



Location-based Marketing Playbook for Retailers

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This document was developed by the IAB Mobile Location Working Group.

About the IAB Mobile Location Working Group

The Mobile Location Data Working Group was formed to discuss best practices, standards, data, innovation, reporting, and all issues related to utilizing location data for mobile and cross-platform advertising. Representing members from all parts of the mobile advertising ecosystem, the mission of the working group is to promote the adoption and use of location data for superior advertising solutions.

Intended Audience

This playbook provides retail marketers with best practices of using location data to enhance marketing and customer service to better connect with and serve consumers.

The Following IAB Member Companies Contributed to This Document

- Blue Bite
- Cadreon
- Conversant
- Cox Media Group
- Eyeview
- Factual
- Foursquare
- Google
- Kinetic/ShopperToBuyer
- NinthDecimal
- PlacelQ
- Sensewhere
- The Weather Company, an IBM Business
- Thinknear
- Unacast
- Verve
- xAd

A Final Note

As the playbook validates, location can be a very powerful data point about a consumer, requiring, like all consumer data, transparency, notice, and choice. In some cases, the use of location data may require heightened or enhanced notice and choice. Marketers should work with their own legal counsel to ensure that they are in compliance with all laws and self-regulatory programs when using location data. Furthermore, not all location data is made the same. Marketers need to be discerning when selecting mobile location vendors or when decisioning on available location data. IAB's "[12 Questions Every Buyer Should Ask about Location Data](#)" provides buyers with guidance on how to evaluate location data providers.

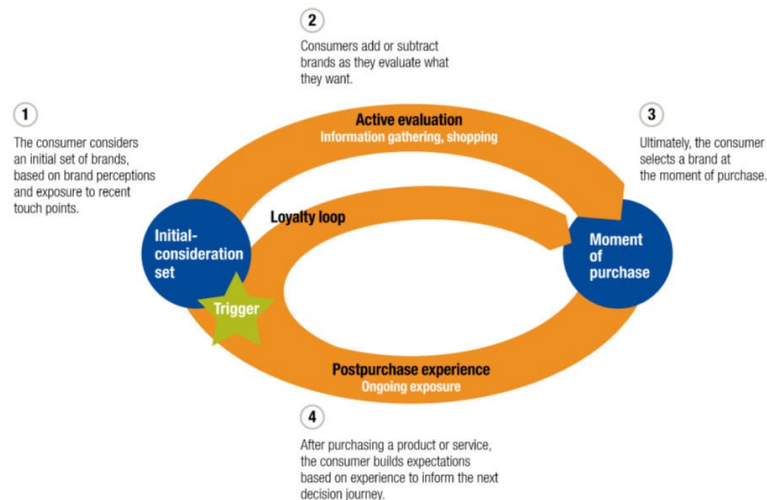
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OVERVIEW

Location signal is a powerful and unique set of data points passed through mobile devices. Many digital marketing practitioners often compare it to online “cookies” and call it “cookies” of the physical world. Location-targeted mobile ad spending is forecasted to grow from \$9.8 billion in 2015 to \$29.5 billion in 2020.¹ The growth of location-targeted mobile ad spend can be attributed to the increased adoption, especially by retail marketers, of location-based ad tactics such as geo-fencing. Mobile location data enhances retail marketers’ understanding of consumer behavior in the physical world, and helps reach consumers when they are in the right context, measuring marketing campaign effectiveness in driving consumers to store and connecting the dots between different marketing platforms, including TV, desktop, mobile, and Digital Out-of-Home (DOOH). Aside from advertising purposes, retailers have also increasingly used mobile location data to enhance customer services.

This playbook encapsulates best practices for retailers to leverage location data for marketing and customer service throughout the consumer purchase journey. For the purpose of this document, we simplify the consumer journey to the four major stages: consideration, evaluation, purchase, and loyalty. However, keep in mind, today’s consumer path to purchase is no longer a linear, “down the purchase funnel” process. The path to purchase also varies by brands and products. In fact, mobile location data helps retailers better understand their consumer journey, which we’ll also discuss in the playbook.



