

GROWTH OF MOBILE AND CONVERSATIONAL COMMERCE



It's clear that the trends, demands, and technology underpinning commerce are continually changing.

But some of the most profound shifts have happened in the last two and a half years.

Specifically, mobile and conversational commerce have emerged as some of the most powerful new modes of commerce, an extension of rising ecommerce and omnichannel trends over the past decade. It's clear that consumers want to shop wherever they may be: whether that's on the couch or while waiting in line for their to-go order. Shoppers expect convenient, seamless interactions with the businesses they frequent — most often from their mobile devices.

With cell phones and tablets embedded in almost all elements of day-to-day life, it's no surprise that 98% of consumers want to connect with businesses through their mobile devices. That desire includes everything from discovering new businesses, booking appointments, interacting on social media, receiving marketing and loyalty updates, communicating directly with businesses, and even shopping or paying through QR codes.

To understand the opportunities that lay ahead for businesses, Square partnered with Wakefield Research to survey 500 business owners and 1,000 consumers in the US. The *Growth of Mobile and Conversational Commerce Report* highlights the opportunities and challenges businesses can be aware of as they expand into new commerce channels as they set themselves up for success both now and in the future.

TAKEAWAY

01

98% of consumers want to connect with businesses through their mobile devices.

INSIGHT 1

Consumer interest
in mobile commerce
is on the rise.

Consumer use of mobile devices for shopping and interacting with businesses is continuing to rise.

While some shoppers expect to keep their mobile shopping habits the same, 30% expect to shop more through their mobile devices over the next 12 months.

While women are predominantly more likely to shop on their smartphones compared to men (67% and 54% respectively), that all could change in the year ahead. In the next 12 months, 38% of men expect their mobile shopping to increase, compared to 27% of women.

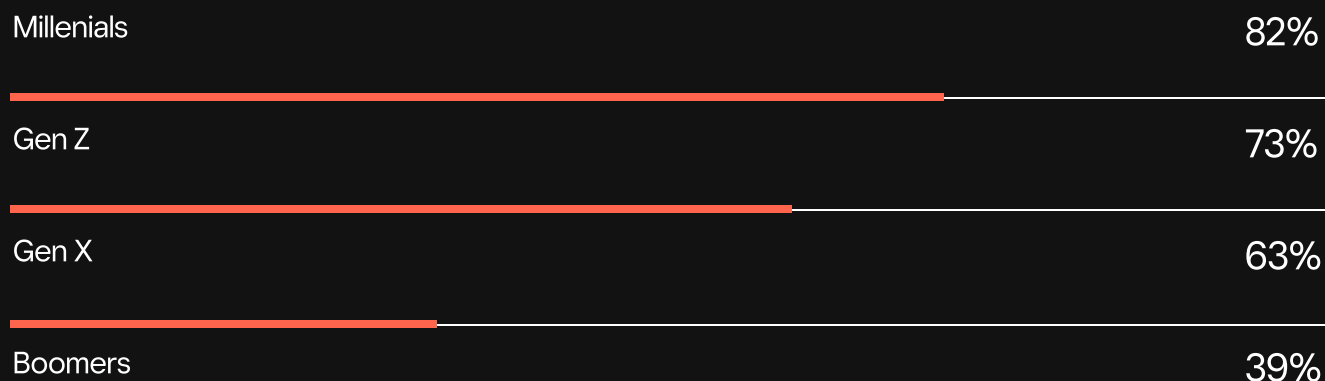
30%

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INSIGHT 2

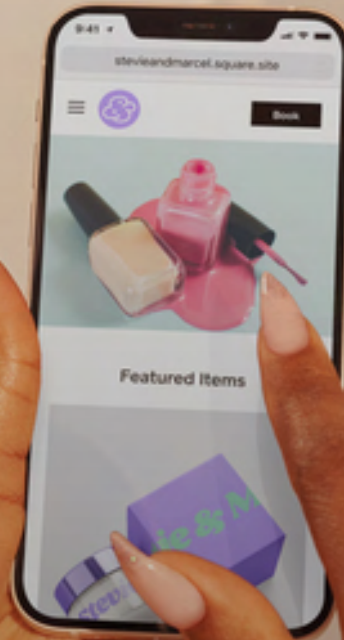
Younger generations are flocking to mobile shopping experiences.

