




BE WHERE YOUR CUSTOMERS ARE

HOW CANADIAN MARKETERS CAN USE MOBILE
LOCATION-TARGETING TO DRIVE RESULTS

TABLE OF CONTENTS

- 4 INTRODUCTION
- 5 BUILDING BETTER PROGRAMMATIC MOBILE CAMPAIGNS
- 6 INVENTORY SOURCES
- 7 PROGRAMMATIC AUDIO
- 8 UNDERSTANDING AND USING LOCATION DATA
- 9 STRATEGIES FOR USING LOCATION IN MOBILE CAMPAIGNS
- 10 DISTANCE AND DAY OF WEEK
- 13 CROSS-VISITATION
- 14 CASE STUDY: DRIVING STORE FOOT TRAFFIC WITH GEOFENCED CAMPAIGNS
- 15 BUILDING BETTER MOBILE CREATIVE
- 16 DYNAMIC CREATIVE (DCO)
- 17 RECOMMENDATIONS
- 18 MiQ BOILERPLATE

IN THIS PAPER, YOU'LL LEARN



How Canadian mobile habits have changed over the last few years, and how that change has shaped the digital advertising ecosystem.



How location-based targeting on mobile devices works and how MiQ Motion has changed mobile targeting strategies.



How Canadian customers shop for cars, clothing, CPG products, and big-ticket electronic items, and how you can capitalize on those habits with your mobile strategy.



How to build better mobile campaigns by taking advantage of changes in technology, inventory, targeting, and creative.

INTRODUCTION

As mobile use eclipses desktop use among Canadian consumers, marketers have to adapt with changing strategies and messaging. Success with mobile requires a clear understanding of how consumers engage with brands in the space, how mobile data can be used to build new audiences and predict behavior, and how consumer location data can be used to close the measurement gap between online and offline.

Canadian advertisers are no strangers to mobile. Mobile's ad spending share exceeded time spent share for the first time in 2018, with advertisers spending 34% of their digital budgets on the channel that accounts for 30% of Canadians' time.

Programmatic digital display advertising for mobile devices first surpassed desktop spending in 2016, and is projected to surpass \$2 billion in advertiser spending by the end of 2020. The vast majority of that spending will be on mobile in-app, with an increasing proportion being bought via real-time bidding through open exchanges.

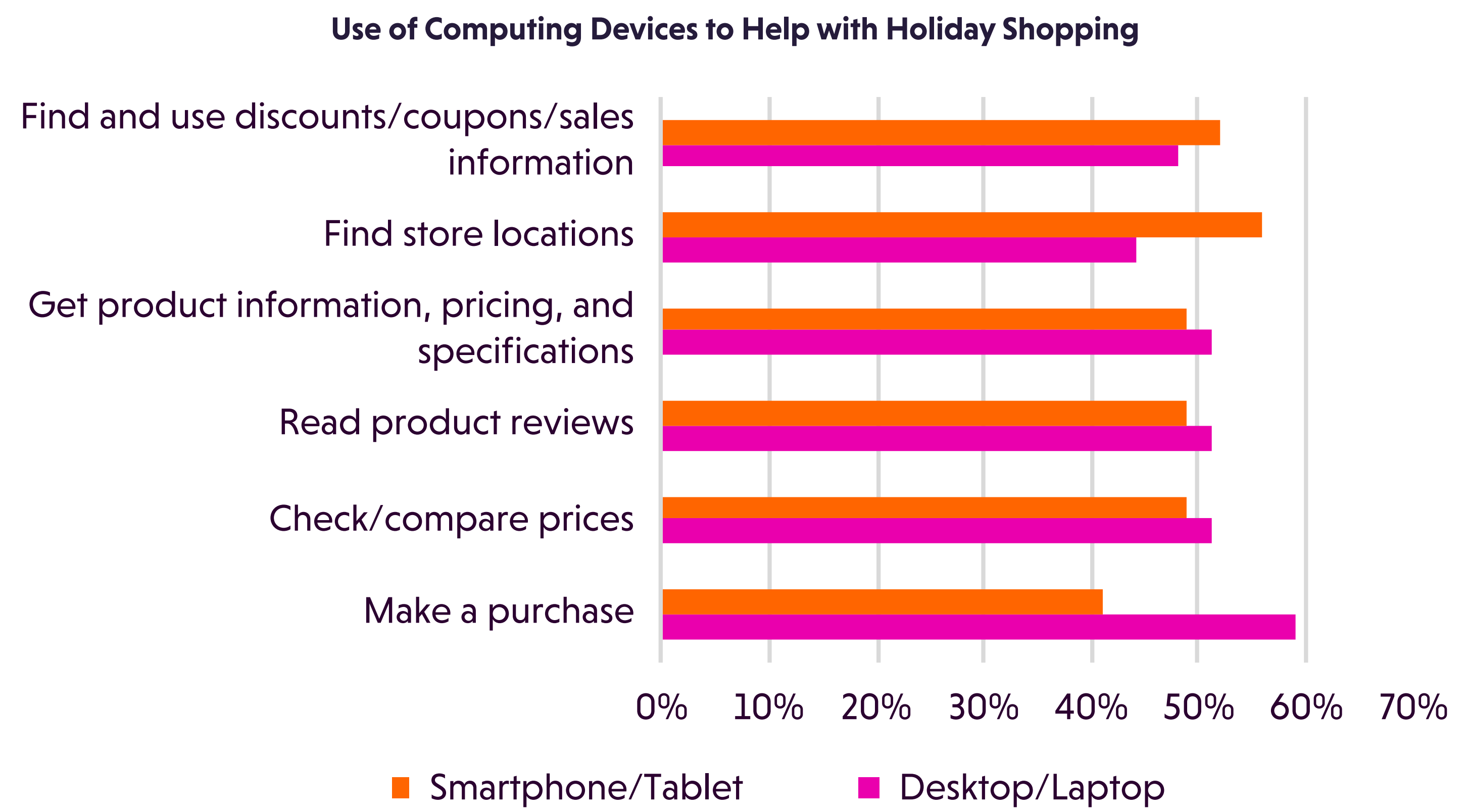
Likewise, Canadian customers' dependency on mobile continues to increase. Nearly half (49%) of Canadians' time spent with digital devices in 2018 was spent on mobile devices. And two-thirds of that - an estimated one hour and 51 minutes per day - was spent on mobile phones. As Canadians' time spent with TV and traditional radio continues to decline, it will be increasingly important for advertisers to adapt their strategies for new channels, devices, and habits.



