

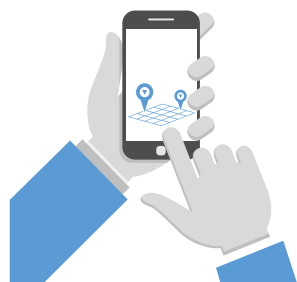
How Marketers Are Using Location Data - And the Road Ahead

Six Findings From the MMA's Location Data Survey Of Marketers and Agencies

November 2016



For all of mobile's unmatched attributes, there is probably nothing as special – particularly to a marketer – as the platform's ability to determine location.



Most previous platforms have not had the ability to know where their owner is, or – for that matter – the ability to move from place to place with them. This puts mobile devices precisely at the nexus between our wants and needs and the ability to fulfill them, making them the perfect conduit to move consumers down the path to conversion in what isn't just real-time but real-place.

Therefore, as part of the Mobile Marketing Association's mission to accelerate the transformation and innovation of marketing through mobile, we conducted a study in July 2016 among marketers and agencies [see sidebar "A Look at our Sample" On page 5] to assess the role location data plays in current mobile efforts, including how they use it, how they'd like to improve it, and what they think of the provider community. We also looked at mobile spending and how well marketers feel they are integrating mobile into their businesses.

What we found is an industry actively embracing and implementing location data, while at the same time looking forward to its continuing improvement.

A summary of the key findings is at right, with further detail below.

The Study's Six Key Findings, In Brief

1. **Path to mobile maturity:** When it comes to how marketers and agencies feel about their mobile efforts overall – outside of just location-based advertising -- the majority feel they are doing a good job. There's also a strong correlation between investment and experience in mobile, with those who invest more showing the most confidence and having the most experience.
2. **Location at the core of mobile:** Location data is overwhelmingly seen as a key component of mobile advertising, especially by marketers who have reached a higher level of mobile maturity.
3. **Beyond targeting:** Although targeting is location data's key application, marketers also use it for insights, measurement and attribution.
4. **Key applications:** Real-time location-based advertising, location-enhanced creative and proximity targeting are widely used and seen as valuable; beacons, footfall and tactics that use geo-fencing don't rate as high.
5. **Way forward:** Despite some concerns about location data's accuracy and transparency, marketers are convinced about the role of location data and are looking to expand its application.
6. **Not always seeing eye-to-eye:** Brands and agencies differ somewhat in their views toward mobile's importance and location data.

Drilling Down: A Closer Look at the MMA Location Data Study

Key Finding #1: Path to mobile maturity

When it comes to how marketers and agencies feel about their mobile efforts overall – outside of just location-based advertising -- the majority feel they are doing a good job. There's also a strong correlation between investment and experience in mobile, with those who invest more showing the most confidence and having the most experience.

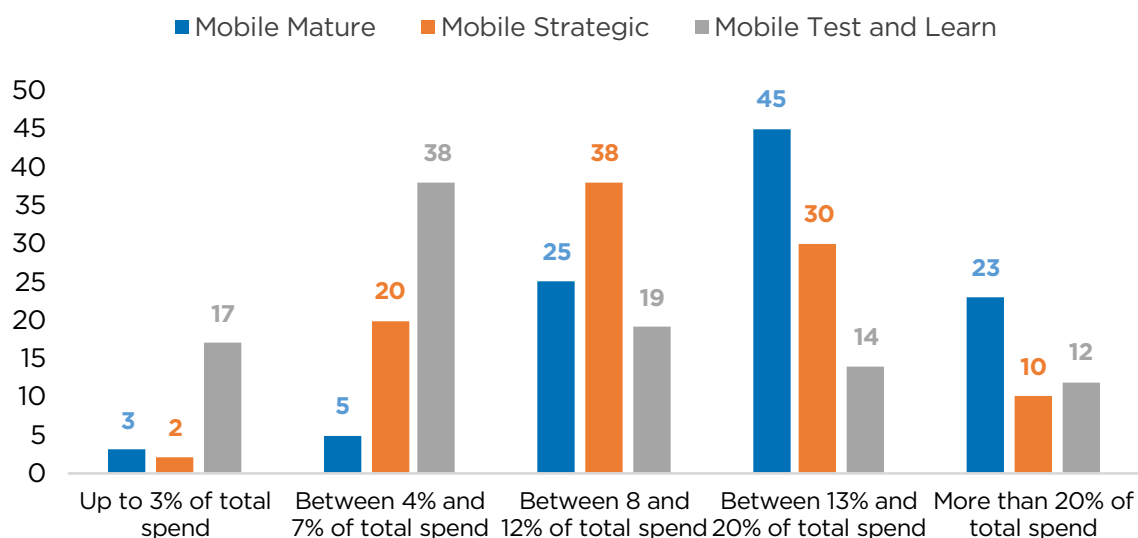
Respondents have a high level of confidence in how well their companies are doing with their mobile efforts overall.

