Survey of US Retailers' Use of Indoor Location

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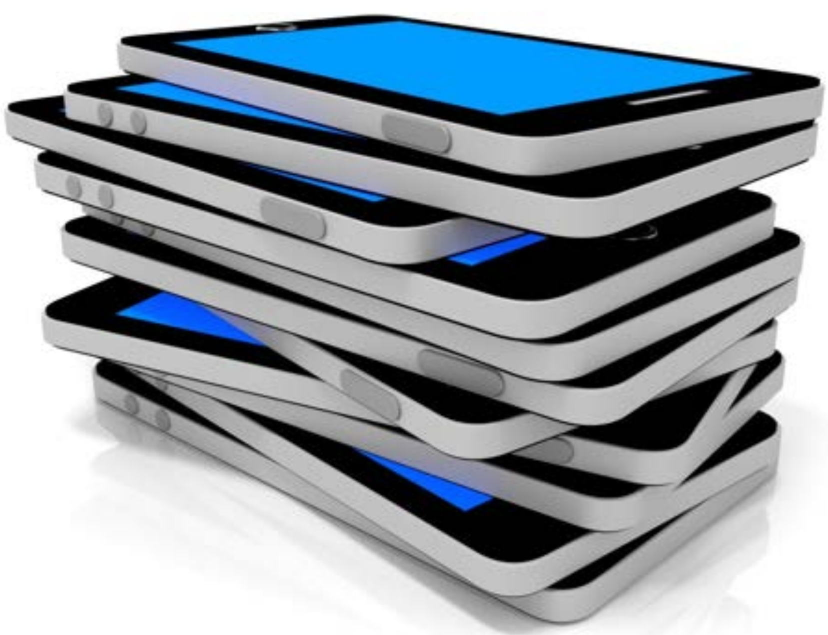
Derek Top

August 2014

Consumer Background

Smartphones: 70% Heading to 90%

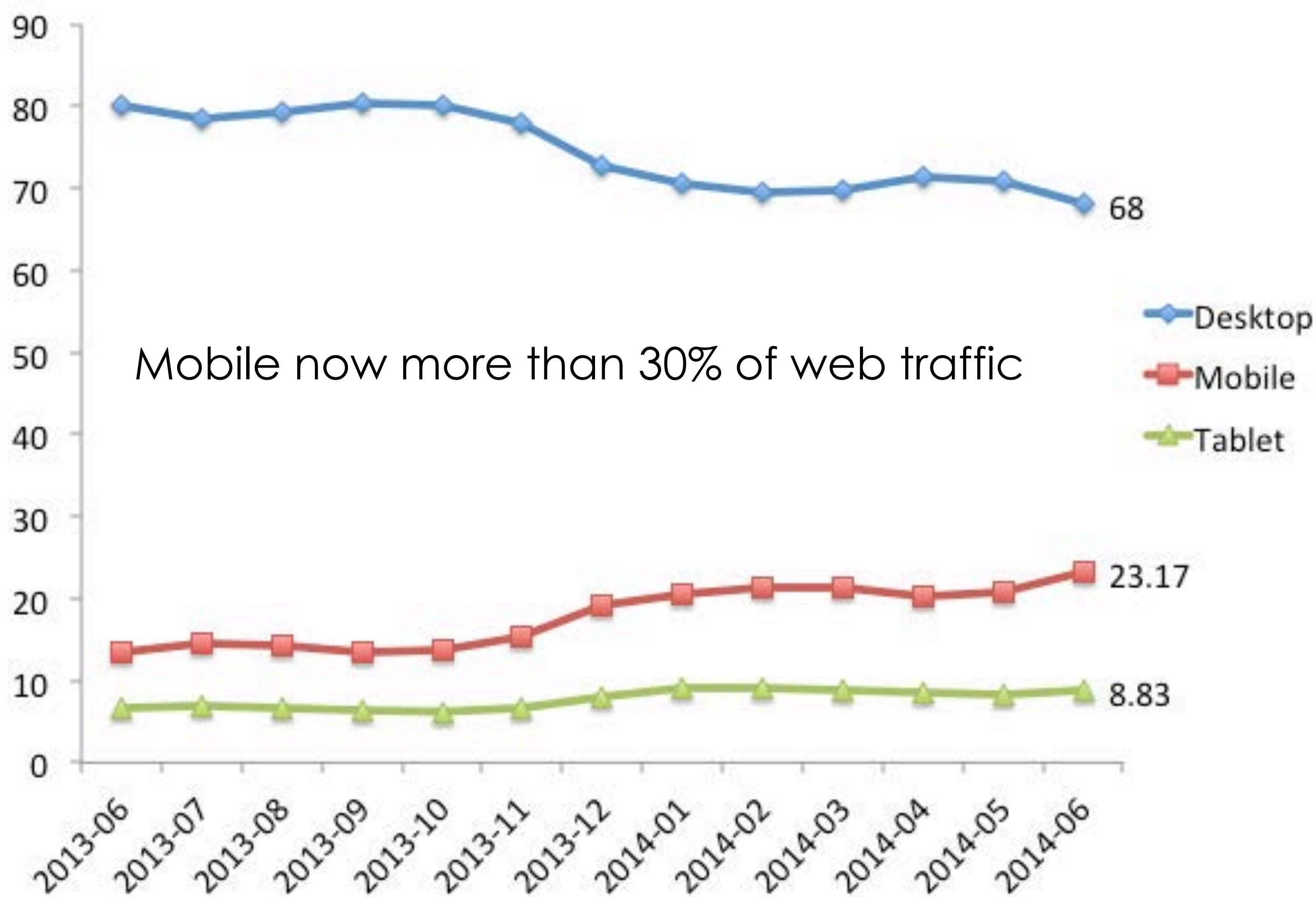


Smartphones:

- 70% penetration
- 160 million+ people
- Projection: 90% penetration by end of 2016

Source: comScore, Nielsen 2014

PC vs. Mobile Traffic



Source: StatCounter July 2014

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Mobile Now 'First Screen'

May 2013: US internet time on mobile devices exceeded internet time spent on the PC

February 2014: US adults spent on average 34 hours per month using the mobile internet on smartphones. By comparison, they spend 27 hours on the PC internet

Primary screen for younger users

Source: comScore (May 2013); Nielsen (Feb. 2014)

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Indoor Location Opportunity

Smartphones and In-Store Shopping

- Opus Research: 83% use smartphones in stores (Q3 2013)
- Pew Research Center: 72% use smartphones in stores (Q4 2012)
- JiWire: 80% used mobile devices in stores for shopping (Q2 2013)
- Thrive Analytics: 89% use smartphones while shopping at least sometimes (Q1 2014)

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Top In-Store Smartphone Behaviors

1. Compare/checked prices
2. Look for coupons or offers
3. Search for product ratings/ reviews

Source: Opus Research, E-Tailing Group, JiWire (2013)

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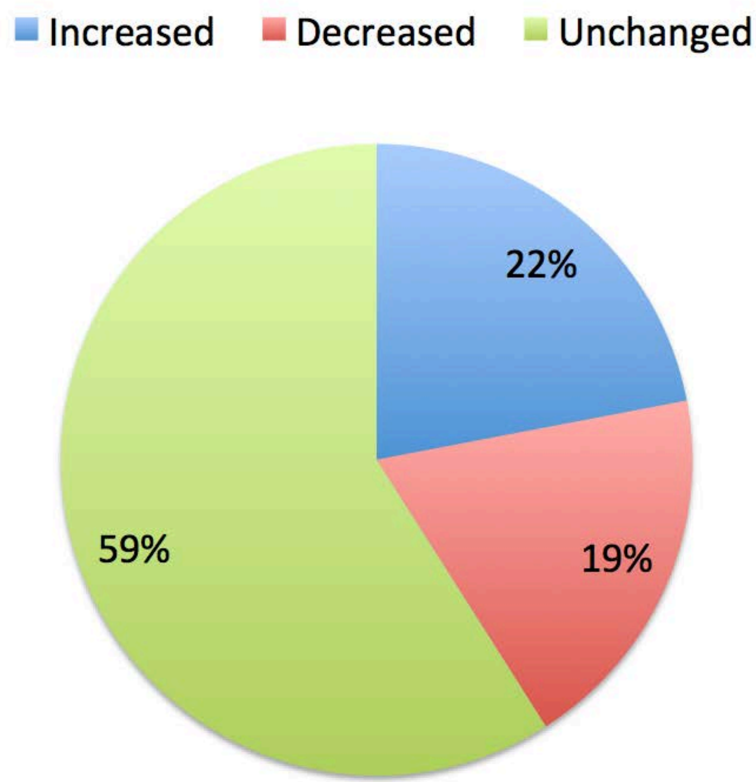
Impact of Mobile on Offline Shopping

