PROXIMITY MARKETING IN RETAIL

THE PROXBOOK REPORT
The State Of The Proximity Industry
Q1 2016
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Dear all,

We’re excited to present the Proxbook Q1 2016 report as we celebrate 300 members on Proxbook.

The relationship between retail and proximity marketing is playing a significant role in this growth. We are now in a new developmental phase of proximity products geared at analytics as retailers look beyond push notifications and coupons into the next level of personalized content delivery.

We’ve seen a lot of great, efficient and revenue generating proximity deployments from our Proxbook members. In fact, there are now over 100 use cases on Proxbook – a good hint of an ongoing enthusiasm to share and leverage proximity technologies. Still, knowledge sharing and best practice has been limited the last 12 months industry wide.

At each quarter we will zoom more closely into current trends and imminent verticals. In this report we have selected Retail-specific use cases that evaluate results attained when retailers deploy proximity campaigns in their marketing strategies.

I am pleased to announce that Unacast has just been ranked as a New Innovator in Indoor Location, Analytics and Advertising Technology in Retail by ABI Research. It is with gratification that we service the world’s largest proximity directory - Proxbook.

Thank you for your continued interest.

Have a great read! I look forward to your feedback.

Best,
Thomas
INTRODUCTION TO PROXIMITY MARKETING IN RETAIL
How retail drives beacon adoption by Stephen Statler

Why is retail one of the biggest drivers of beacon deployments? It’s all about the numbers. We expect over a million beacons to be purchased for deployment in US retail stores in 2016.

US retail is a massive market with 715,000+ retail firms driving over $4 trillion in sales according to the US Census. This market is highly consolidated at the top end, with $1.6T of sales driven by the top 50 firms according to National Retail Federation figures. Those firms control 195,000+ stores with 3,644,000,000 square feet of floor space.

The big firms are generally amongst the most sophisticated early adopters of technology in retail. Complete coverage of those top 50 players with a light density of beacons would take 3,644,000 beacons, just one beacon per thousand square feet.

Strategic technology suppliers with insight into their spending plans tell us that a third of those leaders will spend on major beacon projects in 2016.

Given the regular frequency of consumers’ shopping, what better way of building beacon adoption than focusing on retail?
IMPORTANT NEWS FROM Q1 2016
Headlines from the proximity industry

- The Beacon Marketplace for Retail worth $40 billion
- IAB To Publishers: It’s Time To Understand Your Location Data
- Rite Aid Preps One Of The Largest Beacon Activations Across All 4,600 Stores
- Macy’s To Test Beacon Messages Outside App, Explore Retargeting
- Stores That Use Location-Powered Ads See 74 Percent Lift in Foot Traffic
- Google's Eddystone Beacon Get's Native Support on Android Chrome
- Online And Offline Retail Budgets Unite, As Marketing Silos Still Remain
- Without Location, Marketers Can't Figure Out What Customers Want
- How Location Data Use Cases Are Moving Beyond Ads into Customer Service

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PROXBOOK EXECUTIVE SUMMARY
Exclusive insight to the proximity industry

- **100 use cases** of proximity campaigns in Proxbook as of Q1

- **6,201,000 proximity sensors** deployed globally as of Q1 2016

- The gap between Apple’s iBeacon and Google’s Eddystone is closing, as **45% of companies support Eddystone**

- Proximity companies are starting to **diversify their product offerings** by looking beyond push-notifications and coupons

- Companies are starting to see the value of proximity data in online advertising

- Beacon networks **continue to grow**

- **1 million beacons** to be purchased for deployment in the US Retail stores alone in 2016

- Leading investments are both in hardware and software adding up to **$115.7M**
As of Q1, 293 Proximity Solution Providers from 45 different countries are members of Proxbook. 49 new members have signed up to Proxbook by end of Q1.
RETAIL USE CASES

All use cases seen in the Report have been provided by Proximity Solution Providers that are members of Proxbook. Proxbook contains over 100 proximity use cases. These can be accessed freely on www.proxbook.com
EARLY ADOPTERS OF PROXIMITY MARKETING IN RETAIL
Brands begin to reap rewards from proximity strategies

“Our Shop Now! program was a first-to-market initiative, using location-based mobile technology to inspire and inform consumers and drive them to retail. It ticked all the boxes and exceeded our expectations. And, through the analytics the platform provided, we were able to gain tremendous insight into the optimal mix of content and location necessary to drive conversion.”

