

A man with a beard, wearing a light-colored sweater and dark pants, is riding a bicycle. He is holding a smartphone in his right hand and looking at it. A black bag is slung over his shoulder. The background is blurred, suggesting motion.

The Mobile Opportunity Gap

An analysis of consumer shopping behavior and multi-device advertiser strategy

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YAHOO!

| Kenshoo

Introduction

Nearly 20 years ago, PC ownership was surging, Internet access was spreading, and web sites that enabled consumers to both research and make purchases online were proliferating – and thus consumer shopping behavior fundamentally changed to become increasingly digital. With today's ubiquity of mobile devices, we are seeing that shift evolve to a monumental movement to mobile. According to comScore, 50% of all time spent online is now spent on a mobile device (tablet or smartphone), and consumers are allocating their online shopping time to mobile devices similarly at 51%. But are retailers positioned to capitalize on this shift?

This past Thanksgiving provides a good barometer: while retail stores were opening their brick-and-mortar presences on Thanksgiving Day, many consumers chose to stay home and pick up their mobile devices instead. Mobile sales comprised 25.8% of total online sales for Thanksgiving Day, and 21.8% for Black Friday, an increase of 43% over the previous year¹.

So where do you start if you're a retail marketer? Which trends are here to stay and which will change next month? How well do marketers understand the current trends, and where are the major gaps between consumer expectations and retail experiences?

Yahoo and Kenshoo partnered on a joint research project to delve into consumers' multi-screen (PC, smartphone and tablet) shopping behaviors and what retailers must do to effectively meet consumers' increasingly mobile expectations. Interestingly, nearly as many marketers feel that their organizations are far behind consumer trends (19%) as those who feel they are well ahead of consumer trends (16.5%), with the rest falling somewhere in the middle of the pack². Clearly, most marketers feel there is room to improve their multi-device strategies. The survey also made it clear that while marketers are aware of the exponential growth in consumer mobile shopping behavior, they've not yet modified their own campaign efforts to focus on mobile to the same degree². This underscores the real opportunity for retail marketers: those that can quickly move behaviors and budgets to incorporate mobile will be best positioned to meet consumers' surging demand for high-quality mobile shopping experiences.

Four consumer shopping trends and the multi-device marketing opportunity gap

1. Consumers are increasingly using all three screens as part of the purchase journey.

Although smartphones and tablets are the shiny new objects in digital marketing, the PC has not lost its luster and remains an important device in the consumer online shopping process. Consumer usage of mobile devices has increased total online time spent, rather than cannibalizing time away from the PC. Therefore, rather than look at mobile in isolation, retailers should instead focus on providing a seamless shopping experience and sequential storytelling across multiple devices.

88% of smartphone users and 82% of tablet users admit to going back to their PC to continue the shopping process³. This implies that pure-mobile commerce is still in its infancy.

Why is this? When asked to describe the computer shopping experience, consumers used words such as fast, trustworthy, and uncomplicated.

When asked if having a paid search presence across devices makes an impact on consumer conversion activity, almost 99% of marketers surveyed agreed that it did, with 53% stating there is some influence and 46% agreeing that there is strong correlation. Only 1% thought that each device works on its own without cross-device influence².

Advertisers know they should be addressing each device type separately, as part of a holistic cross-screen approach, but are still not doing so.

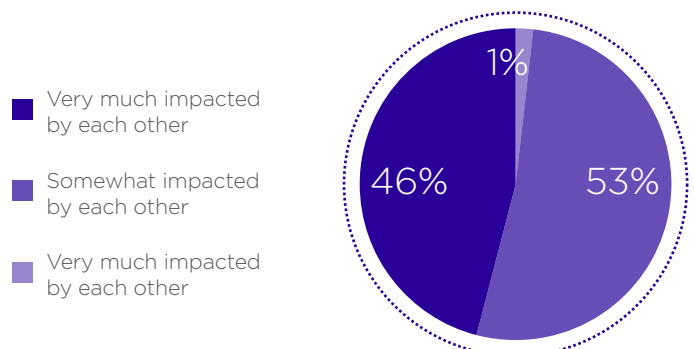
Questions to consider:

- Do you have insight into how your customers use each device in the shopping process?
- Have you developed a strategy for providing a seamless experience across devices?
- Beyond the main three web-enabled devices (PC, tablet, smartphone), are you gathering intelligence into consumer usage of emerging devices (gaming consoles, wearable tech, smart TVs)?

