momentfeed

Location-Based Marketing Solutions

From Hype to Holy Grail
Location is the New Frontier in
Digital Marketing

Whitepaper
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Table of Contents

Abstract

Location is changing everything. To be more specific, it is transforming how consumers interact with brands, products, and businesses both online and in the real world.

The past year has seen an explosion in both smartphone adoption and location-based services i.e. geolocation. Consumers are using their mobile devices to actively engage with locations in entirely new ways, which opens tremendous opportunities for marketers. Indeed, the addition of real-time location to the marketing equation enables large brands and local businesses alike to utilize new sets of data, to target messages more effectively, and to reach consumers in the moment—the moment when they are present and engaged at a specific place.

In the following, we present a detailed overview of the Location-Based Services (LBS) market through the marketing lens. We discuss the challenges startup companies will face in achieving critical mass, monetizing their services, and coexisting with Facebook, Twitter, and Google. We discuss the challenges marketers will face in making sense of the LBS space, developing and managing campaigns, and delivering results. Finally, we define the Location-Based Engagement (LBE) channel and provide a thorough overview of different types of engagements.

What are Location-Based Services?

A location-based service (LBS) is an information or entertainment service, accessible with mobile devices through the mobile network and utilizing the ability to make use of the geographical position of the mobile device.

LBS services can be used in a variety of contexts, such as health, work, personal life, etc. LBS services include services to identify a location of a person or object, such as discovering the nearest banking cash machine or the whereabouts of a friend or employee. LBS can include mobile commerce when taking the form of coupons or advertising directed at customers based on their current location. They include personalized weather services and even location-based games.

WIKIPEDIA

"The global market for location-based services (LBS) is projected to reach US$21.14 billion in annual revenue by 2015, registering 1.24 billion subscribers. The market in the short to medium term period will be driven by factors such as development of GPS, proliferation of GPS-enabled touch-screen phones, growing popularity of mobile commerce, and increasing usage of Location based Social Network Services, Location Based Shopping Applications, Location Enabled Search, and Location Based Mobile Advertising."
— Global Industry Analysts, www.strategyr.com

Introduction

Location-based technologies are well on their way to disrupting the world of media and advertising. This follows a multiple-decade trend, whereby new media technologies have triggered massive shifts in consumer attention from one medium to another.

Starting in the '90s, the Internet triggered a shift from print to digital, which continues to this day. Social technologies followed and drove the shift from one-way to two-way media, where participation and interaction were fundamental. Large-scale social networks then enabled the shift from search to social as a method of finding and discovering information. More recently, we've witnessed the shift from stationary computers to mobile devices as a more frequent and popular means of accessing the Internet. Each of these disruptions has built to this point: the shift from traditional location-based channels to mobile location-based services.

Mobile devices are consuming our attention at an unprecedented rate. For many smartphone users, it amounts to a majority of their idle time plus a portion of time spent consuming other media, attending meetings, socializing with friends or colleagues, and even driving (as rude or reckless as it may be). Since attention is finite, it means that it isn't being directed elsewhere.

Instead of noticing a billboard when stopped at a traffic light, we're on our mobile devices. Instead of picking up a table tent or browsing the store while we wait for our order, we're on our mobile devices. Instead of consuming digital out-of-home content…yep, we're on our mobile devices. And increasingly, we're using location-based services on our mobile devices.

It is incumbent on marketers, then, to adapt and shift efforts accordingly. This is especially vital if real-world locations and physical products are central to one's business, though neither is prerequisite to developing location-based strategies.

Facebook Places — The Foundation of Location-Based Social Networking (LBSN)

Facebook Places will have the most disruptive effect on LBS since the introduction of the iPhone. Whereas the iPhone and other smartphones revolutionized location hardware, Facebook is introducing both the software and the behavior—the social gesture—to more than 500 million people worldwide (initially launching in the US with exclusive access via the iPhone app and mobile web at touch.facebook.com). Though it will still take time for the bulk of these users to become familiar with and adopt this combination of hardware, software, and behavior, all barriers to mainstream adoption, save for privacy, have now been lifted.

