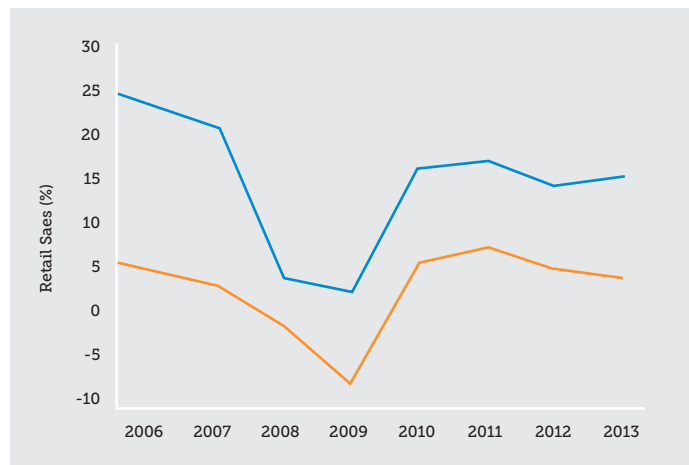# The Digital Retailing Ecosystem
Creating storefronts for a multi-device world

Our digital lives now take place on a variety of devices, each with different usage behaviors. Is your business able to attract and convert consumers on each?

A comprehensive mobile strategy has become a necessity for retailers due to the rapid growth in online sales, particularly via mobile devices. Our whitepaper illustrates the role that mobile devices are playing for both business clients and consumers throughout their path to purchase. We examine device usage and digital behavior among today's shoppers and provide affordable guidelines for implementing a mobile retail strategy that will positions you to win across all devices. Our whitepaper also discusses impactful and interactive merchandising solutions for your brick and mortar storefront using mobile devices and software.

Growth in online vs. total U.S. retail sales

■ Online Sales
■ Total Retail Sales

According to a recent study, 55% of Americans regularly shop online at an average of 15.6 online purchases per year. Last year consumers spent more than $262 billion on digital purchases, a staggering 90% more than just five years ago. This huge number still represents a little more than 6% of total retail sales. Annually, digital retail sales continue to grow at a 14 to 17% clip, which would lead to a doubling of online sales in just the next five years. The shift to online shopping has been staggering, but at just 6% share of all retail sales, the remaining upside is immense.

