



Local Buyer's Guide

Practical Advice for Advertising Targeted to Digital Local Audiences

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This document was developed by the IAB Local Committee and was initially released in October, 2015. At the request of Cofactor, IAB made minor revisions to two paragraphs on page 10 in Q1 2016. They do not affect the substance or advice of the guide.

About the IAB Local Committee:

The mission of the Local Committee is to communicate the value of online local interactive advertising to national and local marketers and to provide tools for publishers to effectively monetize their local ad inventory. More information and the committee roster can be found at:

http://www.iab.net/member_center/committees/committees/local_committee.

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Overview

Advertising to local audiences through digital media channels has become increasingly important for achieving marketing objectives. A growing list of advertising tools, platforms and content for building consumer context and engagement around geotargeting signals have made digital local advertising highly relevant and effective.

The goal of this IAB Local Buyer's Guide is to be the definitive industry guide for anyone who wants to learn about using digital to advertise to local audiences, and looking to understand local digital media's growth, evolution, sophistication and burgeoning opportunities. This includes large national brands, small and medium businesses (SMBs), as well as regional-to-global ad agencies. This Buyer's Guide is intended to help business decision-makers learn their way around the digital local audience landscape. We also refer readers to *Targeting Local Markets: An IAB Interactive Advertising Guide* (2010) a resource that offers additional information about local digital advertising.

This Guide offers:

- Basic statistics on the U.S. digital local market
- A breakdown of digital platforms available for local media
- Factors to take into consideration when planning a local campaign
- Best practices for the design of ads and creative content
- What metrics are available and how to measure success
- Examples of successful campaigns

This guide generally uses the terms "digital" and "interactive" interchangeably to refer to internet-based media, such as mobile app and web advertising, PC display, search, video, and social. However, digital has a broader definition, as indeed almost all forms of media are becoming increasingly digital. This is particularly notable for television, as cable operators and other multichannel video programming distributors ("MVPDs") and so-called "over-the-top" services are increasingly able to provide addressable advertising, interactivity, and other digital ad capabilities that were once only to be found online.

The Local Opportunity

Defining Local and Location

In the world of digital media, "local" and "location" are closely intertwined, but not identical. Where "location" refers to a place, and can be a very precisely defined place at that, "local" refers to people, and the place or places that constitute their typical surroundings. For purposes of this report then, we define *local* as digital advertising campaigns that specify a geography as one or more of the campaign criteria. For example, a marketer might purchase digital advertising inventory that targets women 25-34 in the U.S. for a *national* campaign but a *local* campaign would add a geographic criterion such as "Top 10 TV Markets," "Duluth, Minnesota," or "mobile app users within 10 miles of this physical address."



Geotargeting specifications can be even more granular, but these cross the line from being what we'd define as "local" campaigns to being "location-based" advertising. For example, some mobile ad networks can geofence digital ads to run on smartphones of specific audience targets passing by or in specific stores within shopping malls at specific times of day and specific days of the week. Indeed, the set of local tools, data and platforms allow marketers to not only target local audiences to serve ads, but have their creative content dynamically optimized and served to a particular audience member based on hundreds of data signals. While location-based advertising is a powerful tool, we will generally confine the scope of this guide to local, and focus on that person-centric approach that helps marketers find customers where they live, work, and make most of their purchases.

It's important that marketers note that interactive is not just a single medium in isolation, but works in tandem with the many media that play a combined role in reaching a local audience with a relevant message. So while this guide will focus on building expertise in online display, mobile, search, social, and video, those media can and should be planned and executed in tandem with local broadcast and local cable TV, print, outdoor, and the other media that have always played a role in local advertising. Mastering interactive local is a great goal, but it's just a stepping stone on the way toward thinking omnichannel with your local marketing.

Never before has the power for marketers to create and deliver relevant messages to local audiences been so great, so well integrated and so accountable. Nonetheless, the local digital industry on both the buy and sell sides continues to see great opportunities for improving this already impressive process.

Local Targeting Landscape – Current Status and Trends

Local matters. In fact Google's May 2014 Consumer Research also shows that about 80% of consumers want to see ads relevant to their city, zip code or immediate surroundings, all important local and location signals marketers need to respect. Google data show that the majority of consumers doing searches go on to visit a store within five miles.

The whole notion of "local" is broadening and deepening. Depending upon whom you speak with in the industry, "local" can hold different meanings from the various perspectives of businesses, media and consumers:

- **Business-Centric**
 - **Local business:** Business that have one or more physical points of presence and sell their products and services in a specific local market. Note that these are not just small businesses. Starbucks is a national business, but the Starbucks where you get your latte every morning is local to you.
- **Media-Centric**
 - **Local Media:** TV, radio, cable, newspapers that operate and serve specific local markets and sell advertising relevant to audiences in these markets.
 - **National Media:** National digital media brands can geotarget impressions to reach local audiences, even if they do not themselves provide locally relevant content. Thus even

“national” media can potentially be part of a “local” media plan to allow advertisers to buy at scale but target and message locally.

- **National-Local Media:** National media brands that provide targeted local market information such as weather, reviews, news.
- **Consumer-Centric**
 - **Location-based or geotagged users:** determining approximate or better physical locations using signals from one or more of IP addresses, mobile devices using GPS, WiFi or Bluetooth beacons.
 - **Implicit locations:** based on algorithms inferring physical locations (or locations of interest) based on parsing search terms, cookies, page or app content viewed.

Generally, local has been thought of as physical place that contains media, consumers and businesses. As we highlighted above, technology and practices around data science have greatly expanded what we mean by local, extending and enriching it via the digital realm. Another driving force has been the smartphone that is loaded with data signaling power that empowers digital marketing like no other technology. The converging platforms of ad technology and marketing technology over just the past several years has enabled innovative solutions for marketing to local audiences. These technology platforms are allowing even national marketers to effectively plan and execute campaigns at scale in local markets with content tailored to local audiences.

A core part of any digital marketing strategy is to address three core elements: **Presence, Discovery, and Engagement.**

- **Presence** refers to businesses’ need to have some sort of digital identity to have the ability to connect with consumers. This means digital points of presence such as websites, social sites, mobile apps, in short some digital presence to which you can connect with consumers. These digital points of presence should be optimized for local information to be most effective with consumers.
- **Discovery** refers to search and listings and using SEO/SEM techniques to be found when consumers are looking for local solutions.
- **Engagement**, sometimes referred to as Interaction or Performance, refers to the actual connections marketers make with locally targeted consumers. In early 2014, IAB published a guide to engagement metrics that divides them into three broad categories: behavioral, emotional, and cognitive.¹ These allow marketers to assess how their campaigns made someone act, feel, or think. In digital media, engagement metrics can include social likes, reviews and shares, clickthrough-rates, message recall, brand lift, phone calls, downloading maps or content, online purchasing or appointments, use of coupons or foot traffic to the store. It’s possible to measure these sorts of metrics whether or not

¹ IAB, *Defining and Measuring Ad Engagement in a Cross-Platform World*, released Feb., 2014, <http://www.iab.net/digitaladengagement>

someone actually interacted with the ad. One example of this metric is what's known as a "view-through" and refers to measuring later actions taken based on an ad when all someone did was see it. Engagement and attribution, particularly in the online to offline worlds where so much local commerce happens is an emerging field but the industry is developing very powerful solutions.

Local means all of the things in the list above. But we always come back to local as user-centric rather than place-centric. Indeed, as comScore's chief research officer Josh Chasin put it, "Mobile is recontextualizing what we mean by local. Local is not just a circle in a market. We now draw that circle around that person and *local* is wherever that person is at the moment." Being local and understanding location can both provide important signals to marketers, and cross market learning can help marketers further understand the value of localizing campaigns.

In a recent *MediaPost* commentary (June 25, 2015) by Maribeth Papuga, former EVP of local investment and activation at MediaVest and currently BIA/Kelsey executive-in-residence we see the argument that locally targeted marketing can make a significant difference to campaign success for national marketers. But it will take some changes. She recommended that, "national brand investments in local markets are generally managed from multiple budget sources and tactics but could be working harder if a holistic local market data set existed."

