FORRESTER®

Location Intelligence: Holistic Customer Insights That Support Engagement And Drive Growth

Location Intelligence Is A Powerful Tool, But Many Firms Struggle To Use It At Scale And Speed

Get started ⟶

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Location Intelligence Is A Largely Untapped Resource

It's hard to overstate the importance of location data and the insights it can provide, yet few firms have mastered their use of location data to the point where they can consistently leverage it at scale.

Our survey of 218 business intelligence decision-makers at customer-facing industries in the US and Europe found that location intelligence is critical to understanding and serving customers. Yet inadequate skills and technical capabilities prevent most firms from using location data to its full potential, representing an important opportunity for those firms willing to invest in their location intelligence capabilities.

Key Findings

Though location data is critical to holistic customer insights, most respondents told us their firms lack the skills and capabilities to effectively leverage it at scale.

Firms need help breaking silos and integrating their location data. The data is there; they just don't know how to best use it.
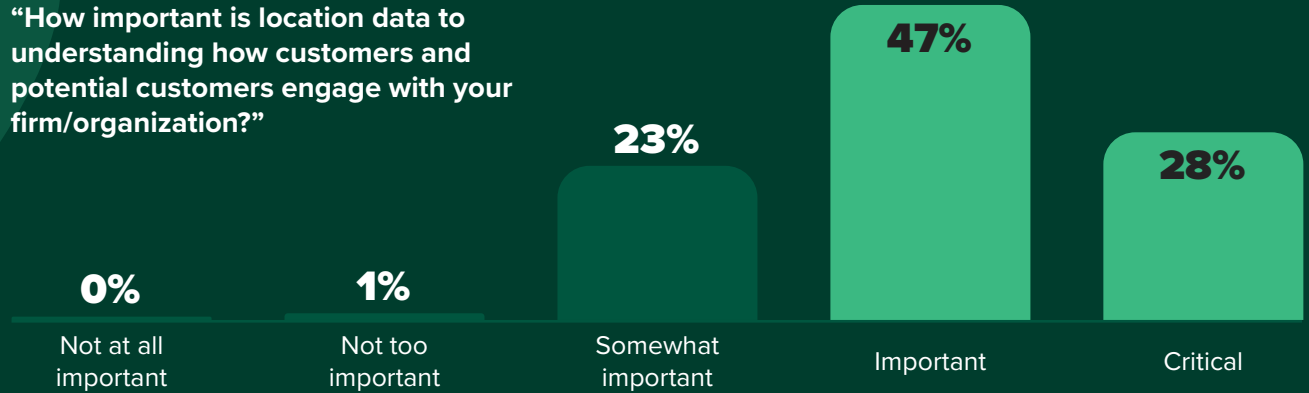

More than any other capability, respondents said data security is the most important component of a location intelligence platform.

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Location Data Is Fundamental To Understanding Customer Engagement

As companies strive to engage customers more effectively and build market share, unlocking the insights hidden in location data is key to understanding their customers. Conveniently, the endless stream of spatially related data flowing from smart phones, devices, and internet of things (IOT) offers compelling insight into customer behavior when it can be unlocked. We found that location data is a fundamental component to understanding how customers and potential customers engage with businesses, with 75% of respondents saying it is important or critical. It's hard to understate the importance of location data to consumer-facing businesses.

"How important is location data to understanding how customers and potential customers engage with your firm/organization?"

0%	1%	23%	47%	28%
Not at all important	Not too important	Somewhat important	Important	Critical

Base: 218 global business intelligence decision-makers at customer-facing enterprises
Source: A commissioned study conducted by Forrester Consulting on behalf of Esri, January 2022

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Location Intelligence Enables Holistic Customer Insights

Why is location data so important? Because it leads to location intelligence (LI).

More than two-thirds of decision-makers said LI is important or critical for seven different use cases. Data visualization and mapping is the most important use case (79%), but LI goes far beyond the map and enables holistic customer insights that support engagement across the customer journey: before, during, and after engagement.

Before engagement, LI helps firms decide where to open new stores (67%) and generate new leads (70%). During the critical moments of engagement, LI drives sales through contextual marketing (68%) and location-based experiences (77%). After engagement, LI allows firms to identify and deliver the next best experience (76%) and segment customers (77%) to derive even more insight.

"How important to your organization is location intelligence for each of the following use cases?"

