



# How to Use Augmented Retail to Increase Sales

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*Zaptap, founded in 2010 by Yan Simard, is a privately funded Canadian company based in Fredericton, New Brunswick. The Zaptap augmented retail experience gives consumers the product information they need to make informed decisions and share their purchases on social media. Luxury brands and retailers can engage consumers with live help options, targeted incentives and more via mobile devices (all without downloads or apps).*

There's no denying how quickly the retail landscape is changing. With the rise of ecommerce, brick-and-mortar retailers are struggling to find a way to stay relevant in the modern, technology-driven world.

"Internet sales are rapidly growing - worth 5 billion in 1999, they were worth 140 billion in 2008," wrote Andrew Weber in Retail Industry Analysis 2012 - Cost & Trends<sup>1</sup>.

In an attempt to combine traditional retail with ecommerce, industry experts began developing *augmented retail*. It's a best of both worlds solution that combines the convenience of ecommerce with the practicality of in-store shopping. But how does augmented retail work? Through the increasingly common use of mobile marketing, of course.

According to the 2012 Global Retail Industry Trends:

*“For retailers looking to remain relevant in this connected consumer environment, the ability to leverage mobile devices to deliver an improved customer experience will be a critical success factor.”<sup>2</sup>*

Take a second to consider that 4 out of 5 consumers already use their smartphones to shop.<sup>3</sup> Experts predict that the number of smartphone owners accessing the Internet on their mobile devices will increase by 25% in the near future.<sup>4</sup> Mobile devices, including both tablets and smartphones, are the most convenient way to give in-store consumers all of the luxuries of ecommerce (and more).

For retailers, augmented retail means increased sales. According to experts, 24% of retailers will have a 15% or more increase in annual sales over the next two years thanks to mobile devices.<sup>5</sup> Of course, that figure only applies to retailers who are tapping into and maximizing the potential of their mobile marketing efforts. It's no surprise that ecommerce is on the rise, that mobile devices are wildly popular or that brick-and-mortar retailers are worried about the changing landscape. What is a surprise, however, is how few of those retailers are exploring mobile as a solution and sales tool.

Perhaps the problem is a lack of clarity around taking advantage of augmented retail. For example, many retailers still believe a native mobile app needs to be developed in order to augment the retail experience. Others know a thing or two about near field communication (NFC) and its simple, tap-to-interact technology, but aren't sure how to leverage that to increase sales.

The beauty of augmented retail is that triggers can be technology agnostic. Between NFC and QR codes, augmented retail doesn't have to be complicated. Advancements have even made it possible to use *sans app*. It's as simple as seven factors that make augmented retail a powerful sales tool - one that will give you a leg up on your competition!

# 1. PRODUCT INFORMATION

There is only so much product information consumers can find in-store. They'll find a small price tag, perhaps a small description tag and whatever information can be found on the product itself. In today's data-driven world, consumers are demanding more information before making a purchase. If retailers want to increase sales, they must first increase the amount of product information available in-store.

What better way to provide information than via mobile devices? Thanks to opportunity presented by augmented retail, consumers are essentially carrying thousands of product manuals in their pockets. The truth is that consumers want to know as much as possible about the products they are considering, especially luxury products, before they commit. The numbers speak for themselves!

Over 21 million consumers (36%) will use mobile to research products.<sup>6</sup> In fact, searching for product information is the top use of smartphones (59%).<sup>4</sup>

The opportunity to add value to the consumer experience doesn't end there. It's simply not enough to offer information about the product in your store. Augmenting the retail experience allows you to offer comparison shopping capabilities. Not only do consumers want to know everything there is to know about the product, but they want to know they're getting the best deal as well.

"[...] today's customers use ever improving smartphones to research product information, check peer reviews and compare prices," said Sarah Rand, Senior Director of the National Retail Federation.<sup>7</sup>

*"23% of mobile owners already use their smartphones to comparison shop."*

That's why 23% of mobile owners already use their smartphones to comparison shop.<sup>4</sup> Another 83% of consumers agreed that being able to use their mobile phones to compare prices is very important.<sup>8</sup> As adoption of mobile use in-store continues to rapidly expand, comparison shopping capabilities will be vital.

Product information (or a lack thereof) is a powerful motivator, one that can have a dramatic affect on your bottom-line. Just ask the 15% of consumers who have changed their minds about purchasing while in-store because of information (or a lack thereof) they found via a mobile device.<sup>4</sup>

Augmented retail is the easiest way to ensure consumers have the information they need to make an informed in-store purchase decision. The best part is that they do not have to leave your store to gather the information, reducing the risk they might not return. Detailed product information gives consumers the confidence to make a commitment and increase your sales!

