



Apps for Business Growth: How to Drive Profitability and Loyalty This Holiday Season and Beyond

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Introduction

As customers begin their holiday shopping this year, retailers must adapt to evolving shopper behaviors to gain a competitive edge. Today's shoppers are more intentional with their purchases, with 74% planning their shopping ahead¹. They are balancing their budgets, finalizing their shopping lists, and conducting thorough research before making decisions. To capitalize on this proactive behavior, it is essential for retailers to establish early connections with these customers. Doing so can lead to higher conversion rates and extend the number of peak shopping days during the holiday season.

Retailers who take advantage of this opportunity can maximize sales and make the most of the holiday rush.

On average, 42% of holiday shoppers across surveyed markets agreed that holiday shopping was easier because they were able to shop both online and in-store². Retailers not only need to provide customers with omnichannel experiences to meet shoppers where they are, but they also need to communicate the presence of these channels. To reach customers where they are and elevate their brand value, many retailers are turning to mobile app marketing as a solution to effectively engage consumers.

Google partnered with Ipsos to conduct a survey of 450 retail app decision makers in the United States, Germany, and the United Kingdom to determine how the return on investment (ROI) and value of mobile apps compares to other channels, and to understand retailers' attitudes about where apps and paid app promotion best fit into their holistic business strategy. Retailers surveyed shared how apps are creating long-term sustainable business value by increasing profitability, building brand loyalty, and establishing a future-proof database of first-party customer data.



Today's shoppers are more intentional with their purchases, with **74%** planning their shopping ahead¹.



How Apps Supercharge Business Growth

The vast majority of retailers with mobile apps, 85%, indicate that mobile app investment is important for long-term business success. By helping to boost both customer retention and customer loyalty, mobile apps provide long-term value for retailers, particularly during times when customers may be nervous about the overall economic outlook.

Reaching customers where they are is key to a differentiated holiday retail strategy – and to keeping customers loyal. In fact, the long-term value of apps transcends traditional channels and offers an effective omnichannel solution that accomplishes both goals.

Most retailers, 77%, agree that apps help drive traffic to stores and/or websites. In fact, 93% note that their company's app is being used by customers in-store for at least one type of task while shopping. Retailers mention their customers are using the app in-store to retrieve product information and reviews, make mobile payments,

compare prices, and receive loyalty points/coupons.

With key momentum in brand building and seamless omnichannel experiences, it's not surprising that 75% of retailers with mobile apps feel that their app customers are more satisfied with their shopping experience compared to non-app customers, and 90% are planning to invest more or just as much in mobile app promotion in the next fiscal year. Retailers view this investment as an opportunity for future revenue growth and as a valuable channel to retain their most loyal customers.

By integrating online and offline channels, retailers can create a seamless experience for customers that fits with their lifestyles and shopping habits, makes the path to purchase easier and drives customer loyalty. As retailers navigate the approaching holiday season amidst economic uncertainty, prioritizing investments in mobile apps emerges as a strategic necessity for retailers seeking long-term value from their marketing channels.

Consumers are Using Mobile Apps In-store

Retailers mention their customers are using the app in-store to retrieve product information and reviews, make mobile payments, compare prices, and receive loyalty points/coupons.



40%

Retrieve product information and reviews



36%

Payment and gaining loyalty points and rewards



34%

Retrieve mobile coupons



31%

Compare prices and check inventory



[The app] becomes an increasingly important channel for us based on the ROI it generates.

– IT professional at a US retailer

Benefits to Your Business

Grow Profitability

For retailers, mobile apps not only serve as an effective means of reaching loyal customers, but they are also considered essential to growing profitability: 74% of retailers agree that investing in mobile apps is key to driving profitability.

With more holiday sales happening online, 42% of retailers report that having a mobile app has led to online sales growth, continuing to reiterate the importance of an omnichannel strategy. And the revenue potential is higher – 72% agree that app customers tend to have a higher average basket ring (# of items purchased) compared to non-app customers.

When asked about the various channels retailers use to market themselves, 44% say mobile apps provide the best ROI. So, when retailers strategize a marketing mix for the upcoming holiday season, they should keep in mind the impact of apps on their bottom line and how they can help drive sales.

