Guidance Report

Location Audience Targeting

MMA
MOBILE MARKETING ASSOCIATION

www.mmaglobal.com

The New Magic Mobile Bullet:

How Brands Like Denny's, Goodwill® and Walmart are Using Audience Targeting to Increase Store Visitation

www.mmaglobal.com

CONTENTS

3 Introduction

4 How Location-Based Audiences are Created

5 Sample Location Profiles

7 The Data Behind Location-Based Audiences

8 Non-Location Data Used to Supplement Location Data

9 Case Studies: How Brands Are Using Audience Targeting

12 Key Learnings & Conclusion

13 MMA Overview & Acknowledgements

MOBILE MARKETING ASSOCIATION

Introduction

Mobile has changed the way we think about digital audiences. Before the advent of the ubiquitous mobile phone, traditional marketing and advertisement strategies that were "location based" had a very different meaning than "location-based marketing" does today.

Options for location-based mobile audiences have expanded far beyond the simple geo-fence campaign, and offer both sophisticated targeting options and insights on reaching the consumer on their mobile device with the right message at the right time. No longer just a tool for "in the moment" targeting, major brands are now leveraging the rich contextual information that location provides to create highly-targeted audience segments, enabling them to strategically target consumers at specific points in their day, not just when they're within close proximity of a brand's store or restaurant.

For many major brands, the use of audience targeting is still a fairly new tactic, yet one that is predicted to explode in popularity in the coming years due to its ability to yield an incredibly high lift in store visitation (SVL), particularly when used in combination with more common proximity targeting tactics such as geo-fencing.

For example, The MMA's recently released Smart Mobile Cross Marketing Effectiveness Study (SMoX), (www.mmaglobal.com/news/smox) revealed that in 2014, Walmart was looking to optimize location targeting, and was able to achieve a significant increase in SVL using both proximity and audience targeting for its "Savings Catcher" campaign. By using audience targeting to deliver messages at strategic moments in time to those that had visited the retailer in the past, Walmart was able to achieve better campaign results.

Other case studies included in this report reveal similar success. Denny's achieved a nearly 35 percent increase in SVL using audience targeting in combination with proximity targeting (more than 20 percent increase in SVL over using proximity targeting alone) during its 2014 "Build Your Own Skillet" campaign, while Goodwill® saw similarly impressive results. SVL is typically one of the most important and significant mobile campaign measurement metrics, as three out of four mobile users eventually end up converting offline, and overall, 90 percent of commerce still happens offline.

How Location-Based Audiences are Created

Location-based audiences are developed using historical geographic data from mobile devices to build audience profiles.

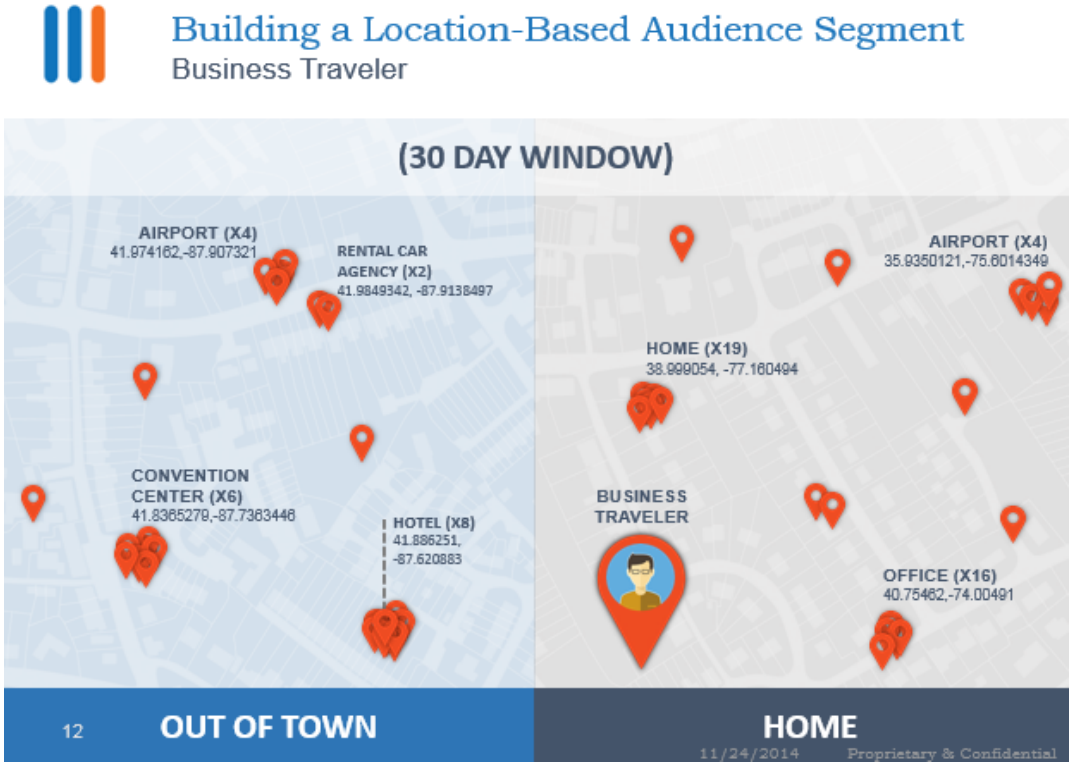
Location data is generated by mobile devices, typically using a mobile phone's GPS capabilities, but can also be garnered by using other sources of location information available from the device. This can be obtained, on an opt-in basis, from ad exchanges or through direct relationships with mobile publishers. The user location data generated by the device takes the form of latitude and longitude coordinate pairs.