As we detail in Part VI of this paper, Facebook is offering a "Social Checkin" feature. This is one of several types of "location-based engagement" that is possible through mobile applications running on smartphone devices. We classify this as a shallow engagement because the location itself is a means to an end. In other words, the location is being used to notify friends about our current whereabouts. The place is incidental.

Facebook Places also offers the option for users to express positive sentiment toward a location through the "Like" button and to post a message, which can take many forms. Adding photos and videos is certain to follow. These additional actions represent deeper engagements by making the location itself the focus of the engagement. If a brand has registered its individual Facebook Place Page(s), the Like button also opens a communications channel with these consumers.

Unique to Facebook in the LBSN space is the ability to "Tag" friends and check them into the same place. This enables one to share not only their personal whereabouts but that of friends. This is an opt-out feature, such that users have to manually disable it. Provided that Facebook can address the privacy issues of encouraging

Facebook Places

users to share their friends' locations, the tagged checkin can have a multiplier effect in terms of the value and depth of these engagements.

Despite making this feature available to Facebook's 500 million users, the privacy risks inherent with real-time location sharing (i.e. social checkins) will continue to limit mainstream adoption. That said, Facebook has handled the privacy issue reasonably well, and early adopters of social checkins tend to be exceedingly valuable in terms of marketing and word-of-mouth. In other words, this is the cream of the crop and ought to be engaged accordingly.

The Facebook Places infrastructure is based on dedicated Place Pages for each and every location. This is where all checkins and related activities are aggregated. If a business has one location— and therefore, one Facebook Place Page—it can be claimed and verified through a process similar to that of Yelp and Google Places. This Place Page can then be merged with the business's Fan Page into one. Facebook does not currently offer a solution for multi-location businesses. However, the MomentFeed LEA solution (Section VII) addresses this on many levels.

Five Things to Consider

How will Facebook Places disrupt location-based marketing and the LBS space? It's too early to predict with any certainty. In light of this, however, there are several factors to consider in planning location-based marketing and business strategies.

1. **The Social Foundation:** Sharing one's location with friends is now a feature. The social checkin will soon become a commodity not unlike the status update. Given that Facebook has the largest and most comprehensive social graph, it will become the

Facebook Places

foundation of social checkins—the bottom of the LBS pyramid, if you will. Any non-social LBS application, such as Geodelic or AroundMe, can become instantly social by enabling Facebook Places. By acknowledging Facebook as the foundation, marketers and developers can proceed to build upon it. Because Facebook Places is just that: a platform upon which to innovate, differentiate, and add value.

2. **The Rising-Tide Effect:** By introducing hundreds of millions of networked consumers to location-based social networking, Facebook is serving as the catalyst for a new consumer behavior: engaging with locations via smartphone devices. In the same way consumers engage websites via computers, Facebook will introduce millions to the offline counterpart—places—via smartphones. Rather than discouraging competition and threatening existing LBS companies, this will have the opposite effect, provided that LBS companies innovate beyond the checkin feature. The bar has certainly been raised, and that's good for everyone.

3. **Branded LBS Apps:** Certain brands are now in a much better position to launch their own location-based apps. Facebook's location feature and behavioral training, coupled with its Places API, will make branded location apps much more viable. Adidas, Major League Baseball, Pepsi, ESPN, and many others have already been experimenting, but it's essentially been in a vacuum. Facebook Places will supercharge this trend and drive the next wave of innovation in marketing, customer loyalty, social commerce, and CRM.

