Location & Proximity-Powered

MOBILE
MARKETING

Best Practices

GIMBAL

BEST PRACTICES IN LOCATION AND PROXIMITY-POWERED MOBILE MARKETING

Analog geo-marketing has been around for years – as has digital marketing on the web. But location and proximity-powered digital marketing in today's mobile-first world is a fairly new field. There are tremendous opportunities and exciting new capabilities, but many of the best practices are still being worked out in the market, in real time. As one of the earliest innovators in the proximity space, and the most widely utilized across a variety of industries, Gimbal has compiled a set of best practices for location-powered mobile marketing.

We suggest any enterprise implementing a location and proximity-based marketing program review these high-level principles and incorporate them into the design of their marketing programs for the best results.

FOCUS ON THE ENTIRE CUSTOMER JOURNEY

A number of geo-technology providers have attempted to carve out market niches by offering a single technology or focusing on one vertical – for example, shoppers as they enter the indoor space of a retail venue. At Gimbal, we prefer a more inclusive approach. After all, there aren't separate Internets for retail, hospitality, entertainment, travel, sports and health – there is simply *the Internet.*

Why would the physical web evolve any differently?
If a business only focuses on when a customer hits their particular venue, rather than paying attention to the broader customer journey and interests, it's hard to determine what type of customer they are with any degree of accuracy.

On the internet, by analogy, marketers can see and analyze the consumer's entire digital journey and set of interests across many sites and many verticals. They can then use that behavior to segment their visitors to help understand whether they would be interested in a particular product or experience when hitting their own website. For instance, one customer may be an aficionado of sports and gaming, while another closely follows celebrity news, high-end fashion and dining. Marketers looking to maximize their appeal to customers are highly dependent on these types of insights.

In a physical environment, the principle is exactly the same. If the marketer were only to focus on consumer engagement within their own venue, they would be missing out on key insights that would enable them to infer important customer information or interests. Gaining a better understanding of the customer enables the marketer to provide the right messaging, experience or product/service for each customer.

Consumers traverse the physical world naturally, both at home and work and for shopping and dining and entertainment – they fully expect their mobile experiences will be similarly intuitive to their needs in relation to their situation or context – both of which can be better inferred through location and proximity.

Therefore, enterprises engaged in location and proximity marketing need to adopt a full-journey approach. Knowing who walks into your store is useful, but mainly serves simply to confirm who is already a customer. To more effectively anticipate needs and interests, and proactively provide the experiences that foster loyalty and increased sales, enterprises must attain a better understanding of their customers – both in relation to their own immediate brick-and-mortar locations and the areas their customers visit before and after.

Gimbal has adopted a more comprehensive approach to be able to see the entire customer journey, thereby providing richer insights:

- Serve most consumer verticals – retail, hospitality, financial services, travel, dining, events and entertainment, and healthcare

- Provide outdoor, macro-location sensing as well as indoor micro or proximity sensing

- Enable passive sensing, always on, even when apps are closed and phones are lock-screen, to see the full consumer path (after all, most apps are closed most of the time; and the consumer's phone is typically locked-screen). If you only see the customer when they are actively viewing the screen with your app open, you are seeing a very, very small percentage of their journey.

- Create rich experiences, predominantly; advertise more sparingly, as appropriate

- Adopt a single technology platform and analytics, to consolidate and/or export all real-world insights

- Leverage a large publisher partner network, to enable high reach and appropriate consumer experiences

LESS IS MORE (OR NEVER FORGET THE USER EXPERIENCE)

The same principles that work and do not work in the digital world largely apply to location-powered marketing – only more so. One common question asked by enterprises exploring location and proximity marketing is whether consumers are ready and willing to opt-in to location- based programs. The primary concern is whether they might do too much and risk providing a bad experience to a customer, creating brand dissatisfaction as a result.

The image that comes to their mind is a deluge of ads or notifications pinging the consumer's phone, much like the bad experience of pop-ups blanketing users' screens in the early 1990's. Clearly, no one is interested in returning to those days!

We advise our clients to adopt the same types of principles that the digital world has learned over 15 years. Well-targeted engagement based on a well-informed understanding of the customer and their context works best – spamming a customer or serving information with excessive frequency deserves the punishment it receives.

