



I'll be watching you

The early promise of beacons for retailers was in their ability to trigger marketing messages to customers, but is their value more in the data collected rather than the offers pushed? *Emma Herrod* investigates.

CONSUMERS ARE gradually coming round to the idea of retailers tracking their location and sending relevant messages direct to their phone. However, studies have shown that the people who are comfortable with this are still in the minority. While consumers know that their phones can be tracked, most find it too akin to Big Brother if they're trailed as they walk around a store or sent a coupon as they pass a participating shop.

This does happen online, though. The analytics industry has expanded to keep pace with the growth in online shopping enabling retailers to garner valuable information from

the behaviour of individual shoppers as they browse and shop their ecommerce sites across devices. Being followed around online by an advert for a recently viewed jumper is something that some find annoying but most accept as being part of the online experience.

Technology is available to do the same thing in the real world. Though where the line is drawn between tracking, engaging and being spooky must come down to what you know about your customers' preferences. Loyal customers will give up some of their privacy in exchange for being able to logon to free Wi-Fi or receive relevant offers through an app. However, all customers can be tracked in

physical shops and the information gathered can drive further purchases and enhance their experience – and all can be done unobtrusively.

So, how are retailers analysing customer behaviour in store and how is it helping to improve the experience, increase sales and enrich cross-channel retailing?

TRACKING IN STORE

Click counters have been used for years to count people as they enter a shop. This information is then used to work out the conversion rate for each store. “If you see that there’s a store with great potential but it isn’t able to convert that into sales, that’s very valuable information to have,” says Cyril Hourri, CEO, Accuware.

CCTV cameras allow more information to be gathered about footfall and traffic around a store but legal issues make routinely identifying individual shoppers out of bounds.

The introduction of Wi-Fi into stores gave a new way to identify shoppers: through the MAC address on their mobile phones. If they have Wi-Fi switched on – which 80% of people do – the Wi-Fi access points can see them coming into a retail premises and track them via their mobiles anonymously around the store.

Wi-Fi is effectively radio signals and they are measured on length, explains Adrian James, UK Managing Director, Walkbase. By monitoring the handshake between phone and Wi-Fi access point, each phone can be tracked, including those that come within a set range of a shop entrance. Smartphones are constantly looking for networks and Wi-Fi access points are looking for those phones. Those same ‘handshakes’ give one positional co-ordinate for the phone, while by polling another access point which is also trying to do the handshake with the phone, another co-ordinate is recorded and a position can be ascertained.

Similar to web analytics in the early 2000s, retailers can now tell whether someone is a new or a repeat customer, their dwell time in different zones in the store (the equivalent of category pages), and the journey to checkout or abandonment. “It’s Google Analytics for the real world,” says Hourri. He adds that if a retailer is running a promotion in a certain area of the store, it can see how many people have gathered around that promotion and how successful it is.

Indoor positioning – to give the technology its correct name – is trying to do for the physical store what Google Analytics does for ecommerce. As James explains: “We can

“The business application is inordinate just by knowing an x and y coordinate”

understand whether the store is set up in the correct way to aid conversion; how many people go to jeans and jumpers, the changing room and then to the till.”

He cites a multivariate test that TopShop ran, which during the test phase resulted in “a considerable amount of money” being taken as call bells and extra assistants in the changing rooms removed the need for customers to leave the changing room themselves to hunt for different sizes or styles.

OPTING IN

Shoppers don’t necessarily have to be logged into the Wi-Fi in order to be tracked. However, encouraging them to do so increases the amount of information that can be gathered about them, especially if social login is used. Also, by logging in, they can be asked for information such as their name and mobile phone number and to opt in to receive marketing messages such as banner ads while they are browsing online in store. This opens up all sorts of marketing potential as the person moves from being an anonymous mobile phone into an identifiable shopper whose mobile data and browsing behaviour and purchases in store can all be amalgamated into a single view with the rest of their CRM file, including online behaviour.

The Wi-Fi data can also help to monetise space in a shop, explains James, citing an example of Samsung TVs showing advertising. With indoor positioning, you can tell how many people have seen the advert shown on these TVs, how many passed them and how long they stopped for.

