



DMA advice:
Location based
marketing



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Introduction

Location based marketing (LBM) is about reaching people at the right time, in the right place with the right message and experience. The content, media and services adapt to an individual's location. LBM relies on technologies such as WiFi, Bluetooth, GPS, iBeacon and RFID.

When done well, LBM can be a successful, profitable and mutually beneficial communication and sales channel linking you and your customer. LBM campaigns make an immediate impression, generate rapid and measurable responses, and can build positive brand perception over time.

LBM allows you to build a closer relationship with your customer with personal, relevant messages, to send them a new offer that they appreciate or help them get more value from a product or service that they already use.

LBM allows messages to be targeted at individuals. It is a proven medium, which can work as part of offline campaigns and can help drive online responses.

Typical strategic and tactical uses of LBM include:

- Advertising products and services
- Generating product trials
- Driving retail or web traffic
- Highlighting seasonal sales and promotions
- Building cost effective brand awareness
- Securing consumer responses and building customer databases
- Disseminating information

LBM gives your audience a message and call to action, particularly effective as part of an integrated marketing strategy. It can also be used as a follow-up, to reinforce or build on a campaign message building levels of consumer recall and response.

As with any one-to-one marketing service, the goal must be to always do the right thing for your customer and put them first. One sign of great LBM would be if your customers describe it as a service that makes a difference. This way you earn the greatest benefits of LBM.

Following these guidelines will help you achieve this goal.

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Location based marketing: What is it?

Pokémon Go

The global phenomenon Pokémon Go, released in 2016, redefined the future of LBM. The game broke multiple records, with 500+ million visits to sponsored locations and users walking more than 8.7 billion km and catching 88+ billion Pokémon in the months following its launch.

However, the app's data collection practices raised important privacy issues. Niantic, the developer of Pokémon Go, granted itself full access to users' Google accounts when it first released the iOS app. If you used an iOS device and signed up with your Google Account, the app could view your contacts, send emails from your account, view and delete your Google Drive docs or even access your search and map navigation history.

This meant that during the first week of Pokémon Go's launch, the app left peoples' accounts at risk of hacking and data breach. This configuration error, rapidly corrected by Niantic, shows how things could go wrong.

Consumer privacy is a huge concern when it comes to LBM. But when done responsibly and with the consent of the consumer, investing in LBM strategies and location technologies can substantially improve the customer journey and overall customer experience by adding a new layer of context and insight to brand messages.

LBM: a rapidly growing channel

This channel is growing rapidly for two reasons:

1. The widespread adoption of smartphones and increased usage throughout the day
2. The growth of location based technologies

Widespread adoption of smartphones

In the UK, four out of five adults now owns a smartphone. Collectively, UK citizens look at their smartphones over a billion times a day ¹(UK edition, Deloitte Global Mobile Consumer Survey, May–Jun 2016 [URL <https://www2.deloitte.com/uk/en/pages/technology-media-and-telecommunications/articles/mobile-consumer-survey.html>]).

Our smartphone is an ever-present companion. Because it is with us most of the time, we are easily locatable and reachable. Location-based data are relatively easy to find, it's the consumer permissions that are hard to get.

People could be open to the influence of brands in some situations when the level of intrusiveness is low, to help inform choices or make purchase decisions. When this opportunity is not abused by brands, LBM can be an efficient way to stay in front of your customers' mind at the appropriate moment. These moments are what Google calls the customers' 'micro-moments'. These are the I-want-to-know, I-want-to-go, I-want-to-do, and I-want-to-buy moments.

1. UK edition, Deloitte Global Mobile Consumer Survey, May–Jun 2016
<https://www2.deloitte.com/uk/en/pages/technology-media-and-telecommunications/articles/mobile-consumer-survey.html>

The growth of location based technologies

The Location-Based Services and Real-Time Location Systems markets are valuable for brands and are expected to grow from more than \$15.04 billion in 2016 to \$77.84 billion by 2021 ²(MarketsandMarkets, 2016 [URL <http://www.marketsandmarkets.com/Market-Reports/location-analytics-market-177193456.html>]).

With investment in LBM technologies increasing and evolving from outdoor to indoor, brands can acquire location based data in a variety of ways, as we see below.

The location based technology landscape

Geo-targeting, geo-fencing and proximity marketing through beacons or Wi-Fi are currently the preferred methods to obtain location based data.

Geo-targeting

Geo-targeting relies mostly on IP addresses, best used to get the location data of users who live or visit a certain country, city or state. If this is too broad for what you are trying to achieve, the next level of accuracy is geo-fencing.

Geo-fencing

Geo-fencing, which mostly uses either Global Positioning System (GPS) or Radio Frequency Identification (RFID) technologies, lets you set virtual geographical boundaries to flag mobile devices in the areas you've defined, for example near your store, venue or service.

Both technologies have value but aren't precise enough to be used indoors, such as adding an in-store customer experience to increase in-store sales. Proximity marketing is a more granular form of LBM, which helps to deliver more contextual communications.

