

# Is Location-Based Marketing Up to Snuff?

Mo Marshall & Galen Gruman

**AT ISSUE:** The idea of location-based ad campaigns has many marketers excited. They expect that knowing where a person is will help them target the right message to him, increasing the chance of a response. The classic scenarios are sending a coupon for \$1 off a latte when someone is near a Starbucks or letting someone on the highway know she's near a favorite chain restaurant during lunchtime. But is this model ever really going to materialize?

## Galen says:

No. Location services are great for consumer "pull" uses, such as "Find me the nearest ATM" or "Find me the nearest gas station that takes my credit card." But the "push" model will fail for the same reasons it does everywhere else: People are sick of being advertised to. No matter where you are, there are advertisements: on clothes, on buses, on buildings, on the grocery floor, in your mail, in your email, in your periodicals, on the radio, on TV, on the blimp over the stadium, on your grocery bag, on your parking receipt, on the Web, and on and on. It should come as no surprise that this inundation is depressing consumer response — it's a simple matter of desensitization.

But what about the theory that mobile push ads, tailored to a person's location and correlated against a database of known preferences for that person or that person's demographic group, will be more relevant to the recipient? Won't that make the difference? I doubt it. A pitch is a pitch is a pitch. And like Web popups, email spam, and faxed ads, a pitch on a mobile device requires a user action, which is a forced interruption, a forced bit of effort, and in some cases a forced expense. That's a real turnoff.

There's definitely a place for advertising in mobile, as there is elsewhere. The place is best served by the so-called branding approach — creating awareness through ongoing presence in the customer's life — and the on-demand pull approach. Branding ads are less intrusive, while pull ads are not seen as ads but as a response to a specific, timely user need.

I'm a big fan of location-based services, but I fear the intense interest some marketers show for location-based push ads could cause a backlash that makes consumers equate location-based service with spam and privacy invasion. That's a sure way to kill the goose.

## Mo says:

I agree that the type of location-based advertising some vendors are currently promoting won't work — but not because push advertising won't work. Advertising is push, and, whether we like getting it or not, in general, it works. The real problem with location-based advertising is the unrealistic expectations the industry has of what's technically possible in the wireless medium.

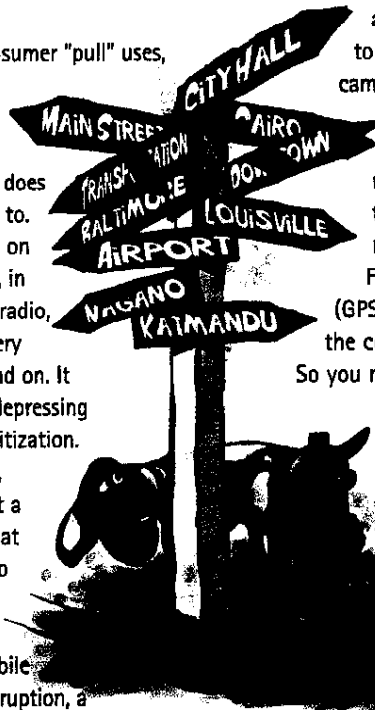
Now, there's little point to advertising without some kind of call to action. And the hope of wireless is that the response to that call to action will be immediate. So the dream behind location-based campaigns is that they'll spot a potential "advertiser" when she's in the best location to carry out that immediate response.

It's a great concept. But it's up against two major roadblocks: (1) We don't have the infrastructure to support that kind of model, and (2) location data alone isn't enough to make it work.

First, until every phone comes Global Positioning System (GPS)-equipped (or the equivalent), you can only track users by the cell they're in (and then only when their devices are active). So you may be able to pinpoint people to within two miles of their actual location, but you won't know whether they're in the Starbucks on Main Street, the emergency clinic on Memorial Way, the local penitentiary, or just high-speeding through town on the freeway.

Second, users will quickly turn off to wireless advertising if it's not highly targeted, so it obviously would make sense to, say, a movie theater to make sure its not sending a discounted movie coupon to someone who's neither in the right proximity nor in the right mindset to act on it. That means you need more than location: You need to match location data to in-depth personal profiles and historical behavioral data. That's not only hard to get, it's also very expensive to mine.

So when "location-platform" vendors talk about making devices and carrier networks responsive to each user's specific needs, they're "embellishing reality."



*Each issue, Editor-in-Chief Mo Marshall and Executive Editor Galen Gruman debate a key question facing mobile strategists. Send us your views or submit a question at [letters@mbusinessdaily.com](mailto:letters@mbusinessdaily.com).*