

# **PROXIMITY MARKET, THE NEW TREND APPROVED BY THE CONSUMER'S BEHAVIOR**

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## **Abstract**

The purpose of the paper entitled “Proximity market, the new trend approved by the consumer’s behavior” is to inform the audience regarding the new marketing trends adopted by companies. These trends have a positive impact on the proximity market. The companies’ objectives are to maximize financial resources, attract customers and increase their fidelity by satisfying their continuously developing needs. We cannot deny the fact that digital marketing plays a major role in the business environment and in today’s economy. The strategies of marketing specialists attempt to attract and build fidelity among customers, not by the use of physical dissemination materials but through the means of the approved accustomed technology, which is at the customers’ disposal. The paper underlines the development of proximity marketing, as a way of communication between firms and clients. The importance of the mobile phone/tablet has become indispensable for keeping the customers informed. This fact has determined a strong influence that digital impact has on the consumer’s behavior. The paper explains the extent to which the new proximity technologies (devices that emit notification signals – beacons) are present in the sectors of economy worldwide, mainly in the developed countries. With the help of surveys (quantitative instruments) made by various marketing specialists we can notice that in the near future of digital market, the proximity towards the customer will become the new strategy adopted by companies in order to satisfy the client’s needs.

**Keywords:** *proximity market, beacons, consumer’s behavior, mobile phones, BLE*

**JEL Classification:** L21,L25,L26,L63,M21,M31,F60

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## **Introduction**

Oliveira, Santos, Aguiar and Sousa (2014) support that digital marketing is perceived as a niche that the companies constantly try to develop in order to attract new customers and increase the fidelity of the current ones. The concept is considered an efficient way for improving the interaction between customers and different fields of interest. The digital market implies promoting products and services using different digital channels in order to strengthen the relations between customers and companies, at the right moment across their favorite channel. These digital channels are being used, and accessed using desktops, tablets, mobile phones and they may provide personalized content for the consumers in a quite effective way. Among the most popular digital marketing methods, we can mention portals, podcasts, e-journals, online campaigns, browsing services, beacons and newsfeeds.

## **Paper Body**

Nowadays, our customers are interested in searching relevant and coherent information like updates in the health sector, in science and many others fields. IT (information technology) and marketing specialists should take into account the following: online and offline multi-channel strategies, this view has been supported by Janssens, Nijsten, Van Goolen (2014); adopting at a global level, a flexible model appropriate for storing data using specific applications (apps) and mobile phone services; making analyses; determining the behavioral reactions of consumers regarding certain applications and information; optimizing centralized production and marketing costs; standardizing the processes using different channels in various geographic areas; adopting new business strategies according to the consumers' requests.

### **1. Proximity marketing, closer to the consumers**

As the evolution of technology becomes faster and more complex, the marketing infrastructure must keep pace with the trends of the market. With the help of marketing strategies, the companies must permanently keep up with the wishes of the customers. Every consumer wishes to be kept informed by the marketing specialists, with the help of whom he wishes to have access to the desired information in a short while. The handiest device for the customer remains the mobile phone. For example, if a smartphone benefits from an advanced set of options and powerful hardware components, the companies should respond and start to develop programs/applications that would satisfy the customer. The digital market may be developed with the help of proximity marketing. This is not a new concept but it lies unexploited by firms, this view is supported by Persaud and Azhar (2012). Before receiving content, the consumer shall be asked for his consent in order to receive information. If his answer is positive, the consumer will receive a secure multilingual message that contains quality media content (a coupon, a commercial, a video/song, a diagram etc.) for free. If the consumer refuses the information, he will no longer get messages regarding it. When the connections with the client are established via Wi-Fi, the consumer is the one that initiates the information request. He may connect to an access point, launch his browser, and he will be automatically redirected to a home page. On this page, the users effectively benefit from an unlimited quantity of content. Nagtode and Raghunandan (2015) *support that* the organizations apply a wide range of digital channels, the use of which brings essential changes to the digital market. The new trends include various actions related to: *a) mobility* - a recent Business Insider report points to the fact that at a global level, 1 out of 5 persons has a smartphone, and 1 out of 17 people has a tablet. This fact determines a growth of approximately 1.3 billion smartphones in only four years; *b) social media* - the organizations are concentrating on real-time interactions with their customers in order to provide various information to them; *c) social activities for the mobile phone at local level* - as long as the total of the mobile phones increases, real-time interactions will increase accordingly; *d) personalized content marketing* - delivering personalized information regarding the order placement or the acquisition using digital channels; *e) data analysis* - it helps companies define specific marketing strategies.

