Consumers’ concerns around the issue of geolocation systems for mobile marketing.

Chloé Dubos--Le Cadre

10302244

Bachelor of Business in Marketing – April 2016
# Table of Contents

List of tables ......................................................................................................................... 4  
Acknowledgements .................................................................................................................. 5  
Abstract .................................................................................................................................. 6  
Chapter 1: Introduction .......................................................................................................... 7  
  1.1. Background of the research .............................................................................................. 7  
  1.2. Statement of the problem .................................................................................................. 7  
  1.3. Research question & Objectives of the research ................................................................. 8  
Chapter 2: Literature review ................................................................................................... 9  
  2.1. Mobile phone use through the world and implications resulting from it ......................... 9  
  2.2. Mobile geolocation: a marketing tool ................................................................................. 10  
    2.2.1. Definition of the concept ............................................................................................. 10  
    2.2.2. Perceived usefulness ................................................................................................... 10  
    2.2.3. Push vs. Pull advertising ............................................................................................. 11  
  2.3. Privacy concerns .............................................................................................................. 11  
  2.4. Consumers needs to see benefits to location-based marketing to adopt it ...................... 12  
  2.5. Conclusion ..................................................................................................................... 13  
Chapter 3: Research Methodology and Methods ................................................................... 13  
  3.1. Introduction .................................................................................................................... 14  
    1.1.1. Research problem ......................................................................................................... 14  
    1.1.2. Research objectives ..................................................................................................... 14  
  3.2. Proposed methodology and its structure ......................................................................... 14  
    3.2.1. Research philosophy .................................................................................................. 14  
    3.2.2. Research Approach .................................................................................................... 14  
    3.2.3. Research Strategy ....................................................................................................... 15  
    3.2.4. Research Choice ......................................................................................................... 15  
    3.2.5. Time horizon ............................................................................................................... 15  
    3.2.6. Data collection ............................................................................................................. 15  
  3.3. Research Ethics ............................................................................................................... 16  
  3.4. Limitation to the research ............................................................................................... 16  
Chapter 4: Data Analysis & Findings .................................................................................... 17  
  4.1. Analyse of the data ........................................................................................................ 17  
    4.1.1. Respondents Demographics ...................................................................................... 17  
    4.1.2. Customer reaction to location-tracking ....................................................................... 17
4.1.3. Customer awareness of location-tracking for shopping ........................................ 18
4.1.4. Customer perception and acceptance of the use of geolocation in marketing .......... 18
4.2. Findings of the study ........................................................................................................ 20

Chapter 5: Conclusion & Recommendations .................................................................... 22
  5.1. Conclusion ....................................................................................................................... 22
  5.2. Recommendations ......................................................................................................... 22

Appendix ............................................................................................................................. 23

Bibliography ........................................................................................................................ 27
List of Tables

Figure 1: Resources consumers use to search for information on a product or service.................................................9

Graph 1: Remain optimistic about mobile ad spend growth... Print remains way over-indexed relative to time spent.................................................................9

Graph 2: Age of the respondents according to their age..........................................................17

Graph 3: Compared to other people you know, how would you describe yourself? .....................17

Graph 4: If an application asks for your location information, what do you typically do?.............17

Graph 5: How important are the following proposals for you? .........................................................18

Graph 6: How do you feel about trading your mobile phone’s GPS against benefits? ................19

Graph 7: In order to receive on your phone the benefits you selected above, would you let the stores use your mobile phone’s GPS to see when you’re in or near their store? ........................................19

Graph 8: Can you please explain which concerns could make you less inclined to share your mobile phone’s location to stores in exchange of benefits? .................................................................19

Graph 9: If stores could make you benefit from the following advantages, which one would you like to receive on your phone in exchange of your mobile phone’s GPS location? .................................................19

Graph 10: For which of the following store types would you like to have the benefits you selected above? ....................................................................................................................20
Acknowledgements

I would like to express my sincere gratitude to a number of people who helped me during the process of writing this dissertation. First of all, my supervisor Martin O’Dea, who for his advice and constructive criticism.

Moreover, I would like to thanks all the people who participated in my research. This also includes all my schoolmates who were there to support and help me during this project.

Furthermore, I would like to thank all my family, friends and flatmates for their encouragements and advice.
Abstract

Purpose: The purpose of this research is to investigate consumers’ attitudes toward and acceptance of the use of geolocation in mobile marketing.