BUILDING BETTER PROGRAMMATIC MOBILE CAMPAIGNS

Brands can no longer afford to think of mobile as a strategy to merely drive clicks or awareness, or as a companion to a desktop display campaign. More than ever, customers are turning to their mobiles to make purchase decisions and the actual purchase. Leading into the 2018 holiday season, nearly two-thirds of Canadian shoppers planned to browse for items online using a mobile device before making a purchase, and two out of five Canadian shoppers (41%) planned to make a gift purchase on a mobile phone or tablet. Women were significantly more likely to use their mobile devices in the holiday shopping process than men, with 58% making an online purchase.

Brands need to focus on mobile as a distinct and critical part of their marketing strategy, with varied tactics that range from evergreen campaigns supporting a digital storefront to highly-targeted initiatives that focus on using a customer's location to tailor messaging to their mindset.

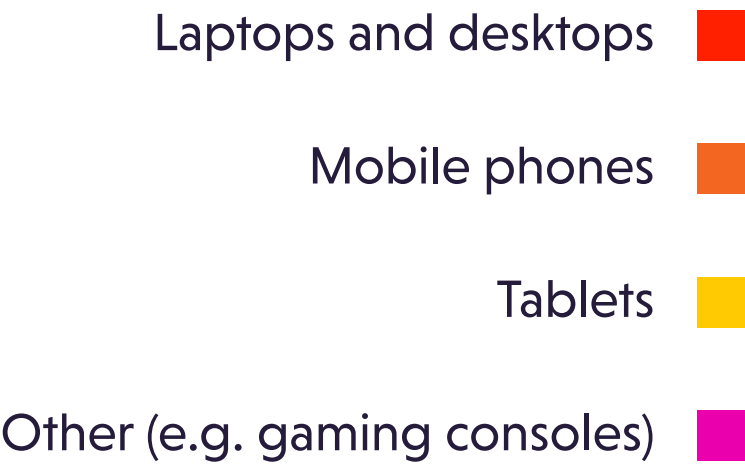


Source: MiQ Canada Holiday shopping survey, 2018 n=1,132)

