Harnessing Social and Mobile to Court the Digital Consumer

From penetrating closed social groups to creating mobile-enabled purchase experiences, there is much that brands can and must do to reach and retain today's consumers, our latest research reveals.
Executive Summary

Digitalization has shrunk the world from six degrees of separation to two degrees or less. Armed with pervasive Internet connectivity and intuitive, always-on mobile and social tools, digital consumers are finding innumerable ways to connect with people and brands. The proliferation of mobile devices is informing consumer opinion, defining brand experience and creating and reshaping markets. The digital consumer is exceptionally price- and convenience-conscious, two fundamental needs that e-commerce effectively resolves. As a result, online commerce continues to grow at an impressive rate, with mobile devices and social interactivity lighting the way.

From discovery to post purchase, consumers can perform nearly every commercial activity via a mobile device. Not only do commercial transactions take place via mobile, but social conversations are often initiated and amplified on these ubiquitous devices.

We conducted a study earlier this year with a representative sample of 1,450 digital consumers across the U.S. and Europe, focusing on their digital preferences, expectations from brands and considerations while shopping.

With the gradual shift to newer devices and media, our study revealed that the linearity of the consumer journey has become a thing of the past. In fact, our findings detail how consumers are using social media and mobile devices in their buying behavior, creating a maze of exchanges with brands and other consumers. They are driven by diverse motivations/considerations to transact via digital channels and demonstrate varying degrees of enthusiasm for using social media and mobile devices in their purchase journey.
Key takeaways include:

- Social is becoming closed-group-enabled by social apps on mobile devices, deepening interactions within smaller groups.
- Consumers want enhanced in-store shopping experience and turn to mobile devices to aid with functional features on apps such as being able to keep a tab on total spend, scan product availability or receive real-time offers.
- Digital consumers abandon a transaction if the preferred payment option is not available while shopping online.
- Consumers prefer browsing a mobile-friendly website to installing an app. Reasons for this preference are familiarity with a browser-like experience and optimizing device storage by not installing apps that are used infrequently.

Together, mobile and social encourage consumers to effectively discover, research, buy and share brand opinions and shopping experiences.

Our white paper also delves into the digital preferences of these consumers and highlights prominent changes, challenges and opportunities for brands.
Convergence of Social and Mobile Drives Commerce in the Digital Age

According to our research, 49% of consumers visit social forums to listen to other consumers’ experiences, and almost 33% of the time they will use a smartphone to research a product/service or relay an opinion on social. With digital consumers who use smartphones and are active on social media, brands need to engage with consumers almost in real time to complement every stage of the purchase journey.

Social is playing a large role in creating preferences for brands via influencer circles. Meanwhile, mobile devices provide an always-on experience for the consumer, leading to increased reach for brands.

Understanding what motivates consumers to engage with a brand using a particular device or media and how they engage with influencers and within their social circles to make purchase decisions needs to be based on their individual digital footprint. Monitoring and complementing the digital footprint of the consumer at the right time using sophisticated digital marketing tools and technology is the essence of our Code Halo™ approach— an approach which helps marketers create strategies and brand experiences that are truly consumer first.

Consumers use the Internet most to research products/services (66%) and for social listening (49%). About 38% use a smartphone to improve the in-store experience, beyond sharing information and buying online (see Figure 1).

Consumers use the Internet most to research products/services (66%) and for social listening (49%). About 38% use a smartphone to improve the in-store experience, beyond sharing information and buying.

<table>
<thead>
<tr>
<th>Internet, Smartphones and Social Usage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use Internet to research products/services</td>
</tr>
<tr>
<td>Use social media to listen to other consumers’ experiences</td>
</tr>
<tr>
<td>Use social media to learn more about products or services</td>
</tr>
<tr>
<td>Use smartphones for improving in-store experience (location-based offers, auto credit of coupons and monitoring the shopping cart)</td>
</tr>
<tr>
<td>Use smartphones for information search or sharing and online buying</td>
</tr>
</tbody>
</table>

Response base: 955, representing consumers from North America and Europe, above 18 years of age; the majority have a bachelor’s degree and an annual income of $30K to $149K.

Source: Cognizant Research Center

Figure 1
Almost 81% of the respondents use desktops/laptops for these activities. However, an increasing number are using smartphones for purchase-related activities. Among mobile devices, smartphones and tablets are greatly preferred over wearable technology (see Figure 2). Similarly, social interactions are being fueled as many now access social media via smartphone (see Figure 3).

