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# The mobile shopping revolution: An interview with Chuck Martin

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Chuck Martin is a *New York Times* business bestselling author and an internationally recognized expert in mobile and digital technologies. He is one of the foremost writers and thinkers on the Internet of Things (IoT) and his recent book, *Digital Transformation 3.0* (2018), focuses on the digital disruption that results from IoT. Mr. Martin is the author of several books, including *Net Future*, *Mobile Influence: The New Power of the Consumer,* and *The Third Screen*. He edits *MediaPost AI & IoT Daily,* which is the largest AI and IoT daily publication in the world, and writes the column *Connected Thinking*, which is read by more than 100,000 subscribers daily.

Mr. Martin is a former vice president of IBM, where he ran a $1 billion global division responsible for business strategy solutions in the media industry. He has appeared on CNN, CNBC, Fox, Cheddar TV, and ABC News Now, and is a regular guest on business radio talk shows. He currently serves as head of the Net Future Institute, a U.S.-based think tank that focuses on disruptive business strategies and marketing tactics for a networked world.

*David J. Faulds and P.S. Raju for* Business Horizons*: Thank you, Chuck, for speaking with us regarding the topic of the mobile shopping revolution. You are widely recognized as a pioneer in mobile marketing and the impact mobile technologies have on consumer shopping behavior. We would like to discuss the mobile shopping revolution, particularly the impact of mobile devices on consumer shopping behaviors and the influence that emerging technologies—such as beacons and other location tracking equipment—have on retailing practices. How widespread are mobile devices such as smartphones and tablets among consumers in the U.S. marketplace?*

Chuck Martin: For the past several years, I have talked and written about the impact mobile technology has on consumer behavior. By way of background, the evolution of this technology

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encompassed *three screens*. The 2 billion televisions worldwide represent the first screen. The 1 billion PCs worldwide represent the second screen. Finally, the 7 billion mobile phones represent the third screen. This third screen is where all the activity and action is happening.

There are more than 330 million cell phones in the U.S. That's more than the entire population of the country! Incredibly, a great number of U.S. households are cell phone only, and most of those phones are smartphones. Demographically, smartphones dominate the 25- to 34-year-old age group.

Growth in the use of mobile devices has significant implications for marketers because 25- to 34-year olds represent digital natives who were born and have grown up being totally mobile. This group is the first generation of what I call the *untethered consumer*. In the past, the tethered consumer was tied to and reliant upon a stationary device, such as a television or personal computer. In the mobile environment of today, however, we have an untethered situation; your mobile device is with you 24/7, and this can be an enormous marketing opportunity. In this environment, everything changes from a marketing standpoint, a behavior standpoint, and a shopping standpoint. There are now more web-connected devices than people on earth. Incredible! However big you think the mobile revolution is, it is substantially bigger than that.

*What general impact has mobile shopping had on retailers?*

Mobile is revolutionizing retail, but not all of retail yet realizes the potential impact of mobile. That is the issue. All the big retailers have clued in and gotten into mobile; some got in sloppily and some got in nicely, depending on whom it was. From a retail perspective, there are two aspects to the mobile shopping revolution: advertising and commerce. As with traditional advertising, the goal of mobile advertising is to get messages to consumers in order to make an impression or motivate certain behaviors. The commerce aspect tries to move a shopper toward a transaction.

When the web first became a phenomenon, we simply took TV ads and placed them on the internet for advertising purposes. Likewise, when mobile happened, we took ads from the web and put them on mobile phones. Typically, that happens in every transition: we use the old and apply it to the new. Then, things get reinvented. For example, we now use a key asset/attribution of mobile: location. We couldn't do that with tethered technology. People are on the move with mobile devices, so mobile advertising messages can now be location-, context-, and time-based. Historically, advertising was based on day parts: morning, afternoon, prime-time, and so forth. With mobile, everything changed in terms of when and where advertising is delivered.

Another big issue related to advertising is linking everything together: mobile marketing, online marketing, TV marketing, print marketing, and radio marketing. This is a big challenge for retailers, who are saying: "We need to make our marketing efforts more effective based on the location and behavior of the shopper." That's complex, but some companies have been able to accomplish the task. They link their marketing end-to-end and track the individual shopper.

On the commerce side, location technology allows the retailer to identify where and when a transaction is likely to occur. Businesses can now tell when a customer is near or has entered a store, and therefore can send that individual a message, coupon, or promotional communication via his/her mobile phone.

What this means from a consumer standpoint is that mobile devices are transforming shopping behaviors. Many retailers still look at traditional statistics and ask: "How many people came into the store last year? How many people entered the store on a given day last year? How many people came into the store on the same day this year?" Then these retailers say: "Oh! It's the same number. We are doing well!" Though the number may look the same, the reality is that the people in the store may be different. They may be there for a different reason, and they may behave differently during their shopping activities. Many of these changes are due to mobile. It may look like the same numbers and the same data, but under the surface it's very different. Remember, people still spend most of their money in a physical store. What's happening is that the shopping process is changing. The scope and complexity of this change, or revolution, requires retailers and brands to adopt a completely different perspective regarding consumer shopping behaviors, which I refer to as the *mobile shopping lifecycle*.

*How would you describe this new mobile shopping process or lifecycle?*

There is a new path to purchase for the mobile consumer (see Appendix). Shopping in the mobile era is an iterative process, whereas it was a serial activity in the past. The mobile shopper no longer sits at home and says: "I'm thinking about going shopping," "I'm going shopping," and finally "I am leaving home to go shopping." In the mobile era you no longer *go* shopping, you always *are* shopping. While 87% of retail sales are generated at brick-and-mortar stores, consumers can complete the shopping process without ever having to enter a physical store or leave the comfort of home. For the majority of retail sales, this process is no longer linear; instead, the cycle is circular.