Improving the customer experience for mobile consumers

Understanding and tackling high consumer expectations

Contents

Tealeaf (now IBM) commissioned a survey of UK mobile
transactions, conducted online by Harris Interactive®.
The survey[1] focuses on consumer mobile transactions
conducted during the last year in order to investigate how
consumers are using this new channel.

This white paper reveals the results of the survey[2] and shows how
businesses can use the findings to put in place a mobile strategy to
monitor and improve customer experiences and increase the
number of successfully completed mobile transactions.

Introduction

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."[3]

According to a Forrester report, 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.
SuperConnecteds use their phones for information, research,
commerce and service.[4] But, understanding how customers
behave when using mobile devices is a challenge. Will they
treat sites and mobile apps in the same way as they did on a
desktop computer or will the unique limitations (and oppor-
tunities) of these devices impact customer experience? How
will the knowledge and experience built up over 15 years of
e-commerce translate to this new channel? These are just
some of the questions we wanted to investigate in order to
arm businesses with useful insights to help them to better
understand how to approach the mobile channel.

So, in February 2011, Tealeaf (now IBM) commissioned
Harris Interactive to conduct a consumer survey looking into
customer experience on mobile devices. The survey illustrated
the extent and impact of issues that consumers encounter when
conducting online transactions via mobile devices and
demonstrated the business impact of these issues.[5]

This report reveals the findings of this study and draws
conclusions that can help businesses of all sizes develop
appropriate strategies to cater to mobile visitors.[6]

*Please note that all facts, percentages, results, etc. here forward
are part of the Harris Interactive survey and will not be footnoted
separately.*

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 and February 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 was 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 was 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.

Executive summary

To understand how consumers are using mobile devices, we asked a range of questions covering 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 loyalty.

The survey also explored the levels of frustration consumers experience when encountering transaction failures from their mobile devices.

Mobile commerce is here to stay

Possibly the most striking information to come out of the survey is that UK consumers are racing to embrace the mobile channel as a way of conducting transactions. Nearly a quarter of online adults in the UK (23 percent) – equating to just over 10 million people – said they have conducted an online transaction on a mobile device in the past year ("mobile consumers"). The equivalent figure was just 18 percent in the US, indicating that UK consumers are leading the way in mobile commerce adoption.
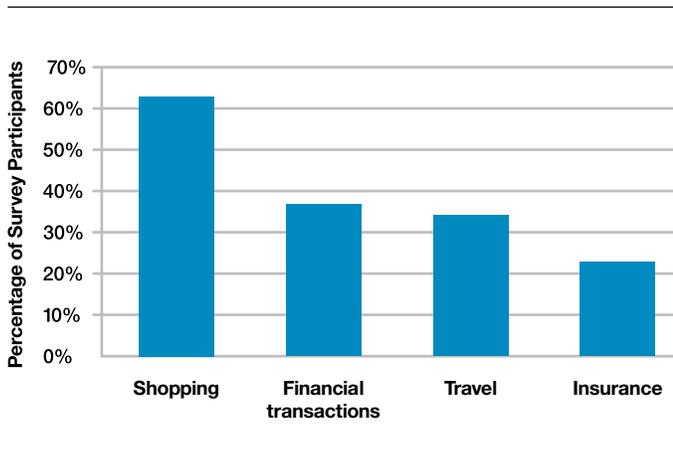
Figure 1: Percent of consumers that have conducted a transaction in the past year

Shopping was the most common type of transaction conducted by mobile consumers in the last twelve months (63 percent), followed by financial transactions (37 percent), travel bookings (34 percent) and insurance applications (23 percent).

On average, mobile consumers completed 4.4 transactions on a mobile device per month, with consumers pretty evenly split over whether they prefer conduct transactions using an app (43 percent) or an internet browser (41 percent).

Expectations are high

But as smartphone adoption grows, consumers expect a faultless experience across online channels, including mobile, with 75 percent of online adults agreeing there is no reason why a mobile transaction cannot be completed on the first try. Among mobile consumers, just over half (51 percent) even said they would expect a better shopping experience on a mobile device than in a store and 52 percent said they would expect a better experience than when using a desktop computer.

While it is a new platform, the same issues remain

Although mobile devices are transforming the way people transact online, the mobile customer experience leaves much to be desired. In what should be a convenient and simple way to shop, 83 percent of adults who conducted a mobile transaction in the last year said they had experienced a problem. These issues go beyond connectivity and download speeds; the mobile experience itself is fraught with obstacles that keep consumers from accomplishing their goals.

The most common problem experienced by UK mobile consumers who experience problems conducting transactions was receiving error messages (34 percent).

The business impact

Unsurprisingly, this is causing unnecessary annoyance for UK mobile consumers who experience problems conducting transactions, with 46 percent saying they feel frustrated.

If things do go wrong, our research shows consumers are impatient. If they encounter problems attempting to conduct mobile transactions, they will try to transact at another time on a different device, abandon the transaction entirely or take their business elsewhere. The survey found that when faced with a problem while attempting a mobile transaction:

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

This may be having a negative bottom line effect for businesses. Significantly, customer struggles on a mobile device can drive consumers away from doing business with a company entirely. Two thirds (66 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 device.