On the web, just because an enterprise or brand can pop up a window randomly advertising their product to a customer does not mean that they should.
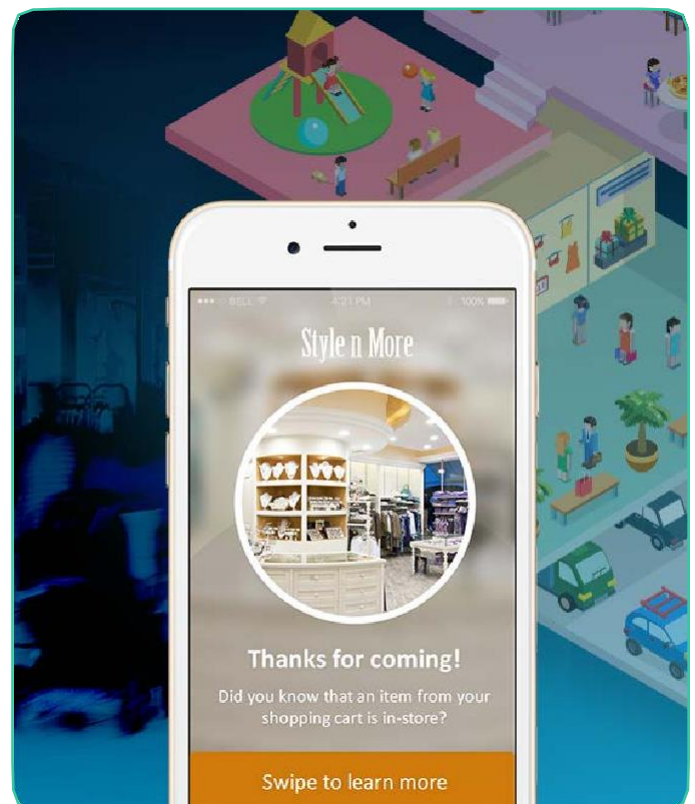
Several key principles underlie this insight:

- Unless there is enough information about a customer to know that they are in the market for that product (have they recently searched for the product, or visited related sites, or read related content?), the ROI on placing that offer is pretty low.

- An enterprise would quickly deplete their marketing budget on low percentage prospects.

- Unless the customer is in a context where the messaging is appropriate, it will have a low return.

- Marketing technology works best when focused on up-funnel objectives, like generating awareness, informing preference, driving consideration, and user acquisition. It works less well if one skips all of that and tries to directly transact.

- Pop-up experiences are more invasive than in-context advertising, and unless the message on the window is very well targeted, it may annoy the customer and potentially impact brand affinity.

The same principles apply when incorporating location and proximity into mobile experiences. Just because you can deliver a coupon for mustard when someone randomly passes the mustard aisle does not mean that this is a good idea. It would be the equivalent of randomly handing every person who walks into the market a coupon, and likely have about the same return. It completely fails the idea of 1:1 marketing that the digital revolution is all about.

Some early implementations of location and proximity marketing have had this "hit a bubble, get a coupon" approach. By and large, this approach has **not** been well received (at Gimbal, we have been asked to come into enterprises that tried this approach and fundamentally re- work their deployment to be experiential and data-driven). Bottom line – if it seems like a bad practice on the web, it is very likely a bad practice on the physical web.

WELL-TARGETED ENGAGEMENT BASED ON A WELL-INFORMED UNDERSTANDING OF THE CUSTOMER AND THEIR CONTEXT WORKS BEST

CREATE COMPELLING CONTENT

One common question we receive is what are the best practices for location or proximity-triggered content or experiences – what will consumers enjoy, and what will they not? In a nutshell, it depends greatly on whether you are creating a passive experience or an active one.

Passive experiences should be just that: helpful, useful, lightweight and thoughtful:

- An entire class of location-triggered mobile experiences launch nothing on the mobile screen at all. Instead, when a customer hits a particular location, the enterprise receives an insight that allows them to provide better services. Examples might include providing a heads-up to staff at a hotel or bank when an important customer is about to walk through the front door. Or pouring a pre- ordered coffee, hot, when the customer is about to arrive, and not half-hour before because they are running later than they thought. There are many instances when the right thing to execute is no direct customer experience, but instead to inform the back end of the business.

