xAd®

MOBILE-LOCATION INSIGHTS

Q2 2013

Every day, we move closer and closer to total smartphone obsession. According to Pew, the average adult looks at their phone at least 41.5 times a day – this jumps to 109 times a day for young adults. Our phones are our lifelines, always on and by our side everywhere we go – to meetings, to bed, even to the bathroom. As observed in our ongoing Path-to-Purchase research, across most verticals, mobile devices play an essential role not only for our day-to-day needs, but also in our purchase decisions – from initial research through conversion. In fact, 35% of smartphone owners and 37% of tablet owners consider these devices the most important media outlet for informing a purchase decision over more traditional sources such as PC or television.

Unlike other media sources, these smart devices give us the ability to leverage a consumer's current, past, or even future location behaviors to determine relevant content and ad messages that appeal to a specific audience. Because our devices are so personal, relevancy is the key to ensuring that ad messages provide value to the consumer - the ultimate goal being that your message is not only seen, but acted upon. Achieving this level of relevancy requires engaging mobile users as they move throughout their day. Location is more than a point on a map – external cues such as time, weather, and state-of-mind can all impact how a user will engage with an advertisement. Highest engagement comes from providing the user with the most relevant information for their current mobile moment in time. To meet this need, marketers are developing ways to refine traditional and online marketing techniques to best leverage the mobile medium.

One such technique is what we refer to as "conquesting," or the act of targeting the location of your competitors with a combination of right place/right time ad messages and promotions to drive your competitors' customers to read your message and take action!

In this report, we will check in on the major performance and overall usage trends seen across the xAd platform from April through June of 2013. In addition, we will discuss location targeting with a specific focus on competitive geo-conquesting and the opportunity this provides to marketers.

EXPANDING THE GEO-LOCATION OPPORTUNITY THROUGH GEO-CONQUESTING

As marketers are realizing the tremendous opportunity in location-based mobile ads, targeting methods are becoming more sophisticated. In addition to geo-fencing and geo-specific behavioral targeting (as discussed in previous reports), geo-conquesting is now becoming a location targeting norm. While the idea of conquesting is well-known by print, television, and online marketers - mobile marketers can now take this type of targeting a step further by leveraging a user's precise location and proximity from competitors' locations.

HOW DOES GEO-CONQUESTING WORK?

The most popular form of geo-conquesting leverages the technique of geo-fencing to reach and engage consumers when they are in or around a target competitor. Another form of conquesting leverages a device's past location behavior – allowing marketers to reach consumers who have previously visited a competitive location.

REACHING CONSUMERS IN THE MOMENT	UNDERSTAND THE PAST TO PLAN FOR THE FUTURE
These consumers are in the process of making a purchase decision at or around your competitor's business. Reach them with attractive offers to influence their immediate conversion decision and bring them in the door. **Use Case** – Drive awareness and immediate action on existing offers or promotions going on now	Knowing where a consumer has been can help you influence their future conversion behavior. Understand their patterns and how to best market to these mobile users to provide relevant offers, while placing your brand at the top of their consideration set over your competitors. **Use Case** – Drive awareness for future offers / promotions in the hope of changing the consumers behavior on the next visit