Impact of Mobile Devices on Offline Retail Shopping



Because of mobile technology:

- 18 to 29 year olds +14% more likely to shop in stores
- $90K+ say -5% (decrease in offline shopping)

Source: Gallup March 2014

In-Store Marketing Impact

In-store offers/notifications have potential to impact consumer purchase behavior

Source: Swirl 2014, n=1,000 US adults

A Big Opportunity

Opus Research estimated that indoor analytics and in-store marketing could together be worth **$10 billion or more** over the next several years.

Yet the market could be considerably larger:

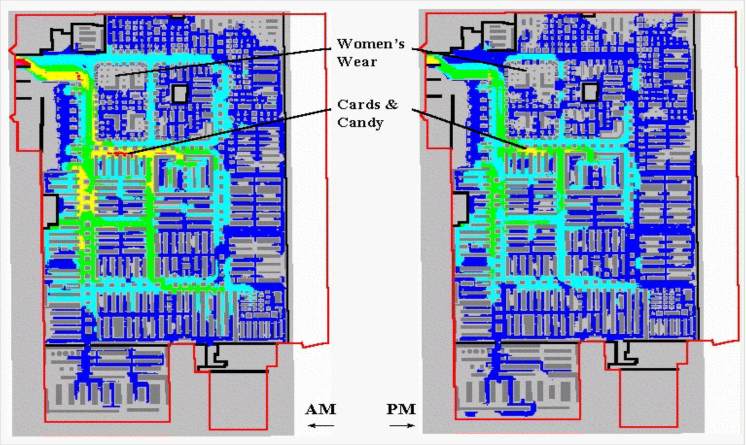
- **$20 billion to $50 billion** currently spent to influence consumer buying at POS in stores*
- Up to **$500 billion** spent annually on grocery, personal care and sundries**

**Kantar Media, Booz Allen, Deloitte, Veronis Suhler Stevenson*

***Nielsen May 2014*

Retailer Benefits

- Understand **in-store customer behavior** and patterns
- **Operational improvements**, more effective layouts/ merchandising
- Increase **in-store engagement**
- **Influence purchase behavior**, drive more sales



Beacon lift*:

- Interactions with advertised products increased by **19x** for users who received a beacon message
- In-store app usage was **16.5x** greater for users who received a beacon message

**Source: inMarket (April-May 2014) data drawn from 25,000 in-store shoppers across its app network*

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Retailer Survey Findings

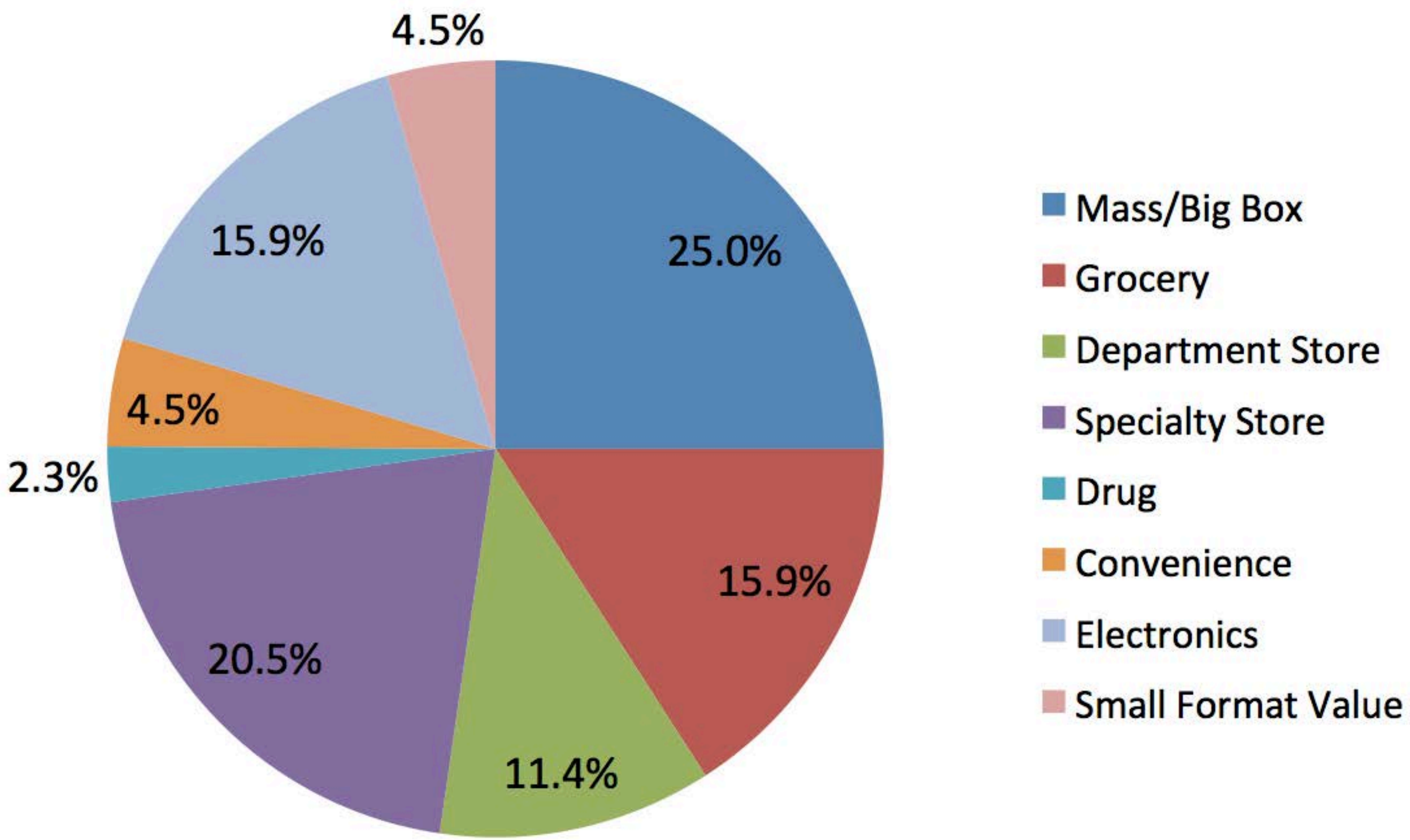
Survey Methodology

- Fielded June, 2014
- 66 US retailer responses
- Respondents from Big Box, specialty store, grocery, electronics, department stores, convenience stores
- Place 2014 conference pass drawing offered as completion incentive

Overview of Findings

- Most retailers (62%) currently not using in-store analytics
- Those doing tracking today primarily using “door counters”
- High degree of interest in indoor analytics among retailers not using today
- Lack of demonstrated ROI and confusion about indoor location technology holding back adoption
- 80% say interested re in-store proximity marketing; nearly 16% currently testing
- Majority would allow brands to communicate with in-store customers provided they were paid and could control message presentation

