Closing the gap: Capturing the value of consumer m-commerce
Executive summary

With mobile commerce set to explode, the next big leap in retail will be purchasing ‘on the go’ in a simple, speedy way. A new proposition has just launched that could provide this breakthrough.

Barclays Pingit for corporates turns any advertisement or promotion into a round-the-clock sales channel. No existing mobile purchase method is faster or easier to use, and leading marketers believe it has the potential to transform the advertising industry.

The ‘buy it’ functionality brings an extra dimension to window shopping, breathes new life into print advertising, and is equally applicable to TV, online and billboards. Importantly, for retailers it also tracks purchases to specific promotions – giving advertisers unprecedented insight into exactly which advert has prompted each sale.

“It’s not just for Barclays customers: everyone can use it.”

Tom Dunn, Digital Strategy Director, Maxus
A rapidly evolving landscape

How can retailers best mould their offering around people’s lives? A big part of the solution surely lies in mobile commerce.

The growth of mobile

Mobile commerce is on the rise. According to research by IMRG and CapGemini, mobile purchases accounted for 20% of UK online sales in the first quarter of 2013.

That’s a big increase from 15% in the previous quarter and the arrival of faster 4G services should provide a further boost. Yet, mobile sales still await the conclusive breakthrough promised for years, according to Tom Dunn, Digital Strategy Director at global media agency Maxus.

The fulfilment gap

“Today, smartphones are the norm. As we are starting to utilise the full potential of mobile functionality we are seeing a definite shift in behaviour, which is replacing traditional desktop use in many fields,” Dunn says.

“However, one of the biggest problems is the user experience. There’s a really big fulfilment gap. For example, a vast number of brands don’t have optimised sites for mobile, preventing the idea of buying directly from people’s phones being an established practice.”

Meeting customer needs

But regardless of whether or not they have highly-developed mobile offerings, all retailers need to address the changing expectations of their target audiences.

Today’s time-poor, tech-savvy consumers want to be able to buy swiftly and easily, wherever they happen to be. For retailers, that means finding a solution that works alongside an omni-channel approach to sales – because it won’t be solved by existing mobile technology alone.

Why transactions fail

The complexity of paying by phone is one of the main barriers that prevents consumers embracing mobile commerce.

Research by Judo Payments this year discovered that 22% of UK smartphone owners have tried to buy products on their phones, but around a quarter of them found that their transaction failed.
The security question

Similarly, US research by Harris Interactive found that two-thirds of those attempting to buy had abandoned their transactions. Almost half of them blamed an overly long checkout process.

People also feel uncomfortable entering sensitive payment details. Recent research by Monitise Group found that 57% of UK users would feel more confident buying goods and services by mobile if they could use apps provided by a bank.

Simple and secure

Barclays Pingit overcomes the barriers of both complexity and security.

Using QR code technology, all consumers need to do is enter their five-digit security passcode to open the Barclays Pingit app and scan the advertisement. The product detail appears, along with the user’s default delivery address.

This allows the user to buy in a few simple clicks. At present, anyone who scans a QR code has no idea where they will be directed, making the experience inconsistent. Scanning a Barclays Pingit branded QR code will always trigger a swift, secure and consistent process. Users also have the reassurance that the app is powered by a major bank.

Easing the mobile burden

The ‘buy it’ functionality is simple for businesses because it offers a way to complement their mobile strategy and drives value from their marketing and media spend.

“It’s really flexible. Businesses don’t need to upload product information in advance – it’s sent to us automatically when a consumer scans the QR code. So they are always presented with the up-to-date position on stock and price,” explains Ric Cohen, Senior Product Manager at Barclays.

57% of UK users feel more confident of buying online if using a bank app

*Monitise Group*
Making an instant connection

With more and more content competing for consumers’ attention, businesses need to maximise their spend and understand the effectiveness of their promotions. The key lies in consumers’ hands, in the form of their increasingly powerful mobile devices.

Converting interest to sales

A product catches the attention of a consumer; the consumer buys the product. The time in between could be anything from seconds to months.

Busy lifestyles partly account for the delay. But another factor is that when people see a product they want, they lack a quick and convenient way to buy it there and then. Later, they may forget to buy, or buy a product from another retailer, different from the one whose advert triggered their interest.

Barclays Pingit for corporates closes this gap, by providing an opportunity for simple purchase at the point of people’s desire to buy. And the simplicity of this process could multiply the effectiveness of advertising.

The advertising conundrum

As confidence returns to the economy, businesses are investing in advertising again. Following a return to pre-recession spending levels last year, UK spend on advertising in the first quarter of this year hit £4.14bn.

It will continue to rise by 2.6% throughout 2013 and by 4.9% in 2014, according to forecasts by the Advertising Association and Warc.

But if the investment is predictable, it’s harder to assess the return businesses will gain from it. With US analysts Schonfeld estimating 2013 advertising-to-sales ratios ranging from 0.4% to 6.6%, depending on the industry, any breakthrough that can boost effectiveness will be of benefit to retailers. The hunt is on for the most effective, targeted advertising activity that will provide traceability as part of an omni-channel retail strategy.

*Advertising Association and Warc.
Failings of measurement

Systems for measuring the performance of traditional media channels have yet to catch up with modern lifestyles. “TV measurement, for example, is still based on a panel system that was devised before the appearance of multi-channel viewing,” says Fabio Labate, Innovation Director at media agency Vizeum.

