How can banks stay competitive in a radically changing market, when confronted with shifts in consumer behaviour brought about by new technologies? In the context of weakening customer trust and loyalty and a competitive market in transformation, bank branches still have an important role to play in the battle, so long as they turn the digital world to their advantage.

The number of internet banking subscriptions is soaring, mobile banking via smartphones or tablets is an increasingly important trend and in most European and Asian countries, customers cite online tools and transactions as having the strongest influence on them recommending a bank.

This evolution is accompanied by a transformation of the competitive environment. There is further competition from emerging non-bank competitors offering financial services and in a quest for cost optimisation, banks have started to close their branches.
*Decrease in bank branches

EU AVERAGE

-4.6%

LUXEMBOURG: -18.8%
BELGIUM: -17%
ITALY: +0.85%
UK: -38.5%
FRANCE: -9.8%
GERMANY: -16.9%

*Decrease in bank branches
Branches from 2005-2012
Source: ecb
In this series of three papers, we evaluate how technological advances can help banks owning a branch network address two challenges:

- Connecting with their customers, i.e. not just acquiring customers but retaining them and generating more revenues from them.
- Improving cost-to-income ratios of their branch network.

This first paper introduces the use of Smart Beacons within the Banking Sector. It posits that ‘Smart Beacons’ can help bank branches to transform customer experience and offer more personalised services.

The second paper will provide give detailed examples of how Smart Beacons are currently used and have the potential to be used in banks.

In the third paper, we present a case study and the results of a research project based on a consumer survey of 500 UK and European adults, showing that Smart Beacons can be an important tool to (i) deliver a consumer-oriented proposition that differentiates a bank ‘from the pack’ and (ii) improve the cost-to-income ratio of a branch network.
What are Smart Beacons?

Smart Beacons are indoor positioning systems which interact with the customer’s smartphone to determine its position. The hardware can be used for both iOS and Android operating systems. In simple terms, Smart Beacon technology allows mobile apps to understand a consumer’s market position on a micro-local scale, and deliver highly contextual content to them based on their physical location and their profile.

A Smart Beacon network offers the opportunity to identify the precise position of the consumer and potentially who the consumer is within a physical location. This enables the network owner to have a one-to-one, highly personal conversation with the consumer. This conversation takes the format of highly-targeted messages, such as advertisements, special offers and discount vouchers to customers on their smartphones at an appropriate time and/or location. At its best it is highly contextual, personalised customer engagement.
As an example of the Smart Beacons technology, a smartphone user enters a store, at which point, an App on his smartphone listens for Smart Beacons. If it finds one, it may, for example, communicate the relevant data to its server, which then triggers a predetermined notification to the user such as a targeted advertisement, special offer or reminders to purchase specific items.

The potential for the application of this technology is boundless; from mobile payments and shopper analytics to implementation beyond the retail environment at: airports, museums, concert venues, theme parks and more. Commuters can be notified of service delays while waiting for their bus or train. Shops can offer their customers specific product information and promotions based on which aisles they linger in the longest.
For instance, in partnership with the Fondazione Palazzo Blu, we, at Reply, developed ‘i Kandinsky’ for an institution organising exhibitions. Unlike the standard audio guides and specific applications, this solution enables smartphones to display information about a particular piece of art when the visitor approaches it. The application uses Smart Beacons, designed by the Internet of Things (“IoT”) Reply Research Centre, to locate the visitor and transfer unique multimedia content to their phone, including an image of the work, a description and an audio commentary.

In short, Beacon-triggered offers hold strong potential to influence in-store/in-branch and point of sale decisions. For instance, 72% of consumers are most likely to make an in-store purchase as a result of a mobile offer tailored to their interest or location while shopping. This technology changes the way brands communicate with consumers forever. Smart Beacons provide a digital extension into the physical world, potentially connecting online and offline marketing strategies.
If concern is raised about an invasion of privacy, this fear is quickly swept aside if the shop uses an opt-in system, where clients need to accept the service in order for the shop to be able to use data related to them.

In the banking industry, Smart Beacon technology offers a wide range of possibilities to both drive increased footfall into branches and improve the customer experience when there, such as:

- Receiving personalised offers and other incentives in relation to their profile on their device, when they are in or walking past a branch that uses the technology

- Presenting an in-branch ‘digital billboard’ with relevant product and service offers for them i.e. a new way to initiate immediate interest and in-branch sales opportunities

- Alerting staff that a customer has arrived. In other words Smart Beacons are an efficient way to offer the right product or service to the right customers, at the right moment, on the right devices.
About us

Reply specialises in designing and implementing solutions based on the new communication channels and digital media. Comprising a networked model of highly specialised companies, Reply works with Europe’s leading industrial groups in the telco and media; industry and services; banking and insurance; and public-administration sectors to define and develop business models built around the new paradigms of big data, cloud computing, digital media, and the internet of things. Reply’s offering includes consultancy, systems integration, and digital services.

Open Reply is a Reply company that specialises in delivering creative and technologically innovative mobile brand and commerce solutions. From mobile web to native apps, on both smartphone and tablet, Open Reply fuses the best creative and technology to deliver conversations optimised for the mobile device that increase engagement and commerce conversions.
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