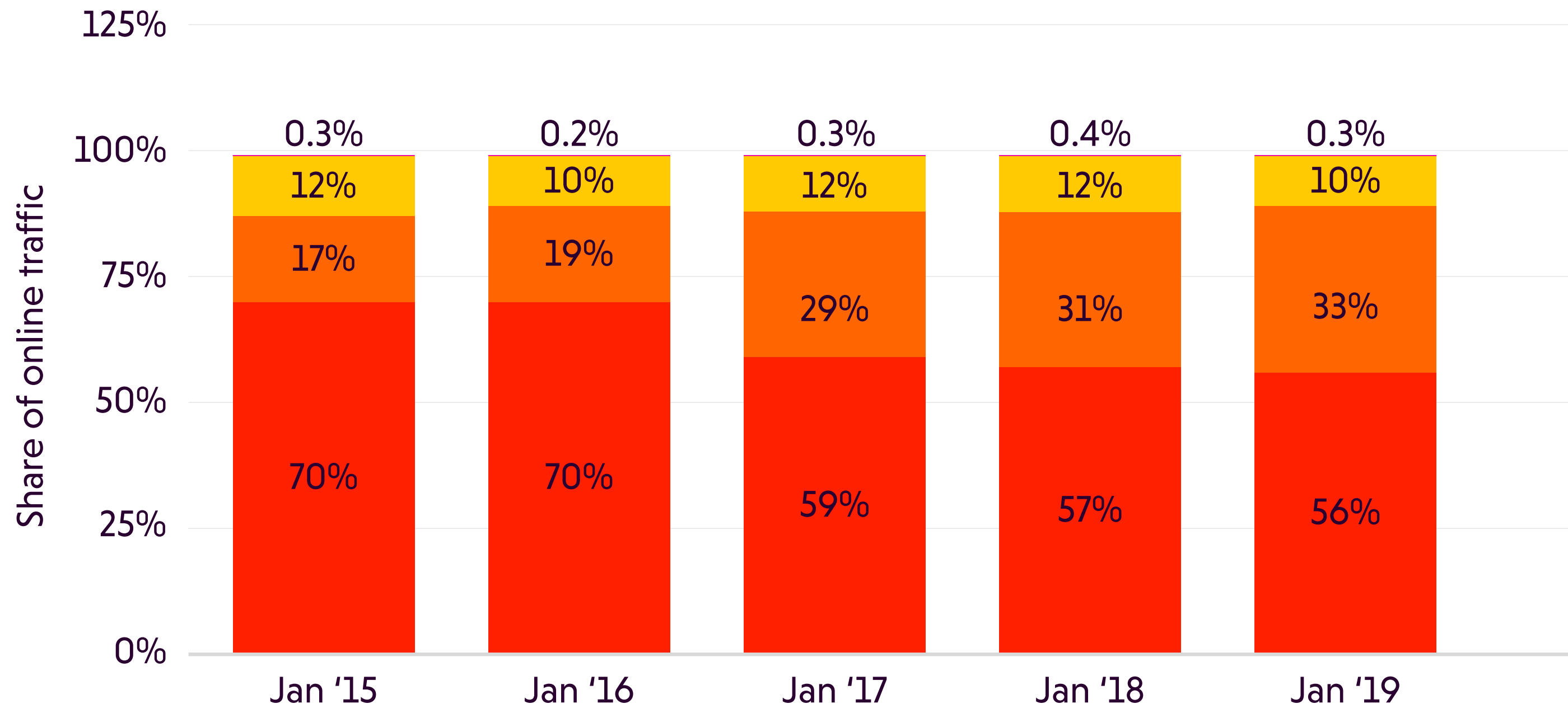
INVENTORY SOURCES

One-third of Canadian web traffic now runs through mobile phones, either through mobile web or in-app. As customers leave desktop behind, marketers will have to change how they think about the environments in which they'll be reaching their customers and the ad formats they'll need to use to do so. The upside is that advertisers have access to a large number of high-impact placements and formats for reaching customers programmatically.

Marketers need to think about format when working in mobile. There's a significant difference between mobile web and mobile in-app both in terms of the ad formats used and the environments themselves. While in-app ads often garner greater attention and allow for better experiences, the app space is dominated by a very small number of massively popular apps, making competition for that inventory fierce. By contrast, mobile web is thriving, and while the experiences can be less dynamic, it offers standardized formats and greater scalability for advertisers. Smart strategies will consider how to use both, and how to build a strategy that connects multiple mobile, TV, and desktop tactics to weave a comprehensive brand narrative.



Distribution of Online Traffic in Canada as of January 2019, by Device



Sources: We Are Social; StatCounter
© Statista 2019

PROGRAMMATIC AUDIO

Programmatic audio is a broad term that can cover a number of different sources, including radio (both online and traditional), podcasts, and streaming audio services such as Pandora or Spotify. Advertisers working in these spaces typically create 15- or 30-second audio ads to air, potentially accompanied by a display ad depending on the platform. The surging popularity of online audio channels has given marketers occasion to dust off their radio playbooks and reconsider their strategies in light of new technologies.

Compared to other programmatic channels, audio is uniquely situated on and suited for mobile devices. Two out of five Canadians (39%) listen to music on a smartphone, and the average Canadian has used 2.2 streaming

services to do so over the past 12 months. Nearly half of Canadians (47%) have listened to a podcast before, and more than a quarter have listened to a podcast in the last month (28%), with significantly higher engagement among adults ages 18 to 34 (41%).

Source: Nielsen, Canada Music 360 Report 2018

Source: Triton, The Infinite Dial Canada 2018

The largest barrier to the adoption of programmatic audio has traditionally been scale, but this has changed dramatically over the last two years. Programmatic audio really took off with the introduction of Spotify's offering in 2016 and expanded significantly with Pandora bringing its audience to buying platforms in early 2018. And while inventory supply for podcasts

is still relatively sparse, programmatic podcast is a rapidly-growing channel that will allow advertisers to take advantage of the hugely popular medium.

For branding advertisers with audio assets, the advantages of programmatic audio are significant. These marketers are free to make their targeting as granular as they'd like using demand-side targeting restrictions or by having the publisher apply their own targeting and segmentation using their 1st-party data. The latter is likely to be more effective (depending on the quality of the third-party data a marketer is using for their demand-side targeting), but typically carries with it a higher cost.



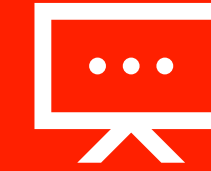
UNDERSTANDING AND USING LOCATION DATA

One major development in the mobile advertising space has been the ability to track customer movement and location, allowing advertisers to reach customers based on where they currently are and, more recently, where they've been and where they may go next. As a result, advertisers can serve customers personalized messaging that better connects with their current mindset to drive action.

Studies by eMarketer found that more than half of multichannel marketers in North America (57%) believe that customer location data, used to measure lift in store visits, is the most important type of data used to gauge marketing performance. In a recent survey by Factual, 91% of North American data buyers believed that location-based ad personalization

increases their understanding of their audience. And half had said they had realized higher conversion rates as a result of using that data.

Location data opens up an entirely new world for marketers to explore when it comes to mobile. Thinking about how customers move and make decisions and understanding their behavior can be a daunting process, but the upside is substantial. The key to harnessing this technology will be using data to understand the customer and building campaigns that play into their natural tendencies to drive success. This can be best accomplished through Marketing Intelligence -- understanding the habits of the target audience and connecting that knowledge to the desired outcomes.



LOCATION TARGETING: HOW IT WORKS

At the most basic level, location-based targeting is pretty simple: you detect a customer's location and then send them messaging based on where they are. Where things become complicated is in how you identify someone's location and the accuracy with which you're able to do it.

Basic digital geolocation for desktop devices is usually done through a device's IP address. Internet Service Providers (ISPs) register IP addresses with a regional internet registry (ARIN in North America, RIPE NCC in Europe), and this information can be used to identify the location of a computer accessing the internet using its IP address to varying degrees of accuracy. For devices that don't move, this is an adequate method of targeting, but cell phones complicate this picture significantly. As they move between cell towers, cell phones will acquire new IP addresses. Because wireless providers source their IP addresses nationally, the assigned IP addresses are not likely to accurately predict the geolocation of a cell phone.

