

The Growth of Retail Apps

What Retailers Can Learn From Top Apps

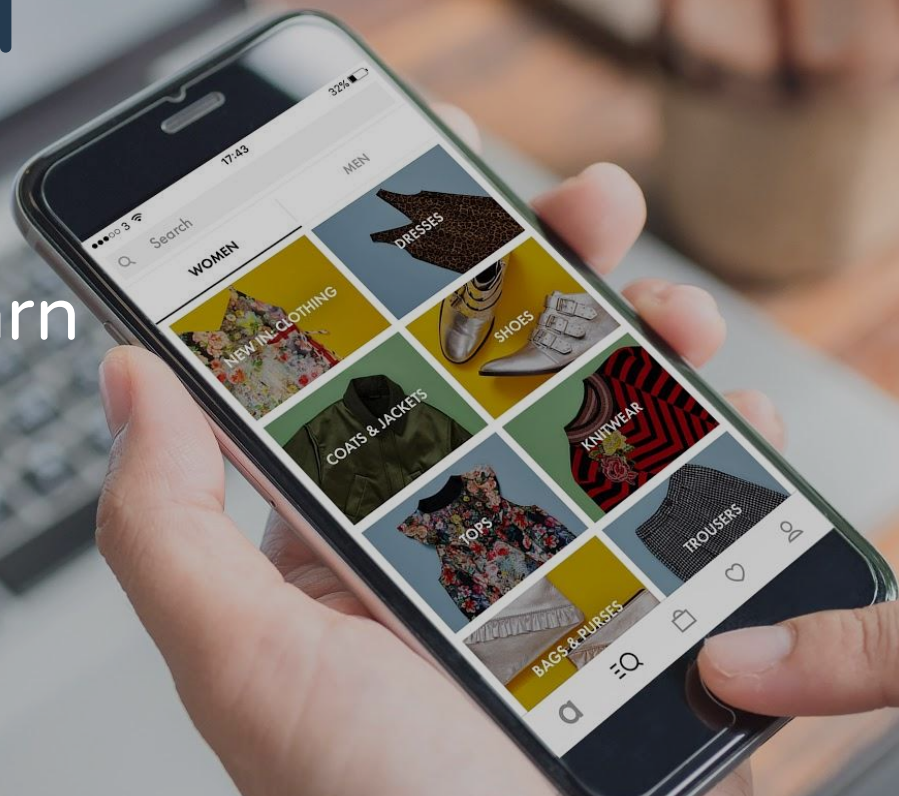


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Executive Summary

- Mobile disruption to retail is no longer a distant threat, it's happened. Many retailers are now omni-channel and experiencing the benefits mobile can bring to their existing businesses.
- The retail app environment has changed. Technology has provided more options for retailers to build an engaging customer journey.
- The mobile retail sector continues to grow. For the countries analyzed, total time spent in bricks-and-clicks retail apps increased by nearly 40% over the past 12 months. Online-first apps increased by more than 50%.
- Apps from online-first retailers are seeing more sessions per user, and faster growth, than those from bricks-and-clicks companies. There are significant opportunities for traditional retailers to learn from online specialists.
- By following best practices for retail apps, including effective user acquisition and engagement strategies, traditional retailers can further enhance their success on mobile. This can result in [higher conversion](#), increased loyalty and more frequent engagement.

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

Retail	       
Social	    
Investors	    
Platforms/ Mobile	   
Entertainment/ Media	     
Other	   

Over half of Google Play and iOS revenue combined is generated by App Annie customers.*

* App Store revenue made by App Annie customers across Google Play and iOS, as of January 2016, per App Annie estimates.