In 2012, shoppers spent 90% more online versus five years ago.
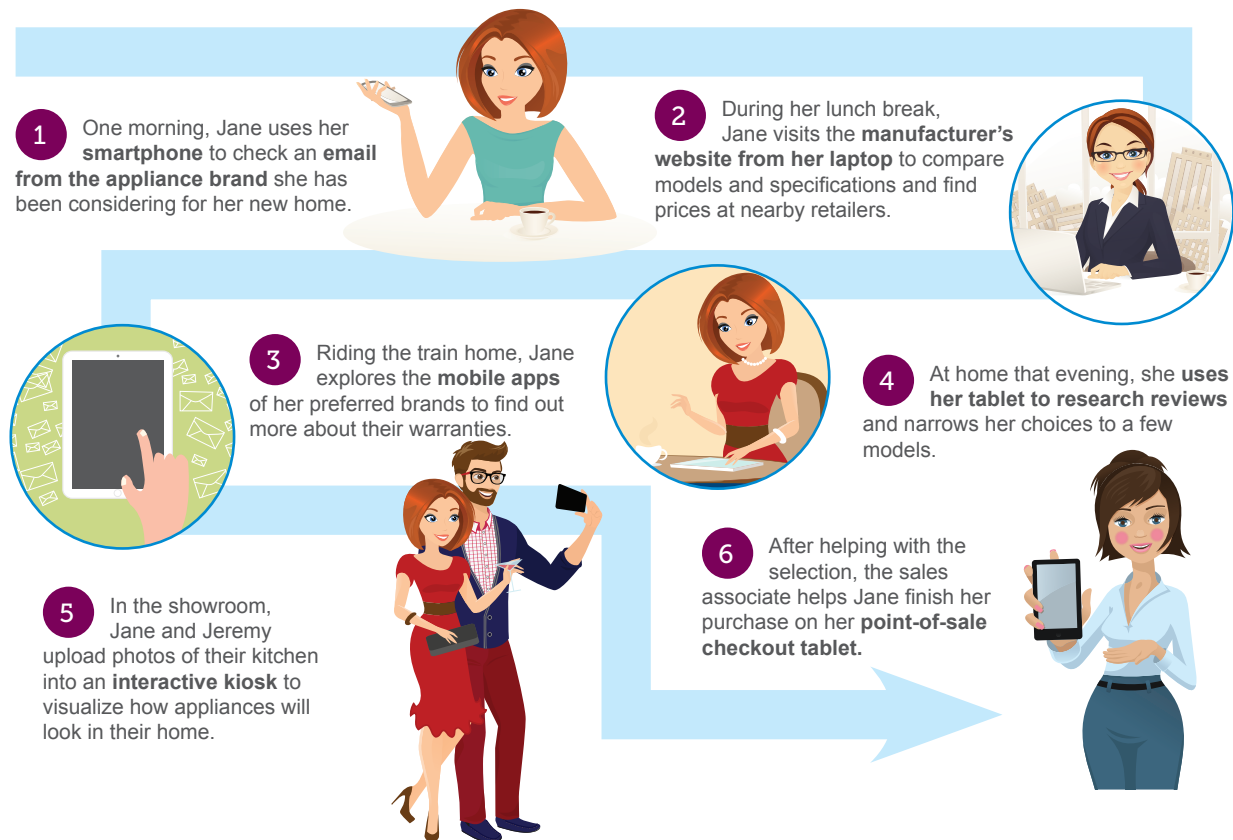
As a business manager, you must understand the opportunity and appreciate the complexity of your customers' evolving shopping behavior. Tapping into this e-commerce tidal wave requires more than creating an online retail (e-tail) site. Consider all the digital devices you use in a day. Just as retail purchases are moving online and away from stores, **online purchases are increasingly moving away from the PC and towards mobile devices**, which now account for nearly 1/3 of electronic retail sales.

To maximize revenue, a company's digital business needs a cohesive experience across multiple devices in order to attract customers, drive engagement and convert sales at each of these unique irtual storefronts. We at EX² Solutions would like to share multi-device strategies we've developed for our clients so that you may flourish in today's multi-screen retail universe.

The Digital Ecosystem Sales Cycle

Take a moment to think about the last item you purchased that cost more than $100. Consider how you shopped for that item and how you came to your decision. Now, think about making the same purchase 10, or even five years ago. The shopping process has changed because the world has changed. Shoppers today have so many more tools available to them, often as close as their front pocket and they're using them to make smarter, more informed choices.

For example, meet Jane, a busy professional who recently moved into a new home and just bought a washer and dryer. Let's review her path to purchase:

1 One morning, Jane uses her **smartphone** to check an **email from the appliance brand** she has been considering for her new home.

2 During her lunch break, Jane visits the **manufacturer's website from her laptop** to compare models and specifications and find prices at nearby retailers.

3 Riding the train home, Jane explores the **mobile apps** of her preferred brands to find out more about their warranties.

4 At home that evening, she **uses her tablet to research reviews** and narrows her choices to a few models.

5 In the showroom, Jane and Jeremy upload photos of their kitchen into an **interactive kiosk** to visualize how appliances will look in their home.

