

Straight Talking - Where are you?

Geolocation adds excitement to e-tail, Jan 20th 2010

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The key elements of the recent holiday season - food and presents - and much else can be bought over the internet and, if physical goods are involved, be delivered to the door a few days later. This is taken for granted by more and more of us.

It's so easy, in fact, that it's easy to forget the internet belies a reality. The real world still exists and for a supplier, understanding customers' physical location can be fundamental to successful and efficient e-commerce.

Take this example: if thousands of households choose to order their turkeys from a supermarket's website, for the retailer, this is only good business if it can efficiently deliver them from a central depot to thousands of separate locations. It needs to be able to do this more cheaply than distributing them to multiple stores and selling them over the counter, or at least to cover any extra cost by imposing a delivery surcharge and/or suffering less waste through turkeys not being left unsold or having to be heavily discounted in its stores.

This is a supply chain and logistics issue. In other cases it may make sense for such a supermarket, with both an online and high street presence, 'clicks and mortar' if you like, to establish a tie between an online visitor and a local store: 'Yes, you can order your turkey online but before you do did you know that your local store is selling excess stock at half price?'

Making such a link allows a retailer to balance the efficiency of online sales with the need to have goods in-store. Some retailers also make such links to offer the near instant gratification to their customers of collecting online purchases from local stores within hours rather than waiting days for delivery.

Such geographic awareness can have all sorts of other benefits too. A global ticketing website could highlight local events to visitors from a given town, for instance. A landing page could be selected to suit visitors from different countries or regions, offering local language by default or seasonal goods depending on the time of year. In some cases access could be blocked, for instance to online gambling sites for individuals located in regions where such activities are illegal.

These features require an understanding of where a user is as soon as they arrive at a given site - before they have shown any real interest and certainly before they have offered up any personal information. How can this be done? The answer lies in the use of geolocation software.

The one thing that is known about a website visitor when they first arrive is the IP address via which their hardware is accessing the internet. IP addresses are assigned to regional internet registries (RIRs), which are part of Iccann (the Internet Corporation for Assigning Names and Numbers). RIRs in turn assign them to internet service providers, government organisations, large enterprises, etc. This is all public information; geolocation providers take this information, enrich it with other information such as postal codes and provide a look-up service for IP addresses that allows website owners to locate a visitor's most probable physical location, if necessary before a landing page is displayed.

Some IP addresses tell us nothing, for example if the user is accessing the internet via a known proxy. But that in itself is useful information which allows a visitor to be handled in a certain way. Other IP addresses may indicate that the user is accessing a site via a mobile service provider - again in this case their actual location may not be known, but the fact they are likely to

be using a device with a limited display is, and their visit can be handled accordingly.

Geolocation also allows internet advertising to be more targeted. For example a political party does not want to waste advertising in areas where it has no chance of winning and instead only wants to pay for access to voters from marginal seats. Geolocation allows for key word adverts to be displayed only to visitors from such regions.

Advertising can also be more finely tuned if trends are understood; geolocation can help with this too. Gathering intelligence about website visitors and storing geolocation information along with it allows hotspots to be identified. For example, spotting a growth in online searches for an ethnic food category in an area where there had previously been limited demand. This indicates a local population change and a supplier can respond by stocking more of the given goods in the local store and advertising the fact that it has done so to online visitors from that area - a virtuous circle.

Geolocation databases can be purchased and installed on a given web server but this is old hat. Real time lookup, delivered as an on-demand service makes more sense - send an IP address and receive a co-ordinate. This is the way leading vendors in this area such as Quova, IP2 Location and MaxMind have moved.

While consumers continue to enjoy the benefits of buying online, there is increasing effort to link them seamlessly with the real world behind the scenes. Being online many sometimes feel like a virtual experience but the solid Earth and the real kilometres that separate us all remain a reality.

You can read more in Quocirca's report, 'Customers in the Real World':

<http://www.quocirca.com/reports/431/customers-in-the-real-world--the-story-of-things-4-you-reaping-the-benefits-of-ip-geolocation>

About Quocirca

Quocirca is a primary research and analysis company specialising in the business impact of information technology and communications (ITC). With world-wide, native language reach, Quocirca provides in-depth insights into the views of buyers and influencers in large, mid-sized and small organisations. Its analyst team is made up of real-world practitioners with first hand experience of ITC delivery who continuously research and track the industry and its real usage in the markets.

Through researching perceptions, Quocirca uncovers the real hurdles to technology adoption – the personal and political aspects of an organisation's environment and the pressures of the need for demonstrable business value in any implementation. This capability to uncover and report back on the end-user perceptions in the market enables Quocirca to advise on the realities of technology adoption, not the promises.

Quocirca research is always pragmatic, business orientated and conducted in the context of the bigger picture. ITC has the ability to transform businesses and the processes that drive them, but often fails to do so. Quocirca's mission is to help organisations improve their success rate in process enablement through better levels of understanding and the adoption of the correct technologies at the correct time.

Quocirca has a pro-active primary research programme, regularly surveying users, purchasers and resellers of ITC products and services on emerging, evolving and maturing technologies. Over time, Quocirca has built a picture of long term investment trends, providing invaluable information for the whole of the ITC community.

Quocirca works with global and local providers of ITC products and services to help them deliver on the promise that ITC holds for business. Quocirca's clients include Oracle, Microsoft, IBM, O2, T-Mobile, HP, Xerox, EMC, Symantec and Cisco, along with other large and medium sized vendors, service providers and more specialist firms.

Details of Quocirca's work and the services it offers can be found at

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