Retailer Respondents



Source: Opus Research June 2014 Retailer Survey on Indoor Location

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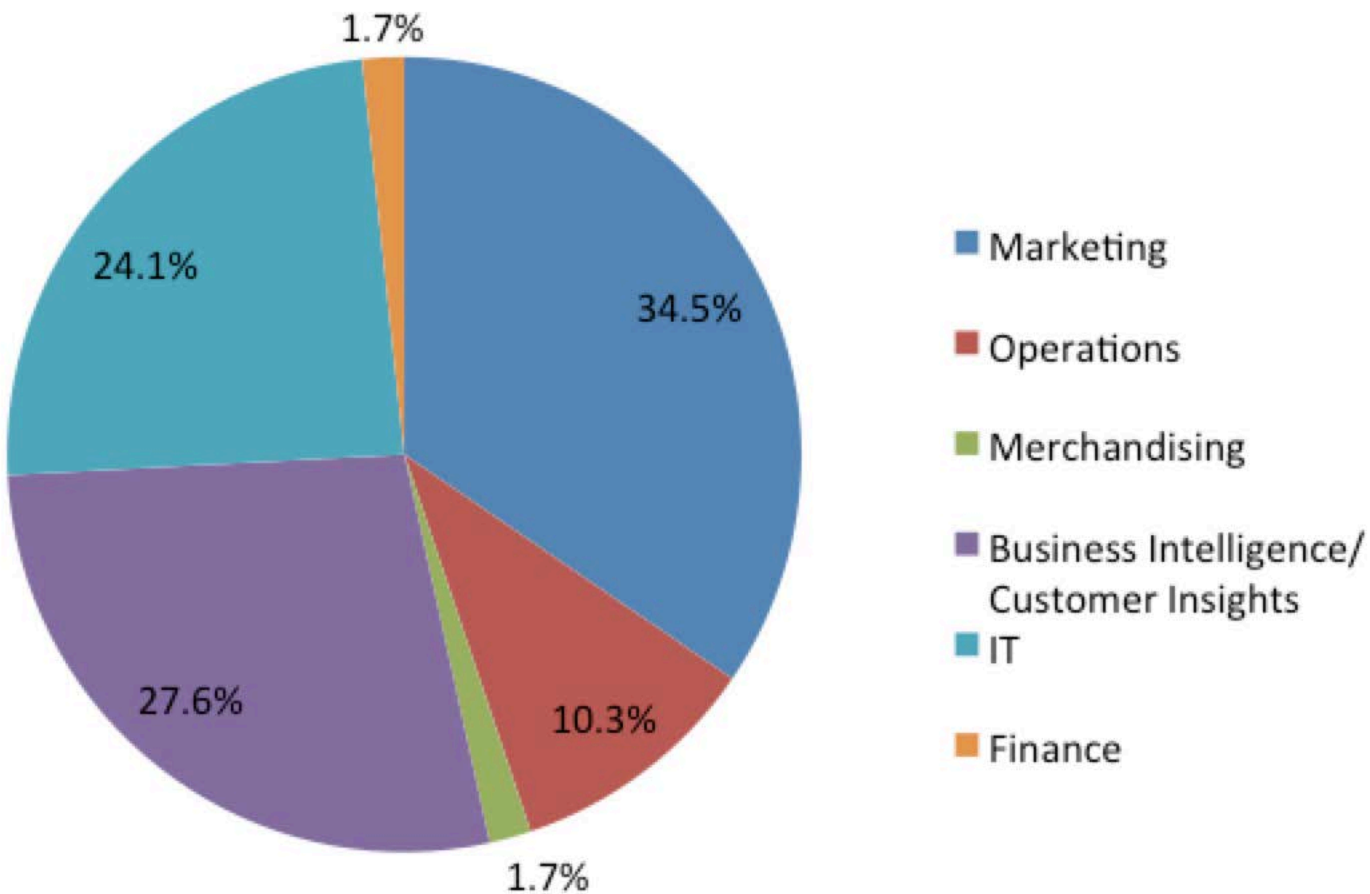
Business Units Represented



Source: Opus Research June 2014 Retailer Survey on Indoor Location

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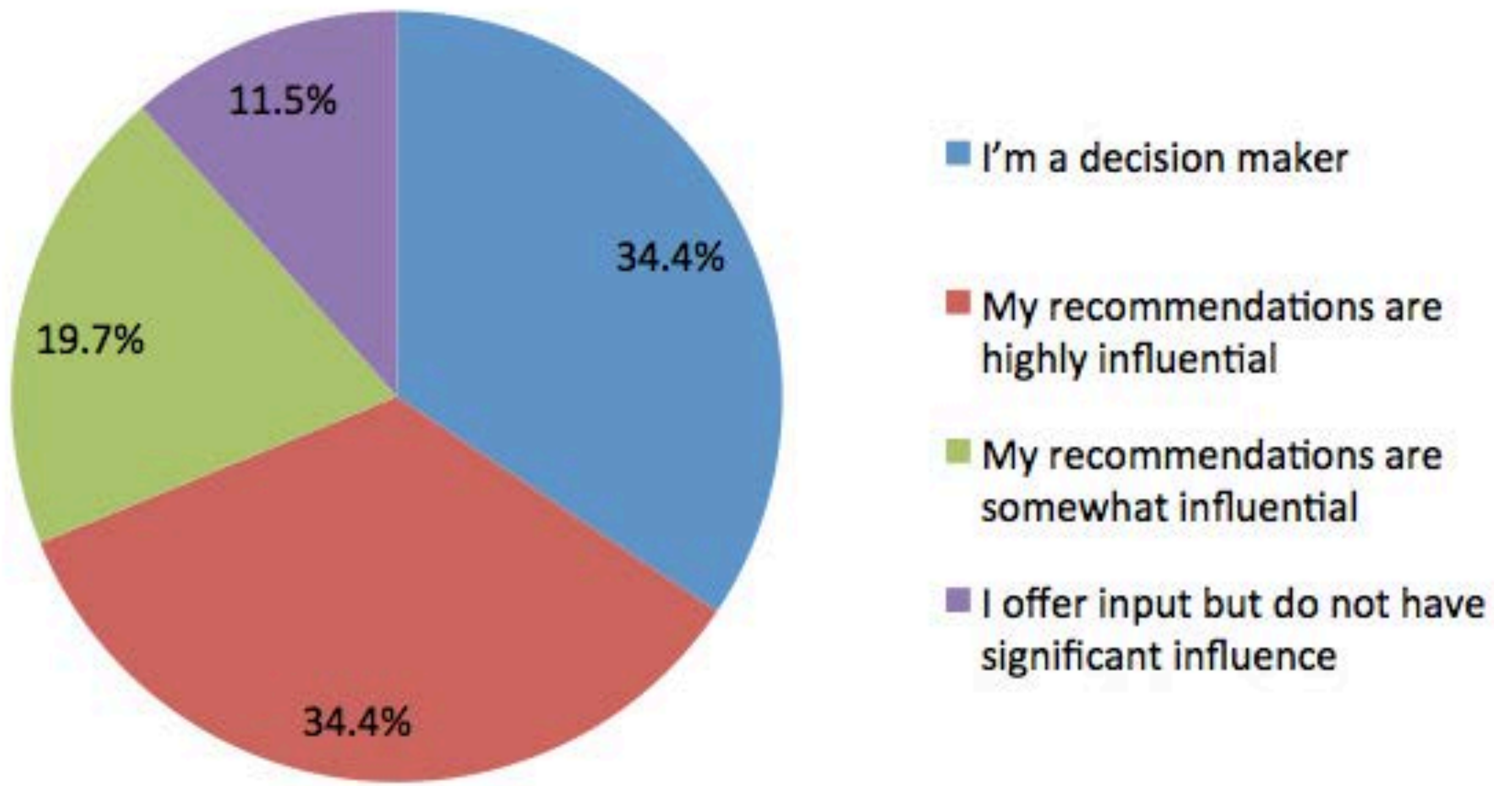
Respondent Influence



