Spacetime Marketing

Exploring the potential
of the connected consumer
for retail marketers.

Contents

Executive Summary

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The connected consumer has caused a fundamental change in the way retail business is conducted around the world. Armed with their smartphones and tablets, the connected consumer can shop virtually anywhere, any time, and has been empowered by access to infinite retail knowledge and a global selection of retailers from which to buy. In this report, we explore the potential of the connected consumer for retail marketing.

Connected consumers not only shop from almost anywhere, any time, but with their smartphones and tablets in hand can also be located by retail marketers and delivered time- and space-appropriate campaigns. The notion of a shopper who can be contacted in the right space and at the right time with the right message is, perhaps, the holy grail of retail marketing. In this paper, we explain the concept we call spacetime marketing and show how it has the potential to change forever the way retail marketing is conducted.

Retailers are the biggest marketing spenders in most markets in the world but, as can be seen in our review of the current landscape, still rely heavily on traditional mass marketing techniques. Australian retailers allocate an average of 75% of their marketing spend to mass marketing channels versus an average of 55% for non-retail marketers. Mass adoption of smartphones and the proliferation of data capture and analysis tools now make spacetime marketing a technically viable option, but marketers generally have been slow to adopt it. While enthusiastic about the potential for personalised and location-based marketing, practitioners cite difficulties with data collection, data management and their own skills in deployment as key barriers to adoption.

The research we conducted shows that shoppers are well equipped to participate in the spacetime marketing world. They are using their smartphones more and more while in a store to help with their shopping mission. Since 2013, use of the mobile phone in stores has more than doubled in most categories of behaviour and 30% of our sample used their mobile on their last visit to a store. Of the customers who want to pull information to their mobile whilst in store, 64% seek reassurance (prices, product comparisons, etc.), 24% convenience (in-store Wi-Fi, product availability, etc.) and 16% inspiration (offers/coupons, ideas, etc.). The messages sought vary by category, with supermarket shoppers most likely to seek inspiration; fast food shoppers – convenience; and longer cycle shoppers – reassurance.

Consumers around the world have a healthy scepticism towards one-to-one push marketing methods and, in some cases, have adopted blocking techniques to protect them from direct mail, telemarketing and online spam. In Australia, a third of our sample were favourably disposed towards accepting push messages to mobile while in store, but we found that one size does not fit all. Brand advocates, the young and customers in long cycle purchase categories are the most receptive. In international markets, where push messaging is more established, consumer acceptance is higher. Surprisingly, open and decided shoppers are equally disposed to receiving push messages while in store. Effectiveness increases generally when consumers consider the messaging as timely, relevant and valuable.

The case studies included in this report provide evidence that spacetime marketing works in many different retail categories and for many different marketing problems:

- A restaurant chain applied spacetime techniques to their existing CRM system and achieved 14.4% p.a. growth in visitation for that cohort versus 3.3% for the non-mobile cohort.

- An FMCG company identified and recruited a new demographic group of customers for a pharmacy chain and increased footfall by 25% over a two-month period.

- A shopping centre used spacetime techniques to turn high traffic into sales for its food retailers, achieving a 13.8% offer response rate, a 97% redemption rate, and greatly enhanced knowledge of their shoppers' behaviour and preferences.

- An electrical retailer used spacetime techniques to help generate a 29% increase in footfall and help justify the investment in a free Wi-Fi network.

The new world of retail marketing requires that retail marketing departments adjust the way they operate in terms of people, process, technology and strategy. In general, the skills required to operate a retail marketing department – such as creativity, analysis and execution – remain the same, but to that must be added an operating rhythm that emphasises agility as much as control, and an acceptance of technology. The speed of modern digital marketing – where a company like Telstra generates more than three million banners a day – requires that technology is leveraged to automate processes and that approvals are sought in advance. The technology to facilitate spacetime marketing is developing rapidly. In our future technology section, we look at the implications of developments in journey analytics, robotic process innovation, Internet of Things (IOT), conversational commerce and x-Reality for spacetime marketing. Finally, we provide some thoughts on what retailers can do to get started in the world of spacetime marketing.

1.0 Spacetime marketing

In 1905, Einstein developed his first or special theory of relativity. In it, he showed that the laws of physics apply to all non-accelerating observers and that the speed of light is constant no matter at what speed an observer travels. He concluded that space and time are not separate, but woven into one continuum he called spacetime. Einstein's theories were revolutionary in 1905, but should have made intuitive sense to marketers. Marketers know that space and time are not separate. They know that there is always an optimal time and place – spacetime – to deliver a marketing message to a customer. Unfortunately, it has taken marketing practice a long time to catch up with the theory espoused by Einstein over a century ago.

The first marketing scholars, writing at the same time as Einstein, saw marketing as a way to facilitate the exchange of goods. In papers such as 'Marketing Functions and Mercantile Organisation'[1] the function of marketing is described in terms that we would now use for the supply chain or distribution functions of a business. Marketing management was about making goods available for sale. This has since been called the 'functional school' of marketing.

In the 1950s and 60s, under the influence of writers like Drucker[2], Levitt[3] and McCarthy[4], marketing became a more customer-focused discipline. Markets were now segmented into groups of customers who could then be targeted with a 'marketing mix'. Marketers became managers of the marketing mix, and this became known as the 'marketing management' school. Although much more recognisable to marketers of today, the marketing management school of practice was still some way from the ideal of the right customer, in the right spacetime. Marketing mixes were developed in advance of delivery and campaigns were executed via mass marketing to all customers at one time rather than to the right customer in spacetime.

As computer technology came to business in the 1980s and 90s, marketers became ever more sophisticated in their segmentation of markets. Eventually, customer segments of one were possible and 'one-to-one' marketing was born[5]. In the 21st century, when e-commerce emerged, online marketers, armed with their predictive algorithms, added timeliness to the creation and delivery of these one-to-one messages. Online marketers were now delivering campaigns to the right customer, at the right time, but as Einstein said, time cannot be separated from space. This was especially important to retail marketers who transact over 90% of their business in offline space away from a computer.

The mass adoption of smartphones in the second decade of the 21st century has given marketers the vehicle to finally deliver campaigns in spacetime. Mobile phones by their very nature are made to be located in space, and smartphones have the computing power and screens to receive rich messages in spacetime. It's been over a hundred years since Einstein's first theory of relativity but, thanks to the ubiquitous smartphone, the era of spacetime marketing has arrived.

1. Weld, L. (1917). Marketing functions and mercantile organizations, *American Economic Review*, 7(2), 306-318.
2. Drucker, P. F. (1954). *The practice of management.* New York, NY: Harper and Row.
3. Levitt, T. (1960). Marketing Myopia, *Harvard Business Review*, 38 (4), 24-47.
4. McCarthy, E. J. (1960). *Basic marketing: A managerial approach,* Homewood (Illinois): R. D. Irwin.
5. Peppers, D. & Rogers, M. (1996). *The one to one future: Building relationship one customer at a time.* New York, NY: Currency.

2.0 The changing global retail marketing landscape

In most developed countries, retail sales grow in relation to gross domestic product (GDP). This means that, excluding high-growth economies like China, retail sales have grown slowly over the last decade. According to Citi Research, retail sales in Australia are up 3.8% over the past year[6], just below the 4.5% average for the past 10 years[7]. However, when you consider that about half the growth in Australian retail sales can be accounted for by inflation[8], it makes reliance on overall market growth a marginal strategy for most retailers.

To achieve meaningful sales growth, most retail businesses need to take share from their rivals. Market share gains can come from unique products, prices or services, but in an industry where many retailers sell similar products at similar prices, the difference is often superior marketing.

Retailers worldwide are aware of the importance of marketing and, in many countries, collectively spend more on marketing than any other industry.

In Australia, of the top sectors, retailers are the biggest spenders, being responsible for over 22% of total marketing expenditure. Retail marketing spend can become a virtual arms race between rivals,

especially in categories where other forms of differentiation are limited. It's no accident that, in 2016, the country's dominant media advertiser groups were Wesfarmers, followed by Harvey Norman and Woolworths[9].

But the world of retail marketing is changing. Shoppers are interacting with retailers in new ways and technology is giving retailers new ways to understand and serve their customers. Retailers also need to find new ways to gain competitive advantage through marketing; but according to Nielsen [10]; Australian retailers are still reliant on traditional mass marketing channels to convey their messages.

Mass marketing still accounts for over 75% of Australian retailers' marketing spend against 55% for non-retail marketers.

› Retail spending growth – August 2015 to August 2016 (%)

Key
- Food retail
- Shopping centres
- Large format traditional retailers
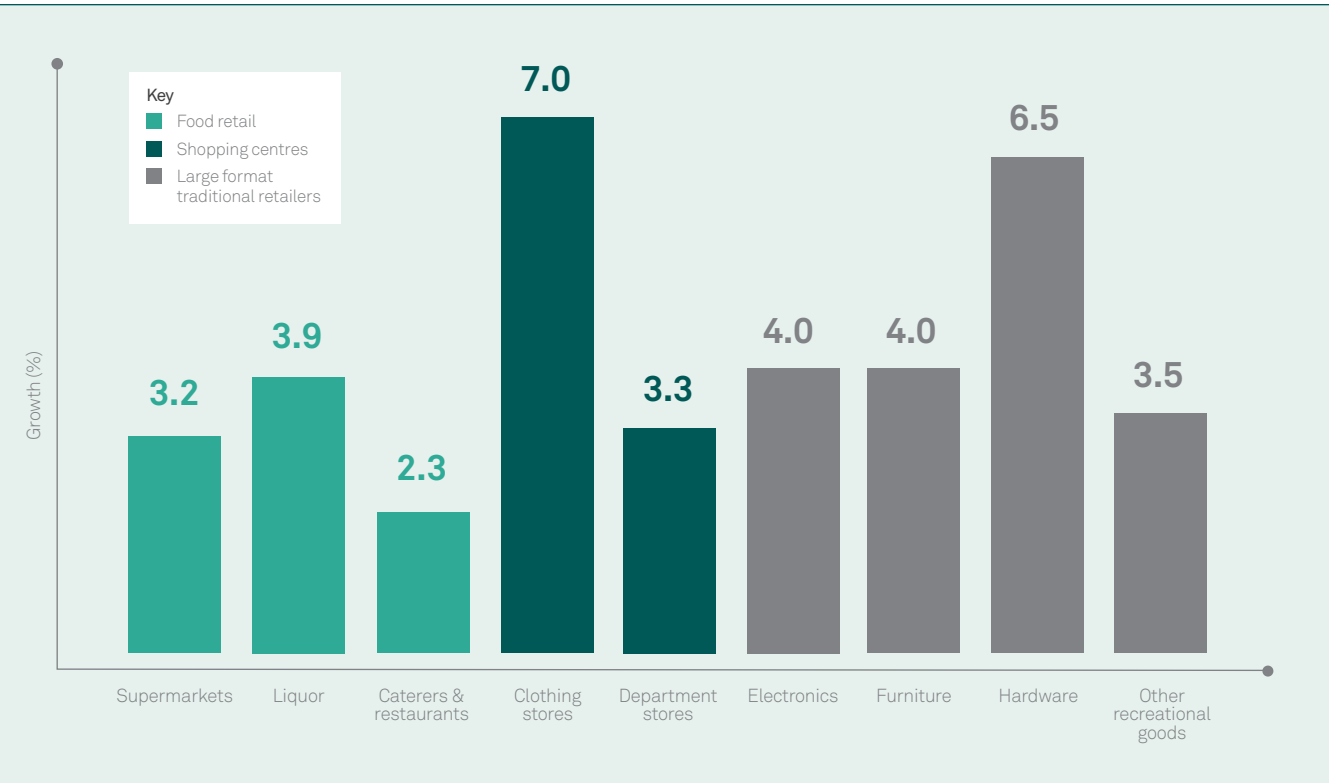
Source: Citi Research, August 2015 – August 2016

6. Citi Research (August 2015 – August 2016)
7. Australian Bureau of Statistics (August 2016), Retail Trade, Australia
8. Ibid

› 2015 Australian advertising spend

Channel	Total Market			Retail			
	Total Spend ($M)	Growth (%)	Spend Share by Channel (%)	Retail Spend ($M)	Retail Rank	Retail Spend Share by Channel (%)	Retail Spend Share (%)
Digital	6,000	25	40	780	3	24	13
Metro TV	3,000	-6	20	870	1	27	29
Regional TV	910	5	6	364	1	11	40
Cinema	132	32	1	24	1	1	18
Metro Press	2,100	-5	14	462	2	14	22
Regional Press	459	-4	3	138	1	4	30
Magazines	707	-2	5	205	1	6	29
Radio	775	5	5	240	1	7	31
Out of home	679	9	5	115	1	4	17
Direct Mail	257	9	2	46	2	1	18
Total	**15,019**			**3,244**		**100**	**22**

Source: Nielsen Advertising Information Services, January 2015 to December 2015.
PricewaterhouseCoopers - IAB Online Advertising Expenditure Report – 31 December 2015

9. Nielsen Advertising Information Services, January – December 2016
10. ibid

2.1
Five trends driving change

1. Online sales continue to grow

Worldwide ecommerce sales continue to rise strongly. eMarketer[11] predicts worldwide ecommerce sales will exceed US$1.9 trillion in 2016, representing growth of 23.7% on the previous year and 8.7% of total retail sales.

In Australia, annual ecommerce sales now exceed A$20 billion[12], representing growth of 13.5% on the previous year and 7% of total retail sales. Online sales growth varies by category.

As many as six in ten (59%) Australians purchase goods online at least monthly. And categories such as cosmetics, food and grocery, perfume and skincare have shown the highest growth in the past year. The vast majority of shoppers are now experienced online buyers and therefore experienced in the data-driven, individually targeted, predictive and information-rich marketing environment that goes with it[13].

> Online retail is significant and the landscape is changing

ALMOST **9/10** AUSSIES — **SHOP ONLINE**

Buy items online:

89% Last 12 months   **83%** Last 6 months   **59%** Monthly   **24%** Weekly

Top growth categories (past 6 months):

Clothing, shoes and accessories are now the top category purchased online

	2015	2014
Clothing/Shoes/Accessories	46%	32%
Cosmetics, Perfume & Skincare	21%	16%
Concert/Event Tickets (e.g. movies, sporting events, live music)	25%	18%
Food/Grocery Items (excluding takeaway /fast food)	24%	16%

Source: Nielsen, Australian Connected Consumers Report – 2016

11. eMarketer. (22 August 2016). Worldwide Retail E Commerce sales will reach $1.915 trillion this year. Access from www.emarketer.com/Article/Worldwide-Retail-Ecommerce-Sales-Will-Reach-1915-Trillion-This-Year/1014369
12. NAB Online Retail Sales Index, October 2016
13. Nielsen 'Australian Connected Consumers Report – 2016'
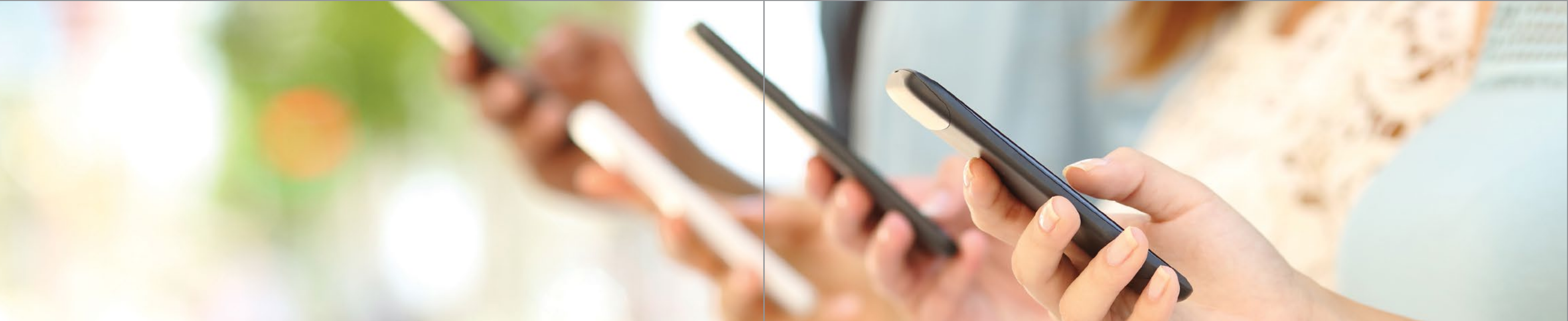
2. The Omnichannel shopper is the new normal

Traditional retailers are increasingly looking to roll out digital transformation strategies to play catch-up with their newer, more nimble, online counterparts. Online retailers, on the other hand, are digital to the core. But while they may have the infrastructure, skills and experience in place, many are coming to the realisation that they need a physical presence as well. The reason for both of these trends is that shopping is no longer a channel choice for shoppers. Shoppers want the best of both worlds and will access retail channels when they need them.

