

THE STATE OF THE U.S. RETAIL APPS ECONOMY

An in-depth analysis on the current state of iOS and Android apps in the retail industry.

By Ben Gray



Executive Summary:

How do your customers in the U.S. rate the quality of your retail brand's mobile app across Android and iOS? This report answers that question and provides IT, product and marketing leaders with a benchmark of the quality of mobile apps across 74 of the largest retail brands, including Amazon.com, eBay, Starbucks and Walmart, and 14 industries, including apparel, electronics & entertainment and restaurants. We also show the highest and lowest rated retail brands and industries. IT, product and marketing leaders should use this report to discover how customers rate your mobile app quality, understand your competitive landscape and set goals for optimizing your app quality management practices in 2015 as you proceed along the path to a winning retail app, as defined by your customers.

The State Of The U.S. Retail Apps Economy

Until today, no one has attempted to document the state of app quality across the modern apps economy. Until today, no one had the tools to measure customer sentiment as channeled through app store ratings and reviews. Until today, enterprise brands were flying blind on what customers love and hate about your mobile apps and lacked an open benchmark with which to compare your app quality against your competitors'. Until today.

Introducing ARC 360's Retail Report

Applause, the 360° app quality company, has commissioned this inaugural *ARC 360* report on the state of the U.S. retail apps economy to help the world's largest retailers in the U.S.—and those that compete against them—to understand how customers perceive your app quality and to rapidly improve the experience for your mobile users. And we've also launched a travel edition, with plans to release additional industry editions in subsequent months. *Suggestions welcome.*

Study Methodology

In order to build the retail mobile app quality index, ARC 360:

- Selected the top 100 retailers as defined by the National Retail Federation in July 2014 plus an additional 25 enterprise retail brands as recognized by distinguished industry sources.

- Determined whether these 125 retail brands offered a mobile app across Android and iOS. If they offered more than one, we selected the flagship app that serves as the front door to their brand. If they didn't offer a mobile app, we excluded them from the index - but hope to see them in subsequent editions of this ARC 360 report.
- Analyzed the quality of the retail apps using Applause Analytics, a mobile app analytics tool that crawls every rating and review from the top apps stores, including Apple App Store and Google Play. Applause Analytics reports a mobile app quality score, as defined by customers, on a scale of 0 to 100.

The Retail Apps Economy Spans 14 Industries

Of the 125 retail brands selected to participate, only 74 qualified for the Applause mobile app quality index. This is due to retail brands not yet delivering a mobile app to the Android and iOS markets or not receiving enough customer feedback on the quality of the apps via app store ratings and reviews in the U.S.

The distribution of mobile app quality scores varied significantly across 14 retail industries, with health & beauty and drug stores averaging the highest scores (72 and 51, respectively) and small-format value retailers rounding out the list with a 23 average. Here's how customers rated the 14 retail industries within today's modern apps economy (see Figure 1):

APP TRENDS:

Did you know that across more than 200 million apps in the U.S. app stores, the average app quality score is 66.5? In other words, a "D" - a passing grade but nothing to write home about.

FIGURE 1

APPLAUSE RETAIL MOBILE APP QUALITY INDEX - MINIMUM, AVERAGE & MAXIMUM SCORE



SOURCE: APPLAUSE ANALYTICS, OCTOBER 27, 2014

Defining The App Quality Scale

Across each of the 14 retail industries, Applause measured the app quality sentiment of Android and iOS users and plotted the resulting app quality scores as defined by customers on a scale of: Poor, Fair, Good, Excellent and Winning. For each of these classifications, retail app quality scores ranged from:

- **Poor:** 0 to 39 (apps with which customers are disappointed)
- **Fair:** 40 to 59 (apps customers tolerate because they serve a purpose)
- **Good:** 60 to 69 (apps that customers like)
- **Excellent:** 70 to 89 (apps that customers love)
- **Winning:** 90 to 100 (apps that win customers' applause)

