

LOCAL TV AND LOCATION

How Targeted Mobile Intelligence
Creates High Impact Campaigns



BIA
ADVISORY
SERVICES


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Consumers Aren't Fragmented, Marketers Are. TV and Mobile Are Unifiers.



When the media industry talks about fragmentation, they're pointing at changing consumer habits as they shift their media diets across more platforms and become harder for marketers to find and target.

Consumers don't think of themselves as *fragmenting* so much as *unifying* access to their content in a across different devices and platforms to suit their lifestyles and situational needs. Rather than fragmenting, it feels seamless and integrated to them. Unfortunately, it's been a bit of a challenge for marketers to achieve this ability to seamlessly unify how they reach consumers via media channels.

- The situation for marketers is different from consumers. While consumers have found it relatively easy to find and view their preferred content across platforms, it has been harder for marketers to develop integrated campaigns to reach consumers. The reason is that marketers typically plan and activate their media channels in separate silos. For consumers happy to watch "television" at home on the big screen or on the go on their mobile screen, there is no fragmentation or silo, just continuity of experience.

- TV and mobile are pillars of consumer media engagement and marketer reach. These two media platforms offer the two screens that consumers find most engaging for content, experiences, and information. TV nor mobile are not what they were even five years ago.
- Television now means everything from local broadcast TV stations, to Over-the-Top (OTT) services and platforms like Netflix and Roku. These services can be received over-the-air, via 4G mobile, Internet, or Multichannel Video Program Distributors (MVPD) including cable, telco and satellite providers. It can feel like there is a lot of media fragmentation on the consumer side. But arguably, consumers are simply delighted to have familiar and new ways to access the content they love. For consumers, it's not a matter of media fragmenting rather it's media coming together to better serve their needs.

Just as audiences have delighted in finding and integrating new channels into their media experiences, so too can marketers. Marketers need to develop strategies to integrate television and mobile to create ad campaigns that are smarter, more effective, and more accountable.

- What's needed is for marketers to get out of media silos when planning and activating campaigns and adopt the same view consumers have.
- While “traditional” television ad spending is forecasted to dip, marketers are beginning to dabble in advertising on Over the Top (OTT) platforms. Roku, for example, is slated to experience a 93 percent increase in ad revenue compared to 2017. Hulu, while not as great of a spike, is also forecasted to reach ad revenue of \$1.12 billion. *(Source: eMarketer; US TV Ad Spending to Fall in 2018: Digital video continues double-digit growth; OTT spend rises).*
- Consumers don't view media as silos with their attention and time fragmenting across these silos. They see new opportunities for establishing a continuity and enrichment of experiences across media platforms including television and mobile.
- The same should apply for marketers, view media channels not as something subject to audience fragmentation but rather as an integrated suite of pathways to reach and influence consumers.