- Another large class of experiences is a simple notification to the lock-screen, which can become so much more if the customer chooses to tap that notification and then elects to learn or do more. This could be a helpful reminder or an alert that something important nearby is happening. The vast majority of location and proximity-triggered experiences will be initiated when the customer's phone is passive, by which we mean the phone is either lock-screen or at the very least your enterprise app is not actively open at the moment. Most consumers have their phone with them 24x7, but despite what we all might think most do not walk around the world with their phone open —unless they are playing Pokémon Go!

- The most common state for a phone is lock-screen, either in hand or in pocket or purse. And for all but one or two apps on the planet, even if the user is actively using the phone, they will not be using **your** app. So the most common use-case for engaging a customer will be to push a notification or message to a customer, respectfully, which already adds value – a welcome, quick information, an offer or opportunity. If the customer taps that experience to engage further, then something more immersive and rich can pop up.

Active experiences, in contrast, should be rich, immersive, creative, and in-context.

- By virtue of the fact you know the customer is within or nearby your venue, product, service, or advertisement/ billboard, the content can be much more tailored to the moment (that's actually the whole idea!).

- If you are launching your own app, which the customer has on their phone and used to signal they are an interested enthusiast in your brand, it is now possible to create unique and delightful user experiences that leverage proximity – for instance: your app can check them into the hotel without even getting in line; pop up the menu and their favorite entrees as soon as they sit down at a restaurant; give them a guided tour of the museum they are touring, and much, much more.

- On the Web, an enterprise can present an experience to the consumer in the ad unit rectangle of a website, surrounded by the context of the website. In the physical world, the ad unit rectangle takes the form of the phone screen in the user's hand, and the context is the world around them.

- As a result, just as your ad units on the web need to be more exciting and engaging to compete with ever more dynamic web content such as video and highly personalized content, your mobile engagement in the physical world needs to be even more engaging still because the backdrop behind it is "**reality**." Be creative.

Bottom-line – in the active case do not push staid notifications and dry content. The customer is engaged and in the moment. Make it count!
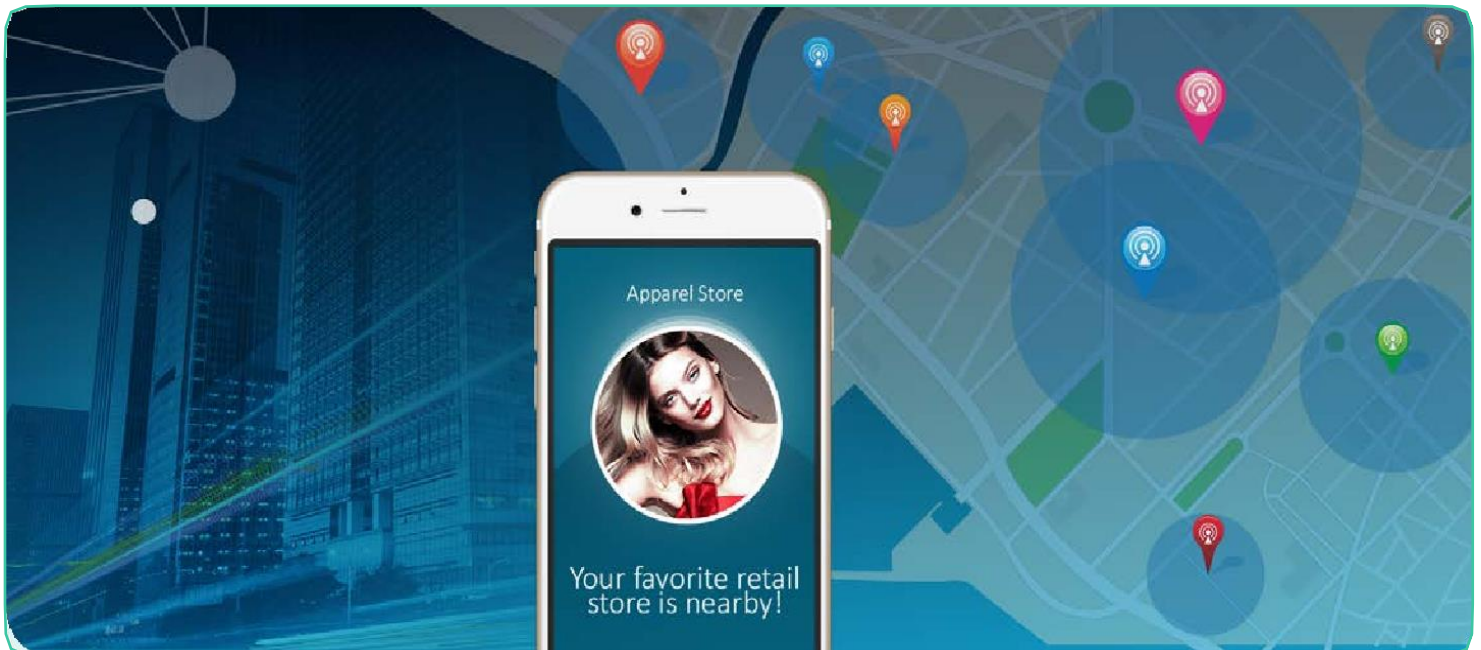
WORK OUTSIDE-IN