Location based audiences can provide a rich understanding of users on mobile by analyzing the historical location patterns of the devices people own and use. Once an audience profile is developed, that profile can be used to inform ad targeting regardless of where the device is at the time of the ad placement. Location-based audiences are developed using two essential types of location data—user location and places. Beyond these core data elements, additional data sets are often used to enrich the profile and provide a deeper understanding of the user.

Location can indicate quite a bit of information about users. Geo-behavioral patterns can indicate demographics (age, gender, race, income etc.), behavioral/psychographic traits (travel, dining habits, shopping behavior, brands and retail locations frequented etc.), and geographic data (areas that the user spends time). Additional datasets such as purchase data, TV viewership, auto ownership or credit card data can allow for additional segmentation.

Sample Location Profiles

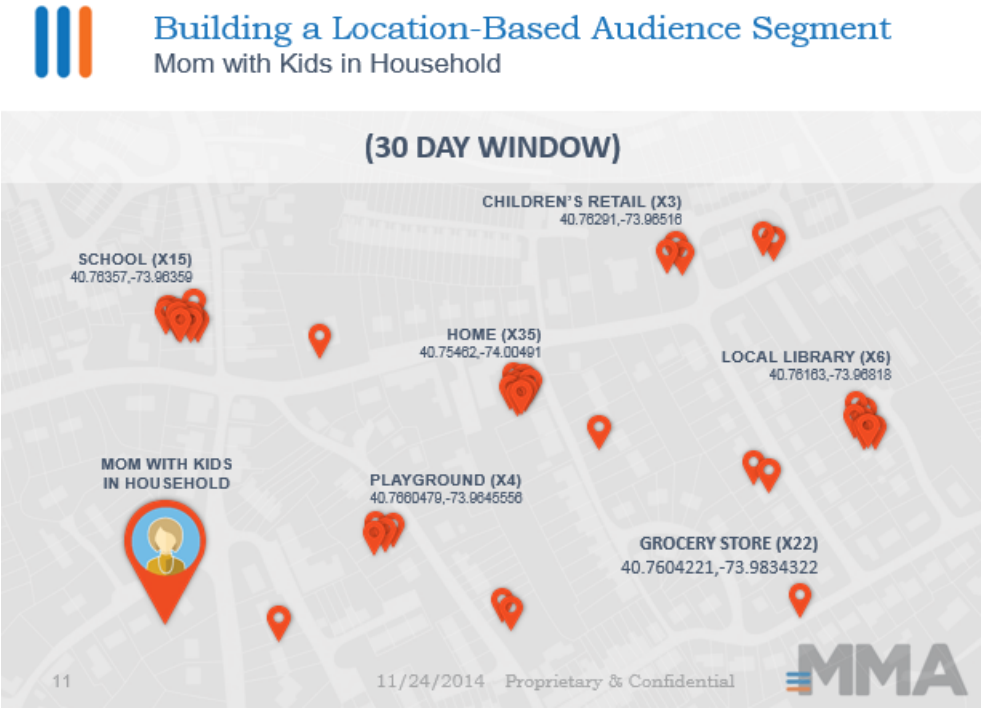
First, an example of a mobile device profile that indicates the owner is a business traveler:



Example 1: Business Traveler

A location history over 30 days indicates that this mobile user is a business traveler. First, we see that the user is observed in two different cities, indicating travel. We've also seen the user at the airport in both the home city and the away city, indicating air travel. We can identify the home city by looking for a pattern that indicates home location – numerous observations (19 in this case) that take place at a residential location during hours that indicate a residence (i.e., mornings, evenings, and weekends). Furthermore, in the away city, we've seen the user spend time at the convention center and nearby hotel, indicating travel for business, instead of leisure (if we had seen the user at a resort and spending time on the beach, we could infer that this was travel for leisure).

Second, in this example, a mobile device profile is created that indicates the user is a parent:



Example 2: Adult with Kids in Household

This illustration demonstrates how a user's location history over 30 days indicates an adult with kids in household. We've observed this user making repeated trips to areas that indicate presence of children – school (15 times), children's retail (3 times), the playground (4 times), and the local library (6 times). This could be further validated by matching it against other third party data sources associated with this mobile ID, to determine the user is female – probably a mom.

While the above examples are fairly intuitive, in most cases, machine-learning models are used to uncover non-intuitive patterns in behaviors that can be used to better understand users based on the places they visit. For example, it may turn out that business travelers not only often show up at airports, car rental offices, and hotels, but they also tend to frequent specific coffee shops and bars when not in their home city. In addition, additional data is often used to enrich a pure location-based profile for more accuracy. Most vendors have their own secret sauce of algorithms and data that contribute to creating audience profiles.

The Data Behind Location-Based Audiences

There are two primary types of location data involved in location-based audience development – user data and places data.

User Location Data

User location data is the location data generated by mobile devices that indicate where a user is. The user location data generated by the device takes the form of latitude and longitude coordinate pairs, for example the 40.76357, - 73.96359 seen on the Moms example above (underneath where it says "school (x15)"). The quality of a given location-based audience profile is dependent on the quality and quantity of the underlying location data. The data needs to be precise to be most useful in developing audiences, and the more extensive the history, the more accurate and extensive the audience profile will be.

The quality of user location data varies due to many factors:

- Source Site/App
- Handset & Technology (GPS)
- Whether location was determined in presence of WiFi or OTA
- Indoor vs. Outdoor

Buyers of location-based audience should always verify that their provider is using clean, precise data when building audiences.

Places Data

For user location data to be meaningful, it needs to be tied to a specific place. The data that says that 40.76357, - 73.96359 is a school, is known as "places" data. The quality of a location-based audience profile is also dependent on the quality of the underlying places data. Without an accurate understanding of what place a given location represents, the audience profiles will not be accurate. Place data is constantly changing as new businesses open, existing businesses close and/or move, so it's important that one understands where their audience provider is getting their places data and how they keep it up to date.

Combination of User and Places Data

Most location-based audience providers combine user-location and places data to create audience segments. One approach is commonly referred to as the "tile" or "frame" approach. Providers divide up the world into a series of equal sized tiles, with a popular tile being a 100x100 meter square, and the location (place data) is

profiled by the types of users (user data) previously observed there at various times of day.

Non-Location Data Used to Supplement Location Data

In addition to the user location data and places data, location based audiences may also incorporate data from additional sources.

App Data

Publicly available data is continuously collected on mobile apps including;

- Static app metadata (*Name, Description, Publisher, Price, Release Date, etc.*)
- Dynamic data (*Ranks, Ratings, Reviews, Feature Mentions etc.*)
- Social Media mentions (Twitter, FB, YouTube)
- Private Data (Sales, Downloads) from publishers

These data points are collected, and machine learning is used to combine these sources into an audience profile for each app. This can provide an audience estimation for an app directly, or can be used to inform the location profile information.

Household Data

The United States Census provides rich demographic information (race, income, education level, etc.) at fairly granular geographic levels. Location data can be used to infer the household of the device owner. Understanding the demographics of the neighborhood where the user resides can help enrich the audience profile.

Purchase Data

Data companies such as Acxiom, Catalina Marketing, Datalogix, and Dunnhumby aggregate purchase data from retailer loyalty programs. Location-based audience providers can link to first or third party purchase data with mobile devices through location history, and this can be used to enrich profiles with product, product category, or brand preferences.

