

Tapping Mobile at Retail



AN INTERVIEW WITH:

Dave Bruno

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Escalate Retail is a provider of e-commerce solutions for retailers and consults with retail chains on what it calls “all-channel commerce.” Dave Bruno, a 25-year retail industry vet, has worked with many of the industry’s leading brands, including Marshall’s, J.Crew, Hot Topic and The Home Depot to help develop solutions that help retail brands reinvent shopping for their customers. Bruno spoke with eMarketer’s Tobi Elkin about the benefits and risks of in-store mobile for retailers.

eMarketer: What are the opportunities for retailers when consumers use smartphones and mobile apps in the store? What are the threats?

Dave Bruno: We feel that the biggest short-term opportunity for retailers to drive more revenue in the world of mobility is through using mobile in the store. Certainly there’s a business case to be made for mobile commerce outside of the store and for mobile marketing. But we think the biggest revenue-generating opportunity is to put the mobile phone in your customers’ hands and offer a personalized experience while they’re shopping in the store.

RedLaser, an iPhone barcode-scanning application that can compare prices in real-time, Shopssavvy’s app and Amazon Mobile can be considered threats to retailers because consumers are using their phones to competitively shop for the best price.

eMarketer: Consumers are looking for a lower price and the brick-and-mortar retailer often loses that sale. Physical store retailers could become like showrooms. But if retailers can move quickly enough, they can leverage smartphones to send in-store alerts to counter the action, invite consumers to browse comparable items or offer other incentives.

Bruno: Sure, without question. But I think the bigger opportunity is to take advantage of the relationship with that customer and put it to work through the mobile phone. Retailers know the customer's history with their brand, purchase history, where they are and the kinds of items and styles they like. Retailers can take all of that and use the mobile phone to personalize the shopping experience with that customer. Sure, I might be able to find that item 10% cheaper somewhere else. That could certainly happen using a smartphone in the store, but let's invite the consumer to log in to the store's app when they arrive instead.

eMarketer: Take us through that experience when a retailer offers a consumer a reason to log in via smartphone when they're in the store.

Bruno: What if when a customer walks into a store the retailer offers an application that helps them navigate their shopping experience? If I'm online at home, log onto the Target site and indicate that when I get to my local Target store I'm going to be looking for cereal, dog food, paper napkins and whatever else is on my shopping list. I get to Target and I have access to that shopping list. When I walk, I'm pre-wired to know exactly what I'm looking for. The retailer knows what I'm looking for. I might be offered deals and alerts. When I get to the paper napkins aisle, I receive word on a new product in aisle five and so forth.

Because the retailer knows who you are, it can begin to promote to you personally. Consumers can receive product details like they're accustomed to seeing on the Internet, customer reviews, inventory availability, size/color options, inventory options in other stores and order right from the phone for home or store delivery. The retailer could push loyalty offers to incentivize consumers like a "Buy this today and we'll give you an extra 100 points on your loyalty account" incentive.

eMarketer: Can you offer a few more details about what's possible when a shopper enters the store?

Bruno: The shopper identifies herself by logging into the application as she enters the store. As soon as she logs in, the retailer knows her location because of the GPS on the phone. She might select the "My Account" setting on the app, for example, and access her loyalty profile. Her loyalty card can be barcoded right on the screen so that she can access features like "My Deals," "Wish Lists" and instant coupons.

She just waves her phone in front of the scanner when she checks out and it captures the items she purchased and related loyalty points. The app also shows her purchase history with a particular retailer by brand. She'll be able to see that she's purchased a blouse and skirt from the Ralph Lauren collection at Nordstrom, for example. The retailer could recommend a jacket to go with that outfit or another item from a different collection.

On a category-by-category basis, our Pocket Kiosk can deliver a virtual photo album as well as recommendations that sends personalized recommendations right to the phone. The product is customized to the retailer's needs. Consumers can set up wish lists and shopping lists. When they walk into the store, they can access their shopping and wish lists as well as the store's weekly sales or that day's deals. You can see the order history. It's a tool for helping a customer shop and we think it's a really powerful idea to improve the

in-store shopping experience.

