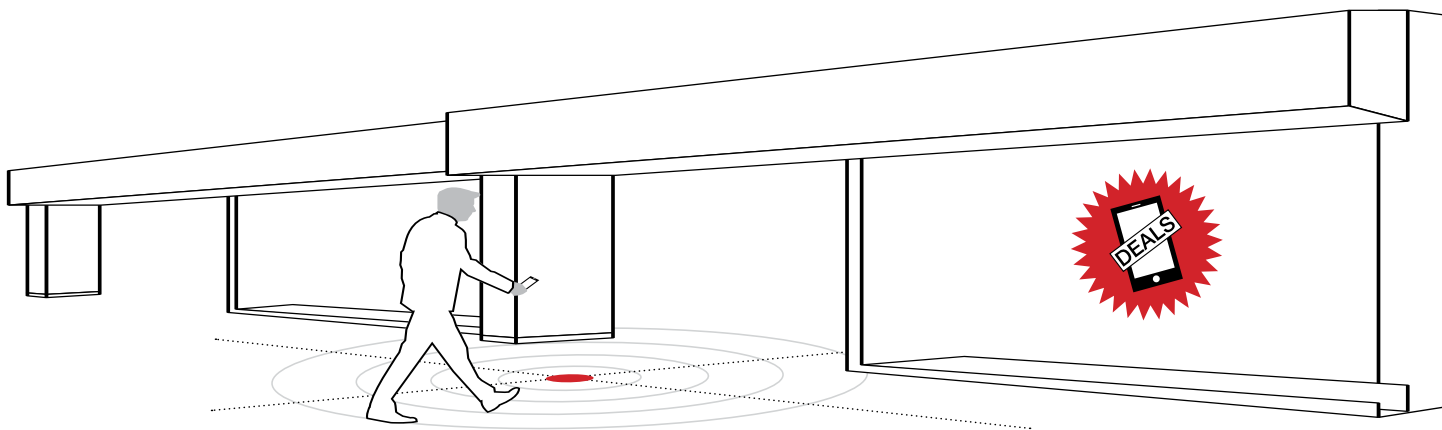**RetailWeek**
CONNECT | WHITE PAPER

In association with **yext**

The power of location-based marketing

How technology and personalisation are driving the next wave of mobile marketing

INTRODUCTION

A location-based game featuring characters created more than 20 years ago gained worldwide attention in a matter of days. Yes, the success of Pokémon Go has thrust location-based technologies into the spotlight and by doing so has likely accelerated the process of consumer adoption that defines the evolution of such technology.

With data from Google showing that about half of all mobile queries are based on location and that 76% of people who use location search visit a business within one day, it's important for retailers to review the role location plays in connecting both the digital and physical retail worlds.

Whether that's ensuring information is consistent across all channels, updating opening hours to give consumers clarity or making locations stand out, the ability to provide this form of content to online shoppers is growing in importance as location becomes essential to the mobile experience.

This white paper, produced by *Retail Week* in association with Yext, explores the possibilities and opportunities around location-based marketing, as well as consumer appetite for it. Learn how companies including Uber, Snapchat and Foursquare are using location management methods to drive customer engagement for retailers and how this helps bridge the gap between online and store.

CHAPTER 1: THE PERSONAL TOUCH

A t its most basic level, location-based marketing allows advertisers to personalise their message to consumers based on location. Former Econsultancy writer Jack Simpson explained succinctly in a recent blog post: "Imagine you're walking through a fishing village somewhere in the West Country. You're browsing on your phone and you see an ad for 30% off pants at H&M. Great. There isn't an H&M within a hundred miles of where you are. Ignored. But imagine you see the same message while walking down Oxford Street and imagine the ad is specific to the Oxford Street branch. Suddenly you're much more likely to pay attention."

Data shows that location-based marketing is becoming increasingly indispensable for brand owners.

Recent research by IAB UK showed that 66% of marketers find location-based advertising the most exciting mobile opportunity. Google data, meanwhile, shows that 76% of people who use location search visit a business within one day, and 28% of location searches result in a purchase. The implication is that location-based technology should not be viewed as 'the next big thing'. On the contrary, its time has already arrived.

Such statistics highlight the importance of services, such as those from Yext, which meet retailers' location data requirements. They enable businesses to centralise, control and manage the location data that internal systems leverage, consumers seek and search engines prioritise, from a single, cloud-based platform. Retailers can then use location-based technologies to drive footfall in their local stores.

