A study of how the Brick and Mortar business can utilize Location-based Marketing in Sweden.

- Technologies, Strategies, Privacy & Integrity and Receptiveness from a consumer and expert perspective.

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Dissertation in Marketing, 15 ECTS

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This bachelor thesis in marketing was written in the spring semester of 2014 at Halmstad University. We have gained great knowledge around Smartphone use, location-based marketing and the brick and mortar business during the thesis process. We hope that this paper will shed further knowledge on location-based marketing, and work as a motivational factor for further research on the subject.

We would like to take this opportunity to express our gratitude to all who have helped and guided us through this process. We would first of all like to thank all the people who participated in the survey, without them this would not have been possible. A special thanks to our three experts Rebecca Caroe, Jonah Merchant and Ben Young, their participation in this study have been more than excellent.

We would also like to thank our supervisor Klaus Solberg Søilen for his constructive criticism and valuable comments, which have helped us through the writing process.

We hope that this research will give a deep insight into location-based marketing, also that you will find the paper rewarding and interesting.

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Gustaf Stenlund

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Abstract

Title: A study of how the Brick and Mortar business can utilize Location-based Marketing in Sweden. - Technologies, Strategies, Privacy & Integrity and Receptiveness from a consumer and expert perspective.

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Level: Bachelor Thesis in Marketing

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Purpose: The purpose of this research is to create an understanding of what location-based marketing is and how brick and mortar businesses in Sweden can use this type of marketing, and how it affects sales and the customer experience. The objective is also to find out how consumers perceive location-based marketing and possible privacy and integrity concerns.

Theoretical framework: The theoretical framework begins with theory regarding Smartphone usage in Sweden and privacy & integrity concerns. The theory also discusses the brick and mortar business. Further, it discusses what kinds of techniques and methods that are used by location-based marketing today is, and how push and pull strategies can be used within location-based marketing.

Method: The research is based on a combination of a qualitative and quantitative study. This was made to get the experts point of view and also the consumers’ perspective. The qualitative part consisted of three interviews with experts in the field of location-based marketing, mobile applications, Smartphone marketing and digital marketing. The quantitative part consisted of a survey with 357 participants.

Empirical framework: The empirical study consists of interviews and a survey. It begins with the interviews with the three experts; this part involves thoughts regarding location-based marketing within brick and mortar, best method of LBM, consumer receptiveness, negative/positive aspects, privacy and integrity and future prospects for location-based marketing. This followed by the results from the quantitative survey with our 357 respondents; the survey gives a consumer point of view on important factors such as Smartphone use, consumer interest regarding LBM, receptiveness, privacy and integrity concerns and loyalty.

Conclusion: The conclusion made in this dissertation is that location-based marketing is a great part of the digital marketing mix, and could potentially work well for Swedish brick and mortar businesses. It has potential to create increased value for consumers, which in turn can develop into a loyal customer base. The respondents of our survey are not concerned about their privacy and integrity. However, it could be a devastating blow for retailers if dealt with incorrectly.

Keywords: Location-based marketing, Geo-fencing, Smartphone, brick and mortar
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1. Introduction

The introductory chapter presents the subject's background, which leads on to the problem discussion together with complementary research questions. This is then followed by the purpose of the essay, which delimitations we have made, key terms and how the dissertation is structured.

1.1 Background

It was not long ago that people went to their local stores to purchase everything they wanted. Even though they had the possibility to buy their products online, there was a security concern regarding online shopping as people did not feel comfortable using their credit cards and giving up personal information to an online retailer (Metrics, 2014).

In recent years, attitudes towards e-commerce have changed, but Swedish people still feel that there are risks with using credit cards online (Rådmark, 2009). However, if you were to compare the concern that people felt regarding possible credit card fraud from ten years ago and how they view things today (58%-19%), there’s a big difference (Findahl, 2013).

That the brick and mortar industry has been taking heat due to the uprising of e-commerce in recent years is evident. In 2008, 28 percent of merchants in all sectors were feeling pressured by e-commerce and in 2010 the number had increased to 37 percent (Market, 2010).

E-commerce has grown stronger and has increased from 4.9 percent in 2003 to 37.3 percent in a prognosis made in 2013, and it is still on a healthy path for the future (Mossberg, Ogvall & Larsson, 2013). In 2011 more than eight out of ten people in Sweden made an online purchase and the most extensive age group were between 18 to 29 year olds, where 95 percent bought something online (Wade, 2013).

There are of course various reasons for why people choose to shop online instead of in-store. 43 percent find it much more convenient to shop online, 29 percent think that it is easier to find what they are looking for, 25 percent shop online because of the lower prices and 3 percent do it to avoid interaction with employees (Postnord, 2012).

Location-based marketing is based on messages that have been strategically placed nearby an area where buying behavior can be influenced which in turn, ideally transforms into a sale (Krabuanrat, 2007). Location-based marketing is generally used for retail settings (brick and mortar) and is usually delivered to mobile devices through different digitized messages, such as pictures, emails, text messages, pop-up banners or even direct phone calls.

Something that has become common is for people to gather local information via GPS applications via social media (Statistiska Centralbyråns, 2013). Statistics show that on mobile, there’s no visible difference between sexes when it comes to social media usage and that 40 percent of all Swedish inhabitants are using it. Looking closer at the statistics, around 40 percent of the Swedish men have at some point used a GPS application compared to 30 percent of the women.

Applications and Smartphone browsers are used as location-based marketing platforms and will now and in the future be the technique for how clients find you. These channels propose new ways for brick and mortar businesses to communicate with clients, but also prospects (Schwartz, 2011). The first to use Location-based marketing were brick and mortar businesses; it creates a way to increase the number of foot traffic to the store. Nowadays, Smartphones and tablets are making it easy to access social networking sites through.
applications, rather than being browser-based, which allows users to augment the capabilities of their devices, with one of them being geo-location.

1.2 Problem Discussion

There are researchers who state that privacy is an essential issue for marketers that are utilizing location tracking, and it is often possible to find that it is based on how sensitive the information is that is secured on the application. Studies regarding privacy concern often focus on the identity factor; this could translate into a full name and social security number. This is not only a concern on mobile applications but also for web-based applications (Barkuus & Dey, 2003).

Barkuus & Dey (2003) created a study with participants between the ages of 19 to 35. They scaled it from 1 to 5 where 1 was “not concerned” and 5 was “highly concerned”. The participants averaged 2.75 for all the services put together. This study suggests that people are not as concerned as first thought.

There are many different categories and sub-categories within Location-based marketing, such as different methods and technical aspects that needs to be sorted before implementing the marketing strategy. To exemplify; a couple of methods are through text messaging, and applications. To introduce the technical side with an example, “triangulation” is when an individual’s Smartphone can reveal that he was at a store at a particular time (Compassioninpolitics, 2009).

There are vast amounts of applications that enable location-based services; among the largest we find Foursquare and Yelp. These two specializes in, and urges the user to “check in” at different locations. Some researchers believe that consumers eventually will tire of these platforms and suggests that people require a sense of community that utilizes more tangible rewards (Business and industry portal, 2013).

Location-based marketing has issues that it needs to handle, some advertisers find that it is difficult to constantly engage mobile users to willingly receive messages on their devices, and even if they do, they do not tend to read everything that gets sent their way or even discard it as spam (Viswanathan, 2014).

A problem that Location-based marketing could potentially cause is the fact that a business might attract the wrong customer. The main issue is that location-based marketing has one factor in mind, which is location. This means that anybody who walks past outside of the store front and checks in will be given an offer.

What the business owner has to decide is if it is worth implementing, some of the usual customers might not like that they are getting the same treatment as any casual passersby. Some say that it has to be consistent with other marketing messages of the overall brand management.

However, Location data has improved and has become more accurate, and at the same time it has become cheaper to obtain it; thus for all the new applications and services (Compassioninpolitics, 2009).

These location-based applications make it possible to drive engagement for both prospects and clients and if appropriately represented, this should sway search engine rankings in a positive manner. Creating awareness to increase recognition along with word of mouth are significant factors when putting together a geo-location strategy (Schwartz, 2011).
WPP chief executive Sir Martin Sorrell spoke at the Mobile World Congress in Barcelona, stated that location-based marketing is a huge opportunity for retailers and should be regarded as a “holy grail”, he added that impulse purchases can be made anywhere (O'Reilly, 2011). Users have their mobile phone on their person at all times, which makes location-based marketing such an effective strategy.

1.3 Research Question

- What is the general consumer opinion on Location-based Marketing?
- Where are users most receptive for Location-based marketing?
- Is there a widespread privacy and integrity concern regarding Location-based Marketing?
- Which strategy and technology for Location-based Marketing is best suited for brick and mortar business?
- How can Location-based Marketing be used to develop the brick and mortar business?

1.4 Purpose

The purpose with this candidate thesis is to create a greater knowledge base surrounding what experts and users feel about Location-based Marketing, in order to gain increased knowledge, and learn how to engage and drive actions from customers. The privacy and integrity concern will also be put under review. The second purpose is to understand how Location-based Marketing can be used to develop the brick and mortar business, a sector that have been in decline of late.

1.5 Delimitations

This essay will focus on location-based marketing from an expert and consumer perspective. The essay revolves around the brick and mortar business with companies that focus on physical shopping. This dissertation will be limited to the Swedish market; therefore the quantitative study will only be done with respondents living in Sweden. However, experts on location-based marketing outside of Sweden are still valued with their general knowledge concerning the subject and will therefore be part of our empirical study. The technical aspects will be omitted regarding location-based marketing and more in particular GPS-applications, Bluetooth and Wi-Fi. There has been little focus on GSM since it is an older technique with many previous studies.
1.6 Disposition

Chapter 1
Introduction
- Background
- Problem discussion
- Research question
- Purpose
- Delimitation

Chapter 2
Theoretical framework
- Previous research within smartphone use in Sweden, location-based marketing, technologies and strategies.

Chapter 3
Methodology
- Research approach
- Motivation for research approach
- Selection motivation
- Reliability and validity

Chapter 4
Empirical framework
- Collected empirical data from interviews with experts and quantitative survey.

Chapter 5
Analysis
- Analysis of the theory and empirical data to find similarities and differences between previous researches.

Chapter 6
Discussion and conclusion
- Discussion and conclusion on how location-based marketing can be used for brick and mortar in Sweden.

1.7 Key Terms

**Smartphone** - Mobile phone offering advanced capabilities, often similar to a computer with the ability to download apps.

**Brick and Mortar** - Store-front business that deals with customers in a physical office or store.

**Application (App)** - Computer software that is intended to be used in practical work, which is designed for the end user.

**GPS Application** - Internet application which links itself with a Global Positioning System, most modern mobile phones and Smartphones has embedded GPS receivers (Statistiska Centralbyråen, 2013). A GPS application makes it possible to gather information (e.g. restaurants, events etc) about the specific location the user is located at.

**CPM** - Cost per impression within online advertising

**Groupon** - Deal-of-the-day website that features discounted offers

**Smart city** - Cities where information and communication technology systems can interact with people and make citizen services more efficient.
2. Theoretical framework

The theoretical framework cover areas and concepts deemed to be relevant for this study. We begin by shedding light on the Smartphone usage in Sweden and how a concern over privacy and integrity is associated with location-based marketing. We then focus on the brick and mortar business together with location-based marketing, cutting edge technologies and strategies.

2.1 Smartphone use in Sweden

2.1.1 Smartphone audience in Sweden

Grenert, Thor & Lagerstedt’s (2013) report regarding mobile usage in Sweden states that the cell phone has consolidated its significance in our personal life. The cell phone can be seen as history's most private media channel. It is our wallet, our extraordinary brain, and our inner pocket.

According to Google (2013) the Internet usage continues to increase in Sweden, and the spread between ages, has remained static for the last few years. The big change is the increasing usage of the mobile Internet in the form of Smartphones and tablets. Basically, wherever you are in Sweden there is now Internet available. Earlier Internet was only accessible for people at home, work and school; the accessibility has resulted in more time devoted to the Internet.

Through mobile Internet, the Internet can be used outside the home and workplace. During the daily breaks, the sofa and the dining table as well as on the bus and the subway is Internet accessible. This is something that particularly young people have discovered (Findahl, 2013).

Grenert et al (2013) conducted a survey with a base of 1169 respondents. This had some interesting data coming through where 47 percent (551 people) of the people stated that they get connected to surf the Internet, use applications or similar, more than ten times a day. People are primarily using their Smartphone to search for products and services, places and addresses, finding local stores, comparing prices, travel directions, and timetables.

The Smartphone is an essential product in the everyday life for (age group 18 to 64) almost every Swedish person. Today, 63 percent of the Swedish population have a Smartphone and it is increasing yearly. Generally does 83 percent of the owners use their Smartphone daily and have Internet on it, almost nobody leave their Smartphone at home (Google, 2013). Between 70-90 percent in the age groups 12-45 years are using Internet daily via their mobile phones (Findahl, 2013).

92 percent have used their Smartphone to search on the Internet for local information; the most frequent search is product information, restaurants & bars, travels, job offers and information regarding accommodation (Google, 2013)

52 percent of those looking for local information contacted the company, 65 percent visited the company either physically or digitally and 40 percent bought something from the company (Google, 2013).

The average Swedish Smartphone user has 39 applications installed on his or her Smartphone. Entertainment, such as games, music, surf the web and look at videos is the largest application area for the Swedish Smartphones users. The other two largest application areas are communication applications, like social media and e-mail, and to stay updated through digital newspapers and blogs (Google, 2013). According to Grenert el al’s (2013) report many people have downloaded applications from companies they are loyal to.
The Smartphone is used everywhere, especially at home, outside, at work, in-stores, public transportation, restaurants, cafe, social events, airports, hospitals and school. 33 percent of the users rather own a Smartphone than a television (Google, 2013).

