



The importance of MOBILE APPS in retail businesses.

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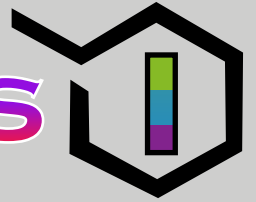
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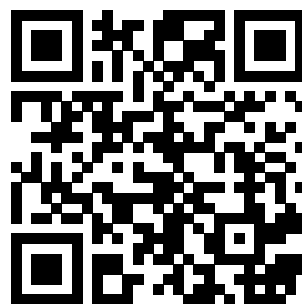
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THE IMPORTANCE OF MOBILE APPS IN RETAIL BUSINESSES.

For many years, physical sales and digital networks were managed separately by companies when it came to maintaining a database, customer relationships, loyalty programs and KPI's. Alibaba has made this differentiated management obsolete, becoming the first company to bring the two together and in doing so create a new trend which has been dubbed 'New Retail'.

Alibaba has observed consumers' desire for the continued integration of technology and their need for omnichannel experiences, as well as the frequent use of mobile phones by consumers in their shopping behaviors and consumer-decision journeys, leading them to new strategic and business innovations¹.

The first thing companies should do is to adapt to this omnichannel world is transform to digital-thinking companies. In an article entitled 'Digital Transformation in Retail: Why It Is So Important Now?', consultant Roland Glidden explains that:

"Digital transformation is about using innovative tools and technology for engaging those customers in the places they like to shop (both digitally and physically), and connecting in new and exciting ways, because a customer's purchase is not simply a transaction, it is the customer's emotional investment in that product"².



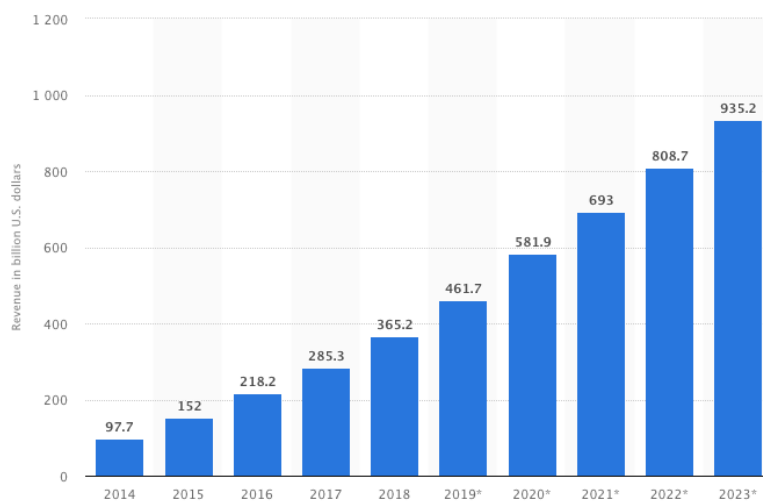
IN 2023, MOBILE APPS
ARE PROJECTED TO
GENERATE MORE THAN
USD 935 billion
IN REVENUES VIA PAID
DOWNLOADS AND
IN-APP ADVERTISING.

RISE OF MOBILE USAGE

Consumer Researchers have confirmed that smartphones have become the go-to technology for online shopping. According to their studies, 24% of global consumers use mobile phones at least once a week for online shopping. Another 23% use a Personal Computer (PC) for the same reason, while 16% use a tablet. The more consumers become accustomed to such technology and its benefits, the more this percentage of mobile use will continue to increase and the distance between mobile and desktop use will also extend further as consumers gravitate towards mobile technology. Many younger shoppers also tend to rely upon online sources for news and other information with 39% of participants from this segment saying that they go directly to social media for information and 34% of them paying for purchases using mobile payment in-store, increasing from 24% a year earlier³.

BOOST REVENUE & SALES

According to Statista (Figure 1), global mobile app revenues amounted to over USD 365 billion in 2018. In 2023, mobile apps are projected to generate more than USD 935 billion in revenues via paid downloads and in-app advertising⁴. Consumers are looking to purchase products through an app, rather than a website reached on their computer or mobile web browser⁵.



© Statista 2019

Fig 1 Projected mobile app store revenues from 2015 to 2020.
Clement, J. (2019). Mobile app revenues 2014-2023.

