# The Place-Based Moment

## #Place2014

Greg Sterling

**opus**research

# Thank You to Our Sponsors

**Platinum Sponsor:**

**Gold Sponsors:**

**Event Sponsors:**

**Association Sponsors:**

# Our Attendees

An unconventional mix:

- Brands

- Agencies

- Retailers

- Technology providers

- Ad platforms/networks

- Government and legal

- Investors

The Business of Location

place

# Participate: Mix It Up

# Hillshire Brands Case Study

Hillshire Brands, BPN, inMarket + iBeacon

Download **List Ease** app

- iOS
- Android

The Business of Location **place**™
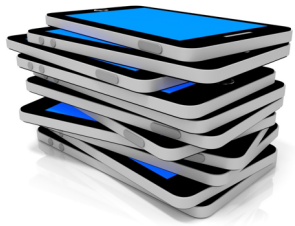
# A Few High-Level Numbers

# Phones, Ads, Usage

Smartphones: **70%+ penetration**, reaching almost 90% by end of 2016

**89% of mobile time spent in apps**; time with apps exceeds time on PC internet

US mobile advertising projection: **$14 to $15 billion in 2014**

*Source: Opus Research, Nielsen 2014*

The Business of Location **♀place**™

# Ad Revenue

If  =  Then:

US digital ad revenue would look more like this . . .

- Total digital ad revenues for 2014: ~$49 billion
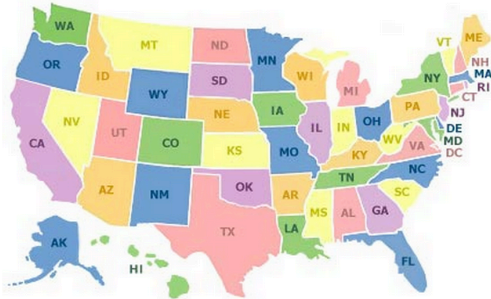- **Mobile ad spend: $29 billion**
- PC ad spend: $20 billion

*Source: Opus Research 2014*

**The Business of Location** ♀place™

# Offline Consumer Spending

$16 Trillion (roughly) US GDP

70% of US economy is driven by consumer spending (majority w/in 15-20 miles of home)

94% of retail spending occurs in local stores

*Source: US Commerce Department, US Bureau of Economic Analysis (2014)*

**The Business of Location** place™

# Internet Driven Offline Spending

**E-commerce:**
$210 billion
(2013)

**Online-to-offline**
influenced retail +
services spending:

**$2 Trillion**
(conservative)

**80%+** of internet users conduct online research before making offline purchases

Out of $9 to $11 trillion in spending

*Source: comScore, US Commerce Department, Opus Research estimates (2014)*

The Business of Location

place™

# The Indoor Opportunity

place

# Phones Ubiquitous in Stores

**70% to 89% of consumers** use smartphones in stores*:

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

Impact of mobile on offline retail shopping**

- **82% say unchanged or increased**
- Only 19% say mobile has decreased offline retail shopping

*Opus Research, E-Tailing Group, JiWire, Pew, Thrive Analytics (2013)*
*** Gallup Poll 2014*

**The Business of Location**   place™

# Lots of Money Circulating

Opus Research estimated that indoor analytics + in-store marketing could be worth **$10 billion or more**.

Yet the market could be 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*

**The Business of Location** **place**™

# New Data for Marketers

- **Offline tracking:** digital ad exposure, subsequent store visit

- **Audience discovery:** use of location/offline movements to discover and profile audiences

- **"Big data":** Ability to link offline, CRM and online data sets

- **Personalization** and better audience targeting cross-platform



KEEP CALM AND CLOSE THE LOOP

**The Business of Location** place™

# Scary Concepts Scare Consumers

**"Some retailers track your store visits using your smartphone"**

"I don't mind"

"I don't want to be tracked"