6 After helping with the selection, the sales associate helps Jane finish her purchase on her **point-of-sale checkout tablet.**

The process above is a common course of action that consumers undertake when making a large, considered purchase. **Shoppers will engage with their chosen brand several times before making a decision and, more often than not, use a variety of devices to do so.** A business that can't deliver an engaging, intuitive and consistent experience each time – and on each device – is likely to be out of the running altogether well before the purchase decision is made.
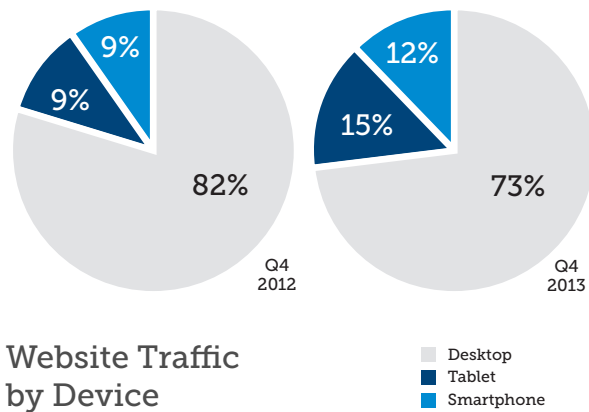
US Mobile Phone And Tablet Commerce Forecast, 2013 To 2018; Forrester 5/12/2014 (http://www.forrester.com/US+Mobile+Phone+And+Tablet+Commerce+Forecast+2013+To+2018/fulltext/-/E-RES115514?intcmp=blog:forrlink)

How We Use Our Screens Now

Our multi-screen world is now firmly entrenched. Mobile devices are steadily gaining more and more share of overall online site traffic.

As managers, you must think about how to strategically position your business in order to lead in this new, increasingly mobile, multi-device world. Start by considering how shoppers use each device uniquely. This will provide more clarity on how a shopper might use each particular device to interact with your particular brand and products/services.

Let's review Americans' device behavior:

Mobile online traffic increased 50% in one year.

9% 9% 82%
Q4 2012

12% 15% 73%
Q4 2013

Website Traffic by Device

- Desktop
- Tablet
- Smartphone

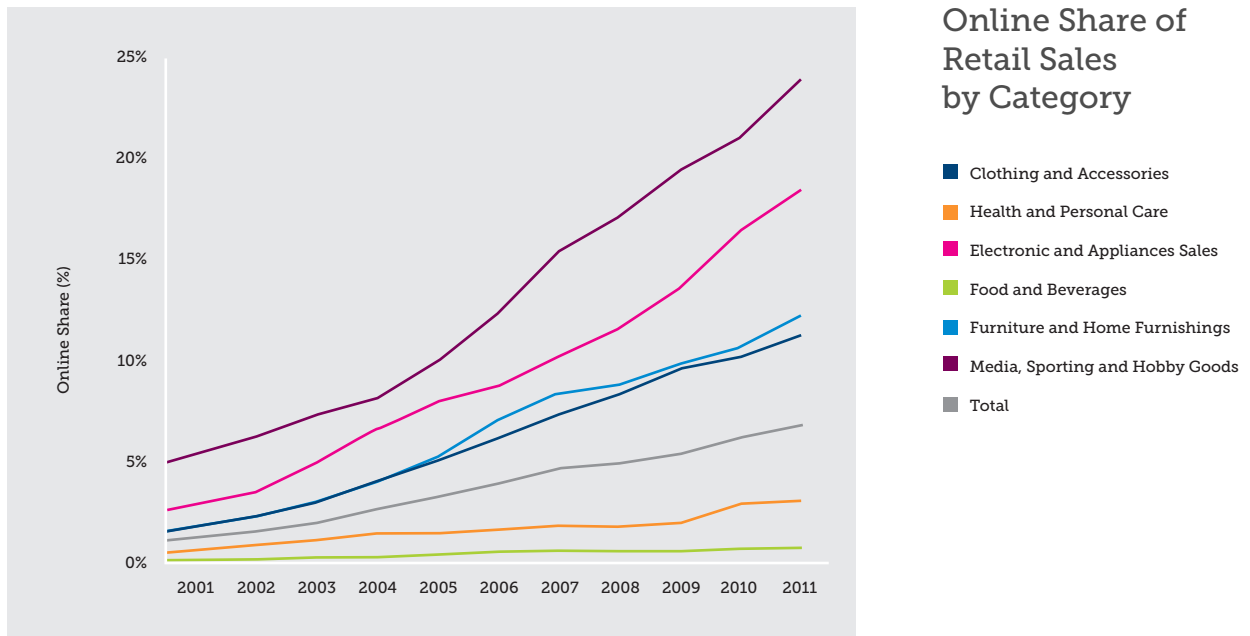|	Desktop/Laptop	Tablet	Smartphone
Dominant orientation	Landscape (wide)	60% Landscape (wide) 40% Portrait (tall)	Portrait (tall)
Typical usage	**Lean-in:** Focused research & creation	**Lean-back:** Consuming content, especially at home	**All day:** Glancing at personal data updates
Most popular applications/uses	• Web browsing • Shopping: Browsing & finalizing purchases • Composing lengthy email/attachments • Office/productivity	• Videos/media • Web browsing • Shopping: Researching purchases • Composing email • Apps: e-books, games, education, utilities	• Texting/messaging • Quick web searches • Maps, location search • Checking for email • Social networking • Apps: Photos, games, music/video
Ownership, % of adults	61%	42%	58%
Active time online/day	2 hours, 19 minutes	1 hour, 3 minutes	1 hour, 7 minutes
Share of web browsing	78%	7%	15%
Share of email opens	35%	17%	48%
Other notable stats	Most purchases are still made from a desktop/laptop, PC	• 77% iPad vs. Android browsing share • Most rapid adoption of any digital device	• Split: 50% iPhone, 46% Android share • 78% of local searches result in a purchase

