



Location Intelligence Drives Competitive Edge In The Digital Age

Enhancing Location Intelligence Is Key To
Competing On Digital Customer Experiences

A Forrester Consulting
Thought Leadership Paper
Commissioned By Loqate, A GBG solution
July 2018

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Table Of Contents

- 1 Executive Summary
- 2 Location Is The Key To Competing In The Age Of The Customer
- 4 Location Intelligence Is Challenged In A Digitally Disruptive World
- 6 Overcoming Location Intelligence Challenges Is Worth It
- 10 Key Recommendations
- 11 Appendix

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Executive Summary

Digital transformation is affecting how organizations engage with their customers across the entire customer life cycle, from marketing and commerce to products, services, support, and ongoing customer engagement. To ensure they survive and thrive in the digital age, organizations must know and understand their customers' unique context and location.

In April 2018, Loqate, a GBG solution, commissioned Forrester Consulting to explore the use of, and attitudes toward, location intelligence across industries in the UK, the US, Germany, Austria, Switzerland, Benelux, and the Nordics. Forrester conducted an online global survey of 253 decision makers with responsibility for digital customer experience and data, as well as 1,503 consumers who had recently purchased products/services online.

While location intelligence is rising in importance across both customer-facing areas and back-end systems and processes, organizations face challenges with data quality, technology, and compliance issues. These challenges are ultimately worth overcoming, as customers are increasingly interested in personalized experiences based on their location. By enhancing location intelligence capabilities, firms can deliver more of these personalized experiences to better engage customers, improve loyalty, and drive business growth.

KEY FINDINGS

Forrester's study yielded three key findings:

- › **Firms rightly recognize the value added by location intelligence across the customer life cycle.** Over the next three years, 77% of firms believe location data will be important, critical, or extremely critical to their business, compared to 50% now. Firms are employing location intelligence across customer experiences areas, such as enhancing digital experience (71%) and mobile engagement (64%), to improve how they engage customers across all stages of the life cycle.
- › **Data and technology challenges limit location intelligence effectiveness.** Nearly half (49%) of firms do not understand how to use data in a compliant manner, and 46% lack the technology to analyze and execute with locational data. Over half (51%) of firms reported that the poor quality of location data is one of the biggest inhibitors to their ability to leverage location intelligence. Data quality and technology issues especially hinder the use of address data.
- › **The business case for enhancing location intelligence maturity is clear.** At least half of consumers are interested/very interested in allowing brands to use their location information to personalize their experiences across all stages of their life cycle. Most consumers in our study are interested in receiving promotional discounts and vouchers based on location (63%) and in their location data being used to improve customer services (55%) and checkout experiences (53%). Personalizing these experiences based on location will allow firms to compete on digital customer experiences, improve how they engage customers, and ultimately boost business growth.



Firms must know and understand their customers' unique context and location to compete on digital experiences.

Location Is The Key To Competing In The Age Of The Customer

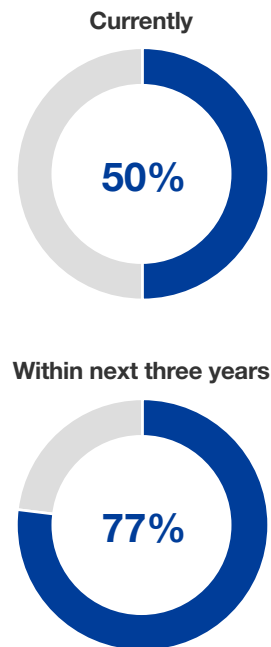
To compete in the age of the customer, firms must be good at digitally understanding their customers.¹ It is only through digital intelligence that businesses can be customer-centric and understand what it takes to deliver the experiences and value expected of them. But digital transformation has not stood still. The digital engagements we now have with customers extend across the entire customer life cycle to moments of marketing, selling, delivering value, and ongoing support. These digital moments are increasingly taking place in the context of customers moving about in, and interacting with, the physical world on smartphones; in kiosks; within branches and stores; while driving cars; and with connected devices and more digital touchpoints. Location information is an increasingly critical component of digital intelligence as businesses digitally transform. Firms in our study understand this, and they:

