Best Practices for Retail Apps

How to Succeed in the App Economy

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Executive Summary

- Globally, users spent 50% more time in Shopping apps* in 2016 than in 2015. In order to succeed, retailers must prioritize mobile best practices or lose out on customers.

- Limit unnecessary intrusion on a user's device — show respect for the coveted real estate of a user's home screen.

- Prioritize a holistic user acquisition campaign including app store optimization (ASO), prominent app store placements and timely marketing campaigns.

- Execute seamlessly in-app and in-store to create a robust shopping experience.

- Utilize new technology and stay on top of app trends to keep users engaged.

*Android phone total time, excluding China

The Company and Technology Behind the Report

App Annie helps companies build better app businesses and is used by 94 of the top 100 publishers across the globe. From competitive benchmarking to international expansion, we deliver the data and insights needed to succeed in the app economy.

The information contained in this report is compiled from *App Annie Intelligence,* the leading market data solution for the app economy. To see how our app store data for download, revenue, demographic and usage estimates can help guide your critical business decisions, request a demo today.

EVALUATE & ASSESS

Identify market and investment opportunities by validating usage trends by country.

ACQUIRE & GROW

Identify high-performing creatives and keywords to optimize organic and paid user acquisition efforts.

DEVELOP & LAUNCH

Validate your app strategy and roadmap by analyzing the usage and demographic trends of key competitors by country.

ENGAGE & MONETIZE

Monitor active user and revenue growth to identify high performing publishers.

RETAIN & NURTURE

Increase retention and enhance app features based on user feedback and engagement metrics.

App Annie Is the Most Trusted Partner in the App Economy

Over 700,000 registered members rely on App Annie to better understand the app market, their businesses and the opportunities around them.

1) Treat Being on a User's Device as a Privilege

App Annie

# Don't Negatively Impact Overall Device Experience

Draining battery and bombarding users with notifications and emails will likely alienate them from your app, and possibly brand.

Geolocation can be useful for contextual and relevant offers; however, it must be balanced with limited battery use.

The frequency of notifications, emails and messages should also be limited in an effort not to inundate or spam the user. Furthermore, the more relevant your communications are to each user's tastes or preferences, they more likely he or she will view them favorably as an enhancement to their overall experience with your brand.

Establish and Reinforce Trust
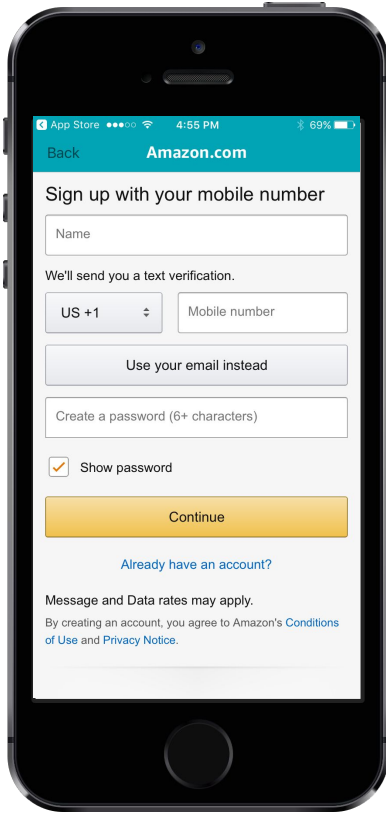
Amazon
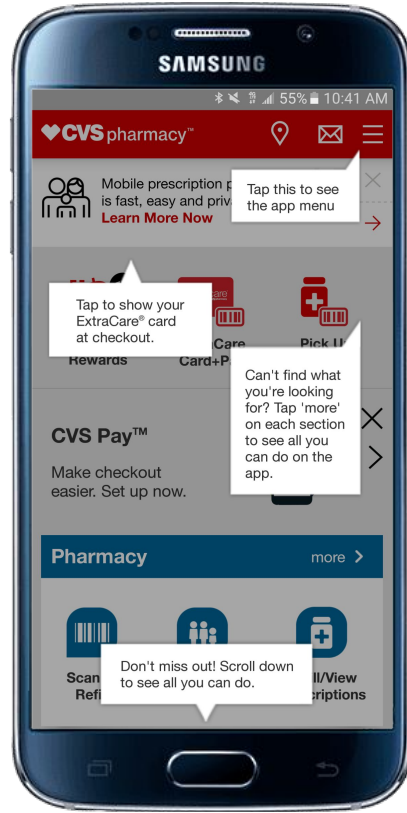
CVS Pharmacy

