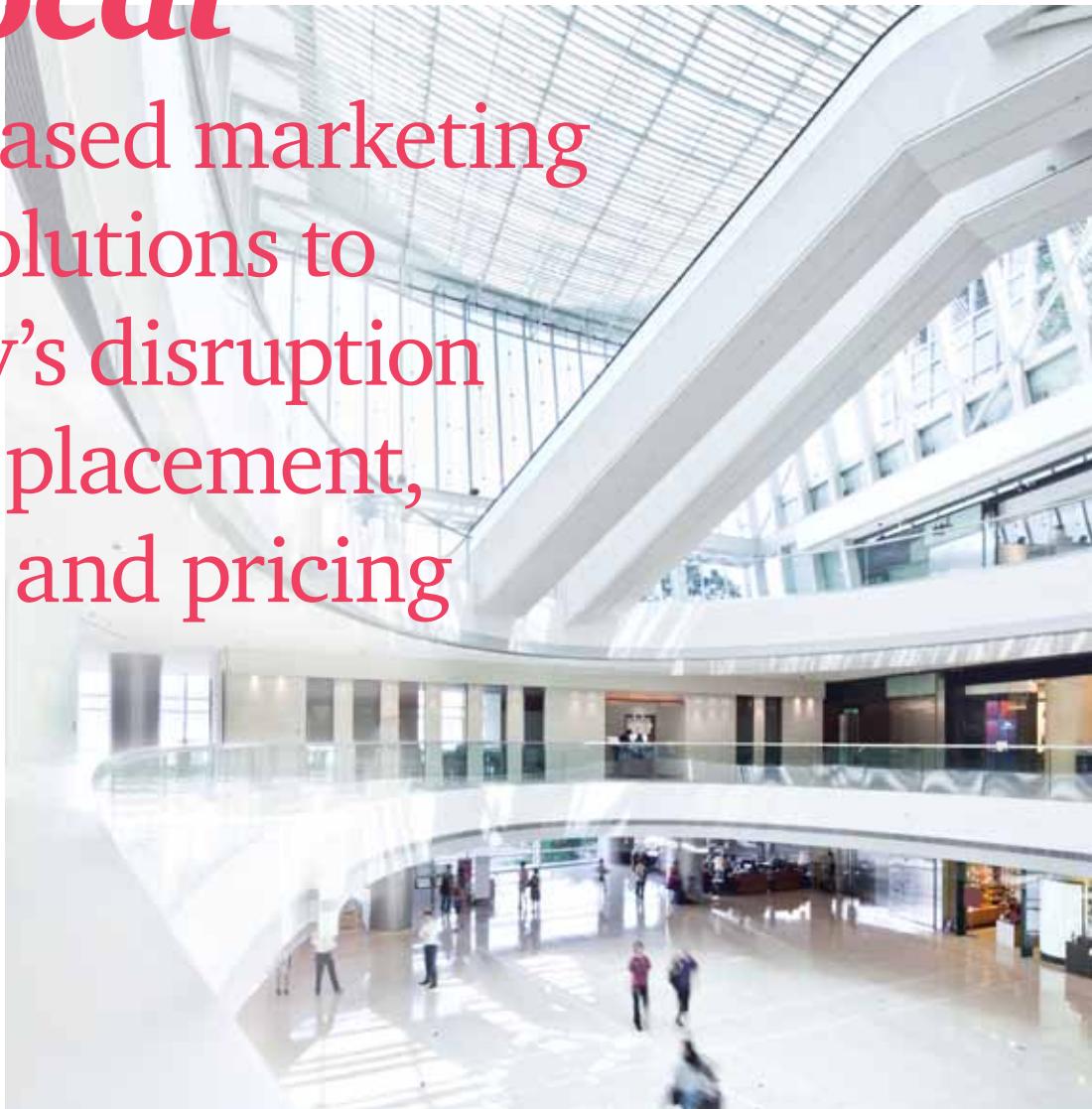


Marketing goes local

Location-based marketing provides solutions to technology's disruption of product placement, promotion and pricing



Foreward



Asif R. Khan



Darren Henderson

We live in a brave new world where technology enables us to live at the intersection of people, places and media, where intelligent information can enhance our lives and improve our experiences. Nowhere is this more evident than in the application of location-based marketing.

Location-based marketing is often thought of as the use of mobile services like daily deals on smartphones to drive traffic through the delivery of coupons or offers, but this is just the tip of the iceberg. The reality is that SMS, digital out of home, and even television can help prepare and educate us to what is available. And GPS indoor location services like WiFi and Bluetooth can make offers and messages compelling at the moment of decision. They can all be considered part of the location-based marketing services ecosystem.

PwC, together with the Location Based Marketing Association (LBMA), has developed this white paper to educate the industry on location-based marketing and to provide a general overview for retailers, brands and their agents, mobile network operators, and service providers on the application of these services to drive customer engagement and brand awareness.

