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Money & Careers



Apps such as Peekaboo Mobile, I Am Hungry, and Yowza give smartphone users a way to get discounts when they are on the go.

SCOTT KIRSNER

INNOVATION ECONOMY

Latest apps let discounts find you. But will retailers see an advantage in mobile coupons?

While walking into the H&M clothing store in Downtown Crossing last weekend, Yishai Knobel noticed a sign suggesting that he use his mobile phone to “check in” and let all his Facebook friends know where he was shopping. In exchange for a few taps on the screen of his iPhone, the retailer dangled a digital coupon for 20 percent off his entire purchase.

Knobel, who works for a medical device company in New Hampshire,

stocked up on coats and shirts, spending about \$300. “It was the first time I saw Facebook offering me a deal for checking in somewhere,” he says. “The geek in me was really impressed, and I do think it increased my loyalty to the store a little bit.”

In an age when few of us leave home without a mobile phone in our possession, it seems obvious that the crinkly paper coupon would be ready for a digital upgrade. Businesses hope that the right offer on the screens of our smartphones might pull us over

their thresholds, and that bargain-seekers may not be able to resist offers like a half-priced sandwich in the North End presented to them when they’re in the neighborhood.

So how do you get these new digital discounts, and who are likely to be the winning players in this market?

Some applications that you may already be using have started to weave in special offers, although you may have to download the latest version to see them. For instance, the

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Smartphone apps let discounts find you

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popular Yelp app, which offers ratings of reviews of everything from restaurants to dentists, now has a menu item called “Sales & Special Offers.” But most businesses are using that platform to announce something pretty ordinary (free parking, a trivia night, or a prix fixe menu). A few optometrists offer discounts, though, and for sleepless seafood lovers, the Russell House restaurant in Harvard Square advertises \$1 oysters after 11 p.m.

On Facebook’s mobile app, you’ll see offers only when you enter the “Places” menu and try to check in somewhere. (Checking in is a way to let your online network know where you are, an unappealing idea for some.) If there are nearby businesses offering a deal, you’ll see a little yellow coupon next to their name. Though Facebook has said it is testing this feature with businesses like H&M, Starbucks, McDonald’s, and Macy’s, deals are still pretty hard to find. (Starbucks and McDonald’s offer to give \$1 to charity every time you check in at one of their locations, but don’t offer discounts on purchases.) But Facebook released the feature only this month.

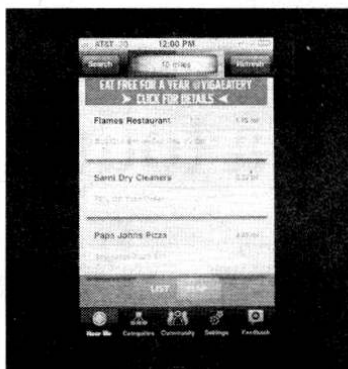
Yowza is an iPhone app focused especially on coupons, touting its partnerships with big retailers like REI and West Elm. When I first opened the app, it didn’t seem very intelligent. After asking me to tell it whether I was male or female (I’m the former), the top coupon on its list was from the women’s clothing chain Lane Bryant, enticing me with a buy-one-get-one-free sweater. There was also a sizable discount at Guitar Center (\$20 off a purchase of \$99 or more) and a lame come-on at The Container Store (a free gift-wrapping demonstra-

tion). The Yowza app offers deals at just seven chains right now.

Developed locally, there’s Peekaboo Mobile (only for iPhone currently). Frustratingly, the app was never able to use my phone’s GPS to figure out where I was, so I always wound up having to punch in my ZIP code. But once I did, Peekaboo served up good deals, like 20 percent off at a dry cleaner, or a free order of fries with the purchase of a sandwich at Four Burgers.

Also in a foodie vein, there’s I Am Hungry (available for Android phones and the iPhone). It offers deals at specific times of day, for example, a late lunch or early dinner, and, like Peekaboo, invites you to rate the deal. The Red Mango frozen yogurt shop in Boston, for example, shaves \$1 off any purchase. The first time I tried to use the I Am Hungry app, though, at a B. Good fast food restaurant near Back Bay Station, the cashier said they weren’t accepting it anymore, though there was nothing on my phone to indicate that. (The cashier gave me a free order of fries anyway.)

Where Inc., another start-up in Boston, has an app that can be used not just on smartphones like the BlackBerry and iPhone, but on many less sophisticated (and less expensive) phones. It’s generally a well-designed compendium of information about local businesses, including maps, reviews, and insider tips. The only deals visible on Where right now are supplied by partners like Peekaboo and Val-Pak (the company that mails you that pale blue envelope full of coupons every few weeks), but Where says it will be adding more offers soon. “You’ll see a nail salon offering a \$20 manicure for \$10, or \$50 worth of food at a restaurant for \$25,” says David Chang, the company’s vice president of product.



CECILIE AVILE FOR THE BOSTON GLOBE

Peekaboo Mobile offers deals like dry cleaning discounts and free french fries.

For merchants, coupons delivered via mobile phone apps can clearly reach a younger demographic. But as with all discounts, there’s a question of whether they may bring in only price-sensitive shoppers who would never come back without the special deal. And today’s “just show me your screen” coupons are difficult for many merchants to track, says Mike Troiano, a partner at the Boston marketing agency Holland Mark.

When I called the cofounder of B. Good, Jon Olinto, to see why he’d stopped offering the I Am Hungry deal, his answer hinted at one possible future for mobile coupons. “We decided we didn’t really want to do wholesale couponing for anyone who comes in,” he says. (His seven-restaurant chain focuses on healthy burgers and sandwiches made from local ingredients.) Instead, Olinto wants to offer special gifts to his loyal customers like the people who follow B. Good on Facebook. “We want to have a two-way dialogue with customers, and use that to build loyalty and give them benefits,” he says. “Facebook is where it’s all going.”

Indeed, though Facebook is only a freshman in the business

of mobile coupons, many expect it to quickly become the most popular kid on campus. According to a recent study from Nielsen, Facebook is the most popular mobile app on all smartphones, with 59 percent of users saying they open it daily, according to Pew Internet. And many businesses already have a presence on Facebook, observes Wilson Kerr, founder of Brookline-based Location Based Strategy LLC, a consulting firm.

Facebook’s plan seems to be to allow businesses to post deals for free, but sell them advertisements on the site if they want to promote them more widely. Coupon-oriented start-ups, in contrast, often charge merchants monthly fees, or ask for a cut of each coupon redeemed. Plus, while Facebook has vast awareness and usage, the start-ups need to go door-to-door to explain the benefits of their service. “When we walk into 10 business locations, at least nine of them aren’t familiar with how they can use mobile to drive business,” says Ben Dolgoff, Peekaboo Mobile’s chief operating officer.

The cofounders of Zaang Inc., the company that produced the I Am Hungry app, are rethinking a strategy that would put them up against the massive social network. “When we entered this space a year ago, it was uncluttered,” says I Am Hungry cofounder Mike Markarian. “Now it’s getting highly competitive. So we’re taking a step back and talking to restaurants to figure out what they really need.” It could be, he says, a service to help them deal with the hassle of managing the coupons they offer across all these new technology platforms.

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