# 28%

# 72%

*Source: Retale consumer survey April 2014 n=3,054 Android users, 228 iOS users*
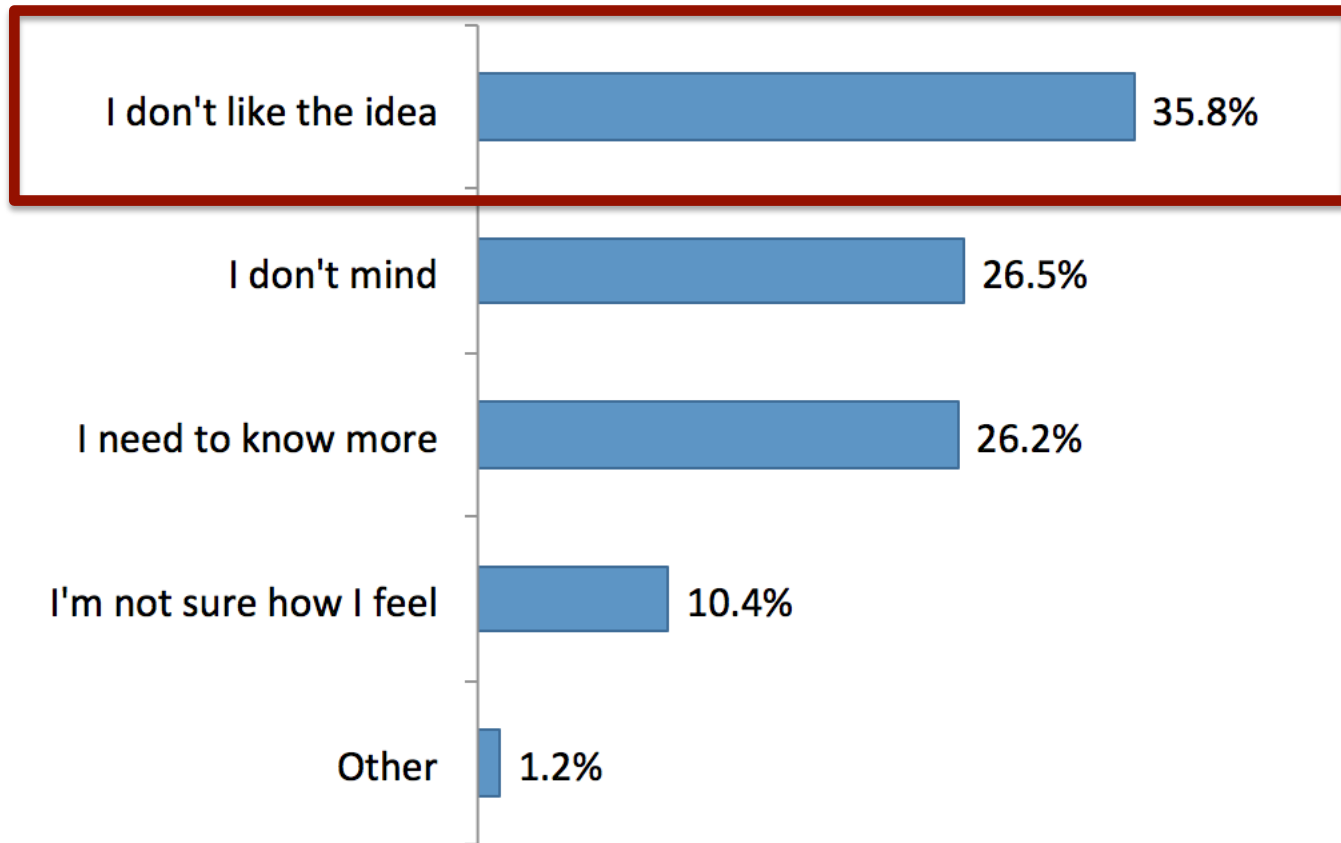
**The Business of Location** place™

