

2019 Location-Based Marketing Report

Insights into Location Data Use, Benefits and Opportunities



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Introduction

Today's marketers are smarter than ever. New data-driven tools and tactics enable them to better understand audiences, test and assess creative messaging, and evaluate performance. At the same time, emerging distribution channels are bringing more personalized, relevant content to consumers everywhere they consume media. Location remains a powerful and important data source within marketing strategy, bridging the gap between consumers' online and offline worlds and is foundational to improving experiences we've come to rely on.

In 2018, Factual, the leader in global location data, commissioned Lawless Research to explore marketers' practices, preferences and plans for the future when it came to location data. This year, Factual expanded the study to uncover trends in location data use, and dive deeper into specific use cases and applications.

Factual commissioned Lawless Research to gain insight into the following:

- How is location data used in marketing and advertising and what are the benefits?
- What attributes are most important to location data buyers and have these changed since 2018?
- Are marketers concerned about the oligopoly of Facebook, Google and Amazon, and are they seeking alternatives?

To answer these questions, we surveyed 700 mobile marketers in the United States, including 536 from consumer brand companies and 164 from advertising and marketing agencies.

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Marketers affirm that location data increases campaign effectiveness, leading to higher sales, greater customer engagement and growth in their customer base.

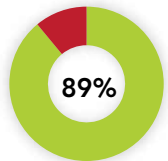
Targeting is the primary use for location data and the biggest growth will be for audience engagement and customer experience. They rate quality as the most important feature of location data and use accuracy and precision to evaluate data quality. Concerns about the oligopoly are driving them to seek alternatives to Facebook, Google and Amazon to improve advertising outcomes.

“Marketers today are expected to be data-driven experts, and location data is able to help them through every step of the process, from understanding their audiences and engaging customers, to measuring results and attributing success.”

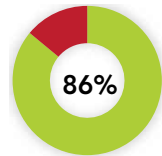
- Brian Czarny, CMO, Factual

Survey Highlights

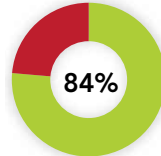
Using location data continues to increase effectiveness of marketing and advertising campaigns.



Increased Sales

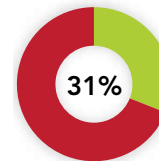


Grew Customer Base

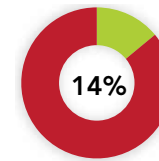


Engaged Customers

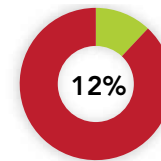
Location data users rate quality as the most important feature and rank accuracy and precision as the best measures of quality.



Data Quality

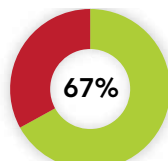


Ease of Use

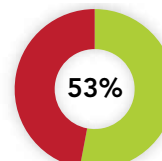


Price

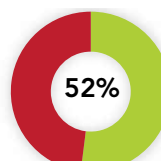
The use of location data will increase from 84% of marketers in 2019 to 94% in 2020. The top use is for targeting.



Targeting

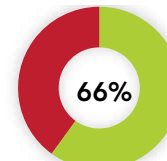


Audience Engagement

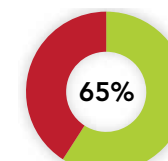


Customer Experience

Concerns about the oligopoly are driving online advertisers to seek alternatives.