E commerce giant, Amazon, reportedly launching in Australia in September 2017[14], has already promised to shake up the Australian retailing landscape – both online and on the ground – with its new Amazon Go stores[15]. Even the world's most well-known online behemoth is realising the value of the traditional face-to-face, one-to-one customer interaction. Similarly, Alibaba recently announced it has taken full control of the Intime group of shopping centres – a large chain in China[16].

It's no longer online or offline, but both. And the same holds true for the data generated by these channels, says Jodie Sangster, CEO of the Association for Data-driven Marketing and Advertising (ADMA). 'Over the past 18 months, we've seen growing recognition that the two revenue streams should not be viewed separately. The challenge is being able to marry the offline and online store data – to build a bridge between the two so that a consistent customer experience can be stitched together. After all, if the customer doesn't differentiate between channels on their path to purchase, why should the retailer?'

3. More mobile than ever

The mobile – the most personal of devices – has fundamentally changed how we interact with brands. Not only can we access online retailers and research products, but we can also purchase at a click. However, many retailers are missing a major opportunity, says ADMA's Jodie Sangster. 'Quite simply, website content simply doesn't work the same way on a mobile – it's crucial to optimise content for mobile display, but Australia is behind the world on this issue.'

This is particularly important given that, by 2018, more Australians will own a mobile device than a laptop.

Mobile engagement will single-handedly drive shoppers' appetite for personalised location-based marketing. Indeed, shoppers are already using their mobiles to shape their purchasing decisions while in store.

In fact, more than 50% of global respondents say they use their mobile device when shopping to compare prices (53%) or look up product information (52%). More than four in ten respondents use their device to look for coupons or deals (44%), make better shopping decisions (42%) or make shopping trips quicker or more efficient (41%)[17].

### > Mobile leads in screens from early morning to 6pm

Around **one-quarter of online Australians** can be reached at anytime during 9am-6pm (more than any other device)

Source: Nielsen, Australian Connected Consumers Report 2016

14. Australian Financial Review. (3 November 2016). Amazon delays launch to September to include fresh goods
15. Amazon Go. Accessed from www.amazon.com/b?node=16008589011
16. The Crunch. (10 January 2017). Alibaba is buying Chinese mall operator Intime for $2.6B to modernize offline retail.
17. Nielsen. (11 October 2016). Device and Conquer: Global consumers let their fingers to the shopping. Accessed from www.nielsen.com/au/en/insights/news/2016/device-and-conquer-global-consumers-let-their-fingers-do-the-shopping.html

> Mobile reach across the day
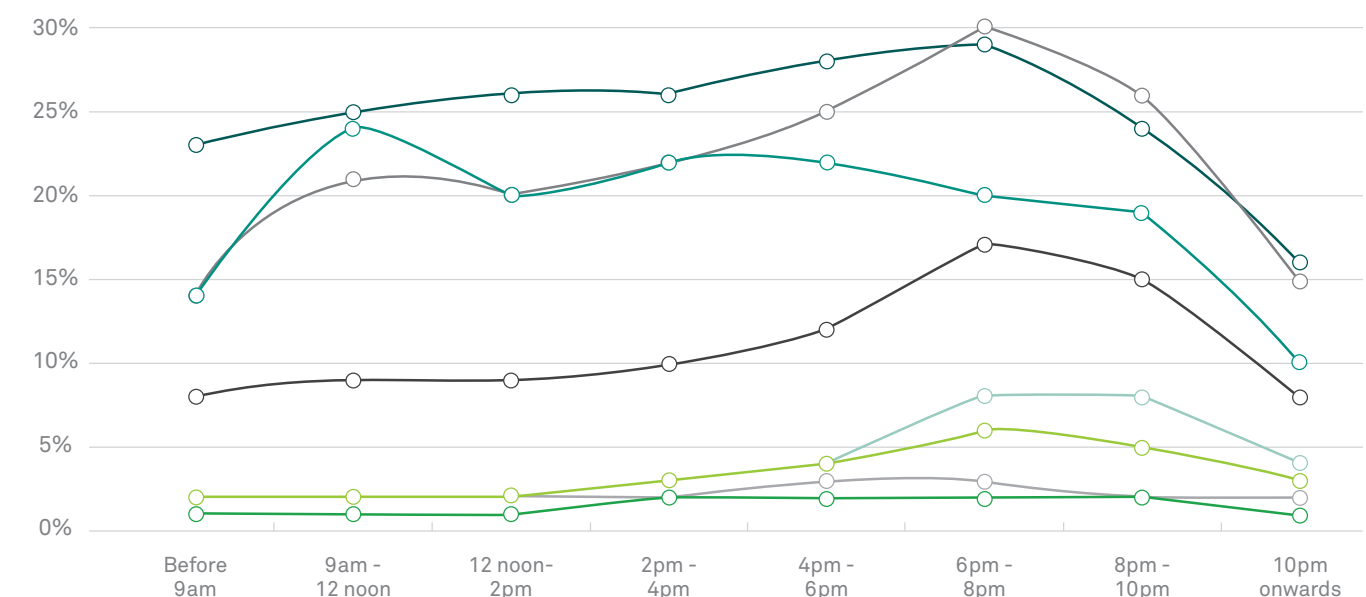
	Before 9am	9am - 12 noon	12 noon- 2pm	2pm - 4pm	4pm - 6pm	6pm - 8pm	8pm - 10pm	10pm onwards
Desktop PC	14%	24%	20%	22%	22%	20%	19%	10%
Laptop/ Notebook	14%	21%	20%	22%	25%	30%	26%	15%
Mobile phone	23%	25%	26%	26%	28%	29%	24%	16%
Tablet computer	8%	9%	9%	10%	12%	17%	15%	8%
Handheld Media Player	1%	1%	1%	2%	2%	2%	2%	1%
Internet-connected games device	2%	2%	2%	3%	4%	6%	5%	3%
Internet-connected TV	2%	2%	2%	3%	4%	8%	8%	4%
Wearables*	2%	2%	2%	2%	3%	3%	2%	2%

Source: Nielsen, Australian Connected Consumers Report 2016
Base: Online Australians 16+ (n=4,802)
*Includes a rollup of 'Smartwatch' and 'Other wearable device' (e.g. fitness band)

Let's get physical: Booodl

Just as Google rules the online directory world – providing consumers with directions to online sites – Australian startup Booodl aims to help shoppers find the right *physical* store for their needs. Take, for example, a shopper wanting to know 'where can I buy Puma sneakers using ApplePay, and speak to well-trained staff at a store in Sydney that is not usually busy at 3pm?' Today, these complex discovery questions are not answered well by either search engines or intelligent assistants – primarily because this data has not been collected and/or organised.

Booodl's mission is to do this, and their proprietary directory combines data from both large public and retailer datasets. A purpose-built search engine then uses this data to answer questions people have about physical stores, ranking them based on their location, brands, categories, product data and other store experience data.

Interestingly, Booodl data shows that most queries about physical stores are made on the move, with a 70:30 split between the mobile and desktop. As speech recognition improves and intelligent assistants become ubiquitous, consumers will increasingly depend on their smartphones to point them in the direction of the right physical store for their needs. And by providing shoppers with the right information at the right time, retailers and consumers alike can only benefit.

Across the retail sector, we are seeing more shoppers spending more time connected to their mobile devices. As many as one in seven main grocery buyers aged over 18 now spend more than nine hours connected to the mobile internet every week. This figure climbs to one in five for people shopping for home entertainment or computers[18].

Nielsen Digital Ratings (Monthly) also shows that mobile web and application browsing activity for the Mass Merchandiser category (includes brands such as Woolworths, Coles, Kmart, JB Hi-Fi, etc.) increased its year-on-year unique audience by 30% and grew the total time spent engaging with this category online by 128% in November 2016[19].

> **Australians are turning to online media to aid decision making**

77% Of online Australians research or compare products/services/business online

22% Weekly or more often

Research products/services/business weekly or more often

22% Total	**26%** Men	**18%** Women

33% 16-24 years	**34%** 25-34 years	**26%** 35-44 years	**17%** 45-59 years	**9%** 60+ years

Source: Nielsen, Australian Connected Consumers Report 2016
Base: Online Australians 16+ (n=4,802)

18. Nielsen Consumer & Media View - Survey 8, 2016
19. Nielsen Digital Ratings (Monthly) - November 2016

4. The need for data quality

Recent research[20] shows that the number one challenge for many marketers is data quality. Many are still struggling with the challenge of ensuring that the data they use is clean, accurate and up to date – which is essential if the insights derived from the data are to be correct.

Gathering data is only the first problem, says Sangster. 'Working out what the data signifies and then planning a meaningful course of action is the tough bit for many organisations. In some cases, this is due to corporate structure – marketing and analytics may sit in silos. In others, the feedback loops or internal processes to drive actions from the analytics have not been established.'

A survey[21] conducted by ADMA illustrates the data problem for Australian marketers. It shows that less than 50% of Australian businesses have a single integrated customer database.

20. ADMA Industry Survey 2016
21. ibid

> **How customer data is managed**

Type of database	%
Single central database of all customers for marketing and sales	49
Separate (non-integrated) databases of all customers for marketing and sales	33
One main customer database internally, multiple databases for separate channels held by agencies	13
All customer data held in multiple databases at agencies or third parties	5

Source: ADMA Industry Survey 2016 (n=172)
Question: Q9 'How do you manage your customer data?'

Interestingly, in the same survey it was found that 63% of organisations today do not use real-time data to optimise offers (see figure below) – with reasons given including:

- We can't monitor customer behaviour (31%)

- Our data isn't good enough (25%)

- We don't have the skills to make it work (21%)

- We don't have the budget for the technology (19%)

- We don't trust our data to automatically communicate with customers (7%).

Personalised, timely, targeted marketing has long been the retailer's dream. But the constraints outlined above need to be overcome to make the dream a reality. To date, most retailers are only personalising down to an aggregate group, with one or two elements that relate directly to the customer (e.g. age or location).

'Coles is one notable exception, having made the leap this year to personalised marketing, based on the individual customer's shopping basket, says Sangster.

> Use of real-time data to communicate optimised offers

63% Don't use real-time data

37% Use real-time data
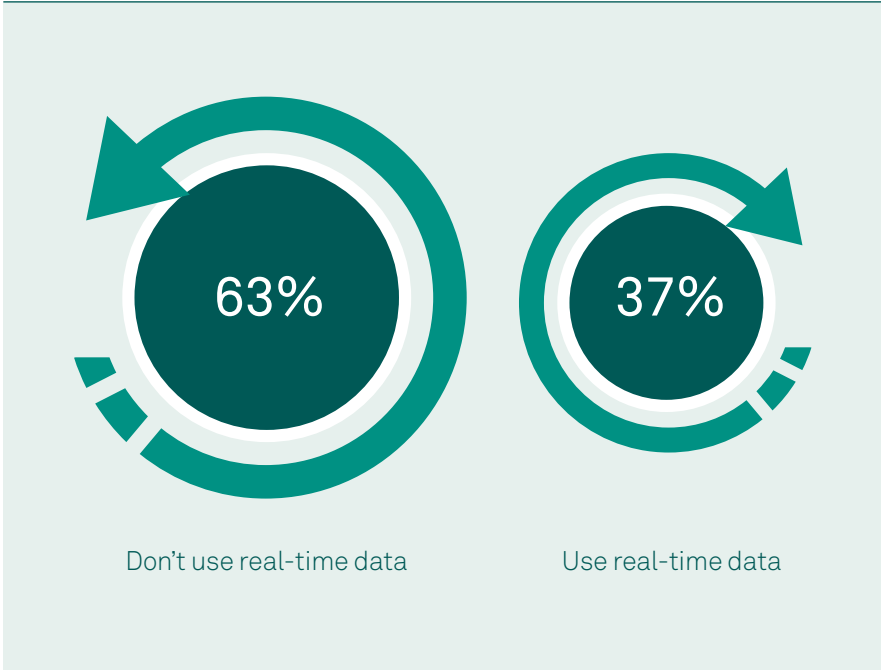
Source: ADMA Industry Survey 2016 (n=67)

5. The inexorable rise of location-based technologies

Location-based technologies continue to help retailers deliver contextually relevant messaging to customers and build brand advocates. Indeed, in The Location Based Marketing Association (LBMA) 2016 Global Location Trends Report[22], which is based on the findings from an online study conducted in the United States, Canada, Germany, the United Kingdom, and Singapore, the executives who were interviewed agreed that location-based targeting is valuable, actionable and accurate and (with the exception of the UK), expected to shift more marketing dollars to location-based marketing.

Boston Retail Partners corroborates the message. In their 2015 CRM/Unified Commerce Benchmark Survey[23], 59% of retailers planned to have the ability to identify customers when they walk in the store via their smartphones within five years. That's a very large increase over the 6% who indicated they could already identify their customer in this way. Whether it's GPS, Wi-Fi, RFID, NFC, or Bluetooth, retailers are looking to increase their engagement with location-based technologies.

This is also borne out by ADMA's 2016 Industry Survey, with most CMOs seeing technology as both an opportunity (66%) and an advantage (50%).

> Impact on marketing of changes in technology

Type of impact	%
Opportunity: it creates new openings and opportunities to interact with our markets	66
Advantage: it becomes an essential element in a new market offering	50
Obstacle: it creates an obstacle we have to navigate to continue our marketing	5
Set-back: it hinders our marketing efforts so much we have to make big changes	4
Irritant: it means we have to adjust our marketing slightly	4

Source: ADMA Industry Survey 2016 (n=56)
Question: Q35 'What impact does changes in technology have on marketing today?'

22. Location Based Marketing Association. (2016). Global Location Trends Report. Accessed from thelbma.com/research/103/lbma-global-location-trends-report/
23. Boston Retail Partners. (2015). CRM/Unified Commerce Survey. Accessed from bostonretailpartners.com/2015-crm-survey-report/

3.0
Our research

3.1
Background

The connected consumer – on the go with their smartphone in hand – has caused a fundamental change in the retail industry.

In our previous research reports, we have explored the rising importance of the blended online /offline shopping experience ('How you can join the Omnichannel shopper in transforming Australian Retail', 2012)[24], the pivotal role of the mobile device ('How mobility is changing the rhythm of Australian Retail', 2013)[25], the potential of the new connected consumer to become an active collaborator in the retail supply chain ('The Personal Supply Chain', 2014)[26] and the challenges faced by retailers seeking to innovate in their digitally disrupted world ('Innovation in Retail', 2016)[27].

In this new report, we explore the potential of the smartphone to change retail marketing and how the proliferation of data capture and analysis tools now make spacetime marketing another viable option.

We are seeing early examples of the adoption of spacetime marketing by retailers in many parts of the world; however, adoption in Australia has been slow. In order to understand more about the spacetime marketing phenomenon and the shoppers who will be the recipients of retailer spacetime marketing messages, we were interested in answering the following questions.

Research Questions

- How does the use of connected mobile devices in Australia compare with global markets?

- How are mobile devices currently being used by shoppers on the path to purchase and at the point of purchase?

- What are the drivers of – and barriers to – shopper receptiveness to spacetime marketing methods?

- To what extent are spacetime marketing methods more applicable:
  a. In long or short buying cycles?
  b. To younger rather than older shoppers?
  c. In planned or unplanned shopping missions?

3.2
Method

To address the research questions, a research study was conducted. The quantitative study was conducted by Kantar TNS through a 15-minute online questionnaire.

The sample used had purchased in one of four retail categories within a specified period and were sourced from premium panel partner, Red Planet (part of Qantas Loyalty). Sample sizes for each category were: Grocery (n=407); High Street Retail (n=404); Fast Food Restaurants (n=402); Automotive (n=388) for a total sample of 1,601.

A number of qualifying questions were developed so that different types of buying behaviour could be compared. Four specific types of shopping situations were selected to represent different lengths of buying cycle.

> Typical length of buying cycle across retail categories

	Length of buying cycle
Automotive	High
High Street Retail	Medium
Fast Food Restaurant	Low
Grocery	Low

In addition, the qualifying questions ensured adequate representation of four major age groups (Baby Boomers, Gen X, Gen Y and Gen Z) and both genders, so that demographic factors could be considered.

Three groups of questions were designed to uncover what type of messages shoppers would be most receptive to in various purchasing situations.

The three groups were:

- Reassurance (e.g. price comparisons, reviews)

- Convenience (e.g. free Wi-Fi, opening hours/directions)

- Inspiration (e.g. menu ideas, coupons)

These categories were adapted from the significant work conducted by Google into Micro-Moments[28].

