Connected world

Blessing in disguise

Mobile has been cast as the villain in retailers' showrooming nightmares – but the latest Mobile Life study suggests it could yet be one solution to their problems

Blessing in disguise

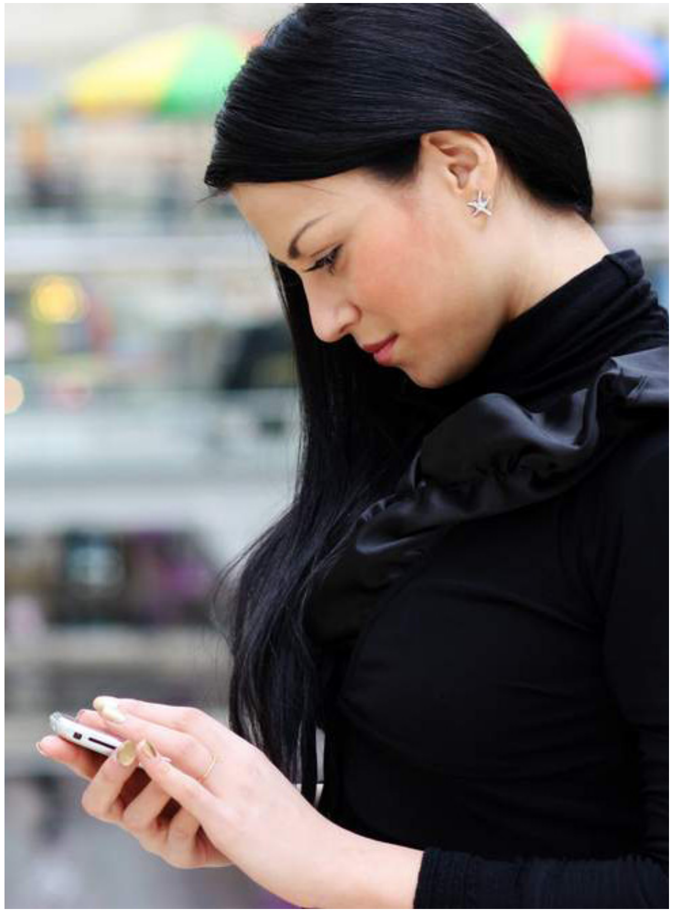
Getting the best possible deal is a fundamental part of shopping. Human beings have bartered, browsed and vowed to "come back later" for as long as there have been a choice of shops to visit. However, the Internet has shifted the balance of power decisively in their favour. And in recent years, it has even started to explode the long-standing principle that people come to shops in order to buy things.

Showrooming, the tactic of visiting a store to examine a product with the intention of buying it elsewhere later, is particularly cruel on retailers. It's not enough that the likes of Amazon and eBay should undercut their prices; now, it seems, consumers are using the retailers' own expensively maintained stores to help them do it. Best Buy, the world's largest consumer electronics retailer, has estimated that 40 percent of visitors to its stores have no intention of buying anything – at least, not from Best Buy.

At times, the response has seemed desperate. A specialist gluten-free grocery store in Brisbane, Australia, made headlines when it started charging customers $5 to visit the store, only reimbursing the money when they actually completed a purchase. Best Buy's own response was more measured – but still represented a fundamental shift in its business model, inviting brands to set up their own boutiques within its stores and sell to customers directly, assuring them that they are getting the best price.

Retailers' nightmare scenario?

Mobile technology tends to be viewed as the final straw in the showrooming saga, making it easier than ever for shoppers to seek out better prices elsewhere and undermining the authority of sales assistants on their own turf. Amazon certainly sees the opportunity, having launched its price check app to scan prices in local stores and compare them to Amazon's best offer, which can of course be ordered with a single click. Just as significantly, perhaps, mobile threatens to carry the showrooming phenomenon to new markets that were previously protected by a lack of mainstream Internet access, presenting global retailers with an ever more pressing need to come to terms with the challenge.