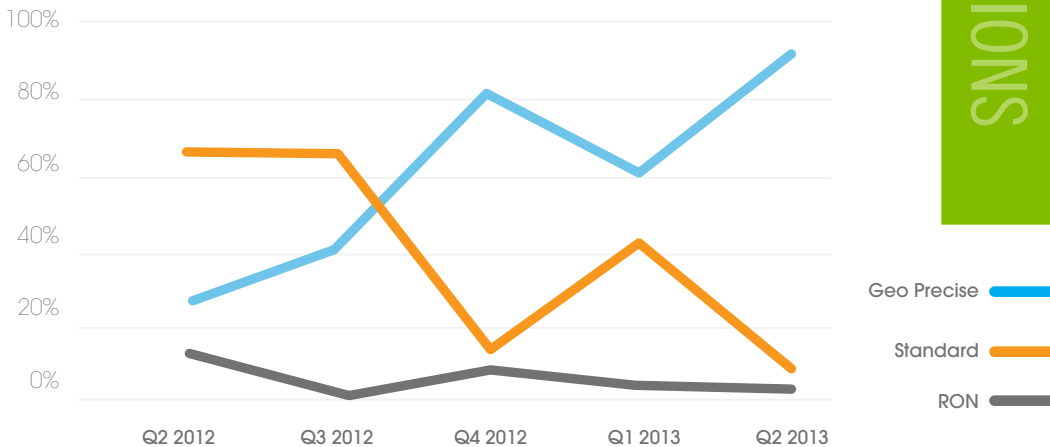Your Location

Competitor

Competitor
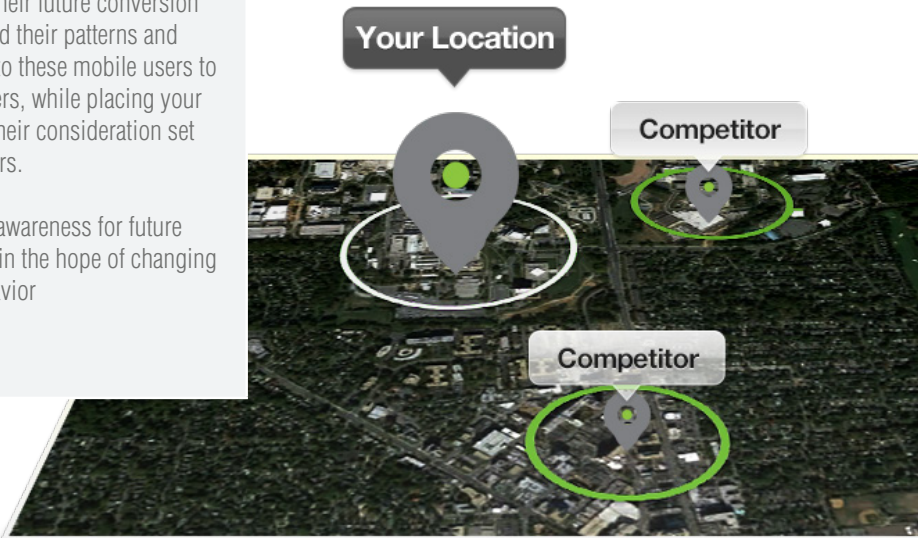
Conquesting allows marketers to expand their targeting outside of their own locations to help bring their brand to the top of a consumer's consideration set at the moment of purchase decision.

QUARTER TO QUARTER CAMPAIGN TARGETING TRENDS

Geo-precise targeting techniques continue to gain traction over standard forms of location targeting such as zip code or DMA. In Q2 we saw the strongest adoption of this technique to date, with more than 90% of campaigns employing some form of geo-precise targeting.

TARGETING DEFINITIONS

- **Run of Network (RON)** – refers to campaigns that do not require any specific type of location targeting. Instead, these campaigns solely rely on targeting methods such as demo or content targeting, etc.

- **Standard Geo-Targeting** – the use of zip codes, cities, DMAs or other standard geo boundaries to define an area in which ads can be targeted.

- **Geo-Precision Targeting** – refers to targeting areas that do not conform to standard geo-boundaries. Instead target is based on more granular areas as dictated by an actual GPS location or specific behavioral data

  → **Geo-Conquesting** is a form of geo-precise targeting leveraging a user's current or past competitor visitation behaviors to target ads

Geo Precise
Standard
RON

Geo-Precise campaigns are particularly popular during Q4 and Q2 driven by seasonal activities: holidays for Q4 and summer vacation and travel for Q2. While we continue to observe seasonal fluctuations, there is a clear overall upward trend towards leveraging geo-precision that we expect to continue as advertisers refine their mobile marketing strategies.

