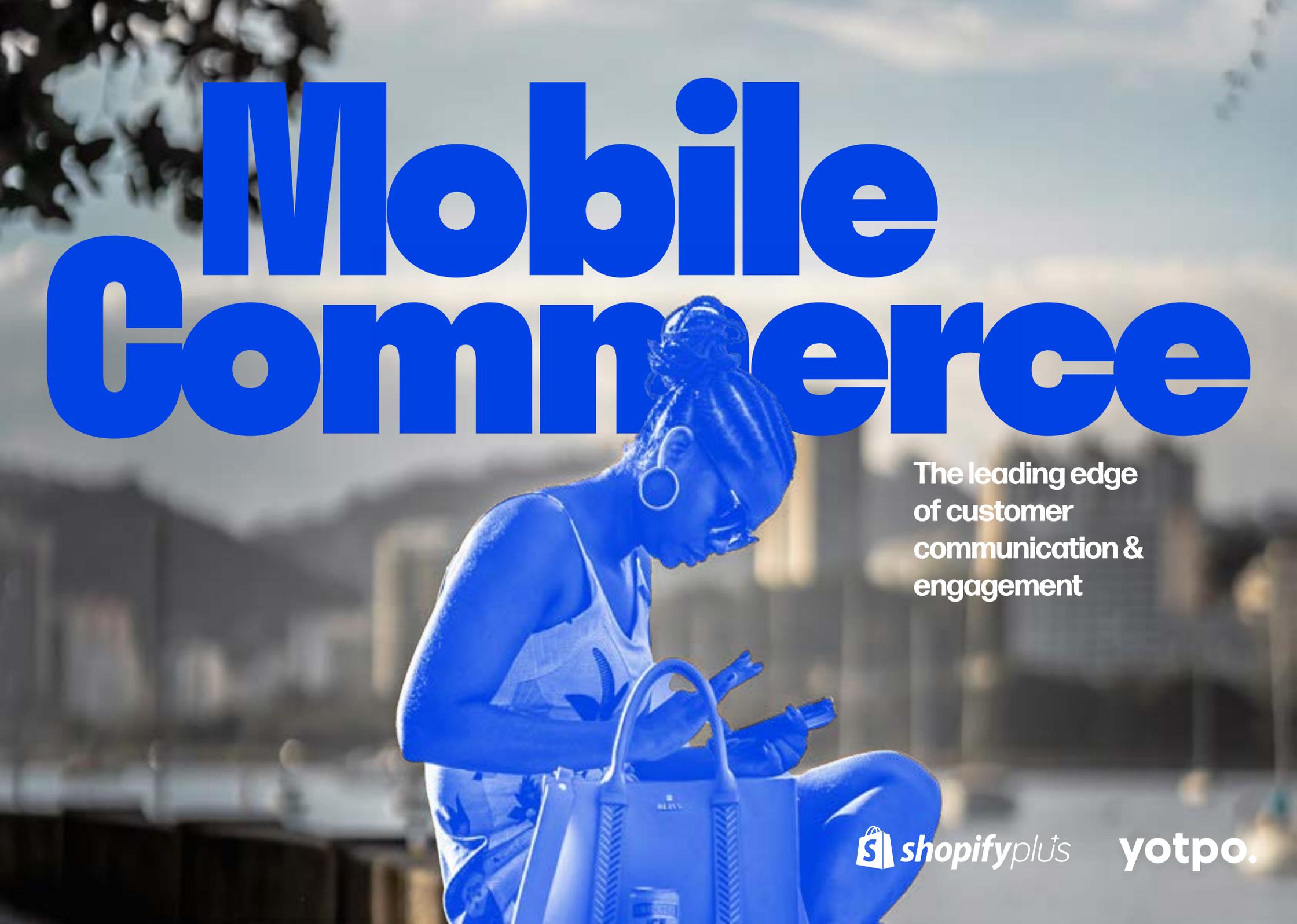


Mobile Commerce



The leading edge
of customer
communication &
engagement

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Introduction

In the last few years, mobile phones have emerged as one of the most powerful elements in retailing. Not restricted to the typical components of online retail, mobile phones now deserve recognition as part of a unique form of retailing: mobile commerce.

This report cites multiple statistics and the success of many different retailers to identify the following key mobile commerce insights for retailers.