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With proper setup and configuration, [an app] can help retailers put their brand or product in the minds of customers. Strong brand recognition can help retailers drive digital traffic, outperform competitors, and grow revenue.

– Marketing professional at a US retailer



Grow Loyalty and Lifetime Value

Beyond profitability, mobile apps are positively impacting loyalty, and retailers cite building brand loyalty as the single most important element of their long-term business success. In fact, loyal customers also serve as important brand advocates. 88% of consumers say that when a company earns their trust it also earns a recommendation to friends and family³, making it imperative for retailers to build and retain a loyal customer base.

While competing on price may be difficult for some brands, creating unique and compelling experiences elevates loyalty. Retailers identify a direct link between their app customers and their level of brand loyalty, with 85% reporting that app customers tend to remain loyal to the company longer than those who are not app customers.

Building loyalty among app customers is an important consideration for retailers. App customers tend to make more purchases, including more repeat purchases, have a smaller conversion window to purchase, and buy more items or have a higher basket

ring compared to their non-app customer counterparts.

These loyal customers not only contribute to immediate revenue growth, but also hold immense long-term value for retailers. One key aspect of this value lies in their resilience to price changes. Sixty-two percent (62%) of retailers reveal that their app customers are less sensitive to price changes in retailers' products compared to non-app customers. By fostering deep customer relationships through mobile apps, retailers can create a dedicated customer base that remains engaged, no matter the external economic fluctuations.

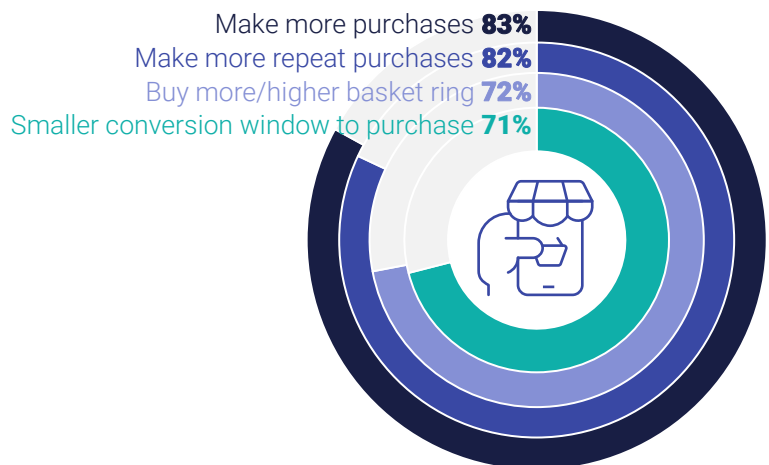
Retailers cite building brand loyalty as the single most important element of their long-term business success

App-using customers tend to....



We have built a very loyal customer base who enjoy using the app and are reaping the rewards from a repeat purchase and customer retention perspective.

— Marketing professional
at a UK retailer



than non-app-using customers

Grow First-Party Data for Long-term Success

To more effectively gain a concrete understanding of their customers, retailers can use their app to build a foundation of consented first-party data that will allow them to create personalized shopping experiences during the busy holiday season and beyond. Effective collection and use of this data during the holidays can provide new customer insights, enhance future marketing campaigns, and increase sales.

In recent years, higher user expectations for ads privacy have driven additional regulations and technology changes that restrict how user data can be captured and used. As a result, retailers who previously relied heavily on third-party data to understand customer purchasing behaviors now must instead turn to consented first-party data sources⁴. Retailers need to adapt to these changes in approach if they want to continue maximizing customer insights and providing shoppers with personalized experiences this holiday season.

Fortunately, mobile apps present an opportunity for retailers to connect directly with their customers. Through apps, customers willingly verify and agree to share personal information and other insights which allows retailers to future-proof their business: retailers gain a deeper understanding of their consumers' buying habits, purchase history, and trends, while providing a safe way to collect first-party data without running afoul of privacy regulations.

While many retailers are still adapting, 39% are currently already using their company's mobile app to collect first-party data or access customer feedback. Although not all retailers are currently harnessing the power of first-party data, those who are, already understand the value it brings, and 34% of retailers even cite first-party data via their app as a reason why they plan to invest more in mobile apps in the next fiscal year.



