

Online Retail Guide

Creating Meaningful moments
across the digital journey.



text
local

UK retail sector

The digitisation of the UK retail sector is in full swing. Not only has e-commerce completely shifted how consumers' shop, the online world is now having a transformative impact on the in-store physical retail experience. As these two worlds collide, retailers are looking to deliver a seamless transition between the old and the new by digitising the in-store experience to meet the needs of the UK's connected generation. Bridging this divide and uniting connected Britain with retailers is SMS.

There are almost 60 million connected Britons, with 87% of those users (52.2 million consumers) making at least one online purchase a year. Desktop revenues have certainly driven the growth of e-commerce, but that trend looks set to change with mobile making serious strides in the back-end of 2017.

With 41.3 million smartphone users shopping via their device, it has become one of the most popular uses of the smartphone in the UK, ahead of services like banking and gaming. On average, the UK smartphone user spends £433 per year via their device.

Typically, almost two-thirds of smartphone users make at least one purchase via their device a month. This figure breaks down to 26% of smartphone users making at least one purchase per week, and 38% between fortnightly and monthly. But usage is on the increase.

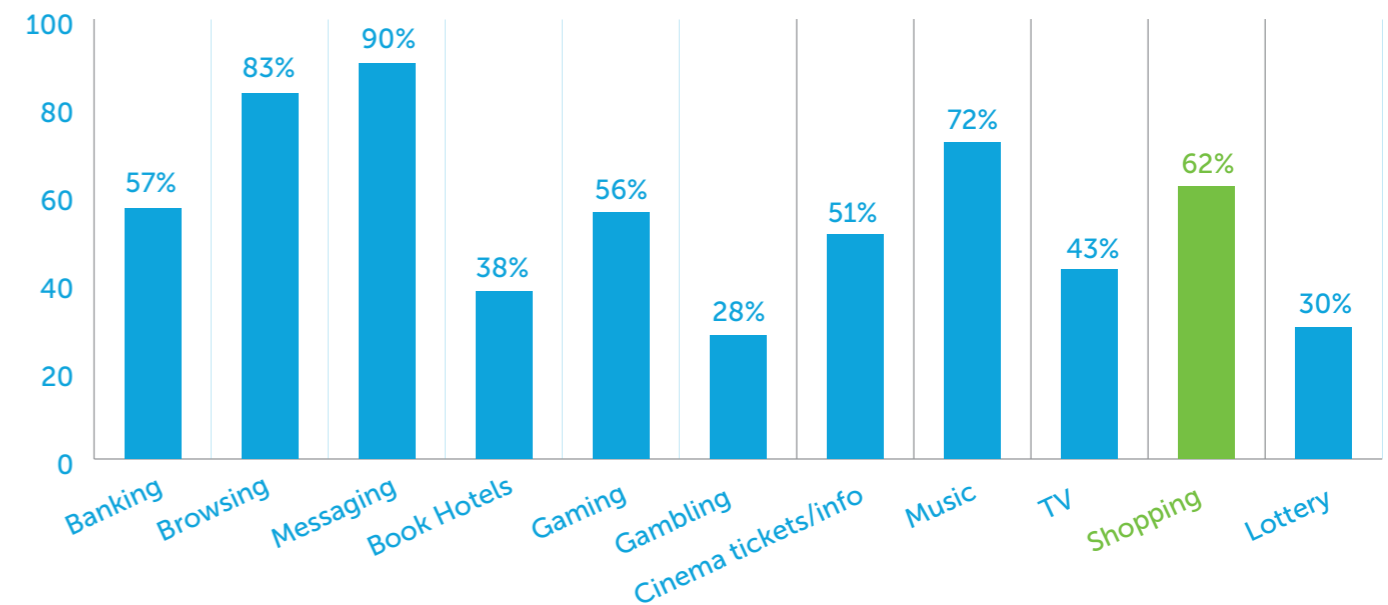
In 2017 the average smartphone user in the UK spends...