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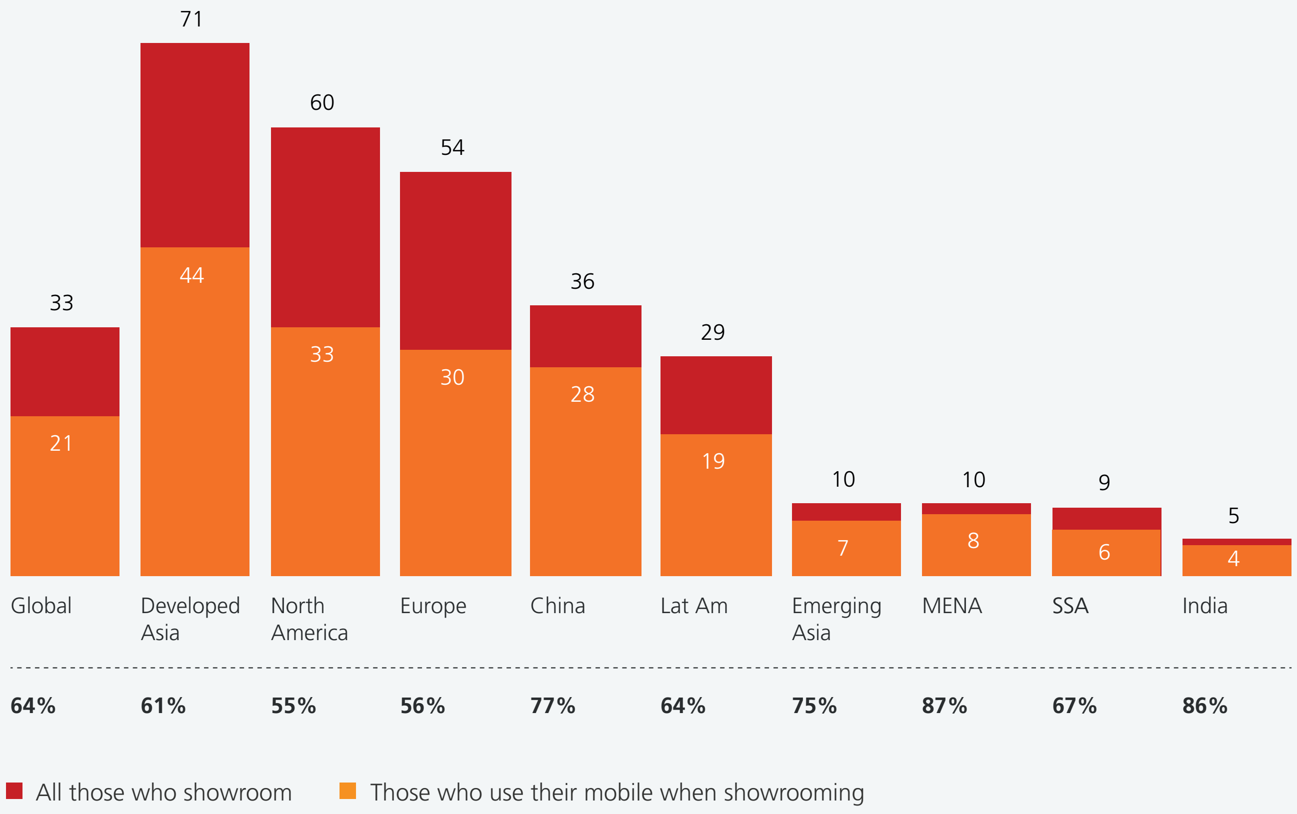
The 2013 edition of TNS's Mobile Life study confirms that over a fifth (21%) of phone owners worldwide have used their handset for showrooming. However, far from leading the showrooming stampede, mobile technology in many respects offers retailers the chance to reassert influence over it. Analysis of the mobile services of most interest to shoppers suggests that encouraging mobile use in-store could prove to be retailers' salvation.

21%

of phone owners worldwide have used their handset for showrooming.

% of mobile usage among showroomers



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The mobile showrooming disconnect
The nature of showrooming varies significantly from market to market and generation to generation. And contrary to many retailers' expectations the influence of mobile on this behaviour is felt least strongly in those markets where showrooming itself is most established – and most feared.

Whilst 33 percent of mobile owners showroom, only just under two-thirds of these have used a mobile when doing so – and this gap between general showrooming habits and mobile showrooming behaviour is widest in developed markets. In Developed Asia, only 61 percent of showroomers have engaged in mobile showrooming; whilst in North America and Europe only around half of showroomers have.