App Growth Is Strong

Apps Have Disrupted the Retail Industry

Mobile Is Now Central to the Consumer Experience

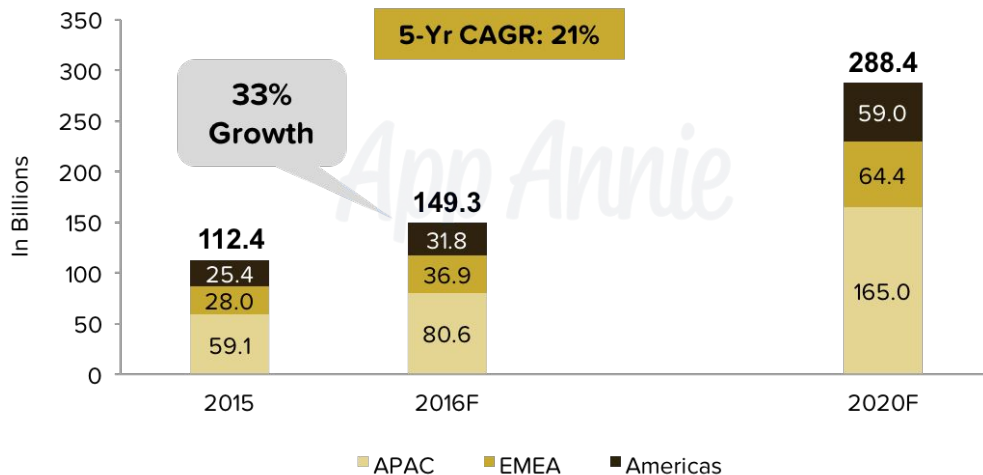
App downloads are growing worldwide, and apps continue to be a disruptive force across industries.

Recent App Annie analysis has shown the dramatic changes faced by the [quick-service restaurant \(QSR\)](#) and [retail banking](#) sectors. In many ways retail is further along in the mobile transition.

Consumer behavior has shifted to favor mobile, and [even a year ago](#) half of mobile users used their phones during the purchase process (either to find more info, or to transact directly). Mobile technologies, such as beacons, mobile payments and push notifications have become long-established components of retailers' toolkits, and it's rare to attend a marketing meeting where mobile channels are not discussed.

In short, mobile disruption is no longer a distant threat, it's happened — the shopping experience is omni-channel and our mobile devices are a key retail destination. There are now huge opportunities for those who can thrive in this new environment.

Mobile App Forecast – App Store Downloads
By Region, in Billions



The Growth of Mobile Retailing

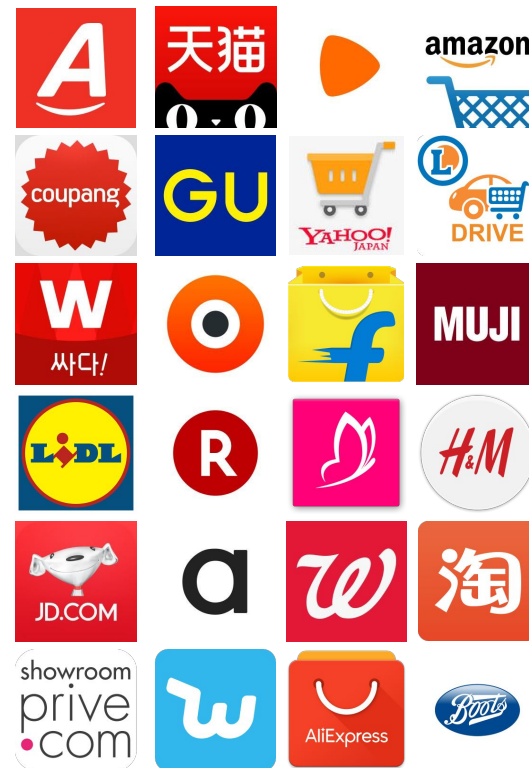
Mobile Retail Continues to Grow Dramatically And Shows No Sign of Slowing Down

Mobile retail continues to explode globally. Estimates from industry experts vary, but all expect continued and dramatic growth over the next few years.

- [Internet Retailer predicts](#) worldwide mobile retail sales will reach \$220 billion in 2016, a 53% increase versus 2015.
- Shop.Org, Forrester and Bizrate have revealed, in [The State of Retailing Online Report 2016](#), that mobile represents 44% of retailers' online traffic, and 31% of sales. This is even more evident in mobile-first, emerging markets — for example [Amazon states that](#) more than 70% of its online traffic comes via mobile in India.
- [Salesforce and Demandware](#) have estimated even more aggressive growth, and predict mobile retail will dominate online retail in the near future.

