



The app commerce company

Understanding App Behaviour And Winning In **'The New Normal'**

With physical shopping restricted, consumers have had no choice but to embrace channels that let them purchase goods easily and quickly.

2020

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Introduction

The COVID-19 pandemic has transformed retail; changing how consumers spend their time and the way they shop. With physical shopping restricted consumers have had no choice but to embrace ecommerce and are gravitating towards platforms and channels that let them purchase goods easily and quickly.

Retailers looking to optimise sales and provide consumers with a frictionless path to purchase in the 'new normal' are finding apps increasingly important within their omnichannel offering. The combination of smartphone penetration and their increasing use by shoppers to research, compare and purchase combined with the limitations on face to face shopping mean the potential to drive sales via app is growing.

23rd

March 2020

lockdown began & non-essential shops shut their doors

15th

June 2020

non-essential shops reopened

4th

July 2020

social distancing reduced to 1m+ and pubs & restaurants opened again

People now spend an estimated [27% of their daily waking hours](#) - that's 4hrs 20mins - on their mobile phones (source App Annie). And 'Power Users' spend an astonishing 6hrs 30mins on mobile a day. According to Flurry, [92% of time spent on mobile is on apps](#).

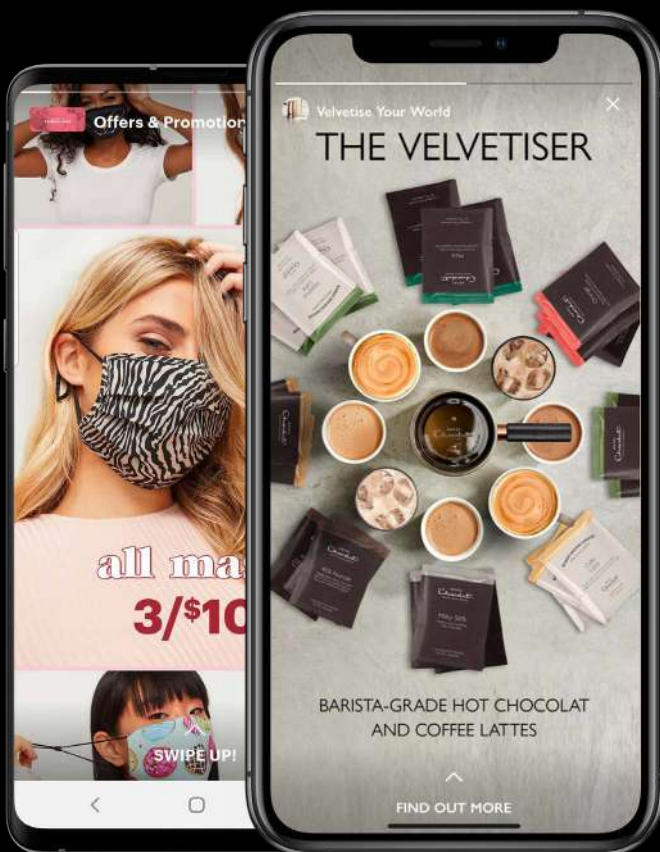
Shopping apps have become one of the [fastest growing app categories](#) but to maximise the opportunity retailers need to understand how consumer behaviours and their app usage has changed as a result of the pandemic.

In this report we explore consumer engagement and purchasing behaviours as they have developed in the first half of this year via exclusive proprietary data. The report contains insights from retailers and tips for optimising app performance in the 'new normal'.

Executive Summary

During the period of lockdown restrictions that began to be eased nationally on July 4th there were 61% greater downloads compared to Q4 2019 and 50% more App Store Views than pre-lockdown.

During this period consumer behaviour changed dramatically and since the end of lockdown there have been:



2x

more ecommerce app
downloads y-o-y

27%

uplift indaily active
users

22%

uplift in daily revenue
per user

41%

higher transactions
per user

How App Adoption Soared In 2020

Data is based on 64 million sessions from over 50 ecommerce apps built on the Poq Platform across iOS and Android. Poq clients are primarily considered non-essential retailers, most of whom were forced to shut stores during the global pandemic.

Thanks to the reduced options for physical shopping due to COVID-19 restrictions introduced in March 2020 consumers turned to digital channels in their droves. The initial impact came in the Consumer-Packaged Goods and Grocery sectors where many shoppers used digital channels to order for the first time.

Shopping online has now become normalised across demographics and beyond CPG and Grocery. Nearly a third (30%) of new online buyers between March and April went back for a second order and a third of new online consumer packaged goods (CPG) buyers came from the 55 and over age group, according to Nielsen global data. ²

2.7x

There have been 2.7x higher app downloads year-on-year post-lockdown.