Most customers start with location (or macro-location) before implementing proximity (or micro-location). By macro-location, we mean geofences (which are based on GPS, cell tower, and Wi-Fi, and are effective from tens of meters and up). These software-based boundaries are typically used for building-level accuracy. By micro-location or proximity, we mean beacons (which are based on Bluetooth, and have an accuracy of inches up to 50 meters), which provide precise in-venue analytics and engagement capabilities where geofences stop.
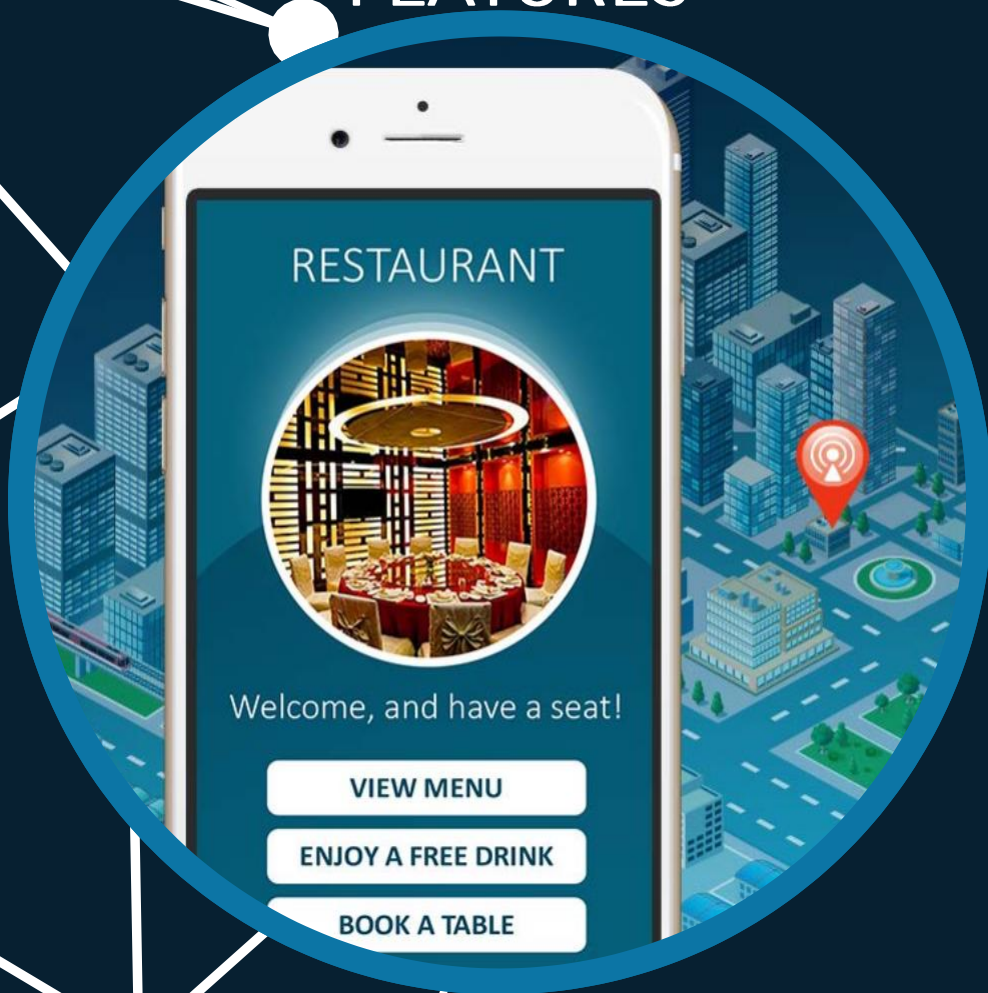
Geofences are virtual perimeters that are great for seeing when people are near your building location to help drive messages to entice them to visit. They are also great for seeing people enter the building and/or leave, and understanding their dwell-time in your premises. For the purposes of driving traffic into your venue, or to greet consumers with an overall brand message, geofences are often sufficient and effective. The additional benefit of geofences is that they do not require any hardware to implement. Gimbal offers a "next generation" form of geofencing – enabling an enterprise to set up nearly an unlimited number of geo-fences, select either polygonal or radial shapes, and be able to see consumers entering a fence and trigger actions even when the app is closed and the phone is completely passive. With this next-gen approach it is possible to turn on hundreds of thousands of geofences and get to work almost immediately.