- › **Recognize the location opportunity.** Over the next three years, 77% of firms believe location data will be important, critical, or extremely critical to their business, compared to only half now (see Figure 1).
- › **Agree that location is critical to many functions across the enterprise.** Most business respondents in our study agree that leveraging location information intelligently is important or critical to a range of functions at their organizations, such as customer relationship management (75%), marketing (68%), and operations and IT (64%) (see Figure 2).
- › **Understand that location is key to customer engagement across the whole life cycle.** Firms are increasingly employing location intelligence in customer experiences areas, such as digital experience (71%) and mobile engagement (64%), to improve how they engage with customers across the life cycle (see Figure 2).



Figure 1

Location data is extremely critical, critical, or important to the business



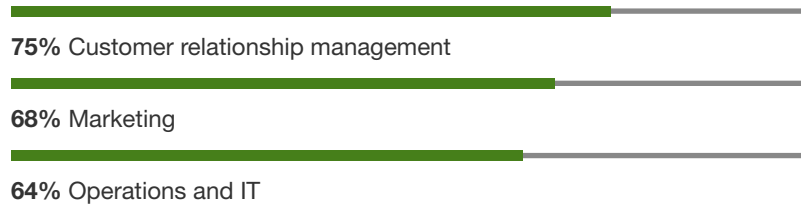
Base: 253 business decision makers responsible for digital customer experience and/or data
Source: A commissioned study conducted by Forrester Consulting on behalf of Loqate, A GBG Solution, April 2018



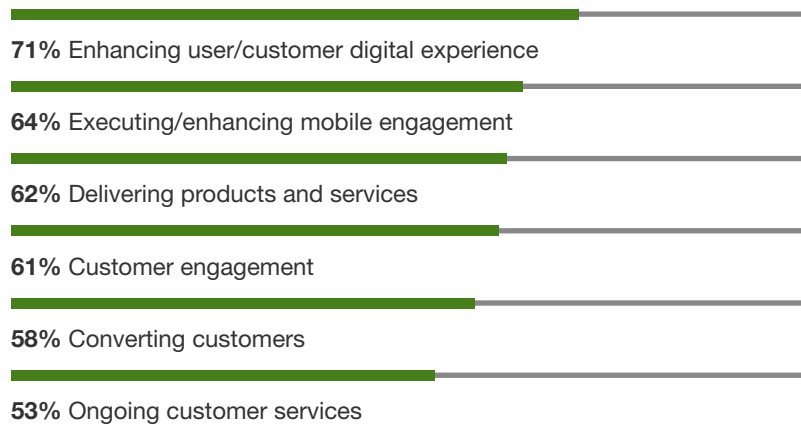
Figure 2

“How important is location intelligence for each of the below areas in your organization?”
(Showing “Critical” and “Important” requirement combined)

Business functions



Customer experience



Base: 253 business decision makers responsible for digital customer experience and/or data
Source: A commissioned study conducted by Forrester Consulting on behalf of Loqate, A GBG Solution, April 2018

Location intelligence rising importance provides differing benefits across sectors

Nine (or more) out of 10 survey respondents from the healthcare, hospitality, financial services/fintech, retail/eCommerce, and transportation/logistics sectors all indicated that location data will be important, critical, or even extremely critical to their business within the next three years. There were some interesting differences in perception across sectors on the way location intelligence delivers value:

- › **Almost half (47%) of respondents in the financial services/fintech sectors** stated that the area where location adds the greatest value is in allowing them to engage with customers in ways they never have before.
- › Similarly, **45% of respondents from the transportation/logistics sectors** reported that location adds maximum value around improving engagement with existing customers.
- › A similar proportion (**44%**) of respondents from the retail/eCommerce sector believe that the top area of value-add for location intelligence is in increasing revenues.
- › **In the hospitality sector, 40%** believe that the best opportunity provided by location is in improving brand reputation.

