

All-Channel Experience: Mobile Product Data Study

Improving Data Visibility to Create a Winning Mobile Channel

EXECUTIVE SUMMARY





Mobile Masters

Throughout this executive summary we highlight a few examples of consumer products and retail companies demonstrating mobile mastery.

Mobile and the ‘Moments of Truth’

Technology is changing the way consumers shop today, affecting the “moments of truth,” the critical points when shoppers make their choices. They expect to find instantaneous information in multiple sources and formats, at any time and at any location. They look for consistency and convergence among different technologies and channels. And they have no predefined views about what “belongs” in specific channels, but will use whichever channel or device is most relevant in whichever part of their shopping journey.

During this “all-channel shopping journey,” the Internet remains the primary digital channel.¹ However, the use of smartphones is growing rapidly. Capgemini’s “Digital Shopper Relevancy” study found this to be especially true among consumers we call “Digital Shopaholics,” who are early technology adopters and are typically the most digital-savvy shoppers. In addition, smartphones are the most common starting point for online activities such as shopping and searching for information,² providing a key trigger for engaging with customers.

In the future, the mobile channel is expected to become an increasingly important part of the all-channel journey. About half of consumers anticipate that their use of mobile apps during the shopping process will grow during the next three years.³

¹ “Digital Shopper Relevancy: Profiting from Your Customers’ Desired All-Channel Experience,” Capgemini, 2012

² “The New Multi-screen World: Understanding Cross-platform Consumer Behavior,” Google, August 2012

³ “Digital Shopper Relevancy,” Capgemini

Taking a Close-Up Look at Mobile Data Visibility

Given the growing role of the mobile channel in shopping, Capgemini decided to evaluate the visibility of product data being provided to consumers via mobile websites and apps. We focused on the food and grocery segment in part because food digital shoppers have a higher-than-average usage rate of mobile apps in all phases of their shopping journey.⁴ This “Mobile Product Data” study is a follow-on to our earlier “Digital Product Data” report⁵ and was designed to:

- Identify key trends related to mobile shopping in the food and grocery segment
- Analyze mobile websites and apps provided by a number of grocery retailers and manufacturers
- Introduce a framework for analyzing companies’ mobile product data readiness
- Analyze a number of consumer-focused third-party mobile shopping apps in the food and grocery segment

The Mobile Product Data Study analyzed the mobile websites and mobile applications of close to 30 leading retail and consumer products companies in the food and grocery category. The companies analyzed are based in the US, UK, France, the Netherlands and India. In addition, 11 grocery-related third-party mobile applications from the US were analyzed.

As part of the research, we conducted a pilot in real time involving 12 retail and consumer products companies in the US and India, using the Capgemini Mobile Product Data Framework. We focused on the US and India in order to make comparisons between a mature and a developing market. The results indicate that except for a few US retailers, the majority of companies are still at the “Starter” stage and have ample opportunity to improve their mobile offer.

The study examines only smartphone applications and websites because phones are currently the dominant mobile device used in shopping. However, many of the mobile apps and sites studied have similar versions modified for tablets, or even purpose-built tablet apps, which are leveraging the same mobile product data features.

This executive summary provides an overview of our Mobile Product Data study.

Demand for Mobile Grows, but Capabilities Lag Behind

The mobile channel is relevant across the entire customer shopping journey, with about 40% of consumers saying smartphone apps are important in all phases – Awareness, Choosing, Transaction, Delivery and Aftersales Care (Figure 1, following page).⁶ In particular, mobile scanning of barcodes (UPC and QR codes) has grown significantly over the past few years. ScanLife reported a 300% increase in barcode scanning in 2011, compared with 2010, with consumer products and retail among the leading industries.⁷

Consumers expect relevant product data optimized for smartphones from retailers and consumer products companies, yet they are not always getting it. In many cases, the mobile product information provided to shoppers is inaccurate, incomplete or missing entirely. For example, in research conducted by GS1 UK and the Cranfield School of Management, 91% of mobile barcode scans returned incorrect product descriptions and 75% returned no data at all.⁸

The opportunity for companies to benefit from improved mobile data visibility extends beyond just barcode scanning:

- **Mobile promotions and coupons:** Companies can drive foot traffic and build loyalty with tactics such as time-limited and personalized coupons.
- **Location-based services:** Retailers can use geo-fencing around their stores or those of their competitors and help customers locate the nearest store for a particular product, thereby increasing traffic and providing shopper convenience.
- **Inventory checks:** Companies can upsell and expand the shopping basket by bringing shoppers in from out-of-stock competitors and by capturing undecided shoppers.
- **Smart shopping lists:** Gaining a better understanding of customers’ shopping and buying habits can help build loyalty and provide personalization.
- **Weekly ads:** Mobile ads can create convenience for loyal customers, helping to drive traffic and increase basket size.
- **Loyalty/reward program:** Mobile access to a store loyalty account can provide shoppers with added convenience and customized offers.