Marketers Ubiquity in Reach Combined with Deep Consumer Insights

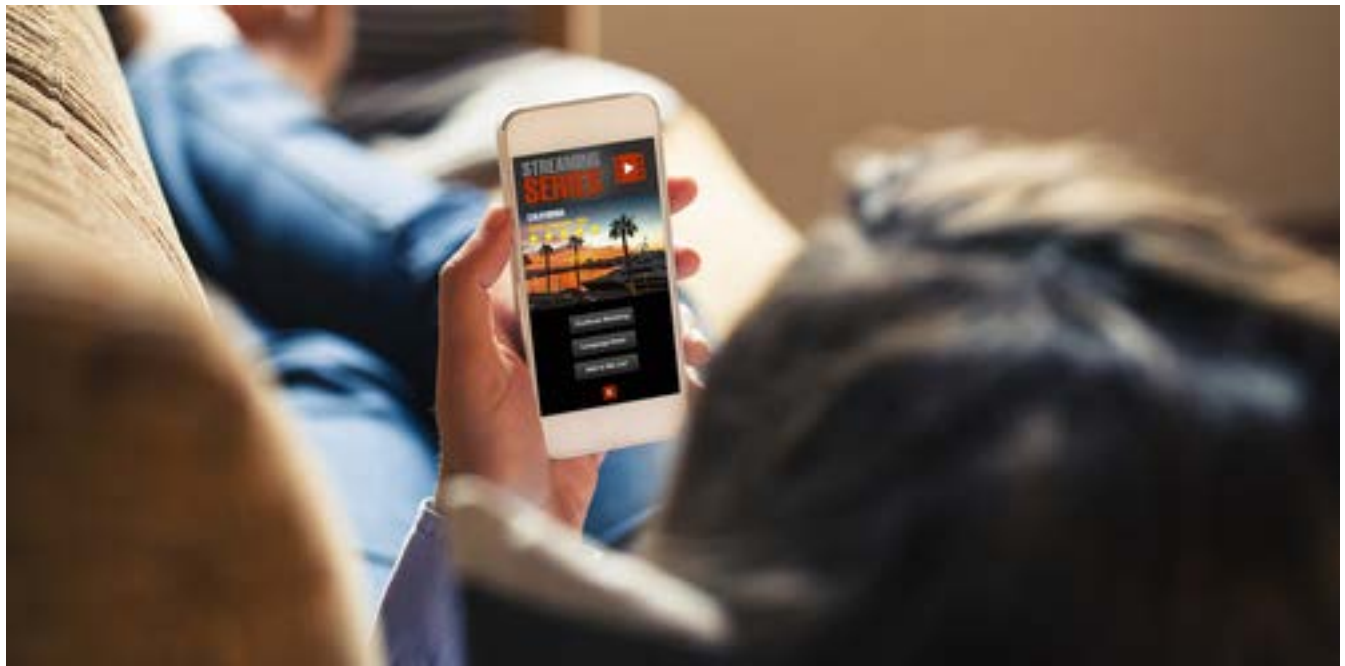
One solution to the fragmentation challenge marketers face is to combine the ubiquity of television and mobile in campaigns.

While television platform and content choices certainly are in flux, consumers still spend more of their daily time with television than any other marketing channel. Similarly, nearly all the consumers marketers want to reach have mobile devices. In fact, 220 million people in the US own

a smartphone, representing 67 percent of the population according to GroundTruth's February 2018 *State of the Market: Industry Trends*.

It makes sense to extract the best data from each channel to build effective campaigns that reach targeted, strategic audiences.

This brings us to the question: *How do we best combine television and mobile to create high impact campaigns?*



- Television brings the power of *Reach* and *Frequency*¹. Mobile brings the power of consumer *location*. If we consider the fundamental strengths of these channels, we're off to a good start.
- Television, in its various formats and platforms, has proven to be a durable and preferred medium for consumers. It's a great place to find and target consumers.
- In 2017, the average time spent per day with television was 237.79 minutes, nearly 4 hours. While the audience has – and will continue to – go mobile, a significant portion of viewers still enjoy the “traditional” television experience. (*source: eMarketer; US Average Time Spent per Day with TV*).

¹ "Reach and Frequency" is a standard television advertising term that refers to how many times ("frequency") the percentage of the target audience is "reached" by the advertising message.

- Mobile is many things, but one of the strengths of this channel is the audience data – rooted in location - that we can obtain to build consumer graphs.

Consider the data we present in Figure 1 showing the relatively huge investment marketers make in local television at \$20.8 billion for 2018.

- **Local television is the largest segment of video advertising by far.**
- This is a major vote of confidence by marketers in local television, in large part because it is viewed as the primary reach and frequency medium.
 - In fact, 26 percent of Small and Medium Businesses (SMBs) actively use local television advertising – just 4th behind social media and mail (electronic and direct).
- Additionally, of the local advertising mix – TV, radio, newspapers, digital and OOH – marketers spent 31.8 percent of their local budget on television, the highest allocation.

