



Grid Dynamics

Take Full Advantage of Your Mobile Sales Channel

Mobile devices offer an opportunity to increase conversion rates both online and in-store. Integrating mobile with other retail touch points is critical for creating a consistent, expansive, and frictionless shopping experience. An omnichannel mobile approach enables consumers to research and shop wherever and whenever they choose while allowing retailers to optimize the path-to-purchase for increased conversion. Innovation, agility, and the ability to introduce new features and functionality across all sales channels are critical factors for sustained growth so introducing Continuous Integration and Continuous Delivery (CICD) best practices are at the foundation of successful mobile platform, reducing time to market and increasing development efficiency.

State of the Mobile Retail Channel

Building an effective mobile sales channel is critical to a retailer's market success. According to a report by RSR¹, 56% of retailers recognize that consumers are using mobile devices as part of their shopping experience. Nearly a third see understanding and accommodating how different customer segments engage with retailers as a top business challenge. Customers cannot be told how to use their mobile devices when shopping. Rather, retailers must adapt to how their customers want to shop.

The stakes are high: According to Deloitte², mobile devices used before or during an in-store trip converted or helped convert nearly \$600 billion in US in-store retail sales in 2013. In terms of shopper behavior, a 2014 survey from CFI Group showed that 41% of Internet users polled said they actively use mobile apps while shopping. A Gallup poll from March 2014 showed that mobile usage before or while shopping in a store accounted for one-fifth of US in-store retail sales.³ The mobile experience has become as important as the in-store and Internet shopping experiences.

Building an Effective Mobile Strategy

Mobile represents a new and important way for customers to shop with a retailer, however, many retailers make the mistake of thinking of mobile as an isolated channel or assume mobile devices only encourage online purchases. Tier 1 retailers cannot afford to underestimate their customers' expectations. Today's consumers are more technically savvy than

- 1 Kilcourse, Brian and Rowen, Steve. "Mobile in Retail: Reality Sets In, Benchmark Report 2014." Retail Systems Research. February 2014
- 2 "What Are Consumers Doing with Mobile In-Store?" eMarketer Blog. August 5, 2014. <http://retail.emarketer.com/consumers-mobile-store>
- 3 "Mobile Devices Boosting, Not Hurting, In-Store Shopping." eMarketer Blog. May 14, 2014. <http://www.emarketer.com/Article.aspx?R=1010838>



they have ever been. They understand how to use their mobile devices to find what they want.

Customers want a consistent and reliable experience, no matter how they shop. This means finding the same price in-store, online, and on their handset or tablet. They want to be able to use an email coupon regardless of the channel they are using when they complete a purchase. They want the shopping cart on their PC to show up on their phone when they go to the store to make an in-person purchase.

Seamless interaction between channels is becoming the standard expectation of consumers. Mobile is just one channel, just one part of a retailer's business. Creating a standalone mobile app isn't going to significantly change how customers shop. In fact, a disconnect between the mobile experience and a company's other channels could hurt sales. Retailers who treat mobile as an isolated channel will likely fail to leverage it as a crucial element of their brand experience. They will also fall short in the overall shopping experience they can offer their customers.

Mobile needs to be cohesively integrated with a retailer's existing channels. This is not a trivial undertaking since most channels have been built in isolation. Integration also takes experience and the ability to implement mobile technology with a deep understanding of the retail market in general. In fact, 41% of retailers consider the difficulty of coordinating mobility with other channels to be a major challenge.⁴

Is it worth making the investment to implement a mobile channel that is fully integrated with a retailer's in-store and eCommerce platforms? The answer is that those retailers who decide not to will still have to compete with their competitors who have.

Creating New Opportunities

Integrating all of a retailer's sales channels together is known as taking an "omnichannel" approach. This enables retailers to define, develop, and execute upon a consistent, long-term strategy that encompasses their entire business. When retailers can focus on mobility as part of a larger omnichannel strategy, they can bring

⁴ Kilcourse, Brian and Rowen, Steve. "Mobile in Retail: Reality Sets In, Benchmark Report 2014." Retail Systems Research. February 2014

together the best of online and in-store experiences for their customers.

For example, with an omnichannel approach, customers can bring together the elements of different channels to create a unique shopping experience that is optimal for them. They can try on a jacket virtually or in-store, then read reviews either on their mobile device or an in-store screen. This type of experience isn't possible to achieve with just a single channel.

Taking an omnichannel approach can provide great benefit to retailers. Consider the increasing number of customers who use physical stores as product showrooms. They then go home to get more information online, compare alternative products, and make a purchase, possibly from a competitor. By supporting a mobile channel, retailers can provide customers access to all the information they need in-store. Customers now have what they need to complete the purchase, with the compelling incentive that the product can be taken home right now.

A well-integrated mobile experience also gives retailers the opportunity to complete sales even when a customer is in a competitor's store. Consider a customer who is unwilling to walk across the mall to see if another store has a better price. With the right mobile access, customers could scan in a product's bar code, bringing up pricing and availability at this other store. Customers also could also press "Buy" and the item will be ready for them by the time they reach the store.

Beyond Catalog and Shopping Cart

At a high level, a mobile eCommerce app serves as an interface between the customer and retailer. This interaction can be very simple, such as providing a catalog and shopping cart. At its very best, the mobile experience can be much, much more.

When mobile is an integral part of an omnichannel experience, retailers can reach customers directly through their mobile devices. This enables retailers to simplify the shopping experience and make it even easier for customers to complete a purchase. For example, retailers can provide a history of a customer's transitions, both items sold and those the customer only



looked at. This assists customers in easily purchasing items they want again or to find items they have been considering about purchasing.

