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Risks and rewards of proximity-aware mobile communication

February 18, 2014



By A LUXURY DAILY COLUMNIST

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Apple and Google are such strong proponents of Bluetooth Low Energy (BLE) and the wide-ranging communication applications it supports that they have built it into their latest devices since iOS4 and Android 4.3 Jellybean, respectively.

Yet, even with such tech heavyweights already seeding the market, the business potential remains largely untapped and the consumer market unrealized.

Beacon of hope

Innovative, agile tech startups in the proximity communication space can embrace the basics that Apple and Google provide.

Innovation flourishes in a competitive atmosphere. Money and resources alone do not translate into guaranteed success or market dominance. Just look at Apple's recent failed in-store launch of iBeacon-aware messaging.

Apple made a splash last month in announcing it had made its stores proximity-aware via its proprietary BLE specification, iBeacon. The goal is to deliver specific content, offers, promotions and ultimately a more compelling shopping experience based on precise

proximity.

Done properly, this should create a digitally engaging experience for the shopper, which increases loyalty to Apple and boosts cart size.

Expand this concept to any store and suddenly bricks and mortars have a whole new life, employing the best that digital marketing and in-store experiences have to offer.

On point

The potential of proximity marketing is compelling for all involved: shoppers, retailers and brands.

The risk is significant, however. The wrong communication, the wrong targeting or delivery at the wrong time will annoy shoppers and drive them out the door instead.

And the details of what has to be done right are daunting. It is not just getting a phone to trigger when a store is entered. It is a complex ecosystem encompassing:

- Precise technologies that need to perform just right: At what distance should a mobile device become aware from a beacon? What if a shopper is briskly walking past versus lingering and browsing?
- Timing and control: What timing and number of messages to the shopper will strike the right balance between informative and annoying? A fully mapped retail store could encompass hundreds of beacons, which could create a nightmarish cacophony for shoppers.
- Content: What content do shoppers want from this channel? Customer reviews, buying guides or coupons? Content keyed to individual consumer data such as online shopping carts, loyalty program profiles and prior purchases? And what message formats do they want to see or to avoid while shopping: audio, video or interstitials?
- Reach: What about shoppers who do not have the latest iOS devices? Or if shoppers have their Bluetooth turned off – as most do – which renders BLE useless? Ultimately, retailers must recognize that they need solutions for all of their shoppers' mobile devices, not just the approximately 20 percent with both a specific current OS and Bluetooth enabled.

To close

Retailers and marketers can buy beacons from more than a dozen suppliers. But merely selling beacons is somewhat akin to selling a child's chemistry set, with all the attendant risk for unwanted reactions.

A thoroughly integrated CMS is necessary to make sense of thousands of inputs and apply hundreds of complex rules to deliver a coherent and effective dialogue with each shopper.

As an industry, we should strive for the same precise targeting that we have come to expect from digital ad servers.

In fact, even more targeting is possible, based on the extensive consumer data retailers

hold, particularly which tied to individual loyalty program memberships.

Proximity messaging enables the one-to-one marketing that retailers and brands have long sought at the points of decision and action.

A sophisticated CMS also provides powerful feedback for optimization, as analytics will provide retailers with in-depth insights that can be used to enhance the in-store experience. Savvy retailers will apply these learnings to store lay-out, signage and advertising.

IN-STORE DIGITAL proximity communications will someday revolutionize the shopping experience, and leading retailers will leverage it for enormous advantages.

We can thank Apple for trumpeting the potential of proximity communication and introducing an influential audience to it, while hoping that positive initial exposure whets shoppers' appetite for location-aware messaging rather than kills it.

As an industry, we should apply lessons learned from 20 years of digital marketing and focus on the quality and relevance of messaging, not quantity.

The right solutions providers have both the complete platform as well as the expertise and best practices to use it effectively. The beacon alone is worthless.

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