



Mobile Commerce Playbook for Grocers

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INTRODUCTION

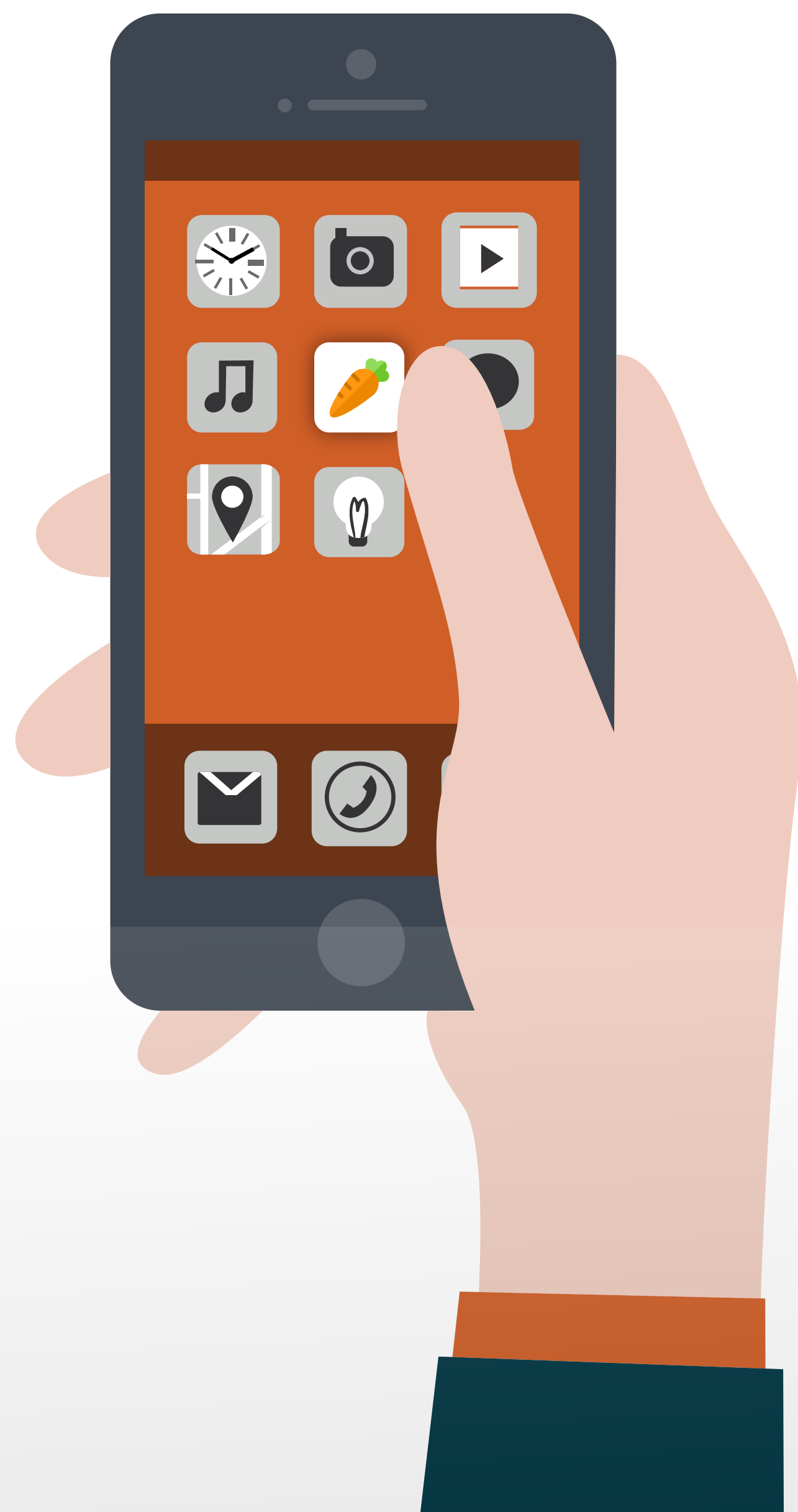
Why Grocery Retailers Must Embrace Mobile Technology — Fast

Traditional grocery retailers are feeling unrelenting pressure from all sides.

Margins are eroding, pure-play online retailers are stealing market share and big-box companies are stepping up their food game. This means that, in this competitive environment, it's getting increasingly challenging for grocers to win, serve and retain customers.

To stay ahead and engage today's shoppers, retailers need to put mobile at the heart of the customer experience. Why? Because retailers simply need to be where their customers are. A BI Intelligence report states that by 2020, mobile commerce will make up 45 percent of total e-commerce, equaling \$284 billion in sales.

