THE THREE LAYERS OF EFFECTIVE LOCATION-BASED MARKETING STRATEGIES

Location-based technology has created plenty of buzz around its potential benefits, but implementation by retailers remains fairly low. The technology was retailers' **eighth-highest digital investment priority** in 2016, according to a survey from eTail and RetailMeNot. 🐦 As many as 71% of retailers still don't use geofencing or in-store beacons.

Only 14% of retailers say that they presently capture and use customer data "very well" to personalize marketing messages and offerings, so it's no wonder brands feel they must put off investments in location-based technologies. Since retailers are still hesitant to invest in the technology, they need to understand why and how these platforms can fit their omnichannel business models.

The good news is that many forward-thinking retailers do have future plans to invest in location-based technologies. In fact, 53% of retailers *want* to identify customers when they walk in the store (via their smartphones) within five years, 🐦 a significant increase over the 6% that can presently do so, according to a survey from Boston Retail Partners.

As retailers become more comfortable with these technologies, they should follow a specific set of best practices to maximize the value of location-based marketing:

- Create mobile-friendly content designed for social media consumption;

- Optimize the mobile app so it can properly convey push notifications from in-store beacons; and

- Localize location-based campaigns for each store.

To help simplify the process, the Location Based Marketing Association (LBMA) has developed a three-layer approach to location-based strategies: 🐦

1. **Drive Foot Traffic** (push messaging, social location, geofencing);

2. **Increase Basket Size** (beacons, WiFi); and

3. **Close The Deal** (NFC, payments, loyalty).

The three layers parallel the shopper's journey and are designed to ensure high engagement, from pre-purchase research through the POS transaction.

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- ETAIL AND RETAILMENOT

Social Marketing, Geofencing Bring Shoppers Into The Store

Although beacon technology has the hype on its side, it may not be the best way to reach customers, according to Asif Khan, Founder and President, LBMA.

"Beacons, where all the money has been early on, are useless if you have nobody in the store," Khan noted in an interview with *Retail TouchPoints*. "You need to have a set of technologies that can drive you to the store to begin with. From a location point of view, there are solutions using geofencing, such as GPS and social location on Facebook, Instagram, Pinterest or Snapchat.

"Social location is about closing the gap between the social conversation and content that's being generated about your brand, to the actual consumption of that brand," Khan explained. "If someone's posting about **Neiman Marcus** right now, how far are they from the closest Neiman Marcus store, and how do we get the consumer to buy a consumer product?"

If a shopper views items online that are available in a local store, retailers can flag that nearby store location on their e-Commerce site. For example, made-to-measure suit company **Indochino** uses Qubit's technology to display the closest showroom to the consumer (within a 20-mile range). The brand also targets a welcome message and discount to first-time shoppers, and offers access to Indochino's "fit guarantee" at the bottom of the page. This strategy yielded the following results:

- **11%** increase in **engagement** in showroom markets;

- **3.2%** increase in **showroom appointments**; 🐦

- **4.2%** uplift in **revenue per visitor**; and

- **3.7%** uplift in **conversion rate**.

Retailers can even give shoppers vouchers for an item that is in-stock in a specific store. That way, retailers can identify if the customer redeems the voucher, and then count the purchase as a conversion.

"It really comes down to business objectives," said Annie Hooper, Senior Strategy Consultant at Qubit. "What does the business want to accomplish? If they want to expand and create a more omnichannel approach, then it really is about personalizing how and when to display and push users to the appropriate information that they may need at the time."

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- ASIF KHAN, THE LOCATION BASED MARKETING ASSOCIATION

Beacons, Push Notifications Engage In-Store Shoppers

Once shoppers are in the store, retailers can use location strategies to draw those potential customers to specific products on the shelves by leveraging beacons, WiFi, smart sensor-based lighting, magnetic positioning and other indoor location technologies. 🐦

Shoppers are willing to have their movements tracked — as long as they see tangible benefits. Among shoppers who haven't used indoor location platforms, **61%** said they would opt into in-store tracking and push notification for discounts and coupons, according to a Walker Sands survey. Consumers also are looking for:

47% **LOYALTY REWARDS**

34% **FASTER CHECKOUT**

11% **NEW PRODUCT NOTIFICATIONS**

11% **PERSONALIZED RECOMMENDATIONS**

"The retailers should take advantage of the digital trail that their consumers are leaving within the store or within their mobile experience," said Thaise Skogstad, Director of Product Marketing at Phunware. "It's very relevant to the retailer to find out about consumer behavior, and data such as how often they come to the store, what products they're interested in and how long online sessions last."

