

COLUMNS

## In-store and mobile: How union of old and new habits is holiday loyalty season gift

December 7, 2012



By **Michael Hemsey**

Something interesting is happening as we enter the holiday season's second half: the merging of online and offline worlds back into the bricks-and-mortar experience.

Although we have seen how smartphones and tablets have extended shoppings reach, this year retailers have innovated by excavating that is excavating old shopping habits using new tools, driving loyalty along the way.

The reason is simple. Over the last year, retailers and loyalty marketers have worked hard wedding mobile to the in-store experience one that includes mobile price comparisons, in-store mobile shopping and customers' reliance on social media to inform purchasing decisions.

While smart mobile devices and applications bring some of that enjoyment out of store, something is missing.

Consumers fret over lengthy holiday shopping lines, but many prefer an in-store experience.

Mobile augments the in-store experience by turning consumers into engaged shoppers. That makes bricks-and-mortar shopping more efficient as retail shopper metrics like in-store dwell times, items purchased, demographics on who is doing the purchasing and opt-in offers accepted help paint a rich customer picture.

Done right, brands and retailers will find themselves newly loyal customers who appreciate that they have been engaged in a genuine manner.

**Making the in-store magic happen**

If ever there were a brand known for combining the best of the old and new, it would be 154-year-old Macy's, the mega department store chain with a history of marketing innovation and retailing firsts, both in-store and beyond. Case in point: Macy's Day Parade.

Today, Macy's continues engaging customers through smartphones and apps. Its latest app update focuses less on couch commerce and more on bringing shoppers back into physical stores.

On Black Friday, for instance, shoppers enjoyed in-store floor guidance that helped them find specific deals.

Macy's also promoted upgrades to its Thanksgiving Day Parade app a mobile application that mixed the world of parade television viewers and those toggling between smartphones and tablets.

Users tracked the parade route in real time and embed pictures of themselves on balloons via augmented reality, sending those pictures to their friends on social media.

Unlike the hard sell of a Black Friday app, or transparent pricing to attract customers, Macy's parade app created a fun, engaging and interactive brand experience.

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By becoming more connected to the Macy's parade, marketers hope to promote longer-term relationships.

Online goes "nonline"

Others are getting into the "nonline" the blurring of online and offline retailing act, too.

Google recently launched a new tool called "Shortlists." Shortlists help users organize their product searches into one Web location, streamlining multiple queries for general searching or specific to Google Shopping.

Like other social media sites, Shortlists lets consumers post pictures, price compare, and share their thoughts with others via Google+.

Better organized Web search results means that consumers can more easily determine whether they want to shop in-store or at home, depending on the individual offers they see.

Particularly impressive is the company's use of 360-degree and 3D product imagery.

While not a direct substitute for physically examining a product in-store, it is a great way to keep tech-savvy consumers engaged even if they still plan on learning about a product in-store.

Those same consumers may also use 3D product rendering in-store as a fun and engaging way to test the accuracy of the images themselves, a confidence builder for future purchases.

Wherever shoppers go, data suggests that 66 percent of in-store shoppers will use their mobile devices to price compare with other physical locations, while 50 percent will use their tablet or smartphone to read product reviews. And this is exactly why Google's, Macy's and many other retailers' efforts make sense.

Combined with the in-store shopper's desire to test drive potential buys, mobile can enable in-store purchases through timely and relevant product information. That is true even if some suggest that showrooming the extent to which an in-store customer window shops by mobile device and then buys elsewhere is a growing concern.

In fact, showrooming's negative effects might be overblown.

A recent Vibes study found that while 54 percent of survey respondents admitted to in-store mobile comparison shopping, nearly as many, 51 percent, were using their devices to learn more about a product they were about to buy in-store.

That suggests a retailer opportunity: Let consumers use their mobile device to gain product confidence, but then have a knowledgeable staff on hand to sell them at the physical store.

Mobile wallets a major success? Perhaps

The return to bricks-and-mortar shopping is about more than apps and in-store mobile usage stats.

Mobile wallets and virtual currencies are also designed to make physical shopping easier and loyalty friendly.

While the mobile wallet arena has become crowded with Google Wallet, PayPal, Square, LevelUp and newcomer Belly, Apple's Passbook, launched as an embedded iOS app in September 2012, might have the greatest promise, thanks to the operating system's 61 percent U.S. and Canadian adoption rate. Passbook may well prove the most accessible mobile wallet yet.

Designed as a one-stop-shop to organize users' virtual gift cards, coupons, passes, tickets and loyalty memberships without physical loyalty cards, Apple chose to use digital versions of standard bar codes, without the limited in-store software integration of near field communications, or NFC.

Demonstrating its prowess, Passbook recently added 20 new companies including Avenue, Barnes & Noble, Bon-Ton, Carter's, Champion, Gordmans, Harbor Freight Tools, Jo-Ann Fabric and Craft Stores, Lane Bryant, Macy's, Michaels, Old Navy, OshKosh B'gosh, PETCO, PetSmart, Shopko, Spirit Halloween, Sweet Tomatoes, ULTA Beauty and Yankee Candle.

Positive in-store experiences in the seasons to come

For all mobile technology has done to make shopping easier and more remote, many customers still crave the physical in-store experience.

It is a reality that comes down to biology: We are a social species that embraces physical connections. People are visceral by our very nature: Five senses working overtime.

Often we absorb the most information by actually being on location. And whether it is Toys R Us, Kohl's, Macy's and others, many retailers report they will be adding more seasonal employees compared to last year.

The bulk of these temporary positions will be in physical stores, not call centers, and is further proof that in-store is still where many will shop.

There is no question that mobile has proven instrumental in gathering a host of valuable shopper metrics: types of purchases made, price point analysis and demographic data on who's buying what and when.

But in-store Big Data remains equally valuable. Retailers now have the ability to track smartphone locations and, by extension, their users within a given store, DMA, ZIP or area code and merchants can even track department dwell times.

Do not bury the bricks-and-mortars just yet

Since the bulk of shopping still includes physically handling a product, comparing it to others, retailers gain an even more accurate picture of shopper preferences, and can make "actionable inferences" about what they are likely to buy in the future.

For instance, American Apparel increased same store sales by 30 percent and reduced theft by one-seventh using Big Data metrics gathered from video cameras, point-of-sale systems, time and attendance applications and RFID tags. This is a win-win.

Retailers learn about their most valuable asset their customers and customers grow increasingly brand loyal.

Rather than being bombarded with irrelevant offers, shopper metrics applied to consumer rewards and loyalty programs sends offers that shoppers want to learn more about.

When a brand demonstrates a genuine knowledge of their customer, you can bet they will be back for future purchases well after holiday lights are turned off.

AS WE CONCLUDE the 2012 holiday season, the union between old and new, of in-store and online, could not be clearer.

But the physical in-store experience, augmented by mobile, the trackable Big Data that mobile helps generate through its linkage to loyalty programs, and the consumer loyalties it unfurls will remain a winning hit long after the season ends.

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