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3/19/07

BrainTrust Query: Will New Mobile Phone Technologies Empower 'Shopper Search' for Local Retail?

By [Laura Davis-Taylor](#), Founder and Principal, Retail Media Consulting

Recently, the *New York Times* ran a story on the arrival of cell-phone shopping, and profiled some companies tapping into such services. One, NearbyNow, does this by prompting pedestrians to send a text message to instantly receive a hot list of current sales at local stores and malls. The user can then scroll down the sale lists on her or his phone and search in detail for specific items.

"If you type in jeans, you'll get 90 stores, but if you type of Levi's 501s, you might get 14 or 15," said Scott Dunlap, NearbyNow's CEO. "We have every product in the mall, which is typically 600,000 to 800,000 items."

According to the article, NearbyNow pulls \$1 for every viewed advertised page, with the average resulting sale coming in around \$25.

How are shoppers responding? In a recent mall test, the first day garnered 2,000 users. At one point, a subset of shoppers were sent follow-up text messages to win movie tickets or gift vouchers if they were among the next 10 people to shop from a local store. NearbyNow watched as around 100 people answered their phones and made a beeline to the promoted store, personally witnessing the power of a strong mobile promotion that had an instantaneous redemption opportunity.

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"It was a little scary," said Mr. Dunlap. "We watched about 100 people answer their phone and walk straight for the store. Depending on the offer, you could start a stampede."

John Greening, Associate Professor at Northwestern's Medill School for Integrated Marketing, feels mobile phone technologies are a particularly powerful marketing tool because they capitalize on message 'aperture'. In a nutshell, aperture is all about the most recent message being the most remembered. If a shopper in a mall or store is sent a sales list filled with tantalizing deals, the aperture is at a peak and the possibility of a response is high. Get the promotions targeted in on the specific user and the response possibility goes through the roof.

NearbyNow and other companies in their category may be cracking open a new flavor of search technology with this approach, potentially enabling a powerful new direct marketing media. In particular, it could prove especially fruitful in drawing those young cyber shoppers back to the mall. But are there unforeseen roadblocks?

Discussion Questions: What kind of impact will mobile marketing tools such as NearbyNow have on localized shopper marketing? Will it evolve into a new flavor of "search" technology for shoppers in-store?

NearbyNow is a potentially powerful digital marketing tool, appealing because it's a "pull" technology, its results can be tracked and it empowers the user to find some appealing new products while actively shopping. We often talk about moving from a "Find Me/Sell Me" sales approach to a "Know Me/Help Me" one and this flavor of media certainly walks the walk. The potential of using the message opt-in to push additional promotions simply adds to its appeal. If done right, there's no reason that it can't be evolved to one day send highly personalized offers and sales alerts to each mobile user.

On that note, it's very important that the brands using these tools carefully tread on the user experience with their strategies if they are going to gain user acceptance to take them to the next level. Disrespectful behavior such pushing messages of no relevance, sending opt-in promotions of low perceived value and/or over-communicating post the local shopping experience will shut this down before we get the chance to evolve them to their full consumer potential. It's up to smart brands to recognize this and keep everyone in check.

Why? We see the power of search marketing online every day. Consumers are effectively now trained to type in what they're looking for and get instant guidance. The online search model is not perfectly matched to the mall or retail store, but the same consumer desire is there and tools like NearbyNow could very well one day be an answer. Not every segment will use them, but if they're relevant, helpful and valuable, my bet is that many will.

- **A Richer Trip to the Mall - *The New York Times***

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Do you feel that mobile phone technologies like NearbyNow can drive local store traffic and purchase?

Yes, definitely (**40%**)

It has potential (**53%**)

Not enough to merit (**3%**)

No (**3%**)

Not sure/No opinion (**0%**)

Comments... Send in Yours!

