BEACONS
The path to improved in-store digital experiences
Introduction

E-commerce players have an unfair data advantage. They have first time and repeat visitors’ data, login frequency and purchase abandonment statistics available in abundance. The good news for the physical or offline retailers is that they can access to data too. Using beacons, cameras and sensors in combination with analytics software, can open up a whole new world of insights for retailers.

Location based marketing, also known as proximity marketing, uses geo-fencing, wifi and beacon technology to provide location based customer engagement. The more contextually relevant a message is, the more likely a person is to interact with it. Knowing someone’s location and what their preferences are, spending history, the pages they view online etc., gives you context and the ability to personalize. Beacons matter because they can provide this context.

Beacons can help to create a omni-channel experience, bringing physical and digital together. This aligns with customer expectations. They don’t care through which channel they are communicating with a brand. They focus on what is being said and how relevant it is. This paper will provide you with insights and guidelines on the benefits of beacons and how to implement them in your marketing strategy.

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7 data points that prove the benefits of Beacons

Beacons are finding their way into the retail segment, especially in the US market, although this has taken longer than many had initially anticipated.

- One study published found that beacons deliver 19 times increase in interactions with advertised products, 16.5 times increase in app usage in-store, and 6.4 times increase in app retention.
- 73% of shoppers who received a beacon-triggered message on their smartphone said it increased the likelihood of making a purchase during a store visit, while 61% said the message would prompt them to visit the store more often.
- Beacon-influenced, in-store sales are projected to be $44.1 billion in 2016.
- 75% of marketers concluded that location-based marketing is an important business challenge in 2016.
- A survey conducted by Forrester found that only 3% of retailers use beacons, while just 16% had plans to try the technology in the foreseeable future.
- A study by inMarket found that the use of beacon technology results in a 45% interaction rate, compared to a 9% interaction rate with push notifications.

Being a pure brick and mortar store is often not the best approach to connect with the target audience anymore. A mix of online channels as well as physical stores is a better, read more profitable, way to reach customers for many retailers today. While most sales still happen in physical stores, online channels supported through smartphones, with location based marketing, have a huge influence on customer engagement, loyalty and sales.

Beacons provide you with an opportunity to engage your customers on mobile and bridge the physical world with the online reality. They can trigger push messages, which in turn entice the customer to use a mobile app. This certainly helps if they had forgotten about it. One retailer managed to increase its application’s engagement rate by 400% and the number of app users which grew by 600% in seven months.

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Business benefits of proximity marketing using beacons include:

Increased **Customer Lifetime Value** in physical stores - More in-store traffic, as a result of improving, mobilising and personalizing the shopping experience. Stronger customer loyalty and higher retention rates by understanding and providing what the shopper wants. An additional potential revenue stream by selling advertising “space” to selected merchandise brands. This applies specifically to malls.

**Location Analytics** - Gain insight into customer visits, passers-by vs visitors and dwell time - combine this data with an individual’s demographics and purchase history. Understand shopper behavior, based on data collected and analysed over time. This can then be used to optimise store design, product placement and in-store visual communication.
Use Cases

In our experience, there are six main use cases for location-based engagement that would improve your customers in-store shopping experience and interest in engaging with your brand:

1. Promotions, campaigns, discounts
   a. Send push notifications of specials and discount coupons to in-store customers. Track movements of customers around the store and provide coupons for relevant products.
   b. Send discount coupons, special offers and other notifications to shoppers outside your store walking by.

2. Seamless online and offline shopping engagement
   a. Send personal notifications and recommendations to customers based on their location in store, as well as the content they recently viewed on the website.
   b. Targeted cross-sell offers to customers between physical stores and website based on transaction history.
   c. Promote or Drive usage of features such as such as “reserve-in-store” and “click to collect”.
   d. Notify customers if any item in their digital shopping bag is in stock, as they pass by the store.
   e. Auto sort shopping list as the customer go around the store, to make the shopping trip easier and more enjoyable.

3. Improve Engagement through Content
   a. Store mapping, aisle layouts and product locations.
   b. Videos, product reviews and product information.
   c. Promote in-store events such as shows, guest designers, book signings and so on.
   d. Ability for customers to reach out to sales associates from within an app

4. Gamification
   a. How many store locations can a customer visit in a day, week, month.
   b. Treasure hunts within the store, even using augmented reality.
   c. Gamify a weekly event (or similar) with brands providing offers, discounts, freebies, and prize giveaways.

5. Shopping Malls
   a. Shopping mall owner can engage directly with shoppers via specialised apps. In addition they can use the beacons as a service for existing retailers in the mall who can integrate their apps and message shoppers through it as well.

6. Sales-staff empowerment
   a. By making CRM data available to the staff, they have additional information about customers, which can help striking up a better conversation. A customer's purchase history can e.g. quickly reveal his or her preferences

Start small. A simple, well designed promotion campaign using beacons is the best way to start an evaluation of how beacons can drive success.
The following example of a roadmap for beacon implementation is based on a mobile app that triggers personalised customer engagement actions.

1. Define what you want to achieve with Proximity Marketing and what you expect from the solution you intend to implement. Whatever you decide to do, it should align with your overall business strategy. Ideally it integrates in your overall marketing and engagement solution.