In many ways, mobile's limited share of showrooming in developed markets is a legacy of long-established online PC access, and the shopping habits that this has embedded. In markets where Internet access was a rarity until the arrival of web-enabled handsets, our data shows evidence that mobile is the trigger for showrooming behaviour to emerge: 87 percent in Middle East and North Africa, 86 percent in India, 77 percent in China, 75 percent in Emerging Asia, and 67 percent in Sub-Saharan Africa.

When frequency of different types of showrooming behaviour is taken into account, in-store shopper analysis suggests that mobile's contribution to showrooming may be lower still. Few shoppers pause in their journeys around the aisles to look up prices or reviews using their handsets – findings that suggest that, while many are familiar with the potential for using a mobile to aid showrooming, most do not often choose to do so, particularly in low involvement categories, e.g. when grocery shopping.

33%
of mobile owners showroom

2/3
of these have used a mobile when doing so

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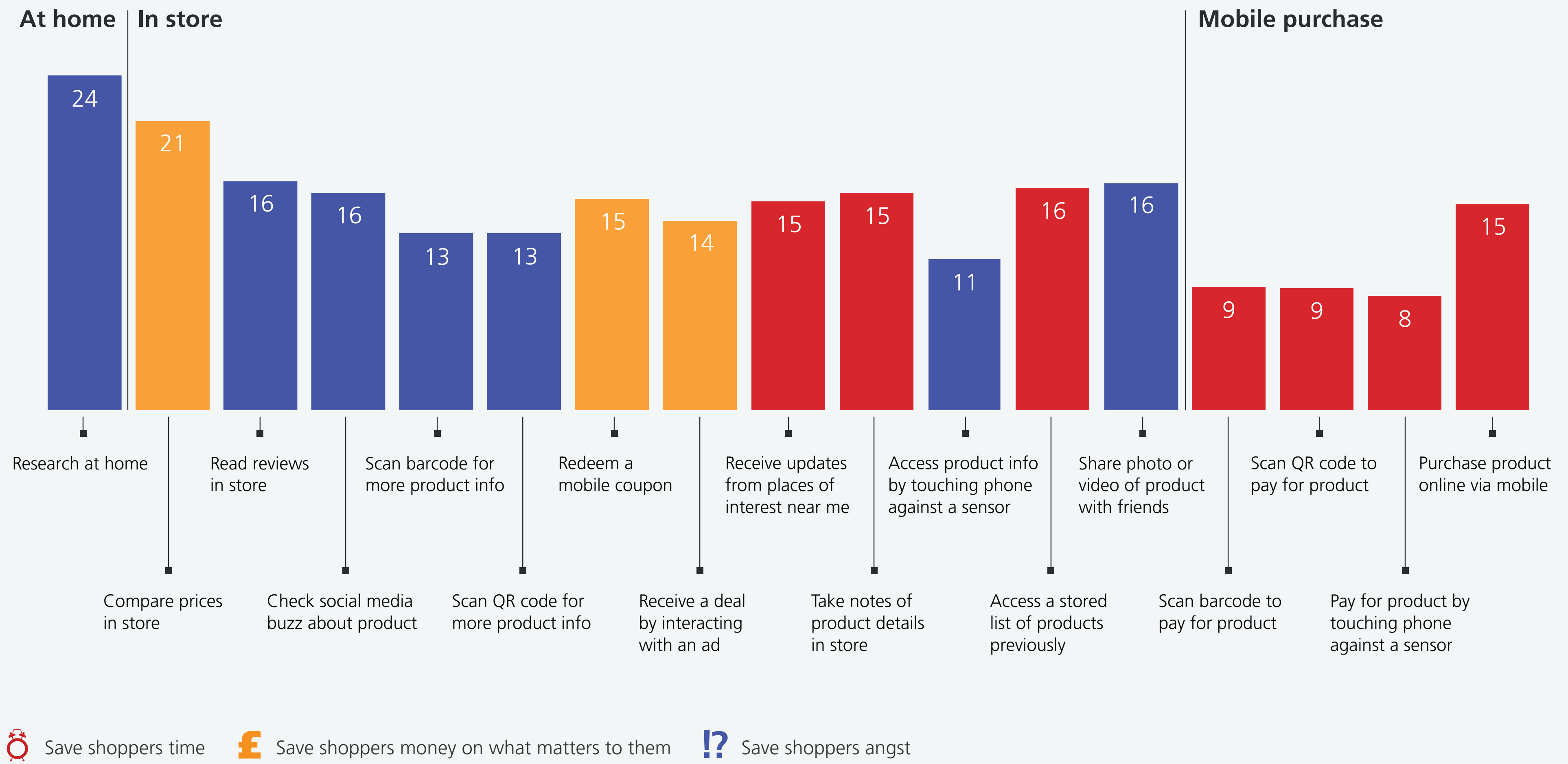
The reason can be found in the trade-off of time, money and angst explored in previous Mobile Life studies. For a showroomer, using a mobile in-store potentially adds to the time and angst involved – as many feel more exposed and awkward standing in front of a product looking up prices than they would if they simply examined the product and left. The Mobile Life figures show a generational divide emerging: younger phone owners are more inclined to use their mobiles as showrooming devices of choice, whereas over-50s seem more comfortable comparing prices and buying products online from a PC, either before or after their trip to a store.