● Critical   ● Important

Data visualization and mapping

| 32% | 47% | **79%** |

Location-based experiences (e.g., store-specific notifications or promotional offers)

| 30% | 47% | **77%** |

Customer analysis and segmentation

| 33% | 43% | **77%** |

Identifying and delivering the next best experience

| 34% | 42% | **76%** |

Lead generation

| 27% | 43% | **70%** |

Contextual marketing

| 22% | 47% | **68%** |

Site optimization (e.g., deciding where to open new locations)

| 23% | 44% | **67%** |

Market research and planning

| 22% | 42% | **64%** |

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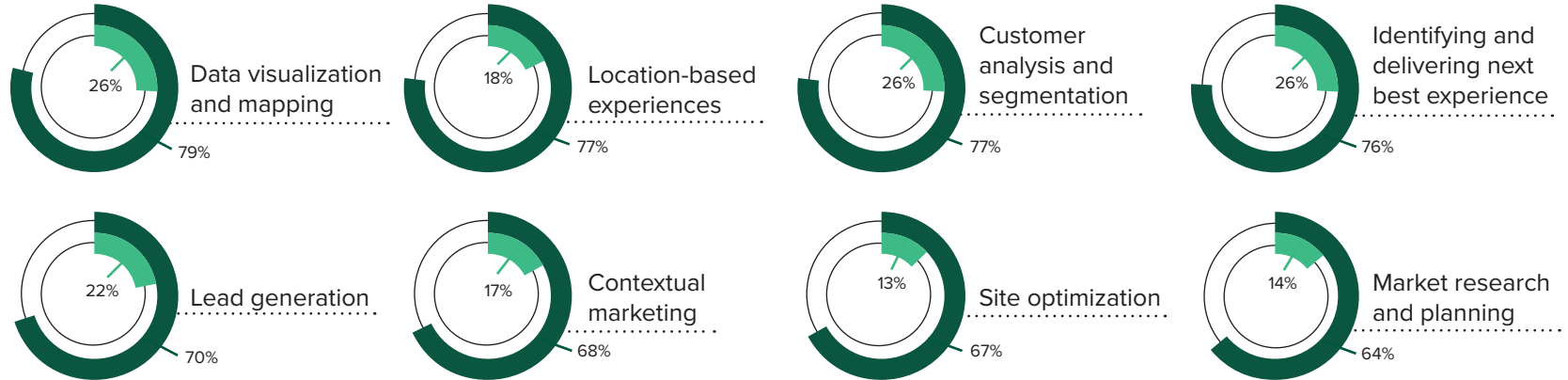
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Most Firms Fail To Leverage LI At Scale

Despite the staggering importance of LI, most firms fail to use it consistently at scale. On average, respondents were 2.8 times more likely to say that LI is important or critical for a use case than to say their firm consistently uses LI at scale for that use case. This gulf represents an opportunity for organizations to bridge the divide and create value in new and meaningful ways across the customer journey.

Respondents told us LI is critical to their firms' operations, but they also told us their firms are only scratching the surface of what LI has to offer. Businesses that can find ways to leverage LI to its full potential will most certainly be rewarded.

Location Intelligence By Use Case: Importance Vs. Adoption

● Location intelligence is important or critical.   ● We consistently use location intelligence at scale for this.

26% / 79% **Data visualization and mapping**	18% / 77% **Location-based experiences**	26% / 77% **Customer analysis and segmentation**	26% / 76% **Identifying and delivering next best experience**
22% / 70% **Lead generation**	17% / 68% **Contextual marketing**	13% / 67% **Site optimization**	14% / 64% **Market research and planning**

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Many Businesses Lack Adequate Technical Capabilities To Integrate Location Data

Collecting data is one thing, but using that data to generate meaningful insights that drive business success is another. Without the right tools to effectively ingest, clean, transform, and combine different types of data from disparate sources, many firms can't tap into the benefits LI offers. Respondents overwhelmingly told us their firms lack the much-needed technical capabilities to integrate location data and use it to predict customer behavior.

When a firm struggles to add geocoding or append location data to other customer data types (as more than half of respondents said theirs do) deriving holistic insights becomes nearly impossible. Before any firm can realize the benefits of LI, they must first solve their data integration challenges.

"How challenging is it for your organization to accomplish the following tasks with your current location data technology?"