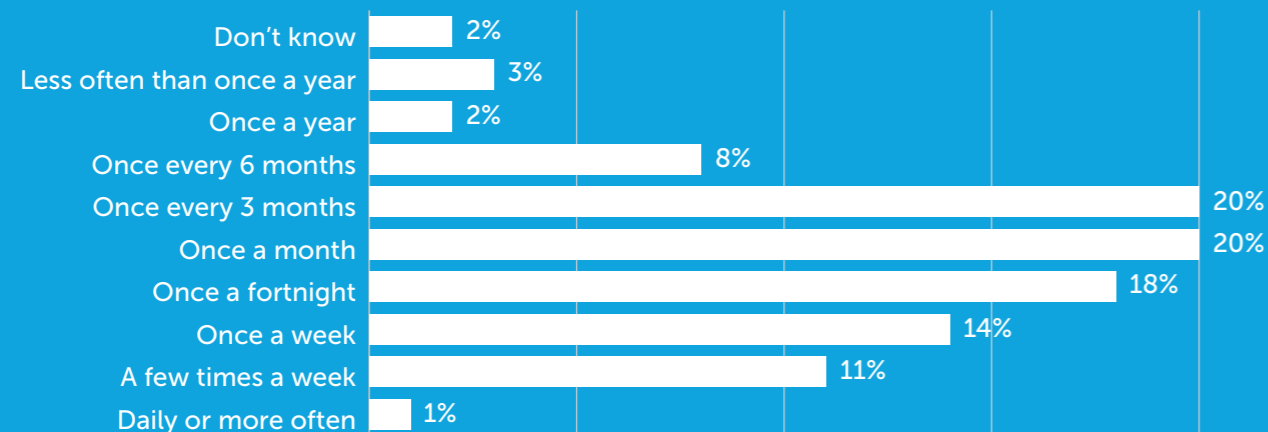
1 Source: <https://www.webinterpret.com/us/blog/e-commerce-uk-definitive-guide/>



How do people use their smartphones, selected services?



How often do you make a purchase using your phone?⁽¹⁾



According to Campaign, 34% of UK sales on Black Friday 2017 were made on a smartphone, 15% via tablet and 49% on the desktop.⁽²⁾

Similarly, UK spending behaviour over Christmas 2017 reveals that mobile (49.7%) has now all-but caught up desktop (50.3%) expenditure.⁽³⁾

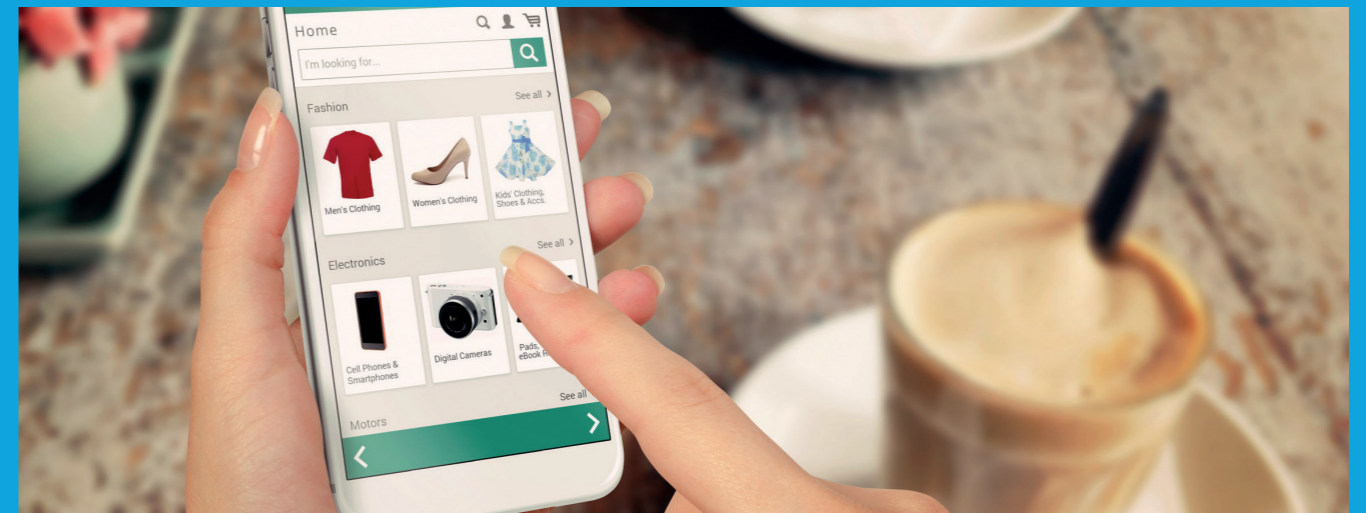
The rise of mobile, and smartphone in particular, indicates a growing consumer confidence in the end-to-end journey, with retailers investing in the mobile experience and transactional capabilities. In effect, the smartphone is adding fuel to

e-commerce growth, and is placing more pressure on retailers to not only deliver an online experience for the big screen (desktop and tablet), but for the small screen also.