In fact, **92 percent** of marketers, and **93 percent** of agencies called their mobile efforts “great” or “good.” Small spenders – defined as those who spend less than eight percent of their overall budgets in mobile – were less confident than those who spent more.

There was also a correlation between spending and experience, with **45 percent** of marketers with more experience falling into the “big spender” category, of allocating between **13 and 20 percent** of their marketing budget in mobile, and an additional **23 percent** allocating even more than that.

Although it's hard to establish a causal relationship between these two dimensions, together they suggest that experience and spend go hand in hand: proactively investing more in mobile creates valuable learnings and experience that in turn unlocks and justifies additional spend. On average, marketers said they spend **13 percent** of their budget in mobile. More detail is provided in the chart below.

Marketers with more experience are leading in terms of spends as well



Key Finding #2: Location at the core of mobile

Location data is overwhelmingly seen as a key component of mobile advertising, especially by marketers who have reached a higher level of mobile maturity.

Overall Mobile Maturity of Survey Respondents

In conducting this survey, we paid close attention to where respondents were on the mobile learning curve – ranging from those who have just begun to test and learn, to companies who say they have a strategic vision for mobile and some experience, and finally to those who are more mobile mature, defined as companies for which mobile has been a key priority for some time, having set a clear strategy and integrated mobile into their overall marketing goals.

Though the level of mobile integration and experience is a continuum, with no bright lines necessarily separating one group from another, approximately 40 percent of marketers surveyed fit into the mobile mature category, with a slightly smaller group saying they have a strategic vision for mobile.

Perhaps reflecting the rapid change endemic to mobile and the difficulty in keeping up with it, fewer marketers – 38 percent – viewed themselves as mobile mature in 2016 as compared with 40 percent in 2014, the last time the MMA asked this question.

The most important finding in the survey is that, by a surprising margin -- even given mobile's unique place-based capabilities – marketers see location data as the centerpiece of their mobile efforts. In other words, its value is about its unique location-based attributes and not simply its popularity as a device.

Some **46 percent** of marketers, and **47 percent** of agencies, see location data as critical; and another **50** and **43 percent**, respectively, see it as important. This finding is particularly prevalent among companies which are more “mobile mature” [see sidebar “Overall Mobile Maturity of Survey Respondents”]. These are companies that say they feel mobile is fully integrated not just into their marketing, but their businesses, with **66 percent** seeing it as critical.

When it comes to implementing individual campaigns, about half of marketers use location-based targeting for more than half their mobile ads and agencies responded similarly. **Only 10 percent** of marketers, and **13 percent** of agencies, said they used location-based targeting less than **20 percent** of the time.

Social emerged as the predominant place they are employing location data, with **66 percent** of marketers saying they use it. Search was a clear – if somewhat distant -- second, at **51 percent**. These two tactics placed well ahead of display/rich media (**42 percent**), video (**40 percent**) and custom content from publishers (**38 percent**).