   - Understand shopper preferences regarding proximity solutions. What potential benefits will make them agree to be tracked on-site as an identified customer?

   - Make sure you can control push notification in order to not overwhelm the customer.

   - Develop a specific proximity marketing strategy – don’t use it for the same purposes as your overall customer engagement efforts. Do something different. Unique promotions, events, use location as the key factor in the specific promotion. You should improve your consumers in-store shopping experience, not bombard them with useless messages.

2. Design and usage of your mobile app is critical for the success

   - Develop a benefits strategy that makes customers want to install your app on their phone. Your shoppers must also switch on Bluetooth. So upon installation of the app they should be alerted and directed to the settings of the phone. They should also opt-in for location tracking.

   - Even when your install base is small in the beginning, you can start installing beacons to reward those who have installed it better. Devices without an app can still be tracked anonymously, so you can start tracking visitor numbers and passers-by.

   - A mobile and beacon advertisement campaign should be part of your roadmap, to ensure your shoppers are aware of the

4. Integrate the mobile app messages received from the beacons around your customers’ locations with your customer engagement platform(s). This will allow your various campaign, promotions, events and any of your engagement channels to use the location based information to drive events and gain customer insights. This is the critical part. Do not implement a beacon based engagement strategy on a standalone basis. It is important to create an omni-channel, seamless shopper experience that your customer demands and deserve

5. Deploy a controlled pilot, start small, understand the new possibilities, and build from there. Then perform a carefully planned rollout, and ensure you leverage the new customer information that you now have access to.

6. Gather customer feedback - The most important aspect of running a pilot is to learn from it. Make sure you ask your customers for feedback on what they liked about their beacon experience and what they didn’t

For large scale beacon deployment moving from a proof-of-concept to a full implementation may take as long as a year
What are Beacons?

Protocols and Types of Beacons

Beacons use low-cost, low-power, micro-location-based technology to interact with electronic devices via Bluetooth Low Energy (BLE). Smart phones and other Bluetooth devices such as fitness trackers can be tracked by beacons using this technology. Beacons are primarily used for anonymous tracking of passers-by. More sophisticated beacons can be used for location-based mobile customer communication or even face recognition.

The technology enables beacons to alert apps or websites (which the user has opted into) when someone approaches or leaves a location. This allows you to know who is approaching or visiting your store. Retail or other venues that have beacons in place can detect where a customer is (or rather when they are near the beacon). They can push timely messages to customers. Targeted marketing using geolocation isn’t brand new, but what makes beacon technology special is the ability to "wake up" an app a consumer has downloaded, but that isn’t open on the device. The technology is potentially transformational because of this ability, to wake up apps and re-engage consumers who may not remember to open up the app every time they come to the store.

The technology gained traction in 2013 when Apple introduced the iBeacon standard to the market. Google developed the Eddystone standard and rolled it out in July 2015. These are the two main protocols that the beacons use when engaging with nearby devices.

Main difference between the two is that iBeacon requires an App to receive the transmission of the ID number from the beacon. The App can then trigger additional messages. The user must have Bluetooth on. The app should be set to receive pop-up notifications. Eddystone, in addition to the above, also allows URL links to be broadcasted. They come with support for sensor telemetry which makes them more powerful and enables beacon fleet management. However, for the URL links to work you need to have the Physical Web installed (native now on Chrome in Android). In addition Bluetooth and location need to be turned on.

If your business already has an app in place and you want to have personalized engagement, then it’s easier to leverage iBeacon technology. It is easier to implement and gives you an ability to quickly get to market. If you don’t have an app in place, and you foresee to launch on a broad scale with an advanced beacon strategy you may want to explore Eddystone. This allows you to reach potential customers that have your app, but also other users without the need for a specific app. Be mindful though that if they don’t have a mobile app your interaction with the consumer is limited since you do not know who they are and can therefore not have the same tailored and personal content as a mobile app user.

There are several companies in the beacon manufacturing space, such as Kontakt, Gelo, Estimote, Bleep and others. Apple does have one key feature that has interesting applications: an iPhone, iPad, or iPod can now become an iBeacon.

It is noteworthy that the cheapest beacons are often battery powered, which requires monitoring. There are USB powered beacons with an adapter, in addition to having iPads to both act as a beacon and as an instore pad for your sales associates. More sophisticated beacons with WiFi support can also enable hotspot capabilities. This can enhance both the service side of the retail experience as well as the accuracy of the tracking.
A Memberson Insights Paper

Insight papers are there to help you understand the world of customer experience and CRM.

About Memberson

Memberson empowers retailers, merchants, shopping mall operators and franchises to connect, engage and transact with their customers with real-time data and marketing automation.

To date, our Reaktor® platform is connected to hundreds of brands and touch points and engaging with millions of shoppers through various channels and devices.

As a forward looking innovative omni-channel service provider, we can help you engage with your customers at the right time through the right channel based on data-driven insights. Feel free to contact us if you have any question, feedback or need help with your customer engagement strategy.

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The Memberson Reaktor® platform helps retailers to transform into to new digital, online and social way of retailing leveraging from the physical store presence. We connect with social media, e-commerce, m-commerce, mobile apps, mobile wallets, web portals, campaign pages, POS, kiosks, beacons, Wifi and many other touch points to create the customer experiences that consumers are expecting today.