

ADOPTING PROXIMITY MARKETING: A STRATEGIC APPROACH FOR MEETING CUSTOMER DEMAND AS QUICKLY AS POSSIBLE

Saurav Kumar

Senior Faculty, Corporate Secretaryship Department,
K.B Womens College, Hazaribag, Jharkhand, India .

Email : saurav1980kumar@gmail.com

ORCID iD : 0009-0001-4667-0136

Abstract

Proximity marketing is emerging as a key strategy for marketers to connect with consumers through their mobile devices. By sending customized messages triggered by consumers' precise geographic location or factors such as weather, time of day, user preferences, and prior purchase history, proximity marketing has tremendous potential to deepen consumer engagement, build brand equity, strengthen customer loyalty, and boost revenue across a broad range of enterprises, including retailers, hotels and casinos, airports, and entertainment parks. Proximity marketing has proven to be a powerful tool. By targeting consumers based on their physical location, businesses can deliver highly relevant and timely messages that drive engagement and sales. The success of campaigns by companies like Coca-Cola and Kiehl's underscores the potential of this strategy. As technology continues to advance, the opportunities for proximity marketing will only grow, offering even more ways to connect with consumers and enhance their experiences. By staying informed about the latest trends and best practices, businesses can unlock the full potential of proximity marketing and achieve significant returns on their investments. However, realizing the promise of proximity marketing isn't a given when consumers can, with a simple swipe on their mobile device, choose whether to engage with marketers or shut them out forever. An effective strategy depends on marketers simultaneously addressing three important considerations: defining their business goals; designing an effective customer experience; and understanding the technology needed to enable their strategy and realize their goals. As proximity marketing evolves, it is clear that a successful deployment is more complex than most retailers initially imagined. Marketers must

determine the right balance of content, communications method, technological sophistication, and financial investment to deliver a rich and seamless consumer experience.

Research Objective: This article presents how companies can use Proximity Marketing to enhance their service experiences through a real-time mass customization and personalization of their promotions.

Keywords: Proximity Marketing, Mass Customization, Consumer Service Experience.

Introduction

With so many fast evolving, consequential trends, it is no wonder strategists and business leaders are feeling inundated. The situation is akin to the way we might look at a mosaic: As we marvel at the individual pieces and the intricacies of the pattern, we don't necessarily consider how the elements interlink to make up the cohesive whole. Proximity can help. By proximity we mean that *the value companies create (through products, services, or experiences) is moving closer to the moment of demand in time and space*. In other words, thanks to technological advances, procrastination is increasingly a smart choice. You can wait for as long as possible (analysis), until you have a specific customer, with a specific set of needs, before you produce or provide a product or service (synthesis). This goes beyond simply competing on the basis of speed; there is now an unprecedented opportunity to deliver personalized solutions, to a growing band of digital customers, at the point of demand. The literature aptly proclaims that mass customization and personalization increase the consumer experience with regard to the service. In fact, a study of the American customer satisfaction index (M. D. Johnson et.al, 2001) and one of the European customer satisfaction index (C. Fornell et.al, 1996) demonstrate that the experience of service through personalization and mass customization has an effect on customer satisfaction. In addition, this factor increases customer loyalty (K. Kwon and C. Kim, 2012). Some authors such as Pine (1993) even claim that mass customization is at the heart of differentiation on the market, since it allows the customer to create a product according to his own needs (G. Miceli et.al, 2007). Going further in this process, it is possible for companies to benefit from this client participation in order to adjust their offer. This involves the co-creation of values between the supplier and the customer. In this context, it must be emphasized that it is not the offer of the supplier itself that takes precedence, but the value perceived by the customer, namely the "value-in-use". With this in mind, it goes without saying that companies integrate this perspective of "value-in-use" and work on the co-creation of the client's experience in order to explore and implement strategies