4. **Location Traffic Sources:** Every business location should now be viewed as a website. Instead of web traffic via computers it receives foot traffic via smartphones. And just as Google search accounts for the largest share of web traffic to most commerce

Facebook Places

and content sites, Facebook Places will account for the largest share of foot traffic to physical locations. There are two points to be made here. First, it will be a valuable source of traffic. Second, it won't account for the majority of traffic in most cases. There will be tens, hundreds, or thousands of other sources from a variety of location-based applications, each with a unique appeal for consumers, businesses, and marketers alike.

5. **Beyond Social Networking:** Though the social aspect of LBS generates a majority of the buzz and controversy, it accounts for a minority of the overall market. Despite the availability of Facebook Places, sharing one's location in real time will remain a niche activity until the privacy risks are offset by an exchange of value such as rewards, discounts, and significant utility. Furthermore, the potential for location is as broad as it is deep. There is no one-size-fits-all. Consumers will be compelled by vertical-interest apps in sports, dining, travel, news, entertainment, and more. City- and region-specific apps will provide the value and relevance that global apps like Facebook and Foursquare cannot, and location-based gaming apps will be more fun and engaging. Just as the checkin is but one feature of LBS, being social is just one element.

What's next for Facebook? Given its acquisition of Hot Potato, we can assume that the social gesture of "checking in" will extend beyond location to events, entertainment, media, products, trends, and even moods or psychic states such as what one is experiencing or how they're feeling. A first case of this was observed in New York when Foursquare users checked into the Northeast heat wave of 2010 aka Heatpocalypse.

Marketers – Challenges and Opportunities

As the location-based services (LBS) market matures and enters the mainstream, marketers will face a number of challenges in leveraging this new channel and maximizing the opportunities. The rise of social media over the past few years provides some context and can be helpful in understanding and addressing these challenges.

Few will disagree that engaging and managing the social media channel is vital to any brand in 2010. The same could not be said as recently as 2008. In terms of a growth trajectory, LBS trails social media by a few years. Granted, LBS includes a significant social element, which serves to accelerate its rate of growth. And the major social networks are adding location as a feature, thus crossing into the LBS space. But the dynamics and challenges of LBS are such that it ought to be addressed separately and approached as a channel unto itself.

As we highlight five challenges in leveraging this new marketing channel, the parallels with social media are quite obvious and provide some guidance in terms of overcoming the challenges, developing best practices, and getting a glimpse into the future.

1. **Quantifying the Opportunity:** The first challenge of LBS is to gather enough data and insight to make sense of it from a marketer's perspective. The LBS space is broad in terms of the types of applications companies offer, how consumers are using them, and the value propositions available to consumers and businesses alike. What's more, the data exists in so many silos with limited access. Marketers need ways to monitor and measure the LBS space, complete with the penetration, efficiency, user engagement, and interaction metrics. They need relative and absolute values in comparing one LBS provider to another, conducting competitive analysis, and gleaning business intelligence. At the end of the day, this all needs to integrate seamlessly with a company's overall marketing plan.

Marketers

Ways Mobile/Smartphones Are Used While Food Shopping, Mar 2010

% of US internet users who use their mobile/smartphone whilein a store.

Compare Prices
53%

Get/Redeem Coupons/Discounts
44%

Get Nutritional Information
28%

Read Product Reviews
22%

Visit The Food Company's Website For Information
22%

Source: Deloitte, "2010 Consumer Food Safety Survey," May 11, 2010

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2. **Sufficient Reach:** As with publishing or social media, marketers cannot utilize LBS effectively until individual providers (or the space as a whole) offer a large enough audience to justify their resources. For most large brands, this translates into tens of millions of consumers that meet specific demographic, psychographic, and geographic profiles. The problem is that location, by its very nature, dilutes overall reach because users are spread across the globe. Unless a business or brand is equally spread, the potential of millions can be easily reduced to thousands. The solution is to leverage as many platforms as possible to create depth.

3. **Technical Difficulties:** As powerful as geolocation can be for the purposes of marketing, it is equally complex in terms of technology. Its real-time nature and the number of players in the LBS space further complicate this. For brands with hundreds or thousands of locations, the challenges grow exponentially.

