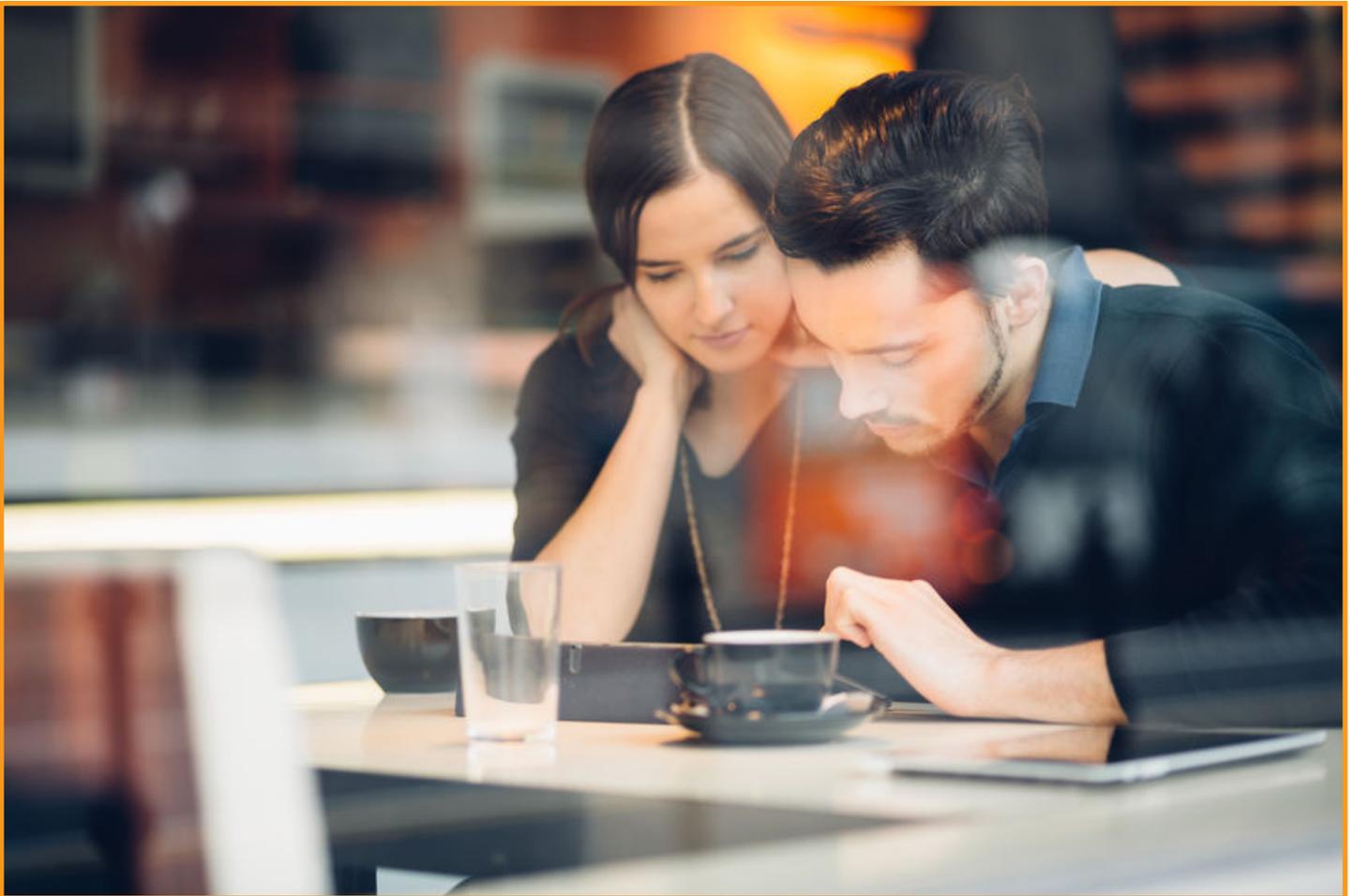




How to Grow Your Sales and Revenues Using Beacons, WiFi, Near Field Communications and Other Proximity Marketing Tools.





Companies like American Express and Apple see proximity marketing as the next big thing in marketing and in business.

If you're like most people, proximity marketing is a relatively new concept for you. You may have heard about some of the more popular proximity marketing tools like WiFi and Apple's iBeacon; there's even a chance that you're familiar with Near Field Communications (NFC) or Geo-Locational Targeting. But the odds are pretty good that you're only vaguely familiar with the term *proximity marketing*.