# Will Trade Location for Value

Willing to share location as long as received enough value in return

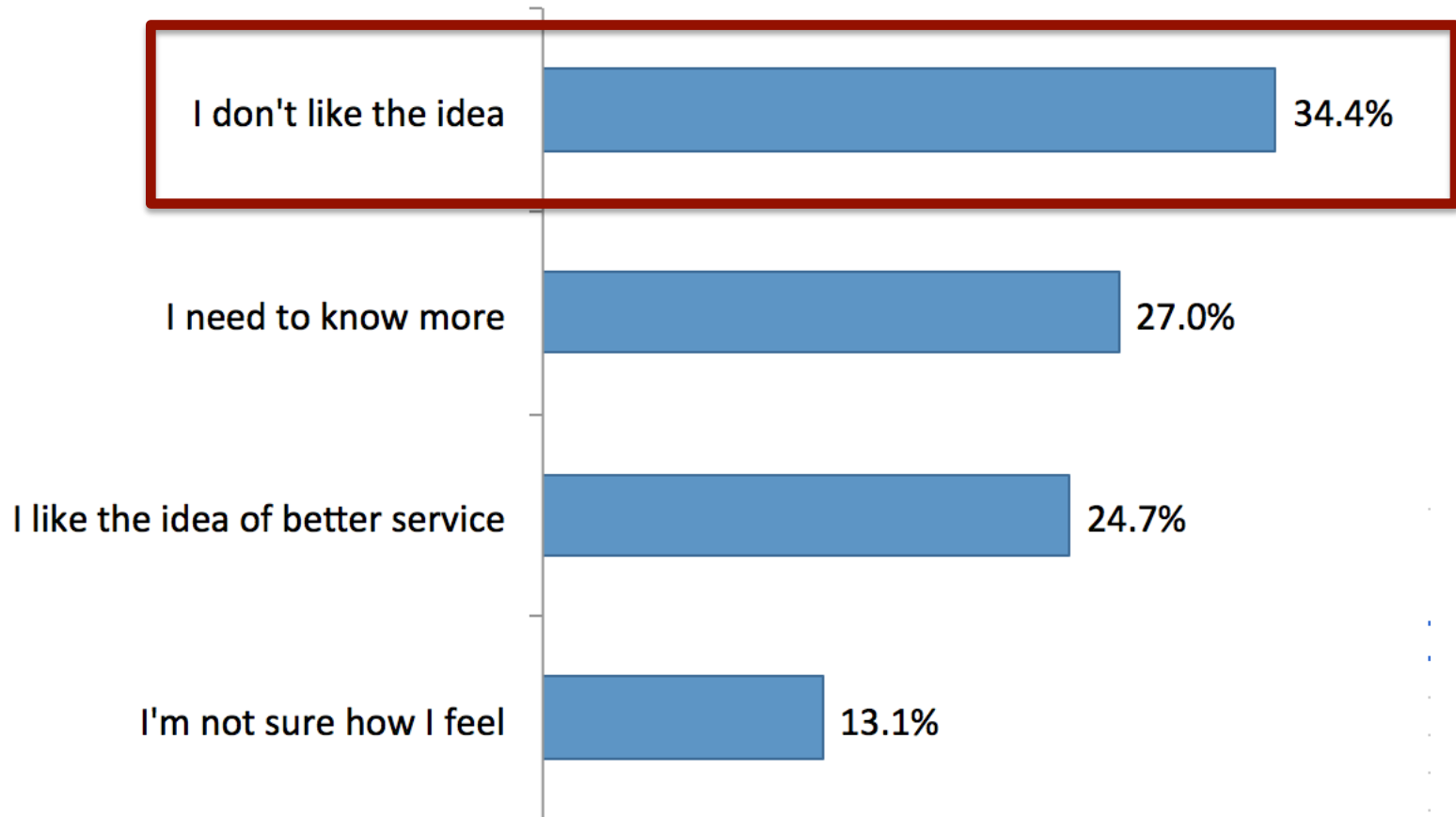# 77%

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

**The Business of Location** ◉place™

# Tracking: No Benefits

Some retailers are now tracking smartphones users' visits to their stores. How do you feel about that?



| Response | Percentage |
|---|---|
| I don't like the idea | 35.8% |
| I don't mind | 26.5% |
| I need to know more | 26.2% |
| I'm not sure how I feel | 10.4% |
| Other | 1.2% |

