NAVIGATING
LOCATION-BASED
MARKETING

TURNSTYLE

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FOREWARD

Mobile is introducing positive disruption within almost all markets. A recent study from eMarketer shows that people spend a daily average of almost 3 hours consuming media on mobile devices[1]. As of March 31, 2015, more than 1 billion searches are being made on mobile per day[2]. Projected growth over the next several years offers a huge opportunity for brands and businesses to capitalize on the power of location data to drive more sales and connect with consumers. A recent report from Juniper Research predicts that mobile context and location services will reach $43.3B in revenue by 2019, compared to $12.2B in 2014[3].

Turnstyle and the Location Based Marketing Association (LBMA) jointly developed this white paper to help retailers, restaurants, brands, agencies and mobile network operators gain a better understanding of the challenges that today's marketers face and how location-based marketing (LBM) can diminish these challenges. We will conclude with the various technologies along with their associated pro's and con's that should be considered before implementing an LBM strategy.

LBM allows brands to add an important element to their targeting when creating campaigns and engaging with consumers – that element is location data. Location data is extremely valuable; as it allows marketers to gain a better understanding of their audience and can provide a tailored experience for consumers using more responsive and intuitive messaging.

Please feel free to connect with us to share your feedback and comments or if you'd simply like to learn more about LBM.

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INTRODUCTION

The **Location Based Marketing Association** defines location-based marketing as:

Location-based services
LBS can be defined as a social, entertainment or information service; allowing a company to reach and engage with its audience using 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.

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:
Location-based services are the technology and media delivery platforms used to identify an individuals' location and preferences. Conversely, brands, retailers and agencies use location-based marketing to target their messages to individuals and engage with them based on their location. The key is that location is often linked to a specific intent to buy or research a product and/or service at a specific moment in time.

Factoring in location to marketing campaigns is an established practice and improved technologies are making this information more precise and readily available in real-time.

For example, pre-internet era marketers had the ability to target people at the community level using media like a local newspaper. Now, in 2015, marketers can create targeted ads that are accurate to within a few feet in places such as the aisle of a grocery store or the shoe section of a department store.

LBM is both promising and substantial; but like any opportunity, it cannot be taken advantage of without being thoughtful and strategic. We hope that this paper will give readers a solid foundation to help them implement or improve their organization's overall marketing efforts.

COMMON PROBLEMS MARKETERS FACE TODAY

Reaching a target audience with the right messaging at the right time and place has always been of paramount importance for marketers. Improved technology has empowered marketers with more data than ever before. While this presents a great opportunity to learn more about what consumers want, it can also be a daunting challenge to filter out the valuable information from the irrelevant. The main obstacles that stand in the way are marketing noise, a lack of understanding of consumer interests and intense competition. Though these problems are not insignificant, they can be overcome with the right LBM strategy.

CHALLENGE 1: NOISE

As more information becomes readily available to consumers, it creates more distractions and confusion, making brand-to-consumer engagement increasingly difficult. The average email subscriber receives 416 commercial messages a month[4] and is exposed to approximately 5,000 ads every day[5]. This means that in order to truly make an impact on consumers, marketers are constantly searching for ways to break through the noise and reach their target customers with their messaging. Two phrases often used in today's marketing world are "engage your customers one-to-one," and "personalization is the key," but how can this be done on a scalable level? LBM allows marketers to target their efforts more effectively, as well as add context to their messages. This is powerful because consumers are more receptive to matters they care about. If someone passes a gas station with a full tank of gas, they likely won't consider stopping to fill up, but if they are cruising on the highway running on a quarter of a tank and the next gas station has a sign that says "nearest stop is 50 miles," they will probably take heed of that, and even be grateful for the warning. This is a traditional example, but one indicative of the power of context.

An example of how LBM can provide a similar, but even more personalized type of consumer utility would be an app that uses location data to learn about an individual's affinity towards fine dining and then classifies them

75%
OF SHOPPERS ACCESS THEIR MOBILE DEVICES IN-STORE.
SOURCE: THE LBMA 2015

TODAY'S SHOPPER IS ALWAYS CONNECTED, USING THEIR MOBILE DEVICES IN STORE TO RESEARCH PRODUCTS, SHOWROOM, OR OTHERWISE ENGAGE WITH THEIR NETWORK - IS YOUR BRAND A PART OF THAT CONVERSATION?

FOODSPOTTING

Foodspotting is an app for foodies that want to find great places to eat that are within their vicinity. It gives users a visual guide to good food and where to find it. Instead of reviewing restaurants, wherever you go you can recommend great dishes and see what others recommend wherever you go.