However, the basis for a mobile strategy goes beyond smartphone ubiquity. Mobile devices are truly transforming how people engage in their daily lives. For modern consumers, mobile devices form a central part of everyday life—especially for online search, e-mail, messaging and staying connected socially.



Paired with the fact that Apple Pay, Walmart Pay and Starbucks' in-app payments are gaining traction amongst early adopters and expanding their reach, customer behavior is also changing. 2017 will be a year when a larger portion of the general public becomes comfortable purchasing and paying with their mobile phones.



This year, the increase in mobile commerce will be driven by a few things. Millennials use their phones as their primary device, and as they make more, they'll spend more. And on the retailers' end, they are going to create more opportunities for people to buy.



— Jaime Toplin, *Research Associate, BI Intelligence*



PART ONE

Understanding the Mobile “Mind-Shift”

Customers now expect to be able to access any information or service whenever they want, however they want, wherever they are.

In what has been referred to by Forrester as the “Mobile Mind-Shift”, serving customers now means serving them in so-called “mobile moments”. And, if retailers are absent in those moments, customers will turn to someone else who is providing a better mobile service. But what exactly is a “mobile moment”?

Mobile Moments Defined

A mobile user’s entire journey can happen in a matter of moments—sometimes in less than a minute. Oftentimes, users may read an article on their commute to work about a vacation. Then, they might search for the company in question, and email them to request more information to potentially plan a trip.

These types of mobile moments often happen spur of the moment, and in a matter of seconds go from a simple enquiry to a potential sale. In fact, according to research by Google, 90% of smartphone users use their phone to make progress towards a long-term goal or a multi-step process while on the move.

This indicates that mobile has accelerated the customer journey and, at the same time, broken it into several fleeting interactions. For this reason, businesses must be prepared to capture, respond and innovate in real time to ensure that touchpoints are optimized from beginning to end.



Enhancing Mobile Moments *for Your Customers*

- Real-time response is key
- Design user experience for shorter “moments”
- Consider moments outside of mobile with geo-specific omni-channel marketing
- Create well-timed engagements, like push notifications

In the age of “anytime, anywhere” information, mobile is becoming an integral part of the shopping journey from start to finish. Consumers see mobile devices as trusty shopping companions, and they use them to research products, comparison shop, find coupons and make purchases.



But Will Mobile Work for Grocery?

So just how popular are these mobile activities in the grocery world? A study by NinthDecimal, a mobile audience intelligence platform, found that a massive 86% of mobile consumers use their device to prepare for grocery shopping: 69% use them to find and save coupons, 59% create shopping lists and 35% browse recipes.

