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Location Intelligence Builds Innovation, Optimization, And Better Customer Experiences

Location Intelligence Bolsters Customer Understanding And Experience, But Most Firms Fail To Realize Its Full Potential

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Overview

Location Intelligence (LI) offers forward-thinking companies the ability to develop innovative applications that create better offerings and customer experiences and improve operations with more location awareness.

Our survey of 155 data strategy leaders at US enterprises found that LI is a fundamental component of business success. Yet most firms are not engaging the full potential of LI due to inadequate skills and technical capabilities coupled with internal organizational challenges. As companies improve their LI strategy, competition will increase, but opportunity exists for those firms willing to invest in their LI capabilities.

Key Findings

Location intelligence is critical to improving business operations and driving innovation, but most firms don't realize LI's full potential due to insufficient skills and technical capabilities.

Companies need to find ways to break data silos and create common operating mindsets that connect the diverse teams working with LI.

As organizations invest in LI capabilities and see more significant benefits, LI will become more important. Maintaining a competitive advantage will require continuous improvement and investment.

Location Intelligence Drives Business Results

Opportunities to collect customer location information are nearly everywhere. In our survey, respondents resoundingly told us that harnessing LI across their organizations is critical to driving success. But why? Not only do insights from LI allow companies to understand how customers engage with their brand, but forward-thinking brands can create better customer experiences by weaving location intelligence into innovative products and services from the beginning of development.

"To what extent do you agree or disagree with the following statements?"

- Strongly agree
- Agree

73%

Harnessing location intelligence across our organization is critical to driving business results

78%

Location data is critical to understanding how customers and potential customers engage with our company or organization

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Innovation, Optimization, And Better Customer Experiences

Two-thirds of respondents said LI is important or critical for ten different use cases, demonstrating its wide range of applications. (Note: only the top eight are shown in the figure.) We found that LI largely impacts three broad categories: innovation, optimization, and customer experience.

Innovation: Sixty-eight percent of respondents reported that LI is critical or important to creating new products or services. Location intelligence can also help enhance existing products and services to improve the user experience.

Optimization: One of the most important use cases for LI is optimizing inventory and the supply chain by forecasting supply and demand more accurately (72%). But 73% of respondents' organizations are also using it to inform investment strategies.

Customer experience: Innovative LI-driven products and services can create better customer experiences by empowering companies to provide relevant, location-based recommendations or content in real time (68%).

"In your organization, how important is location intelligence to achieving better outcomes in each of the following use cases?"

● Critical   ● Important

| 32% | 41% | **73%** |

Investment strategies (i.e., using location intelligence to select stocks)

| 30% | 42% | **72%** |

Forecasting supply and demand to optimize inventory and the supply chain

| 34% | 37% | **71%** |

Competitive analysis/benchmarking

| 33% | 35% | **68%** |

Enriching customer profiles

| 31% | 37% | **68%** |

Merchant record cleansing

| 32% | 35% | **68%** |

Location-based recommendations/content

| 32% | 36% | **68%** |

Creating new products or services

| 27% | 40% | **67%** |

Providing better customer experiences

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Location Intelligence Crosses Functional Divides

The top teams leading LI adoption are developers (52%) and business development teams (50%). But many different arms of respondents' organizations are championing LI, a testament to the diversity of use cases. Executive buy-in is critical for initiatives to succeed, and 44% of executive leadership at respondents' organizations are actively involved with adopting or using LI.

When taken together, we see that from the highest levels of business leadership to the developers who build products, companies recognize LI's value and are willing to invest in it. The challenge is uniting the different functions with a common operating mindset so they can support each other effectively.

"To the best of your knowledge, who in your organization is leading/championing the adoption or use of location intelligence?"