There are a few different ways of getting accurate geolocation data from a mobile device, such as GPS data or triangulated cell tower data, though the best data is device-level data containing latitude and longitude. The most reliable way to acquire and use this data is to partner with a company that has access to one or more apps collecting it, updates it regularly, and has enough users to provide targeting at scale for the desired audience. Once you have access to that data, using it becomes a matter of identifying opportunities to deliver ads to the corresponding device through exchanges and serving ads when that device is in the correct place.

STRATEGIES FOR USING LOCATION IN MOBILE CAMPAIGNS

Although the proliferation of mobile devices and customers' increasing willingness to buy through mobile platforms makes mobile strategies important for all advertisers, mobile is particularly relevant for retail, CPG, and QSR brands, who often are looking to capture a specific mindset and drive customers to a particular location. Doing this effectively starts with homework: Advertisers will be most successful when they build campaigns that work with their audience's natural tendencies and behaviors, and not against those tendencies. Therefore, building successful campaigns begins with understanding your audience, where they go, and how far they're willing to travel to visit one of your stores.

In this section, we'll examine some of these habits and discuss what they mean for advertisers in their respective verticals, and how they can be put to use to build superior mobile campaigns.



DISTANCE AND DAY OF WEEK

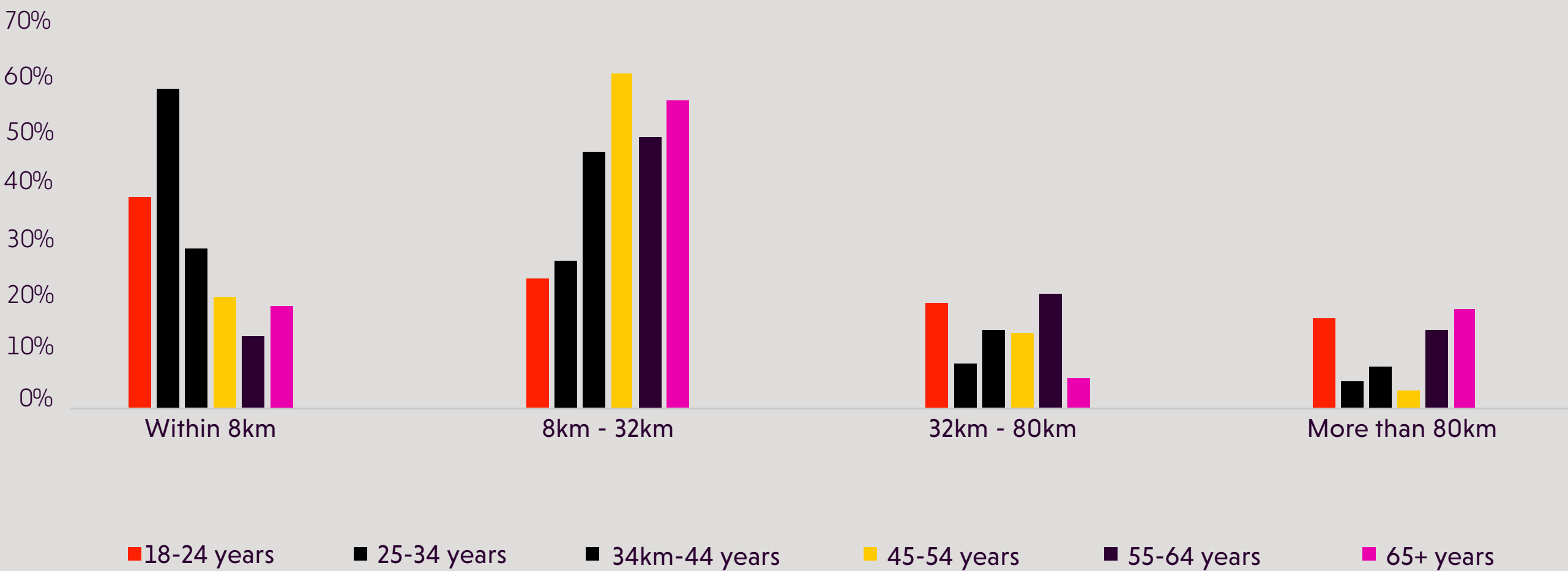
One way to do this is to track the distance customers are willing to travel to visit your store location, which can vary by product, time of day, day of week, customer demographics, and where the customer is traveling from. Generally, larger items (and potential savings) correlate to longer travel distances - customers are significantly more likely to travel long distances to buy a luxury car than they are to visit a Walmart.