The growing use of smartphones can be attributed to the ease of connecting with a person or a brand wherever and whenever the impulse strikes, speeding interactions and transactions. However, this implies that brands need to be open for business around the clock and be prepared for the good, the bad and the ugly. The other factor they must consider is that a large number of conversations take place within online communities, a place where consumers’ experiences with brands and information about products/services are discussed over 50% of the time.

Interestingly, 47% of smartphone users have a social media and chat app on their device, indicating that the rise in social conversations and exchanges is fueled by mobile devices and the anytime/anywhere experience. Brands that fail to adapt to newer devices and media will be struck from consumers’ lists of consideration and replaced very quickly.

### Preference of the Digital Consumer by Type of Mobile Device

<table>
<thead>
<tr>
<th>Mobile devices (The balance use desktops)</th>
<th>Smartphone</th>
<th>Tablet</th>
<th>Smart watch</th>
</tr>
</thead>
<tbody>
<tr>
<td>39%</td>
<td>32%</td>
<td>1%</td>
<td></td>
</tr>
</tbody>
</table>

Response base: 1167, representing consumers from North America and Europe, above 18 years of age; the majority have a bachelor’s degree and an annual income of $30K to $149K.

Source: Cognizant Research Center

### Social on Mobile Usage

<table>
<thead>
<tr>
<th>Social media on mobile devices (The rest do not use social on mobile)</th>
<th>49%</th>
<th>37%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social networking app (The rest do not use social networking app)</td>
<td>25%</td>
<td>31%</td>
</tr>
</tbody>
</table>

Response base: 1167, representing consumers from North America and Europe, above 18 years of age; the majority have a bachelor’s degree and an annual income of $30K to $149K.

Source: Cognizant Research Center
Social Drives Purchase Intent

Social networks are quite similar to market square tête-a-têtes in the physical world. The difference is the accelerated speed with which online networks can relay information to scores of connected individuals on the Web. The impact of social on commerce is evident, with consumer reviews, ratings and comments all forming an integral part of a brand’s digital presence.

Digital has not only expanded social circles but has deepened conversations in closed groups to include opinions from any corner of the connected world. Navigating such an ecosystem is no easy task, but there are new opportunities for brands at this inflection point.

- **Social goes closed group**: Social conversations are taking place on Snapchat, WhatsApp or Facebook Messenger-like social apps. Users form closed circles to exchange opinions, share information, seek recommendations, etc. This is an important development and brands must focus on how they can be plugged into these conversations. It is transforming social media from a tool for mass marketing promotions to a community-led platform focused on social exchanges. Enabling consumers to share product information or reviews within these social groups is the next big area of investment for brands.

- **Buying groups via social**: Our study reveals that 75% of the digital consumers surveyed place high importance on recommendations from family and friends. Encouraging customers to create their own buyer groups could secure qualified leads and also boost purchase activity. With each successful sign-up and every purchase within the buyer group, the “social promoter” will get incentivized further. This enables the company to reach consumers who value endorsements by friends or family - thus creating preference.

- **Social listening is not good enough**: Our study shows that 45% of consumers read only five to 10 reviews, highlighting that consumers are sifting through information briefly to form opinions. Therefore, to stand out within this short window of attention, neutral online reputation is not good enough. Brands need to establish an upfront, positive and strong online reputation to remain within the consideration set of the digital consumer. Thus it is important for brands to employ the basics of online reputation management strategy and tactics to establish a positive reputation.

Social Word-of-Mouth Influences Some Categories More than Others

Our study reveals social reviews have a greater influence on certain product/service categories than others. According to our research, most consumers are willing to share their opinions on social for lifestyle- or entertainment-related products/services. We believe one reason is that such low-value and interest-based purchases require personal interaction, and social media hugely enables it. Brands in the following product/service categories should therefore look at upping their investment in social:

- Consumer electronics.
- Event/movie/travel ticketing.
- Books, magazines, music and videos.
- Health, beauty and fitness.
Mobile Becomes Central to In-Store Experience

Smartphones have brought the world to our fingertips. Mobile’s inherent anytime/anywhere experience not only fuels social interactions but commerce as well. According to our study, almost 35% of respondents surveyed preferred to stay out of crowded stores and instead use their smartphones to transact online (see Figure 4).