● Very challenging   ● Somewhat challenging
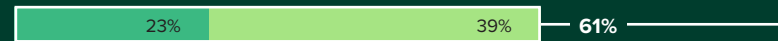
Integrate data from multiple sources

| 30% | 41% | **71%** |

Combine diverse location data types

| 27% | 38% | **65%** |

Use location data in predictive customer models

| 24% | 40% | **65%** |

Clean and transform location data

| 23% | 39% | **61%** |

Add geocoding to data

| 18% | 39% | **57%** |

Ingest location data

| 17% | 38% | **56%** |

Append location data to other customer data types

| 18% | 34% | **52%** |
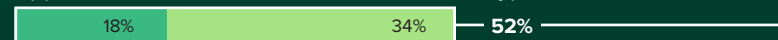
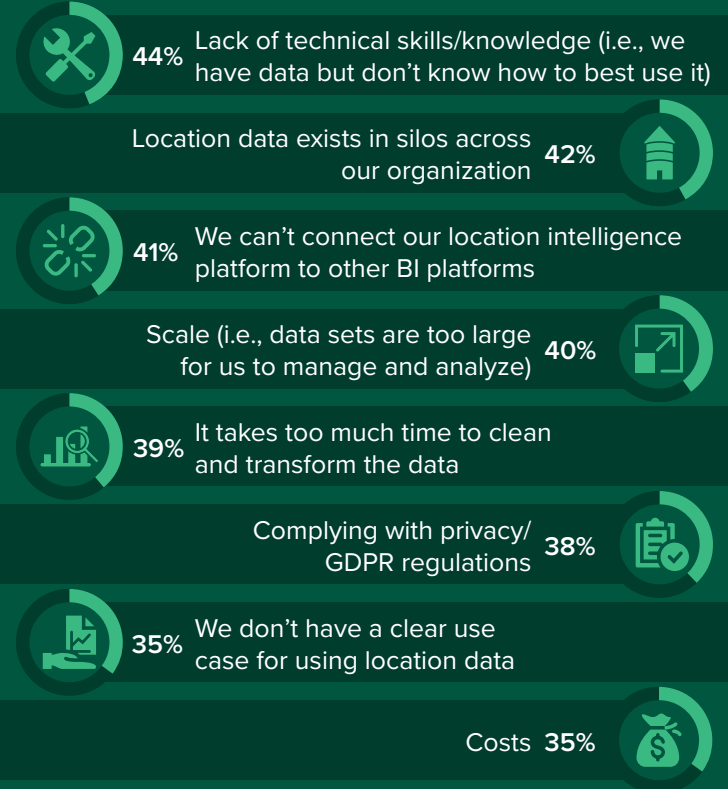Generate spatial visualizations/maps

| 16% | 32% | **48%** |

Base: 218 global business intelligence decision-makers at customer-facing enterprises
Note: Showing top 8; total percentages may not equal separate values due to rounding.
Source: A commissioned study conducted by Forrester Consulting on behalf of Esri, January 2022

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Lack Of Skills Prevent Many Firms From Using Location Data To Its Full Potential

Digging deeper, we begin to understand why these hurdles exist. Not only do firms lack adequate technical capabilities to integrate location data, but the most common challenge respondents said their firms face is not knowing how to use their data (44%). They struggle with the amount and type of data, and they are unsure or don't have the expertise to use it to support their strategies the way they'd like.

Data sets can be too large to manage or analyze, location data can exist in siloes, and many firms can't connect their LI and business intelligence (BI) platforms. This means that firms struggle not only to generate insights from location data, but also to share those insights across their organizations.

"What currently prevents your organization from using location data to its full potential to create a better customer experience?"

44% Lack of technical skills/knowledge (i.e., we have data but don't know how to best use it)

