Proximity Marketing: Now Shopper Ready

Alex Romanov, CEO, iSIGN Media

With nearly 90% of adults in the U.S. now using mobile phones and the majority of those users going online with their mobile devices (Pew Internet), the mobile communications revolution is in full swing. This unprecedented level of 24/7 connectivity has changed the way people live in countless ways – providing a medium to connect in real time with family and friends, merging digital and physical experiences and even sparking social movements. It’s also changing the way marketers study consumer behavior and the opportunities customers have to learn about merchant offers.

According to analysis from Deloitte, smartphones currently have an impact on 5% of in-store sales, but that number is expected to grow to 19% in just four years. The amount of retail sales influenced by smartphones is projected to reach nearly $700 billion. One way the influence of smartphones will grow is through the use of proximity marketing.

Proximity marketing leverages location-aware technology to enhance the customer experience, delivering offers to customers in the right place and at the right time. By combining point-of-sale digital signage with mobile messaging capabilities, merchants can now deliver relevant, permission-based communications and targeted offers to generate new revenue streams and gain valuable customer insights.

Mac’s Convenience Stores Shoppers Respond Positively to Proximity Marketing

Mac’s Convenience Stores, Inc., Canada’s largest convenience store chain and the second-largest chain in North America, recently rolled out a proximity marketing campaign in its Toronto-area stores. Since the retailer began broadcasting messages to customers from in-store digital signage, the stores haven’t logged a single complaint, signaling a growing acceptance of proximity marketing.

The permission-based messages give mobile phone users the opportunity to opt out if they do not wish to receive a message. Those who opt-in receive rich media promotions and offers for in-store bargains. Consumer privacy is completely protected since the messaging system Mac’s uses leverages BluetoothTM technology, which enables messaging without collection of sensitive data such as phone numbers or user names by using a hardware signature instead.

Since the recent proximity marketing strategy test launch at Mac’s locations in Toronto, metrics have garnered an impressive positive response from customers. Also, the acceptance and declining of various offers will allow Mac’s to manipulate advertising and promotional campaigns to help improve ROI. Mac’s marketing professionals have received valuable metrics from both types of responses, using

the data generated to further hone their marketing messages and gain valuable insights into their customer base.

In-Store Messaging Delivers ROI

Proximity marketing capitalizes on the fact that customers are much more receptive to offers if they are in sight of the item being promoted. That's why the proximity messaging at Mac's Convenience Stores has been a success: Customers enter the store and receive a transmission to their Bluetooth-enabled smartphone offering a discount on a nearby item.

The tendency for consumers to act on messages received in close proximity to the point of sale has been documented by research and anecdotal evidence. One Canadian restaurant improved ROI significantly and generated up to $10,000 in additional revenue with a proximity marketing strategy that identified mobile devices within range and broadcast messages targeting potential customers.

Proximity Marketing Is Shopper Ready with Consumer Privacy Protections

Proximity marketing is a shopper-ready technology because it allows merchants to create a high-tech promotion strategy with consumer protections at its core. Unlike scatter-shot email marketing campaigns that target prospective customers more or less randomly, proximity marketing delivers higher ROI by reaching consumers who have signaled an interest in the merchant's products or services by arriving at their location.

And because a Bluetooth-based proximity marketing strategy uses a technology with which customers are already familiar, potential customers tend to be less concerned about compromising vital personal data or falling prey to a text-based marketing scheme in which they unwittingly incur costs. A permission-based system further assures prospective customers that the merchant respects their privacy. For these reasons and more, consumers are now ready to embrace proximity marketing.

The Implications of Consumer Acceptance

Shoppers' acceptance of proximity marketing has the potential to profoundly change the way customers and merchants engage with one another since it blends "real-world" and digital messaging in a brand-new way. It also facilitates greater levels of customer interaction, targeting consumers when they are most ready to buy and delivering valuable offers in a rich media format.

Proximity marketing provides merchants with fresh insights into consumer intent, even while protecting consumer privacy. By adding another layer of interaction to the consumer experience, merchants are learning more about how to target prospective customers, and consumers are gaining valuable offers and additional opportunities to engage, which is changing the retail experience in a positive way.

Posted by Sara Cohen, Editorial Intern

July 17, 2012

Source URL (retrieved on *03/10/2014 - 1:29pm*):
http://www.wirelessdesignmag.com/blogs/2012/07/proximity-marketing-now-shopper-ready?qt-most_popular=0