Ask only for the personal information you need, explain why you need it, and provide value in return for receiving it.

Some retailers allow users to enter additional information at a later time (after first use) when they have more clearly demonstrated their app's value proposition.

A guided onboarding and signup process alleviates friction for a user signing up and can increase your conversion rate from install to active user. *CVS Pharmacy* highlights its key features during first use.

Return the Favor With Rewards Programs and Coupons
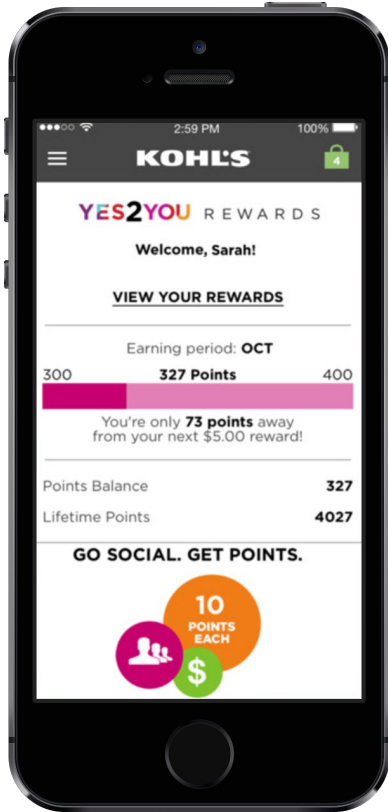
Kohl's
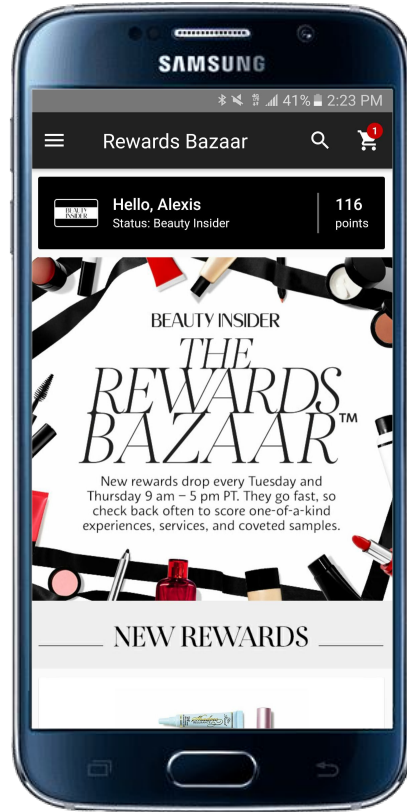
Sephora

Reward users with loyalty programs, special offers and promotions as part of the app experience.

Kohl's incorporated its sophisticated rewards program into its app which provides visuals that make it easy for users to track their progress. In January 2017, this feature received overwhelming praise with 90% of favorable reviews (e.g., 4 or 5 stars), on the United States iOS App Store, referencing the rewards and coupons program.

Google now allows retailers to integrate their loyalty programs with Android Pay.

Sephora also leverages its rewards program to drive both in-app and in-store purchases and redemptions.

