



TAKING TARGETED MARKETING TO THE

Next Level

WITH CONTEXT & LOCATION

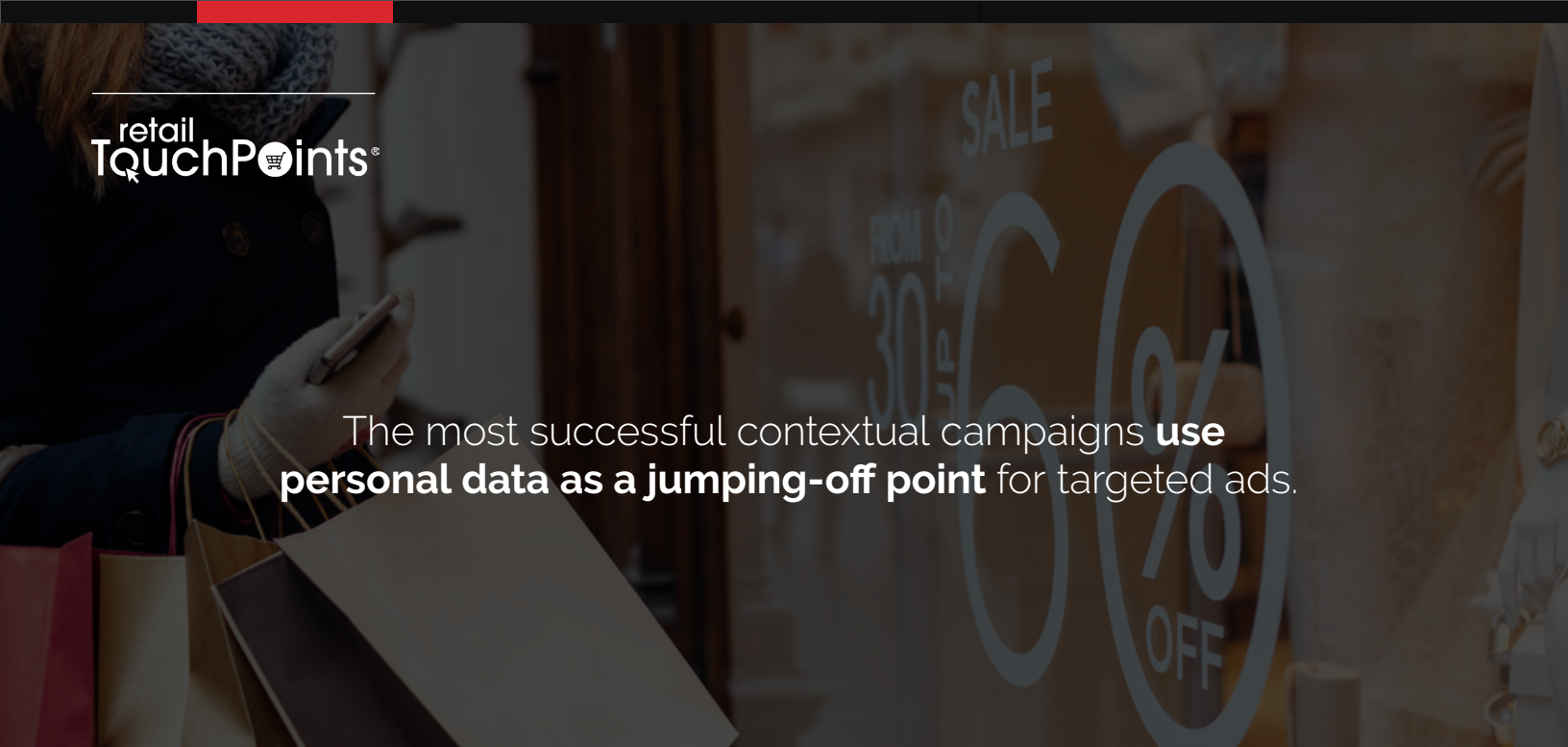


TAKING TARGETED MARKETING TO THE NEXT LEVEL WITH CONTEXT AND LOCATION

It's no longer effective enough to personalize marketing campaigns based on group or individual shopper characteristics. Today's smart retailers are using multiple contextual factors to reach the right target audience with relevant messages. These factors can include time of day, location, online and offline customer activity and even current weather conditions.