(J. Rowley, 2008) geared toward the latter. Thus, personalization and mass customization prove to be the keys for companies to successfully increase the experience of personalized service. Managers must therefore be in a position to comprehend and master these two concepts in order to respond to the consumer's needs and to contribute to the company's ROI and brand image. We postulate that one form of emerging marketing contributes to personalization and mass customization: the Proximity Marketing. The latter is based on the identification of the customer's geographical position using a wireless connectivity. The transmission of information is executed on the condition that the consumer is equipped with an electronic device (such as a smart phone or an electronic tag) and has given his prior consent. In this way, businesses can send the advertising content to a specific person and a specific location. This contributes to a personalization and customization of the service for an increased experience. As an example, millions of consumers in Japan have agreed to receive mobile alerts from McDonald's who offers customized messages comprising discount coupons, competitive opportunities, invitations to special events, therefore unique content that is specific to the brand [6]. Thus, Proximity Marketing adapts the marketing offer and personalizes it, in real time and in terms of the customer's location. In addition, Proximity Marketing provides tangible benefits for consumers, such as time (shopping, cash register, delivery) (D. C. Edelman, 2010) and money savings (promotion) (D. Slettemeås, 2009). These prove to be well-known advantages desired by consumers that are leading to an enriched experience with the service. *This article presents how companies can use Proximity Marketing to enhance their service experiences through a real-time mass customization and personalization of their promotions.*

Proximity Marketing: Definition and Development

Proximity Marketing is the wireless and localized distribution of advertising content related to a specific location. It involves geographic identification of consumers by means of technology such as wireless devices, GPS, radio frequencies, Wi-Fi, Bluetooth Low Energy, and Near Field Communication. Proximity Marketing implies that firms must dispatch their advertising contents to targeted geographic locations where potential customers have been identified. The first studies on commercial activities positioned geography at the center of interest in marketing (Sheth et al. 1988). In the 1990s, marketing agencies started using systems based on geographic information. The combination of geographic, spatial, sociodemographic, and consumer behavioural information with sophisticated tools for data-pattern finding and market analysis drove Proximity Marketing. Despite the transformation from mass media to media geolocation targeting (Gallopel and Cliquet 2002) and the leveraging of geographic visualization and

analysis of marketing techniques and data, marketing activities are still designed to achieve financial objectives, increase market share, and enhance consumer loyalty (Freire and Santos 2009). Proximity Marketing takes the market's spatial reality into account (Calcium and Willart 2012); it involves direct interactions with customers, and leveraging their experience and knowledge for firms' business activities (Cova, Louyot and Louis-Louisy, 2003). In other words, Proximity Marketing lets firms propose tailor-made offers for each individual consumer. Firms aim to develop loyalty to their products so they can ultimately benefit from rapid returns on investment (Goel 2007), increased sales, and a consolidated brand image (Bickers 2008).

The Technology-Based Antecedents of Proximity Marketing

The antecedents of consumer reactions to Proximity Marketing can be categorized into two groups: technological characteristics and consumer characteristics. The technology-based antecedents comprise the attributes that characterize the technology and the benefits it yields. Understanding the relationship between the technologies' attributes and their benefits is crucial in the context of Proximity Marketing, where the technological advances and short life cycle are critical. Depending on their nature, technologies can yield diverse benefits. For example, Mimouni (2006) identified economic and commodity, hedonic, and symbolic benefits. Economic and commodity benefits are related to product quality and functionality. Hedonic benefits are related to the discovery, entertainment, sensory, and emotive satisfaction that can be derived from products (Hirshman and Holbrook 1982; Mathwick et al. 2001). Symbolic benefits relate to the membership and recognition that one may have in an organization in terms of special status (Pruden et al. 1972), respect and esteem (Hughes 2000), consideration and specificity (Surprenant and Solomon 1987; Volle and Mimouni 2006).

The Individual-Based Antecedents of Proximity Marketing

Proximity marketing may generate three main consumer reactions: privacy sensitivity (Angeles, 2007), lack of knowledge (Juban and Wyld, 2004), and technology-related anxiety (Pramatari and Theotokis 2009). Consumers may question the cost and benefit of adopting new technologies. For example, the "privacy trade-off" reflects consumers' disclosure of some aspects of their private life in return for specific benefits from a retailer. When they accept this contractual arrangement, consumers assess the positive and negative effects of disclosing personal information disclosure (Milne and Gordon 1993; Sloan and Warner 2013) and may react in three ways: adoption, reluctance, or resistance to new technologies. The level of benefit

in comparison to the cost of abandoning private life will determine whether they engage contractually with an organization (Culnan 1991, cited in Milne and Gordon 1993).

