

# Iniciativa PARSUK Xperience 2020

## Bolsa 1

Tema: The potential and limitations of contextual marketing for new ventures.

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Contextual marketing refers to the use of technologies such as beacons and smartphone applications to deliver personalised messages to individuals, depending on their behaviour and location. For instance, messages can reflect product availability in a local store, the weather, and crowd density, as well as the customers' previous purchase history or which shelves they are perusing.

This potential for merging the physical and the digital worlds, and to deliver hyper-targeted, contextually relevant messages, has led some to declare contextual marketing as one of the trends most likely to impact user behaviour in years to come. Contextual marketing develops customer intimacy and engagement, because it addresses the specific needs and circumstances of individual consumers. Moreover, it reduces wastage, because response can be monitored in real-time and corrective action taken. Hence, this innovative practice is very relevant for entrepreneurs, who usually face budget and time constraints.

However, emerging research in this area suggest that acceptance of the targeted messages is strongly influenced by familiarity with the brand, in addition to other factors such as customers' perception of the technology. This finding is worrying for entrepreneurs, as new ventures typically lack brand awareness. It means that contextual marketing would be more effective in customer retention than customer acquisition activities; and that, to optimise their limited budgets, entrepreneurs should invest in branding before embarking on contextual marketing activities. The body of work in this area is, however, limited, due to the emerging nature of this technology and innovative practice.

The aim of this project is to develop understanding of consumer perceptions of digitally enabled contextual marketing and, in particular, their willingness to accept targeted messages from new ventures in the health and wellbeing sector. This project will develop crucial evidence-based guidance for entrepreneurs considering the use of this innovative marketing practice.