We hope that this white paper will encourage you to explore and experiment with these new tools and techniques in location-based marketing, possibly improving your returns on investment dramatically.

We invite you to connect with us, whether it's to share best practices, case studies and comments, or if you want to take the next step in your location-based marketing activities.

A handwritten signature in black ink that reads "Asif R. Khan".

Asif R. Khan
Founder and president
Location Based Marketing Association

A handwritten signature in black ink that reads "Darren Henderson".

Darren Henderson
Partner, Canadian Entertainment
and Media Leader, PwC



“Location-based marketing enhances the customer experience. The flyer is once again a new real-time tool.”

Adam Cooper, Canadian Tire

Location-based marketing (LBM) – disruptive or empowering?

That's the key question addressed by this paper. Location-based marketing will have an effect on your marketing department, advertising agencies, and give consumers the sense of empowerment.

Digital and mobile delivery platforms enable brands to deliver messages and engage with their consumers at a level of intimacy never achievable before. Considering the range of options retailers and brands can choose from to engage with their consumers at the right place and the right time, how will advertising agencies stay relevant? How will retailers cope with brands talking directly to consumers while in their stores? How will the respective players across the value chain charge for (and monetize) their business models? Who will be disenfranchised forever, and who will be the new winners and losers?

LBM offers the ability to understand customer profiles, behaviours, and purchasing habits well beyond traditional measurement of marketing and advertising spending.

And we are not just talking about smartphones and tablets. Out of home, digital signage and television are also effective delivery platforms that are part of the LBM ecosystem, and can equally apply in a business-to-business context.

These changes affect business models built up over decades. For example, advertising agencies will need to embrace a new world where platforms such as mobile advertising are growing at 50% annually in markets like Canada. These industries will need to adapt to new ways of media buying, the understanding of the consumer and data that need to be used, and the return on investment (ROI) metrics of any campaign to reach that audience.

What does “location-based” mean?

Location-based services:

Location-based service (LBS) can be defined as a social, entertainment or information service, enabling a company to reach and engage with its audience through tools and platforms that capture the geographic location of the audience. The delivery mechanisms used for LBS include mobile internet, mobile applications, short message service (SMS) text messaging, multimedia messaging service (MMS), services using GPS, indoor location services, digital out of home (OOH), digital signage, print media, and television. According to a 2011 Juniper Research report, location-based services will reach US\$12.7 billion in 2014.

Location-based marketing:

Location-based marketing (LBM) bridges the gap between all forms of marketing media, inclusive of social media, the internet, OOH, and real-life interaction. LBM covers the utilization and/or integration of all media to engage and market to people in specific places with specific offerings. LBM uses location-based services to reach and engage with consumers based upon where they are located.

Understanding the differences:

If location-based services are the technology and media delivery platforms used for the identification of an individuals’ location and preferences, then location-based marketing is the use of these platforms by brands, retailers, and their agencies to target the message to individuals and engage with them based on their location. The key is that location is most often linked to a specific intent to buy or research products and services at that moment in time.

The reality is that we are moving to a world where every person, place, and thing will be “real-time” geo-addressable or tagged unless individuals specifically “opt out” even temporarily. Such a world enables us to create both one-to-one and one-to-many marketing messages in the context of geo-relationships.

The retail sector is particularly poised to be affected from this consumer engagement approach as the combination of in-store marketing, mobile marketing, direct mail, television and other “traditional” media have the ability to reach large numbers of consumers in a personable and highly relevant way on multiple levels, at that moment in time.

The notion of *opt-in* is critical to the relevance and effectiveness of location-based marketing. Encouraging and possibly incentivizing consumers to *opt-in* to a LBM service will enable marketers to collect information about individual consumers (e.g. demographic, preferences, purchase habits) and deliver more relevant value add messages and offers. The balancing act will be in collecting and managing the information that can also be augmented and potentially monetized at an aggregate level, while at the same time respecting consumers privacy. The benefit to the consumers’ and the rationale for *opting-in* will be that they receive messages and offers they would otherwise not have seen, but in return they have revealed their behaviours or preferences for data analysts to study.

Nielsen identified 2011 as the “Year of the Mobile” and as consumers spend more time with their smartphones, they are more accessible. By knowing the position of a consumer relative to bricks-and-mortar retail locations, marketers can trigger relevant alerts and reminders, and provide relevant value-added information, discounts or deals when the consumer needs it at the right place and at the right time. Digital signage can be stationary in transport hubs, educational institutes, hospitality, civic, or entertainment venues, and many more locations. Or digital signage can be in transit on bus sides, on-train print, taxi toppers, and captive ad networks (in venues such as elevators). The location can even be a consumer’s home. For example, emitted sounds from television sets can also trigger alerts on the smartphones of consumers, ensuring a consumer who may or may not have been in the location at the time the commercial aired has a notification pending on their smartphone.

