IBM Software
Industry Solutions

A report on the Mobile Customer Experience

Based on the Harris Interactive 2011 Mobile Transactions Survey

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Introduction

In February 2011, Harris Interactive conducted a survey on the Mobile Customer Experience, commissioned by Tealeaf (now IBM), a leader in online Customer Experience Management (CEM).[1] The survey illustrated the extent and impact of issues that consumers encounter when conducting transactions via their mobile devices, such as smart phones, and demonstrated the business impact of these issues. The survey focused on identifying the types and frequency of mobile transaction issues, the behaviors of consumers who have experienced challenging or failed mobile transactions and the overall effect these mobile customer experience problems have on brand and loyalty. The survey also explored the levels of frustration consumers experience when encountering transaction failures on their mobile devices, comparing these frustrations to other commonly frustrating occurrences, such as being stuck in traffic.

High-level findings from the survey include:

- Consumers surveyed expect the mobile experience to be better or equal to the in-store and online (using a laptop or desktop computer) experience.
- More than four in five US adults who have conducted an online transaction via a mobile device in the last year report experiencing a problem (84 percent).
- Businesses may be losing customers due to poor mobile experiences: 63 percent of all online adults surveyed said they would be less likely to buy from the same company via other purchase channels if they experienced a problem conducting a mobile transaction.

Note: Throughout this report, "consumers" refers to online US adults ages 18+ who have conducted an online transaction (including e-commerce purchasing transactions, travel reservations, and online banking transactions such as bill pay or fund transfers) using a mobile device (a smart phone such as an iPhone, Droid, or BlackBerry, that supports Internet browsing capabilities or downloading mobile applications) within the past year.

The complete methodology for this survey can be found at the end of this report.

Further, all facts, percentages, results, etc. with the exception of those referenced in footnotes 2 and 3, are all part of the Harris Interactive survey and will not be footnoted separately.

Mobile soon to become the dominant online channel

Mobile devices are set to become the medium for digital commerce. According to an ABR Research press release, the mobile-commerce market is "expected to account for 24.4 percent of overall e-commerce revenues by the end of 2017. This represents the result of some spectacular growth in 2011, when the mobile online commerce market doubled in size to $65.6 billion."[2]

According to Forrester Research, "In 2013, customers will demand greater ability to interact with customer service organizations via mobile devices. More than one-third of US online adults own a smartphone; 43 percent of them fall into Forrester's SuperConnected consumers category. (see endnote 8) SuperConnecteds use their phones for information, research, commerce, and service."[3]

2011 Mobile Customer Experience Survey findings

Survey finding: new platform, same issues

More than 4 in 5 online adults who have conducted a mobile transaction in the last year have experienced a problem.

Although mobile devices are transforming the way people transact online, the mobile customer experience leaves much to be desired. Consumers often struggle to do business from their mobile devices. The issues go beyond connectivity and download speeds – the mobile experience itself is fraught with obstacles that can keep consumers from accomplishing their goals.

Of those who experienced transaction issues via their mobile devices:

- 34 percent received an error message
- 29 percent said the app/website was difficult to navigate
- 25 percent were unable to complete a transaction due to an endless loop
- 23 percent had trouble logging in
- 16 percent said they encountered insufficient, incorrect, or confusing information

Some of these issues are technical, but many of the things that cause mobile consumers to struggle are not error- or problem-related, making them harder still to detect, diagnose and resolve effectively.

Interestingly, previous online consumer behavior surveys conducted by Harris Interactive show similar results for online transactions from desktop computers and laptops. Between 2005 and 2009, Harris Interactive conducted five online consumer transaction surveys on behalf of Tealeaf (now IBM). On average, 86 percent of online consumers surveyed experienced similar issues when transacting online from traditional desktop or laptop computers. The new mobile survey highlights that while the platform for conducting transactions is shifting, consumer struggles continue.

Survey finding: great expectations

Nearly half of adults who have conducted a mobile transaction in the last year expect the mobile experience to be better than the in-store experience.

