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What shoppers want: Fixing the mobile expectation gap

PAYPAL'S MOBILE COMMERCE REPORT

Small business misses mobile shoppers

Only 1 in 6 (17%) UK small businesses has a website that works well for users on a mobile device (i.e. is mobile-optimised) – a figure that's remained flat over the 3 years of our research.

Yet, mobile is the device of choice for British consumers. Three quarters (75%) of all online time is now spent on a mobile device (62% smartphone, 13% tablet).[1] Nearly half (48%) of UK consumers use their smartphone to browse daily for products or services; 4 in 10 (42%) make purchases on their phones at least weekly.

And, they are spending more each time. The average smartphone transaction value is now over £100 (£101.65), up 21% since 2017. Total UK retail sales for mobile commerce are estimated to reach nearly £43 billion in 2018.[2]

UK consumers love to support small business. But, often they simply find it too hard; nearly half (47%) say they have abandoned checkout because the experience was "too slow and/or difficult".

In fact, 6 in 10 (60%) of consumers don't feel that they get a "good mobile experience" from small and independent businesses.

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75%
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47%
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60%
of consumers don't feel that they get a "good mobile experience"

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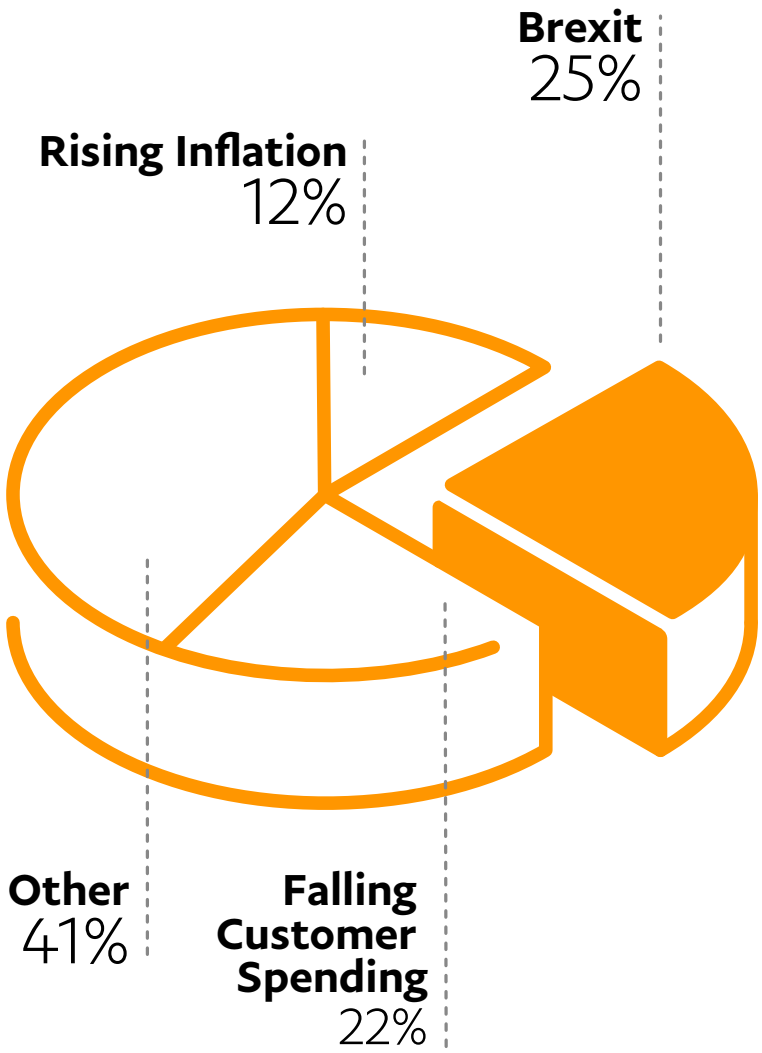
BUSINESS CONCERNS FOR SMALL BUSINESS OWNERS IN THE NEXT 12 MONTHS



Of course, there are businesses at every scale offering a poor mobile experience, but it seems that small businesses have been particularly slow to meet mobile shoppers' needs. They may be missing a trick.

Often the required changes are relatively minor: having a site that adapts itself to the screen size of the viewer's device; offering small-screen-friendly payment methods; or meeting customers on the social media channels they prefer to use.