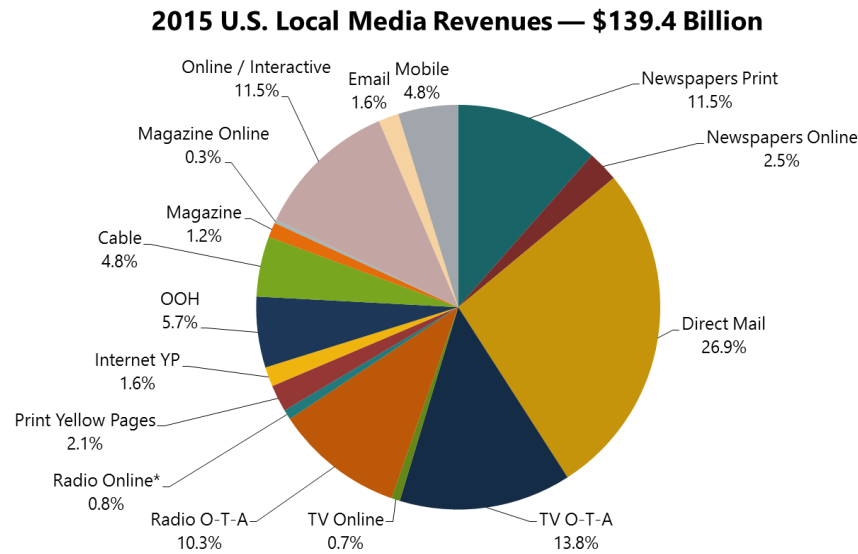
The Local Advertising Forecast: 2015-2019

The market for local advertising is quite large. In 2015, advertisers will spend a total of \$139.4 billion dollars targeting local audiences in traditional and digital media, according to BIA/Kelsey's "local media advertising marketplace" forecast, which comprises 12 key media that generate revenues by selling access to local audiences to all types of advertisers. This includes audience advertising sales specifying local and regional markets.

In 2015, the biggest digital media channels for advertisers buying local audiences include Online/Interactive (defined by BIA/Kelsey as including Search, Display, Video) with 11.5% of the total spending, followed by Mobile with 4.8%. It also consists of digital sales by traditional media channels, including Newspapers (2.5%), TV (0.7%), Radio (0.8%) and Yellow Pages (1.6%).

Looking ahead, mobile, video and social will emerge as the big growth areas. As Karl Brautigam, Foursquare's Manager, Sales Development & Brand Strategy put it, "We are in the cross-hairs of social, mobile and local. As far as we're concerned this is game changing. Understanding where and why people are spending their time is the real-life URL."

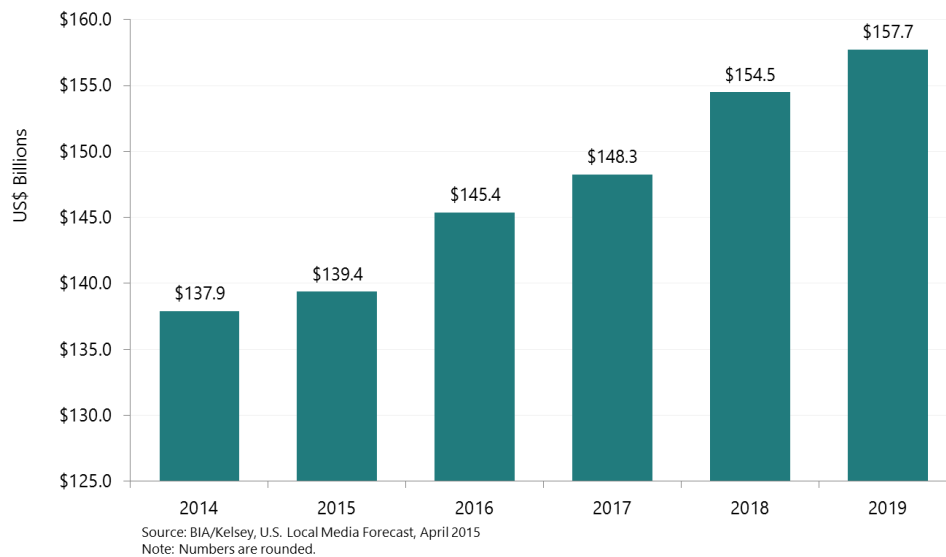
Figure 1. 2015 U.S. Local Media Revenues by Media Channel



Source: BIA/Kelsey, U.S. Local Media Forecast, April 2015

Notes: Numbers are rounded. Radio online revenues include online revenue from terrestrial and online streaming services. For definitions of each media category, see Appendix B.

Figure 2. Local Media Advertising Forecast 2015 - 2019



The tables below show some trends in digital revenue for local audiences. Each local medium has unique growth drivers, and the key trends for local media in 2015 are summarized here. Mobile, most critically, will increase from 3.1% to 11.5% of the ad spend targeting local audiences.

Table 1. Percent of Advertising Targeting Local Audiences that is Digital 2014-2019

Media Channel*	2014	2015	2016	2017	2018	2019
Online	10.9%	11.5%	11.7%	12.2%	12.4%	12.9%
Mobile	3.1%	4.8%	6.4%	8.3%	10.0%	11.5%
Newspapers (digital portion only)	2.4%	2.5%	2.4%	2.5%	2.4%	2.5%
OOH (digital portion only)	2.3%	2.4%	2.4%	2.4%	2.4%	2.5%
Internet Yellow Pages	1.5%	1.6%	1.6%	1.6%	1.7%	1.9%
Email	1.6%	1.6%	1.6%	1.7%	1.7%	1.7%
Radio (digital portion only)	0.7%	0.8%	0.9%	1.0%	1.1%	1.1%
TV (digital portion only)	0.6%	0.7%	0.7%	0.8%	0.9%	0.9%
Magazine (digital portion only)	0.2%	0.3%	0.3%	0.3%	0.3%	0.4%
Total Digital	23.3%	26.2%	28.0%	30.8%	32.9%	35.4%
Source: BIA/Kelsey, U.S. Local Media Forecast, April 2015						

*Note: For definitions of each Media Channel category, see Appendix B.

While digital's share of local budgets is growing, it's important to remember that digital is just one of a wide array of local media, which marketers increasingly can and do use in tandem with one another. Thinking holistically about a media plan that includes several channels for reaching a local audience is the key to long-term success.

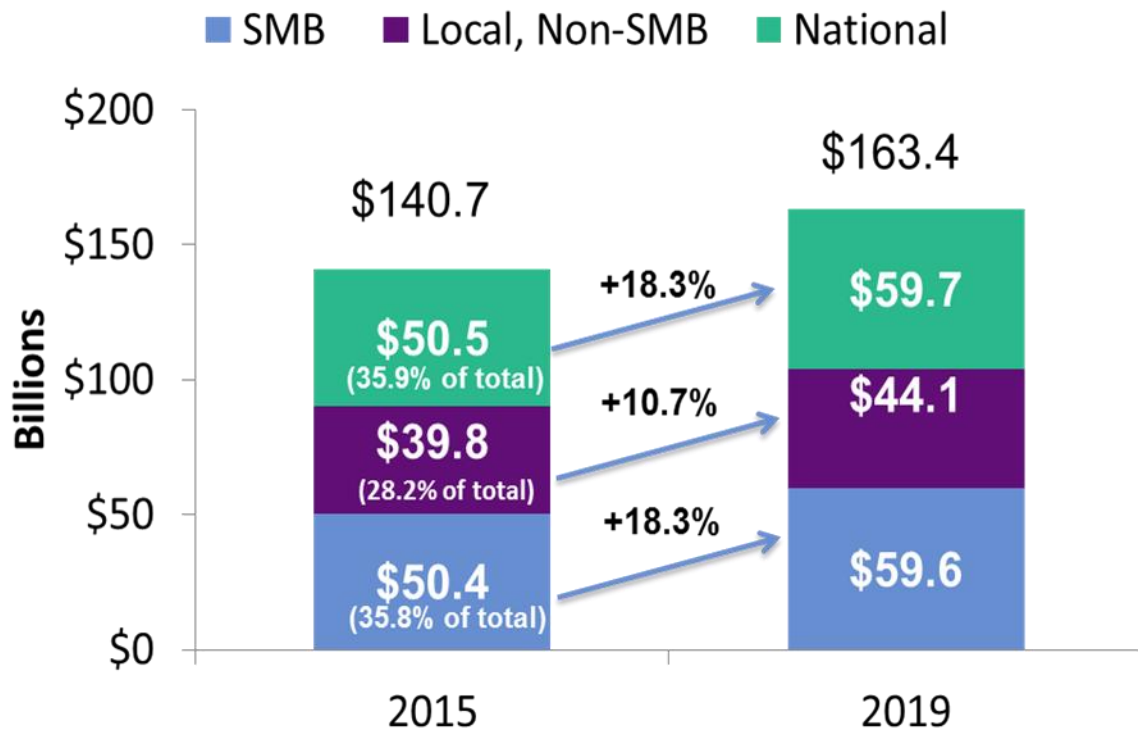
Table 2. Summary of Local Media Revenue Trends in 2015