Proximity marketing

The most common technologies used in proximity marketing are: Bluetooth Low Energy beacons, Near Field Communication, and Wi-Fi. This makes it possible to track mobile devices within buildings, or even next to specific shelves in shops, where geo-targeting and geo-fencing are not viable.

Recently, more precise technologies such as Ultra Wide Band have slowly started to gain traction. This technology allows users to analyse data such as how much time a consumer spends looking at a specific product in a store in a way similar to dropping cookies on a website to track user behaviour.

If you are pondering which technology to use, consider whether you need the location based insights of your target audience in a larger geographical area (e.g. a radius of 50 metres), or if you need more proximity (e.g. within a few centimetres). By using more than one technology, you could attract customers into your shop with a geo-fence and increase the sales of a specific product through beacons or Wi-Fi for example.

2. MarketsandMarkets, 2016

<http://www.marketsandmarkets.com/Market-Reports/location-analytics-market-177193456.html>

Best LBM practices

When your app users consent to sharing their privacy details, such as their location, they are most likely expecting to get something in return. Your mission is to add value to their experience through the way you connect and engage with them. Essentially, it's a give-and-take relationship.

Integrate your data sources

Send relevant LBM messages by integrating your location data with other data sources, including your operational data. For example, if you're operating a restaurant that is fully booked or closed, it would be pointless to attract more customers or send automated push messages to people nearby. You could send offers for a day when you know the restaurant will be quiet, however. Always think first of the benefits for your customers as well as your own.

Control the frequency of LBM notifications

It's not just about where someone is at a given moment. Another important factor is whether they have been to this location before. If so, how often have they visited? By storing and integrating your location based data into your customer data, you can develop a single customer view. This will help prevent reaching out to users each time they pass by your shop, for example. If they walk past every morning, do they really want the same message every day? Make sure you implement a set of rules in your segments and automation programmes to control the frequency of your LBM notifications.

Choose the appropriate marketing channel(s)

Push notifications are commonly associated with LBM because they're likely to be seen by the app users at the right moment and location. However, we recommend broadening your LBM efforts. Location based data can also be used as a new dataset to refine your segments for other marketing channels such as email, Facebook, display marketing or even outdoor media in order to reach consumers 'on the go' in environments such as streets, outside buildings, metros or other open spaces.

Other opportunities for LBM includes the digitalisation of traditional OOH (billboard) media to broaden consumer engagement to physical outdoor locations. In order to build awareness or retarget lapsed customers in a less intrusive way, these media could be useful depending on where your targets are and your campaign objectives.

Accuracy

Delivering ads based on user's real-time location sent through proximity technologies, such as beacons, is one of the best options for context-specific messaging as the location can be guaranteed to a narrow area, whereas location from a mobile device GPS isn't always consistent and precise, even outdoors.

For the latter, we recommend using location history and geo-behavioural patterns to analyse the user's behaviour, using location to help personalise copy and creative to make the ad as relevant as possible.



Responsible use of location based marketing

Terms & Conditions

Terms and conditions for LBM plays an important role as users need to know how their data are gathered and used. Describe the choices available for users and how their personal data can be accessed and updated.

Clearly explain which data you gather through LBM services, for example

- Internet protocol (IP) addresses and Internet Service Provider (ISP) details
- Browser type, referring/exit pages, operating system, date/time stamp, and/or clickstream data
- Facebook login information such as email address, birthday, gender, and first name
- Personal Data such as name, email address, phone number, gender, birthday, credit card information and (billing) address
- Information obtained as a result of credit checks which you may have authorised
- Tracking technologies - Cookies, E-Tags, JavaScript, Local Storage Objects (LSOs) HTML5, Flash, web beacons, GPS for localisation, video images

Tell users where you store their Personal Data and whether they are shared with third parties. When writing your terms and conditions it is important to mention how long Personal Data, including geo-location, will be stored and used. Make sure to mention the possibility that Personal Data from children may be unknowingly collected but can be removed when brought to your attention.

Terms and conditions are often long and may need to be searched to find the relevant sections on personal data usage. We suggest considering the following:

- Keep your Ts and Cs short and to the point
- Do not confuse users with complicated terminology or jargon
- Make it easy to read - avoid small point sizes
- Explain how customers can opt-out or not share data
- Try not to link your terms and conditions to other pages, for example, to your privacy policy

With clear and concise terms and conditions, users of LBM services will be more willing to trust you and your brand, and more willing to use your services.

Consent

One of the central pillars of data-driven marketing is consent. Without it, you can't run a valid campaign. Organisations must obtain an individual's consent before marketing to them via a variety of channels. Permission is not only common courtesy, it's required by law in a variety of different countries. If organisations cannot demonstrate they have valid consent, they may be subject to enforcement.