Location Intelligence Is Challenged In A Digitally Disruptive World

Firms are keen to embrace the role of location intelligence in delivering contextually rich digital insights that inform hyper-relevant customer experiences and enable accuracy and precision in business decisions. However, the path to leveraging location and context is disrupted by:

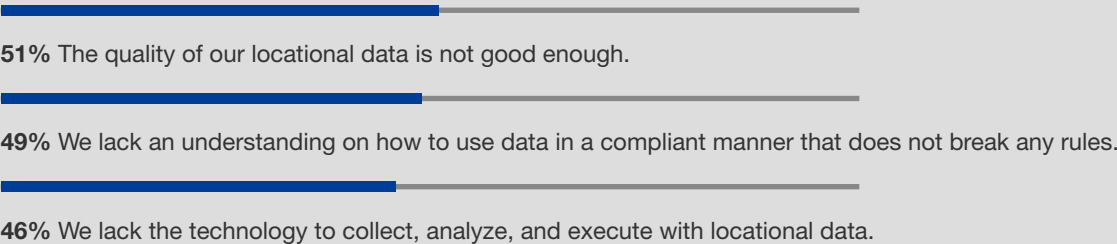
- › **Technology and compliance issues.** Nearly half (49%) of firms do not understand how to use data in a compliant manner. The onset of new, stricter regulations such as the General Data Protection Regulation (GDPR) means that the cost and complexity of compliance is increasing. Forty-six percent of firms also lack the technology to analyze and execute with locational data (see Figure 3).
- › **Poor quality of existing location data.** Over half (51%) of firms reported that the poor quality of their location data is one of the biggest inhibitors to location intelligence (see Figure 3). While firms apply location intelligence to improve customer experience and enable better decision making, they complain that the quality of their location data is poor or average in areas such as customer engagement (42%) and conversion (51%).
- › **The continued global expansion of customer bases.** While 35% of firms currently have a customer base distributed internationally within one region or multiple global regions, this will increase to 44% over the next three years. With an increasingly globalized customer base, collecting location data, gaining insight, and acting on those data and insights at the scale of the enterprise is becoming more challenging.



In the context of stricter regulations and high-profile data breaches, firms need to consider the impact of their data management processes on customer trust, as they continue to build digital relationships with customers.

Figure 3

“What are the top three factors inhibiting your firm’s ability to leverage locational data?”



Base: 253 business decision makers responsible for digital customer experience and/or data
Source: A commissioned study conducted by Forrester Consulting on behalf of Loqate, A GBG Solution, April 2018

ADDRESS DATA IS CRITICAL TO LOCATION INTELLIGENCE

Address data is a fundamental location entity connecting companies to their customers and is critical to any location intelligence practice. In our study, 53% of respondents said the quality of customer address data is important, critical, or extremely critical to their businesses. Organizations need address data frequently across a range of systems and processes, including customer relationship management (61%), point-of-sale (47%) and customer experience areas (47%).

Getting customer address data right is a location intelligence imperative. But big challenges impede firms when it comes to customers address data. Firms struggle with:

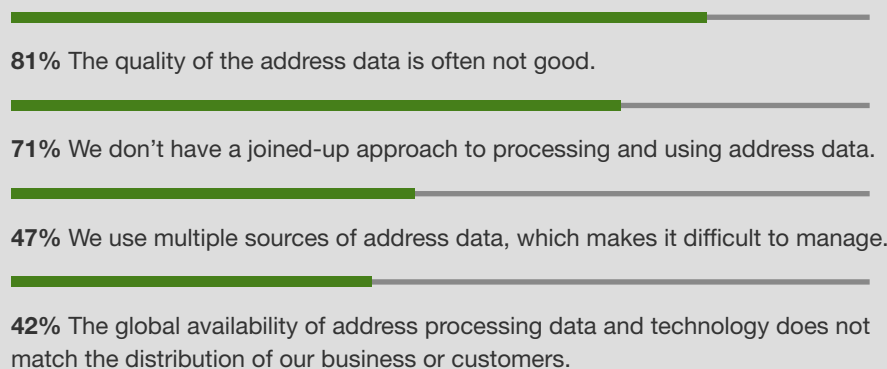
- › **Poor quality address data.** The majority of firms (81%) said that the poor quality of customer address data is a major challenge. Firms cannot extract full value from customer address data across their systems/processes if they lack confidence in the quality of data.
- › **Disjointed address data management.** Seventy-one percent of firms do not have a joined-up approach to processing and using address data. Poorly coordinated strategies on data and insights is a key factor, though a lack of support from senior leadership for data initiatives compounds the issue.
- › **Multiple address data sources and lack of technology.** Forty-seven percent use multiple sources of address data. This makes it difficult to manage. Data misalignment exacerbates the issue; 42% said the global availability of address-processing data and technology does not match the distribution of their customers.



