In latest retail tech, Carrefour lights have eyes

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The strip lights in the hypermarket know where you are - and can tell you where to go.

The new technology being trialled by French retailer Carrefour tracks your movements and beams data to your smartphone via light pulses undetectable to the eye, to guide you to the right shelves for tailored special offers.

It is the latest attempt to combine the online and real-world shopping experience, regarded as the holy grail for the industry at the moment.

As part of a new loyalty scheme launched last month, for example, Britain's Marks and Spencer is sending promotional text messages to shoppers who are in or near its stores - but only those who have agreed to receive them.

In fact almost three-quarters of British retailers are using technology, including facial recognition software, to track customers in stores, according to a survey of retail executives by IT services firm CSC. It is mostly for security purposes, but also to help provide a more personalised service.

Even in Germany, where privacy is particularly closely guarded, major retailers have been signing up to U.S. app Shopkick, which rewards consumers with points when they enter participating stores and scan products with their phones.

But retailers must tread with caution, especially among older customers.

"We are already flooded with offers on smartphones. We are being tracked to death. I guess I'm old school, but I want to keep my privacy," said Yves, 50, an insurance executive shopping at the Carrefour store that is testing the new lights.

The Carrefour project - a one-year joint trial with Dutch tech firm Philips - is at the sprawling store next to the train station in the northern French city of Lille, chosen for the test because of the young and urban crowd it attracts.

The Euralille hypermarket replaced its fluorescent lighting with Philips LED lights that can transmit data via pulses which are registered by smartphone cameras, at this stage only iPhones.
Customers who have downloaded the "Promo C-ou" (Where is the special offer) app can let their smartphone camera point up so the lights in the ceiling determine their location. A blue arrow on the phone screen then guides them to the right shelf.

"We want to facilitate the shoppers' experience and be more convivial," said Carrefour store manager Thierry Demettre.

The service helps direct busy shoppers to the 200 to 300 different items on promotion each week, he said.

Carrefour said the app was being used about 50-100 times a day in a store which serves 11,000 customers a day. It is recruiting students to help customers use the app during the busy holiday season.

When Reuters visited the store, it was hard to find shoppers who knew about the app, despite banners advertising the service in the aisles.

Karine, a 40-year-old civil servant who works nearby, said she could imagine using the app: "I could save time when shopping," she said, adding she did not mind sharing her data. "They would not be the first nor the last to send us messages."

Eight in 10 consumers around the world are willing to share key pieces of personal information with brands, but only about 8 percent feel they are receiving better offers as a result, according to a survey of 20,000 people in 11 major countries conducted by marketing and loyalty company Aimia.

"Marketors have got lots of new toys in the toy cupboard but the risk is you end up doing cleverer versions of spam," said Aimia chief operating officer David Johnston.

DATA MOUNTAIN

The new M&S Sparks loyalty scheme aims to get around that by asking members to share their interests when they join so they can get tailor-made offers and invites to special events.

"This personalisation is a key aspect of what we will deliver," said Suzanna Broer, M&S director of customer insight and loyalty. "People are getting tired of being completely spammed with untargeted, irrelevant offers."

Steve Laughlin, retail expert at IBM Global Business Services, said stores were only just starting to work out how to make the best use of the mountains of data they are gathering and make money from it.

When IBM analysed customer data for a coffee chain, for example, it found the air temperature point at which people tend to order cold drinks over hot drinks was several degrees lower than the chain had expected, Laughlin said.

"They were sending promotions for hot drinks when they should have been sending promotions for cold drinks," he said.

Lasse Bolander, chairman of Denmark's largest supermarket chain Coop, said offering targeted discounts was particularly difficult for grocery retailers as customers shop so frequently and for a huge range of items.

That explains why some retailers - like British upmarket supermarket Waitrose - are allowing loyalty card holders to pick the items on which they want special offers.

But Bolander, whose Coop chain is owned by more than 1.5 million Danish customers who share their data in return for discounts, says retailers need to be careful.

"We have to make it transparent what we use the data for and easy to opt out," he said. "Until we are absolutely
certain we can give people the right offer at the right time we should take a step back - otherwise people will get annoyed."