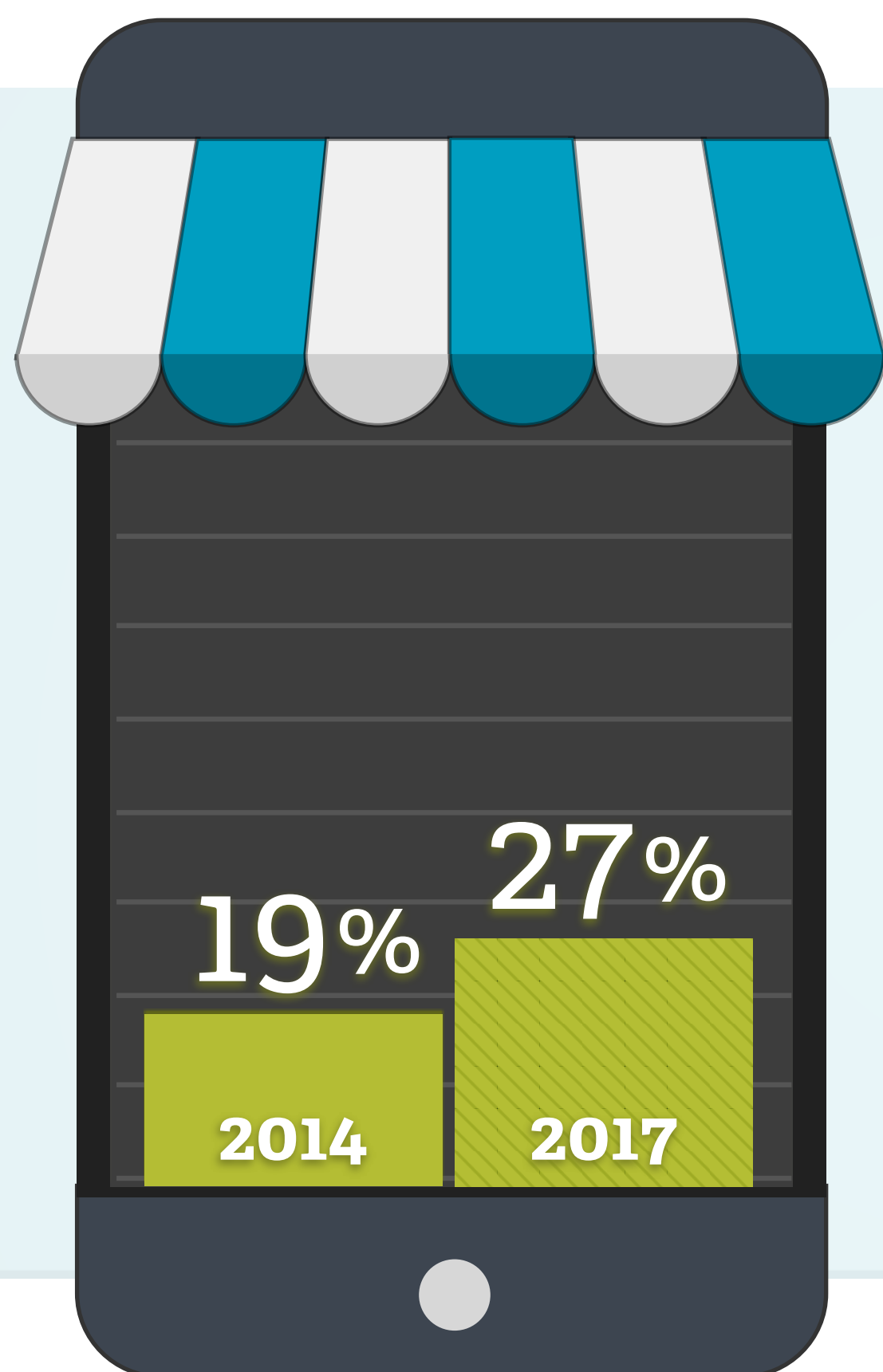
Mobile interactions also extend to the store: 59% of consumers use their mobile device while grocery shopping: 42% review shopping lists; 37% search for discounts and promos and 27% get competitor pricing.

According to research by Invesp, a conversion optimization platform, it is estimated that by the end of 2017, over two billion mobile phone or tablet users will make some form of mobile commerce transaction. What's more,

95% of mobile internet users look up local information on their phones for the purpose of calling or visiting a business. Presently, mobile devices account for 19% of all US retail e-commerce sales, but this figure is estimated to reach 27% by the end of 2018, which represents one out of every four US retail e-commerce dollars.

With mobile now influencing every step of the customer journey, it's no longer a question of *if* grocery retailers should get on board with mobile, but *when*. Given the rapid changes in the industry, grocery retailers need to act quickly. The next few years will see even more consumers conducting their whole shopping journey via their mobile phones, from researching products to paying for them.

Adapting to the new mobile world does have its challenges, but it offers tremendous rewards for grocery retailers. Mobile technologies can be used to create compelling shopping experiences, drive basket size and deepen customer loyalty. So, are you ready to win the mobile shopper?



% of US Retail E-Commerce Sales Made With Mobile Devices

Mobile devices account for **19%** of all US retail e-commerce sales. This figure is estimated to reach **27%** by the end of 2018.



PART TWO

The Grocer's Guide to Creating a Mobile Marketing Strategy

If you're on the fence about mobile's relevancy in the grocery industry, or are still taking a wait-and-see approach, consider these two points:

1 **Your competitors** are investing in mobile

A report by Retail Systems Research, an American marketing intelligence company, found that food merchants saw the biggest mobile opportunities in driving sales with personalized offers (50%) and building loyalty (47%). When asked about the most important mobile capabilities for customer, coupons (42%) and shopping lists (26%) ranked highly.

2 **Your customers** are already using mobile in the grocery space

Four in five “mobile moms” in the U.S. use their smartphones as a grocery shopping resource, according to analytics company Placed, using their smartphones for making lists, and finding coupons. While the majority of smartphone use happens before entering the store, many shoppers compare prices, look up recipes and research products while in the store. Grocers will want to ensure that they're providing their own rich content and targeted offers, since they miss out on key consumer data when shoppers use third-party apps.

Have a Mobile Strategy, Not Just a Mobile Presence

As consumer expectations around mobile continue to increase exponentially, a mobile strategy for grocery retailers is no longer an option—it’s a requirement. But don’t make the mistake of just fitting your desktop offerings on the small screen. A mobile strategy begins by thinking about how mobile can transform and enhance the entire customer journey.