This is truly a global boom. App Annie has previously discussed how mobile commerce is [taking off in India](#) — a mobile-first market — but growth is occurring worldwide, with [Southeast Asia](#), [China](#), [Europe](#) and [Latin America](#), among many other areas, all seeing a rapid expansion of mobile retail.

As we will see, customers' usage of mobile retail apps has also seen a dramatic increase, creating amazing opportunities for retailers to build a truly omni-channel business.



Mobile Retail Apps Are Being Used More Than Ever

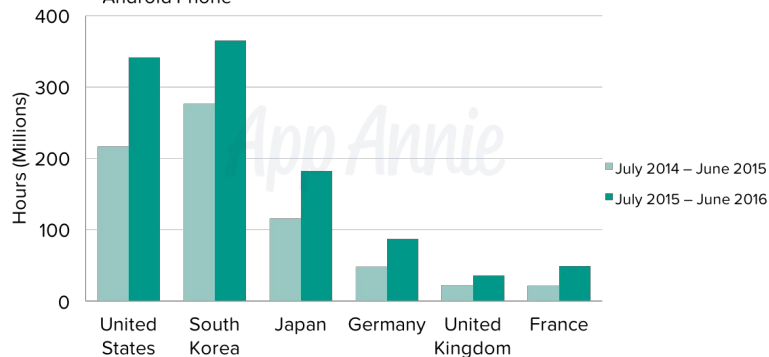
In all countries analyzed, time spent in both bricks-and-clicks and online-first retail apps* increased over the past 12 months.

Overall time spent in retail apps was especially high in the United States, South Korea and Japan:

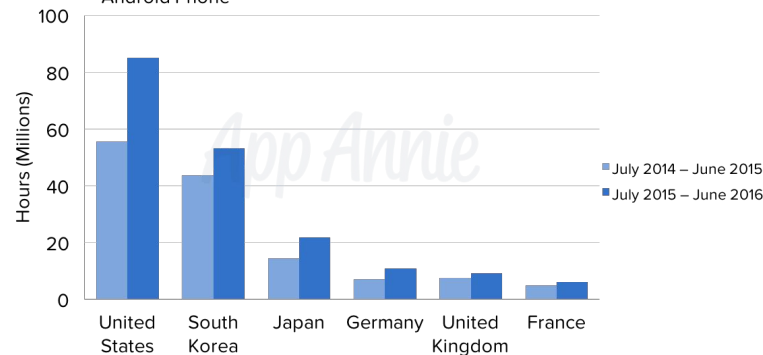
- In Japan and South Korea, aging, slow-growing populations have encouraged retailers to invest heavily in engaging and retaining existing customers. Because of this, [aggressive discounts and rewards](#) are commonplace. Loyalty plans that require active participation from customers (such as the daily lucky draw in [Gmarket](#) and Super Point Up program in [Rakuten Ichiba](#)) have seen some success. South Korea will also see a boost, relative to other countries, due to high Android penetration in the market.
- In the US, this is likely a factor of a large population and a comparably large mobile install base. However, rapid growth in time spent within both bricks-and-clicks (+55%) and online-first (+60%) apps over the past 12 months indicates the growing success retailers have had leveraging their mobile apps.

European countries fall somewhat behind, possibly due to the relative immaturity of their mobile retail market. In France, for example, it's estimated that [only 24% of online retailers have a transactional mobile app](#). However rapid year-over-year growth, especially for online-first retailers, suggests a high level of consumer demand that is yet to be addressed.