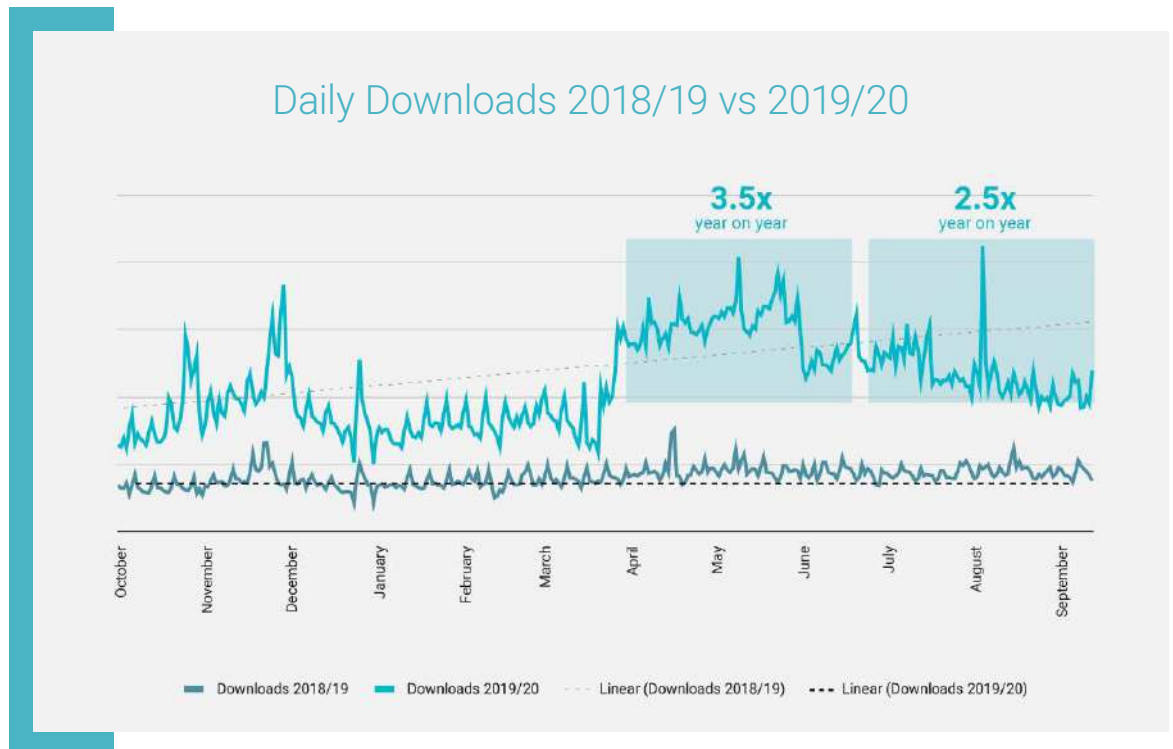
The halt in physical shopping has also meant consumers have explored new brands and retailers online – they have had time to range further than their usual online stores and they have been hungry for fresh ideas and products. As many as [75% of millennials](#) in the US have shopped with a new retailer during this time. ³

The most common and convenient channel - mobile - has seen a boost in usage and the take up of M commerce will accelerate. eMarketer forecasts that M commerce sales will reach \$314 billion in 2020 and represent 44% of all ecommerce sales.

Accompanying the rise in M commerce is greater adoption of shopping apps - installation and usage are both rising dramatically. Retailers and brands saw 25% more app sessions than the holiday season, according to [App Annie](#), in Q2 2020. ⁴

Brendan Sweeney, General Manager, Ecommerce, Cotton On Group, summed up the changes at AppCommerce Festival 2020: "The key thing we have seen across web and app is large number of customers that previously were store only shoppers ... there's been material boost in conversion because lot of people avoiding shops. Lots of high value customers who have taken the app were previously store-only customers."

Meanwhile, [AppsFlyer](#) found that ecommerce app installs increased 25% - 7% higher than Q4 2019 activity. ⁵ Both businesses anticipate that the 2020 holiday season will be the biggest one to date.



Downloads

Our own data shows that from the start of lockdown in the UK on March 23rd, 2020 app downloads have skyrocketed. During the lockdown, app downloads across the Poq platform surpassed Black Friday 2019 and were 61% greater than Q4 2019, making every day equivalent to Black Friday. Downloads during the lockdown were 3.3x higher year on year, which was above the pre-COVID-19 forecasted growth.

During the peak of UK lockdown app downloads surpassed those on Black Friday – every day was Black Friday.

1. Data is based on 64 million sessions from over 50 ecommerce apps built on the Poq Platform across iOS and Android. Poq clients are primarily considered non-essential retailers, most of whom were forced to shut stores during the global pandemic.