The next stage is to show them something to look up online and this can be measured, too. Alternatively, with beacons or identified shoppers who have signed up to receive messages, a url, coupon, offer or other marketing message can be sent. For example: ‘This is your fifth visit to the store without buying anything, will this discount entice you to make a purchase?’ Offers or messages can also be sent after the store visit since it’s now known which areas of a shop a customer spent time in. This is where the line starts to blur between what consumers currently accept and what becomes too much like being spied upon.

BEACONS

The main advantage of beacons over Wi-Fi analytics is that shoppers are known to the brand because they have to opt in to receive messages by downloading the retailers’ app. ►

It is also one of their big disadvantages. As Hourly explains: “The consumer downloads an app and once they’ve downloaded the app for your brand they then need to accept push notifications – which they don’t always do – and then they need to be in the proximity of your store, which again is a smaller set of consumers.” They also need to have Bluetooth activated on their phone when they walk past a beacon.

Beacons, however, are smaller and cheaper, so more of them can be deployed around a store for the same cost. In addition, rather than needing a number of them to triangulate a shopper’s position they can accurately pinpoint a customer as they walk past. This then triggers a set event.

As part of a trial of Apple’s iBeacons at a Tesco store in Chelmsford, messages were sent to customers when they arrived in store to pick up orders, explains Louise Garvin, Consulting Manager, Javelin Group. “It stopped short of sending targeted trading messages,” she says. “Dynamic advertising is also being trialled in the Hammersmith store to support F&F with weather-related messaging as Tesco seeks to find the subtle balance of the relevant marketing message.”

Ikea is another company testing the functionality of beacons and how its customers react to push messages. In a trial at its store in Graz, Austria, shoppers who have downloaded the company’s Family app onto their iPhone are sent messages at various locations around the outlet. Some 28 beacons have been installed so messages can be sent as shoppers enter the store and when they reach the checkout, where they were reminded to show their loyalty card stored on their phone. The firm uses Wi-Fi analytics to monitor shopper behaviour in store as well.

ENHANCING THE EXPERIENCE

The beauty of indoor positioning and beacon technology is that they don’t always have to be used to trigger specific customer behaviour. However, if you can increase shoppers’ dwell time to 15 minutes in store they will spend on average 20% more. Messages don’t necessarily have to be promotional. For example, they could be ones that enhance the shopping experience, such as reminding customers of their store pick-up reference, or notifying staff to have an online order ready at the Click & Collect point as the customer is in store and moving towards the collection desk.

Real-time alerting can be used to notify a

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store manager when more checkouts need to be opened or if extra staff are required to help customers gathering in a certain area of the shop. Beacons can also notify staff that a particular high value customer or someone who has contacted customer services about a problem the previous day has entered the store.

“Beacons are about bringing the experience to life,” says Daren Ward, Partner at Glue Reply.

He believes that the industry hasn’t yet really delivered on the promise of beacons. He explains: “We’ve been focused on pushing discounts, coupons and discounts to customers, but one of the beauties is that it can help you develop the whole customer journey: how you engage in the last 50m and how to improve the customer experience in stores.”

While data collected in store can help with merchandising, shop layout and staff roles, real-time analysis can provide answers that may have an immediate impact on revenue. A retailer can better understand how customers are behaving inside their store and how they can quickly fix problems such as queues and other barriers to purchases. Communications and engagement are being enabled by the proliferation of smartphones, and understanding where the line not to be crossed is at any time is imperative if retailers don’t want to put off loyal shoppers.

Much of the focus has been on pushing something that’s relevant and Ward says that the retail industry “is still missing the whole ‘let’s engage the customer in conversation’”. He adds: “The customer service side will be far more engaging than pushing vouchers at the moment. If you have that personal element you can do it in a more personal way – preferences, how they want to be marketed to – and build up the relationship, which builds a far more personalised service that the customer is wanting. And this is where beacons can really play a part.”

A Greenlight study has found that one in four marketers think beacons cannot live up to the hype, but Walker believes that technology is far from dead and will become more prevalent. While the journey to widespread adoption is still a 3- to 5-year strategy, Dan Thornton, Head of Solution Development at Hughes Europe, explains that along the way there’s the opportunity to make additional revenue as well as enhancing the experience every time customers enter a store.

Ultimately, it’s not about the channel, it’s about building the relationship. 