

Mobile shopping transforms holiday retail season

November 29 2013, by Heather Somerville

If the crowds at the mall seem a bit thinner this holiday season, it may be because more shoppers are at home, buying gifts on an iPad.

This year, more consumers than ever before are expected to rely on their [mobile](#) gadgets as holiday shopping companions. There's even a name for it: "couch commerce."

"We've been talking about mobile for the last five or six years, but 2013 really is the year of mobile," said Pat Dermody, president of the U.S. operations of Retale, a mobile application that collects weekly retail ads.

Consumers are turning to smartphones and tablets not only to make purchases, but also for coupons and promotions, to search for gifts and compare prices.

Retailers are responding too, trotting out snazzy new apps and mobile websites to encourage [shoppers](#) to buy their brands.

Some experts say that retailers' ability to connect with shoppers on their [mobile gadgets](#) may determine the success of their [holiday season](#) - and their entire year. Many retailers rely on the holiday shopping season for up to 40 percent of their annual revenue.

"It's becoming a bit of a tipping point," said Kelly Pedersen, retail and consumer director for global research and consulting firm PwC in San Francisco. "There is a pretty big basket of spending going to mobile."

There's a lot to lose for retailers who aren't on mobile, where consumers do 30 percent of their online shopping. According to an Adobe study, retailers with well-developed mobile sites get about 20 percent of their total online sales from a [smartphone](#) or tablet, with the highest sales this holiday season expected to be on Thanksgiving Day. Mobile spending is expected to approach \$10 billion during the last three months of this year, according to Internet technology company comScore, up from \$5.8 billion in the third quarter. Consumers spent about \$7.2 billion on mobile devices in the fourth quarter of 2012.

More than 40 percent of shoppers will use their mobile devices for holiday shopping this year, and almost 70 percent of all smartphone owners will shop for gifts from their iPhones or Android devices, according to several studies from research groups including Google and Deloitte. Experts say tablets have been one of the biggest drivers of mobile browsing and purchases - about 41 percent of consumers will shop from their tablets in the next few weeks, making them almost as popular as desktops for holiday shopping, according to research group Burst Media.

"People prefer to be at home on their couch shopping from their laptop and iPad," said Gidi Fisher, founder and chief executive of PoachIt, an online coupon service and price tracker. "There's more variety, there's better prices and it's just easier."

The number of consumers who shop from the couch was up nearly 350 percent between 2011 and 2012, said PayPal spokeswoman Jennifer Hakes.

And they're not only buying only CDs, books or cheap Secret Santa gifts; PayPal reports shoppers are buying diamond bracelets from their smartphones.

Retailers that have evolved with their high-tech consumers are rolling out mobile sites that load more quickly and fit inside a smartphone screen, as well as apps that offer more perks and services than a shopper may get in the store, experts say. Macy's app gives consumer access to videos, product reviews, gift registries, instant coupons and a mobile payments system. The Disney Store recently re-launched its app to send messages to shoppers on their mobile devices offering exclusive discounts.

And to encourage shoppers to move their tablets from the couch to the stores, retailers have created mobile features that make the in-store shopping experience quicker and easier.

Nordstrom offers mobile checkout, much like Apple stores. Other stores provide customers with tablets to browse the entire store inventory and apps for in-store navigation, so shoppers don't have to search for items. Toys R Us has built an app that lets shoppers - or their children - use a smartphone to scan the bar code on items to create a Christmas list. Toys R Us will also match a competitor's prices if shoppers come into the store and show the advertisement on their smartphone.

"Mobile commerce is our most rapidly growing channel," said spokeswoman Alyssa Peera.

Chris Hill, vice president of marketing at Mobidia, which tracks app use among 2 million mobile users worldwide, said mobile apps from big brands, such as Wal-Mart, Best Buy and The Gap, are used as frequently among the consumers who download them as any other app on their phone-except for Facebook and Twitter.

Still, while the number of retail apps is on the rise, some niche and high-end brands are just starting to tap the mobile market. Some are hiring Silicon Valley tech companies to build their apps, while others have

scraped together resources to build their own.

"To build a good mobile app takes a significant investment - \$50,000 to \$100,000 at the low end," Hill said.

Cost is one reason many mom-and-pop stores and small chains haven't made the leap to mobile. Another is that selling to customers on mobile also requires that merchants know exactly how much inventory they have at any given time, a challenge that even giants such as Google and Walmart have struggled with.

"They are feeling pressure, but in general, have they been able to adapt?" asked Pederson. "The smaller retailers, probably not."

HOLIDAY MOBILE SHOPPING DIGITS:

-46 percent of shoppers will use smartphones to shop for holiday gifts.

-41 percent will use tablets for [holiday shopping](#).

-14 percent use coupons from their mobile phone.

-1 in 3 smartphone owners ages 18 to 34 will purchase gifts from their phone.

-30 percent of visits to a retailer's website will come from a smartphone or tablet.

-14 percent to 20 percent of sales for retailers with website will come through [mobile devices](#).

-41 percent of smartphone shoppers plan to spend less than \$100 on mobile.

-4 in 10 shoppers will shop from mobile device while they are in a store.

-72 percent of smartphone owners use at least one shopping apps.

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