a central role in many services. A good example is ING, which has centered the transaction approval process around mobile devices. Even if transactions are carried out on a laptop, they have to/can be approved on a mobile device.

3.3 Adoption and Use

The rapid development of mobile technology and the improvement of value propositions are two of the factors that have driven up adoption rates. As mentioned earlier, over 91% of Dutch consumers have access to a smartphone. The greatest uptake in usage is among the 18–24 demographic, which uses mobile devices more than 50 times a day.

“Mobile has become the most widely adopted sales channel at bol.com. More than half of our traffic and revenue comes from cellphones, and this percentage is still growing. That’s why we are completely focused on improving our mobile customer journey.”

Tim Akkerman, bol.com

The precise figures differ slightly from one study to the next, but one thing is certain: there is no device that consumers use more than their cellphone. Mobile has become an inextricable part of our lives, which has also given rise to some concerns. Mobile-device producers, such as Apple, and app developers, such as Facebook, now let users track how much they use their mobile devices and apps to increase consumers’ awareness of their behavior.

4. Forward-Looking Statements

We can confidently state that mobile is *here to stay*. Mobile’s ability to enhance customer engagement, and the potential this brings with it, is obvious and will only increase in the future. As an expert group, we would also like to look ahead to the near future by discussing a number of forward-looking statements. This is what the expert group predicts for 2019, maybe 2020, but no later. That’s how close it is – that’s how fast the landscape is changing!

1. Mobile is an omnichannel identity card

Due to the *‘always on’* and *‘always with me’* nature of mobile devices, mobile is uniquely placed to identify consumers, offering marketeers unprecedented opportunities to convert customers (regardless of the channel), both online and offline.

“The mobile app is the most reliable source of individual, personal information out there, providing names and addresses, as well as purchase history and preferences.”

Robin Huisma, Orange BOB

2. Mobile connects all the steps in the customer journey

Mobile has more and more influence on the integrated customer journey. Whether consumers research online and purchase offline or the other way around, mobile devices serve a purpose during every step of the journey and can easily connect the various steps.

“Intergamma sees mobile devices as a hardware store and DIY help platform that you can keep in your pocket or bag. They’re an ideal tool to help you find out what you need for a particular job and what is the best way to go about it.”

Michael de Groot, Intergamma

“If you report a breakdown via Centraal Beheer’s RoadGuard app, roadside assistance will come straight to your location, based on the location data automatically collected by the app. The app also tells users how long they will have to wait for roadside assistance to arrive.”

Hans Stommels, Achmea

“Mobile lets us bring the fans even closer to Ajax. With its ability to inspire, surprise and show appreciation for our fans, mobile really is the finishing touch to our fan journey. The vast majority of our fans are now increasingly using mobile to interact with the club, ranging from following the latest news to buying merchandise and tickets for the upcoming match. In the future, mobile interaction is only set to increase, due to developments such as augmented and virtual reality.”

Tom Houtgraaf, Ajax

3. Mobile reduces friction in the customer journey, making it shorter

In various use cases and markets, mobile has been proven to reduce friction in the customer journey. The optimization of customer experience and conversion effectively transforms the entire journey. Consider some of the examples we mentioned previously: the end-to-end process of taxi services after the emergence of Uber, for instance, banking with the bunq app or ordering groceries with Picnic.

“The convenience of ordering with the Picnic app completely eliminates the need to go to the supermarket for groceries.”

Wil Salden, Obelink Vrijetijdmarkt

4. Mobile stimulates impulse purchases

Social media has become a permanent fixture in marketing. The advertising potential of this channel is now well-known, but social media is also increasingly becoming a starting point for customer shopping journeys in a trend known as ‘social commerce.’ Increasingly, searching for inspiration on platforms such as Instagram, often during the well-known *idle* moments, such as on the bus or waiting for an appointment, is resulting in online purchases (which in some cases will be impulse purchases) in addition to inspiration and orientation. Commerce and social media have become so interwoven that companies now have a wide range of new ways to initiate the shopping process.

5. Voice as an extra storefront element

As speech recognition is steadily improving, it is not surprising that the market for voice-user interfaces, such as Apple's Siri, Amazon's Alexa and Google Assistant, is on the rise. The latter already helps users find gifts on bol.com and ask Albert Heijn for help cooking certain dishes or finding certain products. Since voice is primarily used on mobile devices at this time⁶, retailers are investing more and more in voice technology as a way to support the customer journey.

6. Unconscious mobile usage gives marketers a free ticket to success

Conscious mobile usage (or at least, the usage consumers are willing to admit to) is much lower than actual mobile usage. This means that the *window of opportunity* for retailers and marketers to come into contact and build a relationship with customers is a lot bigger than consumers may think. In order to make optimal use of this fact, it is important that companies start taking a mobile-first or even mobile-only approach to designing new customer journeys and developing new concepts and business models.