Concerned About Oligopoly Limiting Advertising options



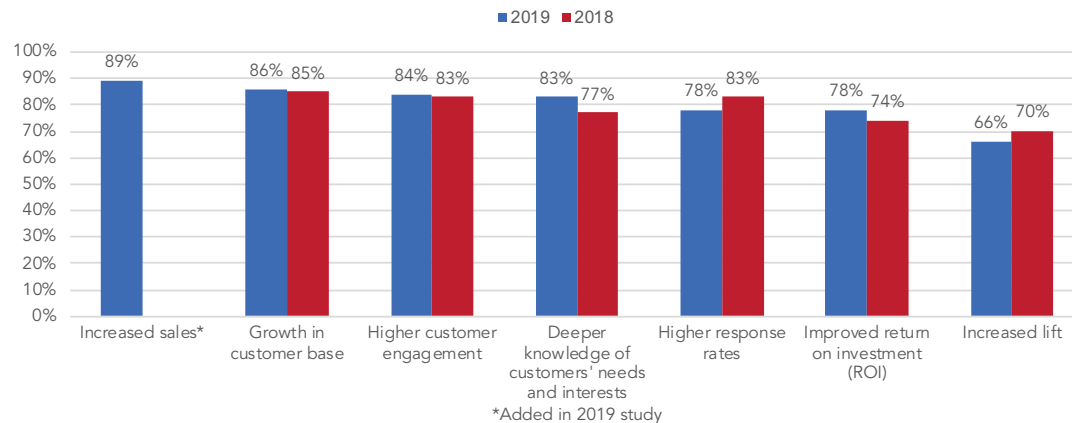
Seeking Alternatives to the Oligopoly

Location-based marketing and advertising continues to drive sales and customer engagement.

Last year, in our [2018 Location-based Marketing Report](#), we found the majority of marketers and agencies experienced a host of benefits from using location data in their campaigns. The trend continues in this year's study. Almost 9 in 10 marketers said location-based advertising and marketing resulted in higher sales, followed by growth in their customer base (86%) and higher customer engagement (84%).



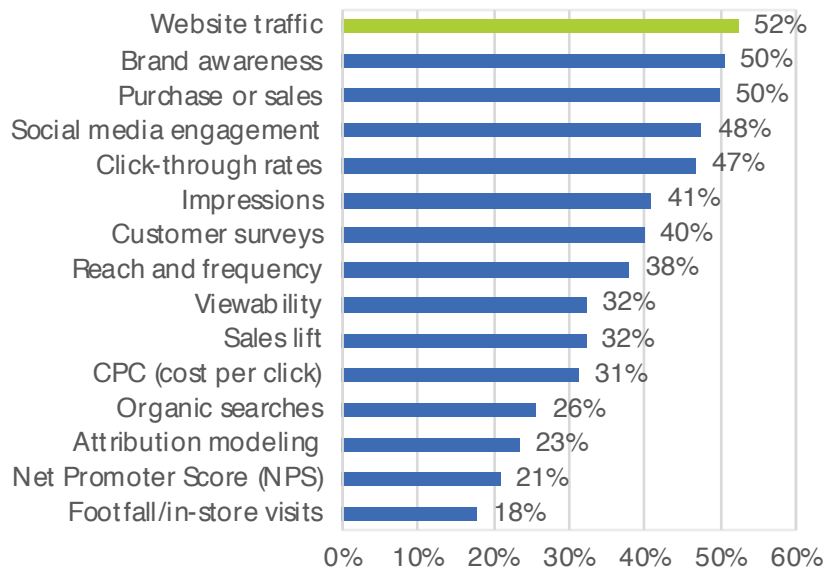
Have you experienced the following benefits from using location-based marketing and/or advertising?



Although website traffic is the most frequently used metric for digital advertising effectiveness, purchase or sales is seen as the most useful.

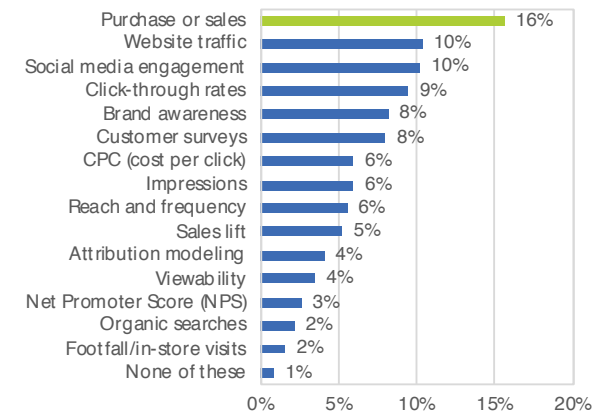
Similar to location-data benefits, measurements used to assess digital advertising effectiveness remained consistent year-over-year with two exceptions: organic searches doubled from 12% in 2018 to 26% in 2019 and use of NPS increased from 14% in 2018 to 21% in 2019.

Which of the following do you use to measure digital advertising effectiveness?



Among the range of metrics used, purchase or sales ranked as the most useful way to measure campaign effectiveness.

What method do you find the most useful in measuring digital campaign effectiveness?

