



Mapping the **Indoor Marketing** Opportunity



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Offline analytics and indoor location will change the way that retailers, venue owners, manufacturers and brands think about operations, marketing and the customer experience. Opus Research predicts the market for indoor location and place-based marketing and advertising to surpass \$10 billion by 2018.

By **Greg Sterling**

Senior Analyst, Opus Research

with

Derek Top

Research Director, Opus Research

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For information on purchasing options for "Mapping the Indoor Marketing Opportunity" contact: Pete Headrick, pheadrick@opusresearch.net, +1-415-904-7666

Key Findings ▼

- Brands, retailers, ad networks and publishers are starting to grasp the opportunities and potentially radical changes coming with offline analytics and indoor location.
- Overall, by 2018, Opus Research predicts around \$10 billion in spending to be touched or directly affected by indoor location.
- The rise of indoor location, offline analytics and proximity or place-based marketing will impact several areas: hardware/IT spending and software licensing; coupon distribution, in-store merchandising and shopper marketing; and geo-fenced mobile advertising.
- Several converging trends are driving the market: smartphone adoption, indoor mapping, the demand for indoor/retail analytics and the effort to “close the loop” between online advertising and offline sales.
- Third party estimates indicate roughly 1,000 retail locations in the U.S. are already using or experimenting with some form of indoor location for analytics or customer experience purposes.
- Currently there’s no dominant indoor-technology standard; most properties will eventually utilize multiple approaches (e.g., Wi-Fi + Bluetooth) to ensure accurate indoor coverage.
- Value and competitive dynamics will make indoor location (and analytics) mandatory for most retailers. In addition, offline conversion tracking will become standard, changing how marketers think about the value of digital advertising.
- Commercial floor plans (and related geo-fences), combined with smartphone location awareness now make it possible to almost seamlessly track consumers as they move from outside to indoor spaces.
- While “microfencing” (very precise indoor marketing) is technically feasible, several considerations – including organizational culture, software compatibility and coordination challenges – will likely delay widespread adoption of aisle-level digital targeting for at least the 12 to 24 months.
- Merchants seeking to preempt the virtual intrusion of third ad networks and marketing into their stores will need to develop rich and useful app experiences to keep customers engaged.
- While the presence of smartphones enables merchants to monitor consumer movements without their consent, they should seek opt-in participation to actively engage in-store shoppers.
- Privacy will continue to be a central issue in the discussion surrounding indoor location and analytics; but a set of industry-adopted best practices will likely be established.

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