2015 Local Media Revenues and Shares (Rounded)	
Direct Mail - \$37.5B (27% share)	In addition to direct solicitation and couponing, catalogs are still an important advertising medium for national and local retail advertisers to provide information to consumers
Local Video - \$29.5B (21% share)	This category includes all types of video and is not mutually exclusive from other categories such as Online, Mobile, Social, and Out-of-Home video options showing strongest growth, increasing their share in this segment.
Local Over-the-Air Television - \$20.2B (14% share)	Even-numbered years still showing growth due to strong political and Olympic advertising, and online advertising efforts showing some strength.
Out-of-Home - \$7.9B (6% share)	Digital cinema advertising continues to grow, and other new digital options (e.g., video in taxi cabs, elevators, etc.) are showing strong growth.
Local Cable Television - \$6.7B (5% share)	Increases in political advertising and other stronger selling efforts will continue to lead to strong local advertising revenues.
Newspapers - \$19.5B (14% share)	Print advertising revenues still continue to decrease, with the prospect of further decreases if more newspapers cut back on the number of days printed.
Online - \$18.3B (13% share)	Overall market continues to increase with both search and display efforts, though at slightly lower rates in the single digits.
Radio - \$15.5 (11% share)	Remains a part of advertising mix for national and local companies, but over-the-air advertising revenue growth remains slow, while online is showing strength.
Mobile - \$6.7B (5% share)	Growth continues to accelerate as new options become available and as social apps innovate with new ad formats such as Facebook's news feed ads.
Directories - \$5.2B (4% share)	Online growth not sufficient to offset print revenue declines.
Social - \$2.6B (2% share)	This category is not mutually exclusive and is pulled from Online and Mobile. Mobile social advertising continues to drive this area of advertising revenue, exceeding expectations every quarter.
Local Magazines - \$2.0B (1% share)	Print advertising revenues continue to decrease while online revenues are only beginning to show strong increases.
Source: BIA/Kelsey, U.S. Local Media Forecast, April 2015. For category definitions see Appendix B.	

Who Is Buying Local?

Perception may be that it is mostly local businesses buying locally targeted advertising. The reality is that national marketers and local SMBs each account for about 36% of spending targeting local audiences. The remaining 28% of spending is from larger local businesses. We expect these spending trends among SMBs, Local Non-SMB and National advertisers targeting local audiences to remain about the same through 2019.

Figure 3. Total Local Media Advertising by Advertiser Type



Source: BIA/Kelsey, U.S. Local Media Forecast, March 2015

National brands will continue to boost their local digital investments, especially focusing on omnichannel online and offline solutions. Cofactor has seen brands starting to sell through multiple online and offline channels as they begin to understand that declining sales in their traditional channels are getting more pronounced. With this comes the realization that they need to add digital solutions to make up for the shortfall. Marketers are more clearly understanding that digital marketing channels along with third party data allow them to target the consumer in very powerful ways that show clear Return on Ad Spend (ROAS). Cofactor has long asserted that the consumer lives locally but local is more than just a geographic location. It is a fundamental part of a consumer's identity and an influencing factor brands cannot ignore in their digital strategy.

Utilizing contextual signals and behavioral habits around a consumer's location is especially key. Localized advertising provides powerful marketing leverage points to those so inclined to act on them. The most successful campaigns for omnichannel marketers will find ways to blend the consumers' offline and online experiences in compelling ways. Cofactor cites as an example the ability to target the same consumer with different incentivizing or call-to-action creative across different days and channels based on when and where they re-encounter a brand.

A very interesting trend with local and national advertisers buying local digital inventory is how the mix is changing in the mobile channel. In 2014 \$900 million or only about 21% of the total spend in mobile targeting local audiences came from local advertisers. By 2019, total spend by local advertisers will grow to \$6.5 billion or about 36% of the total spend in mobile targeting local audiences. Clearly, the mobile channel is becoming increasingly important to local advertisers over time.

Looking at SMBs, it becomes clear that some business categories have more thoroughly embraced digital advertising than others. In a BIA/Kelsey survey, just 27.7% of the total ad budgets for Home/Trade Services companies are spent in digital. However, Retail SMBs spend 43% of their budgets in digital.

Figure 4. Percentage of Ad Budget Allotted to Digital by Business Vertical

Retail SMBs Allot More Budget to Digital/Online Than Other Verticals

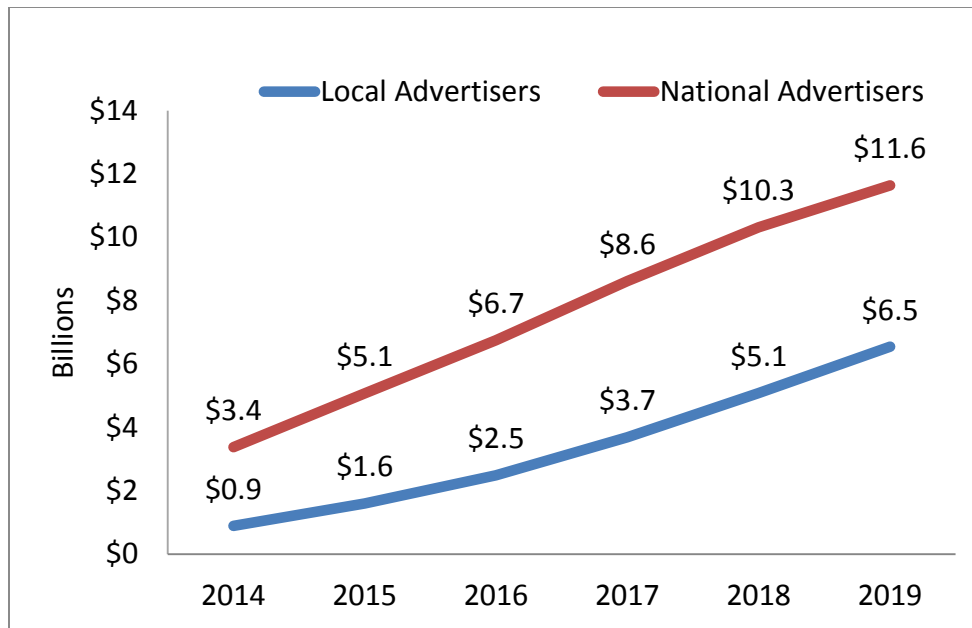


Source: BIA/Kelsey's Local Commerce Monitor™ (LCM) Wave 18, Q3/2014

The Local Landscape: Media Channels, Players, Platforms

As we have discussed, marketers seeking to target local audiences have over a dozen media channels from which to select. These include both digital and traditional channels.

Figure 5. Local Mobile Advertising by Local/Regional versus National Advertisers



Source: BIA/Kelsey, U.S. Local Media Forecast, April 2015

Taking it Cross Screen

The consumer's journey to purchase is a multistep and multiscreen process. Marketers know this. They also know that different screens have different roles at different points in this journey to purchase. And to make it more complicated this journey also varies by product category and consumer segment.