The role of mobile in facilitating location-based marketing is critical. Shoppers rely on mobile more now than ever before. Data from Google shows that there are now more searches on mobile than on desktop and more than half of web traffic comes from smartphones and tablets. Thirty percent of all mobile searches are related to location, while in the past year Google has seen more than double the number of mobile searches for 'stores open now' or 'food open now'.

Whether it's finding your nearest DIY store or late-night fast-food takeaway, consumers are increasingly turning to mobile to make their search as efficient and effective as possible. It's imperative, therefore, that retailers are doing everything in their power to make the mobile shopping experience easy for consumers, especially during peak periods. Those that are yet to offer basic

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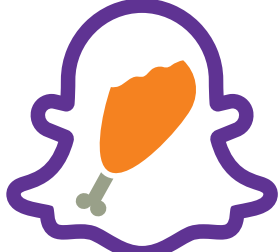
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location services that consumers demand are in danger of missing out on valuable sales.

CONNECTING WITH SHOPPERS

Apps that recognise a consumer's location at any given time are just one example of the way in which location services are being used. A fashion retailer that through the use of data analytics knows a potential customer has been looking at an item of clothing online can use location-based marketing to engage the same shopper with targeted ads and promotions when they are in the vicinity of a store.

However, there are challenges for retailers who

bring offline and online together in one seamless shopping experience. First and foremost, the back-end operation needs to be watertight before rolling out potentially game-changing multichannel innovations. It's little surprise that many retailers have invested heavily in their IT infrastructures in recent years to ensure they can deliver on customer expectations at the point of contact.

Gaining the trust of consumers on how they will manage that data is another challenge. A recent report from Periscope by McKinsey found that to implement omnichannel solutions that bridge the online and in-store experience, retailers must first earn the trust of consumers to

use the information gathered online and through location-based services or other mobile device data responsibly. Sixty percent of UK and 62% of US respondents do not want their online and offline information to be connected in order to optimise the shopping experience, something that is a necessity to provide these features.

Periscope general manager for retail Channie Mize says: "Retailers that can build the bridge between in store and online, as well as bridge the trust gap, are those that will flourish in the future. It will allow them to deliver experiences that will get customers flocking to their doors and online store."

SNAPCHAT GEOFILTERS

Location data is at the heart of some of the world's most innovative and fast-growing companies.

Mobile app Foursquare has previously partnered with retailers to allow customers to access savings when they log in to a store on their mobile device.

Uber's GPS-powered taxi-hailing app has revolutionised the transport sector in recent years. The company is now experimenting with delivery service UberRush, which allows app users to find Uber partners on bike or on foot to take products from A to B. Consumers are able to track the exact location of their delivery and share the live map with others.

Snapchat is arguably one of the world's hottest social platforms, with users sharing more than 400 million snaps a day and 10 billion snap videos viewed daily.

1. DESIGN
Ensure your design meets our guidelines and upload your artwork.

2. MAP
Pick a time and set a geofence for your Geofilter.

3. BUY
Submit your Geofilter and have it reviewed within one business day.

Snapchat recently introduced filters that can be placed on top of Snapchat photos. Some of these filters – geofilters – are associated with specific locations, so users see images appear on their screens as they move around in different areas. Brands can create custom geofilters to engage customers.

Setting up successful geofilter campaigns in Snapchat requires very precise location data in a specific format. However, using a location cloud

makes maintaining and syncing this type of data simple.

Yext has worked with Snapchat to use the location data stored in the Yext Location Cloud to ensure geofilters reach the locations – and customers – that brands intend.

And brands are already seeing the benefits. In the UK, KFC's geofilter was used more than 200,000 times from December 2015 to February 2016, reaching 9 million people and driving a 23% lift in visitation within seven days of seeing the geofilter.

CHAPTER 2: SHIFT TO THE MAINSTREAM

The extraordinary success of Pokémon Go has been one of the most talked about stories of the summer.

Not only has the app shattered all previous download records, it has also encroached into everyday life in the most unlikely of ways. From farmers complaining of gamers trespassing on their land to the emergence of a new genre of social media meme – the Pokémon Go-related injury.

Longer term, Pokémon Go may also be remembered as the point when location-based marketing shifted from a promising technology popular with early adopters to a mainstream application widely used and valued by brand owners and consumers.

The game combines augmented reality and location tracking, two technologies that have been on retailers' radars in recent years. And while app developer Niantic has taken a considered approach to monetising the game through third parties, entrepreneurial businesses that happen to be close to 'PokéStops' or 'PokéGyms' – places in Pokémon Go that allow you to collect items to enhance game play – have already seized on its potential to drive traffic to their physical locations.