Key action:

Make sure you're using the right media mix (search, native, premium, audience targeting) across all screens for a holistic experience that capitalizes on each device's unique strengths.

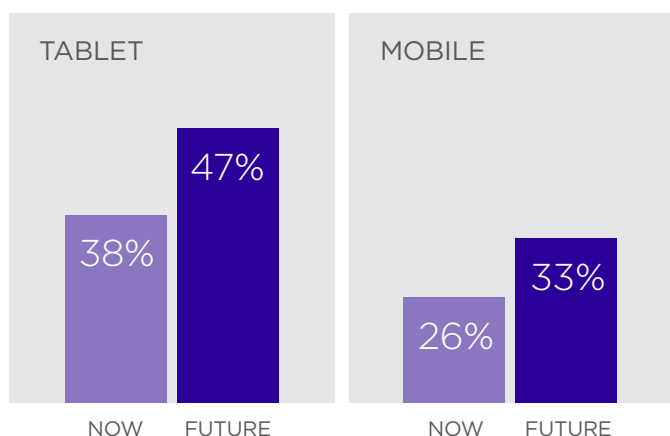
Does the interplay between paid search across devices make an impact on consumer conversion activity?



2. The mobile web – and mobile search in particular – is primarily used for researching purchases.

Tablets and smartphones clearly present an opportunity for retailers to educate consumers on their shopping decisions. However, they also have the potential to drive incremental sales by enabling consumers to act upon impulse buying opportunities, but there's work to be done to get there. Easy access to the mobile web has increased total consumer online time. In fact, 50% of mobile users say that they browse the internet more because of mobile devices, and 26% of smartphone users (plus 35% of tablet users) say that they do more shopping overall because of these devices. Despite these increases, though, brands haven't yet figured out how to successfully "close the deal" with consumers on the mobile web. During the 2013 holiday shopping season, for example, even though retailers allocated 34% of their paid search dollars to mobile devices, just 4% of revenues were attributed back to smartphones⁴.

Consumers plan on using mobile and tablet even more in the future for shopping/researching



What's causing this gap? 19% of marketers surveyed said that consumers are simply not comfortable with making purchases on their smartphones (versus just 0.3% who feel consumers aren't comfortable purchasing on a computer and 1% on tablets).

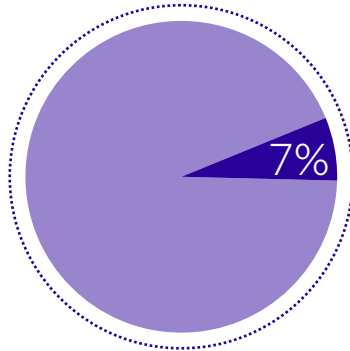
Until retailers can instill more confidence in the mobile purchase process, consumers may be content with doing more retail searching than buying on the mobile web. Search has long played a key role in the consumer retail research process on the fixed web, so search engines have become an important point of inception on the mobile web too. Our data revealed that 75% of consumers search on their tablets and smartphones for purchase-related information³. Similarly, a majority of marketers surveyed felt that consumers are either using mobile search slightly more (32%) or much more (51%) in their shopping research than a year ago².

Retailers anticipated this shift during the 2013 holiday shopping season, as 1 out every 3 dollars to paid search was allocated to mobile devices during the this time⁴. This is a major increase over 2012 where marketers allocated only 1 out of every 5 dollars to mobile devices during the same time period.