ALEXANDRA CARLIN
Vice President of Public Relations at Hearst Magazines

“We not only saw lift in core brand awareness measures, but more notable from a shopper standpoint, we saw significant improvement in purchase intent after consumer were exposed to our beacon engagements. inMarket was a great partner in this program, making the implementation and analysis as simple as any media buy.”

AMBERLY HILINSKI
Commercial Marketing Manager at Dutch Brands, Heineken USA

“Proximity technology helped us make our Click and Collect service much more professional and matching the in-store experience with that experience online. It’s all about winning from a customer point of view – the store process is the same. But it’s about adding value and reducing service times for the customer.”

ELISE BARBER
Online Head of Business Development at Woolworths
ELLE USE CASE
21,000 in-store visits driven by proximity marketing

SUMMARY
Elle launched a “Shop Now” proximity mobile marketing program in its September edition with the ambition to drive more footfall into stores.

The campaign enabled readers to receive location-based notifications from the ShopAdvisor app as well as discount offers from the RetailMeNot app. Kontakt.io was chosen as the beacon provider for the whole project.

App users who chose to opt in received a push notification if they were within a mile of certain retailers, including Levi’s and Barnes & Noble, and then a digital discount offer if they chose to visit one of the participating stores.

The program spanned more than 800 locations across the country.

RESULTS
- 8.5% shoppers visiting a participating store. The benchmark for mobile advertising in store visit is 0.8%
- $439,950 estimated revenue from the campaign for participating brands
- 6% average content click-through rate (CTR). The benchmark for mobile advertising CTR is 0.4%

TECHNOLOGIES USED
- Beacons
- Geofencing

GEOGRAPHY
- United States

BRANDS INVOLVED
- Elle
- Levi’s
- Guess
- Barnes & Noble

SOLUTIONS BY
- ShopAdvisor
- kontakt.io
- RetailMeNot

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HEINEKEN USE CASE
Proximity mobile campaign served 1 million beacon impressions

SUMMARY
This project aimed to drive purchase intent, in-store sales, and brand awareness in conjunction with the release of the 2015 James Bond movie Spectre.

Heineken identified beacon proximity technology as a scalable option to reach shoppers through their mobile devices. The global brand turned to inMarket as its solution provider.

Upon verification that the shopper was in-store, engagements were deployed to initiate the mobile moment. Through native experience apps (i.e. CheckPoints), inMarket delivered creatives designed to drive shoppers to a product on the shelf.

Creating new and authentic mobile moments in the store Heineken and inMarket were able to drive shoppers into real-world stores and influence purchase decision.

RESULTS
- $320,000 estimated revenue from the campaign
- 200,000 in-store and point-of-sale engagements
- Purchase intent increased by 7.0 times
- 6.2 times revenue on investment

TECHNOLOGIES USED
- Beacons
- Image Recognition

BRANDS INVOLVED
- Heineken

SOLUTIONS BY
- inMarket

GEOGRAPHY
- United States

Proxbook is a service provided by Unacast
To enhance customer experience with their Click and Collect service, Woolworths deployed a combination of geo-fences and beacons at their Sydney Double Bay store.

Customers received push messages when arriving close to the store asking if they wish to collect their online order. If a customer said “Yes”, staff members were alerted to prepare the order and the customer was guided to the collection point. By the time the customer arrived at the collection point, the parcel was ready for pick-up.