Proximity beacons are great for seeing within feet or inches or as wide as 50 meters when people approach or reach a location. They are ideal for attracting consumers to a particular shelf or display or rack or counter, to greet, to provide information or entertainment, or to provide offers. For indoors as well as outdoors, where accuracy is important, they are amazingly powerful signals. In addition, they enable use cases that NFC, RFID and other technologies are incapable of offering, particularly in passive use cases, and they are much more easy and cost- effective to massively scale.

The reason for working "outside-in" is simple – until you have mastered the ability to analyze and act upon customers coming into your venue at a building level, worrying about what they are doing at a department or shelf level is likely to be too complex. We typically see customers start off by geofencing all of their locations and other points-of-interest **immediately**, while beaconing perhaps 20% of their venues. A few months later, once they have mastered their macro-location reporting and optimized their micro-location use cases, they then roll out beacons to the remainder of their venues.

CONSUMERS SHOULD BE GIVEN THE OPTION TO OPT-IN TO LOCATION AND PROXIMITY-POWERED FEATURES

MAXIMIZE AUDIENCE REACH

One of the biggest challenges for most enterprises is that their mobile application has limited penetration into their overall customer base, and therefore limited reach. Even household brands are fortunate if 10% of the customers entering their venue have the app for that enterprise on their mobile phone.

There are two ways to help address this issue and increase reach:

- Create truly engaging location and proximity experiences. We call apps on a mobile phone "mobile apps," but in most cases they are really just web or PC- apps that have been shrunk down to fit within the form factor of a mobile device. They don't actually come to life or do anything special when one walks into a coffee shop or restaurant or hotel. By creating clear consumer benefits triggered by proximity – automatic check-in at the hotel or restaurant upon entry, ordering your coffee when entering a favorite café – the app becomes much more valuable and customers are much more likely to download that app and have a direct relationship with the enterprise. After all, who **does** want to wait in line for a coffee every morning? By making mobile apps actually mobile, it is possible

- Leverage a broader mobile publisher (app) network. At Gimbal, we have worked hard to create a larger network of mobile publishers in order to cover hundreds of millions of consumers. The reason for this approach is that no individual enterprise app has that kind of reach. A major hotel chain, for example, may be able to create the most amazing immersive app for checking in customers and popping up menus at the restaurant and suggesting a drink while by the pool, but only a minority of their guests will have their app and hence access to this rich experience. By connecting with the customer through partner apps, in this example potentially a travel or lifestyle-related app, that hotel chain will be able to reach a far greater percentage of their guests to add value.