Marketers

Not to mention the possibility of developing applications for the Apple (iOS), Android, Blackberry, Windows, Palm, and mobile web platforms. In short, getting the most from the location channel will require significant technical resources and expertise for some time to come.

4. **Cohesive Strategies:** To date, a number of large brands have tested LBS through individual providers, one-off campaigns, and standalone applications. In order to maximize the potential of this new channel, however, companies will have to develop comprehensive location-based strategies. These will utilize multiple LBS providers in conjunction with complementary channels, such as social media, broadcast, and point of purchase. In certain cases, branded applications and custom solutions will be part of a broader program. Lastly, these strategies will have to be monitored, measured, and optimized in real time.

5. **Return on Investment:** One of the most compelling aspects of LBS, especially compared to location-agnostic media, is the clear path to commerce or some meaningful conversion. The ability to reach consumers in the moment when they are both present and engaged offers an unparalleled opportunity to inspire action, lure prospects from competitors, and capture lifelong customers. The challenge of quantifying and realizing ROI, though, amounts to a combination of the issues highlighted thus far. By sorting these out, clear and compelling returns are certain to follow.

Location-Based Service (LBS) Providers – Challenges and Opportunities

The LBS market is growing at warp speed, fueled by the proliferation of smartphone technology, a high rate of networked consumers via social media, and the rapid evolution of feature-rich mobile platforms. Despite this near-vertical growth trajectory, individual players and the industry as a whole face a number of challenges in becoming a relevant, meaningful, and sustainable channel for marketers.

1. **Critical Mass:** The quality that makes this space so compelling also makes it uniquely challenging. It is much more straightforward for location-agnostic web companies to achieve critical mass than for those bound by location. The geographic nature imposes limits on reach and relevancy for location-based services, such that scale is determined not in the aggregate but by the local or regional measure. This is compounded by tremendous competition in LBS and the subsequent fragmentation of the marketplace.

2. **Competition:** As location becomes an adopted feature in services like Facebook, Twitter, and Google, the burgeoning LBS industry will have to respond accordingly. Native LBS companies will enjoy certain advantages in terms of brand positioning and the fact that mobile platforms tend to level the playing field. Whether it's an Internet powerhouse or startup, however, the industry will be wise to establish common standards that enable marketers, as well as developers, to efficiently and consistently implement cross-platform strategies. For the LBS space, strength can be found in alliances and collaboration.

3. **Privacy:** Sharing one's location in real time is not to be taken lightly. According to both research and common sense, privacy issues present the greatest barrier to mainstream adoption of LBS, not to mention the regulatory risks. When the value proposition of a service relies on social sharing, companies

LBS Providers

Top Smartphone Platforms
3 Month Avg. Ending May 2010 vs. 3 Month Avg. Ending Feb. 2010
Total U.S. Age 13+
Source: comScore MobiLens

Total Smartphone Subscribers	Share (%) of Smartphone Subscribers		
	Feb - 10	May - 10	Point Change
	100.0 %	100.0 %	N / A
RIM	42.1 %	41.7 %	- 0.4
Apple	25.4 %	24.4 %	- 1.0
Microsoft	15.1 %	13.2 %	- 1.9
Google	9.0 %	13.0 %	4.0
Palm	5.4 %	4.8 %	- 0.6

must make security and privacy management a top priority and then prove it. The whitespace opportunity and key to mainstream appeal, however, may be found in non-social or social-optional services, where the value isn't entirely dependent on sharing or broadcasting one's location/identity.

4. **Resources:** Given that nearly every company in the LBS space is a startup, bandwidth constraints are certain to be a challenge. This translates into lost opportunities not only for the providers but consumers and marketers, as well. It also gives the Internet powerhouses a distinct advantage in building out their location-based offerings. The LBS industry should look to ecommerce and online publishing for network-based models that enable more efficient scaling and allocation of resources.