Total Time in Top 10 Online-First Retail Apps*
Android Phone



Total Time in Top 10 Bricks-and-Clicks Retail Apps*
Android Phone



* Top apps by monthly active users in each country

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Online-First Apps Take the Lead

Highlighting the Opportunity in the Mobile Retail Space

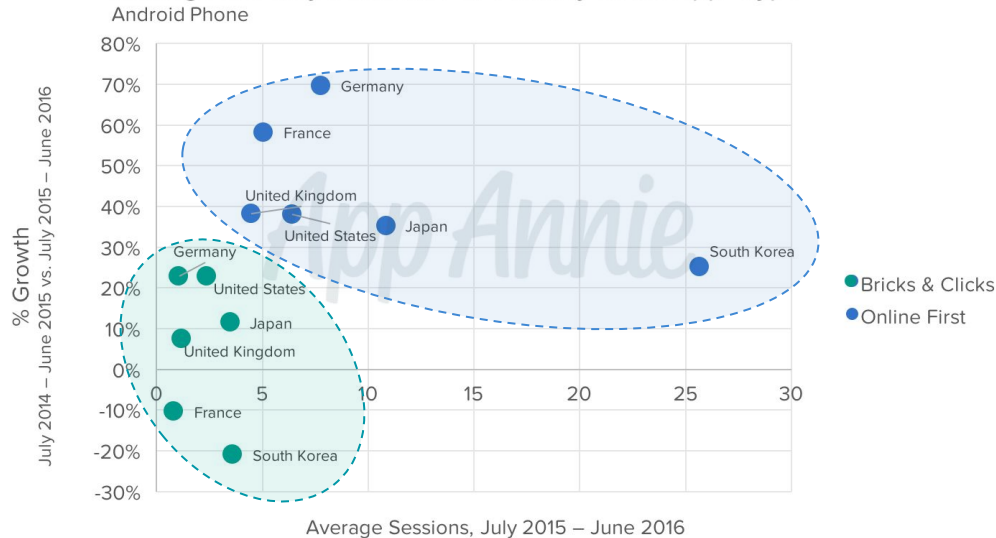
In every country we looked at, the top 10 online-first apps saw more sessions per user, and faster growth in sessions per user, than the top 10 bricks-and-clicks apps.

Engagement in online-first apps is especially high in South Korea, where the average number of sessions per user was almost three times higher than in any other country. This was driven by apps such as [11st](#), [Coupang](#) and [WeMakePrice](#) — marketplaces offering a huge range of products, at competitive prices, with [strong vertical integration](#) throughout the retail process.

France had the lowest average sessions for bricks-and-clicks apps, and saw a decline over the past 12 months. However, with the second highest growth in sessions for online-first apps, it's clear there is demand that traditional retailers can explore. Online-first apps like [vente-privee](#) and [showroomprive](#), that offer member-only flash sales, are leading the way — presenting a successful model others can learn from.

Germany, a market that's traditionally conservative when engaging in electronic transactions, has experienced rapid growth in sessions per user. Big international retailers, such as [Amazon](#), [Wish](#) and [Geek](#) are seeing particularly high levels of engagement.

Average Monthly Sessions Per User, by Retail App* Type



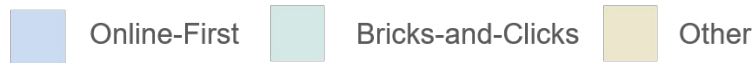
* Top apps by monthly active users in time period

Online-First Apps Dominate Usage in China and South Korea

Japan Shows That Bricks-and-Clicks Can Still Retain Users

Top Retail Apps By MAU

iPhone, July 2015 – June 2016



Rank	China	Japan	South Korea
1	Taobao	Amazon	Coupang
2	Jingdong	Rakuten Ichiba	TMON
3	Tmall	GU	WeMakePrice
4	Vipshop	MUJI passport	11st
5	Yihaodian	Yahoo! Shopping	Gmarket
6	Amazon	Apple Store	CJ ONE
7	SMZDM	WEAR	GS SHOP
8	Red —shop the world	T-Point	Home & Shopping
9	Dangdang	Matsumotokiyoshi	CJmall
10	Apple Store	ZOZOTOWN	Home plus