ADOPT AN OPT-IN APPROACH AND CLEAR MESSAGING

For most consumers, the relationship with a mobile phone is tighter and more personal than to their laptop – no doubt in part because screen-space is limited, and because the mobile device is almost an extension of their person wherever they go. As a result, privacy and opt-in are more important in the mobile world than in the web-based world.

At Gimbal we strongly advocate an opt-in approach. Consumers should be given the option to opt-in to location and proximity-powered features for each app on their phone. We think of it as a consumer opting into a closer 1:1 relationship with a specific brand they admire and follow, and in return receiving more personalized, real-time, and in-context experiences. Mobile apps should not share first- party data without explicit consumer consent.

BY MAKING MOBILE APPS ACTUALLY MOBILE, IT IS POSSIBLE TO CREATE A MUCH MORE COMPELLING REASON FOR A CUSTOMER TO DOWNLOAD YOUR APP AND USE IT MORE OFTEN

Best practice is to tailor the opt-in experience to inform the customer **why** the enterprise wishes to know their location, and to explain clear benefits for doing so. A message such as "Share your location with us to participate in automatic hotel check-in" is both better marketing and better policy than to just pop up a generic message to opt in to location- based services. It understandably results in a much higher opt-in rate as well.

FROM DATA,
TO EXPERIENCES,
TO OFFERS

As one of the earliest and largest players in the mobile location and proximity space, we have seen a large number of customer deployments across many different industries and use-cases. With this experience we have a good sense of what has worked (and not worked) over the years. While there are literally thousands of uses for geofencing and beacons, we have seen that they generally fall into three broad themes, and that most successful customers adopt these themes in the same order:

Data (know thy customer): Highly accurate and persistent location and proximity data collection enables the production of rich customer profiles. It is the equivalent of web analytics for the real world. In the digital world, with consumers visiting sites called *web*sites, we have long been able to see a customer's journey – where they are, how long they are there, what exact product they are viewing, their social graph, their favorite locations, and more. It is now possible to get effectively the same thing in the physical world – what *physical* sites a consumer visits, how long they are there, at what shelf or in which department are they dwelling or lingering, who their friends are in the real world, and what their favorite locations are in the real world.

Before even engaging with a customer proactively, a bonanza of new information has already been provided for most businesses that operate in the physical world: Who are my customers? Not just the ones who purchase something and leave a transaction record, but all of them — including those who have an interest in my product but have not yet made a purchase. What demographic and behavioral segments do they fall into? What did they look at, but not buy? Where did they go before and after they visited my venue? How can I use this information to continue to engage with, or re-target, the customer through other marketing channels besides mobile? This kind of information is incredibly illuminating for many enterprises, and enables them to incorporate mobile and their physical channel into creating a true omni-channel approach.

Experiences (making your mobile apps truly mobile): Today we call the apps on our phones "mobile," but that is not really the case. Over the last several years, most enterprises have done an exceptionally good job of scaling down their PC/laptop-based web apps to mobile apps with fairly equivalent functionality, featuring user experiences and UI's that work within the smaller form factor. But they are not actually location and proximity aware, and hence truly mobile. Your pharmacy app does not know exactly when you pass through the front door, and pop up your shopping list or reminders of your prescriptions to fill. It certainly does not know you just entered Aisle 12 and are in front of the pain remedy section.

