2018 Location-Based Marketing Report

Practices, Preferences and Plans for the Future

Introduction

With two-thirds of the world's population now connected by mobile devices, location data has emerged as one of the most powerful and important data sources. Location data is used to solve hard problems—from providing firefighters and emergency medical technicians key information during times of crisis to helping us avoid bad traffic.

Location data also makes our lives more convenient. Can you imagine using mobile apps like Uber, Google Maps or Yelp if they weren't powered by location data? It's not a pretty picture—the experience would be cumbersome. On average, people use [nine mobile apps daily](#) that often employ location data to help them navigate their lives; we have come to expect our favorite apps and services to use location to be more relevant. It's changing human behavior, which means cutting-edge marketers are changing too.

In 2017, U.S. companies spent $17.1 billion on location-targeted mobile advertising and a [BIA/Kelsey study](#) forecasts spending will increase to $38.7 billion in 2022. In other words, a huge part of future advertising will revolve around serving up the right offer at the perfect place and the correct time.

Does location data make marketing and advertising more effective?

Factual, the leader in global location data, commissioned Lawless Research to answer this question, as well as these:
- How are companies using location data, and what is its impact on digital campaigns?
- What features are most important to location data buyers?
- What concerns do marketers and advertisers have about the Google and Facebook duopoly, and are they seeking alternatives?

To answer these questions, we surveyed 700 location data buyers in the United States, including 534 from consumer brand companies and 166 from advertising and marketing agencies.

The respondents told us that location data helps them grow their customer base, increase response rates and engage customers through personalization.

They seek out data that is accurate, precise and validated. And, serious concerns about the digital ad duopoly of Facebook and Google are driving them to discover alternatives.
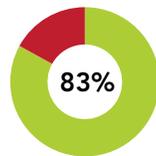
Survey Highlights

Using location data boosts effectiveness of marketing and advertising campaigns.
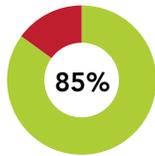

85%
Achieved Growth In Customer Base
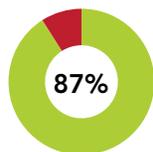
83%
Experienced Higher Response Rates

83%
Saw Higher Customer Engagement

Location data users rate quality as the most important feature, and 95% say transparency is an accurate indicator of data quality.

Most Important Data Location Features

1 Quality of Data (Accurate and Precise)

2 Data Validation and Fraud Avoidance
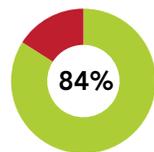
3 Scale or Potential Reach

Campaign effectiveness increases when location-based data is used to personalize the customer experience.
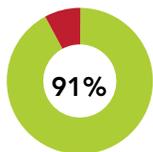
91%
Increased Their Understanding of Audiences

87%
Created Positive Customer Experience

84%
Increased Campaign Effectiveness

Concerns about the duopoly are driving online advertisers to seek alternatives.
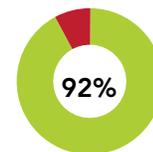
92%
Concerned About the Google and Facebook Duopoly
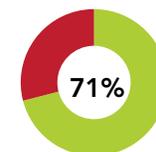
71%
Seeking Alternatives to the Duopoly

Using location data boosts effectiveness of marketing and advertising campaigns.

Companies that use location data in marketing and advertising are seeing benefits across diverse metrics.