Don't worry, you're not alone.

In fact, proximity marketing is evolving so quickly that it's difficult to keep up with what it is and how it can be used to grow your business.

We're here to solve that.

Companies like Subway, Virgin Atlantic and Guinness are already using proximity marketing to grow their sales and revenues.

In fact, there's so much enthusiasm for proximity marketing that it's been called *the next big thing* by American Express. And if companies like American Express, Subway and Apple are getting behind proximity marketing, perhaps you should be, too.





Before we go much further, let's kick things off by defining what proximity marketing is.

Proximity Marketing /prak' sim e ti • mar ke ting/ (n): The distribution of marketing content to individuals within a tightly defined geographic area.

Proximity marketing uses technologies such as Beacons, WiFi, and NFC to connect with smartphones, tablets, desktops, laptops and even wearable technologies. Once connected, businesses can use proximity marketing to engage with customers or analyze their behaviors.

For example, a retailer might use proximity marketing to send a promotional message about a special discount on products that can be found in store. A hotel or restaurant might want to use proximity marketing to display up-sell messages, like buy-one/get-one-free offers, that help drive incremental revenue. It can even be used at trade shows or events where organizations might want to deepen their relationships with prospects and customers.



Google reports that 82% of smartphone owners use their mobile devices to do product research while they're in-store.

Proximity marketing can even be used to analyze customer behavior. For example, if you own a bricks-and-mortar business and want to analyze traffic patterns in your store, then proximity marketing analytics would be right up your alley. It can also be used at trade shows, events, airports, hospitals, or just about any other place to study and analyze how people interact with a brand or organization.

How Consumers are Using Proximity Marketing

Proximity marketing is catching on fast. According to eMarketer, the use of mobile devices before or during in-store shopping trips influenced or helped convert approximately \$970 billion in sales, representing 28% of the total.





This trend is further validated in a report by Deloitte estimating that digital would impact 64% of in-store retail sales this year alone. In other words, 64% of retail sales were predicated on a consumer's digital experiences.

Other research indicates that consumers are using smartphones in-store more and more frequently. In fact, a study by DigitalLBI found that 85% of smartphone owners worldwide said they used a smartphone while shopping at a bricks-and-mortar location, which is up from 72% in 2014.

How do consumers feel about all this? A recent study by Accenture found that receiving real-time promotions was the number 1 way U.S. digital buyers would like to use their mobile phones while shopping in-store. The bottom line is that even though many consumers haven't heard of proximity marketing, they're already using it, and are doing so with greater frequency every day.



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A Deeper Dive into Proximity Marketing Tools and Technologies

There are a number of different proximity marketing tools available to businesses, so it might help to take a look at several of the most popular:

- **Beacons:** These are small pieces hardware combined with a software program that use Bluetooth low energy (BLE) signals to wake up specific apps that run in the





background and push a location-based message to customers' locked mobile device screens. Business Insider predicts that only 1% of total U.S. store sales will be influenced by beacon-triggered messages in 2015, but that number is expected to rise significantly over the next several years.

- **WiFi:** It would be hard to find a business that isn't already using WiFi. That said, most of those businesses are unaware of the platform's full potential. Some WiFi platforms can be used to unobtrusively distribute messages to prospects and customers while they're surfing the web. They can also be used to analyze traffic patterns, consumer preferences, and dwell times – all critical for any business that has a physical presence.
- **Near Field Communications:** This is a wireless technology that uses radio waves to enable smartphones and other devices that are within 10 cm (3.9 inches) to “talk” to each other. While NFC has struggled to gain widespread adoption, many advocates believe the technology will become more mainstream as payment processors encourage usage at or near cash registers.
- **Geo-Locational Targeting:** Mobile display ads and in-app ads can be delivered using a technique called geo-locational targeting. The user's mobile device is located via cell phone tower triangulation. This technique is accurate to within a few meters, however economies of scale require targeting thousands of people (rather than hundreds) in order to make it cost-effective.

Challenges and Opportunities with Beacons



Only 1% of total U.S. store sales will be influenced by beacon-triggered messages in 2015.

Beacons have gotten a lot of buzz lately because of Apple's introduction of iBeacon, their proprietary version of the technology.

The PR push has created a good amount of interest in everything the platform has to offer. In fact, according to beacon platform Swirl, nearly 75% of shoppers who have received a beacon-triggered message on their smartphone say the messages increased their likelihood of purchasing in a store. And 61% of shoppers who





received a beacon-triggered message said they would visit the store more often.