2) Adopt Best Practices for Acquiring Mobile Users

App Annie

Make App Store Optimization (ASO) a Habit

"Black Friday" Keyword Rank of Retale*
United States, November 2016

*iPhone
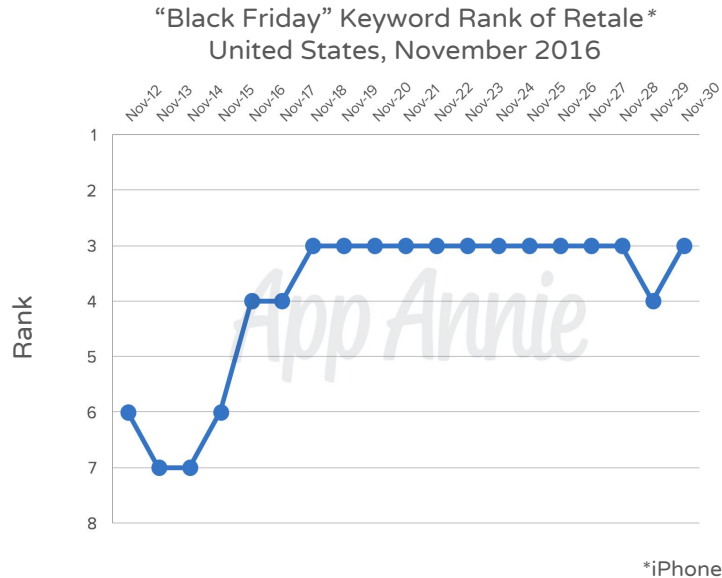
In the US, 65% of iOS App Store downloads come from search. Ensure your app's name is relevant for consumers, while avoiding highly competitive search terms.

As part of a broader user acquisition (UA) campaign, Japanese C2C marketplace app *Mercari* optimized its name for the US app stores.

In November 2016, couponing app *Retale* changed its name to *Black Friday 2016: Ads, Shopping Deals & Coupons* in an effort to capitalize on Black Friday search traffic in the App Store. As a result, its ranking jumped to #3 for the search term "Black Friday" after a few days. Retale went a step further by updating its screenshots with holiday buying imagery and inserting the term "Black Friday" throughout its description.

Raise Your Profile in the App Stores

Being featured can give apps a significant performance boost. In South Korea and Japan, the impact is especially strong. Monitor which features Google and Apple are prioritizing, and keep an open line of communication.

iOS Search Ads can also be utilized to obtain prime real estate in the iOS App Store. Brands have used iOS Search Ads as a defensive measure, such as when *Wish* secured the top spot for the keyword "shop," for which it also organically ranked #1. On the other hand, *Jet* employed iOS Search Ads as an offensive strategy for "online shopping," a keyword it organically ranked lower for.

Choose the Right Timing and Advertising Networks to Maximize Exposure

Share of Shopping App Ad Impressions in AdMob Ad Platform United States, iPhone
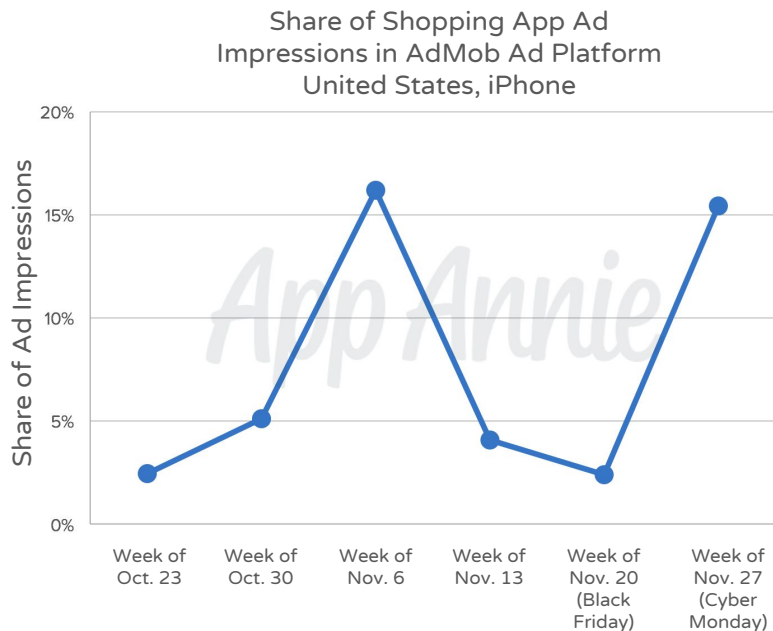
[The best ad network and approach](#) for your app will change over time based on several factors — like what your goals are, and where, when and how your competitors are investing.