Source: McKinsey & Company, 2009, <http://www.mckinsey.com/business-functions/marketing-and-sales/our-insights/the-consumer-decision-journey>

We also encourage anyone interested in or involved with location-based marketing to review the Media Rating Council (MRC) [Location Based Advertising Measurement Guidelines](#). The guidelines provide key definitions for location-based measurement terms, as well as recommended research practices and disclosures concerning the assignment of device or user location for use in digital advertising measurements. These measurement guidelines help marketers manage location data providers and leverage the advantages geo-marketing offers.

¹ BIA/Kelsey, “Location-Targeted Mobile Ad Spend to Reach \$29.5B in the U.S. in 2020”, <http://www.biakelsey.com/location-targeted-mobile-ad-spend-reach-29-5b-u-s-2020/>

CONSIDERATION

Use Location-Based Profiles to Prospect and Reach Potential Consumers to Increase Brand Consideration

Location is one of the most powerful indicators of purchase intent. By understanding consumer behavioral patterns, retailers can identify and reach their desired audiences who are in-market with relevant and personalized marketing messages, increasing engagement, and ultimately, consideration to purchase. For example, instead of only using internet browsing behavior to identify and prospect against “auto intenders,” advertisers can now opt to identify these people based on how frequently they’re visiting show-rooms or auto-shows. Another concept along this same theme is to use the concept of “lapsed visits.” For instance, if a regular consumer hasn’t visited a store for a certain amount of time, this would send a signal to the advertiser that it is time to reengage with that consumer.

Location behavior can also provide additional insights into the consumer journey, especially when combined with purchase and loyalty data, by looking at the actions along the paths that consumers take to and from the store. This can be a critical tool for retail marketers to determine profiles of consumers shopping at their retail locations and those of their competitors. Savvy marketers can leverage these profiles for “conquering” strategies such as serving compelling messages to in-market consumers, and placing their brand in front of their competitors’.

Leverage Location-powered Search Advertising and SEO to Speed the Path to In-Store Visits and Purchases

Nearly 1 in 3 mobile searches are related to location². Search ads enhanced with locally relevant information makes it easier for shoppers to find retailers. Location powered search advertising can increase the likelihood that retail marketers’ ads are shown to people who are searching for their product or store, and reach consumers who are nearby. Best practices include displaying helpful information like directions to stores, and providing up-to-date address, store hours, and phone numbers so that prospective customers can reach out if they have questions about a particular product availability.

Integrate Out-of-Home, TV, Radio, etc. with Mobile Campaigns to Understand How Brand Consideration Leads to Sales

Historically, retail marketers mostly leverage Out-of-Home (OOH) and TV, among other media, for branding campaigns to ensure their brands are top of mind when the consumers start actively shopping for products in their categories. These channels are big and splashy, making them effective in driving brand consideration. However, the difficulty in proving their efficacy in bottom funnel metrics has also made marketers hesitant to use them for non-branding campaigns.

Retail marketers now have the potential to see how much contribution an offline campaign makes to their online and offline sales by tying a device passing by, for example an OOH campaign, with purchases on mobile devices or physical retail stores. By connecting these channels through mobile location data, retail marketers are able to more effectively quantify ROI for their cross-media campaigns.

² TheSEMPost, “Google: Nearly One Third of Mobile Searches are Location Based Queries”, May 24, 2016, <http://www.thesempost.com/one-third-mobile-searches-local-queries/>