Contextual and location-based marketing can be used at multiple decision points along the shopper journey. While the classic example of contextual marketing is advertising umbrellas the moment it starts raining, the truth is that context-based messaging can be used from shoppers' initial research, through consideration and comparison, all the way to the purchase decision.

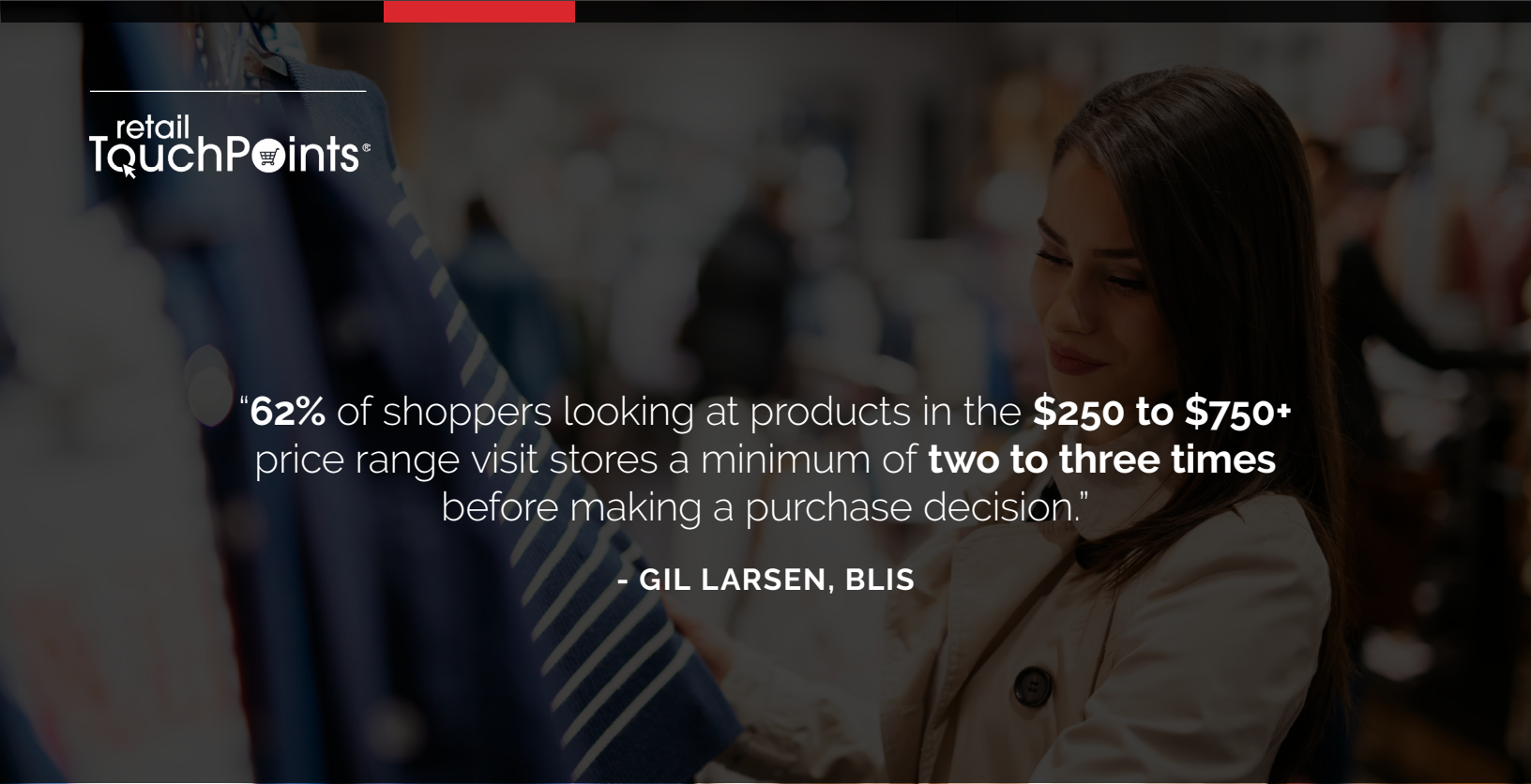
"What I always tell retailers is, get your existing media plan that you've already put together, in terms of what you're spending on radio, TV, billboards and mobile, all of it," said Asif Khan, Founder and President of the [Location Based Marketing Association](#) (LBMA) in an interview with Retail TouchPoints. "Then simply ask the question: if I add a little **a little bit of location** to each of those areas, how can I use location to make what I'm already planning to spend a little more effective or measurable?"