Most firms said that the quality of customer address data is important or critical to their business.

Figure 4

“What are the biggest challenges facing your firm today when it comes to using customer address data?”



Base: 253 business decision makers responsible for digital customer experience and/or data

Source: A commissioned study conducted by Forrester Consulting on behalf of Loqate, A GBG Solution, April 2018

Overcoming Location Intelligence Challenges Is Worth It

Most firms (97%) plan to spend the same or more on location intelligence in support of customer experience and business decisions. Obstacles to location intelligence are worth overcoming because of the value added by location intelligence to business outcomes through enabling better planning and decision making. Consumer trends further exhibit the potential of location intelligence; customers perceive value in brands using their location data to personalize experiences across all stages of the life cycle (see Figure 5).

BETTER BUSINESS DECISIONS ACHIEVE DESIRED OUTCOMES

Firms reported that in addition to increasing efficiency of operations (47%), location intelligence improved brand reputation (31%) and ultimately led to increased revenue (33%) (see Figure 6). Through master data management and embedding data quality across back-end systems such as CRM, supply chain, and logistics and distribution, retail firms are already benefitting from the added context and precision offered by location intelligence in planning and decision making. Healthcare and financial services organizations can also see similar benefits of better location data quality embedded in their back-end systems.

OPPORTUNITIES PRESENTED BY CUSTOMER PREFERENCES

Location intelligence allows firms to engage with customers in ways they never have before (36%) (see Figure 6). At the same time, customers are increasingly open to allowing brands to use their location data to personalize experiences. Most consumers in our study are interested in receiving promotional discounts and vouchers based on location and in their location data being used to improve customer service and checkout experiences (see Figure 7).

Firms still have a long way to go on capitalizing on the opportunities presented by consumer preferences. As Figure 7 illustrates, areas such as promotional vouchers and discounts and checkout process are at the bottom of the location intelligence priorities for surveyed firms but near the top for consumers. With customer centricity being a core aspect of competing in the digital age, understanding customer preferences and continuously optimizing experiences through intelligent use of their data is a critical capability for firms, within which location intelligence is a key cog.²

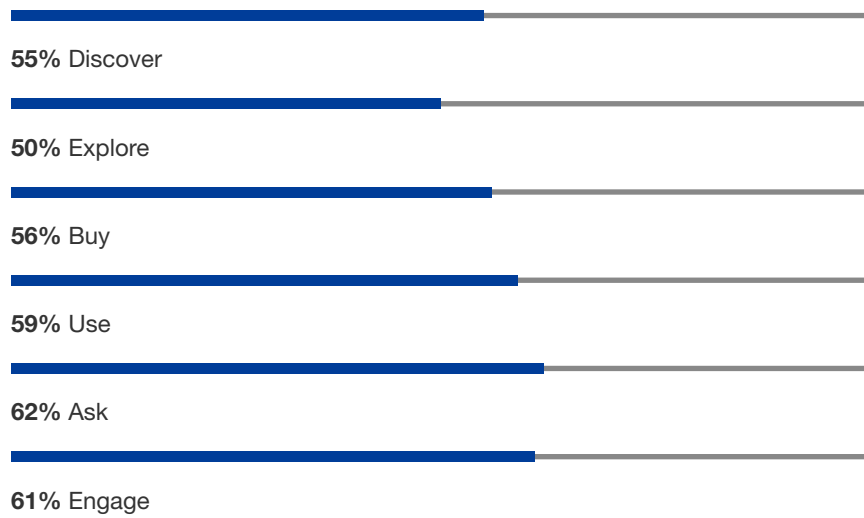


Location intelligence increases the efficiency of operations (47%), increases revenue (33%), and improves brand reputation (31%).