Key Shifts in Proximity

There are four key shifts that enable proximity:

1. From physical customers to digital customers.

The domination of Amazon, Google, and Netflix in their respective markets is due to a large part on their ability to turn physical customers into digital customers. This shift isn't just about delivering speed and convenience — it's a shift that also puts continuous flows of highly valuable customer data in the hands of the firm. That data can subsequently be used by manufacturers and service providers to track trends, identify what improvements they might make to existing products, and come up with ideas for new ones. In another example, the electric vehicles (EVs) that the Chinese automobile manufacturer Chery's customers drive, like those of Tesla and others, can constantly track information (how quickly the driver accelerates, how far they drive, when they drive, and where and when they charge), which provides a continuous real-time stream of user feedback. This ongoing interaction with the customer empowers the second strategic shift.

2. From economies at scale to personalization at scale.

Thanks to AI, robotics, additive manufacturing, and other technological advances, the cost of customization is declining and the personalization premium is increasing. We are approaching a tipping point at which building a product not for a market or a segment but for an individual user, or even use, is becoming economical. An MIT team applied the same technology that powers Coca-Cola's Freestyle vending machine, which can economically produce a single-serving of a personalized soda flavor, to prescription drugs. A typical car manufacturer can produce 35 cars per hour on a single line. Chery, using COSMOPlat's advanced AI, can produce 60 cars per hour, including traditional internal combustion, fully electric, hybrids, and extended vehicles, and a variety of models using multiple different brands, according to my interview with COSMOPlat executives. Their technology allows them to rapidly reconfigure the production line, enabling each vehicle to be built to each customer's specifications. This ability to personalize at scale, combined with the ability to shift from physical to digital customers, enables another shift — a move from search and towards creation.

3. From search to creation.

Google and Amazon grew to dominance by helping people search for information or products that were already produced. Today, a customer's query can lead to the creation of entirely new things. In other words, companies no longer have to produce for predicted demand; they can produce only *after* there is demand. For example, QuickParts, which was founded in 1999, now uses advanced manufacturing approaches located in six in-house locations in the U.S. and Europe, plus a network of partner locations around the world, to produce customized parts on-demand, close to where its aerospace, automotive, and industrial products customers need them. Similarly, Chery doesn't have to produce a batch of vehicles in advance of sales because digitization has made the manufacturing process so much faster, it can wait until the order has actually come in. Thanks to COSMOPlat's technology, it has been able to shorten the order-to-delivery time frame to as little as 15 days. From the manufacturer's perspective, producing at the point of demand has a number of advantages. There is much less risk, because you don't make your product until someone orders it, and it also reduces waste. Ten to 30% percent of clothing globally, for example, is never sold — and is simply thrown away. If you only produce what people order, waste would approach zero. Producers can rarely deliver rapid, personalized, proximate in today's interconnected world without the collaboration of suppliers and complementary products and services, however. Which brings us to our fourth strategic force at play: moving from a customer-centric toward an ecosystem centric mindset.

4. From customer centricity to ecosystem centricity

The fourth shift is a historic rebalancing from a focus on customers towards to a focus that also includes partners and suppliers. As Felix Oberholzer-Gee of Harvard Business School has pointed out, the value companies create derives not just from increasing their customers' willingness to pay, but also their suppliers' and partners'. We are seeing, among our chief strategy officer and chief innovation officer communities, a shift from a customer-centric perspective to a more balanced ecosystem-centric mindset, which recognizes that suppliers are equally important stakeholders. Companies able to establish closer, more coordinated, relationships with them can deliver more timely, personalized experiences to their customers. In Chery's case, the company increases their ecosystem of 2,000-plus suppliers' "willingness to sell" by being a great partner to sell to. For example, they help suppliers improve products or services and create new ones by providing customer insights derived from their infinite flow of user data. They try not to ask suppliers to produce parts until they have an order, so there is less risk of parts languishing in inventory or never being needed. When a supplier produces a part for them, that supplier knows they will be paid because there is already a customer who

has placed an order. One might say that the company is not only selling cars; it is selling orders for car components to its ecosystem of suppliers. These four forces — digital customers, personalization, production on demand and ecosystem centricity — are moving every industry toward proximity. What can firms do to identify near-term opportunities proximity provides?

Four Steps Towards Proximity

Our analysis has identified four steps that can help strategists and leadership teams identify potential strategic moves that proximity may offer. While some of these moves may be long-term and visionary, we have found that simple, inexpensive actions can deliver immediate advantages, too. It doesn't require a big leap in proximity to create a substantial edge.