How it Works
- Look up your location or move and scan the map to fine tune it.
- Find your favourite restaurant to see what foodspotters and friends love there.
- Search for a particular dish that you're craving by name (i.e. noodles) or type (i.e. red velvet).
- Follow friends and experts like Chow or Travel Channel to see what they love.
- Bookmark foods you want to try and recommend dishes you've tried and loved.

as a 'foodie.' Then, every time that person is within ½ a mile of a 5 star restaurant, they are sent a message notifying them of this dining opportunity.

Effective use of LBM will not only help companies sell more in the short term, but can also create strong brand loyalty; thereby increasing the lifetime value of the customer. With LBM, marketers are enabled to engage people in a relevant and valuable way. It allows brands to speak to individuals, not just to a group of consumers.

CHALLENGE 2: LACK OF UNDERSTANDING OF CONSUMER INTERESTS
Signal Inc. recently reported astonishing statistics showing that marketers struggle to gain a full understanding of the consumers they are targeting. Only 6% of marketers believe that they have "attained a single view" of their customers[6]. This suggests that marketers are still trying to pinpoint how to engage and advertise to their target consumers.

With the ever-increasing use of mobile devices, marketers can now collect location data very easily, helping to build a

more complete profile and to get a better understanding of consumer interests. This requires a new set of tools different than those used in more traditional

54%
OF CONSUMERS ARE WILLING TO END RELATIONSHIP WITH A RETAILER IF THEY DON'T RECEIVE PERSONALIZED CONTENT OR OFFERS.
SOURCE: THE LBMA 2015

marketing environments.

LBM technologies can potentially give marketers insight into the other types of establishments their customers visit; very similar to web analytics that list which website referred visitors, which pages those visitors viewed, visit duration, etc. For example, if a restaurant learns from location data that a large portion of their customers also frequent gyms and health stores, they might want to consider

tailoring their menu to cater to a health conscious crowd. This is only the beginning, as benefits extend to benchmarking and indexing across a network, industry and even competitors.

For example, a CMO may look at two reports, one for their brick-and-mortar channel and one for their ecommerce channel. If the brick-and-mortar report says "same store visits are up 1.2% MoM" and the ecommerce report says "website visits are down .7% MoM", they might infer that the physical stores are cannibalizing online sales, but at least there is a net lift of .5% in visits.

Perhaps, however, these are two completely different groups of consumers and the brick-and-mortar channel is simply doing a great job while the ecommerce channel is underperforming – nothing related to cannibalization. LBM can alleviate this poor use of data by showing the complete omni-channel customer journey.

It isn't just about what you learn throughout physical locations. There is a lot of value in relating existing online data to offline data and vice versa. Brands have a single view of

SHOPIFY
Shopify is a commerce platform that allows anyone to easily sell online, at a retail location, and everywhere in between. Shopify offers a professional online storefront, a payment solution to accept credit cards, and the Shopify point of sale POS application to power retail sales.

By integrating the Turnstyle app, Shopify retailers that operate an online store and a brick-and-mortar location have the ability to:
- Track customer purchases that are made online and offline in a single profile
- View individual customers' shopping behaviour, such as their visit frequency and duration, both online and offline
- Push in-store messages and coupons based on shopping behaviour

online customer behaviour and a single view of offline behaviour, but are unable to correlate them. Correlating location data to a profile both connected to a mobile device and to online behaviour (like email or social) allows for a more unified view.

A common online tactic used today is retargeting ads to people who abandon their carts at checkout in order to attempt to complete the conversion. Now, what if you could push that same re-targeted ad to someone's mobile device as they pass by the brick-and-mortar venue?

Conversely, LBM can give marketers the ability to target online ads based on someone's location data from their day at the mall. Imagine being able

of performance and innovation while simultaneously creating more efficiency in the economy. On the micro-level, competition is enjoyed by far fewer businesses.

For retailers, the threat and the opportunity that comes with ecommerce and intense competition is forcing many businesses to rethink their strategies. This year, retailers are expected to spend more than $190B on IT, according to a report by IHL[7]. "You cannot be a bad operator in retail today if you expect to stay in the business," said Diane Briseboi, President and CEO of the Retail Council of Canada[8].

This is a major opportunity. Money should be spent on investing in smart infrastructure

Whether it's retailers or restaurants, consumers have more choice than ever, making retaining loyal customers extremely difficult. Robert Carter, Executive Director of NPD Group's Canadian Food Service Division says that restaurants that aren't keeping pace with changes in consumer demand are quickly going out of business. "If you are a restaurateur in today's market, you need to literally fire on all cylinders."