By making those changes, agile small businesses may even gain an advantage over larger and slower-moving competitors.

In this, the third year of PayPal's mobile commerce research, we look at the mismatch between customer expectations and what small businesses typically offer. We also analyse the problems that shoppers report... and the solutions that small businesses can adopt.

In the research, we asked small business owners for their top business concerns. When their list includes: Brexit (25%); falling consumer spending (22%); and rising inflation (12%), any potential advantage is worth exploring.

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What do mobile customers want

We spoke to 2,000 UK consumers who regularly shop online and found a growing appetite for the convenience and speed that mobile shopping brings.

In fact, nearly a third (30%) expect to shop on their phones even more over the next 12 months, the biggest increase of any device.

They reach for their phones anywhere and at any time: three-quarters (74%) are most likely to shop on their phones while at home, 1 in 6 (16%) while at work, and 1 in 7 (14%) while on the move. A third (34%) shop in bed before going to sleep. Two per cent even admit to shopping in the shower.

More than one fifth (22%) of shoppers say they prefer mobile shopping to being in-store – a figure that has more than doubled since our first research in 2016 (when it was just 9%).

Speed and convenience are the top reasons for preferring to shop on a mobile device.

Shoppers like the freedom to browse and purchase whenever they want (38%). They find it quicker to use a smartphone or tablet than other options (32%). And, they love to multitask: watching TV while scrolling on the phone (31%).

Mobile also means they can respond quickly to opportunities like Black Friday discounts, even while on the move (19%).

What are the top scenarios for mobile shopping?

27% When I want something delivered

27% When I need to buy something quickly/last minute

24% During sales

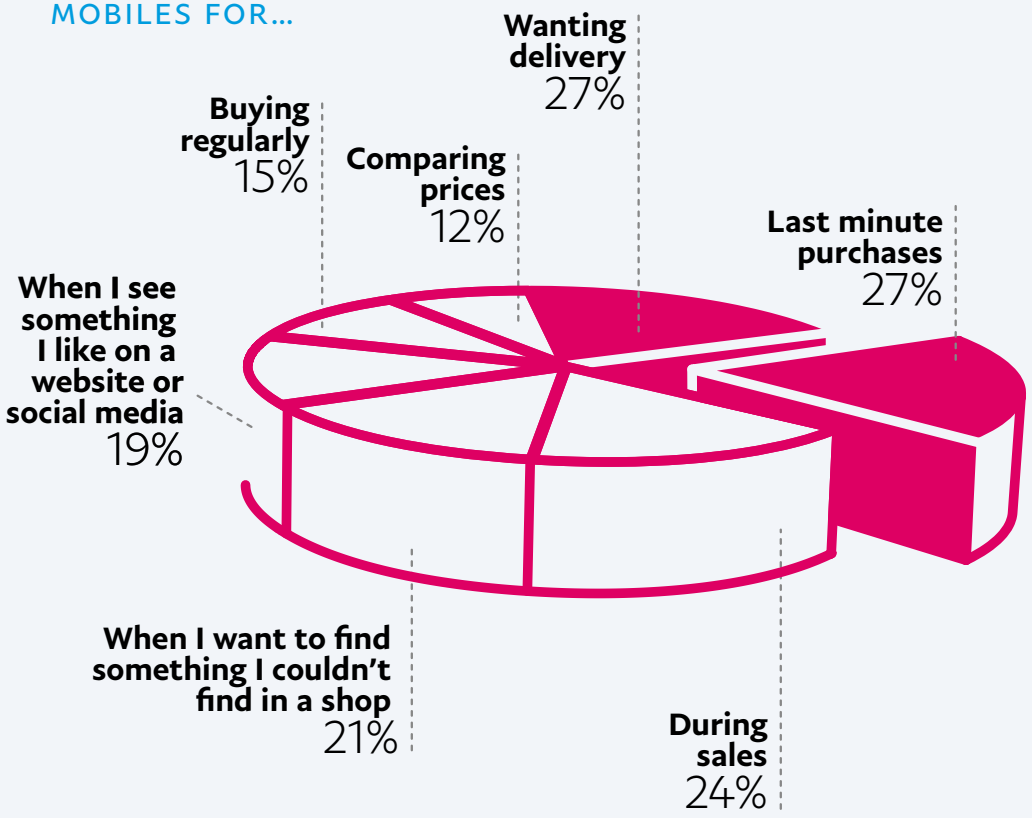
21% When I want to find products or services I wouldn't be able to find offline (e.g. on the high street)

19% When I see something I like on a website or social media

15% When I want to replace a product I buy regularly

12% When I'm in-store and I want to compare prices

SHOPPERS TOLD US THEY USE THEIR MOBILES FOR...