Dan Calladine, head of media futures at media network Carat Global, explains: "If a PokéStop is near where you are you can advertise that on your Facebook and interact with people catching Pokémon nearby – it could be a really

ALAMY

cost-efficient way of getting potential shoppers through retailers' doors."

Niantic chief executive John Hanke has already suggested that "sponsored locations" could provide a new revenue stream for Pokémon Go alongside in-app purchases, whereby businesses would be able to pay for location-based advertising.

McDonald's recently became the first company to partner with Niantic, as more than 3,000 of the fast-food chain's restaurants are PokéGyms where players congregate to fight battles.

Being fortunate enough to be located close to a PokéStop or PokéGym does not guarantee a spike in sales. In order to benefit from such opportunities retailers need to have built effective connectivity between their online and offline channels.

CONSISTENCY IS VITAL

The modern consumer expects a consistent retail experience regardless of the touchpoint. Shoppers no longer think in terms of distinct channels and neither should retailers. It's only by understanding how shoppers are moving along the purchase journey and implementing systems that enable a seamless transition along this path that retailers can capture the rewards on offer from the shift to multichannel retailing.

Location-based technology is integral to this dynamic. Location services are the basis for every brand engagement, and managing location data across these services keeps brands everywhere a customer could be at the point of decision. Conversely, sub-optimal location data – for instance, if your business is missing from a search engine's map results – risks diverting people off the path to purchase and potentially driving them towards a competitor.

CHAPTER 3: CHANGING CONSUMER BEHAVIOUR

SHUTTERSTOCK

Location-based technology has been available for some time, but widespread consumer adoption has thus far proved elusive. The reason is simple, according to Juha Mattsson, chief marketing officer at personalisation specialist Walkbase.

"Everyone has been waiting for the big disruptive move that would make it desirable to receive context-specific [ie, location-based] marketing messages to your handheld device," he says. "Technology is an enabler but rarely the factor that pushes markets into paradigm shift, or

people to adopt new behaviour on a mass scale."

Mattson uses electric cars as an example of a product for which the technology has been at the disposal of manufacturers for many years but that have only recently been made desirable by brands like Tesla. He believes the launch of Pokémon Go could mark the point at which the power of location-based marketing finally receives mainstream recognition.

"Looking at the behavioural mechanisms behind the phenomenon, there's reason to believe that, if not Pokémon, at least some form

of location-based in-store marketing will remain effective and widely in use in the future," he adds.

If location-based marketing, as is widely predicted, becomes embedded in the retail experience of the future, businesses will need to decide which technologies will best meet their needs.

According to David Buckley, chief marketing officer of Sears Hometown and Outlet (a Yext customer): "In today's consumer world where mobile dominates, location is the ultimate context."
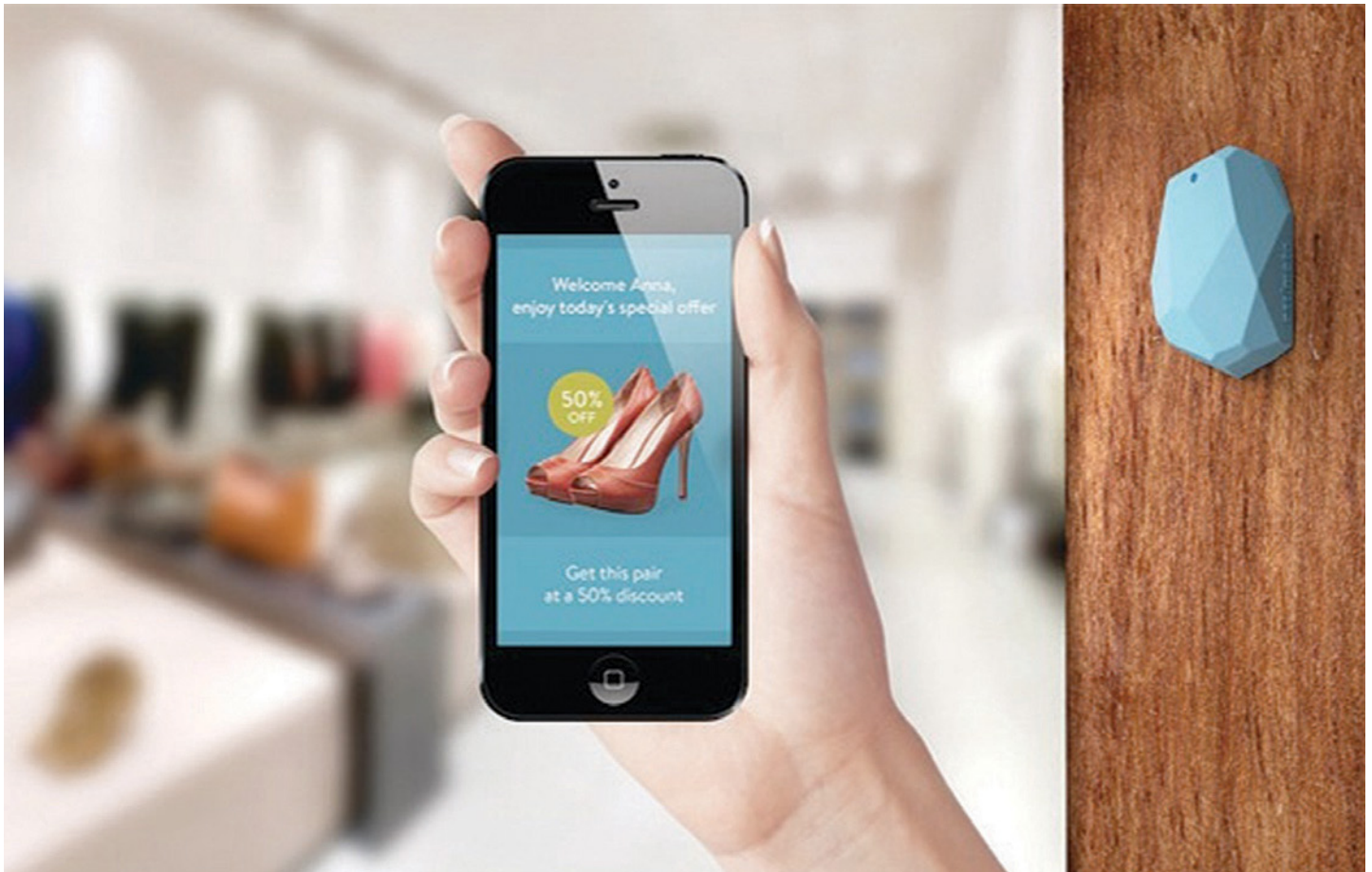
"A growing number of retailers are beginning to see the value in using proximity data in online advertising through retargeting campaigns or digital signage"