LBS Providers

5. Monetization: There's been much debate about whether location-based services can evolve from simple features and applications into sustainable businesses. Each service has unique challenges in this regard. In every case, however, making the transition amounts to meeting each of the above challenges while creating sustainable value for consumers and marketers alike and generating revenue accordingly. The good news is that the mobile/location channel lends itself to monetization through superior relevance. In other words, the rate of response will be directly proportional to the relevance of the offer, coupon, promotion, or information being served. That said, certain types of partnerships, such as affiliate programs, can speed revenue generation by not only providing additional streams but also assisting in the discovery process itself i.e. what works and what doesn't.

Location-Based Engagements – The New Channel

To this point, we've referred to location-based services as its own industry, marketplace, and channel. It truly is a large space with a variety of B2B and B2C companies. For the purposes of this paper, we're focused on consumer-driven services that are powered by a combination of mobile and web-based applications, particularly via smartphones. Pursuant to leveraging LBS for the purposes of marketing, we'd like to further narrow the opportunities.

Location-based services provide a number of ways to reach consumers, but none is more compelling than the Location-Based Engagement (LBE). Amidst the broader LBS space, this represents an entirely new channel on par with that of billboards, digital out-of-home, and point-of-purchase…with the notable addition of making a two-way connection. It is a new way for consumers to engage with brands and products and for brands to connect with consumers — in the moment.

Location-Based Engagements

What's an LBE?

Broadly defined, a location-based engagement is any action a consumer takes to connect or interact with a specific geographic place via their mobile device. These can take many forms, but each shares three qualities: time, place, and action. The latter differentiates the LBE from simply being present, whereby one might receive unsolicited, irrelevant, and disruptive ads based on their location. With an LBE, one must voluntarily engage with the place e.g. a place of business, building, venue, etc. This action grants a measure of permission on the part of the consumer, not unlike making a search query or clicking on an ad but more specific and timely, which opens the door to a branded response.

Regardless of the form it takes, each LBE happens in the context of a unique moment i.e. a personal experience attached to a specific place and time. These moments are where marketers can find opportunities to connect and participate in that moment i.e. to become a meaningful part of it.

The most basic type of LBE, of course, is the checkin, where a person simply states their presence or associates him or herself with a place. They are saying, "I'm here" in this moment, which soon becomes, "I was here" in a past moment. For a relevant marketer, this amounts to an open door as well as some incredibly valuable data (consistent with privacy settings, of course). Segmenting and ultimately serving customers based on their LBE history will be quite valuable for all parties.

Below, we explore how the LBE channel is evolving by categorizing the various types of engagements with examples of the services that offer them and how they might be valued. By no means is this list comprehensive.

Types of Location-Based Engagements

The Social Checkin: At the moment, this is the most popular type of LBE and serves as the central feature of Facebook Places, Foursquare, and Gowalla, whereby a person's checkin can be broadcast to their social graph or, depending on privacy settings, anyone who happens to be listening. Twitter Places also offers a de facto checkin by enabling users to associate a tweet with a specific place in real time. These are simple statements of presence, the primary purpose for which is to alert others. In this sense, the actual location is more of a means to an end. It is coincidental, which makes this a shallow engagement in terms of the location itself yet still valuable due to the exposure it generates with a person's social graph. As commoditized as checkins will become, each and every one can be valuable to a marketer.

The Game Checkin: Location-based gaming is quickly becoming its own category of LBS. Given the introduction of Facebook Places, this space is certain to grow as companies seek to differentiate themselves and go beyond the checkin. Non-LBS companies may also export virtual games to the real world using Facebook Places as a gateway and platform. In addition to the geo-social apps that provide simple game mechanics, today's leaders in LBS gaming include MyTown, Whrrl, and SCVNGR. Each offers a different type of game that necessarily involves specific locations, many of which are places of business. By integrating real-world places into mobile games, these services facilitate not only deeper but extended periods of engagement.