Figure 5

Consumers are interested in brands using their location to personalize experiences across the life cycle

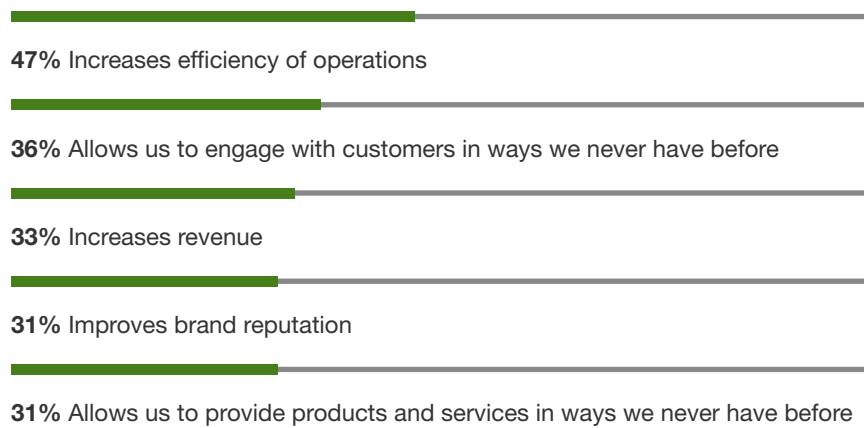


Base: 1,503 consumers who have purchased services via web or mobile

Source: A commissioned study conducted by Forrester Consulting on behalf of Loqate, A GBG Solution, April 2018

Figure 6

Areas of business where location adds maximum value



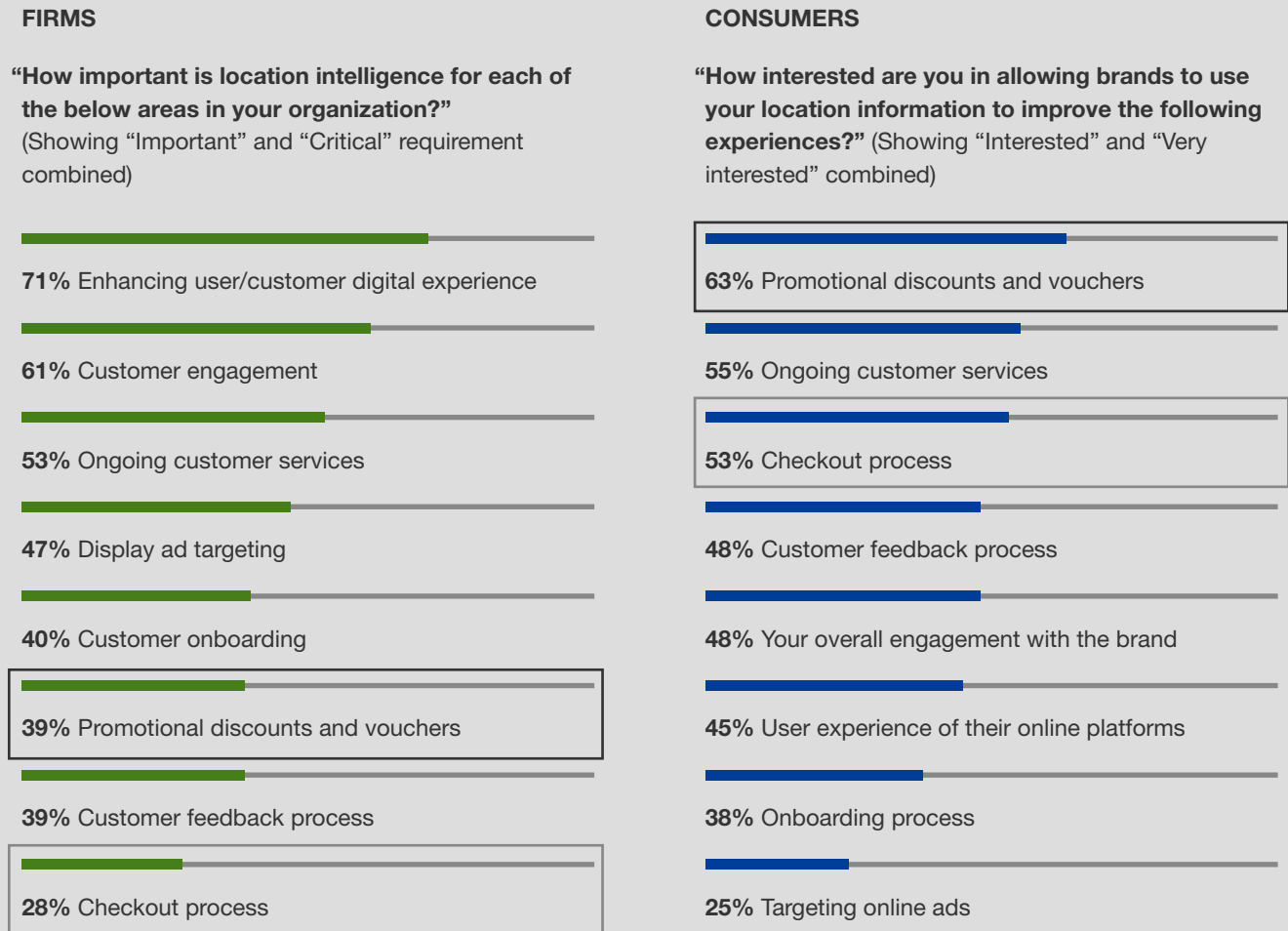
Base: 253 business decision makers responsible for digital customer experience and/or data

