

Location-based services lure users, advertisers, investors

July 9 2010, By Jon Swartz

If there were any lingering doubts about one of the hottest new technologies, a big investment and burgeoning membership numbers are proving that location-based services are about to go mainstream.

Last week, Foursquare raked in \$20 million in venture funding. The ultrapopular Foursquare, which offers a free application that lets people flag where they are, whizzed past the 1 million-member mark in April and just passed 1.8 million.

Services including Gowalla, Loopt and Where are being embraced by mobile-device owners to shop, communicate, socialize and play games. Their total number of members runs in the millions.

Meantime, [Google](#) has aggressively pushed its mobile social network, Latitude, and Facebook is expected to unveil location features this year.

"None of us have 30 million users, but we're just at the beginning of breaking into the mainstream," says Sam Altman, CEO of Loopt, which has 3 million users.

Foursquare is the face of the fledgling industry. Earlier this year, it was rumored to be in serious acquisition talks with [Facebook](#) and Yahoo. But Foursquare officials decided it was too soon to sell.

Such services are part of a rising wave in [mobile advertising](#), which is expected to soar in the U.S. to \$3.1 billion in 2013, from \$320 million in

2009, according to market researcher BIA/Kelsey.

Driving the growth are smartphone sales, which are expected to account for a majority of phones in the U.S. by the end of 2011, market researcher Nielsen says. About 5 percent of the more than 225,000 [iPhone](#) apps have location services.

Analysts say the appeal of location-based services goes far beyond game-playing and seeing where your friends are. "Location is such an important tool for local merchants and marketers to more deeply connect with customers," says Michael Boland, an analyst at BIA/Kelsey.

Since it began last year, Foursquare has established partnerships with more than 15,000 businesses, including Starbucks and CNN. It is adding up to 15,000 users a day. Loopt has signed advertisers such as Burger King and Gap. Where has deals with 20,000 small businesses in North America.

"It's not that these folks haven't advertised before," Where CEO Walt Doyle says. "They're just changing who they advertise with -- in this case, digital, instead of print."

The services will become more popular as consumers also share photos and content, says Josh Williams, CEO of Gowalla, which is up to 350,000 users.

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