2. <https://www.thedrum.com/opinion/2020/07/13/nielsen-data-shows-how-consumers-around-globe-have-begun-behaving-alike>

3. <https://multichannelmerchant.com/blog/what-covid-19-has-taught-us-about-u-s-ecommerce-spending/>

4. <https://www.mobilemarketer.com/news/holidays-will-drive-mobile-shopping-to-record-highs-app-annie-predicts/585204/>

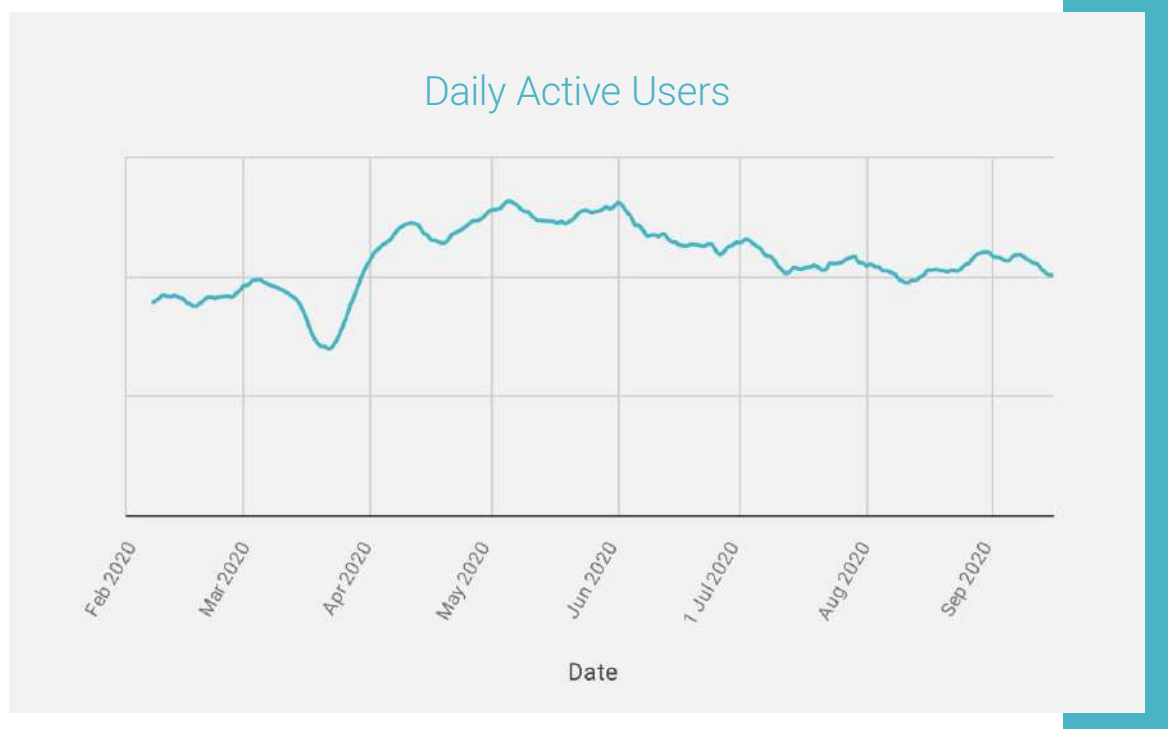
5. <https://www.businesswire.com/news/home/20200916005235/en/AppsFlyer-Prepares-Marketers-for-Upcoming-Holiday-Season-as-eCommerce-App-Usage-Rises-25-Globally>

As shops started to reopen it's unsurprising that app downloads dropped, however the 14 weeks following the peak for downloads (June 15th - September 12th) still show healthy figures with average daily downloads 2.7x higher year-on-year (y-o-y).

This increase in app downloads has been seen across the retail industry. [Modern Retail](#) reported that Best Buy saw double the downloads in Q2 2020, Home Depot saw a record number of downloads and Abercrombie & Fitch saw a 50% y-o-y rise in app visits.

Developments in Daily Active Users

Another important indicator of app adoption is Daily Active Users (DAU). Since shops shut and lockdown began on 23rd March 2020, apps have seen an average 27% uplift in daily active users. This shows consumer engagement with shopping apps persists even as stores reopen. Through trialing new digital channels consumers learnt of the convenience and superior experience provided by apps, and therefore their use of apps has not now reduced back to pre-COVID-19 levels.



27%

There has been a 27% uplift in Daily Active Users since lockdown

At Poq's AppCommerce Virtual Event 2020 both [Hotter Shoes and Cotton Traders explained](#) that, as more mature demographics have become accustomed to using digital services like Zoom to communicate with their families, they are more comfortable with the adoption of digital and app shopping.

Both businesses said that they were already on a digital growth trajectory before the outbreak and that the pandemic has accelerated the embrace of digital and app commerce. Once many shoppers have trialed a channel, if they are happy with the experience, will be unlikely to revert to channels they previously used to the same degree.

Customer Engagement

The Rise of Apps for Brand Loyalty

Customer engagement is at the heart of loyalty, repeat business and lifetime value. The goal is more frequent and longer interactions, a higher value shopping basket and advocacy for your brand. Apps are an increasingly important tool for retailers to nurture and interact with customers and create a rich relationship beyond the transactional.

Research from [Forrester](#) identifies that consumer habits have pivoted to be value-driven based on political, social, ethical and environmental beliefs, meaning that retailers need to give more focus on how they engage and communicate with shoppers. They must explore how their brand values can translate into app content alongside regular fresh offers and new ranges.