GoldRun

GoldRun is an Augmented Reality platform that transforms traditional digital media placements into immersive and immediately shareable brand-consumer engagements: GPS virtual photo booths. Users share their branded AR photos and accompanying copy on various social networks to earn immediate rewards including discounts and vouchers, instant-win prizes, access to exclusive media, and the ability to advance order products. Additionally, GoldRun image posts function as fully integrated ad units woven into social network user flow. For example on Facebook, user posts appear on their personal wall, capable of generating comments, likes, additional downloads and media views. GoldRun operates on iPhone 4/4s, iPad 2/3 and most Android smartphones and tablets.

LBM is growing as advertisers seek to reach consumers when they are away from home, particularly when they are shopping or traveling. The closer advertising is to the point of sale, the more effective it is. Mobile phones with GPS capabilities allow local retailers to aim ads at users in the vicinity. The goal for retailers is improved traffic, loyalty, word-of-mouth advertising and purchases. Advertisers want effective consumer targeting and improved return on investment (ROI), while customers demand relevance and value. The ability to tailor the messages that reach the consumer is also a benefit of LBM; digital signage can be updated almost instantly to reflect current news and events. Local mobile advertising networks are offering location-based services and collecting promising data on response rates. For example, coupons delivered via mobile phones tend to generate response rates in the 10% to 20% range, rather than the 1% rate for coupons delivered in print media. There are already great expectations for this new delivery of coupons as a 2011 Yankee Group report projects 70 million mobile coupons worth \$2.4 billion will be redeemed in 2013.



Digital marketing

Location-based marketing is an important and developing sector in the overall marketing ecosystem. This growth is driven largely by an escalating smartphone culture, improving technologies and the bypassing of traditional media by consumers. The table below shows the forecasted growth of wired and mobile internet advertising in Canada and the United States over the next five years.

Global Entertainment & Media Outlook 2011-2015

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2011-15 CAGR
Internet advertising: wired & mobile in Canada ***	873	1,205	1,564	1,783	2,066	2,435	2,809	3,242	3,682	4,131	14.9
Mobile internet advertising in Canada ***	1	2	11	17	31	59	95	140	192	252	52.1
Internet advertising: wired & mobile in United States ***	16,879	21,206	23,448	22,661	26,040	30,068	34,223	38,257	42,250	46,283	12.2
Mobile internet advertising in United States ***	55	122	263	385	599	818	1,073	1,307	1,550	1,783	24.4

* At average 2010 exchange rates

** US Dollar millions

Sources: Interactive Advertising Bureau Canada, PricewaterhouseCoopers LLP, Wilkofsky Gruen Associates, Interactive Advertising Bureau

Mobile

The number of consumers using mobile phones to access the internet continues to increase as does the penetration for mobile advertising. There were 38.9 million mobile internet subscribers in North America in 2010, approximately three times the level in 2008. PwC's *Global Entertainment & Media Outlook: 2011–2015* projects that figure to reach 118.3 million by 2015, driven by increased penetration by smartphones and rollouts of fourth-generation wireless services.

In 2010, the mobile internet advertising market in Canada rose 82.4% to US\$31 million and totalled US\$630 million in North America. The mobile advertising market in North America is expected to expand at a 26.4% compound annual growth rate (CAGR) to US\$2 billion in 2015. The CAGR in Canada alone is expected to be 52.1% and the market is estimated to reach US\$252 million by 2015. The total global mobile internet advertising CAGR is estimated to be 24.9% to US\$8.7 billion. Forrester Research estimates that today's mobile marketing is comparable to website marketing in 1999. Global shipments of mobile devices are expected to grow to 270 million units in 2012, while in 2009 that figure was 173.5 million units.

Out of home (OOH)

Out-of-home (OOH) advertising is being propelled by the increased usage of digital signage and the expansion of captive video networks. Although traditional billboards still comprise the bulk of the industry, digital signage and digital networks are generating much of the growth. PwC's *Global Entertainment and Media Outlook* projects the North American OOH market to have an estimated CAGR of 5.5% from 2011 to 2015. The Canadian market is expected to have a CAGR of 6.4% from 2011 to 2015, reaching US\$601 million. The total global OOH advertising compound annual growth rate is estimated to be 5.6%, reaching US\$34.2 billion. ABI Research shows that spending on the global digital signage market, including hardware and software, is expected to grow from US\$1.3 billion in 2010

to US\$4.5 billion by 2016, while internal research conducted by digital sign company Adcentricity, in its *2011 Digital-Out-Home Outlook & Planning Guide*, estimates the US\$4.5 billion spending threshold will be crossed in 2013, three years earlier, and MagnaGlobal expects spending on digital billboards and posters to double in the next five years to US\$5.2 billion.

The digital billboard market is currently fragmented, with more than 200 network operators in the US and around 45 in Canada.