Customers use their smartphones instore not only to make purchases, but also to check reviews, compare prices, find further product information, locate stores and ultimately make a final purchasing decision (Figure 2)⁶. The Clutch survey also highlights seven main reasons why consumers use apps to shop (instore and from home):

- Receive deals and offers (68%)
- Flexibility to buy at any time (64%)
- Compare products and prices (62%)
- Save time at the store (54%)
- Access a larger inventory base (53%)
- Avoid going to the store (47%)
- Save time by getting kerbside pickup (27%)⁷

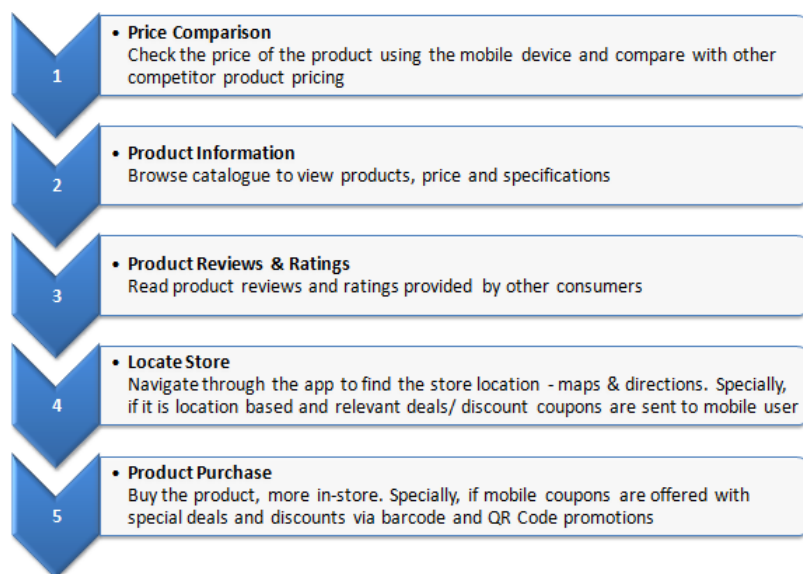


Fig 2 Reasons Consumers use apps to shop. Rapid Value. (2012).
Top 5 Reasons Consumers Use Retailer's Mobile Apps.

IMPROVE ENGAGEMENT:

Consumers appreciate the convenience of online transactions and services offered by the company they interact with at all touchpoints, such as improved access to goods and services and any contact information that may be required. A mobile app can easily facilitate the above needs, as it provides instant product information and easy access to the company's customer service systems (one-click-away)⁵.

PUSH NOTIFICATIONS WITH PERSONALIZED OFFERS AND COUPONS:

Customers receive important information about products, as well as personalized offers and coupons, on their mobile device. This is invaluable as it makes promotions visible and targets consumers who are then likely to complete a purchase⁸.

SHOWCASE PRODUCTS:

By using a mobile app, consumers access the company's products more easily and make a purchase whenever is convenient for them. A mobile app simplifies the shopping experience and enhances the customer's purchase-making decision⁵. Product reviews and other useful information could be made easily accessible through the scanning of a QR Code with the use of the app.

SOCIAL MEDIA SHARING: Customers can, for example, share images of products with their friends and receive advice about purchasing items through the use of corporate mobile apps and other digitally-integrated applications such as smart mirrors. Another example would be the ability to embed IoT technology into properly-configured video content and productions so viewers would be able to purchase the objects they see on their screens while watching T.V, online videos and so on.

INSTORE LOCATION/ NAVIGATION: Customers use their phones for easier and faster in-store navigation. In addition, mobile technology enables them to find out which stores have the products they are looking for, and locate the nearest store to them. Apart from the exceptional customer shopping experience a mobile app can provide to customers, it is also very important for a company to integrate it into its marketing and communication strategy as it increases the visibility of the brand and its products and services, thereby receiving useful data about consumers' shopping behavior and setting the company ahead of the competition.

INCREASE VISIBILITY:

According to a 2017 report, American consumers spend 5 hours a day on their mobile devices. On a practical level, this means that consumers are more likely than ever to access a business through their mobile device⁵.

GAIN CUSTOMER INSIGHTS:

One of the most important aspects of implementing mobile apps for any organisation is the huge amount of data that they can collect at every step of the digital customer journey. Previously purchased items, preferred products and other variables, as well as real time data gathered with sensors, cameras and other media, provide useful information about consumer behavior. Utilizing such information can provide valuable strategic insights, leading to smarter investments and increased ROI⁵. When real-time, cloud-based data processing and application activity of users and employees is combined, businesses are able to retrieve information that can be used to create personalized actions for each individual customer. These could take the form of a promotion, coupon or even tailored in-store customer service from existing store staff. For example, the Facebook news feed is uniquely tailored to every individual user.

STAY AHEAD OF THE COMPETITION:

Finally, utilizing mobile applications can put companies ahead of the competition. According to recent surveys, the share of In-App Advertising Spending in retail is higher than any other industry, accounting for 49% of this sector. Retailers have already realized the benefits of creating and promoting instore application and continue to invest in them. When competition evolves along technological lines, the companies that fail to innovate and keep up with progress will suffer loss of business⁷.

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