



## KEY POINTS FROM THE 2016 CHICAGO RETAILLOCO CONFERENCE

- 1) Last week, the Fung Global Retail & Technology team attended the fourth RetailLoco conference, which was held in Chicago, IL, and organized by the Location Based Marketing Association (LBMA).
- 2) Previously, the predominant view in the industry was that beacons were most useful for offering discounts to shoppers in-store. It turns out, however, that beacons have other valuable applications, such as helping shoppers find their way in stores and increasing fan engagement in sports activities, as well as in industrial settings.
- 3) Retailers are able to collect an enormous amount of data on consumers' movements, preferences and purchases, and some retailers have a secondary goal of using this data for the good of consumers.
- 4) Augmented reality/virtual reality (AR/VR) technology appears to have passed an inflection point, as evidenced by the massive consumer excitement surrounding *Pokémon Go* and the explosion in new AR/VR applications. Further development is right around the corner, and is being fueled by rapidly expanding venture capital investment.

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**ABOUT THE CONFERENCE**

The Fung Global Retail & Technology team attended the fourth RetailLoco conference, which was held in Chicago, IL, this week. The event is organized by the Location Based Marketing Association (LBMA) and held twice a year, alternating between Chicago and Austin, Texas (during the South by Southwest Festival). RetailLoco is a one-and-a-half-day event that focuses on the latest insights and trends in mobile and location-based tools. Keynote speakers and panelists at the event explored topics such as indoor location tracking, proximity-based payments, in-store digital signage, push notifications, analytics and AR/VR.



**KEY POINTS FROM THE CONFERENCE**

**1. Location-Based Ad Targeting Is Valuable, Actionable and Accurate**

This sentence—“Location-based ad targeting is valuable, actionable and accurate”—was the conclusion to a study that the LBMA conducted this year, and one of the key points of the conference was that location-based data represent a valuable additional source of information. When combined with traditional customer and purchase information, the value of location-based data dramatically increases.

**2. Consumers’ Daily Routines Are Already Creating a Rich Source of Data**

Every day, when consumers make purchases via their mobile devices or landline Internet, use electronic payments or loyalty cards to purchase their daily coffee at a coffee shop, and visit online retailers while at work, they are creating a data trail. This trail can be enhanced by location-based data, which is useful, but which may or may not be collected and analyzed by retailers.

**3. The Form and Use of Beacons Are Changing**

Previously, the predominant view was that beacons were best employed by working in conjunction with consumers’ smartphones to offer discounts to shoppers. However, beacons have recently been integrated into lighting fixtures, and smartphones are being used to collect location-based data. Smartphone apps can offer maps and other services inside stores in connection with beacons.

#### 4. Technological Advances and Changes Mean Greater Connectivity to Beacons



Due to future versions of the Google Chrome web browser (which runs on about 85% of the world's smartphones that have the Android operating system), more and more smartphones will have their Bluetooth radios turned on, increasing their ability to receive signals from beacons. In addition, iOS users are increasingly likely to use Bluetooth, as the iPhone 7 lacks a traditional headphone jack, which will push users to use wireless headphones.

#### 5. Better Loyalty Programs and Services Are Coming

Hotel operators can use location-based information to improve their loyalty programs, and airlines can use it to improve bag tracking and reduce the overbooking of flights, as location data will help them see which passengers are likely to be no-shows.

#### 6. Privacy Concerns Seems to Be Decreasing

Although the "creepy factor" is often mentioned in regard to consumers' discomfort with the personalized promotions that can be created using their data, retailers have implemented privacy safeguards such as double opt-ins, and younger generations are very comfortable with sharing their personal data.

#### 7. AR/VR Technology Is at an Inflection Point

AR/VR applications are becoming more commonplace, as evidenced by the record downloads of the *Pokémon Go* smartphone game and the broad availability of VR due to affordable headsets such as Google's Cardboard. Furthermore, the recent exponential increase in venture capital investment suggests that a large number of new AR/VR products and new types of media are around the corner. Goldman Sachs forecasts that AR/VR will constitute an \$80 billion hardware and software market in 2025.



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