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Reality of beacons: Separating fact from iFiction

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As geo-location technologies continue to evolve, it is important for regulators, marketers and mobile users to understand several key facts about BLE beacon technology.

Understanding fact from iFiction will help allay the fears of both customers and fair-minded privacy advocates without needlessly stifling innovation.

Not all geo-location technology is the same – iBeacon means “I opted-in”

Lumping all marketing location technologies together is about as accurate as arguing that hockey and figure skating are the same sport since they both involve ice skates (Go Team USA!).

The two technologies often lumped into geo-location bucket, Wi-Fi and BLE beacons, are different in design and application.

Wi-Fi technology, as a method of data collection and marketing, can be indiscriminate, veering into creepy territory. It does not require customer opt-in and can scan for a mobile device’s Mac address without customer knowledge – hence the Nordstrom privacy scandal.

In contrast, beacons rely on active opt-in from customers before marketing actions take

place or data is collected. The active opt-in distinction is key.

How does “opt-in” actually work?

Following Apple’s own model of using beacons in-stores, the iBeacon opt-in standard has two key features.

First, a customer can only interact with beacons at a location if she has downloaded a beacon-enabled application to her phone.

From download, a customer is taken through an explicit opt-in flow explaining that while in-store she may be interacting with beacons.

At any point a customer can access the app settings to opt-out of any future beacon interaction. This type of explicit consent relationship is entirely at the customer’s discretion.

When a marketing program does not require customer consent, it is understandable that customers would become concerned about their data privacy.

However, both customers and privacy advocates should understand that beacon marketing does not enter these dicey data collection waters.

Mutually beneficial relationship: customers also benefit from location data

Using beacons for indoor location technology not only benefits tech savvy retailers, but also their customers.

Shoppers can find their favorite products faster, get help from a sales associate, or receive special offers for their loyalty.

Beacon technology can even be used for safety and security in indoor location.

For example a “Help Me” feature using indoor location can help an associate locate a customer needing assistance or in distress.

Marketers offering positive customer experiences will quickly be rewarded by loyalty and increased engagement, whereas those who do not will quickly lose customer interest and support.

Some argue that this geo-location data can be used in a discriminatory manner.

However, using localized data to make inventory decisions is already common in all retail channels and actually helps the customer by presenting them with more relevant information and product.

This inventory optimization at the local level predates mobile – as well as all digital – technology.

The way that this data is intended to be used from an inventory and local intelligence standpoint is similar to what Macy’s Inc. CEO Terry Lundgren pioneered years ago with his “My Macy’s” initiative. Any retailer will tell you it is hard to sell snow boots in Miami and Red Sox jerseys to Yankees fans.

TECHNOLOGIES THAT LACK opt-ins should be questioned.

However, when following basic best practices, beacons used as a geo-location technology provide clear customer and retailer value, especially when combined with explicit consent.

Like any marketing innovation, it is worthy of discussion between regulators, marketers and customers, but meaningful distinctions should be recognized and understood.

When an opt-in standard is observed, beacons can make stores more relevant, interactive and engaging experiences while being respectful of customer privacy.

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