Consider the changes mobile has had on shopping habits. Retailers have leveraged mobile to help expand the shopping period around Black Friday and Cyber Monday as demonstrated by the increased amount of time shoppers are spending in shopping apps during the weeks surrounding the holiday.
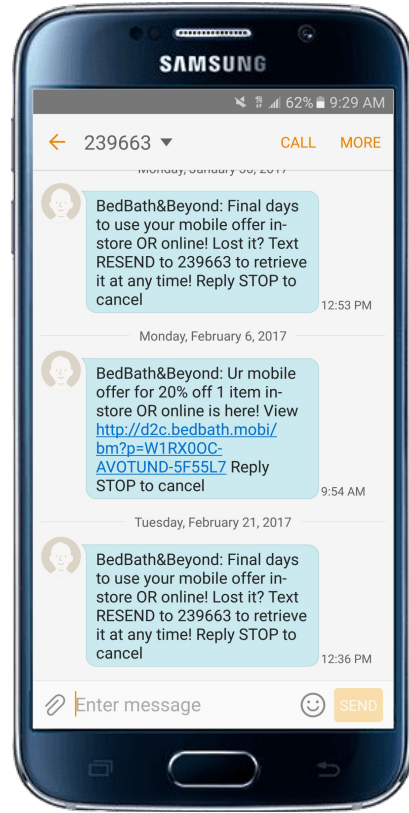
The spike in mobile marketing activity prior to Black Friday and Cyber Monday further demonstrates apps' increased role in driving sales throughout the holiday season.

3) Flawlessly Execute Both on the App and In-Store

App Annie

Use Push Notifications at Relevant and Timely Moments


Scotch & Soda

Bed Bath and Beyond

The introduction of <u>rich push notifications</u> in iOS 10 have allowed marketers to include images, video, GIFs and audio with their notifications, bringing it in line with Android.

<u>Bed Bath and Beyond</u> uses both push notifications and SMS messaging to notify users of time-sensitive coupons and offers. However, they are careful to provide ample time between messages and allow users to opt-out of further communications in an effort to respect users' time.

# Integrate Customer Service Into Your App Experience

M&S
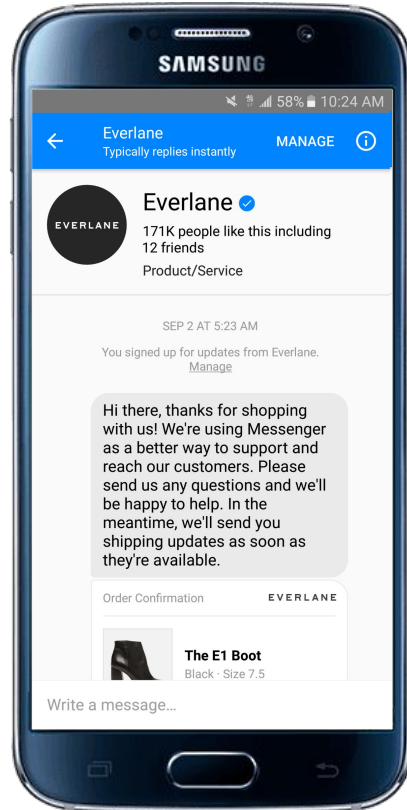
Facebook Messenger

Mobile will be the contact channel of choice for many of your customers, so ensure you are ready to help.