A background image showing a person in a winter coat and hat holding a smartphone and a shopping bag. In the background, there are store windows with "SALE" and "60% OFF" signs.

The most successful contextual campaigns **use personal data as a jumping-off point** for targeted ads.

Contextual marketing will drive sales and loyalty when used effectively. Some best practices include:

- **Use context throughout the shopper journey:** While it's relatively easy to connect a contextual ad to a sale, location-based and contextual marketing **work best over time**. Customers just starting their research may appreciate extra information, or they might be diverted from making a purchase at a competitor when offered a deal on the same or a similar product.
- **Mobile is just the start:** While smartphones are the natural channel for contextual and location-based ads, retailers should be prepared to **reach shoppers through other mediums**. In-store digital displays and even web site ads can use context and location to drive sales.
- **Personalization and contextual marketing work best together:** The most successful contextual campaigns **use personal data as a jumping-off point** for targeted ads. Without context, a promotion can fall flat. For example, a customer who doesn't follow sports is unlikely to respond to a promotion for his local baseball team's jerseys, even if that team just made it to the World Series.
- **Keep customers involved:** Progressive polling, gamification and other **interactive tools can be used to build interest** and loyalty. Contextual marketing doesn't have to be a one-way street — shoppers and retailers can learn from each other.
- **Respect shoppers' time:** Just because a customer likes your spring clothing line and is driving near your store doesn't mean she wants to be contacted in that moment. Learn their habits and **avoid overwhelming them with ads**.

A background image of a woman with long brown hair, wearing a light-colored jacket, looking down at a blue and white striped garment in a retail store. The image is slightly blurred and has a dark overlay.

"**62%** of shoppers looking at products in the **\$250 to \$750+** price range visit stores a minimum of **two to three times** before making a purchase decision."

- GIL LARSEN, BLIS

THE SHOPPER JOURNEY IS CHOCK-FULL OF TARGETED OPPORTUNITIES

A key location-based strategy available to retailers is geofencing, according to the LBMA's Khan. Retailers can create boundaries around their stores and trigger push notifications and other ads when shoppers enter a specified zone. However, just because a shopper is visiting a store doesn't mean he's ready to make a purchase. A survey by Blis found that **15%** of customers visit a store to touch and feel the item as part of their decision-making process, while **36%** of shoppers will browse on mobile devices while in-store to check product availability and other information. The lesson: in-store shoppers are open to **guidance** as well as **immediate discounts**.

Because of the uncertainty of shoppers' intentions, geofencing works best when location-based technology is combined with other data sets, or tied into other media. These efforts can catch shoppers early in the decision journey and build loyalty for a specific brand.

"Time and location are equally important factors to take into consideration when sending consumers targeted ads," said Gil Larsen, VP Americas at Blis. "If a shopper is being lured by a competitor, it makes sense to geofence the competitor's store and target ads at consumers when they are in-store or nearby, or when they are back at home after a visit."

Engaging shoppers throughout their journey is particularly important for higher-priced purchases in the **\$250 to \$750 or more** range, according to Larsen: **62%** of shoppers looking at these products visit a store a minimum of **two to three times** before making the purchase decision.

