

How Close is TOO Close?

LOCATION-BASED ADVERTISING

Dr. L. T. Bond, Kasi Dickerson, Joey Stepniewski & Touré McCoy

How Close Is Too Close? A Study of Location-Based Advertising

Location-based advertising (LBA) is on the cutting edge of technological innovation. By employing GPS technology, LBA finds consumers, responds to what they are doing and follows them wherever they go. This study defines LBA and examines the strengths, weaknesses, threats and opportunities. The SWOT analysis showed innovation and expansion of location-based advertising and established that the strengths and opportunities far outweighed the weaknesses and threats. However, the concern for privacy is a constant throughout all discussions of LBA.

After deciphering the parameters of this burgeoning digital field, an online survey was conducted that gives insight into the question about LBA, "How close is too close? The results of the online survey are significant. Privacy is an overwhelming aspect that must be considered by any company considering LBA. The study showed some approaches that help overcome consumer resistance to being followed by this newest form of advertising.

"The Next Big Thing"

"The ability to precisely target prospective customers using real-time location is currently one of the most promising additions to the advertising toolbox"

---(Mobile Location-based advertising, 2013)

- GPS-based
- Behavioral insights –real time and historical data
- Geofence—like a net from a business of predefined area on map

Geo-conquesting

Advertisers target consumers who are nearby their competitors' locations.

- Cotton Patch Café near Outback Steakhouse
- Outback Steakhouse can send a coupon to that person's phone and perhaps entice them to go away from the Cotton Patch Cafe and into the Outback Steakhouse.

Predictive Analytics

- If advertisers know where a consumer shops and eats, then they can translate it to positive results for the company.
- If a potential consumer "likes" certain things on Facebook, then marketers can decide if they might have a positive attitude toward their company.
- 80 percent of purchases planned; build loyalty in planning phase. Transforming way we live –FCC

Foursquare and Google

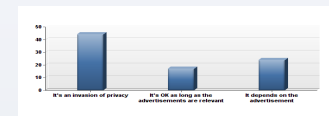
- Facebook, Twitter, Instagram
- Microsoft—geofences around 75 Microsoft stores, 89 percent increase of visitors to store
- Narrowing understanding of interests
- Social city-guide that rewards consumers for visiting new places in their vicinity. Users can collect points or prizes by checking-in at local venues, such as bars, clubs and restaurants
- By checking in, consumers are letting companies know that they are in a specific area which allows advertisers to direct ads to them
- Users serve as third-party advertisers and opinion leaders by leaving tips on what foods to eat or where to shop in a certain area.

Graduate students Joey Stepniewski, Kasi Dickerson & Touré McCoy presented research on location-based advertising at the 2015 Broadcast Education Association national convention in Las Vegas.

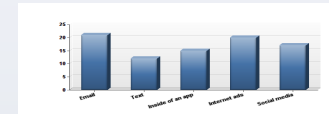


Stepniewski's Survey

Some companies use the location of your Smartphone, which they can find based on your phone's GPS, Wi-Fi or other data, in order to send you relevant advertisements. How do you feel about this?



How would/do you prefer to receive advertisements sent to your phone?



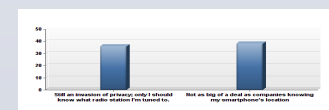
Would you be willing to give out your current location on social media if you were given coupons and discounts for doing so?



Would you be more comfortable with stores knowing when you enter and leave them if you were awarded "points" for every visit you made to the store which could be used as store credit or to earn other deals?



Location-based advertising is not exclusive to Smartphones. For example, some electronic billboards will track the frequency of your car's radio to determine what ad to display to you on the billboard. Do you feel this is:



Conclusions

The survey suggests that consumers are still reluctant to allow location-based advertising access to their phones and therefore their billboards. Results of the survey suggest that if advertisers incentivize they will make location-based advertising more palatable.

Suggestions include:

- Coupons
- Discounts
- Target rivals
- Already inside location: games, offers
- Timed alerts—urgency

The Presentation

Kasi Dickerson at the national convention of the Broadcast Education Association (BEA) in Las Vegas April 14, 2015.



SFA Department of Mass Communication

The three students who presented at the Broadcast Education Association national convention in Las Vegas are working on their master's degrees in the department's new, totally online master's program.

Our thanks go to Dr. John Allen Hendricks, department chair and professor in the new master's degree program.

The panel was moderated by Dr. Linda Thorsen Bond.

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