



*To stay strong in the retail game, convenience stores should leverage smartphone apps to build consumer loyalty and provide mobile convenience.*

BY AMANDA BALTAZAR

# TECHNOLOGY APP-LICATIONS

**A YEAR AGO, THE WORD “APP”** (short for “application”) was unknown to just about everyone. Yet in a short space of time it’s become part of our general lexicon, even slang. If someone tells you they have a “killer app,” it often means they found the next big idea.

Where you find apps is the app store, of course. It’s the place users go to download applications onto their iPhone — typically for just a dollar or two, or free of charge.

And everyone, it seems, is jumping onto the app bandwagon. Coca-Cola, Kraft, McDonald’s, Starbucks and Dunkin’ Donuts have all created some form of app with the goals of increasing customer loyalty, offering practical help, creating a buzz around a brand or just simply entertaining consumers.

It just makes sense to join the fray. According to The Nielsen Company, 40 million mobile users in the United States surf the Internet from their smartphone — a big market to tap into. Also, the growing proliferation of 3G networks is greatly improving the quality of the mobile Internet experience, which is helping drive customer satisfaction.

“Apps allow retailers to build direct relationships with their customers,” said Michael Gartenberg, vice president of strategy and analysis for Interpret LLC, a media and technology measure-

ment and market research firm in Los Angeles. “[They] can interact with other sites, linking to Google to show consumers where to go. It’s all about ease and convenience, and both of those garner loyalty.”

And apps are just starting to proliferate beyond iPhones, said Keith Lietzke, vice president of marketing and business development for Unbound Commerce, a Newton, Massachusetts-based firm that helps retailers establish their mobile presence. “The iPhone is the tip of the iceberg, but increasingly there are more smartphones like the Black-

Berry and the Palm Pre,” he said. “It’s not going to be a one-horse race, but if you brought down the checkered flag now, there would only be one winner.”

So while retailers should be paying strong attention to the iPhone, they should also keep an eye on the near future, when more smartphones will have similar capabilities.

## **APP-LY IT TO CUSTOMERS**

When creating an app, try not to be everything to everyone, warned Lietzke, because not all your customers will want what your app has to offer. Each downloaded app takes up valuable space on a phone’s memory, so expect only your most loyal customers to download your app.

One alternative to creating your own app is to partner with a Web site such as Ulocate.com or Where.com. These sites can help people find your convenience stores — without creating clutter on their phone.

And in fact, said Lietzke, finding stores is one of the most common reasons consumers use retailers’ apps. They also want to find out whether

products are in stock and how much they cost.

Barnes & Noble recently launched an app that allows consumers to take a photograph of a book and send it to the bookseller. Barnes & Noble then responds with its price for the book and information on how to find the nearest store.

"This is providing applicable use," said Alex Ahlund, founder and CEO of AppVee, an iPhone app review Web site. "It's adding actual functionality along with fun and entertainment."

Food and beverage retailers also are getting the hang of smartphone technology, creating functional apps that allow customers to place their orders from the palm of their hand.

The free "Dunkin' Run" app offered by Dunkin' Donuts allows a user to become a "runner" for friends and colleagues by collecting orders, inputting them into the app and picking up the orders at the nearest Dunkin' Donuts location. The app also notifies the runner when the orders are ready for pickup.

The free "Chipotle Ordering" app by Chipotle Mexican Grill allows users to input their food order from a full screen of menu options (including add-ons like extra guacamole or cheese), pay with a credit card and pick up the order at the nearest Chipotle location. The app also saves a users' previous order, making the ordering process faster and more convenient for next time.

### DISCOUNT APP-LICATIONS

Using an app to provide coupons or product discounts could be more effective than traditional paper coupons (i.e. newspapers or mail circulars). Think about it: Most people never leave home without their phone.

Retailers can offer very targeted promotions with mobile coupons because they can capture more information about their customers' demographics, said Kevin Barenblat, president of Context

Optional, a social marketing company in San Francisco.

Time-sensitive promotions can also help generate loyalty. Some fashion retailers offer deals such as 70 percent off for just 24 hours through their apps, and currently the Pizza Hut iPhone app offers users a savings of 20 percent for each order placed through the app.

"An app has to be of advantage to the consumer and also for the store," said Ezra Gottheil, an analyst with Technology Business Research, in Hampton, New Hampshire. "And if a store can make it easy, they've got an advantage."

Consumers want added value, he said. They want to be able to check if something is in stock before they visit a store, or where they can find it once they're there.

Convenience stores, said Gottheil, can provide information customers might want to know, such as the day's lunch specials or what else is on special that day, helping to keep customers loyal. Convenience stores could even tie in with the lotteries, telling consumers when the jackpot goes over a million, for example, he said.

But if all this information can be found on the Internet already, why is there a need for retailer apps?

"Using an app is so much easier because there are a lot fewer steps; it's faster; it's more customized; and it's designed specifically for the screen," said Barenblat.