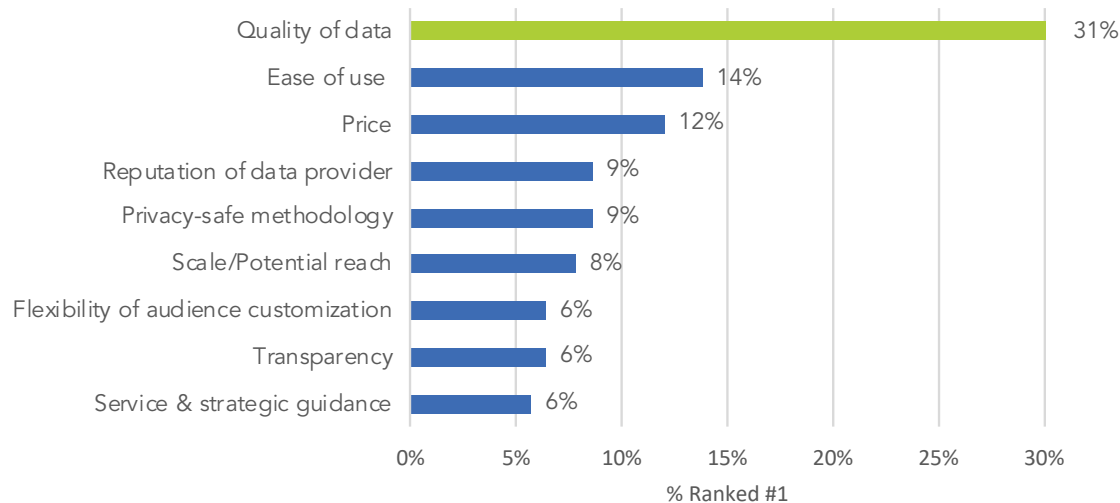


Marketers and agencies rate quality as the most important feature of location data.

Quality of data is the highest ranked location data feature. Similar to last year's report, the importance of data quality greatly exceeded all other features. Data quality is over twice as important as ease of use (14%) and price (12%).

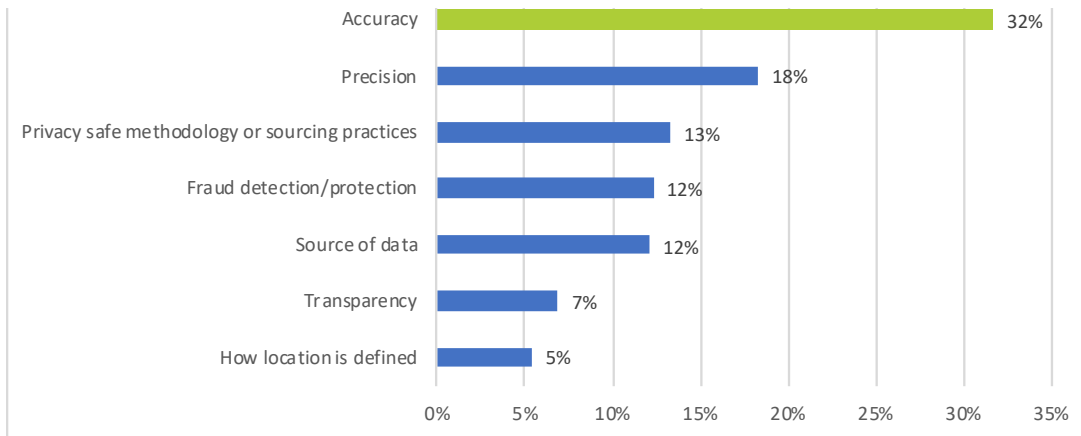


Please rank the importance of these location data features when you're purchasing location data for marketing and advertising.



This year we dug into what marketers mean when they're talking about data quality. Accuracy is by far the most important element of location data quality and precision and privacy-safe methodology are also important. In a follow-up question, 62% of marketers told us their companies are very or extremely invested in auditing how location data is collected.

What factor is most important when you evaluate the quality of location data?



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We want more effective providers that safeguard data privacy.