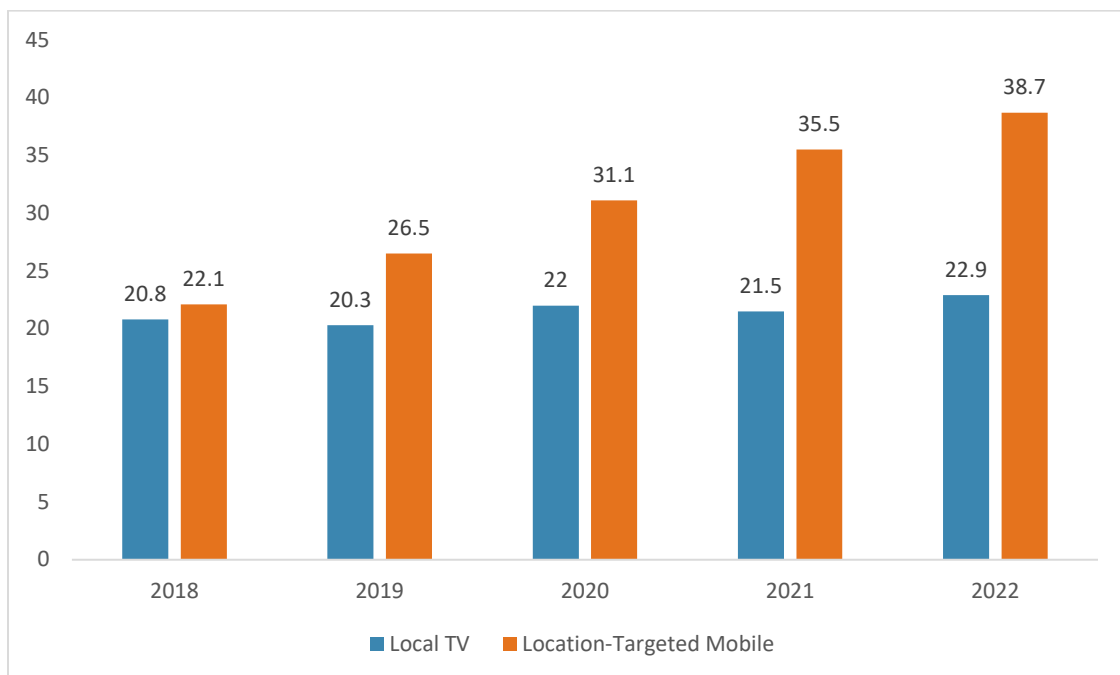
Let's now look at BIA's forecast for location-targeted mobile ad spending.

- **In 2018, BIA estimates marketers will spend \$22.1 billion in location-targeted mobile advertising. This is \$1.3 billion more than marketers spent in local television.**
- Over the years, as the technology, data, and business processes have improved, mobile advertising using location targeting has improved dramatically.
- One place you could look would be at the upward trajectory of mobile device usage among consumers.
 - Consider that in 2008, consumers only spent 0.3 hours/day on their smartphone. To be fair, the first iPhone only came out the year prior so mobile behaviors as we know it was in its infancy. Fast forward six years and adults are spending 3.1 hours a day. (Source: Mary Meeker's Kleiner Perkins Internet Trends 2017).
- Then think about the software upgrades we've seen over the past ten years. Uber (ride-hailing), Tinder (dating) and Seamless/GrubHub (food delivery) have had a significant impact on our day to day lives.
 - As of 2017, 30 percent of adults actively use ride-hailing services and that number figures to increase as adoption in rural areas and availability broadens. (Source: UC Davis: Institute of Transportation Studies – Disruptive Transportation: The Adoption, Utilization and Impacts of Ride Hailing in the United States October 2017).
- These applications rely heavily on location data to ensure the closest car, potential date or restaurant. The sorts of location patterns you can extract from these types of apps can

have immediate influence on targeting the right consumer but can also reveal meaningful insights and help determine attribution.