Source: *Opus Research June 2014 Retailer Survey on Indoor Location*

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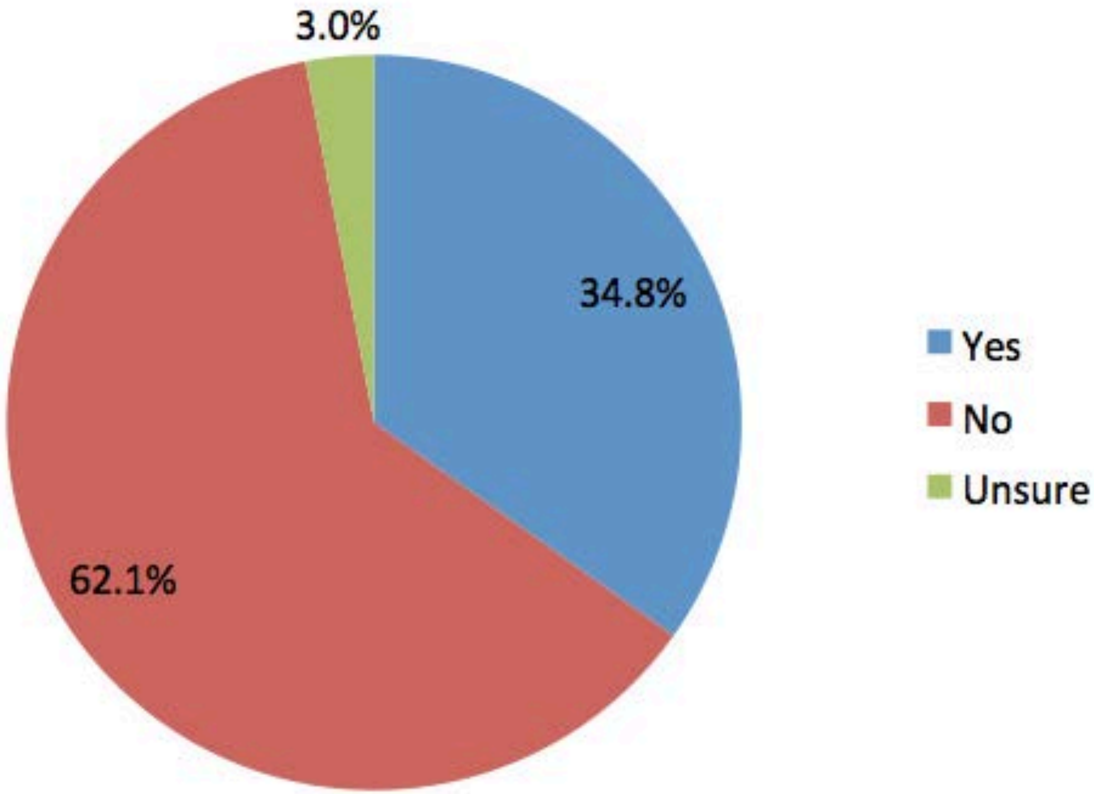
% Currently Using In-Store Analytics



Source: Opus Research June 2014 Retailer Survey on Indoor Location

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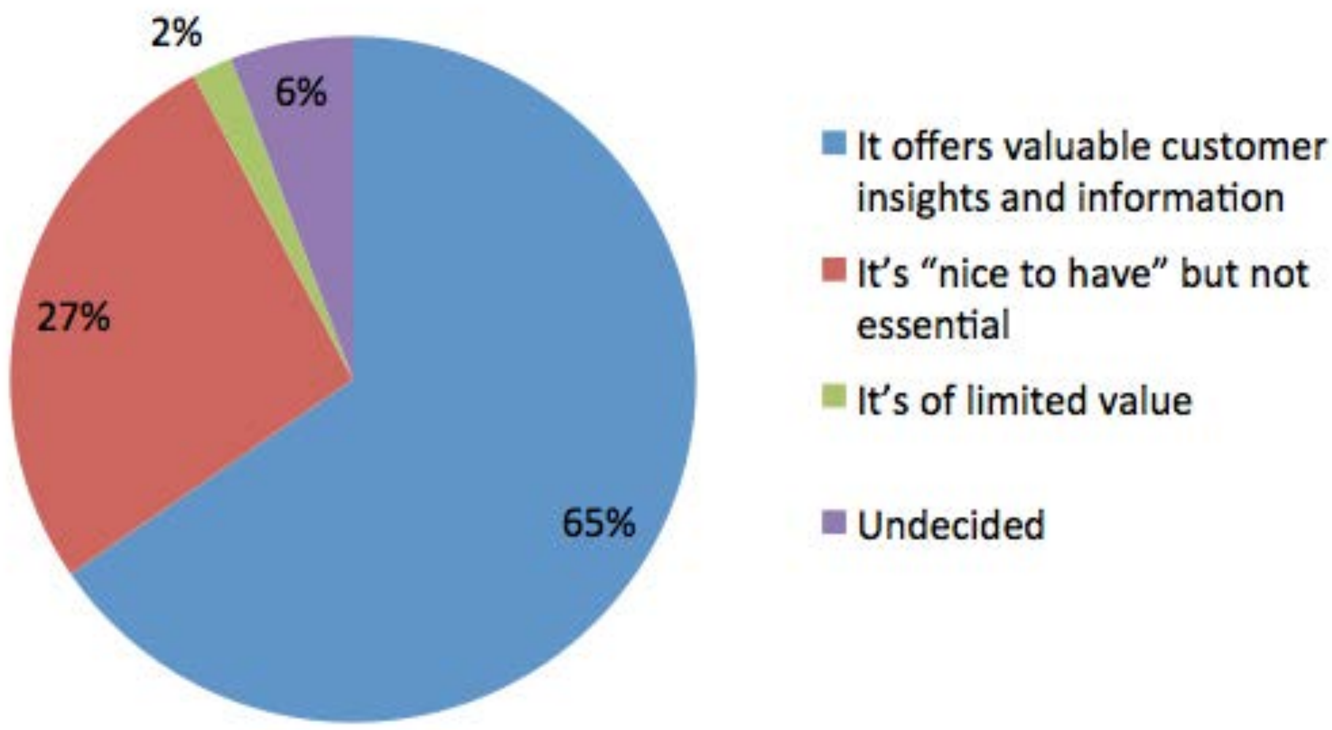
Value of In-Store Analytics



Source: Opus Research June 2014 Retailer Survey on Indoor Location

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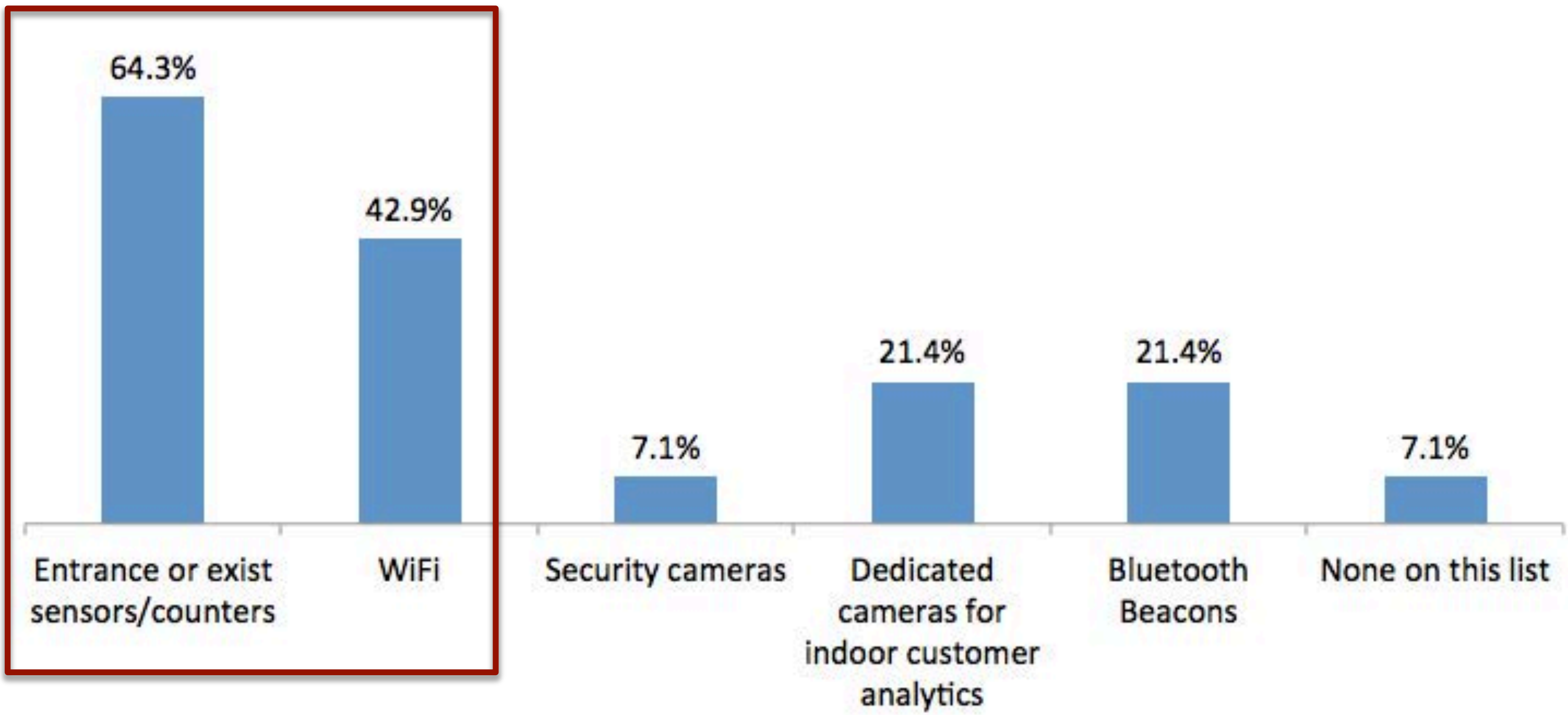
Indoor Analytics Methods Used