Mobile Commerce Overview

- Within the next 12 months, one in two consumers will use their phone as a natural part of their shopping process.
- Retailer apps have significantly lower cart abandonment rates than mobile-optimised sites.
- Mobile commerce is also physical, with nearly 1 in 3 in-store visits involving mobiles.

SMS Marketing

- SMS marketing supports shopper loyalty and engagement.
- Personalised SMS marketing is particularly powerful.

Social Commerce

- Shoppertainment leverages shoppers' desire for both education and entertainment.
- Livestreaming continues to grow in popularity.

Mobile Commerce Overview

It was back in 1997 that the phrase 'mobile commerce' was first used, and now it truly describes 'a retail outlet in your customer's pocket'.¹ With 43% of consumers using a smartphone in some aspect of their shopping journey – up 14% in the last 12 months² – and with the growth in social commerce (where mobile is central), mobile commerce is becoming a 'must have' retail channel.

Within the next 12 months, one in two consumers will use their phone as a natural part of their shopping process.

Overall, 62% of consumers prefer to use their mobile to shop, compared with only 33% for desktops.³

Part of the reason for the popularity of mobile commerce is the wide range of ways in which consumers use it. Many of these are either unique to, or strongly associated with, the way in which consumers more generally engage with their phones.

However, while offering some features not available on computer/tablet shopping, mobile commerce is a mixed bag for retailers.

For example, in aspects like cart abandonment with mobiles accounting for 97% of all check-out abandonment, followed by 68% abandonment on desktop sites, and only 20% abandonment on mobile apps.⁴ Despite these powerful statistics, mobile purchases are split equally between mobile optimised websites and retailer apps.⁵

Common facets of mobile commerce include:

1. Anytime/anywhere product browsing and search
2. QR code product information
3. Augmented reality shopping
4. Social commerce
5. Livestream shopping
6. Conversational commerce
7. Mobile browser and in-app purchases
8. Contactless payment – with QR codes a developing facet

Retailer apps have significantly lower cart abandonment rates than mobile-optimised sites.

Pandemic-induced store check-ins had a huge impact on in-store mobile shopping. Like Pavlov's Dog, consumers quickly came to associate their smartphone with entering a store, and many never put it back into their handbag or pocket.

The share of shoppers using their smartphones to research products while in-store is significant:⁶



Non-retailers are seeking to leverage this trend. CommBank expanded into a form of super app shopping with Little Birdie that supports over 70 million products that shoppers can search, compare, track and share, in addition to receiving notifications of sales events and discounts.⁷ Little Birdie provides retailers such as Myer, Big W, Rebel Sport, Harvey Norman and The Iconic the ability to deliver personalised experiences.⁸

More compelling for retailers, however, is that 32% of consumers used their smartphone to enhance their most recent in-store shopping experience.⁹

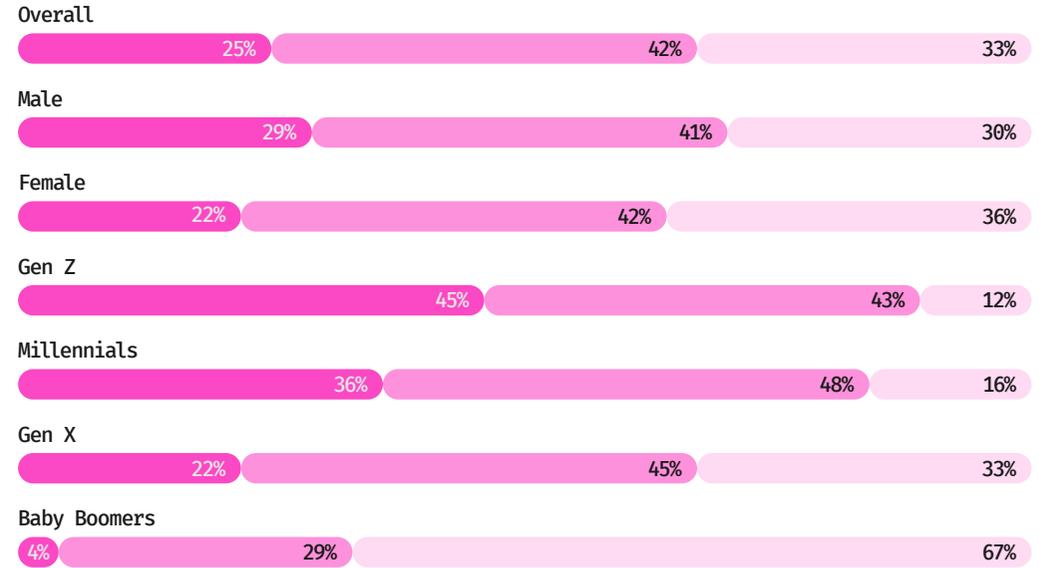
Mobile commerce is also physical, with nearly 1 in 3 in-store visits involving mobiles.