The hugely diverse range of moments was aggregated to create overarching themes to allow us to analyse and compare consumers' spacetime information needs across categories. For example, the broad spectrum of exploratory moments (such as checking prices or comparing products) was simplified for respondents to indicate need for 'reassurance'.

24. Jude, G., Singh, C. & Wilson, J. (2012). *How you can join the omnichannel shopper in transforming Australian retail.* Sydney: Telstra.
25. Jude, G. & Singh, C. (2013). *How mobility is changing the rhythm of Australian retail.* Sydney: Telstra.
26. Jude, G. & MacDonald, C. (2014). *The Personal Supply Chain.* Sydney: Telstra.
27. Jude, G. (2016). *Innovation in Retail.* Sydney: Telstra.

28. Think with Google. (2016). Accessed from www.thinkwithgoogle.com/collections/micromoments.html

Study design

The study design explored the pre- and in-store research conducted by consumers during their path to purchase, analysing both push and pull information and their roles across different shopping mindsets and occasions.

Data was collected from the 17th to 28th of November 2016.

Data was analysed using SPSS software and reported unweighted at the total level, and does not take into account variations in occasions and spend across categories.

Some international comparisons were possible using Kantar TNS's 'Connected Life', its annual global study of connectivity covering 70,000 people across 57 markets.

> **Who we spoke to**

Grocery
n=407

High Street Retail
n=404

Shorter cycle purchase

Fast Food Restaurant
n=402

Automotive
n=388

Longer cycle purchase

GENZ
n=207

GENY
n=313

GENX
n=542

BABY BOOMERS
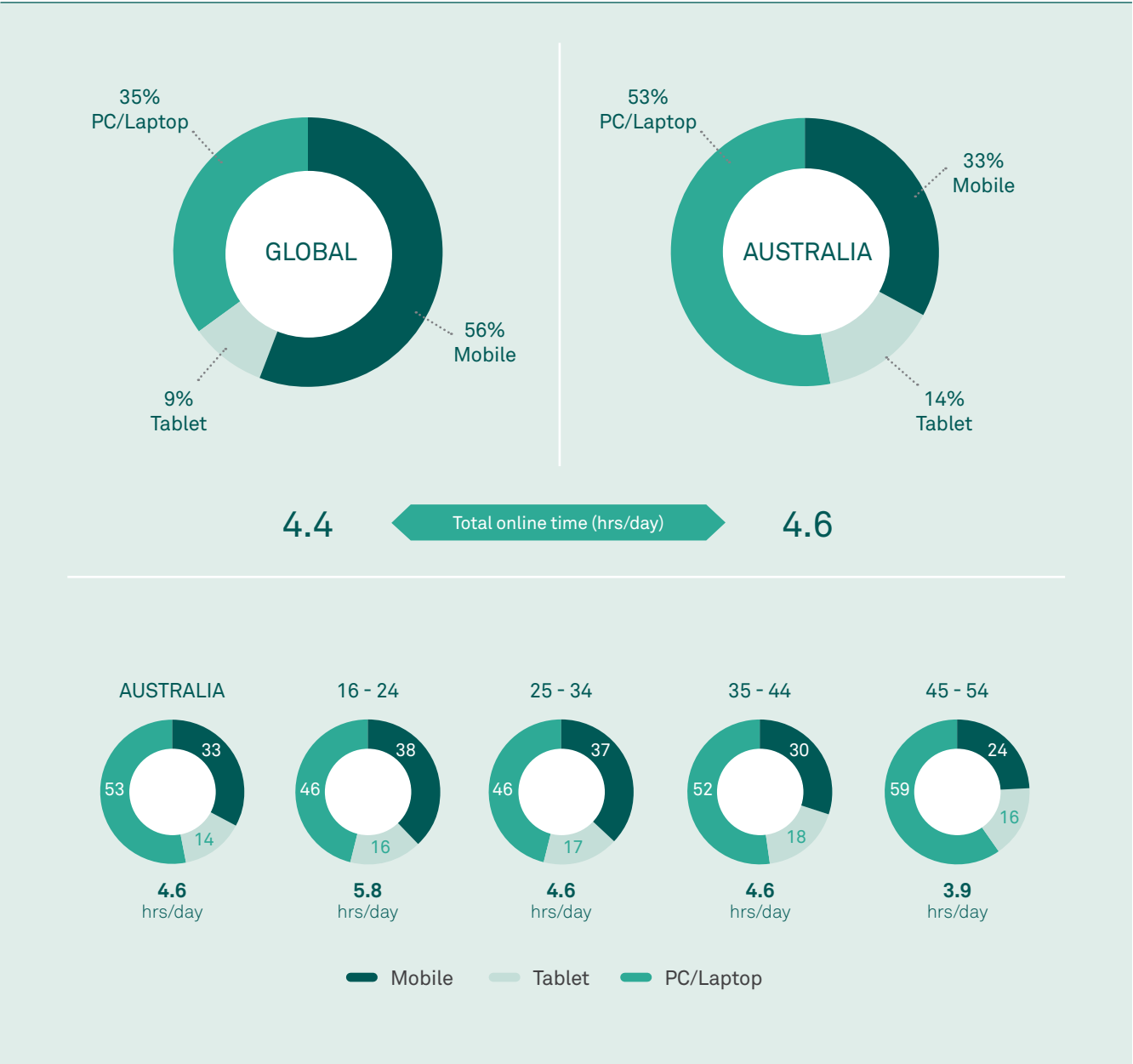n=539

3.3
Results

Use of connected devices

Australia has one of the highest penetrations of smartphone usage in the world, but currently Australians use them less to browse the Internet than the global average.

However, younger Australians are far more likely to spend more time on the Internet and to use mobile devices to do so than older Australians. For example, those aged 16-24 spend approximately 50% more time per day connected to the

Internet than those aged 45-54, and most of that difference can be accounted for by the time spent connected via mobile.

> **Share of time on devices (%)**

GLOBAL
35% PC/Laptop
56% Mobile
9% Tablet

AUSTRALIA
53% PC/Laptop
33% Mobile
14% Tablet

4.4 Total online time (hrs/day) 4.6

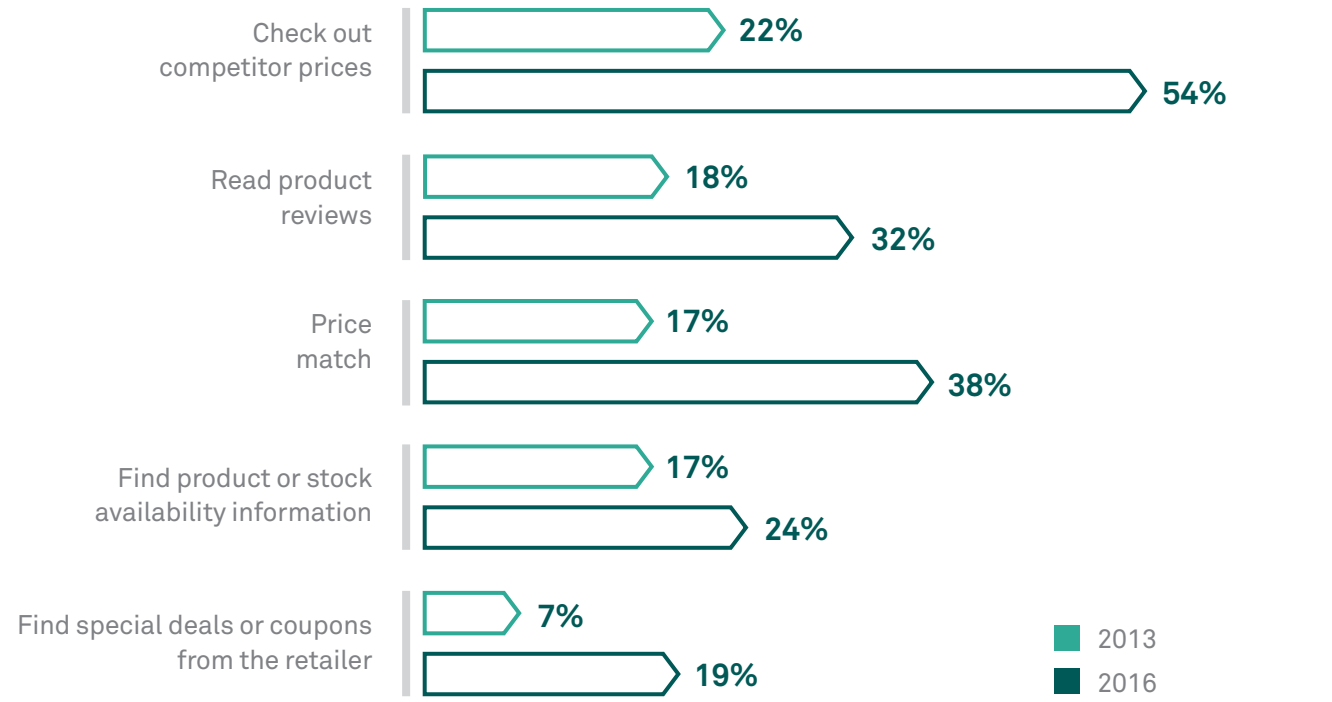| AUSTRALIA	16 - 24	25 - 34	35 - 44	45 - 54
53 / 33 / 14	46 / 38 / 16	46 / 37 / 17	52 / 30 / 18	59 / 24 / 16
4.6 hrs/day	**5.8** hrs/day	**4.6** hrs/day	**4.6** hrs/day	**3.9** hrs/day

● Mobile ● Tablet ● PC/Laptop

Use of connected devices in store

There has been a marked increase in the use of smartphones by shoppers in retail stores since we last tracked this behaviour in 2013. This means that an increasing percentage of shoppers are available to spacetime marketers at the point of purchase.

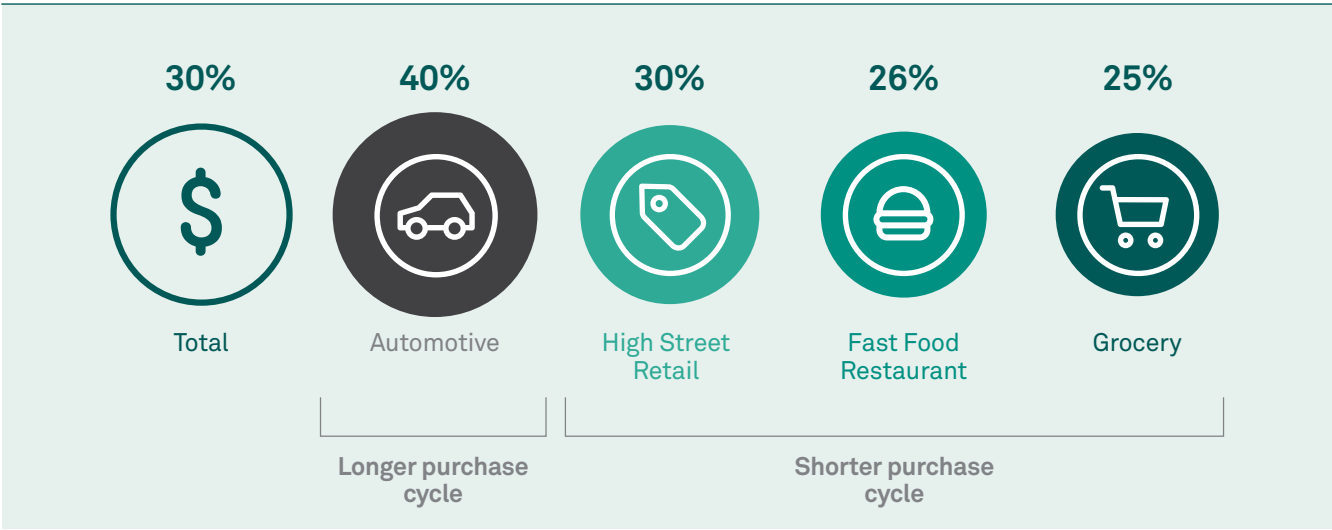Overall, 30% of our sample used their phone on their last occasion in store, although it can be seen that usage increases with higher involvement purchase situations.

> Incidence of in-store mobile 'pull' activities

Check out competitor prices: 22% / 54%
Read product reviews: 18% / 32%
Price match: 17% / 38%
Find product or stock availability information: 17% / 24%
Find special deals or coupons from the retailer: 7% / 19%

Legend: 2013, 2016

> % who used their mobile phone on last occasion in store

Total	Automotive	High Street Retail	Fast Food Restaurant	Grocery
30%	40%	30%	26%	25%

Longer purchase cycle (Automotive) — Shorter purchase cycle (High Street Retail, Fast Food Restaurant, Grocery)
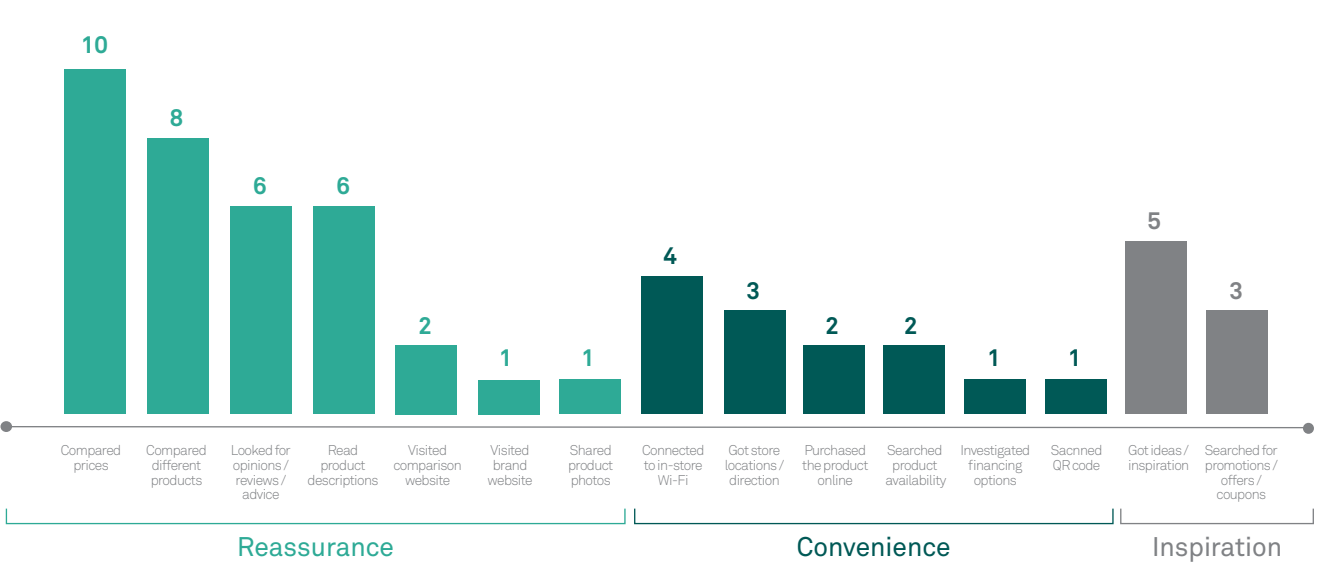
Pull messaging

Consumers who pull information to their phone while in-store are looking for messages of Reassurance (60%), Convenience (24%) and Inspiration (16%). Shoppers look for different types of information depending on the shopping situation. High Street Retail is most associated with comparing prices (Reassurance), Automotive is most associated with reading reviews (Reassurance), Fast Food Resta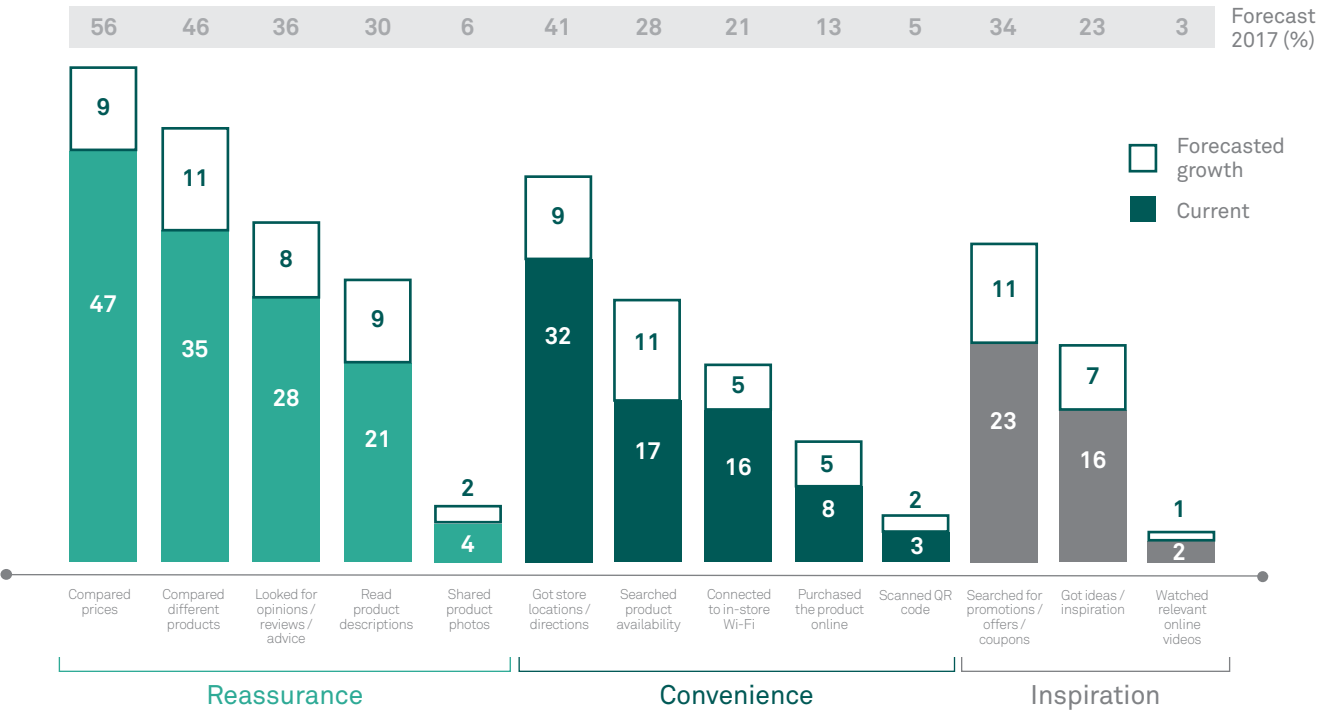urant is most associated with connecting to Wi-Fi (Convenience) and Grocery is most associated with getting ideas (Inspiration). While we have seen in-store use of mobile devices increase significantly since 2013, our sample expected their in-store use of mobile to increase again over the next year.

