The Power Of Proximity Marketing

USING LOCATION & BEHAVIORAL DATA TO IMPROVE CUSTOMER EXPERIENCE

RETAIL MARKETING today is less about messaging from afar and more about engagement. For that reason, companies are increasingly turning to strategies like proximity marketing to make the shopping experience more personalized or to improve the overall quality of interactions between the business and its customers. Proximity marketing, according to Rob Murphy, vice president of marketing at Swirl Networks, “is the ability to use digital location signals, including Wi-Fi, Bluetooth beacons, and visible light communications [VLC], to trigger the delivery of relevant mobile content or services based on the precise indoor location of a smartphone user.” A prime example of this would be in a retail setting where you may place a Wi-Fi or Bluetooth beacon at the entrance to a store so that when a customer that has opted into the service walks in, they immediately get access to “in-store sales, available loyalty program rewards, saved shopping lists, and new product arrivals,” Murphy says.

The main goal of proximity marketing is to make visitors feel as though each time they enter a store, even if it’s the thousandth time, it’s going to be a unique experience. It’s a way to make the customer feel like they’re being catered to personally. This has applications beyond retail, as well, because there are many events and locations where proximity marketing or similar concepts can be employed to improve the overall experience.

The Reach Of Proximity Marketing

Murphy points out that “with the exponential growth of the smartphone industry, advertisers now have access to customer location and behavioral data that makes it much easier to personalize marketing messages.” For example,
you may notice that a specific segment of customers always walk into a store's electronics department, look at televisions, and then use their phones afterward before eventually walking away without making a purchase. With proximity marketing and a properly placed beacon, you might be able to send a coupon or special offer to the customer on the spot and get them to purchase the TV on-site rather than turning to an online competitor.

However, as we mentioned, proximity marketing isn’t only for retail. In fact, Murphy says, “as proximity marketing enhances the ability to send the right message to the right person at the right time, the range of businesses utilizing proximity marketing is quite broad, including companies in the retail, health care, dining, hospitality, travel, events, and venues sectors.” When a hotel visitor walks into the lobby, you might be able to automatically send information about how to check in, what the room number will be, special events going on around the hotel, and the like. And in a hospital setting, you may be able to keep better track of patients as they move through the facility and come within range of specially placed beacons.

“Leading retailers are using proximity marketing to drive mall shoppers into their stores by enticing these nearby shoppers with messaging about new merchandise, in-store product demos, and compelling offers,” says Murphy. “Additionally, retailers are relying on the power of indoor location and proximity marketing to enhance in-store services, streamlining buy-online, pick-up in-store programs with instructional messaging sent to shoppers and store personnel the moment a shopper arrives at the store, and providing mobile check-in for tech support appointments, design consultations, or retail-based health care clinics.”

The Potential Of Proximity Marketing

As far as Murphy is concerned, the main benefit of proximity marketing is “the ability to help retailers transform and enhance the in-store experience to better reflect the needs of digitally savvy shoppers.” And that’s really the most important piece of the puzzle. Companies aren’t able to use traditional marketing methods anymore, because much of it possesses that “been there, done that” quality. Consumers simply demand more from companies now and want to feel like the shopping experience, trip to the doctor, or whatever interaction is as personal as possible. They want to feel welcome while taking advantage of the convenience of a mobile device at the same time.

Another major benefit for companies that want to use proximity marketing is that you can learn a lot about your customer base, how they think, and their general habits. Imagine being a retail store and knowing exactly how customers move through the store, where potential bottlenecks are, or even which aisles are completed neglected. You could fundamentally change the layout of the store to better fit the needs of customers. This concept is also applicable to restaurants, hotels, hospitals, and other locations. Proximity marketing offers the ability to give customers want they want even before they themselves know what they want.

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ROB MURPHY
Vice President of Marketing
Swirl Networks

Phunware offers tools so businesses can send special offers directly to customers, which is crucial for using proximity marketing in retail settings.
and being able to engage with shoppers at a specific time and place within a store is an incredibly valuable capability,” but he also admits it can be difficult to jump right into proximity marketing, like any other new technology, without first getting a grip on how to best use it. “Early learning has exposed what type of content and services shoppers consider most valuable and how often they’d like to be messaged,” says Murphy. “Similar to the ecommerce world, the opportunity for personalization increases with the amount of shopper data amassed, and therefore the content and services available to shoppers continue to improve as retailers gather more behavioral data to better understand their shoppers.”

**Vendors In The Market**

One thing that can be said about the proximity marketing industry is that it is on a clear growth path for a variety of reasons. First, according to Murphy, is “the rapid growth in the total number of mobile devices due to our collective love for and reliance on smartphones, tablets, and wearables.” Now that mobile devices are essentially extensions of human beings that go with us everywhere we go, it makes sense that companies would target these platforms more heavily. Add to that the fact that businesses are realizing the true potential of targeting customers in a smarter way, and you have a recipe for success. “Major app publishers and mobile audience owners are recognizing the value that indoor location brings to providing their users with relevant content and services, and are opting to enable their mobile apps to interact with these retailer-controlled location signals,” Murphy says.

So, where can companies turn when they want to start taking advantage of proximity marketing technologies? Well, it turns out there’s substantial variety in this space in terms of vendors and solutions. Swirl Networks, for example, tails its solutions to retail marketers, store operations, and mobile audience owners (as Swirl calls them) to make it easy for businesses to find the appropriate solution. For retail scenarios, there are tools that help businesses gather customer behavioral data or even change the infrastructure of the retail operation to better cater to customer needs. And for mobile audience owners there are tools that will help improve applications, measure capabilities, and increase the monetization potential of customers.

Spreo is another provider of indoor location solutions to consider and one of its biggest offerings involves combining cloud computing and the internet of things to establish a proximity marketing strategy. The way it works is that you have mobile applications, assets, beacons, and analytics solutions on the ground floor that are all sending information back to a cloud dashboard where you can gain insights or push information out to these hotspots. Instead of having an on-premises solution that would require major IT support, you get an easy-to-use cloud-based control center where you can manage all of your proximity-based devices and services.

Similar to other vendors, Phunware focuses on proximity marketing-style technologies, but it does so while focusing on different industry verticals and illustrating the versatility of the concept. Phunware offers solutions specifically designed for companies in media and entertainment, health care, aviation, residential, retail, and shopping centers. In the media and entertainment space, Phunware is responsible for the mobile experiences of applications including FOX NOW, The CW, the WWE Network, and NASCAR.

All of these vendors are taking unique approaches to the same concept and offerings solutions for companies in almost any industry. In many ways, the term “proximity marketing” is somewhat limiting because it immediately brings to mind advertising and retail. But the technology can also be used as a pure user experience platform to make sure you can attract customers and keep them engaged once you have them. It fits perfectly into the digital transformation that many companies are going through right now where they need to find new and unique ways to reach out to customers.