Remove friction:
Save shoppers time

Tailored promotions:
Save shoppers money
on what matters to them

Enhance the experience:
Save shoppers angst

Activities in the mobile path to purchase - Global



Less premeditation means more opportunity
Where shoppers are content to stick to PC-based showrooming, retailers are themselves stuck – since PC-based showrooming is inherently inflexible. A PC showroomer is likely to have decided in advance that their trip to the store is for research purposes only (since they have either already established that a better price is likely to be found elsewhere, or they are committed to comparing prices online at a later point). A mobile showroomer is not so bound, since their research can be conducted on the spot and their decision-making influenced. Where mobiles take control of showrooming they make it more accessible, more spontaneous and less premeditated. Mobile showroomers are open to revising their purchase decisions on the spot – and this can work either against the store in question or in its favour.

Only 8 percent of all showroomers have actually purchased the product they are researching using their phone (one of the nightmare scenarios envisioned by retailers proving far less common than many suppose). And many who set out to showroom may actually complete purchases in the store they are standing in, if this helps to save them time, money and angst. A mobile in the hands of a potential showroomer can represent an enhanced opportunity for a retailer, if that retailer can provide the showroomer with the reassurances they demand – and convince them that it is worth saving time by completing a purchase there and then.

The reassurance that showroomers seek
The information that mobiles provide to showroomers fall into two broad categories: reassurance on price and reassurance on suitability. And in each case, a retailer has the potential to add its voice to the mobile sources of information that a showroomer uses.

For price information, potential showroomers can turn to other retailers directly, or to third-party comparison services; for reassurance on suitability, the mobile forms a channel for seeking the opinions of family and friends. In each case, the contribution of the phone could take the form of accessing information online, soliciting views via social media, using advanced Smartphone shopping apps – or simply making a call.

Showroomers in emerging markets make the broadest use of their mobiles to guide final purchase decisions, often through tasks that do not require an Internet connection but could be completed via a text-based service or phone call. Showroomers in India and Emerging Asian countries are significantly more likely to use a mobile to ask friends and family what they would recommend; those in Sub-Saharan Africa are amongst the most likely to use their phone to take pictures of products for later reference; and those in Sub-Saharan Africa, India and Emerging Asia are among the most likely to check the availability or range of products at another retailer – or ask that other retailer for advice.

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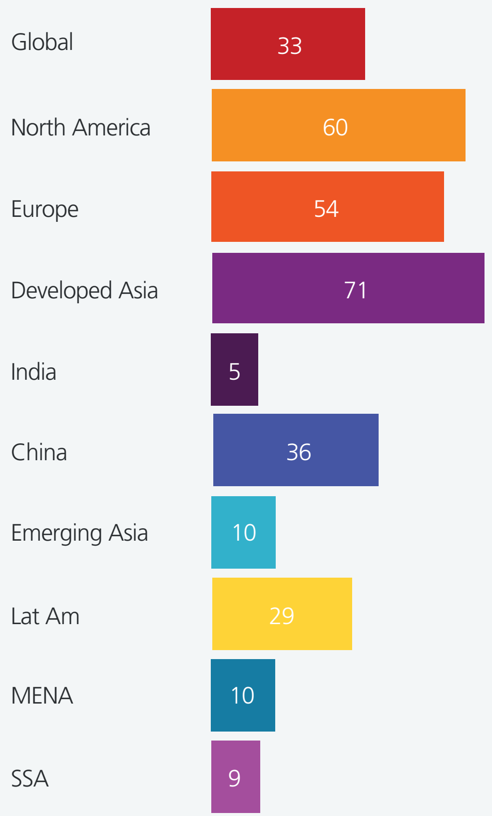
Incidence of showrooming behaviour