Screenscape

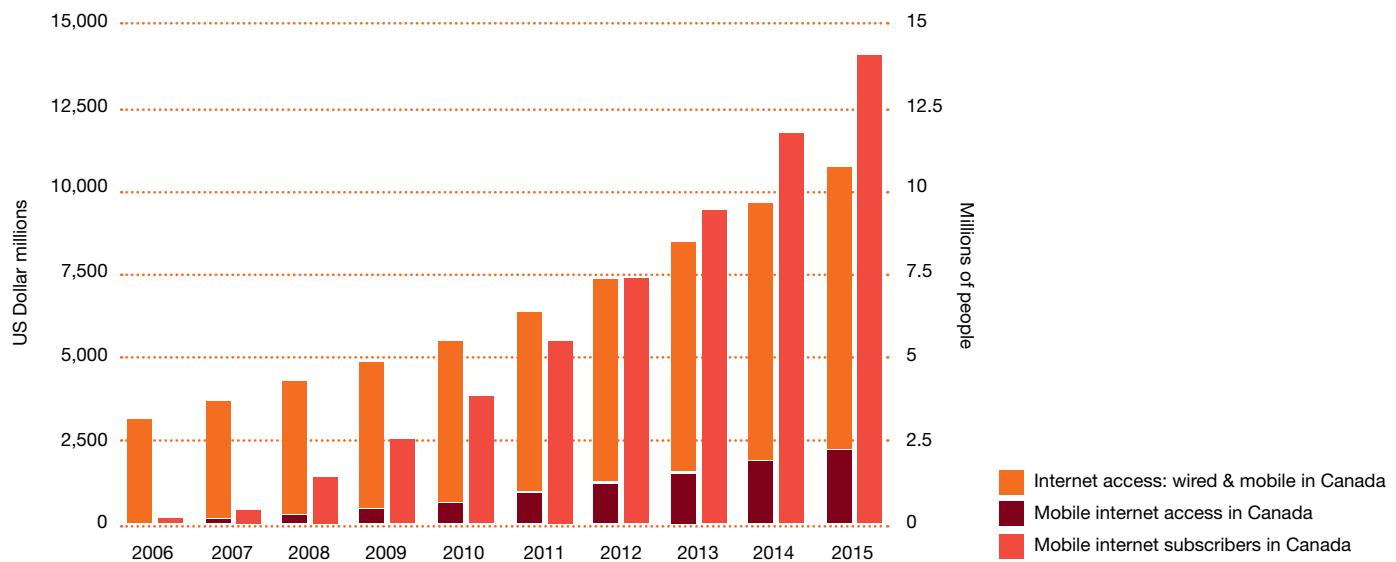
Screenscape is an online service for engaging consumers inside public places through the use of internet-enabled digital displays and mobile devices. The service can be used at individual venues to create an onsite media experience or scaled across content sharing networks for media distribution, digital signage, and advertising. Screenscape focuses on ease of use. Screens and media players are purchased and installed by third parties while advertising space is purchased from Screenscape community members. The screen displays provide flexibility with digital signage that can be updated online immediately with customized content by a client member. Screenscape also provides a network effect whereby more members represent more point of presence for reaching new customers.

LBM stakeholders

Key questions

Brands/sponsors	Key questions	Client needs include
Advertising/digital agencies	<ul style="list-style-type: none"> • Who should I partner with to engage directly with my consumers? • Where should my location-based marketing budget come from? • How do I access consumer information to measure the effectiveness of my products? 	<ul style="list-style-type: none"> • Increase ROI on marketing costs • Data analytics • Collaboration/JV/partnerships
Distributors/mobile network Operators/handset manufacturers	<ul style="list-style-type: none"> • How do I help my clients engage with their customers and experiment and innovate with location-based marketing enabled by digital and mobile technologies? • How do I help my client's transition to a digital marketing world? • How do I access consumer information to measure the effectiveness of my campaigns? 	<ul style="list-style-type: none"> • Data analytics • Collaboration/JV/partnerships • New business models
Retailers	<ul style="list-style-type: none"> • How do I drive traffic in my bricks-and-mortar store? • How do I increase the size of the average purchase basket? • How do I optimize my store layout? • How can I improve customer experience in the store? 	<ul style="list-style-type: none"> • Pricing strategy • Business plan/business model • Collaboration/JV/partnerships
Payment companies	<ul style="list-style-type: none"> • Who should I partner with to enable customers to make safe mobile payments wherever they are? 	<ul style="list-style-type: none"> • Pricing strategy • Data analytics • Business plan/business model • Collaboration/JV/partnerships • Multi-channel strategy
Service providers	<ul style="list-style-type: none"> • How do I differentiate my offering? • How do I collaborate with other providers? • How do I develop a relevant pricing strategy? 	<ul style="list-style-type: none"> • Pricing strategy • Process efficiencies • Collaboration/JV/partnerships • M&A
Consumers	<ul style="list-style-type: none"> • How do I get better access to product information? • How do I get deals and offers sent to me while I'm shopping? 	

Global Entertainment & Media Outlook 2011-2015



Also, digital posters can change depending on the time of day or the date: advertising coffee in the morning or ice cream in the summer. Digital signage is being buoyed by its integral efficiencies: it can accommodate multiple advertisers, it can be updated very quickly, and it provides advertisers with increased flexibility. The operating cost of digital displays is also significantly less than traditional static billboards.