Consumers have very high expectations for their mobile experience. Adults who have conducted a mobile transaction in the last year were asked to compare their expectations for shopping via mobile devices versus other purchase channels. Of those surveyed:

- 47 percent expect the mobile experience to be better than the in-store experience
- 80 percent expect the mobile experience to be at least as good as the in-store experience
- 85 percent expect the mobile experience to be better than or equal to online using a laptop or desktop computer

Survey finding: business implications

43 percent of mobile consumers who experience a problem will abandon.

Just as with other channels, mobile consumers have little tolerance for poor experiences. If they encounter problems attempting to conduct mobile transactions, many consumers would abandon their transactions and take their business elsewhere. Of those surveyed:

- 43 percent would abandon the mobile transaction and try later on a computer
- 16 percent would become more likely to buy from a competitor
- 14 percent would e-mail or log a complaint with customer service
- 12 percent would abandon the transaction at the app/site and try a competitor's app/site

Significantly, customer struggles on a mobile device can drive consumers away from doing business with a company entirely:

- 63 percent of online adults surveyed said they would be less likely to buy from the same company via other purchase channels if they experienced a problem conducting a transaction on their mobile phones.

Survey finding: mobile is everywhere

57 percent of mobile consumers are conducting financial transactions via their mobile devices.

Customers want to do the same things on their mobile devices that they do on a computer. The survey shows that consumers who have completed transactions on their mobile devices in the last year have handled a variety of tasks. Of those surveyed:

- 69 percent have shopped via their mobile devices
- 57 percent have conducted financial transactions (such as online banking) via their mobile devices
- 31 percent have booked travel from their mobile devices
- 15 percent have conducted insurance transactions via their mobile devices
- 13 percent have completed other types of transactions from their mobile devices

This mirrors the results from earlier Harris Interactive surveys on online transactions from computers, suggesting that consumers are ready and willing to embrace everything that mobile transactions have to offer.

Survey finding: mobile transaction issues can be frustrating

23 percent of mobile consumers who experienced an issue in the last year cursed at their phones.

Just how frustrating are customer struggles on a mobile device? The survey found that more adults are extremely or very frustrated by failed mobile transactions (58 percent) than by going to the DMV (50 percent) or waiting in traffic (56 percent). The survey also found that mobile consumers often resort to interesting ways to vent their frustrations, including:

- 23 percent cursed at their phones
- 21 percent deleted the poorly functioning app
- 11 percent screamed at their mobile device
- 4 percent threw their mobile device

Survey finding: taking it to the tweets

Nearly 4 in 5 (78 percent) who experience problems completing mobile transactions share those experiences with others.

When people encounter problems with their mobile transactions, they do not keep their experiences to themselves. The survey shows that 78 percent of those experience transaction issues share them with others. Of those who do:

- 40 percent share their negative experiences vial a social media channel (Facebook, Twitter, blogs, etc.)
- 60 percent share via in-person conversations with friends and family

The impact of negative comments posted to social media can be quite dramatic. In a previous Harris Interactive study on online customer behavior, 82 percent of online adults report that social media has influenced their choice of vendor.

Conclusion

There is tremendous momentum in the mobile channel, and organizations continue to show an increasing appetite for moving transactions to these devices. However, mobile consumers find the convenience of transacting anywhere, anytime is often offset by unsatisfying and unproductive experiences. Just because they can pay their bills from their smart phones while riding the subway does not mean their expectations are reduced.

Matt Wilcox, senior VP and director of e-business strategies at Zions Bancorporation summarizes the market conditions well. "Mobile is a prime channel for us," he says. "It's mission-critical to look at that experience." Indeed, Wilcox says the bank has seen the greatest growth in mobile among customers who never even used online banking from a PC.

However, it is important to note that these conditions also create a tremendous opportunity for organizations to distinguish themselves by their online customer service. By focusing on meeting the high expectations of mobile customers, companies can leapfrog their competition.

Improving the Mobile Customer Experience

No matter the online channel, the best remedy for poor customer experiences is a cohesive strategy for identifying common customer struggles, putting processes in place to quickly resolve those issues and proactively preventing future struggles from taking place. This customer-centric approach is gaining broad adoption by organizations looking to distinguish themselves with excellent customer service across all their channels – including mobile. So what does this entail?

