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• Dec. 11, 2006

Online Service Raises Retail Store Receipts **Unique third-party provider increases convenience for customers**

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These days, a trip to the local shopping mall can be an exercise in frustration, as swarms of holiday shoppers vacuum merchandise from store shelves. But shoppers in certain areas can use new online services to make sure their local stores have certain items in stock.

NearbyNow.com is the first online service that allows people to search the merchandise at a particular shopping center over the Internet. To find a certain product, a customer can check the Web sites of any malls offering the service to see what items are in stock at individual shops, reserve the product and even get information on where to park close to their destination before leaving the house.

"It's a free service," said Scott Dunlap, chief executive officer of **NearbyNow Inc.** "We get inventory data from shopping malls and put it on the Web site. Customers can fill out the form online for what they want to buy, and we confirm that it's there and hold it for them when they come in."

Before launching the service, NearbyNow conducted a market research survey of hundreds of consumers about shopping attitudes and behavior. According to the focus groups in the study, the firm discovered that most shoppers prefer to purchase in-store rather than online in order to examine the merchandise, ask for information and acquire the items immediately.

"When people shop online, more than 60 percent of the time they end up buying in-store," Dunlap said. "NearbyNow provides shopping centers and its retailers an opportunity to harness this trend and drive more in-store purchases. Our goal is to try to get shoppers to visit the mall."

NearbyNow declined to comment on the volume of sales revenue generated by its service.

Eastridge Mall in San Jose, a shopping center operated by **General Growth Properties Inc.**, was the first mall to feature NearbyNow on its Web site, with 70 percent of the retailers at the property participating in the program. Since the service launched in August, customer traffic to the mall's Web site has tripled.

"The general feedback from retailers has been very enthusiastic and positive," said Alice Snyder, marketing manager of Eastridge. "I certainly see this as a growing trend. This is a service that the general public may come to expect to save them time and get tips on where to park."

Another online parking guide was recently launched in Santa Monica that shows shoppers how many parking spaces are left in the public garages around the city. The information is available at parkingspacenow.smgov.net/.

Encouraged by the positive response, General Growth Properties plans to expand the NearbyNow service to more shopping centers throughout the country.

"Eastridge Center is one of 20 shopping centers that will use the NearbyNow search capabilities," said David Keating, director of corporate communications for General Growth Properties. "To date, two of the 20 are up and running, with the remaining 18 scheduled to go live in the first quarter of 2007."

A Silicon Valley start-up based in Mountain View, NearbyNow in June raised \$2.5 million in venture capital from two funds, Draper, Fisher and Jurvetson and Draper, Richards.

NearbyNow also plans to eventually offer searches of merchandise and discounts through mobile phones.

Online Discounts

Other online services are trying to carve out a niche in the retail market of the information superhighway by offering coupons and discounts.

Fabu.com offers a large range of discount coupons for merchandise purchased online, including some promotions that are exclusive to the site. According to the company's management, the Web site has generated \$3 million in sales since its launch in October. Although fabu.com offers coupons exclusively for online purchases, the firm also offers in-store promotions from a similar Web site, fabulousavings.com.

"Shoppers can punch in Gucci, and the Web site will tell them all the online retailers who sell Gucci and what coupons each retailer has for it," said Michael Yack, founder of Fabu.com. "At Fabu.com, we are doing the research for them, making it easier to find the coupons they need for a successful shopping experience. And not just any coupons, by the way. Fabu.com gives shoppers not only the best deals but the most current deals."

The fabu.com Web site updates its coupons daily. Retailers offering discounts through the site include Target, Dell, Macy's and Old Navy.

Online retailers are embracing Web sites like fabu.com as a way to boost sales.

"It's more efficient than doing traditional media placement, such as print ads," said David Gaeta, director of marketing with Cooking.com.

"You can see consistent return on investment through these online marketing programs," Gaeta added. "Since last year, our sales generated by fabu.com and fabuloussavings.com have doubled. They are among our top 10 revenue producers in the holiday season."

Other online retailers offering discounts on fabu.com recorded strong sales figures from Cyber Monday. EBags.com Inc. said total Internet sales rose 26.2 percent over 2005 numbers as of Cyber Monday.

"Fabu.com generates a good stream of sales for us and is among our top 50 affiliates," said Thomas Bengel, affiliate marketing manager for eBags.com. "Our top 50 affiliates generate around 80 percent of our total affiliate sales and are a significant part of our business model."

Fabu.com is one of many services offering online coupons to customers. Cooking.com has 6,000 marketing affiliates that offer promotions, although only a tiny fraction of these generate revenue.

Part of the appeal of the service is that promotions are updated continuously.

"Fabu.com removes old promotions quickly and refreshes them so that customers do not encounter an expired promotion," Gaeta said. "It's a great deal of work on their end to keep up to date with the most current promotions."

NearbyNow also provides shoppers with information on discounts and coupons for the shopping center Web sites that are wired with the service.

Monetizing the Service

As a free service for customers, the challenge for online retail service is to generate revenue.

For NearbyNow, that means advertising. Although offering the service for free to all customers and retailers in a particular mall, the firm charges retailers a monthly fee in exchange for listing products with more extensive images and descriptions.

The company also earns revenue from contextual advertising, similar to the advertising revenue generated by Google.com.

"Since we know what the customer is looking for, we can offer relevant advertising through banner ads and text ads," Dunlap said. "If the customer is searching for shoes, we point them to sales and other promotions. We keep the ads specific to retailers, services and brands available in the mall."

Other online retail services earn money from sales commissions generated from the Web sites.

Fabu.com works with the marketing departments of these retailers to negotiate the discounts. For every sale generated through fabu.com, the retailer pays the Web site a commission.

"Many of the visitors to our Web site are new and first-time buyers, so retailers would love to give them an incentive to purchase," Yack said.

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