Source: Opus Research June 2014 Retailer Survey on Indoor Location

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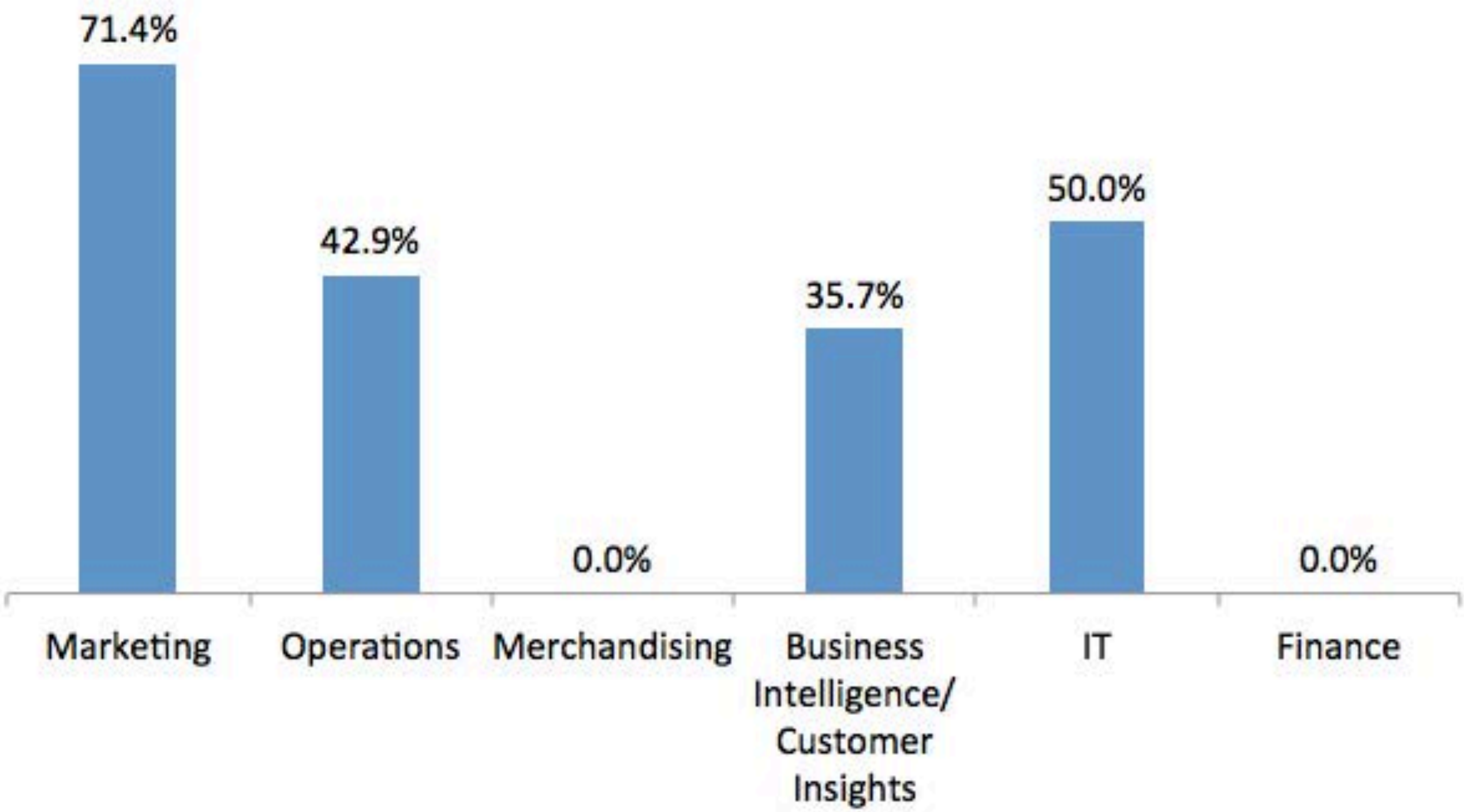
Who Controls In-Store Analytics Budget?



Source: Opus Research June 2014 Retailer Survey on Indoor Location

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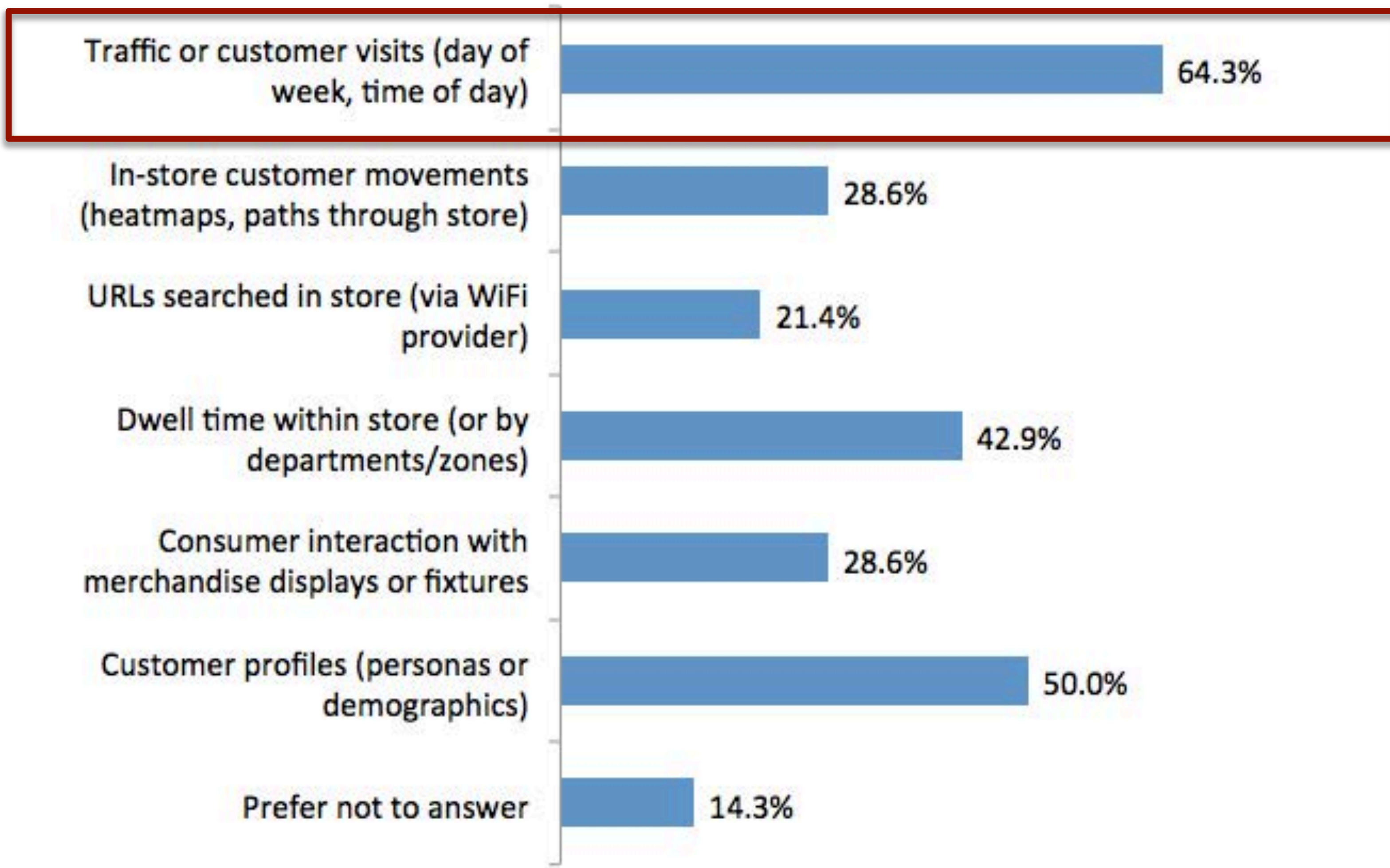
Retailers Ranking of Data Needs