> Detailed in-store mobile usage on last occasion (%)

Reassurance:
- Compared prices: 10
- Compared different products: 8
- Looked for opinions / reviews / advice: 6
- Read product descriptions: 6
- Visited comparison website: 2
- Visited brand website: 1
- Shared product photos: 1

Convenience:
- Connected to in-store Wi-Fi: 4
- Got store locations / direction: 3
- Purchased the product online: 2
- Searched product availability: 2
- Investigated financing options: 1
- Scanned QR code: 1

Inspiration:
- Got ideas / inspiration: 5
- Searched for promotions / offers / coupons: 3

> In-store mobile pull activities over the past year + next year forecast (%)

| Forecast 2017 (%) | 56 | 46 | 36 | 30 | 6 | 41 | 28 | 21 | 13 | 5 | 34 | 23 | 3 |

Legend: Forecasted growth, Current

Reassurance:
- Compared prices: Current 47, Forecasted growth 9
- Compared different products: Current 35, Forecasted growth 11
- Looked for opinions / reviews / advice: Current 28, Forecasted growth 8
- Read product descriptions: Current 21, Forecasted growth 9
- Shared product photos: Current 4, Forecasted growth 2

Convenience:
- Got store locations / directions: Current 32, Forecasted growth 9
- Searched product availability: Current 17, Forecasted growth 11
- Connected to in-store Wi-Fi: Current 16, Forecasted growth 5
- Purchased the product online: Current 8, Forecasted growth 5
- Scanned QR code: Current 3, Forecasted growth 2

Inspiration:
- Searched for promotions / offers / coupons: Current 23, Forecasted growth 11
- Got ideas / inspiration: Current 16, Forecasted growth 7
- Watched relevant online videos: Current 2, Forecasted growth 1

Push messaging

In addition to pulling information to their mobile, a third of our respondents also said they were also willing to receive push messages from the retailer they just visited when next-in store. Once again, the receptiveness to interaction on mobile increases with longer purchase cycles and the youth of the shopper.

> Willingness to receive in-store mobile communications (%)

33%
Of total survey respondents said they are willing to receive mobile communications from the brand they visited on their next shopping occasion

43% Automotive

33% High Street Retail

30% Fast Food Restaurant

28% Grocery

> Willingness to receive in-store mobile communications by generation (%)
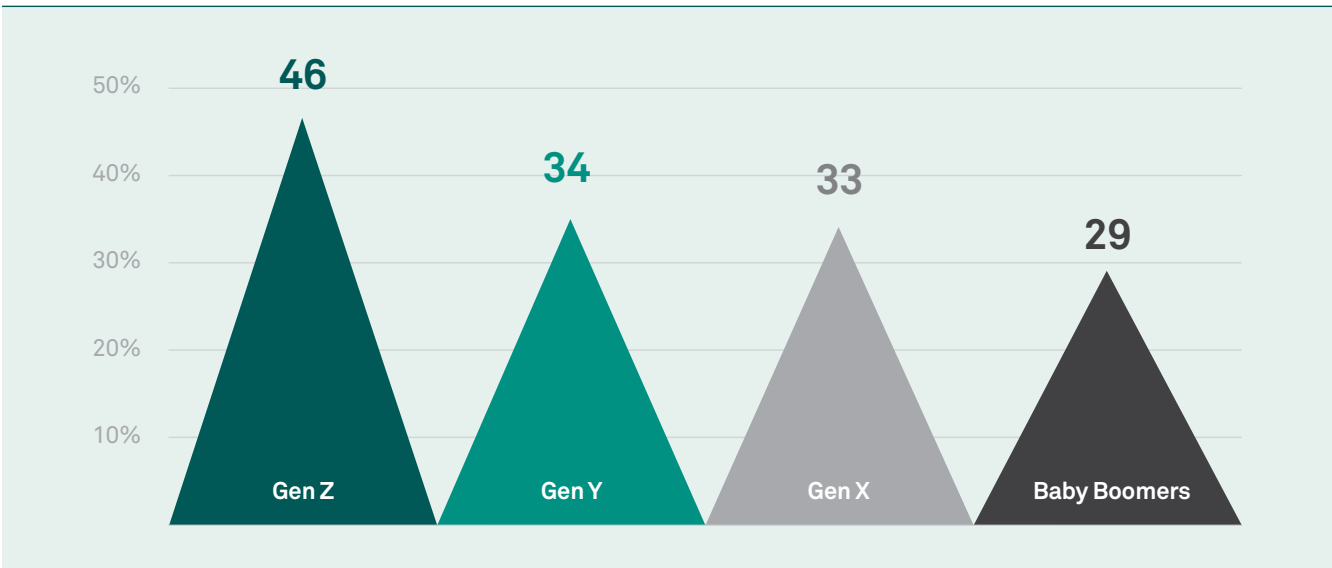
46	34	33	29
Gen Z	Gen Y	Gen X	Baby Boomers

The types of push messages shoppers are prepared to receive from retailers in-store have a different mix from those sought when shoppers pull information to their mobile. Consumers are receptive to a balance of messages of Reassurance (47%) and Convenience (40%), with messages of Inspiration (13%) also quite important in the Fast Food Restaurant category.

> Share of preference for in-store mobile push communications (%)
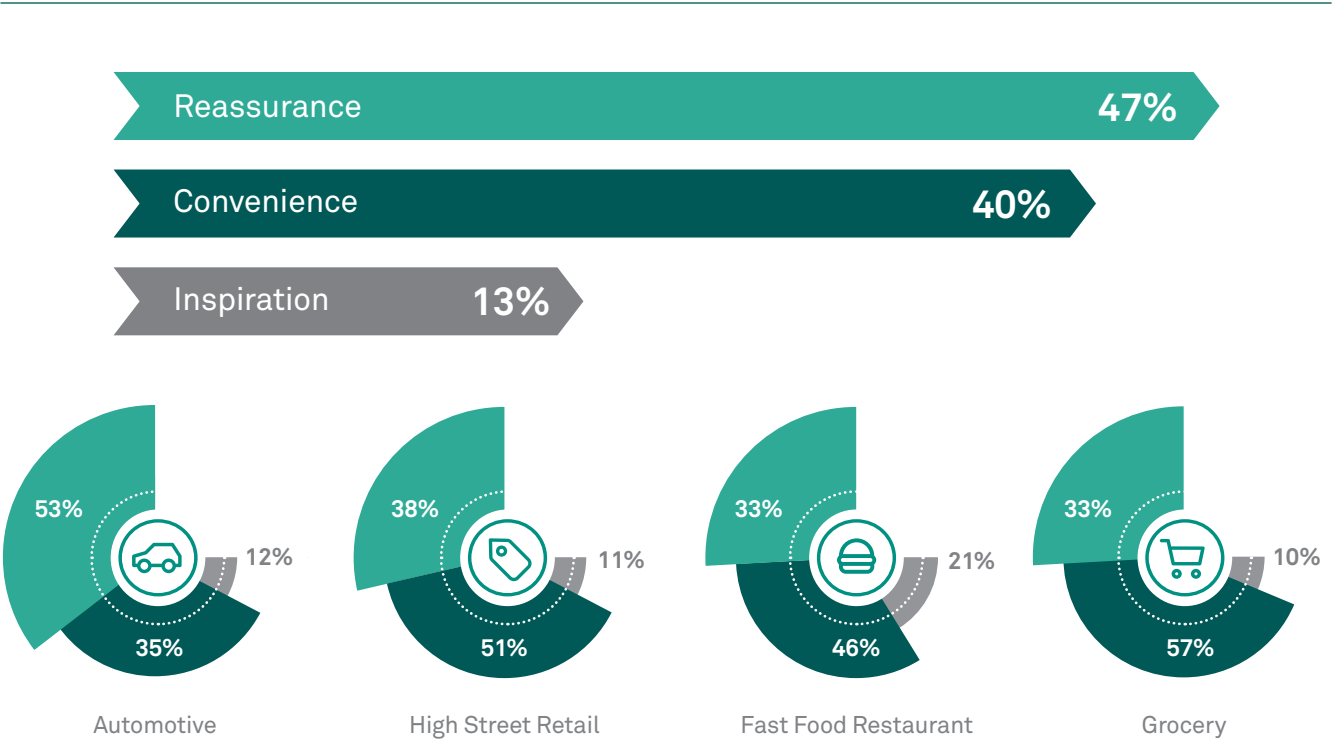
Reassurance **47%**

Convenience **40%**

Inspiration **13%**

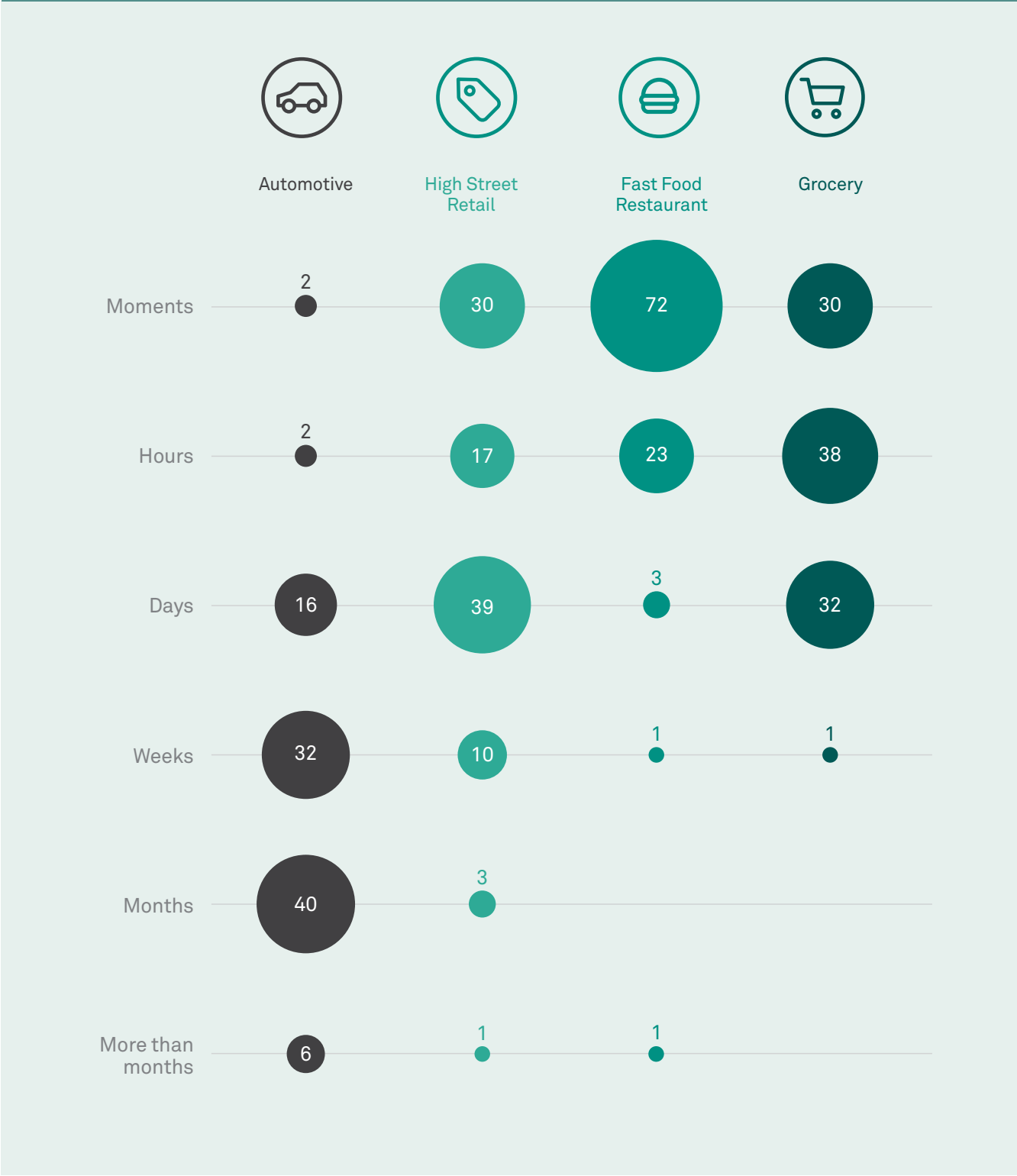| Automotive	High Street Retail	Fast Food Restaurant	Grocery
53% 12% 35%	38% 11% 51%	33% 21% 46%	33% 10% 57%

Path to purchase

A in-store is not the only place shoppers look for information. How much research is done before a purchase and when it is done varies with the length of the

purchase cycle. This means a 'one spacetime moment fits all' approach cannot be adopted for every retail marketing situation. Paths to purchase are different. The following chart shows

that short cycle retail purchases have most to gain from intercepting consumers in-store (or in close proximity to the store) as that is the time they are most likely to make their purchase decision.

> ### When was the initial research conducted? (%)

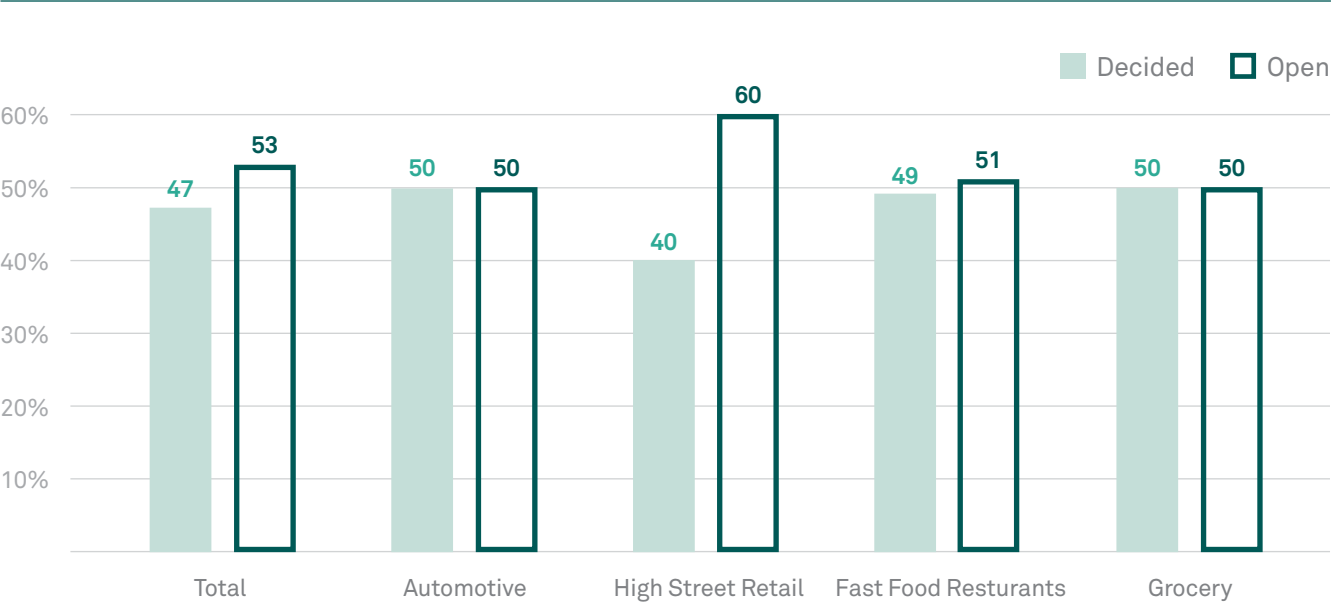|	Automotive	High Street Retail	Fast Food Restaurant	Grocery
Moments	2	30	72	30
Hours	2	17	23	38
Days	16	39	3	32
Weeks	32	10	1	1
Months	40	3		
More than months	6	1	1	

Planned vs Unplanned shopping

One way of categorising a shopping mission is by whether or not the shopper has decided what to buy or is still open to other options when they

start. These categories are sometimes called planned and unplanned.

