

COLUMNS

Beacons bring attribution within reach for brands and retailers

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The promise of measuring attribution across any advertising medium is within reach.

The solution that the mobile advertising industry historically focused on used the phone's latitude and longitude coordinates. There are two big flaws with this approach.

Wrong number

First is accuracy.

According to quarterly studies by Thinknear, roughly 35 percent of lat/long coordinates are accurate to within 100 meters. That is the size of a football field, and not very accurate.

The remaining 65 percent are so inaccurate that they cannot be placed within 100 meters of their actual location. If you are trying to demonstrate attribution, this lack of accuracy should shatter any confidence you have in the results.

Next is sniffing the data.

Most companies attempting attribution off of lat/long source their data not directly from the applications themselves, but rather by sitting on the ad exchanges. They build enormous systems to sniff the trillions of data points flowing through the exchanges, filtering out the fraudulent and inaccurate lat/long points to then plot on a map.

As a testament to their engineering departments, they have solved the engineering challenge. But when you start with inaccurate data, you get bad results.

But now, there is better data available. It will soon become the most requested and most valuable location data: beacon data.

Shining light

We believe that it is not a device's location that is the next "cookie." Rather, the Bluetooth beacon becomes the next cookie, or more appropriately, the real-life equivalent of a digital tracking pixel.

In the last month, we have seen announcements from Rite Aid and Walgreens that they are deploying beacons by the thousands.

Macy's installed more than 4,000 beacons in the United States, with other retailers moving from test phases to full-scale deployment. Business Insider forecasts that retailers and companies will deploy 4.5 million beacons by 2018.

When you examine this growing network of beacons outside of the context of "we must use beacons to send people push notifications," a significant opportunity emerges

push notifications, a significant opportunity emerges.

Placing beacons inside millions of locations across the globe becomes the equivalent of installing tracking pixels on Web site pages.

As smartphones bump into these beacons, we see the same behavioral trail form in real-life that we see when people navigate from Web site to Web site.

Footfall

Measuring beacon bumps as foot traffic has two advantages.

First, beacon detection operates passively in the background without the need for an app to be opened.

Second, it brings location accuracy to within meters. This creates bigger attribution audiences and shows lift, regardless of the advertising medium.

Campaigns on television, radio, print, Web site and mobile create more store visits, easily measurable based upon smartphones bumping into beacons.

Combine these beacon bumps with lat/long coordinates derived from apps and retailers have a potent one-two punch to measure attribution.

Using beacons for attribution does face a challenge.

Aye, aye

Some beacon manufacturers use their own proprietary Bluetooth protocol, instead of the iBeacon or Eddystone standards. This creates a headache for companies looking to maximize their return on investment from beacon deployments.

No other app can detect that beacon, unless they have installed that specific SDK and received explicit permission from the beacon manufacturer to detect those beacons.

Retailers should seriously consider the open and secure standards of iBeacon and Eddystone for their beacon investment.

Imagine the headache that they will face when five different beacon companies want their five proprietary beacon signals in use. Not only will they have to manage five different beacons, but also five different SDKs.

Also, any outside app partnering with that retailer will also have to keep up with these SDKs.

Need to make a switch to a different beacon provider? Brands will incur the cost to switch out the proprietary system. This is not a sustainable approach.

Here is why this ultimately matters.

Setting store by

Retailers acknowledge that their mobile app audience alone is not big enough to deliver enough return on investment from their beacon deployment.

A recent article by PYMNTS.com describes drugstore chain Walgreens chief information officer Abhi Dhar's approach to their nationwide beacon deployment:

While the beacons currently only work by sending coupons and other promotions through the official Duane Reade app, Dhar isn't a believer in a closed beacon network that ultimately hurts the user experience. "Whether they use our app or a third-party app, we don't care as long as we have fulfilled them in our stores," Dhar said.'

Mr. Dhar understands that there is incredible value in letting other apps detect the Walgreens beacons. This value will be in additional audience data, building retargeting audiences and showing attribution.

Walgreens will look to partner with mobile apps that have both sizable and engaged audiences.

Partnership becomes a crucial element to increasing the ROI of beacon deployments by building bigger audiences for retargeting and attribution.

BRANDS AND RETAILERS should view their beacon investment as much more than a real-time push notification system. They have a revolutionary opportunity to leverage beacons to see attribution, and ensure that their advertising dollars are well spent.

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