According to the CRR, the demise of the UK High Street shopper runs deeper than just the desire to shop online, with customers now playing 'cat and mouse' with retailers. Such is the frequency with which High Street retailers reduce costs, consumers now wait until savings have been re-introduced. If this does not happen over a given period of time, then they will search online for the cheapest option.

Most revealing about this consumer behaviour is the role that the physical and online worlds are playing in conjunction with one

another. Indicating a retailer has potentially three channels to complete a purchase with a customer: in-store, or online via desktop or mobile. But it also highlights the lack of communication between customer and retailer. This is where the SMS channel can play a pivotal role in providing the relevant information to the customer. In this instance, a simple message outlining the date of their next in-store promotion would inform the customer when they next to return to the High Street, and ward off the potential lost sale to a rival online site.



To further accentuate the impact online is having on the UK retail sector, the Centre for Retail Research (CRR) estimates that sales in physical stores in the UK fell by 2.5% during the 2017 festive period, continuing an on-going trend experienced since 2008.

match. For those individuals that do not want to visit the High Street, online has undoubtedly simplified the shopping process by delivering unquestionable convenience to the desktop and mobile device. This has resulted in the perennial decline of shoppers hitting the High Street.

Online has made shopping a 24/7 experience, which the High Street stores simply cannot



Smartphone generated sales of £17.9 billion in 2017.

1 Source: Ampersand Mobile Shopping 2017 report

2 Source: Source: <https://www.campaignlive.co.uk/article/cyber-weekend-2017-year-mobile-toppled-desktop-sales/1451276#t167BBK0s7rbhChv.99>

3 Source: <http://www.retailresearch.org/shoppingforxmas.php>

Top 9 products bought by UK consumers online



Source: <https://www.webinterpret.com/wp-content/uploads/2017/07/uk-top-products-bought-online.png> & <https://www.gurufocus.com/news/492058/uk-online-shopping-and-e-commerce-statistics-for-2017>

But if customers are going to continue to visit their local High Street, they need an incentive. This is where the online world is dictating how retailers evolve their in-store digital customer experience. Retailers can no longer just rely on providing an open Wifi connection – admittedly allowing customers to review an item or compare prices is now a core process in the purchase journey. Beyond this, customers making the effort to go in-store want to be wowed, amused or entertained by something that is innovative and compelling.

This is where the likes of augmented reality (AR) and virtual reality (VR) come into their own. What would a dress or a suit look like on an individual, or how a new kitchen might look in their house? Online retailers are providing this level of immersive engagement via both desktop and mobile by using AR and VR to allow the shopper to place a particular item of clothing on their digital self. Taking AR and VR in-store could allow the customer to review the product on their digital self or an image of their house, and avoid having to queue up for the changing rooms or waiting to speak to the in-store kitchen specialist, for example. What's more, they could even share the image with a partner or friends for their views, or on social media and provide free promotion for the retailer.

The biggest benefit of being digital is that it provides the retailer with a vastly improved opportunity of engaging and connecting with customers. The downside of a customer going in-store is that the retailer has no idea who that person is unless they make a card-based purchase. By providing a digital experience to engage the off-the-street customer, they can

potentially capture their details, and use that data to drive on-going engagement.

This is where e-commerce becomes so powerful for retailers. In the online realm, the retailer knows exactly who their customers are, how much and how often they spend. What's more, having completed a transaction or registering their details with an online retailer, the customer is opting in to receive promotions and offers (for example) from that retailer.

For any retailer looking to develop a seamless High Street and digital strategy, it is imperative that they ensure the digital experience is the same regardless of device or location, and is aligned to their physical strategy. Desktop ensures 24/7 shopping, but the beauty of mobile is that it enables anytime, anywhere shopping. And by capturing their customer's data and opt-in, the retailer can enhance and supplement that shopping experience with relevant and timely communications to drive revenues and footfall.

The one channel that successfully traverses the bricks and mortar of the High Street and digital, or as outlined above, the transactional and fulfilment, is SMS.

Opt-in regulation is changing: About GDPR

An on-going relationship with each and every customer will require the retailer to fully understand changes in the opt-in process. A retailer cannot communicate with a customer unless they have their express permission to do so. On 25th May 2018, the General Data Protection Regulation (GDPR) will come into effect and replaces the Data Protection Act, which has become out-dated because of the rapid advancement of technology since its introduction in 1995.

