



BEACONS:

Driving Sales With Customer Service Insights

A RETAIL PRO WHITEPAPER

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Retailers Opt-In to Beacon Technology

Faced with increasing competition from e-commerce retailers, brick and mortars have implemented beacon technology to entice new shoppers and increase loyalty among existing customers. Retailers are using beacons — tiny transmitters that communicate with mobile devices via Bluetooth — as a competitive advantage, to cost-effectively build market share and increase basket size.

One must look no farther than the U.S. Census Bureau to understand the growing threat that online retail poses to brick and mortars. The fourth quarter 2014 e-commerce estimate from the census bureau increased 14.6 percent from the fourth quarter of 2013, while total retail sales increased 3.7 percent in the same period. E-commerce sales in the fourth quarter of 2014 accounted for 6.7 percent of total sales.¹

Beacons offer traditional retailers a technology that can literally reach out and grab a potential customer's attention, in a way that online competitors cannot. A retailer can install a beacon at its store entrance to:

- Bring in new customers (passersby)
- Welcome customers entering the store
- “Announce” the arrival of a VIP or loyalty club member.

Retailers must offer a compelling reason for shoppers to opt in, or risk customers dismissing the opportunity. According to Business Insider, more than 60% of customers say they believe retailers will use data solely for their own benefit.² But what is done for the business' benefit also benefits the shopper. “The data that retailers gather is ultimately used to determine how best to give customers what they want,” said Retail Pro International CEO, Kerry Lemos. “They use data to increase customer convenience and improve their experience across channels.”

“Many retailers have started leveraging location-based services and geotargeting to engage shoppers on their mobile devices as they move throughout the store and to get them inside the store,” Jay Henderson, program manager, IBM ExperienceOne, told CIO.com. “Some of the more forward-thinking retailers are even deploying in-store location technologies like [Apple's] iBeacon to allow for fine-grained targeting based on where people are in the store to make the customer shopping experience easier, more personalized and more engaging.”

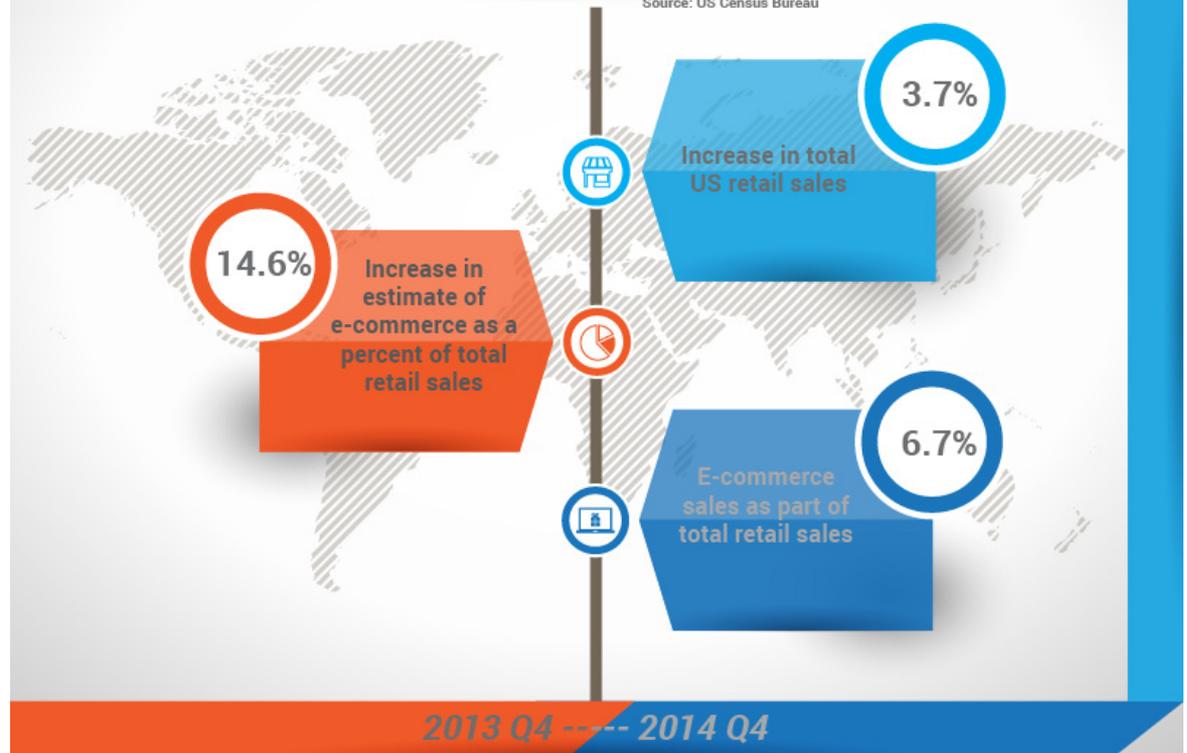
¹ Bucchioni, P., Liu, X., & Weidenhamer, D. (2015, February 17). QUARTERLY RETAIL E-COMMERCE SALES 4TH QUARTER 2014.