In the three-month trial, Localz helped the retailer halve customer service time and improve operational efficiency. Additionally, Localz also enabled Woolworths to deliver relevant content to customers based on their location in the store. This increased in-store sales and improved customer service experience.
HOUSE OF BLUE JEANS USE CASE
Proximity data services a smart mirror to in-store shoppers

SUMMARY
By combining location based messaging to real-time product visibility House of Blue Jeans can upgrade customer in-store experience and increase loyalty.

With Tofugear Omnitech, a fully customized omnichannel retailing platform integrated with the IoT hardware—such as a smart mirror, RFID readers and Kontakt.io beacons, the brand placed one full-length mirror on the sales floor due to the compact size of its' fitting rooms.

An RFID reader integrated into a small counter next to the mirror interrogates the RFID tags attached to clothing items a shopper holds up to it and the system suggests other items to consider based on stock availability and garment style.

If the customer also has the store’s app running on his phone, the beacon integrated into the mirror will pull up his profile, and the messaging on the mirror might suggest items that complement past purchases.

BRANDS INVOLVED

SOLUTIONS BY

TECHNOLOGIES USED

GEOGRAPHY

RESULTS

- Each customer spends 1525 seconds in store on average
- Customer's try 90% more product items with the interactive mirror than inside the fitting rooms
- 1 out of 7 repeat visits
NEW YORK CITY RETAIL USE CASE
New York's big retailers convert passersby to in-store visits

SUMMARY
Over 60 retailers in New York participated in a campaign that aimed to increase footfall into brick & mortar stores by leveraging proximity data.

Notify Nearby is a shopping app that helps users discover the inside scoop on their favorite brands. It relies heavily on user context, leveraging both their taste and location. When a user passes by a store offering brands they love, they can receive notifications about anything from new product lines to special offers in the vicinity.

The initial results have been amazing, with 52% of passersby receiving a notification entering the stores. And at 67%, the notification engagement rate is six times more than average for push notifications. Notify Nearby started out in New York and is currently available across the US.

RESULTS
- 52% passersby converted into entering a store
- 28% made a purchase
- 67% engagement for notifications (six times more than the average for push notifications)

TECHNOLOGIES USED
Beacons
Geofencing

GEOGRAPHY
United States

BRANDS INVOLVED
60+ retailers in New York City

SOLUTIONS BY
estimote
Notify Nearby

Proxbook is a service provided by Unacast
Using location-based notifications and live information about in-store product availability, KNOMI provides visiting shoppers with a detailed shopping guide to the best of luxury fashion in London. The challenge of the trial was to increase purchase frequency.

Users of the KNOMI app were provided with notifications based on expressed interest in designers, products, influencers and stores whenever they came within 1km of a relevant store. Once in the store, highlights from the store were presented to users.

Participating boutiques spanned a mix of both off-the-beaten-track newcomers as well as established luxury players on London’s fashion shopping scene.

**RESULTS**

- Over 2000 app downloads during beta testing
- 600 users visited at least one participating store
- App-induced visits made 1.5x more purchases

**SUMMARY**

Using location-based notifications and live information about in-store product availability, KNOMI provides visiting shoppers with a detailed shopping guide to the best of luxury fashion in London. The challenge of the trial was to increase purchase frequency.

**TECHNOLOGIES USED**

- Beacons
- Geofencing

**GEOGRAPHY**

United Kingdom

**BRANDS INVOLVED**

- London Luxury Fashion Retailers

**SOLUTIONS BY**

- KNOMI
A large Irish department store was looking to leverage proximity marketing to increase engagement rates through their mobile channel and improve overall customer in-store experience.

To achieve these goals they used granular segmentation, contextual triggers and intelligent campaign delivery provided by Pulsate’s mobile marketing solution.

In a one day campaign the retailer sought to target app users that had previously made a Ray Ban purchase. Sunglasses from Ray Ban’s new collection were exclusively available in the department store and offered at a special of two for €230. The campaign was targeted to this user segment when the retailer triggered a geofence around the store. After a user entered the store and within 30 minutes of receiving the campaign, they received a follow-up beacon triggered campaign offering an additional 100 customer loyalty points if a purchase was made from the new collection on that day.