## 2. PRODUCT REVIEWS

Always top of mind for retailers and brands is finding ways to give consumers the confidence to make a purchase. While detailed product information can help, it can only get you so far. It's important to look into other ways to influence consumer confidence. For many retailers, that's advertising.

"[...] companies will pay as much as \$4 million a year and commit to 5- to 15-year, non-cancelable contracts to secure one of 12 coveted spots on One or Two Times Square," said Lisa Chow for WNYC News.<sup>9</sup>

Unfortunately, only 14% of the population trusts what they see and hear in advertisements.<sup>10</sup> That means for every ten consumers who see or hear your ad, less than two will trust the message.

So, if consumers don't trust advertisements, where do they get their consumer confidence from? Studies show that product reviews from peers play a major role. Consider how much a friend or family member can influence a purchase decision in-store. Think of product reviews as a powerful form of word of mouth marketing.

Why are product reviews so powerful? Well, 86% of consumers will consult online reviews before buying, 90% of which trust the reviews they read.<sup>10</sup> So, while 14% of consumers trust ads, 90% trust peer reviews. That's quite the difference!

Peer feedback has always been important to the retail landscape. In fact, 76% of those surveyed said being able to search for and leave customer reviews is very important to them.<sup>8</sup> As the space evolves, it is simply the way feedback is given and received that is changing.

*"76% believe that being able to search online and leave a customer review is very important to them."*

Augmented retail allows consumers to pull up reviews for a specific product right on their mobile device. By providing easy access to the reviews, you'll show authenticity and build trust. More importantly, you'll empower consumers and give them confidence in their purchases. Of course, more confidence means more sales.

"[...] social recommendations are the future. They will not only open us up as individuals to the web, but to publishers and social networks, it will offer a relevant and open engagement we didn't have before," said Kate Burns, former Managing Director at Google.<sup>11</sup>

### 3. VIDEO

Product information and reviews are invaluable, but retailers must realize that the majority of the population learns visually. That means they will better understand information (and remember it for longer) if it's presented visually. A long, drawn-out product description or review would have nothing on a 2-minute product explainer video.

Consider movie reviews and movie trailers. Many people read movie summaries and reviews in order to learn more about an upcoming film. Those summaries and reviews will get people excited to see the movie, but the trailer will be the topic of most conversations. Why? Because the trailer stimulates visual and verbal senses at the same time, leaving a longer lasting impression.

The fact is that online video is exploding! And via a mobile device is one of the most popular ways to take in a video. Just ask the 54.6 million mobile video viewers this year<sup>12</sup> or the 66% of those surveyed who use their smartphones to watch video (12% of which do so at least once per day).<sup>4</sup>

*“66% of those surveyed watch video on their smartphones.”*

Smart retailers are taking advantage of the mobile video boom via augmented retail. Allowing consumers to choose between reading a product description, reading product reviews and watching a product video in-store is huge. Why? 52% of consumers believe product videos give them more confidence in their purchase decisions.<sup>13</sup>

The numbers are undeniable. Video translates to consumer confidence, which translates to increased sales. Take [Shoeline](#) for example. They showcased their products using video and saw an average sales increase of 44%.<sup>13</sup>

[Zappos](#), a huge name in the online retail clothing space, did something similar with video to equally impressive results. They saw sales increase 6-30% across the board thanks to video.<sup>13</sup>

While consumers certainly want product information they can trust, they want it in an easily digestible format. For most consumers, that's in video format. Short videos restrict the amount of words that can be used, ensuring only the most important product information and benefits are highlighted. And, as experts indicate, time is money - literally.

“If it takes more than a minute or two to figure out what problem you're trying to solve, we're probably more likely to simply skip to the next message than to try to make sense of your feature set,” wrote Jason Kincaid in a [TechCrunch](#) article.<sup>14</sup>

Explainer videos are taking over the online space, increasing ecommerce sales exponentially. Augmented retail taps into the power of video, allowing in-store consumers to watch product demos and explainers from their favourite mobile devices!

## 4. LIVE CUSTOMER SERVICE

One of the major advantages brick-and-mortar retailers have always had is an excellent customer experience. With live representatives to offer personal customer service and support, shopping in-store just makes more sense than ecommerce for many consumers. After all, where else can you get that personalized customer experience?

Unfortunately, technological advancements have changed everything. Online live customer support software is extremely popular. It allows ecommerce websites to offer one-on-one support to shoppers. At the same time, brick-and-mortar retailers are struggling to ensure there are enough in-store representatives to offer one-on-one support.

