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Busting mobile-shopping myths

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What do mobile shoppers really want? Less than many retailers think.

Understanding what matters in mobile is increasingly critical as people become ever more wedded to digital devices. In the United Kingdom, for instance, two out of three adults own a smartphone, checking it an average of more than 150 times a day.[1] And two-thirds of smartphone and tablet users say mobile has meaningfully changed the way they shop, with more than a third of them visiting fewer brick-and-mortar stores[2]—a number that only seems set to rise.

Perhaps it's no wonder many retailers are scrambling to invest in digital apps, as well as other sophisticated tools and features. Yet they should stop and ask what consumers really want. Because while the perfect mobile strategy has yet to be devised, fresh McKinsey research on mobile habits in the United Kingdom[3] suggests it should be based on a simple principle: providing a fast, easy, enjoyable shopping experience. Few mobile shoppers are actively looking for "bells and whistles," such as video, expert opinions, or magazine-style articles—at least not yet. They want clean, mobile-optimized sites with easy-to-read pages that load quickly, easy-to-use shopping carts, and smooth checkouts (exhibit).

Mobile myths and their implications

There's no doubt that additional digital functionality can help differentiate brands and engage customers over time. Yet none of that matters unless companies take care of the basics. Our research debunked several myths often heard in boardrooms about what consumers value most when it comes to mobile shopping.

Myth #1: The app is the answer. Many retailers believe that a mobile app will help them attract new customers and stay top of mind. Yet our survey respondents were twice as likely to use mobile sites rather than apps, with only 11 percent noticing any meaningful difference between the two platforms. Apps do appear better at engaging the best customers than attracting new ones: loyal

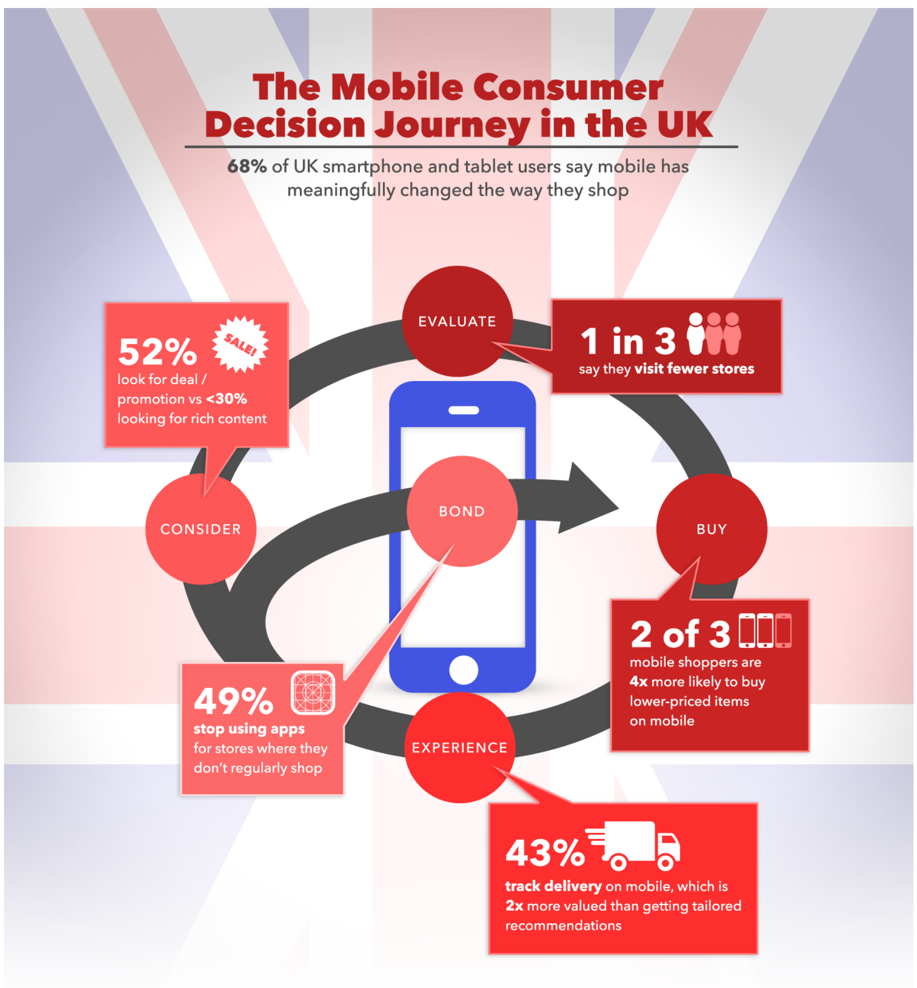
[1] Multiple companies and publications have conducted surveys on smartphone habits, including Mobile Marketing Association (May 2013), AT&T (May 2013), Nokia (2011), T-Mobile (May 2012), and the *Guardian* (June 2012).