"First, the phone knows where you are; and second it can deliver a much richer experience than the mobile Web," said Lietzke.

### APP-LY SOME FUN

Not all smartphone apps have to be serious. An app designed with functionality and fun in mind can help drive customers to your store and build loyalty.

Target launched an app during the 2008 holiday season that helped users shop for gifts. The app featured a snow globe that found gifts for family

## Store Finder

Well-known for its interactive Web site, GasBuddy.com launched an iPhone app in July that allows customers nationwide to find the lowest gas prices closest to them, either by zip code or GPS position.

"People have access to GasBuddy information precisely at the moment when they are making purchasing decisions," said Dustin Coupal, a founder of GasBuddy. "This makes it easier for consumers to make the most out of every dollar they spend at a retail gas location."

GasBuddy is taking a step further by entering the realm of smartphone apps.

York, Pennsylvania-based Rutter's recently partnered with GasBuddy to become the first convenience retailer to launch a free iPhone app that helps customers locate the nearest Rutter's store and store-observed gas prices.

Through GasBuddy Retail Solutions, app users can also find directions to the nearest Rutter's store, store images and whether the store offers additional features such as a carwash or surcharge-free ATM. Users can also sign up for e-mail or text alerts on special promotions at select Rutter's locations.

"We are excited to see how our customers react to these new technologies and look forward to their feedback as we continue to enhance this fun, full-featured set of Web and mobile applications," said Rutter's president and CEO Scott Hartman.



members and friends when the phone was shaken. The gift would appear as the snow cleared, and users could then order directly from the retailer.

"I don't know how valuable that is, but it's a unique experience," Lietzke said. "There's a level of interest you can get with an iPhone that you can't get with the mobile Web. It's a richer, faster experience and people feel engaged. Even a fun app can help build loyalty, but it has to provide something more than a Web site."

"Fun apps are a great way to drive business and brand awareness," said Ahlund. "If an app is just about finding the nearest store, for example, it won't keep a consumer on the phone — on your app — for very long." And don't make the mistake of thinking that any app is better than no app, cautioned Ahlund. "It's best to start off with something fun and functional, otherwise you'll lose any buzz."

Barenblat suggests offering features valuable to your audience. iPhone apps help people feel connected, he explained. "The younger the person, the more the desire to share and be connected."

But apps are also useful for simply staying top-of-mind with your customers and driving customers to your store. Outdoors retailer REI provides real-time information on ski conditions at up to three resorts. It gives snow and lift status reports, weather forecasts and live Web cam shots, which all leads, Barenblat said, to the retailer remaining in the consumer's subconscious.


## GOING TO MARKET


Once you launch an app, how do you let your customers know about it? Use your typical means of communication, advised Lietzke, which may be an in-store display or texts sent directly to customers' phones.

Next up in the future of apps, anticipated Ahlund, is using iPhones and other smartphones to scan items and

## Check Out These Food and Beverage Apps

**iFood Assistant by Kraft:** Provides a recipe of the day and ideas for dinner. The app provides the shopping list, directions to the nearest store, videos and cooking tips.

 **From app developer ActiveGuru Ltd.:** Find the nearest 7-Eleven (Go 7-11) McDonald's (McLocator), Burger King (BK Locator), In-N-Out Burger (InO Finder), Whole Foods (OrganiFinder), Starbucks (GGrande) and KFC (KFC Locator).

**Burger King Now:** Smartphone ordering allows users to bypass the lines. 

**Peet's Card:** Allows users to check the balance on their Peet's Coffee & Tea prepaid card.

**Red Bull Hangar-7 Cocktails:** Information on cocktails from around the globe, including recipes, tricks and secret ingredients. Includes a fun cocktail puzzle.

**McCormick Recipe Finder:** Offers more than 1,000 recipes that have been tested in the spice-maker's kitchens.

## Mobile Payments

Using your cellular phone as a mobile wallet has been a topic of discussion at recent NACStech workshops. The question, however, is no longer *when*, but *who* is going to pioneer development of this retail-shifting technology. With the onset of smartphone popularity and the growing use of apps, that time could be now.

Starbucks is getting its feet wet with mobile payment technology through its Starbucks Card Mobile app. Here's how it works: The iPhone or iPod Touch will display a barcode that's scanned at the register — just like a Starbucks Card is used to make a purchase. The app was released on September 19 and is being tested at 16 select Silicon Valley and Seattle locations. The app also allows users to check their balance, reload and view previous transactions.

make purchases in stores, thus bypassing long lines or even any interaction with store staff.

He expects that Apple will soon introduce micro-transaction technology, which will allow customers to use their iTunes account to pay for purchases, meaning they wouldn't need a credit card, and all transactions would go through one account. "They'd simply

enter their password, which makes it much easier for people to part with their money," he predicted.

"Easier for people to part with their money"...now isn't that a nice thought for retailers? **NACS**

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