

In-store Will Become the Central Theatre for Mobile Phone Communication

By Jim Taylor, Mediaedge:cia

There's no doubt that in the next decade, the mobile phone will open up many new and exciting communication opportunities in the world around us.

But in my view it is in-store, in the retail environment itself, that the mobile phone will have the most profound effect. Let me explain...

Today, in-store communication is a repressed child. Retailers, on the whole, believe that there are many other factors which influence shopper behaviour more than communication – service levels, environment, stock levels, shopper value perception, and so on.

They remain unconvinced that communications can do much more than simply incentivising shoppers through promotional messaging. For this reason, retailers today have stripped away a lot of the historical 'cardboard' in the interest of cleaning up the aisles for shoppers and making the shopping trip easier. They're also reactive, not pro-active. They say 'no' to manufacturer communication initiatives, often as a matter of course, without necessarily having good reasons or having a reference point on how communication can and should be used differently, around different parts of the store, for different types of categories, and for different share brands within a category.



So right now in most markets we're now in a catch-22. Retailers are reactive and unconvinced; and there's a lack of high impact communication formats to break the deadlock ... which is where the opportunity for the mobile phone comes in.

Sitting in Europe, my perspective is we are now on the verge of a revolution in how we use the mobile phone. It's already happening in Asia. And the biggest impact of this revolution will be in-store.....



The mobile phone of today is already commonly used in-store - usually (as we all know) to phone home to ask about something we've just forgotten. But in the near future – in the next five to ten years - it will be the device that allows retailer and manufacturer much more leverage over shopper behavioursuch as driving perimeter shoppers into aisle; driving up frequency of visits to low frequency categories; creating stronger conversion mechanics to increase rate of sale for planned or non-planned purchases, but in a way that doesn't kill margin; creating a reason to spend longer at fixture.

In order to achieve all of this it will need to make the shopping experience much more engaging for the shopper.

In trying to define how the mobile might be used for in-store communication in the future, I've tried to filter out a lot of the blue-sky notions that currently abound, and stick to the bigger areas that are more likely to emerge...

There are four big areas of innovation that I believe will come to the fore.

The first big area of innovation will be around retailer loyalty schemes, using the mobile phone to serve up and allow redemption of tailored promotional coupons in-store.

Already in this space there are emergent providers, like Light in the UK, and CypherEdge in the US. To date, neither of these companies has convinced a top-ten Retailer to adopt the mobile platform for their loyalty scheme, ahead of direct mail through the post.

However, recently Kroger has taken the plunge on its own and teamed up with Procter & Gamble, Kimberly-Clark, Clorox, Del Monte and General Mills, to test mobile coupons. This test is important, because if Kroger go into this area whole-heartedly, other retailers will be compelled to follow. And bingo, shoppers will be scurrying around the aisles being served up tailored promotional offers, based on their previous purchasing behaviour.

The second big area of innovation will be around facilitating effortless shopping and bringing alive the Shopping List.

In future we will be able to create retailer-specific shopping lists at home on our mobiles, typing them into pre-loaded retailer-specific applications. Once in-store, via WiFi, these will then automatically translate into a route map around the store.

Furthermore, we'll also be able to subscribe to and programme in, GPS-enabled reminders. So you (or your spouse, more like) might programme in a series of products or brands you need to be reminded of and where (at the store). Once in the store, the GPS chip in your phone knows you're there and the reminders are activated.

The third big area of innovation will be around price comparison on mobile. This makes imminent sense if you think about it, particularly in retail stores selling higher ticket items where consumers are likely to be very keen to compare online deals and prices whilst out and about in the actual store, before parting with money. Price comparison mobile portals are already available in US - although small scale. But the use of price comparison through mobiles is set to grow.

The fourth big area of innovation will be around NFC Interactivity.

Near Fields Communication, or NFC, is an RFID technology that is much easier to use than Bluetooth or even QR codes. On a mobile device, you just hold the device next to an NFC tag, for it to work. No fiddling around and trying to turn it on first! At the moment NFC is being used in payment cards, particularly those tied to transport systems – like the Octopus card in Hong Kong and the Oyster card in London. But from late this year, manufacturers will start putting NFC applications onto all new mobile phones, as the technology to enable m-payment. By 2009, half of mobile handsets in manufacture will feature integrated NFC capabilities, and by 2012, Icon Mobile predicts there will be 292m handsets worldwide in circulation with NFC integration.

The by-product of this rush into m-payment is that NFC will bring interactivity to static, everyday objects. It will allow mobile devices to read information or content stored in NFC tags on posters, bus stop signs, street signs, medicines, certificates, food packaging, newspapers, magazines, and so on. With NFC tags in ads on posters, consumers can use their NFC-enabled phones to download content and music, information on a new film, or tap into service initiation — accessing hotlines etc.



NFC tags will be prevalent in store. Brands will sponsor content downloads and games. For example, instead of Axe deodorant running a 10 second ad on a plasma screen high up above the shelf (which is what happens today), in future shoppers might download a game via a small piece of NFC signage at shelf, play the game and win a half-priced coupon at the end.

Paramount might – via NFC signage at shelf - provide a 60 second film trailer to download and watch, to confirm your choice of DVD. Or Nescafe might – via NFC signage at shelf - provide a 60 second news up-date at shelf, for you to download then watch later whilst drinking your coffee.

Retailers might also use the same mechanic to drive category growth. They might create reference points for consumers to get information on all the different brands and products (and provenance) in a category, directly onto their phone, via the WiFi network which will become the norm in all big grocers. Or, they might encourage you to download a 30 second piece of content with recipe suggestions themed by day-of-week.

Furthermore, given the inconspicuous size of this NFC signage, retailers won't have to give up valuable shelf space for interactive devices.

NFC on mobile phones will obviously also extend to payment in-store. In future, retailers are likely to embrace m-payment as a quicker way for shoppers to pay on exit, using their phones.

What is more, convenience stores in particular are likely to create new services to facilitate quick shopping. Via a pre-loaded application, a store like 7/11 might create a pre-ordering service, whereby you could choose, order and buy some products, as you walk towards the store on your way home. Once you get there you pop in and pick up what you've just ordered and bought.

Having now thought a little about all three areas of innovation, what's clear is that the mobile phone has the potential to become the device which can liberate and transform in-store communication. That is, provided we don't abuse the shopper's permission in the first place.

Assuming we can remain somewhat restrained from spamming the poor shopper to death, everyone will win. Communication will demonstrably create brand and category growth. Retailers will be able to gain a new revenue stream from manufacturers without having to clutter up the aisles. And manufacturers will be only too happy to pay for it.

Within the manufacturer organisations, there might even be an interesting by-product of all this. Namely, because 'mobile' is currently a 'marketing' communication channel, when it moves into the store environment, it will challenge trade marketing's historical dominance of 'in-store'. As a result, we're more likely to see genuine integration between marketing and trade marketing, of communication budgets and efforts, in this environment.

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