“Unless its online media, there’s no real way to measure and correct the performance of an ad in real time. It often involves carrying out an expensive case study after a campaign is over. Econometrics is an empirical method that works best – but it requires considerable time and investment to show results.”

“No one sees an ad in isolation, and every different medium has its own parameters for being tracked,” he explains.

“We have so much data now, but it’s often impossible to separate it out – to identify, for instance, that someone might have clicked on an online banner ad, but then gone to search again, or have seen a TV ad anyway. Which are the bits that are and aren’t working?”

Instant insight

Barclays Pingit for corporates gets round this issue in a simple way. To buy, consumers scan a QR code. This identifies not just the type of advertisement on which it’s displayed, but the specific ad placement – offering businesses instant information, at an individual advert or poster level, on what works. “The technology is amazing. By creating a digital point-of-sale channel that delivers against physical media, a new level of accountability is added to campaigns, offering real-time insight into campaign performance,” says Fabio Labate. “This provides a base to start to optimise media spend, and that’s the really exciting part.”

Fabio Labate, Innovation Director, Vizeum

Tracking the customer journey

The growth of online advertising has allowed advertisers to track click-throughs. However, online sales still make up only 10% of the market. And clicking to buy is often just a part of the customer journey, according to Tom Dunn of Maxus.
An industry changer

Already established and popular among mobile users, the Barclays Pingit app is now set to build new connections between advertisers and consumers. By allowing people to buy instantly from an advert or promotion, it has the potential to transform the industry.

Connecting online and offline

It’s clear that the winners in tomorrow’s world will be those who capitalise on new technologies to reorganise their business around the customer. Ideally, they need to capture useful, real-time data while they do so.

At present, retailers are trying to manage sales through multiple channels, leading to a fragmented approach. The next breakthrough is likely to come through a means of connecting up the online and offline parts of their business.

Bridging the gap

Digital mobile apps that appeal strongly to consumers may be part of this. Offering a mobile website that offers a satisfying customer experience is useful too.

But on a wider level, the current holy grail is to find a tool that allows people to purchase on the move in a swift and simple way.

Barclays Pingit for corporates has been developed to create this kind of digital bridge. It enables mobile users to interact with any advertisement and make a purchase in seconds. And it’s already familiar to many consumers.

Building on success

Already, Barclays Pingit has moved successfully beyond person-to-person payment. Many consumers are using the app to pay corporates. Severn Trent Water, for instance, has introduced QR codes on the bills it sends to customers, making it the first utility company in the UK to adopt this innovative and simple payment method.

It offers customers who have an account with any UK bank an easy way to pay their bills, while the QR code element helps Severn Trent Water eliminate the delays and reconciliation errors associated with other payment methods.

Mobile checkout

The app also offers a checkout facility for use on mobile websites or mobile apps, as a fast and simple, secure way to pay.

This product is now being used by mobile ticketing company Corethree, for Wessex Bus’s Uniconnect network in Bath. Over the next 12 months, Corethree and Barclays will roll out their mobile ticketing and payment services to reach as many as 1 million passenger journeys per day.
Heritage and trust

Launched last year as a way of moving money as simply as sending a text, the Pingit app already has a big customer base. It has 1.8m downloads and has received a high review rating on the Apple store.

Its existing profile offers the ‘buy it’ proposition a flying start, according to Tom Dunn of Maxus. “Barclays Pingit has so many subscribers. People know what it does, and it’s not just for Barclays customers: everyone can use it,” he says.

“That’s created its own market. This will allow deeper interaction with offline advertising, whether TV, outdoor or print. And Barclays is a tested provider of payments.”

Vizeum’s Fabio Labate agrees: “Other people will be trying to move into this space, but they lack the kind of heritage and trust of a big bank like Barclays.”

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New business model

What sectors could benefit from this innovation? The range is wide, according to media analysts.

Tom Dunn sees a particular opportunity for “impulse purchases – things that don’t need a huge amount of pre-research. In terms of sector, this could be anything, including books, music, clothes and electrical goods.”

Fabio Labate sees potential at the other end of the value spectrum: “You could foresee this working really well with a billboard in somewhere like Canary Wharf for a luxury, limited-edition product. It naturally lends itself to trusted brands or products that can be bought without extensive research.”

And the ‘buy it’ functionality could also open the door to a whole new business model for manufacturers. In bypassing the need for store space, it offers a low-cost route to take their products direct to the consumer.
Key takeaways

- Barclays Pingit for corporates allows retailers to turn their advertising – print, billboards, TV, online, direct mail – into an instant sales channel, using mobile technology and QR codes.

- Mobile commerce is growing, but the complexity of purchases and security concerns still deter a big proportion of the potential market. The ‘buy it’ functionality addresses these concerns for consumers with a consistently simple process underpinned by bank-grade security.

- The product unlocks the latent potential of QR codes, replacing an uncertain user experience with a consistent process that’s completed in seconds.

- Because QR codes can be tracked to a specific advert or placement, the app offers businesses direct and valuable insight into what works in their marketing mix.

- Barclays Pingit has the advantage of a big existing customer base, already comfortable with using the app to send money.

- Barclays Pingit is being used by consumers who do not bank with Barclays.

- Leading industry figures believe the innovation has the potential to transform retail and change business models – such as enabling people to shop from window displays, or allowing manufacturers to sell direct to consumers.

Find out more about how Barclays Pingit for corporates can help your business. Speak to your Relationship Director, call 0800 015 1921* or visit barclays.com/corporatebanking/barclayspingit

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