

4 Ways Geofencing Helps Physical Retailers Compete with Online Shopping

Looking to compete with seamless online shopping experiences, retailers see geofencing as a way to level the playing field.

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With a staggering 96 percent of Americans now shopping online to avoid crowds and save time, it's not surprising that traditional retailers are struggling in the Amazon era. But thanks to advances in technology, retailers are finding creative ways to leverage their physical presence to compete with online shopping.

In previous articles, I've highlighted the power of beacon technology and the impact of mobile phones at retail. Lately, physical retail stores are increasingly embracing geofencing to keep up and even outpace online sellers. They can track their visitors just like on the web, and even steal them off their competition, through a strategy called "geoconquesting."

Emil Davityan, Co-Founder of Bluedot Innovation, gave me his take on what makes geofencing so effective.

Refresher on Geofencing Technology

Geofencing technology allows retailers to set perimeters around a brick and mortar location, and track the foot traffic going in and out. This means that businesses can keep tabs on a customer's location and send offers to them in real time, when they're in the area, to pull them into the store.

Davityan explains, "Accurate geofencing helps marketers enable the location cookie to understand the physical journey and experiences of customers. By understanding the locations a customer visits before and after, retailers can increase foot traffic and conversions through tailored interactions that are more relevant to the customer." Bricks and mortar can then tap into these contextual cues to create highly targeted offers.

Geofencing pulls up relevant data on a retailer's customer, allowing them to improve engagement, increase loyalty, and understand how the time a customer spends in store relates to their overall spend.

1. Location Services Allow Retailers to Compete More Effectively

Instead of only setting perimeters around their own physical retail locations, retailers are also setting a geofence around their competitors' locations to intercept customers with enticing offers and promos to win back their business.

Geofencing is already being used effectively by Starbucks, L'Oreal, McDonald's and several others. But until recently, the targeting precision was only within about a 50 meter radius, leading to a certain margin of error in customer tracking. After all, who's to say whether a customer walked into your store, or the building next door?

Thanks to innovations like those of Bluedot, that's all starting to change. Davityan explains that "Accurate location services enable entirely new customer experiences by allowing brands to anticipate or respond to your needs based on your context. Pre-ordering, payments, pickup and post-sale interactions can all be done effortlessly via mobile-based location services."

2. Geofencing Fosters Customer Loyalty

It's important to note that online shoppers are famously fickle. Despite marketers spending \$90 billion a year on non-cash rewards for loyalty programs, 78 percent of consumers claim to be less loyal today than three years ago.

Here's where the combination of technology and the human element can really make a difference. With geofencing, businesses can really get to know their customers and provide the best possible experience. Being greeted by name or with a hot cup of coffee just the way you like it, as you walk into a store brings a new level of personalization into the physical retail experience.

Using geofencing, loyalty cards may no longer be needed. Retailers can simply pull up a customer's profile and use data accumulated on them to offer deals, or a gift just for walking into the store.

Geofencing is targeted marketing at the individual customer level, even allowing multiple businesses to team up their efforts and split the cost. For example, retailers can join forces with in-store brands to cover the costs of geofencing. They can also partner

with neighboring businesses to enhance the experience further, by offering a deal at a nearby restaurant or tickets to a theater.

3. Deliver the Ideal Omnichannel Customer Experience

I should note here that geofencing isn't limited to brick and mortar businesses. In fact, it can help to increase traffic between a retailer's physical location and their online storefront. Davityan affirms, "Geofencing marketing provides a win-win situation for retailers and customers by seamlessly integrating the online and offline experience via mobile."

Retailers can engage with customers online while in a nearby location, sending messages about in-store promos, or an event that may be taking place in the store. Then, when a customer makes a purchase in-store, they'll receive additional messages or offers regarding their next online purchase. Sending traffic back and forth between the store and the web.

Customers receive a positive shopping experience, thanks to the added convenience and personalized customer service.

4. Transform Digital Driving Retail Attribution Metrics

According to Davityan, geofencing is also transforming advertising attribution metrics. "Traditionally, marketers have relied on metrics such as impressions or click-through-rates to infer ROI on their campaigns. With accurate geofencing, marketers are now leveraging powerful new metrics, such as click-to-visit, that better reflect the real-world buying decisions of customers. As a result, many advertisers are changing their pricing to charge for successful visits, not just impressions."

With more transparency around the ROI of their digital marketing campaigns, retailers are able to directly measure which advertising campaigns were effective in driving customers in-store.

Geofencing is helping retailers compete more effectively with online shopping experiences while customers receive a highly targeted, more relevant shopping experience.