Mobile marketing tools such as the services offered by NearbyNow are already having a profound impact on modern retailing. The key to success in this area has been tying in to an ever-expanding cell phone market, the convergence of cell phones and PDAs for the must-have business and personal device, and the mobile search capacity. The end result will at some point be fully empowered local retail search capabilities. Consumers clearly demand it, and it is only a matter of time until this full functionality is realized.

The article is correct, however, in saying that growth in this area must be achieved carefully. Vendors must be careful not to overwhelm the consumer with irrelevant promos and other useless data. As soon as this happens, this technology will be dismissed as another annoyance. This is another great argument for understanding the customer at the micro level...and making smart customer intimacy a priority for all retailers.

BrainTrust Profile [Gregory M. Belkin, Product Marketing Manager, SeaTab Software Inc.](#)

It's not news that there is a generation of consumers very comfortable with using their cell phones like portable computers...for messaging, scheduling, newsgathering, etc., not just telephoning. The opportunity for marketers and retailers to play into this trend has barely scratched the surface of its potential. When you start to picture how overlapping technologies such as RFID and GPS can collide with the cellphone, the implications for commerce are pretty staggering. The Times article is just one example of what lies ahead.

Just a couple of cautionary notes: Marketers will need to consider the issues of privacy (how much messaging to the user

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becomes disruptive or subject to the "no call" rules?) and cost (how much expense are cell phone users willing to absorb for text and multimedia messages to and from their phones?) Marketers may need to absorb a greater share of these costs in order to prevent being tuned out.

[BrainTrust Profile](#) [Richard Seesel, Manager and Owner, Retailing In Focus LLC](#)

NearbyNow and other cell phone advertising will be most cost-effective immediately. As time goes on, clutter will grow and novelty will fade, reducing productivity. All new ad media work best when they're new. The first 1,000 spams worked well. The most recent 1,000 spams weren't as profitable.

[BrainTrust Profile](#) [Mark Lilien, Consultant, Retail Technology Group](#)

Absolutely, but it depends on what market we are discussing. Obviously, the baby boomers who were not weaned on technology will not be a great percentage of this market. But the young consumers who carry their cell phones like a lifeline will be aware of the possibilities and will utilize them. Marketing executives who are trying to reach this market must stay abreast of all the evolving technology. We are entering a new age of marketing.

[BrainTrust Profile](#) [Susan Rider, President, Rider and Associates, LLC](#)

I think the "phone delivery process" is going to be best responded to by a limited but targeted age demographic, so I'm not sure how they will generate disposable income purchases from this age group over time. But the exciting prospects are the non-traditional suggestive selling options. The potential for not just electronic price tags on the shelf at grocery stores but also a process of generating a recipe for that purchase or a complementary item that you may have forgotten; buying that pair of pants and a suggestion on the tag attached that has color options or specific brands of shirts that match; dry cleaning coupon with the purchase of a new dress or shirt generated to your email account.

The relationships for all purchases...decision making is just beginning to explode with this type of new technology and focus.

[BrainTrust Profile](#) [Charlie Moro, President, CFS Consulting Group, LLC](#)

Everyone has already highlighted the importance of marketing ethics--mobile offers a great opportunity to bring relevant messages to consumers at the point of purchase if it is not abused to send consumers 1,000s of irrelevant messages. It will be up to companies like NearbyNow to do the policing--to guard their opt-in audience from being over-messaged with irrelevant information. Since their revenue stream depends on click throughs, they do have incentive to keep the message well

targeted but unfortunately, their business model will encourage them to push the limits of how many messages and of what type are acceptable. NearbyNow and companies like it need to treat their consumers with respect and carefully manage their profiles allowing consumers to opt-in or they will simply be contributing more spam to an already cluttered ad world.

BrainTrust Profile [Lisa Bradner, senior analyst, Forrester Research](#)

Retailers who are starting to view SMS marketing tools as an easy way to reach customers 'in the moment' are ahead of the curve. With the comfortable use of cell phones and PDAs by many demographic segments, it is an easy way to connect with the consumer as they are shopping.