Gareth Rees John, Digital Director at Kurt Geiger, explained the thinking behind the brand's app at AppCommerce Festival 2020. He said: "There was definitely a desire from our consumers to have a one-to-one interaction, they wanted a close relationship with us as a brand and an app was at the forefront of that strategy."

The customer relationship needs to be nurtured and this means consistent contact and reengagement. Poq App Growth Marketing Partner Sheenu Aggarwal says: "It is important to ensure that you are consistently re-engaging with your existing customer base and to bring them back into the app. If your customers have taken the time and effort to download your app, be mindful that this is their preferred shopping channel.

"Using deep links across your activity is important whether it be your email campaigns, paid media campaigns or across the social networks. If the user has your app installed specific deep link technology will be able to direct them to the correct page - otherwise the link will direct them to the corresponding mobile web page."

Deep Linking into the app is known to increase conversion rates by 2.5X, increase in-app purchases of 2.7X and increase user retention of 2.1X. ⁶

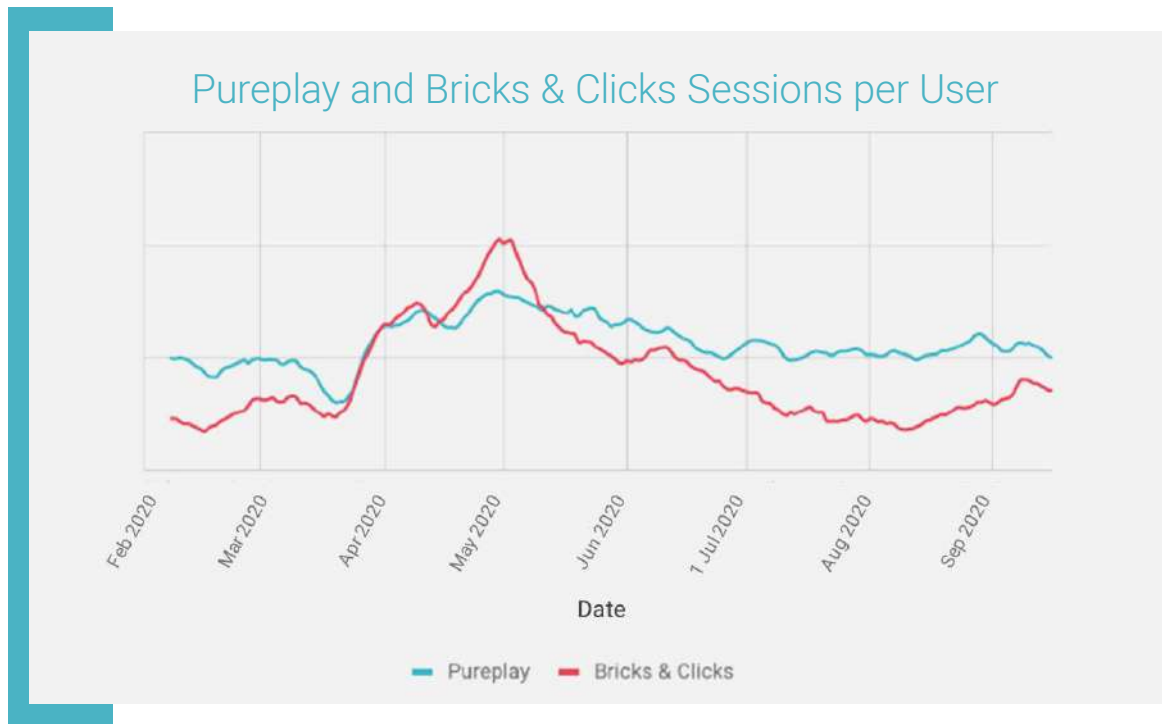
“

We see an app as the best way to engage our most valued customers.”

BRENDAN SWEENEY,
GENERAL MANAGER, ECOMMERCE,
COTTON ON GROUP -
APPCOMMERCE FESTIVAL 2020

The importance of Sessions to measure engagement

Sessions per user is a useful indicator of shopper engagement. The convenience of apps and their ability to engage users through push notifications can drive higher traffic per shopper (also known as sessions per user) than other digital channels. On average, app shoppers will visit a brand or retailer's app 2.6x more often than they visit the mobile website per month.



6. The Untold Story Behind Deep Link Performance
<https://www.appsflyer.com/blog/deep-link-performance/>

All retail apps on the Poq platform experienced a spike in sessions per user during lockdown. However, the engagement differed across 'Pureplay' retailer apps and 'Brick & Click' retailer apps.

Sessions per user at Bricks & Clicks retailers (6.5 percentage points higher than pre-lockdown) initially overtook Pureplay retailers (3.6 percentage points higher than pre-lockdown), as shoppers looked to apps to access products they could no longer access to in-store.