4 Ibid

5 “All-Channel Experience: Digital Product Data” (focused on product data visibility in the online channel in the grocery segment), Capgemini, 2012

6 “Digital Shopper Relevancy,” Capgemini

7 “Mobile Barcode Q2 2012, Q4 2011 Trend Report,” ScanLife

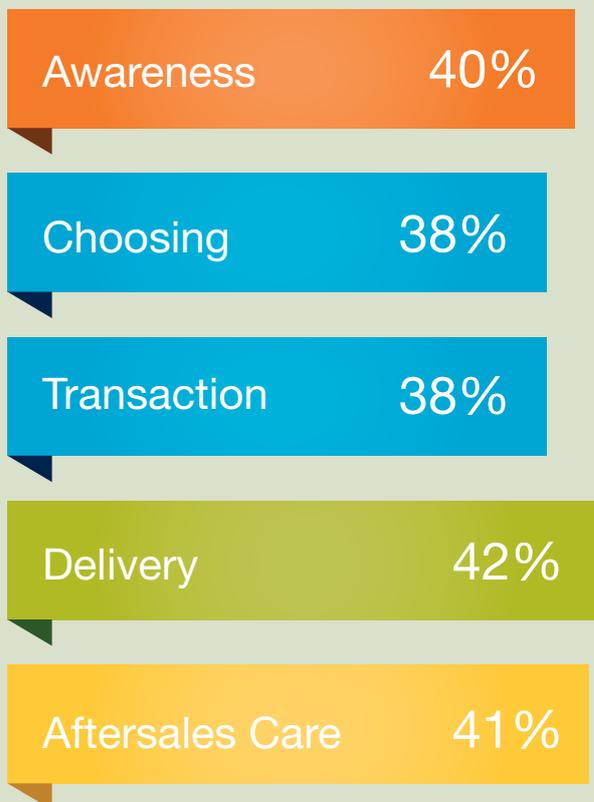
8 “Beyond the Label: Providing Digital Information Consumers Can Trust,” GS1 and Capgemini, 2011

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Ocado Offers Shopping On the Go

The Ocado on the Go app lets customers shop for everything that is available at Ocado using their mobile phones. The app works in harmony with ocado.com and offers an instant shop feature, which creates a typical order based on previous purchase history.

Figure 1. Interest in Mobile Apps is Consistent Across All Phases of the Shopping Journey (% of digital shoppers saying "important/extremely important")



Source: "Digital Shopper Relevancy: Profiting from Your Customers' Desired All-Channel Experience," Capgemini

- **M-commerce:** Mobile payments can drive efficiencies with faster checkout and paperless transactions.
- **Augmented reality:** This functionality can boost sales by enabling consumers to virtually view products in their own homes.

A key step to take advantage of the opportunity that mobile presents is to improve the visibility of product data in mobile channels.

Mobile Product Data Framework Assesses Company Readiness

To assess the visibility of mobile product data and provide a tool to test companies' mobile readiness, Capgemini developed a Mobile Product Data Framework. The framework includes a set of common attributes or functionalities for

both mobile websites and mobile apps that fall into the areas of content management and consumer engagement (see Figure 2 for an example). This framework was created with the consumer point of view in mind, in terms of their requirements and expectations when using a company's mobile website or app.

Content management attributes include product lists, store locators, recipes, in-store inventory checks and smart shopping lists, and are designed to drive traffic to the store and help retain customers. Consumer engagement attributes such as loyalty programs, weekly ads, promotional coupons, QR codes and m-commerce are meant to build loyalty and help customers make buying decisions.