Publisher Data (data passed by app/website)

Publishers of apps and mobile websites can provide a wealth of audience data, provided they are focused on collecting that data. Publishers focused on developing a data management platform to capture data about each user, whether declared or inferred, can do so in a variety of ways including; user registration,

SDK access, native platform database, Facebook connect, Google analytics integration, user surveys, and many other methods.

These data include:

- Engagement Metrics
- Location data
- Device Data
- Connection Data
- Demographic Information

These elements can be used to enrich a location-based audience profile.

Case Studies: How Brands Are Using Audience Targeting

Denny's

(Source: xAd)

Overview: In the summer of 2013 through the spring of 2014, Denny's was looking to recapture the hearts and mind of consumers and reiterate Denny's as "America's Diner" through a series of "Build Your Own" campaigns. They were also looking to engage with "connected consumers" more effectively than they had in the past, drive consumers to the Denny's landing page, and most importantly, drive diners into restaurants. Denny's was able to take key learnings from the original "Build Your Own Pancakes" campaign in August of 2013, in order to continually improve the performance of subsequent BYO campaigns through 2014.

Audience Target: Those consumers who frequent Denny's Dinners and similar locations in proximity to a Denny's, as well as building awareness to the younger connected consumer (age 18-35) including **Millennial Family Diners** and **Cross-Generational Families.** Denny's narrowed their target audiences based on responsiveness to messaging. They also expanded digital traffic against Hispanics, as a result of foot-traffic lifts generated.

"Build Your Own Pancakes" Campaign (August 2013)

Goals + Approach: The campaign was focused primarily on digital engagement, with a goal to drive consumers to the Denny's landing page. Proximity targeting was utilized as well as dynamic creative.

Impact: 30% lift in industry average CTR

"Build Your Own Skillet" Campaign (February 2013)

Goals + Approach: The campaign was focused on increasing digital performance as well as driving diners into restaurants. The campaign utilized proximity targeting, brand affinity, SVL and a survey. Learnings from previous BYO campaigns were used to refine inventory and further optimize time-of-day and time-of-week targeting. In addition, this campaign concentrated more on the high performing Hispanic family audience.

Impact: 11.68% percent lift in store visitation

"Build Your French Toast" Campaign (April 2014)

Goals + Approach: The campaign was focused primarily on driving diners into restaurants. The campaign utilized proximity targeting, audience targeting, brand affinity, SVL and a survey.

Impact: 34.56% life in store visitation

Benchmarking Study (Q1/Q2 2014)

In addition to its BYO campaigns, Denny's participated in a Benchmarking Study with xAd, in order to test and determine best practices for upcoming campaigns. A breakout of secondary action activity revealed that localizing campaign creative to bring locator functionality to the banner (vs. waiting to reveal this on the landing page) increased post-click action rates by more than 40 percent.

"Leveraging location data to not only understand the 'where' but also the 'who' was a true game changer for our BYO campaigns," said John Dillon SVP, CMO at Denny's. "Through measuring store visitation lift, we were able to determine that implementing audience targeting in addition to proximity targeting, enabled us to achieve a nearly 35 percent lift in SVL – an increase of more than 20 percent when compared using proximity targeting alone."

Goodwill

(Source: xAd)

Overview: In order to raise its brand profile and encourage donations, Goodwill was looking to leverage the power of mobile in order to raise awareness around Goodwill locations in the United States and to support Goodwill's mission of helping people find jobs.

Audience Target: Hispanics and likely donors

Goals + Approach: In addition to raising awareness, Goodwill was looking to drive potential donors into Goodwill donation centers. The campaign utilized proximity targeting, audience targeting and measured SVL. Audience targeting was based

on a combination of demographic and past visitation behaviors (i.e. people that had visited another donation facility in the past).

Impact: The campaign over-performed among the target Hispanic audience and drove an impressive 43% increase in store visitation, accounting for more than 13,000 donation center visits.

"As we continue to evaluate new mobile tools, we found that tracking key audiences over time enables us to get a fuller picture of their behavior and preferences, ultimately improving the effectiveness of our campaigns," said Jim Gibbons, president and CEO of Goodwill Industries International. "Messaging these audiences at the right time and place strengthens our efforts and allows us to identify the people most likely to donate."

Walmart

(Source: MMA SMoX Research)

Overview: In August 2014, Walmart launched its Savings Catcher program, which works by automatically checking competitors' prices and crediting the difference back to the consumers, after they scan their receipt.

