

# Hotspots

Exploring the opportunities



Hotspots are pervasive in our world and there will be yet more of them due to the spread of smartphones. Unfortunately, the Internet access points are undervalued by owners of restaurants, galleries, etc. and they are still not seen as an element of competitive advantage: properly managed hotspots can be a source of additional revenue, market research or a medium to display information such as advertisements. Moreover, it is possible to increase loyalty and revenue per customer via a carefully designed wireless service. Such benefits can be obtained thanks to Verax Systems' SPARK.

### The omnipresent network

Although most of the hotspots are located in restaurants, cafés, galleries and shopping malls (hereinafter referred to as retail chains), they are increasingly available to the user in the parks or city centers as more and more people nowadays are spending their time outside the schools or workplaces. They demand a permanent access to the Internet to receive e-mail, use communicators or exchange data wirelessly through the hotspots. This demand will gradually increase thanks to the growing popularity of the smartphones with WiFi, which are no longer phones for businessmen, but become simply gadgets with an easy access to the Internet. The sale of smartphones in 2009 is several times greater than that of standard mobile phones.

Modern wireless services ensure greater security through a variety of encryption methods and give the user a sense of confidence during the very data transmission, which translates directly into the popularity increase of the Internet access points. The demand of WiFi services will increase mainly due to the sharp growth in the mobile access to the Internet, which results from aggressive marketing strategies, an increase in sales of portable computers, and a fashion for mobility, especially among young people. According to the Polish Office of Electronic Communications (UKE) the growth in mobile access sales is currently very high. It is estimated that from 2010 to 2012 there will be over one million new subscribers in Poland. Mobile Internet begins to fill in the gap, which fixed network providers have overlooked. The share of the mobile access in broadband in 2012 is estimated to be approx. 20%.

### Unexplored possibilities

In an era of great competition, attracting customers to company's products or core services often requires a wide array of actions, particularly unconventional ones that may rivet a customer and give them a value-added service. Among these elements are the hotspots, which may still seem a little undervalued by the owners. According to iPass research connections from chain stores made up 26% of total commercial WiFi use worldwide in 2008. However, the hotspots continue to be only a standard attribute of a modern café, pub or a shopping mall, while they could play the role of a powerful marketing tool, ideal for building the competitive advantage. In general, providing the wireless Internet service in chain stores and its proper management enables businesses to benefit greatly: from increasing the number of the customers, through keeping them longer, up to significantly influencing the core business revenues.

### Benefiting from value-added WiFi services

Skillful hotspot management can bring about a range of tangible benefits, such as the opportunity to differentiate from the rivals and attract a greater number of customers. It also maximizes the chance of better sales through increasing the customer loyalty as well as gaining additional revenue. The benefits include a full customization of the access page graphic design thanks to which it is easy to achieve a consistent image of the company.

Moreover, the company can obtain a great deal of needed data on the number of the customers and consumer behavior. Such reports are generated on the basis of questionnaires filled in on the access page by the user and may function as a sort of market research. Thanks to the surveys completed, the owner gets to know the customers' preferences, which gives the opportunity to customize the offer and advertisements to the profile of a potential customer.

### How can revenues be increased?

There are also other possibilities of creative hotspot use to encourage specific customer behavior, which will bring about expected benefits to the retail chains. In order to profit from hotspots it is not necessary to offer paid Internet access. In case of complex management solutions, retail chains are able to gain profits in two ways.

The direct method is obviously to sell the Internet access, where the users pay for the access with credit cards, pre-paid scratch-cards and SMS according to the system operator defined tariffs. The second method, however, is an indirect one, e.g. through extending the customer's visit, which in turn encourages buying another product or through offering a free-of-charge access in exchange for buying particular products or packages.

### Solution

A hotspot management system is also a great tool supporting all kinds of promotional projects or loyalty programs. In order to help effectively manage hotspots in public places Verax Systems has developed a business model that provides the possibility to determine the method of the payment and Internet access to generate income from the SPARK software. Verax Systems' SPARK, which is a complex solution, gives the owner the opportunity of a flexible configuration and system extension with all the options mentioned below.

The login page is a perfect place for placing ads, information, banners and logos - which will undoubtedly generate revenues. In addition, the selection of relevant advertisements which appear when loading the websites can encourage the customer to purchase another product, and thus extend their visit to the store. The loading of the website is also a perfect moment to display all sorts of information, e.g. about the offer, which causes that the system acquires informational value in addition to the typically promotional function.

WiFi management software has a feature of selling the Internet access in various forms, such as scratch-card vouchers, which may also build positive reactions among customers, when a free product or a service is possible to win. The sale of the Internet access is also connected with learning the consumer behavior and the customer preferences. We get to know when and how long an access the customer bought. The user is asked to fill in the phone number while logging in, which will be further used to inform them about new promotions, products or events taking place in a different part of the shopping mall in which they are.

As shown in the experience of restaurant chains managing wireless networks through adequate systems, the Internet encourages the sales of additional products. In the case of a café chain 10% of the customers use the wireless Internet access. As much as 60% of them order an additional product. It is worth noting, that providing a reliable and fast wireless Internet access will extend the customer's visit to that particular place.

The application for efficient hotspot management is also a perfect basis on which permanent relationships may be built. By using so popular now social networking portals or communicators it can link people sitting next to each other in a café or watching the same movie in a cinema during a singles' night. It turns out that it is very easy to find a wide array of uses for the wireless network management systems. It is certain that along with the development of third generation networks, the marketers have at their disposal more and more tools to reach consumers in a very different way than before.

To learn more, visit our website: <http://www.veraxsystems.com/en/products/SPARK>.