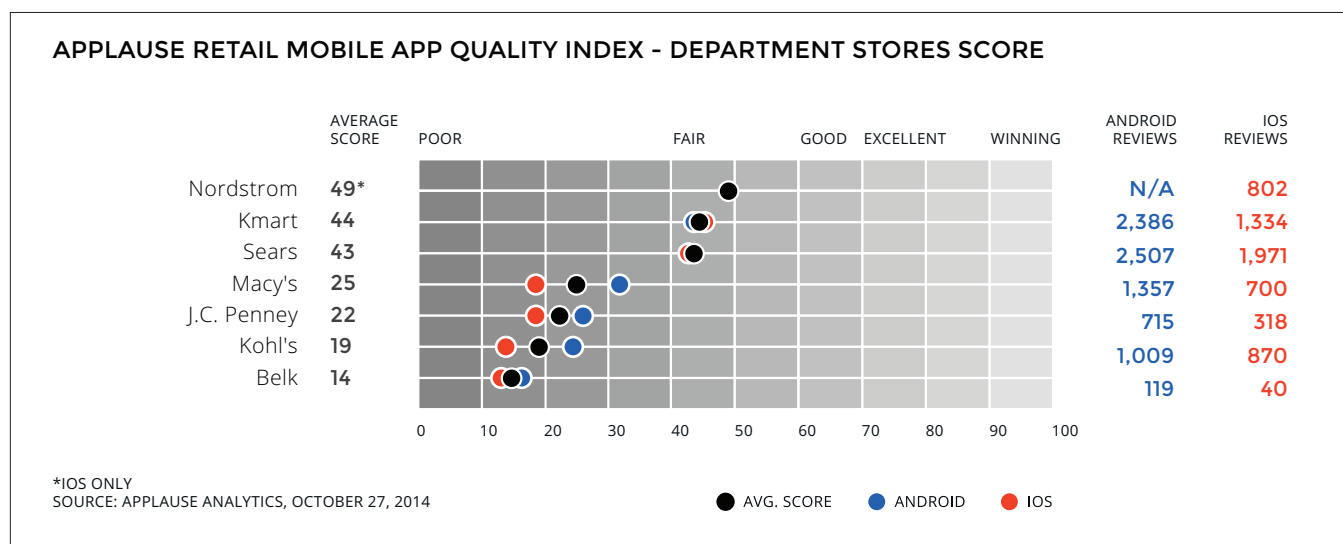
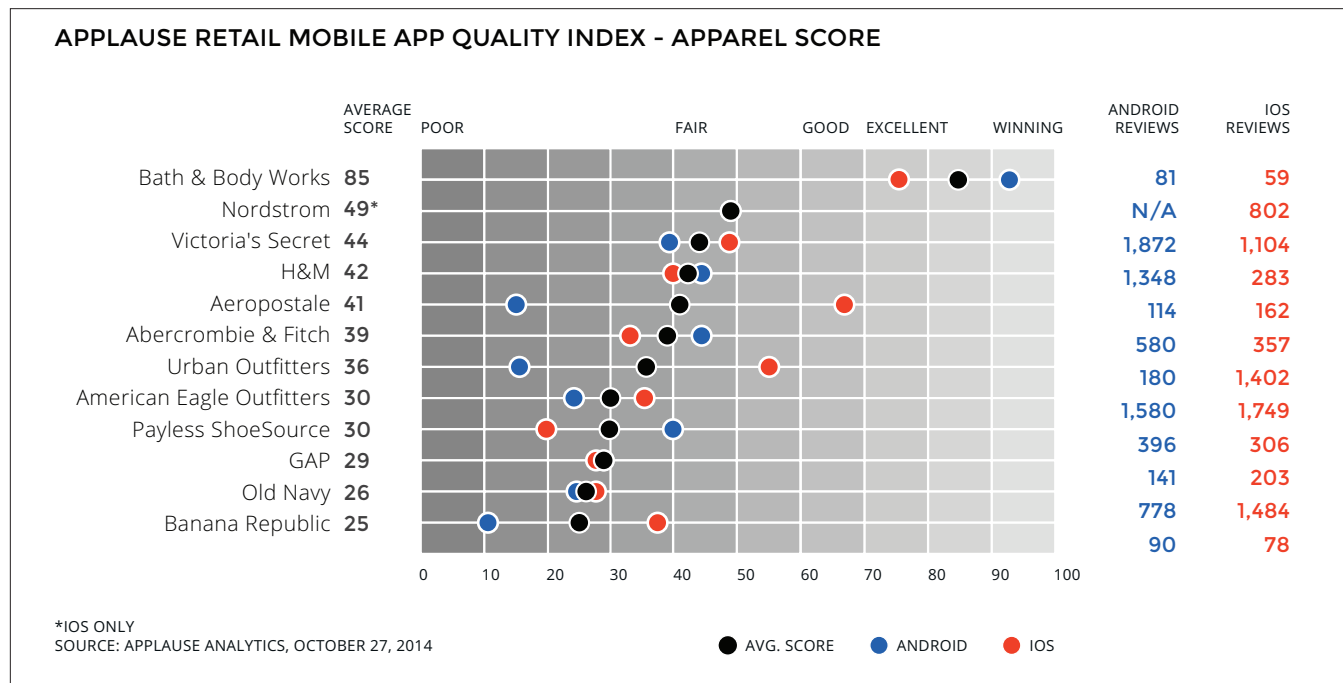
The Good, The Bad And The Ugly Of Retail