(Statistics from published studies of adults, 18+, in the US/North America)

Clearly, each device has a relevant role to play, which is why companies must have thoughtful, compelling and specifically designed "storefronts" for each device. Some other points to think about:

The line between smartphone and tablet is getting blurrier. Mini-sized tablets under 9 inches (like iPad mini and Kindle Fire) and large 5-6 inch "phablet" smartphones (like Samsung's Galaxy Note) are both selling faster than regular sized – tablets (9 inches or larger). So, mobile experiences should accommodate a variety of sizes (and orientations).

Conversion doesn't necessarily happen in a single session. Conventional thinking was that businesses should convert users into sales within a single website visit. Today's conversion funnel stretches across multiple sessions – and devices. Is your business doing enough to build users' awareness, confidence and recall when they hop from phone to laptop or vice versa?

Particular industries, such as apparel and electronics, are extremely reliant upon online sales. It is that much more critical for businesses in these categories to have a clear mobile strategy, as well as the right tools and partners, to ensure success.
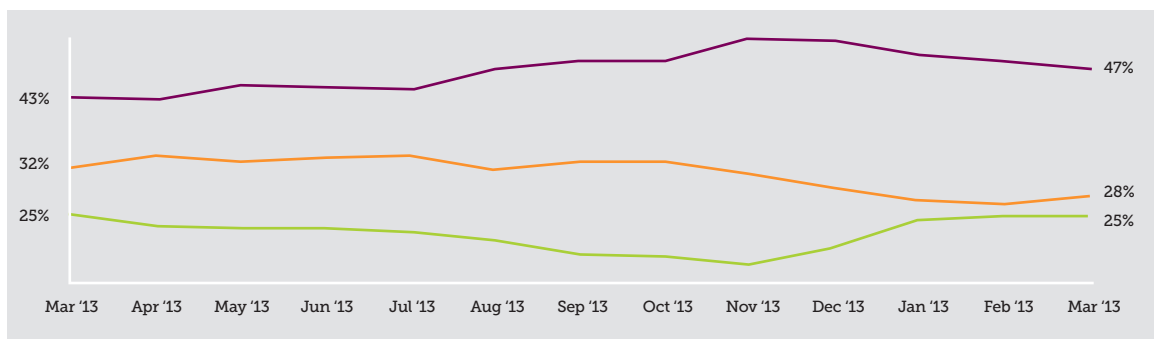

Online Share of Retail Sales by Category

- ■ Clothing and Accessories
- ■ Health and Personal Care
- ■ Electronic and Appliances Sales
- ■ Food and Beverages
- ■ Furniture and Home Furnishings
- ■ Media, Sporting and Hobby Goods
- ■ Total

For companies in the mobile heavy retail categories like clothing, electronics and home goods, a comprehensive mobile strategy is critical.