Once lockdown eased and stores started to open both Pureplay and Bricks & Clicks sessions per user metrics settled at a level above pre-lockdown engagement – consumers had found the experience rewarding enough that they now considered apps an important channel in their path to purchase.



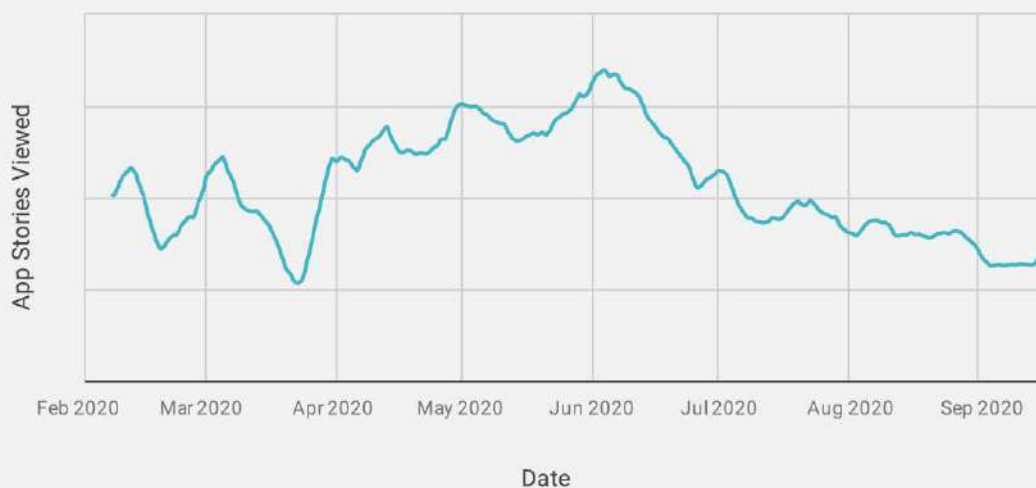
50%

App Story Views have risen 50% during lockdown

The contribution of App Story Views

App Stories are a feature like Instagram Stories and are fully-shoppable content pieces in the form of videos, gifs or images displayed in a full screen vertical format. They are designed to drive consumer engagement and provide retailers with a new channel of communication for brand messaging, line drop announcements and for sharing User-Generated Content (UGC) through the app.

Daily App Stories Usage



(7 Day Moving Average)



The number of App Story views peaked during lockdown (23rd March - 14th June) at 50% higher than pre-lockdown figures. Shoppers were hungry for fresh and inspirational content during this period and brands that could provide regular new content developed a richer relationship with shoppers.

Poq's Sheenu Aggarwal says: "Ensure creative is relevant to consumers and reflects the period of uncertainty that we continue to be in. Content should be tailored in order to keep up with consumer trends. It is still important to show compassion and support to your audiences/ communities and the country. Messages of positivity will help create a positive sentiment around the brand and likely to increase engagement."

Poq client Kurt Geiger has taken a pro-active approach to creating a community feel during the pandemic. Geiger's Gareth Rees-John said at the AppCommerce Festival 2020: "We tried to pivot fast ... and said from start as a board that we did not want to get into a position where we went silent or discounted like hell. We decided to make a stand as a brand and say something a bit different – that kindness is the new luxury. As we went into our content strategy during lockdown and wanted to lead with messaging about other things than just shoes, the app gave us a great platform for that."