When it comes to deploying smartphones’ newer features that improve the shopping experience, consumers are very willing to explore possibilities. When asked what services they would like to use if offered through mobile at the store, a number of interesting responses were noted.

Digital consumers told us they would like to try services such as receiving real-time offers and keeping a running tab on total spend while at the store. Other mobile-enabled services consumers mentioned were the ability to scan a product and check its availability in different colors when not available in a store (see Figure 5, next page).

For example, Lowe’s in-store app helps customer locate items within the store by displaying aisle numbers for searched items. Another example of an effective in-store app, from both Sears and Kmart, is to serve location-based mobile coupons to customers.²

Altogether, 38% use a smartphone to improve the overall shopping experience (again, see Figure 1). All of the above together represent the omnichannel experience that consumers desire, and incentivizing them to use digital will only accelerate this trend.

Our research reveals that 56% of digital consumers will abandon a transaction if the preferred payment option is not available. In the U.S., credit or debit cards are

---

*Response base: 898, representing consumers from North America and Europe, above 18 years of age; the majority have a bachelor’s degree and an annual income of $30K to $149K. Source: Cognizant Research Center*

---

Top Reasons Consumers Use Smartphones

<table>
<thead>
<tr>
<th>Reason</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Compare prices while at store</td>
<td>61%</td>
</tr>
<tr>
<td>Stay out of crowded stores</td>
<td>35%</td>
</tr>
<tr>
<td>Redeem coupons/discounts</td>
<td>35%</td>
</tr>
<tr>
<td>Receive location-based discounts and deals</td>
<td>31%</td>
</tr>
</tbody>
</table>

Respondents could select more than one response.
the most frequently used payment methods for online purchases. In Europe, third-party payment solutions such as PayPal or WorldPay are preferred.

On average, only 26% of digital consumers said they are willing to adopt the mobile wallet as a new feature on their smartphones for checkout payment. While brands should actively explore partnerships with digital wallet services providers such as Paytm, iWallet or Skrill, they need to focus equally on increasing its adoption by consumers. Often, a lack of information among consumers about the digital wallet option leads to missed opportunities for brands to encourage them to try it.

Creating awareness around the following benefits can help improve adoption rates:

- It takes far less time to transact via mobile wallets.
- It creates a digital log of the transaction.
- This digital log, available to both the consumer and provider, offers quicker issue resolution.

The ability to view customer ratings and reviews from “people like you” or based upon your friends did not feature high on the priority list. Consumers prefer more functional features that enhance comfort while actually shopping than good-to-have information such as social reviews or recommendations. We also asked about services that digital consumers are most unwilling to try. Among those mentioned were:

- Trying on clothes virtually.
- Paying with the phone at checkout.
- Ability to chat with experts or easily access product information when scanning bar codes.

With a large number of consumers opting to search online, it would be detrimental for brands to avoid the small screen. Given our research findings, we recommend the following investments at a minimum:

- **Among the consumers surveyed, 68% prefer a mobile-friendly website to an app.** Familiarity with a browser experience and the desire to save device memory are driving this preference. This warrants that brands create mobile-friendly
brand websites using responsive Web design (RWD) or adaptive Web design (AWD) to ensure information is available to the consumer in the right format when needed. At the same time, what consumers see on the online storefront is equally important. An overwhelming 75% of consumers responded that low quality product pages were a turn-off. Take this as a cue for brands to improve both access and quality of content.

- Almost 53% of consumers are willing to use the auto-calculation function to keep a tab on spending. This calls for a reexamination of such features, with a focus on creating a true omnichannel shopping experience.

- Of consumers polled, 31% are open to receiving location-based discounts/deals not only through e-mail but also on their mobiles in real time. Brands must invest in marketing technology that enables location-based targeting through geo-tagging consumers and serving deals/offers right to their mobiles.

The latest in the series of e-commerce innovations are personal assistant services that are completely driven via apps on mobile devices. For example, FancyHands and HelpChat offer a messenger-based interaction that enables the user to request and buy from a wide selection of services - laundry services, travel bookings, home services, personal care, grocery shopping, etc. With such innovative business models coming about, mobile devices are at the center of the altering dynamics of commercial exchanges - and brands need to adapt to turn the trend in their favor.