Our research shows, perhaps surprisingly, that open and decided shoppers are equally receptive to receiving in-store
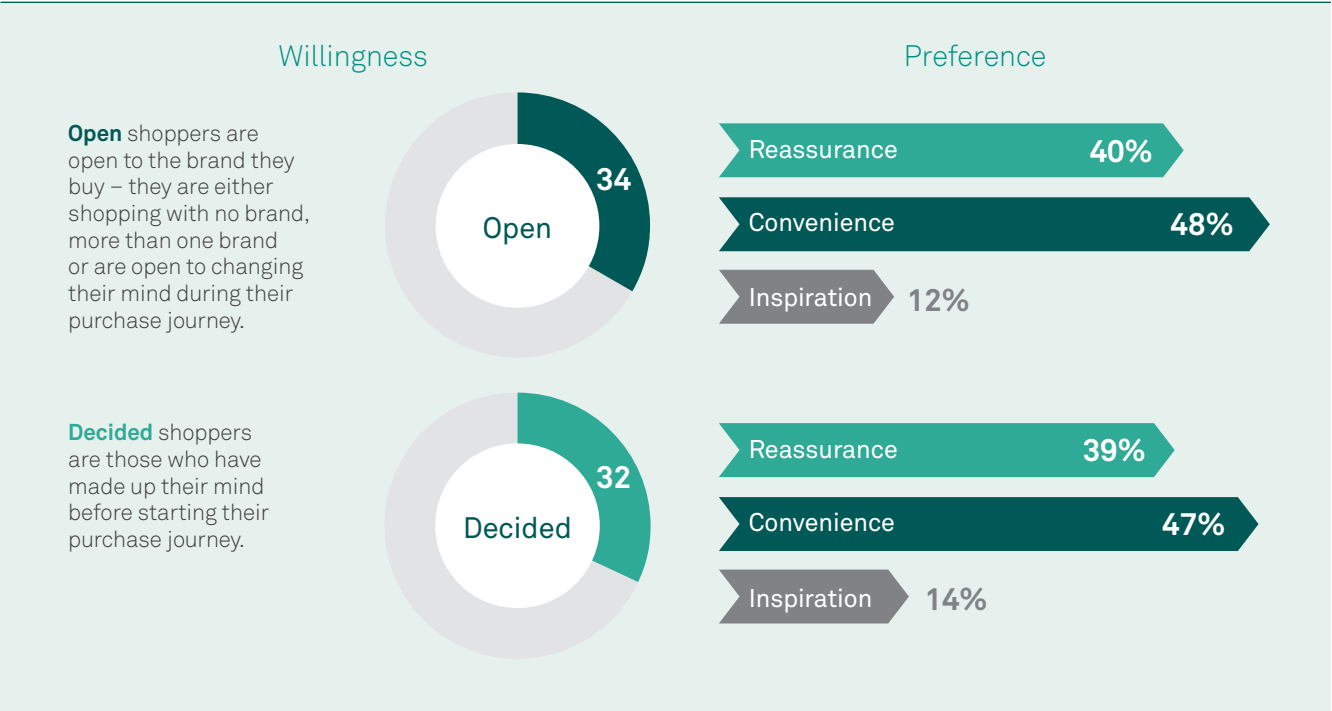
messages on their phones. This suggests spacetime marketing can be deployed at the point of purchase in most situations.

> ### Open vs decided before shopping (%)

Legend: ▣ Decided ☐ Open

	Total	Automotive	High Street Retail	Fast Food Resturants	Grocery
Decided	47	50	40	49	50
Open	53	50	60	51	50

> ### Willingness to receive and preference for in-store communications (%)

Willingness

Open shoppers are open to the brand they buy – they are either shopping with no brand, more than one brand or are open to changing their mind during their purchase journey.

Open 34

Decided shoppers are those who have made up their mind before starting their purchase journey.

Decided 32

Preference

Open:
- Reassurance 40%
- Convenience 48%
- Inspiration 12%

Decided:
- Reassurance 39%
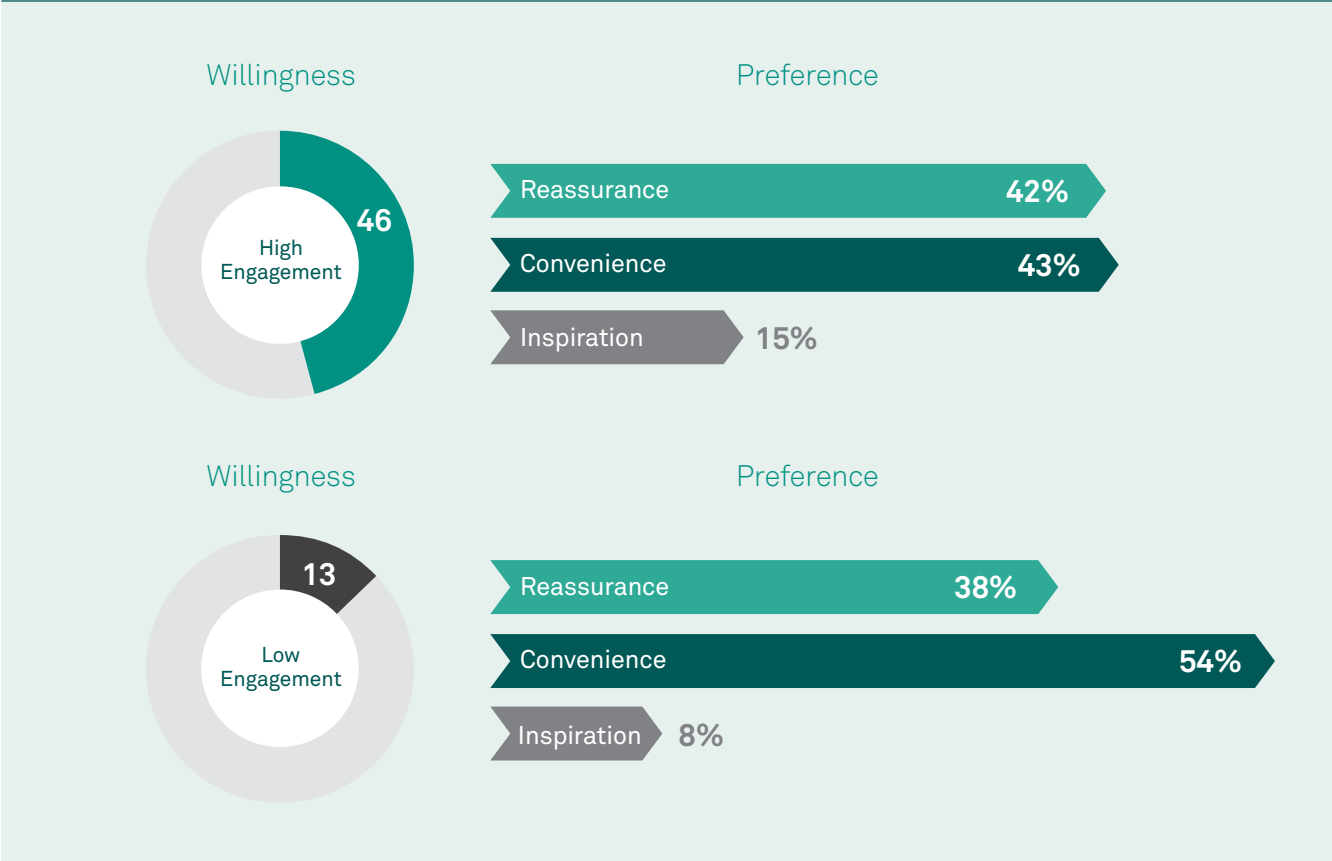- Convenience 47%
- Inspiration 14%

A shopper's relationship with the retail brand is one of the biggest factors influencing receptiveness to spacetime marketing techniques. Our research shows that a shopper who is prepared to recommend the brand to a friend or colleague is more than three times more likely (46%) to be willing to receive push messages in a store than a shopper who is not (13%).

It has long been thought that the key to marketing to mobile devices is timely, valuable and relevant messaging[27]. These themes also emerged from some of the respondents.

'Like the idea as long as it was relevant, no idea how they could work out what to send to you, so that it was meaningful – but am open to it – happy to get offers/deals.'

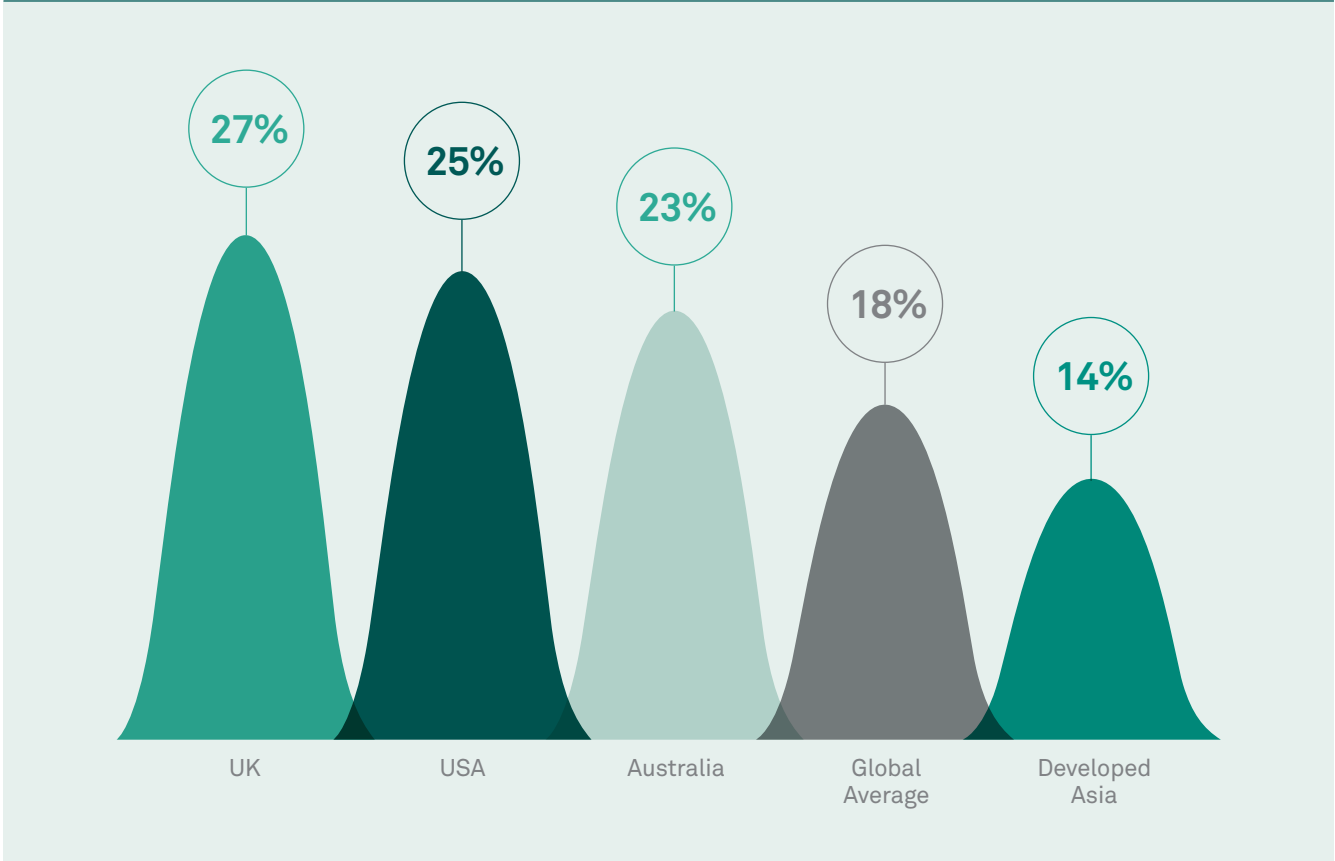### Barriers to consumer receptiveness to spacetime marketing methods

Consumers are still generally cautious about messages being sent to their mobile devices and Australians are more cautious than most. Globally, where spacetime methods are more established, 37% of consumers think individually tailored ads are a good thing, but in Australia that percentage drops to 19%.

In addition, 34% of consumers globally sometimes feel followed by brands online with 31% of Australians feeling the same way[28]. In some markets, ad-blocking software is being adopted by consumers to curb the intrusion of digital advertising. This will remind retail marketers of the emergence of 'No junk mail' signs on letterboxes and phone screening technology designed to curb telemarketing. Reluctance to receive marketing messages, especially individually targeted ones, is not a new phenomenon and will be a challenge for spacetime marketers.

> Willingness to receive and preference for in-store communications (%)

Willingness

Preference

High Engagement
46

Reassurance	**42%**
Convenience	**43%**
Inspiration	15%

Willingness

Preference

Low Engagement
13

Reassurance	**38%**
Convenience	**54%**
Inspiration	8%

Source: Kantar TNS Quantitative Survey 2016
Base: Total (n=1601), Engaged 9-10 (n=461), Not engaged 0-5 (n=274)
Question: 'Brand engagement, how likely is it that you would recommend [BRAND] to a friend or colleague?'
How willing would you be to receive in-dealership communications on your mobile from [BRAND] the next time you [type of shop]?

27. Lee, T. & Jun, J. (2007). The role of contextual marketing offer in Mobile Commerce acceptance: Comparison between mobile commerce users and nonusers. *International Journal of Mobile Communications*, 5, 339-356.

> Penetration of Ad Blocking Technology (%)

27% UK

25% USA

23% Australia

18% Global Average

14% Developed Asia

Source: Kantar TNS (2016). Connected Life 2016
Base: Global (n=73607), Developed Asia (n=7185), Australia (n=1023), USA (n=3000), UK (n=3038)
Question: (C4) Ad-Blocking

28. Kantar TNS (2016). Connected Life 2016.

3.4
Conclusions

Spacetime marketing is a game of moments – one size does not fit all

Implicit in the concept of spacetime marketing is the idea that there is an optimal time and place to deliver a particular marketing message to a particular individual. It should therefore be no surprise that this research has uncovered no golden bullet spacetime moments that will work in all retail marketing situations.

We have seen, for example, large differences in paths to purchase behaviour based on length of the purchase cycle. We have also seen a variation in the type of message required (Reassurance, Convenience, Inspiration) for various shopping situations. The more retail marketers can get to know their customers as individuals and understand their paths to purchase, the more effective spacetime marketing messages will become.

Focus on brand advocates first

Consumers have an in-built suspicion of all marketing, especially when it is targeted at them as individuals. This suspicion applies to direct mail, telemarketing and digital marketing methods, so there is no reason to believe it would not apply to spacetime marketing. Some consumers go to great lengths to block as many marketing messages as they can from their lives. However, when a customer is engaged with your brand, this is not the case. Our research shows that brand advocates are more than three times more likely to be receptive to spacetime marketing messages than non-brand advocates. For retailers, this means focusing on best customers first. Best customers could be measured by overall spend, number of transactions, visits to the store, engagement on social media or NPS ratings, where available. As long as your message passes the timely, relevant and valuable test, it is likely to be welcomed – not blocked – by brand advocates.

Younger customers will be most receptive

When we first researched Omnichannel shopping behaviour in Australia (2012), young people were overwhelmingly more receptive to the idea than older people. A couple of years later (2014), this was no longer the case, with Baby Boomers becoming highly engaged in Omnichannel and the fastest adopters of all age groups. For now, our research shows that younger people (Gen Z) will be far more likely to be receptive to spacetime marketing messages than older people (Baby Boomers). This should not be a surprise, as youth has always been part of the classic early adopter profile[29]. However, it does suggest that retailers with younger customer bases have the most to gain from spacetime marketing methods at the current time.