GDPR is the new European Union (EU) regulation that combines and strengthens data protection within the EU. It will cover all countries that

process or hold the personal data of EU citizens, whether that country is a part of the EU or not. At the core of the GDPR regulation are the principles of transparency and accountability. Retailers will have to be clear with customers about how their personal data is being collected, used and shared. The new regulation recognises that both parties have rights, and although a step change for data protection, GDPR ensures clarity for each party regarding their rights. In effect, GDPR is expected to deliver equilibrium between the two parties – consumer (data subject) and business (data controller).

25th May 2018 GDPR Becomes Regulation

The opt-in

To ensure SMS can deliver an exceptional supplementary retail service to both the physical and online worlds, the opt-in process is critical. This cannot happen without the consent of the customer providing their mobile number. At this stage, the retailer should outline how they will communicate with the customer via SMS, such as delivery details, surveys, promotions, and so on.

Regardless, it is essential that the retailer keeps an audit of each customer's consent, and meets

on-going privacy regulations by continuing to send relevant SMS, and adopts good practice by double-checking every 6 months that they can continue to send SMS.

Provided each message gives the customer the option of stopping and opting out, the retailer is adhering to the data protection laws.



How can retailers incorporate SMS into the sales journey?

Customers are most likely to opt-in to a retailer because they love the brand and want to be kept informed of forthcoming news and announcements, or it's for logistical purposes such as a product delivery.

In the connected Britain, where users can conduct their online shopping on desktop or mobile, it is the latter that provides the ideal channel for retailers to communicate with their customers.

Using SMS to keep customers informed is the only way of guaranteeing they will read the message, whether they were out shopping, or sitting in front of their desktop. The SMS statistics are well-known, but with good reason, and they are that 90% of all messages are read within 3 minutes, and 98% of all messages will be read. So whether a retailer wants to invite customers to an early peek at sale items in-store, or sending the time the purchase will be delivered, that message will be read by that customer.



The pre-purchase journey

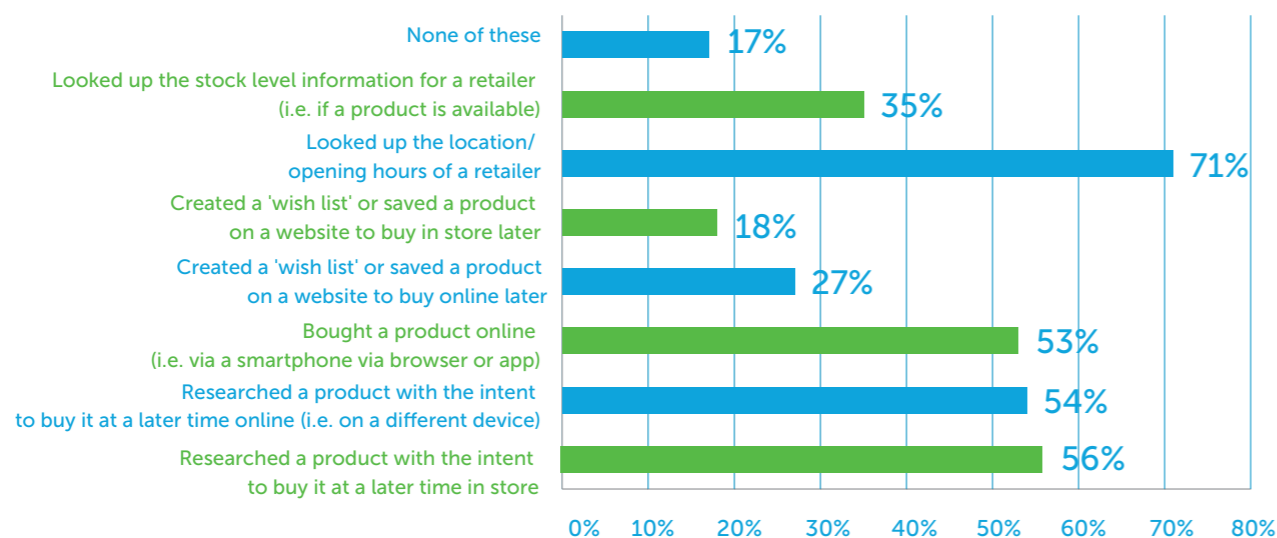
Usage prior to making a purchase highlights the importance that online is having for any retailer. While the desktop allows a user to research store location, or product reviews or price comparison from the comfort of their home, the smartphone allows them to take their research to the streets.

