



Smith's Point Analytics

Action Oriented Proximity Marketing Technologies & Platforms: Blending the Online and Offline Marketing Channel With NFC & Barcodes

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Executive Summary

The global market for action oriented proximity based marketing services is expected to reach \$2.3 billion by 2016. The market is well established in Japan but is just gaining momentum around the globe. We believe that outside of Japan, this market will reach \$1.5 billion in 2016. Action oriented proximity based marketing services enable brands to interact with consumers based on their proximity to a particular physical location or object. Action oriented services also require consumers to perform some sort of action such as scanning a barcode or swiping a NFC tag to launch a web experience or access content. This report takes a comprehensive look at market players, technologies, value chain and strategic differentiators. Revenues and users of proximity marketing applications are forecasted and technologies, opportunities and threats are analyzed.

Mobile phone users and application developers are increasingly exploring the capabilities of the smartphone, leading to a gamification of the world where users are interacting with their physical surroundings using their phones. This trend is providing opportunities for marketers to engage users in a very interactive way tailoring messages based on location and relevant personal and contextual data. By activating NFC chips, and scanning barcodes and other emerging technologies placed on smart posters, packaging, print publications and point of sale devices, users can engage brands when they are interested in a product. This is much more effective compared to traditional proximity marketing where users opt in to be bombarded with unwanted spam from Bluetooth broadcast systems. Vendors have taken a number of approaches to address this opportunity from providing free point solutions to end-to-end platforms that incorporate proprietary codes and sophisticated analytics.

The increased awareness of standard QR codes by consumers is a significant growth driver of proximity marketing strategies. The low cost of QR codes is making it easy for businesses to launch campaigns, flooding the market with QR codes, increasing recognition and scanning by mobile users. While it is easy to create a QR code the resulting web experience is much more difficult, often leading to poor experiences for users, discouraging repeat usage. The opportunity in this market is providing value beyond the creation of codes and scanning applications by including products and services to support quality web experiences and drive ROI for marketers. The ease of creating QR codes and its standardization will allow the technology to dominate the market but the poor experiences behind the codes will provide opportunities for proprietary codes in niche markets. Computer vision and object recognition are important technologies on the horizon with the potential to disrupt the current market. While the technology is not yet ready for prime time, it will enable unique augmented reality experiences and could potentially negate the need for printed codes.

With the emergence of proximity marketing, the need to access data inside buildings will grow and increased bandwidth will improve experiences. This trend increases demand for more local networks and small cell technologies such as Wi-Fi, Bluetooth, NFC and femtocells. The ability to easily discover and connect with these networks as well as their ability to work together will help improve user experiences as well as provide opportunities for retailers to affect more control. As users begin to interact with their environment and shop with their mobile phones, brick and mortar retailers risk being

disenfranchised as users browse merchandise in stores and go online to make purchases. Retailers need to get in front of this trend and develop proximity marketing strategies to control the experience of the mobile phone user while in their store.

The emergence of mobile payments has attracted large players to the proximity marketing space in an effort to gain a position upstream of a mobile payment transaction. With large players such as Google and others bringing to market mobile wallets, competition will be tough. Smaller players need to focus on adding value within their niches and more established vendors need to move fast to gain an influential position in this strategic emerging market.

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Companies Mentioned

3G Vision	Lynkware	Simple Act Inc.
Amazon	Mobile Tag	SnapMaze
Apple	Near Field Comm. Ltd.	Spyderlynk
Avery Dennison	Nellymoser	Tag Age
BeeTag	Neomedia	Tapit
Best Buy	Nokia	Telenor Group
Daqri	NXP	Telia Denmark
Digimarc	Proxama	Total Immersion
eAgil	Proxama	Toyota
Google	Qualcomm	UpCode Ltd.
Groupon	Scanbuy	Walmart
Inside Secure	Shazam	Wikitude
Isis	Shopkick	Zapa Technologies
KAYWA	Signbox	Zappit Ltd.
Layar		