Auto Dealerships

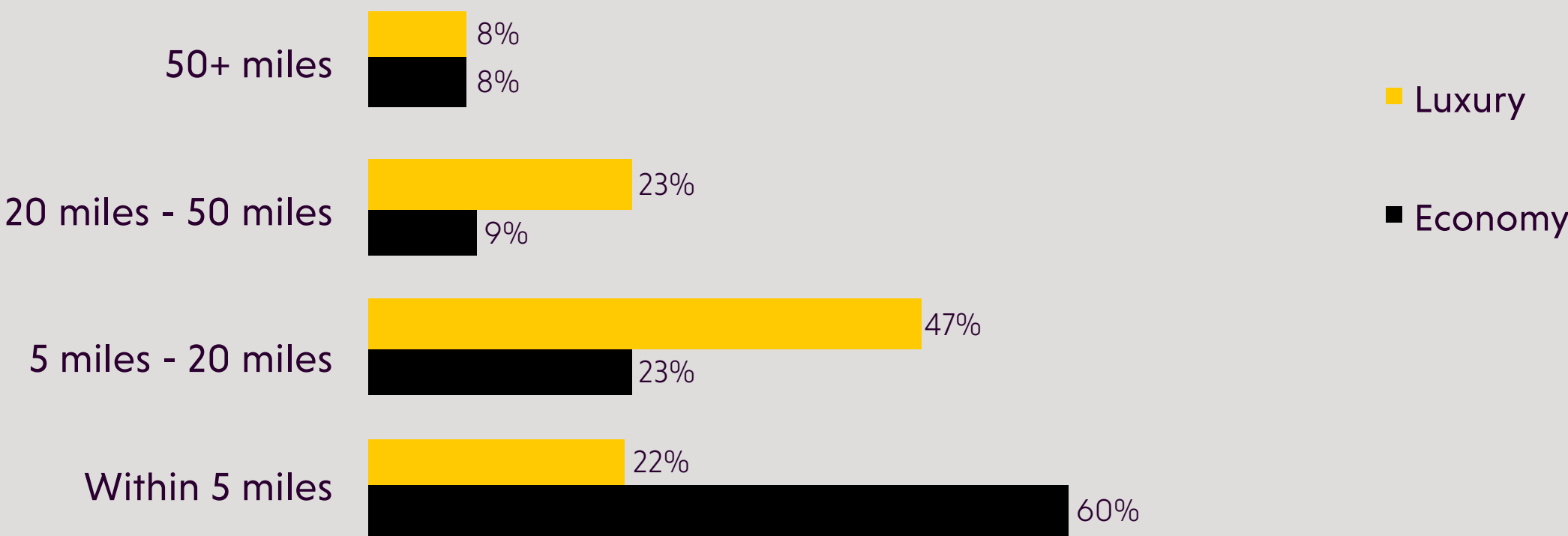
In our study of Canadian auto shoppers, we found that car type and age were both significant factors in how far a car buyer was willing to travel to visit a dealership. Luxury car buyers and older buyers were generally willing to travel farther to make their purchases (note the correlation between income and age will play a factor here). More than 75% of luxury buyers traveled more than 8 km to visit a dealership, compared to only 40% of non-luxury car buyers.

During the buying process itself, these car buyers are likely to visit several dealerships, and will visit two or three over a single weekend. At each of these locations they'll access their mobile devices to conduct research and look up key information. Although the reach for these moments is relatively small, they represent important moments to potentially influence a customer's purchase journey and drive them to a specific dealership.

Average Distance Traveled to Dealership, by Age



Distance from Dealership - Economy Vs Luxury Brands



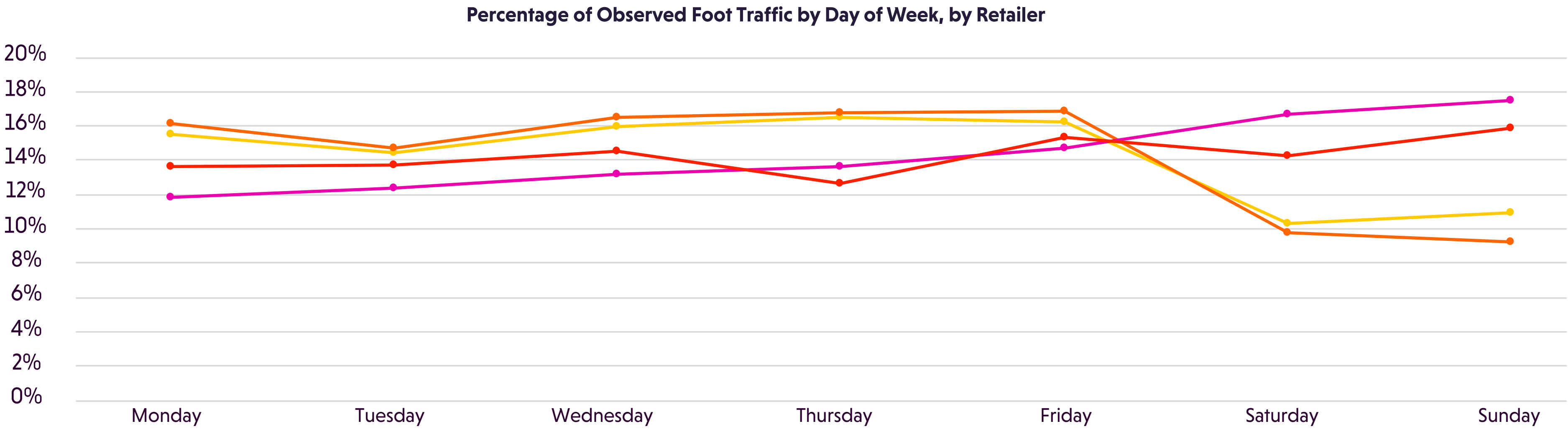
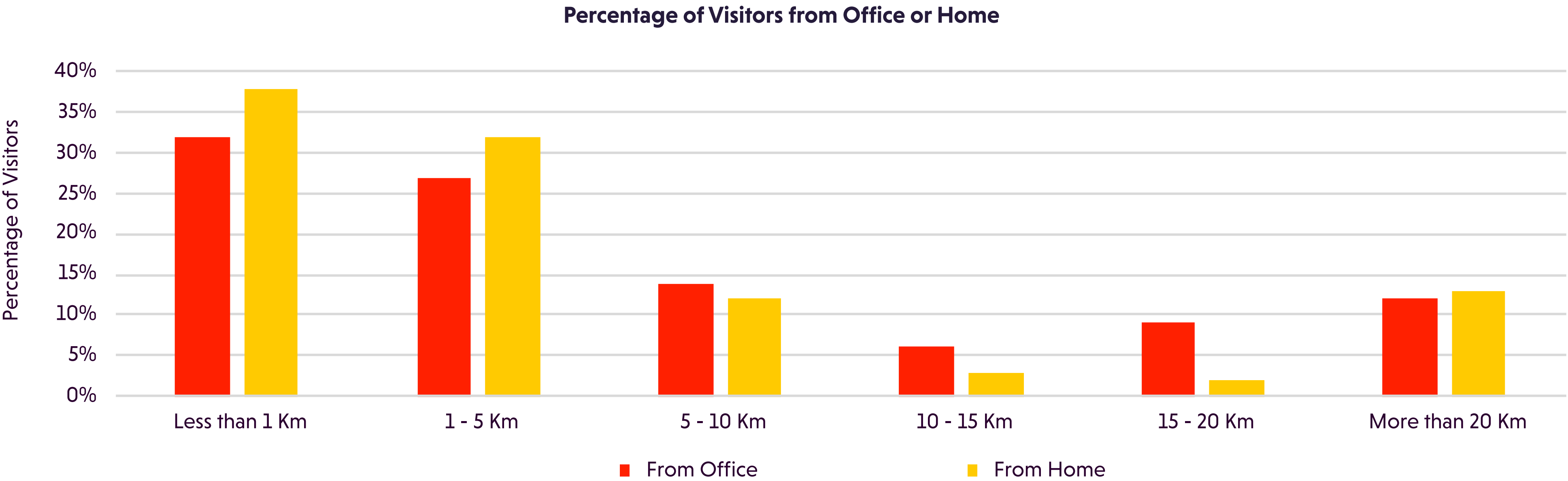
1 Mile = 1.609344 Km

