

INTRODUCTION

Mobile tracking is a hot topic. We've all heard stats:

- 90% of American adults have a cell phone*
- 58% of American adults have a smartphone*
- 72% of U.S. smartphone users use their phone while shopping**

.... but are consumers ready? PunchTab wanted to find out. We surveyed over 1,000 consumers from April 18 - April 21, 2014 to learn how consumers feel about the idea of brands

using their mobile phones' GPS to track their location and offer relevant, real-time information and offers based on that information.

And what we learned might surprise you...



“...The potential of proximity marketing is compelling for all involved: shoppers, retailers and brands. The risk is significant, however. The wrong communication, the wrong targeting or delivery at the wrong time will annoy shoppers and drive them out the door instead...”

– Aaron Mittman
CEO, Sonic Notify

This report reveals useful insights for B2C marketers:

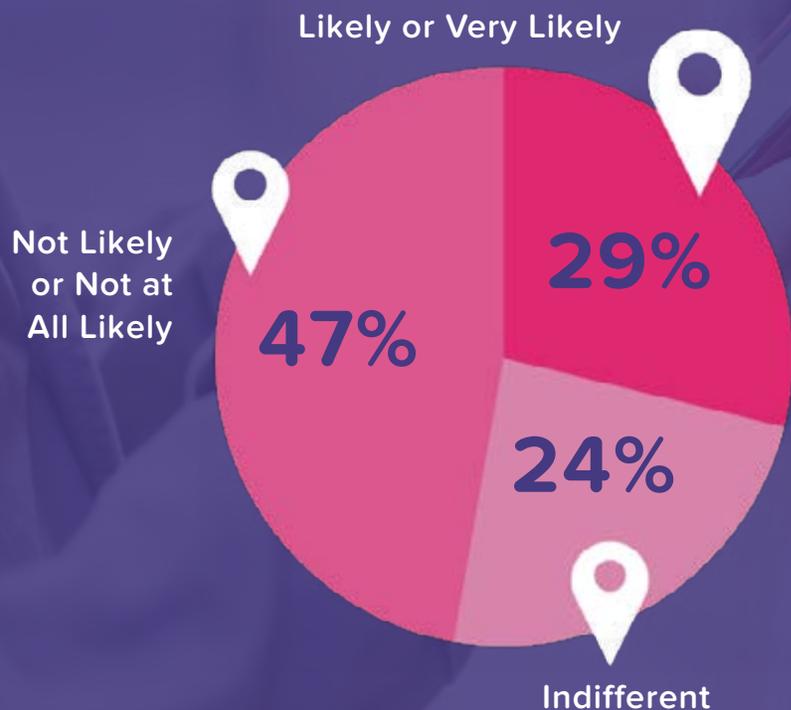
- Marketers have some work to do — 50% of consumers expressed privacy concerns as a reason for not wanting brands to track their locations.
- 27% of consumers say that they are likely to allow tracking — for the right benefits. (Read on to find out what those are!)
- 58% of those who are likely to allow tracking like the benefit of getting real-time updates on how many points they have in the store's loyalty program and whether or not they have any rewards available to use on their current shopping trip.
- Marketers should focus on customers who are positively inclined toward mobile tracking and let these early adopters drive consumer acceptance.
- Retailers should proceed with caution when it comes to earning consumers' trust —demonstrating that they can deliver valuable offers and assistance sparingly, and with relevance.

* Pew Research, Mobile Technology Fact Sheet, 2014

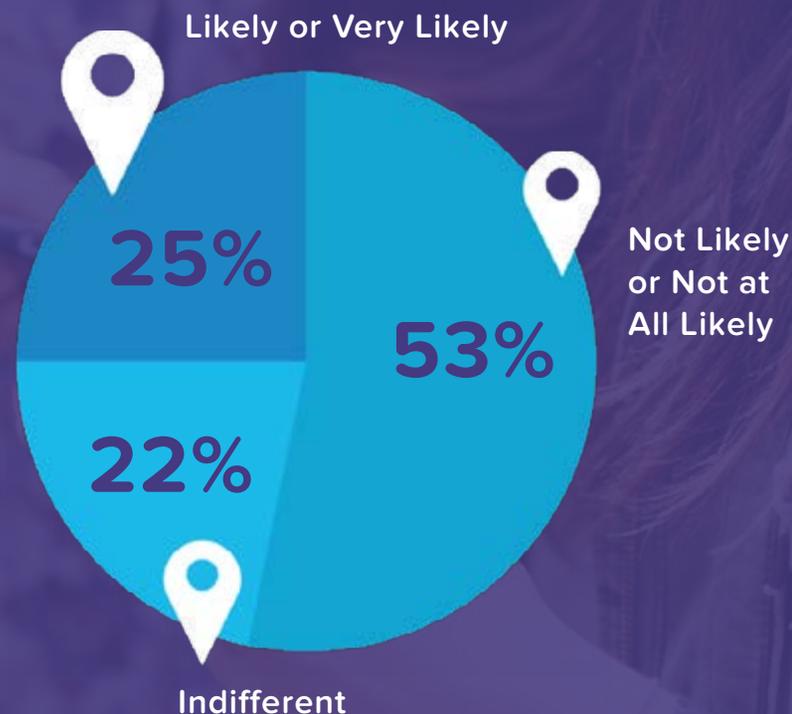
** Pew Research, In-Store Mobile Commerce During the 2012 Holiday Shopping Season, 2013