Methodology: The researcher adopted a survey strategy. A quantitative method was used to determine how the theories are applied in practice.

Findings: The conclusion made in this dissertation is that consumers are concerned about their privacy and do not want to experience an irrelevant or excessive marketing. However, they would accept this tool if they know they could control their information, and receive relevant, personalized and exclusive content in return.

Keywords: Location-based marketing, Consumers, Perception, Reaction, Acceptance

Research type: Dissertation, part of the Bachelor Degree of Business in Marketing in DBS.

Words: 5314
1. Chapter 1: Introduction

1.1. Background of the research

More and more powerful and functional, mobile phones have now become a part of everyday life for a lot of consumers.

Indeed, people are becoming more connected than ever: according to the Forrester/Tapad report, 70% of consumers are personally using three or more devices. Moreover, not only the devices, but also the time spent in front of screens is increasing. Nowadays, an adult is spending on average 5 hours and 38 minutes a day on digital devices, with 2 hours and 51 minutes of that time on mobile (eMarketer, 2015). This is due to the fact that consumers are now day and night connected: on their laptops while at work, tablets at home, on their phones at very break from when they wake up until right before going to bed (and for the most addicted sometimes sleeping with it).

In result, consumers’ activity moving toward digital, it changed their buying behavior. They are now looking for an optimized digital shopping experience. If a company does not provide an adequate one, a simple click can move the consumer to the next competitor. Consequently, buyers’ behavior is shaping the way brands do business.

This is the reason why marketers need to evolve and adapt themselves to this trend. This is today one of the most relevant ways to reach consumers. Understand how, why and when consumers are engaging with certain channels will help marketers to create a better customer experience and ultimately improve loyalty and sales.

Therefore, mobile marketing represents a new lucrative platform for marketers. It is an opportunity not to miss and it is important to develop new strategies to exploit it in the best way possible.

Location-based mobile marketing is one of these strategies which are now in development. This tool allows brands to adapt their marketing message based on the geographic location of their customers. By knowing this information, marketers can deduct their customers’ daily habits and target them relevant offers and messages on their mobile phones. As a new high-potential opportunity to reach consumers, a lot of companies will seize it. But what do the consumers think of it?

1.2. Statement of the problem

As a growing trend in marketing, it is important to analyze and understand what the consumers’ perception of mobile tracking is. However, researches regarding consumers’ concerns and the advantages of location-based services (LBS), are still quite limited (Bélanger, Crossler, 2011). This is why this study was designed to investigate consumers’ point of view on the subject. Thus, we will have a better understanding on how we can use geolocation systems in mobile marketing, and make it more attractive, effective and efficient for companies and consumers.
1.3. Research question & Objectives of the research

What are consumers’ concerns around the issue of geolocation systems for mobile marketing?

The research will aim to answer this question through the study of the following objectives:

1. Analyse the current usage of mobile tracking for marketing purposes.
2. Study customers’ reaction to key issues surrounding geolocation.
3. Review differences in acceptance among customer groups.
2. Chapter 2: Literature review

2.1. Mobile phone use through the world and implications resulting from it

Nowadays, the cell phone represents an important part of people’s personal life. According to a Pew Research Center report, 46% of smartphone owners say their smartphone is something “they couldn’t live without”. This is particularly true for the millennials: 87% of them always have their smartphone at their side. Thus, mobile digital media time is becoming more and more important: in the USA, it is now significantly higher at 51% compared to desktop (42%)\(^1\).

This growth changes consumers’ behaviour as mobile owners turn to their devices for retail. People are now taking their purchasing decisions on the web on their computers but also on their phones (Taylor, 2015). It allows them to gain time (you can search your product when and where you want), money (you can compare the prices) and to take advantage of a wider choice (you can have access to all the products you want and the ones of the competitors). Consumers are now waiting for personalize content: 27% (DigitasLBi, 2015) of the world’s consumers are looking for it.

The following survey highlights the growing trend:

For marketers, this is why reaching their omni-channel audience through their mobile device represents an opportunity and a challenge not to miss (Bosomworth, 2015). Investments in mobile ads are going to rise in the next few years, as they are today under-used vs. the digital media time that mobiles occupy:

---

\(^1\) [https://www.cmocouncil.org/facts-stats-categories.php?view=all&category=mobile-marketing - 03/04/2016]
Today it is predicted that within 3 years, mobile ads will dominate the digital ad spending (Bosomworth, 2015).