There is a lot of real world complexity in how consumers use screens. This is especially the case in local, as campaigns must be bought on at efficient basis that can scale.

Research continues to show how important cross-screen campaigns are. For example, YP has found that 73% of searchers on its service switch devices to complete their local business search. This compares to 63% of searchers across all search providers, still a large number. "We know local searchers use different devices to suit their needs when completing their shopping journey," said Heather Sears, VP, YP Marketing Solutions. "Our comScore research disclosed that while the PC is consistently the most used device across all phases of local search, smartphones and tablets are used more frequently and allow for continuous engagement while on-the-

go.”² Marketers need to become better at designing and optimizing campaign elements suited to each screen at different points in the campaign and determine the relevant metrics and KPIs.

And of course, PCs and smartphones don’t exist in a vacuum. Television has long been a key local medium, and as TV’s grow smarter and TV services more advanced, they too play a role in delivering digital, locally relevant messages to customers. Digital TV systems are delivering increasing capabilities around targeting to specific zones within a DMA. A number of technical solutions now exist that help to ensure relevant messages are delivered across all screens, and indeed it’s easy to imagine, for example, an automotive campaign where a local dealer’s ad is complemented by a simultaneous mobile ad featuring a map to that dealer and a one-click means to make an appointment for a test drive.

National Brands and Local Digital Platforms

As we state above, national marketers will be spending increasing amounts of money in locally targeted advertising over the next 2-3 years. Media General’s chief digital officer, Robb Richter told us that, “the greatest opportunity will be for national brands with local footprints to better control and optimize brand messaging.”

“The benefits of technology will yield two results,” says Richter. “One will be the opportunity for national advertisers to scale down to local markets with more bottom of the funnel KPIs. Second, at the same time they will be able to amplify local success, scaling to national scope.”

Dynamic creative solutions enable digital ads to add locally-relevant information to a national campaign, easily and automatically. This could relate to offers specific to a local audience, inventory availability information for a local store, or just tailored messaging to be more relevant to a local audience. Automating these processes saves time and money, while still ensuring local relevance.

Some of the best opportunities for growth in local digital over the next few years will come through brands’ channel teams, and especially, their use of mobile digital inventory, according to xAd’s Elina Greenstein, who runs channel partnerships. Mobile digital inventory can be used to amplify local buys in easy, streamlined and scalable ways via programmatic platforms and location-based data that allow national marketers to use automated platforms and workflow to execute at scale.

“Many marketers will determine their media spend and split strategies for local marketing at the planning level,” says Greenstein. “But while marketers may buy billboards, radio, TV or other media as well as mobile, “they often do not see how location-specific mobile inventory can extend and amplify the consumer’s journey to purchase. It comes down to the interface in brand versus direct response goals in local digital marketing and how the campaign elements are designed to work together,” Greenstein concluded.

² comScore, “YP Value Proposition Report,” October 2014, commissioned by YP.

The bottom line for mobile and national marketers looking for local execution is that smartphones and mobile apps provide rich user contextual and location targeting data for reaching consumers that can be accessed by mobile ad networks and programmatic exchanges.

Scaling Local

Operationally, it remains very difficult to manage many small local campaigns. As Media General's Richter says, "The dollars don't create enough scale to optimize. As much as marketers big and small believe digital is a panacea for marketing, campaigns still take time to evolve, measure, manage and optimize for results."

The answer is to commit to targeting local audiences based on a set of strategic campaign goals. To do this well, marketers need to work with partners in local who understand the nuances of local markets and can execute campaign tactics based on overall goals.

Buying Local

For local digital advertising, buyers can advertise in local media channels which attract local audiences by virtue of their local relevance and marketing. They can also advertise with national media brands that use technology to segment local audiences for relevant messages. For example, while Hulu is a national video brand about 30% of its advertising is sold to marketers seeking audience members in specific local markets. Hulu can sell targeted audiences based on geotargets such as Nielsen DMA, State or Zip Code. We refer the reader to IAB's *Targeting Local Markets: An IAB Interactive Advertising Guide* (2010) for additional insights regarding geotargeting terms and concepts.

From an advertiser's point of view, local shoppers tend to be the most relevant as the majority of consumer purchases still happen offline in physical stores. According to the U.S. Census Bureau, ecommerce accounted for just 7.2% of total retail sales for the second quarter of 2015.³ Even so, digital is critical in the media mix. According to survey of thousands of consumers conducted by Deloitte, "digital interactions are expected to influence 64 cents of every dollar spent in retail stores by the end of 2015, or \$2.2 trillion."⁴ Therefore, advertisers have a strong interest in serving ads to audiences in their local markets.

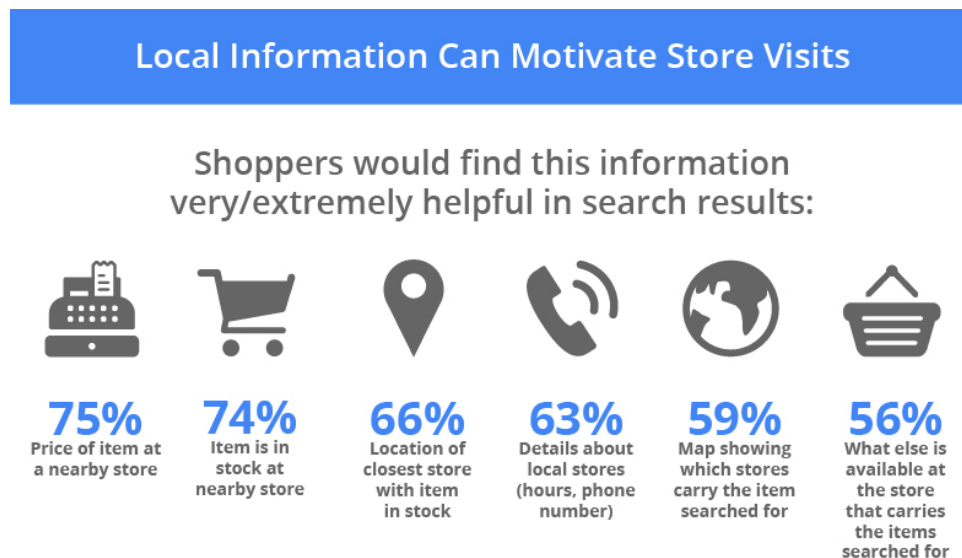
There has been a substantial amount of research documenting that consumers do most of their shopping near their homes, are more favorable to brands, products, retailers and service providers who appear to be local in how they market themselves (e.g., local address, local phone number, locally relevant content in their

³ https://www.census.gov/retail/mrts/www/data/pdf/ec_current.pdf

⁴ <http://www2.deloitte.com/us/en/pages/consumer-business/articles/navigating-the-new-digital-divide-retail.html?id=us:2el:3pr:diginf15:awa:retail:051515>

campaigns, etc.). Google partnered with Ipsos Media CT to uncover these kinds of details and relationships consumers have with local retail stores.⁵ As the retail industry better understands that consumers want local information and that this can even increase in-store sales they will take actions to improve the customer experience. As this Google study revealed, “consumers want more information and customized experiences during their shopping journey” that smartphones and online media can provide.