On the majority of these in-store occasions, shoppers actually used their phone for multiple purposes. It is interesting to note that US shoppers are much more inclined to use their mobiles to look up product ratings, read product reviews, and locate in-store products. Australian retailers who target older shoppers, may be well served to review whether they can improve how they support shoppers in researching products as in-store usage of phones declines significantly with age.

Use smartphone to research products while in physical stores

Source ¹¹

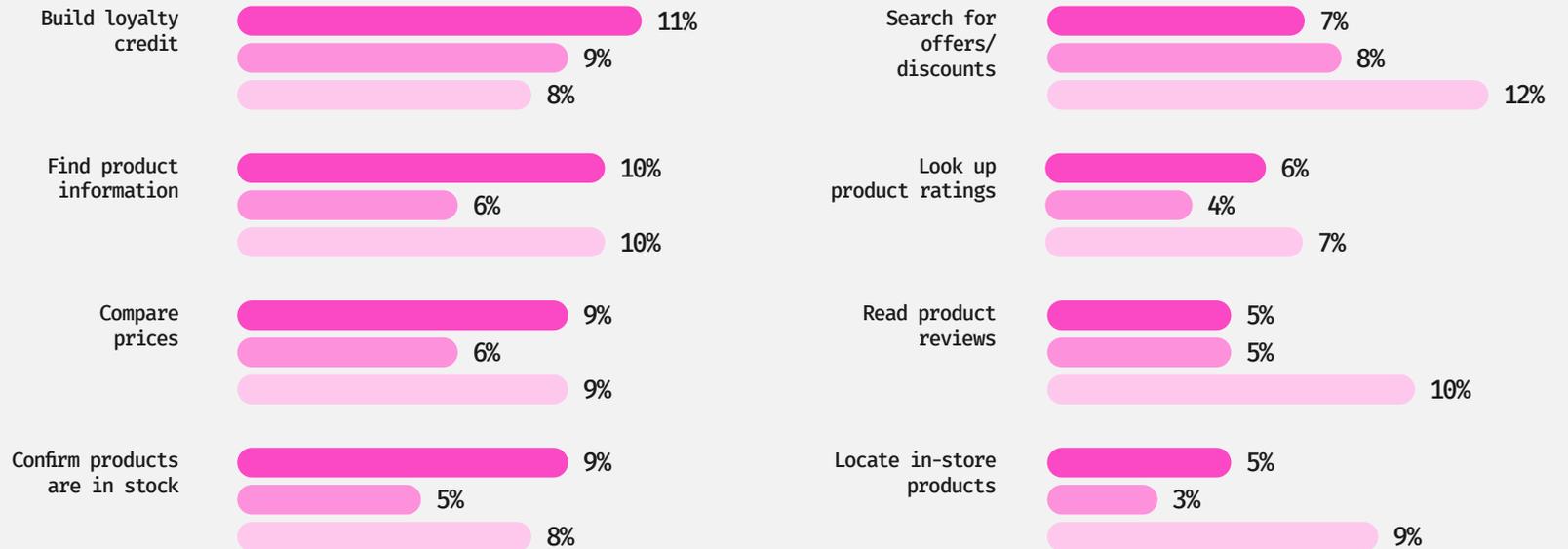
- Very frequently
- Sometimes
- Rarely/never



Used mobile to do last time in physical stores

Source ¹⁰

- Australia
- UK
- US



SMS Marketing

The SMS component of mobile commerce is still growing in popularity amongst retailers; however, it has a bright future.

Key statistics highlighting the importance of SMS marketing include that over 74% of Australian shoppers are already signed up to receive SMS marketing messages from brands¹² and 51% say they would sign up for texts so they could know immediately about promotions, offers, and updates.¹³

These statistics explain why there has been a 26% increase in SMS messages from brands in the last two years.¹⁴

Already signed up to receive SMS marketing messages from brands

74%

51%

Would sign up for texts so they could know about promotions, offers, and updates.

SMS marketing supports shopper loyalty and engagement.

