

LOCAL AS A SERVICE (LAAS): NATIONAL BRANDS, LOCAL ACTIVATION



JULY 2018



CONTENTS

Executive Summary..... 1

National Brand Activation in Local PAID Media 2

 Call to Action4

 Local as a Service, Building the Future of Marketing 5

2adpro Media Solutions 6

Netsertive 11

Sproutcloud..... 16

Surefire Local 19

About the Author..... 22

About BIA Advisory Services 23

FIGURES

Figure 1. Paid Local Media Activation by Business Type 2

Figure 2. Percentage of Franchisees' Ad Spending Covered by Co-Op 3

Figure 3. Percent of Co-Op Spending on Digital Advertising 4

Figure 4. Most Important Advertising Results for Franchisees 5

EXECUTIVE SUMMARY

BIA uses the label "Local as a Service" (LaaS) to designate to the landscape of companies that exist to connect national brands to local consumers at scale leveraging technology, platforms, data, and automation. In this report, we highlight some of our proprietary data and the results of interviews with several leading LaaS vendors. We put a set of several questions to these solution providers.

Here are some highlights from this report:

- By 2022, national brands will spend \$74.8 billion in paid media to reach local audiences through a variety of channels including direct buying and funding through co-op and market development fund programs.
- Over half of local SMBs that are brand franchisees report their franchisor reimburses half or more of all their paid media spending.
- About 60 percent of SMB franchisee advertising spending is for digital platforms, but only a third of co-op and market development funds are spent in digital.
- For two-thirds of SMB franchisees, the most important goal of paid media advertising is to drive phone calls.
- For companies in the LaaS space, the opportunity they see is to add value to brand CMOs trying to integrate national brand campaigns focused on building brand awareness and favorability with local activation campaigns designed to engage consumers and provide a consistent customer experience. Data, tech, and increasing advances in artificial intelligence and machine learning are disrupting the old order by reducing friction, enabling business rule driven workflow, and supporting integration and customization at scale.

Here are some snippets of the thought leadership you'll find in this report:

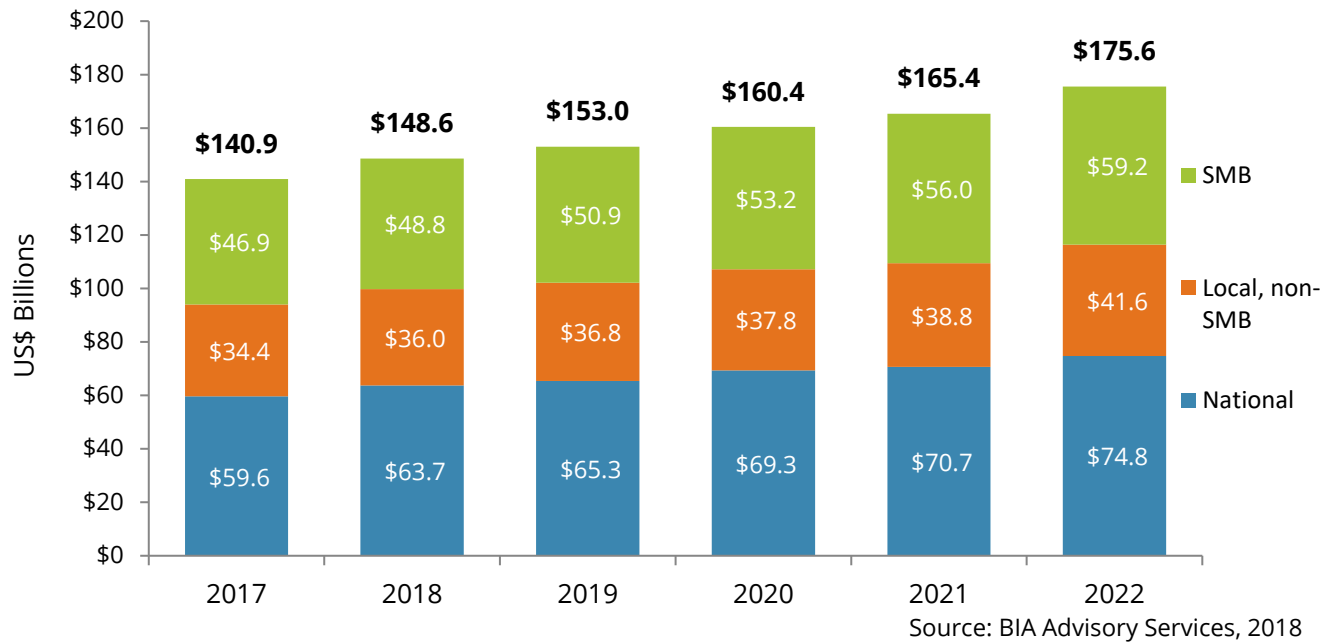
- "It is our opinion that brands are still struggling to evolve their marketing strategies. Brands have overinvested heavily in partnerships that are not as successful now but are unable to undergo the fundamental shift in thinking required to spark change, which can mean altering the advertising dollars, strategy, and investments already made."
- "Brands and their distributed retail networks must adapt to the complex reality of a click-to-brick economy. Most brands understand the importance of delivering a seamless experience across digital and mobile platforms and are quick to pour money and time into aligning customer experiences online and across devices. But in doing so, they are forgetting about the most important channel: the local brick-and-mortar store."
- "Indirect distribution is at a crucial turning point. Local Partners face the most competitive market in history with e-Commerce giants and Big Box retailers using superior marketing expertise and deeper pockets to capture customers. Indirect distribution is also, by nature, highly complex, and Brands are finding it more expensive and difficult to get a broad set of marketing tools in the hands of their Partners."