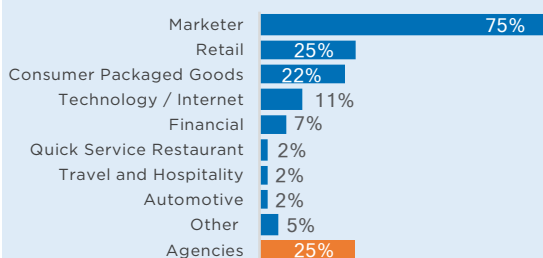
Key Finding #3: Beyond targeting

Although targeting is location data's key application, marketers also use it for insights, measurement and attribution.

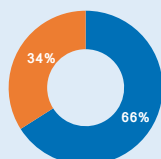
A Look at Our Sample

The sample for the MMA Location Data study was conducted among a total population of 400 respondents that was made up of approximately three-quarters marketers and one-quarter agencies, and also covered a mix of marketer categories – from consumer packaged goods to automotive. It also included marketers that have a physical retail location and those that don't, medium to large companies, and people at different levels within their organizations, although at least half of the marketers surveyed were senior executives.

Our sample covers a mix of marketer sectors as well as agencies

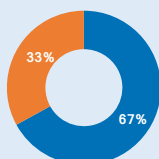


Two thirds of marketers have a physical location



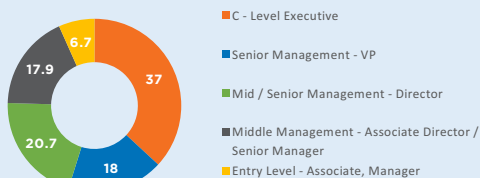
■ Yes ■ No

A mix of medium and large size companies



■ 1000-4999 ■ 5,000 or more

At least half of our marketer respondents were senior management



■ C - Level Executive
 ■ Senior Management - VP
 ■ Mid / Senior Management - Director
 ■ Middle Management - Associate Director / Senior Manager
 ■ Entry Level - Associate, Manager

It may come as little surprise that respondents said they primarily use location data for targeting, but what stands out is how valuable those surveyed also found it for insights, measurement and attribution. This was particularly true of marketers; slightly smaller percentages of agency respondents viewed it as important.

Sixty-one percent of marketers said location data is important for improving targeting, but **59 percent** said it was also valued as a way to improve insights – and more than half said they viewed location data as useful for understanding the path to purchase and as a measurement for advertising effectiveness.

These perceptions are backed up by actions. Approximately **two-thirds** of marketers have used location data for targeting in the last year, but **61 percent** used it for insights, **53 percent** for attribution and **57 percent** to measure effectiveness within the last twelve months.