There are a few obstacles with the Smartphone, people in general finds the screen too small for proper use. People do not trust the credit card safety during online shopping. Other things people find difficult with the Smartphone in the buying process is that it is hard to compare prices and alternatives, there is no detailed information about the product or service, it is complicated to write and people are not familiar with the Smartphone interface (Google, 2013).

Consumers are open and positive to the usual offers sent to their Smartphone but also location-based offerings. Focus on the benefits to the consumer and contextual relevance of the Smartphone are together the future's most important channel for direct marketing (Grenert et al, 2013).

2.1.2 Smartphone buying behaviour

The growing number of people who are using Smartphones have generated a demand in the consumer market. This has shaped a dimension of virtual mobility as an ongoing trend for a geographically extended, quicker and better social interaction (Wei and Lo, 2006).

Today people are taking their purchasing decisions on the web or in the phone. Smartphones are becoming increasingly important in the influencing and buying process of products and services. The awareness of a brand is also mostly gathered on a PC (52%) and Smartphones (45%), using brand exposure on display ads and social networks. Google (2011) have brought forth information stating that 24 percent of the people that have performed a search on their Smartphones, actually recommend a brand or product to others.

Today many consumers are motivated to use mobile advertising to satisfy their information seeking, and to become more informed about their potential purchase (Papadopoulu, Kannellis & Martakos, 2002). Mobile advertising plays a big part in people taking action and actually buying something; in fact, 71 percent are, due to advertising, searching on their Smartphones and 82 percent detect the advertising with most noticing display ads, and a third become aware of mobile search ads. Half of the people noticing the advertisement are taking further action, with 35 percent visiting the web-site and 49 percent making a purchase.

Some interesting information that has come through Grenert et al’s (2013) survey is that 25 percent (280 people) have downloaded coupons on their Smartphone, and are likely to do it again. Another interesting fact is that 49 percent (549 people) have not done this, but are very open to it.

Mobile devices empower people by giving the consumer access to useful, product-relevant information on demand and in the retail environment. The potential for purchase intent is increasing as consumers adopt new technologies in advanced mobile phones (Lane, 2010). The mobile platform has become an indispensable shopping tool, and Google (2011) found that 79 percent of consumers use their Smartphones for comparing prices and finding more information regarding different products and to locate retailers. Google (2011) state that nine out of ten Smartphone searchers end up taking action (i.e. purchase or visiting a business). It is also brought to attention that 74 percent shop on their Smartphones, and that 70 percent operate their phone while in the store. Smartphones are utilized during the entire research and decision-making process, and are used across channels.
Grenert et al (2013) reveals that people are interested in receiving offers in their Smartphone from businesses that they are loyal to. The businesses are primarily grocery stores, retail chains, and clothing stores. The sort of deals that consumers are most recipient to are offers, coupons, invitation to events, travels, and advice for recently bought products.

People have tendencies to use their Smartphone in-store. Consumers conduct Internet search in-store about a certain product or service, and carries out price comparisons with other retailers while in-store. Consumers are turning to their mobile phone in-store is a strong call to action for retailers to react (Natwest, 2011).

People have a positive attitude towards using their Smartphone as a payment method, when buying a physical product or service. Consumers are open to buying online via their Smartphone, to exemplify: 83 percent (918 people) have purchased tickets or similar, online with their Smartphone (Grenert et al, 2013).

### 2.2 Privacy and integrity

Privacy is an important factor for the success or failure for different existing and future service applications, such as location-based services. Therefore, there is a strong need for privacy protection (Jorns & Qurchmayr, 2010). Barkuus & Dey (2013) state that privacy is an essential issue for the tracking of the consumers’ location.

According to Barkuus & Dey (2003) quantitative study regarding privacy concerns, did the participants’ answer get an average of 2.75, where 1 was “not concerned” and 5 was “highly concerned”. This shows that people are not as concerned about privacy.

However, new challenges have arisen regarding user-privacy protection due to the fast growth of Internet applications, such as online social networks. This means that user information is becoming easier for attackers to obtain, which makes it possible for them to create new contextual information (Chen & Pang, 2014).

Recently there has been an increase in enabling privacy-preservation in location-based services. The main interest is regarding anonymizing personal locations and obtaining high quality location-based services based on top of the anonymity without compromising people’s privacy. The location-anonymizer is using trusted third party architecture (Chow & Mokbel, 2009).

This is something that Bettini et al (2009) agrees with but states that for some types of location-based services it can be hard to achieve anonymity. This has led to that other approaches have been discussed, such as the utilization of private information retrieval (PIR) techniques and obfuscation of certain information. It is possible to generalize, partially suppress, transform, or break down sensitive service specifications, and therefore obfuscate its real value, but retaining an acceptable quality from the location-based service.

Many studies regarding privacy concerns focus on identity factors, such as name and social security numbers. (Barkuus & Dey, 2003). Private information is what the attacker associates with a certain individual, such as the persons political orientation or more specifically, location (Bettini et al, 2009).
When a user makes a request within Location-based services this contains the user’s location and query, i.e. information of interests for example. Location-based services are often providing great utility for consumers. However, it can also lead to severe privacy concerns, even more so when the location-based service provider is not reliable and share user’s request with the attackers (Chen & Pang, 2014).

It is insufficient to just remove or replace identities with pseudonyms due to the fact that attackers can obtain consumers locations through different procedures, such as triangulating Smartphones’ signals and localizing where consumers access the Internet (Chen & Pang, 2014).

2.3 Brick and mortar/clicks business

Brick and mortar is physical stores with no digital business, brick and clicks are businesses with both physical stores and online presence (Turban, King & Lee, 2006).

Bricks and clicks are often collaborations between a Brick and mortar businesses and Pure-play online grocery firms. Pure-play is a business with only one business focus, for example only shoes. This increases the flexibility for the customer as they can choose if they want to shop online or in a physical store (Kärmärinen & Punakivi, 2002).

Brick and mortar businesses often have a strong brand, large and loyal customer base and a well-functioning logistic system (Kärmärinen & Punakivi, 2002).

Many brick and mortar businesses (McHugh, 2012) face challenges when they try to integrate with online retailing. This is because retailers are afraid that an online channel will affect their physical store negative. One successful operation is Wal-Mart, Wal-Mart used the online channel to promote the traditional physical channel and no conflict between the channels occurred (Enders & Jelassi, 2009).

2.4 Location-based marketing techniques

2.4.1 Global positioning System

Global positioning system (GPS) was developed by the U.S. Department of Defense. It can be defined as a space-based positioning, navigation and timing system (McNeff, 2002). The system utilizes a satellite navigation or satellite positioning system by which signals are used for geo-location and movement, tracking of people, vehicles and measurements.

Apart from its velocity determination and navigation functions, GPS has other features such as precise time measurements and stable frequency signals which can be applied for synchronization of sources for global communications, power-distribution networks, electronic transactions, and other applications.

GPS applications are used as one of the location-based marketing platforms. Today, about 35 percent of the Swedish population has gathered local information via GPS applications through social media (Statistiska Centralbyrån, 2013).
2.4.2 Global System for Mobile Communication (GSM)

GSM was developed to replace the first generation of cellular networks, the analogue network, and became the European digital mobile telephone standard. The first GSM network, called 2G, was primarily designed for voice telephony, but also beamed services involving Internet, SMS, and MMS (Garg, 2007).

The third generation, 3G, of wireless systems offer high-speed Internet supporting video calls and mobile TV services etc. The 3G offer location-based services through the communication network, which allows seeing where a device is located (Parry, 2002).

There are several methods of location-based GSM marketing, the most used on is triangulation, which uses multiple mobile towers, and by measuring the angle of arrival in mobile and arriving point and sides reference points, the position can be determined (Meghathan, Kaushik & Nagamalai, 2010).

GSM based proximity marketing technology can be a powerful and cheap marketing tool. The big challenge with location-based GSM is security and privacy concerns, and it also lacks a standard to be followed (Meghanathan et al, 2010).

2.4.3 Bluetooth

Bluetooth is designed to be robust and of low cost. Its implementation can be described as a low cost, high-performance integrated radio transceiver (Schwartz, 2011). This piece of technology is intended for mobile and business users who want to create a link or small network to their computer, mobile phone and other peripherals. The Bluetooth radio has a required range of 10 meters. With the use of Bluetooth, cables are no longer needed.

The Ibeacon is a location-based service launched in December 2013 by Apple, it is a transmitter that pushes notifications and offers to people's devices as they walk within range via Bluetooth low energy (Mlot, 2014).

Bluetooth marketing is used to simultaneously target shoppers inside and passersby outside a retail location. Bluetooth broadcasting systems can be promoted through posters to encourage passersby to enable their Bluetooth device, or encouraged by promoters. The broadcast system can broadcast different messages at different times of the day (Krum, 2010).
2.4.4 Wireless Local Area Network (WLAN)

This technology can be described as a flexible data communication system that can be used for applications which means that mobility is one of its requirements (Garg, 2007). WLAN is the technology that provides the most flexibility, which is something that is sought-after in the indoor business environment. WLAN has the possibilities of data rates up to very high Internet speed, and the speed is continuously increasing. WLAN will be commonly used in future data communication markets.

“Many people use the terms WLAN and Wi-Fi interchangeable, but Wi-Fi is actually a designation to indicate a specific WLAN Technology that has been certified by the Wi-Fi Alliance” (Krum, 2010, p. 26)

2.4.5 Wi-Fi

Wi-Fi is a wireless technology network for electronic devices to exchange data or connect to the Internet. A Wi-Fi access point is known as a “hot spot”, an area that allows the user to connect to the Internet, the range for access depends on how advanced technology the hot spot have (Singh, 2003).

Companies can use Wi-Fi marketing in a several different ways to create brand awareness. The most commonly used marketing option is to have a marketing message that the customer will see when they connect to the Wi-Fi network. This could present advertisement that the consumers have to watch before they are given access to the Internet. There are also possibilities to send marketing messages over the Wi-Fi signal when customers have accessed the Internet on their device (Krum, 2010).

Wi-Fi marketing is best suited for places such as airports and business parks; these are places that have a captive audience of people who want to access the Internet (Krum, 2010).

2.4.6 Radio Frequency Identification (RFID)

According to Liu, Darabi, Banerjee & Liu (2007) RFID generally uses tags, which purposes are to identify or localize different objects with the use of radio signals. The tags have transmitters and can send out beacon messages (tag ID) during certain time intervals while some tags utilizes motion sensors, which sends out the beacon message when the tag is moved. It has gained suitors in recent time due to the relatively low cost. RFID tags can be branched out into two major categories; active and passive tags. Active tags are most common in location-based systems; they are powered by a battery and can be read up to 300 meters from the reader which entails that there can be a small number of readers compared to a broad range of location-based applications. There are three main units within RFID localization; these are RFID tags, RFID readers, and the data processing subsystem (Liu et al, 2007).

2.4.7 Near Field Communication (NFC)

Near Field communication was developed in 2002 by Philips and Sony as a standard-based wireless connectivity technology, between two devices in proximity. The technology uses a modulation of radio frequency fields to transfer and receive information (McHugh & Yarmey, 2012).
Near field communication is a technology that establishes wireless information communication for mobile phones, computers, and tags on posters, all these are Near Field Communication devices. This allows physical materials to communicate digital information through touch-based linkages (McHugh & Yarmey, 2012). The information is transferred when one Near Field Communication device is in the contact field, with magnetic inductive coupling, which allows it to connect to both passive and active devices. This makes it more efficient than Bluetooth and Wi-Fi. Passive devices are devices without an internal power supply like a smart card. Active devices have an internal power supply, such as Smartphones. Supporting both these versions makes Near Field Communication Unique (Ortiz Jr, 2006).

Near Field Communication is designed to be used in many different ways, including merchandise and service payments, event ticketing, and different access control areas (Ortiz Jr, 2006).

Near Field Communication is a very efficient marketing channel since it is a cost-free communication with the customer, with high transmission rates. The technology allows marketers to advertise content wireless in a specific venue to engage customers (Strout & Schneider, 2011).

The technology is a good tool to enhance loyalty programs through checking in and record purchases by tapping the phone at the register (Strout & Schneider, 2011). Near field communication also makes the shopping experience better for customers by allowing online reservation and purchase through NFC tags. It also helps customers to access special offers, just by touching a NFC tag on the smart poster (Coskun et al, 2012).

Placing NFC tags on product packages and other objects allows the marketer to program what should be shown when the consumer taps the phone on the tag, which could allow the consumer to view product information, recommendations and reviews etc (Coskun et al, 2012).

2.5 Location-based Marketing

2.5.1 Location-based Services (LBS)

Location-based services (LBS) are based on mobile devices that can provide location data in terms of position, movement direction and speed from the user (Bettini, Jajodia, Samarati & Wang, 2009). Bilchev & D'Roza (2003) agrees with this suggesting that location based services uses gathered information about where the mobile device user is geographically located. There are several different ways to gather this kind of information and the data is of great commercial value to businesses that want to reach their target audience on mobile devices. Something that has been talked about a lot in recent times are the capabilities of location based advertising (LBA), which makes it possible for a marketer to reach a customer when he is most likely to buy and the advertising is directed to the users mobile device (Bildchev & D'Roza, 2003).

Bernhard Kölmel & Alexakis (2002) state that location based services can be described as applications that are branched out into two different broad categories. One of the categories is known as ”triggered” and the other as “user-requested”.