Smartphones are consumers' preferred way to shop online, with younger generations most attuned to using phones to make purchases:



It might not be surprising that younger generations have adapted to shopping on smartphones more quickly than other demographics, but they're also more apt to communicate directly with businesses through mobile devices. Millennials and Gen Z are more likely to prefer texting with a business at 41% and 40% respectively, compared to 34% of Gen X and 24% of Boomers.

INSIGHT 3



Customers want a variety of options for their mobile commerce experiences.

Nearly all consumers surveyed - 98% - want to connect with businesses via their devices. Some of the top mobile shopping experiences they utilize are:

66%

Appointment notifications

65%

Order notifications

46%

Scanning QR codes

57%

Receiving SMS or email marketing messages

37%

Texting with a business

56%

Receiving loyalty messages by either SMS or email

28%

Receiving invoice

Businesses can use QR codes to let customers order and pay on their mobile device or to streamline overall operations and improve the customer experience. Square found that business adoption of QR codes has increased nearly 20% between January and June 2022.

While QR codes were originally predominantly used by food and beverage merchants, adoption among grocery markets has nearly doubled.

“QR code ordering across our food and beverage venues is one of the most flexible and important roles within our operations,” said Rob Kellner, Director of Food and Beverage of Area15, an immersive entertainment and events venue in Las Vegas, NV.



With QR codes, we're able to provide exceptional service without interrupting the guest experience so guests can easily select items, pay for it, and have it delivered right to their table or seats."

Rob Kellner

Director of Food and Beverage of Area15



Consumers have also gravitated to Buy Now, Pay Later (BNPL) services like Afterpay, offering buyers a new shopping channel from their mobile devices. Consumer spending on Afterpay is up 660% from January 2020 to February 2022 and consumers can seamlessly

purchase from a variety of merchants with flexible payments, while easily discovering new businesses. An overwhelming majority of Afterpay users are categorized as high-intent Millennials and Gen Z shoppers.

INSIGHT 4

Businesses are seeing positive impact from mobile commerce experiences.

As consumers gravitate more towards mobile commerce, most businesses have taken notice. 60% of business owners use mobile commerce to connect and sell to customers, and another 20% are interested in doing so in the future.

TAKEAWAY

02

60% of business owners use mobile commerce to connect and sell to customers.

97% of sellers who have already started creating a mobile commerce experience remark that there are noticeable benefits to their businesses:

53%

report they're better able to manage customer relationships

53%

note they're able to save time by automating their business

52%

have experienced increased sales from new customers

48%

cite increased customer satisfaction

47%

report increased sales from existing customers

44%

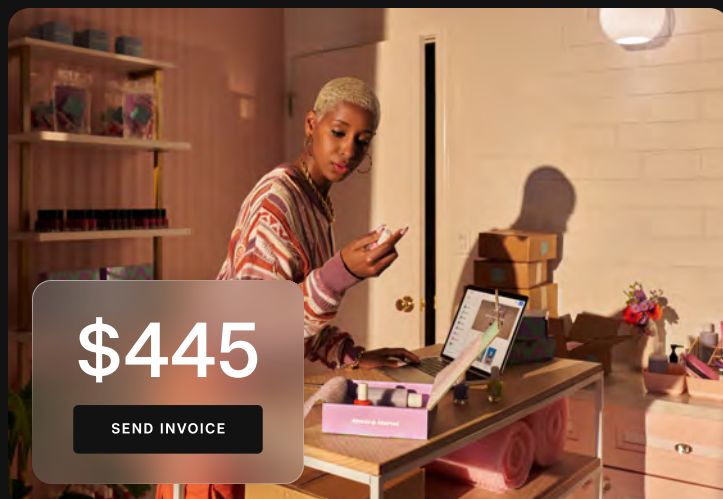
note an increase in customer loyalty

While mobile commerce is critical for businesses of every size, industry, and complexity, younger businesses are leading the way. For those that have been in business for less than 10 years,

68% are more likely to use mobile commerce, while for companies that have been in business for 10 or more years, only 51% are likely to use mobile commerce.

SMS messaging can also be a key business driver.

For industries like food and beverage or beauty and personal care, 50% of consumers paid an invoice within 5 minutes of a merchant sending an SMS link to their phone, while over 75% of Square Invoices get paid within a day. Additionally, customers who enroll in a Square Loyalty rewards program spend an average of 33% more, increasing a business' bottom line.