Step 1: Envision P=0.

Step back from your industry and envision the state we call “P=0,” the hypothetical point at which value is created at the same time and in the same place as need arises. For example, a food importer of plantains we worked with envisioned P=0, with the leadership team imagining a scenario in which kids at a middle school get hungry just as the bell rings for lunch. As they walk into the cafeteria, the plantains that had minutes earlier been seeds have gestated, grown, ripened, and then been cut and cooked, ready for the children to serve themselves and eat. The scenario may seem preposterous but, envisioning P=0 immediately evokes barriers. The next step is to lean into those barriers and systematically analyze them.

Step 2: Assess the barriers.

This exercise predictably surfaced all kinds of barriers, including industry norms (school cafeterias tend to plan menus and place food orders in advance), technology (we can't cut and cook plantains that quickly), regulation (we need time to conduct quality checks on the food), and even scientific understanding (it takes a plantain three to four months to grow). Build a robust, exhaustive list of barriers. Let all the fears and frustration be spoken and heard. Then prioritize a set of two to five that, if removed, might have the greatest impact.

Step 3: Brainstorm proximity trends.

With a handful of key barriers documented, think through the trends that may open up new possibilities for removing them. Start with some of the trends highlighted above (AI, 3D printing, IoT, robotics, for example) and then brainstorm additional ones that may be specific to your sector (in the case of the case of the plantain importer, such trends include controlled

environment farming, genetic modification, or precision farming). While it is tempting to focus solely on new technologies, this can be a mistake. Technologies may enable proximity, but other trends may also do the same thing. For example, rising geopolitical uncertainty increases the frequency of supply chain disruptions, which make importing from long distances more costly. At the same time, the premium customers are willing to pay for local products, may be rising.

Step 4: Map and prioritize opportunities.

Finally, map the barriers (from step 2) to the trends (from step 3). Take one barrier at a time, and for each, tick through each of the trends asking, “How might this trend remove or reduce this barrier?” Let people brainstorm ideas: This will provide a list of opportunities to consider (e.g., using vertical farming to shorten plantain gestation times, using 3D printing create foods closer to schools). To prioritize the opportunities identified, ask two questions of each opportunity: 1) how easy or difficult would it be to pursue this opportunity (considering technological feasibility, likely cost, time to market)? And, 2) if we were able to use this trend to remove that barrier, what would the impact be? You might plot the ideas on a 2 x 2 matrix of ease and impact. Don’t rule out potentially high-impact opportunities that seem too difficult. In our experience, it is these types of seemingly “crazy” ideas that lead to the biggest leaps in advantage, because the technologies and other trends driving proximity are moving so much faster than most people believe they are. What at first seems a joke, with a little digging, you find is actually happening. For example, these four steps eventually led the food importer to the idea of 3D printing food with a paste made from one of their core ingredients. The idea seemed potentially high-impact, but also inordinately difficult. They were about to laugh the idea off as a joke. But instead of dropping the idea, they did a little research and found that 3D food printing technology is actually far more advanced and affordable than they had thought. So, they funded a small pilot, that led to another, that put them on a path that could potentially lead to proximate advantage (Kumar, S., 2024). These same four steps have led to leading edge developments in other industries, too. A law firm began exploring a combination of human and AI-enabled solutions which would enable it to deliver legal advice to clients without the need for a meeting. A car wash chain envisioned building smaller form car washes that could be operated with fewer staff, and therefore be placed closer to residential areas to intercept customers before they got to the competition. A furniture company thought of ways to do more of the furniture assembly at their retail locations, facilitated by 3D printing of certain parts, to reduce inventory, shorten customer wait times, and provide more customized options.

Proximity is more than an abstract idea. We have found that when applied systematically, it can create strategic clarity and reveal tangible, valuable, and near-term strategic moves.