In contrast, shoppers in developed markets are generally more likely to check options for buying products online. The exception appears to be Europe, where showroomers use every potential mobile function less than the global average – and appear far more deeply attached to showrooming using a PC.

Use of mobile in showrooming	G	NA	E	DA	I	C	EA	LA	M	S
To compare prices with another retailer	31	32	25	34	49	34	33	23	40	36
To ask my friends or family what they would recommend buying	25	16	24	20	42	30	49	26	43	19
To take a photo of the product or note down product details to help me remember it for later	23	22	22	26	20	21	17	24	45	30
To look up product information or comparisons	15	18	11	20	17	16	6	13	29	20
To check product availability at another retailer	14	18	10	12	26	15	12	15	34	20
To check if it was easier/more convenient to order the product online	14	15	12	18	5	16	8	12	31	10
To check the range of products at another retailer	13	14	11	14	19	13	19	13	42	21
To receive advice or information from another retailer	10	8	7	8	16	13	12	14	34	17
To purchase the product via an app or website while I was still in the store	8	7	4	7	17	11	5	9	20	10

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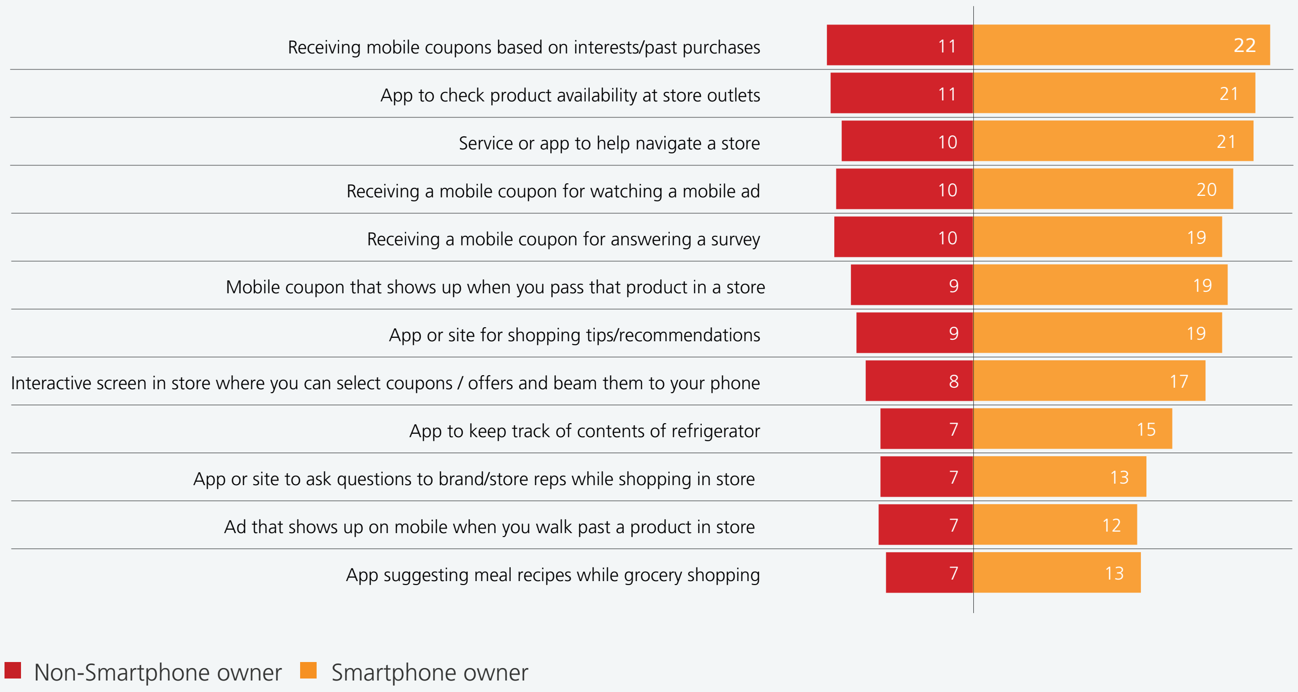
Developing an in-store mobile strategy
Rather than undermining the traditional path to purchase, an enhanced role for mobile in-store promises to interrupt the showrooming journey, making all relevant information available in real-time – and pushing shoppers towards a purchase decision. In this sense, the most effective strategy for retailers lies in working with the way that their target audience uses their phones – and aiming to provide the types of reassurance that they turn to it to provide.

