

# Location-based 'geo-fencing' apps raise privacy concerns

January 5 2012, By George Avalos

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Someone who is in a mall or near a favorite restaurant might get a message on their cellphone about a sale at a store or specials on the menu. Or they could be alerted that their child has left the school grounds.

These are just a couple of the possible uses of a new generation of messages, applications and advertisements that go by the moniker "geo-fencing." Geo-fencing creates a digital perimeter around a location - which could be a building, school or entire city - that enables [merchants](#) or others to become aware when a person's [cellphone](#) crosses an electronic boundary.

"If people know where you are, they can push to you offers that are unique to your location," said [Rob Enderle](#), principal analyst with San Jose, Calif.-based [market researcher](#) Enderle Group.

McDonald's, Victoria's Secret and Best Buy all offer ways for potential customers to get messages on their smartphones about deals or specials at nearby locations.

AT&T has been testing a free ShopAlerts service that sends location-based text messages about merchant offers. San Francisco-based Twitter is devising ways for merchants to deliver city-level advertising tweets to people based on their timeline. Foursquare lets people check in and receive ads and info linked to the areas where they are.

The apps also could help people lead safer lives. "It's like a personal OnStar for you," Enderle said. "If you have a problem, injury, safety or security issue, you can structure a service where you can get immediate help."

Emeryville, Calif.-based Location Labs offers alerts and online reports about the whereabouts of family members, as well as services designed to prevent young motorists from texting while driving. Both of these are based on the mobile phone knowing where people are located or how fast they are traveling.

Location Labs, one of the pioneers in geo-fencing technology, has focused a number of initiatives on safety-oriented efforts, said Tasso Roumeliotis, CEO and founder of the company.

"We see a lot of paying customers for these applications," Roumeliotis said, adding that more than 1,000 third-party developers are at work creating new apps for the company.

Its Safely Locate [app](#) lets people keep tabs on loved ones through alerts and online activity reports. Safely Drive is geared toward keeping younger drivers from texting or chatting on the phone while they are driving by locking down the phone if the system senses the car is being driven.

Safely Social Monitor keeps parents informed about a child's social networking activities.

"You are paying for peace of mind," Roumeliotis said.

But geo-fencing has also raised privacy concerns that can send that peace of mind out the window.

Elise Watkins, a Concord, Calif., resident, does a lot of shopping online with her iPhone, and numerous ads are sent to her phone as a result.

"I'm fine with it going to my email, but not to my phone," Watkins said. "I've bought tickets online for events. You have to enter a phone number. Then you start getting text messages after that."

Watkins has set up a specific email address to receive marketing messages sent to her phone. "It can be kind of annoying to get ads pushed to your phone," she said. "It seems like overkill to me. It interferes with my personal life."

"People are still not entirely at ease with a system that comes into our network from outside," said Chris Shipley, chief executive officer of Redwood City, Calif.-based Guidewire Group. "This is still something that people feel a little creepy about."

During late November, two U.S. shopping malls deployed a system developed by Path Intelligence to track cell phones, hoping to learn more about the shopping habits of their customers. But after an outcry about privacy issues, the two malls, Promenade Temecula in Southern California and Short Pump Town Center in Virginia, shut down the tracking efforts.

"Consumers may have good and valid reasons to use location-sensitive applications," said Rebecca Jeschke, digital rights analyst with the San Francisco-based Electronic Frontier Foundation. "But we don't see a good way for consumer to understand who is collecting their information, how it's being done, and why it's being done."

Jeschke says the GPS systems embedded in smartphones put a tracking device in each user's pocket, raising lots of privacy concerns.

"Geofencing gives marketers or the government the chance to track us every day," she said. "The technology shows what are our interests, where we go to church, who are our friends."

Tim Bjarin, principal analyst with Campbell, Calif.-based Creative Strategies, a market researcher, says the key is for apps to be crafted in ways that prevent them from being intrusive.

"The key is to ensure the app is not obnoxious," he said. "It has to be something I really want. The individual has to have the choice that they can opt in based on what the provider is going to give the consumer."

Bjarin said it could be awhile before the kinks are ironed out.

"There is potential for these technologies, but there are also pitfalls," he said. "People want to be sure the company they are dealing with is trustworthy. The applications have to be targeted to the individual. You don't want to overdo these kinds of alerts."

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## GEO-FENCING APPS:

-Foursquare is a popular location-based social network for mobile devices. Users are asked to "check in" at various physical venues, and then receive ads tailored to their specific locations. Each check-in provides the user with award points.

-Victoria's Secret, [Best Buy](#) and McDonald's are among the merchants that target ads at potential customers near their stores who are using Pandora Internet radio's iPhone application.

-San Francisco-based Twitter has a new [advertising](#) system called

Promoted Products that targets ads based on a user's activity. Within the United States, advertisers can target tweets down to the city level.

-New York City-based HopStop, is an online service that provides door-to-door subway and bus directions for major cities in the United States and abroad. But the company has also kicked off "HopStop AdLocal," which offers businesses ways to advertise on the service. The idea is that since HopStop knows where people are traveling, the company can direct ads for merchants along a person's route.

-ShopAlerts is a free service that AT&T is making available to its mobile customers to let them know, via text messages, about deals in areas near their location. By midyear, AT&T plans to roll out the service widely.

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