1. Impact of advertising (traditional, digital) on in-store visits
2. Overall traffic to sales conversion ratios
3. Traffic and customer visit patterns and "dwell times"
4. Understanding customer demographics and personas
5. Effectiveness of store layout and merchandise displays
6. Customer yield
7. Sales associate to customer ratio

Source: Opus Research June 2014 Retailer Survey on Indoor Location

Current In-Store Data Collected



Source: Opus Research June 2014 Retailer Survey on Indoor Location

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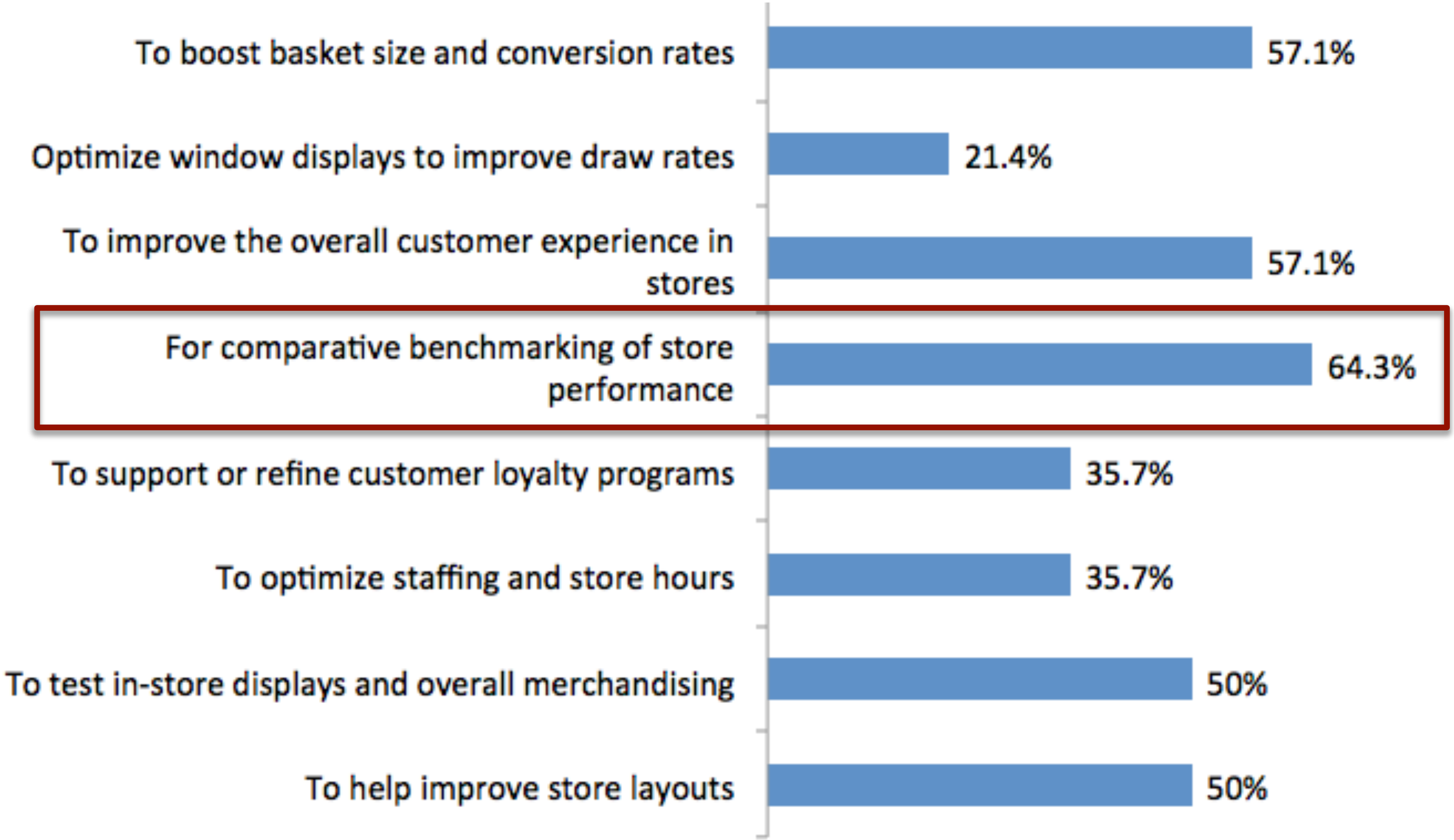
In-Store Data Intended Usage



Source: Opus Research June 2014 Retailer Survey on Indoor Location

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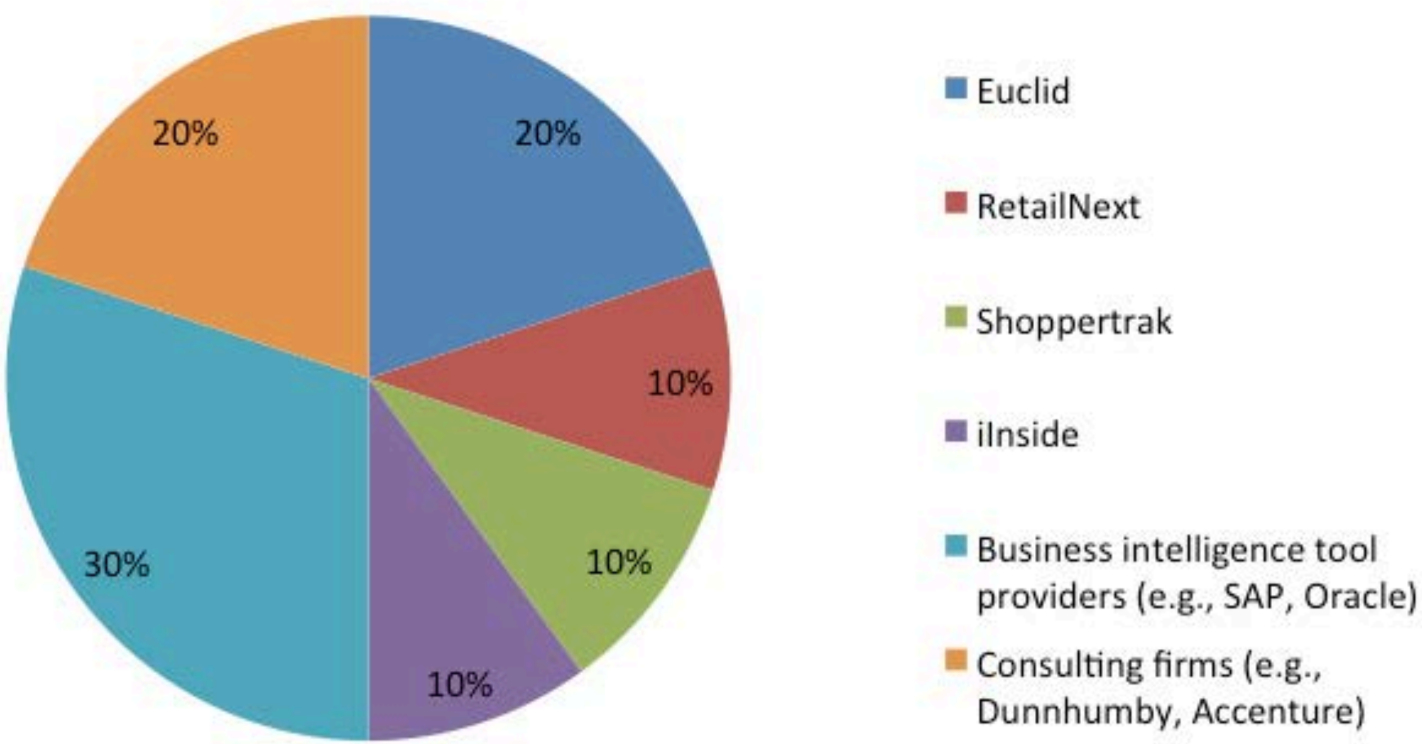
Analytics Vendors Used