Source: A commissioned study conducted by Forrester Consulting on behalf of Loqate, A GBG Solution, April 2018



Figure 7

Discord between firms' location intelligence priorities and consumer preferences



Younger consumers are more interested in allowing brands to use their location to personalize experiences. For instance, 72% of 18 to 24 year olds are interested or very interested in having their location used for ongoing customer services, compared to 53% of 45 to 50 year olds.

Location intelligence, while important in engaging customers currently, will become critical to serving customers of the future.

Base: 253 business decision makers responsible for digital customer experience and/or data
Source: A commissioned study conducted by Forrester Consulting on behalf of Loqate, A GBG Solution, April 2018

Base: 1,503 consumers who have purchased services via web or mobile
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LEADING FIRMS ARE TAKING STEPS TO ENHANCE LOCATION INTELLIGENCE CAPABILITIES

The case for location intelligence is clear, and the need to build an enterprisewide capability is now a critical imperative. Overcoming deep-rooted hurdles around location intelligence is within reach, and firms in our study are taking first steps to mature location intelligence capabilities. They are:

- › **Tackling location data challenges.** Location data is just like any other in the enterprise; its value can only be maximized through strategic and organizationwide initiatives to remove data silos, clean the data, and standardize for enterprisewide democratization. Respondents in this survey showed they are beginning to do this: 57% are removing customer data silos, 50% are cleaning their data, and 49% are standardizing data (see Figure 8). One-way firms are doing this is through enhancing their data by appending geocode and reverse geocode coordinates to their database.
- › **Accelerating location intelligence adoption with strategic partnerships.** Forty-two percent of firms are currently engaging or planning to engage a third-party provider for location intelligence initiatives. This large minority of firms realize that a mature location intelligence capability is critical to their businesses and that working with a strategic partner will help them accelerate adoption.

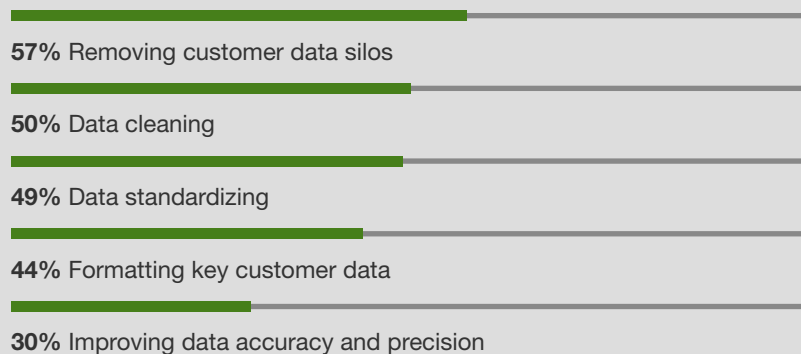


42% of firms are currently engaging or planning to engage a third-party provider for location intelligence initiatives.