**RESULTS**

- 73.2% unique CTR on beacon notifications received by consumers
- 989 customer users reached by the campaign
- 2% conversion totalling €4140 in the one day campaign
A shopping center in Norwich sought to better understand and remedy dwindling consumer footfall by mapping customer behavior and utilizing mobile proximity marketing services for merchant and visitors via a brand new app.

Proxama installed a beacon network throughout the shopping complex to 17 shops, 5 floors, and 7 entrances.

Initial analysis of beacon data confirmed what the center suspected: consumers were using the mall's parking facilities and then leaving to go elsewhere in the city.

Once beacon deployments were optimized for engagement across the centre, visitor dwell time saw a substantial increase.

## UNITED KINGDOM SHOPPING CENTER USE CASE
Norwich mall optimises customer dwell time with beacon network analytics

## SUMMARY
A shopping center in Norwich sought to better understand and remedy dwindling consumer footfall by mapping customer behavior and utilizing mobile proximity marketing services for merchant and visitors via a brand new app.

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## TECHNOLOGIES USED
- Beams

## GEOGRAPHY
United Kingdom

## RESULTS
- 20% unique CTR on beacon notifications received by consumers
- 50% increase on dwell time in the shopping centre
- Behavior mapping achieves the time and duration of visit, consumer movement, and number of visits to each merchant

## BRANDS INVOLVED
- Norwich Shopping Complex

## SOLUTIONS BY
- Proxama
**SHOPKICK USE CASE**

Beacon reward app drives 1.17 million visitors on Black Friday

**SUMMARY**
The beacon reward app Shopkick sought to drive store footfall with holiday momentum.

The 1.17 million visitors earned 200 million rewards on Black Friday alone. 73 percent of Shopkick's users explored products in the app before visiting a physical store and 61 percent of those consumers visited more than one Shopkick partner store.

While the 1.17 million visitors Shopkick brought through retailers’ doors is a fraction of the total brick and mortar visitors (102 million), it is still a clear indication that the beacon reward app is growing at a rapid rate.

It took the company half a year in 2011 to reach such an audience, which they achieved in two days on Black Friday.

**RESULTS**
- 1.17 million store visits through beacon-based rewards
- 73% previewed products on the app before visiting a store
- 61% of consumers visited more than one Shopkick partner store
- The average user browsed 42 offers at home before visiting a store

**BRANDS INVOLVED**
- 270,000 Retail locations

**TECHNOLOGIES USED**

**GEOGRAPHY**
- United States

**SOLUTIONS BY**

Shopkick
INDUSTRY STATS

The information contained in the following section has been aggregated from all data input by Proxbook members. To navigate between companies use the advanced filter labelled “Company Directory” at www.proxbook.com.
HIGHLIGHTED INVESTMENTS
Investments into proximity and location

2016 has started with important investments into the proximity and location-based industry. The six major investments into the industry add up to $115.7 million.

Leading investments have been made towards improving data accuracy and location analytics to understand customer behavior in physical locations.

Investments are not only directed at improving proximity platforms. Hardware has seen $15.7 million invested into beacon manufacturers.

The major investments into proximity and location data add up to $115 million in Q1 2016.

* Find detailed investment table in Annex 2
BEACON STANDARDS

Beacon engagement moves beyond apps

There are three leading proximity beacon standards: iBeacon, Eddystone, and AltBeacon.

Eddystone is the most recent beacon standard by Google. Eddystone can trigger URL’s in smartphones as well as notifications within mobile apps and is supported on both iOS and Android. As of Chrome 49, which was released in March 2016, 80% of global smartphones are passively beacon-enabled. Eddystone-URL eliminates the need for an app. Therefore, we expect a significant increase in new use cases and companies supporting this standard.

iBeacon is a beacon standard by Apple. iBeacon can trigger notifications within mobile apps and is natively supported on iOS.