Toronto Walmarts

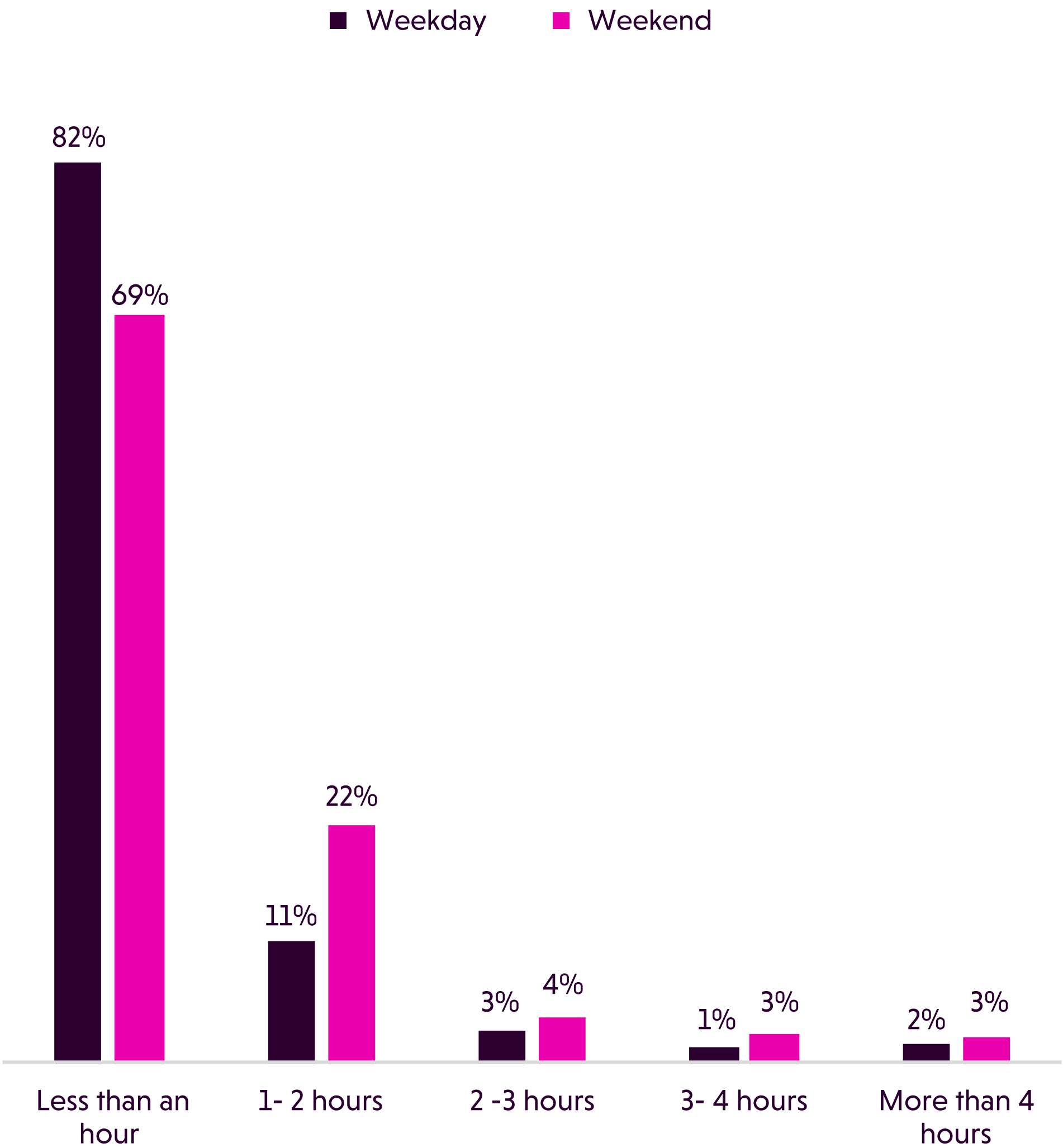
In contrast, the distance scale shifts when looking at CPG purchases. For Toronto Walmarts, more than two-thirds of customers traveled 5km or fewer to the store, and those distances shortened if the shopper was coming from home as opposed to work.