LBM is a very effective way to retain customers and can be used as a frictionless loyalty program. An example of this is rewarding customers for simply showing up at a venue. This strategy is quickly replacing the traditional punch/stamp cards as well as the need to 'check-in' to a location. In addition to driving loyalty, this enhances the customer experience by giving recognition and showing your appreciation for a customer's patronage.

DOES THE CONSUMER DATA YOU COLLECT ENABLE AN OMNI-CHANNEL, PERSONALIZED CONTENT MARKETING STRATEGY FOR YOUR SHOPPERS?

to trigger an advertisement for running shoes to people who spent more than 5 minutes in the running shoes section at a sports outlet, but failed to make a purchase.

CHALLENGE 3: COMPETITION
From a macro-level, healthy competition benefits everyone. It provides customers with lower prices and greater selection. For businesses, it is a key driver

with high returns, not to play catch-up and meet status quo.

Competition for restaurants is fierce as well. According to the 2014 Restaurant Growth Index (RGI)[9] , competition in the restaurant industry is more intense than ever. Approximately 4,000 new restaurants open yearly[10] in the United States alone; putting increased strain on both incumbents and new entrants.

MEAT PACK
A shoe store in Guatemala, launched an app called 'Hijack' that would steal customers away from their competitors. Known as geo-conquesting, every time a customer with the app entered a competitors store, they received a notification with a countdown timer and an offer for a discount off shoes sold at Meat Pack. The timer started at 99% off and was reduced by 1% every second. The timer stopped once the customer reached the Meat Pack store where they could redeem their offer.

CHOOSING THE RIGHT LBM PLATFORM

LOCATION TECHNOLOGIES, TOOLS & TACTICS

Before choosing an LBM platform, marketers should have an understanding of the different location technologies that power them, the methods of communication they offer, and the pros and cons to each solution. The ability to combine offline and online data will ultimately depend on how robust the platform you choose is.
   *Note: The following descriptions of location technologies are generalizations for the purpose of demonstrating the practicality of each type for LBM purposes.

1. LOCATION TECHNOLOGIES
HOW TO LOCATE YOUR TARGET AUDIENCE
The most common types of technologies used to identify when and where the target audience is, are GPS/A-GPS, WiFi, and Bluetooth. Each technology has its own unique advantages and disadvantages.

GPS/A-GPS
*Accurate within
3-35 metres outdoors*

GPS is the most common method of identifying ones location. Almost every mobile device now comes with an embedded GPS chip, allowing at least 4 of 24 satellites to identify its coordinates at any given time. It works by measuring the distance between the satellites and a receiver (your mobile device) and then calculating a position.
   Accuracy depends on atmospheric conditions and any obstructions such as skyscrapers or hills and/or valleys. Typically it is accurate to within 3-35 metres outdoors.
   A-GPS (Assisted GPS) uses a combination of the standard GPS network with assistance from a cellular network. This makes for a much faster relay between the consumers' phone and the GPS satellites.

WiFi
*Accurate within 1-5 metres
indoors and outdoors*

WiFi is generally considered an indoor positioning system; however, as local guest networks become more common, in aggregate (or network wide) they create near ubiquitous coverage both indoor and outdoor.
   WiFi positioning works by measuring the signal strength (probe requests) of a WiFi enabled device, relative to local wireless access points. Mobile devices are not required to be connected to the WiFi network in order to be detected. Accuracy typically ranges between 1-5 metres.

Bluetooth (beacons)
*Accurate within 1 foot
indoors and outdoors**

*Bluetooth calculates proximity, not location. If it figures someone is within 1 meter, that means they are somewhere within that radius surrounding it.
   Bluetooth allows data transfer over short distances by using radio waves, as it creates a small network between other Bluetooth enabled devices. Bluetooth requires both a software and a hardware component.
   In order for devices to communicate with one another, they must first establish a connection. This is done by one device broadcasting a signal to alert other devices of its presence. After the devices acknowledge one another, they can connect automatically.
   Bluetooth has a theoretical max of 330 feet (100m). 100 feet is easy if signal is not blocked. It's highly accurate (within 1 metre).