The ability to engage with a consumer is increased with LBM. Smartphone users can customize opt-in services to obtain the information that is relevant to them. Quick response (QR) codes or barcodes can be scanned by consumers to provide

value-added information. Many products and brands are taking advantage of this technology to give the consumer a snapshot of where their product comes from and the brand's values. Digital signage display can utilize touch-screen technology and some even allow for coupons to be printed. New technologies include high-definition LED billboards, 3-D displays, QR codes embedded in digital signage, and touch screens.

Business analytics and metrics are critical to use the opportunities offered by the technologies that are emerging. Consumers expect offers to be specific and relevant and businesses such as retailers need to see a return on their

investments in enabling the technologies. For example, the ability to track incremental foot traffic in bricks-and-mortar stores as well as demographics and purchasing behaviour is expanding for the smartphone customer base. Consumer traffic can be tracked within the retail outlet to optimize display design and store layout. Measurement technologies for digital signage have improved audience measurement abilities. Anonymous video analytics have been developed that make use of cameras in the posters. They use algorithms to detect faces and patterns to determine the duration of time people look at a poster, as well as demographics including gender and age group.



Marketing and digital transformation

The marketing ecosystem is transforming as consumers transition away from traditional media towards digital.

This transition is causing the relationship between consumers and companies to evolve beyond traditional boundaries. As digital becomes the new standard and turns into the central driver for future business operating models, consumer relationships and revenue growth, consumer businesses such as mobile network operators, retailers and advertising agencies (to name just a few) must quickly adapt to avoid becoming obsolete. The digital consumer has increased expectations for a more pertinent, timely and transparent relationship with businesses. These evolving expectations, combined with the ongoing digitization of content and information, are forcing companies and their service providers to adapt their business models to a digitally enabled, services-based relationship.

The move to digital requires the use of new digital capabilities to achieve transformative business and operating models. The digital transformation is about the impact these new digital capabilities have on business, from strategy to operations, including: social media, cloud computing, multi-platform distribution, data digitization, data capture and management, online collaboration tools, and enterprise mobility.

This digital transformation creates various opportunities for businesses. Revenue opportunities include the creation of new digital products and services and monetization of new business models. Some examples include multi-platform distribution, location-based marketing, opt-in ad supported revenue, online subscriptions, transaction-based partnering, and ecommerce. There are also cost-reduction opportunities such as process optimization with digital tools.

A significant challenge for traditional businesses related to digital transformation is preserving and supporting the existing business needs while still maintaining investment in new digital business opportunities. The majority of companies are either engaging in digital transformation gradually, or are involved in one-off initiatives propelled by tactical needs and entrepreneurial leaders. Businesses are often lacking in preparation for a digital-growth agenda with regards to issues such as security and privacy of consumers, the effective capture and integration of customer insights, and digital rights management.

Several actions will help a business successfully undertake a digital transformation. Key aspects include: collaborating with digital stakeholders (customers, vendors, distributors, suppliers, partners, and others); investing in tools driving innovative methods of distribution, sharing, creating, collaborating and organizing digital assets; and building a strategic position within the ecosystem as new partners and competitors are emerging and markets are developing. Additional capabilities include internal and external collaboration, billing, usage tracking, and harvesting consumer feedback.

The intelligent and empowered consumer

Increasingly, consumers will have access to greater information about the products they are looking for and have a greater capacity to negotiate on the spot with the retailer. Customers are able to price match at a store with the customer service representative in front of them being able to see the smartphone screen showing the competitor's website or weekly flyer with the same product at a 20% discount. Stores can take specific action against this, such as site blocking or demanding unique stock-keeping units (SKUs) from suppliers, but run the risk of alienating consumers. Retailers need to consider these implications in the widest sense of their overall value proposition to their consumers, or they risk becoming a showroom for online stores without the overhead costs of bricks-and-mortar inventory to run.

Figure 3: How Brand X can use the ecosystem to deliver a compelling customer experience



The power extends to more than just price matching and into service as well. Not just from the competitor's store or mall having greater support services like maps and vouchers, but also in any service setting like an airport or concert theatre. Being offered upgrades or fast-track status – that can often cost the seller very little but add significant value to the consumer – are all easily possible with an integrated LBM system. Knowing who the individual happens to be, exactly where they are, and precisely when they are there is key. It allows the seller to target offers to selected individuals (for example, who they want to keep loyal, to fix a previous error, or encourage a key influencer), and push a highly relevant offer to them when they would like it most. An upgrade to business class on a flight that is about to leave with the seat empty has little added cost to the airline, but a greater proportionate value to the consumer. It is the identification of these parameters that should be key to understanding where LBM can have the greatest impact for vendors.