For a triggered LBS to actually work it relies on settings that are managed beforehand. It retrieves the location of a known device. As for the user-requested category, the consumer is retrieving the location on one occasion and uses it on subsequent requests for location-
dependent information (Kölmel & Alexak, 2002). Within user-requested LBS examples are direction and navigation; it generally implicates either personal location or service location.

According to Wiswanathan, (2014) a problem that Location based marketing could potentially cause is the fact that a business might attract the wrong customer. Location based marketing uses only one factor, location. This means that anybody who walks past the storefront and checks in will be given an offer. This method can interfere with the overall brand image and loyal customers might not like that they are getting the same treatment as any casual passersby. Therefore, the business owners must decide if it is worth implementing. If so, it is important that it is consistent with other marketing messages of the overall brand management.

Consumers can today download around 2,300 news applications and roughly 5,300 location-based applications from webshops selling applications (Weiss, 2013) and according to Dey, Hightower, De Lara & Davies (2010) there are always improvements and modernizations that can make location tracking more accurate and deployable. It would make it possible to create more complex activity- and context aware applications to expose social roles by revising collocation patterns. These activity-aware applications are made to grant a complete service and experience for the user (Dey et al, 2010).

Reichenbacher (2004) has described five basic mobile procedures to provide user needs on geographic information; locating, searching, navigating, identifying and checking. The first action to cover is user location, it is important to identify where the user is with respect to someone or something else. The second action is what the user is searching for, such as objects, events or people. The third action is to navigate the user to the location that they have searched for. The fourth action is regarding other questions that may arise, such as properties of a location, which is important to identify. The user could also check for events at a certain location. This does not only use location, but also time as it mentions state of entities or events as well.

Locating and navigating are primarily using geo-spatial information. However, searching, identifying and checking utilize an array of diverse information (Reichenbacher, 2004).

These are the basic components and connections in a functional location-based service:

• Mobile Devices: There are many devices that can be utilized, such as Smartphones, laptops, tablets and personal digital assistant systems. With these the consumer can make a request for needed information. It can be given out by using pictures, speech, text and so on. The piece of equipment can also be other things, for example a navigation unit of a car.

• Communication Network: The mobile network sends the user information and service request from the mobile terminal, which ends up at the service provider and the requested information is then sent back to the user.

• Positioning Component: The position of the user usually has to be known, which can be acquired by using a Global Positioning System (GPS) or a mobile communication network. Other technologies that can be used are WLAN stations, radio beacons or active badges.

• Data and Content Provider: A service provider does not usually save all the data that can be requested by users, which is why data regarding location will generally be requested by the maintaining authority or business and industry partners (Steiniger, 2006).
<table>
<thead>
<tr>
<th>Action</th>
<th>Questions</th>
<th>Operations</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>orientation &amp; localisation</strong> (Steiniger, 2006, p. 7)</td>
<td>where am I?</td>
<td>positioning, geocoding, geodecoding</td>
</tr>
<tr>
<td>locating</td>
<td>where is {person/object}?</td>
<td></td>
</tr>
<tr>
<td><strong>navigation</strong></td>
<td>how do I get to {place name</td>
<td>address</td>
</tr>
<tr>
<td>navigating through space, planning a route</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>search</strong></td>
<td>where is the {nearest</td>
<td>most relevant</td>
</tr>
<tr>
<td>searching for people and objects</td>
<td></td>
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<tr>
<td><strong>identification</strong></td>
<td>{what</td>
<td>who</td>
</tr>
<tr>
<td>identifying and recognising persons or objects</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>event check</strong></td>
<td>what happens {here</td>
<td>there}?</td>
</tr>
<tr>
<td>checking for events; determining the state of objects</td>
<td></td>
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</tr>
</tbody>
</table>

2.5.2 Geo-fencing

Namiot & Sneps-Sneppe (2013) declares that geo-fencing is often utilized as a key feature within Location-based Services. It is formed around the conclusion that consumers move from one place to another and stay there for an extended period of time. These places can for example be homes, office centers, commercial properties and so on. Geo-fencing can be defined as geographic areas delimited by polygons.

Remote monitoring is used over specific geographic areas that are bounded by virtual fences, so called geo-fences. The mobile devices are within these fences tracked and are automatically detected when they enter or exit the given areas. The user can normally define the delimitation of the geo-fences, and in the simplest of cases a spherical area defines the radius.

A specific location has to be monitored during any implementation of a geo-fence. The technical aspect of this could be done directly on the device or with a centralized scheme, which means that the telecom operator tracks the location for own subscribers (Sneps-Sneppe & Namiot, 2013).

Nait-Sidi-Moh, Bakhouya, Gaber & Wack (2013) gives a description on how to implement a geo-fence. They state that there has to be a virtual device that has been built into the application. It can be designed using any geometrical shape and works as the perimeter surrounding the geographical radius that is being supervised. All the coordinates and parameters have been comprised into the device, which make up the physical characteristics of the parameter. Geo-fences rely on satellite positioning and navigation systems, but also on the performances and coverage volumes of mobile telephone networks. Mobile devices are
linked to these geo-fences, and it can be determined where and when the devices have entered the defined radius (Nait-Sidi-Moh, 2013).

Brousell (2013) discusses geo-fencing inside shopping malls and how it makes it possible for offers to become hyper-local. It allows retailers to tailor their offers that also prevent them from going to the local competitors. It also adds depth to the analytics, which means that location gives another layer of understanding. For example, the retailer is able to see for how long they shop, how well a window display works and if the targeted offers gets people into the stores which in turn generates more sales. Geo-fencing allows a retailer to customize their deals, give customers rewards and personalize their whole experience (Brousell, 2013).

With Geo-fencing, the information is pushed toward consumers when they are within the given radius, so for example information about restaurants, stores or coffee shops can appear on their device with special deals and interesting offers. The applications allow users to opt in and out when they want (Thelbma, 2013).

2.5.3 Indoor Positioning System

Indoor positioning systems can use different types of technologies, radio frequency identification (RFID) is a technique used for automatic identification and tracking of goods, animals and people. This method requires that the object being tracked have a RFID tag attached. Wi-Fi location determination has been developed to Wi-Fi enabled devices a positioning service (Curran, Furey, Lunney, Santos, Woods, McCaughey, 2011).

Indoor positioning has increased in popularity in recent years and the different systems provide something called automatic object location detection. The indoor positioning system can locate objects or people inside a building, for example a product in a warehouse can be detected (Mautz, 2009).

Mautz (2009) explains that with indoor environments there are different realities compared to outdoor, they face different challenges. Outdoor positioning requires regional or even global coverage and indoor are restricted to buildings and size of the actual rooms. Something that has to be taken into account when speaking about indoor positioning is that there is increased difficulty of receiving satellite signals. As the indoor is complex and dynamic because of factors like movement of people, radio interference and signal strength, and these unpredictable factors makes it a challenging area (Gunturu, 2008). This has generated an evolution of high sensitive and AGNSS receivers (Mautz, 2009).

2.6 Push and Pull Strategy

Rimlinger (2011) states that It is common knowledge for marketers and franchisors that promotional marketing generally is divided into two different branches, the so called “push” and “pull” strategies.

“A push strategy involves ‘pushing' the product through distribution channels to final consumers. Using a pull strategy, the producer directs its marketing activities (primarily advertising and consumer promotion) towards final consumers to induce them to buy the product” (Kotler, Armstrong, Saundar, Wong, 2008, p. 777-778)
Looking closer at the push strategy, this is the one being used to create consumer demand which means that the marketer basically pushes the message out to its target audience (Rimlinger, 2011). This means that the marketer or merchant is in total control of that message, its appearance, what it contains, when and where it is consumed.

Tanasak Krabuanrat & Shin Wee Chuang (2007) explains that push advertising is regarded as being invasive, it does however reach a wider audience than the pull strategy and is often indiscriminating. Many consumers view this as being a wireless spam, but it is the most preferred solution for most advertisers due to the fact that it has a wider reach and is simple to use (Krabuanrat, 2007). People are often making impulsive purchasing decisions, which make the push strategy suitable.

The push strategy in a LBS perspective gets triggered by events, if a user enters a specific area with a mobile device or if it is activated by a timer explains Stefan Steiniger, Moritz Neun & Alistair Edwardes (2006). To exemplify when a push service could occur, it is possible when you enter a radius within a shopping mall, or even with warning messages about changing weather conditions. Pull services are easier and not as complex to establish compared to push services due to the fact that they are not relying on past user interaction with the given service. The needs and preferences need to be understood by the push system (Steiniger, 2006).

The pull strategy works the other way around; it is created by consumer demand. With this strategy the marketer or franchisor want to attract the target audience so that they will willingly request a product or service and then “pull” it through the delivery channel (Rimlinger, 2011).

With a pull strategy the consumer does not have to identify themselves beforehand or have any interaction with the advertiser (Krabuanrat, 2007). It is therefore possible for a retailer to acquire a new customer as long as a consumer is close to the retailers’ area and pulling information over the air.
If a pull strategy is put into a LBS perspective it is possible to break it down into two subcategories, one being “functional services” and the other “information services” (Steiniger, 2006). The latter is for when the user for example searches for a nearby Italian restaurant whereas the functional service is when you order an ambulance or taxi, just by a press of a button.

When constructing a franchise marketing plan, a balance between both marketing strategies is a good way to expand the brand’s reach and can in that way entice new consumers, preserve long term relationships with existing consumers, appease market needs and meet sales goals by producing demand. With that in mind, it is important to know that a company will have to alter their marketing tactics so that it is designed to be appropriate for that specific business along with its goals. So one marketing strategy may work more effectively for franchise A than it does for franchise B, everything depends on the business characteristics such as what industry it is in, demographics and size (Rimlinger, 2011).

<table>
<thead>
<tr>
<th></th>
<th>Pull</th>
<th>Push</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Advantages</strong></td>
<td>• Less invasive</td>
<td>• Wider audience</td>
</tr>
<tr>
<td></td>
<td>• More targeted marketing</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Lower costs for advertisers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>• Ability to recognize customers’ profiles</td>
<td></td>
</tr>
<tr>
<td><strong>Disadvantages</strong></td>
<td>• Lesser audience reach</td>
<td>• Spam issues</td>
</tr>
<tr>
<td></td>
<td></td>
<td>• Higher costs</td>
</tr>
<tr>
<td><strong>Success factors</strong></td>
<td>• Ability to gain insight through customers’ profiling</td>
<td>• Advertisements attractive enough to not turn-off consumers</td>
</tr>
</tbody>
</table>

This table is originally found in the following article: (Krabuanrat, 2007, p. 14)

### 3. Methodology

The methodology chapter presents the approach for the implementation of our study, and discussion about the choice of method. An explanation of the expert selection is also presented in this chapter together with the choice of approach, data collection and proceeds with analysis, reliability and validity. The chapter concludes with methodological and a criticism of sources.

#### 3.1 Comprehensive scientific approach

The thesis process began with in-depth research about the concept of Location-based marketing and a description of previous research in Location-based marketing. This created the foundation of the theoretical framework. This research created certain expectations of the reality and is according to Jacobsen (2002) a deductive approach, which is when the expectations create the foundation for how the reality is studied.
Jacobsen (2002) states that there is a slight chance that the authors look from an individual perspective on the subject and is only looking for consistent theories, which may result in exclusion of relevant aspects when using a deductive approach.

A decision was made to use an intensive design with qualitative interviews with experts regarding location-based marketing and how companies in need of increased physical shopping could implement this. We chose a small group to get as detailed information as possible from few units. Jacobsen (2002) is suggesting that one could either use an intensive or an extensive design approach for a study. An intensive design is detailed and looks at the issue in-depth, which creates high internal validity and lends itself to qualitative methods. An extensive design takes a broad view by studying many units; the result can often be generalized to reality and lends itself to a quantitative method (Jacobsen, 2002). An extensive approach has been used to collect data from the consumers’ perspective regarding the subject.

3.2 Scientific approach

The purpose of the study is to get a better understanding of location-based marketing and how businesses can use this method to increase sales in physical stores. With the purpose and the problem definition in mind, a descriptive examination was best suited for the study. The descriptive examination is explained by Jacobsen (2002) as when the author delves into the realities, the empirical part of the study.

Both qualitative methodology and quantitative methodology has been chosen for this study. According to Jacobsen (2002), the qualitative method is beneficial when the researcher wants to investigate, interpret and understand a concept to provide clarity. The qualitative method has been chosen as the purpose of the thesis is consistent to what Jacobsen (2002) describes, and since the concept of Location-based Marketing has not previously been studied in a scientific manner in a greater extent, this method seems even more fitting. The Quantitative methodology will complement the qualitative methodology by giving a point of view from the customer.

3.3 Qualitative methodology

The purpose of this study is to gain increased knowledge of location-based marketing and how companies can use this to increase physical consumption, in that aspect the qualitative methodology is appropriate for this study, and has therefore been selected. A qualitative methodology will be used in this study because qualitative methods are best utilized when it comes to access context that requires understanding and that is not revealed at once but becomes clear gradually (Eliasson, 2013). Jacobsen confirms this when writing that qualitative methodology is best suited when the phenomenon is to be interpreted and understood.

Multiple methods are used in this study, both quantitative methods and qualitative. Eliasson (2013) writes that qualitative methods work well in combination with other methods. The qualitative method is good to use to investigate a phenomenon where quantitative methods cannot reach, or where the phenomena are difficult or impossible to quantify which suits this study.

The qualitative methodology is explained as a very time consuming process by Jacobsen (2002), because of that will this study and due to that fact, this study will be focused on a few respondents with in-depth interviews.
A qualitative approach, according to Jacobsen (2002) is based on flexibility, which means that the survey's circumstances can change during the thesis process. The subject area demanded flexibility because the problem definition has changed as new information has been collected. The main purpose is to gain increased knowledge in Location-based marketing, to gain understanding on which Location-based marketing method is best suited and where consumers are most receptive.

