Discussions on digital: Designing the next mobile experience

The evolution of mobile is still transforming our world, from how we work and shop to how we heat our homes. Brian Gregg leads a discussion with digital leaders on what that means for businesses.

Brian Gregg, a partner in McKinsey's San Francisco office who leads our consumer digital-excellence initiative, hosted a recent installment of McKinsey's *Digital Dinner* podcast, a series that brings together digital leaders to explore emerging issues in the business world. He led a discussion with Michael Jones, a senior vice president of retail and brand solutions at RetailMeNot; Mahin Samadani, who leads McKinsey's West Coast digital-experience-design service line; Dianne Esber, associate principal and brand leader in digital practice in McKinsey's San Francisco office; and Mark Phillips, Digital VP, McKinsey. Here is an edited version of their conversation:

The future of mobile: Phone or device?

Brian Gregg, McKinsey partner and leader of consumer digital-excellence initiative: To start with, a few facts. It took radio 38 years to reach an audience of 50 million people. It took TV 13 years, Twitter nine months, and Google Plus, 88 days. In three years, will we be talking about mobile as a phone or as a device or as something else?

Mahin Samadani, leader of McKinsey's West Coast digital-experience-design service line: It's the transformation of every single experience and every industry. To paraphrase Mary Meeker, it comes down to this: it's beauty, connectivity, mobility, and it's going to surround us and change the way we do everything in both B2C and B2B. It's going to change the way you work and how you interact with colleagues, the way you shop, and how you set the temperature at your house. It's constant connectivity. How do we hit the moving target? How do we meet our users' expectations? Because suddenly the expectations are being set by an Uber, or an Amazon. If you don't come up to that bar, you're done.

Understanding and designing the mobile customer's journey

Mark Phillips, Digital VP, McKinsey: There are a lot of ways meet or exceed customer expectations; the potential hasn't been maximized yet. What we [at Candy Crush] were great at is actually understanding that there's a story, a journey we're taking people on. We had a really good understanding of how to construct the journey. The product guys got this as much, frankly, as the Business Intelligence (BI) guys, the finance guys, and the marketing guys. The product guy did an incredible job of actually storytelling the whole thing. We mapped out the customer journey, and it was incredibly precise.

Whereas at Beats [the personalized music-streaming service that preceded Apple Music], for example, it was much more a blend of left brain and right brain. You've got a very creative industry. If you talk hard-core data all the time, it doesn't always sink in. So you try to blend those two worlds. The really hard job in music is how to tell what somebody's next song is going to be. That's where mobile is really, really powerful, because you can work out if somebody's moving, you can work out time of day, device, their operating system.

Michael Jones, a senior vice president of retail and brand solutions at RetailMeNot: Especially during the holidays, you see when people are at work. That's when you see most of the desktop and e-commerce shopping, versus on the weekends. Or those fathers and husbands who might be late shoppers—you see them start to do more in store as you get closer to the actual holiday. The other part that's interesting is you start to see that they actually plan their shopping earlier. We can see that based on whether they're outside of a geo fence, meaning they're not inside the store, they're not inside a mall, they're somewhere else. They're looking to see where they want to go shop, and then we can see when they actually enter into the geo fence and actually start to shop.

We had a concept we talked about all the time, which was snacking. What that meant was that it was like standing in line to get food: the faster you can scroll through and see personalized commerce for yourself, the easier it is to buy, whether it's at eBay or at Amazon, and the easier it is to buy, the more you see frequent purchases.

Mark Phillips: One of the ways we talked about at Candy Crush was, "snackable moment." We had a big female demographic, who were like, "I put the kids to bed. I've got 90 seconds before I have to move back into the lounge and see my husband and talk to him or make some food. I've got 90 seconds to myself," and that's a "snackable" moment.

Reimagining the business

Mahin Samadani: For a lot of companies, shaping the mobile customer journey is really about reframing the question and rethinking what business they're actually in. Years ago, you would have thought Amazon is in the business of shipping books, right? But as they've progressed through time, you see they're really in the business of reimagining the way people consume words, because suddenly, instead of ordering the physical book, it's delivered to you on a device. It's almost books as a service, really reimagined. They've redefined their entire category by doing that. They've reimagined that whole journey.

Michael Jones: You could argue that in the last 15 years, they've actually built a web service business, a fulfillment business, a delivery business, a consumer-service business, a retail experiment, in a way. "We've got all these things. We have to ship them. We know we have to make it on time, we have to make a profit. What's the best way to do it?" Then they slowly rolled it out to third-party merchants to leverage their platform and everything they have. It's really interesting, because they've built everything you need to be successful in today's world, and now they're starting to let others leverage. As a result, their overall margin goes up. But they started with the customer first. They've always thought that way.

Creating a new shopping experience

Brian Gregg: McKinsey has projected out to 2020 that about 80 percent of transactions in the US will still occur in a physical location. But at the same time, 80 to 90 percent of transactions will have been researched prior to entering the store. Where does mobile fit into that?

Mark Phillips: This is a really interesting area, and I think there's a bigger issue that comes out of it. Why are people still buying in stores? Mobile's very focused on trying to get conversion. One of the challenges is that people are relatively commitment-phobic until they've had some sort of experience. Is mobile actually up to creating that experience that will create conversion?