How to support small businesses

Mobile shoppers love to buy things they can't find in their local shops. And, they like to support small, independent businesses, too.

Half (49%) say they buy from UK-based small businesses. Over a quarter (26%) also buy from international small or independent businesses, and 8 out of 10 (81%) are open to buying from a brand or site they haven't heard of before.

However, shoppers are keenly aware of security. Over half (56%) say they are "more likely to purchase from a website that offers an online payments option/brand I recognise e.g. PayPal".

In research by Ofcom, three quarters (77%) of online shoppers said they made "appropriate checks" before entering their card details on a site.[3]

PayPal is the preferred payment method for mobile shoppers (45%), followed by debit card (22%) and credit card (15%).

49%

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56%

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45%

say PayPal is the preferred payment method for mobile shoppers

The expectation gap

Lack of secure, familiar and easy-to-use payment options is just one of the issues that lead most shoppers to conclude they don't get a good mobile experience from small independents.

When asked, only 4 in 10 (40%) mobile shoppers agreed that "The small and independent businesses I shop with offer a good mobile experience – e.g. their websites are easy to browse and shop on when I'm using a mobile or tablet".

MOBILE SHOPPERS' BIGGEST FRUSTRATIONS WITH ONLINE SHOPPING?

- **27%** The screen is too small
- **26%** Websites that are not mobile-friendly
- **24%** Remembering login details and passwords
- **18%** Slow network connection/speed
- **17%** Having to enter in long card or payment details
- **17%** Having to enter too many personal/ contact details
- **12%** Poor experience compared with shopping on a desktop/laptop
- **10%** Complicated checkout process
- **9%** Doesn't feel safe
- **8%** Less availability and range online than in the shop

Tips for mobile needs

Consumers are spending more and more time on their mobiles. They love to support small businesses but, too often, the experience is both frustrating and disappointing.

Nearly half (47%) have abandoned a transaction at checkout because the experience was too slow or difficult.

Why is that? Our research shows that small businesses are falling behind, even as customer expectations of, and appetite for, mobile shopping are growing.

Only 1 in 6 (17%) of UK small businesses has a website that is optimised for users with a mobile device – i.e. that adapts in size, shape and style to accommodate the small touchscreen of a mobile device. Last year, the figure was fractionally higher at 18%.

And, while 9 out of 10 (91%) of small businesses with mobile websites think that they offer a good mobile experience, only 4 out of 10 (40%) of online consumers agree.

Four in 10 (44%) small businesses still don't have a website at all and, of those that do, only 4 in 10 (44%) accept online payments. Less than a quarter (24%) of all small businesses surveyed have a website that accepts payments.

Those businesses that take online payments see the increase in customer demand. More than half (54%) have seen an increase in online payments over the past year and 60% expect that to increase in the next 12 months.

Half (49%) of businesses think that the way customers want to pay is changing and half (49%) review the payment methods they offer at least annually. But, one quarter (25%) never do.

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Top tips to get ahead

How can small businesses close this growing gap in expectation? Three steps can help businesses meet customers' evolving expectations and put them ahead of less agile competitors (large or small).

1. SMALL SCREEN, BIG RESULTS

Three quarters of all online time is spent on a mobile device, but if your site is clunky and awkward, shoppers won't even stay to browse – there are plenty of other sites to see. Making your site mobile-friendly needn't be expensive or complicated. First job is to get out your mobile and be your own secret shopper. With current web technologies, making your site adapt to the user's device – for example, with finger-friendly buttons – can often be quite straightforward.

2. OFFER EASY-TO-USE AND TRUSTED PAYMENTS

Mobile shoppers want speed and convenience, especially at the crucial checkout stage. They want trusted payment options (20%), quicker payments (19%) and a wider range of payment options (11%). And, they hate trying to remember login details and passwords (24%), entering "long card or payment details" (17%) and needing to enter too many personal details (17%).