### **2. How does the near future of mobile phone proximity marketing look?**

As time goes by, every marketing concept enlarges its horizon and its awareness among consumers. The research done by companies has brought to light the fact that proximity marketing will have the same ascending trend in the following period. According to the forecasting research elaborated by ARHT Media, proximity marketing will become more and more accepted and enjoyed by consumers. Until 2018, the consumers in the United States will

buy products that will overcome the total of \$118.10 billion. In 2014, 1 in 10 smartphone users made a proximity payment. This ratio will increase to 1 in 4 users that will pay using proximity methods until 2018. eMarketer elaborates a 4 year forecast focused on users over 14 years of age that make transactions using their mobile phones on the territory of the USA. According to the data offered by eMarketer, and considering last year as a reference period, we can observe increases every year, on every category mentioned down below (table 1):

Table no. 1 Mobile phone proximity transactions in the USA, 4 year forecast

	2013	2014	2015	2016	2017	2018
Users of mobile communication proximity (\$ million)	11.1	15.9 43% ↑	22.6 42% ↑	36.2 60% ↑	48.7 34% ↑	57 17% ↑
Value of the proximity payments made using mobile phones (\$ billion)	1.59	3.50 120%↑	8.95 155%↑	27.47 206%↑	64 132%↑	118.01 84%↑
Average value of transactions per user	143.35	219.79 53%↑	396.72 80%↑	759.12 91%↑	1314.82 73%↑	2071.91 57%↑

Source: Made by the author of the article - data from the eMarketer study, September 2014, and processed by calculating the percentage of the value on every year.

We can notice that 2016 will record the biggest increases, compared to the previous years. The mobile communication proximity users will increase with 60%, together with the value of the proximity payment transactions made using mobile phones, which will also increase with 206%. At the same time, we must underline the fact that the result of the average value of user transactions will get 91% higher compared to 2015. Within the *Digital Trends 2015 Report*, published by Econsultancy, in collaboration with Adobe, a survey was made among professionals in the business sector. It showed different aspects and trends in the B2B and B2C sectors. The methodology of the study included interviewing 980 companies in 2014 and 2,543 companies in 2015. For 2014, the question of the survey was related to the sector that offers the most interesting and useful opportunity for their organization. The purpose of the 2015 survey was to forecast the most conclusive opportunity for the companies.

Table no. 2 Concepts vote results

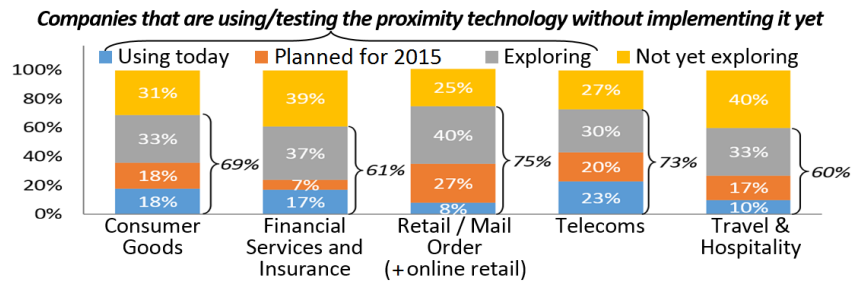
CONCEPT	Content Marketing	Customer experience	Mobile phone	Social	Multichannel campaign management	Video	Marketing automation	Personalization	Big data	Total companies
2014	167	167	157	157	78	69	58	58	69	980
2015	382	509	458	254	254	76	102	254	254	2543

Source: Made by the author by calculating the percentage of respondents for each year, *Quarterly Digital Intelligence Briefing 2015 Digital Trends*

It should be noted that in the companies' opinion, Customer Experience is the concept that stands out in 2015. Among all the concepts mentioned above, 509 respondents chose this one. Mobile phones take the second place, which means a promising opportunity for 458 companies in 2015 (Table 2). The conclusion that arises from this survey is that proximity marketing is the one that stands out in 2015. The companies were asked about the best way of describing the technology based on local notifications transmission. 280 out of 2,543 companies are using this type of technology, 330 will adopt this technology by the end of 2015, 636 are testing it but there is still no effective date of implementation, and most of

the respondents (about 814) are not using this technology. The survey included 484 companies that have no opinion or do not know about this concept.

