

Shoppers with smart phones put retailers in glass boxes

February 24 2011, By Kavita Kumar

Benjamin DeClue doesn't step foot inside a store without his BlackBerry. As he browses the aisles, he multitasks by keeping one eye on the shelves and one on his smart phone, which he uses to scan bar codes, compare prices, read product reviews and even make purchases.

When he spots a book he wants at Borders, he immediately looks up the title on his phone. If he finds a cheaper price on Amazon or another website, he will buy it through his phone while still standing inside the bookstore.

"I can literally shop online wherever I am," said DeClue, of Crystal City, Mo. "I'm a much bigger shopper now that I use my phone. But I've gotten away from the idea of thinking, 'Oh, I have to go to store X.' "

This is when-you-want-it, where-you-want-it and how-you-want-it shopping made possible by hand-held Internet access on smart phones such as Apple Inc.'s [iPhone](#), BlackBerry and [Google](#) Inc.'s Android-based phones.

Mobile shopping is breaking down the walls of traditional brick-and-mortar stores by giving consumers the ability to easily find a cheaper price in a store down the street. Dozens of smart [phone applications](#), such as Google Shopper, RedLaser, and TheFind, allow consumers to look up a product by scanning it or typing in the bar code. The [app](#) then returns a list of prices for the same item at nearby stores or through online retailers.

"What retailers face now is the clear and present danger of the scan-and-scream shopper," said Greg Girard of IDC Retail Insights, a Massachusetts-based consulting firm. "That smart phone makes every retail box (or store) a glass box. So a consumer with a smart phone in an aisle can look out through the glass box and see every alternative available to them. It completely changes what happens at the shelf."

But while that added price transparency may tip the balance in favor of consumers, retailers also aim to exploit the new "bricks and mobile" landscape. Companies such as Starbucks and Macy's are using location-based marketing to notify loyal customers of sales and promotions, Girard said. Through various apps, retailers can tell when customers are near their stores and send them text messages about sales, which in some cases helps drive buying decisions, he said.

Speaking at the National Retail Federation convention in New York last month, Baron Concors, chief information officer for Pizza Hut, urged retailers to jump on board with mobile shopping - or risk losing potential business.

Unlike desktop computers - or even laptops - smart phones allow people to stay constantly connected, he said.

"I think this thing is going to be a lot bigger than even e-commerce was, if we look out 10 years," he said. "So get ahead of it. Because if you're not, your competition will be."

Borders already is paying the price for failing to anticipate the impact of e-commerce. The bookstore chain filed for bankruptcy this month after waiting too long to transform its business strategy to embrace online shoppers.

Mobile consumers are still a minority, but there is a big potential for

growth.

Currently, about 28 percent of all cell phone users have smart phones, according to Nielsen, but that's expected to jump to more than 50 percent by the end of this year. And some analysts predict Web traffic on mobile phones will overtake that on desktop computers within five years.

In a December survey conducted for the National Retail Federation, about 11 percent of shoppers said they had used a smart phone for holiday shopping. Of those who did, 26 percent made a purchase, 34 percent read product reviews, and 60 percent browsed for gifts on their phones.

Scott Krugman, an NRF spokesman, compared the state of mobile shopping today to that of e-commerce in the late 1990s. Whereas the challenges with e-commerce were broadband width, security and Internet access, the obstacles for mobile retail are wireless Internet access in stores and market penetration of smart phones. "But we're on the cusp," he said.

Because consumers often lose network access inside stores and shopping malls, many retailers have been adding Wi-Fi to their stores. Home Depot, for example, already has Wi-Fi in about half of its stores and plans to have it rolled out to all stores by the end of this year.

Some retailers fear that adding Wi-Fi will just better enable customers to comparison shop.

"But the customers are going to do whatever they want," Cara Kinzey, Home Depot's senior vice president of information technology, said at last month's National Retail Federation convention. As [smart phones](#) become more widespread, "everybody will have that expectation that

they can talk on their phone or do things on their phone in your stores. And we have to prepare for it."

As mobile shopping takes off, more companies are hoping to get in on the action. Aisle411, a St. Louis startup company, launched a product-locator app late last year that works in several stores, including Schnucks and Shop 'n Save in the St. Louis region. Now it is working to sign on more big-box retailers to the app.

Jonathan Mills, an avid mobile shopper who lives in Lake Saint Louis, would like to see more local retailers, especially grocery stores, launch apps that sync up to loyalty cards and coupons, as he has seen with chains like Safeway in other parts of the country.

"I will reward a business if they give me something back," he said.

If not, he will go wherever he can find the best price. For example, he recently bought a Wii video game console at Best Buy. As he picked it up, he used his iPhone to figure out that some accessories he wanted were a couple of dollars cheaper at Walmart. So he hopped in his car and drove across a parking lot to buy the products there, saving himself about \$10.

But sometimes convenience prevails - and Mills ends up buying an item when he's in a store even if it costs more. He did that recently when he picked up TurboTax software he saw on display while walking through Walmart.

"If it's there and it's a close enough price, then yeah, I'll take it home with me right away," he said.

POPULAR SHOPPING APPS:

-Google Shopper: Search by text, voice, bar code or photo of item. View detailed information, compare prices, find local retailers. Similar to other apps such as ShopSavvy, RedLaser, TheFind, Amazon Price Check and Barcode Hero.

-Shopkick: Accumulate "kickbucks" by walking in, checking in and scanning items at select retailers including Macy's and Target. Trade in the points for gift cards, movie tickets and other rewards.

-Aisle411: Find maps and locations of products inside stores at participating retailers

-Coupon Sherpa: Search for a store and find a list of current and exclusive coupons.

-Grocery IQ: Build and track grocery lists online, and sync them with your phone. Includes bar code scanning, integrated coupons, store-specific list, and list sharing with other members of your family.

-FastMall: Find store directories and maps of many shopping malls around the country.

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Distributed by McClatchy-Tribune Information Services.

Citation: Shoppers with smart phones put retailers in glass boxes (2011, February 24) retrieved 21 June 2024 from <https://phys.org/news/2011-02-shoppers-smart-retailers-glass.html>

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