52% Developers

50% Business development teams

47% Marketing teams

47% Product teams

45% Data scientists

44% Executive leadership

Base: 155 data strategy leaders at US enterprises involved with location intelligence/GIS/spatial analytics
Source: A commissioned study conducted by Forrester Consulting on behalf of Foursquare, May 2022

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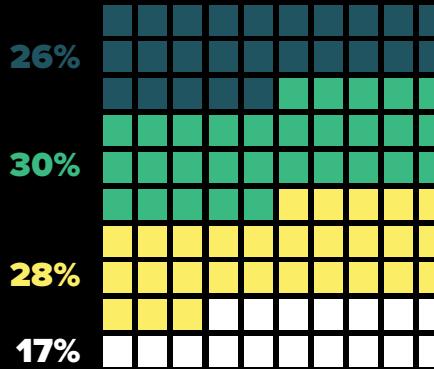## Today's Differentiators Will Be Tomorrow's Table Stakes

Competitive advantage is key to driving business success. But only one in four respondents told us their organizations have a mature LI strategy. As more businesses implement and scale LI, the customer experience will continue to improve, and customer expectations will shift accordingly.

For the 74% of our respondents whose firms are not yet mature in their use of location intelligence, meeting those rising expectations will mean expanding LI operations and upgrading tools. Making the right investments will be critical to future success.

Only **26%** of respondents' organizations leverage location intelligence to its full potential.

"Which option best describes how your organization uses location intelligence today?"

26%
30%
28%
17%

- **Mature:** leveraging location intelligence to its full potential
- **Optimizing:** scaling and expanding use of location intelligence across multiple products, processes, and teams
- **Improving:** integrating and implementing location intelligence into core products and processes
- **Rudimentary:** experimenting and testing location intelligence for select use cases
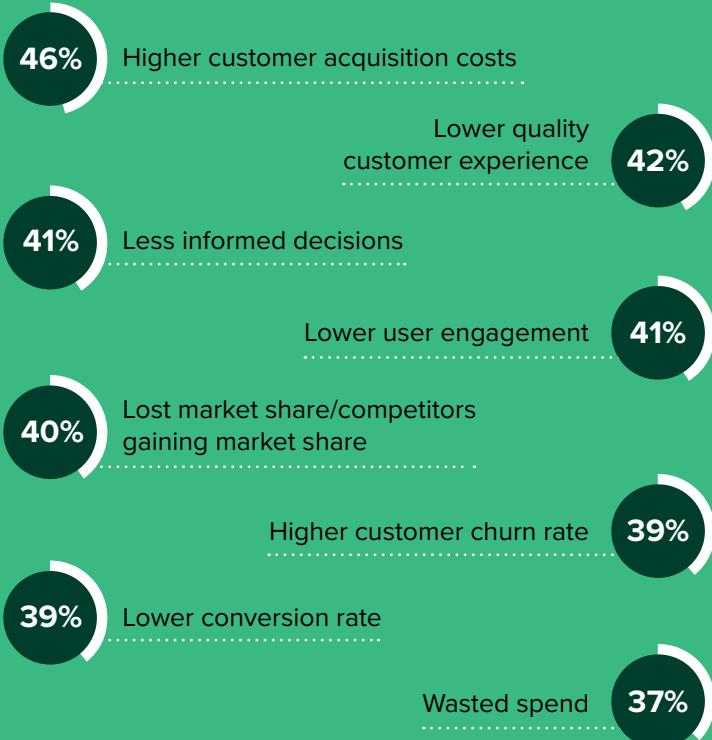
Customer Experience And Acquisition Suffer When Businesses Don't Get LI Right

When customers demand seamless and secure location-contextual experiences, not meeting their expectations can negatively impact the customer's experience and a company's bottom line.

Every single respondent told us they expect their organization to suffer if it doesn't improve its current LI capabilities. The top two most expected effects were higher customer acquisition cost (46%) and lower quality customer experience (42%). But subpar use of LI also impacts operational efficacy by forcing less-informed decisions (41%).

Ultimately, failing to continuously improve LI capabilities can translate into lost market share.

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"What negative business outcomes, if any, do you expect your organization to face if it does not use location intelligence more effectively than today?"

46% Higher customer acquisition costs

Lower quality customer experience **42%**

41% Less informed decisions

Lower user engagement **41%**

40% Lost market share/competitors gaining market share

Higher customer churn rate **39%**

39% Lower conversion rate

Wasted spend **37%**

Base: 155 data strategy leaders at US enterprises involved with location intelligence/GIS/spatial analytics
Note: Top eight responses shown
Source: A commissioned study conducted by Forrester Consulting on behalf of Foursquare, May 2022

Using Location Intelligence In Application Development And Privacy Are Top Challenges

We found that the top three challenges respondents' organizations face are: 1) using location data in application development, 2) generating spatial visualizations/maps, and 3) protecting the privacy of customers.