Using the framework, the attributes of a mobile site or app are rated based on whether they are considered to be basic features (for example, a product list) or advanced options (such as m-commerce). Together these result in a combined

Figure 2: Consumer Engagement – Tools that Build Loyalty and Help Customers in Decision Making (Indicative snapshot of Consumer Engagement Framework for mobile website)

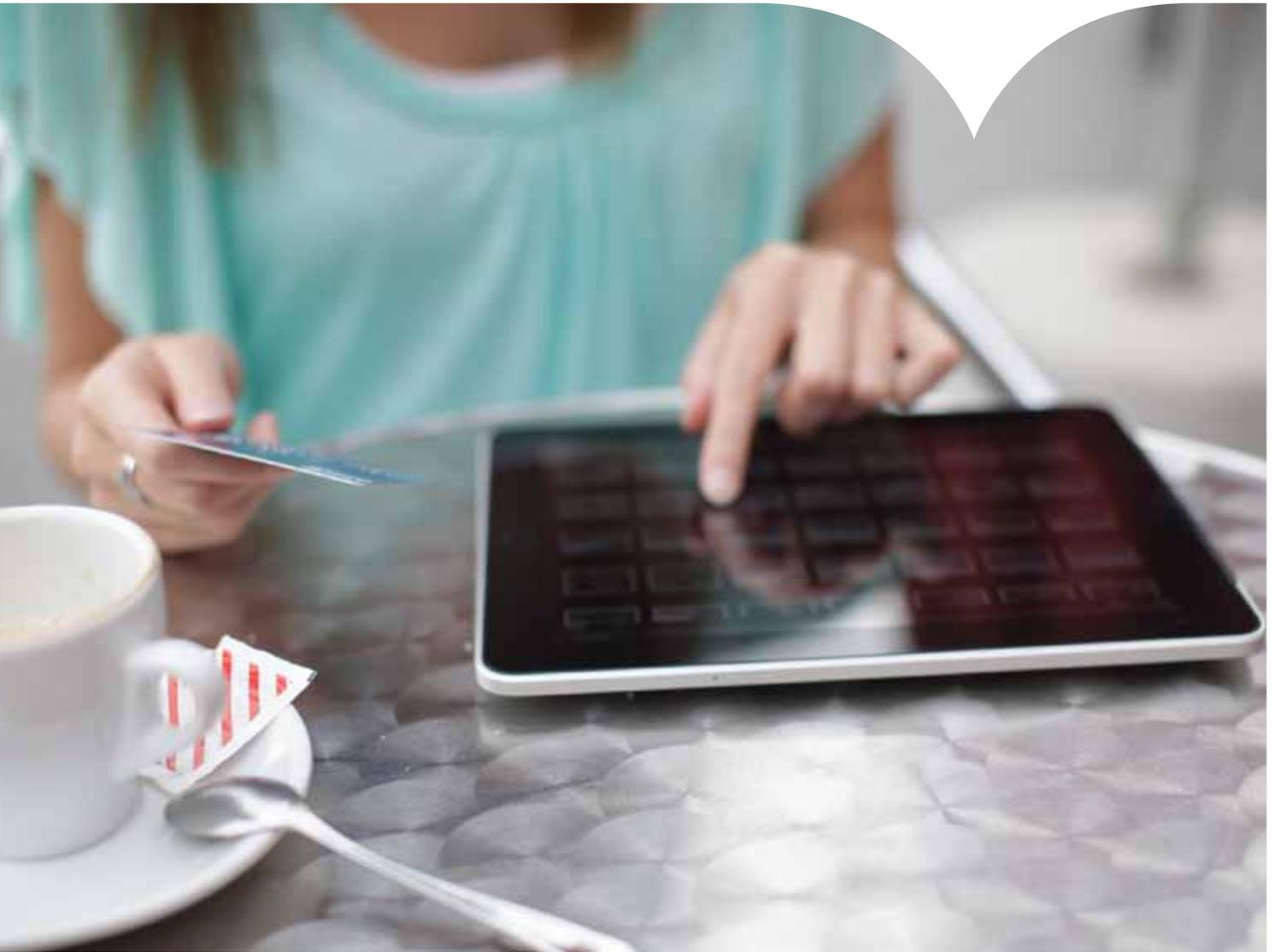
Indicator	Description	Rating
▶ Loyalty program	▶ Initiative providing customers with reward points/discounts that help in encouraging purchasing trend and loyalty	▶ xx
▶ Weekly ads	▶ These ads help loyal customers who shop regularly to make use of the latest ad before they make shopping decisions	▶ xx
▶ Promotional coupons	▶ Coupons can either be generic or personalized according to the customer's shopping behavior	▶ xx
▶ Special offers	▶ Special offers are generally provided for a limited period on a specific product category in the form of discounts or "freebies"	▶ xx
▶ Quick Response (QR) and other codes	▶ QR codes provide customers with the ability to scan products for reviews, ratings and more product details	▶ xx
▶ M-commerce	▶ Option to purchase via mobile device	▶ xx

Source: Capgemini

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Kraft Provides Food Assistance

Kraft Foods' mobile app, called iFood Assistant, features how-to videos, quick recipes and a built-in shopping list. A voice input feature lets customers create shopping lists and search for recipes using their voice.