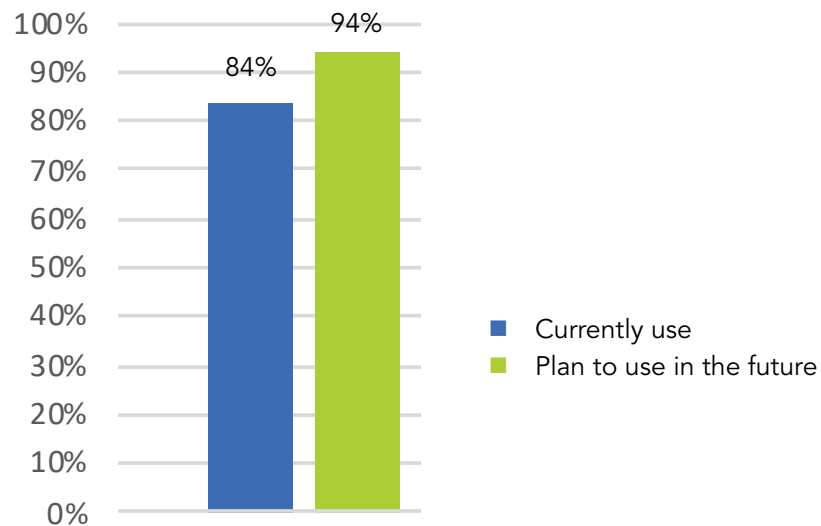
-Professional Services Respondent

The use of location data for promotions and ads will increase to 94%, but only 24% use—or plan to use—location data for offline measurement.

More than 8 in 10 (84%) marketers currently use location data in their marketing and ad campaigns, and 94% plan to in the future. The primary use of location data is for targeting (67%) and 52% use location data for audience engagement, campaign strategy and customer experience or personalization.



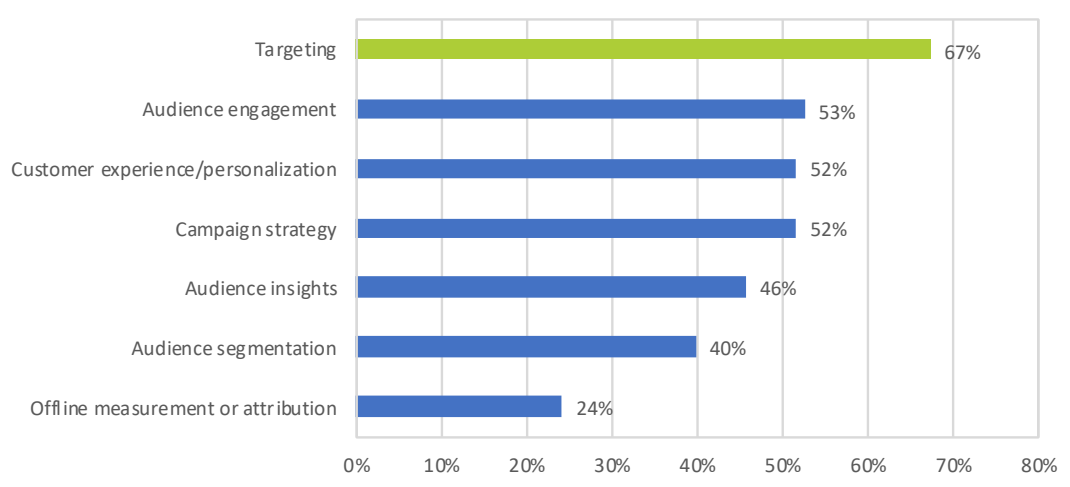
Do you or your company currently use (or plan to use) location data for promotions or ads?



There’s an opportunity for marketers to improve campaign strategies with offline attribution.

Currently only 24% of marketers use location data for offline measurement and attribution and 51% of those plan to increase their use in the next year. Location data can be used to measure the success of digital campaigns in driving consumers to stores, track offline conversions and calculate return on investment.

How do you currently use (or plan to use) location data in your campaigns?