Fashion retailers have been early adopters and strong proponents of SMS marketing.

Princess Polly is an example. Princess Polly head of performance Kim Zorn says, "The performance we see on the SMS-exclusive sales is incredible. The ROI is one of the highest among our channels."¹⁵ The brand also notes that in a recent flash sale it achieved a 98% text open rate, with 90% of texts read within the first three minutes.¹⁶

Chantel Brayley, global marketing manager at Petal & Pup, believes that "SMS marketing needs to be intention-focused, that's what we've learned, and that's what's been able to drive really great profitability and return on investment for us. Not everything can be a campaign because not everyone cares about everything. If you just spam everybody all the time, it's going to be very expensive."¹⁷

Brayley notes that automated SMS messages can be very powerful. "[SMS] Flows (automated messages) - they work incredibly well for us. Once set up, you add your personality, and they literally make you money while you sleep. As a marketer, automation is such a huge thing that you need for your overall strategy."¹⁸

JSHealth has also achieved great results from SMS marketing. "We wanted to reach and engage with our customers in a way that is easiest for them," says Megan Wearing, digital marketing manager at JSHealth. "SMS has enabled us to quickly communicate new product launches, promotions, and any exciting events to our customers. It also enables us to nourish our relationships with our loyalty members."

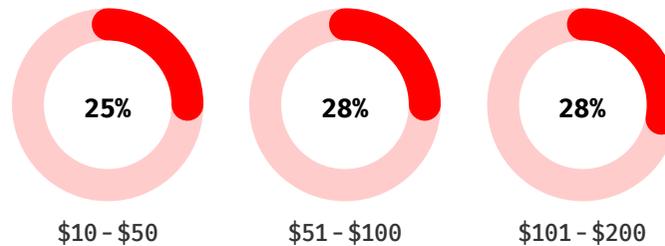
Personalised SMS marketing is particularly powerful.

"Personalisation through segmentation has been a key strategy of ours," Wearing says. "Using Yotpo SMSBump segments, we have been able to further enhance our SMS campaigns. For example, we can send a campaign to all customers. Then, as the promotion is coming to an end, we can send a reminder to a smaller segment of engaged customers. Loyalty flows, specifically 'points reminders', have also been very successful for us."

Social Commerce

In recent years, social commerce has emerged as an increasingly important channel with key platforms, including Facebook, Twitter, Instagram, and YouTube. For example, social media posts that are likely to make a shopper purchase online include those from influencers (36%), organic posts from brands and retailers (36%), and sponsored posts from a brand or retailer (25%).¹⁹

Social commerce purchases sit in the 'heartland' of retail purchases spanning from \$10 to \$200.²⁰



Much of the growth in social commerce has been driven by Australian consumers' increasing interest in shoppertainment, which has an CAGR of 59%.²¹

Brett Armstrong, global business solutions, general manager ANZ at TikTok believes that, "Consumer purchasing habits are evolving, and people are looking to be delighted online. Nobody wants to be sold to, but everyone will say yes to being entertained. This presents an opportunity for businesses to embrace Shoppertainment: a content-first approach where brands educate and entertain audiences. Shoppertainment combines content and culture and commerce in a seamless way, allowing brands to engage with audiences throughout the purchasing journey without overtly selling. This allows brands to meet both functional and emotional needs, thereby building stronger and longer relationships."²²

Shoppertainment leverages shoppers' desire for both education and entertainment.

The application of YouTube as a social shopping channel continues to develop, including Shopify's recent announcement that its users can now sell their full range of products on YouTube in three ways:²³

- Tagging and pinning products at key points during a livestream
- Displaying a curated list of products in a product shelf below on-demand videos, and
- Adding their products to a new 'store tab' on their YouTube channel.

In recent times, there has been substantial coverage of livestreaming as a major growth area.