We have shown a critical attitude towards the subject, which keep the interviews in a neutral way. Jacobsen (2002) argues that in a qualitative research approach, there is a risk that a researcher can get too close to the examination object and thus can reduce the neutrality to what is being investigated. To reduce the risk Jacobsen (2002) is describing a critical attitude towards the subject has been implemented during the whole thesis process, to question the subject’s actuality.

We have chosen to use interviews in this study, observations within the subject of Location-based marketing would be expensive and difficult to observe. According to Eliasson (2013) interviews and observation are the two most common qualitative methods.

3.4 Quantitative methodology

A quantitative methodology has been chosen for this study to get the customers point of view, it also gives a result on the survey component (Eliasson, 2013). The goal with the quantitative survey is to examine people’s current use, how widespread the usage of these services are and regarding their attitude towards Location-based marketing.

A quantitative survey can reach a high quantity of respondents because of its simplicity, which therefore may correspond to a representative sample of reality and increase the possibility of generalization of the results. The quantitative approach enabled the survey to gain insight into what the large group of people thinks about Location-based marketing (Jacobsen, 2002).

The Questionnaire was designed so that it will cover the topic fully and systematically with questions and a clear structure, which is explained to be important by Eliasson (2013). It was decided that the questionnaire should contain a few but very important questions for the survey, this to keep it easy for the respondents. The questionnaire was carried out online through the cloud service from Qualtrics, in order to make it as accessible and easy as possible for the respondents.

3.5 Selection for qualitative examination

Jacobsen (2002) recommends that the problem definition should determine the selection of primary data. This study includes interviews with experts in the field of Location-based marketing, focusing on people with background within the subject or certain expertise around the subject. The selection of respondents is important according to Jacobsen (2002) since it will affect the answers that emerge, people in different positions will have different views on subjects. One of the objects with the qualitative examination is to gain knowledge about the phenomenon Location-based Marketing, and in this case it is important that the selection of respondents is equivalent with the target audience and with knowledge of the subject (Jacobsen, 2002). We have chosen to delimitate the research from involving Swedish brick and mortar businesses, due to the fact that we obtained enough qualitative data from the experts.
3.6 Selection for quantitative examination

According to Eliasson (2013) is it impossible to address all units of the population, therefore a sample was created for the quantitative examination. The sample must correspond to the theoretical population. A good analysis requires around 400 to 600 respondents depending on the size of the theoretical population (Jacobsen, 2002). Our theoretical population is based on the number of Smartphone user in Sweden. The estimated population of Smartphone users in Sweden is 7.5 million according to Google (2013).

A confidence level of 95 percent have been used to calculate the sample size, this means that the probability is of a 95 percent chance that the right value is in the examination. The confidence interval is determined to be at 5 percent, this gives a sample size of 384 respondents.

3.7 Data collection

This study includes the two main forms of information collection, which are primary and secondary data. Primary data is collected directly from the first source, while secondary data is information collected from sources other than the original source (Jacobsen, 2002). Jacobsen (2002) writes in his book that it is better to use multiple types of data; it is hard to only use one sort and different types of data can be complementary.

3.7.1 Primary data

Primary data has been collected through interviews and a questionnaire that has been adjusted for the problem definition. Jacobsen (2002) argue that an interview is a preferred method when few respondents are examined, especially when looking for how an individual describes and interpret a phenomenon. The interview is also less controlled than other options, which gives chances for follow-up question and has suited this study (Jacobsen, 2002). We have also explained the different terms in the questions before the interview took place, to decrease the likelihood of confusion which in turn would have given us the wrong data.

An interview in a physical space is the preferred method, but interviews over telephone and digital solutions are also convenient options according to Jacobsen (2002). If the interview contains several open questions, telephone interview is not preferable. However respondents get less affected by the interviewer during a telephone interview. Jacobsen (2002) describes triangulation as an essential part to increase the validity and creditability of the data, this done through interviews with different people.

The primary data collected from the quantitative method has been collected through a questionnaire. The questionnaire was designed so the variables that were to be tested were following the theoretical framework that formed the base for the study (Eliasson, 2013). The questionnaire was premeditated to be short and concise, this is supported by Kotler et al (2008) saying that a long and demanding questionnaire can result in fewer respondents. The first questions was simple factual questions to see if the respondent’s reply adds to the survey, people without Smartphones were excluded from this questionnaire. The survey mainly consisted with closed questions to keep the questionnaire as simple as possible and to limit the misunderstandings. Both category and Likert scale questions were used, the Likert scale questions were used for the inquiries we wanted to examine intensively, regarding peoples attitude towards external interaction on their Smartphone.
The respondents were completely anonymous in their responses in our survey because their individuality did not add anything to the survey. The anonymity also allows the respondents to answer more truthful and maximises the response according to Jacobsen (2002).

### 3.7.2 Secondary data

The Internet has been our primary platform when collecting secondary data, particularly in the beginning to get an idea of the chosen subject. Further into the research, the secondary data has been collected through scientific journals and books from libraries and databases. It is very important to evaluate information when collecting secondary data. Data from other sources than the original one is important to be source critical towards, since secondary data is collected by others and may have been used for different studies then this study (Jacobsen, 2002).

Most of the data has been collected from digital article databases such as ISI Knowledge, Google Scholar, Google Books, Emerald, ProQuest, Scopus and Summons. In the search for data the main keywords used were “Location-based marketing”, “Location-based services”, Mobile marketing” “Mobile marketing techniques” “Geo-fencing”, and “Proximity marketing”.

It has been difficult to collect data regarding the Smartphone audience in Sweden, as there has not been a previous scientific study based on these figures. Due to that fact, the collected data has mostly been extracted from two reports, that we consider having high credibility.

### 3.8 Analytical Method

The analysis-process of qualitative data focuses on three things, description, systematization & categorization and combination (Jacobsen, 2002). This was in mind during our analysis part of the research.

The objective with the description part is to get as thorough and detailed data as possible without influencing the data (Jacobsen, 2002).

The next phase is to systemize the data so it is easy to review the analysis. The systemizing is essential to convey the collected data. According to Jacobsen (2002), the purpose of categorization is to simplify the detailed data and a prerequisite for comparing text.

The combination part is where it is possible to see what has become directly said or done. Here, one can obtain the more hidden and the most interesting ratio of the data (Jacobsen, 2002).

These three focuses gave us a foundation to build upon for our analytical framework.

### 3.9 Credibility

Information collected and used for studies must have validity and reliability, and problems related to these must be minimized, without this the conclusion cannot be trusted (Jacobsen, 2002).
3.9.1 Validity and Reliability

The reliability shows how reliable and useful a measurement is (Ejvegård, 2003). Using experts in the field of Location-based marketing with knowledge and experience increases the validity of the study (Jacobsen, 2002). This study contains several interviews, which increases the validity since it has been possible to triangulate the three interviews with each other. The interviews were recorded to increase the validity. According to Jacobsen (2002) there will be an increased validity if the respondents are named (not anonymous), which is something we have done, thus ensuring that the study has a greater possibility of being conducted again with the same results.

Triangulation gives a better overall picture, and increases the validity according to Jacobsen (2002). Looking at both the qualitative study (experts) and the quantitative study (consumers), it gives the study a different perspective on the same phenomenon.

Patel & Davidsson (2011) states that it is bad reliability wise, if a quantitative study is conducted again but does not get the same results. However, they continue by saying that this is not the case with the qualitative method, as there is an understanding that the respondents in the interview can have a change of mind regarding the subject. In the qualitative method, it is therefore vital that the researcher grasps what is unique in the specific situation, of each interview. We conducted our interviews with a questionnaire that was based on the theoretical framework, and have tried to cover all areas considered relevant for this study. The results from each interview, made it possible for us to depict what each expert’s point of view were about location-based marketing (Patel & Davidsson, 2011).

Relevant and valid empirical data requires that the researchers measure what they are intended to measure in order for the study to be valid (Jabobsen, 2002). The survey was carefully prepared with clear instructions on how the respondent should proceed with the survey; this gives a high validity according to Eliasson (2013). This indicates that the survey is repeatable and should give similar results in repeated examinations.

One weakness of the reliability in this study is the big theoretical population; a further selection and examination based on a certain age range would increase the reliability. The possibility of respondents leaving comments in the survey would have given us richer data, however, it was not feasible in the survey design. Another weakness with the survey is the average age of our sample, which is quite low. It does not reflect on what an older age group might have thought about location-based marketing; something we know could have changed the outcome of the quantitative research. It is also arguable that the survey is too short. However, what we wanted to know from the consumer perspective is limited to a short number of questions, which explains why the survey is short.
4. Empirical framework

The Empirical chapter contains both qualitative and quantitative data. The chapter begins with a short presentation of each location-based expert, who are participating in the qualitative study. This is followed by a summary of the interviews held with the respective experts. Finally, the quantitative data is presented, which has been collected to raise information given the customer segment in mind, which can be translated into the Swedish market.

4.1 Interviews with Experts

4.1.1 Interview with Ben Young

Ben Young is the CEO and founder of Young & Shand, a digital marketing agency based in New Zealand with branches in New York City and New Delhi. Young & Shand is New Zealand's fastest growing, and largest Independent Digital Agency in New Zealand. Young & Shand are creating engaging digital content and leveraging new marketing technology to help businesses grow.

Ben is based in New York, leading the charge of Young & Shand’s expansion into the US Market and continues to explore international growth and opportunities in the digital marketing industry. Ben is no stranger to Location-based marketing as Young & Shand has used it on several occasions via ad-targeting with Google to a certain location, Facebook, Twitter, Foursquare, and targeted content to locations.

4.1.2 Location-based marketing within Brick and Mortar

Mr. Young believes that Location-based marketing is important for the brick and mortar business, as the whole premise of most brick and mortar businesses is their local periphery. A local business has a local monopoly, which means that consumers are choosing between the local business, a multinational or a chain.

It is according to Young, important that if a local store is trying to compete against a big multinational platform (for example: Amazon) based online, that a local business need to lean on the fact that they are local, “maybe you can buy online and pick-up in-store, maybe remind people that the money goes into the local economy, if there are any issues they can handle returns and you can get personal service, there are a lot of reasons to buy local” (Interview, Ben Young, April 14th, 2014).

Location-based marketing is a great way to have a communications monopoly, which means that it is possible for a business to converse with consumers in their location in a better way, due to all the assumptions that are being made about them. As a local business, it is possible to be ultra-focused (compared to something being done nation-wide), given you have good information about your target audience. It allows businesses to pick up local nuances, make assumptions about their target audience, and have a more effective communication with them.

Mr. Young continues by stating that it is a great part of the digital marketing mix. “Ultimately you’re in business to help customers with something. Location-based is a smart way to go - we want to help the customers specifically in this area” (Interview, Ben Young, April 14th, 2014). Young goes on to give an example on how it could work for two multinational corporations, “Pizza hut and Domino’s pizza, they’ll have different campaigns based on different states in-stores, so they’re looking at scaling that because they know that each store has a slightly different customer base” (Interview, Ben Young, April 14th, 2014).
4.1.3 Best Method for LBM

Mr. Young believes that in this point in time, mobile-based targeted ads is the best method for location-based targeting and states that the technology being used depends on the kind of business. Young has developed preferences after working with Location-based ads, “Facebook mobile is going to work really well, a little bit of Foursquare depending on usage, in the US Yelp is a really really good one, Google has a bit of local targeting as well” (Interview, Ben Young, April 14th, 2014).

Young continues by discussing the differences between the GPS strategy compared to indoor. Speaking of the GPS strategy, Young suggests that people in an area “that are looking at this kind of stuff should be interested in what I’m up to. For example, if I jump on Yelp and I search for bars, a local bar wants to have an ad in front of me right now.” (Interview, Ben Young, April 14th, 2014).

One’s people are in the store, the local business have already done all the hard work. Young feels that the hardest thing is to get someone into the store. One’s they are in, the focus should be on up-selling, educating the customer with “did you knows”, things that add value and are helpful to make their shopping experience better, things like “hey today our specials is this, we’ve got a loyalty club, if you’re looking for this where is it – like a store map.” (Interview, Ben Young, April 14th, 2014).

Mr. Young thinks that it can differ how good location-based marketing is going to work between places. Places with higher connectivity, higher digital usage, and higher Smartphone usage. He gives an example when he states that utility is higher in a city like Manhattan, due to the simple fact that there is a large population, so much available, and people need help to find things. Compared to smaller cities where people already know so much about everything, which makes the value of location-based marketing decrease.

4.1.4 Receptiveness of the Consumer

Mr. Young believes that most of the location-based targeting is based on the consumer’s intent to do something. It is not often about discovery, where the consumer is most receptive is where they are looking for something.

The actual place does not really matter, if the consumer is out in the city shopping, they are shopping, if they are in a mall, they are shopping. However, there could always be better technologies to get you in to a store, Young states when comparing shopping malls with the city.

4.1.5 Negative/Positive Aspects

Early on, the targeting was too big, according to Young. It used to be around ten kilometers, which was not meaningful. One’s it came down to around one kilometer, it was much better. “I think everyone understands that there’s a bit of trial and error with that, but when the targeting was really big it was not helpful” (Interview, Ben Young, April 14th, 2014).

Mr. Young still feels that location-based could work better inside mobile browsers, which needs to get better, and there is also a need for better ad-units. However, it works really well within applications.
What is really helpful is when you can use location plus content matching. Young exemplifies by saying that if he wants to target people in New York, “who are looking for hairdressers, who are reading reviews of hairdressers. That’s a great assumption, place plus intent. Location works better when it is paired with something else, standing alone it is not really helpful.” (Interview, Ben Young, April 14th, 2014).