GROWTH IN GEO-CONQUESTING

In Q2, nearly a third of xAd's geo-precise campaigns used geo-conquesting, up from 22% in Q1 2013. Marketers are leveraging the power of location to reach not only their existing consumers, but also to attract new business by targeting their competitors. Geo-precision offers an opportunity to extend campaign reach while still maintaining relevance. As campaigns show powerful returns using this technique, we anticipate similar growth as we've observed with overall geo-precision.

Percent of Geo-Precise Campaigns Using Geo-Conquesting

22%

Q1 2013

32%
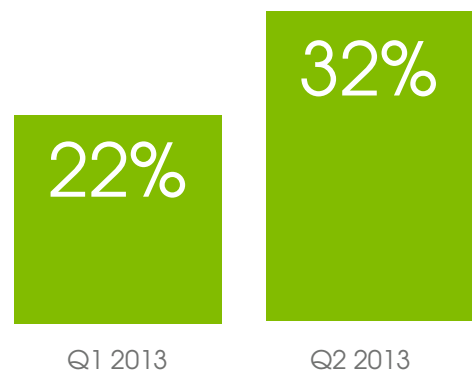
Q2 2013

TOP MOBILE AD CATEGORIES Q2 2013
OVERALL AND GEO-CONQUESTING

While the top three overall mobile ad categories remained consistent with Q1, location targeting is becoming increasingly important for the Retail and Auto industries. In Q2 these categories replaced Health & Beauty and Travel in the top five.

We saw geo-conquesting used across multiple industries in Q2. Verticals that don't necessarily require an in-depth purchase consideration benefit the most from this technique. Restaurants, gas stations, or hotels are perfect examples where consumers are often making a spur of the moment decision and can easily be influenced with an attractive offer if reached at the right moment in time.

As a result, it should come as no surprise that the top category utilizing this technique in Q2 was restaurants. Restaurant marketers are taking advantage of mobile's ability to capture the attention of potential patrons as they are thinking about visiting a competing restaurant to help move their brands to the top of the consumers' consideration set for lunch, dinner, or anytime they have the urge – all in the hopes of changing their plans and filling their own seats.

Top Mobile Ad Categories (Q2 2013)	Top Geo-Conquesting Ad Categories (Q2 2013)
1 Financial Services/Insurance	1 Restaurants
2 Telecommunications	2 Retail
3 Restaurants	3 Financial Services/Insurance
4 Retail	4 Travel
5 Auto	5 Gas & Convenience

