

Location Based Marketing

Imagine you are in Barcelona. It is a hot summer afternoon. Your smartphone knows you are fond of chilled fruit juices, and out of the blue you receive a message: there's a juice bar just around the corner. They offer the best juice in town, plus a 10% discount and immediate satisfaction. You feel happy. Words similar to these are regularly heard from those who hope to gain from selling Location Based Marketing (LBM) concepts. And they have been talking about it for years. Yet the number of television viewers in a country such as Belgium is greater than the total number of users of Foursquare globally. Foursquare, Yelp, Gowalla and Brightkite are the most prevailing LBM platforms, although others exist too. Why so much talk and so little action?

LBM is an offspring from the advances of Location Based Services (LBS). Like mobile GIS systems, location based services make use of wireless communication to transfer digital map data from a server to a device in the field. However, the aim of LBS is not to collect data aimed at creating a mapping or updating an existing database as a mobile GIS does, but is instead to help people orientate themselves in their vicinity and find their way to a desired destination. From a technological point of view, an LBS system can be defined as a GIS which communicates information contextualised to the location of the user who holds the LBS device. The assumption is that location based services, embedded in smartphones, tremendously support a retailer's, hospitality chain's or fuel station's marketing objectives. Notably, over 50% of all internet connections are currently through location-enabled smartphones. The technology is in place, but why should an LBS system in a pedestrian's hands or mounted on a car's dashboard increase sales?

The key question is: what is the correlation between a potential customer's location and his or her shopping or purchasing behaviour? I think the relationship is rather weak. The only situation I can imagine the link between location and purchasing behaviour being particularly strong is when people are driving through unfamiliar territory and find their car in need of fuel, their stomach in need of food, or when night is approaching and they need somewhere to stay. I think the amount of money in one's wallet has by far the greatest impact on purchasing behaviour. Let's be honest – most people nowadays are crawling through a swamp of debt: they've already spent the money that will be in their next pay cheque and are struggling to keep on top of the monthly interest payments. All LBM success stories seem to involve discounts or gifts and, most embarrassingly, LBS users are being portrayed as brainless morons chasing after immediate satisfaction without any regard for privacy issues.

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