2. COMMUNICATIONS MEDIUMS
HOW TO ENGAGE YOUR TARGET AUDIENCE
Location-based messages can be delivered to users in a variety of ways, from SMS, email, app push notifications, to advertising platforms such as Google Adwords. Selecting a delivery method depends on the objectives, budget and audience. SMS, email, and push are all effective, but there are challenges related to balancing the delivery of valuable

LBM PLATFORM COMPARISON

	WIFI MARKETING	EDDYSTONE (BLE)	IBEACON (BLE)	APPS (GPS)
LOCATION ACCURACY	1-5 metres	1 foot[3]	1 foot[3]	5-10 metres outdoors 20-45 metres indoors
COST	medium	low to high[2]	high[1]	high
MESSAGING MEDIUM	🄰 SMS ✉	🄰 SMS ✉	🄰	🄰 SMS
LATENCY	1 second - 30 seconds	1-5 seconds	1-5 seconds	5-10 seconds
AVERAGE RANGE	300 ft. radius	100 feet	100 feet	unlimited

1. The beacons themselves are inexpensive; however, the required app development is very costly
2. A major factor when determining cost is differentiating between Eddystone-URL or Eddystone-URI
3. Technically beacons report on proximity not location

information versus spamming customers.

SMS
On average, SMS has the highest open rates and click through rates (CTR) compared to all other methods, at 99% and 36% respectively[11]. This means that SMS is best for delivering critical information that should be read immediately. Messages must be clear and concise since they are limited to 160 characters (including opt out link/messages) and cannot have images.

If your message contains content that customers need to retrieve at a later date, such as a receipt or post-purchase voucher, SMS is not the best option, as it will be difficult to find that specific message later.

Email
The average open rate for emails is 21% with a 3.5% CTR[12]. Email is ideal for giving users something that they can go back and reference later, such as login information or a discount code that can be applied in the near future.

While not as effective as SMS, email can also be used to deliver interruptive messages like real-time coupons. In this instance, marketers are relying on customers having email notifications turned on. An attention grabbing headline is also imperative if you want people to open their emails as soon as possible. Emails are not best practice for urgent messages or promotions with a small window of redemption time. They're best

used as a pull medium from a SMS or a proximity notification. The user receives the text and then clicks to receive an email.

App Notifications
App notifications work by sending a message to a smartphone, but only if it has the proper notification settings enabled.

App development platform Localytics reports a 7% open rate on targeted push messaging and a 3% open rate for generic broadcast messages. Click through rates average 54% for targeted messages and 15% for broad messages[13].

In-app notifications are great if the target users regularly engage with the brand's app. They are less invasive than SMS since they don't disrupt users from what they're doing.

Barring a small handful of successful mobile apps, most brands' apps are severely undersubscribed. Thus, app notifications are likely not the best choice of communication considering that the message will only be sent to customers who have downloaded the app and have proper notification settings enabled. That being said, once customers install

the app, approximately 54% of customers opt-in to push notifications[13]. There are also significant costs associated with developing and maintaining a mobile application.

Using Eddystone, it is possible to push notifications to phones. The creepiness factor can drastically increase. Combined with geo-fencing, it can notify venue owners as visitors enter, leave or stick around for a given period of time.
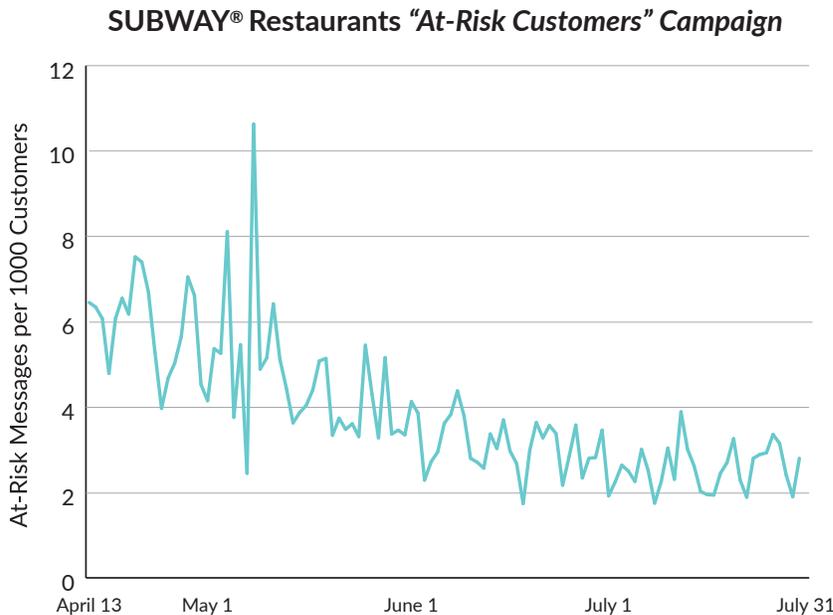
Mobile search ads
Online advertising platforms, such as Google Adwords, allow businesses to conduct extremely narrow geographic targeting, known as radius targeting. Marketers can choose to display ads only to people who are within a certain radius of their business or location.

