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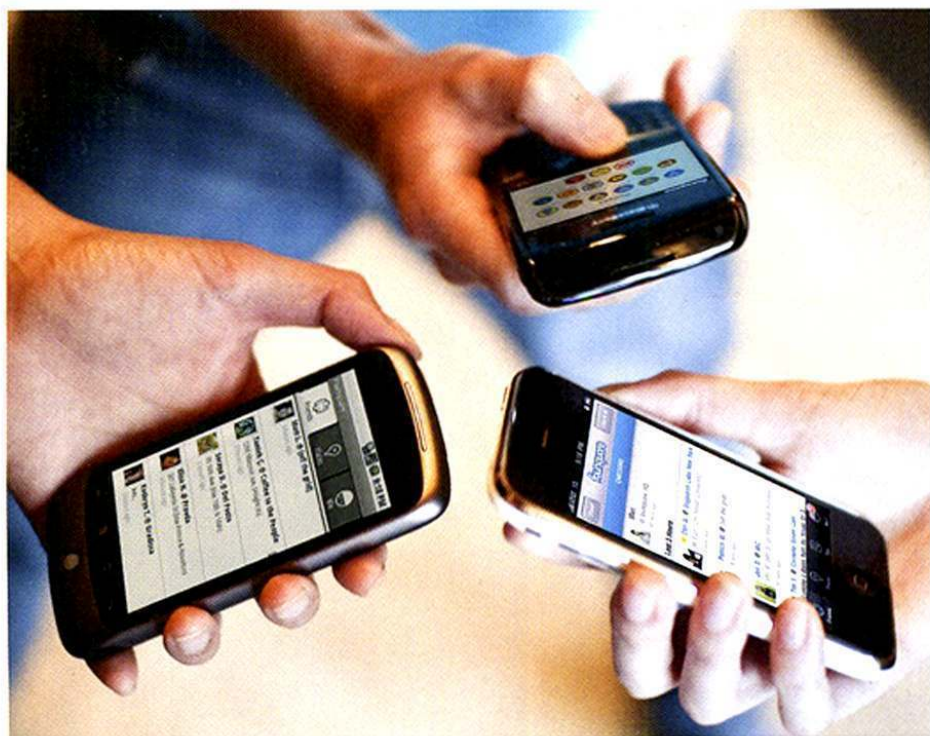
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# Location, Location, Location

You are here. Do your customers know? Location-based apps will show them where you are and what you have to offer.

BY MEREDITH SCHWARTZ



BY NOW YOU'VE HEARD OF SOCIAL MEDIA AND MOBILE COMMERCE. WHETHER YOU'RE USING THEM OR NOT.

But you may not have heard of location-based apps yet. They combine the two: giving consumers a way to socialize via their cell phones, about and around the real life places they visit. Many, if not most, of those places are local businesses.

While you don't absolutely have to do anything to be included — any customer can “check in” to say they're at your store without you doing a thing — taking ownership of your location in virtual space is a new way to lure new customers, reward the loyalty of existing ones and build affordable buzz for your business. The technology is simple, the time commitment minimal. And you can offer rewards

ranging from the purely pixilated (“badges” earned for certain activities) to the practical percent off.

## Names to Know

• **Foursquare** is probably the best known of the location-based newcomers: it started out mostly as a game, with users competing for badges and “mayor-ships” of their locations — the title is awarded to the user with the most check-ins. But its deal-finding function is growing: About 15,000 venues offer specials on the site so far, and the company gets 500–1,000 new business inquiries a day. Tristan Walker, vice president of business development, told *BusinessWeek*. Dennis Crowley of Foursquare said, “The business model is being able to create and sell tools to local merchants that they've never had before.” Right now

the company is more focused on creating than selling: Deals are free to offer, though Foursquare allows only one active special at a time. Analytics tools are free as well. Crowley said he sees companies like Groupon as partners and not competitors.

• **SCVNGR** “is different than other location-based things that are out there, because it offers players a chance to interact with the places they go.” SCVNGR cities specialist Evan Korzon told *Gifts & Decorative Accessories*. Each location features a challenge. The standard ones are check in, take a picture, say something and check in with a group. However businesses can build their own custom challenges for free. Businesses usually build two to three challenges and offer the same number of rewards depending on how many the customer completes, according to Korzon. But once they're built, they're built to last: “even the most active only change them about seasonally,” he says. “It's more something you can build and then leave online.” As for tools to monitor activity, they're there if you want them, “but we know a lot of small business owners don't want to deal with it,” says Korzon. The service has half a million users, and about 13,000 businesses are currently offering SCVNGR rewards. While that includes chains such as Hot Topic, Korzon estimates there are at least 500 small, non-franchise businesses using the service in each of its six largest markets.

