



Ahold Turns iPhones into Shopping Assistants **By Maggie Shea/Peter Breen | September 13, 2011**

Ahold USA continues to test an advanced mobile phone application that lets iPhone users scan groceries and receive personalized offers while they shop.

Three Stop & Shop stores in Massachusetts launched an official pilot of the "Scan It! Mobile" app in early July after several months of testing with "friends and family," according to Erik Keptner, Ahold USA's senior vice president of marketing and consumer insight. "Once the pilot is complete later this year, we will evaluate the timing to roll out the app across more stores in 2012," Keptner told the Institute.

The app is the next logical step in Ahold's long-developing efforts to provide in-store technologies that enhance the shopping experience. In fact, the app simply transfers to the iPhone platform functionality that already is available in some 250 Ahold stores through a "Scan It!" service offered through proprietary handheld devices. (See "In-Store Media: Stop & Shop's Scan It!" in Related Articles.)

"We are committed to using innovation to meet the needs of our customers. From self-checkout, to Peapod home delivery, to mobile applications, we want to make the shopping experience easier, more convenient, and more relevant for our customers at every touch point," Keptner said. "The new mobile app is a natural transition from handheld to mobile and gives customers two ways to shop with this technology."

Ahold's long-time technology partner, Quincy, MA-based Modiv Media, developed the app, which lets loyalty cardholders scan packaging barcodes to find prices and add the item to an electronic list, thereby "scanning and bagging" while they shop. At checkout, the aggregated information is transmitted to the store's point-of-sale system with one scan of the shopper's card, eliminating the need for additional product scanning.

The app also mines loyalty card data and tracks location to present promotional offers based on the shopper's purchase history and her real-time behavior within the store, according to John Caron, Modiv's svp-marketing.

A set of pre-targeted offers is optimized for each household based on purchase behavior at the brand and category levels, Caron said. For instance, a shopper who previously bought Dannon yogurt "might receive a loyalty or up-sell offer ... as they approach the dairy section, or they might instead receive a trial offer for a competing brand within a category that we know they frequently purchase," he explained.

Meanwhile, real-time offers are triggered by behavior during the shopping trip. For example, scanning a box of pasta could trigger offers for related items like tomato sauce or olive oil.

Opening the app remotely (hundreds of miles from the test stores) on Sept. 12, a user was presented with offers for 50 cents off Kraft Foods' Oscar Mayer lunchmeat, Ocean Spray juice, Sargento Foods shredded cheese and Frito-Lay's Tostitos chips.

Initial customer feedback has been "overwhelmingly positive," with both existing Scan It! users and new adopters trying out the app, Keptner said. (The 11 reviews of the app on iTunes.com are fairly glowing, with a few complaints about the current limited availability being the only negative comments.) Users "tend to use it for their weekly shop" rather than quick trips, he noted.

The app ultimately should also contain the functionality required to facilitate transactions, if and when mobile payment becomes widely adopted in the U.S. "We are exploring innovative payment options that include direct payment from the mobile device and [near-field communication]," Caron said.

Ahold plans to continue rolling out the handheld Scan It! system. "We see these two options as complementary," Keptner said.

"We process one million Scan It! transactions per month, and the majority of Scan It! shoppers are repeat users," Keptner said. "The new Scan It! Mobile app offers customers an alternative to using the handheld device."

Stop & Shop and sister banner Giant-Landover operate chain-wide apps that let shoppers view circulars, manage their loyalty accounts and download exclusive offers to their cards. (See "Ahold Adds a Smartphone App" in Related Articles.)

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