Geotargeting with online ads is more of a shotgun approach and good for acquiring customers who brands can't communicate with directly.

If marketers want to reach customers directly with an exclusive offer, it's best to go with one of the other three options.

FIGURE 1

SUBWAY® Restaurants *"At-Risk Customers" Campaign*

At-Risk Messages per 1000 Customers (y-axis, 0 to 12)
April 13 — May 1 — June 1 — July 1 — July 31 (x-axis)

Since April the percentage of at-risk customers in the Turnstyle program has **dropped by 57%**

Average number of at-risk customers (monthly):
April: 5.94 per 1000
May: 4.62 per 1000
June: 3.14 per 1000
July: 2.58 per 1000

An at risk customer is defined as as someone whose mobile device has not been detected at a SUBWAY® Restaurant venue in 30 days or more.

3. TACTICS
HOW TO EFFECTIVELY LEVERAGE THE INFORMATION
Below are some examples of how marketers can use LBM for various strategies:

Customer Retention
Create a geo-fence around the venue and send messages containing an incentive for customers to return to the store once they exit the geo-fenced area. This can be powered by WiFi or Bluetooth and communicated via SMS, email, or an app notification.

Example: Subway Restaurants launched a campaign that would automatically send a coupon for a free 6 inch sub to any customers that had not visited a Subway Restaurant in 30+ days. Over 4 months, the percentage of at-risk customers dropped by 57%. (*See Figure 1*)

Acquisition
Leverage a platform such as Google Adwords with radius targeting to become easily identifiable when people search for terms related to your business or industry.

Example: Extra Space Storage is the second largest self-storage facility operator in the United States with over 1000 locations. Their challenge was reaching prospects with relevant, timely information at scale. Using zip code targeting, they were able to improve their ROI by 184% and CTR by 77% by only serving ads to customers within a close proximity to their facilities.[14]

Lead Generation
Capture contact information from guests that visit your venue so that you can remarket to them in the future. An easy way to do this is to use a WiFi marketing platform that requires guests to authenticate with a social media account, email address or phone number in exchange for Internet access.

Example: Flip Flop Shops, A retail outlet located in a busy mall wanted to take advantage of the lounge outside of their store. They offered free guest WiFi and were able to collect 350 email addresses in two months. Additionally, they ran a campaign that was able to convert 16% of the WiFi users into customers.

Boost in-store sales
Create real-time push messages that are triggered when customers enter a store, in order to encourage more purchases of higher margin items or to offload excess/old inventory. This can be done using WiFi or Bluetooth and communicated via SMS, email, or app notifications.

Example: Hillshire Brands launched a campaign to promote their new line of link sausages in the already crowded market within grocery stores. Customers who had the appropriate app (or an Eddystone URL implementation with no app) were pushed an in-store message containing a coupon and the results saw a 20 percent lift in purchase intent.[15]

CONCLUSION

There are now more mobile devices on Earth than there are people; presenting a massive opportunity to learn about customer behaviours and tailor marketing messages to suit the individual. Effective LBM benefits the buyer by helping them make a purchase decision using relevant and valuable information. The seller also benefits by spending their marketing dollars where they matter most.

We recommend that companies looking to use location-based marketing use this information when building a strategy to communicate more effectively with their audiences. It should serve as a foundation to determine what types of technologies, tools, and tactics to implement in order to achieve the overall business goals.

ABOUT TURNSTYLE

Turnstyle is a location-based marketing platform that utilizes public WiFi to attract, retain and reward customers. Through public WiFi, Turnstyle's technology engages users' mobile devices to help clients gain deeper insight into their customer base, as well as create valuable new marketing avenues. Through our platform, clients are able to customize their branded splash page, track and measure performance with analytics, as well as send real-time messages, coupons and rewards directly to customers' smart phones without the use of a mobile application.

Turnstyle's expertise is entrenched in WiFi, location-based marketing, and analytics. We realize the power of timely customer engagement and the positive impact it can have on a company. Currently, we employ over 25 staff spanning product development, sales, marketing, customer success and finance.

For more information about Turnstyle please contact **LBM@getturnstyle.com** or visit **getturnstyle.com.**

ABOUT THE LBMA

The Location Based Marketing Association is an 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 in location-based services to 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 solution to their problems and improve the ROI around location-based marketing services

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