The Deep Checkin: The simple act of checking in represents a shallow engagement. While it is magnitudes greater than a non-checkin, there are many ways to go deeper. With Foursquare, one can leave a tip about the food, service, or local knowledge. With Gowalla, one can include photos or design "Trips" that

Location-Based Engagements

string multiple locations together with a common theme. And with Facebook Places, users can express positive sentiment by clicking the "Like" button. These additional steps signal a deeper connection with the location and offer corresponding opportunities to respond and reciprocate. These types of engagements are more valuable and ought to be measured and qualified accordingly.

The Solo Checkin: It is possible to check-in to a location without sharing that information with anyone but the app maker and possibly the location itself. The CauseWorld app from ShopKick does exactly this. The incentive is driven by points (Karmas) that can be redeemed for tangible rewards such as planting a tree or donating a book. This is a deeper engagement than a social checkin because the location itself is the primary objective (notwithstanding the rewards). The absence of social sharing may reduce the net value of this type of engagement, but in the case of CauseWorld, users can volunteer to make it social by pushing to Facebook. Overall, the solo checkin (with the social option) has more mainstream potential and more readily lends itself to loyalty-rewards programs.

Shopkick recently launched its eponymous application, which automates solo checkins through a proprietary hardware solution. Select partners such as Best Buy integrate these application-sensing devices to their stores, which provide both accuracy and accountability. When a user has the Shopkick app open, it automatically checks them into the location when they enter the store. Users can then earn rewards points (kickbucks) and gain access to promotions.

The Product Checkin: Smartphones are changing how consumers can interact with physical goods. For example, Stickybits enables one to scan a barcode using a phone's camera, which prompts access to additional information, and MyTown has made product scanning part of its mobile game. In the case of Stickybits, this unlocks content that might be supplied by fellow consumers in the form of critical reviews,

Location-Based Engagements

or the company itself can attach coupon offers and other promotions. More often than not, these product engagements occur at locations where the products are sold, hence the location-based engagement.

The Commerce Checkin: Services like Blippy and Swipley enable one to share their purchases with friends. When this occurs at a physical place (as opposed to ecommerce), it's a clear form of location-based engagement. For this type of LBE, the purchase itself is not the engagement, per se. Rather, it's the action, automated or not, of sharing that information with friends and associating it with a particular place and time. Ultimately, mobile commerce applications will enable direct purchases from a given place of business, such as a Starbucks, where the user can choose to share it with their social graph, people in a close proximity, or the broader public.

The Moment Capture: This type of LBE is driven by content creation and information sharing. It consists of any combination of text, photo, audio, or video that is expressly associated with a specific place in real time. This content ostensibly refers to the location or what's happening there in some meaningful way, such that it is geographically relevant. Through the Twitter Places feature, users can capture moments and engage locations with rich-media content that can be discovered accordingly. The problem with Twitter is the level of noise and geographically irrelevant tweets, which just happen to be geotagged. Filtering for relevance is a major challenge. Facebook will clearly move in this direction when it enables photos and video; however, the vast majority of that content will have limited access due to Facebook's closed-network structure. Pegshot is a startup that enables users to "peg" moments to a specific place with photo and video content. These methods of location-based publishing will experience tremendous growth and provide ample opportunity for advertising and branded content.

The MomentFeed LEA Platform – Location-Based Business Intelligence

Location-based engagement data is the basis of our proprietary solution, which provides location-based monitoring and campaign management across the entire LBS market. We call it the Location Engagement Analytics (LEA) platform.