Bricks-and-Clicks Apps Are Still Highly Used in the US and Europe

However Online-First Apps Have Made Significant Headway

Top Retail Apps By MAU

iPhone, July 2015 – June 2016



Rank	United States	France	Germany	United Kingdom
1	Amazon	vente-privee	Amazon DE	Amazon
2	Walmart	Amazon	Apple Store	Apple Store
3	Walgreens	Showroomprive	H&M	Argos
4	Cartwheel by Target	Apple Store	Zalando	ASOS
5	Kohl's	Fnac	Idealo shopping	Boots
6	Apple Store	LeclercDrive	ALDI SÜD	Tesco Groceries
7	Etsy	AliExpress Shop	Media Markt Deutschland	M&S
8	Target	Cdiscount	Lidl	Next
9	Macy's	Wish	Tchibo	Wish
10	Wish	Carrefour	brands4friends	ASDA

The New Retail Environment: More Options for Customers

The Retail App Environment

New Technology Has Increased the Features Available to Consumers

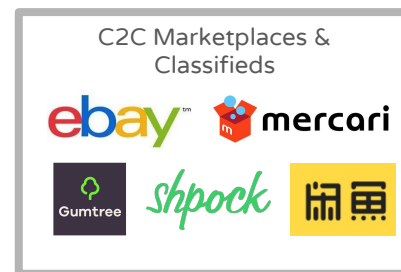
Retail Apps*



Retail Complements



Customer-Driven



It's a New Frontier for Brick-And-Mortar Retailers

But Traditional Players Can Thrive in This Market

There are huge opportunities for traditional retailers prepared to adapt their business models and respond to the new omni-channel retailing landscape.

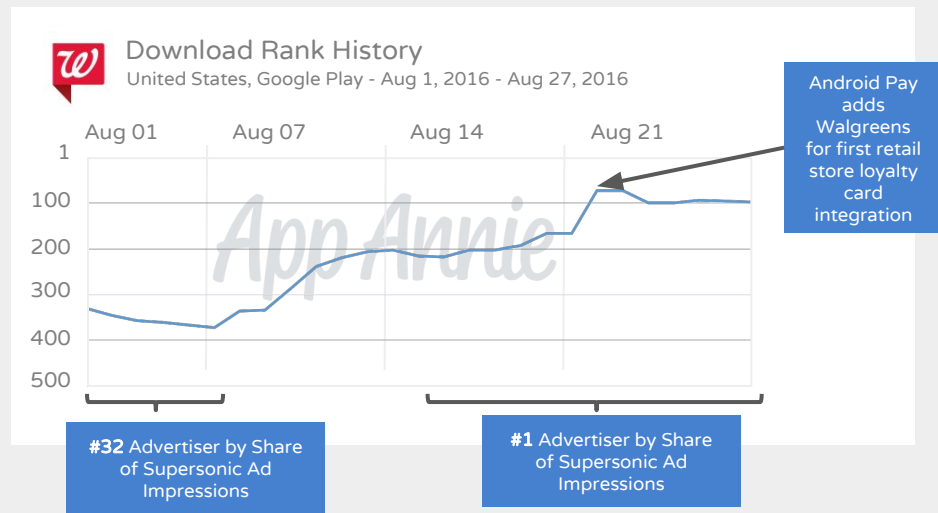
There are many compelling reasons to do so:

- Shoppers are [increasingly using multiple channels](#) as a part of the shopping process. Omni-channel customers have been shown to offer [higher profitability](#) and [larger basket size](#). [According to Apptentive research](#), 66% of retailers that saw a decrease in customer loyalty last year did not have an app.
- Mobile is also an opportunity to enhance the in-store experience. There's been a lot of discussion about the [perils of showrooming](#), yet [it seems showroomers are highly likely](#) to make a purchase in the same brick-and-mortar outlet. Ultimately, technology has created more opportunities to engage customers in store than ever before, exemplified by retailers such as [Walgreens](#) and [Walmart](#), who have shared the importance of apps to their in-store business.

With this in mind, there are a number of key best practices to maximize your success on mobile channels.