More than half (53%) of firms in the hospitality sector engage/plan to engage a third-party provider for location intelligence initiatives, as do 47% in healthcare and 44% in retail/eCommerce.

Figure 8

“What are the initiatives your organization is undertaking/will undertake to improve location data quality?”
(Showing “Will undertake in six to 12 months”)



Base: 253 business decision makers responsible for digital customer experience and/or data
Source: A commissioned study conducted by Forrester Consulting on behalf of Loqate, A GBG Solution, April 2018

Key Recommendations

The business case for location intelligence is clear: Location intelligence is contributing value across an increasing range of business areas and functions, and customers are increasingly allowing firms to use their location data to personalize experiences. The trends detected in this paper show that location intelligence is quickly moving from a niche practice to one of universal adoption that will be soon be critical to the success of most firms. As our study has shown, businesses should focus on front and back-end application of location data to ensure data is captured and validated in real-time for accuracy and allows for continuous optimization of their databases to support decision making and enhancing their customers experience. As businesses adopt and continue to mature their location intelligence practices, they should consider the following:



Listen to your customers. Our study revealed that many firms are prioritizing the use of location to increase revenue and brand reputation. This is a good thing. However, firms should know too that their customers are more interested in letting firms use their location to improve customer services. Make sure you listen to where your customers most desire your brand use their location data.



Engage the right partners to accelerate location intelligence. Now is the time to become location intelligent. Don't get caught up in long-cycle projects that promise location intelligence maturity years from now. Reach out to external partners to accelerate your location intelligence program. Use the right vendors to help you manage and clean your data; generate insights with machine learning and analytics; and ultimately act intelligently with location information at scale.



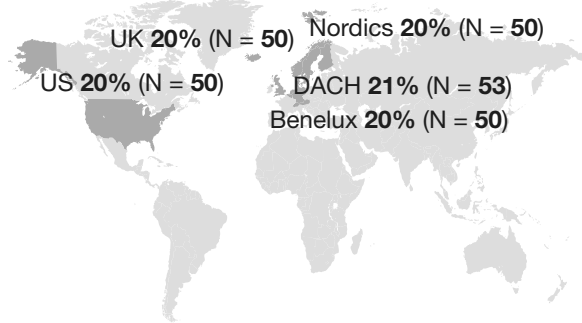
Make real-time customer location intelligence the imperative. For a long time, firms have used the location of their assets and customer addresses to make decisions around branch location, asset management, and contacting their customers. This is still important. What is new is the ever-increasing criticality of knowing the location of your customers during their moment and context of need. This brings with it a new set of engagement and real-time data and analytics requirements, which enable businesses to use location to inform decisions, actions, and experience at the speed of digital engagement. Make sure your location intelligence practice embraces this digitally transformed need.

Appendix A: Methodology

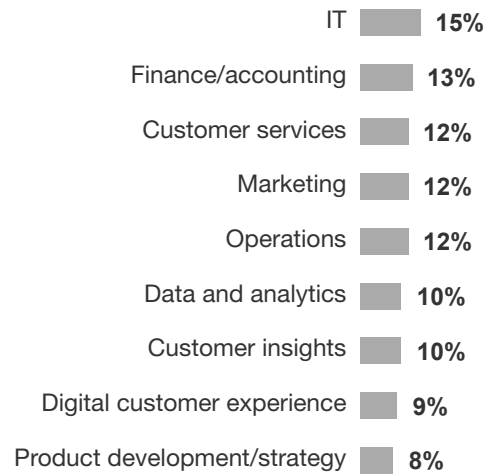
In this study, Forrester conducted an online survey of 253 decision makers globally with responsibility for digital customer experience and data, as well as 1,503 consumers who had recently purchased products/services online, to explore the use of location intelligence across industries in the UK, the US, Germany, Austria, Switzerland, Benelux, and the Nordics.