When mobile owners upgrade to Smartphones, their appetite for innovative shopping services doubles – and significantly, the services they are most interested in are those that involve new opportunities for retailers to engage with them, and prompt them towards purchases. This suggests immediate strategies that retailers can adopt to maximise engagement and capture and convert potential showroomers in addition to other mobile researchers.

Opportunities to engage with shoppers



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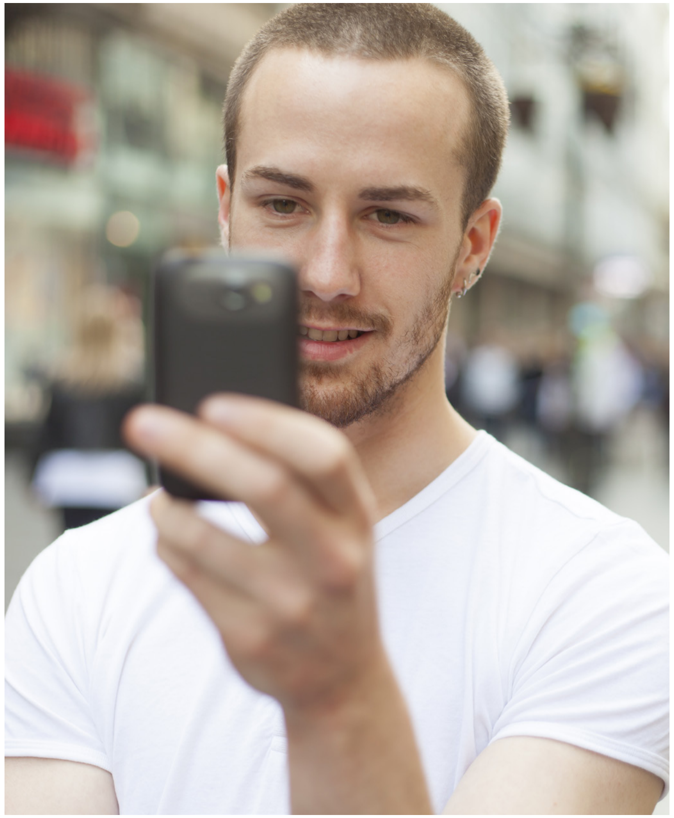
Demonstrating competitiveness
Competitive pricing is an essential starting point for meeting the showrooming challenge – but mobile solutions have a key role to play in emphasising competitiveness and delivering offers and discounts at the moments when they will deliver the greatest returns. More than a fifth of Smartphone owners are interested in receiving mobile coupons based on their interest or past purchases, or in exchange for watching a brand's mobile ad, and 19 percent show interest in location-based services that deliver coupons when they pass a relevant product in-store. Best Buy has introduced both a price-match guarantee and a partnership with the barcode-scanning app RedLaser, which is designed to push the best possible prices at those busy comparing them.

1/5

of Smartphone owners are interested in receiving mobile coupons



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Speeding the path to purchase
Enabling the consumer's journey towards purchase can help to ensure that this purchase takes place within the store environment. The process of smoothing the journey can be as straightforward as helping to improve in-store navigation (something 21 percent of Smartphone owners want from their phone). For the most part, however, it will involve tailoring solutions to fit the demands of shoppers in different categories.