More than 8 out of 10 marketers say location-based advertising and marketing produced growth in their customer base (85%), higher response rates (83%), and higher customer engagement (83%). Using location data also gave them deeper knowledge of their customers' needs and interests (77%), improved ROI for their marketing and ad campaigns (74%), and increased lift (70%).
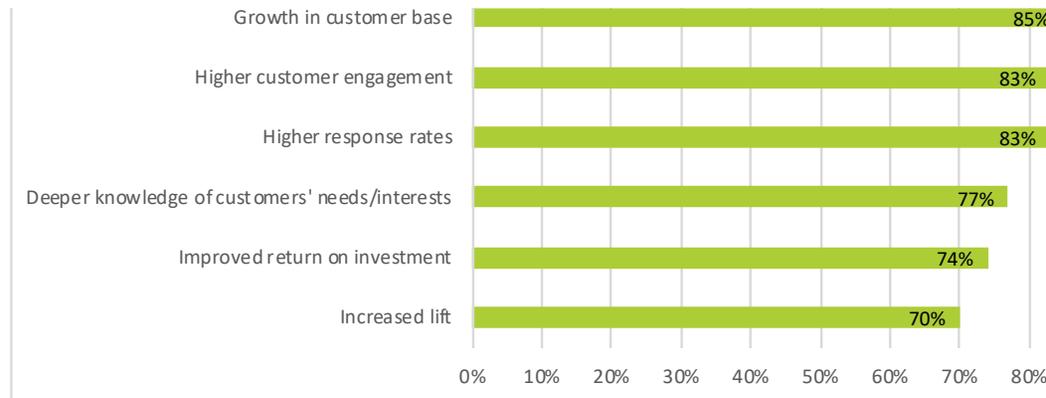
Have you experienced the following benefits from using location-based marketing and/or advertising?

Benefit	Percentage
Growth in customer base	85%
Higher customer engagement	83%
Higher response rates	83%
Deeper knowledge of customers' needs/interests	77%
Improved return on investment	74%
Increased lift	70%

Geo-marketing is only going to become larger because of new advances in technology and I look forward to it.

Retail/eCommerce Respondent

Campaign effectiveness increases when location-based data is used to personalize the customer experience.

A Boston Consulting Group study found consumer brands that create personalized experiences are seeing revenue increases of 10 percent — two to three times greater than brands that don't. Other research also reveals that consumers want personalized content from brands, that they feel more connected to brands when they receive personal content and that they get frustrated when they don't.

- 58% of consumers say a personalized experience is very important when purchasing from a company, and 57% of consumers say they're willing to share personal data in exchange for personalized offers or discount (Salesforce 2016)
- 80% of consumers indicate they are more likely to do business with a company if it offers personalized experiences, and 90% indicate that they find personalization appealing (Epsilon 2017)
- 71% express some level of frustration when their experience is impersonal (Segment 2017)

More than 8 in 10 mobile marketers use location-based data to personalize the customer experience.

This study shows that mobile marketers recognize the value of personalizing campaigns with geolocation. Among the companies surveyed, 82% use location data to personalize the customer experience, while 85% plan to do so in the next 12 months.

Is your company currently using location-based data and targeting to personalize the customer experience?

82%

▪ Yes
▪ No
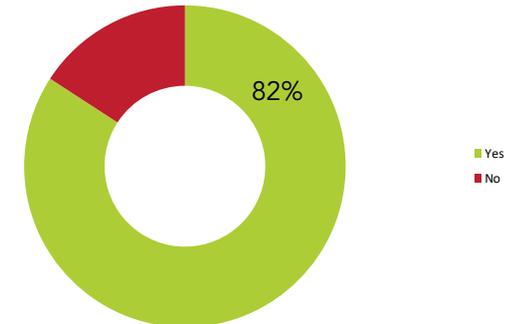
Do you plan to do so in the next 12 months?

85%

▪ Yes
▪ No

Location-based personalization creates positive customer experiences and increases campaign effectiveness.

Marketers that personalize their ads with location data experience a range of benefits including increased understanding of audiences (91%), positive customer experience (87%), more effective campaigns (84%), and more accurate targeting (62%). Over half also see a lift in sales and higher conversion rates.
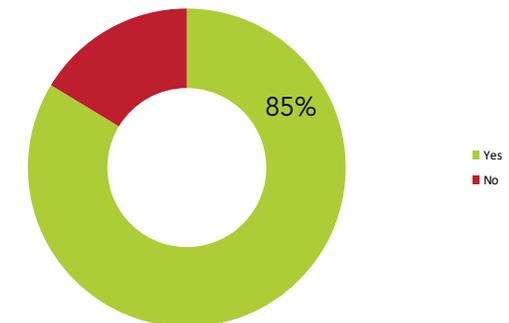
Which of the following benefits have you experienced from location-based ad personalization?