Many apps, including *M&S*, offer dedicated live chat within the app.

Shopping apps can also integrate with popular messaging apps like *Facebook Messenger* to provide a channel for customer communication, package tracking and even notifications regarding product availability.

# Encourage Impulse Purchases With Targeted and Limited Edition Offers
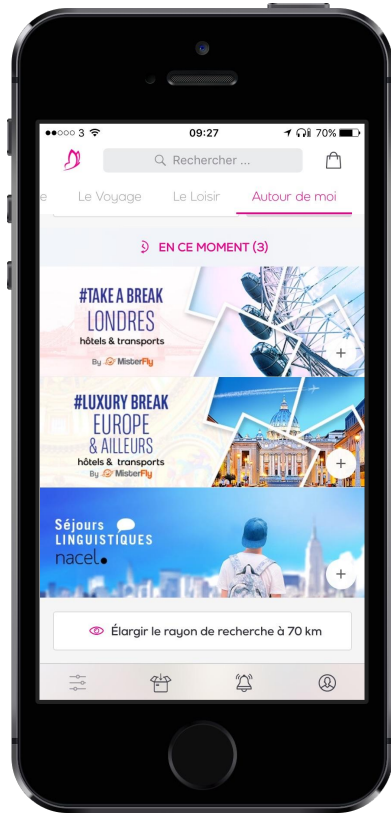
vente-privee

Apps are well suited to impulse purchases. Our devices are always with us, and targeted communications, offers and recommendations can gain instant attention.

vente-privee is an online-first company that offers flash sales every day at 6 a.m. This provides predictability and encourages users to regularly check their app in order to take advantage of time-sensitive deals.

Brick-and-mortar retailers have used app-exclusive deals to promote app engagement and compete with online-first companies. *Sephora* and *Ulta* provided limited quantity Black Friday deals exclusively for its app users.

# Streamline and Improve In-store Shopping through Your App
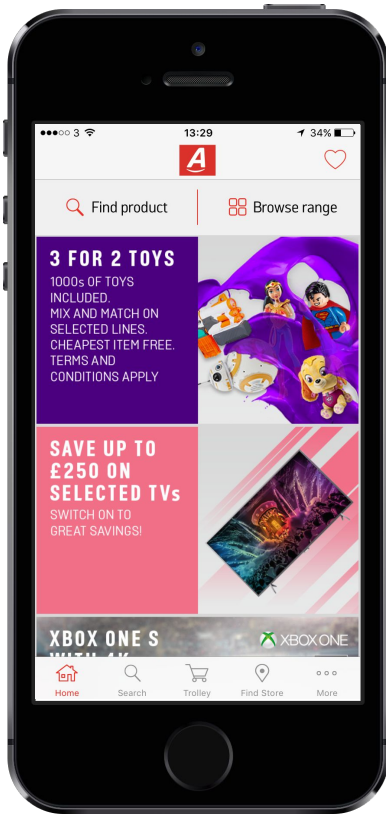
Argos
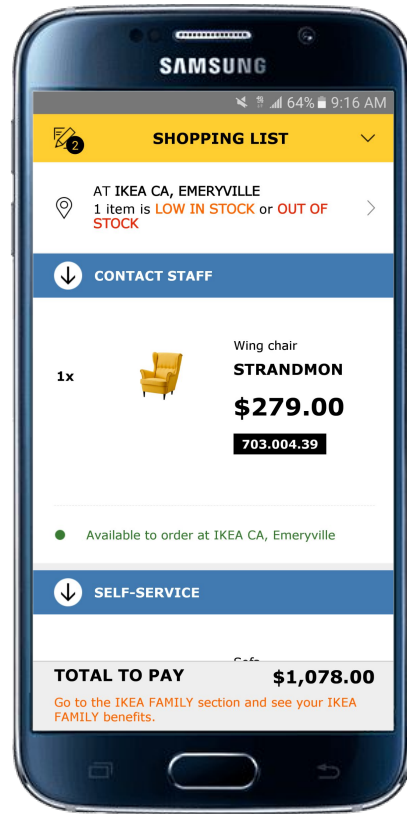
IKEA Store

Shoppers are embracing omni-channel, and apps can be used to enhance the in-store experience.