- In fact, 61 percent and 53 percent of marketers deem insights and attribution important, respectively. (Source: *Mobile Marketing Association: How Marketers are Using Location Data – and the Road Ahead, November 2016*). The efficacy of location-targeted advertising in mobile has encouraged increase spending in this category substantially.
- For marketers using both platforms, local television and location-targeted mobile advertising, there is great power in unifying these platforms to reach, target, and engage consumers.
- As marketers' spending in location-targeted mobile advertising nearly doubles over the next several years, local TV spending remains solid.
 - Using both the location intelligence to improve local TV campaigns and drive engagement via mobile devices and location context is a winning solution for getting the best ROI from combining these two major local ad platforms.

Figure 1. Spending in Local TV and Mobile Targeting Local Audiences (\$ Billion)



Source: BIA Advisory Services, April 2018.

Where You Go, Is Who You Are



Some say, *where you go, is who you are*. Meaning simply that we reveal much about ourselves by where we choose to spend our time.

- **Location data signals provide deep insights into consumer behavior and segmentation strategies.**
- When people engage with their smartphones – hailing an Uber or Lyft ride, taking their turn in a game like Words with Friends or Yelping the closest Mexican restaurant – location signals are emitted into the ether disclosing the longitude and latitude of the mobile device.
- These location signals and the intelligence we derive from them helps us segment and make hypotheses about consumers by their behaviors.
- For example: You are most likely a *Fitness Enthusiast* if you've been to a gym, a sporting goods store and a recreational park within days of each other. We can assume you're in the market for a car if you've been on the lot of several dealership within the course of a month. Conversely, just because a person has liked the latest model of a luxury brand on Facebook or searched for the vehicle make that was featured in the latest blockbuster film...that doesn't necessarily indicate intention of purchasing a new car.
- Where you go, is who you are.

Location is at the Core of Mobile

From a marketing perspective and going with the *location defines who you are* meme for a moment, it's clear that location is at the core of the mobile channel's value proposition for defining data-driven consumer segments in an insightful manner. Sixty-six percent of marketers see mobile location as critical to, not just marketing, but their business overall. (Source: *Mobile Marketing Association: How Marketers are Using Location Data – and the Road Ahead*. November 2016).

- **Recent research shows that 220 million people in the U.S. owned a smartphone in 2017, or more than two-thirds of the total population. This is set to grow to 245 million people by 2021.²**
- This creates a large base of mobile users from whom location signals may be obtained to help inform marketers. Consumers are willing to share their data if they see benefits such as personalized offers and deals.
- There's also a value exchange for a functional app experience for the user, such as getting relevant local weather wherever they are, or hailing a cab.
- These location signals allow marketers to define segments in a strategic fashion, but also to engage with consumers in a tactical, sometimes real-time experience such as in-store offers while onsite.

Location Intelligence Provides Audience Targeting and Performance-Based Buying

Local television usually provides the broadest audience reach among media channels. Location intelligence adds value to a television campaign by layering in audience-targeting and the ability to tie outcomes to the campaign. For brand marketers seeking to drive consumer recruitment or retention, the ability to combine broad reach, audience targeting, and campaign performance outcomes is extremely valuable. Location targeting provides a performance-based buying model for marketers that ties offline and online media together in an integrated campaign execution.

According to Nielsen data shown in Table 1, television in its various forms, including live plus time-shifted viewing, is still by far the biggest source of time spent with media.

- This is true even though we see erosion in the "live+DVR/Time-shifted TV" category of about 26 minutes from 2015-2017.

² "State of the Market: Industry Trends," GroundTruth, February 2018.

- On the other hand, we see consumer time spent with smartphone apps and mobile web sites increased by 50 percent from about two hours to almost three hours from 2015-2017

The market for local television advertising is changing, but local television stations still attract most of the ad spending, as we highlight in

Figure 2.