Despite increased rates of mobile purchasing and browsing, **most retailers still aren't leveraging push notifications to their best advantage.** Only 22% of retailers actively used this marketing tactic in 2016, with 27% reporting that they were evaluating the tech, 🐦 according to the eTail/RetailMeNot survey. More than a third (35%) actually have no plans to implement push notifications.

But these retailers may be missing out on valuable opportunities. "Retailers can send targeted, timely and personalized offers directly to the consumers' smartphones," said Paul Milner, Marketing Director at Displaydata. "For example, electronic shelf labels (ESLs) in stores set at a high range of frequency could pick me up as I walked into the very first part of that store. They can send a welcome message notifying me that since my loyalty app is switched on, my shopping list may be pre-defined in there.

61% OF SHOPPERS who haven't used indoor location platforms said they would opt into in-store tracking and push notification for discounts and coupons.

- WALKER SANDS 2016 FUTURE OF RETAIL STUDY

"The sensor can simply push a location-based map to help me walk around the store and find the items I'm looking for," Milner added. "It can send me timely promotions as I'm dwelling in an aisle, and if I'm looking at a TV or a grocery product and I'm not sure what I want, it could get a member of the staff to come over and help me out."

Additionally, brands can leverage these technologies to empower store associates to deliver better one-on-one interactions with shoppers.

"It's not just marketing," Khan said. "You can use these technologies for customer service as well. Maybe you're just using the indoor location sensors to understand traffic flow patterns and dwell time within your store. You can then use that data to optimize staffing. In real time, if there are seven shoppers in the shoe department right now and only one associate, a retailer can send someone else over to help out and provide a better customer experience."

Boosting Basket Size: The Ultimate Goal

Khan noted that most location-based investments within retail are spent bridging the gap between driving store traffic and increasing basket size.

Another key step is learning how to measure attribution and campaign effectiveness.

Walgreens, for example, has implemented beacons throughout its stores nationwide. 🐦 But the beacons alone don't provide the entire key to location-based success; the company also updated its mobile app to increase access to personalized deals and coupons based on consumer data.

This is an all-important lesson for retailers aiming to increase basket size — location-based technologies must work in conjunction with other technologies and strategies to maximize value for the consumer. If retailers implement in-store beacons or push notifications, they must optimize their mobile app to coordinate the message.

"If somebody's in a department store and they're used to shopping in a certain area because they like to buy a certain designer, the brand may have to update the app if they moved things around in the store," said Lori Logue, Head of Customer Success at Phunware. "You want to inform that user that the designer is no longer in that location, and then through the beacons you can send the message to let them know that."

WALGREENS has implemented beacons throughout its stores nationwide. The company also has updated its mobile app to increase access to personalized deals and coupons based on consumer data.

4 Ways To Use Mobile Location Data for Shopper Engagement

By Sharon Chin, Phunware

Mobile technology has become central to consumers' lives, accounting for nearly two-thirds of all digital media minutes spent in the U.S. What's more, mobile apps are now dominating the digital experience, claiming more than 50% of all digital minutes (comScore). If mobile devices (and increasingly, mobile apps) are the preferred connection most people have with the world, retailers can't ignore them — but they can't port web or offline marketing strategies to mobile and expect the same results, either.

That's because consumers today increasingly expect "authentically mobile" experiences on their devices — those they can't get on desktop or through any other channel. Retailers can deliver these experiences by leveraging the location capabilities native to mobile devices to create more relevant, contextual engagement. Let's explore what mobile location data can tell retailers and four simple ways you can use it to tailor the shopping experience.

WHAT CAN MOBILE LOCATION DATA TELL RETAILERS?

Mobile data is made up of all the ways an individual uses a mobile device — browsing the web, playing games, watching video, engaging on social, tapping on ads, taking a rideshare somewhere, etc. What makes mobile data uniquely valuable is the fact that it includes context: X, Y and Z location coordinates provide another layer of insight previously unavailable to retailers.

Here are some examples of mobile data types and sources:

- Ad impressions and conversions from mobile web and in-app advertising;

- In-app behavior from an app you own;

- In-app behavior from other apps on the same network;

- Location information from WiFi connections, check-ins, GPS and app location services; and

- Proximity information from sensor technologies (like beacons) in the physical environment.

Of course, collecting this data is one challenge, and interpreting it is another entirely. Here are four ways retailers can segment mobile location data to gain insight.