The following graph reveals the fact that 75% of the respondents from the retail sector/mail order (including online retail) are the most receptive consumers, followed by 73% of the telecom sector respondents. Even though the retail sector will implement this technology even more in the near future, at this time there are much more telecom respondents that use proximity technology (about 23%) compared to 8% of the respondents from the retail sector. Currently the retail holds the lowest usage of proximity technology (about 8%). We can notice from the graph that the biggest impulse will be registered in this sector during 2015, compared to the other analyzed sectors. Retail sector companies become more and more concerned with proximity technology opportunities.



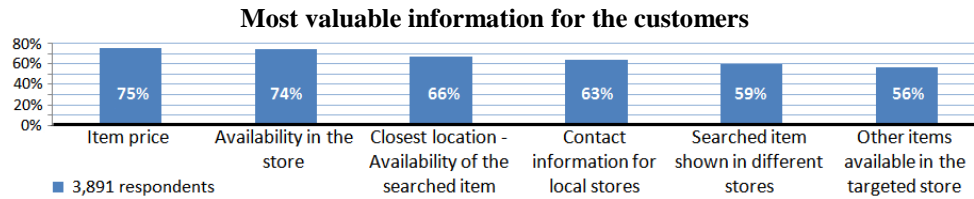
Source: Made by the author - data from Digital Trends Report 2015

Proximity marketing is implemented using various devices and applications, such as those created by Apple, called iBeacons. iBeacon is an Apple trademark. It refers to devices that are using Bluetooth Low-Energy (BLE). It is also being used to create different user experiences. iBeacon software can control protocols found inside the user application. Apple has innovated the signal transmission proximity device through Bluetooth Low-Energy (BLE) since the launch of iOS 7 software. The signals are similar to push-notifications that marketing specialists place via applications in order to improve the customer's experience. When iOS 7 was updated to iOS 8, the iBeacon version became optional for the users. A "beacon" is a device that transmits a signal to another device, which determines the proximity to the radio transmitter. A beacon sends no content; it only sends a signal to the user in order to show him the distance to the sender (usually the shop). The content is submitted separately by the user application. The mobile phones and the tablets can be used as a tool for beacons. The software is based on Bluetooth Low Energy, which is specific for one type of signal. If we look at the product's name, we can highlight the biggest advantage that it provides, more precisely, energy-efficiency. Nowadays it can also be found in many smartphones and tablets. The terms beacon and iBeacon are most of the time interchangeable.

### 3. Digital impact on consumers' behavior

The collaboration between Google, Ipsos (those in charge with quantitative instruments of the study) and Sterling Brands (the one in charge with qualitative instruments) brought a report entitled "Digital Impact on In-Store Shopping: Research Debunks Common Myths, October 2014" for analyzing the behavior of consumers in shops. The research methodology targeted smartphone/tablet users, between 18-54 years of age, on three vertical sectors: retail (clothes, accessories, furniture, sport articles), high-tech (mobile phones, computers, electronics) and consumer goods (food, personal hygiene, cosmetics). 60,000 respondents took part in the study. These people shop both online and in conventional stores, using smartphones/tablets for shopping at least once a week. The respondents selected for the

study were the ones that filled their shopping cart with at least two categories of products in the last two months. 71% of the 1,974 respondents think that using smartphones for different searches online has become much more important for customer experience. 75% of 3,842 respondents that receive local information regarding various stores also tend to visit them.



Source: Made by the author - data from *Digital Impact on In-Store Shopping: Research Debunks Common Myths, October 2014*

We can notice that the first three important pieces of information for shoppers remain the price, the availability of the product and the location of the closest store that holds the searched item. Consumers are ready to visit the stores that offer information regarding different details related to products. If the company combines a set of measures used to achieve the satisfaction of the consumer's needs with some ideas related to the development of the Customer Experience Concept, it will have the chance to increase the profitability of the entire business.