Almost three-quarters of smartphone users will use their device to look up store location and opening times, merging the digital experience with the tangible High Street experience.

Such information could be shared to a customer via a shortcode.

The smartphone is being used to research products to be purchased at a later time either online or in-store, as well as creating a shopping list for both online and the High Street. In addition, smartphone users are also researching products in-store, typically to compare prices and find a cheaper alternative. This highlights the need for any retailer to have consistent pricing across online and in-store.

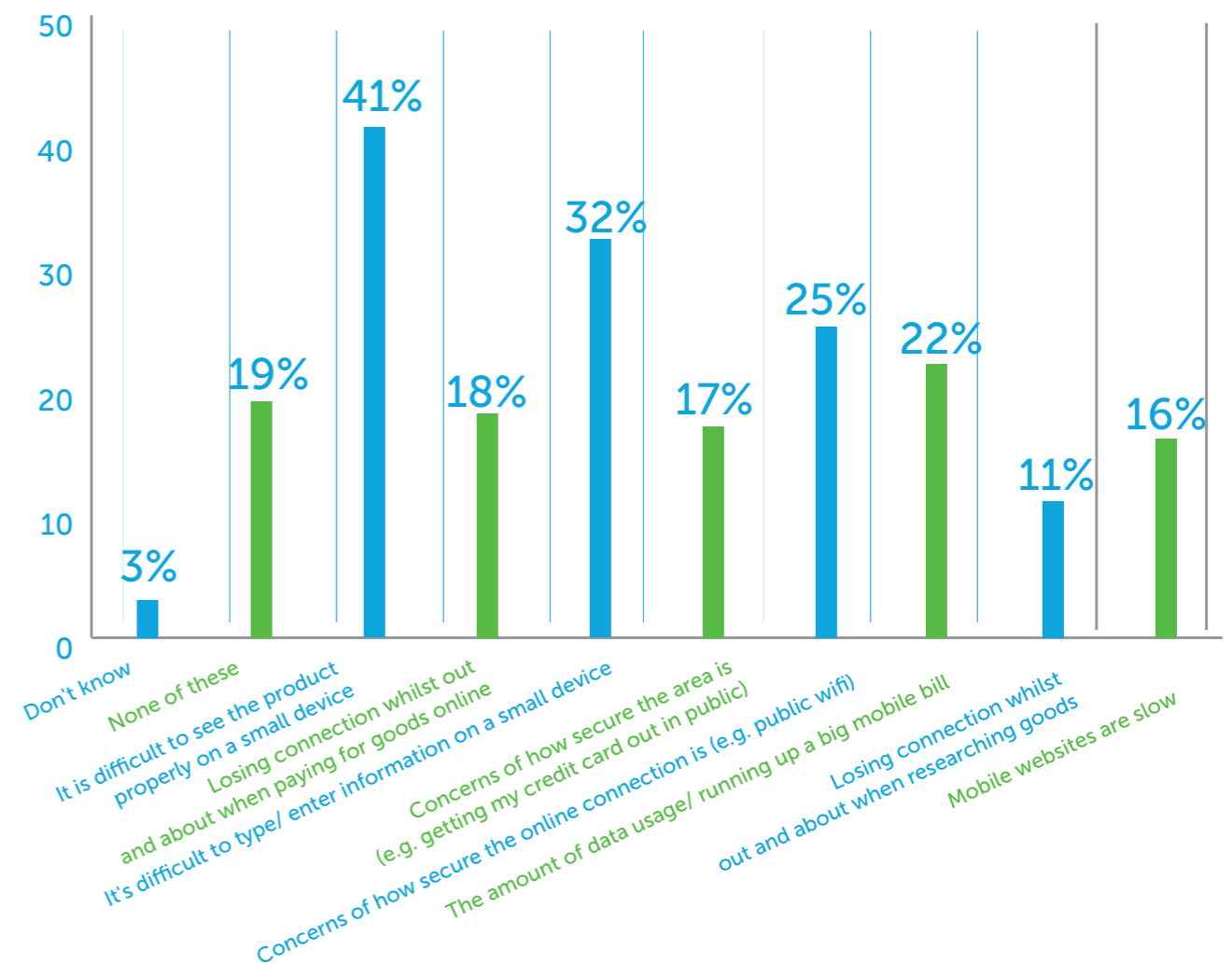
WHEN USING YOUR SMARTPHONE TO RESEARCH AND/OR BUY A PRODUCT, HAVE YOU...