Benefit	Percentage
Increased understanding of audiences	91%
Positive customer experience	87%
More effective campaign	84%
More accurate targeting	62%
Higher conversion rates	53%
Sales lift	53%
Store visitation lift	35%
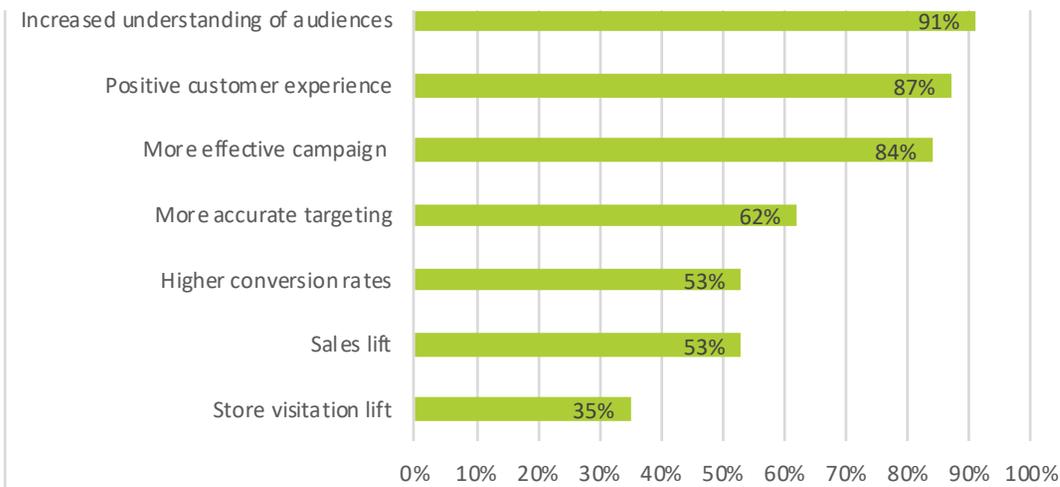
Location-based advertising is a growing area to be utilized in business strategy.

Professional Services Respondent

Marketers rate quality as the most important feature of location data and say transparency is an accurate indicator of quality.

Marketers are demanding better quality location data, and they want to know how data is built and where it comes from. Brands and agencies rely on location data to make strategic decisions, so the quality of data is critical. When asked to rank the most important features of location data, marketers rated quality of data as foremost. Second in importance is data validation/fraud avoidance.

What are the most important data location features?

1. Quality of data (accurate and precise)
2. Data validation and fraud avoidance
3. Scale or potential reach
4. Privacy-safe methodology
5. Ease of integration / Ease of use
6. Price
7. Flexibility of audience customization
8. Reputation of data provider
9. Audience granularity (number of consumer attributes)
10. Service & strategic guidance

How is the quality of location data evaluated?
Understanding the true quality of data can be challenging. High-quality location data is both accurate and precise, but it can be difficult to define exactly what that means. Asking the following questions of data sources and providers can help: *Is the data derived from a trusted source? Is the data linked to a GPS location at an exact time, or is the location derived from an IP address or cached location? What about data hygiene? Is the data error-free or are fields mislabeled or truncated? What technology is used to ensure accuracy?*

Validating location data is necessary to ensure its quality. According to Thinknear, only 30% of user coordinates in mobile adtech are of sufficient quality for effective targeting, so a good validation process identifies and excludes:

- Truncated coordinates with fewer than three decimal places
- Invalid coordinates, such as (0,0)
- Out-of-bounds coordinates, such as outside the bounds of the earth or in the ocean
- Blacklisted coordinates with unreasonably high mobile traffic
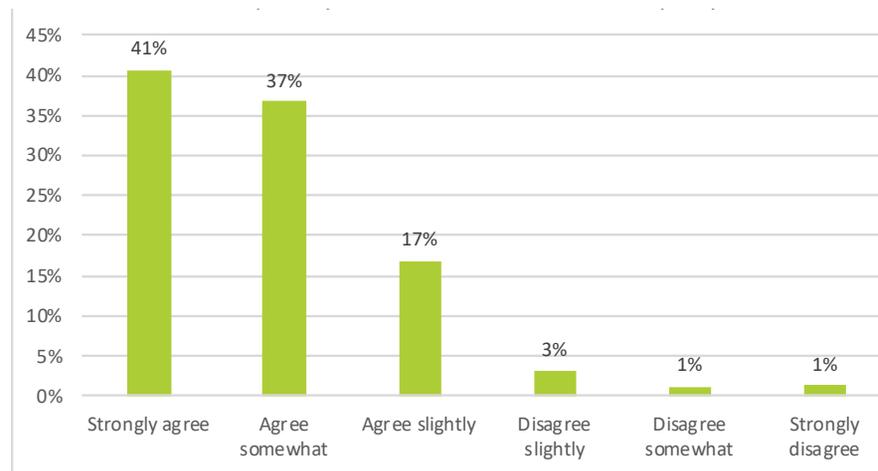- Bad devices and bad apps

Transparency is a proxy for data quality.
Marketers require data transparency so they can analyze their efforts and optimize accordingly. Because the quality of location data can be difficult to assess, buyers look to transparency as a proxy for quality. Nearly all location data buyers (95%) agree that data transparency accurately indicates the quality of the data.

Over the past year, questions have been raised across a variety of publishers and platforms about the validity of data transparency, metrics accuracy, measurement and more. Data is often bundled with media spend, and opaque data practices come with a cost, limiting marketers' flexibility, control and ability to fine-tune strategies.

The online advertising duopoly of Google and Facebook contributes to the need for transparency and alternative data sources throughout the industry. Data is locked within walled gardens, and marketers are unable to learn from it or apply it outside of the siloed platforms. Transparent data, which is platform and use case agnostic, is critical in allowing marketers to understand and best reach their audiences.

Data transparency is an accurate indicator of data quality.

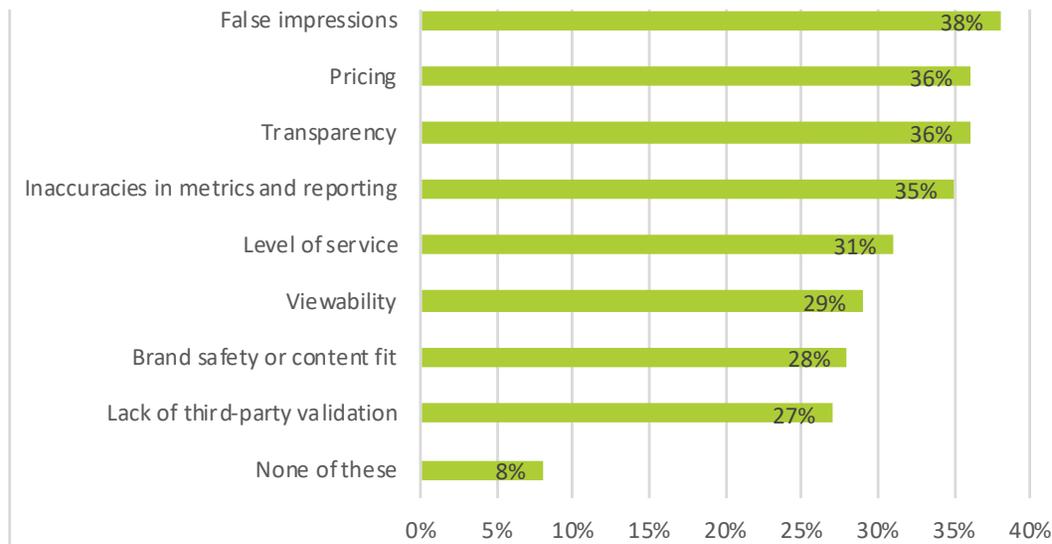|	Strongly agree	Agree somewhat	Agree slightly	Disagree slightly	Disagree somewhat	Strongly disagree
%	41%	37%	17%	3%	1%	1%

Concerns about the Google and Facebook duopoly are driving online advertisers to seek alternatives.