2.2. Mobile geolocation: a marketing tool

2.2.1. Definition of the concept
Geolocation is the process of finding, determining and providing the exact location of a device on a map thanks to its geographical coordinates and measurements. It is generally used in a variety of applications to help locate human users⁷. The location-based services (LBS) are the technologies that allow mobile geolocation. LBS are software applications using the location of mobile phones to push in the devices personalized content according to their geographic position. Customers can now receive geo-located messages and offers when they are near or in brick-and-mortar stores or digital kiosks.

A device location can be detected and sent to companies through different tools: the most common one is Global Positioning System (GPS), but others wireless positioning systems exist: Internet Protocol (IP) address, Global System for Mobile Communication (GSM), Bluetooth, Wireless Local Area Network (WLAN), Wi-Fi, Radio Frequency (RF) systems, Near Field Communication (NFC), etc (Lagström, Stenlund 2014).

It is possible to use outdoor geolocation, called geo-fencing. It creates a virtual area around a particular location or object. When a consumer’s recognized mobile phone enters this area, a pre-determined, proximity-based message can be “pushed” to the device. Dunkin’ Donuts, for example, is among the first businesses to use push-based promotions to notify consumers when they are in close proximity to a store (Kasavana, 2012).

Moreover, companies can also track customer movements within their stores thanks to the indoor positioning system (Kasavana, 2012). It allows the location of a person or a product to be known in an indoor place. Retailers can especially identify repeat shoppers and keep a record of their in store behaviour. This system can be found in places such as airports, malls, exhibition halls... Users can for instance find their way or know the shops they will come across on their journey.

2.2.2. Perceived usefulness
For companies (mostly for the retail ones but also for quick service restaurants (QSR), entertainment...), it represents various and interesting challenges, such as: create traffic in the selling points (digital to store or mobile to store), increase customer value (like the conversion rate and average basket) and create customer loyalty (Hérault, Belvaux 2014). For users, it means various advantages: they can gather relevant information more easily (e.g.: a weather forecast, commercial offers...), receive targeted communication, communicate their location to other users through social networks (e.g.: Facebook, Twitter...) or participate to online communities (e.g.: Foursquares) (Hérault, Belvaux 2014). Besides these features, companies can also use location to provide services through their own mobile application (e.g.: Sncf). The information on the location enrich the proposed service and the user’s experience as it helps to provide more relevant information (the closest selling point for instance) and ameliorate the interaction between the customer and the company (Hérault, Belvaux 2014). This is why the geolocation technology represents a new beneficial marketing tool for companies: it provides a wider range of services, but also helps them to communicate with more efficacy and efficiency. Location targets better the needs of the customers.

---

2.2.3. Push vs. Pull advertising

Commercial offers from marketers using mobile geolocation are sent through location-based advertising (LBA). It is a tool to advertise a mobile phone from an identified sponsor specified by its location from the consumer (Unni, Harmon, 2007). It is defined as a subset of location-based marketing (LBM). Regarding the negative perceptions and reactions to spam, there is general agreement that LBA need to be permission-based (Barnes, Scornavacca, 2004). LBA is divided into two different strategies, called “push” and “pull” (Paavilainen, 2002).

“Wireless pull advertising is any advertising message sent to the wireless subscriber upon request shortly thereafter on a one time basis. Pull LBA is advertising specific to the location of the consumer delivered to the mobile device only when it is explicitly requested for. In this type of LBA, the consumer initiates the request for advertising or promotions for preferred product categories close to his/her location” (Unni, Harmon, 2007).

“Wireless push advertising is any content sent by or on behalf of advertisers and marketers to a wireless mobile device at a time other than when the subscriber requests it. In push LBA, advertising messages are sent to a consumer’s cell phone (or mobile device) based on that consumer’s location and previously stated product preferences (Paavilainen, 2002)” (Unni, Harmon, 2007).

The type of LBA plays an important role on the acceptance of this practice for consumers (Limpf, Voorveld, 2015). Information privacy concerns affects negatively attitude and acceptance of push LBA, but not toward pull LBA.