- **Make the commitment:** the first step is making customer experience a priority. Your customers should be able to intuitively navigate your mobile interface, gather the information they need to make a decision and smoothly conduct their transactions. In light of how much time and budget most e-businesses are spending attracting visitors to their online channels, it makes sense to dedicate sufficient resources helping to ensure those visits convert into revenue.
- **Identify and prevent issues:** identify customer experience trends and nip potential problems in the bud. Are customers getting to a certain point in the transaction process but not pulling the trigger? By quickly spotting areas where mobile customers are struggling, you can dramatically reduce the impact these issues have on future business.
- **Get your contact center on board:** the study shows that nearly one in four frustrated mobile customers call customer service to complete their transactions. However, most call centers are ill-prepared to pick up the ball from a failed mobile transaction. Giving your customer service agents insight into the mobile customer experience will help to significantly increase customer satisfaction, retention and order values.

The era of mobile commerce is not around the bend – it is already here. In an effort to keep pace, organizations are scrambling to get new mobile capabilities into market – just as a decade and a half ago they were rushing to launch their first transactional websites. But those who leap into this channel without a plan for gauging and managing the mobile customer experience risk losing more business than they gain, and damaging their brands in the process.

Methodology

This Mobile Transactions survey was conducted online within the United States and Great Britain by Harris Interactive on behalf of Tealeaf (now IBM) between February 9-11, 2011 among 2,469 US adults ages 18+ and between February 9 and February 14, 2011, among 2,228 UK adults age 16+.

The US data were weighted to be representative of the total US adult population on the basis of region, age within gender, education, household income, and race/ethnicity. The UK data were weighted to be representative of the total British adult population on the basis of region, age, sex, education, and income. Both sets of data were weighted to be representative of the population of online adults in each country.

All sample surveys and polls, whether or not they use probability sampling, are subject to multiple sources of error which are most often not possible to quantify or estimate, including sampling error, coverage error, error associated with non-response, error associated with question wording and response options, and post-survey weighting and adjustments. Therefore, Harris Interactive avoids the words "margin of error" as they are misleading. All that can be calculated are different possible sampling errors with different probabilities for pure, unweighted, random samples with 100 percent response rates. These are only theoretical because no published polls come close to this ideal.

Respondents for this survey were selected from among those who have agreed to participate in Harris Interactive surveys. Because the sample is based on those who agreed to be invited to participate in the Harris Interactive online research panel, no estimates of theoretical sampling error can be calculated.

About IBM Enterprise Marketing Management

The IBM Enterprise Marketing Management (EMM) Suite is an end-to-end, integrated set of capabilities designed exclusively for the needs of marketing organizations. Integrating and streamlining all aspects of marketing, IBM's EMM Suite empowers organizations and individuals to turn their passion for marketing into valuable customer relationships and more profitable, efficient, timely, and measurable business outcomes.

Delivered on premises or in the Cloud, the IBM EMM Suite of software solutions gives marketers the tools and insight they need to create individual customer value at every touch. The IBM EMM Suite helps marketers to understand customer wants and needs and leverage that understanding to engage buyers in highly relevant, interactive dialogs across digital, social, and traditional marketing channels.

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Over 2,500 organizations around the world use IBM EMM solutions to help manage the pressures of increasing marketing complexity while delivering improved revenue and measurable results. IBM's time-tested and comprehensive offerings are giving companies such as Dannon, E*TRADE, ING, Orvis, PETCO, Telefonica | Vivo, United Airlines and wehkamp.nl the power and flexibility required to provide their customers and prospects with what they expect today – a more consistent and relevant experience across all channels.

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1 2011 Harris Interactive Survey of Mobile Transactions, February 2011.

2 ABI Research Public Press Release; http://www.abiresearch.com/press/
m-commerce-growing-to-24-of-total-e-commerce-marke

3 Forrester Research, "Navigate the Future of Customer Service", February 01, 2013,
By Kate Leggett with William Band, Sarah Bookstein; available at:
http://www.forrester.com/home#/Navigate+The+Future+Of+Customer+Service/
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