Google and Facebook accounted for about 63% of U.S. digital ad revenues in 2017, but marketers are beginning to recognize the need for other options. Among the brands and agencies surveyed, 92% have one or more concerns about the advertising duopoly. False impressions (38%), transparency (36%) and pricing (36%) are the topmost concerns about advertising with Facebook and Google.

Which of the following concerns do you have about the advertising duopoly of Facebook and Google?

Concern	Percentage
False impressions	38%
Pricing	36%
Transparency	36%
Inaccuracies in metrics and reporting	35%
Level of service	31%
Viewability	29%
Brand safety or content fit	28%
Lack of third-party validation	27%
None of these	8%

Today, 71% of marketers are seeking alternatives to the duopoly for online advertising.

Are you seeking alternatives to Facebook or Google for online advertising?

29%

71%
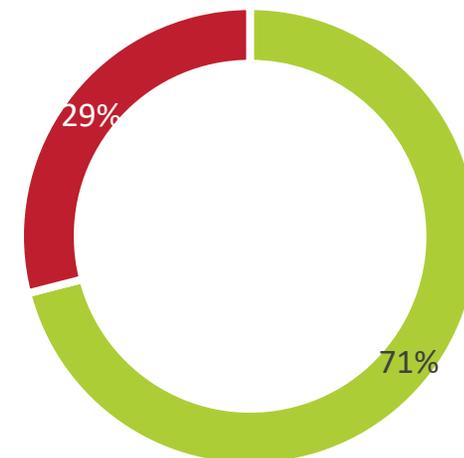
■ Yes ■ No

Nearly two-thirds of marketers use location data for targeting ads, and nearly half for location-based offers.

The most common uses for location data are ad targeting (65%), location-based offers (49%) and customer experience or personalization (47%). More than 4 out of 10 marketers are also leveraging location data to engage audiences, market to influencers and measure advertising effectiveness.

How are you or your company using location data?

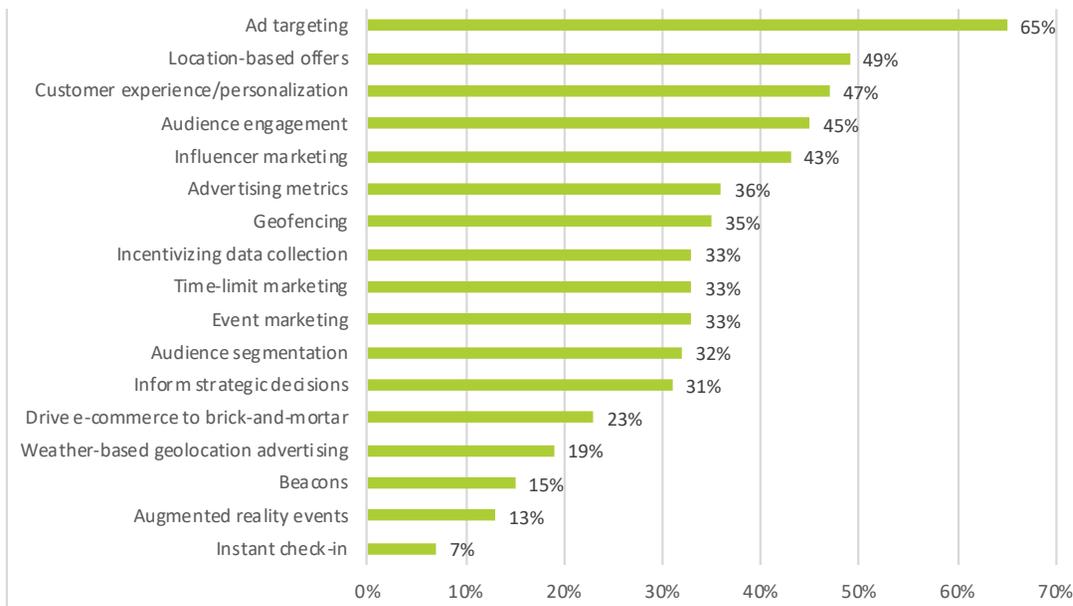| Category	Percentage
Ad targeting	65%
Location-based offers	49%
Customer experience/personalization	47%
Audience engagement	45%
Influencer marketing	43%
Advertising metrics	36%
Geofencing	35%
Incentivizing data collection	33%
Time-limit marketing	33%
Event marketing	33%
Audience segmentation	32%
Inform strategic decisions	31%
Drive e-commerce to brick-and-mortar	23%
Weather-based geolocation advertising	19%
Beacons	15%
Augmented reality events	13%
Instant check-in	7%