AltBeacon, released in 2014 by Radius Networks, is an open beacon specification intended to create an open and competitive proximity industry.

The gap between Apple’s iBeacon and Google’s Eddystone is closing, as 45% of companies support Eddystone, up from 38% in Q4

* Find detailed beacon standards table in Annex 3
PROXIMITY SENSORS DEPLOYED GLOBALLY

Industry growth is meeting expectations

The growth in registered sensors continues. Partly due to the increase in Proxbook members, but mainly because more and more marketing campaigns are starting to leverage proximity technologies.

There are now 6,200,100 proximity sensors deployed globally registered by Proxbook members as of Q1 2016.

4,988,500 of these sensors are beacons. The remaining 1,158,500 are NFC sensors and 54,000 Wi-Fi points. Since Q4 2015, there has been a 22% increase in sensors amounting to 1,097,500 new sensors in Q1.

There are 4,988,500 beacons deployed by members of Proxbook, which is well aligned with ABI Research’s forecast of 8 million beacons by the end of 2016 and 400 million beacons deployed by 2020.

* Find detailed sensors deployed table in Annex 4
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PROXIMITY PRODUCTS AND SERVICES
Companies go beyond push communication

Proximity products can be categorized into 7 main categories and other services into 3 categories.

The focus on mobile communication is still high, with 213 companies using proximity technology for push-notifications, coupons, discounts, loyalty campaigns, check-ins or similar services. However, companies continue to explore opportunities beyond push communication.

20% of Proximity Solution Providers are leveraging proximity data to execute accurate retargeting campaigns compared to 15% in Q4. Provider companies are starting to see the value of proximity data in online advertising as retargeting campaigns is proving increasingly popular.

Companies are diversifying their product offerings as retailers explore opportunities beyond proximity push-notifications and coupons.

* Find detailed products & services table in Annex 5
Beacons are the most popular technology

There are 8 main proximity technologies that are used to offer proximity solutions and 4 categories of extra software.

Beacon-based services is by far the most popular proximity technology and is provided by 277 Proximity Solution Providers. Alternative technologies like locating devices through the infrastructure of lighting or magnetic sensor data have not gained a significant share of the market. However, we expect to see further development where beacons or other proximity sensors are integrated with e.g. LED-lighting structure to remove the need for maintenance as well as reduce costs.

Analyzing customer behavior and campaign results continue to be a high priority. 78% of companies joining Proxbook in Q1 provide analytical software, while 75% of total Proxbook members focus on analytics.

Analyzing customer behavior and proximity campaign results continue to be a high priority with 78% of new members prioritising data-driven marketing.
INDUSTRY VERTICALS*
Retail has the biggest potential

Proxbook covers 19 industry verticals where proximity technologies are leveraged.

Retail and Shopping malls are still the most popular industry vertical supported by Proximity Solution Providers, as well as in the overall number of proximity campaigns. The reason retail is the most popular vertical is the potential volume of interactions and data generated from proximity campaigns. After all, there are nearly 200,000 retail locations within the top 50 retailers in the U.S. alone. In comparison, there are 53,000 hotel/housing properties and 15,000 airports.

Retail is still the most popular industry vertical with 70% of Proximity Service Providers supporting services in this vertical, up from 68% in Q4.

* Find detailed industry verticals table in Annex 7
PROXIMITY SOLUTION PROVIDERS PER COUNTRY*

U.S. has the most proximity companies

There are 293 Proximity Solution Providers in Proxbook as of Q1 2016, a 20% increase in providers since Q4 2015.

38% of the PSPs are headquartered in the US, and 43% of the companies are headquartered in Europe. 10% of PSP are headquartered in the UK, and 26% of the PSPs are almost equally divided between Canada, Australia, Netherlands, Spain, Italy, France, Germany, and Norway.

As of Q1 new countries have been added to Proxbook from PSPs in India, Singapore, Latvia, and Vietnam.