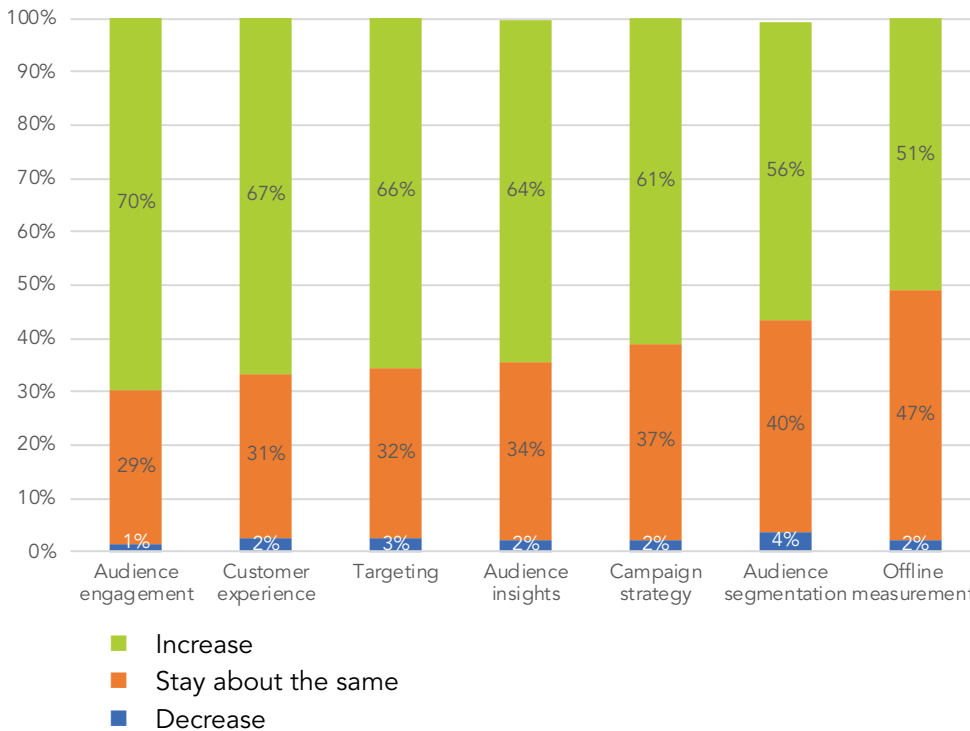
Location data is truly becoming more reliable as a strategic tool that reveals marketing trend analytics.

-Advertising Agency Respondent

Marketers plan to increase their use of location data to achieve different goals, including audience engagement, customer experience and targeting.

The majority of those who are currently leveraging location data for a specific purpose, plan to increase their use of location data in campaigns in the next 12 months. The greatest increases will be for audience engagement and customer experience.

Do you expect your use of location data for the following to decrease, stay about the same, or increase in the next 12 months?

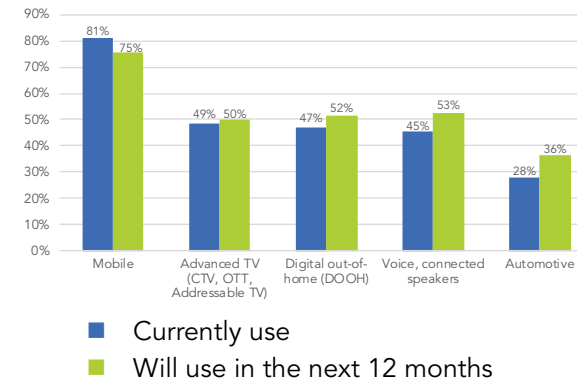


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Marketers are leveraging location data in emerging channels: connected speakers, digital out-of-home and advanced TV.

The top channel for leveraging location data is mobile (81%), but marketers are increasingly using location data in emerging channels, including advanced TV (49%), digital out-of-home (47%), voice/connected speakers (45%), and automotive (28%). Use of location data in the automotive channel will increase the most: from 28% to 36% in the next 12 months.

Channels Currently Using Location Data vs. Channels Will Use Location Data in Next 12 Months



Concerns about the Google, Facebook and Amazon oligopoly are driving online advertisers to seek alternatives.

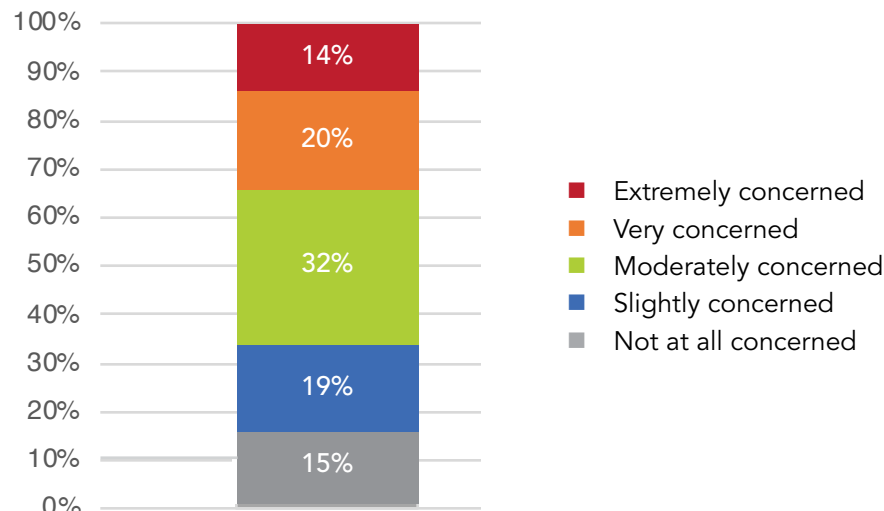
The advertising oligopoly of Google, Facebook and Amazon will account for 68% of the \$129.34 billion in [US digital ad spending in 2019](#), according to eMarketer. Our study found that marketers and advertisers currently spend an average of 43% of their budgets on the oligopoly, but concerns about advertising outcomes are driving their search for alternatives. Finding alternatives can be challenging given the reach of the three titans. When asked what alternatives they were considering, respondents mentioned YouTube (owned by Google), Instagram (Facebook), and Twitch (Amazon).