Mobile Website or Mobile App?

We believe the answer to that question is “both.” A mobile website and a mobile app are essential to a company’s mobile strategy. One isn’t necessarily better than the other; rather they have different capabilities and strengths. For example, mobile websites typically have a wider reach and can be accessed via all or most smartphone operating systems. Apps tend to offer more interactive features and engagement.

Currently the use of mobile websites for shopping tends to be higher than for apps, largely due to the fact that mobile sites have been around longer. But our research makes it clear that consumers expect to increase their use of both mobile apps and websites for shopping in the future.

rating that places a site or app into one of three mobile readiness categories: Starter, Active or Leader. A site or app receives a combined rating for both content management and consumer engagement, which are then grouped together to result in an overall rating.

A related framework helps capture key product data indicators, such as product/brand name, price, ingredient/nutritional information, etc.

As part of our research, we conducted a pilot using the framework. We analyzed the mobile websites and mobile apps of selected retailers and consumer products companies using primary and secondary research in two illustrative countries: the US and India.

Overall, our pilot found room for improvement in company mobile capabilities:

- **India:** Although about two-thirds of consumers in India say they expect to increase their use of mobile apps in shopping,⁹ mobile product data from retailers and consumer products companies is nearly non-existent in the Indian market. This appears to be due to a lack of initiative among companies and the fact that much of the retail market in India still operates as “traditional” or “unorganized” trade rather than “modern” or “organized” trade.
- **United States:** The US, on the other hand, is one of the leading markets in the world in adapting the mobile channel for retail. Yet among the companies studied, we found a wide range of mobile capabilities, with many not yet including advanced functionality on their mobile websites and apps. Although a few retailers are in the Leader category, other retailers reviewed are only Starters.

Most of the US retailers studied are currently focused on content management features; consumer engagement is less common. Mobile sites and apps for consumer products companies in the US were mostly at the Starter level.

Tracking the Consumer Mobile Journey

As part of the framework pilot, we identified the key touchpoints that make up the consumer mobile journey. These include basic features such as store locators as well as advanced features like QR code scanning and m-commerce. We drew a path along these indicators in order of increasing maturity – a mobile maturity scale, if you will (Figure 3, following page).

In addition, we identified two sub-paths:

- **Retail Mobile Introductory Path:** the basic requirements for a retailer to enter the mobile channel
- **Consumer Engagement Path:** a set of advanced features that enable a retailer to engage more with the consumer

The store locator and product list are typically the first touchpoints for the consumer on their mobile journey. The shopping list function is often being used at home in the kitchen, with consumers adding a product to their list when it runs out and then using the list either in-store or when shopping online. Recipes act as a product engagement feature for loyal customers and provide active content.

The key to effectiveness with these features is that they should be interactive or suggestive. For example, a product list that is suggestive can help consumers prepare their shopping lists and store those lists for the next shopping visit. In addition, some consumers are using cross-device shopping lists – that is, using their PC, mobile phone and tablet interchangeably. In this sense, mobile becomes an “all-mobile channel” on its own.

These features can also be triggers that are linked to other, more advanced functionality. For instance, when a customer searches for a particular type of product, related offers and deals can be highlighted. A customer trying to locate a store can be informed about the latest deals that are available within that store.

These initial touchpoints are typically followed by promotional offers and coupons. In many cases, offers are personalized based on consumer behavior and shopping history. Location-based offers are growing in popularity and can aid shoppers in their decision making.

Weekly ads, product alerts and loyalty programs are additional touchpoints that can provide convenience to loyal shoppers. Loyalty programs are a prime candidate for the mobile channel and can eliminate the need for a plastic card or key fob.

Touchpoints that come later in the mobile journey include more advanced features like videos, which typically are among the most viewed mobile content among all consumer age groups. QR code scanning provides customers with an option to make an informed decision as they gather additional information on product details, reviews and videos. In the grocery segment, QR codes are increasingly being used to find ingredient and nutritional information, certifications and product reviews.