Location data exists in silos across our organization **42%**

41% We can't connect our location intelligence platform to other BI platforms

Scale (i.e., data sets are too large for us to manage and analyze) **40%**

39% It takes too much time to clean and transform the data

Complying with privacy/ GDPR regulations **38%**

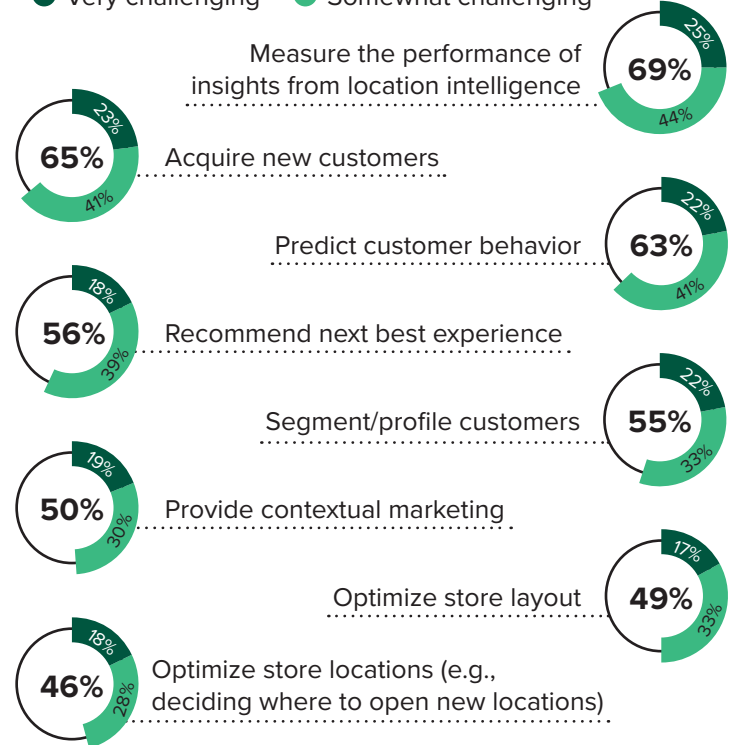**35%** We don't have a clear use case for using location data

Costs **35%**

The Challenges Of Leveraging Location Data Have Real-World Implications

Without proper processes and technology, businesses struggle to leverage their location data. These challenges make it harder to not just generate insights, but also to measure their performance when applied to business decisions. As the saying goes: "If you can't measure it, you can't manage it." This implies a degree of immaturity when analyzing location data.

With more than half of respondents reporting challenges across the customer lifecycle, from acquiring new customers (65%) to recommending the next best experience (56%) and predicting customer behavior (63%), it's clear most firms need to improve their LI capabilities or risk losing competitive advantage. If firms are to unlock the full potential of LI at scale, they must invest in new technologies and fill gaps in skills.

"How challenging is it for your organization to use your current location data technology to achieve the following goals?"

● Very challenging ● Somewhat challenging

Measure the performance of insights from location intelligence — **69%** (25%, 44%)

Acquire new customers — **65%** (23%, 41%)

Predict customer behavior — **63%** (22%, 41%)

Recommend next best experience — **56%** (18%, 39%)

Segment/profile customers — **55%** (22%, 33%)

Provide contextual marketing — **50%** (19%, 30%)

Optimize store layout — **49%** (17%, 33%)

Optimize store locations (e.g., deciding where to open new locations) — **46%** (18%, 28%)

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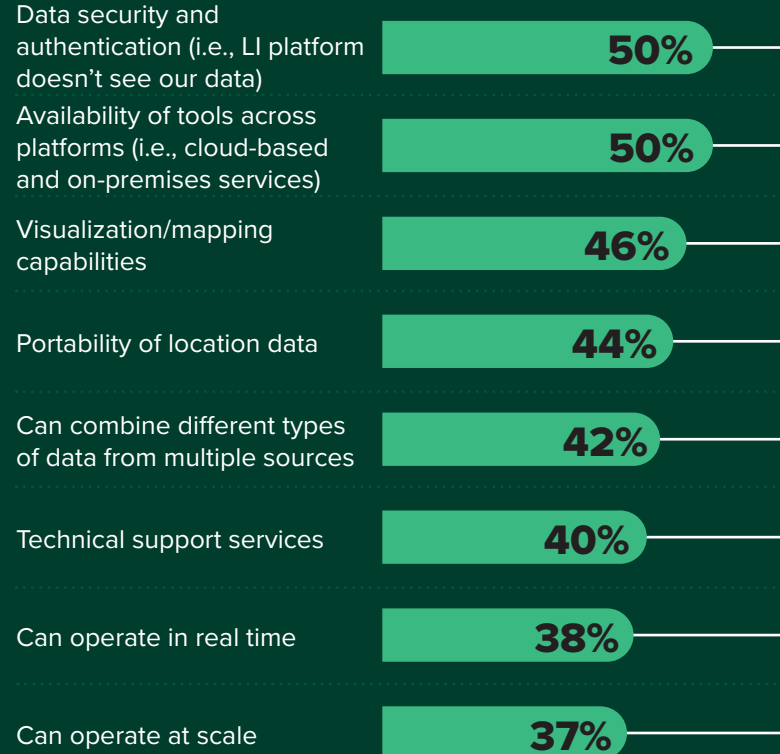
Businesses Need A Secure And Flexible Location Intelligence Solution That Fills Their Skills And Capabilities Gaps

These days, you can't talk about data without also mentioning security. So, it's no surprise data security is the most important capability of respondents' ideal LI platform. In addition to security, they also seek a solution that has tools available across platforms with mapping capabilities that allow for data portability.