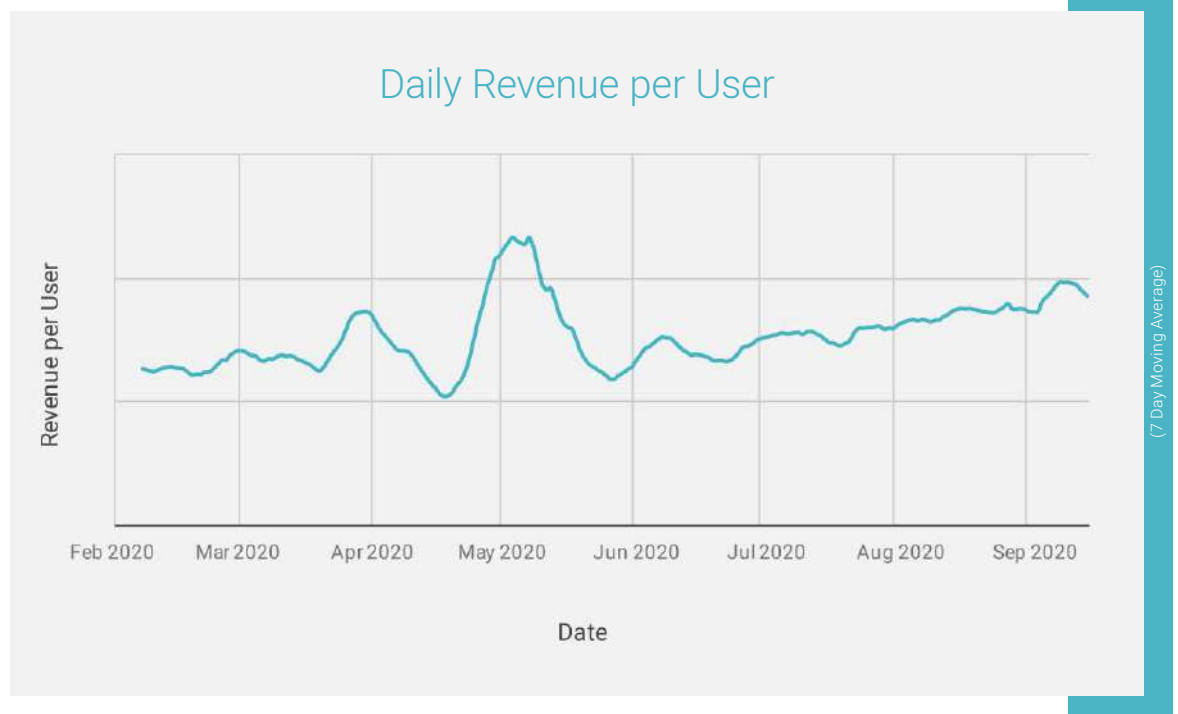


Purchasing Behaviour

Shoppers See App Purchase as A “New Normal”

App shoppers have become more valuable to retailers as the revenue generated per shopper has grown during the lockdown period.

There’s been a 22% uplift in daily revenue per user since lockdown began.



“

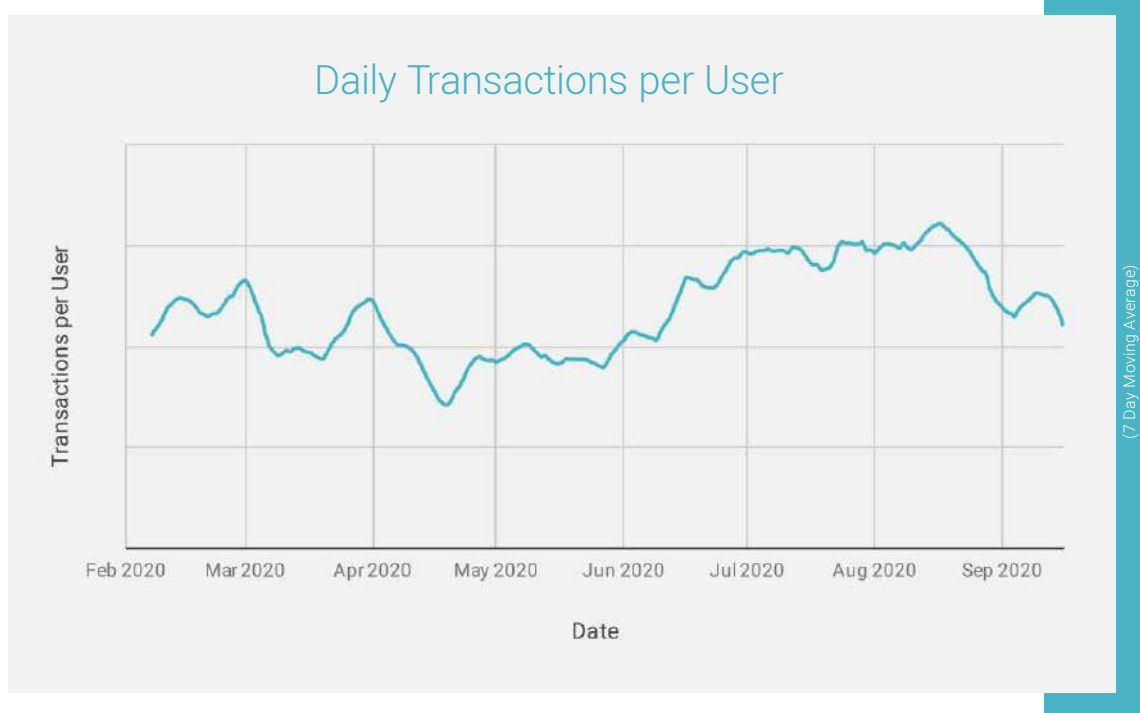
There is a persistence in consumer demand for shopping apps, even as stores reopened”

ANDREW GOLDIE,
BEINSPIRED CLOTHING

Overall, since lockdown began, average revenue per use has seen an uplift of 22%, showing that shoppers are comfortable with spending in apps and they have not returned to pre-COVID spending habits. App shoppers have become more valuable to retailers since the lockdown measures came into effect.

Transactions per user

Transactions per user show how the frequency of purchases by consumers varies. Surprisingly, the biggest uplift in transactions per user was seen post-lockdown (June 15th onwards), 41% higher than pre-lockdown (1st Feb - 23rd March). This may be because by mid-June shoppers had become comfortable with using apps to make their purchases and had become loyal to their retailer/brand of choice - and post-lockdown there was pent-up demand after an understandably cautious few months.