- Just as we've said *location* is a strong behavioral signal telling markets about who the consumer is, so too are their choices of television programming. Different types of audience segments are attracted to different types of programs.
- Think about the inferences you can make when you understand *where* your consumer has been and the sorts of programs they would likely watch.
- **Consider: you want to reach young moms. Using location intelligence, you can precisely target those females between 21-35 that have been to a school, toy store and/or grocery store in the past month.** On the television screen, you know that young moms are likely to tune into HGTV, Nickelodeon or the local news. You're simultaneously broadening reach (television) but also reaching a highly targeted audience (mobile). It's both the sniper and shotgun approach.
- Media, marketers, and agencies are developing sophisticated data science solutions for better understanding and targeting consumer segments in television. *This can increase the*

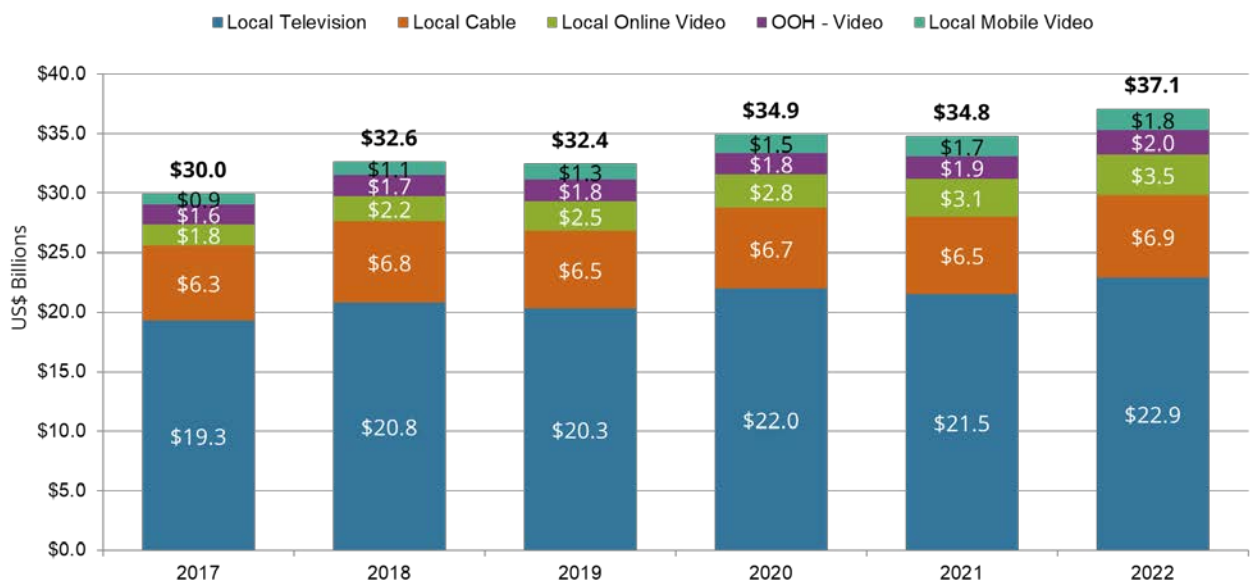
value of local television inventory as better matches between programming and audiences delivered are achieved.

Table 1. Time Spent by Users of Each Medium

| | Q2 2015 | Q2 2016 | Q2 2017 |
|--------------------------|---------|---------|---------|
| Live+DVR/Time-shifted TV | 6:22 | 6:13 | 5:56 |
| DVR/Time-shifted TV | 1:57 | 1:53 | 1:55 |
| AM/FM Radio | 2:42 | 2:44 | 2:43 |
| DVD/Blu-Ray Device | 1:37 | 1:47 | 1:48 |
| Game Console | 2:53 | 2:54 | 2:56 |
| Multimedia Device | 2:21 | 2:26 | 2:11 |
| Internet on a Computer | 2:11 | 3:07 | 2:52 |
| App/Web on a Smartphone | 1:58 | 2:29 | 2:59 |

The data sources in Exhibit 2 should not be added or subtracted; they are based on users of each medium and the bases vary by source. Panel enhancements made in March and August 2016 impacted mobile reporting.