How Proximity Marketing Is Driving Retail Sales

Dating back to 1960 and E. Jerome McCarthy's concept of the "Four P's of Marketing," using Product, Price, Promotion and Placement as the primary pillars of marketing strategy has served companies and their investors very well. And although the Four P's have gone through various iterations over the years, I believe that another "P" - "Proximity" - is most relevant to investors today, as it represents the final connection between companies and consumers. With Bluetooth-enabled devices and a consumer who has expressed a willingness to receive ads ("opted-in"), leading retailers and brands including Apple, Macy's, Coca-Cola and Procter & Gamble are utilizing Proximity Marketing to close the last gap between the customer and the register. The idea of Proximity, the physical location of a product with respect to the consumer, involves a new dimension previously untapped given the limits of technology until recent years. Sometimes called hyperlocal marketing, Proximity Marketing uses cellular technology to send marketing messages to mobile-device users who are in close vicinity to a business. Via a Wi-Fi or Bluetooth signal, proximity marketers can send content similar to a mobile application program (app) that appears automatically on the mobile devices of consumers. While the audience is limited to those in the proximity of the business and those using its wireless signal, the message is very user-friendly and reaches those most likely to buy.

According to JiWire, the facts are clear as it relates to the value of Proximity Marketing:

- 53% of consumers are willing to share their current location to receive more relevant advertising.
- 57% of consumers are more likely to engage with location-based advertising.
- 62% of consumers share local deals with friends.
- 63% of consumers feel a coupon is the most valuable form of mobile marketing.
- Targeted offers based upon proximity leads to higher conversion rates, which is the ultimate goal for brands and their investors.
- In an article on iMedia Connection, Yory Wurmser talks about Apple and its role in Proximity Marketing. "Apple created a wave of excitement in the retailing world last

fall when it released iBeacon, a proximity messaging system based on Bluetooth Low Energy (BLE) location beacons and integrated into iOS. By baking hyperlocal messaging into the operating system and letting apps send push notifications seamlessly, iBeacon and similar capabilities in Android promise to make hyperlocal marketing a much bigger reality.” Even if you are not pushing offers to willing consumers, a big initial contribution of hyperlocal tracking may be improved analytics rather than proximity messaging.

- Macy’s, an early adopter of Proximity Marketing, announced in September that it will be rolling out the technology to all of its stores after a successful pilot last holiday season. Shopkick’s shopBeacon technology, an enhanced mobile location-based feature built upon Apple’s iBeacon, will be placed inside certain store departments and allow Macy’s to send personalized department-level deals, discounts, recommendations and rewards to customers who opt-in to receive the offers.

In addition, brands such as Coca-Cola, Procter & Gamble, Levi’s and Kraft have implemented InMarket’s version of the technology. InMarket has reported that interactions with advertised products increased 19 times and in-store app usage was 16.5 times higher for users who received a beacon message. In casinos, beacons can be placed at the entrances to engage customers as they enter (or exit) the casino. Further, beacons can be placed in the slots and ER gaming area, the poker room, the gaming tables, the bars and restaurant. This allows casino operators to engage with customers depending upon their gaming and visitation behaviours. A large casino in Las Vegas is using Proximity Marketing to tailor messages to customers of all types. For example, someone could enter who is not a member of their players club, and a reminder could be sent on the benefits of joining and instructions on where to sign up. On the flip side, VIP customers could come in and be sent a welcome greeting. In addition, VIP hosts could be alerted and meet the VIP guests with their favourite drinks.

The Future Of All Business: Proximity, Scale And Business Model Innovation

We are witnessing the beginning of a proximity onslaught. Emerging technologies and new business models enabling companies to *produce and provide products and services ever closer to the moment of demand*. Rooftop solar installations producing energy on site. 3D printing generating increasingly complex products at locations far smaller than traditional industrial facilities. Delivery drones plying our roads and skies. All of these technologies and others, from artificial intelligence and blockchain to Internet of Things and cloud, enable us to distribute

sensing, intelligence, decision making, production and transactions to ever more granular and numerous locations across the economy. This access to every moment in time and space offers opportunities to serve customers in ways never before envisioned (Kumar, S., 2023). This isn't new. Innovations such as "just-in-time" inventory or the photocopier enabled proximity. The difference today is the magnitude and velocity of the trend. Over the next couple of generations, proximity will create Schumpeterian "gales of creative destruction" remaking *every* industry. An axiom explains this trend: customers want what they want, where and when they want it. The limiting factor has not been a lack of desire but a lack of capabilities. Businesses simply *couldn't* competitively produce and provide most offerings at the moment of demand. This is changing. Proximity presents profound implications for business. Here we'll explore two-- scale and business model change—and suggest paths forward.

