

Re-imagining customer acquisition.

“Half the money I spend on advertising is wasted. The trouble is, I don’t know which half.” So lamented department store magnate John Wanamaker, 100 years ago.

Today, sellers still struggle to track individual customers and measure per-sale performance of various incentives. Physical stores and suppliers face particular challenges: to boost sales, they are largely confined to one-size-fits-all instruments like couponing and price adjustments.

Fortunately, there’s good news. Innovative combinations of advanced digital tools are coming that will make customer acquisition and sales promotion much more effective.

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A different, Big Data-driven price for each customer.

Imagine that each shopper is offered a custom price for each item they might purchase, depending on a long list of variables: What products do they usually buy? What brands? How much? How often? When last bought? What are they buying today? What is their demographic status (married, single, young, old, male, female, etc.)? What else is in their shopping cart? And, at this moment, precisely where in the store are they standing?

Sellers will have these answers in their databases and will use them to structure unique offers. “Mr. Jones, you bought disposable razors last month. You usually buy brand A. If you buy brand B razors with brand C shaving cream today, you’ll get 25% off. And, perhaps you’d like to buy a dozen roses for your anniversary this week for 30% off.”

These super-customized offers can be displayed on the shopper’s mobile phone, smart watch or even – someday soon – on augmented reality glasses. Offers will be based on datastreams from a “smart cart” system that detects what goes into your basket and instantly accesses relevant data from sellers, buyers, retailers and other stakeholders.

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Next, multiple parties will drive purchase combinations.

Imagine your 50-year-old mother is mildly allergic to corn but loves (and buys) foods containing corn products. She rarely reads ingredient labels. Who might subsidize attractive price offers to your mom, gently nudging her toward corn-free alternatives?

You. You are highly motivated for your mom to consider, say, potato-based pancake mix: “Wow, only 99¢ a box? I’ll buy that, not my usual \$4 corn-based product that makes me congested.”

With new technology, you, your sister, your mom’s insurance company or her employer could all subsidize alternatives, acting together or separately.

Non-food sellers can also cross-subsidize mom’s grocery purchases. Mortgage brokers, network providers and credit card companies spend hundreds to acquire a single customer. Any or all of them might offer to pay for mom’s entire grocery basket this week, if she switches to their product/service.

Motivated parties make all of this inevitable.

Big Data-driven, digitally-delivered discounts could be applied in various ways. First, stores could instantly adjust prices at the register to deliver promised incentives. Second, the “standard” price could ring up, then five minutes later the incentive amount posts to mom’s credit card. Third, mom sends a photo of her receipt to the cable company, which deducts that amount from her first month’s subscription bill. These are just some of many possibilities.

Some retailers may resist anything that changes mom’s shopping habits, concerned she may suddenly buy less, buy cheaper or buy elsewhere. But other retailers will realize this change is inevitable – and conclude it’s smarter to get ahead of the curve.

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My new company, Upside, is already applying some of these new rules and tools.

Upside sells and services business travel to employees at companies without travel departments. Our Big Data software instantly analyzes 10,000+ possible travel choices, finding “needles in the haystack” – the six best money-saving flights and hotels that meet the employee’s needs for a specific trip. We also offer dynamic personal incentives that motivate travelers. As they spend less of their company’s money, they get more personal rewards.

The rewards? A gift card worth \$100 to \$500 at Amazon.com or their choice of 50 other name-brand stores. (And, travelers still keep all of their frequent flyer miles and credit card points.) Result: an itinerary that might have taken an hour or more to research and purchase with conventional tools is arranged in minutes, with valuable incentives that make employees eager to cut costs. The company can save 5-15% on each trip, still using the same business-quality airlines and hotels.

As Upside grows, we’ll add additional items to our current packages of flights and hotel: dining, rental cars, ride sharing, insurance, data services and even Wi-Fi. Soon, companies such as Uber, Lyft, Hertz or Avis could reduce the cost of an Upside Package by \$100 to acquire a brand-new customer, just as a cable company or Netflix might buy all of mom’s groceries this week to get her business.

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Innovative customer acquisition processes and promotional systems will transform trillion-dollar sectors of the U.S. economy.

Upside is using business travel as the proving ground for new customer acquisition and sales promotion technology with dynamic “basket” pricing, custom offers and multi-party price underwriting.

Before long, this approach will enable better-targeted incentives, stronger cost controls and increased customer satisfaction across several multi-trillion dollar industries including healthcare, insurance and beyond. Then, not one dollar of our ad budgets will be wasted.

– Jay Walker
Chairman and CEO
Upside.com

 **UPSIDE**
It’s all about the upside.

Sixth in a series of essays imagining the future of business. @upsidetravel