With the current hardware capabilities, it would take an estimated 900,000 million beacons from each proximity solution provider in the U.S. for complete land coverage of the 10 highest populated U.S. cities.

* Find detailed PSPs per country table in Annex 10
GROWTH TRENDS OF PROXIMITY SOLUTION PROVIDERS

Native support of Eddystone will further accelerate the growth

As of Q1 there are 42 companies in Proxbook that have been founded in 2015.

Even though the proximity industry and technologies are rather new, 17% of the PSPs in Proxbook have been around for more than seven years. Some have entirely shifted focus to proximity; others have just added proximity marketing to their product offerings.

After the launch of Apple’s iBeacon in 2013, proximity industry growth took off as 58% of the PSPs in Proxbook were founded during the last three years. 2014 was the peak year of companies founded.

The native support of Eddystone on Google Chrome is expected to bring new companies and solutions into the rapidly growing proximity industry.
CATEGORIES OF PROXIMITY SOLUTION PROVIDERS

There are 5 categories of proximity companies

140 companies are focused on providing a **proximity platform**. A proximity platform consists of content management system, tools for campaign analytics, a mobile app for consumers and a mobile SDK. A proximity platform is used to offer products like mobile communication, proximity advertising networks, data monetization, indoor navigation, digital signage, online retargeting and mobile payments. Examples of proximity platforms include Urban Airship and Mowingo.

30 proximity solution providers focus mainly on **hardware**. A proximity hardware provider typically provides beacons, NFC, Wi-Fi, RFID and other sensors. To manage the hardware, tools for fleet management and SDK’s are provided. Examples of proximity hardware providers include Kontakt.io and Estimote.

92 members of Proxbook provide both a **proximity platform and hardware**, like Gimbal and Tamoco.

19 members focus on providing and distributing **proximity apps** (which are essentially proximity platforms), like Notify Nearby and Knomi.

12 companies focus on **proximity solution consulting** such as Statler Consulting and HeyBuy.

Proximity Solution Providers can be divided into five main categories. See the Proximity Ecosystem on the next page for a detailed breakdown.

* Find detailed PSP by year founded table in Annex 9
THE PROXIMITY ECOSYSTEM

PLATFORM

HARDWARE

PLATFORM & HARDWARE

APP

CONSULTING
The Proxbook Report is published quarterly.

The Proxbook Report is based on data from Proxbook as of April 1, 2016. The report is conducted by Unacast. Data and information have been submitted by Proximity Solution Providers (PSPs).

The amount of sensors deployed on page 22 is based on a number range (e.g. 50-100) submitted by the PSPs where the average of the range (e.g. 75) has been used to calculate the numbers of sensors deployed.

Proxbook was launched in June 2015 by Unacast, in cooperation with the Location Based Marketing Association and Statler Consulting LLC (Stephen Statler).

The Proxbook Report will be published quarterly.

You can contact us at info@proxbook.com
ABOUT UNACAST

Unacast is the world’s largest network of beacon and proximity data

With **1.4 million beacons** and **50 partners**, Unacast is the world’s largest network of beacon and proximity companies, connecting the physical world to the digital world.

Through the Unacast PROX network, Unacast enables a scalable solution for retailers and brands to use beacon and proximity data for online retargeting and attribution.

Online marketing is almost entirely based on whatever online trails the consumer leaves behind. At the same time, the world is being rapidly “sensored up” with beacons and other proximity technologies collecting data about customer’s offline behavior. The data is however extremely fragmented and siloed between more than **350 companies**.

Unacast is the backend of proximity that aggregates and provides a unified platform for the proximity and advertising industry, solving the fragmentation problem to the benefit of both the supply and demand side.

We are the first company to enable a scalable way for retailers and brands to retarget customers online based on behavior in the physical space.

Visit us at [www.unacast.com](http://www.unacast.com) to learn more, and to sign up to PROX.
DOWNLOAD REPORT IN EXCEL

To get access to further data and detailed graphics visit the following link here.