The definition of consent

The Data Protection Directive defines consent as:

"Any freely given specific and informed indication of his wishes by which the data subject signifies his agreement to personal data relating to him being processed"

For consent to be valid it must be:

- Freely given: individuals must have a real choice over whether or not to consent to marketing, and it cannot be a condition of subscribing to a service or completing a transaction
- Specific: to the type of marketing communication in question - push, SMS, email, etc. in addition to the organisation sending messaging
- Informed: the person must understand what they are consenting to, explanations not hard to find, or hidden in small print
- Signified: consent must be a positive expression of choice, no pre-ticked boxes

Customer consent can be given or withdrawn, and there is a close relationship between consent and trust. Many marketers may abuse the trust by failing to set expectations. Without consent you lack permission to use location-based marketing technologies described earlier in this guide, with a focus on Wi-Fi and beacons.

What is meant by consent when it comes to LBM?

LBM requires access to specific features and functions of a mobile device (usually a smartphone). For example, 'location services' is a setting on a mobile device that will usually be off by default. Organisations require consent to be given access to this information.

Organisations should only collect, store and use relevant information that users have consented to give, and will add value to the users' experience.

Things to consider for obtaining LBM consent

Consider whether the technologies you use will involve the processing of your customers' personal data. Organisations need to make sure they comply with relevant data protection legislation.

Plan for GDPR

The new General Data Protection Regulation (GDPR) comes into force in May 2018 and adds additional details to how consent should be given:

"Any freely given, specific, informed and unambiguous indication of the data subject's wishes by which he or she, by a statement or by a clear affirmative action, signifies agreement to the processing of personal data relating to him or her."

Recommendations

As best practice you should:

- Not assume consent
- Make consent clear and easy
- Keep a record of consent

Make sure that you have stored the date, source and permission statement of your customer's opt-in. This means you are able to respond quickly and appropriately to direct complaints, or give evidence if a customer complains about unsolicited marketing.

- Only collect necessary data

Ask only for information that is reasonable and necessary for the purposes you intend to use it for.

- Make it clear what you require access to, and why
- Consider other channels

If you don't have access to location services, or permission to send push notifications, but do have consent to email then use your welcome journey to tell customers about the value of location services and how to enable them.

- Give customers control

Individuals change their minds so it's important you give them the choice to opt-out from sharing location based information or access to other features they had previously enabled.

- Ensure the Opt Out Is Clear

LBM has two components. One is tracking location and the other is the channel in which the user receives the marketing message such as a push message or email. Push notifications can be controlled on the handset. However, customers need to understand that changing their handset preferences does not necessarily mean they have opted-out of location tracking.

For example, best practice at Vodafone is granular, with opt-outs so that these nuances can be explained to, and controlled by, the customer.



Location Data Best Practice

Location Data Best Practice

Make it clear what value sharing location data has for the customer:

- What is the benefit of sharing location information?
This is a key component of consent and will help you understand data collection, usage and management.
- What problem are you solving for the customer when they give you their location?
The answer to these two questions will determine your data storage and security plan and what systems should have access to location information.

Brands must thoroughly review data usage and storage along with security measures such as where data is stored, who has access to it, breach procedures, etc. Your brand will suffer when any LBM based data leaks, and not all technology suppliers will take customer data security as seriously as you do.

Pay special attention to reporting and tracking software which may help you understand how people use your website or mobile app, but may collect more location data than you really need. Additionally, some service providers have clauses in their contract to use data (usually anonymous or aggregated) for their own commercial benefit. Review these clauses carefully as the brand is usually responsible for gathering the correct permissions.

Only collect and store the data required

A successful LBM programme needs a robust, secure and customer-focused approach to data management. To do this effectively, brands need to map uses for location data. The two most common uses are profiling and decision making.

Reduce the amount of location data you have to store as part of effective profiling. Separating data and insight allows you to keep customer personalisation and value added services, whilst reducing your data storage and data risk. For example, if you use someone's GPS location to profile them as a commuter, the value is in storing the insight "commuter" not the data of each location transaction.

Decide what needs to be used at the point of decision, as location can often be used for decision making and then "thrown away". For example, the Regent Street app, developed by autoGraph, uses handset location in real time to determine whether the user should receive a push message. The autoGraph server does not store location information but simply uses it to make a real time decision about what content (if any) should be sent to the customer. The response to the content then updates the customer's profile.



Case Study

Regent Street App

Regent Street is the world's most prestigious shopping street, with 135 upmarket retailers, restaurants and bars. The Regent Street App is the world's most advanced shopping street, designed to give a better shopping experience.

Everyone who downloads the Regent Street app can build their profile. Shoppers use the app to plan their visit. Based on the content they view and save, along with their profile, the app gives each user a personalised and non-obtrusive experience while shopping. More than 500 marketing messages are available to send at any time to a shopper. The system ensures only the best fit messages arrive at the shopper's device.

Regent Street merchants are delighted with the response rates, which run to about 0.6%. With targeting, responses soared 10x to 6% and when combined with geofence beacons for immediate delivery soared 13.5x to 8%.

The app also features events and activities that happen on Regent Street. For example the app had a Santa Claus tracker during a Christmas parade to keep anxious parents posted on when St. Nick would arrive.

For the annual Regent Street Motor Show, the app gave vehicle-specific stories and for NFL, Summer Streets and Chinese New Year, the app featured exclusive content and competitions.