Uptake of location technology is growing rapidly with Unacast recording a 22% increase in sensors amounting to more than 1 million new sensors in the first quarter of 2016 compared with the fourth quarter in 2015.

Alternative technologies such as locating devices through the infrastructure of lighting or magnetic sensor data have not gained a significant share of the market to date. However, Unacast says it expects to see further development where beacons or other proximity sensors are integrated into structures such as LED lighting to remove the need for maintenance as well as reducing costs.

Interest among retailers in location-based technology is growing. House of Fraser, Asda and Ted Baker are just a handful of retailers that have trialled in-store beacons that send push notifications directly to shoppers' smartphones when they walk around a store.

GROCERS ON BOARD

UK supermarket giants Asda and Tesco are other early adopters of location technologies. Tesco has previously partnered with consumer goods company Unilever to launch a special mPulse app, which when downloaded sent exclusive coupons for discounted Pink and Black Magnums directly to customers' phones when they passed by installed beacons in 270 Tesco Express stores.

A pilot by Asda to deliver targeted ads direct to customers' mobile devices to drive them into stores delivered a 67% lift in store visits during the trial period, prompting head of digital marketing Chris Chalmers to declare that the trial had shown the retailer "the true potential for location-based campaigns".

Among retailers that have trialled location-based technologies, the focus on mobile is still high with the majority using location-based technology for push notifications, coupons, discounts, loyalty campaigns, check ins and similar services sent to mobile devices, according to Unacast.

However, a growing number of retailers are beginning to see the value in using proximity data in online advertising through retargeting campaigns or digital signage.

Tech firm Offer Moments has used proximity

"If not Pokémon, at least some form of location-based in-store marketing will remain effective and widely in use in the future"

Juha Mattsson, Walkbase

technology to develop personalised billboards for retailers including Debenhams, New Look and Sports Direct. The technology connects with an app on the shopper's smartphone and builds a customer profile based on their social media data and demographic. The billboard then displays the shopper's social media profile picture and name, while listing relevant products and offers.

CENTRAL ROLE

Such examples demonstrate how central a role location-based marketing looks likely to play in the retail experience of the future, in part because it is so well aligned with broader shopper trends. Mattsson notes that people are motivated by personal achievements, trophies and rewards, all of which can be delivered through location-based marketing which, when executed well, can feel exclusive and hugely rewarding to the recipient.