The mobile channel can also serve as an advisor through offers and promotions that are personalized and therefore highly relevant to the customer. Search results can be tailored to take into account the customer's geolocation, purchase history, and shopping habits. Retailers can also ensure greater convenience and satisfaction through experiences such as one-click access to information typically available only online like videos, ratings, and reviews, and also in-store navigation.

Because of its display size, tablets can offer an experience that is quite different than that of a handset. For example, a product image on a tablet is large enough to support hot spots where a user can touch a product to learn more about a specific feature. Different options, such as color or pattern, can also be displayed alongside the product so all of the information about a product is available at one time. Tablets also offer a more engaging video experience, if a retailer is prepared to take invest and advantage of it.

Mobile also has the potential to enhance and eventually replace legacy point-of-sale, as Apple has shown. With mobile self-checkout, customers can scan the bar codes on items in their cart, use their digital wallet to pay, and quickly verify the purchase with a sales person. In addition to reducing wait time and operating expenses, mobile can free up in-store personnel to focus on interacting with customers to generate sales.

These are just a few of the advanced capabilities and benefits an omnichannel mobile experience can bring to retailers.

Increasing Conversion Rates

With a well-designed omnichannel experience, mobile devices can increase your conversion rate by:

- Delivering targeted offers based on products a customer is currently viewing to encourage that customer to complete a transaction
- Personalizing offers based on a customer's prior shopping history

- Displaying a wider variety and assortment of product based on a store's entire inventory
- Alerting customers to sizes, styles, and color options that are available but just not on the shelf
- Offering access to inventory available at another store to prompt an immediate sale
- Suggesting alternative products the customer might be interested in but may not have considered

Levering mobile with an omnichannel approach also accelerates the sales process. It is a well-known truth in retail that the longer a customer takes to make a decision, the more likely the customer will either choose not to buy the product or buy it from one of your competitors. Providing real-time information, when customers have product in-hand, is crucial to increasing conversion rates.

A common mistake retailers make is to run their mobile site on legacy equipment. This can degrade the shopping experience for customers, especially in terms of latency. Latency plays an important role in the success of the mobile channel and can severely impact revenue. According to Amazon, "Every 100 ms in latency costs 1% in sales." Google states that taking an extra half-second to generate a page can drop traffic by 20%.⁵

Building out the Omnichannel Mobile Experience

Grid Dynamics brings extensive retail and mobile experience to our clients. Grid Dynamics treats mobile as part of a retailer's larger strategy to create a seamless omnichannel experience for its customers. Mobile is designed to embrace all of a retailer's existing channels and leverage the information available from each of them.

For example, one of our clients, a Tier 1 retailer, realized the value of implementing mobile as part of a broader omnichannel strategy. They did not have any native mobile apps, and their mobile experience was limited

⁵ Hoff, Todd. "Latency is Everywhere and it Costs You Sales – How to Crush It." High Scalability Blog. August 12, 2014. <http://highscalability.com/latency-everywhere-and-it-costs-you-sales-how-crush-it>.

to customers trying to view the retailer's web site in a mobile device browser. The small text was difficult to read and there were too many elements on the screen for customers to be able to navigate easily.

Grid Dynamics was brought in to develop the retailer's mobile experience from scratch. This included the design and deployment of a native Android application designed to work with mobile handsets and tablets. The goal was to enable a seamless experience between the retailer's desktop, mobile, and in-store channels. For the first generation of the app, Grid Dynamics brought in standard features like catalog browse/navigation/search and a shopping bag, as well as advanced features like personalized promotions, account management, geo-targeting and in-store navigation, gift cards and coupons, barcode scanning, and wallet and credit card management.

Reducing Time to Market

To keep pace the ongoing evolution of mobile technology, retailers need to be able to innovate faster in a reliable manner. For example, mobile gift registries can be integrated with in-store locators to help customers select – and find – a gift. Interactive images can make it easier to select colors for items such as makeup or clothing. The speed with which a retailer can adopt these technologies determines how quickly they can raise conversion rates.

The foundation for introducing mobile innovation quickly and reliably is a robust development pipeline. A robust development pipeline reduces human error by eliminating manual tasks and replacing them with automated processes. Automation can simplify and accelerate tasks in all of the stages development, from code creation and testing, to release and deployment.

Grid Dynamics offers Agile Software Factory to help retailers build a robust development pipeline. Founded upon Continuous integration and Continuous delivery

(CICD) technologies, Agile Software Factory integrates state-of-art tools and modern best practices directly into a retailer's development pipeline. Retailers are able to maximize development resources, reduce development cycles, and enable smaller teams to deliver more features faster.

Summary

Retailers integrating mobile with existing channels using an omnichannel approach can quickly meet their customers' changing behaviors and increase conversion rates. An omnichannel strategy enables customers to shop across channels how they want, providing them the information, tools, and insights they need to do so. The result is an enhanced shopping experience where customers can find what they are looking for quickly and easily.

Mobile is most effective when it is considered as a complement to a retailer's existing channels. When backed by a robust development pipeline like any other enterprise application, retailers can implement innovation with greater agility and greater consistency. They can increase conversion rates and quickly take advantage of new market opportunities as they arise.

Grid Dynamics is a leading provider of open, scalable, next-generation commerce technology solutions for Tier 1 retail. Grid Dynamics has in-depth expertise in commerce technologies and wide involvement in the open source community. Great companies, partnered with Grid Dynamics, gain a sustainable business advantage by implementing and managing solutions in the areas of omnichannel platforms, product search and personalization, and continuous delivery. To learn more about Grid Dynamics, find us at www.griddynamics.com or by following us on Twitter @GridDynamics.



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