2.3. Privacy concerns

Humans being have the need to share with others what they are doing, thinking and saying. However, we also all need our private moments where we can act without being judged by the others. And it is these personal information that we fear to be used against us. Thus, being watched and track permanently lead us and the society to change our behaviours in a more conformist and compliant way to reach the expectations the others have of us. This is why privacy is a really important issue (Greenwald G.).

It is especially true today, with the development of new information and communication technologies: online privacy and security is considered as a real issue. TRUSTe found in 2015 that 92% of U.S. internet users worried about their online privacy and that 77% of them moderated their online activity in 2014 due to privacy concerns. Consumers are becoming aware that their personal data are valuable for businesses, and how it can be employed to impact their privacy. More than their name, phone number or address, it is the pictures, contact lists on their phone that they do not want to share with companies (Westerman, 2014). It explains why they are not confident in how companies can handle their information: only 55% of internet users trust companies with personal data online.

Consumers prefer to keep the control on their online information they are giving up, to who and for which purpose it will be used. But it is difficult to do so: in order to read every privacy policy belonging to each website they view, internet users would need on average 244 hours per year, which is more than 50% of the time that an average user spends on the internet (McDonald, Cranor 2008). And once consumers have agree with the terms and conditions of a privacy policy, it is generally hard to change, update or request their information to be removed from the websites.
Thus, with new technologies developing at a fast speed, it is hard today to control the use or understand how a technology such as location-tracking will affect consumers’ everyday life.

Nowadays, the degree of acceptance of mobile geolocation is “conditioned by individual variables (concern for privacy, experience and innovativeness) and relational variables (trust towards the brand)” (Rodrigues Goncalves, de Pechpeyrolj, Bênavenl, 2014).

In majority, consumers do not want to accept location-tracking (Opinion Lab, 2014) because they mainly fear for their privacy. They see mobile geolocation as intrusive, they do not trust companies to keep their data private and secure, and they lack of trust in their marketing practices (Hérault, Belvaux 2014).

This is why trust towards companies offering location-based content is important: it reduces the feeling of intrusiveness and give one of control. This trust component determine the level of engagement towards the geolocation technology (Hérault, Belvaux, 2012). People really concerned by privacy will see it as risky and have less confidence in the technology, so they will be less willing to share location information. Two solutions can help to reduce those concerns: to give the consumer control and to edit a charter guarantying the respect of his private life (Zhao et al., 2012).

However, we can nowadays see a change in consumers’ attitude: the survey « Global Consumers & Convergence: the Converged Lifestyle » (KPMG, 2011), shows that consumers accept more and more the exploitation of their private data. 62% of them would accept to give away their information in exchange of a targeted and personalized communication/offers. We are facing what we can call the “privacy paradox”. It is the situation where people are feeling more and more worried by the risks that represents the collection and utilization of their private data, when in the meantime they are giving away more and more and with less reluctance their private information on social networks and with companies (Pras, 2012). This can be explained by the fact that consumers make a cost-benefit balance: they agree to sacrifice their information in exchange of advantages (Hérault, Belvaux, 2014).

2.4. Consumers needs to see benefits to location-based marketing to adopt it

The adoption of a technology depends on the consumers’ barriers and motivation regarding the use of this technology (Katz, Blumler et Gurevitch, 1974). Motivations are “a set of interactive needs and expectations” (Rubin 1983). So geolocation needs to be useful and beneficial to the consumers (Ruggiero, 2000).

Consumers would be willing to accept mobile geolocation if they evaluated the ROI they could expect from location-based offers was beneficial for them (Pasqua, Elkin, 2013): in other words, if the present gains could compensate or overcome a future probable loss of privacy (Hérault, Belvaux 2014).

It means for customers to have the opportunity to benefit from commercial offers. They must be seen as very valuable for the consumers, i.e. personalized in a very relevant way (Rodrigues Goncalves, de Pechpeyrolj, Bênavenl, 2014). The best way to be relevant is to couple location with timing and context (Pasqua, Elkin, 2013): consumers may be looking for different offers according to the time of the day. For instance, a consumer would react differently to a meal deal offer in the morning than for lunchtime, or other example, if the deal is 10 km away from where the customer is, it represents a long distance to travel for him.
2.5. Conclusion

The literature review enabled to show that consumers’ buying habits and expectations have changed due to today’s digital age. Companies are adapting themselves to the trend and are developing new tools such as location-tracking to reach in better ways their customers. The use of geolocation is now available outside (geo-fencing), but also inside stores (indoor positioning system). For companies, it represents new sales opportunities and a way to strengthen their relationship with their customers.

