2015
IN-STORE
MOBILE EXPERIENCES
TOP
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“Throughout 2015, we saw a dramatic shift in the industry begin to occur. Retailers are beginning to understand and unlock massive potential by enhancing in-store experiences through existing mobile applications, in addition to using them as off-site ecommerce platforms. We’re excited to see what the New Year holds and look forward to reassessing these retailers at the close of 2016 to note their progress.”

– JEREMY GILMAN, VP STRATEGY
INTRODUCTION

It’s no secret that retailers have been working to crack the code on mobile for the past five years. Billions of dollars have been poured into mobile transformation projects, from responsive websites to native applications to location-based services and targeting. Tremendous progress has been made as the industry has adapted to the new realities of a mobile-first shopper. However, one area continues to stump retailers in mobile: the in-store experience.

Over the past year, we spoke to numerous executives at major US retailers who were struggling to solve the mobile in-store challenge. Among these retailers, there was common interest in providing enhanced in-store experiences via mobile devices to their shoppers. Their common challenge was a lack of understanding of what shoppers really wanted, what really worked in this space and how mobile in-store experiences might ultimately impact the bottom line.

To help them and all retailers solve this challenge, we built out a mobile in-store center of excellence. First, we fielded original research to understand what shoppers want out of mobile in-store experiences. Second, we used these insights to build a Mobile In-Store Maturity Model to help retailers analyze their current experiences—and identify key areas of opportunity for future planning and roadmap development. Third, we developed a benchmarking tool and used it to assess the mobile in-store experiences offered to shoppers at over 100 retailers. Together, these resources will help retailers solve the mobile in-store challenge in 2016 and beyond.

So, why does this matter? In our research, 82% of high-income shoppers said that an improved mobile in-store experience would make the shopping experience better. And 74% of millennials said they would actually spend more money at a store that provided an improved in-store experience on mobile.

We believe that consumer mobile devices are the most under-leveraged technology in every brick and mortar store. Further, it’s our belief that these devices will play a central role in transforming the current in-store shopping experience and helping retailers remain relevant in an increasingly digital world. Mobile has the ability to make the in-store shopping experience more welcoming, personalized, empowering, convenient and relevant. In essence, mobile in-store experiences can deliver the best of the digital shopping experience within the context of the physical world.
THE CURRENT STATE OF MOBILE IN-STORE EXPERIENCES

The quality and sophistication of mobile in-store experiences varies across the industry. It is clear that investment in this area varies greatly from retailer to retailer. Overall, the industry is in the early phases of solving this challenge and there is tremendous room for growth and improvement. This is reflected in our assessment model, where the average score amongst all 100 retailers assessed was 49 out of a maximum of 240 points. In fact, the highest score any single retailer received was 111, while 16% of all retailers scored a zero—meaning they provided no mobile in-store functionality for shoppers.

Things Most Retailers Have Figured Out

Most retailers who scored in the top 25th percentile included a scanning feature in their mobile in-store experience. These scanners give users the ability to take a photo of a product, product barcode or QR code to unlock information on pricing, online and in-store product availability, product information, related content and recommendations. The quality of this information and of the experience is limited by the particular retailer’s ecommerce functionality. By including scanners, retailers address a number of core shopper desires and interests.

Other standout performers integrated their loyalty or rewards programs into the in-store mobile experience—making it easy for shoppers to track and redeem points, receive special invitations or discounts and save payment information for easy checkout at the register.

And Things They Haven’t…

Very few retailers are doing personalization well within the context of the in-store experience. Many retailers dream of the day when contextual personalization is possible, but very few retailers have the technical capability to achieve this currently. Even retailers that have deployed beacons in-store struggle to personalize the offers.

In our research, shoppers identified mobile self-checkout and the ability to check store crowdedness before arrival as two of the most useful features related to the mobile in-store experience. Almost no retailers solve these use cases, likely due to the level of difficulty involved along with a lack of technology and infrastructure upon which to deliver the experience. However, our research indicates these features can positively affect shopper perception and overall in-store experience, as well as the bottom line.
Our Advice + Predictions for 2016

As we begin 2016, here are three things that we recommend to retailers who are interested in transforming their mobile in-store experiences.