Embracing Mobile — Walgreens

Savvy mobile advertising and embracing new Android features gave Walgreens' app a significant rankings boost in August 2016



Best Practices in Mobile Retail

Being on Users' Devices Is a Privilege That Should Not Be Taken for Granted

Our Mobile Devices Are With Us Constantly — Show Respect for This Level of Access

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.

Establish and Reinforce Trust

The screenshot shows the Amazon.co.uk sign-up page. It asks the user to 'Sign up with your mobile number'. There is a text input field for 'Name'. Below that, it says 'We'll send you a text verification.' and there is a text input field for 'Mobile number'. There is a button 'Use your e-mail instead'. Below that is a text input field for 'Password (at least 6 characters)'. There is a checkbox 'Show password' which is checked. Below that is a yellow button 'Continue'. At the bottom, it says 'Already have an account?' and 'Message and Data rates may apply. By signing in you agree to Amazon's Conditions of Use & Sale, Privacy Notice and Cookies & Internet Advertising.'

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

Return the Favor

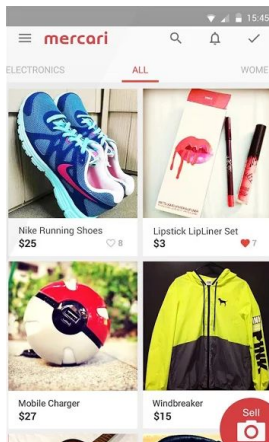
The screenshot shows the Kohl's YES2YOU Rewards page. It says 'Welcome, Sarah!' and 'Your Rewards ID: 1234 5678 901'. Below that is a button 'VIEW YOUR REWARDS'. There is a progress bar showing 'Earning period: APR' and '20 POINTS'. Below that is a text input field for 'Points Balance' and a text input field for 'Lifetime Points'. Below that is a button 'GO SOCIAL. GET POINTS.' and a button '10 POINTS EACH'. Below that is a button 'Click below and then follow us on your favorite social channels: You'll get 10 points for each.' and buttons for 'Like' and 'Follow'.

Reward users with loyalty programs, special offers and promotions; e.g., Google now allows retailers to [integrate their loyalty programs with Android Pay](#).

Adopt Best Practices for User Acquisition on Mobile

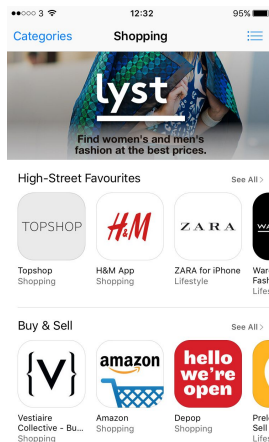
The App Market Is Highly Competitive, Make Sure You Stand Out

Consider Your App Store Optimization (ASO) Strategy Carefully



Ensure your app's name is relevant for consumers, [while avoiding highly competitive search terms](#). As part of a broader UA campaign, Japanese C2C marketplace app [Mercari optimized its name](#) for the US app stores.

Work to Be Featured by Apple / Google at Launch



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

Choose the Right Advertising Networks to Maximize Exposure



[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.

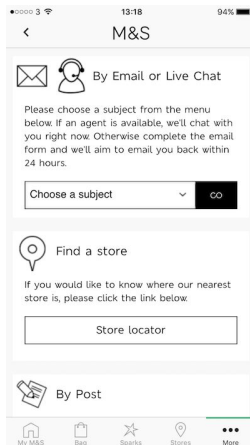
Flawlessly Execute Both on the App and In-Store

Every Interaction Is an Opportunity to Delight or Disappoint Your Users

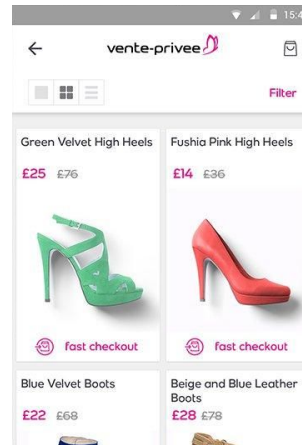
Use Push Notifications
Sensibly and Effectively



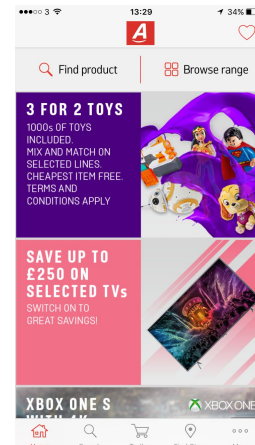
Integrate Customer Service
Into Your App



Encourage Impulse
Purchases With Targeted
Offers



Streamline and Improve
In-Store Shopping



The introduction of [rich push notifications](#) with iOS 10 will allow marketers to include images, video, GIFs and audio with their notifications, bringing it in line with Android.

