Creating In-Store Contextual Experiences

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Digital Experience and Mobile

Introduction

Since the first mobile app was launched by Coca Cola in 1997, innovative retailers have jumped on the digital bandwagon to extend their storefronts. Today, retailers want to give their customers product information anywhere, anytime and via any device. Last December, consumer transactions conducted on smartphones and tablets were up from just over six percent in 2011 to 19.1% in 2013 (IBM ExperienceOne, 2014). And for the 2014 holiday season, 75% of consumers will use a mobile device to make or complete a transaction. One could extrapolate from this that consumers no longer perceive a difference between browsing in a store and online purchases – it's all shopping.

Because walls no longer define the retail environment, there is a lot of interest in tracking customer journeys and optimizing for the omni-channel. At the 2014 Mobile Shopping Summit, there was a lot of discussion about how retailers could leverage the contextual experience with marketing through mobile devices. In retail, a contextual experience is defined as a personalized interaction with a consumer that leverages location, past interactions with the retailer, age, gender and other available data relevant to the purchasing process. Retailers want to go beyond developing a mobile app that functions as a replacement for the desktop website; they want to engage customers contextually to help them make purchasing decisions.
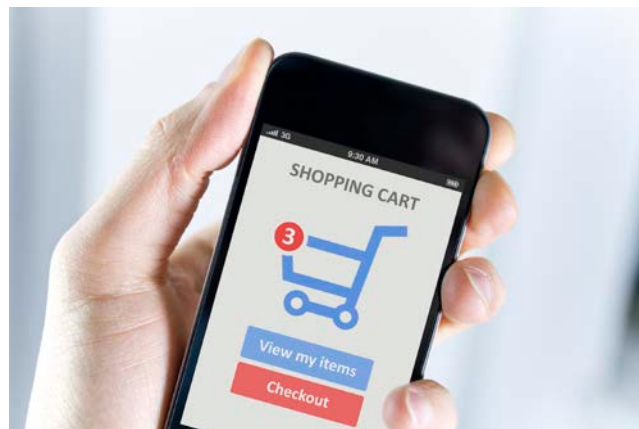
The practices of using personalized data and newer technologies such as geofencing to develop better shopping experiences for customers are still fairly new; everyone is trying to figure out how to deliver value without breaking privacy barriers. It's not easy to do. Geo-fencing uses GPS to tell a retailer when a mobile device enters or exits a boundary (such as the store) and enables the retailer to automatically trigger push notifications. Other contextual data, such as prior purchase history, is used to make those notifications relevant.

# What are best practices for creating valuable contextual experiences?

The best practices for delivering mobile shopping experiences are still being written. For example, just because a shopper is in a store does not necessarily mean he or she wants to automatically receive a welcome message or list of coupons and promotions from the retailer on their mobile phone.

When it comes to mobile technology and developing valuable contextual experiences, the biggest thing to keep in mind is that mobile is personal and value matters.

Promotional offers are valuable to some customers while others may view them as invasive and unwanted. In its report, "The State of Mobile Technology for Marketers, 2014," industry analysts at Forrester concluded that there is no such thing as an average mobile user. This means that retailers need to understand their specific customer behaviors before rolling out new marketing tactics.

The only way to find out what customers want is to test strategies in small market segments before introducing them to a universal audience. As an example, texting a thank you message to customers upon exiting a high-end clothing store might leave a good impression with those who value the brand and its high-touch customer service – this might not be as effective a strategy at a discount shopping mart.