1. Choose a sub-segment of your shoppers to target.
   We’ve built a maturity model, but it must be viewed through the context of each brand and audience. The mobile in-store experience shouldn’t be created for every shopper, but rather for the shoppers most likely to use it and be positively affected by it. Doing this will help avoid a watered down experience and help you prioritize use cases, features and a roadmap that will drive bottom line results.

2. Understand your technology stack.
   Every retailer struggles with legacy systems, omnichannel roadmaps, etc. If you want to deliver a compelling mobile in-store experience, you have to understand these constraints, but not allow them to become a complete roadblock. With this understanding, you can figure out what to invest in today and prioritize features to overcome obstacles. For example, consider starting by delivering customer-service based mobile features that don’t rely on complex legacy systems.

3. Don’t be afraid to be a leader.
   In every industry, there is a tendency to wait and look for proven best practices to emulate. The challenge here is that every retail experience is unique and consumer habits are changing at such a dramatic pace that there are few relevant examples to look to. We believe those who take risks within in-store mobile will be rewarded. The shopping experience gets smarter as each day goes by.

Store Mode

The majority of retailers who scored highest on our assessment had early versions of, or were working towards, something we refer to as “Store Mode.” In addition to offering ecommerce functionality through an application, these retailers unlock several additional features when a shopper is in one of their physical store locations. These features aid and improve the in-store shopping experience. Whether housed in a completely separate application or built on top of the ecommerce application, we believe Store Mode features are a strong solution for achieving the in-store experience that shoppers want.

Overall, we believe 2016 will be a transformative year for mobile in-store experiences. Retailers know they need to solve the in-store challenge, and our research points to the potential for these tools to attract certain types of shoppers and positively impact the bottom line. We’re excited to see the changes ahead.

Visit our website to view the scores and assessments of every retailer we evaluated, as well as to learn more about our Mobile Maturity Model and Original Survey.
Our Take

American Eagle, among fashion retailers with a millennial customer base, is doing better than most in providing a valuable in-store experience for its users. The app provides users the ability to check on an item’s availability in a specific store, in another store and online—but not to see the quantity available. American Eagle has an impressive “Reserve, Try & Buy” feature that allows you to reserve a dressing room in a specific location, with clothing the user has pre-selected through the app. Such functionality is a challenge to implement, but something customers want.

Overall, the app is robust and designed with the young user in mind, including sleek photography and content, but these elements resulted in slow load times. For millennials who are quick to write off features they don’t find helpful, American Eagle is insightful and forward-thinking to include things like “Reserve, Try & Buy.” In its category, compared to Hollister, Aeropostale and Abercrombie & Fitch, American Eagle is the leader of the pack.
Target’s mobile app is a standout in providing shoppers the store guidance they need and want.

OUR TAKE
Target’s mobile app is a standout in store guidance. The mapping functionality it provides is far and away the best we have seen, and consumers love it. The app allows customers to create shopping lists, alerts them if the item is out of stock in their local store or only available online, and then maps out where the items can be found in the local store and highlights the most efficient route. Well designed, easy to use and satisfying a real need, Target’s seamless store guidance features are a definite win. The Target app also provides a plethora of information about things like product inventory to help shoppers on their path to purchase. Areas for improvement include personalization and additional content that takes the focus beyond shopping alone.
OUR TAKE

JCPenney has clearly put time and energy into providing a valuable mobile experience that goes beyond ecommerce functionality. While the retailer's app falls behind the higher-end department stores, JCPenney is still a leader in its category. Like other leaders, JCPenney smartly provides a product scanner that uses shoppers' own phone cameras. When a customer takes a photo of an item, or scans its barcode or QR code, the app pulls up information about the item, or related items if the product can't be easily identified. JCPenney also scored well in the checkout and rewards categories. Recognizing that value-seeking JCPenney shoppers are interested in redeeming points and saving money, the app makes both the loyalty program as well as store coupons easily accessible by phone. However, we found coupons weren't always automatically added to our cart during checkout. While the JCPenney app does not transform the in-store shopping experience, its features are focused on providing value where it's most important.

