

## Why are retailers rushing to roll-out beacon technology in their stores?

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Asda is the latest retailer in the UK to announce that it is planning to roll-out [beacon technology](#) in its stores, joining an impressive array of retail giants including John Lewis and Tesco that are utilising the proximity marketing tool.

Elsewhere, Mothercare has announced it will trial beacon technology in store from early 2015, with House of Fraser also set to introduce beacon-equipped mannequins in its Aberdeen store to provide customers with a more engaging retail experience.

This is one of the latest mainstream examples of consumer beacon technology in [retail](#) in the UK; Waitrose has also previously trialled beacon technology to push discounts and offers in its Swindon store, while fashion brand Michael Kors has announced plans to integrate beacons into its flagship London store when it opens next year. Further afield, ICA and Coop – the largest supermarket chains in Sweden – have officially said that they are exploring beacons in order to make communications in the supermarkets more relevant.

This technology has enormous potential to enhance the shopping experience, making it quicker and easier for customers to access the information and products they are looking for, or provide special offers or discounts to loyal shoppers. In addition, it would provide retailers with invaluable data about their customers' shopping habits as well as about the activity of their staff, allowing them to make improvements to the store layout by identifying store flow, maintaining service standards and operations that will benefit both customer and retailer.

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For many years, [Near Field Communications \(NFC\)](#) was considered to be the technology that would deliver such data to retailers and help them track how customers behave when in-store. As that technology has reached certain limits, beacons are now poised to be the next step in delivering on this valuable promise.

## Why beacons?

Beacons are a type of a low-cost, micro-location based technology using Bluetooth Low Energy (BLE 4.0) for communicating with beacon enabled devices. In essence, that means a retailer can send location specific information directly to a customer via their smartphone, and obtain valuable data based on how customers interact with the Beacon.

For a retailer, there are several reasons why beacon technology is proving attractive. House of Fraser's mannequins are helping to boost engagement with customers who are already in store, but beacons could help get them through the door in the first place. For example, a beacon in a window display could be used to beam promotional information to people as they pass by. They could even be placed in bus stops, street adverts or tube stations to direct customers towards a specific shop before they go anywhere near it.

Beacons can also help a retailer recognise, reward and understand its best customers, increasing loyalty and building a stronger relationship with them. They can be used to track how many times a customer visits a shop, the departments where they spend the most time (to determine which displays are most effective) and the number of promotions/vouchers redeemed in order to monitor conversions. The technology also has the potential to let a retailer know when its most profitable online customers are present, so staff can recognise and treat them accordingly.

As well as providing valuable information on customers, beacons could be used to keep track of staff efficiency. They can monitor how often and for how long members of staff engage with customers to help improve customer service training and track sales conversion rates. In addition, they send alerts to them when a task (like checking if an area of heavy traffic needs re-stocking) needs to be carried out, monitor how long each should take, and identify how staff split their time between the stock room and shop floor. Using beacon technology, retailers are also able to track vendor activity, monitor deliveries and ensure vendor compliance.

## Getting customers on-board

With all these benefits, it is not a surprise that many major retailers are making plans for beacon technology. However, in order for the implementation to be a success, retailers need customers who want to use them. The main barrier to the potential success of beacon technology is the fact that customers have to voluntarily download and install a smartphone app for it to work. Although there is potential for beacon apps that cover an entire street or mall, most retailer apps are likely to be unique, meaning that they will be in competition with other high street names. While customers may be happy to download an app for a couple of retailers, they might not want to download an app for each of the shops they visit.

To overcome this, retailers need to educate customers about the benefits this technology offers them, and demonstrate the unique benefits they would not get otherwise. As well as giving customers information about products in store and online, beacons should provide tailored offers and discounts to truly reward customer loyalty, as well as helping shoppers navigate around the shop to make the experience more efficient and rewarding. Another option for retailers is to

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integrate beacon technology with popular third-party shopping apps like PayPal or PriceChecker. This way, they can get their message across to customers without them having to download another app – but the challenge to make the customer want to establish a relationship remains.

While the introduction of beacon technology poses various challenges, if retailers offer a genuinely beneficial and contextually-relevant experience to customers, they will benefit from enhanced engagement and far greater insight into in-store footfall and customer and staff behaviour. Although NFC and to some extent RFID technology have made similar promises in the past, the widespread uptake of smartphones and the fact that mobile devices are playing an ever more important role in the shopping experience means that beacon technology is likely go mainstream in the next few years. If they do not want to lose out to the competition, retailers need to start planning for beacons now.

**Link:** <http://www.mycustomer.com/feature/experience-marketing-technology/why-are-retailers-rushing-roll-out-beacon-technology-their>