On the other side of the market, consumers hesitate regarding how to react face to the development of such new technologies and in particular location-tracking. They fear that they can impact negatively their privacy. Consumers want to control where are going their information and for which usage. And by giving their information to companies, they are not anymore in power to do so. Still, consumers accept more and more to share their private data. Indeed, they estimate that receiving relevant and personalized offers is more beneficial for them than giving away their location for instance in the case of location-tracking. So now it is interesting to investigate more deeply how consumers react to mobile location-tracking and what they do expect from it.
3. Chapter 3: Research Methodology and Methods

3.1. Introduction

According to Saunders et al. (2012), methodology is the general plan used by the researcher to answer the research question. This study aimed to describe consumers’ attitude toward and acceptance of the use of geolocation in mobile marketing. Through this chapter, the researcher developed a methodology and a reflection to investigate this issue.

1.1.1. Research problem

The research problem must be taken with a lot of consideration: it lays the foundation for all further elements of the investigation (Ary et al., 2014). For this investigation, the general research question is posed as follows:

What are the consumers’ concerns around the use of geolocation systems in mobile marketing?

1.1.2. Research objectives

Saunders et al. (2012) suggest to break down the general research question with a set of research objectives to have a clearer sense of purpose and direction.

The researcher’s three main objectives are:

4. Analyse the current usage of mobile tracking for marketing purposes.
5. Study customers’ reaction to key issues surrounding geolocation.
6. Review differences in acceptance among customer groups.

3.2. Proposed methodology and its structure

The research methodology was based on the Research Onion concept (Saunders, Lewis, Thornhill, 2012). It provides the stages that must be covered when developing a research methodology.

3.2.1. Research philosophy

The first part of the research strategy deals with the philosophical approach that is taken to conduct the research.

The position adopted in this study was interpretivism. Interpretivism advocates that it is necessary for the researcher to understand differences between humans in their role as social actors (Saunders et al., 2012). The researcher can understand the world from the point of view of the social actors.

This philosophy was chosen by the researcher because the study involves measuring a social phenomenon and individuals’ behaviour: it considers the social actors’ interpretation of experiences and perceptions of geolocation.

3.2.2. Research Approach

The researcher adopted a deductive approach for the study. According to Saundert et al. (2012), with this approach the researcher needs to develop a theory and hypothesis (or hypotheses) and design a research strategy to test the hypothesis.
The researcher decided to choose this approach because the literature review highlighted a general theory regarding consumers’ behaviour towards the use of geolocation in marketing: this study aimed to develop and investigate further more this theory.

3.2.3. Research Strategy
For the purpose of the investigation, the researcher developed a survey in order to collect quantitative data to be used in a descriptive view. The objective of descriptive research is ‘to portray an accurate profile of persons, events or situations’ (Robson 2002).

The survey method was chosen because it is associated with the deductive approach. It was used to explore and describe a phenomenon using statistic and evaluate the relationship between variables.

3.2.4. Research Choice
A quantitative survey was adopted for this study to investigate consumers’ global perception of the use of geolocation for marketing purposes.

A quantitative survey focuses on verifying hypotheses (deductive) using typically large amounts of data. Therefore, it was used to generate findings representative for an entire population (Grill and Johnson, 2005).

3.2.5. Time horizon
Due to time restrictions for this research, the study is cross-sectional (Saunder et al., 2012). This technique is used to explore phenomena at a particular time, like a “snapshot” of the situation.

3.2.6. Data collection
For this research, both secondary and primary data methods were used.

3.2.6.1. Secondary data collection
Secondary data is the usage of data collected by someone else. It includes both raw data and published summaries (Saunder et al., 2012).

The main base of information regarding secondary data was documentary and survey data. This includes books, journals and academics’ surveys for instance. These documents were mainly found in the electronic academic database of Dublin Business School and in Google Scholar.

It was difficult to find a lot of articles deeply investigating the subject, as the use of geolocation in marketing is not widely studied yet.