That's the good news. The challenge is that adoption of Beacon technology on both the business and consumer side of the equation has been an uphill battle.

For starters, businesses will have to investigate, adopt, and install the Beacon technology. Shoppers will then have to have a BLE-compatible smartphone and have Bluetooth turned on.

In addition, they'll have to have an app installed that communicates with Beacons. Finally, they'll have to opt-in to receive push notifications and then actually open and engage with Beacon-triggered messages before they fully engage with the messages. That may be a lot to ask, which is why it may take a company like Apple to get Beacons off the ground.

The bottom line is that a number of hurdles have to be overcome on both the business side of the equation and the consumer side of the equation before Beacon technology will truly take off. But with Apple's backing and the backing of other players in the market, that just might happen.

Beacons at a Glance

Technology	Uses Bluetooth Low Energy (BLE) to transmit wireless signals via Beacon hardware
Best For	Retailers with high volume of foot traffic and a deep pool of content and marketing messages
Pluses	75% of those receiving Beacon message say it increased likelihood to purchase
Minuses	Requires users to have Beacon-enabled app and to have accepted BLE and push notifications

Challenges and Opportunities with WiFi

On the up side of the equation, WiFi is widely-adopted at most businesses in North America. The technology already exists in many locations, and has been around long enough for any bugs to be worked out of the system.





In addition, because WiFi allows low-cost or no-cost access to the internet, most consumers are already familiar with it and have adopted the technology. (In fact, one study by Iconic Displays found that 75% of those surveyed said that 1 week without WiFi would leave them grumpier than 1 week without coffee.)

The challenge has been that most businesses are unaware that they can use WiFi to engage with customers or analyze their behaviors. This may be because in its infancy, WiFi only provided one thing – access to the internet. But today, new applications of WiFi allow businesses to use it in more robust and innovative ways. In fact, Subway Restaurants in Canada are already using WiFi as a way to send promotional and up-sell messages to customers who are at their locations.



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The bottom line on WiFi. In the end, WiFi is a stable technology that has been widely adopted by consumers and is being used by forward-thinking companies as a way to engage with audiences and study their behaviors. It’s not the only proximity marketing option available, but it just might be the best option for the right businesses.

WiFi at a Glance	
Technology	Uses WiFi technology which averages a 10x better coverage than Bluetooth
Best For	Restaurants, retailers, amusement parks, hotels, trade shows, airports
Pluses	Can track user behavior down to 2 meters squared
Minuses	Not effective for small businesses with little daily traffic flow

Challenges and Opportunities with Near Field Communications

The advantage of NFC is that it requires a user to be in very close proximity to the device (approximately 4 inches) in order for it to work. This makes it perfect for the transmission of sensitive information, such as credit card data or bank account information.





It could also be used as a way to pull consumers closer to a product or service – imagine an in-store poster or kiosk that encourages casual passers-by to step closer to scan an NFC chip in order to take advantage of a promotion.

But those advantages may also limit the usefulness of Near Field Communications. While close proximity to an NFC-enabled device may be a necessity for financial transactions, in general, the goal of most proximity marketing campaigns is to connect with larger groups of people, not single individuals. The 4 inch limit for NFC makes it unlikely that it would be used across an entire store, restaurant, trade show booth or other physical space.



NFC allows a user to wave a smartphone over an NFC compatible device to send information.

In the end, NFC is currently most suitable for credit card companies, banks, and retail organization that choose to use it at point-of-purchase for financial transactions via smartphone or key ring device.

NFC at a Glance	
Technology	Uses Near Field Communications (NFC) signal for transmission of data up to 4 inches away
Best For	Retail and Quick Service Restaurants
Pluses	Processing hardware is becoming more readily available through credit card processors
Minuses	Very short range for transmission of wireless signal. Cross-platform issues with iOS and Android

Challenges and Opportunities with Geo-Locational Targeting

With geo-locational targeting, mobile display ads and in-app ads can be delivered to people on their mobile devices with an accuracy of several meters. For example, if a beverage manufacturer wants to send mobile display or in-app ads to people in a stadium at a sports event, geo-locational targeting would be a viable option.





It's worth noting, however, that in order to receive the message, the mobile user needs to either be visiting a mobile website or using a mobile app. In other words, the mobile display ads or in app ads will only be seen by people who are visiting a website such as ESPN.com or have opened an app such as Facebook. In addition, economies of scale limit this technique to businesses that are targeting thousands (or millions) of users, not hundreds or dozens.