Mobile will be the contact channel of choice for many of your customers, so ensure you're ready to help. Many apps, including [M&S](#) offer dedicated live chat via their app.

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

Shoppers are omni-channel, and apps can be used to enhance the in-store experience; e.g., The [Argos](#) app allows users to pre-check stock and to organize fast-track collection in store.

Stay Focused on Innovation

New Technology Can Offer Major Enhancements to the Customer Journey

Consider Mobile Payment Options



Payments are especially big business in Asia — Kakao Pay [announced](#) more than 10 million users in South Korea earlier this year, and the [market's also heating up](#) in China.

Leverage the Features of Mobile Devices



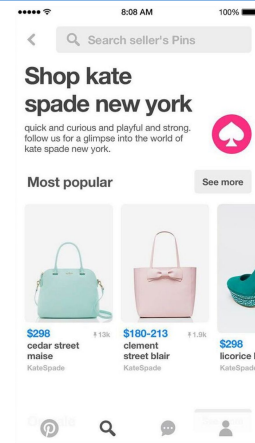
With GPS, cameras and social networks at our fingertips, there are many opportunities to engage customers. [Sears offers in-store treasure hunts](#) via hidden QR codes that can be scanned using its [app](#).

Stay Agile to Benefit From New Trends



The mobile industry moves rapidly. Embracing the recent [Pokémon GO](#) trend had a [notable impact on brick-and-mortar businesses](#) within days of the app's release.

Be Aware of Social Shopping's Growth

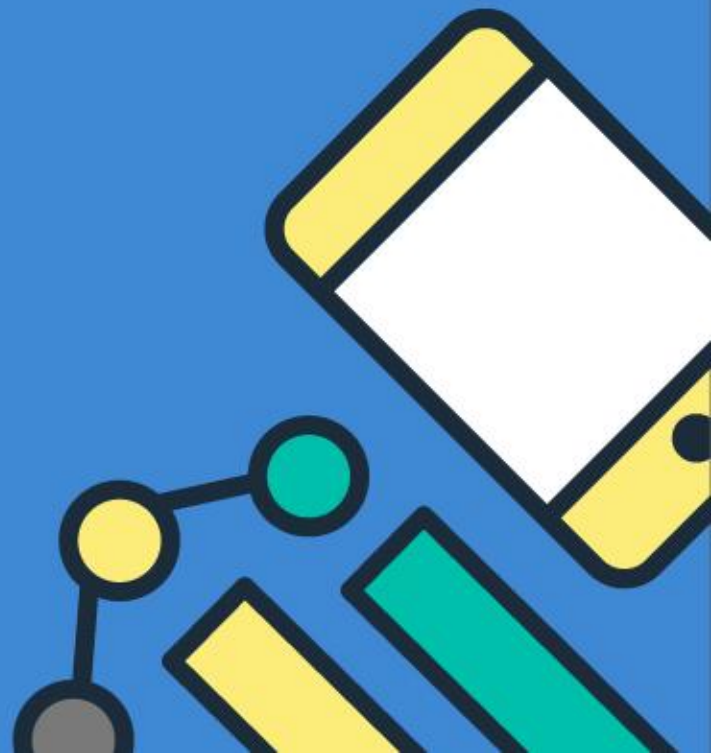


[Following in the footsteps](#) of large Asian social networks, social apps, [such as Pinterest](#), are increasingly integrating e-commerce into their platforms.

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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Take your market analysis to the next level.

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