In-store representatives just can't be everywhere at once like online representatives can. The reality is that it's hurting sales for traditional retailers. 89% of consumers have switched to a competitor because of a poor customer experience.<sup>15</sup>

And the damage doesn't stop there. According to the White House Office of Consumer Affairs, a dissatisfied consumer will tell nine to fifteen people about their bad experience. 13% will even tell more than twenty.<sup>16</sup>

When one potential sale is lost to a poor customer experience, at least nine others are as well. After all, we know peer reviews are powerful. When a dissatisfied consumer tells his friends, there's a 90% chance his friends will believe your company/business provides a poor customer experience.<sup>10</sup>

Augmented retail combines in-store customer service with online support. Representatives can reach out to consumers via their mobile devices and answer basic questions, often eliminating the need to arrive in person. When face-to-face support is required, there are more representatives free to help and offer a quality customer experience.

*“1% of consumers feel their customer experience expectations are always met.”*

And that's no small feat! Only 1% of consumers currently feel their customer experience expectations are always met.<sup>15</sup> Augmented retail gives you the opportunity to fill that void in a way that ecommerce can't... all without employing more manpower.

Retailers who are able to do so are reaping the rewards - big time. According to Harris Interactive's Customer Experience Impact Report, 86% of consumers will pay up to 25% more for a better experience.<sup>15</sup>

“With the availability of online retailing and shopping, it is so much more imperative that direct retail customer service gets it together. It's the only way to survive. I like the personal touch, I like to hold the product in my hand and talk to an expert. The moment I stop getting that, that's the moment I stop shopping at your store,” wrote Curtis Silver in a [Wired](#) article.<sup>17</sup>

A great customer experience is something consumers appreciate so much that they are willing to pay more for it. It's something ecommerce can't replicate effectively, making augmented retail the key to increasing sales (yet again).

## 5. REAL-TIME INCENTIVES

Just as a successful customer experience is built on real-time customer service, it depends upon real-time incentives. Consumers want to see highly relevant promotional offers while shopping in-store. In fact, 75% of mobile users are more likely to make a purchase after seeing a location-specific offer or message.<sup>18</sup>

Consumers aren't big fans of advertisements or spam promotional offers. Too many promotions, especially in the luxury retail space, can actually take away from the customer experience. A few highly targeted incentives, on the other hand, can be a powerful motivation to make a purchase.

Imagine shopping for a new car. You're using your Android to look up the product information for a black roadster that has caught your eye. Maybe you'll even take a minute to watch a commercial or message a representative about upgrades. While you're reading, a message pops up offering you a free leather interior upgrade with the purchase of the car.

The message doesn't feel like spam because it's related to a product you're interested in purchasing. And there's no denying that the roadster would look even better with a leather interior!

Yes, consumers love real-time incentives. Though, perhaps some more than others. Men are more likely to redeem mobile coupons (35%) than women (27%).<sup>19</sup> Still, mobile barcode scanning increased 1,600% in 2010.<sup>20</sup> An increased interest in barcodes indicated an increased interest in in-store, real-time incentives!

Augmented retail makes it easy to offer the incentives consumers are looking for before making a purchase. With the technology, you'll know what products specific consumers are interested in and, thus, what types of incentives to push. Why send a discount on a leather interior to someone looking at a watch?

Consider that 54% of consumers would consider ending loyalty relationships with brands and retailers if they were not shown specific, highly relevant content and promotional offers.<sup>21</sup> That's right! A loyal customer would consider leaving for one of your competitors if they were not shown real-time, highly relevant incentives.

Incentives, when done right, have been proven to increase sales. The trick is using augmented retail to ensure the right incentives reach the right consumers at the right time.

*“Highly relevant content and promotional offers are very important in consumer loyalty.”*



## 6. SOCIAL SHARING

Recall that 90% of consumers trust peer reviews. That's what makes social media such an incredibly powerful sales tool. 1 out of 2 consumers share the details of their shopping trips with their online social networks.<sup>8</sup> Whether they're sharing a picture, posting a video or adding a simple status update, consumers are talking about you on social media.

When there are 150 million mobile Facebook users alone<sup>22</sup> and the average American spends 8 hours a month on Facebook<sup>23</sup>, it's easy to see how social media can be influential. It's ingrained in day-to-day life. Consumers are always on. They're tweeting, pinning, poking, liking, commenting - you name it.