NATIONAL BRAND ACTIVATION IN LOCAL PAID MEDIA

Brands want to look good. National brands have the challenge of building both brand equity throughout the country, but also to engage their consumers and prospects locally. Different relationships between national brands and local retail outlets include franchises, independent licensees, and regional distributor agreements.

National brands spend more than regional or local brands in media of all types targeting local audiences. BIA's forecast for paid media spending by businesses of all types estimates total local advertising will reach \$174 billion by 2021. When we break this out by SMBs, regional and national businesses some are a bit surprised to see the results. National businesses invest the most in paid media to target local audiences. As we show in Figure 1, national brands account for 43% of all local paid media spend. This amounts to \$63.7 billion in 2018 rising to \$74.8 billion by 2022.

Figure 1. Paid Local Media Activation by Business Type

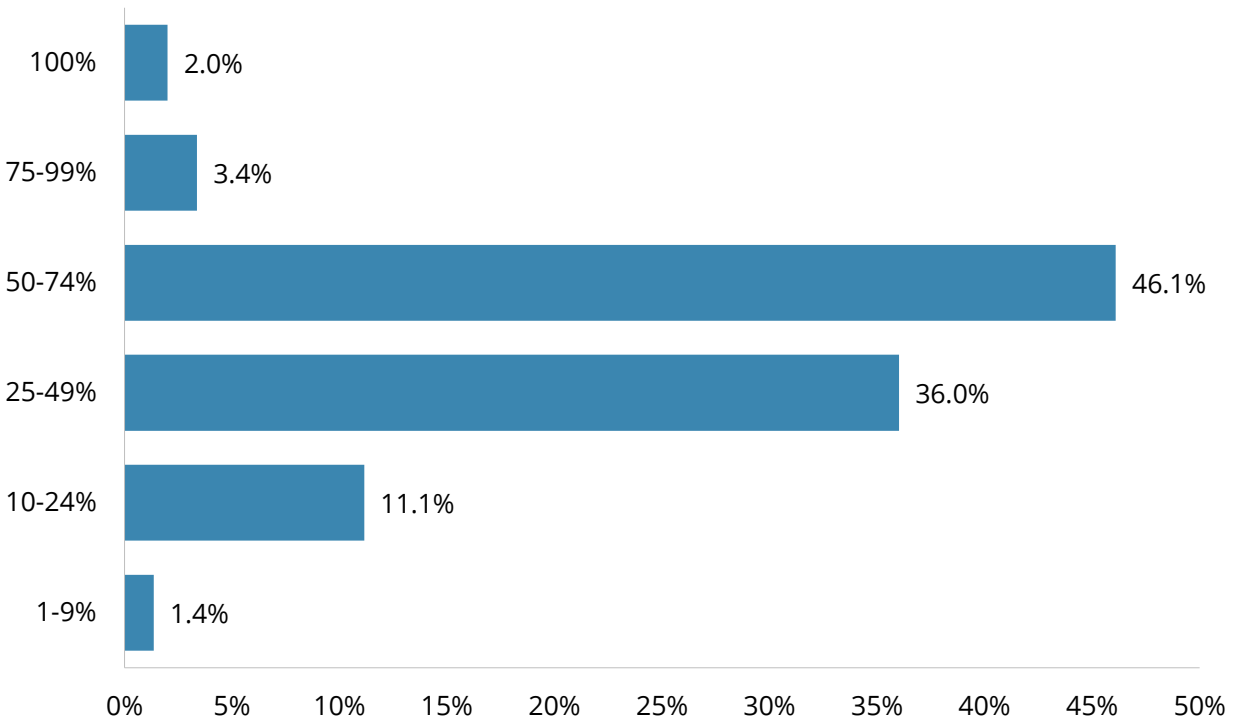


BIA's survey of franchisees with less than 100 employees indicates that over 80 percent of these firms receive some sort of market development support or co-op funding to help subsidize their paid media advertising and other marketing activities.

In Figure 2 we break out this level of support from the national franchisor brand for the local SMB franchisees. About half (46.1 percent) of these franchisees indicate that their national brand covers from 50 percent to 74 percent of their total paid media budget. Another third

(36.0 percent) of the franchisees tell us that their brands cover from 25 percent to 49 percent of their paid media spend.