SCVNGR was recommended to us by retailer Tara Riceberg of Tweak 99, Los Angeles. “One of the challenges is that customers have to challenge me to a game of arm wrestle and then either post ‘I want a re-match’ or ‘I won’ to earn 2 points toward Tweak99 rewards,” Riceberg





Retailer Tara Riceberg and a customer take on her custom SCVNGR challenge.

told *Gifts & Decorative Accessories*. Other challenges she has created include decorating a rock for her rock garden and scanning QR (quick response) codes around the store.

• **Peekaboo** takes an opposite ap-

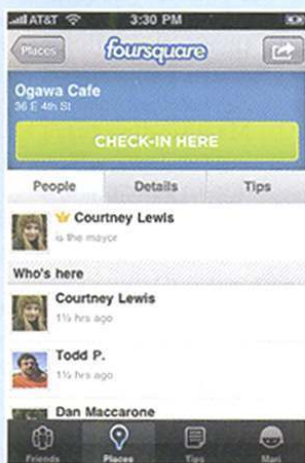
proach; Peekaboo does "not require any check-in, any gaming. We want to be a pure play coupon provider," co-founder Ben Dolgoff told *Gifts & Dec.* "We really cater to the small business." Peekaboo's app is free for consumers to download. It's not free for retailers, but the cost is nominal: \$19.99 per month for one location and \$14.99 for each additional location, with no contract. Due to partnerships with other mobile apps, Peekaboo reaches 50 million users. Another difference is that Peekaboo offers both "pull" and "push" content (by opt-in, so don't worry about annoying your customers). Users who sign up for push in a particular category get notified whenever there's a new deal in their area of interest — and they can choose how far away they want to see, as well. Right now gift retailers would fit in the "shopping" category, but Peekaboo plans to drill down to more specific categories in future. Retailers change their deals, on average, once or twice a week, though some do it daily and some never touch it. Unlike GroupOn, which requires a minimum level of discount to participate, Peekaboo lets retailers set their own terms. But Dolgoff recommends either a free gift or 20 percent off and above.

"We found Peekaboo Mobile to be a new, inexpensive way to reach out to people who live and work right near our store [...] we've been able to drive more in-store visitors during slower days or clear out excess inventory," says Keri Barrett, co-owner of retailer First Date in Andover, MA.

• **Shopkick.** Stores install the Shopkick device. Then when a customer's phone detects the shopkick signal, they get "kickbucks," which can be redeemed for in-store gift cards, discounts, song downloads, movie tickets, hotel vouchers, Facebook credits, even charitable donations. So far, it's used by 1,100 stores (outposts of major retail brands) and 100 malls. (Smaller rewards are available for checking in and scanning products at another 230,000 other stores).

• And don't forget... there are many more location-aware apps out there, including **Booyah**, **BrightKite**, **The Dealmap**, **Gowalla**, **Loopt** and **Whrrl**. To find out which one is gaining critical mass among your target audience, ask your neighbors — and your customers.

Wherever you decide to participate, don't be afraid to duplicate; you can link a Foursquare page to a Twitter feed and Facebook page, embed a

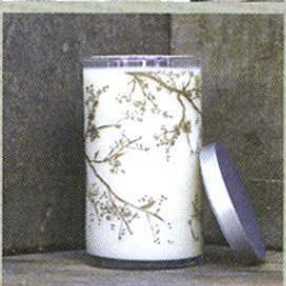
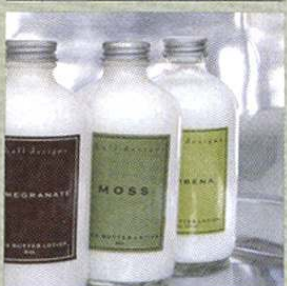
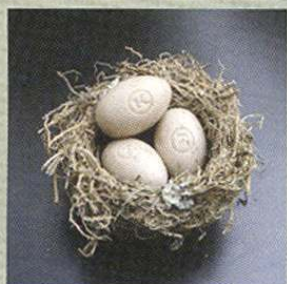


#### CLAIM YOUR NAME

- 1 See if your business is already listed on the service by using the search function.
- 2 If it is, look for a link asking if it's yours. (On Foursquare, for example, it says "Do you manage this venue?")
- 3 If it's not, look for a link to add a venue, then do step 2.



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## &gt;business TECHNOLOGY



Consumers just show their smartphones at the cashwrap to claim their deal.

SCVNGR into a Facebook Place Page, etc.

**How it Works:**

Most of the services rely on (a) self-reporting, also

at your location if they don't care about your business.