Scale Ain't What It Used To Be

Proximity changes the competitive relevance of scale. Some pundits argue that technologies such as 3D printing or crowdfunding hand the advantage to individual entrepreneurs or smaller companies—a simplistic assessment. While Uber was small when founded in 2009, it's not small today. Few of the thousands of companies attempting to leverage Uber-like models will succeed. Rather than advantaging small entrepreneurs, technologies that enable proximity exchange traditional heft for new forms of scale. Uber's version of scale confers convenience and coverage. A user can access the same platform in hundreds of cities worldwide. Scale still matters, but for different reasons. We today have a global industrial supply chain optimized for scale manufacturing at a distance. Generally, larger plants equal lower costs. Additive manufacturing will challenge traditional scale advantages particularly in cases where low production runs and/or local responsiveness add value, or where goods currently travel great distances. Consider that perhaps 20% of plastic automotive replacement parts cost more to transport than to manufacture. With a 3D printer, a dealer or consumer could hypothetically download a design file and hit print. Where on-site, on-demand production offers customer value, supply chains will transform. Today, 3D printing capabilities and infrastructure are limited. Change over the next few years will be modest. Over the 10 to 20-year horizon, an array of products will succumb to additive manufacturing. Networked, distributed production will gradually complement or replace massive plants, though the transition won't be linear. For many products, massive plants will continue to dominate for years. In other cases, large 3D printer farms might win. Still others will leverage numerous distributed, small-scale production capabilities, owned by themselves or others, benefiting from a *scale of access* rather than scale

of ownership. Hybrid models offer a path for incumbents. Continue optimizing traditional assets while simultaneously experimenting with production closer to demand. Those that do so are more likely to be ready when their customers are (Kumar, S., 2023). The transition will be difficult. Substituting new distributed production capacity for existing capacity negatively impacts asset utilization, a key performance metric. But those who don't make the tough choices risk failure. Christensen shared the case of large integrated steel manufacturers failing to address the rise of minimills. A similar dynamic will occur across a wide swath of manufacturing. Established players with longer strategy horizons will be able to phase in distributed manufacturing capacity, perhaps instead of adding traditional capacity. Some players might decide to focus on defending core, traditional capacity, but why risk an "all-in" strategy if you don't have to? When paradigms truly shift, defending tradition rarely prevails.

New Worlds, New Requirements

Any robust proximity strategy must include a capability foreign to most enterprises: business model agility. Exploring and scaling business models on an ongoing basis. In the 19th century, chemical industry pioneers BASF and DuPont invented the corporate R&D lab. What we might call the *business model lab* represents a 21st Century analogue, not replacing but complementing R&D. Ecosystems like Silicon Valley and Israel have succeeded in part because of widespread experimentation with new models. Start-up accelerators like Techstars or Y Combinator and innovation ecosystems like 1871 in Chicago are essentially business model labs, rapidly iterating combinations of technologies and business designs. Smart incumbents are becoming more aggressive at such experimentation. GE created FastWorks to bring the power of start-up culture in to its centi-billion -dollar enterprise. FastWorks enables rapid product and business concept iteration with customers even in heavy industry or regulated environments like power generation and healthcare. It's a challenging cultural evolution that their CEO, Jeff Immelt, and Vice Chair, Beth Comstock, have personally championed. They know it's essential for GE's future.

Proximity As Foresight

Most businesses consider how new technologies might help them do what they already do, just better. This isn't enough. The more potent opportunities and threats arise from technologies enabling what was hitherto impossible. Alas, it's tough envisioning what has yet to arise. An exercise with proximity can help. First, consider your company's offerings. What is their *value* for your customers? Not your specific products or services, but their value to

customers and/or their customers. Now if we imagine 20 years from now. Assume that this value can be completely produced and provided proximate to demand (Kumar, S., 2023). For the exercise, don't argue about whether this will be possible. *Assume* it will be so. How might your industry look different? How might your company fit within this new world? Many companies will find their current offerings marginalized or irrelevant. Under Johnson's leadership, Castrol went from strength to strength, but he knew that in the future some customers might no longer need lubricants (e.g.—electric vehicles require no engine oil). In 2010, Johnson challenged his team to consider, "How will Castrol make money when people no longer need lubricants?" Castrol identified opportunities and built a portfolio of relevant projects—options on the future—through their corporate venturing arm, [Castrol Innovators](#).