Foot traffic will also varies significantly by day of week and time of day, particularly for restaurants and retailers. In the case of Toronto Walmart and Costco locations, foot traffic was significantly higher on weekends when Canadians do their grocery shopping. In contrast, foot traffic in Sobeys and Hudson’s Bay stores was higher on weekdays, where customers were more likely to stop by on their way to or from work. A mobile campaign focused on driving customers to Walmart or Costco should consider having an attribution window that extends at least a week or more, while Sobeys and Hudson’s Bay campaigns should focus on reaching customers at work and driving more immediate action.

- Sobeys
- Hudson's Bay
- Walmart
- Costco



Walmart Time Spent In-Store, Weekdays vs. Weekends



Time spent at a location will also be impacted by these changes in behavior. While it's not feasible to attempt to target customers in a specific aisle with geofenced mobile campaigns, doing so at a larger store location such as a Walmart, Best Buy, or Costco is possible. In these cases, customers may be influenced with ads when they

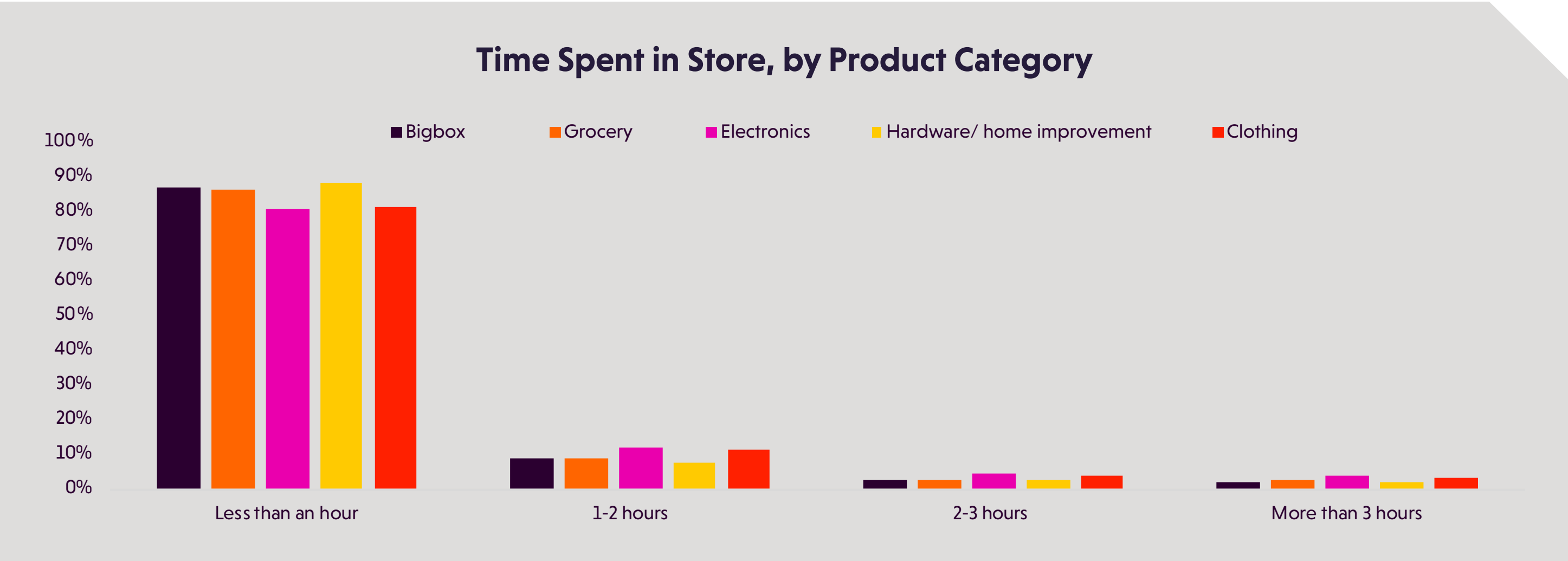
use their phones to comparison shop or just browse the internet. Doing so effectively will mean understanding how long they're going to be in those locations and how many impressions will be available to reach them.

For Toronto Walmarts, 82% of customers will spend less than an hour in-store,

though weekends see a significant lengthening of trips -- 22% of weekend Walmart shoppers will spend one to two hours in-store.

For an average shopping trip, marketers will have around 45 minutes to an hour to reach a specific customer.