Younger demographics increasingly suspect marketing and advertising. This technology allows the user to opt-in and can be viewed more as a service than a marketing ploy. This is the same demographic that is more likely to text a message than to use minutes to call a person; they are more comfortable in the text realm...that is how they choose to communicate.

BrainTrust Profile [Jen Millard, Director, McMillan|Doolittle LLP](#)

The industries' ability to control its excess is not legendary. And this technology begs for excess--just as spamming and junk mail did. As with all other forms of marketing, the winners will be those with propositions both relevant and compelling enough to prompt "opt-in" behavior from consumers.

BrainTrust Profile [Ben Ball, Senior Vice President, Dechert-Hampe](#)

I think the potential for mobile phone marketing goes beyond what NearbyNow is doing (although what they're doing is impressive).

The problem: the ease of price comparison shopping using mobile phone technology.

The solution (maybe): engaging the customer while in the store (not just the mall) with promotion opportunities.

I don't evangelize often...but this one seems close to a no brainer.

Paula Rosenblum, VP Research and Content, Retail Systems Alert Group

I like Laura's concept of moving from "Find Me/Sell Me" to "Know Me/Help Me." The bottom line is that this medium will survive if the content is focused on helping the customer; it will fail if instead it is used to sell customers.

I think the key is to have the customer in control. If a customer can request info on who has the best pricing on a particular item or who carries a new item, that's great. If, however, they are

receiving text messages every few minutes with non-personalized offers and messages, the novelty will wear off quickly and customers will turn it off.

BrainTrust Profile [Ken Wyker, President, Circular Logic](#)

The "pull" nature of NearbyNow is essential to its effectiveness. Allowing cell users to opt in (and subsequently opt out if they choose to) keeps it on the favorable side of the convenience-nuisance continuum. Clearly, the ability to deliver a message to a qualified buyer at or near the point of decision is going to be effective. While the demographic group that is most likely to embrace this type of tool is relatively small, it is growing every day.

What we have seen in the digital signage space are vendors hoping to push Bluetooth messages to phones in sync with video messages on a display. While it would also ostensibly be opt-in, I can't imagine a shopping trip constantly interrupted by Bluetooth messages on my cell. Offerings like NearbyNow that engage the consumer, and LocaModa, which enables consumers to use their cell phone as a remote control to interact with a digital display are more likely to see success than push offerings.

We are at the early stage of the use of cell phones in the consumer decision cycle. With phones and their users becoming more sophisticated, it stands to reason that winning models will emerge.

Ken Goldberg, CEO, Real Digital Media

NearbyNow, while garnering some good "press" is but one of a number of "Mobile Commerce" applications. As a U.P.C. Data Provider, I've been approached by firms similar in scope to NearbyNow, and those with even loftier ambitions. The ability to be able to Search for Products, and to obtain "best price," can serve to enhance and--as you said--Empower "Local Shoppers." However, the same technology used to "search" for product can yield a "best price" that might only be available online. I believe growth in this "space" will continue, but it needs to be targeted--as NearbyNow is doing with Mall Sites--or it needs to be focused on selected products or product categories.

Gregg London, Owner, Gregg London Consulting

Mobile Local Search will absolutely empower the shopper because of one reason--information. GPShopper's Slifter service currently searches over 50 million products at close to 25,000 retail locations, and works wherever you are located. This allows retailers and shoppers to remain connected in free-standing stores and malls throughout the country. Adding product images and maps gives a rich user experience.

The incorporation of our mobile shopping list feature personalizes the user experience helping consumers search, save, and share their favorite finds with friends or family--this will certainly be a big help during the holidays.

The only thing companies in our line of business must be mindful of is push marketing. We believe that the mobile phone should only be a pull marketing tool and therefore never send out any SMS messages to our users.

**Christian De Gennaro, VP Sales and Marketing,
GPSshopper**

It is interesting to note that over the last 20 years, at least to my memory, some "sure fire" ideas never took off, some "no way" ideas did, and a big mix between the two. In other words, prediction is a difficult game to win. It's fun to look at the hype and outcomes of such things as the "sure fires" Amigo computer and color-changing fabrics, and the best "no way" of all time, the fax machine.