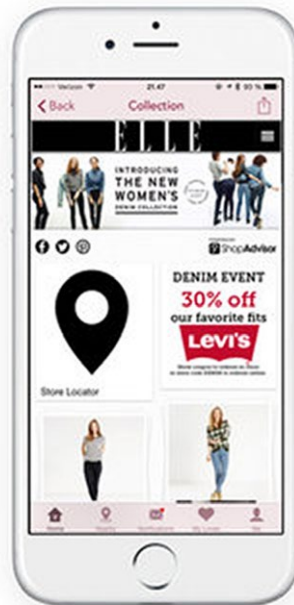
EVALUATION

Drive Users to Store to Evaluate Products Using Proximity Campaigns

As the majority of purchases still happen in-store, driving customers to visit, experience, or interact with a local retailer in the physical world is a critical tactic during the consumer's product evaluation process. Proximity targeting enables retailers to deliver a message to a consumer based on his/her distance to a specific location: including their own retail locations, their competitors', or other points of interest. Proximity targeting, otherwise known as geo-fencing, is especially effective for those times when a retailer wants to reach a consumer closer to the point of decision or purchase.

Case Study: Elle Magazine Proximity Marketing Campaign

Elle Magazine launched a proximity mobile marketing program called "Shop Now" to drive foot traffic to retailers like Levi's and Barnes & Noble. The campaign enabled Elle readers to receive location-based notifications from the ShopAdvisor app as well as discount offers from the RetailMeNot app. App users who had opted in to participate received location-based notifications when they reached within a mile of the participating retailers. Once users visited a participating store, they received a relevant follow-up discount offer based on that location. The program involved more than 800 locations across the country and resulted in 8.5% of shoppers who received the app visiting a participating store.



Measure Store Traffic Lift Using Location Data and Carefully Evaluate Measurement Providers

To understand the effectiveness of campaigns that aim to drive store visits, it is important to measure incremental store traffic using mobile location data as the connective tissue between the online and offline worlds. However, not all store traffic measurement solutions are equal. For example, no in-store traffic measurement methodology exists that can take into account all visitors to a location, simply because there is no way to see location data on every person in the U.S. This means that there is never 100% location-based data coverage. The relative reach, scale, and precision may also vary from one location data partner to the next.

There is also a need for standardization of online-to-offline foot traffic measurement. This is something on which the IAB is working with the industry to provide more guidance and benchmarks. Some questions that retailers should consider as they explore various foot traffic attribution providers and their methodologies include:

- Is device location data collected through panels or pass through ad exchanges?
- When measuring store visit lift, what is the control group selection process?

For more background information on these methodologies, please see "[IAB Marketing ROI and Location Data](#)" published in February 2015.

When Customers are In-store for Product Evaluation, Personalization and Assistance Saves the Store from Becoming a Mere Showroom

Attracting customers into the stores is only a job half-done. The other half relies on retailers' capability to keep their stores from being merely "showrooms." Retail-mobile integrations can provide personalization and assistance through location-data driven insights that help stores convert visitors into real sales. Although it is extremely difficult to know what exactly a customer is thinking, with the knowledge of retail locations, e-tail offerings, and the customer's whereabouts, retailers can do a better job of triangulating context. For example, when a customer interacts with retailers digitally (via web or app) within their store, retailers could provide "directions" for navigating a store, helping consumers find what's on their shopping lists faster or suggest store sections based on those customers' previous purchase history or visitation patterns, and gamify the shopping experience by rewarding consumers for taking actions such as trying on a T-shirt.