HOW DO CONSUMERS FEEL ABOUT MOBILE TRACKING?

While 50% of consumers said they would not be open to mobile tracking, 27% said they would likely allow it if given the right incentives, and 23% were indifferent.



WOMEN



MEN

Source: PunchTab Survey of 1,153 U.S. smartphone owners, April, 2014
Question: How likely would you be to allow the store to use your mobile phone's GPS if you received the benefits that you selected above? (Response on 5-point scale with 1=Not at all likely and 5=Very likely)

WHY DON'T CONSUMERS WANT MOBILE TRACKING?

Privacy concerns were cited as the #1 reason why consumers are not interested in receiving benefits via mobile tracking. 36% described reasons related to irrelevant or excessive marketing.

Because They're Concerned About:



KEY TAKEAWAY

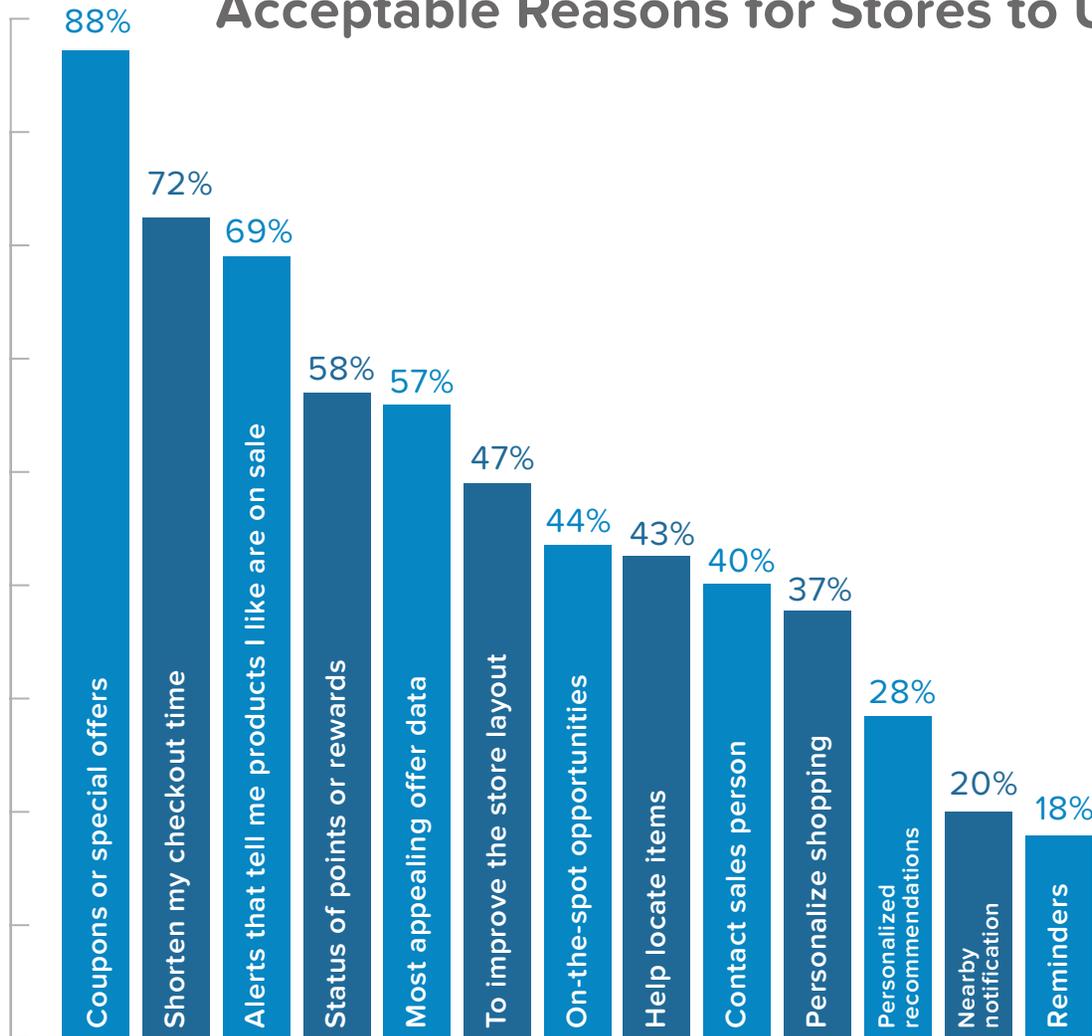
Marketers should be focused on strategies related to overcoming consumer privacy concerns as well as easy opt-in and opt-out options.

