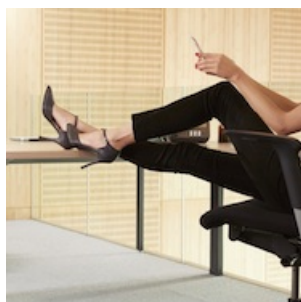


RESEARCH

Beacons to deliver 1.6B coupons annually by 2020: report

December 10, 2015



Longchamp Autumn 2015 campaign

By CHANTAL TODE

Coupons are quickly growing as a significant component of beacon-enabled proximity marketing thanks to strong redemption rates, with brands and retailers forecast to deliver 1.6 billion coupons a year by 2020, according to a new report from Juniper Research.

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The results point to how proximity marketing is gaining traction as retailers look to engage more deeply with consumers in and around their stores, prompting the volume of beacon-enabled coupons to grow quickly from the 11 million expected to be delivered in 2015. However, the research also underscores the potential danger of turning beacons into nothing more than another offer channel, which is likely to cause shoppers to lose interest.

"I would imagine that coupons will represent a key plank of any beacon-based proximity marketing strategy," said Dr. Windsor Holden, head of forecasting and consultancy at [Juniper Research](#) as well as author of the report.

"Redemption rates from coupons delivered via beacons are amongst the highest of any mobile channel," he said. "Earlier in the year, Chinese jewelry retailer CTF saw a 59 percent redemption rate amongst all beacon delivered coupons, resulting in a \$16 million uplift in sales.

"The key for retailers is not to be too intrusive in their approach: if you get more than one or two notifications be it product information or a coupon in a visit to a store, you could feel that your personal space is being intruded upon and the experience might turn negative."

High redemption rates

The new research, *Mobile & Online Coupons: Redemption, Loyalty & Consumer Engagement 2015-2020*, points to how several leading U.S. retailers have deployed beacon networks, including Macy's, which has installed more than 4,000 in its stores.

While beacons are likely to be just one prong of retailers' proximity marketing strategies, early successes with coupons suggest they will be play big role.

The research observed that in-store beacons have consistently generated high redemption rates.

bag

Retailers are partnering with Shopkick for beacon-enabled in-

store engagements.

For example, Chinese jewelry chain Chow Tai Fook ran a campaign in early 2015 that saw redemption rates approaching 60 percent and drove a sales uplift of \$16 million.

Open beacon solutions

Opportunities are growing for proximity marketing outside of stores as well.

For example, Britain's proximity marketing platform Proxama has deployed a network of beacons in locations such as buses, taxis, shopping malls and airports.

Such open beacon solutions could be used by marketers to drive both foot traffic and engagement.

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CPG brands and inMarket are delivering beacon-enabled

messaging to in-store shoppers.

However, Juniper cautioned that the use of beacon technology is still in the early stages and evolving.

One concern retailers have regarding beacons is that they will be used excessively and indiscriminately, resulting in consumers seeing the messages as more intrusive than helpful. This would likely result in driving down redemption rates and could damage marketers' relationships with shoppers.

Juniper recommends retailers follow the lead of Target, which has said it will limit the number of push notifications, including coupons and special offers, to two per visit.

NFC also growing

Beacons are not the only mobile technology driving proximity marketing opportunities for retailers and brands.

With the launch of Apple Pay, the growth in infrastructure around supporting contactless near field communications payments as well as awareness around NFC is also likely to drive significant opportunities for proximity marketing.

As contactless use accelerates at the point-of-sale, retailers are likely to begin incorporating NFC at all stages of the customer lifecycle, including loyalty and engagement.

"You've also got NFC, which is likely to become more prevalent, particularly in the U.S., as more contactless

infrastructure is rolled out at or around POS as consumers gain affinity with contactless, retailers are likely to extend NFC applications across the retail lifecycle, from initial engagement to purchase and beyond," Dr. Holden said.

Final Take

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