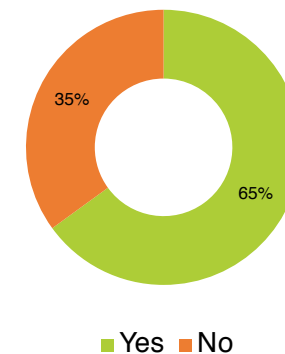
Mobile marketers are concerned that Google, Facebook and Amazon are limiting advertising options and they are looking for alternatives.

Nearly two-thirds (66%) of brand marketers and agencies are extremely, very or moderately concerned about the oligopoly limiting their advertising options and 65% are looking for alternatives to improve advertising outcomes.

How concerned are you about Facebook, Amazon and Google limiting your advertising options?



Are you seeking alternatives to Amazon, Facebook or Google to improve advertising outcomes?



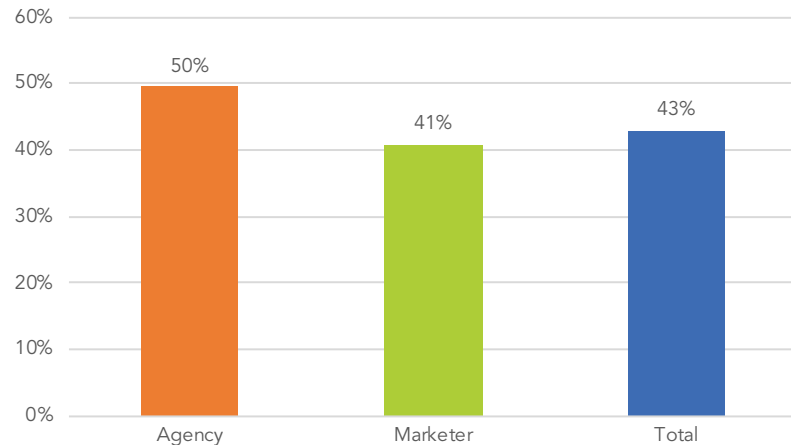
Many of the alternatives being considered are properties of the oligopoly or rely on their platforms.

When asked what alternatives they were seeking, many respondents said they had just begun their search. Others said they were considering Instagram, YouTube and Twitch, social media platforms owned by the oligopoly, indicating that they may not fully understand how far the reach of these giants when it comes to advertising platforms. Many are turning to Instagram, Twitter, Snapchat, Reddit, Pinterest, and LinkedIn, in that order of frequency. Others are planning on placing ads in traditional media, such as TV, radio, and print, as well as online banners, SMS, video, search engines, streaming radio, blog sites, and location data vendors—platforms that are increasingly being enhanced by data-driven solutions for targeting and measurement.

Marketers and agencies allocate 43% of their spend to the oligopoly, with agencies spending a greater share than brand marketers.

Overall, respondents say they devote an average of 43% of their advertising budgets to Google, Facebook and Amazon. Agencies spend a greater share of their advertising dollars (50%) with the oligopoly.

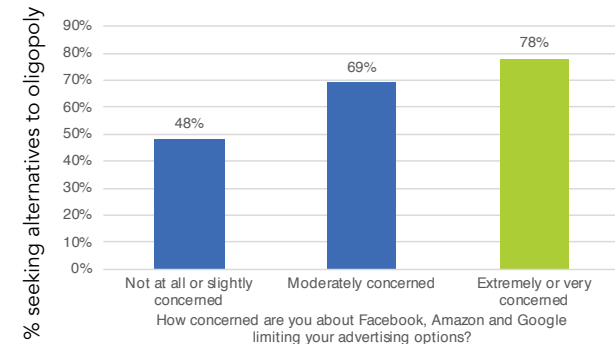
Annual advertising budget spent on the oligopoly.