Not just discounts or coupons

The marketing benefits of offering discounts to encourage shoppers to go to a store are well founded. Typically at large retailers this technique can be a well-heeled marketing experience. It runs from the top-level branding campaigns to high-profile locations and signage as well as the regular flyers that absorb huge effort and budget at a national level.

Offering coupons and discounts is not necessarily where the individual store sees the value in digital marketing. Naturally there is the benefit of selling more lines of product that are currently on 'offer' and if this draws more people to the store then there is the potential for them to increase spending while at the store. But LBM offers many other opportunities that help the consumer enrich the shopping experience, to include service attributes such as which cash line up is faster. Additionally, it can be a map of the store, or even the mall. By knowing where you have parked your car and be shown how to get back to it from anywhere, you are much more likely to take a different path around the mall or store. If visitors to a mall can be encouraged to use different parking areas and different entrances they will be encouraged to pass stores they would typically miss.

Defining the location-based value chain

Location-based marketing allows a greater level of consumer engagement by delivering messages and promotions to consumers at the right place and the right time – ideally at the point of purchase decision. Location-based marketing, enabled by mobile and digital technology, is transforming the marketing industry in a significant way. All traditional players along the value chain are impacted by these new capabilities and new entrants in various segments of the value chain are looking for opportunities to create untapped value for brands, retailers and consumers. At this early stage of the era of location-based marketing, existing and new stakeholders are looking to position themselves in this technology-enabled ecosystem.

The distribution of promotional content to consumers at a global, national or regional level is enabled by a range of mediums including TV, print, out of home and radio. Measuring the power of brands and the effectiveness of marketing campaigns and promotions has been an approximate science and improving the return on advertising and marketing spending is an ongoing challenge. Digital technology has provided an opportunity to track the effectiveness of advertising and consumer engagement at a more granular level through metrics such as click-throughs, pages viewed and redemption rates. If marketing content is mass targeted, its effectiveness remains limited. Opt-in services have enabled the capture of personal information about consumers and increased the relevance of the messaging and their engagement.



Creation and production of marketing and advertising content

Brand/sponsors:

The source of funding for the advertising and marketing industry primarily comes from brands and sponsors. Their budgets are traditionally broken down between TV, print, radio and digital. Brands and sponsors are looking at generating the greatest return on their advertising and marketing investment. In a world that is becoming more and more digital, finding the right balance between investing in traditional vs. digital media is an ongoing challenge. If the digital budget represents an average of 20%-25% of the advertising budget, mobile is currently only a fraction of that bucket.

The value of location-based marketing for brands and sponsors resides in the information captured about their customers' behaviours and the opportunity to engage with them at the right place and the right time. LBM in some respects enables brands to engage directly with consumers for the first time. In the past, a beverage company like Coca-Cola or Pepsi would rely on restaurants or grocery chains to market and promote their products at the local level. LBM enables them to go direct and interact on a "real-time" basis. This capability can be used for a wider range of activities including product development and social media promotions based on "likes", consumer reviews and recommendations. There is often a direct connection made between location-based marketing and mobile marketing. This connection limits investment in experimentation and testing opportunities in location-based marketing initiatives, which is critical to keep up to date with the fast-changing marketing landscape and figure out what works and does not work for each organization. Brands need to think about where the location-based marketing budgets should come from.

Ad agencies:

Advertising and marketing agencies have been providing services to brands and sponsors for the creation and production of advertising and marketing content. They also facilitate the exposure of the content to the right target audience with the goal of maximizing brand awareness and revenue for their clients. Digital technology enables brands and technology providers to more easily develop their own advertising content and deliver it directly to consumers through mobile, tablets or digital billboards. With the entrance of players such as Groupon, Placecast, and VenueLabs in the marketing ecosystem, traditional advertising and marketing agencies need to rethink their position in the value chain. Emerging technology and marketing providers represent a potential threat to deprive traditional agencies from their clients for a growing portion of the advertising market. Those new players have the capabilities to create marketing content for brands and sponsors and distribute it to consumers based on where they are located. They also capture highly valuable consumer demographic and behavioural information. Some emerging players such as Simply Good Technologies, which provides digital offer management services, enable brands and retailers to create and trace sharing and redemption of digital coupons at an individual level. These services enable retailers and brands to understand their customers at a level of depth never achieved before. Keeping up to date with the latest technologies, business models and innovations enabling brands and sponsors to experiment and innovate needs to be top of mind for ad agencies if they want to stay relevant in a rapidly growing digital world.

VenueLabs

VenueLabs is a location-based analytics platform that helps large bricks-and-mortar brands measure the impact of marketing and advertising initiatives at a local, storefront level. Their platform measures the cross-channel impacts of both online and offline initiatives, including billboard OOH advertising, regional radio campaigns, and other LBM campaigns.

Case study: A medium-sized quick service restaurant with 300 locations launched a national campaign to coincide with a big sporting championship event. Following the campaign, one location was found to have a 200% to 300% higher climb than the rest of the brand. It used VenueLabs and discovered the owner of the location had instructed the stores to pre-announce the campaign to their customers. Using location-based analytics, they were able to identify an anomaly in their brand, investigate, and learn how to optimize the next campaign.