9 “Digital Shopper Relevancy,” Capgemini

Voice search features help customers prepare hands-free shopping lists. This is a newer functionality not yet found on many mobile platforms. Critical to its effectiveness is the quality of the voice-recognition program. In-store checks enable shoppers to check availability of a particular product before they make their shopping trip. Some retailers are beginning to expand this functionality to enable shoppers to locate the specific aisle or shelf where a product is located.

Perhaps the most advanced mobile shopping feature is m-commerce, which is still in a nascent stage in the grocery segment. However, interest among younger consumers may drive increased demand for this functionality, which has the potential to improve the shopping experience and increase

efficiency. Mobile payment methods include proximity payment approaches like Near-Field Communication (NFC), barcodes and numeric codes, as well as remote methods like message-based, browser-based and application-based payments.

Recommendations to Create a Winning Mobile Strategy

Based on our research, we recommend that retailers and consumer products companies keep a few things in mind when developing a mobile strategy:

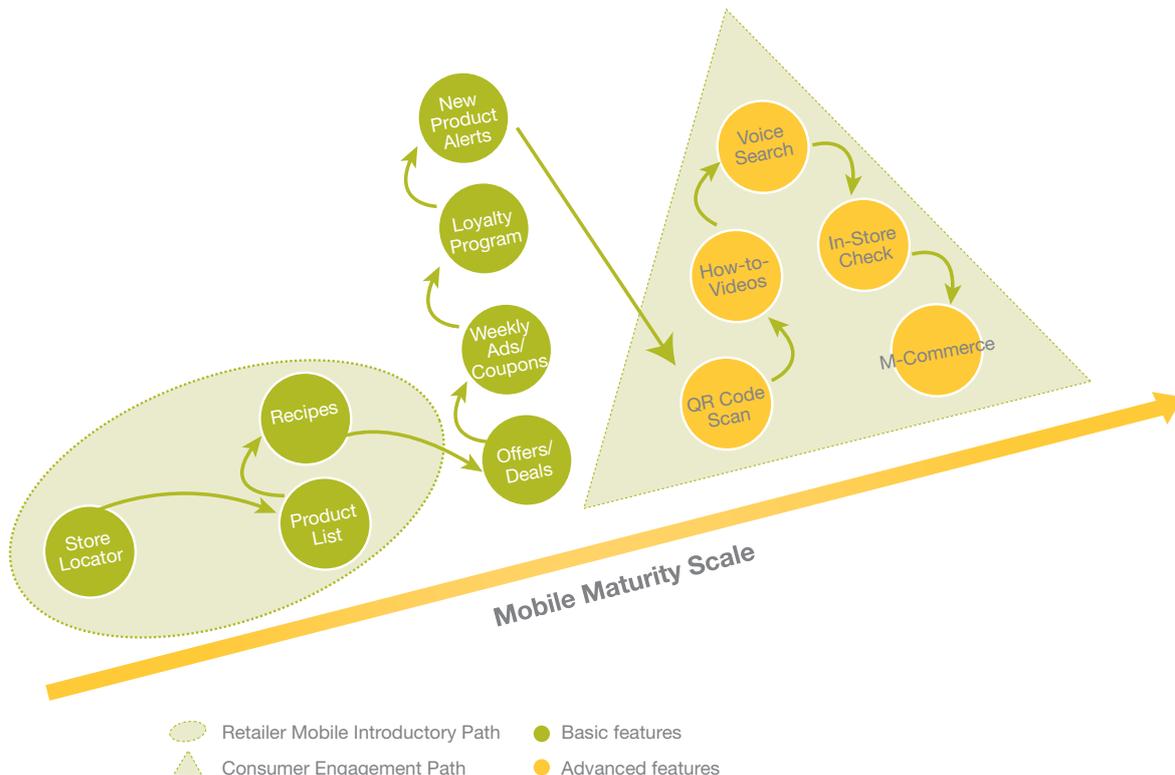
Embed it in an all-channel strategy: Ultimately mobile should fit within an overall approach to delight consumers across all their shopping touchpoints, interactions and their moments of truth

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General Mills' Betty Crocker Cookbook Goes Mobile

The Betty Crocker Cookbook iPhone and iPad app contains more than 9,000 kitchen-tested recipes. Customers can browse recipes by ingredients, view favorites, get step-by-step directions, ratings, nutritional information and serving size. home delivery.