*Source: Opus Research July 2014 n=500 US Android owners*
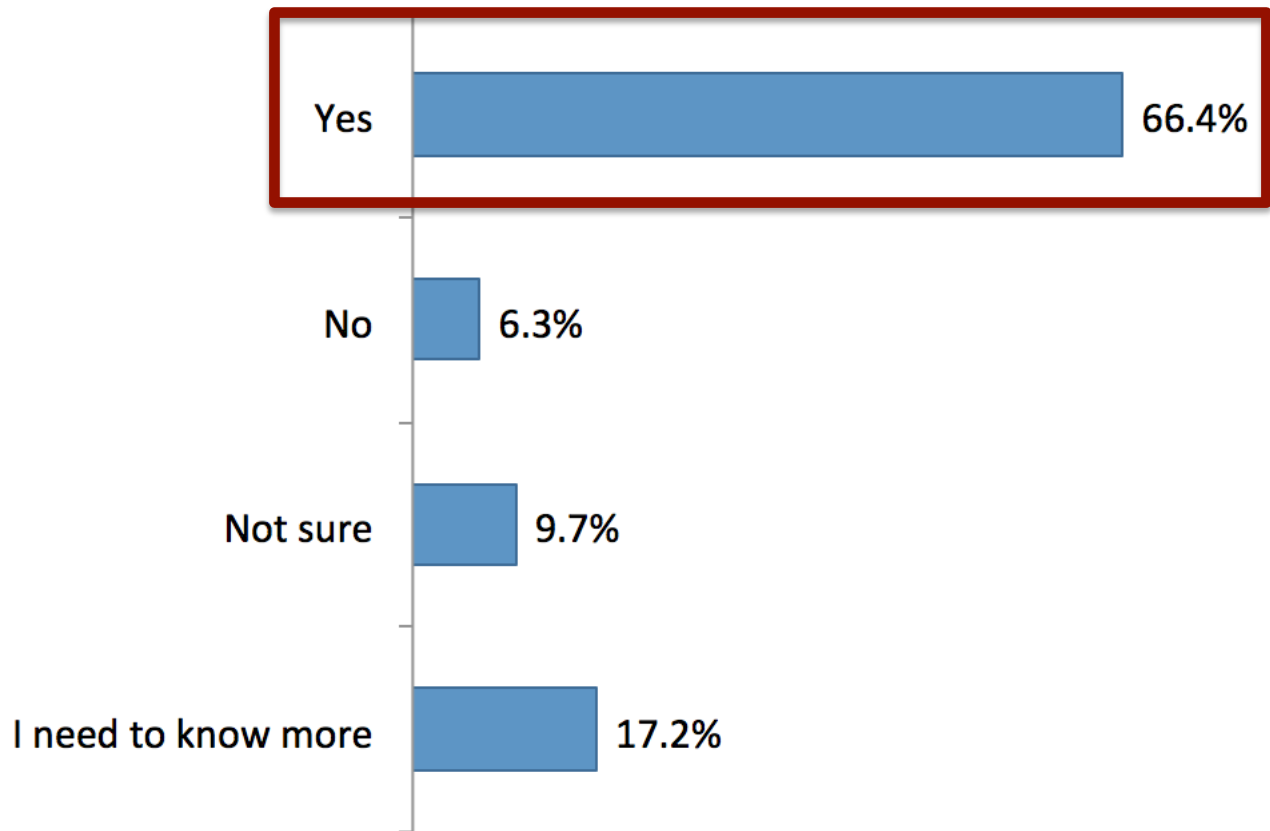
The Business of Location **place**™

# Tracking: Some Benefit

Some retailers are now tracking smartphones users' visits to their stores to offer better customer service. How do you feel about that?

| | |
|---|---|
| I don't like the idea | 34.4% |
| I need to know more | 27.0% |
| I like the idea of better service | 24.7% |
| I'm not sure how I feel | 13.1% |