Visualizations and maps are important because they help uncover actionable, digestible insights that empower companies to make better decisions and improve the customer experience. But when companies can effectively integrate location data and intelligence into their software applications (both internal and customer-facing) and use LI at scale, they can unlock innovation on new levels.

As data privacy continues to garner the attention it deserves, firms must ensure their technology partners don't just provide adequate resources but also meet required privacy standards.

Top Challenges With Current Location Intelligence Solutions

Use location data in app development

Generate spatial visualizations/ maps

Protect the privacy of our customers

Append location data to other customer data types

Clean and transform location data

Access and store location data

Geocode data

Maintain up-to-date/ fresh data

Base: 155 data strategy leaders at US enterprises involved with location intelligence/GIS/spatial analytics
Source: A commissioned study conducted by Forrester Consulting on behalf of Foursquare, May 2022

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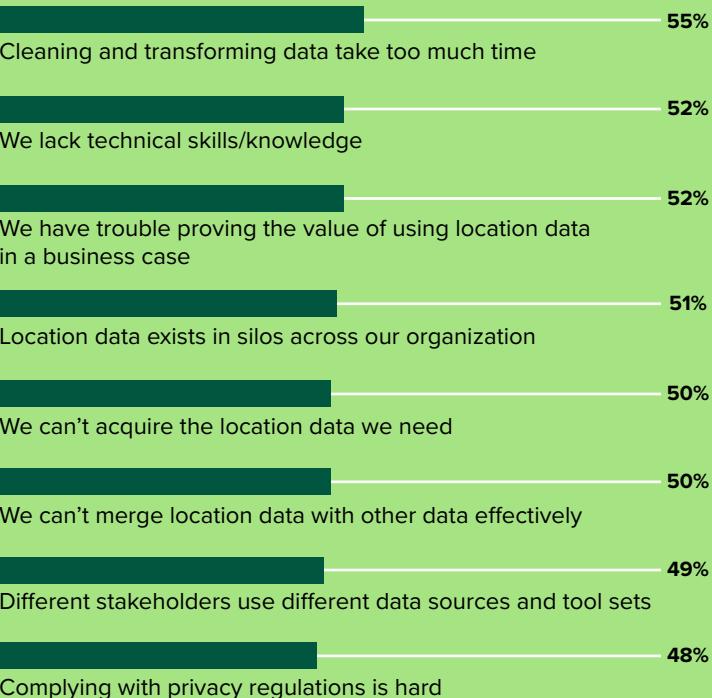# Firms Struggle Without Adequate Resources Or Common Location Intelligence Tools

Before companies can effectively use location data in application development and business decisions, they must first overcome technical and organizational challenges. Obstacles at the top of the list are the inability to efficiently clean and transform data (55%), and a lack of technical skills and knowledge within the enterprise (52%).

Any company looking to unlock the power of LI must unite the many teams who use it under a common toolset, data, and operating mindset. However, half the respondents told us that different stakeholders use different data sources and toolsets. They also reported that their companies struggle to merge location data with other data types and that location data is siloed.

Without a cohesive LI strategy, progress will stall and firms risk losing market share. Developing and committing to a comprehensive LI strategy with the right technology partners is key to success.

"What prevents your organization from using location intelligence more effectively?"

Cleaning and transforming data take too much time — 55%

We lack technical skills/knowledge — 52%

We have trouble proving the value of using location data in a business case — 52%

Location data exists in silos across our organization — 51%

We can't acquire the location data we need — 50%

We can't merge location data with other data effectively — 50%

Different stakeholders use different data sources and tool sets — 49%

Complying with privacy regulations is hard — 48%

Location Intelligence Investment Drives Improved Operations And Better Customer Experiences

Regardless of maturity level, every single respondent reported that their organizations would benefit from investing in a better LI solution. The most anticipated outcomes from utilizing LI tell an important story.

Fifty-seven percent of respondents expect that location intelligence would bring stakeholders together on a common operating mindset and improve their ability to make decisions. Just as many said that if their organizations improved their LI capabilities, they could use location data more easily in app development.

These operational improvements are expected to lead to more innovative products (46%), better customer experiences (55%), and increased customer acquisition (54%).