Recommendation for Holiday Marketing Planning

As we approach the holiday season and the economic forecast remains uncertain with shoppers planning to cut spending⁵, shoppers are being more deliberate in their purchases and retailers are feeling the pressure. However, for those harnessing the power of their mobile app, there is potential to thrive during the upcoming holiday season. By prioritizing their mobile app channel and investing in effective promotional methods, retailers can position themselves as the winners in this challenging landscape.

Leverage mobile app promotions to maximize the impact of your marketing plan.

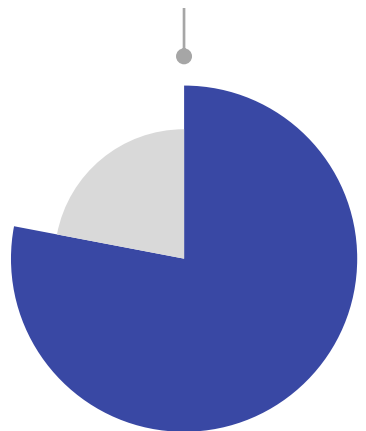
Retailers looking to maximize the benefits of mobile apps need to promote and market those apps to propel their business' success. Seventy-eight percent (78%) of retailers agree that paid promotion methods reap benefits that organic methods alone cannot achieve. When it comes to specific marketing goals such as reaching a large audience or targeting a particular market, paid promotion methods reign supreme over organic methods. Based on these findings, it's not surprising that the majority of retailers, 85%, say they pay to promote their app in some way already. But what promotional strategies are the best to invest in? Out of the various paid avenues that retailers use to promote their app, the most commonly used are social media ads, search engine ads, and app store ads.

As consumer budgets have been decreasing, having a mobile app during periods of economic uncertainty is deemed extremely or very valuable by 75% of retailers, and another 88% of retailers agree it's extremely or very important to focus on customer retention during these times. Retailers note that retaining customers is the second largest area of value that their mobile app currently brings to their business, so it's no wonder mobile apps are crucial during these unpredictable times.

To thrive in the coming holiday season and remain competitive, retailers must be bold and lean into paid promotional methods for their mobile apps. By investing to harness the full power of apps, retailers can foster a loyal base of strong brand advocates, build a future-proof database of first-party data, and establish themselves as market leaders.



78% of retailers agree that paid promotion methods reap benefits that organic methods alone cannot achieve.



Paid app promotion "helps increase discovery for apps, in-app purchases, and subscriptions with marketing guidelines, tools, promotional offers and more.

