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Analysis: Geofencing tipped as hot trend for 2014

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Geofencing is poised to be a major mobile trend of 2014 as retailers use location-based technology to deliver highly targeted advertising and promotions.

Across the retail space there are dozens of little signs that retailers are growing comfortable with integrating consumers' mobile habits into stores.

For John Lewis this includes something as simple as fitting mobile ChargeBoxes in its Watford and Peter Jones stores, where shoppers can lock their phones away to charge for 30 minutes as they keep shopping; meanwhile, a whole host of retailers are concentrating on offering quality wi-fi in their stores. But what retailers need to do now is not just accommodate mobile technology, but use it to their own advantage to enhance the traditional shopping experience.

It's an idea that is catching on. In January EMA Retail Research released the findings of a survey of 50 International retailers. It reported that 55% already have their own smartphone apps and that 87% are using digital strategies to increase revenues. Four-fifths of the chains said they expect these strategies to increase footfall.

So it's no wonder that one of the hot trends tipped for 2014 is location-based technology. Put simply, this gives retailers ways to communicate with smartphone-owning customers in their stores without having an assistant ask them 'are you being served?'

**“There are real opportunities to harness the power of geolocation marketing to affect consumer behaviour”**

Mark Robinson, Ellandi

## Apple application

The technology generating the most buzz by far at the moment is iBeacons - Apple's data sharing system. Since it was first announced in June last year at the same time as iOS7, there has been speculation about how the technology can be used to help retailers.

iBeacon uses a Bluetooth connection to send radio waves to mobile devices from stationary beacons, which can broadcast to a distance of about 50 metres. They can send just about any kind of data - including special offers, hence the obvious appeal for retailers.

However, at the time of writing, iBeacons have only been used in a small way in the UK after food chain Eat announced a trial - although Apple is using the technology in some of its US stores.

Publishing technology specialist Exact Editions, who turn magazines such as Wallpaper and Dazed & Confused into cutting-edge tablet and smartphone editions, are running one of the first trials of iBeacons in this country.

For the trial, Exact Editions has partnered with Bar Kick in London's Shoreditch area, appropriately very close to the area designated as Silicon Roundabout where a lot of digital businesses are based.

Starting in December last year, patrons of the bar with iPhones and iPads and who download an iBeacon app are offered the chance to browse issues of magazines for free via Exact Editions ByPlace subscription scheme, while they're eating or drinking at the premises.

According to Daniel Hodgkin from Exact Editions, Bar Kick views the venture as "a valuable way of improving the customer experience at the venue, encouraging patrons to stay longer, as well as encouraging new customers to frequent the venue, encouraged by the prospect of free magazines, which they can then take with them".

This first case study has obvious applications for retailers looking for other kinds of content, and Exact Editions is in talks with other sectors about rolling out the programme further. Hodgkin believes that soon consumers will be as au fait with iBeacons as they are with wi-fi, but cautions that "while they are not, it is vital for the retailer or cafe etc to properly sign and market the iBeacon access".

### Other technologies

While iBeacons are one of the most talked about technologies of 2014, they aren't the only location-based tools emerging, and for any retailer wanting to investigate communicating with customers via their mobiles, there are other technologies to consider.

The SmartRewards app, launched last month by the Swan Shopping Centre in Eastleigh, rewards shoppers with points towards discounts, prizes and offers when they physically visit the centre or share content with friends (see box).

Another technology that uses smartphone technology is Q App. Like SmartRewards, it is app-based, but the difference is that once users have the app installed on their phones it works in numerous venues.

Q App was inspired by a wish to jump queues, and as a result it has taken off in pubs and bars - but it could also be utilised by retailers wanting the same benefits for their shoppers.

**"Customers benefit from not having to stand in queues, but it's the venues that truly benefit"**

Serge Taborin, Q App

Instead of queuing to order goods, customers can send an order using Q App and then wait for someone to bring their purchases to them. According to Q App chief executive officer Serge Taborin: "Customers benefit from not having to stand in queues, but it's the venues that truly benefit from embracing Q App technology."

This is because businesses can showcase their full offering, which gives customers more choice than if they're just selecting from what they see in front of them. It also allows customers to pay via card details stored in the app, reducing cash-handling costs. Finally, it reduces the problem of losing customers because they are not being served as quickly as they'd like.

But while all of these are sound business reasons for retailers to get involved, a note of caution should be sounded. As with all customer communications, there is a fine line between offering helpful, welcome messages and spamming. The future of promotions may lie in location-based targeting, but just make sure your content engages and doesn't annoy.



### Smart Rewards Points For Proximity

The SmartRewards app uses technology created by TagPoints, a Brighton-based mobile loyalty specialist, to reward shoppers at the Swan Shopping Centre in Eastleigh. They receive points for signing up and sharing content on social networks. But the real attraction is that it uses proximity technology so that users get points for visiting the centre and for checking in at various points during their shopping trip. Many of the Swan Centre's tenants are also offering rewards to people collecting points.

Within a few days of launch on February 1, 400 people had registered for the scheme, and on only the second day of operation, retailers were noticing a difference. One month in and there have been more than 1,000 downloads of the app to date.

Mark Robinson, investment director at Ellandi, owner of the Swan Centre, says:

"SmartRewards is simple and all the activation takes place on the one thing almost everyone carries with them - their phone.

"We believe that the effect of pure-play ecommerce has been overestimated, but that there are real opportunities to harness the power of social media and geolocational marketing to affect customer behaviour. By rewarding actions such as visiting a certain store or tweeting about an offer they have redeemed, users can effectively become marketeers on our behalf."