Figure 6. Information That Will Attract Shoppers to Local Stores⁶



In Table 3 below we show a variety of geotargeting data available to help marketers identify relevant consumers and provide them with the appropriate messages. These methods and technologies of providing geotargeted data can and do generate accurate and accepted information for the most part that enables local campaigns to reach their intended audiences. Nonetheless, buyers need to select partners and vendors carefully and vet them. Please refer to IAB’s Mobile Location Data Buyer’s Guide for more information on the key questions to ask about anyone offering location data.⁷

⁵ <https://www.thinkwithgoogle.com/articles/how-digital-connects-shoppers-to-local-stores.html>

⁶ <https://www.thinkwithgoogle.com/articles/how-digital-connects-shoppers-to-local-stores.html>

⁷ <http://www.iab.net/locationdataguide>

Table 3. Examples of Geotargeting Criteria for Local Digital Advertising

Geotarget Criterion	Description
Nielsen DMA	Nielsen assigns each television household exclusively to one of 210 Designated Market Areas in the U.S. These DMAs are ranked by the number of television households, e.g., for the 2014-2015 television season, New York is the nation's largest DMA with 7.4 million television homes or 6.5% of all U.S. television homes.
State	Based on user registration or other data, digital audiences can be track by state.
IP-Based	Because of their long-standing, direct, billing relationships with their customers, companies like Time Warner Cable Media, Verizon, Cablevision, and Cox can deliver digital addressable solutions that allow advertisers to reach local consumers as they browse online from home with geo-accuracy and quality.
Radius	Given a digital user's latitude/longitude coordinates obtained from a mobile phone's GPS chip, audiences within a certain radius of an advertiser's physical location(s) can be targeted and served relevant ads.
Zip Code	Usually obtained from user registration with digital media channels or services.
Polygon	Some data services can resolve locations to physical buildings and their shapes. This is superior to latitude/longitude because typically these services can indicate for example that within a polygon (i.e., shopping mall building) in which the consumer is currently located, for example Nordstrom's vs Westfield Mall.

All of these technologies can and do generate accurate data that enables local campaigns to reach their intended audiences, but buyers need to select partners/vendors carefully and vet them. In particular buyers should pay close attention to the recency claimed for any location-based data point. Outdated data is one factor likely to create discrepancies between reaching a local audience and missing the mark. Refer to IAB's [Mobile Location Data Buyer's Guide](#) for more information on the key questions to ask about anyone offering location data. In particular buyers should

Audience Signals, Personas, Segmentation

For marketers who see the value in local by seeing positive lift in brand, direct response, and purchase metrics, there is really good news. The types of targeting data available for planning and executing local campaigns has become impressively agile and rich. Further, the ability to access and integrate various data types and sources into a comprehensive view of the local consumer has liberated marketers who are now able to leverage audience data signals to develop very specific and actionable persona and segmentation strategies they can associate with positive campaign outcomes.

Qualified Help from Great Ad Sellers

Marketers and media agencies looking to reaching local digital audiences have many ways to do so, but anyone planning a campaign that touches multiple local media should definitely seek professional ad sales staff whom they can trust to help them navigate the landscape. One way to assess the quality of a digital ad salesperson or team is to find out whether they have passed IAB's [Digital Media Sales Certification](#) program.



This is the only globally recognized professional certification created specifically for digital media sales, helping advertising buyers and agencies to easily differentiate those professionals who are truly educated in selling digital media. Since its launch in June 2012, over 6,000 sales professionals from dozens of leading companies have earned this prestigious certification.

“A successful omni-screen marketing campaign is less about the technology. The technology is only as good as the team supporting the clients who are navigating a fragmented world of savvy consumers and high and low quality media. Face to face consultation with an IAB certified professional offers marketers the most assurance. We are pleased to be partnering with the IAB on this important program, as of today 400 members of our team are successfully certified.” said Joan Gillman, EVP/COO, Time Warner Cable Media Services.

The Impact of Programmatic Advertising on Targeting Local Digital Audiences

While buying direct via ad sales teams continues to be important, automation and “programmatic” buying is also becoming increasingly important. Programmatic advertising is important to local because it creates a new marketplace channel with more transparency, discoverability and transactability for digital media inventory and their local audience impressions. The three major components of programmatic advertising are the **Sell-Side Platforms (SSPs)** operated by media companies with advertising inventory to sell to marketers; **Demand-Side Platforms (DSPs)** operated by ad exchanges or agencies looking to buy advertising inventory; and **Data Management Platforms (DMPs)** who provide hundreds of data fields to help marketers target audiences. In light of this explosion of data and usage against ad sales evolution, we also see that the industry will also require more data integrity standards to insure proper evaluation and comparable sourcing.

Programmatic has largely impacted a media problem: you can now find a relevant and receptive target audience better and more accurately than via traditional media buying. But you should also think about the efficacy of the creative that is delivered to your perfect customer or prospect. It makes sense to leverage that data about the ad impression to fine-tune the creative so that it is maximally relevant, including adding locally specific messaging.

Local Creative Best Practices

Digital media sellers we interviewed for this Guide offer several suggestions to marketers for getting the best results.

Getting the Basics Right

Part of a successful strategy is just getting the basics of digital advertising right. While this applies to all digital, not just local, doing these steps correctly is critical.

1. Buyers need to work with digital sellers who can provide trust, transparency, and the ability to execute at scale.



2. To get the most out of digital advertising, develop and execute on meaningful campaign metrics both to define what is a “successful” campaign, but also to study these metrics during the campaign to determine results of A/B campaign testing and optimize campaign elements during the campaign such as creative execution, audience targeting and media spend levels.
3. Work with publishers who can control the content across multiple screens – publishers who own their own ecosystem. This allows marketers to work with local media who can create, deliver, manage and amplify content that carries their messages.
4. Make a final determination of campaign results based on goals, metrics, optimizations and key performance indicators (KPIs) results.

Offer Management — How to Position Your Offers, What is the “Right” Mix of Calls to Action to Achieve Your Objectives

Local grocery stores may use mobile to push notifications of special offers to consumers. Those push notifications alone may not drive sufficient consumer response even though the grocery store can “check off” mobile as part of their media mix. More effective results often are seen when these push notifications are also combined with mobile display ads. Even more effective are in-store beacons to further encourage consumers to make a purchase.

The right mix of Calls to Action (CTAs) will depend on the campaign strategy, product category and stage in the consumer purchase journey.

Customization and Dynamic Optimization

As we evolve our notion of “local” from what is going on in a physical location to when, where and why the user is in a particular location, we can now customize and optimize campaign elements including dynamic creative optimization (serving the most relevant content based on data signals) and customizing the user experience in various ways based on time of day, day of week, etc. This capability extends to geographically specific, locally relevant messaging and offers, ensuring the delivery of a relevant message. It also simplifies the production process.

For example, a telecom company designed a campaign using a dynamic creative optimization solution from Cofactor and produced 227 creative versions in an automated way, via 67 dynamic elements within the ad.⁸ Automating this process enabled the brand to match the creative to various characteristics of the target audience, delivering a more relevant ad. At the same time, the campaign delivery time dropped from 290 hours to 93, saving more than 60 percent of the creative costs.

⁸ Cofactor, “RealTime Marketing, Dynamic Creative Optimization, & the Empowered Marketer,” downloaded 7/1/2015 from <http://demo.pointroll.net/content/demos/marketing/docs/PointRoll-Real-Time-Marketing-Paper.pdf>

Local and Social/Sharing

The growth in social media usage, particularly in mobile channels, provides other venues and opportunities for marketers seeking to deliver locally relevant ad impressions and creative. Another aspect of local and social marketing that is valuable to marketers is the actual content getting posted and what kinds of local signals can be derived from this user generated content. This includes user reviews, location “check-ins” to alert friends where they are and to come join them, etc.

Local Interactive Features (Couponing, Maps, etc.)

Local digital campaigns can incorporate both practical assets such as coupons, maps and directions, in-store inventory availability and so on, as well as more engaging assets such as video montages or clips showing consumers around local businesses and to meet the people who’ll be serving them. Some of the other useful interactive features incorporated into local digital campaigns include: Appointment Calendars, Buy Online for In-Store Pickup, Product Collateral or even third party research materials and links for larger ticket purchase items.

