# Using Location Data to Understand the **Offline Impacts of Online Efforts**



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Using location-based marketing to drive foot traffic to stores is one of the smartest strategies advertisers can employ today, but it's coupled with a conundrum: How will they determine if their money was well spent?

Traditional metrics like click-through and conversion rates may be useful for measuring the online effectiveness of digital media campaigns, but they fall short when the goal is understanding offline impacts. Data scientists are beginning to connect the dots between data systems to map out a customer's movements throughout the day, which will help with attribution, but the approach is incredibly tricky.

Today, location intelligence presents an optimal solution for bridging the digital and physical world. The data that is so critical to campaign segmentation has also emerged as a powerful means for understanding consumer behavior and attributing campaign spending more efficiently. The ad tech industry is now finding new ways to use location data to improve performance and accountability. Many data management platforms and demandside platforms have begun leveraging increasingly precise and accurate data to offer customers better online-to-offline attribution solutions.

"For too long, we were in a situation where there was little to no attribution in terms of, 'Did this campaign actually result in traffic to the stores?" says Asif Khan, founder and president of the Location Based Marketing Association (LBMA). "I think location data is a great way to provide answers to that."

#### 90% of all retail is still done in physical stores.

KPMG



#### Enriching User Location Data with a Virtual Copy of the World

Precision is critical to the effectiveness of location data and also to the understanding of what exactly location data comprises.

Many people only think of the dynamic side of location data. More specifically, the latitude and longitude readings of a device derived from the geolocation of a Mobile Ad ID that connects to the internet or from technologies like GPS, Bluetooth, Wi-Fi access points, and tower cell triangulation.

Yet, there is also static location data like points of interest (POI), building shapes and sizes, and even the association of a POI and its polygon. This geometry creates a digital representation of the real world and offers context to a person's movement. A user's signal is no longer just a dot on a map, but rather, for example, a dot right outside a coffee shop or inside a pharmacy. This precision is critical to an advertiser.

By overlaying dynamic location signals on a representation of real-world places and their polygons, firms can map the relationship between ad display and store visits and ultimately measure a campaign's success.



In fact, knowing the precise size and shape of a building is the most accurate way to understand if a mobile signal is inside or outside, whether it's a shopping mall, airport, train station, university, hospital, stadium or other environment. While companies can build their own global databases of such polygons, it's more cost-effective to purchase datasets that are continually updated from a trusted leader in mapping and location services.

The insights that can be derived by merging the two forms of location data mark a significant leap forward in attribution capabilities. Companies no longer need to rely merely on a radius or arbitrary geofence around a latitude-longitude point for their algorithms or tie the user to the nearest Mobile Ad ID at the time they were actively using a mobile device.

"I don't think you can be accurate, at least with the degree of certainty that many of these brands and agencies are looking for, without both dynamic and static data," Khan says.

> Overlaying dynamic location data on a digital representation of reality can also be used to build audience segments.





## New Visitation Metrics Are Gaining Momentum

The potential of using location data to validate the performance of an ad campaign has led to the creation of new visitation metrics. One is cost per visit (CPV), which <u>Verve</u> defines <u>on its website</u> as "a measurement of how much media spend was associated with a visit to a store." Another is cost per incremental visit (CPIV), which is "a measurement of store visits that are attributable to ads served," according to the location mobile marketing platform.

"I think that certainly cost per visit and cost per incremental visit are right at the top in terms of what people in our industry are looking for today," Khan says. "You're actually seeing a real traffic count of people showing up in a business."

Khan says the advertising ecosystem is showing a willingness to experiment with the measurement tools but isn't ready yet to adopt them as new standards for basing ad buys. "When an industry has been normalized for a long time on a certain set of metrics and then you introduce a bunch of new metrics that are typically sold at a much higher premium, it takes a long time to establish their value," he says.

### New Technologies to Boost Accuracy of Dynamic Data

Hervé Utheza, HERE's head of media, advertising and telco, predicts the ascendance of both CPV and CPIV will largely hinge on the industry's ability to make dynamic location data more accurate. That effort will likely get a boost from GPS enhancements and the expansion of the fifth generation of network technology known as 5G.

"You've got things like new satellites that are going up that improve the accuracy of GPS signals," Khan says. "Today, standard GPS targeting is probably about three meters of accuracy. Some of the new satellites going up later this year will get you within less than a meter of accuracy."