Which problems have you experienced while conducting mobile transactions?
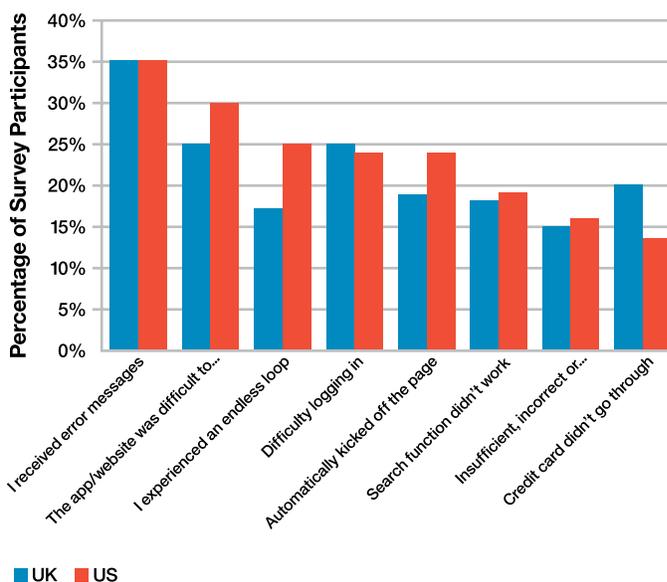

Figure 2: Problems experienced while conducting mobile transactions

And, when consumers have problems with mobile transactions, they do not keep their experience to themselves. More than four in five mobile consumers who experience problems conducting transactions (86 percent) said they have shared their mobile transaction experience with others and 49 percent of these said they had shared experiences via social media.

When mobile shoppers complain on social networks, 27 percent said they would expect a response from the vendor. Among mobile consumers who experience problems conducting transactions, 61 percent said they would tell their friends and family about it to discourage them from using that app/website or doing business with the company.

These findings offer world class insights into consumer behavior on mobile devices across different verticals. In the rest of this report, we attempt to pull these findings together and draw conclusions mixed with best practice advice for businesses looking to make the mobile channel a priority.

Understanding and tackling high consumer mobile expectations

by Geoff Galat
Vice President, Worldwide Marketing — Tealeaf
IBM Software Group, IBM ExperienceOne

UK consumers are incredibly web savvy these days. After 15 years of e-commerce, there is zero tolerance for sites that do not deliver a near perfect experience and, with competitors a click away, e-businesses have never had to work so hard to keep their customers. But this intolerance has built up over a number of years; it was not like this in the early years of the internet.

So you would be forgiven for thinking that consumers would continue to have similarly low expectations for the latest new digital trends. And yet our research findings reveal that mobile transaction expectations are incredibly high. The vast majority (75 percent) of online adults think there is no reason why a mobile transaction cannot be completed on the first try. This is surprising given that mobile transactions have only been possible for a relatively short period of time.

But the surprising statistics do not stop there. The majority of mobile consumers actually said that conducting a mobile transaction should yield a better shopping experience than making the same purchase in store (51 percent) or at a computer (52 percent).

In my mind, there are two fundamental reasons for this.

The first is that consumers see "online" as one channel, regardless of the device they are using. While businesses are eager to have a specific mobile strategy, their customers are not compartmentalizing in the same way. E-commerce has been around for 15 years, we are happy using it and we expect to be able to use it when we like on the device of our choosing. And in some cases, our expectations on mobile devices seem to be higher. In other words, same business proposition, just a different platform.

The Apple effect

This brings me onto the second main trend that created our high expectations of mobile. This trend has been driven by the company that really accelerated the smartphone craze: Apple. Watch any advert for the iPhone or iPad. The one thing that stands out is how incredibly easy these devices are to use. Apple has changed the way we think about mobile and has taught us to expect a good user experience on mobile devices.

And this advertising is not just a mirage. You only have to watch small children flicking around the iPad's touchscreen to see how easy and intuitive the user experience really is.

But this presents a problem for businesses. Their apps or mobile sites (or standard sites on mobile screen) have not been developed by Apple. In fact, many of the websites have not even been designed with a mobile user in mind. And the stark differences between the flashy ads and the reality of mobile e-commerce is not lost on mobile shoppers, given that 46 percent say they feel frustrated when they experience problems conducting transactions on a mobile device.

So by piecing these two points together, we can begin to understand why consumer expectations for mobile transactions are so high. Consumers have high expectations of e-commerce in general and are no longer differentiating between the experience they receive on different devices.

Businesses are between a rock and a hard place

The bad news for businesses is that meeting these high expectations takes a lot of hard work. Developing an effective mobile strategy will not happen overnight. And while consumers do not need to understand that e-commerce works in different ways across different devices, businesses must.

Why? Because there is an incredible opportunity. Over 10 million UK consumers conducted a mobile transaction of some kind in the last year and this is set to grow exponentially. Businesses simply cannot afford to be left behind.