Use Beacon Technology to Provide Utility As Consumers Evaluate Products

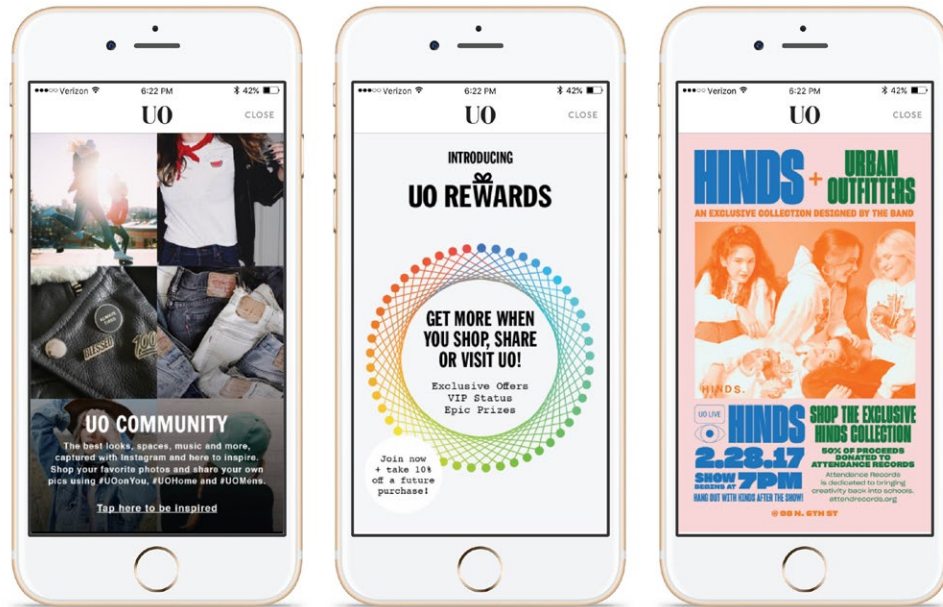
A beacon is a Bluetooth low energy wireless device that constantly broadcasts radio signals to nearby smartphones and tablets. Beacons have the ability to enhance marketing with more targeted location-based messaging. Beacon technology is increasingly being adopted by retailers. According to BI Intelligence, beacons will drive \$44 billion in retail sales by 2016, up from \$4 billion 2015³. The most common application of beacon data is to send users push notifications about special offers while they are in store, which, when done without careful planning, can annoy the consumers. Retailers need to think creatively about providing real utility that improve the product evaluation process for consumers and make their decisioning journey easier.

For example, retailers can attach beacons to in-store associates and encourage consumers to turn on the Bluetooth on their mobile devices so that they can track down store associates for help. For users who have their device Bluetooth on, beacon-enabled apps can notify store associates when a user enters the store and the store can send an associate to welcome the customer and provide timely services. By keeping the conversation going, retailers are able to not only leverage communication at the point of evaluation, but also measure effectiveness and inform future investment. Retailers can link beacon empowered insights such as in-store shopper patterns with basket data to understand where they can gain incremental category purchases.

³ Business Insider, "How Beacons – small and low cost gadgets, will influence billions in US retail sales", February 2015, <http://www.businessinsider.com/beacons-impact-billions-in-retail-sales-2015-2>

Case Study

Urban Outfitters, a leading fashion retailer catering to the millennial market, wanted to shift the in-store experience to better reflect the desires of this mobile generation. The retailer deployed beacons nationwide in all of its U.S. locations and created customized campaigns for each location in a scalable fashion. Beacon-triggered content promoted millennial-targeted in-store features such as: barcode scanning feature of the retailer’s owned and operated app for enhanced self-service experience; in-store social sharing of selfies while wearing store merchandise; brick-and-mortar store as “destination” with promotion of in-store events such as live music performances; and personalized push-messages based on visitation via retailer’s owned and operated mobile app to encourage brand loyalty. In this specific example, the retailer promoted party dresses exclusively to female audience who frequent bars and nightlife locations.



To App, or Not to App

Many of the use cases mentioned require owned and operated apps by retailers. Branded apps are key assets in personalization. When consumers have a brand’s app downloaded to their mobile devices, this gives the store an opportunity to serve personalized services stated above.

However, a brand app requires significant initial investment and ongoing maintenance. For retailers who strategically choose not to invest in branded apps, they can partner with beacon-powered media publishers to reach their audience. An emerging use case with beacon technology also allows marketers to reach audience through beacon-powered mobile websites, though the scale is currently limited.

PURCHASE

Upsell or Cross-Sell at Point of Purchase

Mobile location has provided a portal into driving purchase decisions through hyper-targeted capabilities and an opportunity to reach a consumer in a both contextually relevant and location specific timeframe. For example, imagine a mom running afterschool carpool pickup at 3pm and deciding to grab a snack for the hungry backseat choir while she fills her car up with gas, providing a combined solution in a time and behavior-relevant context.