– IT professional at a US retailer

Conclusion

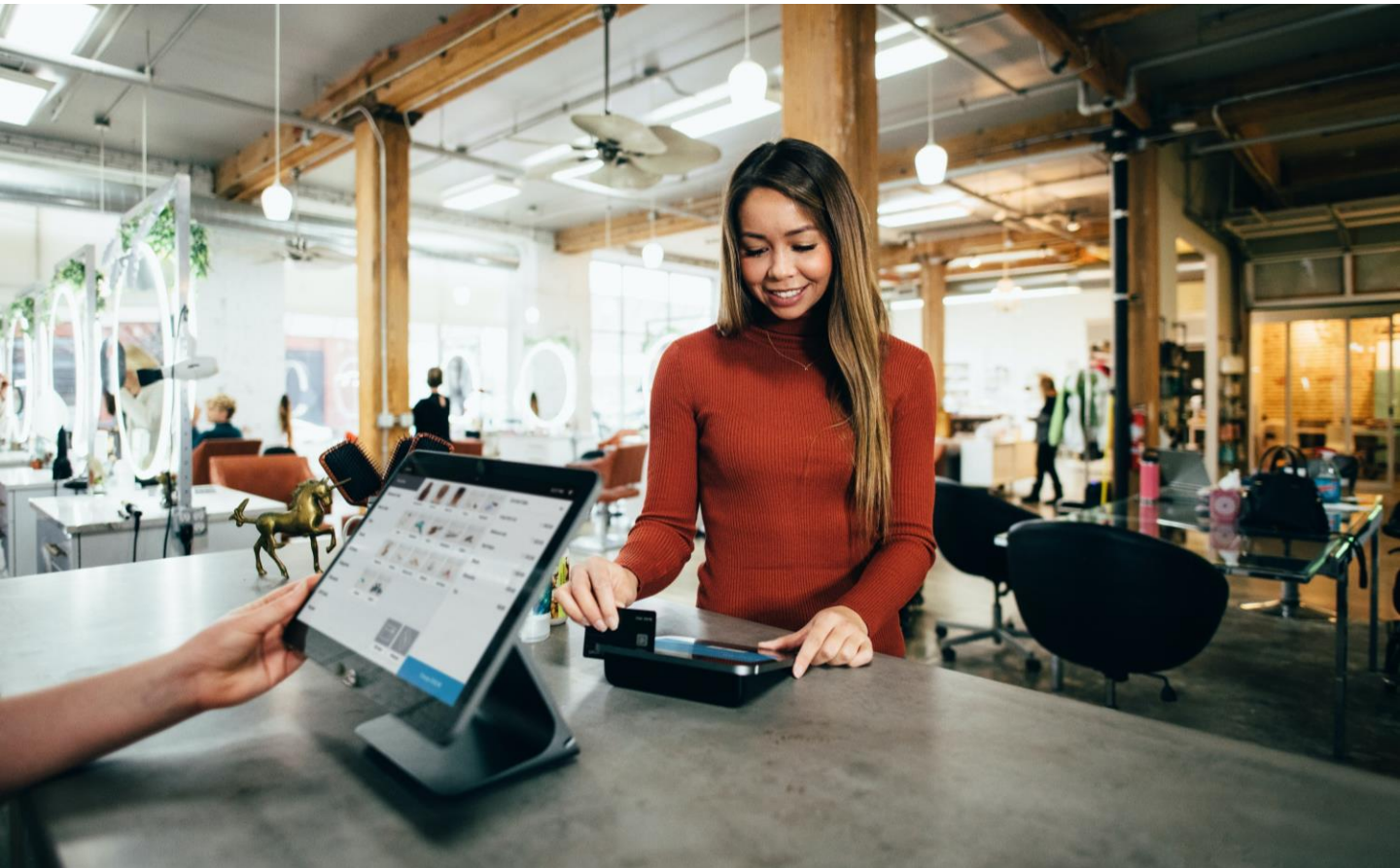
As consumers anticipate a period of economic uncertainty and inflation during this upcoming holiday season⁵, retailers must adapt to changing consumer behaviors and spending habits. Mobile apps are an essential touchpoint along a consumer journey which is evermore leaning towards mobile shopping. As such, retailers can employ mobile apps during these times of economic turmoil and realize the benefits of

apps in supercharging their business growth this holiday season.

Retail mobile apps provide value to businesses by driving profitability, building brand loyalty, and reaching customers where they are. Mobile apps are also reliable channels for retailers to attain valuable first-party customer data in a changing privacy landscape. Retailers who utilize their mobile apps strategically by investing in paid promotion methods can

expect to see the greatest impact from their app.

Mobile apps possess the power to ignite exponential growth and drive revenue, positioning them as an indispensable asset for businesses.



Methodology

The data that forms the basis of this report was gathered using online, device-agnostic surveys. Google commissioned Ipsos, an independent research company to determine ROI and long-term business value of mobile apps versus other channels, and attitudes about / usage of app marketing among medium-to-large retailers in the US (N=150), UK (N=150) and Germany (n=150). Ipsos fielded one 15-minute online survey among app decision makers in the director role or above, both in marketing and IT, at brick and mortar and e-commerce retailers. The surveys were conducted Feb. 14 to March 6, 2023 (US and UK), and Feb. 22 to March 10, 2023 (Germany) with a total sample size of N=450.



Ipsos fielded one 15-minute online survey among app decision makers in the director role or above, both in marketing and IT, at brick and mortar and e-commerce retailers.

US and UK
Data Collection

Feb 14

March 6

Germany
Data Collection

Feb 22

March 10



Sample size of N=450.





About Ipsos

As a global leader in market research, we at Ipsos believe our clients need more than a data supplier, they need a partner who can produce accurate and relevant information and turn it into actionable truth. This is why our passionately curious experts not only provide the most precise measurement, but shape it to provide a true Understanding of Society, Markets and People.

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