Unfortunately, many companies begin creating mobile services simply by squeezing PC-based services onto the smaller screen to offer essentially the same services.

“Too many eBusiness professionals begin a mobile strategy with the goal of simply having a mobile presence,” writes Forrester analyst Julie Ask in a report entitled *Mobile Mandate for eBusiness Professionals*. “While this approach offers a pragmatic starting point, it won’t drive enough long-term value to the organization or offer the most convenient experiences.”

So how do grocery retailers take the right approach to going mobile? Here are five steps to get you started on your mobile roadmap:



5 steps to start your mobile roadmap

✓ Establish Key Objectives

As with any business strategy, the first step is to think about your goals. What business challenges will a mobile solution address? Do you want to attract new customers and drive revenue? Or is the goal to increase loyalty? Define the role that mobile will play in your organization and how it fits into your overall strategy.

✓ Understand Your Customers

What customers want should be at the heart of your mobile strategy. How will they benefit from your mobile offering? Identify the needs of different customer segments, map their mobile shopping journey, and explore how you can serve them at each touch point.

✓ Use Metrics that Matter

A critical part of a mobile strategy is knowing how to measure it. According to a Forrester study, less than half of companies surveyed have defined mobile objectives or identified key performance indicators (KPIs) to measure their progress against those objectives. When they do have them, they focus on digital engagement (app downloads, user logins, active users), not business outcomes. It's important to look beyond engagement

and align your KPIs and metrics with real business goals. For example, measuring customer satisfaction can help determine if your mobile efforts are improving the overall customer experience.



Get Internal Buy-In

Internal challenges, such as conflicting priorities, often stand in the way of implementing mobile solutions. It's important to align key stakeholders to get a mobile strategy off the ground and make it a success. Help decision-makers understand the impact mobile can have on the business and why it's important to make an investment. Only 35% of companies surveyed by Forrester believe they have the budget they need to support mobile initiatives. Advocate to make mobile a top priority.



Explore Solutions

There are numerous mobile offerings that cater to today's digitally savvy shoppers, from apps to m-commerce to payments. Look at case studies and examples from retailers—both in the grocery industry and outside the sector. Brainstorm with your team and identify the pros and cons of the various offerings, then explore how they might work within your organization. Partner with an outside expert to help determine the best solutions.

By following these steps, you'll be well on your way to mobile success.



PART THREE

What Mobile Solutions Will Work Best for Your Organization?

Customer engagement—developing a relationship with customers through ongoing interactions—is quickly becoming the holy grail for grocery retailers.

In this ever-competitive industry, effective engagement activities can provide differentiation, build loyalty and ultimately increase sales. Given today's on-the-go, “always on” shoppers, there's no better way to drive customer engagement than with mobile.

Mobile apps in particular are becoming a powerful form of engagement. Grocery shoppers are increasingly using their smartphones all along the path to purchase, and an app gives retailers the opportunity to engage with customers throughout this journey. A robust app can offer customers the ability to create and share shopping lists, download flyers and coupons, receive tailored offers, collect and redeem loyalty points, and pay for purchases at the checkout.

