

COLUMNS

5 questions about mobile location technology you want to ask

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By **Heather Sears**

We have been reading about location-targeted mobile marketing for a few years now. We all have a top-level understanding: "I can serve ads to phones based on their location!" But do you really understand the details? Here are answers to some top questions.

Who can I reach and how close?

An estimated 100 million, nearly half of U.S. adults, are using smartphones, per market researcher comScore. Fifty-eight percent of smartphone owners use location-enabled applications, according to ISACA. This means that approximately 25 percent of U.S. adults can currently receive location-targeted ads.

"How close can I get?" depends on the current phone settings and is largely out of the control of an advertiser.

Smartphones can determine their location from GPS, Wi-Fi position or from cellular networks.

GPS is typically the most accurate and can locate the phone within 10 meters or less. But because GPS will quickly drain a phone's battery, users only have it turned on for about 10 percent of their usage.

For their other usage, the phone can be located with Wi-Fi or the cellular network. Accuracy of these modes can vary widely, from as close as tens of meters to a mile.

The net effect of this is a user can be located to an area, such as a shopping mall, with confidence but it is challenging to place them in a specific store.

How does it work?

There are two methods for targeting mobile ads by location: ring-fencing or geofencing, and place retargeting.

Ring-fences are virtual "fences" around a geographic area. A publisher or wireless carrier creates these fences and allows advertisers to target campaigns to them. When someone enters a ring-fence, which is triggered by a phone's ad request with a location, ads are delivered.

Place retargeting uses location data to build anonymous user-level profiles.

Data processing extracts behavior attributes, such as travel patterns. Analysis reveals places that a user habitually travels, thus allowing retargeting. This supports serving ads based both on real-time and predicted location.

For example, it is possible to send individualized ads to people who routinely commute past a specific Walgreens. Place retargeting allows sending an ad at any point prior to their arrival at the store with no dependence on entering a ring-fence.

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When working with ring-fences, marketers can segment consumers who have entered or exited the defined area. This can be combined with other targeting attributes offered by publishers and networks to refine user segments.

There can also be contextual hypotheses made about audiences within the ring-fence. For example, a recent campaign ring-fenced schools and identified those inside as "moms" to target very specific advertisements.

When using place retargeting, marketers can segment by a user's distance from a desired target as well as their frequency of passing near the location.

Distance is a function of how far someone is likely travel to a location. Urban areas differ from suburban areas. Distance can be custom, but typical addressable ranges are 500m, 1km, 5km and 10km.

Frequency, the number of times per week a user travels near a location, can also be defined such as traveling within "5km of a location two times per week" or "500 meters three times per week."

Additional segmentation is possible including lifestyle (e.g., business traveler or sports enthusiast demographics and behavior).

Does location make a difference for campaign results?

Yes. Companies using ring-fencing may experience double-digit lift over controls and those using place retargeting up to a four-time lift.

How many marketers are doing this? Why not more?

Location targeting makes particular sense for companies in retail, travel and quick-service restaurants and many major brands are already investing in it.

"Clients really love the idea," said Sarah Amitay, vice president of marketing at Mobext. "They understand how it can make a difference. It is hand-to-hand combat in some industries, and the ability to target consumers within proximity of either your property or a competitor is very attractive.

"We started testing campaigns in 2010 and have been running many at scale since 2011," she said.

One of the limiting factors is that location is not the only element needed for success finding the right target and good inventory are also critical. So, while location can provide a lift in results, location on its own does not equal relevance.

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