Figure 3. Consumer Mobile Journey



Source: Capgemini analysis

– of which mobile is an increasingly important part. Mobile should not become a silo on its own (and even within mobile the different mobile devices shouldn't become silos). Mobile should be a relevant element of consistent and integrated all-channel shopping journeys.

Make it mobile specific: Trying to replicate a standard website for the mobile channel is generally not a good approach. Consumers using mobile devices are often moving, whereas they are generally stationary while using laptops and PCs; mobile device screens are generally smaller and functionality may be different. These kinds of factors need to be taken into account when building mobile sites and apps.

Make it device specific: In addition, companies should consider device-specific strategies. Mobile devices come in dozens of different screen sizes, operating systems, hardware specifications and loading speeds, making it difficult to provide a uniform, standard experience to customers. In particular, companies should take into account approaches and functionalities specifically for tablets, which are growing in use and that can provide a more “shopper friendly” experience than a mobile phone.

Avoid one-off solutions: There is a risk of implementing “one-off” mobile solutions that may work well on a limited basis, but can't be extended or supported enterprise-wide. For example, a mobile app that offered consumers same-day coupons for a single store in their area would need to be supported by real-time inventory data to ensure that shoppers responding to the offer were not disappointed when they visited the store.

Provide real value: Don't focus only on the latest, “hottest” features. Companies should offer features and functions that provide incremental value to shoppers, like simplifying the product search by providing item details, pricing and in-store information. After the basic functionality is in place, the next level of value can be realized by providing features such as interactive video and complementary product suggestions.

Be relevant to your customers: A company's mobile strategy and its level of mobile maturity are not one-dimensional. Companies must make choices based on factors such as their overall strategy, type of operation, and shopper needs and demands. The key is to ensure you are developing a mobile strategy that is truly relevant to your shoppers.

To achieve this, we recommend that companies apply Capgemini's Digital Shopper Relevancy approach. This approach is based on the belief that companies needn't – and, in fact, shouldn't – try to be great at everything. Rather than striving for universal excellence, companies should consider the five basic attributes present in customers' all-channel shopping journeys – access, experience, price, product and service – and select one on which to dominate and one on which to differentiate themselves, while ensuring they are at par or meeting the market on the remaining three.

Consider how this model can be applied to a company's mobile strategy. If access is the dominant attribute, a mobile website or app would need to include strong store locator functionality, for example. In the case of experience, features like recipes and how-to videos would be essential. For price, a mobile site or app would need to highlight coupons, special offers and deals. If product is the dominant attribute, product lists and new product alerts would be important. And for service, features like loyalty programs should be highlighted.

Mastering the Mobile Challenge

To provide the kind of all-channel experience demanded by today's shoppers, retailers and consumer products companies need to place increased focus on developing their mobile strategy and channels. It was clear from our research that some companies have basic mobile capabilities in place but need to advance quickly to the next levels to remain relevant to shoppers (Figure 4). This may mean rethinking, adapting or acquiring new skills. It also means developing greater customer centricity and CRM capabilities to improve

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Stop & Shop Delivers Offers While You Shop

Ahold's Stop & Shop is piloting the Scan It mobile app, which delivers personalized offers directly to customers' mobile phones as they shop. The app is connected to the shopper's loyalty account, enabling targeted offers. The app also gives customers access to online accounts, including gas points, A+ School Rewards and personalized savings.



Understanding Third-Party Mobile Applications

Third-party mobile apps cannot be rated in the same way as apps from retailers or consumer products companies as they serve very specific purposes. These apps can be categorized based on their functionality, such as product scanning, price comparison or shopping assistant. In some cases, a third-party app will provide more than one functionality.

We found four basic categorizations:

- 1. Scanning: Awareness, Choosing.** These mobile apps let shoppers scan product barcodes to get information on ingredients, nutrients, price, etc. In some cases, these apps may also provide location-based, geo-fencing services. Examples include Fooducate, RedLaser, ScanLife and FoodEssentials.
- 2. Scanning: Transaction.** These apps let shoppers purchase products in addition to scanning them. In some cases, they may also provide location-based, geo-fencing services. Examples include AisleBuyer, ShopSavvy and ScanLife.
- 3. Shopping Assistant.** These apps help shoppers organize their grocery shopping lists and provide product information like size, price comparisons, etc. They typically also provide recipes, menu planners, nutrition guides, product reviews and ratings, coupons, etc. Examples include Grocery iQ, BigOven, ShopSavvy and GoodGuide.
- 4. Food/Product Safety.** These apps provide shoppers with information about factors such as genetically modified food, nutrition assessments, etc. Examples include True Food Shoppers Guide, Don't Eat That, Fooducate, Good Guide and Food Essentials.



shopper engagement, and increasing the effectiveness and efficiency of digital marketing activities.

