



TECHNOLOGY: The 'extended peripheral'

For some retailers, shoppers' mobile phones are replacing digital displays, loyalty cards, and even payment terminals.

By Joseph Tarnowski

SEPTEMBER 15, 2006 -- Mobile phone sales to consumers in the United States reached 67 million units in the first half of 2006, according to a recent study from Port Washington, N.Y.-based market research firm NPD Group -- and these units are growing increasingly sophisticated as the cost of incorporating additional functionality drops each year.



As this happens, consumers are turning more and more to their cell phones as information-gathering tools with which they can get the latest sports scores, weather, and music videos. So it's no surprise that retailers are working with technology companies to develop ways of tapping into this medium.

Indeed, the cell phone is on the verge of becoming a retailer's "extended peripheral," a device reaching right into the hands, headsets, and wallets of shoppers, and incorporating key functions of loyalty cards, in-store displays, and even payment terminals -- all rolled into a single device.

Fueling gas sales

Case in point: Grand Rapids, Mich.-based Meijer, in an effort to ease gas price shock, is piloting a program that offers consumers the opportunity to learn in advance when the retailer's gasoline prices are going to go up, before those hikes actually hit the pump.

Once a shopper opts into the price alert program, Meijer will send a text message confirming the shopper's request to join, thus opening the communication channel. Then, when Meijer anticipates a need to increase the price of gas due to a rise in its own costs, the retailer will send a text message to the subscriber's cell phone, usually before noon, warning the subscriber that the price of gas at Meijer will be going up early that afternoon.

The key is that the message will normally allow the receiver about two hours to get to a Meijer gas station before the price goes up at the pump.

The program excludes diesel, kerosene, and racing fuel. At present it's available for a limited time only in the Indianapolis area, and consists exclusively of text message notifications.

Such mobile-phone-related technology isn't just the domain of the big retailers, however. Community-based multistore independents and even single-store operators are also tapping into this resource.

Ring Bros. Marketplace in South Dennis, Mass.; Potash Bros. Supermarkets in Chicago; and Boston-based Broadway Marketplace, for instance, have each worked with MobileLime, also based in Boston, to develop mobile-phone-based loyalty and payment programs.

Ring Bros. provides customers with frequent shopper rewards via their cell phones, using MobileLime's Mobile Rewards offering. Employing the Mobile Rewards platform, the upscale grocer can also send shoppers messages about exclusive member benefits, information-based alerts, and instant savings on items storewide.

"Shoppers enrolled in our Mobile Rewards program love the fact that they get instant savings without carrying a card, and know right away how much they've saved -- all through their cell phones, which they always carry when they shop," says Ring Bros. co-owner Ed Ring. "With MobileLime we are now able to communicate with our customers in real time, instilling and rewarding their loyalty by offering exclusive savings and information based on their interests and buying behaviors."

MobileLime eliminates the need for physical loyalty cards by using a shopper's cell phone number as his or her unique identifier. When the cashier enters the member's cell phone number at checkout, the shopper receives instant item-level savings toward purchases. The Ring Bros. Mobile Rewards program allows members to opt in to receive

weekly e-mails, exclusive interest-oriented text messages, event alerts, specials, and weekly savings on a broad assortment of products.

Potash Bros. Supermarts, in addition to using Mobile Rewards, plans to incorporate payment functionality into its program, thereby allowing shoppers to pay for their items by waving their cell phones over a contactless reader.

"We were looking for a cardless program, so our shoppers wouldn't have to add another card to their wallet or key ring," recounts Art Potash, owner and v.p. "Plus it fits the lifestyle of our market. Our clientele have active lifestyles, and they're all carrying cell phones. So if we're having a wine tasting on Friday from 4 p.m. to 7 p.m., we can send them an e-mail or text message at 2 p.m. to let them know."

In addition to targeted messages such as the wine-tasting scenario, Potash Bros. will be able send messages automatically via the system when customers make purchases, or respond to coupons. The retailer will also be able to shoot out messages to announce special events and promotions.

The payment technology will allow registered users to preauthorize a payment before entering the store -- they just need to have their cell phones near the checkout to process the transaction. "I did a test transaction, and it was very fast," notes Potash. "This is perfect for our customers, as speed through checkout is our No. 1 issue."