Figure 2. Percentage of Franchisees' Ad Spending Covered by Co-Op



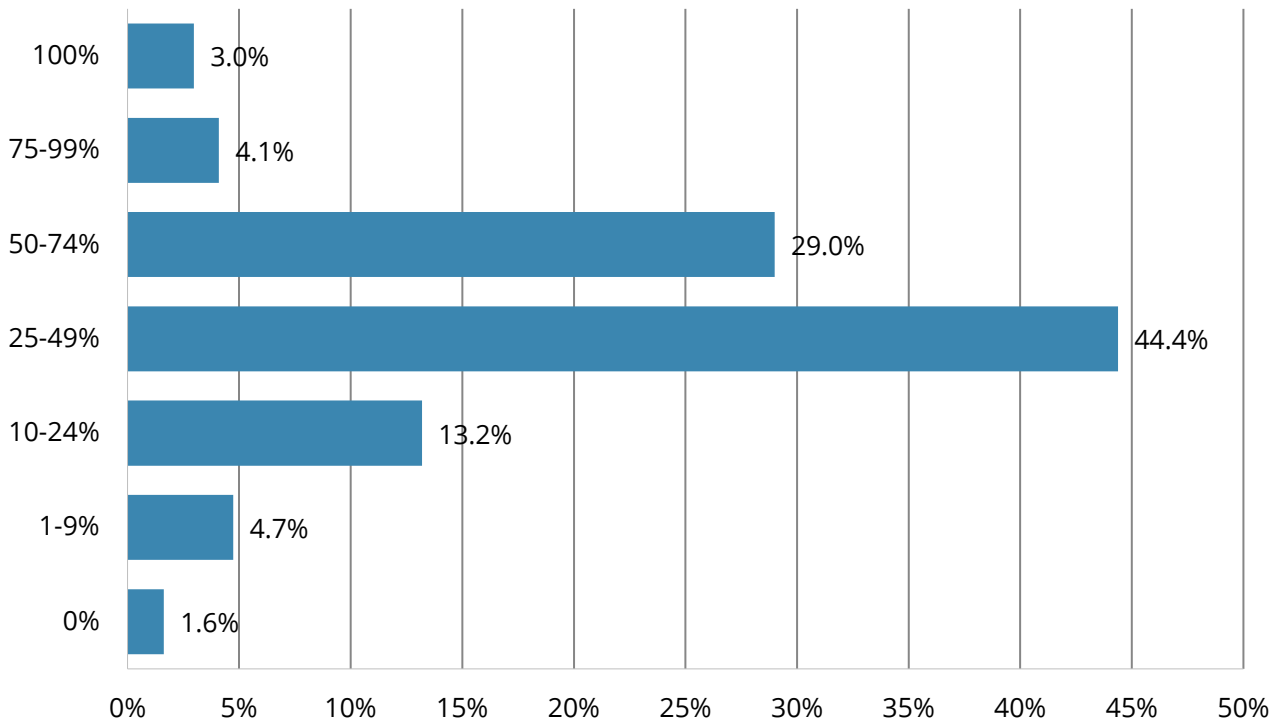
Source: BIA Advisory Services, Local Commerce Monitor Wave 21, 2018.

National brands are willing to invest in local activation through their local affiliates. Dependable statistics are hard to come by, but we've heard estimates of up to \$36 billion or even more offered by brand marketers via co-op and market development fund programs. According to *Digiday*, "The head of a big media agency, speaking anonymously, puts the market at least at \$25 billion in the U.S., based on his clients' spending, with digital representing 30 to 50 percent of that" (December 1, 2017).

BIA's survey of franchisees shows that about 60 percent of their overall ad budgets go to digital advertising. But, co-op advertising skews toward traditional advertising. Among SMB franchisees, only 36.1% of their co-op funds are spent on digital advertising. This is a source of frustration for some brand marketers who prefer the data-driven targetability and attribution that digital ad platforms provide. However, a sizable portion of SMB franchisees do allocate up to half their co-op monies in digital, with 44.4 percent of our sample reporting 25 to 49 percent of their co-op funds go to buying digital advertising.

We show further breakouts of co-op funded spending levels for digital advertising in Figure 3.

Figure 3. Percent of Co-Op Spending on Digital Advertising



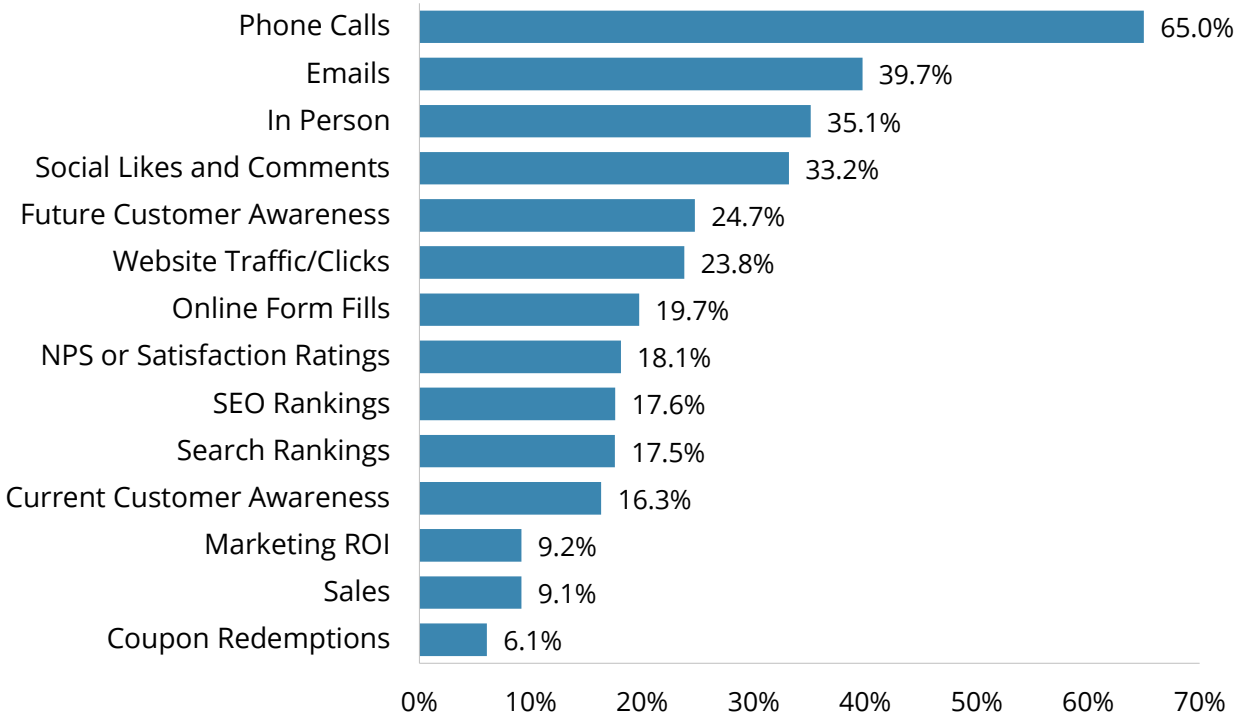
Source: BIA Advisory Services, Local Commerce Monitor Wave 21, 2018.