As consumers are shopping, they take advantage of QR codes or Microsoft tags. Or they snap a photo with their phone and it takes them to a product details page. For example, let's say I'm in a Best Buy and I'm looking for The Beatles Limited Edition Rock Band game. I would get details about the product on my phone and I can see how many are in stock. If the product is out of stock, I might be able to find it in another store nearby. I can take advantage of the multichannel concept and have the item shipped to me or pick it up at a store nearby.

While I'm mulling over the purchase, I can also access reviews of the item or ask my network on Facebook or Twitter for their opinion of the game and the music. I want to take advantage of the community to help me make that purchase.

eMarketer: When the consumer gets to the checkout and the sales clerk typically scans the tag on the item, would the shopper offer their phone?

Bruno: That's right. You'd offer your phone to the checkout person and any discounts or sales the retailer offered during that visit would automatically go into the loyalty part of the app. The app will capture the loyalty information and rewards.

As a consumer shops in the store, they can scan their phone on the tags and QR codes at the shelf level. That's how you access the URL for a particular product. It's almost like scanning a barcode. These tags do all the same things a barcode does, but they allow the retailer to present the content about the products that are available in their stores. The content might be about product specifications, promotions, information on how to earn additional rewards, warranty information or something else. In our model, the retailer designs the content that shoppers access while they're in their stores.

We're trying to give the retailer a powerful weapon to counter the price consolidators. We're giving the customer, the shopper, a reason to stay within the retailer's brand umbrella. We'll present items on your shopping list or wish list and sort them in a manner that routes you through the store. The app enables instant offers and promotions through shelf-stream analytics.

eMarketer: Has Escalate's product launched in the market?

Bruno: No, we're in beta mode. We have two retailers that plan to roll it out on our platform but they're not live yet. This product is a module or subset of our all-channel commerce platform. It's not our only product. The software is built right into the same commerce platform that runs the retailer's Website, contact center and mobile commerce operations.

eMarketer: Would the retailer's own app be integrated with this solution?

Bruno: Well, this is their app. This becomes their app and is an extension of their Website. It's an extension of their brand to that customer. Our feeling is that it's impossible for retailers to anticipate the next way their customers are going to want to shop. A month ago, no one had an iPad in their hand. Now more than 1 million people have one.

eMarketer: Does this solution work with any smartphone regardless of platform?

Bruno: Yes. It is a browser-based application. You don't have to download an app to your phone. This would be the retailer's app.

eMarketer: What else does a retailer need to be thinking about if they want to implement in-store mobile? Do they need to overhaul their planograms?

Bruno: Planograms or store maps certainly help enhance the experience. If the retailer can begin to guide the customer through the store to the items they want, it becomes a very powerful application. There are some technology limitations to accomplish that. GPS is not that specific, so you might have to tweak the in-store infrastructure. But that's a down-the-road item. The tools for being able to help the customer through the in-store mobile experience are here today.

eMarketer: Do retail clients care whether the sale is made at their online e-commerce store or in the physical store?

Bruno: The store people care a lot. Either they're making commission or their store manager wants to get credit for the sale if that sale was initiated or assisted by that store. That is an issue, but because of the GPS capabilities, we know how to assign credit. It's based on each retailer's preferences. We leverage GPS to say Customer X was in the Midtown Manhattan store when she purchased item Y. That store gets credit.

eMarketer: What excites the retailers you're meeting with about the potential of in-store mobile?

Bruno: I recently met with 35 senior-level retail executives, and they get excited about different pieces of it. They like the idea of staging midnight closeouts or offering a deal of the day that's only available to people on the mobile channel. They like the idea of mobile's ability to engage the customer at a different level while they're in the store even if they never speak to a salesperson until they check out. The most expensive thing for retail chains other than real estate is people.