Michael Jones: This week I was at eTail West in Palm Springs, and the CMO of our old stomping grounds was there. He walked through a journey of his son's, where his son went to a store and could actually go in and make his own shoe. He made the shoe, and then he took a photo of it and posted it on Instagram. His dad's like, "I'm happy to get you the shoe." But he didn't want to buy it then, because he wanted to see the number of Likes and comments he'd get from his friends. The minute he heard from all his friends,

he went out and bought the shoes and posted them on Instagram. Then his friends started asking, "Where'd you buy them? What happened?"

So commerce did happen. It just didn't happen like a quick, Amazon-type purchase. But his dad said, "It's not just like that for shoes; it's everything he does."

Innovation: Risk and customer experience

Mahin Samadani: There's a spectrum of philosophy about risk. At one end, you want to roll the dice and you say, "We want the ecosystem, and I want to be visionary, and we're going to think." This can take 36 months to sort out. And if it doesn't work out, that's going to be a significant problem. At the other end of the spectrum, you say, "We're just going to be focused on what's going to move the needle, because I'm worried about the short term. We're worried about our investors. Maybe we're worried about getting bought out," or something like that.

Michael Jones: Someone put that exact question at a Women's Wear Daily event to the CEO of MapMyRun. They said, if you're in between or if you don't have a billion dollars to spend, how do you get into this game? And he said, "I'd like to remind everyone that when we started our company, we had seven people: me and six developers." That's what it takes. Everyone thinks that you have to have a lot of money and you have to do this big thing. But in many cases, with a good, focused area and good people thinking about what needs to be done, you can accomplish a lot.

My big worry is that the companies that typically fail worry so much about the attribution and they think a lot about it. And they want to debate what they agreed before would be bad. And they don't move versus their other companies. I actually know a retailer who I think put it very well, which is, "I can do an attribution study till I'm blue in the face, and somehow it's going to always point to some winners in here, right? I'm going to agree to what it needs to look like. We're going to measure it off of that. We're going to keep repeating it. But we have to move. Like we have to keep moving to keep the business going."

Mahin Samadani: I really think it's about connecting a user need to a business driver. I'll use a very analog example. For about a thousand years nobody in the toothbrush industry could figure out how to tell someone when they needed a new toothbrush. How do we get that data, right? So Oral B, in the '80s, created the indicator bristle, which collected the data and suddenly told you that you needed a new toothbrush. They changed the industry, it was good for them, it was good for customers. So when anyone talks about data and how to use it, I think, "Well, what's your indicator bristle? Figure that out, and you're onto something."

Michael Jones: it's just so interesting to me that everyone talks about data collection and how you use it, but when companies really nail it, you can see how great it is from the customer-experience perspective. It's amazing.

Mark Phillips: When I was at Beats we always used to talk about personalization and curation and all the other buzz words. But let's be honest; most people aren't really doing it. But one time I was late. I had left myself 20 minutes to get to the airport, and it normally took 40. I'm in so much trouble. I'm missing this flight. It's all over. I get in the car, I don't even look at the phone, I just hit play and drive. The first song that comes on is the James Bond theme tune. I'm like, "This is awesome." I'm suddenly breaking every speed limit going. The next song that comes on is Mission Impossible. I'm like, "Wow." That's it. I get to the airport. I make my flight. If I hadn't had that musical experience, I'd never have done it. It was amazing. That's when I suddenly thought, "If we could actually craft this . . ." It's incredibly powerful. You can genuinely create experiences that do change people's lives.

The model for mobile success

Brian Gregg: How likely is it, for existing legacy organizations that are trying to survive against the Amazons and the startups, that mobile can actually be a way out, a way to actually thrive and survive?

Mark Phillips: It's going to come down to design skills, and to people actually being brave and taking risks, experimenting. But I don't think it's going to be necessarily a "mobile" solution. You mentioned customer-centric earlier. We need to stop thinking about channels and start thinking about people.

Mahin Samadani: The very definition of mobile device is changing; it's really becoming about mobility. It's this intelligence that's going to be around us everywhere we go. That really changes the game. I think if an organization's truly thinking long range, long-term, they're starting to prototype things around virtual reality, AI, voice. I think the stepping stone to AI is messaging and chat, particularly for the millennial demographics. They're going to start with chat. Chat goes to voice. Voice goes to AI.

Michael Jones: Whenever I meet with retailers and we talk about what the future looks like or the things you should think about it, I always say, "Think about the apps that you as a consumer actually use and enjoy. What are the things you think your own consumers would enjoy?" Sometimes they're really little things. One of the beauties way back in the day as iTunes got started was the simple concept of getting a physical gift card, and you just scan it

with your phone and boom, it's automatically in your iTunes account.

I was at dinner with friends. We got in a heated debate about this point. We were done eating. There were 20 of us, ten couples. If you've ever had that experience, you know it's hard to just get everyone at one time to get up and leave, let alone to get the checks. Why can't you just get up and walk out? And by the way, the server is waiting for you to leave, too, so they can flip that table. Why can't this just be the same way?

Mark Phillips: It really is to the point now is that it has changed the time scale of innovation. What was five years or ten years out in the past now is actually happening across categories. Now, when we talk innovation, I always think six to 18 months, that's it. ◻

Michael Jones is a senior vice president of retail and brand solutions at RetailMeNot; **Mark Phillips** is Digital VP at McKinsey; **Mahin Samadani** leads McKinsey's West Coast digital-experience-design service line; **Dianne Esber** is an associate principal and brand leader in digital practice in McKinsey's San Francisco office, where **Brian Gregg** is a principal and heads McKinsey's consumer digital-excellence initiative.