4.1.6 Privacy and Integrity

Privacy and integrity is one of the main problems that location-based marketing is facing. However, Young is not that worried about it. He thinks that most often when somebody has seen a mobile ad they have said “yes” to share their location. If the ad is based on what the consumer is actively searching for, it is not as bad.

Mr. Young continues by saying that it all comes down to cultural norms. The question is if people are comfortable with location-based advertising, something he thinks consumers are as long as there is utility in it for them. “For example, If you’re looking for bars and you’re showing me an ad for a bar I’m not that worried about it, that’s real utility to me” (Interview, Ben Young, April 14th, 2014). Young believes that consumers are happy to share their location, in return for some kind of benefit.

Young thinks that advertising services will get better at protecting consumers, but says that they are already really good. It is very hard to say that a cookie equals “person A”. Young believes that brands most often do not want to find each individual person; they will want to look at helping a mass of people, which is another reason for consumers, not to feel that their integrity is compromised.

4.1.7 Future Prospects for LBM

Better understanding as people move around and how that impacts what kind of advertising they will see, and how that adds value is something that the future will have to address, according to Mr. Young.

Another thing that Young feels needs to be optimized is how implementations can be quite blunt; they go “you’re in Manhattan, so you must be interested in this, which is not always the case” (Interview, Ben Young, April 14th, 2014). He also believes that the targeting will get better, as well as in-store. The relationship between out- and in-store will become more developed and will help a lot. It will make it possible for marketers to see when a consumer has seen their advertisement, and later turned up in the store.

4.2.1 Interview with Rebecca Caroe

Rebecca Caroe is the founder and CEO of Creative Agency Secrets in Auckland, New Zealand. Creative Agency Secret is a marketing agency providing content marketing services for businesses that want to get leads from their websites; build audiences online for their products and services and make their marketing investments actually provide payback in the form of new business earnings.

Caroe is a new business development specialist, strategy consultant and energetic cause champion. She has been at the leading edge of business innovation: B2B Marketing, Customer Relationship Management and Social Media Marketing. Rebecca has directed her own studies throughout her career, seeking out innovations that can be applied to new
business development. Her interest and personal connection with leading thinkers and influencer within Smartphone marketing makes her a great expert in this research.

4.2.2 LBM within Brick and Mortar

Caroe’s initial thoughts on Location-based Marketing are that the consumers would need to have an app activated on their phone and when the consumer walks passed a shop, the retailer would use a push strategy to get the offer to the consumer.

Caroe finds two problems with this, one is that it is very interrupting for the consumer, although there will be people who likes this sort of offers in the same way people like Groupon or Grabone (daily deal websites). It is a particular type of consumer and they are very determined, they chase offers and they are not necessarily good for the long-term health of a business. They depend on the offer to come in to a store and that implies that the margin on what they buy is already low because the retailer pay for the advert and pays for the offer.

Mrs. Caroe believes the main problem with location-based marketing is the interruption for the consumers. From the retailer’s point of view, the receivers might not be the right type of customers for the business.

It is also discriminating; it does not allow the retailer to know that the advert is going to the right sort of customer or someone that can afford the product and services that is offered. Today most advertising is going through a CPM basis, and although if a person is registered through the app, it would need more personal data from the person. “It is unlikely to have things like income, it does not allow preferences, as if the consumers to say that they only want offers from fashion retailers” (Interview, Rebecca Caroe, 9th of April, 2014). Caroe sees layers of complexity and the difficulty of up-taking the consumer side if the amount of users is not large enough. It is difficult not know enough of those people walking down street where the retailer’s shop is located, she perceive more difficulties in particular area.

According to Caroe, if the retailer attract the customer with an offer first, the retailer need an auto respond that follows up to see if someone has taken that offer and bring them to a closer relationship. This could be a relationship where the retailer learns a bit more about the customer and the customer learns a bit more about the company and its products. She adds that the consumers are very cunning now, which makes it difficult for the retailer. Broadcast advertising is very important today, the sender needs to recruit new customers and prospect and raise awareness for the brand and above the line advertising is still one of the best ways to do it according to Rebecca. Inbound marketing are very well but only if people already have heard of the sender, it is needed to have elements of above the line advertising and if the shop is very particularly location specific or occasion specific, like a gift shop for example where Caroe definitively could see that LBM would be really beneficial.

4.2.3 Best Method for LBM

Caroe finds Wi-Fi beneficial for this particular area of marketing. Wi-Fi would be working great for particular areas, for example in a shopping center. In both UK and Sweden there are very big shopping centers. “Ex the consumer could get free parking or pre-reserved parking if the consumer enabled the LBM through Wi-Fi, or if the consumer got some other initial benefit. Wi-Fi inside the shopping center is easy to management and control and anyone that enables the Wi-Fi then has to receive the offers” (Interview, Rebecca Caroe, 9th April, 2014). People are generally in the shopping mall because they want to shop. “There is only food and things to be purchased in a shopping mall, not like a street where people could be heading for
their office above a shop. And in that case is not the person's purpose to shop” (Interview, Rebecca Caroe, April 9th, 2014).

According to Caroe, there is a challenge with Bluetooth. Bluetooth is massively battery hungry and people have their Bluetooth turned off unless they need it. Nowadays, GPS is also battery hungry and people turn off those apps proactively otherwise their battery will not last a full day. Caroe could see the Ibeacon working in a specific geographical area if there were signs creating awareness about the Ibeacon, Caroe uses an example on lampposts saying; “you’re entering the Ibeacon area” “turn on your Bluetooth, here is the benefit”. All of the stores offering Ibeacon deals would need to have a logo or something showing that it is an Ibeacon area. But even with all of that Caroe believes that it is a real challenge to get people using it, in order for the technology to be profitable.

The NFC tags are interesting, there are companies who have incorporated them into their products, for example a company named Icebreakers have NFC tags on every clothing label so that people can trace the origin of the wool that makes the garment, it is a great way for companies to add value to their respective product/service.

### 4.2.4 Receptiveness of the Consumer

Caroe consider people to be most receptive when they are planning to go shopping; to reach out to consumers in a situation where they for example are saying that they are planning on going shopping on a certain day, at a certain time and are looking for a particular item. If the retailer had that information and could respond, this would be the ultimate time to reach out to the customer. But again Caroe thinks that there are issues in terms of the automation of the response, and it could be expensive.

Developed hospitals allow people to check in at hospitals when they arrive. In their check-in data people are given advice on where signs are not clear about how to get to the part of the hospital they are looking for. The hospital marketing team benefits from this, and it could be tied to other location where people are actively checking in like an airport.

### 4.3.1 Interview with Jonah Merchant

Jonah Merchant is managing partner at The BizDojo, The BizDojo is New Zealand's largest co-working and innovation network, with locations in Auckland and Wellington. The company fosters business growth, success, and innovation within the creative, digital and technology sectors.

Merchant is a senior technology executive with over fifteen years progressive experience on the leading edge of digital product innovation and management. Coupled with extensive project management experience and knowledge, have successfully delivered technology solutions in a wide range of industries across a diverse range of platforms and user interfaces - from online to mobile applications and touch screen interactions. Merchant has history working as a product manager for the innovation & venture department at Air New Zealand, today he is an independent consultant working for Air New Zealand developing how Ibeacon can be used.

### 4.3.2 LBM within Brick and Mortar

Merchant believes that Location-based Marketing is the big new thing for retailers. He has seen a lot of focus in terms of what an opportunity it is with this kind of emerging and
maturing technology and how it can involve from location-based social network techniques and awareness. His own company, The BizDojo has been looking around for how location awareness can add a layer of context to whatever the consumer or user happens to try to do. This could add some value through prompting or providing additional information. Something that would add value to their experience is to make what they are doing more frictionless and easier to transact. Merchant has been looking at other industry verticals seeing what and how transactions of those verticals can be applied.

Merchant has been tracking the retailer’s work with Location-based marketing, looking at Ibeacon and what’s going on in terms of geo-fencing. He is very excited about it but believes that the future for LBM is not primarily in the retailer industry, but more broadly that it is going towards social awareness and in the public sector, like infrastructure, transportation and things that are happening around and in the city. He believes there is going to be a crossover from what is coming out of these emerging trends such as smart cities and the Internet. This together with the location-based awareness with what people might be doing with their Smartphone, will be the future.

Merchant is interested in how location-based services can be used to create opportunities for adding value to the experience for the customer.

The power with the geo-fencing is that people do not need to check in, geo-fencing is a push mechanism not a pull, it recognizes that a person is within the geographic proximity, which can be really tight. Retailers can use LBM to help the purchase experience for the customer and in the most simply way prompting customers with special offers and discounts. But Merchant thinks the big value will be to “fill down the track” on how to take those everyday experiences whether it is work or social and use that location aspect to relief and filter out all the noise. There is a big problem now with mobile applications and social media, people are exposed to a massive amount of messages coming at them constantly on Twitter, Facebook and applications. Applications keep on adding requirements from the user and keeps on adding functions, which increases the noise. Location can be used as a way to filter the noise, so it actually enables people to surface things that are relevant to them at the right time at a physical place and adds value to the person. “Location-based marketing is a very low barrier to keep people involved” (Interview, Jonah Merchant, 16th April, 2014).

“The low hanging fruit of Location-based marketing, the things that everybody does first is daily offers, like daily deals but that market will be quite saturated market quickly. So next step is how you take that basic stuff and differentiate by having valuable things. I think that will come from combining Location data with other data about the consumer. Like variables, senses, and smart city” (Interview, Jonah Merchant, 16th April, 2014).

Mr. Merchant thinks LBM will first start to develop in retail businesses because retail is really motivated because brick and mortar stores have to figure out ways to compete against online shops. The difference is if the retailer can come up with contextual awareness that adds value to the person, so much value that they happily buy from a brick and mortar store then online. Online stores are always or generally more edgy pricewise, it is a price driven decision that people go online. LBM allows the retailer to take advantage of the point of position and time. This can create not only an offer but also something that adds value to the consumer.

**4.3.3 Best Method for LBM**

Mr. Merchant suggests that “the best method for Location-based marketing is the million dollar question” (Interview, Jonah Merchant, 16th April, 2014). The use of Ibeacons has increased explosively lately, and Ibeacons are now starting to be used by airlines and airports. Through an application does these Ibeacons function as a guide for people at the airport. The
application has all the flight details collected and can give the person advice. Merchant believes the Ibeacons will be used for more than just guiding in a near future. “The modern airport is a big shopping center today; location-based advertising will definitely be used in this particular area” (Interview, Jonah Merchant, 16th April, 2014).

Merchant also thinks that Ibeacon will be used for public transportation, both in a value adding context and where retailers can push offers to the consumer.

Ibeacon got a new type Bluetooth standard, low power Bluetooth, which makes it efficient for Location-based marketing. However, Merchant is aware that people do not constantly have their Bluetooth on. Because of this Ibeacons might not be a long-term solution but he believes it is the first of those kind transmitter techniques.

Wi-Fi is coming everywhere and it is easy and accessible for people. Mr. Merchant believes it is a good option for LBM since people can log in to the Wi-Fi and use it and they do not need to care about their own Mobile data plan cost. In return the retailer can send offers to the people connected to the Wi-Fi.

4.3.4 Receptiveness of the Consumer

Mr. Merchant believes people are most receptive in a retail area such as a shopping mall but also nearby restaurants. Restaurant is an obvious one because people can be walking past and if they are hungry and they get a pushed offer in front of them from a restaurant within proximity, this can be a huge factor in their decision process.

But Mr. Merchant thinks the next things coming through will be that the company has a certain amount of profile information and knows personal information about the consumer in the proximity, e.g. Purchase history. The retailer will push out offers depending on the profile, which will increase the interest and receptiveness from the customer point of view. Retailers should not bombard consumers with advertising, there has to be a balance.

4.3.5 Negative/Positive Aspects

Mr. Merchant suggests it will initially be a really high engagement because it is new, everybody is excited about it and it is something that is still valuable for the customer. But Mr. Merchant predicts the future will be the same way as it happened with the daily deal concept. After all the good deals people are excited about, people start to get the bad deals which lead to a lot of separation where massive amount of offers is coming at the users. This have led to that people now filter their daily deals emails in the spam folder. The quality of the deals has dropped off as well, as the offers are more generic and not personalized (tailored).

Mr. Merchant think Location-based marketing will get divided in two stages. The first stage is the method where companies will offer people deals based on only proximity, eventually this will take off because when people are in proximity in a shopping mall for example, they will get pounded by offers from all of the retailers around them. Most of these offers will be generic, which will lead to that people lose interest and turn off those notifications. This type of location-based marketing will result in an engagement drop.

The second way is that retailers will eventually start to use the personal data that they have access to and give people more tailored recommendations (offers). By that filtering out the noise, customers will start feel engaged again and that they are getting something with value. According to Mr. Merchant, this will mainly be big companies that people are already loyal
People have a tendency to give up information to these companies rather than smaller unknown companies.