OUTBACK STEAKHOUSE®

GEO-CONQUESTING TURNS HUNGRY SMARTPHONE OWNERS INTO PAYING CUSTOMERS

Campaign Goal:
To increase awareness and intent to dine for lunch and dinner while driving traffic into restaurant locations from both loyal customers and those considering other casual dining restaurants.
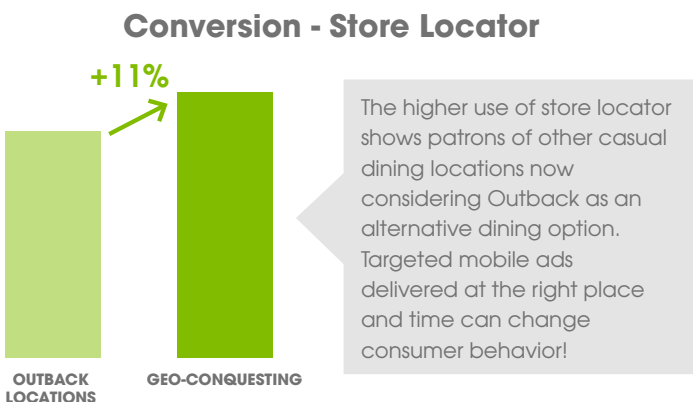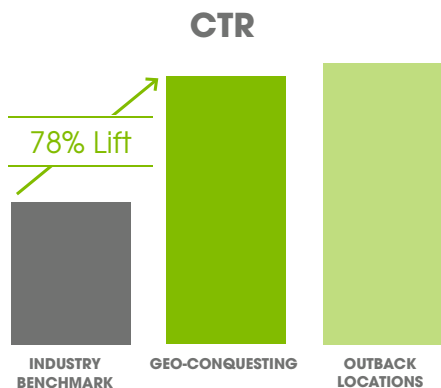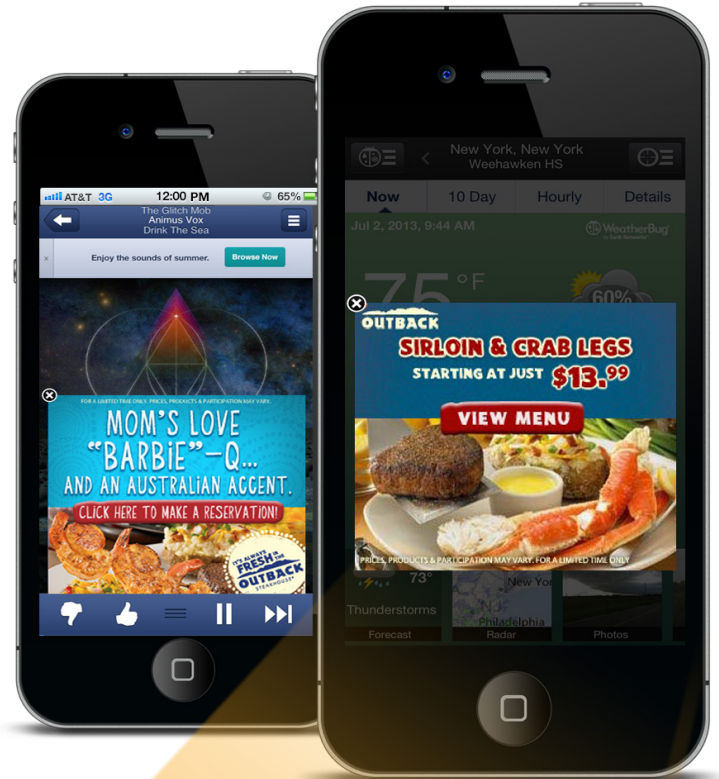
Solution:
Location Targeting Solutions - 10 mile SmartFence™ around Outback Steakhouse locations

Geo-Conquesting - 5 mile SmartFence™ around other casual dining locations.

Results:
- Overall campaign exceeded the industry benchmark Click Through Rate (CTR) by nearly 80%

- The geo-conquesting portion of the campaign performed on par with the loyalty portion.

- However, post-click activity was highest on the geo-conquested portion of the campaign showing an 11% lift on conversion actions such as access to a store locator.

CTR

78% Lift

INDUSTRY BENCHMARK · GEO-CONQUESTING · OUTBACK LOCATIONS

Conversion - Store Locator

+11%

The higher use of store locator shows patrons of other casual dining locations now considering Outback as an alternative dining option. Targeted mobile ads delivered at the right place and time can change consumer behavior!

OUTBACK LOCATIONS · GEO-CONQUESTING

"For Outback, it's always important to have top of mind awareness in the very competitive casual dining restaurant segment. Through geo precise targeting techniques, we have the ability to provide mobile users with relevant information, such as offers, easy map and driving directions, to help in their decision-making process in the hopes of ultimately influencing their decision to dine at an Outback."

– Karen Soots, Vice President of Media Services
Bloomin' Brands Inc.

LOCATION-DRIVEN PERFORMANCE

As in previous quarters, local relevance drove performance in Q2 with xAd's locally targeted campaigns performing well above the industry standard click through rate (CTR) benchmarks for display and search at 0.58% and 9.1% respectively.