Figure 2. Ad Spending in Video Targeting Local Audiences

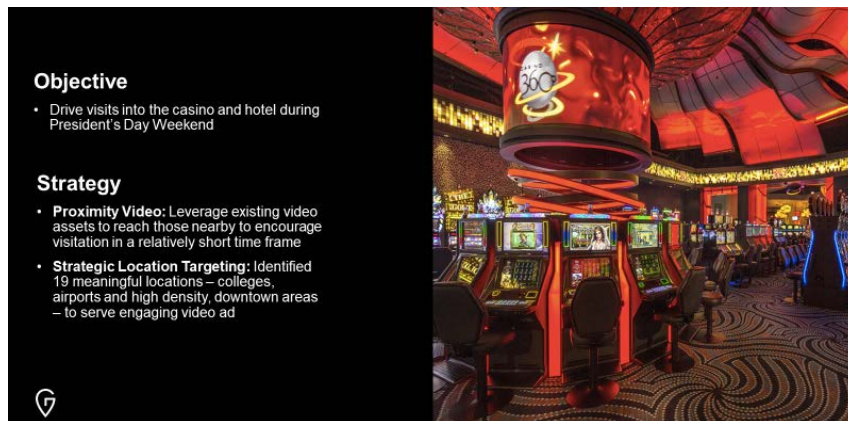


Source: BIA Advisory Services, April 2018.

CASE STUDY: Proximity Video and Location Intelligence

The following is a case study provided by GroundTruth using what they refer to as, "proximity video."

OBJECTIVE: The objective for the client, a casino and hotel operator, was to drive visits during the Presidents' Day holiday weekend.

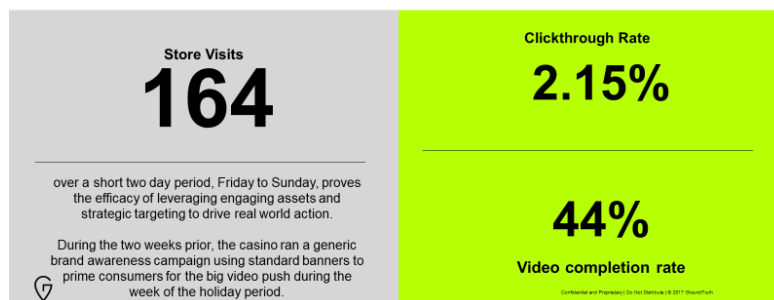


STRATEGY: Based on a strategic selection of 19 "meaningful locations" for finding likely in-market audiences, mobile ads were targeted to smartphone users in these locations during the campaign.

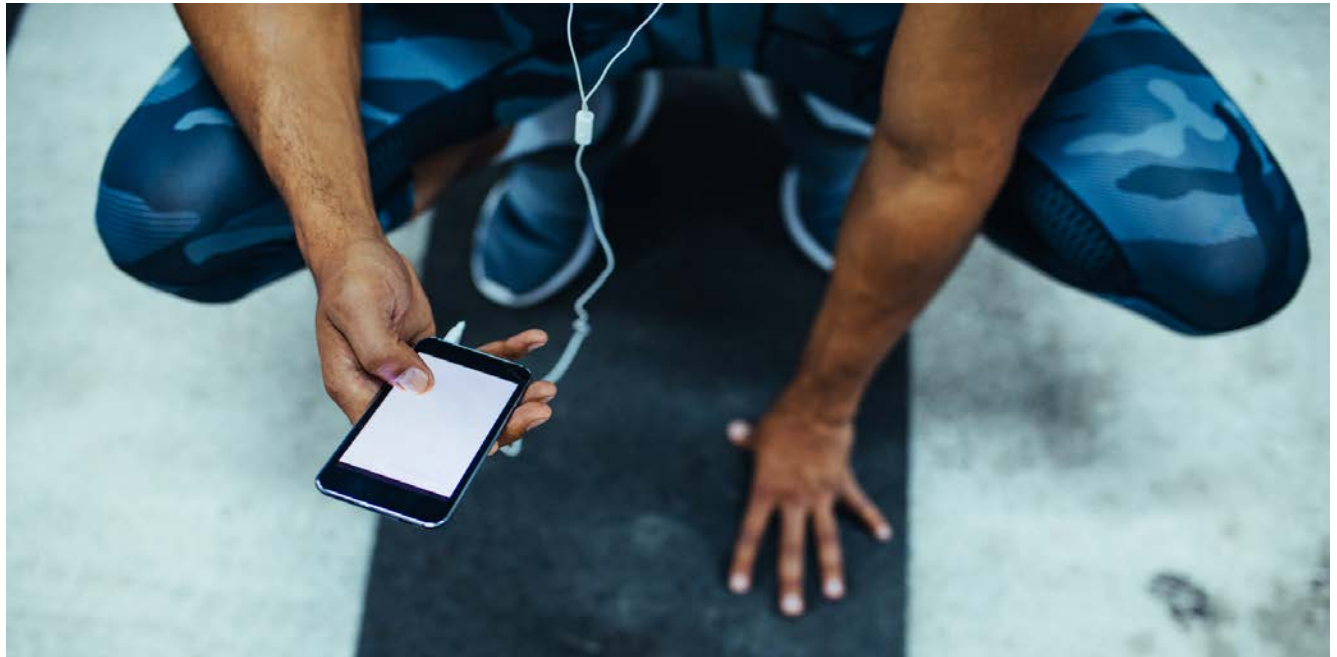
OUTCOME: Combining location-based targeting and engaging video with the casino's 'always-on' local TV campaign as well as standard mobile creative, the campaign delivered real world visits as well as mobile engagement. Consider that the benchmark for video CTR is 0.21 percent according to statistics pulled by eMarketer for Q4 2017. (Source: Video Ad Performance Metrics, North America eMarketer) This campaign delivered a CTR of 2.15 percent.