While marketers know they need to provide relevant messages and offers, our data suggests most consumers won't give them a chance to prove that they can.

Source: PunchTab Survey of 1,153 U.S. smartphone owners, April, 2014
Question: Please tell us why you are more inclined not to be interested in benefits that you could receive by allowing a store to use your mobile phone's GPS. (verbatim responses)

WHAT TRACKING WILL CONSUMERS ALLOW AND WHY?

Acceptable Reasons for Stores to Use Mobile Tracking



Out of the 27% who said they'd likely allow brands to track their location:

- Millennial women were the most receptive with 34% saying they'd allow tracking.
- Men between the ages of 50-65 were most likely to allow tracking (28%), followed closely by those between 34-49 (26%) years old.

What's In It For Me?

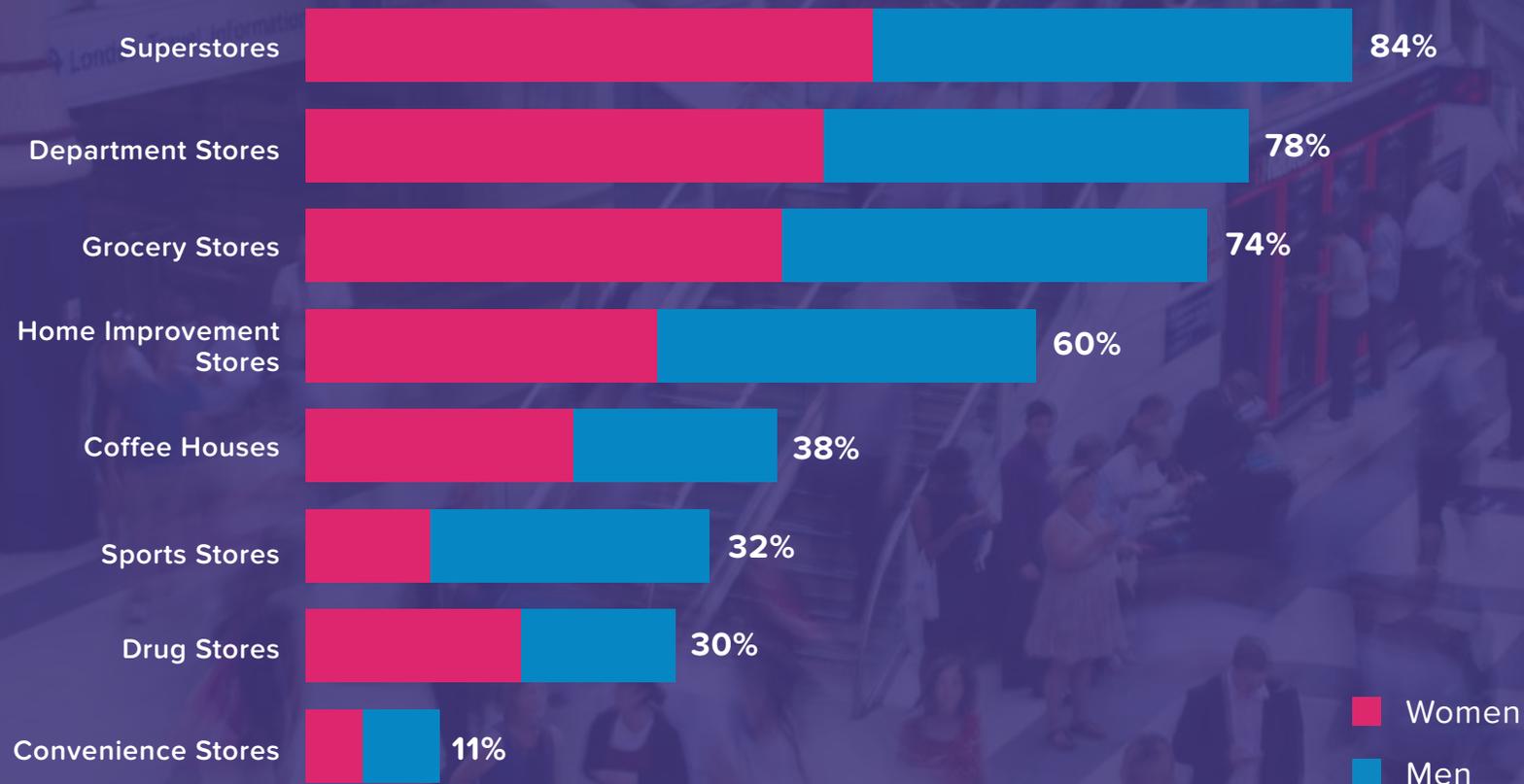
- The most popular reasons for sharing their locations were coupons and offers, shorter checkout times, and targeted alerts about sales and products they like.
- 58% said they would value getting their points status, or rewards availability, via their mobile device.