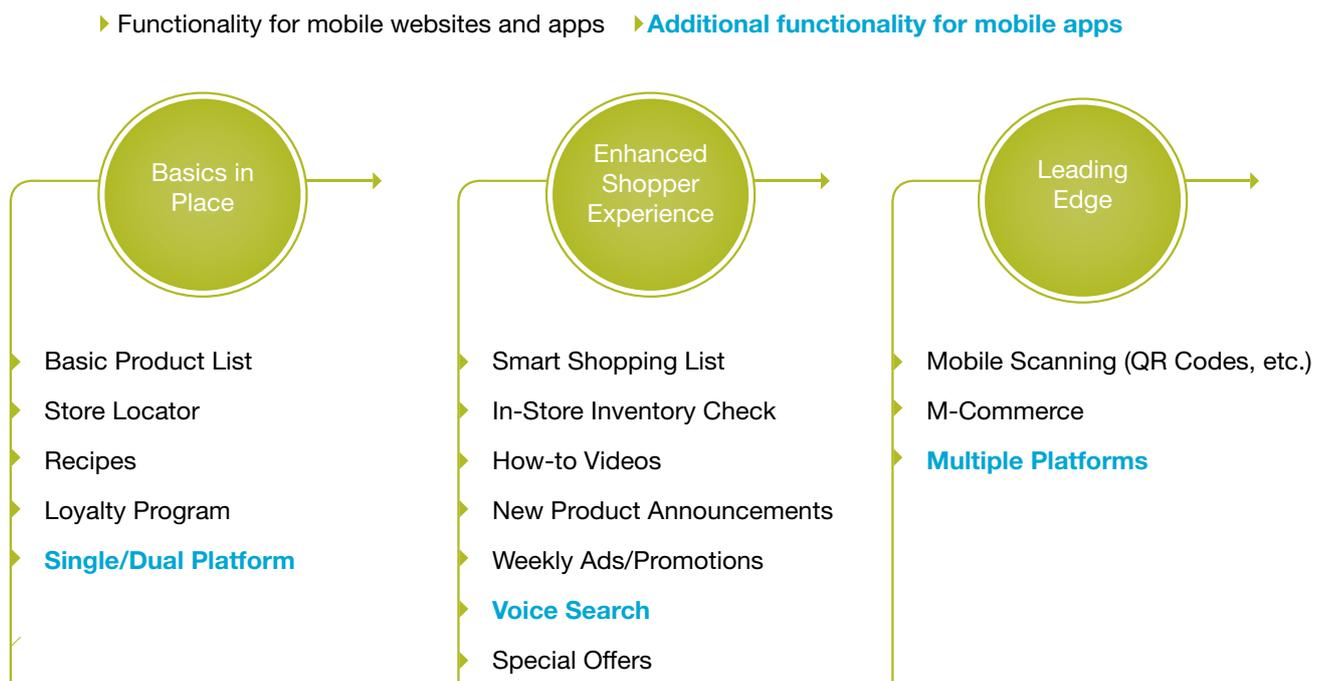
The mobile channel is still new and evolving quickly, with companies struggling to keep up with the technology and rapidly changing consumer needs and demands. For most companies, there remains a gap between what they offer and what customers expect from the mobile channel. Improving mobile product data visibility is a key starting point to closing this gap and building a leading mobile shopping experience.

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Tesco Makes Shopping Lists Easy

Tesco's grocery app for the iPhone includes a barcode reader that enables customers to add items to their online shopping basket. When an item at home is running low, the customer scans the barcode on the package and the product is added to the online basket and is available when the shopper checks out.

Figure 4: A Roadmap for Building a Leading Mobile Shopping Experience



Source: Capgemini

This executive summary provides an overview of Capgemini's "Mobile Product Data" study. This report is the second in a series; our earlier "Digital Product Data" study focused on product data visibility in the online channel in the grocery segment.

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