A strong link between pricing information, inventory and rewards programs makes this app a standout.
SAKS FIFTH AVENUE

07

High-end shoppers will enjoy this sleek, sophisticated app, although probably not while in the store.

OUR TAKE

The Saks Fifth Avenue app creates a unique, sleek and sophisticated shopping experience for its users (high-end shoppers), but it lacks a strong connection to the in-store experience. The app is designed for shopping at home or on the go and provides solid content, access to reviews, and a robust rewards program. However, none of the functionality or personalization offered relates to your presence in a store or experience while there. You can scan an item in a physical location, and then buy it via the app later on, but other than that, the app offers little benefit to brick and mortar shoppers. For a high-end brand with a loyal customer base, there are plenty of opportunities to improve the in-store experience for Saks customers. The app is hitting the mark on a lot of meaningful functions for Saks customers—but more integration with the in-store experience would make the Saks Fifth Avenue app more valuable to shoppers.
OUR TAKE

Walmart’s app provides a great in-store mobile experience. Considering its wide product selection, Walmart has created an impressively robust app with useful inventory information. The app is well designed, works quickly and provides a great user experience overall. By scanning or searching an item, shoppers can view product ingredients, information about similar products and availability in preferred stores or online. Walmart scored highest in the pricing category, which is no surprise. The retailer makes it simple to check the price of an item and compare prices. The savings Walmart shoppers enjoy are clearly outlined. If Walmart doesn’t have the lowest price, the app provides instructions on how to receive a reimbursement or earn rewards points, for the difference. One of only a handful of retailers whose app interface changes when a shopper enters the store, Walmart has a “store mode” that unlocks key features to help shoppers in the store. The app does not include store maps and does not allow shoppers to reserve a dressing room, but when you consider everything the app does offer, Walmart is a clear leader in mobile in-store experiences.
BLOOMINGDALE’S

While clearly a leader among retailers, there are still opportunities for improvement.

OUR TAKE
Bloomingdale’s understands the need to provide a valuable in-store experience on mobile. While clearly a leader among retailers, there are still opportunities for improvement. The application is primarily designed to enhance the online shopping experience while on the go. Upon entering the store, users are greeted with a push notification, which is not personalized. A bar code scanner allows users to find an item in another size or color in store or online. Users can store credit card information in the app, but it can only be used for online purchases, not for in-store checkout. Key areas for improvement include enhancing the fitting room experience and giving shoppers the ability to check inventory in real-time.
NORDSTROM

04

OUR TAKE

It’s no surprise Nordstrom’s mobile experience ranks among the best we encountered. The brand’s overall business strategy, including the acquisition of several fashion startups, shines through in its mobile app. Nordstrom has created a thoughtful, engaging app that not only provides value to users as Nordstrom shoppers, but also helps with general fashion and style needs. Unlike most retail apps, Nordstrom’s does not focus exclusively on ecommerce. The app has a “style” section that includes news and blog content, Instagram feeds, product videos, styling advice and fashion in the news. The app’s strongest in-store features include a barcode scanner, easy access to reviews and product information and the ability to check inventory at nearby stores. When you select an item of clothing in a particular size and color, the app tells you whether the item is available at a nearby store. There’s also some personalization. If your wish list is empty, you can explore recommended products based on your purchase history and what’s popular. The app allows you to add products to your wish list, as well as opt into push notifications to be alerted if those items become available nearby. Nordstrom is making use of new technologies like iPhone’s Touch ID for logging in, and the app links customer service inquiries to the store’s direct phone number—in line with Nordstrom’s position as a leader in customer service. With all that Nordstrom is doing right, there are still opportunities for improvement in terms of store guidance and personalization.
Sephora has turned mobile into a major competitive advantage for the brand.