[2] Our 2013 McKinsey iConsumer research surveyed 23,989 respondents online and 2,884 via mobile devices.

[3] We surveyed 2,000 mobile shoppers in the United Kingdom in July 2014.

customers are more than twice as likely to install an app. However, as the number of shopping apps proliferates, many people seem reluctant to use them: barely 30 percent of mobile shoppers have more than two shopping apps, and only 7 percent have more than five. And having an app doesn't always translate into traffic: half of those who installed an app stopped using it entirely—whether to get content, browse products, or check for deals—if they weren't making regular purchases.

Exhibit Mobile myths in the United Kingdom



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For retailers seeking meaningful growth in traffic and sales, the first priority should be a great, mobile site that's easy to use (with a notable exception for grocers, where our research found that apps do matter more). After that, building an app may make sense if it provides additional features that customers really value, such as fuss-free price comparisons, easy-to-access saved baskets, and delivery tracking.

Myth #2: The difference between good and great on mobile is 'cool' features. For most of the people we surveyed, basic functionality is far more important than novelty or dazzle. Load speed, for example, matters about 60 percent more than having videos. Respondents said the three most important functionalities were smooth checkout, the ease of adding and dropping items from a basket, and site navigation—apparently because they reduce the biggest frustrations associated with mobile shopping. A cumbersome site is likely to cause some visitors to leave before finalizing their purchases and discourage them from returning.

Myth #3: Showrooming is a show stopper. Many retailers fear that shoppers are "showrooming"—visiting stores in person to see products and then making their purchases at other stores or online at lower prices. And it's certainly true that more than half of smartphone owners use their phones in stores, and two-thirds of those compare prices.

Yet most brick-and-mortar retailers should worry less about showrooming. Why? Because most people end up buying from the retailer eventually, and 58 percent of them do so at brick-and-mortar stores—most of them at the very store where they started. So, while some 56 percent of all consumers who have made a purchase (online or offline) conduct research online, the share of sales influenced by mobile is much greater than sales actually made by mobile.[4] That suggests that while price is important, other factors such as the in-store experience and convenience continue to play major roles in purchasing decisions. After all, is it really worth driving to another store across town or waiting for a delivery to save a couple of dollars or pounds?

Myth #4: The main value of digitization is in driving self-service. Digital tools may allow some retailers to employ fewer people in some areas, such as inventory and checkout. But we found that the right digital tools may make other employees more valuable than ever. In fact, six in ten mobile shoppers believe that sales assistants with digital tools can help them find products, explain options and features, order out-of-stock items, and so on. In fact, shoppers view mobile-enabled sales assistants—particularly in showrooms and large-format stores—as enhancing the shopping experience, underlining the need for retailers to find and train motivated, well-prepared, and well-equipped employees.

[4] McKinsey iConsumer Research, Autumn 2013 (N=23,989 online, N=2,884 mobile).

It can be perilous to cling to these mobile myths. One specialist retailer actually had to institute an "app amnesty" after discovering it had spent more than a million pounds on more than 30 apps, most of which had fewer than 5,000 installs; performance couldn't be measured because metrics were limited or nonexistent; and the intellectual property belonged to the app developers, not the company. The retailer analyzed user behavior and quickly learned that customers didn't value the apps, because they didn't provide useful functionality. It eliminated most apps and refocused on building a responsive, commerce-focused mobile website that provided the basic services that customers wanted, deprioritizing app development until the site was running effectively. Besides saving money on app development, this approach helped simplify the company's mobile strategy and allowed management to focus on what delivered value for both the customer and the business.

Understanding what customers want and need is the foundation of retailing—you don't stay in business long if you persist in offering products for sale that few people buy. Companies should take the same disciplined approach to mobile strategy. The best performers will be those that develop a deep understanding of the decision journey that shoppers undertake and what they really value when it comes to mobile shopping.

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