Geo-locational targeting uses cell phone tower triangulation to deliver messages to targeted users.

Ultimately, geo-locational targeting is perfect for large-scale marketers with substantial budgets that want to distribute all-encompassing messages to large target markets.

Geo-Locational Targeting at a Glance	
Technology	Uses cell tower triangulation to deliver mobile display ads or in app ads to targeted users
Best For	Businesses interested in distributing marketing messages to larger audiences
Pluses	Well-suited for businesses with marketing messages designed to appeal to macro-audiences
Minuses	Target market must be visiting a website or using an app to receive messages

How to Use Proximity Marketing for Your Business

The problem proximity marketing solves is that it closes the loop on the last mile of consumer engagement. For all of the 20th and 21st centuries, marketing could only drive people to a brand, but it couldn't connect with them in-store or on location in a vibrant or engaging manner. Proximity marketing solves all of that.

As mentioned, Subway restaurants uses WiFi to reward loyal customers.

The program rewards every Subway guest who logs into the WiFi offered at participating locations with a free Subway sandwich of their choice.





Customers receive an in-store notification to receive the rewards, and are encouraged to opt-in for additional rewards on subsequent visits. Customers can even sign on to receive the offer by using their Facebook or Twitter logins.



Virgin Atlantic is using Apple's iBeacon technology in the Upper Class Wing at London's Heathrow Airport. Virgin's premium passengers received personalized notifications and offers via their iPhones. Customers are alerted to have their electronic boarding passes ready when they were close to a private security check, and passengers in the departure sections of the airport are sent tailored offers like commission-free currency exchange deals.

Guinness has been using Near Field Communications to deepen their engagement with their customers. NFC

tags have been incorporated into thousands of Guinness' beer dispensers. Customers can download the Guinness app onto their smartphone to access content and enter competitions to win a complimentary pint just by tapping their phone against the famous harp symbol.



Future Opportunities with Proximity Marketing

eMarketer estimates that this year alone, 40.5% of companies in the U.S. will send out mobile promotions in one form or another and that 97.4 million consumers will redeem mobile promotions.

In addition, brands such as Coca-Cola, Procter & Gamble, Levi's and Kraft have used proximity marketing for their brands, and the results have been impressive. One report indicates that interactions with advertised products increase 19 times.





Of course, these numbers will evolve as proximity marketing becomes more mainstream, but early results look promising.



eMarketer estimates that this year, 40.5% of companies in the U.S. will send out mobile promotions in one form or another.

With all this in mind, here are some action steps you can put into place as you explore the use of proximity marketing for your business.

- 1. Embrace the Technology:** Try to learn everything you can about proximity marketing. To stay up-to-date on the latest news and information about the industry, be sure to visit [Mobile Commerce Daily](#) or the [Hotspot Revenue blog](#), both of which are updated with new information regularly.
- 2. Use the Platform:** In order to fully *understand* proximity marketing, you have to *use* proximity marketing. With that in mind, if you have an opportunity to experience Beacons, WiFi, NFC, or Geo-Locational Targeting we'd encourage you to do so. By engaging with the technology and actually experiencing it, you'll be able to form your own opinions about how it can be used for your business.
- 3. Ask the Experts:** Most proximity marketing platforms have people on staff who would be happy to answer your questions about the technologies. Hotspot Revenue has several leading experts on proximity marketing on its staff. Have a question? Reach out to Bill Bingham at BBingham@HotspotRevenue.com or via phone at 678-349-9000 x102.





In the end, proximity marketing solves the last mile issue that has been plaguing marketers for quite some time. But it won't be effective for any business unless it's actually put to use. So if proximity marketing seems like a viable opportunity for your business, take the next step and investigate specific ways it can be used to grow your revenues.

About Hotspot Revenue

Hotspot Revenue is a proximity marketing platform that uses WiFi to connect your brand to your customers. With Hotspot Revenue, you can deliver customized messages continuously to your customers' mobile devices.

They can be any frequency, any size, any shape, any media, or any transparency. You can even choose to turn messages off at any time. That way, you'll still benefit from the customer behavior analytics Hotspot Revenue provides, but your customers will be able to use your WiFi message-free.



Would you like to hear more? For more information on how Hotspot Revenue can help you grow your sales and revenues, visit the website or contact Bill Bingham at BBingham@HotspotRevenue.com or via phone at 678-349-9000 x102.

