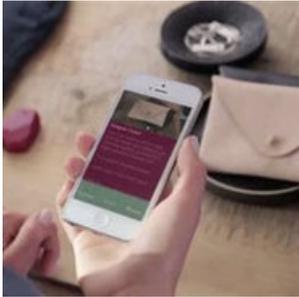


MOBILE

Why other location-based technologies could steal beacons' thunder in 2016

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Beacons are about to hit their peak in retail

By [Alex Samuely](#)

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While beacons were one of 2015's top buzzwords, other proximity-based targeting tactics could have their heyday this year as bricks-and-mortar retailers continue beacon pilots and uncover best-response solutions for their customers.

Retailers with heavy bricks-and-mortar footprints such as department and chain stores have been engaging in experimentation with beacons over the better part of 2015, although some have run into difficulties with wary consumers concerned about privacy. 2016 is likely to see more wide-scale deployments in malls and major shopping centers, although some marketers may be enticed by other forms of location-based push notifications and offers done in collaboration with publishers' applications.

"For beacons, 2015 was a year of capability and use-case testing, but most importantly, a year of discovering the range of technologies that must be integrated to realize the true potential of beacon marketing," said Jim Meckley, chief marketing officer of [Mobiquity Networks](#), Garden City, NY. "Beacons will find their place in the sophisticated marketer's mix in 2016, and will be combined with relevant mobile app publisher networks, point of sale databases, and loyalty programs.

"This will enable the scale and intelligence necessary to allow beacon technology to serve as the key trigger point for location-based campaigns."

Altering previous efforts

Mobile marketing's meteoric rise last year prompted more smartphone users to become accustomed to opting in to location-based deals. This required them to relinquish a portion of their personal data and proximity to certain stores, but ultimately yielded what many believed to be a valuable incentive exclusive, time-sensitive deals or ads.

As the use of beacons by retailers and brands to engage mobile shoppers reached unprecedented levels over the holiday season, a recent report from inMarket forecasted that proximity marketing would impact \$7.5 billion in spending by millennials during this period ([see story](#)).

Additionally, the proliferation of smartwatches in the current market many of which were given as holiday gifts could make beacon marketing easier to come by this year. However, some argue that the same capabilities could be performed by other geo-targeting methods, such as advertisements delivered to consumers in a specific area.



Supermarkets are also likely to experience more beacon deployments in 2016

One of beacons' biggest challenges is accurately pinpointing where consumers are located in a store. For example, if a brand wants to send a coupon for handbags to shoppers in that vicinity, it must be able to rely on beacons to disperse the deal to those customers, instead of customers browsing for shirts in the next department.

This has prompted some marketers to team up with mall-based beacon solutions dedicated to driving initial in-store traffic. Department-specific targeting still needs to be perfected.

"Many retailers were already experimenting with beacons in 2015, and we'll likely see the larger players move beyond experimentation into large-scale deployment," Mr. Meckley said. "Naturally, most activity will be across bricks-and-mortar retailers brands will have the opportunity to take advantage of beacon technology through mall common-area networks like ours, or if retailers choose to make their in-store networks available to the brands they carry."

Reports from ABI Research suggest that marketers are gearing up to leverage Bluetooth Low Energy beacons in staggering force this year, thanks to the amount of orders and shipments placed in 2015's third quarter. Brands found to have entered into contracts include H&M, Macy's and IKEA.

Retailers looking for mobile success in 2016 will need to focus on geo-targeting to provide in-store customers with more relevant experiences, an EKN Research analyst said during a Mobile Marketer webinar in December ([see story](#)).

Bridging two-way communication

Beacons may become more popular as a result of the two-way communication they offer shoppers and retailers. While the technology certainly plays an integral role in fueling mobile commerce, beacons can also be used to bolster loyalty program sign-ups, app downloads and in-store traffic.

Brands will clamor to hop on this bandwagon, especially as they ramp up to foster additional long-lasting customer relationships and cement strong Q1 sales.

"The biggest single technology trend that will affect the retail environment in the coming year will be the rise of beacons as an increasingly accepted form of digital communication with shoppers," said Lance Eliot, vice president of information technology at [Interactions](#), Franklin, MA. "Currently, most of the retailers using beacons are doing so on a very subtle and cautious trial basis.

"Stores aren't sure yet whether consumers will love or hate beacons," he said. "Consumers might come to hate them if they are perceived as overly obtrusive.

"Shoppers do not want to walk into a store and feel as though Big Brother' has suddenly taken hold of their smartphones. Nor do they want to constantly have their shopping experience disrupted by numerous messages and alerts telling them about special deals in the store."

Consequently, beacon-powered messages must be enticing, but not aggressive. Last year's deployments have given marketers sufficient data to tweak their messaging tactics this year, and ensure that each mobile moment counts.

However, some experts believe that other geo-location targeting strategies may trump beacons if brands attempt to jump a few steps ahead in the learning curve.

"In 2016, lots of beacons will fail and closed looped attribution will become extremely important," said Neil Sweeney, president and CEO of [Freckle IoT](#). "Companies will want to know who has been in my store which no firm can do now.

"This will be the emergence of real-time and geo-location. This will be the time for location-heavy companies, finer grain location data it's a data play."

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