**OUR TAKE**

While the app’s primary purpose is to serve customers who are not in a physical retail store, it works well as a complementary tool for those inside stores too. Sephora’s mobile app has a definitive in-store role: it houses loyalty card info and enables quick access to a deep library of product content, reviews, videos and more. It also allows users to quickly find products in nearby stores or order online. Other areas of standout performance include the Beauty Insider program, order history details, image and barcode scanning and tools that enable shoppers to figure out the best products for their unique skin tone and style. Sephora is also an early adopter of mobile payment technologies, though no mobile self-checkout is available in store. There are clearly opportunities to leverage mobile even further to improve the in-store experience, mainly in the areas of store guidance, checking for crowds, feedback, mobile self-checkout and personalization, but Sephora is a clear leader in the mobile in-store revolution.
HOME DEPOT

02

OUR TAKE

Home Depot’s app was fairly useful and intuitive in terms of finding items, navigating the store, quickly pulling up product information, comparing prices, checking availability and adding to a cart. Its suggestions for additional items were also pretty helpful. However, it could use improvement when it comes to personalization. There was no attempt to push promotions or services based on personal preferences—all of the app’s features were in direct response to actions taken at the time. The offers it did suggest were generic promotions. Home Depot’s app could have provided a clearer sense of what happens when you add to a list and checkout. The overall experience was very utilitarian, which was quite helpful if you know exactly what you want, but otherwise not so helpful that you wouldn’t still need to seek out an associate.

Robust product reviews and inventory information help DIYers navigate the shopping experience.
OUR TAKE

The Walgreens mobile in-store experience is one of the best we’ve seen. The brand’s mobile app is functional, easy to use and helps shoppers in store and beyond. The app’s most advanced features, including photo ordering, prescription reordering, clinic appointment scheduling and store finding, are designed for use outside of the store. Still, the app turns shoppers’ mobile devices into valuable tools inside the store too. Walgreens has created interactive in-store maps for many stores, using static maps as placeholders for the stores it hasn’t yet reached. Shopping lists are integrated with in-store maps, guiding customers to their desired items.

However, we found this feature a bit challenging to navigate. The Walgreens Balance Rewards program is prominently featured in the app. At checkout, shoppers can present a digital rewards card to be scanned and can select weekly coupons to be automatically applied at checkout. The app also features a bar code scanner. Some possible improvements include sharing current clinic wait times, allowing users to request help from an associate (rather than pushing physical buttons in the aisles), mobile self-checkout and improved push notifications linking lists/past purchases to the shopper’s location in the store. Overall, the app is a clear differentiator for Walgreens as it continues to transform its business.
RETAIL ASSESSMENTS: OUR METHODOLOGY

Each mobile in-store experience was evaluated in a brick and mortar store by a representative of DMI between October and December 2015. Each representative downloaded and explored all consumer mobile experiences that were available to them (or any other shopper) at the time—mobile apps, mobile websites, loyalty programs, notifications, SMS texting programs and more.

Our assessment was based on our Mobile Maturity Model, and was comprised of a 40-point list of use cases. These use cases fell into one of six key areas of the in-store shopping experience that we found to be the most important to today’s shoppers:

- PRICING
- INVENTORY
- PRODUCTS, REVIEWS & ADVICE
- PERSONALIZATION
- REWARDS & CHECKOUT
- STORE GUIDANCE

Upon arriving at the brick and mortar location, the representative attempted to perform each use case. A base score was given to retailers who satisfied a use case, and bonus points were awarded based on the quality of the use case. Category scores (pricing, inventory, products, reviews & advice, personalization, rewards & checkout and store guidance) are the sum of the base score and any bonus points received. The sum of all category scores is the overall mobile in-store experience score.

Each retailer was mapped on our Maturity Model—scores fell into categories ranging from reactive (least mature) to visionary (the most mature). To view scores for all the retailers we assessed, go here.

NOTE: Although DMI maintains business relationships with certain of the evaluated retailers, no retailers were involved in the assessments in any way. DMI was not given access to any applications in development, any back-end systems or associated clienteling applications.
FOR MORE INFORMATION AND ADDITIONAL RETAIL RESOURCES, PLEASE VISIT DMINC.COM/RETAIL-MOBILITY

CONTACT US TO LEARN MORE:
JEREMY GILMAN | JEREMY.GILMAN@DMINC.COM | DMINC.COM