In 2017, the IMRG revealed retail sites were more likely to be viewed via a mobile device than desktop, and that this was having a positive impact on checkout abandonment with record lows of 27%. It also revealed that tablets continue to dominate sales completed on a mobile device (82%), compared to just 18% on smartphone.

Inevitably, there are drawbacks operating within a smartphone society. Users have zero tolerance when it comes to waiting. If your mobile website does not load within 3 seconds, they will go elsewhere. Losing connection whilst trying to check-out is another bugbear. Viewing products on the small screen can also be deemed as a negative. This is where the desktop can be deemed as a reliable fall-back option for the consumer.

WHICH, IF ANY, OF THE FOLLOWING PUTS YOU OFF RESEARCHING / PURCHASING GOODS ON YOUR SMARTPHONE?



Source: Ampersand Mobile Shopping 2017 report





Promotions

Let's start with the obvious service. Promotions, marketing and SMS are a marriage made in heaven. TV adverts can be missed because people are making cups of tea, online banner advertising (desktop and mobile) has almost a 100% failure rate, emails are lost in an inundated inbox and remain unread and unopened.

Whereas an SMS remains on the device screen until the device is activated. It will be read. On average, smartphone users look at their device upwards of 150 times per day. So even if the ding

or vibration didn't notify the user of the receipt of the message, they will view the message within 6 minutes at the very outset. No other channel can state that "worse case scenario" your communication will be seen by the customer within 6 minutes.

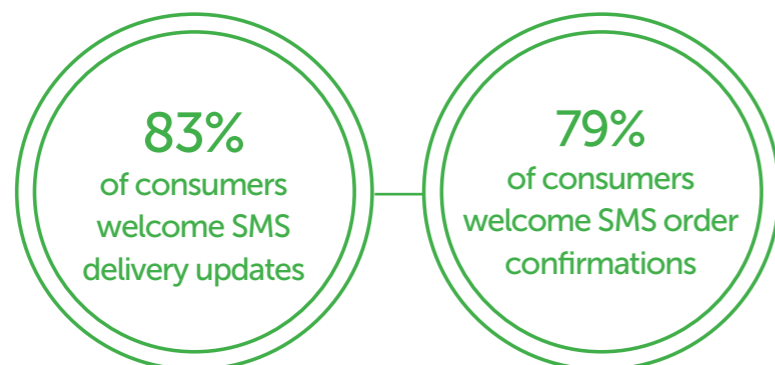
Messages can range from dates of upcoming special promotions and sales, even vouchers and discounts can be delivered by SMS – either as a unique code or by an attachment with a QR or bar code that can be redeemed in-store.



Logistics

Customers always want to know when an online purchase will be delivered. Making a customer stay in all day because of an 8-hour delivery window can be very inconvenient. Similarly, forcing the customer to go to a local Post Office to collect a missed delivery is a very bad customer experience. Both examples can

easily be avoided by using SMS to notify the delivery time, or by allowing the customer to change to a more convenient time. Thanks to the reach and effectiveness of SMS, retailers can send customers real time updates on their delivery, even the name of the driver, to maximise comfort and safety for the customer.



Click & Collect

The High Street isn't going anywhere, so why not use SMS to boost footfall? With services such as click and collect, customers can visit a store to collect a purchase, which also presents an ideal opportunity to upsell on their purchases. SMS can be used to prime customers with in-store deals, upgrades, ancillary or related gifts.

Although it's not offered by every retailer with both a High Street and online presence, 30% of shoppers cite Click & Collect as a key element of what is making the shopping experience

better. Many retailers see Click & Collect as an expensive feature, but with SMS, you can help lower the cost of implementing Click & Collect services by seamlessly integrating with stock systems – allowing you to send alerts to your customers when their item is ready to be collected.

An SMS can be used to inform the customer that their reserved item is about to expire, applicable to both the High Street and online experience.