² Beacons for Retailers [report findings video]. (2014).

³ Lonoff Schiff, J. (2015, February 23). 8 Ways to Create a Successful Multichannel Customer Experience. CIO.

Brick and Mortars Compete Against Increasing Online Retail Success

Source: US Census Bureau



2013 Q4 ----- 2014 Q4

Checking In

Beacons let shoppers check in with their mobile devices as soon as they enter the store, enabling them to receive personalized discounts/offers depending on where their location in the store and the products they are looking at. In return, retailers can capture valuable information on in-store shopping behavior, link it with the online shopping profile of a particular customer and begin (or continue) to customize the in-store shopping experience – and even extend that personalization to the retailer’s online site.

For example, Urban Outfitters is using beacons to prioritize customer service both in-store and online. Customers who opt in to location tracking on their Urban Outfitters app are tracked within the store, as well as at the time of online purchases. The retailer can then identify and reward regular customers. Instead of pushing aggressive offers at smartphone-wielding consumers, the beacons plug into the Urban On loyalty program, part of it’s app that offers shoppers rewards and access to events.⁴

Data-Driven Instant Marketing

This type of push messaging has a significantly better response rate over email marketing, according to data from Forrester Research, a leading research and advisory firm for business and technology companies. Forrester reports that push marketing results in 50% higher open rates,⁵ and mobile app developer Urban Airship notes ten times higher click-through rates⁶ and even 1200% greater conversion.⁷ It’s no surprise, therefore, that every app you download asks for the privilege to send you notifications. That “opt-in” component signifies that the messages broadcasted by a particular beacon are not disseminated to the general public, but rather to a subset that are predisposed to consuming your content.

Giving Visiting Customers a Mobile Welcome

For many retailers, a “welcome” message requires the retailer to provide an app that corresponds with the beacon’s ID. Once a customer downloads the app, messages will broadcast from the beacon to the customer. A cardinal rule of good customer service is welcoming a customer into the store, and beacons can help automate that process. However, care should be taken to send a greeting that is meaningful and relevant to that particular shopper. More frequent visitors will have a more detailed profile because of the volume of data derived from their multiple shopping trips, and will therefore receive more personalized offers.

⁴ Johnson, L. (2014, November 4). Urban Outfitters Tries Pinging Your Phone in the Fitting Room. Adweek.

⁵ Husson, T. (2013). Push Mobile Engagement To The Next Level. Cambridge, MA: Forrester Research.

⁶ Little Black Book of Results. (n.d.). Urban Airships.

⁷ Manser, M. (2014, September 4). Funky Pigeon Sees Soaring Conversion with Automation Push Messaging.

Retailers use beacon technology to provide special deals and “sneak peeks” not afforded to customers without the store app.

One word of caution: Because entrances are also exits for most retailers, it’s vital for the beacon sensors to differentiate between customers coming in and those who are departing.

“The interesting thing about beacons is you can think of it as dropping a stone in a lake and watching the concentric circles emerge from that entry point. Beacons broadcast in the same way. They broadcast in a spherical fashion,” said Andy Nanopoulos, director, Mobile Center of Excellence at Mobiquity during a company webinar. “So, if you just placed a beacon at the entrance points of your store, and say you have multiple entrances... if you don’t pay attention, you could send a welcome message to someone leaving because they just crossed the boundary of that beacon as they were exiting.”⁸

That dilemma can be solved by using two beacons – one at the entrance, and another checkpoint beacon placed elsewhere, so the retailer is aware, for example, that a shopper has already entered the store and is now leaving.

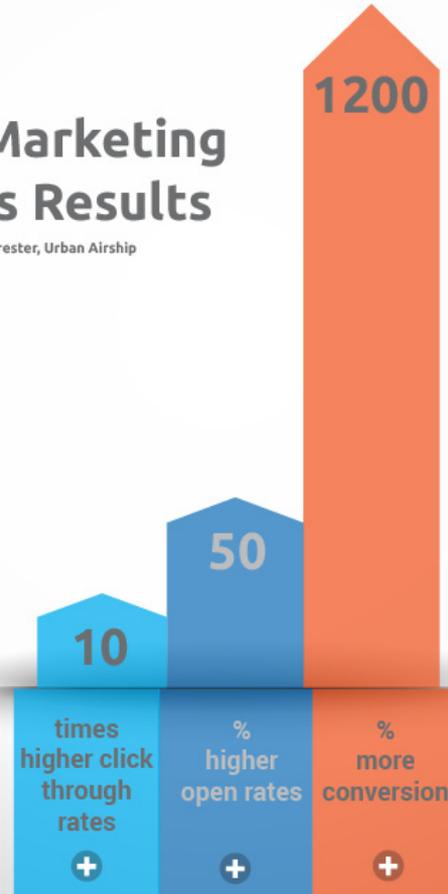
Stimulate Additional Purchases Using Media and Coupons

After welcoming the shopper, beacons can help retailers boost basket size by directing customers to products of potential interest and offering enticements such as coupons to “sweeten the deal.” Other retailers use the technology to provide special deals and “sneak peeks” not afforded to customers without the store app. The idea is growing in popularity; a number of various chains are implementing the technology.

