

# Boost, Microsoft market via bricks, mortar

For mobile brands, retail locations are valuable consumer touchpoints

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UNFAZED BY the number of mega-retail chains that have gone belly up in these sour economic climes, Jeff Auman has been zig-zagging the country for months in a quest to roll out 50 Boost Mobile-branded stores. Mr. Auman, who is VP-sales and distribution for the cell-phone marketer, is working with partners to open what he calls the brand's "anchors." In the meantime, Best Buy Mobile, an offshoot of the big-box electronics retailer that offers more than 90 cell-phones, plans to add 40 stores this year to its existing 30. Microsoft, too, is set to roll out its stores by year-end in a bid to be on equal retail footing with Apple.

While it might all sound risky, Boost, Microsoft and Best Buy might actually be making a sound investment in marketing. Consider, for example, research by Wachovia Bank, which found brick-and-mortar investment was the single biggest contributor to customer acquisition, outpacing advertising, the No. 2 driver, by a "pretty big gap," according to the bank's then exec VP-Chief Marketing Officer Jim Garrity. He said customers wanted the convenience of being able to pop into their banks, and that secondarily, they valued the experience of face-to-face, personalized service.

## GETTING HANDS-ON

While consumers are unlikely to visit their cellular providers' stores as often as their banks, the wireless operator's retail presence can still be a very effective form of communication-building with customers. These days, consumers want face time with the wireless rep to guide them through the dizzying array of phones, which themselves have become more complicated as their capabilities multiply.

"We view the stores as part of the advertising," said Verizon Wireless spokeswoman Brenda Raney. "It is in the stores that the promise of advertising is realized."

## How retail stores can enhance the brand experience

Retail stores are extensions of their brand, with many touchpoints and opportunities to bring a brand to life and reinforce positive perceptions (or conversely, reverse negative perceptions). Here are a few tips on how to maximize the retail experience from Brendan Murphy, a senior partner at branding consultancy Lippincott, which has consulted companies such as Walmart and McDonald's on their retail presence.

- Present your merchandise in a way that helps shoppers navigate through the sea of products. Consumers are overwhelmed with choice these days; segmenting merchandise along price points, style or color and grouping them using product islands instead of walls of merchandise can help shoppers cut through the clutter.

- Help customers feel comfortable with their choices and decisions. In many cases, consumers have researched the products online and are going to the stores to touch and feel them. Cellphones used to be kept behind glass cases, but now, carriers have wised up because shoppers want to play with the phones. "Let consumers connect emotionally with the product, and enjoy the physicality of it," Mr. Murphy said.

- Train store reps to be knowledgeable. There's nothing worse than going to a store and finding salespeople who can't answer the basic questions, such as, "What is the difference between plasma and LCD TV?" Best Buy, for example, has differentiated on the expertise of its salespeople, whereas industry watchers blamed poor service, among other factors, on the demise of Circuit City. "The advantage of Best Buy is you're confident about your buying decision, and it's not a guessing game."

- Define what customer enjoyment is for your brand and express that in your physical environment. If you're selling "fresh," you need to invoke all the sensory cues to signal that attribute. A grocer advertising that its produce has a "just-picked" quality about it may want to consider handwriting the fresh offerings on a blackboard rather than using mechanical signage.

- Provide great customer service. Not every brand can be Apple and deliver customer service with a high touch, but every brand can imbue their reps with a customer service mindset, making it easy for customers to transact, return products, and resolve technical and billing issues.

For Scott Moore, Best Buy Mobile's VP-marketing, it's the in-store experience, rather than advertising, that draws in the customer and drives repeat business. He eschewed advertising to launch the opening of the retailer's Dallas stores in July and August, favoring instead "building relationships from the small box out."

"For us, what matters is the retail experience," Mr. Moore said. "If you can create a great retail experience and you can bring it to where the customers are, you're going to see the appropriate lift in your business."

At another level, stores also act as the brand's billboards. He said Best Buy Mobile stores, located in high-end shopping malls, are attracting customers who are new to its brand, notably female shoppers.

That's not to say wireless operators are going store-crazy. Throughout the decade, wireless operators planted their stores across suburbs and cities, pushing the country's wireless penetration close to 90%. But now with cost-cutting the new mantra, analysts say carriers are actually slowing their retail expansion.

At the end of 2008, Verizon stores numbered 2,500. While that's 4% more than the previous year, it represents a slower pace from the 8% rate in 2007. Of the top national carriers, T-Mobile looks to be an exception, as Germany's Deutsche Telekom subsidiary plays catch-up, having entered the market just earlier this decade. As of July, it operated 1,900 company-owned stores, up from 1,600 a year ago.

Meanwhile, growth in overall ad spend among wireless operators has decelerated by about 4% per quarter since the end of 2007, according



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**'UNFRIENDLY ENTITY':** For wireless carriers, stores present a chance to communicate directly with customers and impress them with cutting-edge technology.

to Bernstein Research, making those plentiful retail stores well-positioned to pick up advertising's slack.

The trick now for operators is to maximize the marketing value of the stores, rather than viewing them simply as distribution points. Marketers would do well to team more deeply with the traditional managers of the stores—the facilities and distribution staff—to make the stores actually be the advertising.

## BRAND VALUE

"The smarter brands make sure ... that it's not the real-estate person driving the customer experience, because customer experience is how people define individual brands, and if that's not delivered in your store, you're in trouble," said Brendan Murphy, senior partner at brand consultancy Lippincott.

Carriers have plenty of opportunities for demonstrating brand value in their stores, which serve wide-ranging customer service needs: Customers visit them to do everything from sorting out their bills to troubleshooting their phones. And mobile handsets are still in that class of merchandise most people don't want to order online; consumers want to play with the phones and ask questions about them before buying.

"There are a lot of levers that marketing can pull because of these immersive experiences," said Peter Dixon, senior partner at marketing consultancy Prophet. "The tone of the sales rep, how the manager resolves an issue to the clarity of the merchandise—these are all the things that build the brand."

The stores also provide the retention experience that advertising can't deliver. "Once they capture the customer, these customers go back to the store where they only

see the carriers' products," said Rob Enderle, principal of the Enderle Group.

Carriers' stores can also cement the marketer's positioning and humanize its messages. As it struggles to stay relevant, Sprint recently sought to revamp its image by announcing a series of green initiatives being showcased in its stores. Sprint-owned stores now feature dedicated eco-friendly areas with green products and accessories, and new stores will follow sustainable standards, such as using energy-efficient lighting.

"Wireless carriers are a pretty unfriendly entity," said Russ Rogers, a former AT&T marketing executive now with business management consultancy Revel Consulting. "At the end of the day, they're a utility. But the retail locations give them a chance to demonstrate their customer service, their cutting-edge technology or whatever their brand promise is."

Even though Boost's services are available in all but two states through a mix of independent dealers, 14 company-operated stores and national retailers like Radio Shack, Mr. Auman said there's nothing like having on-the-ground, dedicated brand presence. He sees the stores as a form of advertising that is "more permanent" than, for example, TV campaigns that air in a particular quarter to satisfy some business objective.

"Advertising at the street level is not a one-shot deal; it's an anchor for us," Mr. Auman said. "It's important that Boost has brick-and-mortar presence at the street level that is convenient to where people work, shop and play. They see it on a frequent basis, and it does drive awareness. Their contracts may not expire today, but when the day comes, they'll know where to go."

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