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Make It More About Value Than Privacy

by [Steve Smith](#), Friday, July 2, 2010, 1:15 PM

In much of the writing about mobile marketing there seems to be a fixation with some nightmare behavioral targeting scenario. It usually involves Starbucks (that is the preferred brand for this tale) using some combination of GPS or Bluetooth to detect when you are in the vicinity and then blasting out a promotion of some sort as you walk by. I guess the creepy part is the fear that every shop on a given street or in a mall will have access to the same phone. A walk down the local food court could feel like having a dozen overly aggressive kiosk salesmen all descend on you at once trying to sell you eye wrinkle creams and cell phone cases.

But what if the store you really wanted to hear from knew when you were nearby and could ping you with an offer? Or better yet, how about if that brand knew when you were in some other spot, far removed from a retail store but where that vendor could give you some helpful information? That might not be so creepy. That is the sort of thing that mobile marketing vendor Placecast has been running with select brands like REI and North Face for a number of months already, and an overwhelming majority of the subscribers Placecast polled said they liked the idea.

Consumers use a double opt-in system to follow their favorite brand and are informed throughout the process that the program will use their location to determine whether and which offers to send. Placecast creates what it calls "geo-fences" around relevant events, shopping locations, etc. When a subscriber enters that zone, the network is activated and relevant offers might be sent to their cell phones via SMS.

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According to company CEO Alistair Goodman, the really interesting part of the program comes when ambitious brands reach beyond the direct marketing aspect. North Face actually branded the location-based alert system as "Summit Signals." "They have over 1,000 geo-fences in places including stores, but also ski areas, hiking trails, etc.," he says. Because North Face doesn't discount, it sends notices of new products. But it also lets the user sign up for specific categories like hiking, running or biking. "So if the customer arrives at a trail for hiking, the hikers get a relevant message or a biker gets a biking message," he says. All of this is done via SMS messaging, which ensures the widest reach across almost all phones. But a smartphone user might get a mobile web link to nearby weather.

Of course, the people who would opt into these programs are likely to be brand loyalists. It isn't too surprising that Goodman reports 65% of them in an earlier pilot program made purchases. But what is really astonishing is consumers' receptivity to the technology and the use of their location. Placecast often uses a phone's proximity to the surrounding cell towers to determine where you are, so it pings the network regularly to see if a customer has entered a geo-fence. It also uses predictive modeling to determine if someone outside a zone is likely to move into that geo-fence soon.

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Goodman says that Placecast periodically reminds customers that their location is being used to target offers from the brand they opted to follow, but the opt-out rate is quite low. In fact, according to the study results he showed me, customers were both highly aware of the tracking, but also positive about the effects.

Customers of two brands using the Placecast system were asked "What do you think about the fact that the messages were sent to you based on where you were?" In the average of the two studies, 32% were strongly positive on the program, 35% were positive and 17% were somewhat positive. Less than 10% were unaware that their location was being used, and only a small percent felt it was intrusive.


Of course, these programs involve people opting into brands they already know and likely trust to some degree. And the brands themselves appear to be managing frequency and relevance so that they become services, not pests. There is a world of difference between a user's location or behavior being open to any and all marketers to exploit -- and giving a specific set of permissions to individual brands of the consumer's choosing.

One part of the picture is control. But another piece has less to do with privacy than it does with value. Given the high sensitivity we seem to have to the prospect of proximity or location-aware mobile marketing, it's interesting to see a program that may be managing consumer concerns.

Too much of the targeting industry comes at the privacy issue itself from the wrong angle. Instead of focusing on how to minimize, mollify or deflect concerns over "tracking," start by demonstrating (not just claiming) the value of targeting technologies to the consumer. When trust and value are established in a relationship -- any relationship -- privacy doesn't appear to be as big a concern.

 This commentary is insightful. I recommend it to others.
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4 comments on "Make It More About Value Than Privacy"

 [Paula Lynn](#) from [Who Else Unlimited](#)
commented on: July 07, 2010 at 6:15 PM


Privacy has value. Forfeiting privacy is selling yourself and very cheaply (now sometimes cheep-ly) and it will bite us, spit us out and never let us feel whole again even if we don't see it for a few years hence.

 [patrick reynolds](#) from [ando media](#)
commented on: July 07, 2010 at 7:46 AM

I understand the "creepy" concern. However, let's also not unilaterally decide for people what's best for them. Let's give them "representation" as it were. So here's the proposition: would you rather receive your content for free inclusive of ads that are at a minimum relevant and best-case-scenario solicited (I'll accept ads from the following categories or advertisers...) or would you rather pay a subscription fee for your content and receive it without ads? Give the people what they want.

 [Jason Smith](#) from [Internet Media Consultant](#)
commented on: July 06, 2010 at 10:43 PM

I don't find this creepy at all. In my opinion, a vicinity targeted mobile blast is no different than any outdoor advertising unit. Just because it happens to hut your cell phone is inconsequential.

 [Paula Lynn](#) from [Who Else Unlimited](#)
commented on: July 02, 2010 at 5:27 PM

This is very creepy, opt in or not. This is going to be one of the sorriest generations yet if we go so far as to have a history. To understand why is to learn history. As we celebrate July 4th, we should better learn British history and why this country needed to separate and why privacy matters.

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