Source: PunchTab Survey of 1,153 U.S. smartphone owners, April, 2014

Questions: If one of your favorite stores could use your mobile phone's GPS to see when you're in or near their store and send you an SMS message with the following content, which would you find desirable? (Please select all that apply.) Stores might also use your phone's GPS to collect information that could ultimately improve your shopping experience at their store. Which of the following would you consider to be legitimate reasons for stores to use your phone's GPS? (Please select all that apply.)

WHERE WILL CONSUMERS BE MOST LIKELY TO ALLOW TRACKING?

ATTENTION RETAILERS: 84% of those who were positively inclined towards tracking said they'd allow tracking at Superstores (this was the type of store that received the highest rating), followed closely by Department, Grocery, and Home Improvement Stores.



Source: PunchTab Survey of 1,153 U.S. smartphone owners, April, 2014
Questions: PunchTab Survey of 1,153 U.S. smartphone owners, April, 2014
Question: For which of the following store types would you like to have the capabilities and services that you selected above? (Please select all that apply.)

CAN CONSUMERS BE SWAYED?

We wondered if those who were indifferent, or not inclined to allow tracking, could be convinced to give it a try in exchange for a coupon.

- **Only 12% of those who rated their likelihood of allowing mobile tracking as “not at all likely” were likely to try it, even if offered the highest value coupon (\$25).**
- **50% or more of consumers “on the fence” about their likelihood of allowing mobile tracking were more likely to try it as the \$ value of the coupon increased.**

INSIGHT: Those who are on the fence can be swayed. However, there is an adamant group, sternly opposed to mobile tracking. Rather than developing extensive campaigns to convince the most negative consumers, **focus on those who are positively inclined and let these early adopters drive consumer acceptance.** That said, retailers need to proceed cautiously to earn consumers’ trust — demonstrating that they can deliver valuable offers and assistance (And not too many of them!) to the consumer at a time that the consumer deems appropriate.

Source: PunchTab Survey of 1,153 U.S. smartphone owners, April, 2014

Question: We understand that stores’ use of mobile phone GPS is new. Many people haven’t had any experience with it yet and stores are still working on implementations that will provide clear benefits to consumers. How likely would you be to try a program with one of your favorite stores, knowing that you could opt out at any time, if they offered you a [\$5, \$10, \$25] coupon? (Response: Scale 1-5, 1=Not at all likely, 5=Very likely)

WHAT ARE CONSUMERS SAYING ONLINE?

Some mobile users believed that mobile tracking is helpful and convenient, such as parents keeping track of their kids, people who tend to lose their phones, and shoppers who appreciated the convenience of in-store recommendations.

“@meijer I love that you have a mobile app that helps locate items in the store! <http://bit.ly/Meijer-App>” – @DinaJ

“...shopBeacon can remind [you] where in the American Eagle Outfitters store that product is sold. Even better... it can also deliver department-specific offers throughout the store...” – paulbrock, digitalspy.co.uk

“My friend @SteveJaxonDrive turned me on to this app to help find the best wine while you’re in the store. Looks cool: <http://t.co/KlFTx196>” – @JasStanford

“I love the @HobbyLobbyStore app too, since you get a 40% coupon every time you open it in the store #FrugalCrew” – @4hatsandfrugal

Those who expressed concern about mobile tracking generally dialogued about the intrusiveness and discomfort they felt about being tracked.

“I freaking hate how my parents track where I am on my phone” – @kerry_bear

“Why does every social network app ask for your “location” like i want my whole friends list knowing where i am at all times” – @Bishop_Crooks

“Every time I tweet, the new twitter app asks me where I am. YOU ARE NOT MY MOTHER” – @LukelsNotSexy

“No privacy even my apps know where I am <http://t.co/AplgO5FFhX>” – @alexdonald22

“The fact that my friends made me get the app “Life 360” and now they can track where I am at all times is beyond creepy” – @m3lisade

Source: PunchTab commissioned study of 15 months of consumer conversations about mobile phones on social platforms like Twitter, blogs, and forums, April 2014.



OMNI-CHANNEL ENGAGEMENT AND INSIGHTS PLATFORM

How is engagement moving the needle?

Who are my most active, most valuable, and most influential customers?

What triggers drive acquisition, engagement, advocacy, and purchase?

GET ANSWERS!

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