There is so much available data being generated by consumers that it's easy for retailers to misuse or overuse it. Over time, proprietary applications alone can deliver data on shoppers' habits, diet, price sensitivities and even personal preferences for color, shoe style and more. Rather than using this information to exhaust customers with unsolicited offers, here are three key ways retailers can create valuable mobile experiences using contextual data:
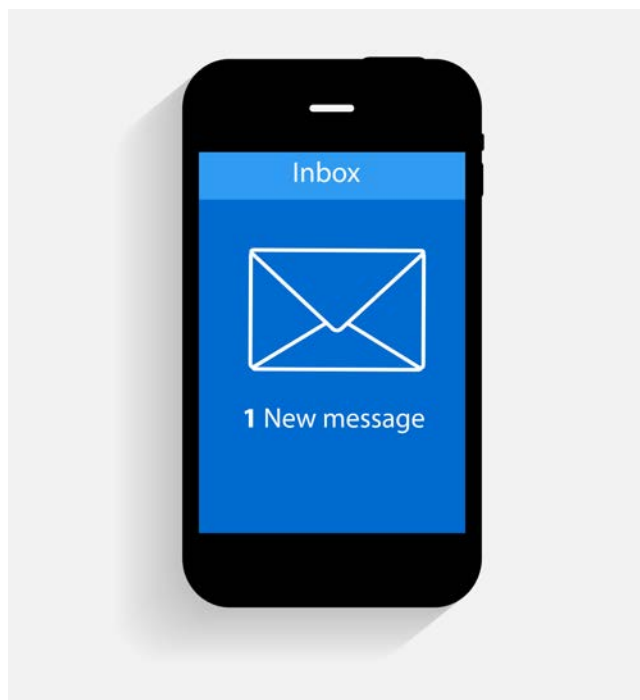
1. Understand that your customers are all different.

As stated earlier, it's hard to have a generic, composite picture of the mobile shopper because the variables differ by age, interests, economic strata and more. But in general:

- **Mobile shoppers are impatient.** Research shows that consumers will only wait a few seconds for information to load on a smartphone and KISSmetrics has statistics that show there is a direct correlation between the amount of money generated by a retail app and the time it takes to load on a mobile device. The more time it takes to load, the less money the shopper will spend.

- **Mobile shoppers see their phones as an extension of themselves** and expect retailers to honor that relationship. Although many people love digital coupons – according to eMarketer, by the end of this year, U.S. adult digital coupon users will surpass 100 million – you can't assume everyone will. You need permission before invading a consumer's personal space.

- **Mobile consumers are in motion.** Sounds pretty basic, right? But it is important to remember; if you build an app with in-store navigational tools, the app needs to work well throughout the store and not be hampered by signal interference, a lack of real-time stock data at the particular store the shopper is in, etc. Consumers demand simplicity and ease-of-use.

2. Make it easier for users to find what they want in your store.

According to Point Inside, apps with an in-built store mode generate five times more engagement – something every retailer wants to leverage. Wouldn't it be great if a customer could create a list prior to entering your store and then, once there, the app would help the customer find all of the items on his or her list in the most efficient way possible? Although the technology is still evolving, low-energy Bluetooth signals, iBeacons and other micro-location technology products make experiences like this possible.

3. Provide relevant, compelling information.

More important than what and when to message shoppers is to think strategically about the possibilities inherent with contextually aware mobile technologies. Consider the item-finder idea above and take it a step further. While your customer is shopping for items on his or her list, your app could deliver relevant in-store coupons and even point out other similar items they may not have thought of in a manner similar to a good sales assistant or personal shopper. The app could even check on product availability and, with the advent of digital wallets, help shoppers speed through checkout.

The future of interconnected contextual experiences

As we move forward, contextual experiences will overlap and weave an integrated ecosystem for everyday life. As an example, technologies for phones are already being used to develop smart homes. We already live in a world where garage doors automatically open, lights turn on, doors unlock, ovens preheat, etc. based on the technology's intuitive knowledge of the residents, and this will only become more prevalent in the future.

We can extend this thinking to the retail sector and the broader human experience. If consumers want a solitary shopping experience, they can continue to have it; however, shoppers (particularly millennials) who appreciate digitally enhanced living will relish in-store assistance with personalized offers, directions to needed items, a virtual personal shopper and more.

It might be that one day consumers will wonder how they got along without contextual shopping experiences. To be relevant in the always-connected world, mobile shopping apps will need to extend the assets of the physical store and amplify customer service by delivering product availability information, shopping advice and more. Push notifications, loyalty programs, coupons, geo-promotions and mobile payments are just a few of the many useful avenues that can be explored. For retailers, delivering these enhanced in-store shopping opportunities will be key to success.

About the Author:

Brian Westendorf is a Principal Consultant at AIM Consulting with over 15 years of experience in software engineering with an emphasis on mobile applications, enterprise ecommerce solutions, and content distribution systems. His experience include app development for big box retailers and commercial enterprises, where he has integrated cutting-edge technology into applications including check-ins with iBeacons, loyalty with Passbook, and enhanced customer engagement with geo-fencing for in-store experiences. He lives in Seattle, WA.

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