Some customers' ratings of retail apps really stood out, for both good and bad reasons (see Figure 2). Some of the best and worst retail brands for app quality as defined by their customers include:

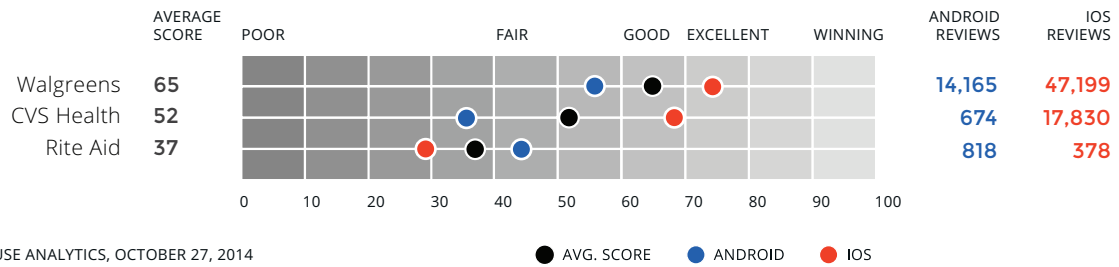
- The four retail brands that achieved more than 20,000 app store ratings and reviews and an average app quality score above 60 across both Android and iOS are Walgreens ([Android snapshot](#)), Amazon.com ([Android snapshot](#)), Pizza Hut ([Android snapshot](#)) and eBay ([Android snapshot](#)). Each of these retail brands earned an app quality score of more than 60 with each score powered by more than 20,000 reviews.
- The four retail app quality leaders for Android are Barnes & Nobles ([Android](#)), Amazon.com ([Android](#)), Pizza Hut ([Android](#)) and eBay ([Android](#)). Each of these retail brands earned an app quality score of more than 60 with each score powered by more than 20,000 reviews.
- The three retail app quality leaders for iOS are eBay ([iOS snapshot](#)), Pizza Hut ([iOS snapshot](#)) and Walgreens ([iOS snapshot](#)), with honorable mentions for CVS Health ([iOS snapshot](#)) and Target ([iOS snapshot](#)). These retail brands earned app quality scores of 60 or above and their scores were powered by more than 20,000 reviews, while CVS and Target fell just short with approximately 17,500 reviews each.
- The two retail app quality laggards as defined by their customers for both Android and iOS are [AT&T Wireless](#) and [Verizon Wireless](#). These two global telecom brands earned poor app quality scores ([below 40](#)) across both Android and iOS. AT&T averaged a 35 for app quality across 17,122 reviews while Verizon earned a 31 average score across 16,716 reviews. Both of these apps were severely hamstrung with single-digit elegance and low satisfaction scores, suggesting usability cycles are in order to determine the value they provide to customers, how efficiencies can be better optimized and how the presentation can be simplified.
- Some of the lowest average scores with a lower bar for number of reviews belonged to [Burger King](#) (14 average app quality score across 793 reviews), [Kohl's](#) (19 average app quality score across 1,879), [McDonald's](#) (18 average app quality score across 1,114) and [Michaels Stores](#) (16 average app quality

score across 5,839). Each of these brands should take this as an opportunity to redefine its app quality approach to better serve its customers in their mobile moments (see additional commentary in the Recommendations section below).