3.2.6.2. Primary quantitative collection
The questionnaire was designed in order to provide a maximum of data to answer the research question. Questions were based on the theories highlighted by the literature review. The survey was a self-completed, web-based questionnaire. It was designed to be the most concise possible, as a long and demanding questionnaire can result in fewer respondents (Kotler et al., 2008). Moreover, it was consisted of closed questions to keep the questionnaire simple and limit the misunderstandings.

3.2.6.3. Sample
According to Field (2005), a sample is “a smaller (but hopefully representative) collection of units from a population used to determine truths about that population”.

A non-probability sampling method was used in this research, as the researcher did not have a sampling frame regarding all the consumers having a smartphone. Self-selection sampling was
selected: it is the situation where the researcher allows individuals to identify their desire to take part in the research (Saunders et al., 2012).

The population selected by the researcher was consumers with smartphones. The survey was created on Qualtrics and displayed and made available from Monday 11th April until Tuesday 12th April. The sample consists of 83 respondents.

3.2.6.4. Analysing quantitative data

Analysing the quantitative data gathered allowed the researcher to put into perspective the results and have a better understanding of consumers’ perception of the use of geolocation in marketing. Frequency tables (counting the responses for each level of a given variable) and cross-tabulations (allowing to understand the association between multiple variables) were used to analyse the data.

3.3. Research Ethics

“In the context of research, ethics refers to the appropriateness of your behaviour in relation to the rights of those who become the subject of your work, or are affected by it.” Saunders et al., (2007). Regarding this study, there were two main ethical issues. First of all, this researcher had to avoid plagiarism while conducting the literature review. Finally, it was also to be clear toward the respondents of the survey that they had no obligation to participate in the survey and that their answers would stay anonymous.

3.4. Limitation to the research

The first limitation of the investigation was time, as the research was conducted over a short period. Thus, the number of respondents was smaller than what would be perceived as ideal, and therefore reduced the likelihood of the sample being representative. Furthermore, the fact that a non-probability sample was used also restricted the accuracy of the findings.

Regarding the questionnaire, open questions would have helped to gain more insight into the consumers’ point of view.

Finally, a last weakness of the survey is that an age group was over-represented in the respondents’ profile. 76% of the respondents were aged between 18 and 24 years old; the study would have been more complete if older age groups were more represented.
Chapter 4: Data Analysis & Findings

This chapter analyse in detail the data collected through the questionnaires provided within the primary research, and draws the findings from it.

4.1. Analyse of the data

4.1.1. Respondents Demographics

83 people responded voluntarily to the quantitative survey. The respondents of the questionnaire include 28% of male (23 people) and 60% female, aged between 18 and 65+. In the questionnaire, a question was asked to understand what kind of consumers the respondents were. As a result, most of them, 51%, can be situated in the category “early majority”: they have a tendency to be conservative but are still open to new ideas.

4.1.2. Customer reaction to location-tracking

After this introduction to themselves, respondents were asked some question to understand their first approach to location-tracking. It resulted that 57% of them rarely or never accept to share their location with applications when asked. On the other hand, 36% do it sometimes, depending on the situation.

Indeed, as was reported in the literature review, consumers care for issues around privacy, transparency and control. For all the different propositions around these topics (see graph above), the sample always found them important and very important: 88% around the issue of control, 90% for transparency and 88% regarding privacy.
4.1.3. Customer awareness of location-tracking for shopping

The data collected shows a clear habit among the sample: they carry with them their smartphone most of the time, even for shopping. 79% stated that they always or most of the time brought their smartphone with them while shopping.

However, the majority of the sample (49%) does not know that the data coming from their phone can be used to ameliorate their shopping experience. They do not know what the potential of smartphone data can represent for marketers. On the opposite, 39% of the sample still have at least a small level of awareness on how their smartphone can impact their shopping journey.

4.1.4. Customer perception and acceptance of the use of geolocation in marketing

Following some introduction questions, the sample was asked some questions created to evaluate their perception and acceptance regarding the use of location-tracking in marketing.

While 62% of the sample said they were not interested by the concept of mobile tracking, 28% said they would be if in exchange they could receive benefits, and 10% were

Yet, only 25% of the sample would be likely or very likely to receive benefits on their phone in exchange of their phone’s location. 71% would not likely or not likely at all agree and 4% was indifferent.
Out of the 25% who said they would likely allow stores to track their location, 84% were Millennials and men were more inclined to do so.