The *Argos* app allows users to pre-check stock and to organize fast-track collection in store.

The *IKEA Store* app provides wide-ranging support for the retailer's shopping experience. It works as a pre-shopping list as well as an in-store companion. As shoppers navigate an IKEA warehouse, they can use the app to add items to their shopping list, keep a running tab of their total to pay, identify whether items are in stock and locate the pickup bins for the items they want to purchase.

4) Stay Focused on Innovation

Integrate Mobile Payment Options
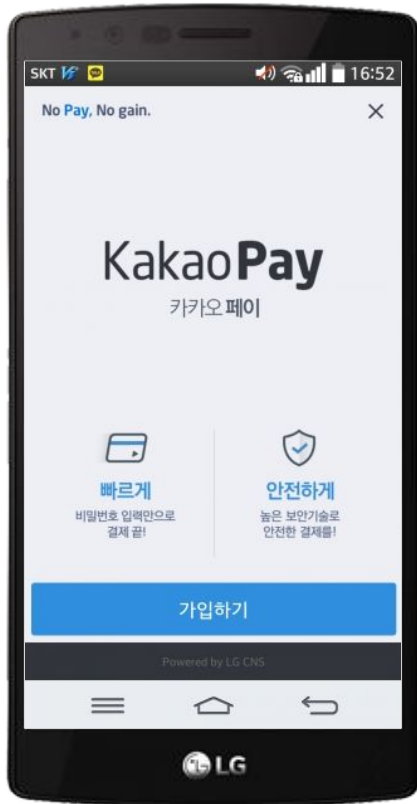
KakaoTalk
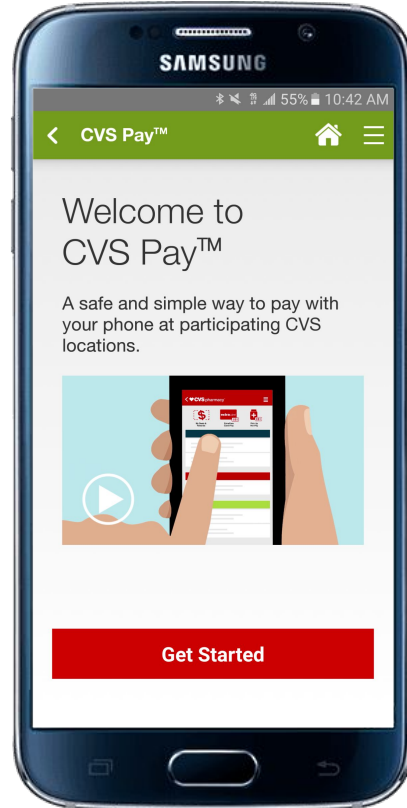
CVS Pharmacy

Payments are especially big business in Asia — Kakao Pay announced more than 10 million users in South Korea in the middle of 2016, and the market has also been heating up in China.

Many retailers in the US are striking deals with mobile payments providers as well as incorporating their own proprietary payments systems. *CVS Pharmacy* launched its CVS Pay feature in 2016 which consolidates multiple steps in the payment and reward program process at the in-store point of sale. This is a prime example of how an app's payment feature can greatly reduce friction commonly experienced by shoppers.