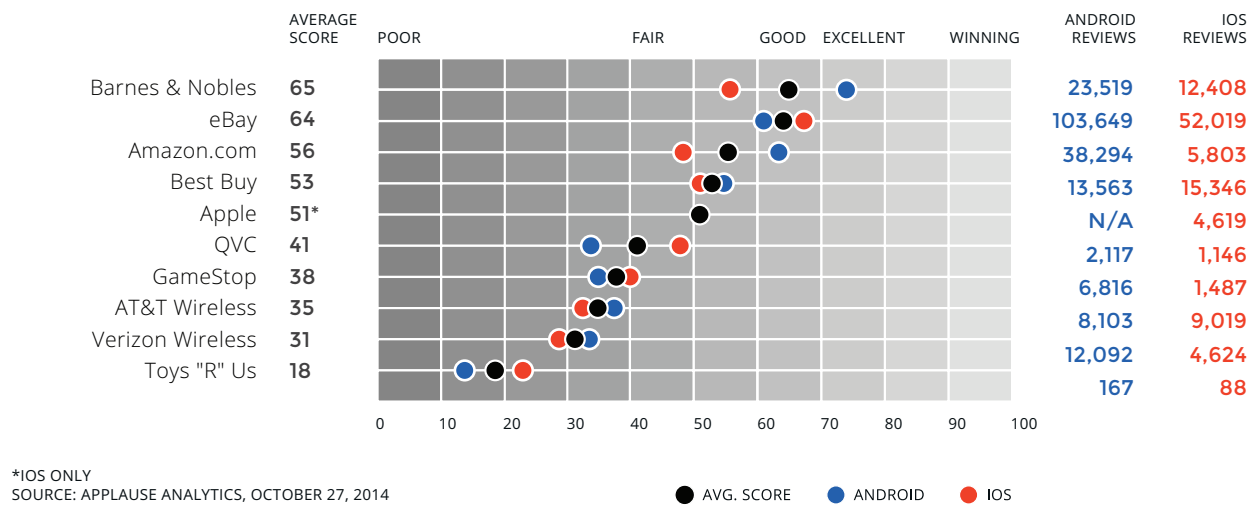
FIGURE 2



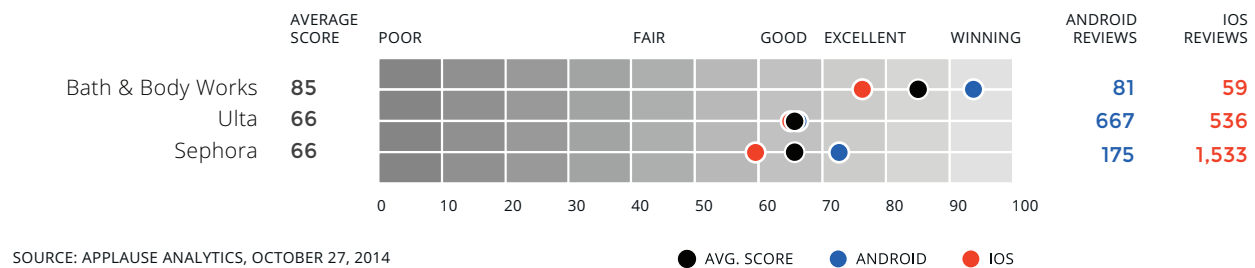
APPLAUSE RETAIL MOBILE APP QUALITY INDEX - DRUG STORES SCORE



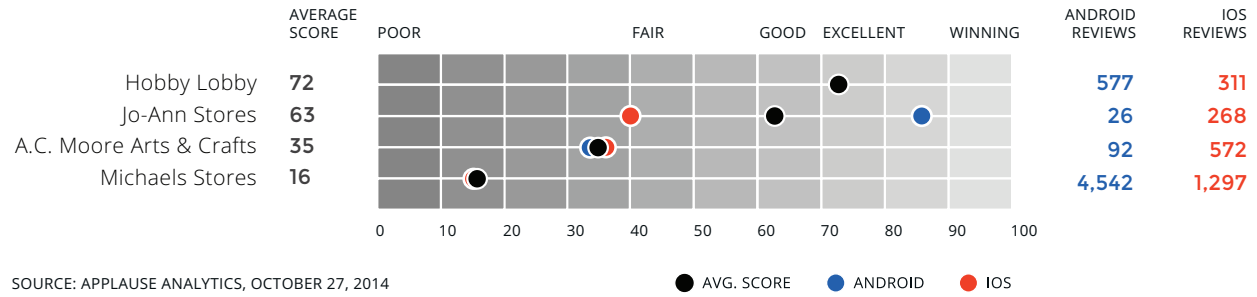
APPLAUSE RETAIL MOBILE APP QUALITY INDEX - ELECTRONICS & ENTERTAINMENT SCORE



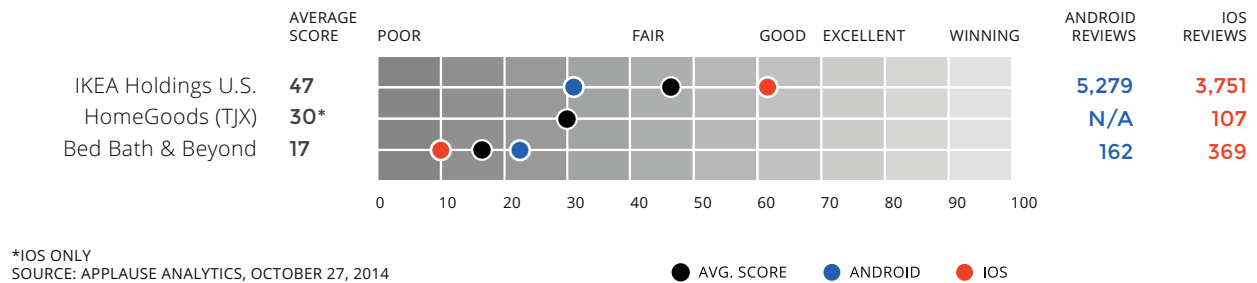
APPLAUSE RETAIL MOBILE APP QUALITY INDEX - HEALTH & BEAUTY SCORE



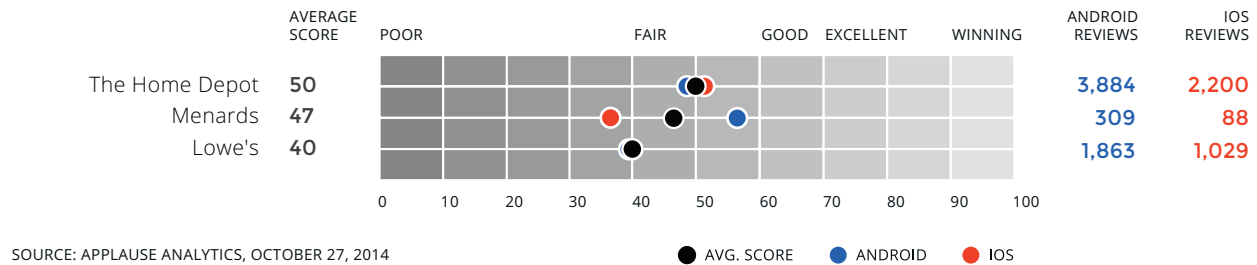
APPLAUSE RETAIL MOBILE APP QUALITY INDEX - HOBBY & CRAFTS SCORE



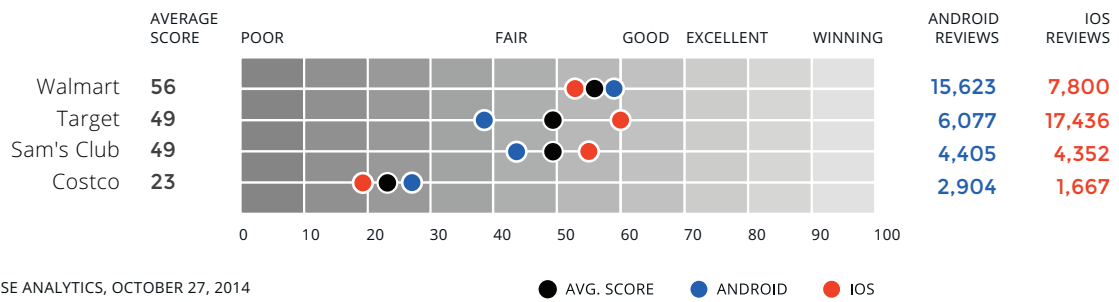
APPLAUSE RETAIL MOBILE APP QUALITY INDEX - HOME GOODS SCORE



APPLAUSE RETAIL MOBILE APP QUALITY INDEX - HOME IMPROVEMENT SCORE



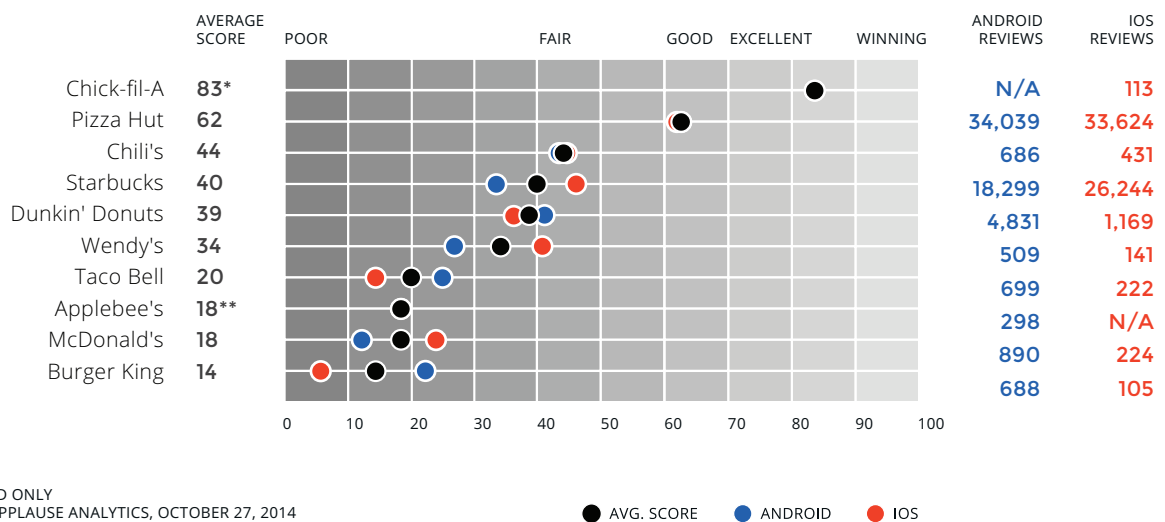
APPLAUSE RETAIL MOBILE APP QUALITY INDEX - MASS MERCHANTS SCORE



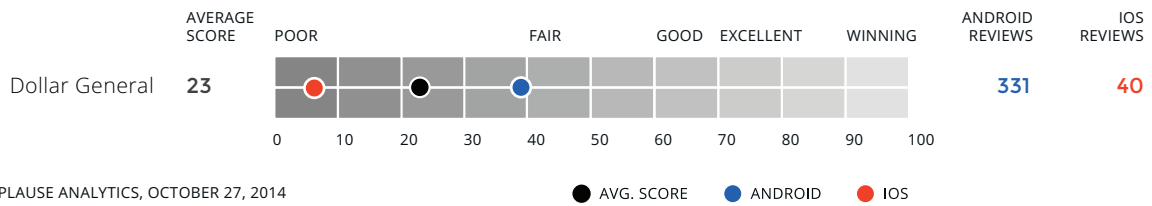
APPLAUSE RETAIL MOBILE APP QUALITY INDEX - OFFICE SUPPLY SCORE



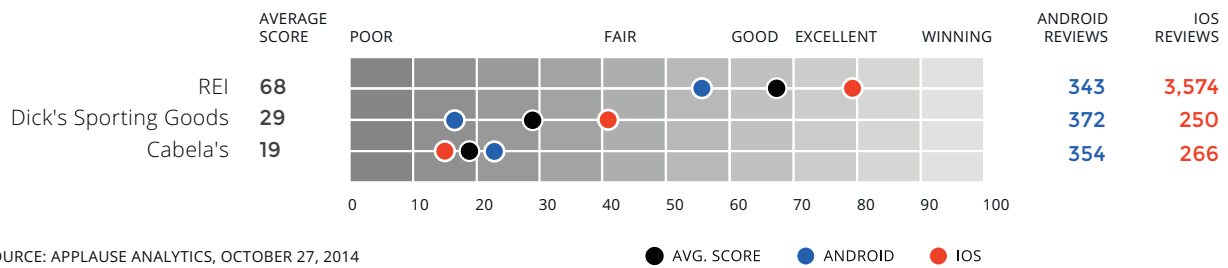
APPLAUSE RETAIL MOBILE APP QUALITY INDEX - RESTAURANTS SCORE



APPLAUSE RETAIL MOBILE APP QUALITY INDEX - SMALL-FORMAT VALUE SCORE



APPLAUSE RETAIL MOBILE APP QUALITY INDEX - SPORTING GOODS SCORE



APPLAUSE RETAIL MOBILE APP QUALITY INDEX - SUPERMARKETS SCORE



RECOMMENDATIONS

The Path To Winning Apps, As Defined By Customers

Every retail brand in the Applause retail mobile app quality index is proceeding along their own path to a winning mobile app. But whether they're able to achieve winning status as rated by their customers - not to mention retain that standing over time - and at what rate they earn it really depends on where they landed in the mobile app quality index.