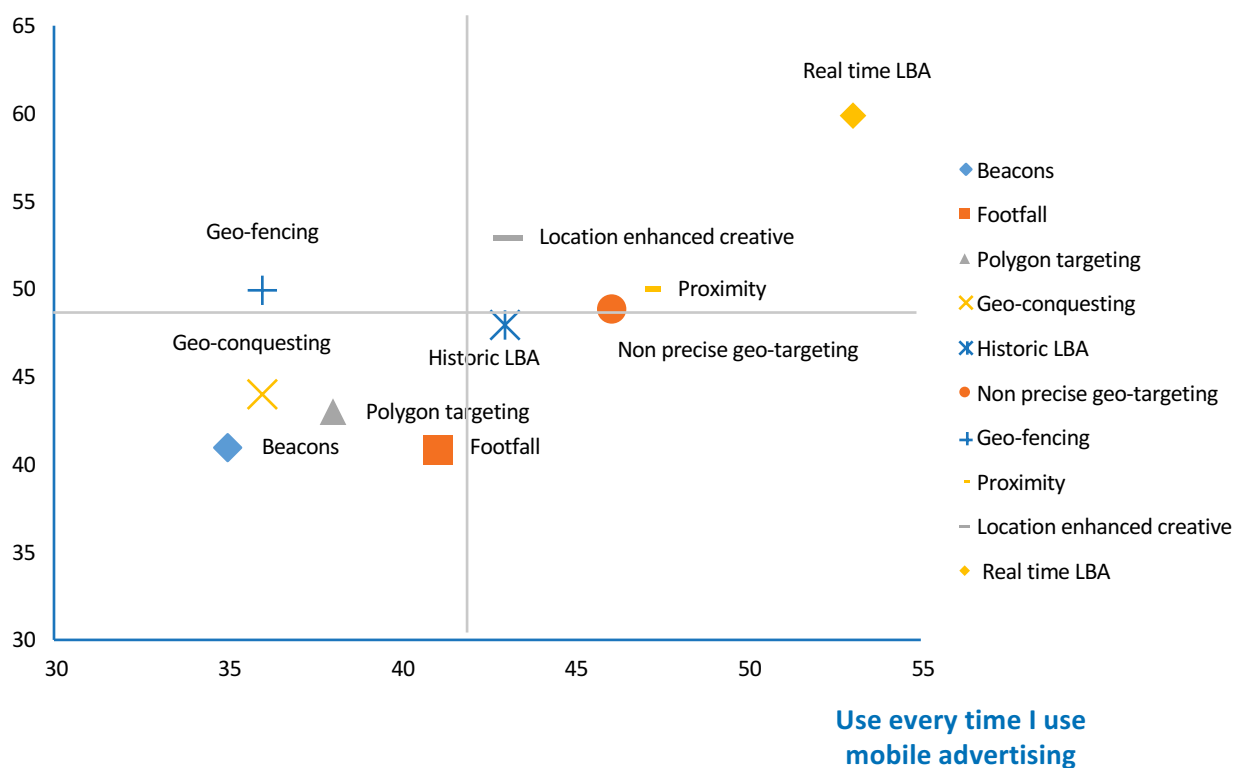
Key Finding #4: Key applications

Real-time location-based advertising, location-enhanced creative and proximity targeting are widely used and seen as valuable; beacons, footfall and tactics that use geo-fencing don't rate as high.

When survey respondents were asked to weigh what location-based applications they viewed as extremely valuable against the frequency with which they used them, three applications -- location-enhanced creative, proximity marketing and real-time location-based advertising -- were predominant, with real-time LBA the clear favorite among those three.

However, what marketers are using somewhat less frequently should also be noted. Strategies such as geo-conquesting [See "Location Study Glossary" on page 9] and, to a lesser extent, geo-fencing -- emerged as being used more selectively. The use of beacons is still relatively new, and the various methods of counting footfall or store visitations will become more important as standards, which are being developed by the Media Ratings Council and the MMA -- begin to emerge. Whatever the case, as this graph shows, marketers are all in on a handful of tactics and more circumspect about others.