**Moving Forward**

The key question is not whether to choose digital over physical, but how to marry both to create an omnichannel brand experience that complements every stage of the consumer’s purchase journey. Our findings reinforce this. Consider the following insights:

- **Every digital click, swipe, “like,” buy, comment and search produces a unique virtual identity,** which we call a Code Halo. Research conducted by our Center for the Future of Work reveals how organizations can catalyze business with Code Halo thinking. By leveraging the power of connected individuals, devices and media, marketers can create rich and relevant brand experiences for social and mobile consumers.³

- **The customer journey has ceased to be linear.** Social and mobile are morphing the consumer purchase journey into an endless stream of interactions, with multiple actors including the brand, its competition, other consumers, their own social circle, new devices and an array of media.

- **The consumer is willing to explore possibilities with social and mobile** to enhance convenience without compromising on value, privacy or security.

- **Marketers should leverage closed social circles** to enhance reach and for new customer acquisition.

- **Marketers need to create brand experiences that serve the digital consumer** in a very functional way with the in-store experience and the use of mobile.
Survey Methodology and Demographics

This survey was conducted online among a representative sample of approximately 1,450 consumers, roughly 704 of them U.S. residents. The remaining respondents were from UK (117), Germany (101), France (108), Netherlands (102), Spain (104), Italy (121) and Belgium (101). Data was collected on preferences and expectations of digital consumers, mobile shopping behavior, online payment methods and gateways, social shopping behavior and online browsing and spending behavior. See figure below for more detailed demographics.
Footnotes


2 http://blog.beaconstac.com/2014/02/using-mobile-to-enhance-in-store-shopping-experience-7-tactics-for-retailers/.


About the Authors

Marshneil Pachori is a Senior Digital Marketing Strategist within Cognizant’s Agency Services Practice. She has over 12 years of rich experience ranging across the marketing, management consulting, product management and service delivery domains, in both product and services industries. Marshneil has played multiple roles throughout her career, from working with clients on business strategies as a senior consulting manager to heading the marketing function and serving as a marketing manager for the research and analytics business unit of one of India’s top three IT services providers. Passionate about the discipline of marketing, she holds an advanced certificate in sales and marketing from IIM Kolkata and a post-graduate degree in business management. Marshneil can be reached at Marshneil.Pachori@cognizant.com | https://in.linkedin.com/in/marshneilpachori.

Sanjay Fuloria, Ph.D., is a Senior Researcher with Cognizant Research Center, where he oversees primary research activities and writes thought leadership white papers based on both primary and secondary research. He also handles research as a service (RaaS) projects. He has more than 14 years of industry research experience. Sanjay can be reached at Sanjay.Fuloria@cognizant.com | https://in.linkedin.com/in/sanjayfuloria.

Acknowledgement

The authors would like to thank Cognizant Research Center researcher Krishnakanth Sutrave, Ph.D., for his valuable contributions to this white paper.
About Agency Services

Cognizant’s Agency Services Practice combines strong capabilities in marketing, creative development, customer experience, domain consulting, technology and digital operations to help clients meet their digital marketing KPIs and extend their marketing leadership. The practice offers comprehensive solutions and services to help clients rethink marketing campaigns, reinvent customer experience and rewire marketing operations. Its expertise spans end-to-end CMO services, including digital strategy, multichannel campaign execution and management, marketing technology architecture and platforms and running large digital marketing operations. With its highly experienced team of digital marketing specialists, the practice prepares companies for the future of marketing through its innovative approach and mature global partnership model.

About Cognizant Research Center

With over one hundred analysts, Cognizant Research Center (CRC) offers a wide array of business, market and strategy research services across nearly every vertical industry. CRC specializes in research-as-a-service (RaaS), an end-to-end offering through which research is delivered via a range of models - from traditional full-time-equivalent-based, through “pay per use” services. Learn more by visiting our website.

About Cognizant

Cognizant (NASDAQ: CTSH) is a leading provider of information technology, consulting, and business process outsourcing services, dedicated to helping the world’s leading companies build stronger businesses. Headquartered in Teaneck, New Jersey (U.S.), Cognizant combines a passion for client satisfaction, technology innovation, deep industry and business process expertise, and a global, collaborative workforce that embodies the future of work. With over 100 development and delivery centers worldwide and approximately 219,300 employees as of September 30, 2015, Cognizant is a member of the NASDAQ-100, the S&P 500, the Forbes Global 2000, and the Fortune 500 and is ranked among the top performing and fastest growing companies in the world. Visit us online at www.cognizant.com or follow us on Twitter: Cognizant.