The best way to think of social media is as free, more trustworthy advertising. As you know, only 14% of the population trusts advertisements. But a glowing informal review in the form of a product picture or status update will convince nine out of ten people.<sup>10</sup>

Augmented retail empowers consumers to share your products on social media. When they bring up a product on their mobile device, they can also share it with their online networks. Whether they're asking for opinions while they browse or showing the world their latest purchase, consumers love social sharing.

Perhaps that's why 74% of Canadians use their mobile devices to visit social networks, 47% of which report doing so at least once every single day.<sup>4</sup> In fact, 60% of all mobile Internet usage is spent on social networking.<sup>22</sup>

Augmented retail lets you take advantage of one of your consumers' favourite pastimes. When one consumer shares a product on Facebook, it has the potential to be seen by millions. The best part is that social sharing feels organic and authentic like peer reviews instead of corporate and forced like advertisements.

*“Augmented retail empowers consumers to share your products on social media.”*

Integrating social media into the retail landscape is relatively new, which means few retailers have mastered it. Augmented retail makes it seamless by banking on the idea that consumers love to take social media with them on-the-go.

It's no surprise to find that consumers are interacting on social media while in-store. Increasing sales is as easy as putting the social media fiends to work for you by making social sharing simple. With a tap and a few clicks, consumers can share their potential (and recent) purchases with millions. For retailers, that means free, trustworthy advertising to millions - talk about sales potential.

## 7. ANALYTICS

You can't sell to a demographic you don't understand. Knowing basic information like typical income, ethnicity, age range, gender and location is just a start. It's not enough to understand the customer's background and interests anymore.

The key to a successful retail strategy is understanding the customer's shopping habits and buying behaviours.

"If she downloads your brand application on her mobile, you know how much she is ready to splurge on value add-ons. [...] this data can help marketers paint consumer portraits, get a head start on the competition and win over markets in the process," wrote Masoom Gupte for the Business Standard.<sup>24</sup>

*"An augmented retail experience will provide you with rich consumer data you cannot get anywhere else."*

An augmented retail experience gives you access to real-time consumer analytics that show you exactly how your individual products are performing among consumers. This highly valuable information will help you gain insight into how your business is doing on a whole. More importantly, it'll help you make more informed decisions moving forward.

Take **Target** for example. Target invests a great deal of time and energy into their data collection and analytics. Why? Because it translates into sales. All of their customers are assigned unique customer IDs, which allows the company to build customer profiles.<sup>24</sup>

Since the birth of a child often unseats any long-standing buying patterns and loyalties, mid-level retailers look at pregnancy as a way to gain new customers in a market that simply isn't growing. The pool of customers isn't increasing, so retailers must sway customers from the competition if they want a larger share of the market. New moms and dads are the perfect place to start.

Target uses big data and a thorough set of conditions to determine whether shoppers are expecting mothers or not. If they are, they are pushed targeted offers and incentives that mothers-to-be would be interested in. They're gaining mindshare before the baby comes in hopes of converting (and maintaining) customers.

None of that would be possible without a data collection strategy and analytics.

With the augmented shopping experience, you will know every time a consumer taps a tag on a product in your store. You'll know which tag was tapped, what information was accessed, if the product was shared or favourited, if live support was requested, etc. More importantly, you'll know if the tap translated to a sale. You'll even be able to identify why or why not.

And just like Target, you'll be able to use the data in a unique way to increase sales.

## CONCLUSION

From 2010 to 2011, mobile commerce grew by 86%.<sup>25</sup> That number is expected to more than double (again) by the end of 2012.<sup>26</sup> With 91.4 million smartphones in the U.S. alone and 90% of smartphone owners using their devices every single day<sup>27</sup>, retailers need a mobile strategy - fast!

No matter how you look at it, mobile use is growing rapidly. It's changing the way consumers communicate, learn and even shop. But it should also be changing the way retailers market their products. For example, mobile ads account for approximately 1% of marketing budgets. Studies have shown that they should account for at least 7%.<sup>28</sup>

A great augmented retail strategy hits on all of these points. It is focused on encouraging consumer confidence and closing more sales. Did you know that 93% of consumers who use mobile apps in-store have bought something at a brick-and-mortar location in the last week? Only 84% of mobile app non-users can say the same.<sup>29</sup>

Augmented retail combines the seven factors above to create one powerful sales tool. It bridges the ever-expanding gap between ecommerce and traditional retail, allowing brick-and-mortar retailers a chance to catch up with the changing landscape. With no app to download and easy mobile usability, augmented retail is one of the most effective ways for brick-and-mortar retailers to increase sales today.

To find out more about how Zaptap can create an augmented shopping experience for your brand, schedule your live demo today!

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