Extremely Valuable



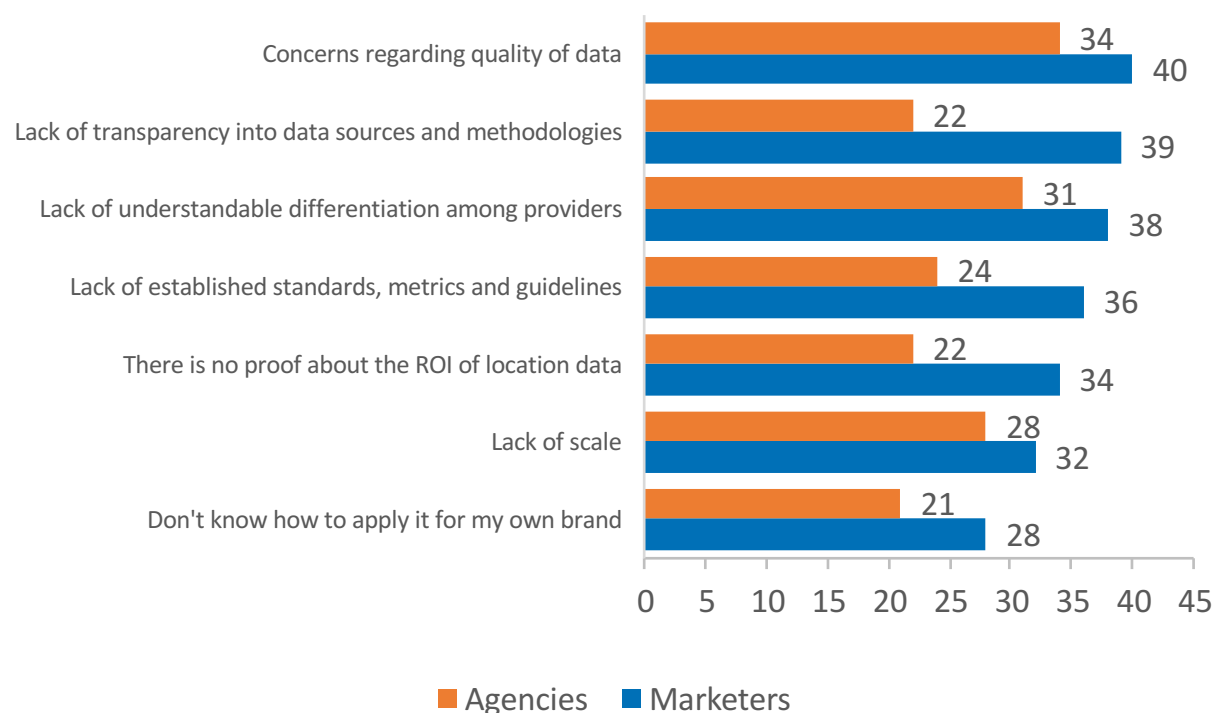
Key Finding #5: Way forward

Despite some concerns about location data's accuracy and transparency, marketers are convinced about the role of location data and are looking to expand its application.

Location data is seen as a key component of mobile strategy by **96 percent** of marketers and **90 percent** of agencies. But, despite the excitement about location data, both marketers and agencies also recognize there are challenges that need to be resolved. Marketers may overplay the challenges a bit more, showing greater concern about data quality (**40 percent**), understandable differentiation among providers (**39 percent**) and transparency.

Agencies seem to be slightly less concerned with these issues, potentially because they tend to have a closer relationship with the providers and therefore a better understanding of their unique capabilities -- only **22 percent** see an understandable differentiation among providers as a challenge.

In the end, because of the increasing role of location in supporting strategy, marketers need to find the right partners who can support their efforts and improve the ROI of their campaigns. As a result, both marketers and agencies select vendors based on their abilities to help expand reach while ensuring data quality and, ultimately, campaign effectiveness, as indicated in the chart below.



Key Finding #6: Not always seeing eye-to-eye

Brands and agencies differ somewhat in their views toward mobile's importance and location data.

Though not all of the differences between brands and agencies in the survey are statistically significant, there are a few areas where it's worth noting their viewpoints diverge somewhat more substantially. Nearly **two-thirds** of marketers identified mobile as critical to their marketing strategies, while only **half** of agency respondents felt the same way. Approximately **one-third** of marketers have concerns about the lack of established standards, metrics and guidelines, and the lack of proof about location data's ROI. Less than **a quarter** of agency respondents felt the same way on those two issues.

That said, marketers tend to be a bit more flexible than agencies about the mechanics of managing the balance between reach and quality, with more than half saying they are willing to sacrifice some precision in exchange for reach, and **71 percent** saying they are in favor of lookalike models. This compares with **43 percent** and **59 percent** of agencies, respectively.

Conclusion: A Market on the Road to a More Perfect Destination

Overall, what this location data study – the MMA's first – depicts, is a marketplace with momentum even though, for most, it hasn't reached maturity. Both marketers and agencies show significant levels of confidence in location data, and despite some ongoing concerns about data quality, transparency and differentiation among providers, those concerns are not having a major impact in moving location data -- and location-based marketing -- to the forefront of mobile efforts. Certainly, there is a long road ahead when it comes to fully leveraging location data, for marketers and agencies, but the indications in this study are that it will be a pivotal one: supporting marketers' initiatives across the entire funnel, enhancing the effectiveness of a variety of mobile channels -- from search and social to rich media and video -- and finally, amplifying the use of data not only for targeting but also for strategy, insights and measurement.