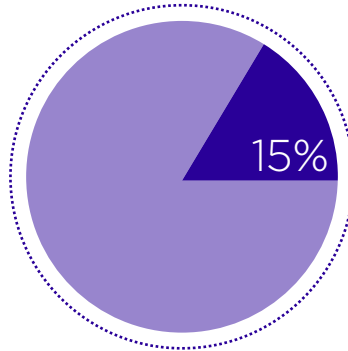
However, even though there was an almost unanimous consensus on the cross-screen influence of paid search, many marketers still seem to disregard the unique qualities of each device type when it comes to campaign execution. For example, only 15% of the respondents indicated that they customize paid search ad copywriting by device².

Does your marketing organization use different paid search strategies for specific devices across the following activities?

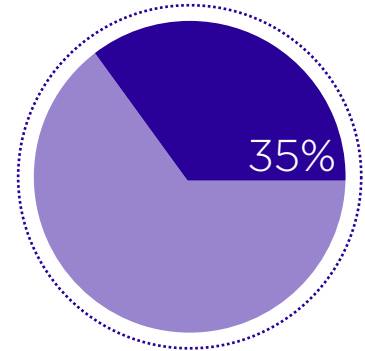
Developing keyword lists



Writing ad copy



Bid strategies



■ Very different approach by device

Questions to consider:

- Are your mobile campaign landing pages focused on providing information only?
- Is your mobile shopping experience as simple as it can be to capitalize on impulse purchase behavior?
- Are your paid search campaigns on mobile as robust as they are on the fixed web?
- Have you tailored your mobile search ad copy to be as mobile-friendly as possible, and are you taking advantage of all the unique features of paid search mobile platforms?

Key action:

Make sure you've shifted resources to be present on mobile search, but ensure your campaigns both inform and drive to purchase.

3. Shopping information accessed via the mobile web helps consumers validate their purchase decisions.

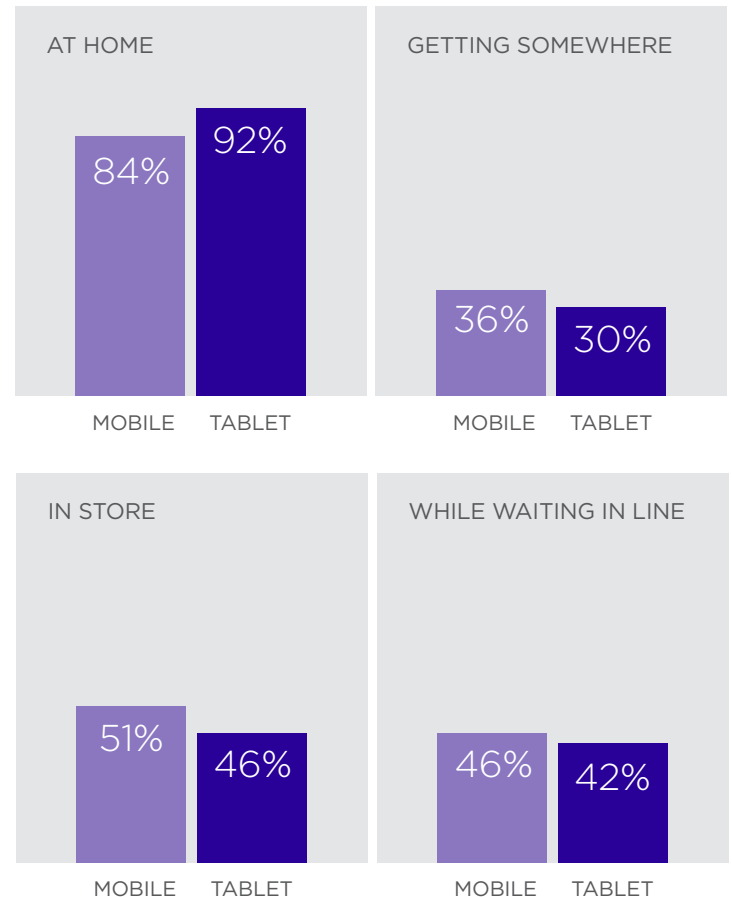
While the key term in the phrase mobile commerce is mobile, a significant portion of consumer mobile activity actually happens at home versus on the go. For better or worse, the easy portability and “always on” nature of mobile devices means they are often consumers’ constant companions – the first things we reach for when we awake, curled up with us when watching TV, by our side while making meals, and the last thing we check before turning out the lights. The chart to the right illustrates just how much mobile activity happens at home, as well as in other locations.