Shopify's director of technology services and strategic merchants for the APAC region, James Johnson, sees the role of livestreaming in terms of "moving from inspiration to transaction and making that as simple as possible".²⁴

One of the reasons for the broad appeal of livestreaming is that it engages shoppers in multiple ways, from inspiration to discounts.²⁵

Its popularity in Asia, in particular, means that the Australian retail industry is well aware of livestreaming. Though only 12% of Australian shoppers have participated in livestreaming to date, its immediate potential is significant, given a further 34% have already heard about it.²⁶

While inspiration and ideas are the favourite aspects of livestreaming (40%), its appeal is multifaceted, with a significant proportion of shoppers (29%) even liking the opportunity to be 'behind the scenes' of the livestreaming process.²⁷

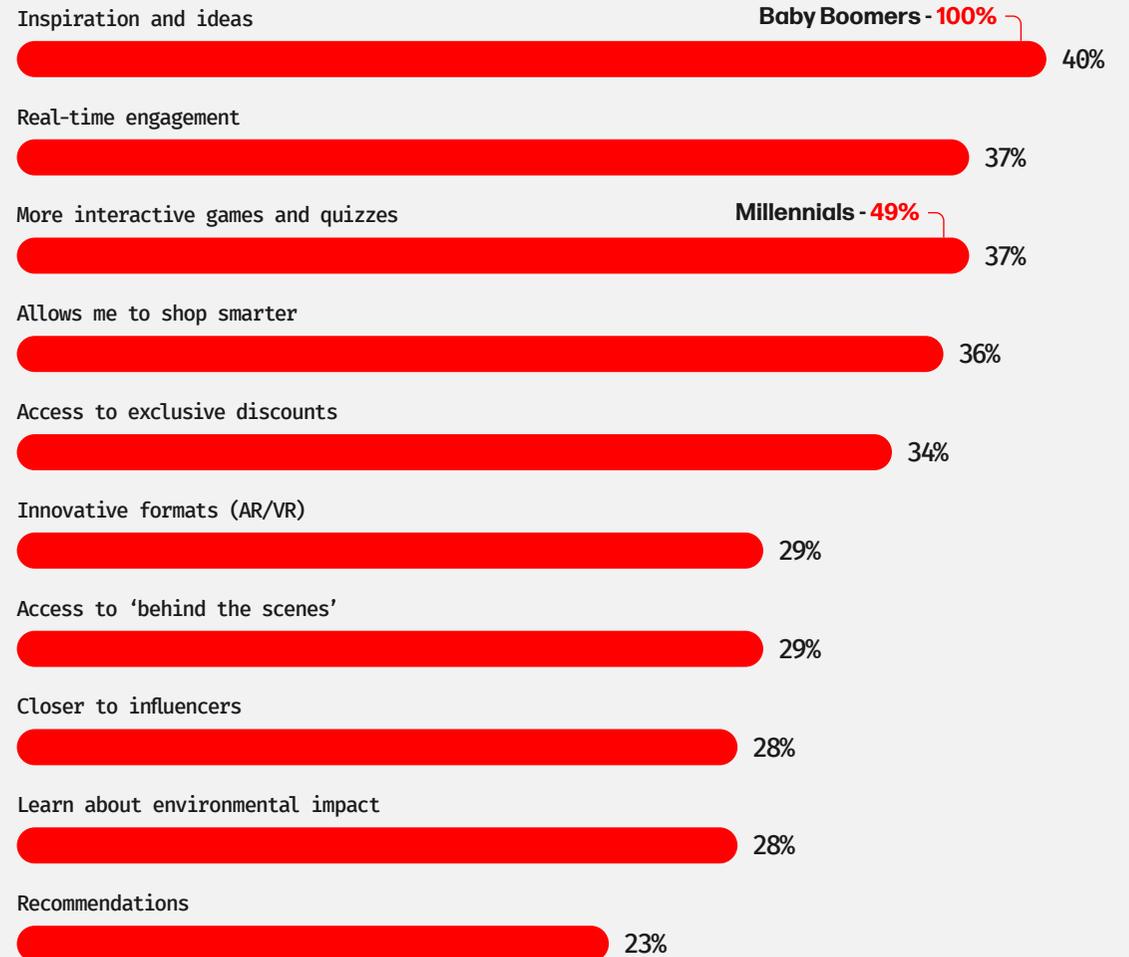
Livestreaming continues to grow in popularity.

In a surprising move given the clear interest in livestreaming, Meta recently decided to close down its live shopping events on Facebook. Meta explains this decision in terms of consumer behaviour, though it has tried to provide a format with some similarities via Reels.

“As consumers’ viewing behaviours are shifting to short-form video, we are shifting our focus to Reels on Facebook and Instagram, Meta’s short-form video product. If you want to reach and engage people through video, try experimenting with Reels and Reels ads on Facebook and Instagram. You can also tag products in Reels on Instagram to enable deeper discovery and consideration.”²⁹

Favourite things about livestreaming

Source ²⁸



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