> "Well, in my humble opinion, BIG DATA is the most transformative paradigm shift to hit sales and marketing teams since the advent of the telephone."
>
> **- MICK HOLLISON, INC.COM**

FOUR WAYS TO SEGMENT MOBILE LOCATION DATA FOR INSIGHT

Correlating mobile data with specific device IDs gives you a richer picture of individual users and prospects — and all of the devices they own. If a certain smartphone device ID and tablet device ID are located at the same place from 10 pm to 7 am most days, you can reasonably assume (1) those two devices belong to the same user, and (2) that place is the user's home. Shoppers engage differently on different devices and at different locations, so having a full picture of the individual can be very illuminating.

At Specific Locations

Looking across all mobile data gathered at specific geographic locations, you can gain valuable insights about what people do in those places and when. App users who routinely visit the airport on Monday mornings and Friday afternoons are probably business travelers. Those who frequent a local running trail may be more likely to purchase athletic gear or download a training log app. Look for interesting opportunities to gather geographic data that can add depth and specificity to your profiles and segmentation.

Across Groups Of People

Taking a 1000-foot view of user behaviors, you can gain useful perspective about their preferences and identify large-scale patterns. *If users who live in the same area tend to favor one of your store locations over an equidistant one, you may want to look into the two stores to see why this pattern is taking shape.*

Between Cohorts Of People

Identifying and comparing cohorts of similar users can help you fill in the gaps in your understanding with logical assumptions and predictions, based on where these groups do (and don't) overlap. You might find that app users who say they enjoy running and watch a lot of cartoons have started to buy fishing gear. That cohort has similar characteristics (i.e., areas where the two groups overlap) to another cohort of app users, who says they enjoy classical music and shop your competition. Try targeting the Classical-Competitive Shoppers with an offer for fishing gear — you might find they are similarly inclined and will snap up your offer!

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Don't Forget About Location-Triggering

Remember that location data can be a trigger as well as a source of insight. You can use it to understand users and their behavior patterns, and also to trigger engagement with them in more contextually relevant ways.

You can make promotions more compelling by overlaying location data with other sources. For example, you can monitor your competitors' online prices for certain products, then target app users who visit their brick-and-mortar stores with a lower-price offer. Additionally, you can factor in regional information such as upcoming community festivals or significant local weather, or use micro-locations within your stores (the entrance/exit, registers, promotional displays, etc.) for logical and relevant engagement opportunities. Taking the time to map out and maximize these contextual opportunities in every brick-and-mortar location you control also will help you understand traffic patterns, uncover bottlenecks and optimize staffing.

Correlating MOBILE DATA with specific device IDs gives you a richer picture of individual users and prospects — and all of the devices they own.

Closing The Deal With Payments Integration

While more retailers are integrating location-based technology with in-store technologies, they're still in the early stages of integrating location data with the POS and digital payments systems. This investment phase provides retailers with the transactional data that can shed light on customers' purchase patterns.

Digital wallets such as Apple Pay and Android Pay can be major drivers for this integration, since they can tie into every layer of location-based marketing.

"You can use these wallets to do traditional geofencing to get people to a store," Khan said. "Once they're in the store, if they're equipped properly, those same wallets could in theory 'talk' to beacons and other sensors to influence decisions while shoppers are there. Ultimately, you can use these platforms to pay, so we have the data around the transaction."

Location-Based Marketing Must Be Local

The consumer data gleaned from location strategies can also help retailers select the right merchandise and offers to market to local audiences.

"The last thing you want to do is show consumers a bunch of products, specials or suggestions for items that aren't sold anywhere near where they live," said Chris Bryson, CEO at Unata. "It's absolutely a critical input, especially in grocery, which tends to have completely different inventory and pricing from one location to the next. It plays into one thing for retailers — making sure they can deliver on a promise."

Whether through beacons, geofencing, digital payments platforms or IoT-enabled devices, retailers have been using location-tracking strategies to collect consumer data on various levels. But it's apparent that brands must carefully review and integrate these technologies if they want to build out a successful location-based marketing strategy. With a three-layered approach that emphasizes **driving foot traffic first, increasing basket size second,** and then finally **completing the sale,** retailers can successfully implement location-based marketing at their own pace.

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Phunware is the pioneer of Multiscreen as a Service (MaaS), a fully integrated suite of platform products, solutions and data that allows brands to engage, manage and monetize their anytime, anywhere mobile application users worldwide. Phunware creates category-defining mobile experiences for the world's most respected brands, with nearly 700 million devices touching its platform each month. For more information about how Phunware is transforming the way consumers interact with mobile in the virtual and physical worlds, visit www.phunware.com and follow us on Twitter.

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