Audience Target: Consumers age 18-49

Goals + Approach: Walmart was looking to generate awareness of the unique program and mobile app, and establish Walmart as retail's price leader. In order to do so, the company engaged in a full cross-media campaign, which included both proximity and audience targeting.

Impact: By delivering messages to those that had visited the retailer in the past and targeting them wherever they might be (audience targeting), Walmart increased the impact for the same ad unit over standard mobile display and drove favorable price perceptions but also SVL. Walmart also found that using expandable ad units, which included more information about the service but also localized creative (distance to store) produced the most significant lift over the unexposed group (vs. pencil ad units). Finally, adding proximity targeting further increased the performance of both units, particularly expandable, driving the strongest SVLs overall.

Key Learnings

- Location-based audiences are developed using historical geographic data from mobile devices to build audience profiles.
- Through the use of location data, brands can evaluate the behaviors of frequent buyers or diners to not only determine what the ideal target demographic, but also where best to engage them based on their visitation frequency to a brand's store and other stores they show affinity towards.
- In terms of ad formats, using expandable ad units in combination with localized creative, as seen in the Denny's case study, can be significantly impactful, increasing post-click action rates by more than 40 percent.
- The quality of a given location-based audience profile is dependent on the quality and quantity of the underlying location data. The data needs to be precise to be most useful in developing audiences, and the more extensive the history, the more accurate and extensive the audience profile will be.
- Incorporating non-location data (app, household, purchase, etc.) can help further build comprehensive audience profiles. However, it's imperative that marketers ensure the accuracy of any 3rd party data used, as inaccurate or projected data can introduce errors.

Conclusion

As shown in this paper, audience targeting can be an incredibly effective mobile targeting technique for a wide variety of brands, particularly when used in combination with proximity targeting and localized creative. For the brands discussed, leveraging location data, including a user's current, past, and future locations coupled with data such as demographics, psychographics, and behavioral data is a powerful combination. Applying this data beyond the 'where' to develop the story of 'who' can have a significant impact on mobile performance (i.e SVL) and as a result, campaign ROI.

Sophisticated buyers can benefit from an understanding of the underlying influences and techniques in using location to enhance audience targeting, in order to understand optimal formats and reasonably weigh the value that location-based audiences can provide. There are now more possibilities than ever before for marketers to create a truly targeted and engaging advertising experience.

MMA Overview

The MMA is the world's leading global non-profit trade mobile marketing association comprised of more than 800 member companies, from nearly fifty countries around the world. Our members hail from every faction of the mobile marketing ecosystem including brand marketers, agencies, mobile technology platforms, media companies, operators and others. The MMA's mission is to accelerate the transformation and innovation of marketing through mobile, driving business growth with closer and stronger consumer engagement. Anchoring the MMA's mission are four core pillars; to cultivate inspiration by driving the innovation for the Chief Marketing Officer; to build the mobile marketing capabilities for the marketing organizations through fostering know- how and confidence; to champion the effectiveness and impact of mobile through research providing tangible ROI measurement; and advocacy. Additionally MMA industry-wide committees work collaboratively to develop and advocate global best practices and lead standards development.

Mobile Marketing is broadly defined as including advertising, apps, messaging, mCommerce and CRM on all mobile devices including smart phones and tablets. Members include: American Express, Colgate-Palmolive, Dunkin' Brands, Facebook, Ford Motor Company, Foursquare, Google, Group M, Hewlett Packard, Hilton Worldwide, IKEA, Johnson & Johnson, Kellogg Co., MasterCard, McDonalds, Mondelez International, Inc. Pandora Media, Pinterest, Procter & Gamble, Razorfish, R/GA, Starcom Worldwide, The Coca-Cola Company, The Weather Company, Unilever, Visa, VEVO, Vodafone, Walmart, xAd and many more. The MMA's global headquarters are located in New York with regional operations in Europe/Middle East/Africa (EMEA), Latin American (LATAM) and Asia Pacific (APAC). For more information about the MMA please visit www.mmaglobal.com.

Acknowledgements

The MMA wants to acknowledge the important contributions of all of the following companies, all of whom comprise the MMA Location Committee Audience Working Group:

4INFO, Bellurbis Technologies, Factual, Millennial Media, Inc., PlaceIQ, YP, Verve, and xAd, Inc.