Conclusion and Recommendations

Marketers and advertising agencies are leveraging the potential of location data across diverse use cases and seeing myriad benefits, from increased campaign effectiveness to higher customer engagement. As marketers seek to utilize location data, they're looking to location data companies that provide high-quality data, as quality data leads to optimal results.

Since transparency is synonymous with data quality to most marketers, it is imperative that data providers are open with purchasers about how location data is being sourced and qualified. If they're not, customers will quickly seek alternatives.

Factual's Location-Based Marketing Recommendations

Seek out ways to tailor creative messaging to consumers' needs and interests with location data. Personalization is a priority, for both marketers and consumers.

●

Use the transparency offered by data providers as a reliable stand-in if the quality of data is hard to suss out. When the provider is open about where the data is coming from and how it is used, the data is likely trustworthy.

●

When roadblocks come in the form of walled gardens, examine alternative sources of data that are reliable and accountable and that allow for optimized cross-platform digital campaigns as well as personalized customer experiences. Brands are waking up to the fact that the rise of the digital duopoly of Google and Facebook has come with a cost, and other tech giants like Amazon are beginning to enter the fold.

Methodology

Factual commissioned Lawless Research to design and conduct a study about marketers' practices and preferences when using location data. Between March 22 and April 15, 2018, manager-level and above respondents from 534 consumer brands and 166 advertising/marketing agencies completed the online survey. The online survey was hosted by Qualtrics, and Cint provided respondents from their aggregated research panel. Tests of significance were conducted at the .01 and .05 levels (99% and 95% probability, respectively, that the difference is real, not by chance).

About Factual

Factual is the location data company the world's most valuable brands and technology companies trust to understand and intelligently grow their businesses.

Data is the currency for the new economy, and location data is driving smarter digital products, marketing and business decisions. Our world is now mobile, computing is everywhere, and the power of location data is changing everything — the way we get around, the way we interact with brands, the way we solve problems and the way we discover new services and access information. Location data is changing the way we experience the world.

Factual provides product and engineering teams, marketers and data analysts access to the world's most trusted, accurate and comprehensive data on places and people worldwide, transforming products, advertising and businesses with data that puts everything in context. Visit www.factual.com for more information.

About Lawless Research

Lawless Research, an expert in market research for the technology industry, provides companies with the business intelligence they need to make informed strategic decisions. Our rigorous and comprehensive studies help companies become thought leaders in their markets, build brand awareness, increase customer retention, design successful products, and grow their business worldwide. Visit www.lawlessresearch.com for more information.

Respondent Demographics

Company Type

Advertising or Marketing Agency	24%
Consumer Brand	76%

Department

Marketing or Advertising	24%
Executive Leadership	22%
Account Management/Services	10%
Business Intelligence or Marketing Analytics	8%
Information Technology	8%
Operations	7%
Sales	6%
Product Development/Management	4%
Creative	3%
Media Planning/Buying	2%
Corporate Communications or PR	2%
Ecommerce	1%
Web Development	1%
Other	1%

Company Size

Fewer than 50 employees	22%
50 to 99 employees	9%
100 to 499 employees	21%
500 to 999 employees	19%
1,000 to 4,999 employees	19%
5,000 or more employees	10%

Industry

Advertising	24%
Professional services	12%
Technology, software, or hardware	12%
Retail and ecommerce	11%
Manufacturing	8%
Financial services (banking, insurance)	6%
Real estate	5%
Healthcare	4%
Arts, entertainment and recreation	3%
Consumer packaged goods	3%
Hospitality (lodging, restaurants)	3%
Automotive	2%
Education	2%
Non-profit	2%
Government	1%
Travel (e.g., airlines, railways, car rentals, tours)	1%
Pharmaceuticals	0%
Other:	5%