[BrainTrust Profile](#) **[Race Cowgill, Principal, Zenith Management Consulting](#)**

The beauty of NearbyNow is that they are able to provide this information to mobile phone users because they tap into the inventory data of the retailer. So, give or take retailer inventory accuracy, when a search returns that 5 stores carry Levi's 501's, they really do carry them.

Yeah there's the possibility of mixing it up with online by getting searches returned with both physical and online choices, but it seems to me that physical presence can always charge more--you don't have to pay for shipping and you get instant gratification.

If this type of application leads the way onto consumers' cell phones, then the likelihood of adoption seems much higher to me because this is helpful, not a sales pitch like a lot of the m-advertising formats. NearbyNow will have a lot of fun exploring the new marketing opportunities they enable--like the 100 people descending on one retail location because of a location-based offer.

[BrainTrust Profile](#) **[Nikki Baird, Executive Director of Research, Retail Systems Alert Group](#)**

I'm now aware of at least three companies using cell phones as point-of-decision promotion channels. Applying the old journalist's rule of thumb, three makes a trend.

Evidently, the test described by NearbyNow showed that a certain number of mall shoppers can be instantly influenced using push messaging on mobile phones. We don't know what number of shoppers were annoyed or creeped out by the messages.

We should debate the ethics and good taste of this type of marketing, but I suspect it is here to stay. Its acceptability will depend on putting some control in the hands of the consumer. As a mobile phone customer, I may hold my network's feet to the fire: "Help me filter out those junk calls or I take my portable phone number and walk."

While these marketing technologies are promising, I once again repeat the warning: HELPING your customers is GOOD. STALKING your customers is BAD. As Eric Clapton aptly said, "It's in the way that you use it..."

 [James Tenser, Principal, VSN Strategies](#)

Interesting to see that everybody is convinced that the Mobile Phone will play a role in Retailing. This is something new because I have been evangelizing this since 1999 when I initiated a concept called "the cornershop experience." Now years after, the time seems to be right in Europe and as read here, in the U.S. too.

Internet marketing technology really showed us the way; personalized online marketing, price comparison, etc.; all stretched the mindset and created the acceptance of new business models for online retailing. During the same period, offline retailing did not change much; customer loyalty programs changed but now only seek printed one-on-one contact and/or on the Internet.

Latently, shoppers feel disappointed with the offering of offline Retailing. It's re-active or not responding at all where web shops are able to personalize offers to the maximum. So yes, the Phone is the crucial device in converging online contact into contact on a location or make a one-on-one connection on a location. Many technologies will pop-up...many business models too. What will work is a question but I think doing it and learning is way more effective than wait until we can tell what works.

"The Cornershop Experience" took 8 years to turn into a company dedicated to the Mobile Barcode. The Mobile barcode that will be sent by SMS/MMS/WAP push to a phone now is mainly adopted in ticketing as a new paperless and direct way of distribution, but in the long term will also be attractive for Retail. Very interesting to see is that older people adopt this easily--opening up an SMS and reading a barcode is pretty familiar and easy to do. Don't underestimate the technology acceptance by older people; old or young, everybody needs to experience the new technology before adopting it. Low burdens, easy interfaces and business concepts on the go will work for Mobile Phone Generation, young and old.

Don't search for applications, some make sense, others just don't....

Ron Verweij, Chief Innovation Manager, Mbarc

I think this can only be successful if it is used as a consumer aid, not as a marketing platform for retailers. The retailer must understand that consumers are already bombarded with good ideas that have been mis-used and are no longer thought of as valuable by consumers. This must be thought of as a service to the consumer rather than as an advertisement for the retailer.

BrainTrust Profile [Paul Waldron, EVP of Sales and Marketing, Gladson Interactive](#)

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