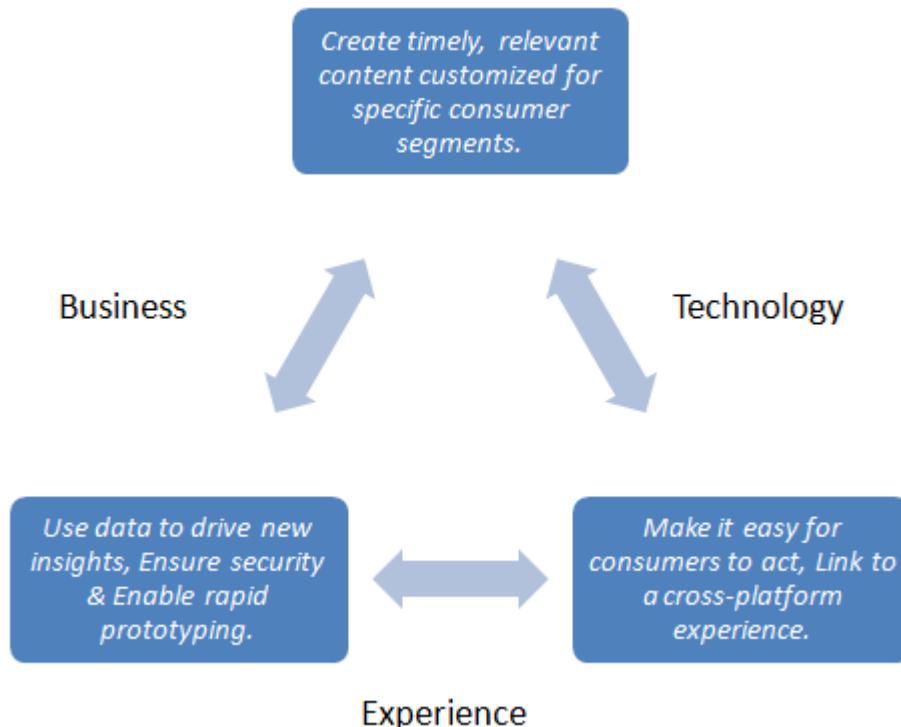
Looking through three lenses

Proximity marketing is evolving so rapidly and its capabilities are expanding in so many directions that even those companies whose campaigns are now delivering robust results cannot rest. Whether companies are just beginning to explore this new marketing medium, are looking to stay current, or want to get out in front of the competition, in order to determine the best approach — the most compelling message and the technology that will deliver it most effectively — they should evaluate their proximity marketing strategy through three interconnected lenses: business, experience, and technology (Kumar, S., 2024). Begin by articulating your business goals: How can proximity marketing help you identify and leverage the right opportunities to drive growth and profitability within your organization's operating model? Then define the elements of an effective customer experience: How can you create an emotional connection with consumers that fuses the best of both the physical and the digital realms? Finally, understand the technology needed to enable your strategy and realize your goals: What technologies already exist in your organization and which new technologies should you invest in to shape, support, and complement the overall capabilities of the campaign? How can technology enable more data-driven decision making and real-time optimization of the experience?

Result & Findings : Connecting across multiple channels

This three-dimensional approach can help marketers figure out how they can most effectively tell a brand story to a targeted audience through a specific medium.;

Figure 1: Conceptual Model for three-dimensional approach to proximity marketing



Business

- *Create timely, relevant content customized for specific consumer segments.* A thorough understanding of consumer market segments is necessary for marketers to identify gaps in their overall marketing campaigns and ensure that the content of each marketing medium's messages meets specific consumers' needs. Once marketers have a comprehensive picture of consumers' preferences and behaviours, they can use proximity marketing to deliver the right message to the right consumer at exactly the right time. For example, a casino might track its VIP guests through a relationship marketing program. When guests arrive, they could be offered a welcome greeting as well as promotions for specific gaming and entertainment experiences based on their previously tracked behaviour. On the flip side, VIP hosts could be alerted when those guests are in the house and meet them with their favourite drinks and personalized service.