#### The consumers' preferences for stores with personalized offers, recommendations or coupons



Source: Made by the author - data from *Digital Impact on In-Store Shopping: Research Debunks Common Myths, October 2014*

51,000 of the respondents prefer personalized coupons/exclusive offers and 38,400 of the respondents want to receive recommendations for products. We can observe that online information and smartphones have changed the behavior of consumers regarding their needs. The consumer's expectations tend to develop if opportunities show up (applications, devices) and innovations. Clients prefer shops that tend to offer them different personalized experiences. According to Bigne, Ruiz and Sanz (2005), retailers have benefits because they take advantage of their online presence via different applications in order to offer coupons and recommendations that are personalized for different shoppers. If the creation of new needs is combined with the desire of satisfying the companies' customers, then marketing specialists who invest in the field of research and development of a business and in the sales department, will show up on the market using new instruments and strategies. They will use this at their own advantage, offering to the old/devoted customers and to the new clients, the possibility of achieving their wishes regarding the demand on a certain market of products. Coupons and personalized recommendations remain catchy especially in the retail sector. Firms are already beginning to react regarding this aspect.

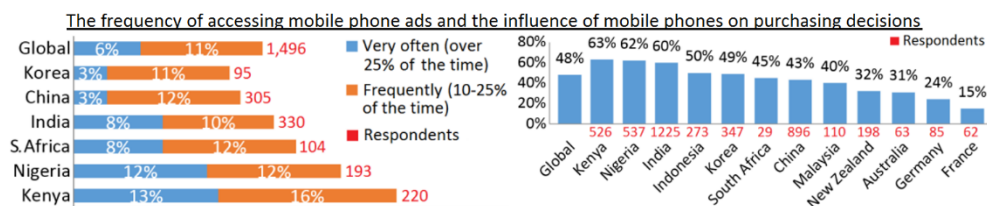
#### 4. Who uses proximity marketing for clients?

In the tourism sector, the travel companies, especially the air-traveling company Emirates have adopted the proximity technology, to help passengers in the boarding procedure. Thus, they are able to estimate how long the security control will take and they also have the possibility of finding their luggage. Airline companies are especially focusing on offering effective services and useful information for their passengers, regarding terminals and

efficient boarding. With regard to hotels and restaurants, the staff is interested in the way the guests use the utilities. In other words, the Beacon offers the benefit of observing the guests. Starwood Hotels & Resorts uses a proximity application that allows guests to bypass the traditional check-in procedure and go directly to their room. This way, the guests will be able to get to their room using only their mobile phone/tablet. In the retail sector, the skin care company Nivea, has adopted a famous campaign called “Ad Shield”. The Campaign brought child-tracking bracelets to the market. These were attached to magazines and they could easily be cutout and put around the child’s hand. Immediately a mobile app began to download and a maximum distance limit was set. When the child left the determined perimeter, the parents were alerted by their smartphone. The bracelet was made out of a humidity resistant paper and it could be reused. The campaign was developed around the image of Nivea Sun Kids. Nivea won the Mobile Grand Prix prize, and it serves as a model in the implementation of successful beacons. In Australia, proximity marketing was adopted exclusively for commercial centers. Although, in the financial and banking sector, the Australian bank St. George is the first bank in the world to adopt the iBeacon technology. With its help, the clients receive messages and information adapted to banking services. For the moment, this is available only for the people who use the software offered by Apple. Eventually proximity devices make their entrance in the education sector. Professors from various developed countries use the built in detection system in order to verify the presence of students in the classroom. This works only if Bluetooth is enabled and it is no longer mandatory to own an IOS device. The application is called “BeHere”. It is available in both the United States and Germany. Parents are required to buy iPads for their children, or the schools offer these devices free of charge.