Distribution and delivery of marketing content

Distributors

Marketing content distributed through traditional platforms such as TV, print, out of home, radio and even the internet, is mostly aimed at large groups of targeted audiences. Digital technology enables us to distribute highly targeted marketing messages and promotions to consumers based on where they are located, using various technologies including mobile phones, GPS, WiFi, digital screens or even radio frequency (RF).

New technology providers include hyper-local mobile marketing companies that provide opt-in, personal mobile services by delivering location-specific messages, and shopping tools to their members (e.g. Adcentricity). As mobile, wireless and GPS are the fundamental technologies in location-based marketing, handset manufacturers and mobile network operators need to think about their role in the ecosystem. They have a competitive advantage by owning the platform and the network necessary to access consumers. Wireless firm O2 in the UK has partnered with Placecast on a location-based service to invite consumers to opt in to the service to receive relevant messages dependent on their age, gender, interests, and location. The partnership brings together Placecast's location-based expertise, as well as O2's customer base of more than 22 million consumers and its strong relationships with brands and ad buyers. It enables brands to target their audiences with relevant information and offers based partly on their location. AT&T has also debuted a branded ShopAlerts service, through a partnership with Placecast, which delivers special offers and discounts to consumers via their mobile phones when they are near a participating store or brand (initial brands include HP, Kmart, and JetBlue).

Adcentricity

Bee Media is a location-based digital media company now operating as Adcentricity. The company offers location-based marketing platforms and solutions that drive shopper marketing and consumer engagement based on a person's physical location. Advertisers can deliver and measure targeted and personalized offers and advertising to their highest potential consumers along the path to purchase.

Case Study: A campaign was launched in April 2011 at a single retail location. Within one month, 773 check-ins were recorded. At the end of the study, 1,544 consumer surveys were completed. An offer of 10% savings on a purchase of at least \$50 with sign up to the Bee Media App helped increase sign ups to half of those surveyed and 46% redeemed their coupon. The overall consumer rating of the Bee Media experience: excellent (51.3%), good (44%), satisfactory (4%), fair (0%), and poor (0.7%). Almost 60% of consumers had their WiFi turned on and staff had noted an increase in the number of consumers using the free WiFi to assist their shopping by searching for product information and pricing. The smartphones recorded were: iPhone (40.6%), BlackBerry (39.2%), Android (13.7%), and other (6.5%). Check-out and redemption processes occurred smoothly – consumers would show their offer code to the cashier who would key it into the system and the Bee Media discount was printed on the receipt.

Placecast

Placecast is a white label location-based marketing platform offering an opt-in, consumer-figured ShopAlerts service that works on any mobile phone without an app. Consumers receive tailored mobile alerts when they enter a Geofence – a field around any location that is set to trigger a personalized marketing message when entered. The level of customization of the alerts filters advertising so only relevant, valuable information reaches the consumer. Clients can integrate this software as a service with customer relationship management software or loyalty programs. Those who adopt LBM recognize the services offered as a loyalty and retention mechanism and as a final touch point with consumers in the purchase funnel. In a study by Placecast, 49% of respondents acknowledged their visit was unplanned prior to receiving the ShopAlerts text message. Placecast is focused on the privacy of consumers and stresses opt-in, transparency, and consumer control. Placecast provides an analytics package with both standard and custom reports that are overlaid on maps as well as consumer research panels providing attitudinal data, such as brand favourability and insights on purchase behaviour.

Case Study: At Fitness First Gyms – return on investment (ROI) = 2,700%; new sign ups = 1,100; new revenue = \$577,000.

Telecom companies need to think about how they can create opportunities in the marketing space by leveraging their core assets and through strategic partnerships.

Consumption of advertising/marketing content

For retailers, location-based marketing is very appealing as it allows them to communicate to mass customers at a personal level. Targeting people based on their location creates a higher level of engagement. A number of retailers, such as Canadian Tire, have been experiencing location-based marketing via their website, email, loyalty programs and electronic flyer programs which require customers to provide personal information such as postal code to sign up. A number of retailers have created their own app to assist customers with shopping experience inside and outside the stores. QR codes are used to provide information to consumers about products. One of the challenges in boosting the QR code adoption rate is to communicate the value of or the reason for scanning to the consumer. Difficulties with the scanning process have turned people away from the QR code technology. As the experience becomes more “frictionless” consumer uptake will increase. A recent study from Nellymoser, Inc. showed that during the 2011 holiday season, shoppers in shopping malls and retail locations across the United States likely encountered at least one code. The study showed that one out of 14 stores incorporated QR codes as part of a mobile strategy that extends beyond the bricks-and-mortar store location. Another application can be illustrated by the Hallmark Channel that brought QR codes to television with its holiday movie to increase customer engagement and viewership on multi-platforms.