SELLER SPOTLIGHT

Tyler Jackson

Napa Native

"We use Square Invoices and it's been invaluable and transformative for our business. After the long weekend, we can come in and send out a batch of invoices to customers so they can pay from the comfort of their home after returning from their tour. This enables us to offer a great customer experience that's easy and seamless for everyone."



INSIGHT 5



Businesses aren't
sure how to navigate
customer demand
for mobile commerce.

Nearly **40%** of businesses aren't utilizing mobile commerce technologies, despite vast benefits and increasing consumer usage.

While it's clear that customers are looking to engage with businesses in more ways through mobile, expanding the mobile experience comes with hesitation from some businesses:

28%

are unsure on how to integrate these tools into their existing operations

23%

simply don't believe these tools are needed

23%

report they're unsure on how it might impact customer relationships

22%

cite not having enough time to use more technology

19%

don't understand the benefits of mobile commerce

While adopting any new technology can come with trepidation, businesses that have leaned into mobile commerce tools have seen benefits that address their initial hesitation. For example, businesses who use Square Marketing for email and SMS marketing promotions reached 12% more customers in the first half of 2022 compared to the same period in 2021.

Additionally, businesses that share coupons through these channels see them redeemed quickly, with customers making a purchase within a median time of 5 days.

SELLER SPOTLIGHT

Kamala Allison

Fybr Bamboo

"I noticed an immediate difference when we started using Square Marketing, especially when we were able to send SMS messages to our loyalty members about unused rewards. We'll have customers come in that day and shop. It's now simple to share information on new arrivals, business updates, sales, or to send a coupon. I love having technology that works for me right inside my POS system."



INSIGHT 6



Mobile commerce is a key part of today's customer experience.

For businesses, the buying experience can make or break a sale. 68% of surveyed businesses are at least somewhat concerned about not being able to effectively resolve customer issues, which could impact the buyer experience and ultimately revenue.

This concern may be justified as 60% of consumers report experiencing unresolved issues due to a lack of two-way communication. Lack of clear communication between customers and businesses can result in undelivered orders, incorrectly processed refunds, or a discount not being applied.

As more consumers shift towards mobile as their preferred shopping and communication method, it becomes increasingly important for businesses to prioritize a seamless mobile commerce experience and adapt to their needs.

TAKEAWAY

04

60% of customers report experiencing unresolved issues due to a lack of two-way communication.

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Businesses continue to need powerful software that enables them to automate their business and meet the on-the-go needs of modern consumers. Mobile commerce tools offer businesses a competitive advantage so they can connect with their customers instantly, helping them stand out from the noise. "

Saumil Mehta

Head of Point of Sale and E-Commerce at Square

METHODOLOGY NOTES

The New Age of Mobile Commerce Consumer Survey was conducted by Wakefield Research among 1,000 nationally representative US Adults ages 18+, between July 1st and July 11th, 2022, using an email invitation and an online survey. This survey was weighted to ensure accurate representation of US adults ages 18+.

The New Age of Mobile Commerce Business Survey was conducted by Wakefield Research among 500 Nationally Representative US Business Owners, between July 1st and July 11th, 2022, using an email invitation and an online survey. This survey was weighted to ensure accurate representation of US business owners.

Results of any sample are subject to sampling variation. The magnitude of the variation is measurable and is affected by the number of interviews and the level of the percentages expressing the results. For the interviews conducted in this particular study, the chances are 95 in 100 that a survey result does not vary, plus or minus, by more than 3.1 percentage points for the consumer audience, and 4.4 percentage points for the business owner audience, from the result that would be obtained if interviews had been conducted with all persons in the universe represented by the sample.

Square data analyzed product usage and trends from January - June 2022.

ABOUT SQUARE

Square helps sellers more easily run and grow their businesses with its integrated ecosystem of commerce solutions. Square offers purpose-built software to run complex restaurant, retail, and professional services operations, versatile e-commerce tools, embedded financial services and banking products, buy now, pay later functionality through Afterpay, staff management and payroll capabilities, and much more – all of which work together to save sellers time and effort. Millions of sellers across the globe trust Square to power their business and help them thrive in the economy. Square is part of Block, Inc. (NYSE: SQ), a global technology company with a focus on financial services. For more information, visit www.squareup.com.