Call to Action

Whereas national marketing necessarily focuses on brand goals, local marketing campaigns often are more focused on engagement with KPIs related to actions such as driving phone calls, emails, foot traffic and social engagement. Brand CMOs see the lift local activation campaigns get and are willing to put spend against local affiliate activity.

In Figure 4 we call-out the most important results local franchisees want to see for their paid media spending. Phone calls sit at the top of the list, cited by two-thirds (65 percent) of SMBs as the most important result they want to see from their paid media advertising.

Figure 4. Most Important Advertising Results for Franchisees



Source: BIA Advisory Services, Local Commerce Monitor Wave 21, 2018.

Local as a Service, Building the Future of Marketing

For national brand CMOs, the ability to support local market activation has been extremely difficult historically. The willingness to spend and the availability of funding programs notwithstanding, execution has been difficult. Brand CMOs want to build brand equity, protect brand assets, and preserve brand consistency and quality in integrated consumer experiences. These goals are important, but so is the ability to personalize and localize customer experiences with contextual and dynamically optimized content that is targeted to personas, geography, and situational context such as current location, retargeting, and recommendation engines.

Data and the data science practices to add value along with ever more sophisticated AdTech and MarTech platforms provide brand CMOs with an impressive array of tools and strategies to drive brand growth. In this LaaS report series, we'll highlight some of the leaders in the space of national brands and local activation.

2ADPRO MEDIA SOLUTIONS



Pam Taylor

VP & North America Region Head

How do you describe this space? What are the pain points, what opportunities are companies like yours and your clients pursuing?

We think of this space as hyper-local advertising. For brands (big and small) to reach local audiences they must push the right advertising content, appropriately targeted, and via a trusted source. While Facebook and Google have deep local reach, recent trends and surveys show that audiences in local markets trust the content from regional publishers. See for example:

<http://www.digitalnewsreport.org/survey/2018/overview-key-findings-2018/>.

2adpro is a company that provides supporting technology and creative services to media companies, helping them to connect brands and local audiences globally.

A major pain point for our customer base of regional media companies is the challenge of integrating fragmented technologies to deliver, manage, report, and bill for a single campaign, using multiple systems, devices, and software platforms. 2adpro's technology solutions help to provide a unified interface, making it easy to traffic, optimize, and report on campaigns across platforms. Our digital ad operations automation and optimization streamlines processes and lowers costs and time to traffic.

We also help our customer base to leverage their available audience network by helping them design, define, and deploy digital creative on their owned and operated inventory, including high impact rich media units.

2adpro also recognizes the need, when delivering on audience-based campaigns, to go beyond the publisher's networks, so we work with our clients to offer solutions that provide omni-channel campaign management, cross-channel data and analytics, AI-based marketing intelligence, media verification and brand safety.

What national brands are particularly effective at brand-to-local marketing? What is it that they're doing to make themselves so successful?

FMCG (Fast moving consumer goods) who market beverages, packaged foods, toiletries, OTC drugs, and other consumables are great at this, as well as automotive companies via local dealers, and real estate companies.

These brands are particularly effective in brand-to-local marketing as they continue to target local audiences via regional media companies in addition to utilizing Facebook and Google.

Other best practices for brand-to-local marketing include:

- Getting their basics right – for example, claim local business pages online, mobile-friendly location pages, offer local promotions, local social media advertising, etc.
- Seamlessly integrate various technologies, collect up-to-date, good quality location data for better Insights.
- Create unique campaigns for specific locations involving community-specific terms & local keywords to appeal and resonate with the local target audience.
- Engage strongly with local customers -- not only social networks, but also online reviews, local forums, local events, and general advertising efforts.

What are the major problems or issues that are preventing national brands from leveraging local marketing and advertising opportunities more than they are now?

Given that the audience sizes with regional media groups are limited, national brands struggle to convey the right message at the right time. Many demand side platforms that brands work with simply push advertising to any site without specific geo-targeting to audiences with relevant interests.

Media agencies continue to push advertising content through networks at cheaper rates instead of buying premium inventory from local media groups. Brands are also not leveraging the variety of digital advertising products across sponsored content, interactive experiences, and influencer marketing strategies that publishers provide in abundance today.

Other contributing factors:

- Fragmented technologies in the ecosystem and inherent difficulties in tightly integrating with them.
- Lack of a unified view of data across different digital & offline channels.
- Inadequate insights lead to inefficient local marketing campaigns with below-par ROI.
- Lack of products that facilitate engagement with local customers at scale.
- Lack of dedicated products to manage local marketing partnerships (affiliates, resellers, influencers, etc.) and strategies, leading to poor brand control.

From a brand CMO perspective, it seems like national advertising and marketing platforms might be more cost-efficient, easier to maintain brand control, and easier to see ROI. Yet, there seems to be so much opportunity by opening marketing and advertising up to local affiliates, retailers, resellers, and so on. But doing this at scale requires brand policies, business rules, tech, and data. How well solved is this problem for brands, and how much more progress do we need to make?

It is our opinion that brands are still struggling to evolve their marketing strategies. Brands have overinvested heavily in partnerships that are not as successful now but are unable to undergo the fundamental shift in thinking required to spark change, which can mean altering the advertising dollars, strategy, and investments already made.