Spacetime is for acquisition and retention

One of the more surprising findings of the research is that decided and undecided shoppers are equally inclined to be receptive to spacetime messages in-store. This suggests that spacetime marketing has a role in recruiting new customers as well as in building more valuable relationships with existing customers. Given the general suspicion of targeted marketing and generally low receptiveness to spacetime messaging by all but the most brand loyal customers, acquisition via spacetime will require marketing dexterity. Delivering timely, relevant and valuable messaging is difficult if there is little or no transaction history on which to build. In these circumstances, leveraging available external data sources to create predictive profiles of customers who may not necessarily be regular customers may be valuable. Later in the paper, we will see some cases of how this has been done in practice.

29. Rogers, E. M. (1983). *Diffusion of innovations*, New York: Free Press, London: Free Press

4.0 Spacetime marketing in action

4.1 Recruiting new customers using spacetime

Having real-time information on places and people can help retailers build a targeted customer base. Building on a database of information gathered from customers who have opted in to Wi-Fi hotspots and location-aware apps, technology company Near is able to track the location of smartphones and provide insights into the behaviour of the customer with phone in hand.

Lactacyd, a premium feminine hygiene brand, was looking to improve product awareness with the target audience 'Female Malaysians, aged 19-29'. The objective was to drive traffic to retail stores stocking its products – and increase sales.

First, data was collected on footfall in retail stores stocking Lactacyd so it was possible to establish a baseline against which any improvements resulting from the campaign could be measured.

Next, to gain further insights into their target audience, more than 500 locations across Malaysia were geofenced and, over the course of three months, data was collected on the digital content consumed.

With the target market profiled, the stores of a large Malaysian pharmacy chain that sells Lactacyd were geofenced to identify passers by who fitted the required profile so that they could be sent messages at the most opportune moment. Rich media creative pushed over mobile gave female Malaysians who matched the profile two options – view route or view a promo for Lactacyd.

Results

Location footprints across the stores were measured during and after the campaign, and compared against the baseline data so that the increase in in-store footfall against an exposed mobile audience was able to be determined.

And the results were remarkable: foot traffic of consumers in stores jumped by 34% in 30 days; 18% visited the same day; 31% in the same week as viewing the ad.

As well as improving sales, Lactacyd gained sway with their retailers, by being able to prove that the campaign had increased overall footfall in the stores by 25% over a period of two months. They also learned important information about their consumers, including the fact that women between the ages of 25 and 29 had higher engagement with the campaign, and that footfall peaked between 5-10 pm, after working hours.

Compared with the industry benchmark, the campaign resulted in 2.5 times higher engagement. And in a study conducted by a neutral independent research firm, amongst the various media channels used, mobile led to the highest brand recall, followed by TVC and digital media respectively.

Near

Near is a technology company with a platform that fuses various real-world and digital data sets to help brands with audience curation, consumer insights, real-time targeting and attribution analytics. To date, the company has more than one billion profiled devices and has put it to work for more than 300 brands including P&G, Coca-Cola, Ikea, Audi, McDonald's, Toyota, Nike and Samsung.

4.2
Driving additional value from existing customers using spacetime marketing

Rapidly emerging technology is transforming traditional customer relationship management (CRM), which until now has been largely based on pre-determined calendar-driven moments in time. Cloud-based platforms, like the one developed by New Zealand-based company Plexure, specialise in IoT-driven CRM, which empowers marketers to create unique customer experiences based on real-time events in physical spaces.

In the old days, if you signed up for a loyalty program, you were sent a welcome email on registration, perhaps another one on your anniversary or birthday, and again in advance of your membership renewal. You probably also got emails every week or every month and these might have been personalised to you.

It was all driven from something CRM marketers' refer to as a comms calendar, managed within traditional CRM software or, worse, from a very large and unwieldy spreadsheet with umpteen variations and permutations.

Now CRM has evolved to be more event-driven. Real-world actions that happen across space and time trigger events that drive relevant communications, targeted to a single person in a single location at that specific moment.

Marketers incorporating IoT technology – such as beacons, connected digital signs, kiosks and wearables – can now find new ways and new reasons to reach out to their customers in relevant ways based on previously unavailable data points.

Case study

For most large retailers, CRM marketing remains very calendar-driven. It's largely focused on loyalty points, special offers and the regular distribution of coupons via paper and mobile. Coupons have always been useful at getting people through the door, but it's hard to know if this strategy cannibalises sales or drives incremental visits.

For a few years now, Plexure has worked with such a retailer. The retailer, from the Fast Food category, had a legacy mobile app that was used by millions of consumers to get coupons. Every week, the app was refreshed with 15+ new coupons. All customers got the same coupons on the same day and these could be used anywhere and at any time until they were replaced by the next weekly batch. They were very popular too. During this time, about 20% of transactions at the retailer included a mobile coupon.

Then, in 2014, in the face of some extraordinary headwinds, the retailer decided they needed a better way to communicate their core quality and value messages. The existing app was too limited in capability to do this effectively and there was concern among executives at the growing amount of discounting.

Next Generation CRM

The project involved a complete rebuild of the mobile app, as well as a number of enterprise integrations for POS data and historic customer data. The new app was connected to the Plexure platform and, with the customers' permission, collected data based on location, weather and other spatial cues such as beacons.

With the new app, it is now possible to target customers based on any combination of demographic profile, purchase preference or real-time location using the context provided from other cues like weather. It is also possible to create multiple sample groups and to manage control groups for the purpose of experimenting with various content types.

These experiments have formed an important part of the overall strategy, and growth in mobile sales was shown to significantly outpace growth in general sales.

One such experiment set out to establish which combination of content would drive the highest app usage in the first thirty days after download. It was discovered that people who received event-driven offers and reminders based on their location were twice as likely to redeem at least two mobile offers in the first 30 days.

Whole new customer segments were created based on real-time behaviour such as day-part preference and menu preference. Customers who seldom went for breakfast were offered free coffee when they were near restaurants that had a café section. It was then possible to measure how many of those people went to the restaurant for breakfast compared with a control group who were alike in every way, but didn't get that particular offer. The best-performing incentives used a combination of space- and time-based triggers to drive upsell and cross-sell across the app user base.

Programs of work

The most successful spacetime experiments have now been turned into ongoing programs of work that drive engagement right throughout the customer life cycle. Early engagement and activation programs target customers when they first join the program. Depending on who you are, where you are and when you download the app, you get a different experience.

Regular customers are being targeted with personalised offers and other content that encourages valuable new behaviour. Using control groups, it is possible to determine which content works the best. Uplift in frequency or average sale (when compared with a control group) can be used to calculate return on investments (ROIs) that give marketers confidence that their event-driven programs of work are delivering more than just what a generic mix of offers would. This is particularly important for retail executives who need to be convinced of CRM's value and its ability to drive incremental visits.

Retention and win-back programs reduce churn and further optimise returns from the growing user base, which has more than doubled within 18 months of launch.

Key benefits:

- Customer-level data from the app now resides in the cloud alongside transaction-level data from the POS, enabling up-to-date analysis of purchase behaviour (recency, frequency and spend) at an individual customer level.

- The retailer now has the ability to track the impact of specific promotional content and determine the exact uplift in sales based on these specific promotions.

- It is now possible to target specific customers with specific offers based on live contextual data – such as weather, time of day and proximity – to deliver optimal content that drives maximum profit, guest count and average transaction size.

- Visits from mobile customers are up by an average of about 14% year on year and not just because visits in general are up either. Visits from non-mobile customers have grown by only 3.3% on average.

- Increase in the average transaction value from mobile customers is double the increase in the average spend of other customers. And average discount levels are being steadily reduced.

Plexure

Plexure is an IoT driven CRM platform that harnesses the power of the Internet of Things to deliver seamless customer experiences across multiple digital channels in the real world.

4.3
Turning traffic into sales using spacetime marketing

Shopping malls face a particular set of challenges in the digital world. Traditionally, their business model is founded on physical factors (e.g. location and facilities) but they now serve shoppers who are looking for a blended physical and digital shopping experience and tenants who look for opportunities to expand beyond the four walls of their store and the mall.

Mall operators around the world have shown a willingness to adapt, but their knowledge of the shoppers and tenants they are serving is often limited to generic traffic counts, periodic surveys and self-declared tenant sales figures – far less than is required to compete effectively in the digital world.

Technology company Sprooki now offers a platform that allows retailers and mall operators to 'rent' the necessary tools to capture real-time intelligence on their shoppers, and engage with them in more relevant, personalised ways.

The platform goes a step further, analysing behavioural and transaction data in real-time and delivering actionable insights and predictive recommendations to retail operations and marketing as well as to end-consumers.

Malls or retail brands embed Sprooki's software in their own branded touch points – whether that be mobile applications, websites, guest Wi-Fi portals, customer service terminals or POS screens. The intelligence gathered on customers can be leveraged to formulate and deliver products or campaigns from retailers at more relevant moments or locations and based on an understanding of the customer's behaviour and purchase intent. This is more likely to result in a positive response or sales conversion. The response (or lack of response) is measured and, in turn, provides its own feedback loop to improve future predictions and strategic insights about shopper behaviour.

Lendlease (Singapore) - 313@somerset Food Fest

The Sprooki platform has been put to particularly good effect at Lendlease's iconic Orchard Road mall, 313@somerset in Singapore.

Located above Somerset MRT Station, every day thousands of people pass through or are nearby 313@somerset on their way to work, to home, to shop or dine. 313@somerset has more than 170 tenants, with a strong focus on lifestyle, including food and beverage outlets. Food and Beverage (F&B) is a key category in many Asian shopping malls.

But while 313@somerset has a relatively captive, affluent consumer who visits the mall frequently, converting footfall to in-store walk-ins and to purchases has long been a challenge. This is a challenge shared by many mall operators located at transport hubs. Lendlease were particularly keen to drive awareness of their tenants' and store footfall, particularly around lunch and dinnertime. Traditionally, they had distributed leaflets at the entrance and exits to the MRT station to encourage shoppers, but the efficacy of this approach was difficult to measure and there were environmental concerns with continuation of paper-based marketing.

313@somerset saw its strategic property location and its young, urban, savvy audience as key strengths on which to build a database and 'mobile first' promotional strategy to drive store traffic and sale conversions. Focusing on the F&B category to draw a wide audience, 'Food Fest' was launched and composed of three elements:

1. Location-based mobile shopping application – Tring 313: Tring 313 is a powerful, location-enabled shopping application powered by the Sprooki platform. Tring 313 sends relevant, customised alerts to shoppers based on where and who they are, when they are within walking distance of or within the mall. Tring 313 takes shoppers further down the path to purchase by linking alerts to vouchers that can be downloaded or purchased in the app and redeemed securely at the tenants' stores for products or services.

2. Exclusive Food Fest hero offers: Exclusive offers were curated from leading F&B tenants. The offers were made available via Tring 313 at attractive discounts and low price points. What's more, the offers were limited in quantity and duration (one week), so that shoppers who wished to secure them would pre-order and pay directly through the Tring 313 app in order not to miss out. Other non-exclusive offers were made available via vouchers for download for convenience and to drive cross-sell.

3. Integrated marketing campaign to drive awareness and opted-in database build: In order to raise awareness quickly and drive Tring 313 downloads and registrations among regular mall visitors and mobile Internet users, 313@somerset supported Food Fest with an integrated marketing campaign comprising of in-mall activation, signage and digital advertising via online and mobile ads. The campaign was content-led and featured the hero offers with strong calls to action to download the Tring 313 application. These hero offers had a halo effect on other promotions and products featured in the application.

Results

The campaign resulted in a massive surge in Tring 313 app installs (10,683 or 63% of the YTD total) in just one month. More than 34,424 campaigns were viewed, with a very high (13.8%) response rate.

Importantly, almost all (97%) shoppers who purchased coupons via the Tring 313 mobile app subsequently walked into the store to redeem the coupon at the POS or as part of a larger dining experience.

Measurability, sustainability and insight generation: With the app installed on shoppers' devices, 313@somerset could not only measure and better understand their customers, their journey and drivers of behaviour, but also communicate with them regularly, in a more targeted manner and when it was most relevant – whenever they were in the vicinity of the mall.

- 89% of coupons were downloaded or purchased within walking distance or inside the mall (<500m) while only 11% of the purchases occurred beyond 500m.

- Two-thirds of the respondents were women and two-thirds were aged between 20-40, the target audience of the mall.

- 14% of app subscribers downloaded and redeemed 5+ coupons. This was identified as an opportunity to invite these frequent shoppers to the Club313 loyalty program.

- 28% of coupons were purchased or downloaded during off-peak hours, when the F&B outlets and mall were closed, thus shifting the 'buy' decision for many shoppers from the 'moment of truth' before they were about to dine to well before – to the advantage of 313@somerset tenants versus other tenants in the highly competitive Orchard Road district.

313@somerset was the first mall in Singapore to successfully implement such location-based shopping technology for its tenants. The program has now been expanded to other Lendlease malls. Several other malls in Singapore and throughout Asia have adopted Sprooki's software too. Tring 313 has been acknowledged and awarded both internally within Lendlease and by Mobex, winning Best Mobile Commerce and Best Location-based Marketing awards.

Sprooki

Sprooki is a technology company that provides actionable insights and solutions for today's retail sector. Their focus is on driving business outcomes and growth through data analytics and technology enablement.

Sprooki's solutions include an Engagement platform which publishes targeted retail content and products to shoppers at the most relevant moment in their shopping journey. Sprooki also provides Actionable Insights and Predictive Recommendations based on behaviour and transaction data to transform retail operations and customer experience.

4.4
Driving ROI on a free Wi-Fi network through spacetime marketing

The value of free Wi-Fi networks is often questioned by retailers. While Wi-Fi provides a good service to customers, retailers sometimes struggle to see what's in it for them. Local start-up Blix, in conjunction with a shopping centre partner, rolled out a free customer Wi-Fi network and used spacetime methods to demonstrate ROI to retail tenants.

Visitors to the shopping centre provide some basic details to connect their mobile to the Wi-Fi network. Then, when they return and connect again, Blix sometimes asks for additional personal information, such as their mobile phone number, date of birth or home postcode. Other data is gathered by monitoring Internet traffic through the Wi-Fi network (including websites visited and searches performed). Basic data from customer social media profiles can also be collected. Within just three months, a substantial customer database with excellent profiling information had been built.

The Blix Wi-Fi platform's advertising and transactive capabilities mean that the shopping centre can advertise to customers via login and confirmation pages, banners, plus slider, sidebar, lightbox and JavaScript Object Notation (JSON) ads. Customers can even redeem a particular offer and pay for it via their phone on the Wi-Fi network.

Automated rules were set up to trigger advertisements to individual customers based on several factors:

- Shopping behaviour – repeat visitations, zones within the centre visited, dwell time, etc.

- Browsing behaviour – websites visited and searches performed

- Demographics – gathered from the customer via login pages and surveys

- Advertising response – what advertisements the customer had previously responded to.

These rules ensure that customers are only served ads – at the most relevant moment in time – that reflect their individual persona. The Blix platform also has a unique two-way API, which means this data can be shared with retailer systems such as CRM, point of sale and other databases.

Case study: Electrical goods retailer

Spacetime marketing is not only for short cycle retail categories. An electrical goods retailer within the shopping centre used the Wi-Fi network to advertise their products. The retailer recently ran a campaign during a typically slow period to see if they could increase foot traffic to their store, as well as sales.

A campaign was set up within Blix Wi-Fi that targeted:

- Customers who have searched for or visited websites with similar or competitive products (e.g. electrical goods) whilst on the Wi-Fi network.

- Customers who meet the target market demographics of the retailer's campaign – male, aged 18-35, professional.

Based on the above filters, two campaigns were launched at customers:

- Currently at the centre – customers who logged into the Wi-Fi were served advertisements for products based on their search criteria with a limited time offer (e.g. 'today only').

- Who had visited the centre more than twice – but not within the last two weeks – were sent an email advertising special offers from the retailer with in-store redemption required by a particular date (seven days from send).

Campaign results:

- In-centre – ad impressions exceeded 4,000 during the four week campaign period and resulted in a 9.7% click-through rate, a 29% increase in foot traffic to the retailer store and a pleasing uplift in sales.

- eDM – emails were sent to approximately 2,000 customers with a voucher for redemption in-store. Open rates on the emails were an impressive 49%. The eDM contributed to a significant increase in both foot traffic and sales.

Blix

Blix is a global provider of Wi-Fi services, physical location analytics and television analytics. Blix use their suite of real-time data tools to understand the customer experience and optimise business functions. Global brands rely on Blix to boost advertising effectiveness, deliver contextual marketing campaigns, improve in-store operations and optimise staffing – the result is improved ROI.

