

Location-Based Advertising and Marketing

Location-Based Advertising and Marketing is a comprehensive report from Berg Insight analysing the latest developments on the location-targeted advertising market worldwide.

This strategic research report from Berg Insight provides you with 170 pages of unique business intelligence including 5-year industry forecasts and expert commentary on which to base your business decisions.

This report will allow you to:

- **Identify** tomorrow's most profitable LBA opportunities in the mobile space.
- **Understand** the fundamentals of the ad-based mobile media revenue models.
- **Recognise** the key enablers of growth in the LBA market.
- **Comprehend** the relative importance of digital channels compared to other advertising media.
- **Learn** about the experiences of LBA campaigns by top global brands.
- **Profit** from valuable insights about LBA business models.

Berg Insight's LBS Research Series

What are the real business opportunities for LBS on the global market? Berg Insight's LBS Research Series is a unique series of market reports published on a quarterly basis. Each title offers detailed analysis of the most interesting LBS topics such as handset-based satellite positioning technology, mobile personal navigation services and location-enabled content services. Once per year we also publish a summary of our research with detailed forecasts for the major regions.

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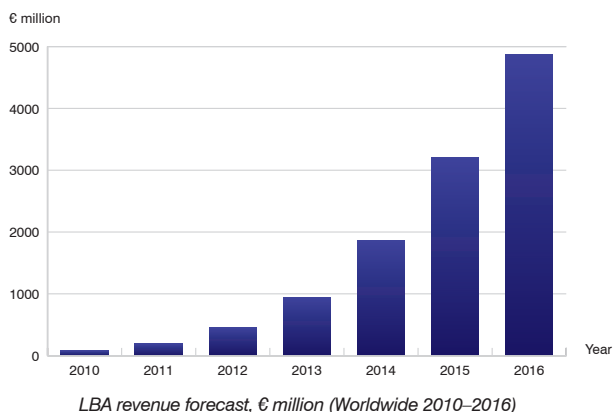


Location-targeting releases the full potential of the mobile channel

The mobile channel is getting established as an integral part of the marketing media mix, a process which is eased by the booming smartphone adoption and increasing mobile media consumption. One of the key developments in mobile advertising is the increasing integration of location-sensitivity, which releases the full potential of the mobile channel. A notable divide can be made between static and real-time location-based advertising (LBA). Targeting by static variables involves using information which is part of specific user profiles such as place of residence and work. Real-time location targeting instead uses location information which is gathered when an ad is delivered to a mobile user. Such location-based advertising programs and campaigns leverage the same type of technologies to determine user location as other location-based services (LBS). Common methods include GPS, Cell-ID and Wi-Fi positioning which are all based on real-time information.

Targeting by location in combination with other contextual and behavioural segmentation greatly enhances the relevance of mobile advertising. It has been demonstrated that location-targeted ads generate considerably higher return than conventional mobile advertising, and the associated eCPM levels are several times higher. Berg Insight estimates that the total global value of the real-time mobile LBA market was € 192 million in 2011, representing 5.0 percent of the total mobile ad spend. Growing at a compound annual growth rate of 90.9 percent, the real-time LBA market is forecasted to be worth € 4.9 billion in 2016, corresponding to 28.3 percent of all mobile advertising and marketing. This means that location-based advertising and marketing will represent more than 4 percent of digital advertising, or 1 percent of the total global ad spend for all media. Asia-Pacific is estimated to be the largest LBA market in 2016, followed by Europe and North America.

Key drivers for LBA include the growing attach rates of location technologies in handsets, as well as the increasing consumer acceptance of LBS in general. Local advertising is further a major market, and LBA opens up the mobile channel for new advertisers such as local merchants. The fact that location targeting has higher performance has moreover induced premium rates for publishers and developers. The main barriers to adoption are related to the inherently limited reach of LBA which acts as a mental hurdle for advertisers. Education of advertisers and new methods for campaign performance evaluation are thus called for. Privacy issues can further not be ignored, but can be ►



► beneficially handled by privacy control options beyond simple opt-in mechanisms. The demand for hyper-local targeting of ads is so far limited among advertisers, but is bound to increase given the considerable impact such campaigns generate.

The LBA value chain is still forming and there are a large number of players involved in the ecosystem. The industry is fragmented and has not yet reached maturity. Many different companies are involved, ranging from LBA specialists such as Placecast, xAd and LEMON Mobile, to operators including SFR, AT&T and O₂, and LBS players such as Telmap, TeleNav and Waze. There is furthermore an abundance of location-aware applications and media which serve geo-targeted ads, with examples such as WHERE, Loopt and Shopkick. Included in the marketplace are moreover coupons and deals providers including Yowza!, GeoAd and COUPIES, search solutions such as Poynt and Qype, and proximity marketing providers like Qwikker, Proximus Mobility and Scanbuy. A number of traditional mobile advertising players are also active in the LBA space, for example Millennial Media, Madvertise and Nexage, as well as major digital and telecom players such as Google, Apple and Nokia.

There are a number of key takeaways from the latest developments in LBA. It has been established that location-targeting improves the effectiveness of mobile marketing campaigns, and greater shares of ad budgets are devoted to LBA among marketers. It is however crucial to ensure sound opt-in procedures and individual privacy measures for consumers. Location is further only one of many components in successful targeting, and marketers must also strive to leverage other contextual and behavioural information. High-precision real-time geotargeting is today sparsely used, and rightly so as most campaigns do not require targeting with an accuracy of a few meters. Hyper-local campaigns are nevertheless becoming more common. Current important high-volume LBA formats include mobile search and SMS campaigns. Berg Insight however anticipates that geotargeting gradually will become ubiquitous and available across the entire mobile channel.

This report answers the following questions:

- In what ways can location technology improve the relevancy of mobile advertising?
- What are the experiences from mobile LBA campaigns so far?
- How should mobile LBA be integrated in the marketing media mix?
- Which categories of companies can leverage mobile location-based advertising?
- Which are the LBA specialists that stand out of the crowd?
- How are mobile operators such as AT&T, Telefónica and SFR approaching LBA?
- How are traditional mobile advertising players and major digital and telecom players positioning themselves in this market?
- How well suited for LBA are different existing and future mobile media channels?
- Which are the main drivers and barriers affecting the mobile LBA market?

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About the Author

Rickard Andersson is a Telecom Analyst with a Masters degree in Industrial Engineering and Management from Chalmers University of Technology. He joined Berg Insight in 2010 and his areas of expertise include Mobile Advertising, mobile VAS and commercial vehicle telematics.

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