US Census Bureau Retail Statistics

Go Mobile Without Breaking the Bank

So, is your company ready to hangten on the mobile Internet wave or about to be taken under? No need to panic – here are a few guidelines:

1 **Do a responsive website redesign first.** You've probably heard of responsive web design (RWD) by now: adding layouts that adjust your site when viewed from smaller devices. Complexity can vary – some features need special handling for smartphones, such as wide product-comparison tables or forms requiring lots of inputs. (Can't you just deploy a "light" mobile website with fewer features? Not really: 54% of users say mobile-optimized sites don't give them enough information compared to regular websites.)

2 **Send just the content the device needs.** Responsive design alone still sends all the desktop data to mobile users, which can create a poor experience: many cellular carriers charge their users for downloading mobile data and mobile data is usually slower than Wi-Fi. Some users won't want to wait. But with adaptive content hub technology, you can use a combination of responsive and adaptive components on a server to send just the right content based on the device type. For instance, this can include sending high-resolution "retina" images to devices that support it.

3 **Update your email marketing templates and content.** The majority of email is opened on smartphones, where screen real estate is limited. In fact, 68% of Gmail and Yahoo! users' opens occur on a smartphone or tablet. Are your outbound emails designed to convert well on a phone? If not, you could be relegated to the Spam folder.

Shares of Emails Opened by Device

Legend: Desktop · Mobile · Webmail

Chart data points: 43%, 32%, 25% (left axis); 47%, 28%, 25% (right labels). X-axis: Mar '13, Apr '13, May '13, Jun '13, Jul '13, Aug '13, Sep '13, Oct '13, Nov '13, Dec '13, Jan '13, Feb '13, Mar '13
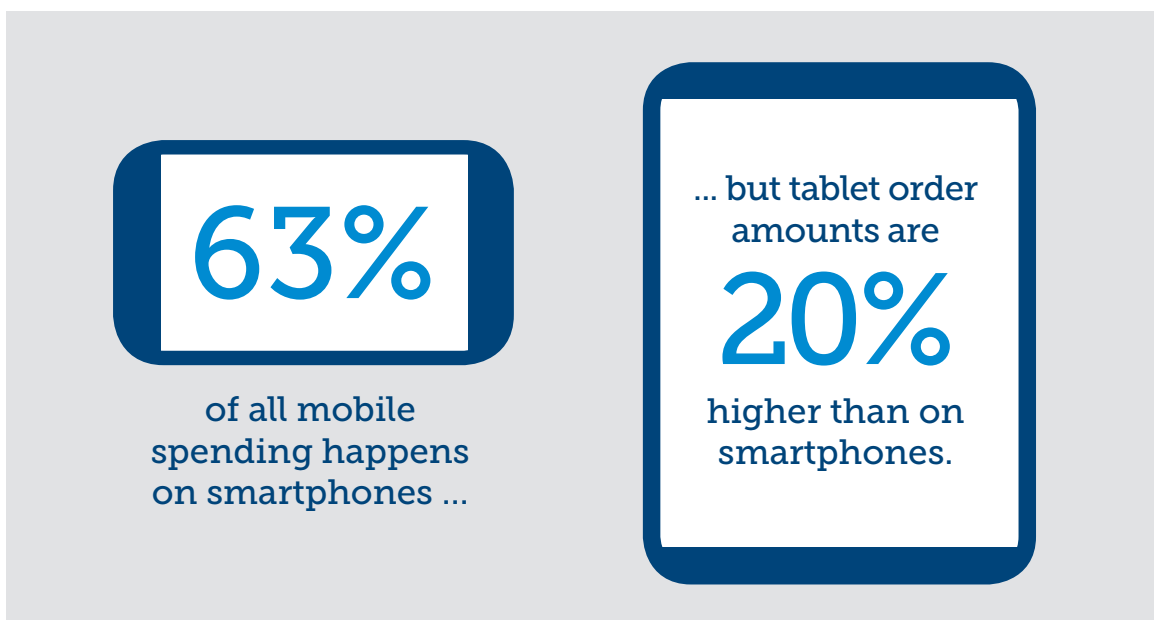
4 **Smartphones are often used while shopping.** Among the most popular in-store activities for mobile users are checking prices, comparison shopping, searching for product reviews and coupons. Your best value propositions should be front-and-center for mobile shoppers, not buried within complex pages.

