

Retailers Are Interested in, but Wary of, Location-Based Marketing

ARTICLE |

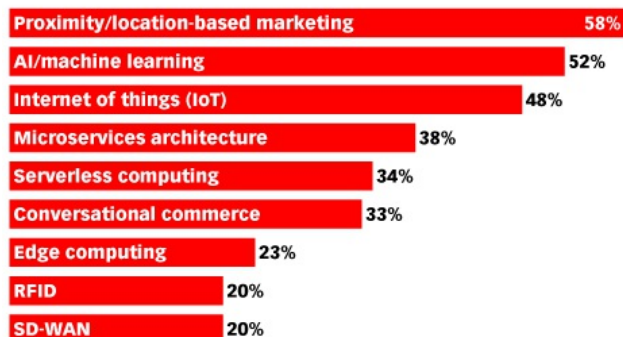
Blake Drosch

For retailers considering an investment in emerging technologies, location-based marketing stands out as a key area of interest.

According to an October 2018 survey by RIS News and global research and advisory firm IHL Group, 58% of retailers in North America said that they planned to invest in proximity or location-based marketing in 2019.

In Which Emerging Technologies Do Retailers in North America Plan to Invest in 2019?

% of respondents, Oct 2018



Source: RIS News and IHL Group, "16th Annual Store Experience Study," Jan 7, 2019

244297

www.eMarketer.com

But location data also has retailers concerned about consumer privacy.

Retail Systems Research (RSR) and mapping software company Esri polled retailers that were headquartered in the US (73%), UK (26%) and Europe (1%) about location-based marketing in January 2019. Of those that RSR considered “high-performing” — defined as having channel sales growth of 4.5% or higher in 2018—85% said that permission-based location tracking was very important.

However, the same poll found that consumer privacy concerns were among the largest barriers to US retailers. In 2019, 59% of respondents said overreaching concerns about consumer privacy was one of the three leading factors that prevented them from implementing location-based initiatives, up from 46% in 2018. (Note: This question was asked of all retailers polled, not just those that have not used location-based marketing.)

Additionally, 49% of retailers said business leaders at their organizations were concerned about the “creepiness” factor in tracking.

What Are the Biggest Organizational Barriers US* Retailers Face in Implementing Location Intelligence?
% of respondents, 2018 & 2019

	2018	2019
Overarching concerns about consumer privacy prevent us from even considering these types of applications	46%	59%
Need more proof around ROI/business case	47%	53%
Our business leaders are concerned about the "creepiness" factor in tracking	47%	49%
Our company's profitability model is based on standardized assortments and store layouts	59%	44%
Technology seems unproven, we don't want to be first	35%	39%
Business leadership can't see value of location intelligence beyond site selection	35%	39%
Other omnichannel priorities take this off the table, we just don't get there	32%	17%

*Note: respondents selected their top 3; *73% headquartered in the US, with 26% in the UK and 1% in Europe
 Source: Retail System Research (RSR), "Location Intelligence in Retail: The Value of 'Where'" sponsored by Esri, March 5, 2019*

245885

www.eMarketer.com

While these are relevant concerns to using location-based marketing, many consumers are comfortable with certain types of location tracking if it makes their shopping experience more convenient.

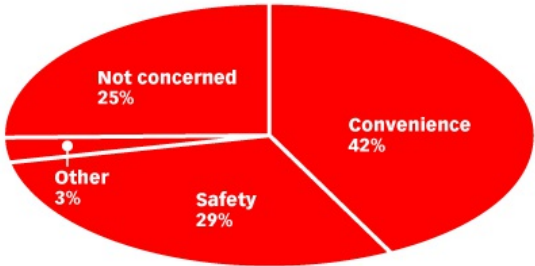
In October 2018, shortly before the RSR survey was conducted, [The Manifest](#) polled US smartphone users about location tracking on mobile apps. The majority of respondents (57%) said they were

comfortable with apps tracking their location, while just 15% said location tracking made them feel uncomfortable.

Among those who were comfortable letting mobile apps track their location, most respondents said convenience influenced their feelings.

Why Are US Smartphone Users Comfortable Letting Apps Track Their Location?

% of respondents, Oct 2018



Note: n=620 ages 18+ who are comfortable allowing apps to track their location; numbers may not add up to 100% due to rounding
Source: The Manifest, "Do People Trust Apps That Track Their Location?" Jan 23, 2019

244848

www.eMarketer.com

However, in the months since The Manifest poll was conducted, the practice of companies selling location data has come under scrutiny from the press, including investigative pieces from [The New York Times](#) and [The Boston Globe](#). In January, [Motherboard](#) revealed how mobile carriers T-Mobile, Sprint and AT&T sold their customers' location data to just about anyone, including bounty hunters. If this negative press stokes concern among consumers, retailers will have to be very careful about how they approach location-based marketing in the future.