Data/Masurement/Metrics/Analytics

Current State of Data Measurement and Future Trends

For marketers wanting to understand reach and frequency around campaigns and derive ROI metrics for campaign KPIs, it can sometimes be a leap of faith to trust first party data from the entity you’re buying the impressions from. Marketers may have their own first party data such as sales receipts, tracked phone calls, loyalty club sign-ups and so on. But trusted third party research data from syndicated sources that are compliant with industry standards such as those promulgated by IAB or the Media Rating Council (MRC) add a comforting layer of “trust but verify” to the whole buying and selling process. This third party data includes information about whether ads were actually viewed (“viewability”) and other types of ad verification. The MRC provides a list of accredited ad verification vendors on its website for those wishing to learn more about this.⁹

Cross-Platform Measurement by Screen

Since we know consumers use a variety of digital media channels and devices in their purchase journey, marketers naturally want to know how each screen in an integrated campaign performs. While there are solutions available for national marketers, local solutions are still evolving. At the moment there are not many locally relevant measurement and analytic solutions available on a syndicated basis. Nielsen offers its Digital Ad Ratings (DAR) solution, but only for the top 30 markets. comScore, another major research provider has its

⁹ http://mediaratingcouncil.org/030215_AdVerification%20disclosures%20PostReconciliation.pdf

Validated Campaign Essentials (VCE) product, but it really is oriented to national digital marketers more so than location targeted marketers. That said, VCE can break out impressions by some local geographies. We look forward to more and better services to the local digital part of this market from these and other measurement firms.

Here's how these measurement systems typically work, using the example of Nielsen's Digital Ad Ratings:

1. **Tag:** a unique identifier measures campaigns across devices
2. **Count:** census measurement of all audience impressions generated by the campaign
3. **Match:** audience data associated with the census of impressions is matched where possible using demographic information from third party data providers with a variety of consumer data types.
4. **Calibrate:** Develop campaign effects estimates for different audience segments based on adjusting the census data paired with third party demographic data to independently run sample surveys that provide deeper information.
5. **Report:** Using the deeper insights from the survey sample data, inferences are made back to the audience segments identified in previous steps to report on e.g., audience and viewability by publisher platform and demographic.

Today, metrics such as Nielsen's DAR cover the top 30 markets in the U.S., so measuring local reach and frequency in smaller cities is not as easy as looking it up from a vendor. Rather, statistical techniques are required to equate campaigns back to comparability with the metrics they get for TV.

Rise of Data Science in Media Analytics and Insights

Everybody generates a data storm of signaling information based on their media, search, shopping, and location behaviors. The fast emerging practices to collect, analyze, derive insights and support individual profiles from all these data signals is referred to as the field of "data science." By aggregating and correlating data sets, sometimes extremely large data sets, data scientists are able to develop extremely detailed—though anonymized—views of consumers sorted into personas or segments rather than revealing individual level data. Marketers may have hundreds of data fields available for profiling consumer segments. Location data signals are an important part of this mix.

According to Vikas Gupta, Director of Marketing at Factual, "The U.S. along with perhaps Canada, Australia and the UK, is leading the world in the data economy." Factual is a data company making location data accessible to the mobile ad and mobile app ecosystems. Whereas the data market has quickly evolved in the U.S. over the past 3-4 years, it's really only in the past year that the rest of the world is starting to catch up.

Companies in the data management platform business will stitch together data from various sources in an attempt to create a coherent and more holistic view of consumers. For example, one company describes their process to aggregate and add value to diverse data sets as one that:

1. Extracts both unstructured and structured data from the various different sources including mobile location data
2. Cleans, standardizes, and canonicalizes the data
3. Merges, de-dupes, and maps entities across the multiple sources

Often marketers will speak of data as being first party, second party or third party data. These terms can be a bit arbitrary and inconsistent in usage but in the table below we suggest some common usages. By aggregating and analyzing vast amounts of these types of data, marketers can build incredibly detailed consumer segmentation and persona profiles.

Table 4. Examples of First, Second and Third Party Data

Data Type	Definition	Examples
First Party Data	Data collected directly by the digital media company.	User registration data, usage data, or search history. This type of data often includes local or location data from user registration and tracking.
Second Party Data	Data collected directly by brands, retailers, franchisors, business from their customers.	User registration data, promotion and loyalty programs, purchase transactions. This type of data often includes local or location data from user registration and tracking.
Third Party Data	Data aggregated by data houses from a variety of data sources.	Aggregating data records from government (e.g., real estate, drivers' licenses) databases, commercial databases such as credit ratings and history, licensed access to credit card or other commerce data. These databases often contain geotargeting signals such as physical addresses.

Attribution and ROI

The Holy Grail in digital marketing is being able to connect online and offline behaviors. Studies show that as big as online and mobile usage are, still more than 90% of consumer purchases occur offline. Digital marketers want to see that their investments drive not only trackable digital conversions, but also offline conversions.

Brand Metrics

Brand campaigns typically focus on top of the funnel marketing goals to create awareness and favorability among consumers for a specific brand or product. Different brand metrics are offered by digital firms, but some of the common brand metrics and how they often are measured include those described below. Determining the efficacy of a brand campaign involves research to measure the "Brand Lift" on key metrics to compare differences between a sample of people who saw the ad message and an equivalent sample who did not. Typical brand metrics include Brand Awareness, Brand Favorability, Brand Preference, Brand Purchase Intention and actual Brand Purchase.

Direct Response (DR) Metrics

Performance or engagement local marketing campaigns get evaluated on how well calls to action are triggered by the campaign. Such calls to action include various “conversions” (i.e., an ad impression that is viewed and triggers a secondary activity) and metrics such as Click-to-Call, Cost-Per-Conversion, and Conversion Rate.

Social Media Metrics

Social media channels are high value for marketers to drive and sustain consumer engagement both in terms of creating and maintaining engagement and loyalty, but also to drive customer acquisition. Some of the important social media metrics marketers will want to track for local marketing include: hosting social media sites that are locally oriented, offering location specific ratings and reviews and creating local consumer engagement such as Followers, Posts, Shares and Retweets.

Reputation Management of social media content is an area local marketers need to consider. Marketers who are too small to have in-house social media management staff may wish to retain the services of a third-party to actively manage their social metrics and user engagement to look for positives, negatives, new ideas or trending signals that could inform different product or marketing decisions.

Case Studies: Success Stories in Local Buying

Weather Company: Local targeting drives lift. The Weather Company partners with local television stations to sell local market targeted inventory and sells locally targeted impressions to national marketers. Their experience overall is that when ad positions are combined across all platforms, local targeted ad impressions provide a 32% higher Click-Thru-Rate than non-local targeted ad impressions.

ABC TV Stations: One of the most important reasons to localize advertising campaigns is to match the products and services being advertised with the needs, wants and desires of the market. In the following two examples provided by ABC National TV Sales it's easy to see why ABC also offers local campaign solutions. In these figures the differences between DMA rankings vs total base in SUV and minivan sales. In these two graphs, the uniqueness of individual DMA purchases of SUVs and minivans is illustrated. Auto advertisers may want to run national campaigns to promote their overall brands, but on a product level, using at least DMA targeting to localize campaigns specific to individual car models is a lot more effective.