Experience

- *Make it easy for consumers to act.* Proximity marketing is fundamentally a call to action. Persuading a consumer to engage starts with a message that not only meets brand guidelines

but is easily comprehensible on a smart device (Kumar, S., 2024). Wording must be clear and concise, especially given the limited real estate on mobile devices, and it must connect the consumer to other media channels in a way that aligns to the content strategy. For example, a retailer and a consumer packaged goods company might collaborate on an email campaign to send consumers digital coupons for a specific brand of snacks. Once the consumer is in the store, the retailer could leverage proximity marketing to entice the consumer to buy a related product from the same manufacturer. Brands such as Coca-Cola, Procter & Gamble, Levi Strauss, and Kraft Foods reported that the number of interactions with advertised products increased 19 times and in-store app usage was 16.5 times higher for users who received a proximity marketing ping on their mobile device. However, the most compelling message will go nowhere if consumers can't opt in easily. Reducing the opt-in steps in a recent proximity marketing pilot helped a consumer packaged goods company that sells to convenience stores increase offer downloads by 25 percent.

- *Link to a cross-platform experience.* Proximity marketing provides the greatest impact when integrated into a cross-media program for branding, product, and/or service offerings that supports end-to-end consumer experiences. To succeed, businesses must bridge the silos of physical and online engagement. For example, Nordstrom alerts consumers who recently shopped online and are now near a store to let them know if any of their unshipped products are available for immediate pickup at the store. By integrating online functions with brick-and-mortar capabilities, Nordstrom can provide a uniform and seamless experience for the consumer.

Technology

- *Use data to drive new insights.* Big data analytics and artificial intelligence can help companies collect and analyze exact consumer profiles and map them to geographic locations to identify patterns, gain insights, and make meaningful offers at exactly the right time and place. The collection of data combined with predictive analytics allows companies to detect opportune situations and increase the likelihood of engagement and conversion; advanced programs can take advantage of prescriptive analytics to suggest a course of action, automate immediate actions, and dynamically adapt to consumers' evolving behaviours. As they drill down through customer segments, marketers can use cohort analysis to compare how different groups, or cohorts, of consumers behave over time. This provides a quick and clear insight into customer trends, such as how the latest customers compare with those from several years ago,

or whether consumers who joined a loyalty program over the holiday season or in response to a promotion are as active as those who joined at other times (Kumar, S., 2024). Marketers can further use cohort analysis to continuously optimize their targeting to consumers, calls to action, and content of campaigns, thereby improving ROI with every new iteration. By measuring the content and frequency of engagement, the analytics engine can predict whether the consumer will opt in, remain engaged, and ultimately convert an impulse into action.

- *Ensure security.* From small pilots to nationwide rollouts, the security of consumers, the businesses, and the associated data must be a top concern. Management and security policies must reflect the fact that the success of proximity marketing campaigns depends on providing seamless, real-time data connectivity to all smart devices. Security protocols cannot be specific to a single device, but must span the entire connectivity ecosystem.
- *Enable rapid prototyping.* Because proximity marketing is still evolving, prototyping is necessary to determine how each business can best meet consumers' needs. Pilots should focus first and foremost on the following questions: How do we entice the consumer to opt in? How and where do consumers want to receive messages and how frequently? How can we encourage continued platform use and brand loyalty? Rapid prototyping enables businesses to evaluate different technologies and types of messages, adapt quickly, and learn the most effective methods of engaging consumers. Using rapid prototyping in conjunction with cohort analysis allows businesses to customize their proximity marketing to different consumer segments quickly and efficiently.

Conclusion

Proximity Marketing has tremendous revenue-producing potential, allowing everything from retailers, hotels, casinos and more, to deepen their connection with consumers, encourage more loyalty and greatly improve the customer experience. Importantly, all of these factors combine to make Proximity Marketing a very effective tool to generate higher ROI for businesses and advertisers. As a natural evolution in the trend toward targeting consumers with personalized, timely, and geographically precise messages, proximity marketing can significantly enhance a company's overall direct-to consumer engagement strategy (Kumar, S., 2024). By using mobile communication as the bridge between physical and digital experiences, proximity marketing is a valuable and effective tool to deepen the connection with consumers and generate higher ROI for marketers. However, it is clear that its deployment is more complex than initially imagined. Success requires fusing multiple perspectives across business, experience, and technology,

rather than treating these as discrete challenges managed separately or sequentially. When companies evaluate their proximity marketing strategy through these three interlocked lenses, they will progress out of doing ad hoc promotional campaigns that don't fully scale and into building market-leading capabilities that will pay off at every point of the consumer–marketer relationship.

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