There were 41% higher transactions per user from the end of Junethan pre-lockdown

Data on app performance via mobile will be increasingly important as this device becomes popular for shopping, so a specialist mobile measurement partner is essential.

Poq's Aggarwal stresses: "It is important to effectively measure and attribute in-app performance metrics such as transactions and revenue to campaigns. Mobile measurement partners will also drive efficiencies across all your media buys and open up the ability to work with hundreds of media platforms and partners to increase reach and find your customers. More importantly, these mobile measurement partners will also be able to help report of lifetime value of your app customers which is an important metric when comparing channels."

Maximising the new opportunities for apps

predictions, pointers and practical advice

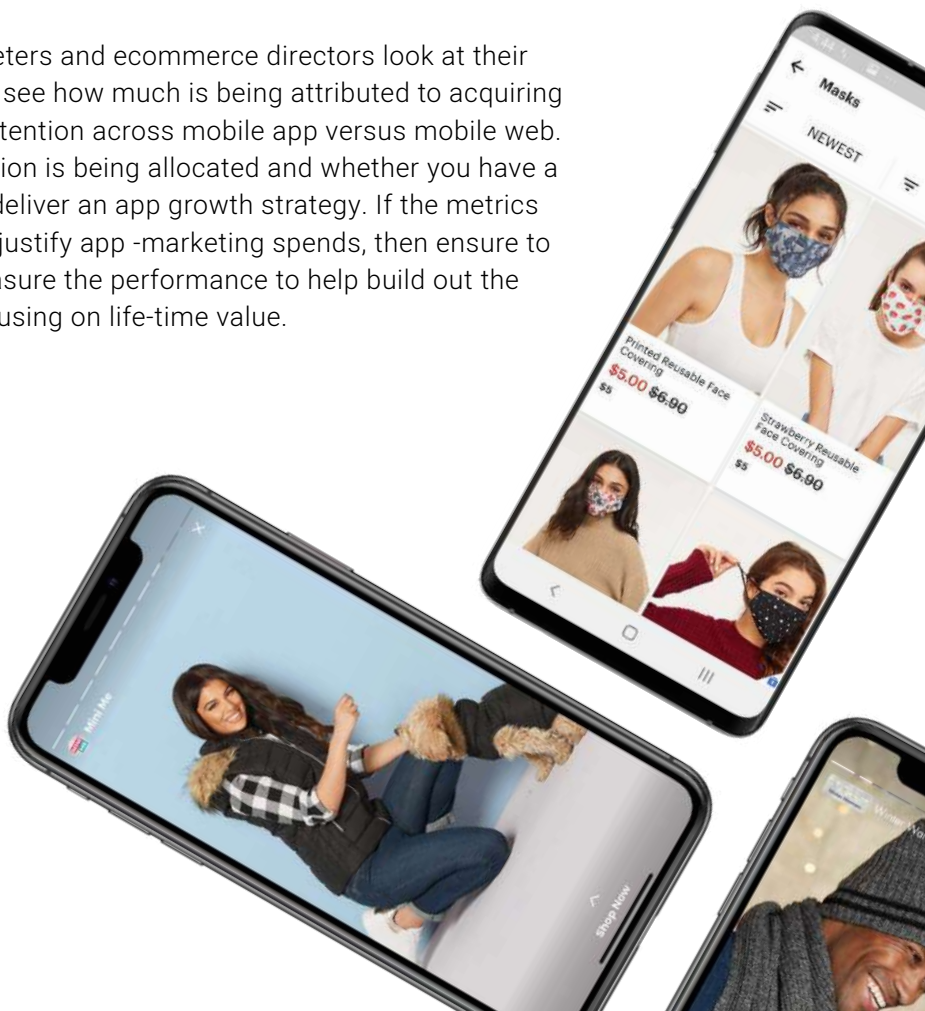
Retailers and brands now have an opportunity to maximise app usage and sessions by developing a best-in-class user experience. Apps will continue to be a critical channel for retailers and brands as value and frequency of spend has increased.