In majority, the sample did not want to allow mobile tracking. The first reason why they would refuse to accept it was for 87% of them their concern for privacy. Consumers fear for 71% that this technology could become intrusive to their life. Besides, the trust component also plays an important part as 59% of the sample do not trust the brand to keep their data private. Moreover, reasons related to irrelevant or excessive marketing also concern a lot the sample are also popular. For instance, 66% are afraid to receive too many messages.

The data revealed that the most acceptable reason for 72% of the sample to share their location was to have in exchange coupons and special offers. The option to receive alerts on their phones when products they like would be on sale also get a positive feedback, about 53% of the sample. Also, an interesting point is that 20% said they would value getting their status of points or rewards availability via their phone.
Globally, the respondents would prefer to get location-tracking in the mall (59%) and superstores (53%). However, the data analysis showed a difference of appreciation between men and women:

- Men preferred sport stores (68%), superstores (57%) and malls (43%)
- Women preferred malls (66%), superstores (52%) and coffee houses (50%)

The option where people felt less receptive is for convenience stores, with only 20%.

Lastly, a final question was asked for the sample and the result is quite surprising.

To the question “How likely would you be to try this technology, knowing that you could quit it when you want and in exchange of a discount coupon?”, some people who were not likely to receive benefits on their phone in exchange of their phone’s location changed their mind:

- From the 35% who were “Not likely” to do so, 55% would be ready to try the technology
- From the 36% who were “Not likely at all” to do so, 26% would be ready to try the technology

4.2. Findings of the study

**Research objective 1: Analyse the current usage of mobile tracking for marketing purposes**

Primary research reveals that most of the consumers always carry their smartphone with them when shopping. However, half of them do not know that marketers can use their data to target them. In a first approach, mobile tracking is globally not well seen by consumers. The majority do not like to share their information to applications. Indeed, issues around control, transparency and privacy really matters to them.

**Research objective 2: Study customers’ reaction to key issues surrounding geolocation**

Consumers tend to be negative toward the use of location-tracking in marketing. Their first concern about this method, and what makes them keep their data for them, is a privacy concern. Consumers do not trust what companies could do with their information. Besides, they also do not want to be subjected to irrelevant or excessive marketing campaigns. However, they would maybe willing to receive in exchange of their phone location coupons and special offers. They would also like to receive alerts on their phones when products they like would be on sale, and would value getting their status of points or rewards availability via their phone. They want to get the benefits, but only on their own
terms, if the content is relevant to them and if it is exclusive and personalized targeted offers. They would be receptive to location-tracking in superstores and malls.

**Research objective 3: Review differences in acceptance among customer groups**
The findings illustrate that consumers the most willing to accept location-tracking are Millennials. Moreover, men would be more receptive to this method. Most of them belong to the early majority group. Currently, they are in the majority not in favour of the concept of location-tracking. Nevertheless, if this technology becomes a common practice in the future, it will greatly be possible that they accept and use it.
5. Chapter 5: Conclusion & Recommendations

5.1. Conclusion

In this research, the primary research permits to confirm the theories highlighted in the secondary research.

Mobile location-tracking is not yet a completely developed tool by marketers. Nevertheless, it will grow in the next years. Indeed, most of the consumers are now shopping with their smartphone, especially Millennials. Thus, mobile marketing is a new channel that marketers have to take into account if they want to reach consumers in a relevant way. For this purpose, they need to understand how, why and when to engage with consumers to create a better customer experience.

This is why this research aimed to study consumers’ perception of the use of geolocation in marketing.

Today, consumers in the majority do not accept mobile location-tracking. Their first concern is their privacy, as they do not trust companies at keeping their information private and what can they possibly do with them. Consumers want to control to whom they give their information and know for which purpose they will be used. Moreover, they also lack of trust in their marketing practices: they fear to be subjected to irrelevant or excessive campaigns.

However, we could study the “privacy paradox” in this study. Consumers, with the right incentive, would be willing to try the technology. There is a group of consumers, the early adopters, who will certainly adopt it if they become convinced that it can bring them value back. It represents relevant and personalized offers, exclusively targeted at them. For instance, the most preferred one would be coupons and special offers. Globally, this would be mostly the case in indoor places, such as in superstores and malls. Women and men still have some different preferences: sport shops for the men and malls for the women.

5.2. Recommendations

Marketers, in order to develop this tool, need to convince consumers that they can benefit from their partnership with the brand.

