

COLUMNS

Three R's of mobile location-based marketing

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Location-based marketing is a much talked about subject among large national retailers, local merchants and digital media agencies.

Even Silicon Valley entrepreneurs want to get in on the action, creating innovative applications for mobile check-in and checkout, location-based gaming and buying, and advertising.

From simple local advertising and more complex location-detection technology using GPS and triangulation that is available on most smartphones, location-based marketing is using a diverse array of methods to help marketers achieve their goals.

Marketers are tapping mobile location-based services (LBS) to compel customers to use various types of applications to engage with the brand, product or venue via their mobile phone to drive new customer acquisition and expand their existing loyalty programs.

Given these two important drivers, most brands and retailers need to consider the three "R's" of a mobile LBS marketing campaign: reach, relevancy and redemption.

Reach

It is imperative that any mobile campaign reaches the entire universe of customers for the brand or retailer in question.

It is simply not enough to target only the "customers using smartphones." This segment may be very small for the particular brand or retailer.

Today smartphone penetration is, on average, only around 30 percent of the subscriber base. Most consumers are still using feature phones that allow for voice calling and simple text messaging (SMS).

Relevancy

Having a location-based mobile campaign targeted at the right segment of users is likely to yield the best results. The question becomes how do companies find or develop a relevant segment of customers to target?

A direct way is to target customers who have opted-in for promotions and offers.

Another way to capture real-time customer intent is in the context of a mobile search, such as "Mexican Restaurant Denver." This is similar to search-based advertising online, with a greater chance of a more immediate physical click-through purchase.

You can also infer location when you have location information in your customer database. Mobile phones can also help pinpoint the physical proximity to a venue, product or service.

Redemption

Redemption is also referred to as engagement.

What triggers a customer to engage is it a coupon or an offer that is presented by some action, such as check-in at a particular venue?

Or is it the act of capturing a picture of the product or venue and certifying, "I am here"?

Mobile location-based physical engagement is now possible in number of ways such as physical proof of presence, act of check-in and then checking-out or being able to act on a flash time-based sale by showing up in-person.

Some of the ways in which such campaigns are being implemented include

Message-based location alerts

Smartphone-based Mobile Applications

Message-based alerts

Such services typically require a pre-emptive opt in by the user in advance of an alert being pushed.

Alerts can take the form of SMS text messages based on a rule for example, "Send me a coupon for my favorite local restaurants as and when they become available."

The vast majority of phones support this capability and universal location services can help locate phones across all wireless carriers.

An important factor to consider is the cost for such a broad based campaigns because remotely locating a phone that does not have GPS capabilities incurs a significant cost.

Smartphone applications

Another way to capture the attention of consumers on the go is to develop smartphone applications that extend the brand or retailer's presence on mobile phones.

These applications can provide a new way to share product details, deliver offers, allow users to confirm their presence at a particular venue (check-in), and leverage social media to share their intent or desired purchase.

Smartphones are equipped with GPS tools to allow location to be captured instantly allowing the application to provide a personalized and customized experience.

IN SUMMARY, in undertaking any LBS campaign, a marketer can maximize its customer base by reaching users of both smartphones and non-smartphones.

A program will be most successful that uses both intelligent applications and broad SMS alerts.

Privacy and transparency of what is being done with the user's "location" should be disclosed and shared with the user at all times.

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