Figure 7. Why It Makes Sense to Localize Campaigns - SUV Purchasers by DMA

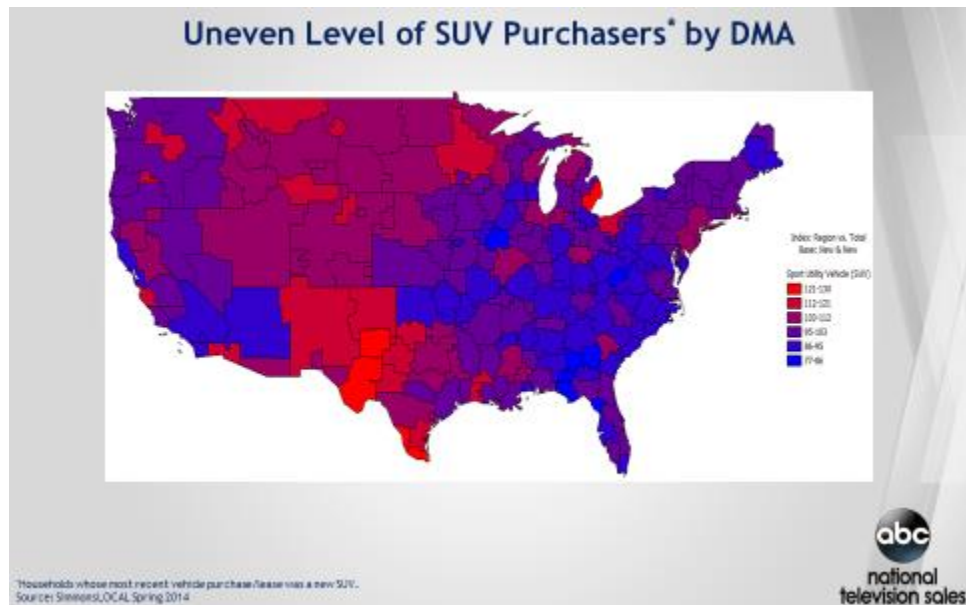
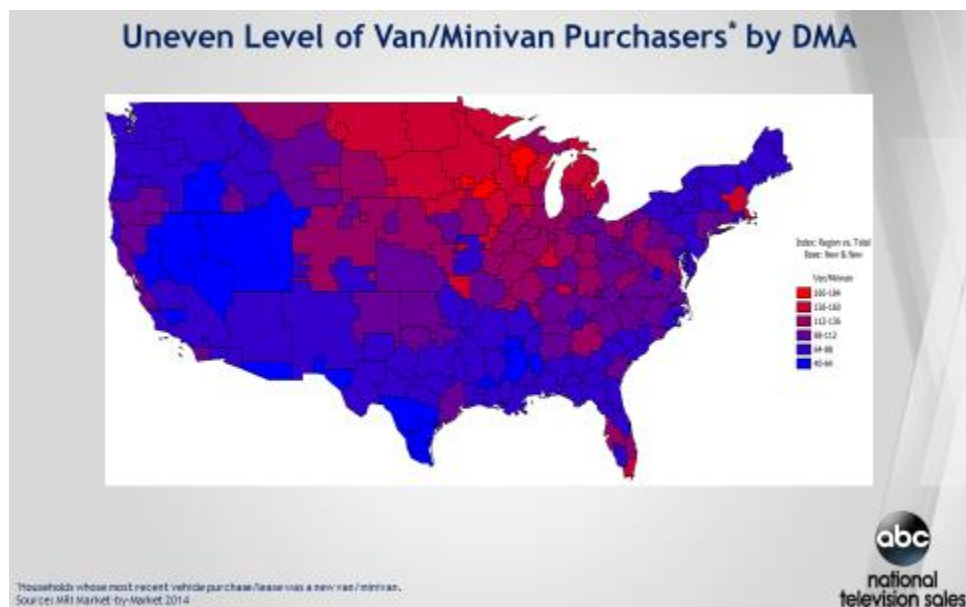


Figure 8. Why It Makes Sense to Localize Campaigns - Van/Minivan Purchasers by DMA



Cofactor: Cofactor shows that using localized ad content can increase brand and retailer value. As we’ve discussed elsewhere in this report, most commerce, although certainly influenced by digital channels, occurs offline. Digital marketers take up the challenge of matching their particular assets to provide consistent and what Cofactor calls “moment appropriate” way. In other words, match the message content, time and location to where the consumer is in their purchase journey. Consumers use digital channels to research purchases,

compare prices, and then decide on a local or online purchase. Google research shows that 90% of research is done online, but 90% of buying happens in brick and mortar stores.

So in this CPG case study for a CPG client, the plan was:

1. Develop an understanding of consumer wants and needs: keep the baby dry
2. Establish brand goals: increase brand awareness, in-store foot traffic, and sales across retailers
3. Develop appropriate audience targets: Millennial Moms in Evanston, IL in desktop, mobile and publications on Saturdays
4. Deliver local content: provide local store and product information with locally personalized digital content
5. Measure the campaign: using third-party closed loop attribution
6. Validate results: profits up, costs down, more value to the consumer

As we show in the figure below, the campaign goals were met successfully.

Figure 9. CPG Case Study with Cofactor



Future Opportunities and Challenges in Local

The promise of local, however defined, is linked also to its challenge – scale. In the aggregate, there are huge opportunities in local digital marketing. Marketers at all levels – national, regional and local – who use local activation see higher lift in brand and direct response campaigns relative to non-localized campaigns. We see this clearly in the advertising effectiveness research and attribution data. However, it is simply a challenge of logistics to manage local deployments at scale. As we addressed in this report, local market automation platforms are beginning to address some of these challenges in an effective way. We expect to see advertising and marketing technology platforms continue to facilitate local digital advertising investments by marketers.

Some other recommendations we offer for Local Buyers:

- **Location is Identity:** As we addressed in the beginning of this Guide, the whole construct of “local” has become multidimensional and driven by explicit and implicit data that tremendously empower marketers to match message, form, channel, and time to highly targeted consumer segments. Location in this context provide signals that collectively can provide marketers with very important insights about the consumer’s identify and needs.
- **Education:** One thing we heard consistently in our industry interviews is that there is a continuing and fairly urgent need to educate both buyers and sellers of local digital marketing solutions. Part of this challenge is that there truly is so much to learn. Another part of this challenge is that this part of the advertising industry is changing both so quickly and so fundamentally. Comprehensive knowledge developed just 12 months ago may no longer be competitively relevant. It’s a huge challenge. Both the sell-side and buy-side must commit to continuous learning curves if they want to get the most out of local digital marketing solutions.
- **Mobile:** Mobile technologies and location data are fundamentally redefining what we mean by local. This is causing a shift of balance in how media, buyers and technology platform players find and create value in local. Mobile is about more than a device, it is changing the marketing paradigm in significant ways. This is a trend to stay on top of to help make better decisions in the future. Mobile technologies we include in this category extend to other location signaling devices such as in-store beacons.
- **Programmatic:** The promise of programmatic is to tie together the disparate elements of a digital campaign into a seamless and automated workflow. We are not there yet, but many industry players see that we are getting in sight of very effective deployments. Programmatic will be particularly important in the context of local because a large variety of local and location targeting data will become discoverable, transparent and tradable in both DSPs and SSPs tying into DMPs as well as their own first and second party data. Again we recommend staying close to developments in programmatic because it has the potential to make local digital ad buying more efficient.
- **Campaigns:** Consistent recommendations we heard for successful campaigns are to establish relevant and measurable goals, work with trust digital partners who understand local, use technology and data science to benefit from economies of scope and scale, optimize and iterate campaign elements (e.g., creative, audience targeting, media split) to drive higher success. And look for firms that adhere to industry standards, offer transparency in data and methods and show accountability to campaign goals.

- **Tracking versus Attribution:** Marketers fall victim to the sometimes false promise of trackability. Just because one media buy is more trackable than the other, that doesn't necessarily make it better. We are advancing in the art and science of attribution, but there are gaps for which we need to account. One case study shared with us involved a digital marketer using Digital Out of Home (DOOH) and mobile categories. While they liked both categories and how they performed independently, when they combined these local digital channels in integrated campaigns they saw higher campaign metrics than when using either channel alone.
- **Lean on the IAB:** This Guide has focused on the local interactive advertising opportunity, but IAB provides a wealth of guidance and information for ad buyers. For example, IAB-certified sales staff at a publisher will offer you a strong degree of confidence that you are working with professionals with deep knowledge of digital media. IAB is continuing efforts to stamp out ad fraud and hold the industry to high standards when it comes to counting ads and assessing ad performance. For more on IAB certification, the [Certification Page on the IAB website](#). For more on IAB's anti-fraud efforts see the [Trustworthy Accountability Group](#) and for more on the industry's work on advancing digital measurement, see [Making Measurement Make Sense](#).

