

# NowSpots

| PROJECT  | GRANTEE       | INNOVATION   | GRANT     |
|----------|---------------|--|-----------|
| NowSpots | Windy Citizen | Open-source software allowing “real-time advertising” that can be updated at any time by local businesses using social media | \$257,500 |

NowSpots was created to provide local publishers with “real-time advertising” through widgets that show the latest updates from an advertiser’s social media accounts. The project aimed to turn sponsored social media streams into a viable source of income for news sites.

## THE INNOVATION

Traditional web advertising relies heavily on banner ads—static or animated images that display an advertiser’s messaging each time the page is refreshed. If done well, banner ads can build brand awareness and help drive traffic to the advertiser’s site. For smaller organizations without a strong web presence, however, these ads often fail to build a relationship between viewers and the organization being advertised. NowSpots created open-source software allowing “real-time advertising” through a widget that shows the latest message or post from the organization’s social media accounts including blogs, Facebook, Twitter, and YouTube. The platform enables users (local businesses and publishers of all sizes) to update their advertisements automatically with real-time information, allowing them to connect more directly with potential customers. It also provides them with back-end analytics on how many times potential customers view the ads, click on them, or repost content from them.

## IMPLEMENTATION

The Knight News Challenge awarded funding to NowSpots to release and promote open-source code that lets local publishers sell, manage, and serve “real-time advertising” on their own sites. The original concept for the project was to

market the tool to local news outlets that could use the tool to add a viable source of income by selling these advertising spots to businesses. To help streamline newspapers’ sales process, NowSpots also developed a search tool that scours local businesses, identifies which are the most active in social media, and rates them on how likely they are to be interested in purchasing “real-time advertising.” The project worked to build awareness through an internal sales force that targeted about 400 local newspapers around the country, relying on conversations and word of mouth.

NowSpots partnered with its first client, the *Chicago Tribune* to test the tool, working with the *Tribune*’s sales team to market the real-time advertising spots to outside businesses. Despite some initial successes with the *Chicago Tribune*, NowSpots’ momentum eventually wavered and the paper’s sales team stopped selling the advertising spots. NowSpots estimated that the *Tribune*’s real-time ads were performing well, with click-through rates nearly 300 percent higher than traditional ads, but it proved to be difficult for the *Tribune*’s sales team to sell to outside businesses. NowSpots also partnered with a number of other newspapers and media groups and encountered similar challenges in educating the papers’ sales staff about the product and how to effectively sell the advertisements. NowSpots found it difficult to motivate news organizations’ sales teams, as these teams typically had 30–50 other products to sell.

As a result of these challenges, NowSpots pivoted from targeting news organizations to selling the tool to small businesses and start-

ups. In early October 2012, NowSpots founder launched Perfect Audience, a Facebook and web retargeting platform that companies can use to target Facebook ad campaigns to people who visit the company's website, with the aim of helping them reach their ideal customer at scale.

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## REACH AND OUTCOMES

By November 2012, the information needed to determine the extent of NowSpots's adoption and ultimate impact was unavailable.

Measuring adoption of NowSpots ads was difficult, since the ads ran on publishers' websites. However, by fall 2011, NowSpots had tested its system in 447 news media outlets, including the *Chicago Tribune*, Hearst Digital media, Gatehouse Media, and Digital First Media, and in a number of ad agencies and small businesses.

Despite the challenges it encountered in working to train news organizations' sales team to sell NowSpots ads, early users such as the *Chicago Tribune* believed the project met a

need and customers such as Mastercard, Northwestern University, Hard Rock Café, and the Art Institute of Chicago each bought advertising spots from the project. Some of NowSpots most successful advertising campaigns with these customers have lasted longer than eight months. NowSpots' six-month relationship with the *Chicago Tribune* alone produced 25 advertising campaigns with over seven million ad impressions. Results from the project's test markets indicate that NowSpots ads' click-through rates were at .361 percent—about 300 percent higher than the average click-through rate of traditional online banner ads.

Perfect Audience—the Facebook and web-retargeting platform launched by NowSpots founder Brad Flora—has achieved considerable success since its founding in October 2012. In June 2014, Perfect Audience was bought for \$25.5 million by Marin Software.