"Mobile can help us understand where the customer is right now from a geographic perspective. Equally important to the discussion is **what media we can use to influence them.**"

- ASIF KHAN, LBMA

MOBILE IS KEY, BUT OTHER TOUCH POINTS MATTER

Mobile is the primary platform for location and context-based ads. Shoppers take their devices everywhere, making smartphones a powerful outreach tool. However, customers also can be targeted based on context and location through almost any communication medium, from a desktop computer to in-store digital signage.

"The way we want marketers to think about the opportunity is to say that mobile can help us understand where the customer is right now from a geographic perspective," said Khan. "Equally important to the discussion is **what media we can use to influence them.**"

For the best results, retailers can combine both in-store mobile ads and further notifications, delivered at a later time, to keep shoppers thinking about their purchase. Contextual data can be used to tailor ads to different formats, both in terms of where it is being viewed and what the user's media is capable of handling.

For example, [Express](#) ran a campaign with [Liveclicker](#) that embedded videos in emails, which were dynamically served as either a **full video with audio**, a **silent animated image** or a **static picture**, depending on the capabilities of each mail client. Express saw a **33%** improvement in conversion rate through the videos, and found **66.5%** of its audience could handle the full embedded video with sound.

LOCATION-BASED MARKETING: REACHING CUSTOMERS WHEREVER THEY ARE

BY GARY SANKARY, INDUSTRY SOLUTIONS FOR RETAIL, ESRI



Customer engagement continues to be the number one issue I hear about when I travel the country and chat with retailers. In this era of digital disruption, retailers who can successfully engage their customers by giving them relevant content based on their own personal tastes are winning the battle for mindshare in a noisy world.

In studies by leading retail analyst firms, we learn that customers overwhelmingly want businesses to provide relevant content based on their own personal tastes. We are also learning that they expect relevance in context to their current location. This might be in a store aisle, when they're at home on their devices, or when they're walking from one place to another in a busy shopping district. We know that customers are also increasingly concerned about privacy. But, if retailers can provide their customers with content that's meaningful, adds value, and is relevant to their tastes and location, most will listen and engage. And engaged customers aren't very interested in shopping with the competition.

Geographic Information Systems (GIS) technology is uniquely qualified to provide retailers with the location intelligence they need to effectively reach their customers. GIS has been used by thousands of organizations for decades as a tool to manage and enable location-based analysis, leveraging The Science of Where to understand why things happen in the specific place they do. GIS also shows where customers are relative to products inside the store or fulfillment centers.

Engagement is all about reaching customers with meaningful and value-added interactions. GIS gives retailers intelligence about the geographic context of what customers are doing, and when they will be most receptive to these experiences. For instance, when a customer is looking for information about an assortment of appliances they're standing in front of, that's not the time to push an offer for a healthcare item on the other side of the same store. If, on the other hand a customer is lingering in front of a television display, they might be open to information about similar electronics items, a link to peer reviews, and a discount off a purchase on something from that department.

That sort of engagement is relevant and contextual, and just might influence a purchase that day. And this is the key to location intelligence's success as a tool for retailers — creating a customer experience that is at the same time personal, and seamless.

Just 37% of consumers said their favorite brand **understands them**, while **35% say that communications** from their favorite brand are usually relevant.

- **ECONSULTANCY** and **IBM**

CONTEXT, LOCATION AND PERSONALIZATION ARE THE HOLY GRAIL OF MARKETING

Smart contextual marketing can help secure strong customer relationships by showing that the brand knows the customer and is responsive to her needs — not just trying to sell her something.

Just **37%** of consumers said their favorite brand understands them, while **35%** say that communications from their favorite brand are usually relevant, according to a study by **Econsultancy** and **IBM**. This is a serious concern for retailers implementing contextual marketing strategies, because providing shoppers with a sense of authenticity is key to driving sales and loyalty, according to Sarah Martinez, VP Industry Lead, Retail at **Oath**.