TARGETED DISPLAY

- Industry
- xAd
- xAd (Geo-Conquesting)

SEARCH

- Industry
- xAd
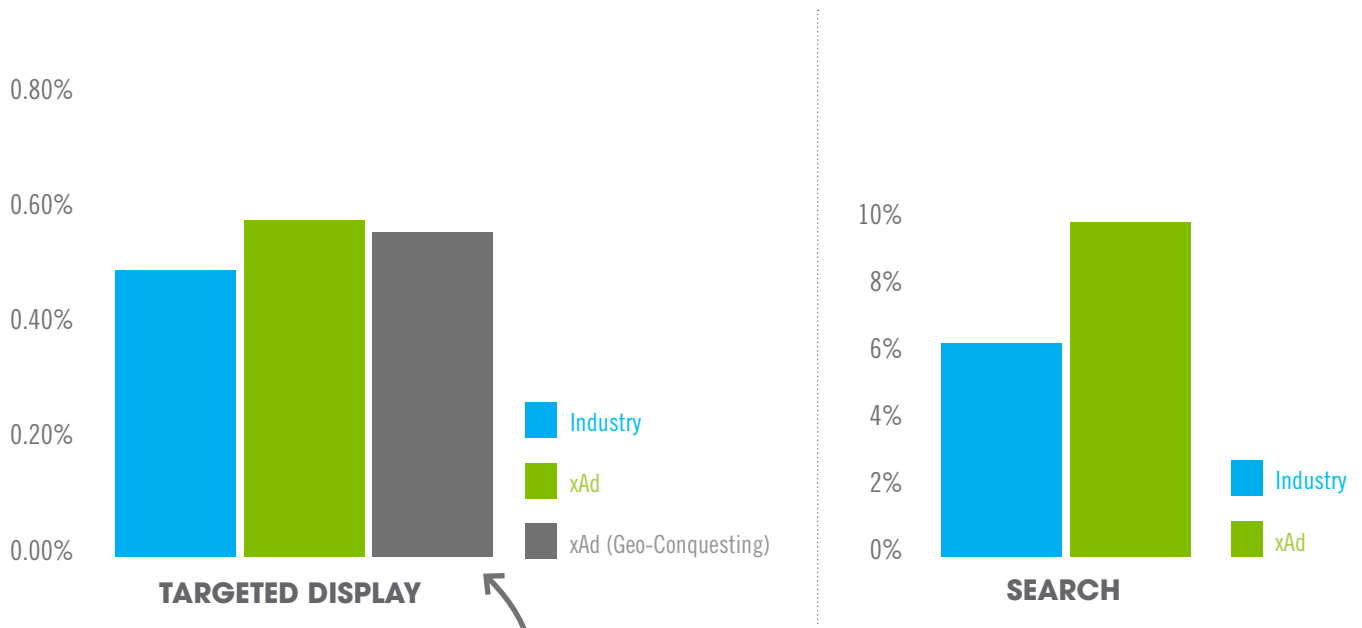
Geo-Conquest Performance
Geo-conquest campaigns saw similarly enhanced results with an average CTR of 0.57%.

The performance of these campaigns is on par with overall location-driven targeting, demonstrating the power of reaching a consumer through relevance. Even when a mobile user is actively considering a competitor, they can be influenced with the right message to change their mind.

Geo-conquesting creates an opportunity to expand your marketing audience beyond your immediate location while still providing a targeted message that will lead to clicks and further engagement – converting them into your future loyal customers.

As consumers become increasingly dependent on their smartphones and tablets for every-day activities and decisions, mobile is quickly becoming one of the most powerful ways to promote a brand. Reaching a consumer with a message at the exact moment when they are near a location and/or considering a purchase creates a layer of relevance never before possible with other media advertising. As discussed in this report, however, location is not limited to *your* location. Geo-conquesting can extend the reach of a campaign to increase brand consideration and generate new business.

While the power of conquesting is not new to advertising, there are some intricacies unique to mobile and location. Below are a few best practices to keep in mind as you adopt this approach to enhance your current or future mobile campaign.

GEO-CONQUESTING BEST PRACTICES:

1→ Use Action-Oriented Creative
Coupons, promos, new products, or limited time offers provide an extra incentive for a consumer to choose you over a competitor.

2→ Use Location-Aware Creative
Location is central to geo-conquesting so leverage this unique feature to create the most relevant creative by telling the consumer how near they are to you.