4.3.6 Privacy and Integrity

“Disneyland uses RFID track bracelets on their consumer to collect information but also adding value to the experience for customers as well. These bracelets were given to the visitors to add value to their experience at Disneyland by offering them general information, queues updates, and the mascots can greet the kids by name by using proximity. At the same time are Disneyland collecting data about the people, they can track purchases, movement patterns and personal data” (Interview, Jonah Merchant, 16th April, 2014). Using this type of transparent collection allows companies to collect data without disturbing people’s privacy and integrity. Mr. Merchant thinks companies should start to collect data with low value information that the consumer is not resistant to give away, and also build trust over time. Examples of data that are particularly valuable are collected through twitter posts, Facebook and information that is already in public demand. This is information that people do not mind if there is a public knowledge, which means that their privacy is not jeopardized if the companies are collecting this. As long as companies can add value with that data it is easier to build up trust, and people will give up more information according to Mr. Merchant. Over time companies can start to ask for more high value data, if the company builds a trust and looking after the consumer they can reach high value data. Nike is one brand that is already collecting high value information from their consumers through their product “Nike+ Fuelband”, this wristband is registered on the Nike community website and tracks the user’s fitness, calories and GPS coordinates. High value information could be collecting their customers credit card information or financial or health related information. In order to gain this kind of high value information, companies will have to have very high level of trust from their consumers.

4.3.7 Future Prospects for LBM

”I believe the location awareness is unlimited. You can reach people in their car, public transportation, retail shopping, gym, going for some food, hospital environment, airports, and especially in those places where it is going to be stressful and painful experiences for customers” (Interview, Jonah Merchant, 16th April, 2014).

Merchant definitely thinks that the brick and mortar business will be the first pioneers in Location-based marketing with offers. But then Merchant thinks that the technology will strive to increase the customer experience, make it better or less painful.

He believes all industries will start to use it in the near future. Fitness clubs will definitely start to collect information through geo-fencing and add to the customer experience offering personal training tips, and personal rewards for accomplishments according to Mr. Merchant.

4.4 Quantitative study

The quantitative study was conducted with 357 respondents where 100 percent of the participants had a Smartphone. The gender distribution consisted of 44 percent women (156 people) and 56 percent men (201 people). The ages ranged from 16 to 80 years old with an average age of 29.55. As the study did not have a given age group, the outcome of the age was fully down to who decided to participate. The survey was made to answer a few key questions from the consumer perspective that were important for this study.
4.4.1 Consumers carrying their Smartphone while shopping

The data that has been collected paints a clear picture; people carry their Smartphones with them almost all the time, when out shopping. 89 percent (319 people) stated that they always carry their Smartphone on their person while shopping. Only 4 percent (17 people) state that they never, rarely or sometimes have their phone with them while shopping. This shows that there is a grand majority of people that are bringing their Smartphones with them when out shopping.

![Figure 1: Smartphone while shopping.](image)

4.4.2 Receptiveness of Location-based advertisement

Most of the respondents have not experienced location-based advertisement. The collected data shows that the majority, 70 percent (251 people) of the respondents have not received any location-based advertising. However, 30 percent (106 people) have received some form of location-based advertising. This is an interesting number since this type of advertising is not commonly used today, in Sweden.

![Figure 2: In receipt of location-based offers.](image)

4.4.3 Consumer interest/need of location-based offers

There are divided opinions regarding the interest of location-based deals. The data shows that 21 percent (73 people) of consumers are “interested” or “very interested” in location-based
deals, while 32 percent (114 people) are neutral, and 47 percent (170 people) state that they are not interested. It goes to show that most people are either undecided or not interested in deals straight to their Smartphones. However, 21 percent of the people that are “interested” or “very interested” is not a small figure when looking at the entire market.

![Figure 3: Interest of location-based offers.](image)

### 4.4.4 Receptiveness

The two places where the respondents have shown to be most receptive are in the store, 38 percent (134 people) and at home, 36 percent (127 people). Another area where people are receptive is outside a store, 14 percent (53 people). These figures gives the retailers a guiding hand on where they should conduct their location-based advertising, the area around and inside the shop would according to the research be the optimal location. The option where people felt least receptive towards offers were at work and school, only 5 percent (18 people) stated this as a receptive location. The survey data shows that males are most receptive inside the store while females are most receptive at home.

![Figure 4: Receptiveness](image)

### 4.4.5 Privacy and integrity

The numbers collected with the survey suggests that people are not that worried about their privacy and integrity being intruded by location-based marketing. Usually applications ask consumers to give up information in order to be able to use their services. 51 percent (181 people) say that they are “not worried” or “not that worried”, while 22 percent (78 people)
state that they are neutral, which leaves 27 percent (98 people) feeling “little worried” or “worried”. There are evidently those that feel that their privacy and integrity is intruded upon, but most of the respondents did not view it as something to worry about. Males are more concerned regarding their privacy and integrity within location-based marketing.

4.4.6 Loyalty

Location-based deals would according to this survey, create customer loyalty. The data implies that a majority of people would choose to go back to a business where they have been given previous offers instead of shopping at their competitors’ stores. As 47 percent (165 people) state that they “would return” or are “likely return” to a local business after being given an offer by them. 28 percent (99 people) are not leaning one way or the other, and only 27 percent (93 people) “would not” or “probably not” return to the store because of previous offers. Looking at the difference between both genders, location-based deals create more loyalty from women than men.

Figure 6: Loyalty.
5. Analysis

In the analysis, theoretical framework is intertwined with the empirical study, in order to see the similarities and differences between previous research, together with what the experts and consumers think about location-based marketing. The analysis follows the empirical study’s structure, and will therefore be covered area by area.

5.1 Consumer Smartphone Behavior

The extent and increase of the mobile usage in Sweden reported by Google (2013) confirms Mr. Young statement that in this point in time mobile-based targeted ads is the best method for location-based marketing. Mr. Young also says that this type of marketing is best suited when the consumers intend to look for something, and according to Grenerts et al’s (2013), people are primarily using their Smartphone to search for products and services, places and addresses, finding local stores, comparing prices, travel directions, and timetables. Google (2013) also confirms that searching for something is one of the main usage areas for the Smartphone user and that many of these Smartphone searches lead to conversions into the physical store. Mobile search ads also increase the consumer’s intent to actually buy something according to Papadopoulu et al (2002). As consumers adopt new technologies in advanced mobile phones, their potential for purchase intent is increasing (lane, 2010). All this indicates that Mr. Young’s thoughts regarding the importance of mobile-based ads are correct.

According to Mr. Young, location-based marketing works best when it is paired with something, he believes it will be successful to use location together with content matching. By knowing what people are searching for and what type of reviews they are reading, retailers can make great assumptions and use location and intent. This theory is supported by statistics from Google (2013) and Grenert et al (2013) regarding Smartphone use and specifically search.

The grand majority of the Smartphone users has Internet on their mobile device and is using it daily (Google, 2013). This can be linked together with Mr. Young that believes that the location-based advertising needs to be developed inside the mobile browser, and better online ad-units. According to Papadopoulu et al (2002), mobile advertising play a big part in the consumers’ decision part in the buying process, this confirms the importance of developing the location-based advertising.

The average Swedish Smartphone user has got 39 applications installed on his Smartphone. The largest application areas are communication applications, like social media (Google, 2013) and the user uses these applications more than ten times a day (Grenert et al, 2013). This shows the noise that Mr. Merchant are talking about, that people are exposed to a massive amount of messages coming at them constantly on social media, such as Twitter, Facebook and also from their applications.

Mrs. Caroe believes that the best option for location-based marketing is to have an option where people need to have an application on their Smartphone. According to Grenert et al’s (2013) report, this will be the best option suited for companies that have a loyal customer base.

Mr. Young states that people are positive towards sharing their location if they are loyal to the company or if the company is offering something that the consumer is actively searching for. This Smartphone behavior can be confirmed by Grenert et al (2013), as their report show that many people have downloaded an application from a company they are loyal to.
Mrs. Caroe explains in the interview that it is important for the retailers to create a closer relationship with the customer. This would be a mutual relationship where the consumer learns about the company and its products or services and where the company can learn more about the consumer. According to Grenert et al (2013), this type of relationship allows people to be more open to mobile interaction from these companies. Mobile interaction, such as offers creates more loyal customers according to our survey, where 165 people answered that they would go back to the store with the offer rather than another store.

Mrs. Caroe states that the consumers today are very cunning and determined, they are chasing offers and they often depend on the offer to go to the store. The Smartphone is described as the extraordinary brain in Grenert et al’s (2013) report; the Smartphone allows people to be even more cunning and determined.

Mr. Merchant believes location-based services are going be broadly used in the public sector, like infrastructure and transportation. Looking at Finndahl’s (2013) report, these are areas where particularly young people are using their Smartphones frequently, especially on the bus and subway where the Internet is accessible.

### 5.2 Receptiveness

The data that has been collected in the quantitative study shows that there are two places where the respondents have shown to be the most receptive, in the store (38%) and at home (36%). Natwest (2011) suggest that people have tendencies to use their Smartphone in-store, and that they conduct searches on certain products or services while in the store, which is a strong call to action for retailers and it is also what the quantitative data has shown. The respondents of the survey also stated to be receptive outside of the store (15%). The places the participants felt less enticed were at work and school (5%). Mr. Young believes that a stronger relationship between outdoor and indoor strategies would make for better customer experience, but that it would also be more efficient for marketers and retailers.

According to Google (2013) the Smartphone is used everywhere, and wherever the users are in Sweden, they are able to connect their Smartphone’s to the Internet, which has in turn made people spend more time surfing the Internet. Location-based marketing makes it possible to reach customers when they are most likely to buy and the advertising is directed to the users’ mobile devices (Bilchev & D’Roza 2003).

With Geo-fencing, the information is pushed toward consumers when they are within the given radius, so for example information about restaurants, stores or coffee shops can appear on their device with special deals and interesting offers (Thelma, 2013). Mr. Merchant thinks that companies will need to acquire certain amounts of customer information, such as profile information, personal information within a given proximity, e.g. purchase history. This would entitle the retailer to push out offers depending on profile, which in turn would increase consumer interest and receptiveness. However, Merchant is careful to point out that there must be a balance of how much advertisement that should be pushed out, as it could easily become counterproductive if dealt with incorrectly.

Mr. Young states that places with higher connectivity, higher digital usage, and higher Smartphone usage will work better. Mr. Young also suggests that this could make a difference if the consumers are in a big or a small city. In a larger city people are exposed to many different shopping possibilities and need help to locate these. In smaller places people already know everything, which makes them less receptive to offers.

Mrs. Caroe suggests that the best way to reach the consumer is when the retailer has information about when they are going shopping (day and time) and are looking for a
particular item, this would allow the retailer to respond in a greater way. Grenert et al (2013) uncover information that consumers are interested in receiving offers from businesses they are loyal to. The sort of deals that consumers are most recipient to are offers, coupons, invitation to events, travels, and advice for recently bought products.

Mr. Young believes that people are most receptive when they intend to do something, which both Mr. Merchant and Mrs. Caroe agree on. Users are most receptive when planning to go shopping, and both Mr. Merchant and Mrs. Caroe states that they think that shopping malls are the perfect locations. “There is only food and things to be purchased in a shopping mall, not like a street where people could be heading for their office above a shop. And in that case is not the persons purpose to shop” (Interview, Rebecca Caroe, April 9th, 2014).

5.3 Privacy and Integrity

Privacy and Integrity is a crucial factor for the success of location-based marketing according to Barkuus & Dey (2003). But looking at the quantitative data that has been collected, the issue of privacy and integrity is not as big of a concern as Barkuus & Dey (2003) states, more than half of our asked population answered that they were “not worried” or “not that worried” that their privacy and integrity would be intruded by location-based marketing. Barkuus & Dey (2003) quantitative study regarding privacy concerns also shows that people are not as concerned about their privacy; people are in general neutral in the privacy question according to both studies.

The growth of social networks and applications on the Internet has made user information easier to obtain for unauthorized people; this has created challenges for user privacy protection (Chen & Pang, 2014). Mr. Young states that people are not worried about giving up information, such as their location, if they get something of value or benefit in return. He also states that cultural norms will become an important factor regarding the privacy and integrity question for the future of location-based marketing. People will get comfortable with location-based advertising if it will become a utility for them.

Mr. Young believes that the protection of consumers’ privacy will be developed in the near future, but also states that it is already good. One of these protection methods is anonymized location presented by Chow & Mokbel (2009), which protects personal locations through a trusted third party.

Mr. Merchant believes best way to collect data is to use transparent data collection; this allows companies to collect data without disturbing peoples’ privacy and integrity. He states that companies should focus on low value information, which is information that is already in the public. However, this type of identity factors like name and social security numbers can result in privacy concerns as it is easy for attackers to obtain, which makes it possible for them to create new contextual information (Chen & Pang, 2014).

If companies can build up trust and not jeopardize people’s privacy it is a good chance that people will give up more information and high value data says Mr. Merchant. One way to not expose peoples’ privacy is to generalize, partially suppress, transform, or break down sensitive service specifications, and therefore obfuscate its real value, but retaining an acceptable quality data (Bettini et al, 2009).
5.4 Technologies

The location-based marketing platform called geo-fencing is based on the GPS technology, which is a technique used for geo-location and movement, tracking of people, vehicles and measurements (McNeff, 2002). The usage of this technique is low at the moment; only 35 percent of the Swedish populations have used it (Statistiska Centralbyrån, 2013). This can support Mrs. Caroe’s statement that the GPS technique is very battery hungry and people have tendency to turn off their GPS unless they need it. However, she believes it would work well in certain areas with GPS awareness so people know when to turn on their GPS function on their Smartphone.

Bluetooth is a technology intended for mobile and business users who want to create a link or small network for their computer, mobile phone and other peripherals (Schwartz, 2011). Mrs. Caroe finds the same problem with Bluetooth is that it is battery hungry. Mr. Merchant also confirms this by stating that people do not constantly have their Bluetooth on. However, Mr Merchant explains that Ibeacon is using a new type Bluetooth standard, low power Bluetooth; this type is less battery hungry. But he believes that Ibeacon based on Bluetooth is just the beginning of a new era with transmitter techniques that will be used for location-based marketing.