Location-based alerts and mobile coupons are particularly significant drivers of behaviour for food and beverage shoppers, whereas price comparisons and product reviews are less important to that category – but particularly significant to those buying consumer electronics. Peer opinion (often sought by sharing photos with friends or checking views on social media sites) assumes greater importance for those buying clothing and shoes. Working to encourage and own the sharing of pictures and video can help fashion retailers to provide the reassurance sought whilst still emphasising the advantages of buying in-store. C&A Brazil has adopted an innovative solution to incorporating social media within the in-store environment by displaying the number of likes that each clothing item currently has via digital displays on clothes hangers.

Enhancing the in-store experience
Mobile enables retailers to incorporate digital sources of information on their own terms – but equally significant is the demand from shoppers for solutions that enhance rather than replace the traditional retail experience. The Mobile Life study emphasises the continuing importance of in-store assistants. Shoppers in all markets retain a strong level of trust for the sales people they deal with face-to-face – and this gives employees the key role in stressing the advantages of buying in-store. Amongst Smartphone owners, 13 percent want apps that will help them to ask relevant questions of a store's sales assistants. Mobile solutions must never become a substitute for excellent customer service; shoppers expect them to improve it.

21%
of Smartphone users want instore navigation improved

13%
of Smartphone users want apps to help them to ask relevant questions of a store's sales assistants.

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Ignore the challenge at your peril
Across all markets, advancing mobile technologies will soon bring the showrooming situation to a head – and demand that retailers address the challenge. However, mobile technology also represents a timely opportunity when it comes to reasserting influence within the in-store environment. In prompting potential showroomers to come to a final decision without leaving the store they are in, mobile is the most powerful channel at retailers' disposal for maintaining control of the path to purchase. It is vital for their future success that they make good use of it.

As a starting point, the following seven actions represent a powerful framework for optimising the mobile experience of shoppers and leveraging this to address the showrooming threat:

1

Ensure that digital assets are optimised to work across platforms, encouraging mobile engagement in-store whilst ensuring a strong share of mobile browsing in the home

2

Combat showrooming by delivering strong deals in store and leveraging the USPs of a physical store: 'Pick up product today', 'Deal only available in store'; make WiFi available to customers and use this as an opportunity to deliver deals

3

Use the mobile to bring social into store, drive greater customer engagement and enable peer-to-peer reassurance on purchase decisions; stock items with the strongest online ratings to drive conversion

4

Use the physical retail store as a research hub – give consumers as much information as possible, build trust and affinity though this "partnership", and then close the sale or convert to your online platform

5

If you can develop efficient mobile payments to save time, money and angst at the till, then do so

6

For emerging markets, make mobile the primary platform for delivery of online services. Ensure online research and purchasing channels are mobile-friendly and cater to a wide range of mobile devices

7

Consumers generally do not see the mobile as a replacement for in-store sales assistants – look for opportunities for the two to work together

About the Authors

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About Mobile Life

Mobile Life is an annual investigation into the behaviours, motivations and priorities of the world's mobile phone users. Now in its eighth year, Mobile Life is the most comprehensive view of how the world's consumers are using their phones today and the opportunities this presents for brands. www.tnsglobal.com/mobilelife

Based on 38,000 conversations in 43 countries, Mobile Life is designed to capture the entire population of mobile users in each market and includes:

Argentina, Australia, Brazil, Cameroon, Canada, China, Czech Republic, Egypt, Finland, France, Germany, Ghana, Hong Kong, India, Indonesia, Italy, Japan, Kenya, Malaysia, Mexico, Netherlands, New Zealand, Nigeria, Norway, Philippines, Poland, Portugal, Russia, Saudi Arabia, Senegal, Singapore, Slovakia, South Africa, South Korea, Spain, Sweden, Taiwan, Thailand, Turkey, UAE, UK, USA, Vietnam.

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In Focus is part of a regular series of articles that takes an in-depth look at a particular subject, region or demographic in more detail. All articles are written by TNS consultants and based on their expertise gathered through working on client assignments in over 80 markets globally, with additional insights gained through TNS proprietary studies such as Digital Life and Mobile Life.

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TNS advises clients on specific growth strategies around new market entry, innovation, brand switching and stakeholder management, based on long-established expertise and market-leading solutions. With a presence in over 80 countries, TNS has more conversations with the world's consumers than anyone else and understands individual human behaviours and attitudes across every cultural, economic and political region of the world.
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