But the opportunity is not the only motivation. Increasingly, we are seeing that consumers are using poor mobile experience as a stick to beat brands with. Two thirds (66 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 device. So there is brand reputation issue here too.

The time to act is now

These high consumer expectations mean companies have little time to waste. Businesses have had a long time to get it right online, but with mobile they are not getting the benefit of the doubt. And the complications are not decreasing any time soon. In the last two years it has been all about smartphones, for the next two it will likely be about tablets. And who knows what will follow after that. Putting in place a platform-proofed strategy for the short and long term will be vital.

Mobile is still a young, developing digital trend, but consumers do not see it like this. Therefore businesses have to be ready to meet these short term expectations while also ensuring they are nimble and flexible enough to cope with the long term curveballs that will inevitably come their way. The rewards for those that manage it will be plentiful.

Five steps to improving customer experience on mobile devices

As this survey shows, consumers are expecting the same high level of customer experience across e-commerce channels. 66 percent of online adults 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 device.

No matter which online channel you are focusing on, one of the best remedies 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 their channels, including mobile.

So how should companies go about developing an effective Customer Experience Management (CEM) strategy that fully embraces mobile devices? Here are five key steps:

Step one: 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 conduct their transactions smoothly. In light of how much time and budget most e-businesses are spending attracting visitors to their online channels, it only makes sense to dedicate sufficient resources to helping to ensure those visits convert into revenue, no matter which channel they choose to use.

Step two: understand customer behavior in a multichannel world

As we have seen, consumers do not differentiate between different channels. So understand how they use specific channels in isolation, but also how they are used as part of a wider purchasing journey. Do your customers tend to use their mobiles to browse and then buy online (or in store)? How do marketing and promotional efforts like e-mail marketing and search engine optimization (SEO) affect this behavior across different channels? Only by having visibility of each platform and the ability to take a broader look across channels, across sessions and across devices, will you be able to get a full 360-degree view.

Step three: develop your mobile strategy based on these insights

Once you have these insights, you can effectively plan a mobile strategy that works for your customers. This means deciding on the right platforms to prioritize and the right functionality. With such a young channel, it is important to remember that behaviors can change quickly, so continue to keep performing the actions mentioned above on an ongoing basis.

Step four: identify and prevent issues

Identify customer struggles 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 significantly reduce the impact these issues have on the bottom line.

Step five: link your channels

The study shows that nearly one in four frustrated mobile customers would call customer service if they experienced a problem conducting a mobile transaction. However, most contact centers are ill prepared to help customers with their mobile transaction. Giving your customer service agents insight into the mobile customer experience can 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 in place, just as a decade and a half ago they were rushing to launch their first transactional websites.

Conclusion

It is clear there is tremendous momentum in the mobile channel. As this research shows, consumers and organizations are showing an increasing appetite for moving transactions to smartphones and tablets. However, mobile consumers are finding the convenience of transacting anywhere, anytime is often offset by unsatisfying and unproductive experiences.

And because of high consumer expectations, driven by e-commerce savviness and ease of use expectations, the research shows that consumers will be less likely to transact with a company elsewhere on the back of poor mobile customer experiences. Businesses do not just need to pay attention to mobile, they need to do it quickly and they need to get it right.

Matt Wilcox, Director of e-Business Zions Bank, summarizes how Zions is approaching this challlenge: "We want to be able to see through the eyes of the customers where they are using the devices. That includes how they are scrolling or engaging the handset, and if that enables users to find the information or function that they want. If there is a problem, we will be able to replay user sessions and see what the user was looking at when they were using mobile banking."

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

The opportunity for e-businesses means that mobile just cannot be ignored. Customers continue to show an increasing appetite for carrying out transactions on phones and tablets and that is great news for companies that use the internet as a transactional tool.

So, the potential is there, the demand is there, but those that leap into this channel without a clear plan or strategy for gauging and managing the mobile customer experience risk losing more business than they gain, and damaging their brands in the process.

About IBM ExperienceOne

IBM ExperienceOne helps you attract, delight and grow the loyalty of customers by enriching the ways you engage each of them. IBM ExperienceOne provides a set of integrated customer engagement solutions that empower marketing, merchandising, commerce and customer service teams to identify the customers and moments that matter most, and to rapidly apply those insights to develop and deliver personally rewarding brand experiences.

IBM ExperienceOne ignites innovation by leveraging patterns of success from more than 8,000 client engagements, original industry research, and products consistently recognized as industry leaders in major analyst reports.

IBM ExperienceOne solutions are delivered in cloud, on premises, and in hybrid options.

For more information

To learn more about IBM ExperienceOne, please contact your IBM representative or IBM Business Partner, or visit the following website: **ibm.com**/experienceone.

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

2 Ibid, February 2011.

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

4 Forrester Research, Navigate the Future of Customer Service, February 01, 2013, By Kate Leggett with William Band, Sarah Bookstein (http://www.forrester.com/home#/Navigate+The+Future+Of+Customer+Service/fulltext/-/E-RES61372)

5 2011 Harris Interactive Survey of Mobile Transactions, February 2011.

6 Ibid, February 2011.

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