

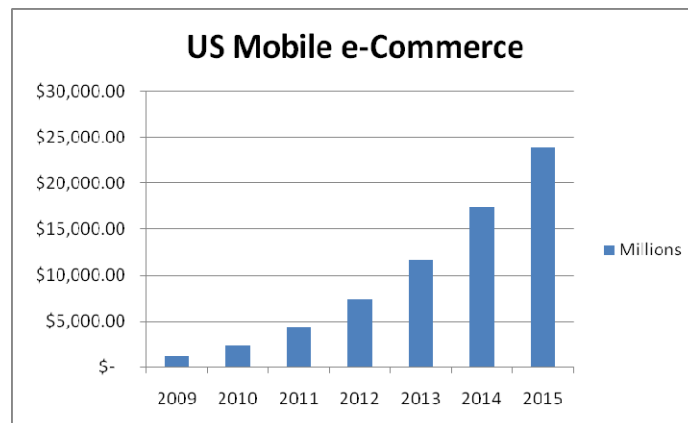
## What Goes Mobile?

By Leslie Belcher, President, Jesta I.S. Inc.

Ten years after national commercial platforms for mobile commerce were launched in the Philippines and Japan; they are slowly beginning to emerge in the North American market. Residents in rural parts of the Philippines and other developing nations routinely pay bills through their smart phones, while people in Japan and Europe can buy products as well as train and airline tickets using their mobile phones.

The accelerated growth of mobile commerce, combined with the acuity of location-based applications makes it possible for direct response retailers to use the mobile channel for locally targeted mass marketing. One estimate, according to [Mobile Marketer](#), puts worldwide mobile phone connections at 4 billion; while another by [Neustar](#) and [SMS Mobile Marketing](#) predicts that mobile revenue in the United States will reach \$3.3 billion by 2013. SMS text messages dominate mobile advertising in markets like the U.S today, but coupon to phone and location based marketing are emerging.

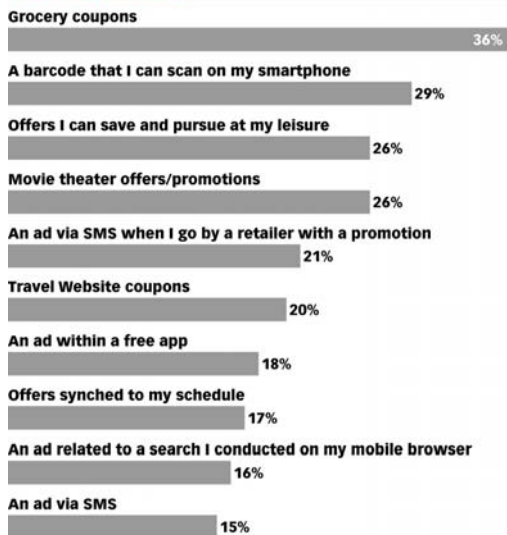
A recent study by Coda Research agency has revealed that mobile ecommerce in the US shall grow at a compounded rate of 65% between 2009 and 2015. According to this study, mobile phones will constitute 8.5% of all ecommerce revenues in the US. Here is an estimate of the mobile commerce market in absolute terms:



The rapid growth of banking and bill paying activities with mobile phones aside, today's retailer must be looking towards some rapid development of new marketing strategies. Three areas seem to be emerging as real opportunities: coupon to phone, product locators, and location based marketing. All three rely heavily on existing robust CRM data bases, integrated ERP and POS systems that readily interact with various web services. In the case of product locators, near real time inventory status and true distributed order management

functionality are essential ERP functions since the consumer is being directed to sites with product on hand. POS systems are being asked to readily support scanning of bar coded coupons on smart phone displays.

**Types of Mobile Ads that US Smartphone Users Are Interested in Receiving on Their Phone, February 2010 (% of respondents)**



Note: n=1,246; respondents who chose "4" or "5" (top two box) on a scale of 1-5  
 Source: Compete as cited in company blog, March 12, 2010  
 113032 [www.eMarketer.com](http://www.eMarketer.com)

Mobile coupons are the next evolution of the traditional printed coupon and they're growing in popularity. The YankeeGroup released a [consumer survey report](#) in November 2009, which found that 73 percent of respondents were interested in receiving mobile coupons via SMS or MMS. The same report also predicted that mobile coupon redemptions would increase tenfold over 2010. A new report from Juniper Research, forecasts that consumer usage of mobile coupons will generate close to \$6 billion globally in retail redemption value by 2014. This new approach to coupon marketing will place tremendous pressure on legacy POS systems to adapt to scanning smart phone displays at the register. Not only will the POS system need a scanner that can physically read the phone display (laser scanners will not), but

the POS software will need to be able to handle what amounts to 'timed pricing by customer'. With this kind of capability being implemented as the cash desk, it is essential to have robust, comprehensive, and real-time accessible CRM databases that can customize campaigns based on customer buying histories and customer loyalty programs.

Smart phone applications now offer various product search tools. Google offers freeware like Barcode Scanner and Googles that can locate a product based on its barcode or a photo image. They offer not only where to buy based on your location, but price comparisons and some retailers offer inventory checking. Product Search for mobile with local inventory lets a user see if, say, a Nikon Coolpix camera is in stock at a nearby [Best Buy](#) or Sears and then provides basic directions to get there. Consumers can then tap on an adjacent "in stock nearby" link and navigate to the seller's page to see whether the camera is in stock. This is approach has exciting potential for the retailer who can provide accurate near real time inventories by product and by site. The obvious risk is alienating the customer who drove out of her way to the store only to find the item was not on hand. The pressure on the ERP system to update the Web Service with accurate on hand inventories by site is critical to success.

The third emerging Mobile marketing strategy involves location based marketing to mobile devices. Google for example is updating its Buzz applications to not



only recommend close by retail services, but provide reviews and relevant information along with the obvious directions. Some retailers combine e-coupon pushes to the mobile user to further entice the consumer. The reliance on robust CRM data is critical to the ultimate success of this marketing approach. To be effective, location-based marketing requires the ability to target appropriately, by both geography and context. As much as mobile consumers are looking for places and things, they are also looking for information (directions, reviews, recommendations, help). Part of what makes hyper-local targeting effective is having both the right kinds and the right depth of content to go with relevant ad inventory and offers.

The future of e-Commerce utilizing new smart phone technologies is growing exponentially over the next several years. Retailers that invest in their IT systems to tap into this emerging market can grow market share and revenues successfully.

### **About Jesta I.S. Inc.**

Jesta I.S. is a leading supplier of business solutions in supply chain management systems for manufacturers, distributors and retailers primarily in the soft goods and specialty industries worldwide. Jesta I.S. is recognized for its expertise, innovative products and services and its commitment to evolving business solutions in today's rapidly changing business world. Jesta I.S.' solutions process essential business management information for well known industry leaders including Perry Ellis International (NASDAQ: PERY), PUMA (German: PUM), Genesco Inc. (NYSE: GCO), Town Shoes Limited, Tween Brands Inc. (NYSE: TWE), Cole Haan, Haggard Clothing Co., Cavender's Boot City and DSW Inc. (NYSE: DSW) as well as many others.

### **Jesta I.S. Inc.**

P: 1-888-925-5152

Email: [info@jestais.com](mailto:info@jestais.com)

Web: [www.jestais.com](http://www.jestais.com)

Copyright (2010) Jesta I.S. Inc. ALL RIGHTS RESERVED. All information contained in this document is the property of Jesta I.S. Inc. Vision Store is a trademark of Jesta I.S. Inc. All other company and product names are trademarks or service marks of their respective owners.