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Among those who are very or extremely concerned about limited advertising options, 78% are seeking substitutes for the oligopoly.

Seeking alternatives to the oligopoly to improve advertising outcomes



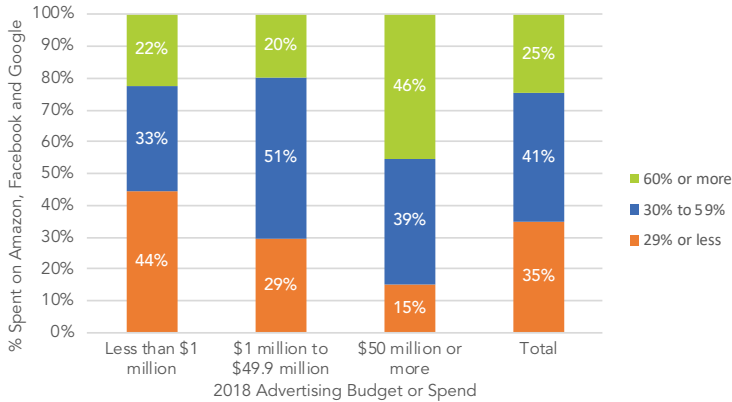
We would like to see more growth this year that we're not getting from current channels and platforms.

—Real Estate Respondent

Companies with larger advertising budgets allocate a greater share to Google, Facebook and Amazon.

Almost half (46%) of agencies and brands with advertising budgets of \$50 million or more spend 60% or more on the oligopoly.

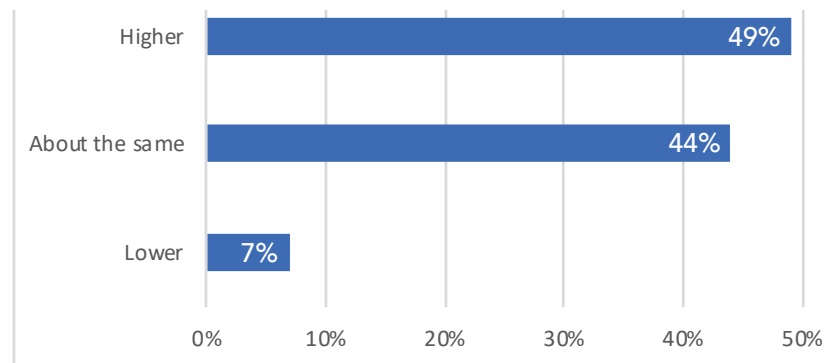
Annual advertising budget vs. percentage spent on the oligopoly



Nearly half say the ROI on ad placements with the oligopoly is higher than on other platforms, yet two-thirds say they are still seeking alternatives.

Among agencies and brands that experience higher ROIs with Facebook, Google and Amazon, 67% are looking for alternatives to the platforms.

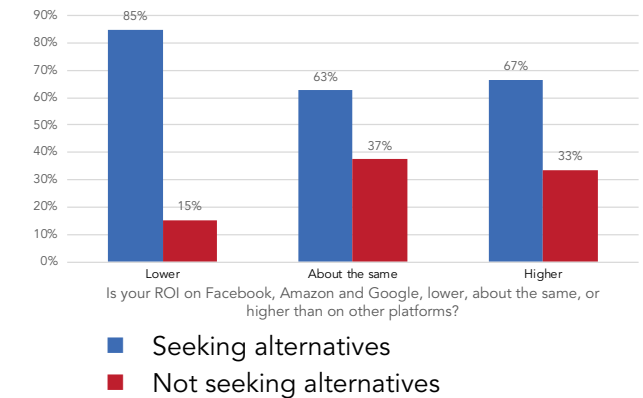
Is your ROI on Facebook, Amazon and Google, lower, about the same, or higher than on other platforms?



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Among agencies and brands that experience higher ROIs with Facebook, Google and Amazon, 67% are looking for alternatives to the platforms.

Are you seeking alternatives to Amazon, Facebook or Google to improve advertising outcomes?