Broadway Marketplace, the first MobileLime supermarket customer, even won the Sixth Annual Global Retail Achievement Award for Best in Store Innovation, for its cell phone-based loyalty program developed by the company.

The Global Retail Achievement Awards recognize individuals and retail corporations that push the envelope to develop applications that raise standards in the industry, leading to clear gains such as improved customer service, more effective and efficient business processes, and increased top-line growth. MobileLime/Broadway Marketplace was one of more than 35 entries judged by an international panel.

POS vendors call in

This ready acceptance of cell phone technology by the independent supermarket community was the driving factor in a partnership developed between MobileLime and StoreNext Retail Technologies, LLC, a Plano, Texas-based technology provider that solely targets the independent grocer. StoreNext will provide MobileLime's cell-phone-based marketing and rewards platform to independent grocers using StoreNext's Connected Services.

"Many independent grocers want and need consumer relationship marketing (CRM), but have always lacked the resources to develop cost-effective programs themselves," says Tony van Seventer, StoreNext's v.p. of marketing and products. "MobileLime puts even the smallest grocer on a level field with big-chain competitors. Responsive promotions can be developed overnight and presented immediately to a rifle-shot audience. And best of all, research shows that shoppers prefer this kind of delivery and opt in."

Integrated with the MobileLime platform, StoreNext's ISS45 POS system identifies shoppers via their mobile phone numbers and automatically enables the merchant's unique offers, with item-level savings appearing on the receipt.

According to the agreement, StoreNext, through its nationwide dealer network, will market the MobileLime platform to independent retailers, and StoreNext dealers will provide ongoing service and support for the in-store systems. Further plans include completing an interface to StoreNext's ScanMaster POS system and providing transaction routing and reporting via Connected Services.

"MobileLime and StoreNext enable independents to set themselves apart from ordinary retailers," says Robert Wesley, MobileLime president and c.e.o. "MobileLime instantly upgrades the store's image by eliminating paper coupons and the wallet clutter from traditional shopper cards. The insider cachet that a shopper feels when individualized messages appear on [his or her] cell phone is just more icing on the cake."

It's not even necessary to have a brick-and-mortar store to reap the benefits of a mobile-phone-based program, as New Hope, Minn.-based regional online grocer SimonDelivers, Inc. showed when it launched a service in June that lets its customers place orders from virtually anywhere, using their wireless mobile devices.

"It's all about extending convenience to our customers," explains Steven Lauder, SimonDelivers' v.p. customer relations. "People use us to make their lives easier. Now they'll no longer be tied to their computers -- they can place orders anytime, anywhere."

Called SimonDelivers Mobile 1.0, the new service, which was developed in-house, is available to all existing customers through any mobile device that has a Web browser, including a BlackBerry, which the company is offering free to active customers. SimonDelivers Mobile 1.0 allows customers to view grocery lists, click on the items they want, and check out.

"Mobile computing is the next level of online and e-commerce because it frees people from their computers," notes SimonDelivers c.e.o. Christopher Brown. "This revolutionary new Web experience allows people to use SimonDelivers from wherever life takes them. There are a lot of times during the day when our customers may have a few minutes to shop but don't have a computer available -- such as when they're sitting in a stadium or commuting in a carpool. Now they can shop for groceries from virtually anywhere. Life just got a little more convenient."

'Strategic first step'

To bring this platform into the hands of more consumers, SimonDelivers is teaming up with Plymouth, Minn.-based Select Communications and BlackBerry in a special promotion to encourage participation. Active SimonDelivers customers can receive a free BlackBerry 7105T (after a \$49.99 mail-in rebate) and a new two-year T-Mobile service agreement, with pricing starting as low as \$19.99 per month for data and \$39.99 per month for voice.

As part of this promotion, Select Communications will work with each SimonDelivers customer one-on-one, without obligation, to determine how best to meet their communications needs. SimonDelivers is also offering \$50 in free groceries through \$10 store credits for each of the first five orders placed using SimonDelivers Mobile 1.0.

"We're passionate about making grocery shopping convenient, simple, pertinent, and quick," notes SimonDelivers c.t.o. Kelly Westman. "Technology is rapidly converging to help us perfect this goal. Mobile devices are about convenience, and SimonDelivers Mobile 1.0 is a strategic first step in developing alternate and easier ways for consumers to shop with us."

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