

MOBILE

## Audio vs. beacons: Which is better at driving in-store engagements?

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*Office Depot is leveraging Shazam in-store*

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By CHANTAL TODE

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**Luxury Daily**

Beacons were the big story in 2014 but as the year winds down, mass merchants such as Office Depot are testing audio technology solutions for driving in-store engagements on mobile phones, with each strategy offering unique challenges and opportunities.

The real story is that retailers and marketers are looking for the best way to engage with in-store shoppers in real-time. While beacons appear to have the lead right now, in the end, a mix of complementary technologies – including audio, Bluetooth BLE, Wi-Fi, NFC and others - may be used in tandem to create a comprehensive in-store experience.

“Looking at audio technologies like LISNR, Shazam, sonic360 and of course shopkick, it’s been very underutilized thus far, but could become a very interesting technology in 2015,” said Patrick Connolly, London-based senior analyst at ABI Research.

“The real draw here is the potential around proximity advertising by integrating inaudible audio signals into digital signage, TV, radio and in-store speaker advertising, to deliver content, offers, etc. to a consumers device,” he said.

“I actually don’t see this as a direct competitor to BLE beacons in 2015. It of course be used for location applications, but for someone like Shazam with 150 million mobile users, and a partnership with Adspace, its ability to reach 100 percent of devices means the primary focus will be proximity-based omnichannel advertising tool.”

## **Audio technology**

When Office Depot shoppers open the Shazam mobile application in-store to identify a song or audio message, the app connects with the retailer’s overhead music system using an inaudible watermark and enabling the delivery of a message ([see story](#)).

In another example using audio technology, John Frieda Hair Care is testing a mobile application that simulates a personal hair consultation for in-store shoppers and delivers a coupon by interacting with sound waves at bricks-and-mortar store locations. A review of the marketer’s app in the Apple App Store suggests Walmart is the retailer involved in the test program ([see story](#)).

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*John Frieda triggers mobile experience with sound waves in mass merchant*

## **Beacon challenges**

Beacons have a lot going for them, which is why retailers such as Lord & Taylor and Macy’s have jumped onboard. They are low cost, and relatively accurate.

However, they do represent some challenges that could open the door for other strategies. These include poor device reach, with many consumers not enabling Bluetooth on their phones that do have it.

Additionally, consumers need to have an app that is receptive to beacon messages and to give that app permission to use his/her location and permission to send push notifications.

“Each of these barriers creates substantial drop offs, making marketers opt for solutions like Shazam’s radio wave technology,” said Shuli Lowy, marketing director, Ping Mobile. “Over the course of the next year, we can expect to see more initiatives to overcome these barriers and ultimately broaden beacon adoption.

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*Zatarain’s pushed dinner suggestions to customers when in-aisle using beacon technology*

## **Different experiences**

Beacon and radio-driven experiences look very differently in play.

“The beacon message would come through regardless of whether or not the consumer is currently using the phone, while radio wave solutions like Shazam's would come through while the consumer is actively using the app,” Ms. Lowy said. “The latter is a lot less disruptive.”

Wi-Fi is another alternative or complement to beacons that could see a resurgence in 2015.

Wi-Fi installations were big news in 2012 and 2013, but the number of installations has died down in 2014 as the focus has shifted to beacons.

“Wi-Fi has taken a bit of a battering in 2014, but we expect to see AoA and proprietary technologies coming to market in 2015 that will significantly improve accuracy,” ABI Research’s Mr. Connolly said. “Hybridization is an important long-term trend, with most major Wi-Fi indoor location vendors also offering BLE.

“Other technologies to consider include audio, LED, sensor fusion, magnetic field and camera analytics,” he said. “There is no silver bullet here and different verticals will use different technologies.”

However, in the end, beacons are still likely to play a significant role going forward.

“Beacon solutions have become fairly competitive due to low cost and price, small form factor of beacon solutions, a wide range of capabilities, device readiness among consumers, and the fact that they are backed by Apple,” said Derrick Lin, mobile strategist at Resource/Ammirati. “We think beacons will likely be dominant in the future.

“There are some beacon alternative solutions such as high frequency audio, but they aren’t as frictionless and low cost as beacons,” he said.

## **Retail strategy**

With a growing number of options available to marketers to engage with consumers in-store, it is important they clearly understand their objectives as well as the limitations of each technology before committing to a strategy.

For example, retailers should consider how granular they want the engagement to be. Shazam, for example, can tell when a consumer is in the store whereas beacon technology can tell if someone is standing next to the shirts stand or the shoe rack.

Retailers should also consider how a technology fits into a target audience’s purchase behavior and decision journey.

“This should all be considered within the context of the overall retail technology strategy,” ABI Research’s Mr. Connolly said. “It has taken Macy’s 5 years to get to where it is on omnichannel, and now utilizes a plethora of technologies, such as Wi-Fi indoor location, RFID, Apple Pay, staff tablets, its own branded application as well as shopkick.

“In the future, when these and others work in harmony the result can be much greater than the sum of its part in terms of improved customer service, new revenue streams, store efficiency and ultimately basket size,” he said.

## **Final Take**

*✉Chantal Tode is senior editor on Mobile Marketer, New York*

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