Grocery Retailer Apps vs. Grocery-Related Apps

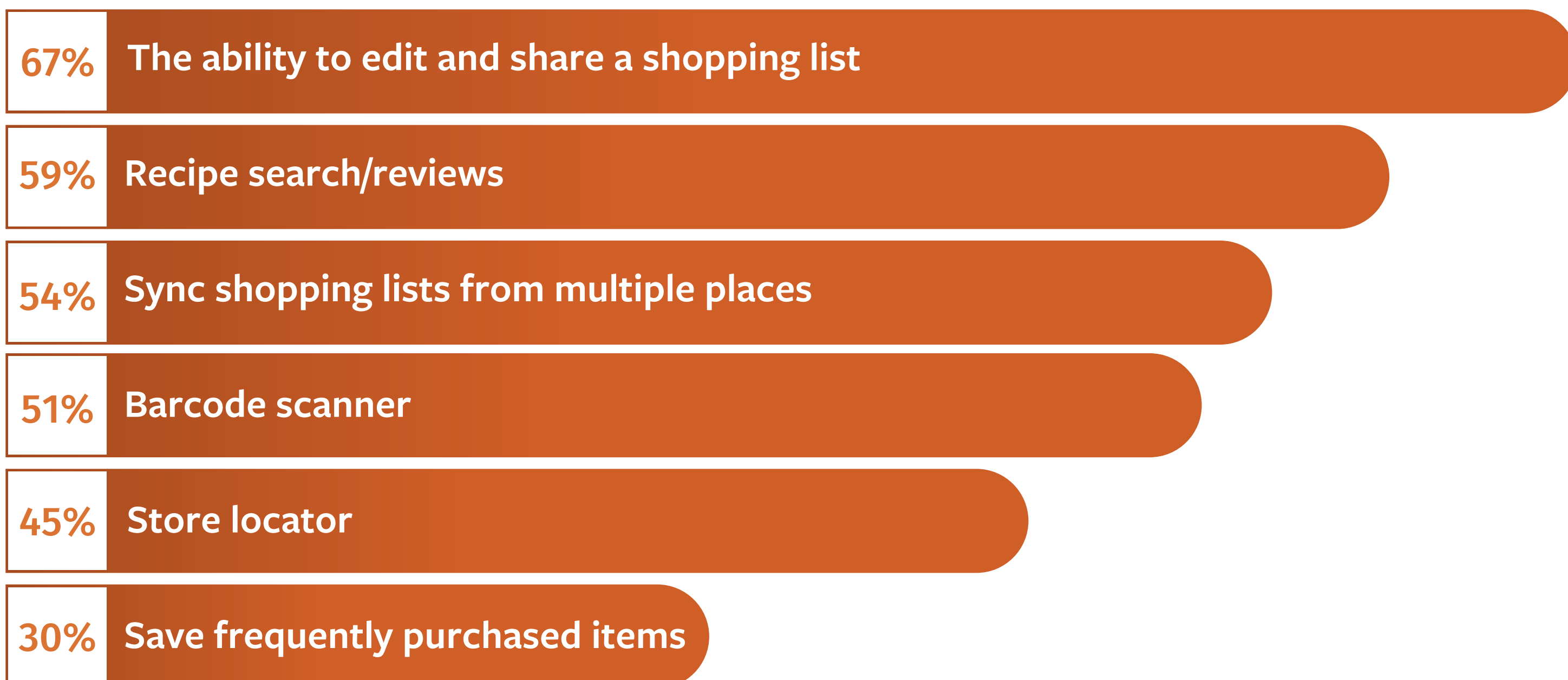
The app market is crowded, and there's no shortage of grocery-related apps available for download, including third-party coupon apps and branded apps from consumer packaged goods companies. But the good news for grocers is that customers actually prefer using mobile apps from grocery retailers to those from CPG brands.

According to NinthDecimal's 2015 *Mobile Audience Insights Report*, the most popular type of grocery app by usage is grocery retailer app (57%), followed by CPG brand app (30%), digital coupons app (26%), food/recipe app (22%) and fitness/nutrition app (12%).

One reason could be that a grocery retailer app covers everything from the pre-shopping phase to the in-store experience, while a coupon app or branded product app is more limited in focus. Grocery retailers have the competitive advantage here, and should capitalize on their ability to offer customers the complete package.

Delivering What Customers Want

Shoppers clearly have an appetite for grocery apps, but what specific features are they looking for? The NinthDecimal survey found the following to be the most valued features in a grocery app:



In a joint research report by Food Marketing Institute (FMI) and Saint Joseph University, participants cited the following as the most important grocery app functions:

Most Important Grocery App Functions

- ✓ Provide exclusive discounts to app users
- ✓ Locate products in stores
- ✓ Customize product recommendations
- ✓ Offer coupons and sales
- ✓ Price comparison
- ✓ Track loyalty points and incentive programs
- ✓ Create a shopping list

Valuable App Features

to Consider Including

Shopping Lists

Shopping lists include multiple list options and complementary product recommendations.

Digital Flyers

Digital flyers display targeted recommendations, store-specific pricing and easily transition products to the customer's digital shopping list.

Recipes

The recipe tool includes household share lists, recipe categories, complete ingredients lists, instructions, and nutritional values.

Coupons

The coupon tool creates customer-specific coupons, highlights savings and is easily linked to the customer's loyalty account.

Meal Planners

Weekly meal planners allow shoppers to create personalized meal plans, which ultimately increase your share of wallet.

So what do users consider when downloading an app? According to the report, they first read reviews to make sure the app is glitch-free, user-friendly and agile. They also want an app that doesn't consume excessive memory space, require frequent updating, and isn't cumbersome to operate. App users are quick to delete or abandon apps that don't offer immediate benefits.

For grocery retailers, providing both convenience and savings is key—every customer wants to save time and money while grocery shopping. It's important to provide a shopping solution that adds value every step of the way and drives customer engagement throughout the path to purchase. These tools make the shopping experience easier for customers, while providing the personalization and money savings that is so important to keeping them engaged.



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