Additional choices, Experian, Nomi, Mexia, received 0.0%

Source: Opus Research June 2014 Retailer Survey on Indoor Location

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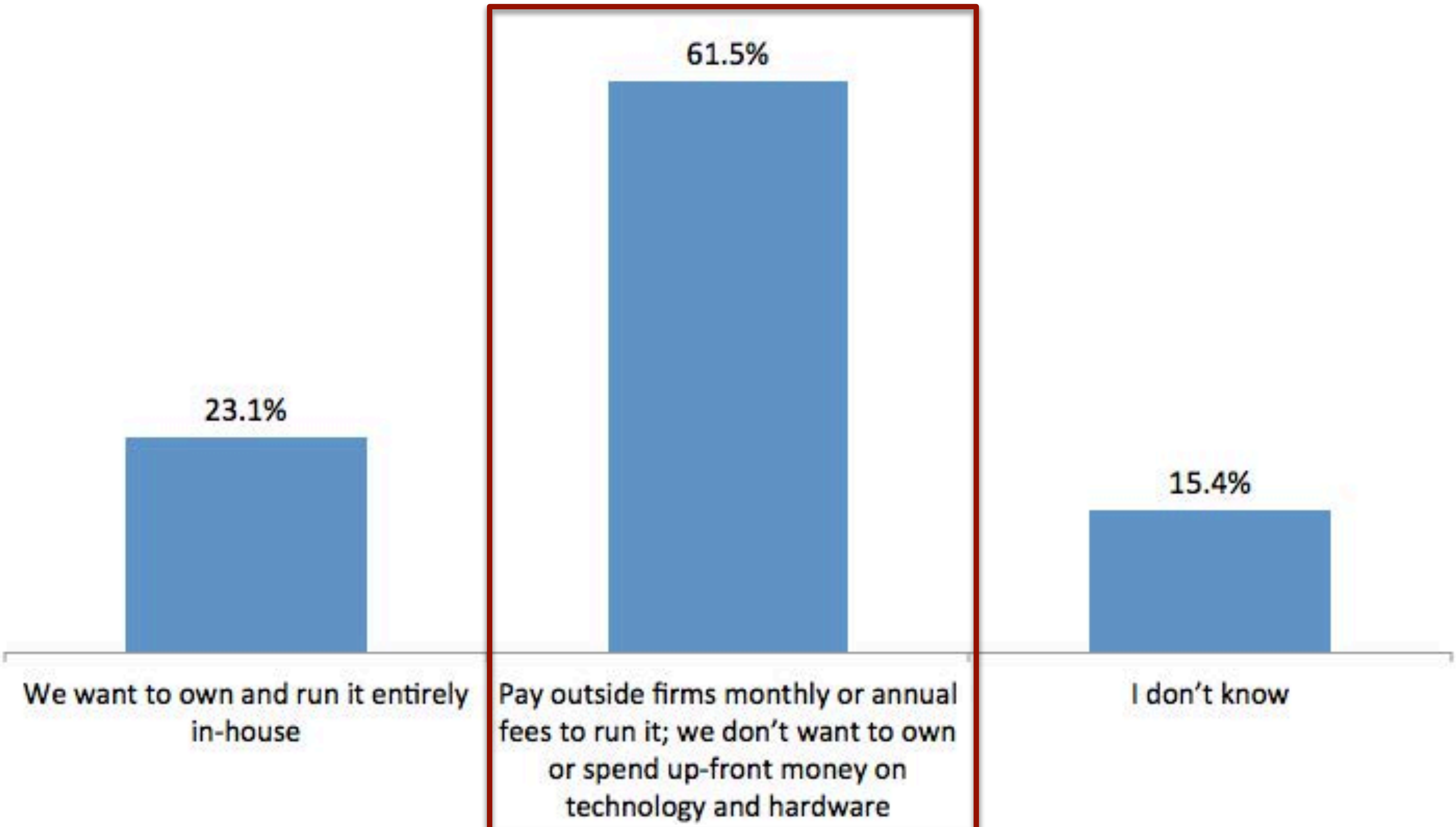
Desired Way to Manage Indoor Analytics



Source: Opus Research June 2014 Retailer Survey on Indoor Location

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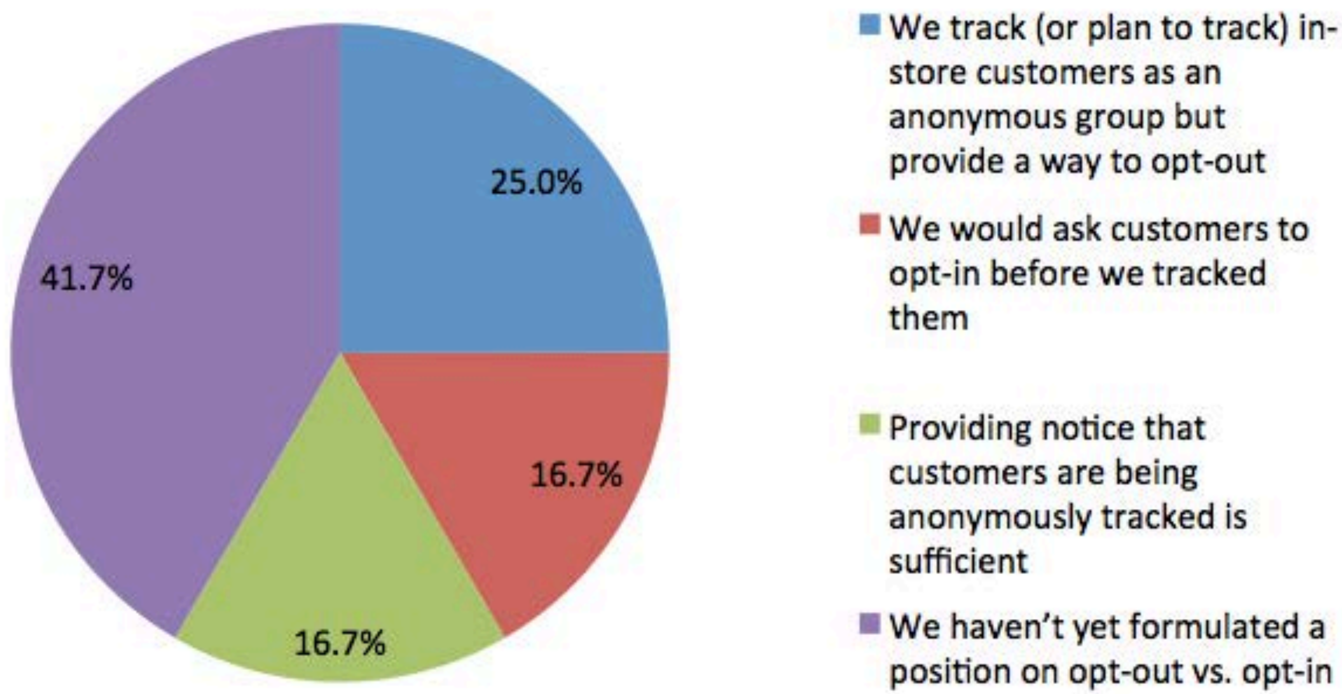
Privacy and Notifications