This is where continuous content marketing really helps. Campaigns can easily be adapted across many channels to reach specific demographics in multiple markets. The past model of overinvestment in costly advertising campaigns that take months to develop is not relevant in today's fast-paced world.

How does your company and your competition differentiate from one another?

2adpro differentiates in bringing technology and data to drive insight and action. Today, brands must quickly and effectively deploy across different channels to engage audiences and build brand loyalty. Campaigns created by 2adpro help publishers to:

- Get the most out of budgets
- Develop “always on” campaigns that are targeted at consumers in a consideration mindset

We help companies achieve a steady stream of targeted, relevant content in several ways.

- Our open API platform helps local media companies deliver omnichannel digital campaigns from start to finish, through creative production, workflow assistance, asset management, campaign management, and analytics.
- Our internal workflow's built-in resource management, workload optimization, & advanced reporting not only enables a greater visibility but also provides deeper, actionable insights and process improvements
- Our technology and services are highly customizable and can be tailor-made to address specific needs of our customers.
- Our workflow software is the backbone of 2adpro's operations, which enables us to provide fast, low-cost, creative services that allow our customers to iterate on their content quickly and as often as needed.
- Our teams include deep industry expertise underpinned by strong teams of designers, developers, ad operation managers, and six sigma process quality control teams so when our customers raise a pain point we have a team of experts to offer a solution.

Can you share a couple of company's case studies with us, so we get a sense for how it works for your clients and their customers?

2adpro focuses on servicing regional media companies and building consultative partnerships with our customers, which allows us to create customized solutions to meet their needs.

In recent years, we have launched a variety of products and services to help them serve their advertisers (both national and local brands) more efficiently and effectively, including:

- Creative solutions delivered via integrated technology
- Provided tech for workflow enablement and digital asset management
- Launched programmatic ad buying using DBM, DSP and Facebook
- Delivered campaign automation, inventory management, and in-depth analytics for digital campaigns
- Created a product solution that provides automated ad verification

2adpro had the opportunity to assist one of our U.S. media clients launch a syndicated show in various markets across the country. We produced a highly engaging and cost-effective campaign which targeted the right audience at the right time. By utilizing dynamic creative optimization (DCO) technology, 2adpro was able to precisely target and dynamically change multiple elements on the banner depending on the viewer's geo location. Dynamic creatives not only dramatically simplified the ad production process but also led to significant performance gains and better budget management.

NETSERVIVE

Brendan Morrissey
CEO and Co-Founder

What is this space, what are the pain points, what opportunities are you pursuing?

The brand-to-local space is currently being led by digital. It is now, more than ever, critical for brands and local retailers to be “discoverable” to consumers across a wide variety of networks. To avoid missed opportunities and offer exceptional customer experiences, brands marketers must work to eliminate the gap that exists between their own and their local retail partner’s marketing efforts.

Brands and their distributed retail networks must adapt to the complex reality of a click-to-brick economy. Most brands understand the importance of delivering a seamless experience across digital and mobile platforms and are quick to pour money and time into aligning customer experiences online and across devices. But in doing so, they are forgetting about the most important channel: the local brick-and-mortar store. With [92 percent of retail sales still happening in brick-and-mortar stores](#), this channel cannot be forgotten.

Major pain points we see from our brand clients exist in the execution of cooperative marketing programs (co-op and [MDF](#)), which have grown with the rise and growth of various different digital marketing channels. This problem is particularly frustrating, as U.S. brands [earmark \\$36 billion each year](#) to co-op marketing programs, but end up seeing [\\$14 billion](#) going to waste.

Communication, and lack thereof, is a major contributing source to this systemic problem. For brands and local retail partners to work effectively together, there must be successful communication of values and goals, especially with the rise of and movement towards digital channels. Developing successful brand-to-local relationships is often made possible by brands teaming up with a technology partner to help them successfully implement localized digital marketing capabilities at scale, provide turnkey brand compliance through thousands of varied local campaigns and ultimately drive retail partner adoption.

What are the major problems or issues that are preventing national brands from leveraging local marketing and advertising opportunities more than they are now?

In the age of Amazon, brands are often hyper-focused on *competing* with the e-commerce giants rather than *co-existing* with them. Though the desire for convenience has helped the e-commerce market grow, shoppers are far from abandoning the local brick and mortar retailer. In fact, most are using online channels to research local stores in order to make their purchases in the brick-and-mortar. Proximity and convenience continue to be priorities for consumers, with [72% of those who did a local search visiting a store within 5 miles of their location](#).

This convergence of the online path to purchase with associated offline transactions is a junction that many clients are still having a hard time understanding. However, with [over 90%](#) of retail spending still happening at local retailers and [nine out of 10 consumers](#) saying their purchase is influenced by online activities, the customer journey is more than ever being marked by this notion of “click-to-brick.” This new customer journey is a unique, modern path-to-purchase that should not be bogged down by the traditional marketing mix. Brands instead need to get onboard with implementing digital tactics that keep local retailers ahead of competition.

Getting onboard, however, is not always that easy, as “going digital” is often met by hesitation. This can be a result of lacked time and resources, the inability to convince company leaders that investment in advertising and tech will drive strong ROI or pure lack of knowledge or tools to executive on strategies. However, by utilizing a company like Netsertive, brands can strengthen this relationship with their partners by helping them unlock these dollars to create streamlined, individualized campaigns. To thrive in this new era of retail, national brands must capitalize on the value of local brick-and-mortar locations instead of focusing their resources solely on competing with e-commerce.