Ibeacon is a new location-based service that is using Bluetooth technique (Milot, 2014). This technique has been starting to be used by airlines and airports. The Ibeacons are planned to be used as private guides, but Mr. Merchant thinks they will be used for more than just guiding in the near future. He thinks that Ibeacons will be used for public transportation, both in a value-adding context and for retailers to push offers to the people. According to Finndahl (2013) public transportation is an area where particularly young people are using their Smartphones.

Mrs. Caroe states that she could see Ibeacon working in a specific geographical location if awareness is created. Krum (2010) confirms that this method is already in use when explaining that Bluetooth marketing systems can be made aware to the consumer through posters, or by promoters to encourage consumers to enable their Bluetooth function.

Mrs. Caroe finds Wi-Fi to be beneficial for location-based marketing. Wi-Fi works great for particular areas, for example in shopping centers. It is also a technique that is easy to management and control. The Wi-Fi technique is a wireless network for electronic devices to exchange data or to establish a connection to the Internet (Singh, 2003).

Mr. Merchant also believes that Wi-Fi will work great within location-based marketing, he finds it easy and accessible for people, which is an important part. The Wi-Fi option also gives something back to the consumer, not just the opportunity to receive an offer.

NFC is a wireless technology designed to establish a connection between two devices in proximity (McHugh & Yarmey, 2012). The NFC tags can be incorporated into products to allow people viewing the product information. Mrs. Caroe talks about this solution, where people can trace the origin of a product from a tag, but she does not find NFC to be a suitable location-based marketing technique, because of its tight proximity limits. In spite of this, it is a great way for companies to add value to their products.

RFID is a technique that uses tags with a purpose to identify or localize different objects with the use of radio signals (Hiu Liu, 2007). Mr. Merchant believes that RFID is a great technology for transparent data collection, for example Disneyland is collecting consumer data from their RFID track bracelets, these bracelets are tracking everything the consumer
does at the park. This method allows companies to collect data without disturbing peoples’ privacy and integrity.

5.5 Location-based marketing for brick and mortar business

Turban et al (2006) describes the brick and mortar business as physical stores with no digital business, while brick and clicks are businesses with both physical stores and an online presence.

Mr. Young and Mr. Merchant share the opinion that it is a good idea for the brick and mortar business to adapt their methods for location-based marketing. Bilchev & D’Roza (2003) argue that location-based services gather information about where the Smartphone user is located, and that the data is of great commercial value to businesses that want to reach their target group.

Mr. Young believe that it is important as the whole premise of most brick and mortar businesses is their local periphery, and that they have a local monopoly. Location-based services allow local retailers to maximize their potential within their geographical area. Local businesses have to compete against other local stores, multinationals or chains, which mean that location-based marketing could help them to stand out. He continues by stating that he believes that location-based marketing is a great part of the digital marketing mix.

Caroe does not share Merchant’s and Young’s point of view. She believes that it is an interruptive process for the consumer, as the user will need to download an app for it to work. She also states that it does not allow the retailer to know if the advertisement reaches their intended target group, which could lure the “wrong” customers. This is a danger that location-based marketing only has one factor in mind, which is location. Mrs. Caroe sees layers of complexity and the difficulty of up-taking the consumer side if the amount of users is not large enough and says that even if a user is registered to the app, as it would need more personal data.

In the quantitative study, the data shows that 21 percent were interested in receiving location-based offers, 32 percent were not leaning one way or the other, and 48 percent stated that they were not interested in these deals.

However, when the respondents were asked if they would chose to go back to a local business by which they had received a previous offer (instead of shopping at their competitors) 47 percent said they would return. Turban et al (2006) suggest that brick and mortar businesses often have a strong brand, are large and a loyal customer base together with well-functioning logistic systems. Grenert et al (2013) also mention that consumers are interested in receiving offers from businesses they are loyal to.

According to Grenert et al (2013) consumers have a positive attitude towards offers via Smartphones when they are paired with something that is beneficial to the consumer. This is something that Merchant agrees with, as he states that location-based marketing can add value through prompting or providing additional information, which in return makes for a better shopping experience for the consumer.

Merchant knows that the danger with all the offers that are being thrown at consumers, most of them are generic, which will lead to that people lose interest and turn off those notifications. This type of location-based marketing will result in an engagement drop.

Young feels that there are still things that need to be optimized within location-based marketing, for example implementations can be quite blunt, “you’re in Manhattan, and so you
must be interested in this, which is not always the case” (Interview, Ben Young, April 14th, 2014). There are always improvements that can be made to make the tracking of user locations more accurate and deployable, which make it possible to create more complex activity- and context aware applications to expose social roles by revising collocation patterns (Dey et al, 2010).

Merchant believes that there has to be real value in the different offers, and the added value will have to come through contextual awareness, which gets people to shop at their local stores instead of shopping online. Mr. Young shares this view and points out that there has to be a real utility in order for this strategy to succeed.

Geo-fencing is often a key feature in location-based services, according to Sneps-Sneppe & Namiot (2013) and is based around the knowledge that consumers move from one place to another and then stay put for an extended period of time. The mobile devices are tracked within the geo-fences, and are automatically detected when they enter or exit the given radius (Sneps-Sneppe & Namiot, 2013). Mr. Merchant states that it recognizes when a person is within the geographic proximity, and that it can be really tight. He believes that the first stage is when companies offer users deals based only on proximity. Mr. Young believe that this will work better in areas with higher connectivity, higher digital usage, and higher Smartphone usage. Applications that are utilizing geo-fencing make it possible for users to opt in and out whenever they want (Thelbma, 2013), for example information about restaurants, stores or coffee shops can appear on consumer devices with special deals and interesting offers.

Merchant thinks that there is a big problem with how exposed people are to messages through social media and applications. Applications keep on adding requirements from the user and keeps on adding functions, which increases the noise. He suggests that location is a way to filter the noise, which would enable people to receive offers that are relevant to them, at the right time, at a physical place and that also adds value. In Grenert et al’s (2013) study, 25 percent have downloaded coupons on to their Smartphone, and are likely to do it again. Another interesting fact is that 49 percent have not done this, but are very open to it. Mrs. Caroe believes that it is vital for businesses to raise brand awareness, in order for a location-based marketing strategy to be beneficial.

Indoor strategies face different challenges compared to those that are implemented outdoors. Indoor positioning is restricted to buildings and size of the actual room. It also utilizes different techniques than outdoors, as there is an increased difficulty of receiving satellite signals (Mautz, 2009). Indoor systems provide something called automatic object location detection (Mautz, 2009). Caroe thinks that there are issues in terms of the automation of the response, and it could be expensive.

The different indoor systems provide something called automatic object location detection. Mr. Young argues that once people are in the store, the business focus should be on up-selling, educating the costumer with interesting information, adding value and things that are helpful which in turn creates a better shopping experience for the user. Mautz (2009) state that indoor positioning has increased in popularity in recent years, and Young continues by stating that location-based marketing is going to become better when the relationship between outdoor and indoor advertising is enhanced.

According to Google (2013) the Smartphone is used everywhere. It is especially used at home, outside, at work, in-stores, public transportation, restaurants, cafe, social events, airports, hospitals and school. It is especially prevalent for the young to use the Internet anywhere (Findahl, 2013), and Mrs. Caroe and Mr. Merchant are unified when stating that people are easier to target when they are at a shopping mall, as they are generally in there because they want to shop, which makes it a perfect place for location-based marketing. Brousell (2013) discusses how geo-fencing works inside shopping malls and states that it
makes it possible for offers to be hyper-local. It is also valuable for retailers in an analytical aspect, as they can acquire information about their customers, which in turn makes it feasible to customize offers, reward customers, and personalizes their entire experience.

5.6 Push & Pull Strategy

The push strategy is based on creating consumer demand by pushing out messages to its target audience. The marketer is in full control over the appearance and content of the message (Rimlinger, 2011). According to Mr. Merchant this strategy is used for geo-fence marketing when people are in a geographic proximity, and allows retailers to prompt consumers with special offers and discounts.

The push strategy within advertising can be perceived as invasive from the customer’s point of view (Kraburanrat, 2007), which is confirmed by Mrs. Caroe who also thinks that this method is very interrupting for the consumer.

The pull strategy is created by consumer demand, where the marketer attracts the target audience so they request the product or service (Rimlinger, 2011). Mrs. Caroe’s initial thought on location-based marketing is that the consumer would need to download an application on their Smartphone. To get people to download the app a pull strategy is needed according to Rimlinger (2011).

Steiniger (2006) writes that a pull strategy within location-based services can be broken down into two subcategories, functional services and information services. Mr. Merchant and Mr. Young think that the push strategy can be used for the same purpose, they both believes retailers will push out offers/information that add value to the receiver. Mr. Merchant thinks that this technique and strategy will be used in a value-adding context in other industries, such as public transportation.
6. Conclusion

In the conclusion, the research questions are answered by the means of the analysis, founded on the theoretical framework and empirical study. We summarize the discoveries we have made through the study and conclude with suggestions for future research.

6.1 Conclusion and reflections

Based on our research it is evident that Location-based marketing strategies should be optimized towards mobile, due to the fact that the mobile usage in Sweden is constantly increasing. This makes it possible for retailers’ to reach the right consumer, and increase the possibility of a purchase being made. Consumers are more or less always carrying their Smartphone’s when they are out shopping, which makes this a perfect channel for retailers to reach their intended target groups. Our experts has stated that people are happy to give up personal information about themselves as long as they are receiving something valuable in return, and according to our quantitative data people are not that concern about giving our personal information.

The general Swede has 39 applications on his or her Smartphone, and one of the biggest application areas is communication applications, such as Twitter and Facebook. The majorities of Swedish people are browsing the Internet or are active on their applications more than ten times a day. This shows that people are open to trying new applications but are also surrounded by a lot of noise as they are constantly getting messages pushed their way. Location can work as a noise reducer, but it is clear that it does not work well on its own. Location needs to be paired with another factor, something that adds value for the consumer.

Applications seem to be what is working best for Location-based advertising right now. However, based on how much people are connected to the Internet and after talking to our experts, it is clear the mobile Internet browser is not working well enough and needs to be improved.

There are different techniques that can be used to build upon when designing a location-based marketing strategy. The most utilized technology is the geographical positioning system (GPS), which is a technique used for geo-location and movement, tracking of people, vehicles and measurements. The problem that we have found with this technique is how battery hungry it is; therefore consumers would rather have it turned off on their Smartphones’ when they do not feel that they need it. Other technologies that Location-based marketing strategies are using are for example Wi-Fi, Bluetooth, NFC, RFID, and Ibeacons. The latter is an emerging trend that is based on low power Bluetooth transmitters, which is less battery hungry than the standard Bluetooth transmitter. Our experts stated that this technique has just started to being used by airlines and airports. This is technology that could be used in a value-adding context and allows retailers to push offers to consumers. This study has shown that most of these technologies have an unsure future, as it has not been implemented to a greater extent. However, Wi-Fi seems to be the technology that is working best right now, it works great for particular areas, such as shopping centers. It is also a technique that is easy to manage and control, and is easily accessible for consumers. The Wi-Fi option also gives something back to the consumer, not just the opportunity to receive an offer.

People are becoming more receptive to mobile advertising as there is an increasing population that is using Smartphones. An interesting fact that has been revealed through our study has shown that people are most receptive towards location-based advertising when they are in-store, at home or outside the store. There is apparent need for a stronger relationship between
the outdoor and indoor location-based techniques, as this would massively increase retailers’ knowledge about their customers, but also give the consumer a better shopping experience. This means that retailers should not only emphasize their offers, but also give the consumer another kind of information that adds value. This can be information that helps consumer with their overall shopping experience, such as product or service information, guidance, other relevant content, or even location mapping. This can be applied to smart cities as well, with information that adds utility for consumers outside the store.

A danger for location-based marketing is if the advertising is too frequent, generic and pushed towards a mass of people as they would easily tire and view it as spam. A conclusion that has been made is that adding value for a customer is a very important aspect in the concept of location-based marketing. For an offer or content to be customized towards a certain consumer, retailers must obtain personal data, which for example can be acquired through customer profiles. This will add another layer of relevancy for the consumer and location-based marketing can function as a utility. This would entitle the retailer to push out offers depending on profile, which in turn would increase consumer interest and receptiveness. However, there is a fine balance of how much advertisement that should be pushed out, as it could easily become counterproductive if it is overexposed.

People are most receptive towards location-based offers when their intention is to shop. What we have learned in this study is that location-based marketing will work better in places with higher connectivity, higher Smartphone usage, and higher digital usage. This could translate into bigger and smarter cities, but also into places where the consumer focus is on shopping, which makes shopping malls an ideal location to pursue such a strategy.

We have identified the push strategy as being the most frequent strategy used in Location-based marketing. The push strategy is based on creating consumer demand by pushing out messages to its target audience. The push strategy is used within geo-fencing, which allows retailers to reach consumers with special offers and discounts. The pull strategy is mostly used for functional and informative services and to create interest for consumers to download the applications or view the web-based content.

Only 20% were interested in receiving offers to their Smartphone. However, a lot of Swedes have downloaded different offers and are willing to do it again, which indicates that if the offer is of the right nature, people are interested in them. Location-based marketing can result in more loyal customers. A majority of the respondents in our quantitative study stated that they would chose to return to a store, by which they had previously received some sort of location-based offer, rather than going to one of their competitors. Consumers are interested in receiving offers from businesses they are loyal to and are most recipient to offers, coupons, invitation to events, travels, and advice for recently bought products.