SPECIAL THANKS

The MMA would like to thank Factual as the primary sponsor of this research initiative, as well as the following co-sponsors: Digital Element, Dstillery, PlacelQ, Plexure, Skyhook Wireless, Teralytics, Thinknear by Telenav, Ubimo, Verve Mobile and xAd. It takes a collaborative ecosystem to support the acquiring of knowledge and we are grateful for our sponsors' willingness to allow the MMA team to conduct objective research and deliver useful insights.

Location Data Glossary

Beacons: A Bluetooth low energy device that broadcasts a signal within a given location. Apps residing on a mobile device, when Bluetooth is enabled, listen for the beacon's signal and respond to it. The mobile app's response both verifies the device's presence in a location, and, if the user has consented to receive notification, the broadcasting brand or business can send content to the user's screen via the app.

Deterministic data: This is personally identifiable data (PII) derived from log ins, subscriber data and other information that consumers willingly give to social networks, websites, marketers and so forth, giving those entities an extremely high level of confidence that the user is verifiable.

Geo-conquesting: A sibling rival to geo-fencing [see below], geo-conquesting uses location data to identify a brand's competitors in an effort to promote a competing offering to their customers. This can be done by leveraging geo-fencing to reach and engage consumers when they are in the vicinity of a competitor, or by targeting based on a device's past location behavior to reach consumers who have previously visited a competitive location.

Geo-fencing: A technology that allows an advertiser to select a geographic point using latitude and longitude information and then to create a virtual "fence" around that point of a given radius (e.g., an advertiser can pinpoint a bank branch, then deliver a specific ad to anyone who comes within a 200 meter radius).

Geo-precise location: Data about the physical location of a device that is sufficiently precise to locate a specific individual or device, in real time. Examples of location signals that provide geo-precise information include In-store Positioning Systems (IPS), Global Positioning Systems (GPS) and Wi-Fi.

Historic Location-based advertising: This form of location-based targeting uses past location behavior to target.

Location-based advertising: Location-based advertising (LBA) is a form of location-based marketing that integrates mobile advertising with location-based services. The technology is used to pinpoint a consumer's location and provide location-specific advertisements on their mobile devices.

Location-enhanced creative: Using real-time location data as a criteria for the placement of any creative asset, typically within the ad call in a programmatic transaction. Similar data can be used after the fact to develop audiences that can be targeted later based on behavior patterns.

Location Data Glossary (continued)

Look-alike models: This technique is used to build data sets that give marketers greater reach. It does so by taking the characteristics of a smaller audience group to build a “look alike” larger one, using benchmarks to ensure similarities between the two.

Polygon: A technology that allows targeting to users and devices down to a specified area of a map. Instead of a defined point -- such as latitude and longitude -- or a circular radius around a defined point, the targeting area is in the shape of a polygon.

Probabilistic data: Unlike deterministic data, probabilistic relies on extrapolating data by examining patterns to determine, for instance, that several devices can be attributed to one individual. For instance, if devices are being connected to the same Wi-Fi hotspot or another type of network routinely, the probabilistic method assumes those devices are being used by the same person, although the evidence isn’t as concrete as data derived from a login.

Proximity targeting: The tactic of delivering ads based on users’ real-time locations, typically defined as proximity to specific places. Place and proximity is usually defined as part of geo-fencing techniques discussed above.

Real time LBA: See Geo-precise location

Store Visitation Lift (SVL): Also known by related terms including Footfall, Place Visit Rate (PVR®)* and In-store Traffic Lift (ITL), SVL is a metric with various formulas and names depending on the advertiser or vendor, but all built around the notion of measuring foot traffic that results from a mobile campaign.

*Place Visit Rate (PVR®) is a registered trademark of PlaceIQ.

