

The Power of Geofence Marketing



By Kaya Ismail | Aug 19, 2019

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Advances in technologies like GPS and RFID are enabling a new wave of digital marketing campaigns based on geography. Given that nearly half of marketers are [using location data](#) to make appropriate offers to customers, it's safe to say that geofencing marketing is only going to grow in popularity as mobile and wearable technology continues to evolve.

In 2017, [US companies spent \\$17.1 billion on location-targeted mobile advertising](#). A BIA Advisory Services study forecasts that spending will increase to \$38.7 billion in 2022. With those numbers in mind, location-based marketing strategies like geofencing marketing will be a critical front for marketers in the 2020s and beyond.

So let's look at what geofencing marketing is, how marketers are using the strategy and why brands should be investing in geofencing marketing if they aren't already.

What Is Geofencing Marketing?

Geofencing marketing, also known as geofence marketing, means creating a virtual perimeter around a real-world geographic location and interacting with users whose devices have entered this boundary. "Geofencing can encompass a variety of media, such as physical messaging, mobile display messaging or push notifications through a brand's app," said Emily Fritz, marketing manager at [do it outdoors media](#). Not only is it possible to communicate with users when their devices enter a geofenced area, but companies can collect data of which users have been there for future use.

When it comes to marketing, geofencing means serving ads to users as they enter certain geofenced areas that marketers create. "Location-based marketing," explained Fritz, "delivers contextually relevant messages based on a consumer's proximity to a store, competitor, event or another specific point of interest." Geofencing is a trigger that sparks the location-based campaigns that marketers develop. There are a variety of ways for the interactions to happen, but it all comes down to creating hyper-personalized experiences for consumers that have shown location-based intent.

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How Marketers Are Using Geofencing

"Geofencing technology is helping marketers bridge the physical and digital divide, enabling the two to work together in real time," said Tara Ryan, CMO of [Swrve](#). Marketers, for example, use push notifications to send offers to customers in real-time, making them relevant to the recipient's location. The offers could be anything from a promotion at a nearby store to a discount for fast check-in for an airline if the customer is running late.

Geofenced areas could be anywhere, including the stores of competitors, which is a form of geofencing termed geo-conquesting. For example, marketers "can deliver a competitive offer to someone's device when they are at a competitor location," said Fritz. The consumer has already shown interest in the product or industry, so a compelling ad delivered to shoppers at a competitor's store could lead to higher conversions. Besides sending offers, this location data can be collected to form a re-targeting campaign based on people that have visited competitors in the past.

But this is a limited use of geofencing, "effective campaigns go beyond simply delivering a push notification to a general group in a specific location," Ryan said. Marketers see real success from geofencing marketing when they create hyper-personalized targeting beyond simple location-based messaging.

Katherine Wood, senior digital project manager at [Bluetext](#), stated that "marketers are also using geofencing around corporate headquarters to win RFPs by targeting display and social advertising to those in the building." When decision-makers are close to striking a deal at a company's headquarters, targeted advertising on digital displays and other more subtle mediums can have a dramatic impact on whether proposals are won.

Another common use-case and the primary way that geofencing marketing was used before technology developed further is during conferences or trade shows. Marketers would cookie devices of conference attendees and target them with ads to get them to their particular booths. Now marketers "create custom audiences retroactively," said Wood, "and [show] them display ads in the future."

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Why Brands Should Consider Geofencing

Wood said that in digital marketing today, "targeting ads to the right audience is everything." Geofencing marketing takes targeting to the next level because the ads are delivered in real-time when and where they're most impactful.

With geofencing marketing, you can create "rich customer interactions," explained Ryan, "that drive measurable business outcomes for brands." Mobile lets companies know where customers are, and this information can be used to encourage engagement not just on a specific device, but across channels while the company's brands are top of mind for consumers.

"Geotargeted strategies offer an opportunity for brands to connect with consumers when they are close to the point of sale," said Fritz. Brands can leverage the location of consumers for a higher conversion on product promotions. "When you combine a physical and digital message based on proximity, you almost always write yourself a success story," she said.

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