From a brand CMO perspective, it seems like national advertising and marketing platforms might be more cost-efficient, easier to maintain brand control, and easier to see ROI. Yet, there seems to be so much opportunity by opening marketing and advertising up to local affiliates, retailers, resellers, and so on. But doing this at scale requires brand policies, business rules, tech, and data. How well solved is this problem for brands, and how much more progress do we need to make?

Regardless of “big-brand” efforts, sales are still largely being made in-store. Customers are still seeking in-store experiences, where they can connect with products before buying. It is critical for brands to recognize that to successfully connect with local audiences, they must localize their content to successfully speak to specific geo-demographics. Marketing tactics

that are successful in New York City are not the same efforts that will connect with consumers in small-town USA.

Brands can only do so much and must be willing and prepared to use their local retailers as “sales tools” through cooperative marketing efforts. Often, brand marketing funds go unused by small businesses who do not know how to allocate the dollars. Netsertive helps these businesses unlock their marketing dollars so that they can implement local campaigns that go beyond high-level targeting and truly speak to the local consumer.

How does your company and your competition differentiate from one another?

Netsertive is a results’ driven company that utilizes people, technology and industry knowledge to create success for their customers. The company empowers local dealers and their brand partners to outsmart local competition through data driven insights, delivering empowered, qualified customers and sales opportunities. Unlike other marketing companies, Netsertive views their customers as long-term partners. Implementing Netsertive’s technology isn’t a one-off touchpoint or short-term campaign. Company account managers are constantly tracking and updating ad creative to ensure their customer is meeting their business goals and hitting their target customers.

Netsertive’s technology is also a big differentiator. Their proprietary learning engine is the backbone of its individual campaign successes, combining the company’s deep industry knowledge with its collective intelligence across the company’s key verticals including automotive, IT technology, major appliance, furniture, consumer electronics, dental and eye care.

In 2017, Netsertive acquired Mixpo, a Seattle-based creative management platform enabling publishers and marketers to build and manage compelling video and rich media ad campaigns. Brendan led the Company through the [acquisition of Seattle-based creative management platform Mixpo](#). This strategic move strengthened Netsertive’s position as the fastest-growing brand-to-local marketing tech platform at a critical time for brick-and-mortar retail. Together, the companies are providing customers with a next-generation platform that solves the complexity, speed and workflow challenges in executing full-funnel digital marketing campaigns at the local level.

Together with Mixpo, Netsertive has unrivaled local digital marketing execution capabilities across all the most critical media channels, including search, social, video, rich media, and display. The combined company is positioned for continued strong growth as we continue

to focus on providing comprehensive localized marketing solutions in this critical time for brick and mortar retail.

Can you share a couple of Netsertive's case studies with us, so we get a sense for how it works for your clients and their customers?

White River Marine Group (WRMG), the boat operations division of Bass Pro Group, is the leading boat builder and boat retailer in the United States. Spanning nine boat brands including names like Ranger, Tracker Boats, Sun Tracker, Nitro and Mako, WRMG brands are sold and serviced by more than 400 retail locations, including more than 130 company-owned Bass Pro Shops and Cabela's Boat Centers.

In response to the changing market, WRMG teamed up with Netsertive in January 2017 to implement MarketWise for Multi-Locations. Netsertive's through-channel marketing automation solution delivers brand-approved, localized digital marketing messages to potential customers online at scale, across varied geodemographic environments on behalf of its retail network. *The goal?* Attract high-intent fishing and recreational boat buyers to its websites and brick and mortar locations.

Launched to immediate success as a pilot program for 29 locations in January, the campaign evolved into a national program for more than 95 locations in February. The campaigns feature 4 local digital advertising channels (including search engine marketing, Facebook, and more) to drive awareness, consideration, and purchase decision for WRMG's fishing and recreational boats. In November 2017, Cabela's retail locations were added to the campaign, bringing the total network leveraging Netsertive to 175 locations.

Through the MarketWise campaign, White River Marine Group was able to transform its local marketing and promotion execution. With the ability to make quick adjustments and modifications for campaigns across their entire retail network, the company was able to promote new products and special offers across every location simultaneously, driving targeted consumers back into stores. Maurice Bowen, Sr. Marketing Director, observed that "the immediate and enduring lift in traffic to our retail sites has been the most visible response to a marketing effort in recent memory."

Prior to employing the Netsertive solution, WRMG digital marketing was focused on social and national search. With Marketwise, WRMG dealer locations had the opportunity to meet with Netsertive each month to discuss strategy, adjust in response to geographical testing analytics and train employees for more effective handling on tracked phone calls generated by Netsertive's ad placements.

"We went from zero, local digital marketing at the beginning of the year, to 96 locations in full operation within 45 days," said Bowen in June 2017 during a live Forrester Research webinar. "We can attribute 35 percent of our traffic increases to the campaign that we're doing with Netsertive."

Please find the Netsertive/White River Marine Group case study [here](#).

SPROUTLOUD



Gary Ritkes
Managing Partner and President

How do you describe this space? What are the pain points, what opportunities are companies like yours and your clients pursuing?