### 5. Mobile phones become more comfortable

According to the study conducted by InMobi in 2014, 61% of 13,963 participants are mobile phone users who believe that the phone is more comfortable compared to the TV and online ads. Mobile ads found in applications are the most popular among mobile phone users. The research also pointed out that a specific format for mobile ads addresses different consumer segments. 48% of 10,653 participants believe that the commercials received via mobile phone channels are consumer’s favorite applications. The search engine occupies the second place. In the survey, respondents were asked, how often they click a mobile display ad. 17% of 8,796 participants answered positively. Thus they frequently access ads immediately after being displayed on the mobile phone’s screen.



Source: Made by the author - data from Inmobi 2014

We can observe from the distribution of the responses that African countries are above the global average, they are represented with a percentage of 29% Kenya, 24% Nigeria, 20% South Africa. Furthermore, India recorded a percentage above global average and higher than other Asian countries. In the article from Inmobi, 9,519 participants were asked about the device that influences purchasing decisions. Thus, 48% of respondents voted for the mobile phone. Below you can see the percentage obtained by the mobile phone worldwide.

African countries believe that the mobile phone remains the most influencing device in purchasing decisions. In contrast, European countries such as Germany and France do not share the same opinion, obtaining a small percentage of 24% and 15%.

## **6. Solution for big retailers**

A solution for big retailers is the development of an application, available for the mobile phone that has the purpose of showing clients the locations of the sought products inside their favorite shopping store. This will be achieved by setting up the best shopping route, in other words spending a short time in a shop. First of all, the app must provide the possibility to create an account for new users and/or a possibility of *logging in for the existing ones*. The customer's favorite store must show up in a list of stores found in the app. Thus, adding the store information (name and address) can be made after signing membership contracts/cooperation protocols between application owners and shops. The location of the products in the store can be determined only when the customer uploads the shopping list to the internet. As mentioned, each user will have the right of *creating a shopping cart*. The shopping cart must be filled with products and the producer's name must be selected of each product (e.g.: Băneasa flour). The shopping list must include the quantity and the price of the product. After adding products to the virtual shopping cart, the *total price* will be calculated. The shopping cart can be "filled" only after the user logs into the application. Right after finishing adding products to the virtual shopping cart, the user may choose to configure his route. This choice will show up on the mobile phone's screen and it will mark the checkpoints for the selected products. In other words, the user of the application will know where to find the products he needs without looking for them inside the store. The configuration of the route will generate details regarding the time needed in order to finish shopping. Before choosing the route, the user of the application may *return to the route's configuration by editing his shopping chart*. After determining the final cost, the total will be calculated. The next step for the user will be to *configure the route*. At the moment of the transaction, the store's staff will hand the receipt/invoice to the customer. The documents issued by the seller shall contain a QR code that will be scanned with the help of the mobile app. This code will be required in order to verify the correlation between the products purchased by the customer and the ones showing up in the virtual shopping cart. After signing the membership agreements/cooperation protocols, the producers will have the opportunity to interact with clients through this app. Personalized offers and recommendations will be sent to clients based on their preferences. For instance, when buying more products, the app automatically offers a voucher that will be more "generous" as the number of products increases.

## **Conclusions**

In conclusion, at a global level, on one hand, digital marketing is an instrument by the means of which companies can achieve remarkable financial results, and on the other hand, consumers can satisfy their usual information needs. The information will be disseminated in an easier way by the use of various applications/devices that connect companies and customers. With the help of these communication channels search times for the wanted information will get lower. The new trends of consumerism already make an entrance in different fields and sectors. Thus, companies begin to anticipate the clients' next moves. If the massive upgrade in sales technology will be linked to personalized offers, recommendations and coupons for consumers, the companies will be pleasantly surprised to notice that their current and new customers will approve and will be interested in their products/services. These technologies will also help develop merchandising in commercial

places by studying the behavior of clients when shopping. As mentioned in the paper, there will be more sectors that will gain advantages with the implementation of proximity technology. Investments in the sales technology will generate newer and greater needs that customers will be willing to satisfy. The opportunity of the companies comes with the massive development of technology and with standardizing trends through devices that are easy to use and with the evolution of the consumer's requests. As the study shows, companies make great plans related to the digital market for the next period. The paper underlines the fact that proximity marketing will remain a way of interacting with clients and will represent the foundation for the next digital trends. The companies from developed countries are interested and they are investing high amounts of money in order to shorten the distance between company and customer.

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