*Source: Opus Research July 2014 n=500 US Android owners*

**The Business of Location** ♥place™

# Specific Benefits

For rewards, discounts and better customer service would you download a retail app and be open to receiving in-store offers?
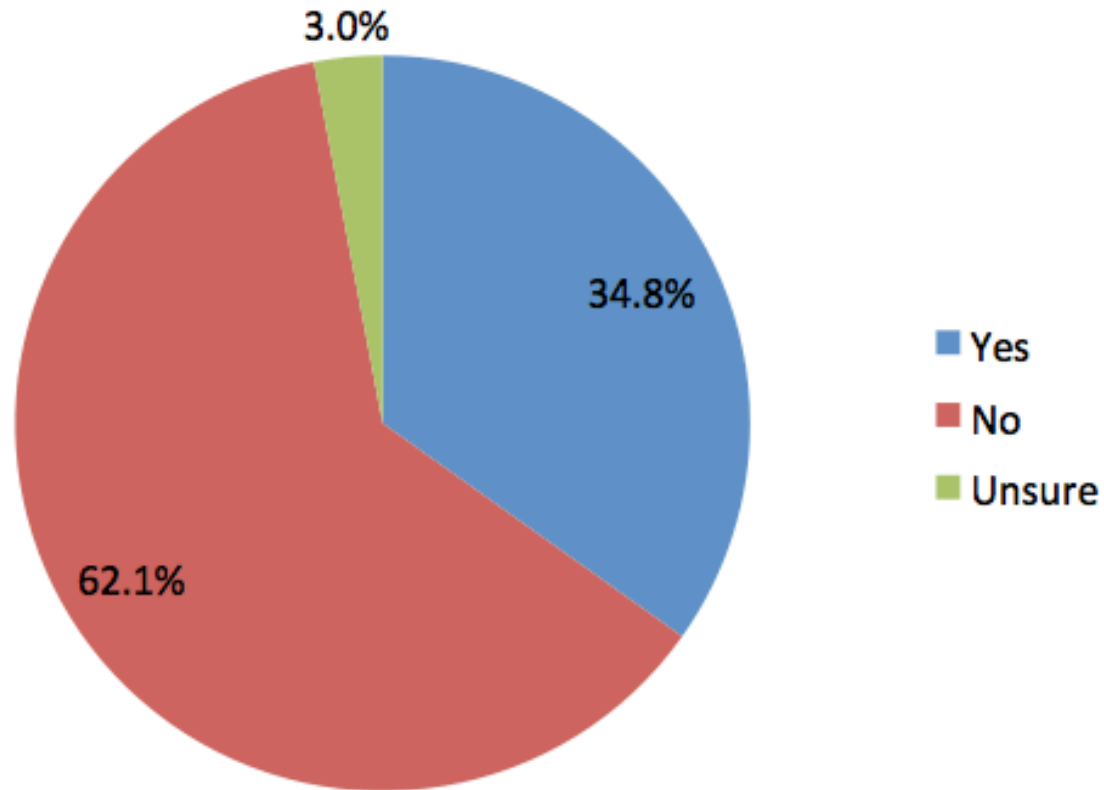


| Response | Percentage |
|----------|-----------|
| Yes | 66.4% |
| No | 6.3% |
| Not sure | 9.7% |
| I need to know more | 17.2% |