Abandoned baskets

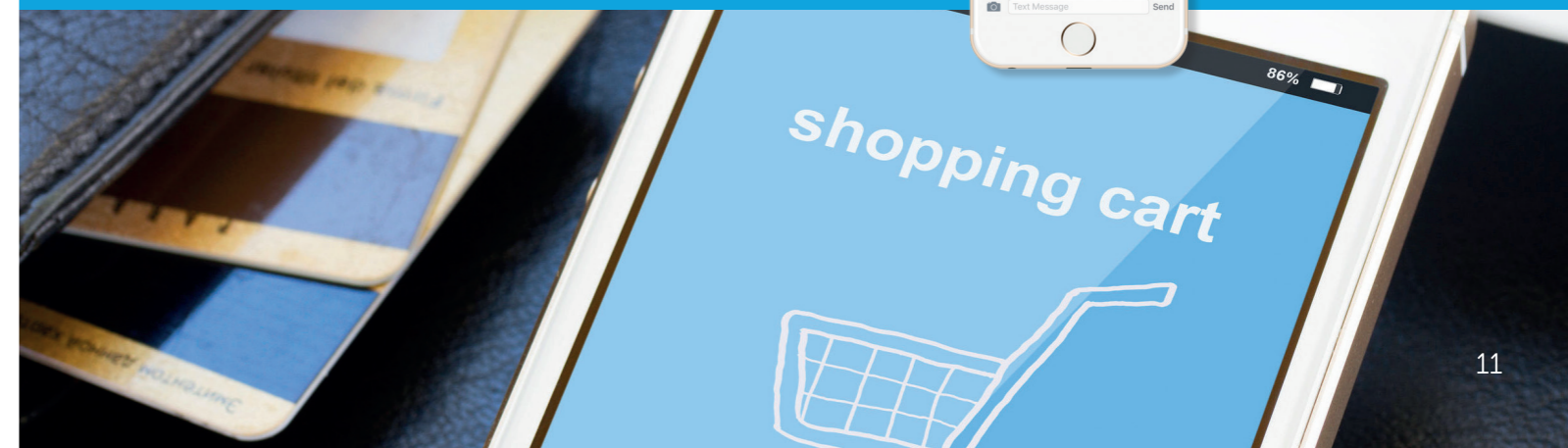
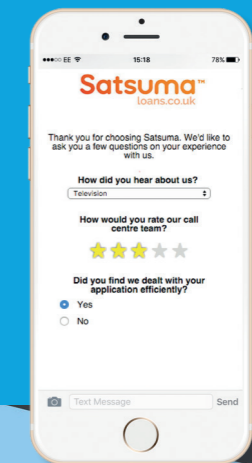
Cart abandonment rates can hit as high 65% for e-commerce sites – although the IMRG data said it has dropped – the fact remains, this continues to be a major slur on e-commerce. Retargeting customers with emails has been the conventional method of trying to convert an abandoned basket into a purchase, but with low open rates, the majority of these emails will be wasted. With 90% of SMS messages read within three minutes, it's hard to ignore the role SMS can play in combating abandoned baskets in real-time.

What's more, a retailer could also include a voucher or another incentive such as free postage or gift wrapping in a text message to entice the customer back to complete the purchase.

However, if the customer abandoned their basket because of stock availability issues, the retailer can send out a timed text, which informs them when their item comes back into stock.

Surveys

SMS messages can also carry customer survey links engaging customers on their shopping or parcel delivery experience. Survey messages can be triggered at different stages of the purchase process and sent automatically via an API – without the need for manual intervention.





Mobile activation

SMS can also be used at the store card or loyalty card sign-up process. In-store, when a user sets up a new shopping account or joins the store's loyalty scheme, SMS can be used to deliver a verification code to confirm their identity. SMS is the ideal channel for 2 Factor Authentication (2FA) to securely confirm the user is who they say they are, and to also verify their age.

Using email for this process can be cumbersome and time consuming waiting for the message to hit the inbox, not to mention the hassle of switching between channels. With a text message, it will arrive almost immediately, presenting the code on the screen, and therefore allowing the user to continue the process seamlessly and hassle-free.

Data capture

SMS can be used by retailers as the perfect form of data capture of customer details and engagement in a campaign. When it comes to the speed of delivery, nothing comes close to the instantaneous speed of SMS. The retailer can also nurture customers with SMS, thanking them for their custom and sending them links to a loyalty program.

Developing a deeper customer understanding

By linking account activity with a company's CRM, this can be used to drive activity as well as developing a more informed profile of that user. If the user has not been in-store or visited the shop's online presence (website or app) for a period of time, an SMS containing a discount voucher, for example, is the ideal way of re-engaging with that customer.

To date, 17.9 million mobile users have opted-in to receive relevant SMS communications from retailers, and that figure will increase to 22.1 million by 2020.