Close the Deal; and Close the Measurement Loop

90% of shopping consumers never stay on just one device when making a purchase, according to Google.⁴ Thus, it is crucial for marketers to master cross-channel marketing. However, a report from The CMO Club revealed that 82% of CMOs stated that the reason they can't implement an effective cross-channel marketing strategy is because of their lack of ability to measure it.⁵

The mobile devices that almost never leave people's sides⁶, and the behavioral signals they generate can enable marketers to connect their campaigns across digital and traditional platforms to activities on both their retail and e-tail sites by tying location data bi-directionally. The insights gained in understanding the effectiveness of cross-screen campaigns can ultimately help boost their business bottom line. For example, connecting a customer's mobile device to a home address in a privacy compliant way, opens the possibility of targeting the retailers' message to desired audience on offline media to drive online purchases. Similarly, a digital impression can be tied to foot traffic based on mobile location signals to measure the effectiveness of TV campaigns to drive in-store purchases. Through this combination of channels, retailers are better able to streamline the path to purchase, increasing basket size and assortment.

Overview of Emerging Location-Based Technologies

Beacons: Beacons provide high precision location data, and put this measure in the hands of brands. However, it requires significant investment from retailers to deploy beacons at scale and a number of criteria being met from consumers' devices to be beacon receptive.

Augmented Reality: Augmented reality provides an enormous opportunity to obtain location data from users. Pokémon Go exemplifies the future of this (almost) always-on measure, but also outlines the risk in relying on this data to provide performance or response measurement as it muddies the data with different motivations for a visit (gaming vs. purchasing).

Mobile Payment Systems: Mobile payment solutions such as Apple Pay or Android Pay are effective tools to understand consumer purchase behavior, as they tie to purchases. With this 'over the top' payment solution, detailed transaction and location data is made available to advertisers. This data source can be a boon for measuring campaign effectiveness and user behavior. However, it is currently limited in scale.

⁴ Google, "The Shift to Constant Connectivity", May 2013, <https://www.thinkwithgoogle.com/articles/shift-to-constant-connectivity.html>

⁵ Marketing Insider Group, "Four Key Principles of Cross Channel Marketing", June 7, 2016, <https://marketinginsidergroup.com/content-marketing/four-key-principles-cross-channel-marketing/>

⁶ Gallup, "81% of Smartphone Users Say They Keep Their Phone Near Them "Almost All the Time During Waking Hours."" July 9, 2015, <http://www.gallup.com/poll/184046/smartphone-owners-check-phone-least-hourly.aspx>

LOYALTY

Understand Real Life Consumer Behavior and Retail Brand Affinity to Build Meaningful Connections

While retailers often have a robust understanding of what consumers are doing within the walls of their owned & operated properties through Point-of-Sales data, it can be challenging to know what consumers are doing before they arrive at the retail location, and where they go afterwards. Retailers can augment their CRM data with additional physical world data. Location can reveal that path to better illuminate rituals, as well as what may be important to a consumer based on locations visited, along with frequency, day of week, and time of day. By mapping these consumer rituals, retailers can then enhance them by serving relevant messaging at a time when it is most likely to create an intended outcome, and thus deepen the potential to build meaningful connections with existing customers. It also helps create look-alike modeling to expand the consumer base.

Engage Customers Post Purchase to Build Loyalty. Leverage Location Insights to Stay in the Next Consideration Loop

Many of today's consumers conduct further research after their purchases, thus re-engagement post-purchase is key to establish brand loyalty. Location data provides predictive insights into the next purchase and retailers can act proactively to ensure they are the destination for the next purchase.

For example, if a consumer tends to shop at the same location at a predictable time of day, that retailer could serve an incentive-based message ahead of the anticipated store visit, creating a better shopping experience for the consumer, increasing the frequency of visitation, and leading to a bigger basket size for the retailer.

Retailers can also leverage competitive conquering to convert consumers who would have previously purchased the same categories with other retailers. For example, a retailer can implement mobile moment targeting to encourage shoppers to purchase within work hours and office proximity locations for products the consumer might usually purchase at a competitive retailer near their home.