About half of all consumers (56% of smartphone owners and 49% of tablet owners) report that using the mobile Internet is great for validating and researching impulsive purchases while in a retail location³. This is where brands have a major opportunity to significantly influence consumers that are already very far down the funnel. Providing the right information at the right time can be the tipping point for consumers who are on the fence with a purchase decision while standing in the store aisles, reinforcing the decision to go with your brand or potentially taking share away from a competitor.

Advertisers are aware just how much influence mobile devices have on in-store shoppers, with many agreeing that consumers use their mobile devices to find better prices or even make a purchase. Marketers understand that most consumers will go home to do more research on larger screens in order to confirm their shopping decision.

While mobile shopping is on-the-go, it really starts at home

I use my mobile/tablet to access shopping related information in this location



Which of the following activities do you feel applies to consumers that conduct shopping research using their mobile device while in a store or at a place of business?

% of respondents answering either "Strongly Applies" or "Somewhat Applies"

	Smart Phones	Tablets
Visited another brick-and-mortar store after researching on their mobile device	96%	85%
Went home to do more research on their PC/Laptop or tablet	93%	84%
Used their mobile device to find a better price	99%	60%
Used their mobile device while at the store to make a purchase via another merchant	70%	86%

Questions to consider:

- Is it easy for consumers to find pricing information on your offerings via mobile devices?
- Are there opportunities for you to surface comparative information via mobile that would distinguish you from your competitors and help reinforce and/or sway consumers to purchase your brand?

Key action:

With 84% using a mobile device for shopping at home and 75% of mobile shoppers doing more research at home after visiting a store, the need for retargeting across devices is greater than ever. Take advantage of solutions that help you identify in-market consumers across devices so you can provide a continuous shopping experience and close the sale.

4. Consumers expect more from mobile shopping experiences than most brands deliver.

The simple fact is that the consumer appetite for mobile shopping greatly eclipses the mobile experiences currently offered by retailers. Many consumers are disappointed when companies don't offer optimized sites or apps for their unique devices. Interestingly enough, advertisers believe consumers feel even more frustrated with the lack of device-specific functionality.

Even though advertisers clearly believe that offering mobile-specific online experiences is important to consumers, less than half currently engage in these efforts, and many are not even planning to do so or exploring this further in 2014.

The data shows that there is clearly a disconnect here. Consumer usage of mobile devices (especially smartphones) is growing exponentially while revenues still lag behind. Advertisers themselves report that they are disappointed in brands that don't execute mobile shopping experiences well, yet only half deliver on this crucial concern.

The mobile battleground for capturing consumer sales is virtually wide open in every major category for a clear leader to emerge. Retailers must prioritize this initiative quickly or risk losing major market share to competitors who are able to get there first.

Site experience

	Mobile	Tablet
Disappointed companies don't have optimized site	44%	50%
Disappointed companies don't have application	38%	47%
I am less likely to re-visit a brand's site if it wasn't optimized for my mobile device the first time I visited it	38%	44%

Please indicate how much you feel consumers agree or disagree with each of the following statements:

	Strongly disagree	Somewhat disagree	No opinion either way	Somewhat agree	Strongly agree
Disappointed companies don't have optimized site	3%	6%	9%	43%	39%
Disappointed companies don't have application	6%	18%	30%	33%	13%
I am less likely to re-visit a brand's site if it wasn't optimized for my mobile device the first time I visited it	3%	17%	18%	41%	21%

What is your marketing organization planning to do (or already doing now) to address consumer mobile shopping expectations?