Appendix A: Local Media Channels

Local Media Channels	Description	Examples of Companies
Direct Mail	Mailings and catalogs, coupons. Direct mail companies often offer online options as part of integrated marketing package.	Valpak, Money Mailer, Clipper Magazine
Newspapers	Local daily and weekly newspapers. Many local and even national newspapers also sell online advertising targeting local audiences.	National Newspapers: Wall Street Journal, USA Today, New York Times Local Publishers: Gannett, Cox, Advance, Gatehouse
Cable Television	Local cable systems Does not include any advertising sold by national cable networks.	Comcast, Time Warner Cable, Charter
Email	Email marketing services.	Constant Contact, MailChimp, AWeber, iContact, Benchmark, iPointe, Mailgen, Campaigner
Internet Yellow Pages (IYP)	Local directory companies for their digital/online listing services. Also other digital products sold by directory companies, including websites, video, SEM and mobile display networks.	YP.com, Dex Media
Print Yellow Pages (PYP)	Local directory companies offering print listings, e.g., yellow page directories.	YP.com, Dex Media
Magazines	Local market magazines. Does not include any advertising generated by magazines with a national subscriber base.	City magazines
Mobile	This includes all advertising served over mobile networks including search, display, mobile video, SMS and native social ads.	Verve, xAd, Millennium, HipCricket
Online	Includes all online advertising for PCs, laptops, tablets but not mobile phones. Advertising sold by local pure-play online companies or national companies selling geo-targeted advertising. Includes display, search and classified/vertical advertising.	Google, Facebook, Hulu, Foursquare,
Out-of-Home (OOH)	Refers to advertising in locations outside homes. Includes traditional billboards, digital billboards, digital signage, taxicabs and digital cinema.	J.CDecaux, Clear Channel Outdoor, OUTFRONT Media
Radio	Local radio stations time sold to either national or local advertisers. Does not include any advertising sold by national radio networks.	CBS, Cox, Cumulus, Entercom, iHeart Media
Television	Local television stations time sold to either national or local advertisers. Does not include any advertising sold by over-the-air national networks, nor any retransmission consent revenues generated by these local television stations.	Nexstar, Media General, Sinclair, Raycom, CBS, NBC Universal, ABC, Fox.
Social*	Social is not a mutually exclusive category as it includes spend from Mobile and Online. Social comprises ad formats across social networks. Currently the predominant ad format is display, though native advertising formats are quickly emerging as display alternatives that can generate higher engagement and command premium rates.	Facebook, Twitter, Foursquare. Pinterest
Video*	Video is not a mutually exclusive category as it comprises spend from other categories including Online, Mobile, Out Of Home, TV, and Cable. Local video advertising shown by local over-the-air television stations, local cable systems, mobile devices, online sites and out-of-home displays. Includes video ad networks with geotargeting.	Broadcast television groups, TubeMogul, Comcast, Time Warner, Charter, Sightly, YouTube
Source: BIA/Kelsey, June 2015		
*Overlaps with other categories.		

Appendix B: Media Category Definitions for BIA/Kelsey Forecast

Media Category	Definition
Cable Television	All revenues generated by local cable systems for sale of time to either national or local advertisers on all of their aired networks. Does not include any advertising sold by the national cable networks.
Direct Mail	All revenues spent by national and local advertisers in promoting their products/services through mailings and catalogues.
E-Mail	All revenues spent by national and local advertisers in e-mail solicitation.
Internet Yellow Pages (IYP)	All revenues generated by local directory companies for their digital/online services
Magazines (Print and Online)	All revenues generated by local market magazines from either national or local advertisers. Does not include any advertising generated by magazines with a national subscriber base.
Mobile	All revenues generated from advertising on mobile devices. This includes in-app advertising as well as mobile web and messaging. Formats include display, search, SMS, video and native social advertising (i.e. Facebook news feed ads).
Newspapers (Print and Online)	All revenues generated by local daily and weekly newspapers from national and local advertisers. Includes all online advertising revenues generated by these local newspapers.
Online	All revenues generated by online companies selling locally targeted advertisements for display on PCs, laptops, tablets but not including mobile devices. These advertisements could be sold by local pure-play online companies, or national companies selling geo-targeted advertising. Includes search, display and classified/vertical advertising. Search includes dollars spent on online local inquiries with search engine sites (such as Google, Microsoft, Yahoo, Ask, AOL). Display and video display include amounts spent targeting local audiences on various sites through banners surrounding content and online video ads that launch before, during or after other video programs. Classified/vertical advertising is a wide category that includes advertising on vertical websites (e.g., AutoTrader.com, Trulia, etc.) as well as purchased classified advertising on various websites.
Out-Of-Home (OOH)	All revenues generated from sale of advertising in locations outside of homes. Includes traditional billboards, digital billboards, digital signage, taxi cabs, and digital cinema.
Print Yellow Pages (PYP)	All revenues generated by local directory companies for their printed listings.
Radio Over-the-Air (OTA) and Online	All revenues generated by local radio stations for sale of time to either national or local advertisers. Online radio advertising includes local advertising sold by local stations (streaming and website advertisements) and pure play streaming services. Does not include any advertising sold by the national radio networks.
Television Over-the-Air (OTA) and Online	All revenues generated by local television stations for sale of time to either national or local advertisers. Does not include any advertising sold by the over-the-air national networks, nor any retransmission consent revenues generated by these local television stations.

Appendix C: Local Digital Advertising Campaign Planning

When buying digital local advertising, marketers will want to see a single user interface showing common buying and results metrics. These “dashboards” can be available directly from digital media channels or from agencies and can be found in online interactive tools or as downloadable Excel workbooks.

Some of the common metrics included in advertising dashboards are:

- **Click-Based Conversions:** Marketers may have CTR campaign goals, but ultimately they will want to know what happens after a consumer clicks on the ad, do they actually convert to some desired secondary action? These secondary actions include behaviors such as booking appointments or reservations, downloading directions or product specifications, etc. Of course, the ultimate conversion is an actual purchase. However since most purchases (over 90%) still occur offline, this type of conversion is more difficult to measure. Another measure of Conversion is referred to as “Engagement” and a relevant metric is Cost-Per-Engagement.
- **Click-Through Rate (CTR):** Usually expressed as a percentage of total impressions, the CTR % refers to the percentage of ads served (i.e., impressions) generating clicks (or Click Through) to the ads that are served. Industry averages may be around 0.5% (i.e., five ads are clicked out of every 1,000 served). Following the example above, if 500,000 impressions are served with a 0.5% CTR, the marketer should expect that 2,500 ads would be clicked on by the viewer.
- **Cost-Per-Click (CPC):** Some campaigns are priced on how many impressions are served, i.e., the CPM rate. Other times campaigns, in particular Search campaigns, are priced on a Cost-Per-Click basis. In this case, the advertiser does not pay for ad impressions served, but only for the ads that actually get clicked on. CPC rates are therefore higher than CPM rates.
- **Cost-Per-Thousand (CPM):** Advertising inventory can be priced on a CPM basis. For example in planning a campaign, the marketer may decide on a budget of \$3,000 to reach a particular local market. The digital media publisher may price that campaign at a \$6 CPM. In this case, with a \$3,000 budget the marketer should expect a total of 500,000 ad impressions to be served (\$3,000 budget divided by \$6 CPM = 500,000 impressions).
- **Impressions:** This is the basic metric for advertising exposure and is measured in different ways, but essentially provides an estimate of how many times an ad was served to a screen and therefore available for viewing.
- **Spend Range:** Total amount spent by the market to purchase a particular campaign. Often digital media channels will advise that these are approximate spending levels and that certain fees and adjustments may apply.
- **Viewable Impressions:** The digital advertising industry, led in part by the IAB, has been developing standards around the definition of what ads actually are “viewable.” While the common “impressions” metric focuses only on how many times an ad was served or delivered to an app or browser, the Viewable Impressions metric is a measure of how many impressions were served where the user had an “opportunity to see” the ad—in practice that means that the ad is verified to have appeared in whole or in part on the user’s screen for a set duration. The Media Rating Council (MRC) has established a definition for PC display ads where 50% of the ad’s pixels must appear onscreen for at least one second to count as a viewable impression. For more on viewability, see [Measurement Now](#).
- **View-Based Conversions:** A related campaign metric to Click-Based Conversions based on ads served and clicked on is a measure of conversion from ads served (and presumably viewed).