With 5G, Utheza says, "The precision of the signal is increased by at least an order of magnitude. You can position someone with a density of antennas extremely precisely — pretty much down to the row and the seat in a full stadium."

57% of surveyed digital marketing and media practitioners said cross-channel measurement and attribution would "most occupy [their] time, attention and resources" in 2019.

IAB and Winterberry Group





#### **Incentivizing Data Sharing**

Looking forward, Khan expects another hurdle to obtaining precise data will be lowered as apps give users more reasons to enable location tracking on their devices.

"What we've learned as an industry is that if you can demonstrate a true value proposition to the consumer, in terms of value and relevancy, their reluctance around sharing location data almost disappears," Khan says.

He anticipates consumers will recognize the value in their data and will want to participate in the economy around its monetization. Khan says, "If we can make that happen, as an industry, a lot of these issues we have with privacy today actually completely disappear because now it's not about privacy but about participation."

Consumers could contribute their data proactively into a "vault" — not only about their location but other information like their brand preferences — and ask that they only be sent offers that are relevant and personalized to them.

49% of marketers were interested in using location-based marketing to drive foot traffic to physical locations in 2018.

Location Based Marketing Association (LBMA)



### Online-to-Offline Attribution to Further Evolve

Meanwhile, industry players are also working to use location data to gain additional online-to-offline insights. "The next wave that's coming is, 'Did that traffic that's in the store actually result in a transaction?" Khan says. "It's not good enough to say, 'Yes, we got the people there.' Did they actually buy something is the real question."

Khan says static location data can play a role here, too, if a device ID that received an ad can be correlated to a store's location as well as the time and value of a transaction. "I think if you take those things and link them all together, that's a very interesting piece of data for any industry in terms of measuring its performance," he says.

Attribution, meanwhile, isn't just about understanding how a campaign performed. It's also critical for optimizing future efforts. "If you have a methodology for segmenting and discover it doesn't work after measuring a campaign, you can improve it," says Alexei Poliakov, CEO and co-founder of the location intelligence firm <u>Locomizer</u>. "Creating these feedback loops in the marketplace is absolutely essential."

That indispensable feedback is harder to achieve using dynamic data without the context of static data like POIs and polygons.

Utheza says, "It's really the combination of the two parts of location data that creates the magic of location intelligence."

### Partnering with HERE Makes Good Business Sense

Locomizer is a location intelligence firm that sells segmentation and attribution solutions to out-of-home media companies. For both products, Locomizer relies on accurate points of interest (POI) data to feed into its advanced algorithms.

Yet, to gain a deeper understanding of user movements, Locomizer needs to integrate even more granular information — the shape and size of a building. With such a polygon, the startup can pinpoint if a dynamic signal is inside a POI, like a supermarket, or at a nearby ice cream store. "Polygons give you an additional level of accuracy over using POIs alone," says the London-based firm's CEO and co-founder, Alexei Poliakov.

Poliakov could invest resources in creating his own global database of polygons. Doing so would be hard enough, and then he'd face the continual challenge of updating and maintaining all that complex static data to ensure it is fresh and accurate. Instead, he decided to let another company do that heavy lifting and in 2018 began using a number of static location datasets from HERE, a global leader in mapping and location services. HERE enables clients like Locomizer to plug into an API or individual datasets to boost their segmentation, behavior analytics and attribution capabilities.

The proprietary datasets offer breadth, depth and scale, which are very important to companies that want to expand internationally and to advertisers with global budgets. For example, HERE provides representation of buildings in more than 86 countries and territories in North America, Europe and Asia-Pacific. The building geometry is the same precise and accurate data that is being integrated into cutting-edge technologies like drones and autonomous cars. In addition, the HERE Places dataset contains location intelligence on 126 million POIs in 194 countries with more than 260 attributes appended including address, payment methods, hours of operation and reviews.

HERE's datasets are frequently updated to improve quality, and since HERE owns its own maps — rather than relying on third-party ones — the company has complete control over their quality.

Partnering with a neutral location data provider he can trust enables Poliakov to offer better segmentation and attribution products for his customers and to focus on other aspirations. Among them: A bold quest to build an intelligence layer of human behaviors on top of HERE's POIs and polygons.

#### HERE Technologies, the Open Location Platform company, enables people, enterprises and cities to harness the

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