Company policies on privacy and in-store customer analytics



Source: Opus Research June 2014 Retailer Survey on Indoor Location

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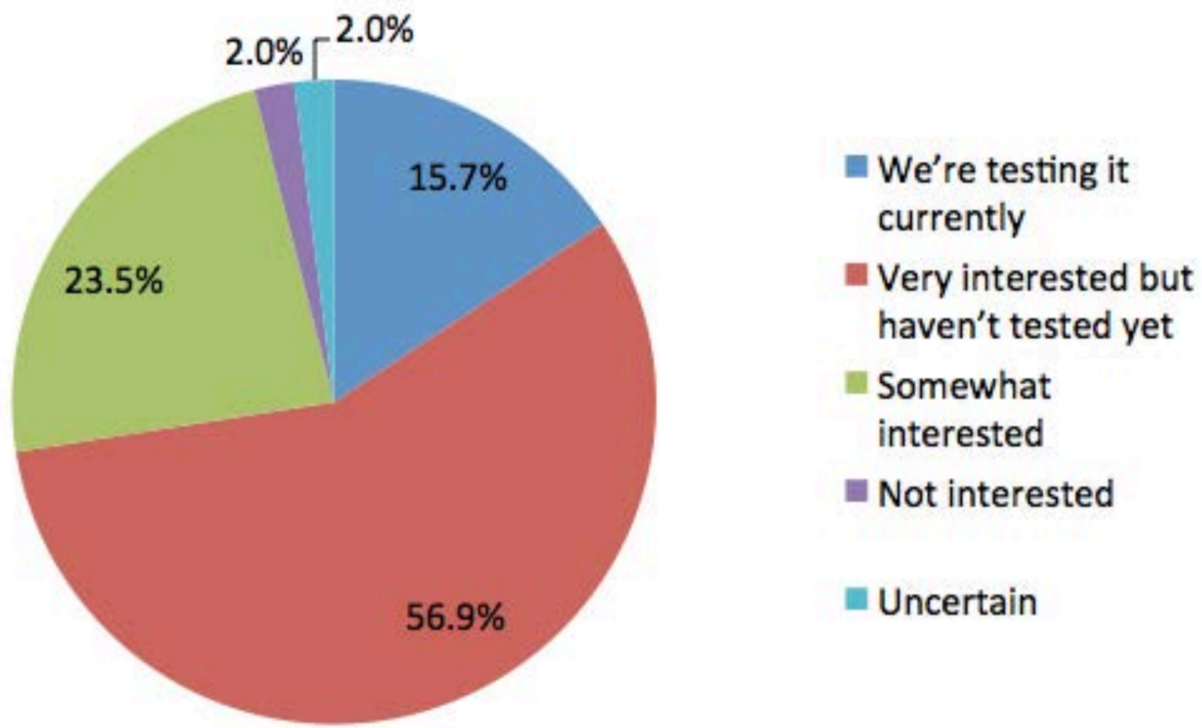
Marketing to Consumers in-Store

How interested in being able to offer proximity-based content, promotions or rewards to in-store smartphone users?



Source: Opus Research June 2014 Retailer Survey on Indoor Location

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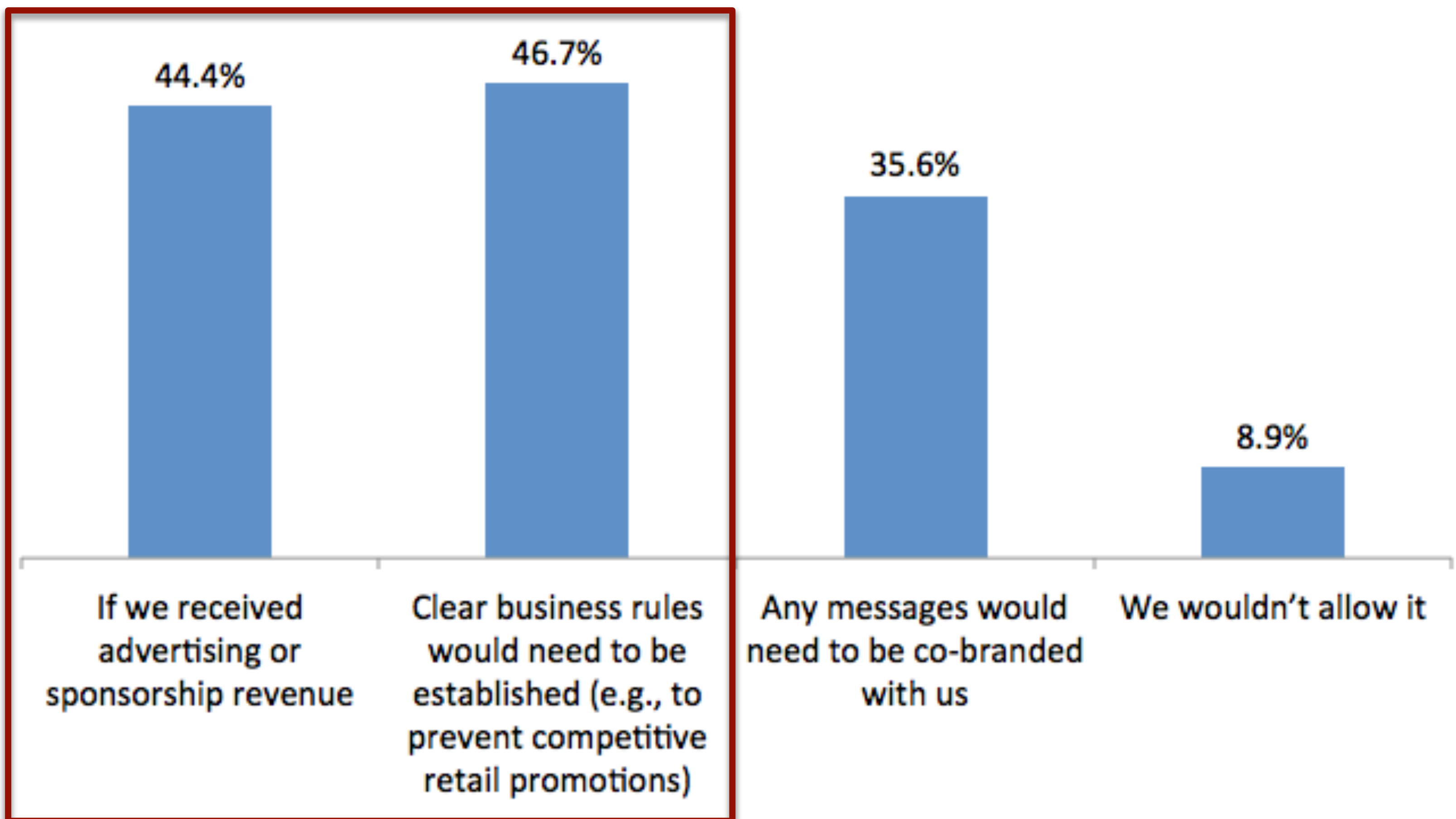
In-Store Brand Marketing

Under what circumstances would you enable or allow brands to communicate with or promote their products to your customers in store? (check all that apply)



Source: Opus Research June 2014 Retailer Survey on Indoor Location

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Non-Adopters' Rationale

Which of the following statements best explains why you currently have not implemented or deployed in-store customer analytics (check all that apply)	Percent
We intend to but haven't yet	27.0%
Uncertainty about their benefits or value	21.6%
Uncertainty about best technologies to use	32.4%
Uncertain or unproven ROI	32.4%
Lack of available budget	18.9%
Concern about consumer privacy	13.5%
Insufficient knowledge of the market	18.9%
Uncertain where to get information about potential vendors	10.8%
No clear internal stakeholder/advocate	10.8%

Source: Opus Research June 2014 Retailer Survey on Indoor Location

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For more information:

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