"What business outcomes, if any, would you expect from investing in a better location intelligence solution?"

57% More common operating mindset among stakeholders

57% Improved decision-making

57% Ability to use location data more easily in app development

55% Better customer experiences

54% Increased customer acquisition

48% Increased customer retention

47% Decreased costs

46% More innovative products

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Location Intelligence Will Become More Important Over Time

Location intelligence takes on more importance to an enterprise when it delivers measurable business impact. And that impact grows when companies improve their capabilities.

Over the next two years, respondents expect LI to most improve their organizations' ability to analyze and segment customers. These new insights will enrich customer profiles and help organizations provide better personalization and location-based recommendations or content. LI will also become a more important driver of lead generation and sales enablement.

Respondents expect improved LI capabilities to contribute to more effective business operations by driving better investment decisions and site selection.

"In two years, how important to your organization do you expect location intelligence to be for each of the following, as compared to today?"

● As important as today   ● More important than today

45%	36%	**81%**

Enriching customer profiles

39%	37%	**76%**

Investment strategies (i.e., using location intelligence to select stocks)

39%	37%	**75%**

Location-based recommendations/content

34%	41%	**75%**

Customer analysis and segmentation

37%	37%	**74%**

Personalization

43%	30%	**74%**

Physical site selection (i.e., deciding where to open new locations)

41%	32%	**73%**

Merchant record cleansing

37%	35%	**72%**

Lead generation and sales enablement

Companies Most Need A Solution That Integrates Diverse Data And Drives Insights At Scale

The many better business outcomes of more advanced LI platforms and services do not occur in a vacuum. They are built on robust technical foundations.

Reflecting the many diverse LI use cases and internal teams who use the data, respondents need a wide variety of qualities and capabilities from their ideal LI solution. However, the two most important qualities are the capability to combine different types of data from different sources (41%) and to provide access to data on a large scale (41%).

Organizations also need an LI platform that solves for insufficient technical skills and knowledge within the enterprise by providing built-in analytics capabilities and robust developer tools that are easy to use.

"Thinking about your organization's ideal location intelligence platform or solution, what are the five most important qualities, with one being the most important?"

41%	The capability to combine different types of data from multiple sources
41%	Wide breadth of data (i.e., scale)
38%	Built-in data analytics capabilities
37%	The capability to enrich our own data
37%	Developer tools that are robust and easy to use
37%	Hosted in the cloud
36%	Affordability
35%	Prebuilt, ready-to-train AI models for data scientists

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Location intelligence improves decision-making and customer experiences. But it's often underutilized due to insufficient skills, inadequate technical capabilities, and disjointed operating mindsets. In our study, we found that location intelligence platforms drive business success by:

- **Enabling easier use of location data in app development.** Using location data in app development makes those apps more engaging and useful to customers.

- **Creating better customer experiences.** Location intelligence platforms allow companies to develop better products and services that will more effectively win, serve, and retain customers.

- **Fostering a common operating mindset.** Many companies struggle as different stakeholders use different data sets and tools. A location intelligence platform can unite diverse teams and help break data silos.

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Methodology

This Opportunity Snapshot was commissioned by Foursquare. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of 155 data strategy leaders at US enterprises involved with location intelligence/geographic information systems (GIS)/spatial analytics. The custom survey began and was completed in May 2022.

ABOUT FORRESTER CONSULTING

Forrester provides independent and objective research-based consulting to help leaders deliver key transformation outcomes. Fueled by our customer-obsessed research, Forrester's seasoned consultants partner with leaders to execute on their priorities using a unique engagement model that tailors to diverse needs and ensures lasting impact. For more information, visit forrester.com/consulting.

Demographics

REVENUE	
$500M to $999M	**50%**
$1B to $5	**27%**
$5B+	**23%**

TITLE	
C-level executive	**4%**
Vice president	**14%**
Director	**30%**
Manager	**45%**
Full-time practitioner	**7%**

INDUSTRY (TOP 5 SHOWN)	
Automotive manufacturing	**17%**
Retail	**14%**
Mobility/navigation/GIS	**14%**
Financial services	**14%**
Transportation and logistics	**13%**

DEPARTMENT	
Data science and/or analytics	**39%**
Line of business/ product	**32%**
IT	**29%**

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