

Beacons pop up in stores ahead of holidays

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From American Eagle to Apple Stores, beacons are popping up everywhere. Are they a shopper's best friend or another pesky Big Brother monitoring our every move?

The square or rectangular devices, smaller than a smartphone, can hang on a wall or be placed on a machine and communicate with your phone via Bluetooth signals. Accessed through apps you download to your smartphone, beacon technology can do everything from guide you to the correct [airport](#) terminal to turn on your coffee maker as you sleepily enter the kitchen. In retail, beacons aim to entice you to spend money. As you enter a store, your smartphone might light up with a sale alert. Stand in the dress section for a while and a coupon may pop up for something on a nearby hanger.

"The most important thing a shopper might need to get access to when they go into a store are ratings and reviews, coupons and promotions," said Erik McMillan, CEO of Shelfbucks, which is working with video game retailer GameStop and others on its beacon marketing. Beacons give customers that research right there in the store—when they have their wallets and are looking to buy.

Macy's Inc. has installed beacons in all of its 840 department stores; other chains such as Kohl's are testing them in some locations. McMillan likens beacons to the early days of retail websites in the 1990s when "all of a sudden it got to the point that 'you can't not have a website'." He predicts the technology will skyrocket from the 50,000 beacons in use now to between 5 million and 10 million next year.

The vast majority of shopping is still done in stores. E-commerce is fast-growing but accounts for only about 9 percent of total retail sales, according to Forrester Research. Beacons merge in-store shopping with mobile access to information—and data shows they work.

Between July and September, 30 percent of shoppers who received a "push-ad" from an in-store beacon used that offer to buy something, according to a survey by Swirl, a marketing technology company that has worked with retailers such as Lord & Taylor, Hudson's Bay, Alex and Ani, Kenneth Cole and Timberland to deploy beacons. Sixty percent of shoppers opened beacon-sent messages, and over half of those surveyed said they would do more holiday shopping at the stores as a result of their beacon experience.

Graham Uffelman, a 45-year-old New Yorker, said he bought Bluetooth headphones at Best Buy because of a deal he got via the Shopkick beacon marketing app.

"The app knew I was in the store and actually suggested a product I wanted," he said. "The experience was great but also a little unnerving in the sense that the store knew who I was and that I was present in their location. It felt a little Big Brother-like."

And that's the challenge. Not everyone is thrilled that a beacon app is monitoring them when they walk around with their cellphone. Outdoor advertising firm Titan drew such outcry last month when it installed [beacons](#) in phone booths in New York the city had to take them out.

Eamon Bauman, 24, an IT systems administrator in Wisconsin, said he wouldn't let a store's app have access to his location even if it meant coupons or deals.

"It's providing retailers too much information about ourselves," he said.

"If a retailer really wants to draw me into their store, showing me deals before I get to the mall is a better way."

Chloe Joslin, 22, a student in Jonesboro, Arkansas, was taken aback when she drove by a Walgreens and a notification on her phone from the Walgreens app popped up.

"The app never asked for permission to use location services and to my knowledge I had disabled them from almost every app to avoid such a situation," she said.

Because location settings can be different for individual apps, though, it can sometimes be difficult to disable all services. The pop-up likely resulted from the phone's location setting for nearby store notifications, said Walgreen Co. spokesman Phil Caruso in an email. He said customers can turn off notifications if they prefer not to receive them. Currently, the drugstore retailer is using beacon technology on a pilot basis in only a very small number of its Duane Reade stores.

Transparency is key, says Rob Murphy, Swirl's vice president of marketing.

"Now it's pretty standard if anybody is doing this type of marketing to specifically ask for permission," he said. "You have to request an opt-in for location services and in-store push notifications."

"You can't be interruptive or intrusive, you have to be positive and helpful," said Alexis Rask, chief revenue officer of Shopkick, whose app is also used by teen retailer American Eagle to provide welcome messages, merchandise tips and styling guidance throughout its nearly 1,000 U.S. stores.

That appeals to Dan Reich, 26, who works in health care in Washington,

D.C.

"I wouldn't mind letting a retailer know my location if it meant I'd receive coupons or benefits when I'm in the store," he said. "This type of data is collected when we sign into Facebook or Twitter or any other social media application. I'm essentially already providing that information, so I might as well get something out of it in the process."

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