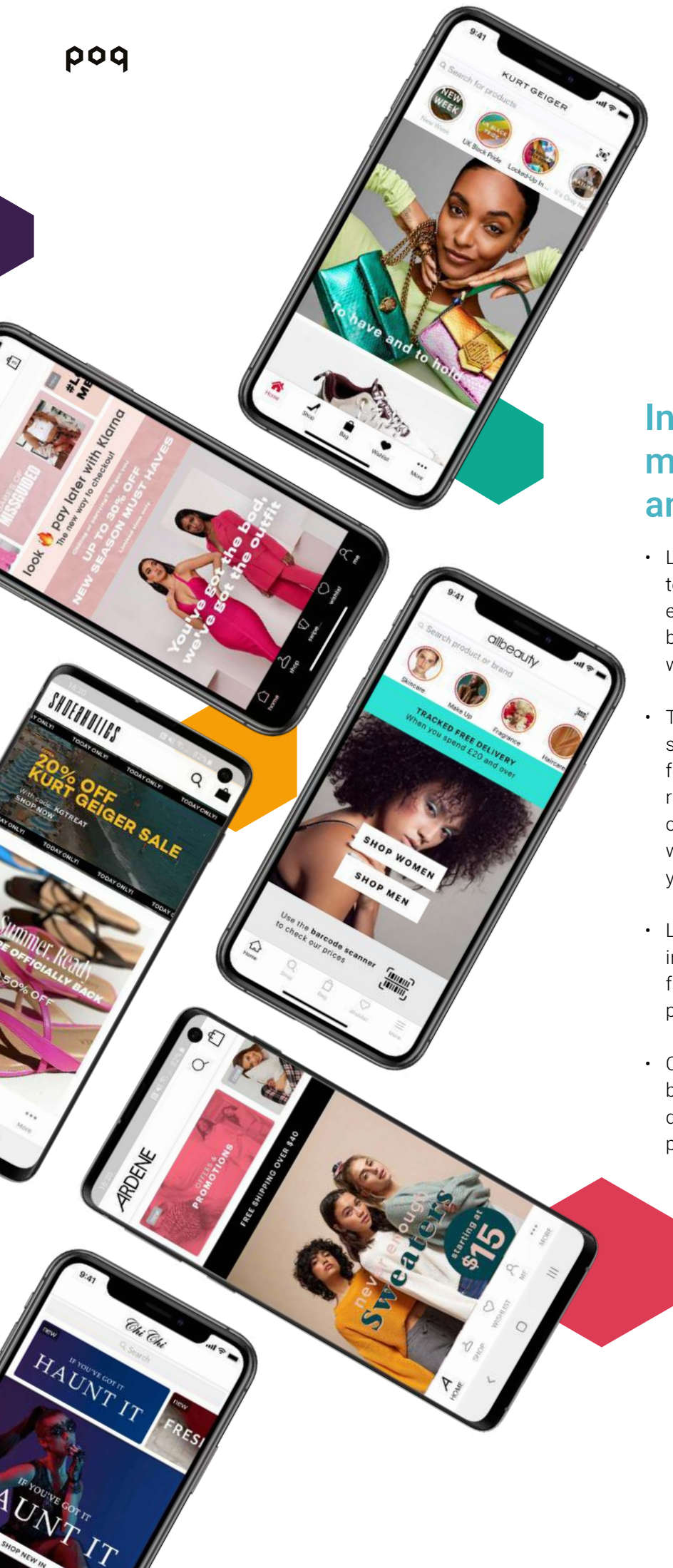
Rees-John from Kurt Geiger highlighted this at AppCommerce festival 2020: “The business case for apps – really understanding the incremental value an app can give, is vitally important. Engagement and conversion are repeatedly higher on apps.”

Brendan Sweeney of Cotton On pointed out at the same event: “The whole industry has seen declining email performance and we’ve had to find other customer engagement like push notifications – they have a high opt-in rate.”

Poq’s Aggarwal says: “Across our apps we see our customers experiencing higher user conversion rates to purchase, revenue per user and hence higher lifetime values when comparing app to mobile web metrics.”

She suggests that marketers and ecommerce directors look at their digital media budgets to see how much is being attributed to acquiring new users and driving retention across mobile app versus mobile web. Consider if a fair proportion is being allocated and whether you have a fair budget assigned to deliver an app growth strategy. If the metrics are not enough alone to justify app -marketing spends, then ensure to test campaigns and measure the performance to help build out the longer-term strategy focusing on life-time value.





Insights to help you maximise app planning and potential

- Look at the metrics that matter – conversion to purchase rates and revenue per user – to evaluate if enough digital media budget is being allocated to mobile app versus mobile web.
- There will be a wider demographic of shoppers using apps as many have been forced to try online shopping due lockdown restrictions. Consider how you might change content and presentation to cater for this wider demographic e.g. the average age of your user might rise.
- Look at how content can be developed to interact with consumers beyond just the functional side of shopping to generate positivity around your brand.
- Consistently reengage with the customer based to bring them back into the app with deep links that direct users to the correct app page.

Conclusion

The way consumers are shopping is evolving as new platforms and channels emerge. They will gravitate to convenience and the most frictionless user experience – and in many cases these two factors trump price.

Over the past six months consumers have found their experience of apps overwhelmingly positive. They have enjoyed relevant content and a seamless path to purchase. Brands and retailers that continue to meet and exceed customer expectations will benefit from a channel that delivers both revenue and loyalty.

Black Friday and the holiday season in general will be bigger than ever for online shopping because of continued consumer caution with physical store visits. Omnichannel retailers need to ensure they have an app strategy in place as consumers continue to up their engagement and spend with app shopping.

To discuss any of the findings raised in this report or how Poq can help you with your app plans please contact Richard Harris, at marketing@poqcommerce.com or visit our website poqcommerce.com.



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