Indirect distribution is at a crucial turning point. Local Partners face the most competitive market in history with e-Commerce giants and Big Box retailers using superior marketing expertise and deeper pockets to capture customers. Indirect distribution is also, by nature, highly complex, and Brands are finding it more expensive and difficult to get a broad set of marketing tools in the hands of their Partners. Our clients are trying to make progress in the following areas:

- Increasing adoption of Co-Op Campaigns, and consequently investment, by Local Indirect Partners. We have found that in B2B2C advertising is more effective if there is a local call to action. Getting more Partners participating in Co-Op campaigns improves local reach, increases store visits and drives up sales.
- Because Local Partners are fighting for customers against larger, more sophisticated competitors, they must launch high-frequency campaigns across multiple marketing channels. But with most Local Partners, it's the owner/operator who manages marketing. This makes it very hard to manage a highly active marketing program because of the owners/operators broader responsibilities. Therefore, automation is so important, particularly in digital advertising. Brands must provide their Partners the ability to subscribe to digital campaigns and "set-it-and-forget it." This improves frequency, reach and responses.
- Only about 50% of Partners participate in campaigns — primarily because the Co-Op claims and reimbursement process is so broken. SproutCloud has disrupted this model with an instant funding option that improves participation and consequently sales.
- Indirect Partners are difficult to manage and getting them to participate in campaigns requires a lot of hand holding. Brands have tried to overcome this by hiring more and more marketing vendors at the corporate level. This is driving up the cost of Partner Marketing and slowing down speed to market. Finding ways to use automation to eliminate manual processes for everything from the customization of Local Partner ads to the delivery of campaigns is crucial to lowering OpEx.

- Improving speed to market and Brand compliance, which is often complicated through branding, operational and legal hurdles through hundreds or thousands of smaller Partners.
- Greater accountability to understand how marketing spend performs (to optimize) through the channel. Particularly in B2B2C, where spend is much greater than in B2B2B.

What national brands are particularly effective at brand-to-local marketing? What is it that they're doing to make themselves so successful?

- The national brands that are particularly effective at brand-to-local marketing are the brands that are adopting automation technology to evolve their Indirect Distribution strategies. This starts by taking a highly decentralized ecosystem of Independent Partners and Local Marketing vendors and centralizing it on a single, controllable platform.
- Traditionally, once Co-Op goes to the Local Partner, the Brand loses sight of whether it is being used and how effectively it is being used. Changing that model is crucial to success. Taking the execution out of the hands of Partners, who don't have a lot of time or training in marketing, is important.
- Based on our data, we know that marketing campaigns that have a local CTA connected to community store or outlet are more successful. This applies to listings, digital display, PPC, direct mail etc. Brands that are very successful are those that are connecting national campaigns to local outlets or Partners.
- The most successful Brands we deal with have a centralized "Channel Chief" — someone who is responsible for making the channel a primary source of revenue. That ownership drives Partner-specific campaign creation, distribution and funding.
- Marketing has become so much more analytics driven over the past 15 years. However, Partner Marketing is still very rarely measured effectively — because the local execution is so dispersed as we discussed above. Top Brands have defined that one of the primary benefits of a TCMA solution is that execution is controlled in a measurable environment. This allows Brands to finally see and invest in what's working.
- Those that are focused on engaging their Partners — just as much if not more than the marketing strategy and content being made available to their Partners — have been the most successful. Part of Partner engagement is thinking outwardly about the Partner. Brands that do more of the heavy lifting on behalf of the Partner in executing the marketing tactics see higher engagement and happier Partners.

What are the major problems or issues that are preventing national brands from leveraging local marketing and advertising opportunities more than they are now?

The historical challenges with Indirect Distribution — brand compliance, funding, local execution — have caused Brands to think of Indirect as a primarily a sales channel and less as a marketing priority. This articulates itself in lack of centralized executive ownership and clear strategic roadmap. Consequently, Brands often focus on a series of discrete operational challenges instead of a broad transformation plan driven by innovation. This situation clouds their vision of "what good looks like" and keeps them from seeking a comprehensive centralized solution.

As a result, Brands have tried to enable Indirect by solving for pain points along that journey. Ultimately, this ends up as various "single-point solutions" that drive up OpEx and negatively impact speed-to-market. So, Brands have a negative historical perspective on a channel fraught with challenges — Brand compliance, funds utilization, local execution — and a fractured current strategy that results in more cost.

From a brand CMO perspective, it seems like national advertising and marketing platforms might be more cost-efficient, easier to maintain brand control, and easier to see ROI. Yet, there seems to be so much opportunity by opening marketing and advertising up to local affiliates, retailers, resellers, and so on. But doing this at scale requires brand policies, business rules, tech, and data. How well solved is this problem for brands, and how much more progress do we need to make?

According to Forrester, only 50% of Brands report adopting this technology. Our experience is that the Brand category leaders have been signing on as well as showing the most interest in deploying Local as a Service solutions. As more education and awareness continues to enter the market, more and more buyers begin to recognize that there are solutions available to overcome the complex National-to-Local marketing challenge. There still exist many legacy platforms that have not evolved as fast as the market has required. We will see leaders emerge and more consolidation take place as the technology matures. This is still a very underserved market.

How does your company and your competition differentiate from one another?

Many of the companies shaping the Local as a Service ecosystem are "single-point" solutions working with Enterprise marketing departments to solve one pain point at a time. This is an ever-continuing spiral down a rabbit hole as many of these technologies do not "talk" to one another, make it more difficult to aggregate reporting, and provide too many tools that the marketing teams and the local SMBs must become experts in deploying.

From SproutLoud's perspective, we see Local as a Service to provide National Brands a simple way to fund and execute marketing tactics, fulfill marketing tactics, and aggregate all reporting in one simple-to-use platform. Simplicity in campaign enrollment and a "high-touch" concierge support model is the formula for the successful engagement of SMBs in combination with the National Brand.

SUREFIRE LOCAL



Shashi Bellamkonda
Chief Marketing Officer

How do you describe this space? What are the pain points, what opportunities are companies like yours and your clients pursuing?

Most of the brands we work with are facing two key challenges.

The first is activating the marketing in their local affiliate, franchise or distributor channels in an integrated way. I attended a Local Impact conference recently and one of the speakers talked about how brands are unable to spend co-op marketing dollars allocated to local marketing. This issue can be solved by Local as a Service (LaaS), enabling businesses to activate faster and manage their efforts from one place.

