

# Merchandising 2.0

**I**t used to be sufficient to assume that advertising messages received while consumers were at home would translate into sales in stores. That just isn't true anymore. Brands today must be wherever transactions happen.

The implications of this are enormous. It means that the future of marketing is no longer just about the integration of advertising, promotions, direct, public relations or any of the other marketing disciplines.

The future of marketing is also about the integration of retail.

Actually, it's more like the *convergence* of retail—of on-line, in-store, and print. This is not news to retailers such as Patagonia, Cabela's and L.L. Bean, all of which started out in the catalog business. They have long understood that when shoppers are embraced holistically, across all shopping platforms at all times, the more loyal they become.

But it is news to the vast majority of marketers, who remain stuck in the past. These are the marketers who talk endlessly about the pressures of accountability in their media spend, and are obsessed over the way consumers use their remote controls to zap past television commercials.

These are the marketers who, frankly, are worried about the wrong things. And, unfortunately for them, the news is even more troubling than they think it is.

The first bit of news is that there is a new remote-control device on the scene and it is called the cellphone. It has nothing to do with television or with advertising as we know it. The cellphone is so disruptive to the marketing landscape that, as *USA Today* recently reported, even almighty Google can't quite figure out what to do about it.

The challenge is that Google's algorithms and the way it serves advertising were not designed for mobile devices. They were designed for desktop computers. This means that their search function, famous for returning thousands of results, is effectively irrelevant in the cellphone context.

As Dan Olschwang, ceo of JumpTap, points out: "If somebody asks, 'Where is the closest gas station?' they need that information now, and they don't need

20,000 results." Compounding Google's problem is that people don't want to see banner ads or even text ads on their cellphones, either.

In fact, they don't want to see advertising at all. They want *information*. They want to know where to find what they're looking for, at the most convenient location and at the best price. This is a whole new art—and science—of communications that marketers must master to remain competitive.

## INFORMATION IS THE NEW ADVERTISING

In the last issue of *The Hub*, I wrote about the way young people use cellphones at retail, and made the obvious point that it is nothing like the way older folks use them ("Teen Shoppers," Jan/Feb '08).

The late Geoffrey Frost, who was Motorola's chief marketing officer, envisioned this future in a *Hub* interview nearly three years ago ("Motorola's Edge," Sep/Oct '05): "I jokingly refer to the cellphone as 'the device formerly known as the cellphone,' because it is morphing and evolving into so much more," he said.

Geoffrey wasn't specifically talking about the cellphone as a remote-control device for shoppers, but he did hint that the nature of advertising itself was about to undergo a major reassessment, saying:

*"There's an obsessing over what is advertising really—where is it going? I think the big question should be, 'What isn't advertising?' Once upon a time, none of the things that advertisers now take for granted existed. There was no such thing as a radio commercial or a print ad, or an outdoor board. They were all created as ways to have a conversation with the public."*

*Just as we are talking about cellphones as 'the device formerly known as the cellphone,' it might be fun to begin to talk about advertising as 'the industry formerly known as advertising.' Some companies get a certain momentum by looking from the outside back in to see what they're really up to, or what they could be up to."*

Tragically, Geoffrey Frost never had a chance to explore the profound questions he raised. But we have the opportunity to pick up where he left off, to take that step back and think about the possibilities.

**Retail is  
everywhere  
a transaction  
happens**



Each of us certainly has something to contribute to the discussion he started.

#### CELLPHONE AS LINCHPIN

Geoffrey Frost never said it, but I'll bet he'd agree that the cellphone is the lynchpin of the future of marketing itself. The reason is simple—for most of us, the cellphone is at hand at all times. If success in marketing requires providing shoppers with the information they need, when and where they need it, then the cellphone is absolutely at the center of that success.

This is true whether the shopper is sitting at home watching television, online surfing the web, reading a magazine, newspaper or catalog. It is true whether a shopper is riding a bus, at a game, or on the beach. Anywhere a consumer sees a message, there is an opportunity for a shopper to complete a transaction by cellphone.

It is most of all true in the retail store itself. The cellphone is, in fact, the missing link of in-store communications and merchandising. Over the past five or 10 years, we've seen retailers install digital signage in stores. We've watched Wal-Mart pioneer its own in-store television network and Shop-Rite experiment with videoscreens on shopping carts.

It's all been very interesting to watch, but as with so many leading-edge efforts, little of it has fully capitalized on the real opportunity. That opportunity is not about jamming as many advertising messages as possible in the consumer's face; it is about helping shoppers make the most of their shopping trips.

Time and again, we've heard shoppers say that shopping can be an exercise in frustration because they can't find what they're looking for, can't find the information they need or get the best price. Well, the solution, as I suggested in last month's *Hub*, is right there where it has been for a while now—in their pockets, on cellphones.

If the remote control has spelled the death of advertising on television, then the cellphone ushers in the re-birth of advertising—as information—at retail.

The cellphone is the new remote control of marketing, and this time it is our best friend.

#### JUST-IN-TIME MEDIA

These new digital media networks are not the passive broadcasters of canned content of the past. They are interactive, networked screens, tailor made to help shoppers shop in real time, with a big assist from their handheld devices.

In much the same way that manufacturers have worked with retailers to produce "just-in-time" delivery of products to store shelves to ensure that shoppers can buy what they need, when they need it, brand marketers must now work with retailers to provide "just-in-time" delivery of information to in-store media networks, as well.

Doing so will require a major shift in how agencies and their clients view retail—as a medium for the communication of messages in real time. This evolution likely will unfold in much the same way that other interactive media joined the mainstream—only much faster.

Already we are seeing specialists in digital media networks cropping up on both the agency and client sides of the business. This process will accelerate until digital media networks become a line item in the media department's communications plan. Where it took interactive about ten years to reach that point, this time it will likely happen within the next two years.

Which means that the future of marketing—the convergence of retail, the emergence of digital media networks and the cellphone as the lynchpin—is not really the future at all. Because, as Geoffrey Frost noted, in a nod to science-fiction writer William Gibson's famous quote, "The future has already arrived. It's just not evenly distributed yet."

As Geoffrey explained: "What he's saying is that there are people of the future, already walking among us. If you can figure out who they are and co-create with them, you're actually doing a rather amazing job of not only anticipating, but also shaping where the world can go." ■



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