For this purpose, they should first of all strengthen their “trust image”. As we saw, this feeling of trust toward a company determine the level of engagement towards the location-tracking technology. Zhao et al. (2012), recommend two solutions to help reduce this concern: give consumers control over their information and edit a charter guaranteeing the respect of their private life.

Finally, marketers should target early adopters first: they will drive the consumer acceptance of mobile location-tracking. If this group accepts the technology, the early adopters will quickly follow the trend.

In conclusion, it will be interesting to see how location-based marketing will be developed in the next few years and investigate the consumers’ perception of it compared to now. By this time, companies will certainly have found solutions to privacy issues and it will be intriguing to understand how.
6. Appendix:

6.1. Appendix 1: Quantitative questionnaire

Profile of the respondent

1. What is your gender?
   - Male
   - Female

2. What is your age?
   - 18
   - 18-24
   - 25-34
   - 45-54
   - 55-64
   - 65 and over

3. Compared to other people you know, how would you describe yourself?
   - I am generally the last to try a new technology product
   - I am generally among the last to try a new technology product
   - I am generally in the middle when it comes to trying a new technology product
   - I am generally among the first to try a new technology product
   - I am generally the first to try a new technology product

Consumer’s reaction to location-tracking

4. If an application asks for your location information, what do you typically do?
   - Always allow access
   - Sometimes allow access
   - Rarely allow access
   - I have never had an application ask for my location
5. How important are the following proposals for you?

<table>
<thead>
<tr>
<th>Proposal</th>
<th>Not at all important</th>
<th>Not very important</th>
<th>Indifferent</th>
<th>Important</th>
<th>Very important</th>
</tr>
</thead>
<tbody>
<tr>
<td>Your privacy when using a mobile device</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Knowing what type of information is being collected and to have visibility to that information</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Having easy access to controls regarding the sharing of your personal information inside a mobile app and being able to delete it when wanted</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Consumer’s awareness of location-tracking for shopping

6. How often do you bring your smartphone when you are shopping? (Please only tick one answer.)
   - Always
   - Sometimes
   - Almost never
   - Never

7. Are you aware that stores can now use your mobile phone’s location to ameliorate your shopping experience? (Please only tick one answer.)
   - Yes
   - No
   - I don’t know

Consumer’s perception of mobile location-tracking

8. If stores could make you benefit from the following advantages, which one would you like to receive on your phone in exchange of your mobile phone’s GPS location? (Please select all that apply.)
   - Coupons or special offers
   - To improve the store layout
   - Alerts that tell me products I like are on sale
   - On the spot opportunities
   - Shorten my checkout time
   - Help locate items
   - Personalize recommendations
   - Status of points or rewards availability
   - Nearby notifications
   - Reminders
   - Contact sales person
   - Other:
9. Can you please explain which concerns could make you less inclined to share your mobile phone’s location to stores in exchange of benefits? (Please select 3 that apply the most to you.)
   - Privacy
   - Too many messages
   - Intrusiveness
   - Irrelevant messages
   - Not enough trust in the brand to keep my data private
   - Inappropriateness
   - Being told how to shop
   - Decreases battery life
   - Others:

Consumer’s acceptance of mobile location-tracking

10. How do you feel about trading your mobile phone’s GPS against benefits? (Please only tick one answer.)
   - Very interested
   - Interested
   - Not really interested
   - Not at all interested
   - Indifferent

11. In order to receive on your phone the benefits you selected above, would you let the stores use your mobile phone’s GPS to see when you’re in or near their store? (Please only tick one answer.)
   - Very likely
   - Likely
   - Not likely
   - Not at all likely
   - Indifferent

12. For which of the following store types would you like to have the benefits you selected above? (Please select all that apply.)
   - Superstores
   - Malls
   - Grocery stores
   - Home improvement stores
   - Coffee houses
   - Sport stores
   - Drug stores
   - Convenience stores
13. The use of this marketing technique is still new and in development. How likely would you be to try this technology, knowing that you could quit it when you want and in exchange of a discount coupon? (Please only tick one answer.)
   o Very likely
   o Likely
   o Not likely
   o Not at all likely
   o Indifferent
7. Bibliography:


Field, A. (2005) - Discovering statistics using SPSS (2nd ed.).


TRUSTe Privacy Index – 2015 Consumer Confidence Edition

