

Beacons at Retail – So What? re: Communicating with Shoppers In-Store

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Beacons have been around for years in online and mobile media channels, but they now seem poised to dramatically impact brick-and-mortar businesses. A growing list of major companies are currently vying to bring Bluetooth-enabled beacon hardware and/or software to brick-and-mortar businesses and the customers they serve.

Businesses looking to make the in-person shopping experience as interactive as its online counterpart can place small beacon devices on shelves, displays, and virtually any other surface throughout their stores. Consumers who download the store's beacon-connected app and walk past these in-store beacons will then be sharing information with the store in ways that are similar to how online shoppers interact with the websites they browse. The retailer is then able to see the precise footpaths of visitors within the store, and how much time shoppers spend in each department or part of the store.

Beyond giving the retailer insight into what works and what doesn't in its floorplan, the beacon connection allows businesses to provide real-time messaging to shoppers that can change and be updated every few seconds. In addition, retailers can use the apps to send push notifications directly to a customer's phone, which could include anything from notifying the person of specific deals or sales within the store, to doling out customer loyalty rewards. Beacons can also be used in lieu of a cashier, allowing the customer to simply pick up a product in-store, pay for it through the app, and exit the store! This level of instant connectivity is available on nearly all smart phones sold today.

Beacons were deployed widely at this year's SXSW conference in Austin, Texas, where event organizers reportedly installed about 1,000 beacon devices in nearly 270 venues across Austin in order to bolster the SXSW GO app's functionality. Users of the SXSW GO app who enabled their phones to utilize the beacons around town enjoyed better communication and networking opportunities with other festival attendees, and participated in what has been described as the largest retail-focused implementation of the technology to date.

As powerful as this technology seems, beacons have not undergone much federal regulatory scrutiny to date. That is likely to change. Some have likened beacons to the controversial **International Mobile Subscriber Identity (IMSI)** catcher used by various law enforcement agencies. An IMSI catcher impersonates a cell phone tower, tricking every cell phone in its vicinity into sharing virtually

all of the phone owner's information that is communicated via the phone's cellular signals. The Federal Trade Commission has cautioned that IMSI catchers would be illegal for the private sector to use.

Beacon technology will likely undergo more scrutiny once it is more widely adopted, and the focus will likely be on privacy. Unlike an IMSI catcher, consumers who download a store's Bluetooth-enabled app are making a choice. Such consumers will typically pass through a permission gate that allows the retailer to communicate the terms of service and privacy policy that apply to the technology and obtain the consumer's agreement. Further, because the app mechanic is Bluetooth based, consumers who have downloaded a store's app can turn off the Bluetooth feature on their phones if they do not wish to share their information with the retailer for any reason.

Retailers are excited about the potential insights that beacons can provide about their customers, but steps should be taken to minimize the legal risk involved in incorporating this technology, which has the potential to permanently change how we purchase products in stores and, ultimately, interact with our surroundings.

Calvin Berman is co-author of this article.

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