One of the attractions of location-based marketing over other forms of marketing is that it is personalised, timely and targeted, meaning brands spend a lot less time and money marketing to people who are not interested in their messages and more time targeting people who are receptive to direct engagement. For businesses trying to justify investment decisions based on potential returns, the case for location-based technologies seems compelling. And at a time when attracting and retaining customers is harder than ever before, the loyalty that can be created through targeted marketing could become priceless.

CONCLUSION

As retail becomes more fragmented as a market, the 'local' retail offer looks set to grow even more prominent in the minds of consumers. The days when shoppers would visit a shopping centre or high street with an open mind about the stores they might visit and what they might purchase are rapidly receding.

The digitalisation of retail means the shopping 'trip' now begins at home on the laptop or tablet and continues on a mobile device in the car or in the vicinity of the store. By the time the shopper has reached their destination they have most likely narrowed their choice of store down to several options. A timely, well-targeted notification of an offer or promotion might be the

"The digitalisation of retail means the shopping 'trip' now begins at home on the laptop or tablet and continues on a mobile device in the car or in the vicinity of the store. By the time the shopper has reached their destination they have most likely narrowed their choice down to several options"

difference between that shopper entering your store or going next door to your competitor.

It is vital that businesses offer consumers real-time information that is reliable and relevant – and at no time is this more important than during the festive season.

During October 2015 to January 2016, Yext tracked mobile and desktop searches across the publisher network for US customer locations. The data showed higher levels of high-intent mobile searches on key holiday dates including Christmas and a dramatic spike in searches – in some cases in excess of 200% – around Black Friday.

What this means in practice is that businesses need to optimise their local search results in order to influence high-intent consumers when they are in decision-making mode, thus driving them through their front door.

BASIC RULES

It is vital that retailers update their seasonal hours and confirm hours for bank holidays even if they are staying the same, as this will give search engines and customers confidence in their accuracy. Businesses should make sure customer-facing location data looks attractive and highlights relevant sales and in-store events to entice shoppers to convert visits into purchases.

Once the customer is in store, retailers should encourage online engagement with their brand by offering free and fast wi-fi and making sure their website is mobile optimised. Even after the direct engagement with the customer is complete, brands should monitor feedback across review sites, messenger services and social media and responding to every comment.

The digitalisation of the retail landscape has fundamentally changed every aspect of the journey to purchase. Consumers who have been liberated by the development of online shopping now want retailers to treat them as individuals. Marketing that treats them as a homogenous human being or even a representative of a particular customer demographic will simply not cut through in the same way as personalised messaging.

By using location-based marketing effectively, brands can create immersive shopping environments that combine the best of the physical shopping experience with the personalisation of the digital world. Retailers that tick both of these boxes will be the ones that keep future shoppers coming back for more.

PARTNER COMMENT

In a smartphone world, location is the ultimate context. Where you are is the greatest indicator of what you are doing and how you will spend your money. And this is reflected in how consumers are using their smartphones today. According to Google, 'Near Me' searches have increased 146% year over year, and 76% of people who use location search visit a business within one day. These consumers are the highest value customers with 28% of location searches resulting in a purchase.

Technology providers are taking notice and there has been an unrelenting wave of novel applications of geolocation technology and social and gaming in just the past six months — from branded Snapchat geofilters to the unprecedented phenomenon of Pokémon Go. That means businesses have more opportunities to engage with their customers locally, and also more places they must maintain their location data. The businesses that leverage the location data opportunity are the ones that will find success in this marketplace tomorrow.

The reality is location-based marketing is no longer optional. To take advantage of the inevitable explosion of technology, businesses need to create the foundation today by establishing a source of truth for their location data.

Location is at the core of everything that we do at Yext. We believe location matters – it's your biggest asset – and our mission is to help businesses leverage the power of their locations. As the global leader in location data management, Yext serves more than 750,000 business locations worldwide, which means we know location and we know how to help you go places.

> "Location is at the core of everything that we do at Yext. We believe location matters and our mission is to help businesses leverage the power of their locations"

• **Jon Buss, managing director of UK and Northern Europe, Yext**

YEXT'S KEY POINTS

- Locations are the heart and home of the brand experience. With the right platform, you can drive more business by showcasing the unique value of every store, branch, office, facility, or restaurant to every consumer, in every search, on every device.

- Centralise the data that defines your locations – from address and phone number to holiday hours, upcoming events, and location-specific offers with the Yext Location Cloud.

- Get found everywhere with Yext's integration-based partnerships with Google, Apple, Facebook, Bing, Yelp, and 100+ other digital endpoints that power your location data everywhere customers engage with your brand.

- Push your brand to the top of location search results with SEO-optimised local pages, location finders, and more on your website and app.

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