Of those, 82% use a search engine, 62% use the store website, 50% use a brand website, 21% use store apps and 20% use deal websites.

Why shoppers are using mobile devices while shopping in stores:

63%	One-the-go convenience
52%	Available special offers/coupons
48%	Easy to compare prices, find best deal
41%	Product not available in-store

5   **Mobile users love to share.** You've probably installed Facebook and Twitter button icons on your desktop site – mobile browsers have a Share button built in (Android's Share button is especially flexible). Make sure to add smart social-metadata tags, so that every product/article page shared draws new or casual readers.

6   **Native mobile apps are ideal for repeat/frequent activities.** Downloadable apps have high consumer appeal, particularly for social networking, games and entertainment. Compared to responsive websites, native apps offer faster performance and better access to device features like cameras, GPS and notifications.

7   **Get wild about hybrid apps.** Developing multiple mobile apps for iOS and Android can be costly, so consider creating "hybrid" native/web apps. This approach helps developers reuse code and existing web services, getting your apps to market faster than developing native alone.

63%
of all mobile spending happens on smartphones ...

... but tablet order amounts are
20%
higher than on smartphones.

A hot merchandising trend: Digital signage & kiosks

Don't ditch the retail store altogether! A physical retail presence remains a great opportunity to reach new customers and tell the story of your product. Interactive merchandising gives products an even better shot of standing out from the competition. Large touchscreen displays are bringing immersive, affordable education, inspiration and self-service to the product display aisle. Why bother? Here are a few great reasons:

- Let shoppers research to their hearts' content. Even with limited physical retail space, a kiosk can present your entire product/service catalog.
- Maximize upsell opportunities by suggesting coordinating accessories, add-ons, installation kits and more.
- Free your staff from repetitive tasks so they can focus more time and attention on offering more personalized customer sales and service.
- Let customers check-in or check-out on their own; many prefer the convenience, accuracy and paperless receipts of self-service payment stations.
- Get creative to obtain leads: Even if you're not selling hard goods, offer a premium for the user's time, share to their mobile device and/or follow up with a next-step email.
- The next wave of retail engagement will merge physical and digital worlds further: Augmented or virtual reality, product sensors and in-store beacons promise to radically re-shape sales centers and showrooms.

It's not just a fresh coat of paint

Use smart defaults and present limited choices to start. Don't overwhelm your customers with old, desktop metaphors and interfaces – present just enough to draw them in, then offer alternative ways to browse deeper information from your website.

Embrace single-sign on. Entering an email/password is a downright pain on mobile keyboards, let alone having to remember them the next time. Instead, integrate with popular login services from Facebook, Google (Gmail), Twitter, etc.

Measure everywhere, target everywhere. To get proper insights and optimize visitors' conversion opportunities, each of your digital ecosystem storefronts will need to transmit

How can I get my content into the digital ecosystem?

We believe a **content hub**, otherwise known as web content management system (WCMS or CMS), is the best way to centralize assets for the digital retailing ecosystem. A well-designed content hub solution can help your staff

Embrace the ecosystem! We design, develop and launch smart multi-device solutions for businesses.
Contact us at **info@exsquared.com** or **512.371.7842**.