Mobile opt-ins for retail sector

Millennials are heading the engagement. A breakdown of retail mobile opt-ins reveals that 25-34 year olds are the largest demographic that a retailer can target, followed by 18-24 year olds. In total, the Millennials account for 41% of total opt-ins. Given their blend of online and High Street shopping behaviour, SMS is the one channel that unites this experience. But that is not to discount Generation X and the Baby Boomers.

The former account for 27% and the latter 32%. What this reveals is the breadth and appeal of SMS as a communications channel between retailer and consumers of all ages.

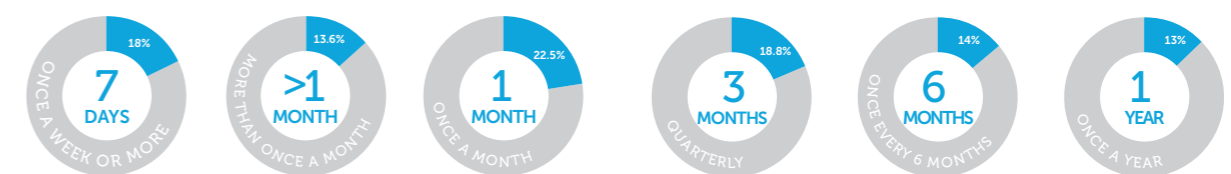
But knowing the frequency to communicate with these customers can be critical. In total 54% of opt-ins would want a communication at least once a month

	2018	2019	2020
18-24	3,231,468	3,749,373	4,213,101
25-34	4,183,714	4,780,879	5,323,108
35-44	2,263,216	2,450,820	2,601,375
45-54	2,587,653	2,683,801	2,727,574
55-64	2,959,195	3,509,193	4,045,435
65+	2,683,077	2,944,139	3,161,180

When to send a message

	2018	2019	2020
Once a week or more	3,241,950	3,528,492	3,909,950
More than once a month	2,426,793	2,599,431	2,730,821
Once a month	4,025,458	4,465,610	4,845,910
Quarterly	3,366,855	3,810,266	4,193,768
Once every 6 months	2,505,583	2,929,531	3,310,870
Once a year	2,343,331	2,781,492	3,090,145

Survey of text based communication



Based on the number of people that would welcome a text-based communication from a retailer, they could send a staggering 356 million SMS messages to customers in 2018, rising to 427 million in 2020. Put another way,

90% of those marketing messages would be read within 3 minutes of being sent. And these messages could be sent to online and High Street customers. Text messaging has the power to cross that divide.



About mobilesquared

mobilesquared provides intelligence and insight on the mobile sector. They've been analysing the mobile space for two decades, so their expertise has been earned, not learned. Their instinctive ability to ask the right questions uncovers invaluable nuggets of insight, which they interpret to help shape truly effective strategy and content for their clients. Their experience is recognised by the industry – they sit on judging panels for the prestigious GSMA Awards, EMMA awards, and the MEFFYs.

For more information, go to www.mobilesquared.co.uk.



About Textlocal

With over 260,000 users and more than a billion messages sent, Textlocal are the industry leaders for cloud-based SMS services in the UK and beyond. On top of boosting loyalty with SMS offers, their award-winning platform offers unique features such as the ability to insert website links, attach files, forms or vouchers, all with easy to use campaign tracking tools to measure effectiveness.

Textlocal have been listed as a Media Momentum Top 20 fastest growing digital agency for consecutive years, awarded a DMA Honours for innovation, as well as being awarded a place in the Deloitte Technology Fast 50 and Sunday Times Tech Track 100.

For more information, go to www.textlocal.com.



What's next?

Retailers are in an enviable position based on the fact their customers want to hear from them. Whether that is the latest offers, promotions, or to inform them of a delivery, SMS fulfils these requirements in an effective non-intrusive way, and enables the retailer to deliver a seamless High Street and digital experience.

This is not without its pitfalls, as the retail sector evolves to be fit for a market where online continues to outperform the rest of the market. Today's consumer is more savvy on the choices they have at their fingertips and on the high street. Once a new consumer is captured, retailers are having to work harder to retain the consumer and

continue to engage with them, through the medium of their choice, increasingly this is via mobile technologies. The entire customer care process will have to adopt a mobile-first approach, from tracking to reviews, complaints and returns.

They are also facing increasing competition from a number of consumer brands that all want a closer connection with their consumers. New technologies and platforms are enabling retailers to go direct to consumers, to target individual consumers with individual promotions and experiences, but retailers need to focus on their consumers and what their offer means to them.





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