

# The value of investing in location-based services

Digitalisation is a trend offering many opportunities both for private individuals and for enterprises. It is becoming a force so advanced that [Gartner](#) already puts the number of devices connected via the internet at over 8.4 billion. And the figure is rising rapidly.



Despite this, many businesses are not exploiting the full potential of apps and mobile engagement to make contact and enhance customer loyalty. Now traditional companies in the mobility sector are also starting to discover how the relevance and added value of a customer app can be heightened with location-based services (LBS).

Says Carsten Szameitat, CEO and region director DACH at LBMA e.V. "Germans are normally rather hesitant when it comes to adopting technological innovations. But a recent study by the LBMA shows that German companies also see location-based services as a key element of their corporate strategy. As a result, they are also investing in these services."

Sometimes consumers barely register this technology outside of marketing campaigns – also because many opportunities are left unexplored. With so many German companies gravitating towards LBS, it shows that a great deal more can be done apart from simply reaching customers at the right time and place.

## Identifying the location only the first step

"In future, you won't need a ticket for the train anymore. The train can see from the passenger's mobile phone that they have gotten on board," says German rail chief executive Richard Lutz. "The journey is billed automatically, depending on where they get off. The system works with the help of an app that can determine the traveller's position at any time."

It is clear that even traditional companies in the mobility sector have recognised the potential of location-based services. But identifying the traveller's location with a mobile app is only the first step.

A completely new dimension of customer interactions only starts when travellers are offered a bundle of mobile services – each adapted to the individual travel route and means of transport, the current situation, location, and customer needs. So companies not only modernise their customer service with LBS, but also get to know their customers better, optimise the travel experience and so, add value.

## **The Uber example**

In an international environment, the first innovative mobility service providers are already using LBS. One pioneer is Uber, which demonstrates how an app can be used to continuously expand its range and open up new revenue streams at the same time. The company endeavours to enrich the customer experience and turns its app into a mobile marketplace that the customer no longer has to leave.

Within the Uber app, content partners send the passenger information during the journey about the current location, entertainment offerings, and information about the destination, as well as provide other external mobile services. Uber sees the marketplace as one of the most important areas for its own business growth – alongside its core business of rides.

## **Projects in the public sector**

Projects are also being successfully implemented in the public sector. One example is Swiss Railways, which has offered LBS on its "My Station" app since January 2015. Indoor navigation and mobile payments are available to passengers using this customer app. Information about changes to departure or transfer times and local shopping offers are played out to users at their individual location, right on their phones.

The Dutch public transport system Syntus shows how cleverly LBS can be deployed - for example, to spread travellers optimally across rush hour traffic.

## **Reward system**

Because in addition to mobile ticketing, Syntus introduced a loyalty programme that gives app users points for their journeys. Customers are given more points for trips outside peak times as an incentive. Syntus compensates them for delays in the same way and so achieves greater customer loyalty and customer satisfaction. In addition, the app with integrated LBS enables valuable insights to be gained about customer behaviour.

"LBS is a topic still mostly associated with solutions from startups but there are also established providers that offer innovation in terms of customer loyalty and scalability as well as the necessary expertise. Companies should work with the right partners to exploit LBS for themselves and develop intelligent joint applications", says Szameitat.

The time for small pilot projects is over, especially in the mobility sector – the key here now is to digitalise across all channels, to meet customer expectations and so to secure market share.