- **RETAIL BRANDS WITH APPS RATED AS POOR** need to fundamentally re-focus their efforts on serving customers in their mobile moments, because if your app doesn't serve customer needs in their everyday interactions then prepare to sit back and watch as your competitors do. From finding a local store, to researching a product, to comparing prices, to checking availability, to purchasing and post-purchase loyalty engagements, your apps have to work every time, for everyone, across every device, OS, network and location. And with the recent launch of iOS 8 and the upcoming launch of Android Lollipop, now is the perfect time to rethink your development and testing strategy in the age of the customer.
- **RETAIL BRANDS WITH APPS RATED AS FAIR** need to expand testing out of the lab and into the real world, where conditions can disrupt the user experience. Too many retail companies test almost exclusively in an internal test lab or via a traditional outsourced model, which simply relocates the test lab. But winning mobile apps demand additional testing where users naturally interact with your digital experiences. And with new retail technologies like beacons, payment systems and beyond, testing in the lab is a great start but in-the-wild testing is a necessity to ensure your digital experiences hold up to real world use cases.
- **RETAIL BRANDS WITH APPS RATED AS GOOD** should expand their development and testing efforts from functional to usability, localization, load/performance and security. Because today's user expectations are incredibly lofty, your apps have to do more than work. They have to be intuitive, offer

rock solid stability, perform quickly, shine under pressure and keep your customer information secure and private. But the No. 1 goal of your apps is to delight your users—when and where they want to interact with your brand. Your apps need to drive repeat usage, deeper engagement and user loyalty for your brand and your business. Because even a free app has implications on your business and your reputation.

- **RETAIL BRANDS WITH APPS RATED AS EXCELLENT** should engage early with users on new builds as a means of identifying issues before your customers do and to narrow future testing efforts on the most urgent issues that are preventing them from achieving winning app quality status. As an example, most of the indexed retail iOS apps fared particularly poorly on elegance, security, privacy and stability (versus satisfaction, content, interoperability, performance or pricing, for example). And on Android, elegance and security attribute scores were low. Most retailers could immediately benefit from usability, security and automated mobile functional testing to turn their most glaring app quality weaknesses into strengths.
- **RETAIL BRANDS WITH APPS RATED AS WINNING** must monitor ongoing user feedback to improve over time. Whether users love or hate your apps, they're going to be incredibly vocal via social channels and app store ratings and reviews. There's no clearer voice of the customer than the one that's already screaming at you with app store ratings and reviews from your most passionate fans and critics alike. For any retail brand that wants to improve its app quality standing through the eyes of your customers—and we hope that's everyone—it's important to listen to and act on customer feedback. **arc**

About ARC 360

ARC 360 from Applause is a research group dedicated to providing insights and data on the apps economy. ARC 360 leverages data from a variety of sources, including proprietary Applause data, to provide a 360° view of app quality. ARC 360 combines this data, with analysis, into reports to help brands and app developers understand what is happening in the apps economy.

Learn more at <http://arc.applause.com/>.

About Applause Analytics

Combing through millions of ratings and user reviews submitted across millions of apps in the iOS and Android app stores around the world, Applause Analytics closes the gap between mobile app developers and their customers, generating actionable insights and quantifiable metrics based on what users are actually saying about their app experiences.

Learn more at www.applause.com/analytics.