5.0 Customer-centric marketing practices in the spacetime era

Harry Lowes
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The job of the Retail Marketing Manager has changed considerably over the last few years. Whereas in the past it was all about products and Target Audience Rating Points (TARPS), today the focus has moved towards customer relationships and optimising one-to-one interactions – a change facilitated by the explosion in the amount of data that retailers have available to them and the ability we now have to connect with customers virtually anywhere, any time via connected devices. Today's Retail Marketing Manager is distinguished just as much by their deep knowledge of individual customers as by their selection of the most effective media vehicles to promote products. And when moving away from a product-centric marketing practice to one that puts the consumer at the heart of the business, there are four crucial areas of focus that must be taken into consideration:

• People
• Processes
• Technology
• Strategy.

5.1 People

What skillsets are needed in this new era of data-driven marketing is a question that has likely kept many a modern marketer awake at night.

At first glance, the skills marketers require in the new data-driven marketing era may seem far removed from the traditional practice of marketing itself. First, there is the data – and lots of it. Then there is the technology. People need to both understand the power of the platforms available today, and also the limitations.

But while traditional marketing may have had an air of creative romance about it (well, at least compared with accounts), at the end of the day, it has always been very much about process – from research to booking ads in the papers.

Today's marketing people will still need those strong execution skills, except their focus now might be the real-time optimisation of content, data-based decision-making and the right media strategy – ensuring that the right amount of money is spent on right customer in the right channel at the right time.

Highly developed creative and analytical skills will also be key in this new world, particularly as the quality of any campaign will be based upon creative insights derived from analysing the huge pools of data now becoming available.

> The modern Retail Marketing Department

Leading together

One skillset that must remain front and centre of any marketing organisation is leadership. Under Telstra leadership, the company had a strong shift in focus from being product-centric to customer-centric. This had major implications from a marketing perspective, with the organisation moving from the delivery of generic content to targeted, refined and optimised content.

A leader in this era needs the ability to take the whole company on a journey. You have to have everyone with you if you want to deliver the right experience – and products – to customers.

Telstra's own experience involved first developing a clear view of what 'good' looked like and then building the marketing ecosystem and relationships required. In fact, many of the old principles remain the same – it's the environment itself that is different. It's less about CRM and DRM and more about the customer's holistic retail experience.

5.2
Process

In the spacetime era, speed of execution is a fundamental differentiator for retailers. However, many organisations have not transformed their traditional processes and are still missing opportunities to be contextually relevant to consumers. The role of the traditional advertising studio traffic manager worked well when only a handful of pieces of work needed approval each day, but the old processes are incompatible with the speed and number of campaigns that need to be developed in the spacetime era. It's all well and good having a great consumer campaign, but if it's held up in the production process, then you may miss the precise moment and place in time when it would have the most impact on your target.

Think about your processes today. It can be hard enough to get a single campaign out the door, let alone trying to personalise it for hundreds of different customer segments and then deliver it in real-time across a range of channels. The old-school process of getting sign-offs from multiple stakeholders would simply grind to a halt under the deluge.

Instead, the focus today needs to be on agility. So…what parts of the process can you automate? Can you consolidate and reduce the number of stakeholder approvals required?

The drive to automate

Take bidding for ad banners, as one example. It's possible your team could manually do this for a certain number per year, but when the number hits the thousands, millions or even billions, the execution impost goes through the roof. Automation of the process becomes the only option.

Telstra, for example, delivers in the region of three million ad banners per day. We have technology that allows us to build a template that can then be pre-populated to build out another 700 banners based on a number of variables (price, colour, features, benefits, etc). The banner can then be tailored to the individual customer – for example, one customer might get

real-time video, based on their past viewing preferences, another might not.

Automation is equally important for other key processes, such as the sharing of data across platforms, reporting, and attribution.

All aboard

Of course, the requirements of data-driven and customer-centric marketing extend far beyond ads and media. As a result, it's also important to make sure that everyone involved – from IT to CRM, media, legal and marketing itself – are singing the same song. All parts of the business must understand the shift in strategy that is required and rethink their processes – and how they interact with each other – so they can streamline the end-to-end delivery and act more swiftly and responsively to the new marketing environment.

> Efficient process becomes crucial as volume and speed become differentiators

1 Brief Creation incl. internal approval
Audience targeting included

2 Reverse Brief
Data dictionary/ DMP referenced for segments

3 Creative / Media Strategy
Inclusive of 1st & 3rd party data targeting

4 Strategy / Feedback / Approval

5 APPROVAL
Incl. data privacy check

6 Campaign Setup
Data integration & 3rd party data deals

7 Campaign Published Live

8 Reporting & In-flight optimisation
Focus on audience targeting performance

- Marketing
- Brand
- Ops
- Retail
- Creative Agency
- Media Agency
- Sales
- Social
- Analytics

5.3
Technology

Technology is not just the fundamental enabler of retail in the spacetime era – it's also a strategic investment that can differentiate your business from the rest. Unlike days gone by, though, an investment in technology shouldn't be aimed at solving just one problem. The more data you can *collect* and the more you can *connect* all aspects of your business through technology, the more effective your marketing can be.

Take, for example, data analytics. In the spacetime era, data can be collected not only from transactions and online interactions, but also from the movements and interactions of customers in store.

And the faster you can share any insights with your call centre, your stores, your email marketing team or any other department with a use case, the better you can optimise your customer's experience.

Think of that customer who recently went to the dark side – and signed up with your competitor. If you'd known that her last three deliveries had been delayed and that she'd been researching new deals both online and in-store, perhaps you could have seized one of those moments and turned the situation around. But unless that information is shared with different parts of your business, the opportunity is lost.

The same goes for your loyal customers. Use the data that technology provides to deepen their engagement with your brand. Don't keep sending them emails about new mattresses when your own data shows that they have already purchased – from you. Spacetime marketing is all about giving your customer the best experience possible – delivered through the right channel at the right time, and in the right place – all informed by the best of data that today's technology can provide.

5.4
Strategy

If technology, people and processes are the organs of any marketing operation, strategy is the brain. And a strategy that's driven from the top down – across both online and offline channels – allows you to drive a consistent customer experience. Above all, the marketing function must be aligned with the needs of the business as a whole.
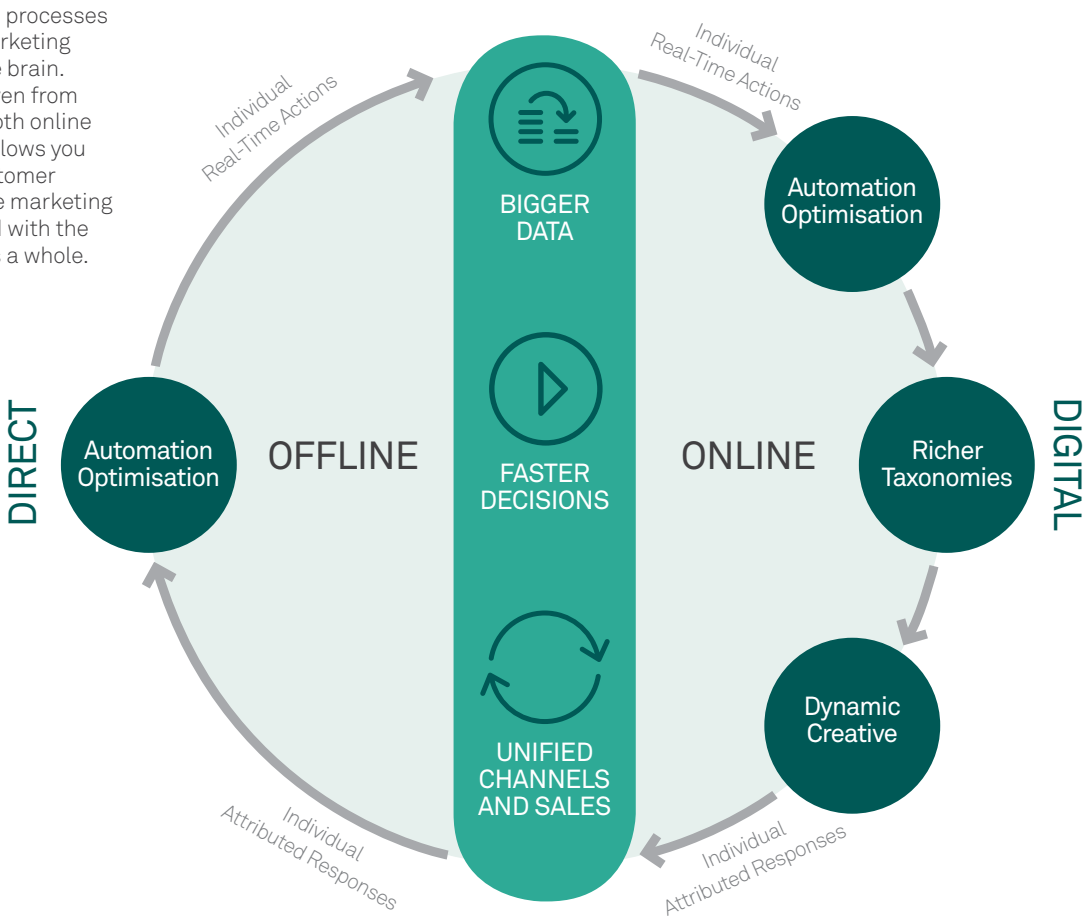
Let's take a look at the three central precepts of spacetime retail marketing: information (big data), the ability to make faster decisions (speed), and unity (channels and sales). This list applies to all retailers, from the smallest pop-up shop to the biggest department or online megalith.

In the digital world, automation allows first and third party data from real-time customer interactions to be gathered and analysed to provide a rich customer taxonomy. This, in turn, allows the retailer to provide a more dynamic, creative response to the needs and desires of the individual customer.

But online is only half of the picture. Strategy must also take into consideration the 'offline' world of bricks and mortar stores, and how customer interactions and data gathered here can also feed into the automation and optimisation processes that serve the needs of the marketing strategy as a whole.

Building on the strategic foundation: measurement and analytics

From a marketing strategy point of view, it's not enough to know what sales are made in which environment. What's more important is understanding the crossover between online and offline. For example, how does your online strategy influence conversions in the in-store world? And what about vice versa? Do people visit your store and later buy online?

This is a fundamental part of the picture. At Telstra, we know that 70% of people research online and end up in a store. How do we understand the impact of digital on the decision they make? What does this mean for our strategy?

> Analytics
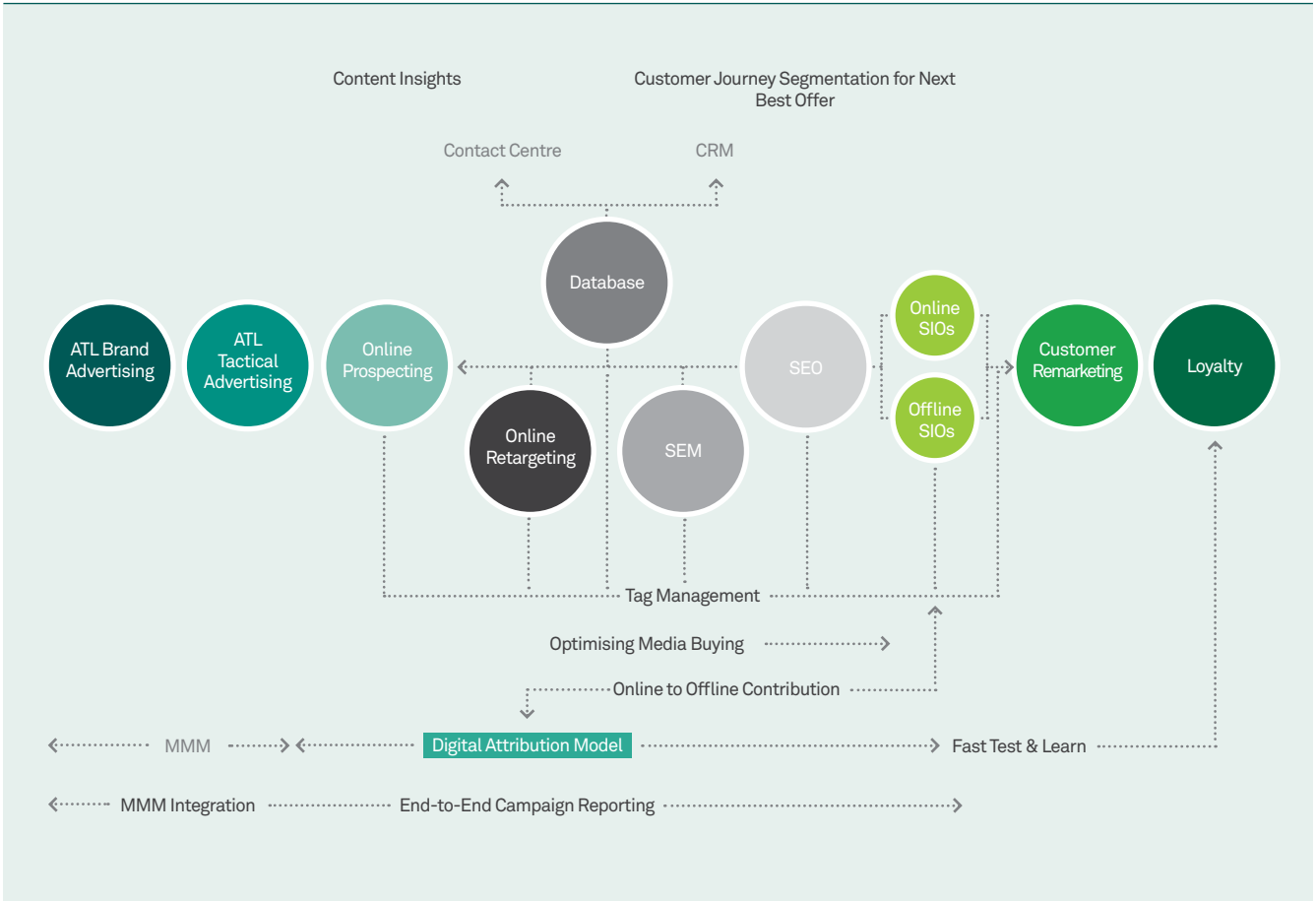
Attribution is the other key part of the feedback loop, and is particularly crucial given that the more information you have at your fingertips, the better the future decisions you will be able to make about your strategy and execution.

So, did the customer see your ad? How long did they spend with it? Did they take any action? Which other channels did they use in the pathway to purchase? Which were the most effective?

As shown in the diagram above, it is possible to aggregate and measure the impact of all the touch points to give a view of which media channels drive performance.

Cross-platform attribution is vitally important for many retailers. If someone clicks on an online ad three times, and then goes into your store, this can be incredibly useful to know. The question you must ask yourself is 'How much do I value information about my customer's journey?'. The answer will inform not only your future executions, but also your future investments. Accurate and detailed attribution allows you to both optimise your marketing and make better strategic decisions for the future.

6.0 On the near horizon: technologies transforming retail

Warren Jennings
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6.1 Journey analytics

> The customer journey

Analytics is revolutionising all aspects of retail – from store operations to marketing and the supply chain – but nowhere is analytics more important than in understanding the customer's journey from nascent need through to purchase and beyond.

Of course, journey analytics is not new. Retailers and brands have long sought an evidence-based understanding of how and why customers interact with them (or choose not to), what interventions influence customers, and where/when to make them. Indeed, there are as many customer journey frameworks as there are consultancies selling them, but several themes are common to all:

- Support for a multidisciplinary view of the customer

- Fusion of a vast range of structured and unstructured data across as many touchpoints as possible – both internal and external

- Support for a disciplined hypothesis – test – act cycle.

What is new is the degree to which technology is promising to make journey analytics an everyday retail tool and the new types of intervention technologies that enable retailers to convert analytical insights into more sales and satisfied customers.

Virtually every major cloud technology provider has a comprehensive analytics stack that can radically reduce the time required to implement quite sophisticated traditional or machine-learning-based analytics[30]. Now, organisations with massive repositories of audience, marketing and retail data (including Facebook, Nielsen and Google) are providing mechanisms to mix their data with retailers' operational and customer data to create advanced turnkey solutions that include a journey analytics capability.

Facebook

Facebook are aiming to make it easier for retailers and brands to understand how pre-purchase marketing relates to offline purchases[31].

Their *Offline Conversions API* allows organisations to upload store sales data that is data-matched to Facebook advertising data to determine correlations between online/in-app ad presentations and sales. An in-store Visit Tracking stack targeting SMBs lets them see the proportion of customers presented with their ads who visit (or, more accurately, pass within 50 metres of) their store.

Facebook has also partnered with Nielsen Catalina Solutions to provide consumer packaged goods companies with a turnkey solution to identify the impact of Facebook/Instagram ads on in-store sales[32].