Conclusion

In 2018, U.S. companies spent \$21.4 billion on location-targeted mobile advertising and a [2019 BIA/Kelsey study](#) forecasts spending will increase to \$24.4 billion this year. As marketers continue to apply location data in creative ways, designing effective campaign strategies that reach and engage their audiences, we expect that spend to increase even further, encompassing usage beyond targeting. Location data has proven its value – marketers are seeing big payoffs in the form of higher sales, larger customer bases and higher response rates.

In their search for high-quality data and improved outcomes, marketers continue to seek alternatives to the oligopoly of Amazon, Google and Facebook. By focusing on data providers that emphasize accuracy, precision and privacy-safe methodology, marketers will continue to leverage location data in ways that maximize their advertising budgets.

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Factual's Location-Based Marketing Recommendations

- Let location inform every step of the campaign process. It's more than a targeting tactic; location can uncover insights about not only your customers, but your competitors' customers as well, providing valuable information that will shape your strategy.
- Don't discount location for measurement. Location can directly attribute an online ad to an offline visit, making it one of the most reliable forms of attribution.
- Alternatives to the oligopoly exist. While most marketers still find value in the oligopoly's platforms, new and emerging channels, like advanced TV and digital out-of-home, offer an untapped opportunity to reach consumers with personalized content where they haven't seen it before.

Methodology

Factual commissioned Lawless Research to design and conduct a study about marketers' practices and preferences when using location data. Between April 11 and May 5, 2019, manager-level and above respondents from 536 consumer brands and 164 advertising/marketing agencies completed the online survey. Participants qualified for the study if they used mobile targeting for ads or promotions in 2018 or 2019.

The survey was hosted by Sawtooth and Cint provided respondents from their aggregated B2B research panel. Where possible, comparisons were made to the previous study conducted March 22 to April 15, 2018. Tests of significance were conducted at the .05 level (95% probability that the difference is real, not by chance).



About Factual

Factual is a location data company used by the world's most valuable companies to understand and intelligently grow their businesses. Customers use Factual's insights, targeting, measurement, and data enrichment products to build and execute digital advertising strategies, understand audiences, measure success, and support innovative business solutions.

Location data is key to driving smarter business decisions for marketers, brands and businesses. Our world is now mobile, computing is everywhere, and the power of location data helps companies to provide personalized, relevant experiences for their audiences.

Factual data helps power products and experiences for companies including Apple, Facebook, Uber, Snap, Google and Microsoft. Factual data is used by more than 6,000 leading brands around the world, including all 50 of the top national advertisers (per AdAge). Its data is integrated within most major marketing platforms which together represent more than 80% of all programmatic spend.

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.

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Respondent Demographics

Job Level

Manager, Supervisor or Lead	32%
Director	21%
VP	5%
Executive, CMO or other C-Level	41%

Responsibilities

Business development or strategic partnerships	70%
Marketing strategy	66%
Marketing analytics, media measurement, or attribution	60%
Media strategy, planning, buying or team oversight	59%
Ad ops or campaign management	58%
Content marketing	52%
Sales strategy	50%
Product development	49%

Agency vs. Marketer

Agency	23%
Marketer	77%

Industry

Advertising	23%
Retail and ecommerce	13%
Technology, software, or hardware	12%
Professional services	9%
Financial services (banking, insurance)	6%
Manufacturing	6%
Healthcare (e.g., hospitals, clinics, nursing facilities)	4%
Real estate	3%
Arts, entertainment and recreation	3%
Consumer packaged goods	3%
Education	2%
Hospitality (lodging, restaurants)	2%
Non-profit	2%
Government	2%
Automotive	1%
Travel (e.g., airlines, railways, car rentals, tours)	1%
Pharmaceuticals	0%
Other	6%

Department

Marketing or Advertising	25%
Executive Leadership	25%
Information Technology	13%
Business Intelligence or Marketing Analytics	9%
Account Management/Services	5%
Sales	5%
Operations	4%
Product Development/Management	3%
Creative	3%
Media Planning/Buying	2%
Ecommerce	2%
Corporate Communications or PR	2%
Other	2%

Total Number of Employees	Agency	Marketer	Total
Fewer than 50	9%	20%	17%
50 to 99	7%	11%	10%
100 to 499	18%	18%	18%
500 to 999	29%	17%	20%
1,000 to 4,999	30%	22%	23%
5,000 or more	6%	13%	11%
Don't know	1%	0%	1%