Secondly, once they have a local marketing and advertising plan in place, deriving insights from data can be an excruciatingly painful process. Often, data collection and analysis occur too late and therefore has little-to-no ability to move advertising and marketing dollars quickly to the channels that are working best.

What national brands are particularly effective at brand-to-local marketing? What is it that they're doing to make themselves so successful?

The food brands are spending a lot of money in advertising and marketing successfully, which is driving foot traffic to their locations. As you can see from the IHOP -- or rather IHOB -- campaign, one of the most powerful ways to generate returns is by implementing innovative campaigns across digital channels. Chipotle's new CMO, Chris Brandt, recently reported that their advertising and marketing spend is increasing from 3% of sales to 4% of sales.

In the home improvement vertical, we have seen Renewal by Andersen (RBA) and GAF do a great job with effective Brand-to-Local marketing. They unify their marketing campaigns, across both offline and digital channels. Using LaaS, they can accurately attribute new business to the channel source. They also understand that content needs to be distributed across several media, so their target audience consumes it at the local level.

What are the major problems or issues that are preventing national brands from leveraging local marketing and advertising opportunities more than they are now?

Fragmentation of national to local advertising providers. Keeping data in sync with geographic sales data and advertising spend. Getting insights at a national to local level. We built the Surefire Cloud to address these challenges.

To give you an example - if a national brand saw sales decline in a region, they could look at the local data for that region and see a comprehensive view of visibility, web traffic, reputation across the local affiliates and increase and optimize their spending to get their sales goals back on track. Right now, national brands must find and build their own custom platforms to get insights and data that LaaS solutions can provide.

From a brand CMO perspective, it seems like national advertising and marketing platforms might be more cost-efficient, easier to maintain brand control, and easier to see ROI. Yet, there seems to be so much opportunity by opening marketing and advertising up to local affiliates, retailers, resellers, and so on. But doing this at scale requires brand policies, business rules, tech, and data. How well solved is this problem for brands, and how much more progress do we need to make?

To do an excellent job, bringing together all the elements like brand policies, business rules, tech, and data requires investment in the company's own marketing department. Most platform providers would prefer a good partner within the company, so they can work in sync and with a commitment to opening marketing and advertising up to local affiliates, retailers, resellers.

There is progress, platforms need to give the brand CMO the ability to manage brand control, see ROI and show performance benchmarks on the same platform. A platform that can show the ROI of the brand marketing and advertising spend at the local level, as well as provide the ability to have brand control is the ideal solution. Changes in technology and ad platforms make this difficult, so platforms are continuously innovating and expanding their services to make it easier for CMOs to make decisions.

How does your company and your competition differentiate from one another?

Our strategy has been to provide the same platform that can be used by the local affiliates and provide the national brand the data and visibility for both brand control and ROI of their marketing dollars.

In addition, our technology stack takes away the need to have multiple vendors for the various components of digital marketing - website, advertising, SEO, content marketing, leads management, local directory visibility, publishing to social and local level and competitive analytics. This differentiates us in that a business' entire web presence can be

managed in one place by the local affiliate and distributor, and national advertising can be managed and controlled by the national brand marketing group.

Can you share a couple of company's case studies with us, so we get a sense for how it works for your clients and their customers?

Surefire provides a marketing platform to help local businesses improve their digital marketing and ultimately increase their revenue. Enterprises use the platform to provide their franchisees, dealers and distributors access to a local marketing platform where the brand has control over brand assets.

We work closely with a prominent roofing manufacturer that offers the Surefire Local marketing cloud to its large contracting businesses. Over the last three years, these contractors have seen average revenue growth of \$408,932, on a spend of \$94,565. Some of the techniques we use include leveraging non-traditional information sources for marketing programs. For example, certain customers can tap into weather-driven opportunities by monitoring climate in their service regions. They can then adjust budgets and keyword bids during periods of inclement weather. Companies using this feature recently reported short-term spikes in searches related to roof repairs, roof leaks, or emergency roofing services; leads have increased by as much as 258% during weather-triggered events.

We're also partnered with a national brand that offers the Surefire Local Marketing Cloud to its franchisees. The franchisees using the platform have seen a 15% growth in Map Search views, leading to a 33% more actions taken, 67% additional profile views and a 10% increase in the network's lead growth. Additionally, the platform provides the ability to manage and request reviews. Franchisees can manage add-on services like social media content from within the platform, giving them one place from which to manage the entirety of their digital marketing activities.

ABOUT THE AUTHOR



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Rick Ducey is managing director, leading BIA's strategy consulting practice. Ducey also serves as practice lead and 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. He also co-founded SpectraRep, the leading provider of alert and warning datacasting solutions, applications, and systems primarily for public sector clients.

Prior to BIA, 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.

ABOUT BIA ADVISORY SERVICES

Local media is one of the fastest moving industries of our time. BIA Advisory Services has been at the center of it for more than 30 years.

BIA is the leading research and advisory firm focused on the advertising and marketing marketplace. We have proven advisory services and consulting methods that put our clients in the best possible position to compete and stand out in today's multiplatform, interactive world.

Our research, forecasts, industry analysis, competitive intelligence and industry-leading analyst team propel our clients' success forward. Put yourself in the best possible position to compete and win — turn to BIA.

We are pleased to announce our Programmatic Program that features a series of papers and webinars that will help our clients understand the potential of programmatic. We also publish an advertising intelligence platform, [BIA ADVantage](#). Contact us today for more details: info@bia.com.

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