Providing free WiFi services in store is becoming expected to engage with consumers through mobile LBM services. It can also become a disadvantage as consumers can price compare with other retailers via other mobile apps. There is not much retailers can do to stop customers from checking out competitors. Blocking cellular connections may not be a viable option. One of the key benefits of LBM for retailers is the use of indoor location to track consumer traffic patterns in retail, which can help with store and display design, layout, and optimization.

Canadian Tire

A Canadian Tire store conducted a beta test at a major urban store. They installed WiFi service.

Staff on the shop floor were already using their iPhones to access the internet and using apps to help customers, so incorporating location-based technology was a natural progression.

Whether it was through price matching or finding more details about products, the staff was already using technology to provide live help at the point of purchase. So it seemed ideal to bring Bee Media in to try the WiFi-based service in an attempt to increase sales and improve customer service in store.

One of the biggest lessons from the trial is that LBM can affect operational effectiveness as much as marketing or sales activity. Properly installed, the ability for the technology to point the consumer to the right part of the store and to give them information they want when they want it significantly adds to the shopping experience.

It empowers consumers, allowing them to take greater control over their purchasing. It also shifts service away from the retailer and onto the consumer much like an automated banking machine or like diners clearing their own tables at fast-food outlets. The ability to scan UPC codes along with product videos led to an increase in sales.

Payment companies:

The mobile payments industry is subject to its own ecosystem, with a vast array of differing players addressing the potential for payments to be made via mobile devices and at the point of sale. Many experiments in 2012 will bring together payment platforms like Square, PayPal and near-field communication (NFC) in an integrated fashion with location-based offer/deals providers. From a consumer's perspective there are all the advantages to be gained from ease of use and convenience, together with all of the concerns about privacy and security. All of these issues need to be addressed by the payments organizations, while also recognizing that they would do well to see who else in the value chain is addressing the same consumers, and they should consider opportunities for synergy and partnering.

Brand/campaign measurement companies:

Most marketing activity needs to justify itself through tangible metrics, such as actual demonstrable sales achieved, or less tangible but equally measured attributes such as brand value. With the advent of location-based services and the promise of getting much closer to a 1:1 correlation of marketing dollars spent to revenue achieved, it becomes more realistic. For example, from some of our discussions with retailers we can hypothesize that there will be a need to very closely attune the measurement needs to the campaign objectives, and that the audiences for the measures may well be different (even within the same client on the same campaign). Imagine the national retailer who runs a LBM campaign to drive increased traffic to the stores, but the local dealer who wants the LBM to drive traffic to a specific corner of the store. Added to the dealers' desire to re-route traffic to a specific part of the store to sell items on promotion, and then decrease time at the shelf to improve customer service. All can be achieved with an LBM campaign, but the measures need to be acutely targeted to ensure they are reporting what the client will need.

Final thoughts

Is location-based marketing disruptive or empowering? The answer to both questions is yes. Location-based marketing is here to stay and will provide you with another avenue to reach out to your customers in a new, inexpensive and faster way. Companies that embrace it will be more agile than their competitors while those that don't will be left behind.

Your customers will feel empowered by the ability to control what they buy when and where they want. Being able to meet their demands while they're in store will make them feel more important and help build loyalty to your brand.

Consider the advantages of location-based marketing and how it can benefit your business.



How we can help

PwC has depth and breadth of experience working globally across all of the industries impacted by location-based marketing.

We have aligned our practice around the issues and challenges that are of utmost importance to you. We can help you navigate this complex world, and deliver solutions that provide value specific to your organization's needs.

PwC's Digital Transformation practice can help your business take advantage of the opportunities presented by the changing digital landscape. By understanding the changing expectations of your customers and the implications for your business, we can facilitate the creation of your digital vision and strategy, bringing it to life for customers and stakeholders. More than this, we have the skills and experience to help you turn this vision into reality.

About LBMA

The Location Based Marketing Association is a international group dedicated to fostering research, education and collaborative innovation at the intersection of people, places and media. Our goal is simple: To educate, share best practices, establish guidelines for growth and to promote the services of member companies to brands and other content-related providers.

Members of the LBMA include retailers, agencies, advertisers, media buyers, software and services providers, and wireless companies. Simply put, we want to help those engaging location-based services be as successful as possible.

Objectives of the LBMA

- To be the global voice of the location-based marketing industry
- To generate collaboration and innovation opportunities for member companies
- To promote the effective use of location-based marketing solutions
- To increase public acceptance of location-based marketing solutions
- To assist members to operate their business more profitably with growth and diminished risk and cost
- To create market awareness of vendor members and provide them with business opportunities, contacts and resources
- To assist members in finding solutions to their problems and improve the ROI around location-based marketing services

Contacts

Darren Henderson

darren.henderson@ca.pwc.com

+1 416 941 8379

Jerry Brown

jerry.a.brown@ca.pwc.com

+1 416 815 5101

Aurelie Olives

aurelie.olives@ca.pwc.com

+1 416 365 2711