But looking further down the capabilities wish list is telling. Why are more respondents not concerned with leveraging LI in real time and at scale, which are attributes of a mature LI practice? This aligns with the limited use of LI our report uncovered, indicating many firms are still grappling with early-stage LI challenges.

Without the adequate technical skills and capabilities to achieve a more mature use of LI, many firms need the help of an integrated, secure, advanced LI platform.

FORRESTER OPPORTUNITY SNAPSHOT: A CUSTOM STUDY COMMISSIONED BY ESRI | APRIL 2022

"Thinking about your organization's ideal location intelligence platform or solution, what are the most important capabilities or services?"

Data security and authentication (i.e., LI platform doesn't see our data)	**50%**
Availability of tools across platforms (i.e., cloud-based and on-premises services)	**50%**
Visualization/mapping capabilities	**46%**
Portability of location data	**44%**
Can combine different types of data from multiple sources	**42%**
Technical support services	**40%**
Can operate in real time	**38%**
Can operate at scale	**37%**

Base: 218 global business intelligence decision-makers at customer-facing enterprises
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Firms Look To Location Intelligence To Drive Profitability By Breaking Data Silos And Supporting Customer Analytics

Dots on a map aren't enough. Decision-makers know their firms need spatial analytics to empower location data by translating it to actionable intelligence. And they expect investing in an LI platform will deliver that change.

Leading businesses practice customer obsession, and investing in an LI platform is an important step towards this goal.[1] In fact, the number one benefit respondents expect from investing in an LI platform is expanding customer analytics capabilities.

LI platforms enable businesses to solve some of their data integration problems by breaking down data silos.

Given the limited use of LI, we aren't surprised to see that more firms have not evolved to use LI in more advanced ways such as identifying market trends more quickly and differentiating their products.

"What benefits has your organization experienced, or would it expect to experience, from investing in a location intelligence platform?"

44%
Expanding/supporting capabilities around customer analytics

44%
Breaking down silos to create authoritative source of location data

42%
Increasing revenue

41%
Increasing operational efficiencies

40%
Acquiring new customers

39%
Increasing profitability

37%
Identifying market trends quicker

36%
Differentiating our products and services

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Location intelligence is fundamental to understanding customer engagement. However, it is largely underutilized due to inadequate skills and technical capabilities. In our study, we found that location intelligence drives better business outcomes by:

- **Creating a single source of truth on customer location.** Many firms struggle to integrate their location data. Leveraging a location intelligence platform can help break data silos and use location intelligence at speed and scale.

- **Enabling contextually relevant experiences.** Location-based insights are fundamental to identifying and delivering the next best experience.

- **Informing strategic planning and decision-making.** Location intelligence helps companies determine where to open or close locations, what markets to enter or exit, and execute market research and planning.

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Methodology

This Opportunity Snapshot was commissioned by Esri. To create this profile, Forrester Consulting supplemented this research with custom survey questions asked of 218 global business intelligence decision-makers at customer-facing industries. The custom survey began and was completed in January 2022.

ENDNOTES

[1] Source: "The ROI Of CX Transformation," Forrester Research, Inc., January 22, 2021.

ABOUT FORRESTER CONSULTING

Forrester Consulting provides independent and objective research-based consulting to help leaders succeed in their organizations. Ranging in scope from a short strategy session to custom projects, Forrester's Consulting services connect you directly with research analysts who apply expert insight to your specific business challenges. For more information, visit forrester.com/consulting.

Demographics

REGION	
United States	**74%**
Europe	**26%**

INDUSTRY (TOP FIVE)	
Retail	**17%**
Healthcare	**17%**
Financial services and/or insurance	**16%**
Advertising and/or marketing	**12%**
Media and/or leisure	**9%**

RESPONDENT TITLE	
C-level executive	**5%**
Vice president	**35%**
Director	**39%**
Manager	**21%**

SELLING MODEL	
Entirely B2C	**29%**
Primarily B2C	**45%**
An approximately equal mix of B2B and B2XC	**26%**