3→ Test Different Targeting Radiuses
The optimal targeting radius used for geo-conquesting will vary by business and industry. As a result, test multiple distances in your campaigns to determine the appropriate targeting fence for your business.

4→ Make Conversion Easy
The fewer barriers between a consumer and your business, the more likely they are to come in the door. As a result, provide one-click access to things such as your phone number, location map or map and driving directions.

5→ Track Performance Past the CTR
Secondary action rates are especially important in geo-conquesting as these consumers may need something extra to attract them from going into your competitors location. Understanding what they are looking for (directions, menus, coupons) is key to the success of your current and future campaigns.

Location Aware Creative
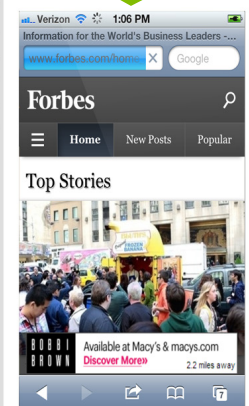
Conversion Rich Landing Page
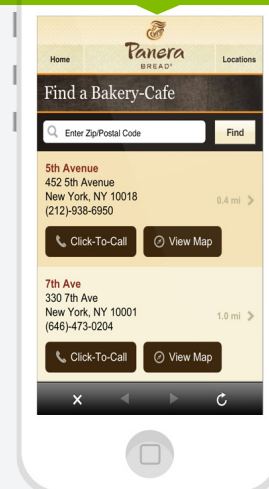
About This Report

- Published quarterly, this report provides trends and insights from the current mobile landscape, particularly how consumers are using mobile to search for, find and interact with local businesses. By juxtaposing consumer demographics with mobile behaviors, devices and platforms, the data contained herein will help businesses make informed decisions about their current media strategies and future initiatives.

- For the purpose of this report, the local-search audience is defined as mobile phone owners who access the following content categories, either through their mobile browsers or applications: business directories, classifieds, maps, movie and restaurant information, news, real-estate listings, traffic reports and weather.

- Metrics and insights provided are based on xAd's platform and campaign data (April 2013–June 2013) from over 200 unique national brand advertiser campaigns.

- For questions or to provide feedback, please contact us at 888.234.7893 or getlocal@xad.com.

About xAd

Founded in 2009, xAd is one of the largest mobile advertising platforms in the U.S. and the leader in delivering targeted mobile ads based on accurate user location and search context. Across its network, the company aggregates and manages billions of monthly ad impressions from which it derives the largest supply of location-based advertising inventory in the market. xAd delivers targeted mobile location@scale for over a million national and local advertisers, including brands like Pinkberry, Home Depot and Wells Fargo.

xAd is based in New York City with several satellite offices across the U.S. and internationally. For more information, visit www.xAd.com

About the xAd Mobile-Location Platform

Mobile is inherently local – therefore user location and local context becomes the ultimate proxy for targeting and reaching mobile audiences. Mobile users are in constant motion, and so contextual factors are ever changing and have a direct impact on mobile user intent and engagement. xAd understands these intricacies and has developed targeting technology that not only addresses these factors – but uses them to serve the most relevant and meaningful ads to users at the precise mobile moment in time when they are most receptive of the message. As a result, xAd is able to target ads based on where the advertiser's most relevant audience is at any point in time.   Our ad-serving technology incorporates user location, real-time and historical search behaviors, and a host of other variables, to ensure every search and display ad is delivered in the most impactful way, ultimately yielding unparalleled performance in the form of high CTR (click through rate) and secondary action. And while our campaigns can be narrowly targeted for better campaign relevance, our extensive network of high-traffic mobile sites, apps, and mapping and navigation partners, ensures scale. We have what advertisers need to maximize national brand exposure and awareness across a host of mobile properties, while honing in on specific markets for local relevance.

xAd Platform Audience Reach

- Reaches over 100 million mobile users monthly *(source: comScore MobiLens, March 2013)*

- Serves the most accurately targeted ads with access to 30 Billion ad impressions per month

- The only network that offers the ability to target audiences by location + first party search context