The Business of Location **place**™

# 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

The Business of Location **place**™

# 62% Not Using In-Store Analytics



3.0%

34.8%

62.1%

- ■ Yes
- ■ No
- ■ Unsure

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

The Business of Location **place**™

# 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*

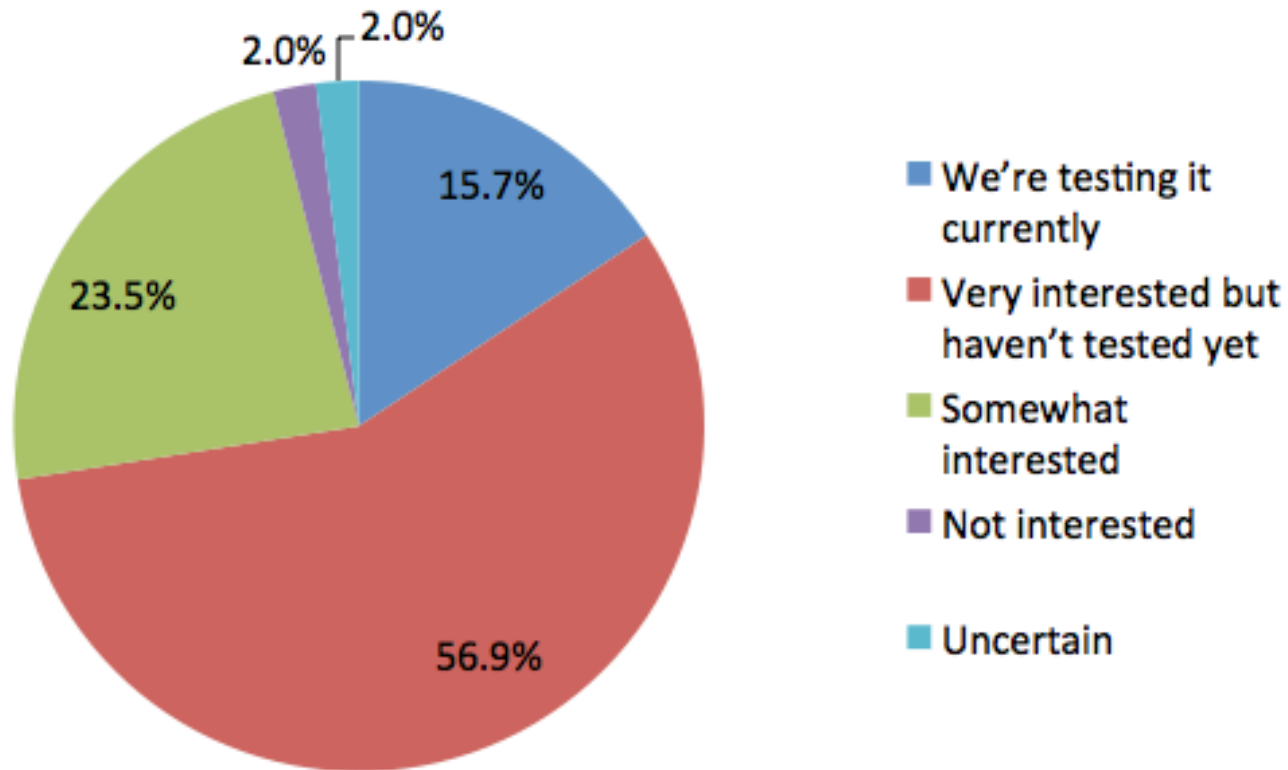The Business of Location **♀place**™

# Retailers Want This Data

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

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

**The Business of Location**   place™

# Marketing to Consumers in-Store

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



2.0%    2.0%

15.7%

23.5%

56.9%

- We're testing it currently
- Very interested but haven't tested yet
- Somewhat interested
- Not interested
- Uncertain

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

The Business of Location    place™

# Privacy and Notifications

**Company policies on privacy and in-store customer analytics**
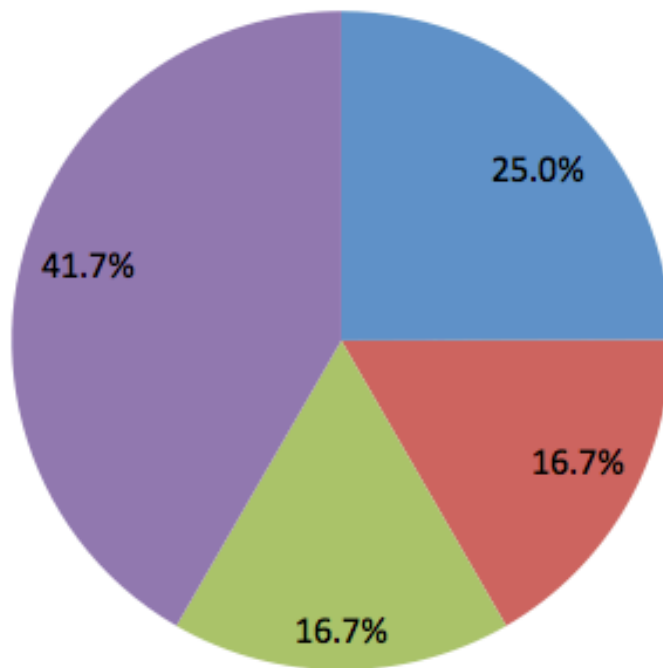


- We track (or plan to track) in-store customers as an anonymous group but provide a way to opt-out
- We would ask customers to opt-in before we tracked them
- Providing notice that customers are being anonymously tracked is sufficient
- We haven't yet formulated a position on opt-out vs. opt-in

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

The Business of Location  **place**™

# Very Full Agenda

1. The Place-Based Moment
2. The Agency Perspective: Conversation with Michael Lieberman
3. The Indoor Technology All-Stars with Don Dodge
4. Ahead of the Curve: Alex and Ani - Ryan Bonifacino, VP of Digital Strategy
5. IndoorAtlas and Magnetic Positioning
6. Connecting the Dots: How Location and Offline Analytics Will Transform Digital Marketing
7. Case Study: SK Telecom
8. Featured Speaker: Facebook's Doug Stotland
9. Beacon Location Security & Encryption
10. Indoor Location & Privacy: Steering Clear of the 'Creepy Line
11. Hillshire Brands, inMarket and iBeacon
12. Best Practices for Consumer Push Notifications
13. Street, Store or Shelf: Rightsizing the Consumer Experience
14. Comparing Indoor Location Technologies
15. Whither Geofencing: What Is the Future of Mobile Location?

The Business of Location

**place**™

**Sponsor**



# Giveaway +

# Wi-Fi

W Meeting Room
"**WUS201**"

# WC

**The Business of Location** place™