30. For example aws.amazon.com/products/analytics/; azure.microsoft.com/en-us/solutions/big-data/,; www.ibm.com/analytics/us/en/technology/cloud-data-services/ and many others.
31. Facebook Business (14 June 2016). Accessed from www.facebook.com/business/news/drive-and-measure-store-visits-and-sales
32. Boorstin, J. (21 September 2016). Facebook reveals new measurement tools and ad options for retailers. CNBC. Accessed from www.cnbc.com/2016/09/21/facebook-reveals-new-measurement-tools-and-ad-options-for-retailers.html

6.2
Robotic process automation

Many retailers aren't starved for operational and customer data, but it is often locked in system silos and manual processes based around spreadsheets, text reports and email. Sunk investments in these long life cycle systems and processes means that making changes is both difficult and costly.

One emerging response is Robotic Process Automation (RPA). RPA can be thought of as the logical extension of data scraping[33] – a relatively cheap but brittle way of extracting data from systems. RPA 'robots' mimic human behaviour. At its most basic, human users train the robots – by example – to extract and process data, making implementation and changes relatively fast and cheap. More advanced RPA uses machine learning to automatically detect changes in systems, reports, etc. The 'robots' then relearn how to extract the required data. RPA can reduce the costs associated with manual data processing while simultaneously providing a way to unlock data.

6.3
Internet of Things

The Internet of Things (IoT) has been around for over 40 years, and its full potential is yet to be unleashed in retail. In particular, the ultimate vision of a physical environment replete with connected, intelligent, sensor-rich devices offers the potential to elevate journey analytics to an unprecedented level.

For example, the Connected Home gathers information about the customer's habits and behaviour, the products they use and how they use them. Meanwhile, the customer's Connected Car and the Smart City infrastructure they pass gathers information about how and where they travel. Likewise, the Connected Store is a machine that understands who is visiting,

how visitors interact with a store, what products and displays grab their attention and what turns them away, and what type of customer experience the store, stock and staff deliver. And perhaps the 'thing' with greater capacity than any other to provide information about the customer and to influence them is the smartphone[34].

So, what are some of the technologies that retailers can exploit to create effective interventions and compelling experiences? Well, IoT means the store becomes not only a data-gathering tool, but also a data-driven programmable canvas for creating a customer experience that can result in a sale.

Ralph Lauren

Ralph Lauren's Fifth Avenue flagship store hosts Connected Fitting Rooms. Stock taken into the fitting room is recognised via RFID. Customers use a smart mirror to view and rate products, see product information, check the availability of other sizes and colours, receive contextual recommendations, call associates and even change lighting conditions.

The store collects valuable intelligence such as the attention time of each item, item-level conversion rate and sets of products customers explore or buy together.

The rooms are credited with a 10% increase in conversion rate and a 59% uplift in basket size[35].

6.4
Conversational commerce

Simple chatbots have adorned websites for years – primarily as a contact diversion strategy. Now, more intelligent conversational agents (bots) are gaining traction on popular messaging platforms such as Facebook Messenger, WeChat, Kik and WhatsApp. Bots can provide advice, give directions, answer questions, take orders and even take payments[36]. Chris Messina from transport disrupter Uber coined the term 'Conversational Commerce', where intelligent natural language agents interact with customers via channels such as online chat, messaging apps or even voice.

Advances in Natural Language Processing (NLP) and cognitive technologies[37] enable quite natural interactions (at least for restricted topic domains) – and users appear happy to interact with brand agents this way. These

technologies, developed by major technology companies, can be consumed as cloud services (e.g. IBM's Watson Developer Cloud[38]), allowing retailers to develop sophisticated conversational systems much faster[39,40] – a trend Microsoft CEO, Satya Nadella, describes as 'Conversations as a Platform'.

Bots are very amenable to personalisation and contextualisation, creating greater relevance and deeper engagement. Where many apps struggle for user attention[41] messaging apps often have high engagement, so retailers can capture 'borrowed moments' without sacrificing customer intimacy. The resulting conversations also provide richer customer insights than other approaches such as click-trails and search query harvesting.

Sephora

Sephora is building a strong track record for conversational commerce with conversational agents in its own app as well as chatbot deployments on both Kik and Facebook Messenger.

Their Reservation Assistant helps customers find stores, find available times and make reservations with in-store consultants. A Virtual Artist provides colour advice (based on either the customer's photos or photos of looks they wish to emulate) and can provide a range of make-up application tutorials.

33. Data scraping can be thought of as simple piece of IT automation that takes data intended for human consumption (e.g. application user interfaces, web interfaces, email reports or electronic documents) and makes that data available to other programs and systems.
34. Facebook estimate that the customer journey for 45% of in-store purchases include the mobile (and for Millennials 57% of in-store purchase journeys involve a smartphone). Source: Facebook IQ. (4 February 2016). People Insights. Accessed from insights. fb.com/2016/02/04/the-m-factor-for-todays-omni-channel-shoppers/
35. Milne, H. (12 April 2016). 'Inside Ralph Lauren's connected fitting rooms. Digiday. Accessed from digiday.com/brands/retailtech2016-inside-ralph-laurens-connected-fitting-rooms/; Forrester (17 August 2016). Gownder, J. (17 August 2016). How to Design Internet of Things Engagement In Retail, Hospitality and Travel. Accessed from: www.forrester.com/report/How+To+Design+Inte rnetOfThings+Engagements+In+Retail+Hospitality+And+Travel/-/E-RES135858

36. Platforms such as Facebook Messenger and WeChat have integrated payments with their messaging platforms making it possible for customers to have a conversation with a brand resulting in purchase all within the messaging app.
37. Milestones from 2016 include: Google's translation engines now performs close to professional human interpreters in several benchmarks (Simonite, T., (27 September 2016). Google's new service translates languages almost as well as humans can. Accessed from www.technologyreview. com/s/602480/googles-new-service-translates-languages-almost-as-well-as-humans-can/) and Microsoft demonstrated the ability to transcribe free speech in real-time essentially as well as humans (Linn, A. (18 October 2016). Historic Achievement: Microsoft researchers reach human parity in conversational speech recognition. Accessed from blogs.microsoft.com/next/2016/10/18/ historic-achievement-microsoft-researchers-reach-human-parity-conversational-speech-recognition/#sm.0001ynvh9xn1fekhuk61x7gc7vqiz)
38. Watson Developer Cloud. Accessed from www.ibm.com/watson/developercloud/
39. The number of bots on Facebook Messenger grew from zero to more than 30,000 during the first 9 months of 2016 (Source: Constine, J. (12 September 2016). Facebook Messenger now allows payments in its 30,000 chatbots. Tech Crunch. Accessed from techcrunch.com/2016/09/12/messenger-bot-payments/?ncid=rss)
40. For example, Facebook's Mark Zuckerberg was famously able to create a reasonably capable 'virtual butler' for his home with about 100 hours of development. See Zuckerberg, M. (19 December 2016). Building Jarvis. Accessed from www.facebook.com/notes/mark-zuckerberg/building-jarvis/10 103347273888091/?pnref=story for Mark Zuckerberg's story of the development of 'Jarvis' and his personal learnings from the exercise.
41. Business Insider reports that users spend almost all of their screen time on just three apps (Source: BI Intelligence. (20 December 2016). The app engagement report: The tools and tactics brands, marketers, and app makers can use to keep users invested and maximize value. Business Insider. Accessed from www.businessinsider.com.au/the-app-engagement-report-the-tools-and-tactics-brands-marketers-and-app-makers-can-use-to-keep-users-invested-and-maximize-value-2016-11

6.5
x-Reality

Augmented Reality[42] (AR) and Virtual Reality[43] (VR) are part of a spectrum of technologies, collectively called x-Reality, that immerse the user in fully or partially digital worlds. x-Reality can create highly engaging experiences[44]; however, so far there's little evidence of concrete return on retail AR/VR investment (although x-Reality has been used as an effective component of marketing strategies). But while AR/VR hardware will soon become commoditised[45,46], hardware is only a minor cost component. Today, designing compelling x-Reality content and experiences is an expensive bespoke activity, making personalisation and contextualisation difficult. Ongoing commoditisation will hopefully reduce production costs and also lead to operationalised processes for personalisation and contextualisation.

Lowe's

US giant Lowe's has been at the forefront of retail x-Reality[47]. In 2014, Lowe's Innovation Labs launched HoloRoom, a room-based VR system allowing customers to create and explore a virtual room in-store and explore different fittings, furnishings and appliances. In 2016, they launched another in-store system based on Microsoft's HoloLens[48]. Now, Lowe's are experimenting with Tango[49] to provide an AR application that customers can use in their own homes.

Google

Google's Tango technology platform[50] enables mobile devices to sense 3D areas and objects and to map accurately their position and orientation.

Using the Tango app, developers can create highly responsive, mobile, augmented reality experiences without the need for additional hardware or specially designed environments.

Chipset makers, Intel and Qualcomm, have committed to help device manufacturers implement Tango using their chipsets.

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42. Augmented Reality (AR) enhances, overlays the real world with digital information and artefacts, typically through the screen of a mobile device or look-through head-mounted wearables. Example hardware includes Microsoft's HoloLens (https://www.microsoft.com/microsoft-hololens/en-us) or the now deprecated Google Glass and a range of enterprise-oriented variants.
43. Virtual Reality (VR) immerses the user in a fully digitally created environment typically experienced using an opaque goggle system. End-user VR hardware typically falls into 2 categories: complete dedicated platforms, such as the Oculus Rift (https://www3.oculus.com/en-us/rift/) or powered by a smartphone, for example Google Daydream (https://vr.google.com/daydream/), Samsung Gear VR (http://www.samsung.com/global/galaxy/gear-vr/) or HTC Vive (https://www.vive.com/anz/)
44. Perhaps the most widespread AR application is Pokémon Go – the massively multiplayer location-based augmented reality game developed by Niantic in July 2016. Pokémon Go attracted over 40M daily active users within weeks of launch and over 80% of active users used the Pokémon Go daily (Source: Kawa, K. Katz, L. (23 August 2016). A number of important metrics have Pikachu'd, says Axiom Capital Management. Bloomberg Markets. Accessed from www.bloomberg.com/news/articles/2016-08-22/these-charts-show-that-pokemon-go-is-already-in-decline)
45. At one extreme is Google Cardboard – a simple cardboard head-mounted smartphone holder that turns many models of smartphone into a functional set of VR goggles – for about US$10
46. IDC estimate shipments of AR and VR hardware will reach 110 million units for 2020 (Source: IDC. (April 2016). ' Worldwide Augmented and Virtual Reality Hardware Forecast, 2016-2020')
47. See http://lowesinnovationlabs.com
48. See https://www.microsoft.com/microsoft-hololens/en-us
49. See https://get.google.com/tango/
50. ibid

7.0 How to get started with spacetime marketing

Embrace the technology trinity: Smartphone, IoT and Data Analytics

Spacetime marketers need to understand their customers and be able to communicate with them when the time is right. Three technologies are the key to achieving this. Smartphones are the most basic building block of spacetime marketing – indeed, spacetime marketing could not exist without them. Smartphones are the channel through which spacetime campaigns can be delivered, but they can be equally important in collecting data from opted-in customers on their buying behaviour and physical movements.

Second, the IoT collects useful data from digital cameras, touch screens, Wi-Fi networks, beacons, etc., that can enhance the data collected from smartphones. Finally, Data Analytics helps make sense of data collected and in the development of campaigns to be delivered to smartphones.

This technology trinity will need to be supported by a strategy to engage consumers, an automated means of gathering data, and the internal expertise to make sense of the resulting data tsunami.

Identify your customers' spacetime moments

Not all spacetime shopping moments are the same. As we have seen in the research, the right spacetime moment can vary by category, length of the sales cycle, shopper's relationship with the brand, age of the shopper, etc. As we have also seen in the research, contacting a customer at the wrong spacetime can have negative consequences. It is vital to understand multiple paths to purchase in order to maximise the effectiveness of spacetime campaigns.

From a zero base, you need to start with the customer at the centre of everything. For some retailers, the first step is about gathering a basic level of customer intelligence – working out how to associate a transaction with an individual customer and some level of understanding about that customer's persona and what drove them into the store or online that day. Many major retail brands do not have this level of data that can be personally attributed, but – as we have seen in the case studies – it is possible to build this intelligence up through spacetime campaigns.

Start with the low hanging fruit

Our research suggests that brand advocates and Gen Z are generically the best targets for spacetime campaigns. This was also borne out in some of the case studies. It makes sense to start with this cohort as not only are they likely to be the most responsive, but they are also least likely to react negatively to this kind of marketing.

Harvesting low hanging fruit can also help bring your organisation along on the spacetime journey. While some doubtless wish to go from zero to 100 in under 90 seconds, it's best to take a phased approach appropriate for your organisation. Recognise that everyone will be affected – from the front liners in customer service to those merchandising and marketing and management. Start with something they are able to adopt quickly, show some success and then build on it.

Measure ROI

When the CEO of GE said 'I know half of my marketing is working; I just don't know what half it is', marketers around the world probably felt they had a collective get out of jail free card. Retail marketers, in particular, have always struggled to justify mass marketing spend by product or channel, and often preserve spend year-to-year on the basis that 'without it we go backwards'.

Unfortunately, that is not the way modern business works. There are many negative aspects of applying ROI and attribution to retail marketing campaigns, but the fact is that modern management styles demand it. Fortunately for the spacetime marketer, it is a highly measurable form of marketing. Everything can be measured and used to justify investment decisions.

In addition, as we have seen in the case studies, spacetime marketing lends itself to a test-and-learn paradigm. This means you can fail quickly and fail small before working out the correct roll-out strategy. A spacetime marketing strategy is a living thing that will evolve based on the outcomes of these tests. Risk can be further mitigated by working with partners to put together proof of concepts and trials that help your organisation determine the best approach and right technologies for your customers and their shopping journeys.

Buy or subscribe

In an ideal world, spacetime marketers would like to be collecting information from opted-in customers via a location aware app the shopper has downloaded to their smartphone, supplementing this with other IoT data from in-store Wi-Fi, beacons, touch screens, etc. Analysing the data, rapidly developing campaigns using in-house resources then delivering back to the location-aware app that the customer has downloaded.

Constructing such an ecosystem in-house is possible, but requires management commitment and investment. The good news is that it does not all have to be owned and managed in-house. As we have seen in the case studies, data on customers can be collected, analysed and campaigns developed and delivered using third party resources on subscription, if required. This may be a lower risk way to start your spacetime journey.

8.0
Conclusion

In business, life and science, some breakthroughs change the way we see things forever. Einstein's first theory of relativity was such a breakthrough. For nearly 200 years, scientists had based their understanding of space and time on Newton's theory of gravity. They believed the speed of light was not constant, but was affected by 'aether wind' and for decades they searched for the elusive proof. Einstein's theory changed the way the world understood the speed of light and, in turn, the understanding that space and time cannot be separated, but are part of the one continuum. The way scientists regarded space and

time was never the same again and Einstein's theory eventually became fundamental in the emerging fields of nuclear physics and quantum mechanics.

Even if they don't understand the physics, all marketers know intuitively that Einstein was right when he said space and time cannot be separated. They know that there is always an optimal spacetime to deliver a marketing campaign to a customer. Unfortunately until now, retail marketers have been restricted to optimising and refining traditional ways of marketing to customers – marketing that takes almost no account of customer's movements in space and have only a

limited regard to the timeliness of delivery. Finally the technology is now available to make spacetime marketing possible.

Retail is a game of inches, not yards. Small points of competitive advantage over rivals can lead to significant market share gains. Marketing is often the difference between rival retailers. For retail marketers, the breakthrough change is the smartphone. The smartphone allows retail marketers to finally be able to deliver campaigns to customers in the right space at the right time. Spacetime marketing has arrived and nothing can ever be the same again.

8.1
About the Author

Gareth has spent the last 20 years in a variety of senior sales, marketing and general management roles, including two years as CEO of a sporting goods retailer and seven years with Woolworths.

He has authored four thought leadership research reports contributing to the development of digital innovation in retail.

These include:

• How you can join the Omnichannel shopper in transforming Australian Retail

• How mobility is changing the rhythm of Australian Retail

• The Personal Supply Chain

• Innovation in Retail

Gareth has also spent a number of years consulting to retailers and teaching retail at Sydney, Macquarie and Shanghai Jiao Tong Universities. He was recently found to be the seventh most influential person in Australian retail ecommerce in a Demandware research study.

Gareth Jude is Telstra's Retail Industry Executive

8.2
About Kantar TNS

Kantar TNS is Australia's longest standing market researcher.

For 50 years we have supported Australian businesses, governments and community groups with the insights and strategic thinking needed to make innovative decisions. Kantar TNS Australia is part of a global community of 11,000 people from over 80 countries who focus their insatiable curiosity for people, trends and culture to provide strategic insight into the development and growth of client businesses. We are also part of Kantar, one of the world's largest insight, information and consultancy groups servicing over half of the Fortune Top 500 companies.

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