In one example, **TechStyle Fashion Group**, which includes the **Fabletics**, **JustFab** and **ShoeDazzle** brands, **merges personalization, localization and context** to optimize its marketing efforts. The organization sends out emails to its 2.5 million members that are individualized based on the customer's preferences, clicks and purchases. TechStyle also personalizes the web page content that visitors see based on their fashion and style preferences, in addition to their location.

Regularly engaging with a shopper through contextual marketing can build loyalty, while also providing the retailer with additional data about the customers' interests and habits.

KEEP CUSTOMERS INVOLVED TO GATHER THE BEST DATA

Building loyalty with today's digitally demanding consumers is about both engagement and experience, according to Andrea Szasz, Principal in the Consumer Products & Retail Practice at [A.T. Kearney](#). Regularly engaging with a shopper through contextual marketing can build loyalty, while also providing the retailer with additional data about the customers' interests and habits.

One way retailers can fine-tune targeting efforts is through **progressive polling**, where brands ask consumers which of multiple items they prefer. Additionally, gamification can motivate shoppers to participate.

"Retailers must first take the pulse of their customers," said Mike Bristol, VP of Personalized Marketing at [Symphony RetailAI](#). "If only a small portion of customers download an app or participate in email notifications, marketing messaging will only be so effective."

Retailers also can use **countdown clocks** for important events to get buy-in from shoppers during email campaigns. For example, [Finish Line](#) worked with [Moveable Ink](#) on a campaign linked to its College Fleece line of apparel, using countdown clocks leading to game kickoff times. The retailer also used live polling to increase engagement, and geolocation to ensure each shopper received promotions relevant to their local team. These combined contextual marketing efforts resulted in a **21%** increase in click-through rate, a **42%** year-over-year increase in College Fleece revenue and a **24%** transaction rate increase.

In-store smart racks, smart mirrors and next-generation fitting rooms also can enhance customer engagement through contextual technology. [Alibaba](#) piloted a [FashionAI concept store](#) in partnership with [Guess](#), featuring screens that show product information when shoppers touch or pick up a garment. The items are then added to a virtual shopping cart, allowing associates to have them ready for the customer to try on in the fitting room.

While a measured campaign can build loyalty and keep a brand in consumers' minds, overexposed marketing can either become ignorable or altogether negative.

OUTREACH IS VALUABLE, BUT DON'T OVERSTEP YOUR BOUNDS

Despite the power of location-based and contextual marketing, retailers should avoid overwhelming customers by pushing too many offers. While a measured campaign can build loyalty and keep a brand in consumers' minds, overexposed marketing can either become ignorable or altogether negative.

"Retailers should be cautious that they're not overcommunicating with their shoppers," said Bristol. "Retailers need to provide value and explain the **convenience incentives** behind using location and notifications, such as prescription reminders or shopping lists. When notifications and personalization feel intrusive, a distraction or like spam, retailers need to limit the number of notifications and keep them highly personalized."

Retailers can use **frequency capping**, which limits the number of times a specific shopper is served a specific ad, to keep customers from getting overwhelmed. Additionally, loyalty programs and voluntary mailing lists can be a simple way to determine which customers will be most receptive to outreach.

Ultimately, the key to a strong contextual marketing strategy is to make it part of the overall marketing plan. Serving the right ads at the right time, using the platform and device that's most convenient for the shopper, and crafting offers that appeal to the recipient form the foundation of an integrated marketing strategy, where location-based and contextual ads are part of a broader campaign of promotions and outreach efforts.

Location-based and contextual marketing take personalization to the next level by reaching out to customers based not just on their demographics and interests, but also what's happening around them. Retailers can use location and context to enhance their outreach across the entire shopper journey, allowing them to reach new heights of engagement and loyalty from shoppers.

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ABOUT THE AUTHOR



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Bryan Wassel covers the retail industry at large, with a focus on contextual marketing, technological innovation and omnichannel developments.

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