Appendix B: Decision Maker Demographics

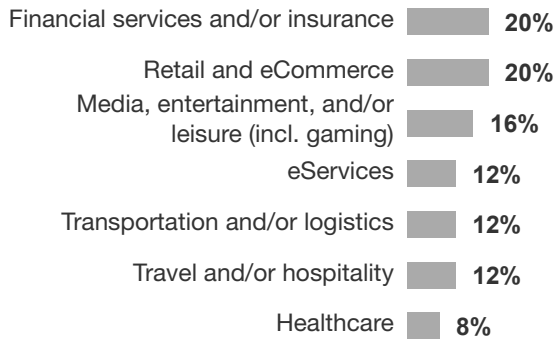
“In which country are you located?”



“Which of the following best describes your current position/department?”



“Which of the following best describes the industry to which your company belongs?”



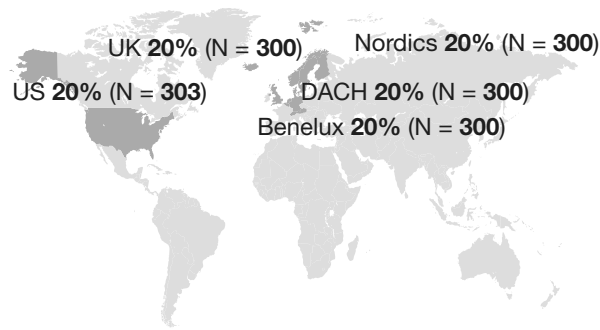
Base: 253 business decision makers responsible for digital customer experience and/or data

Note: percentages may not total 100 because of rounding.

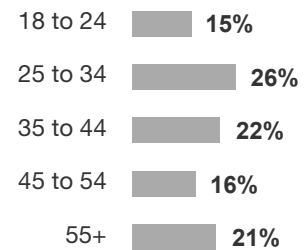
Source: A commissioned study conducted by Forrester Consulting on behalf of Loqate, A GBG Solution, April 2018

Appendix C: Consumer Demographics

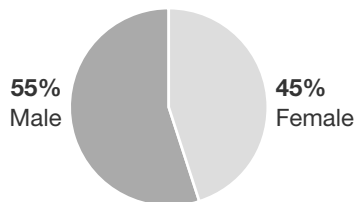
“In which country/region do you currently live?”



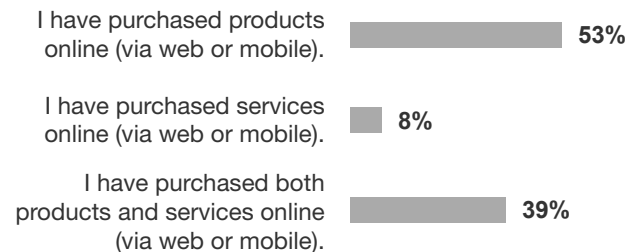
“How old are you?”



“What is your gender?”



“In the past month, which of the following applied to you?”



Base: 1,503 Consumers who have purchased services via web or mobile

Source: A commissioned study conducted by Forrester Consulting on behalf of Loqate, A GBG Solution, April 2018

Appendix D: Supplemental Material

RELATED FORRESTER RESEARCH

“Drive Intelligent Customer Interactions With Spatial Analytics,” Forrester Research, Inc., February 2, 2016.

“Continually Optimize Experiences To Differentiate And Compete For Customers,” November 1, 2017.

Appendix E: Endnotes

¹ In its most recent research, Forrester describes a vision of digital intelligence: a modern competitive approach to analytics that leading firms use to combine customer, business, and engagement insights from existing, new, and emerging channels to enable timely, customer-obsessed decision making. Source: “Optimize Digital Intelligence For Your Insights-Driven Business,” Forrester Research, Inc., November 10, 2017.

² Competing for empowered customers and keeping up with their shifting digital expectations means that firms must always be evolving their digital experiences. This is only achievable through a digital intelligence process that uses customer data, analytics, and insights to continuously optimize digital interactions. Source: “Continually Optimize Experiences To Differentiate And Compete For Customers,” Forrester Research, Inc., November 1, 2017.