7. Mobile to replace physical wallets

Consumers are increasingly using mobile devices for transactions, rather than just for research purposes (*'research online, purchase offline'*, or ROPO). An important reason for this is that using mobile to carry out the transaction is highly convenient, even in brick and mortar stores. Consumers can now pay for purchases with a single click (PayPal) and various other payment methods have also become increasingly easy to use on mobile devices. In fact, you can already use the ING app to pay for your purchase in-store, simply by touching your device to the payment terminal. Mobile also offers an improved experience during this step of the journey.

5. Tips & Tricks

We will conclude this bluepaper with a number of tips and tricks that we would like to share with every retailer, regardless of their size and the industry they operate in. These tips can help retailers to improve the mobile customer journey and can thus give a boost to brand engagement.

Tip 0 – Your customer is mobile

We hope that this tip speaks for itself. Make sure to remember that your customers are mobile and that this means they have certain expectations of every retailer they encounter. Pay attention to your *mobile presence* as a retailer. Make sure that you and your employees regularly experience your customer journey on mobile. This will enable you to see for yourself whether it matches up with what you want to offer your customers, and whether it meets the expectations of today's customers (who have experienced best practices in the field of *mobile-first/only* applications from players such as Uber, KLM, Picnic, Instagram, ING and bol.com).

Tip 1 – Start small

Regardless of whether you are just starting out with mobile applications or have been at it for sometime already, it is best to start small. Try to get customer feedback at an early stage about things like whether your application has added value. Try accepting orders via WhatsApp or providing customer service through Messenger. Start simple: advertise this new feature on an in-store poster

⁶ BOSE, 2018

with a QR code, for instance. That requires little investment, but it immediately creates a mobile presence.

Tip 2 – Mobile for marketing content

Consumers primarily use mobile devices. With that in mind, take a mobile-first or mobile-only approach to developing marketing materials. Do not try to downscale content originally developed for desktop use to fit on mobile devices, as this will greatly detract from the experience. Try designing content based on the dimensions of a mobile screen so that you can test the look and feel straight away.

Tip 3 – Surprise your customers

Mobile gives companies the opportunity to reach customers whenever, wherever. This means you can also surprise them, which consumers tend to appreciate. Give customers a fun mobile experience and show them that you know who they are. If you see that a customer has not used your service for some time, for instance, you can surprise them with a 'we miss you' voucher.

Tip 4 – Mobile-only approach

As we mentioned earlier, many new and successful value propositions are mobile-only, such as Uber and Picnic. Try sketching out a mobile-only version of your customer journey, and use the insights gained from this exercise – incrementally incorporate them into your proposition/customer journey.

Tip 5 – Create value and relevant micro-interactions

Mobile solutions must provide added value for customers. Not all interactions need to be aimed at conversion: they can also be used to build or maintain a relationship. In a time of declining loyalty, micro-interactions can help you bind your customers to your brand and inspire them to return more often. Relevance, however, is essential in order to avoid being considered intrusive. A good example could be a camping-gear retailer sharing some tips and tricks from a survival expert while the customer is on a camping trip.

Tip 6 – Use existing platforms and infrastructure

Existing platforms and infrastructure present a fantastic opportunity to offer a valuable mobile presence. A little effort can go a long way here. This applies to both large companies – KLM makes excellent use of the WhatsApp and Messenger infrastructure for its customer service – and small companies. Smaller restaurants, for example, can easily establish a mobile presence through platforms such as Thuisbezorgd, Deliveroo and Uber Eats.

Tip 7 – Create frictionless transitions between subsequent phases in the customer journey

Mobile is part of all phases of the customer journey and enables retailers to reduce, or even entirely remove, friction between the various phases. A great, yet simple example is how ING iDEAL payments made on a desktop can easily be approved/finalized on a mobile device. Another example is the support that KLM customers receive when arriving at Schiphol and boarding the plane. In this case, mobile devices connect the additional service provided by Amsterdam Airport Schiphol with the service provided by KLM.

Tip 8 – Make it personal; collect the right data

Mobile devices are personal, which means that customers expect a personalized experience. Make sure that you collect the right information about customers so that you can offer a relevant, personalized experience. Zalando does this by asking consumers who they are shopping for during the first interaction, immediately adjusting the experience accordingly and storing these preferences. Stored preferences and previous actions are then used to generate push messages to inspire the customer.

Tip 9 – Combine data with its context and unlock valuable information

Use and combine the data you collect about your customers in order to provide context-specific, relevant information and services on mobile. Nespresso is a great example: when consumers use the app to order coffee capsules, information about previous purchases and preferences is used to make it easier for customers to place repeat orders, as well as introduce them to new products and flavors.

The most important tip? Follow your customers and embrace mobile. Don't think about it, just do it!

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