In order to effectively leverage the LBE channel, marketers need to understand the full extent of these engagements for their given set of locations as well as their nearest competitors. For a retailer, it's all of their stores. For consumer packaged goods company, it's
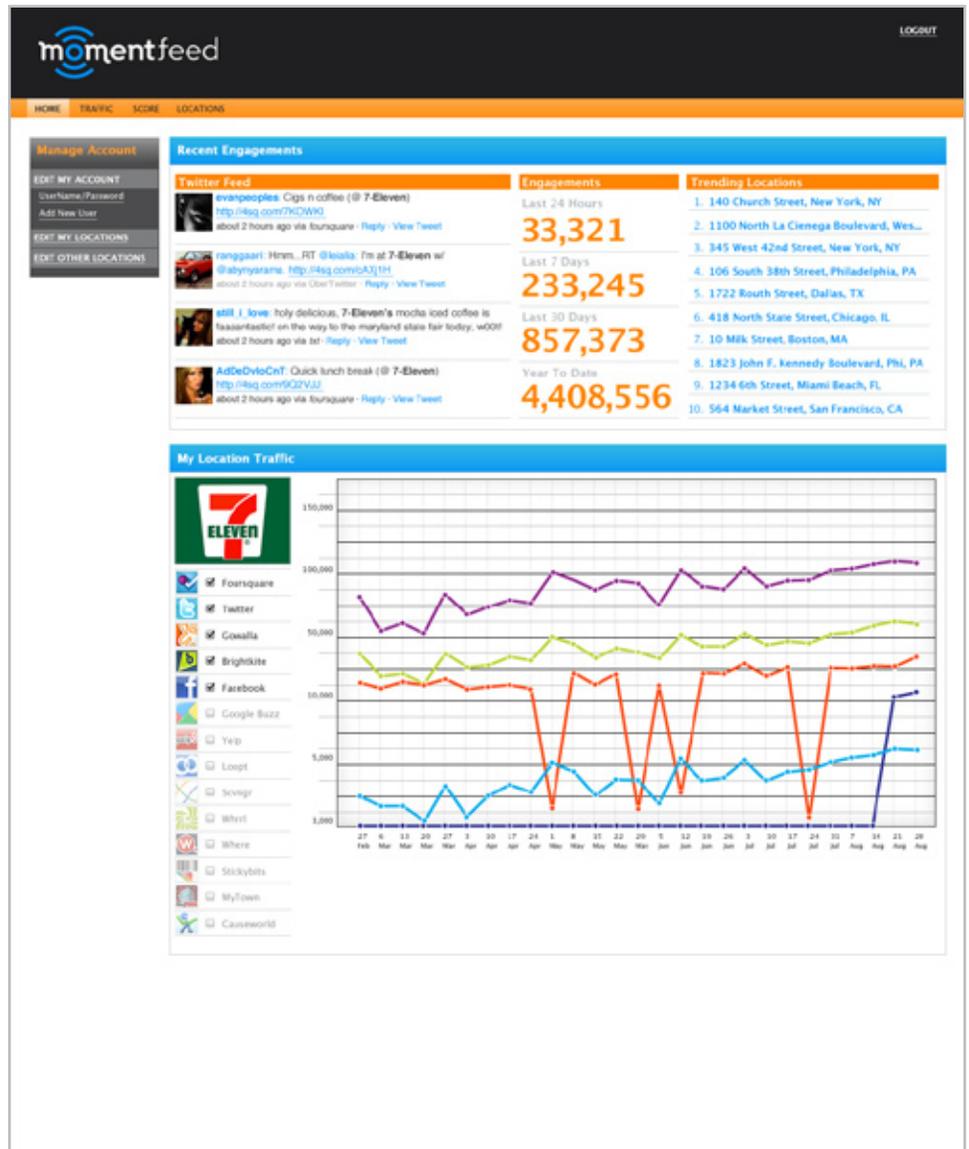
The MomentFeed LEA Platform

all points in their distribution network. The problem is that the LBS market is highly fragmented. Hundreds of millions of engagements are going unnoticed and unappreciated. And because the world is such a big place, brands can have thousands of points of engagement that need to be monitored. The MomentFeed LEA platform is designed to bring order to LBS space for marketers while creating efficiencies and opportunities for LBS providers.