Providing mobile shoppers with a trusted payment method like PayPal that is designed for mobile can improve their overall experience, converting browsers to buyers and making them more likely to become repeat customers. PayPal is the mobile shopper's preferred payment option (45%) and, of course, PayPal can also process card and other payment types.

3. BE SOCIAL SAVVY

Mobile shoppers love social media. Two-thirds (65%) use Facebook at least once a day and 1 in 7 (14.5%) say they buy goods or services through Facebook every day. And, it's not just Facebook, mobile shoppers browse all the social media channels for products or services: Instagram (30%), Snapchat (25%), WhatsApp (24%), Pinterest (22%), Twitter (22%), YouTube (21%) and LinkedIn (18%).

It pays to be where your customers are spending their time. However, small business owners are less frequent users. Only 4 in 10 (38%) say they use Facebook daily to promote their business. They use the other channels even less. Overall, half of small businesses (50%) that take online payments promote themselves on their company's social media channels. But, fewer than that (just 43%) use paid adverts on social media. On average, for these businesses, 12% of sales come through social media. Be social savvy for your business. Identify which channels your customers prefer and start to engage with them on those channels, at the time they are most likely to be looking.

Start with conversations and posts, then, as you get a better understanding of your audience, use social media advertising to attract customers to your newly mobile-friendly site.

TWO THIRDS

USE FACEBOOK AT LEAST ONCE A DAY

"It only took a few small changes..."

Mobile is the UK's device of choice for getting online, yet most UK small businesses are missing out by not having a mobile-friendly site.

It doesn't take much to meet mobile customers' expectations, as Lauren Hampshire, founder of The Milky Tee Company found:

"When we first started out I was looking at the website from a computer and assumed our customers were doing the same. It was only after seeing our first month's website analytics we realised that 85% of our website traffic was coming via mobiles, but we weren't converting these visitors into sales because our website didn't work as well on a smaller screen.

"It only took a few small changes to make our website more user-friendly for busy new mums who are often doing everything with one hand, including shopping on a smartphone! Based on the 28% increase we saw in sales, we decided to go straight to our customers and make our marketing mobile too, by focusing on Instagram rather than traditional advertising. Now, any changes we make to the website are done with a mobile-first mindset; at the end of the day, it's important to put yourself in your customers' shoes, and as a mum of two myself I know exactly what works!"

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Over the last 3 years, our research has shown customers' growing appetite for the convenience and speed of mobile shopping.

It has also shown a widening gap between customers' expectations and the experience typically offered by UK small businesses: only 40% of customers think they get a good mobile experience from small and independent businesses.

A few small changes may be all that's required to improve customer experience and gain a larger share of the growing UK mobile commerce market. For more information on making your business mobile-friendly, visit **www.paypal.co.uk/mobilehelp**

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About the research

Unless otherwise stated, the research findings in this report come from primary research undertaken on behalf of PayPal UK by Censuswide. You can learn more about the research, **here**. The research comprised two online quantitative surveys, one for online shoppers and the other for small business owners. The surveys ran between 13th and 20th August 2018.

The online shopper sample consisted of 2,000 online shoppers with the following profile:

- Based in the UK
- 16+ years old
- Own or have access to a smartphone or tablet
- Purchased goods or services online on a monthly or more frequent basis

- The sample of small business owners consisted of 2,001 individuals with the following profile:
- Based in the UK
- With up to 50 employees

References

[1] Ofcom (2018), ***The Communications Market Report,*** https://www.paypal.com/uk/webapps/mpp/mcommerce-report

[2] eMarketer (2017), ***UK Retail and Ecommerce: eMarketer's Updated Estimates and Forecast for 2016–2021,*** https://www.emarketer.com/Report/UK-Retail-Ecommerce-eMarketers-Updated-Estimates-Forecast-20162021/2002188

[3] Ofcom (2017), ***Ofcom Media Literacy Tracker 2017 (Table 91, Page 338),*** https://www.ofcom.org.uk/__data/assets/pdf_file/0015/113226/Adults-media-use-and-attitudes-report-2018-face-to-face-survey-data-tables.pdf

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