In January 2015, GameStop, a video game retailer with 6,100 stores throughout the US and 17 countries, announced it would start using geo-fencing technology and beacons to reach customers on their smartphones. Those who are members of the store’s 40-million member PowerUp loyalty program and who have that app on their mobile phones can opt in to get push messages when they are within a store’s vicinity. When customers are in-store, the technology really shines: beacons push content such as reviews and trailers for selected games directly to the app. With the flick of a finger, a customer can direct the trailer to play on a larger, in-store display screen. The implementation is slated for Spring 2015 and is limited to 36 stores in the Austin, Texas area.⁹

Push Marketing Drives Results

Source: Forrester, Urban Airship



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Beacons have also been implemented at County Market grocery stores, within the within myCountyMarket app. The technology was piloted a year ago, at eight stores in Springfield, Ill. Parent company Niemann Foods appreciates the importance of shopper input: It made 20 changes to its myCountymarket app based on customer feedback and now is deploying Birdzi Inc.'s beacons to all 45 of its County Market stores by the third quarter of this year, says Nathaniel Jones, electronic marketing manager at Niemann Foods.¹

According to InternetRetailer.com, customers earn promotions tied to their shopping rewards cards. The offers generally center on products that consumers are close to, or complement an item already in the shopping cart. For example, a customer in the bakery section may receive a coupon for butter. When the myCountyMarket app offers a coupon, a consumer selects “activate,” and the grocer automatically applies the savings once the customer hits the checkout line.

Integrating Technology for a Comprehensive Customer Engagement Strategy

Retailers responding to the rise of consumer mobile use in their stores can take engagement to the next level by providing their store associates with retail management software like Retail Pro® on a mobile device of their own. The technologies can work together to take their customer engagement strategy to new heights.

“The beacon technology, integrated to the Retail Pro platform can send a notification to the store associate’s mobile POS, letting them know a VIP customer has just entered the store” said Retail Pro International’s Director of Product Strategy, Kevin Connor. “They can work with each shopper with a personalized and tailored approach because they have the customer’s shopping history and preferences available at the swipe of a finger.”

Because robust retail management solutions like Retail Pro track comprehensive customer purchase histories and preferences, the store associate can use their tablet to access that information while they are on the sales floor. For any particular customer, they can see that last week, for example, the customer bought a blue Nike tennis skirt in medium, so they can guide the conversation around how they build power into their serve — and the racerback tennis top that would look best with that skirt.

Retailers can also track what products customers view and purchase while on their mobile app. This allows them to provide helpful associates or send mobile promotions to guide the customer toward products that complement their already completed mobile purchase while the customer looks around.

¹ Dahlquist, A. (2015, February 19). <https://www.internetretailer.com/2015/02/19/grocery-store-rolls-out-beacons-ping-shoppers-smartphones>.

Guide Customers with Indoor Maps

Beacons can also help direct customers through a store, or other venues that house retail, such as sports complexes or arenas. Several major league baseball and NBA teams have adopted the technology.

The Barclay's Arena in Brooklyn, New York uses the technology to provide digital event programs to the customer's phone once they pass the ticket check-in point, suggest seat upgrades to fans who enter the upper concourse, push videos from athletes and entertainers, or food coupons to fans. Guests can also learn where to find the restrooms, first aid center or specialty kiosks.¹

Achieving a Competitive Advantage with Beacon Technology

Beacons offer retailers an impactful competitive advantage, especially when integrated with other retail tools like foot-fall technology and a comprehensive retail software for a holistic approach to customer engagement strategy. Retail management solutions, like Retail Pro, act as a hub for every spoke of a retailer's store management and customer engagement tools, providing connected visibility into both for actionable insights on strategies for increased loyalty and basket size.

And, as the number of mobile devices increases – as shoppers will increasingly be sporting wearables as well – the number of customer touchpoints will grow too, allowing for more timely and profitable customer service.

¹¹ Tech Talk: Beacon Technology. (2015, February 17).

About Retail Pro

Retail Pro International (RPI) is a global leader in retail management software that is recognized world-wide for rich functionality, multi-national capabilities, and unparalleled flexibility. For over 25 years, RPI has innovated retail software solutions to help retailers optimize business operations and have more time to focus on what really matters - cultivating customer engagement and capitalizing on retail's trends. Retail Pro is the chosen software platform for omni-channel strategy by serious retailers everywhere.

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