By incorporating location and proximity information and triggers, it is possible to create unique, delightful consumer experiences that are very engaging – automatically checking you in when you enter a hotel where you have a reservation; informing you which items are on sale as soon as you enter a store; alerting you when a table is ready for you at a restaurant; ordering cappuccino for you automatically as soon as you pass through the front door of a café; unlocking an ATM door as you approach. Customer acceptance of these kinds of use-cases, and willingness to opt in, is high and growing every day because there are clear benefits to the user – who actually **wants** to stand in line for coffee five to ten minutes every day or search every aisle in a store to find the best bargains? For enterprises that have an app presence, adding location-powered marketing can offer a boost to their ability to effectively engage with their customers.
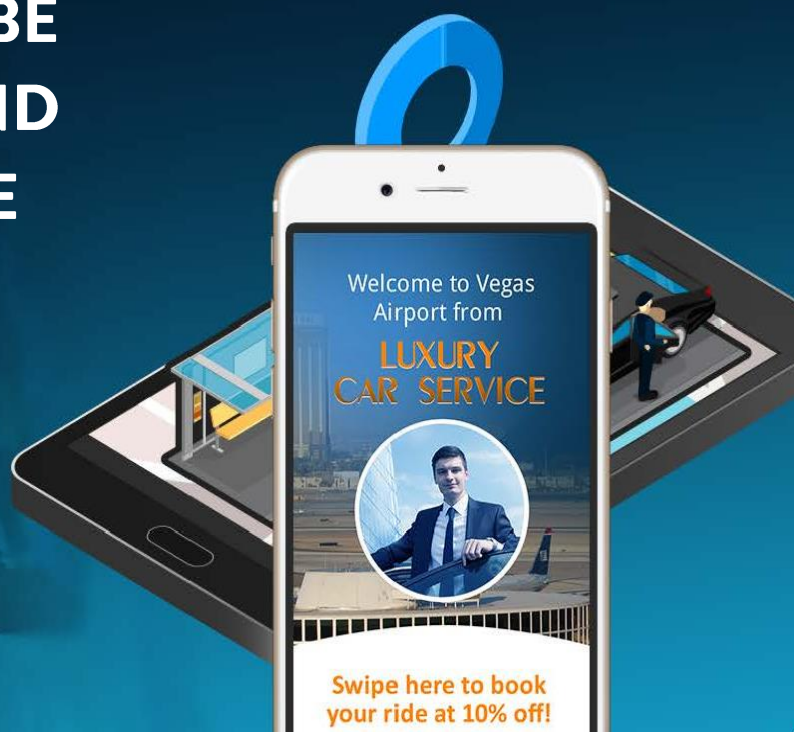
Offers: One of the most obvious and immediate use-cases that comes to mind when discussing location and proximity-triggered marketing is offers, including advertising and coupons. When done well, in the right moment and context, proximity-triggered advertisements have *literally* order-of-magnitude higher performance than other adjacent forms of advertising. However, we strongly advise enterprises adopting location-based marketing programs that offers and advertising be implemented at the very least in tandem with implementing data and experiences.

The reason is simple: for most users a mobile device is more personal than other forms of media, it is persistently on their person, and the screen size is smaller, so the tolerance for poorly targeted or untargeted content is much lower. Offers need to be well-targeted and/or in-context to be effective. This is most often well-executed when you first have sufficient data about the consumer to understand their interests and needs, and have created compelling mobile experiences within which offers are presented.

Enterprises with their own app also have a choice as to whether messages or offers are something to appear within an ad unit within the app, or to have the app itself make offers part of the native app experience. Clearly and intuitively, the latter has a much higher uptake by the consumer, because the offer itself is an experience.

In short the best practice implementations we have assisted contemplate a balance of data, experience, and offer elements to create a comprehensive program. Further, and importantly, they often implement consumer experiences in that order – learn about the customer first and decide upon the best use-cases; create delightful experiences which drive consumer adoption of the app and uptake of the experiences; and then introduce offers (including loyalty and advertisement) once they have their feet under them.

OFFERS NEED TO BE WELL-TARGETED AND IN-CONTEXT TO BE EFFECTIVE.

SUMMARY

Location based marketing has come a long way in a short time, and is poised to increasingly become an integral part of the way that enterprises understand and engage with their customers. While its evolution is by no means complete, there are a number of best-practice principles that can be drawn from the current state-of-the-art that will strongly benefit enterprises and publishers as they set up their programs:

- Focus on the entire customer journey
- Less is more
- Create compelling content
- Work outside-in
- Maximize Reach
- Adopt an opt-in approach and clear messaging
- From Data, to Experiences, to Offers

As the industry continues to evolve, and new capabilities develop, further insights are likely to come to light. In the meantime, the principles listed above, if adopted proactively, can help enterprises optimize their location and proximity- powered digital marketing strategies in accordance with prevailing industry best practices.

We at Gimbal are excited to be a part of this exciting revolution in marketing, and are happy to be a resource to enterprises, mobile publishers, and advertisers/brands seeking to establish and/or scale their programs.