Leverage the Native Features of Mobile Devices
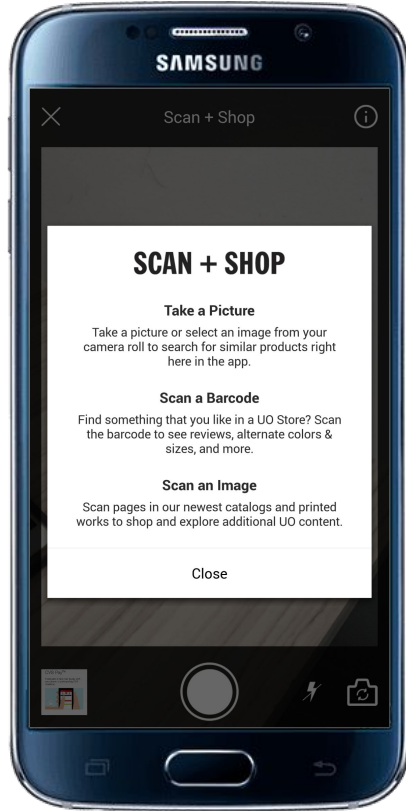
Urban Outfitters

With GPS, cameras and social networks at our fingertips, there are many opportunities to engage customers and enhance their shopping journey.

The *Urban Outfitters* app has a "Scan and Shop" feature that provides shoppers with useful functionality while they are in stores. For example, shoppers can scan an item's barcode to access more information about it online and they can upload a photo of products they like to find similar items in the app. The app also includes a "Radio" feature that streams music from the store's playlists.

# Stay Agile to Benefit From New Trends

Pokémon GO

Sears

The mobile industry moves rapidly — as do the technologies powering it. For instance, the rise of augmented reality (AR) and *Pokémon GO* trend had a notable impact on brick-and-mortar businesses within days of the app's release.

Sears offered in-store treasure hunts via hidden QR codes that could be scanned using its app.

It is important to look beyond Shopping apps for partnership opportunities and inspiration. Closely monitor trends across a wide range of app categories to identify successes that can be leveraged for your app's shopping experience.

Be Aware of Social Shopping's Growth
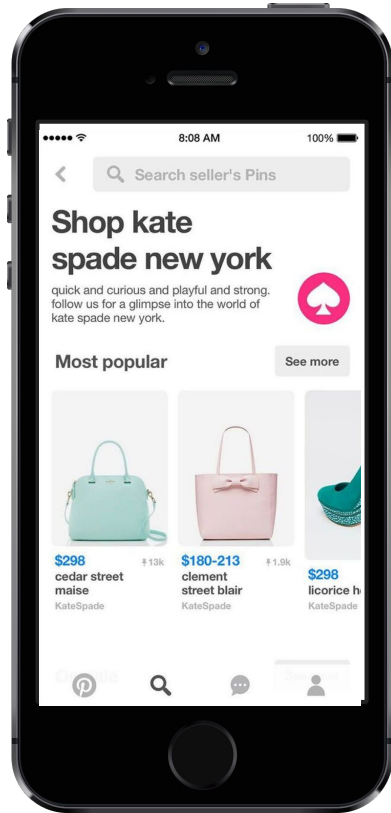
Pinterest

Following in the footsteps of large Eastern social networks, social apps, such as *Pinterest*, are increasingly integrating ecommerce into their platforms.

In November 2016, *Instagram* embraced this trend by adding a "Shop Now" button to posts from a select group of brands.

Social apps provide a large platform where retailers can get visibility and facilitate quicker transactions in the places where many users spend a significant amount of their total time in apps. In 2016, over 55% of total time spent in apps* worldwide was spent in either Social or Communication apps.

*Android phone total time, excluding China

About App Annie

App Annie delivers the most trusted app data and insights for your business to succeed in the global app economy. Over 700,000 registered members rely on App Annie to better understand the app market, their businesses and the opportunities around them. The company is headquartered in San Francisco with 450 employees across 15 global offices. App Annie has received $157 million in financing, including from investors such as e.ventures, Greenspring Associates, Greycroft Partners, IDG Capital Partners, Institutional Venture Partners and Sequoia Capital.

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