Campaign Results

Proximity video paired with brand awareness drives real world visits



Conclusion - Mobile Intelligence Creates High Impact Campaigns



In this report, we examined trends in local television and mobile location intelligence as solutions for marketers seeking both broad reach and frequency with the ability to find and target strategically defined location audience segments on their smartphones.

Combining a local television campaign with a mobile campaign informed by location intelligence can extend the campaign's impact and lead to quantifiable and positive results for marketers. Bottom line, combining local television with location intelligence is about reaching people at the top and the bottom of the purchase funnel in an integrated campaign that ties together offline and online media channel elements to performance.

We shared a case study showing the how the role and value of location intelligence can be applied to mobile video audience targeting.

Marketers working with local television and their own and operated mobile apps can help reach people when they're finished watching their programs. Location will give marketers the ability to target audiences based on where they've *been* or where they *are* to influence them to visit a business, make inquiries, make a purchase, or achieve other campaign goals.

About the Author

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Rick Ducey is managing director, leading BIA Advisory Services' strategy consulting practice. He's also an adviser to an affiliated investment banking firm, BIA Capital Strategies. He assists clients with their business planning and revenue models, strategic research, market assessment, and designing and implementing strategies for leveraging video media assets and inventory in local markets. Ducey is a sought-out expert for his coverage and analysis of how disruptive technologies, emerging competition, shifting consumer demographics and media usage trends drive changes in the media ecosystem.

Prior to joining BIA Advisory Services in 2000, Ducey was senior vice president of NAB's Research and Information Group. Ducey was recognized in academia as the 2011 Shapiro Fellow at George Washington University, where he teaches entrepreneurship in new media. He has also taught on the faculties of Michigan State University, George Mason University and the University of Maryland. Ducey received his B.A. from the University of Massachusetts at Amherst, M.S. from Syracuse University and Ph.D. from Michigan State University.

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About GroundTruth



GroundTruth®

GroundTruth is the leading global technology platform driving in-store visits and sales by leveraging location as the primary source of intent. We believe in the power of place. Build your brand, increase sales and grow your business by building off what real people are doing in the real world, mapped using our proprietary Blueprints technology. Through its data foundation, GroundTruth sees 2 out of 3 smartphone users in the U.S. and more than 30 billion physical visits annually across 21 countries globally.

To learn more about GroundTruth, please visit www.groundtruth.com.