For a local retailer, it is vital to create closer relationships with its customers. There has to be a mutual relationship where the consumer can learn about the company and its product or services and where the company can learn more about their customers. This type of loyalty has shown to make consumers more receptive towards a mobile interaction with their preferred retailer. For a retailer to customize an offer or message to a specific customer, they need to collect consumer data, to create customer profiles. This can be obtained through transparent data collection directly on the application, which allows companies to collect data without disturbing consumers’ privacy and integrity. Consumers’ hand out personal information in exchange for value, and when there is loyalty and have been for a long time, the personal data being collected is richer.

Another aspect that is highly relevant when discussing the data collection process is for retailers to make sure that it is done in an ethical way. The privacy and integrity concern is, and will be one of the major foundations that location-based marketing will need to address.
for it to reach full potential. The social networks and applications on the Internet have expanded enormously, which makes it possible for unauthorized people to more easily obtain user information.

In spite of this it is clear that people are not as worried as previously thought. Both the respondents in our survey and theoretical framework conclude that the privacy concern is mild at the moment. As formerly stated, people are not that worried about giving up personal information if they get something valuable in return. A method to protect personal information is to keep the location anonymous, through a trusted third party. However, it can be difficult to reach full anonymity, which is why other methods are being developed, such as the utilization of private information retrieval (PIR) techniques and obfuscation of certain information. This can generalize, partially suppress, transform, or break down sensitive service specifications, and therefore obfuscate its real value, but still preserve an acceptable quality from the location-based service.

With this study we have found that location-based marketing is a great part of the digital marketing mix. It gives the brick and mortar businesses another way to reach their intended target audience. It has not yet been used in Sweden to greater extent, but we believe that it is a tool with a lot of potential. There are problems that need to be dealt with, such as development of technologies and the privacy and integrity concern. Finally we believe that location-based marketing should also function as a utility for consumers, which in turn adds another layer of value. Location-based marketing can be the instrument that makes it possible for retailers to maximize their potential in order to reach a wider target audience in their local periphery, which would translate into a larger market share.
6.2 Conceptualization

The Lagström/Stenlund model of value-adding location-based marketing.

In the light of the established theoretical framework and in combination with the empirical framework, we have developed a descriptive model of creating value adding location-based marketing. Our model aims at giving a brief overview of the important factors in creating value for the customer.

We have presented “Utility” as a central figure. With this, we state that it is important for the consumers that the location-based marketing functions as a utility. Creating a utility is essential for establishing value-adding marketing to the consumer. One important factor for this is “location”, location is an important factor to reduce noise for the consumer. Another important factor is “personal data”, by using personal data companies can customize offers and content for specific users. These customizations will add another layer of relevancy for the consumer and can be perceived as a utility. Content that has been individualized based on personal data will increase consumer interest and receptiveness. This together with location it can create a utility for the consumer. Consequently, such utility can generate a value-adding layer for the consumer. Adding value to the customer experience can create loyalty, loyalty has shown to make consumers more receptive towards a mobile interaction with their preferred retailer.
6.3 Further Research Suggestion

It would be interesting to make a similar research in the future when location-based is more established in Sweden. An interest for the financial point of view, such as cost and return on investment have arisen during the thesis process, this is an important factor for the potential of location-based marketing. One way to find out about this would be through case studies with companies using location-based marketing.

We believe that quantitative studies in particular age groups would have given different result and shown important factors for different generations. This is something future researchers should have in mind.

The first big regional research regarding location-based marketing have just been performed by IabMobile Sweden, this research involves how geo-positioning works with display and search advertisement. It also investigates mobile application versus mobile websites. We are glad to see that greater research is being made on the subject.

We would like to see further regional research focused on what factors it is that creates value for the customers on their Smartphone through location-based marketing.

It would also be interesting to see how the privacy and integrity question evolves in the future for location-based marketing, for example which method that would work most efficiently to protect people’s privacy and integrity.

Our final suggestion for further research is to investigate which techniques are best suited for location-based marketing. This would involve how to make techniques more accurate and deployable to locations, in order to create more complicated activity- and content aware applications to reveal social roles by studying association patterns.
7. Works Cited


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8. Appendix

8.1 Interview Guide

Background

- Can you tell me a bit about your company?
- What is your role?
- How long have you worked in Digital Marketing?
- How long has your company been around?
- Has your company used Location-Based Marketing before?

Location-Based Marketing (LBM) within Brick and Mortar

- Do you think Location Based Marketing can be used to develop the brick and mortar business?
  - If yes, how? If no, why is that?
- Do you think more people would stop buying all their products online and go to the store instead?
  - If yes, why do you think this would work well? If not, why is that?

Best Method for Location-Based Marketing

- Which is the best Location-based marketing technology to use?
- Which method of Location Based Marketing is best suited for brick and mortar business?
- Which location is best suited for which technology/strategy
- Is there any place that LBM would work better? Like a shopping mall, airport or hospital?
- When you’ve used LBM in the past, have you noticed that it’s worked better during some hours of the day, or different days in the week?

Receptiveness of the Consumer

- When and where are users the most receptive during Location based marketing?
- Are there any good ways to ensure that the consumer is at its most receptive?
- Can customized offers result in more consumer receptiveness?

Negative/Positive Aspects

- What is your personal experience with LBM?
- What’s been good and what hasn’t? Why did it work so well or not so well?
- Would you recommend companies to start using LBM do develop their business?

Privacy and Integrity

49
• What do you think the general consumer opinion on LBM is?
• Would you say that the privacy and integrity concern is a big issue?
• How can companies best deal with the privacy and integrity question?
• Do you believe that it will always be some concern or is there a good way to get around that for companies in the future?

Future Prospects for LBM

• What does the future hold for LBM?
• Do you think that there are still improvements to be made? If yes, what would that be?
8.2 Questionnaire

1. Do you own a Smartphone?

<table>
<thead>
<tr>
<th>ANSWER</th>
<th>AMOUNT</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>357</td>
<td>100</td>
</tr>
<tr>
<td>No</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>357</td>
<td>100</td>
</tr>
</tbody>
</table>

2. Gender

<table>
<thead>
<tr>
<th>ANSWER</th>
<th>AMOUNT</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
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<td>44</td>
</tr>
<tr>
<td>Male</td>
<td>201</td>
<td>56</td>
</tr>
<tr>
<td>Total</td>
<td>357</td>
<td>100</td>
</tr>
</tbody>
</table>

3. Age

<table>
<thead>
<tr>
<th>ANSWER</th>
<th>AMOUNT</th>
</tr>
</thead>
<tbody>
<tr>
<td>Min Value</td>
<td>16</td>
</tr>
<tr>
<td>Average</td>
<td>30</td>
</tr>
<tr>
<td>Max Value</td>
<td>80</td>
</tr>
</tbody>
</table>
4. How often do you bring your Smartphone when you are shopping?

<table>
<thead>
<tr>
<th>ANSWER</th>
<th>AMOUNT</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Never</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>2.</td>
<td>6</td>
<td>2</td>
</tr>
<tr>
<td>3.</td>
<td>5</td>
<td>1</td>
</tr>
<tr>
<td>4.</td>
<td>21</td>
<td>6</td>
</tr>
<tr>
<td>5. Always</td>
<td>319</td>
<td>89</td>
</tr>
<tr>
<td>Total</td>
<td>357</td>
<td>100</td>
</tr>
</tbody>
</table>

5. Have you received a location based offer in your Smartphone?
Example: In a store, outside a store

<table>
<thead>
<tr>
<th>ANSWER</th>
<th>AMOUNT</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Yes</td>
<td>106</td>
<td>30</td>
</tr>
<tr>
<td>No</td>
<td>251</td>
<td>70</td>
</tr>
</tbody>
</table>

6. How interested are you in receiving offers in your Smartphone?

<table>
<thead>
<tr>
<th>ANSWER</th>
<th>AMOUNT</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Not interested</td>
<td>92</td>
<td>26</td>
</tr>
<tr>
<td>2.</td>
<td>78</td>
<td>22</td>
</tr>
<tr>
<td>3.</td>
<td>114</td>
<td>32</td>
</tr>
<tr>
<td>4.</td>
<td>46</td>
<td>13</td>
</tr>
<tr>
<td>5. Very interested</td>
<td>27</td>
<td>8</td>
</tr>
<tr>
<td>Total</td>
<td>357</td>
<td>100</td>
</tr>
</tbody>
</table>

7. Where would you be most receptive for an offer in your Smartphone?

<table>
<thead>
<tr>
<th>ANSWER</th>
<th>AMOUNT</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home</td>
<td>127</td>
<td>36</td>
</tr>
<tr>
<td>Work/School</td>
<td>18</td>
<td>5</td>
</tr>
<tr>
<td>Outside a store</td>
<td>53</td>
<td>15</td>
</tr>
<tr>
<td>In a store</td>
<td>134</td>
<td>38</td>
</tr>
<tr>
<td>Other</td>
<td>25</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>357</td>
<td>100</td>
</tr>
</tbody>
</table>
8. Do you feel that direct advertising to your smartphone would be intrusive on your privacy?

<table>
<thead>
<tr>
<th>ANSWER</th>
<th>AMOUNT</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Not intrusive</td>
<td>107</td>
<td>31</td>
</tr>
<tr>
<td>2.</td>
<td>75</td>
<td>21</td>
</tr>
<tr>
<td>3.</td>
<td>78</td>
<td>22</td>
</tr>
<tr>
<td>4.</td>
<td>55</td>
<td>15</td>
</tr>
<tr>
<td>5. Very intrusive</td>
<td>43</td>
<td>12</td>
</tr>
<tr>
<td>Total</td>
<td>357</td>
<td>100</td>
</tr>
</tbody>
</table>

9. Would an offer get you more loyal and return to a store?
- E.g. Choosing to go to H&M (since you received an offer from them) rather than Lindex

<table>
<thead>
<tr>
<th>ANSWER</th>
<th>AMOUNT</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Not likely</td>
<td>39</td>
<td>11</td>
</tr>
<tr>
<td>2.</td>
<td>54</td>
<td>15</td>
</tr>
<tr>
<td>3.</td>
<td>99</td>
<td>28</td>
</tr>
<tr>
<td>4.</td>
<td>106</td>
<td>30</td>
</tr>
<tr>
<td>5. Very likely</td>
<td>59</td>
<td>17</td>
</tr>
<tr>
<td>Total</td>
<td>346</td>
<td>100</td>
</tr>
</tbody>
</table>
### 8.3 Cross Tabulation

#### 6. How interested are you in receiving offers in your smartphone?

<table>
<thead>
<tr>
<th>Interest Level</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not interested</td>
<td>35</td>
<td>57</td>
<td>92</td>
</tr>
<tr>
<td>2</td>
<td>25</td>
<td>53</td>
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<td>3</td>
<td>60</td>
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<td>4</td>
<td>24</td>
<td>22</td>
<td>46</td>
</tr>
<tr>
<td>Very interested</td>
<td>12</td>
<td>15</td>
<td>27</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>156</td>
<td>201</td>
<td>357</td>
</tr>
</tbody>
</table>

Chi Square: 10.54

#### 7. Where would you be most receptive for an offer in your Smartphone?

<table>
<thead>
<tr>
<th>Location</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Home</td>
<td>70</td>
<td>57</td>
<td>127</td>
</tr>
<tr>
<td>Work/School</td>
<td>6</td>
<td>12</td>
<td>18</td>
</tr>
<tr>
<td>Outside a store</td>
<td>23</td>
<td>30</td>
<td>53</td>
</tr>
<tr>
<td>In a store</td>
<td>53</td>
<td>81</td>
<td>134</td>
</tr>
<tr>
<td>Other</td>
<td>4</td>
<td>21</td>
<td>25</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>156</td>
<td>201</td>
<td>357</td>
</tr>
</tbody>
</table>

Chi Square: 16.25

#### 8. Do you feel that direct advertising to your Smartphone would be intrusive on your privacy?

<table>
<thead>
<tr>
<th>Intrusion Level</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not intrusive</td>
<td>57</td>
<td>50</td>
<td>107</td>
</tr>
<tr>
<td>2</td>
<td>36</td>
<td>38</td>
<td>74</td>
</tr>
<tr>
<td>3</td>
<td>38</td>
<td>40</td>
<td>78</td>
</tr>
<tr>
<td>4</td>
<td>20</td>
<td>35</td>
<td>55</td>
</tr>
<tr>
<td>Very intrusive</td>
<td>5</td>
<td>38</td>
<td>43</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>156</td>
<td>201</td>
<td>357</td>
</tr>
</tbody>
</table>

Chi Square: 24.70

#### 9. Would an offer get you more loyal and return to a store?
- E.g. Choosing to go to H&M (since you received an offer from them) rather than Lindex.

<table>
<thead>
<tr>
<th>Likelihood Level</th>
<th>Female</th>
<th>Male</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not likely</td>
<td>14</td>
<td>25</td>
<td>39</td>
</tr>
<tr>
<td>2</td>
<td>15</td>
<td>39</td>
<td>54</td>
</tr>
<tr>
<td>3</td>
<td>35</td>
<td>64</td>
<td>99</td>
</tr>
<tr>
<td>4</td>
<td>55</td>
<td>51</td>
<td>106</td>
</tr>
<tr>
<td>Very likely</td>
<td>37</td>
<td>22</td>
<td>59</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>156</td>
<td>201</td>
<td>357</td>
</tr>
</tbody>
</table>

Chi Square: 20.89
Gustaf Stenlund, International Marketing student focusing on cutting-edge digital marketing methods. Primarily within Location-based technologies.

Philip Lagstrm, International Marketing student focusing on cutting-edge digital marketing methods. Primarily within Location-based technologies.