	Already doing	Planning on exploring in 2014	Planning on doing in 2014	Not planning on doing or exploring in 2014
Providing a rich, smart phone optimized web experience for my visitors	50%	20%	23%	7%
Providing a rich, tablet optimized web experience for my visitors	47%	22%	21%	11%
Providing a mobile application (smart phone and/or tablet)	36%	25%	15%	24%
Offering exclusive offers or content to mobile visitors	26%	28%	16%	29%
Providing a more seamless experience with coupon redemption	20%	26%	17%	37%
Increasing privacy precautions to allow consumers to feel more comfortable in making mobile purchases	27%	30%	15%	28%

Questions to consider:

- Do you currently offer a mobile-specific shopping experience customized by device?
- If not, can you realign your organization to make this a strategic imperative?
- Is your marketing budget allocation commensurate with your customers' time spent across each screen?

Key action:

Create a mobile optimized page to complement mobile search and display strategies. With increased mobile traffic, mobile optimized landing pages are a requirement. But, our studies show that approximately half of all marketers indicated that they did not have mobile-specific landing pages.

Key tenets for a successful multi-device marketing foundation

Understand and leverage device signals

To be successful at multi-screen marketing, advertisers need to understand how each device fits into their customers' worlds and align their programs properly. When a consumer is researching product information, depending on which device they are on – that's a signal. The intent of a search engine query changes by device – that's a signal. If a consumer is one hour, one block, or one foot from your physical store location – that's a signal.

Signals collected from searches, clicks, ad interactions, opt-in communications, etc. are all important indicators that must be put into context vis-a-vis the device used for the activity. Different business rules, messaging, and ad targeting are needed in order to optimally engage with these consumers.

Integrate multi-device marketing into a holistic marketing plan

Having a mobile team is just not good enough anymore. Multi-device insights and best practices need to be incorporated into every digital channel. The notion of separating the mobile experts away from the search, display, email, video, and social teams is simply outdated. There's mobile search, mobile display, mobile social, mobile video, etc.

Advertisers should treat multi-device marketing as a layer on everything they do with experts that advise channel teams on how to best approach each channel from a multi-screen perspective. For example, a multi-device expert should sit within the paid search group or display group to ensure that the right messaging and targeting is being used to maximize each interaction with consumers based on the originating device.

Fulfill the expectations of consumers to develop compelling multi-device conversations

As we have learned from this research, consumers not only expect brands to engage with them appropriately based on the device they are using, but are frustrated when advertisers miss the mark. Speaking to consumers with a PC voice when they are on a smartphone is like trying to have a serious conversation with someone in a language they don't understand. In fact, you may even be creating a negative experience for your brand if consumers are disappointed that you're not communicating with them on the right level.

The bar is being set even higher. The most successful multi-screen marketers will find ways to interact with individual consumers using multi-devices in sequential advertising campaigns that cross screens in interesting, compelling ways.

SOURCES:

¹IBM Digital Analytics Benchmark study, November 2013

²Kenshoo research: Advertiser Perceptions

As part of this research, the Kenshoo study, Advertiser Perceptions of the Three Screen World, surveyed marketers to better understand how they view device trends and how those insights are shaping the way they advertise to consumers.

³Yahoo! research: Consumer Trends

In mid-2013, Yahoo! released Smart Mobile: How Mobility Influences Category Shopping which details findings from a major consumer research project on how devices are changing the game with regards to brand-consumer engagement.

⁴Kenshoo 2013 Global Online Retail Seasonal Shopping Report: Final Edition, January 2014