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Location-Based Targeting Will Drive 2010 Mobile Growth

by [Alistair Goodman](#) on Thursday, December 10, 2009



Looking back, 2009 was a turning point for mobile marketing. Despite the downturn in digital ad spending, new ground was broken in the arena of location-based marketing led by the popularity of iPhone applications, as well as improvements in mobile handsets, network technology and carrier business models. I must give myself credit. I got five out of six right last year. In the coming year, we can expect an explosion of location-based marketing programs on mobile phones beyond smartphones, similar to the flood of ad networks online in 2005. Expect marketers to embrace mobile as a way of extending their current marketing, promotions and CRM efforts. The challenges will be separating what is real from hype in terms of the different vendors, and delivering these programs at scale and on an opt-in basis for consumers.

And now for my mobile marketing predictions:

1. Augmented Reality Gets Traction, but will remain a bell and whistle compared to list and map view. 2010 will be the year that this exciting technology begins to be adopted on mobile phones. Augmented reality is the ability to merge a view of the physical world with enhanced data or imagery that is computer generated – thereby providing a richer view of the real world. Using the GPS, the camera and even the compass, your smartphone can sense what you are pointing at and show relevant data for that place, such as reviews for a restaurant or virtual signposts to direct you to a place. In fact this trend builds on Placecast's correct prediction of a year before which stated that the web will be connected to the physical world. Marketers will not successfully take advantage of this in 2010 – but that won't stop innovators from testing new ways of using this to attract consumers. Expect to see retailers and entertainment companies trying out ways of showcasing their brands with this niche, but exciting new technology. Although augmented reality will appear in more apps, consumers will still prefer the list and map versions to search results on a usage basis.

2. The iPhone will solve the GPS battery drain problem

Despite its much-hyped status as an uber-connected device, the iPhone has a major Achilles heel when it comes to location-based marketing: a user has to turn on a location app and locate themselves to do anything meaningful – like search for a nearby restaurant, bar or friend. This is partly Apple's business model, but mostly a hardware limitation that the GPS cannot operate all the time in the background - it drains the iPhone battery too quickly. Contrast this to an automated service in which a consumer indicates what they are interested in, puts their phone in their pocket, and heads out to do whatever they would normally do in their day. The phone can let a consumer know when they are near an experience that they are interested in without them having to initiate looking for it – this happens automatically based on what the user has said they want. Expect Apple to solve this hardware problem in 2010... whether they will “expose” the increased functionality to marketers is another matter entirely. (Hint to Apple: retailers would really like to take advantage of this to drive consumers into their stores!)

3. Geo-fencing Goes Mainstream

A Geo-fence is a virtual field around any location that is used to trigger a mobile marketing message to a user when they enter or exit the area. 2010 is the year we will hear Geo-fence become part of the marketers lexicon. Expect to see retailers in particular take advantage of this capability in a variety of innovative ways, from sending personalized messaging to consumers leaving a sporting event or concert, to blanketing a place like a beach or skateboard park on a Saturday. With a Geo-fence, the marketer can “own” a place at a particular point in time. But caveat emptor to brands – opt

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in is not just the norm for this type of program, it is an absolute must!

4. Smart Retailers will link CRM databases into Mobile Marketing to Deliver a New Experience

Marketers generally are recognizing the uniquely personal relationships that consumers have with their mobile phones. For retail marketers, combining this with the CRM data that they are collecting about their customers – like past purchases and categories of interest – offers the opportunity to deliver personalized messages when a user is near one of their stores. In 2010, we will definitely see retailers begin to take advantage of mobile CRM to extend their current data-driven marketing programs into mobile. Some retailers will get it, and others will falter. This will come down to execution and end-to-end integration.

5. Carriers Will Open Up Location to Brands

It is a widely suspected but little-understood fact that carriers are able to locate any phone, anywhere and anytime (they have to in order to comply with 911 emergency codes). This same capability can be turned outwards to enable consumers to opt-in and receive messages when they are in a place and at a time that makes sense. For example, a consumer who likes to shop at a particular retailer could sign-up to receive alerts on their phone about special offers when they are near that store. Up to now, the carriers have held onto this capability like a precious gem, hoping to charge marketers for every time that they want to locate one of their customers. In 2010, expect at least one Tier 1 and one Tier 2 carrier to give users the ability to share this information with marketers with a different business model than a per transaction charge that exists today. This will enable marketers to deliver location-triggered programs to consumers who have asked to receive them, as is possible with plain vanilla SMS programs today. Certain carriers will see mobile marketing as the revenue stream of LBS, not just charging for positioning data.

6. Smart-Coupons will Incorporate Time and Context.

The recession has resurrected the humble coupon as a way for retailers to drive traffic into their stores. There is clearly demand from consumers to take advantage of location-triggered promotions, sales, coupons, and to learn about entertainment opportunities around them. As price sensitivity begins to wane and consumers look for more meaningful ways to interact with the brands that they care about, 2010 will bring a reinvention of the coupon specific to interests of consumers as retailers promote PC-web and mobile web destinations where consumers can opt-in for specials and coupons.

7. Location Data Emerges as a New Mine for Marketing Insights

Location data will begin to be mined as a rich new source of insights that marketers can harness to improve the effectiveness of their efforts. We are now able to build place profiles – intelligence derived from the businesses and points of interest for a particular location – which reveal what is available to consumers when they are in that place. Layer on temporal elements (like weather and traffic), census data, demographics and psychographics, CRM, and aggregate mobile usage data, and a rich picture of that place emerges which is dynamic, and which marketers can use for the delivery of effective marketing programs. For example, marketers mining this data will begin to use it to create automated services that can make recommendations when a consumer is in a particular place and time, and tailor the message based on these and other factors. Expect to see the first real-world executions derived from this data – done right, it will be perceived as useful for the consumer, and will build brand loyalty and increased sales for the marketer.

Goodman is the CEO of Placecast, which is the first location-based platform specifically designed to use digital marketing on the web and mobile platforms to drive consumers into physical environments.

Tags: placecast, geo targeting, augmented reality

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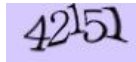
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