The minuses are, you miss the chance to reach out to new consumers who don't know about you yet, and

IT'S A NEW, INEXPENSIVE WAY TO REACH OUT TO PEOPLE WHO LIVE AND WORK NEAR OUR STORE [...] WE'VE BEEN ABLE TO DRIVE MORE IN-STORE VISITORS DURING SLOWER DAYS OR CLEAR OUT EXCESS INVENTORY — BARRETT

known as "check-ins", (b) the cell-phone's GPS or (c) a combination of the two. The plus of check-ins is, using them self-selects for the motivated — nobody's going to check in as being

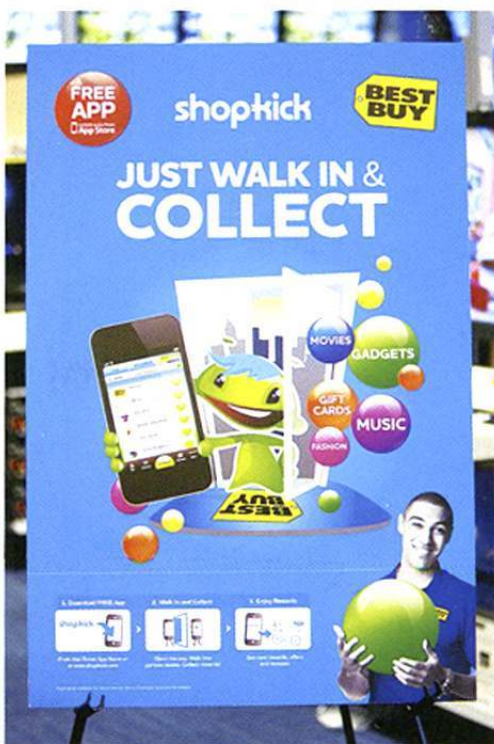
there's the potential for abuse. *Gifts & Decorative Accessories* spoke to Abbe MacIise, director of Marketing for Jayson Home & Garden in Chicago, who told us "I know someone who is

**WHAT YOU WANT TO OFFER**

According to InsideFacebook.com. If you want...

- ...To virally market a business to new customers, offer a deal in exchange for a single check-in.
- ...To earn customer loyalty, offer deals for multiple check-ins.
- ...To stabilize store traffic, offer timed deals during slow times.
- ...To create a crowd, offer a group check-in deal.





Major retailers like Best Buy use Shopkick to offer customer rewards only to those they're sure are in the store.

nowhere near Chicago who is checking in at 3 in the morning every day."

Because GPS is not an exact science — especially in the dense urban areas where location-based services are finding most of their early adopters — GPS-based services also have the potential to allow check-ins from consumers who aren't actually in the store, though they do have to at least be near by.

Shopkick has its own unique method — a transmitter stores put in which sends a signal picked up by the phone's microphone. This makes sure consumers can't say they're in the store unless they really are — but it costs the store money, and may also cause consumer frustration if the speaker is blocked, etc.

Retailers need to decide whether eliminating the po-

tential for fraud is worth the cost. While successful retail chains such as specialty home retailer Crate & Barrel are investing in the Shopkick technology, for most independent retailers, making sure their promotional deals are percent-off rather than outright freebies and that they must be redeemed in person will probably reduce enough problems without adding to overhead.

### Faces and Places

In addition to the start-ups who are all about location-based applications, a number of big names are rolling out location-based add-ons to their existing bags of tricks. Facebook Places recently added local deals through its mobile application. Businesses will not be charged directly to list coupons and special

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Circle #310

## >business TECHNOLOGY



To reinforce the message, integrate location-based promotions with the rest of your marketing efforts, including at point of purchase.

deals, though they can buy ads to publicize their offerings. In addition to the usual one time and loyalty deals, Facebook is taking advantage of its social platform to offer "friend deals" for those who tag multiple friends. Eventually all merchants and small businesses with a Facebook Places page will be able to offer deals. Yelp announced a Check-in Offers platform on November 23, about 10 months after it introduced check-ins. Google recently added a feature to its product search letting consumers know whether it's in stock nearby. Right now the search engine is partnering with national brands but, the company says, "For smaller retailers, watch this space; we're exploring simple, easy-to-use solutions and look forward to updating you soon."

### Meet Them Where They Are

Unlike social media, this trend is more up-and-coming than already everywhere. But that gives independent retailers a chance to get ahead of the curve instead of playing catch up to the big boxes, and to catch the attention, and the loyalty, of a new generation of shoppers. •

### BY THE NUMBERS:

**4** percent of Internet users have used a location-based service, according to a Pew study. On any given day, 1 percent of Internet users are interacting with geosocial services. Young people, wireless Web users and Hispanics are the biggest users so far. Men are more likely to do so than women.

• Foursquare has **5 million** users so far.

• Check-ins have the most value as a source of coupons or deals, according to **29 percent** of a JiWire survey of wireless users.

**14** percent of the National Retail Federation's SmartBrief SmartPulse survey respondents said they were most excited about location-aware social networks for the coming year.