The LEA platform provides global as well as granular access to location data. It enables marketers to measure engagements and make sense of them in order to efficiently utilize the LBE channel. The platform is designed to measure both quantity (traffic) and quality (level of engagement). It is designed to address the many challenges that marketers and LBS providers are facing today as well as the challenges to come.

LBS Base –
Insights, Analysis, and Information

MomentFeed maintains up-to-date profiles for the major location-based services companies. This is the LBS Base. It includes in-depth analysis and insight about how each company and application appeals to marketers, complete with the most recent case studies, brand partners, and relevant headlines. It's a knowledge base for those interested in location-based marketing.

MomentFeed.com/Brightkite

MomentFeed.com/PlacePop

MomentFeed.com/DeHood

MomentFeed.com/SCVNGR

MomentFeed.com/DoubleDutch

MomentFeed.com/Shopkick

MomentFeed.com/Facebook-Places

MomentFeed.com/Stickybits

MomentFeed.com/Foursquare

MomentFeed.com/Twitter-Places

MomentFeed.com/Google-Buzz

MomentFeed.com/WeReward

MomentFeed.com/Gowalla

MomentFeed.com/Where

MomentFeed.com/Loopt

MomentFeed.com/Whrrl

MomentFeed.com/MyTown

MomentFeed.com/Yelp

MomentFeed.com/Pegshot

Note: All pages may not be live.

About MomentFeed, Inc.

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MomentFeed provides location-based marketing solutions that enable companies to efficiently monitor and measure location-based engagements with a goal of reaching consumers in the moment—the moment when they are both present and engaged as a specific place. Our unique approach combines strategy, technology, relationships, and creative vision to activate this new and exciting channel.

Location is the new frontier in marketing, loyalty, and customer relations. These emerging technologies offer new ways to reach, segment, and engage consumers. Location facilitates high levels of relevance and offers a universe of possibility for interaction, feedback, and commerce.

Location-based technologies are changing the way consumers engage with businesses, brands, and products. This is happening in real time across a wide array of services and applications. In order to effectively utilize this new channel, marketers require the necessary monitoring, analytics, and campaign management tools offered through the MomentFeed Location Engagement Analytics (LEA) Platform.

Conclusion

What are the key takeaways for agencies, marketers, and large brands?

1. Understand the LBS space as a whole, as opposed to focusing on one or two services

2. Monitor and measure the entire LBS space

3. Develop holistic, cross-platform location-based strategies

4. Create new ways to engage consumers in the moment

Will location-based services go from hype to the Holy Grail? Despite the implied irony of such a statement, we're confident it will come closer than anything we've seen thus far. How long will it take? That depends on a number of factors. Chief among them is how quickly brands move to pioneer and develop this new channel. Indeed, the success of LBS will rely to some degree on large brands and local businesses taking the initiative to activate the channel by encouraging their customers to participate and engage.

One of the more compelling qualities of location-based technologies is that brands can leverage the existing LBS providers, particularly Facebook Places, while developing and promoting their own applications that offer one-of-a-kind experiences and value propositions. We're seeing the first examples of this with companies like Pepsi, Condé Nast, ESPN, and Major League Baseball. In many ways, these standalone applications complement or integrate with other services, so there is truly a rising-tide effect for the entire industry.

Unlike social networking or microblogging, however, it's doubtful that dominant players will emerge as they have with Facebook and Twitter respectively. This is partly due to the fact that location is now offered as a feature in these platforms, which may satisfy LBS needs for many. It also has to do with the variety of location-based services available and the potential for viable niche players, especially if location becomes the holy grail of marketing and can be monetized accordingly. In this regard, LBS is less like social networking and more like the publishing industry: a handful of big players, hundreds of mid-sized players, and thousands of small ones. Why? Because among the things that location is changing are the competitive dynamics of web-based businesses.