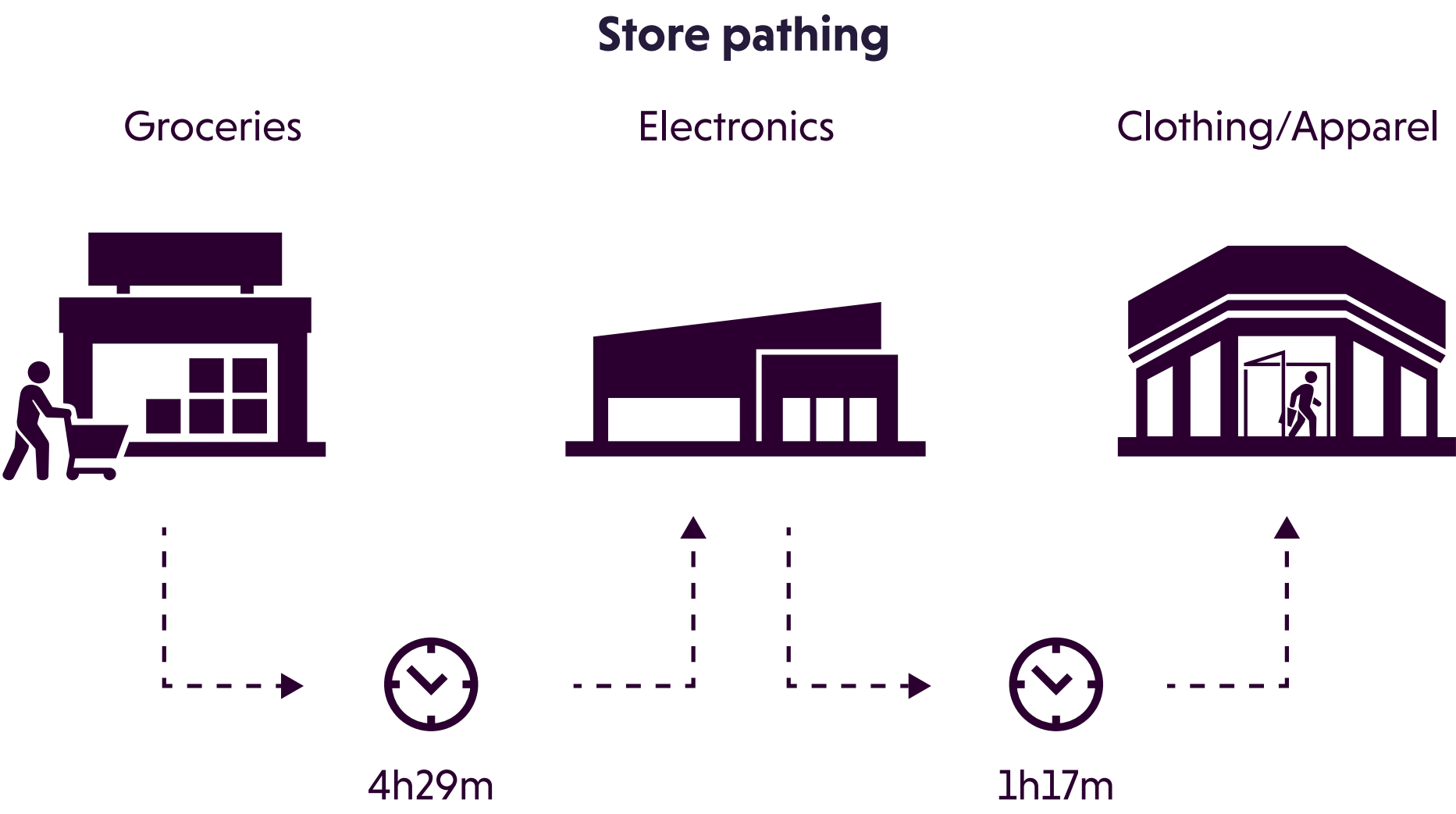
STORE TYPE	BIG BOX	GROCERY	ELECTRONICS	HARDWARE	CLOTHING
Average time at store	51.00	47.00	58.00	48.00	57.00



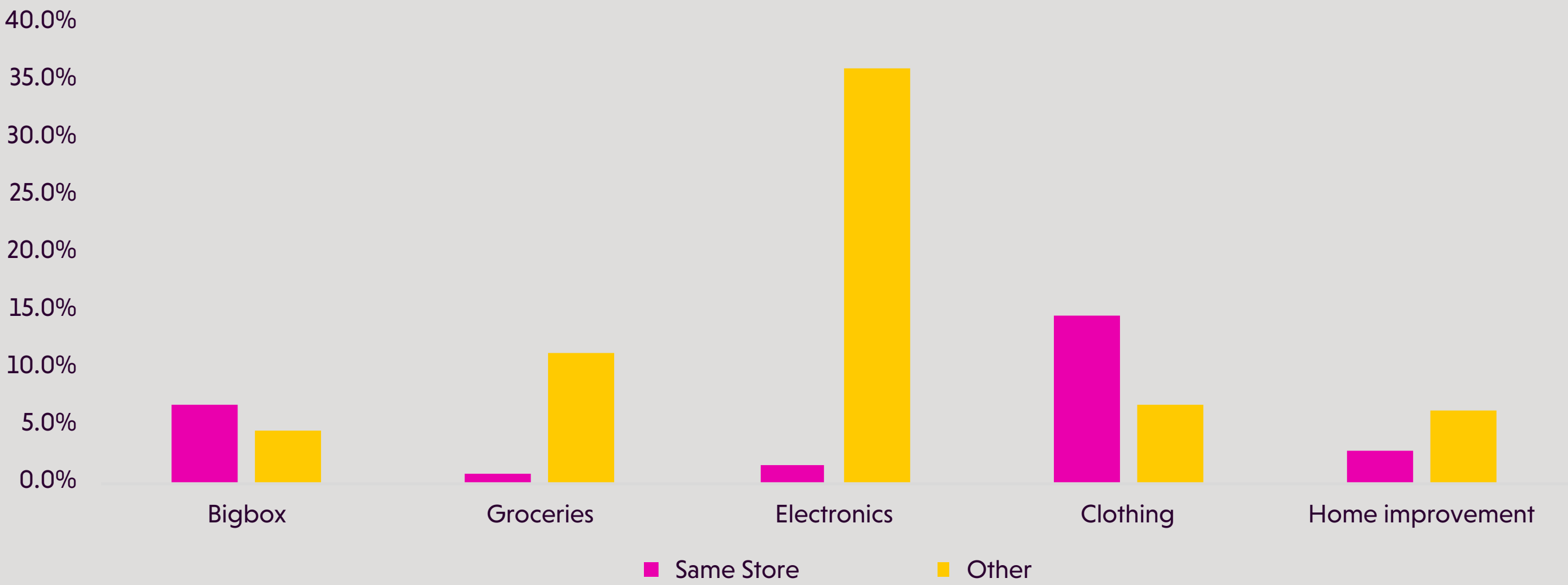
CROSS-VISITATION

Customers will often visit multiple stores while out shopping, particularly if they are comparison shopping or looking for the best deal on a particular category of product. As with our analysis of Canadian auto dealerships, we can use mobile location data to understand how shoppers move between stores of different types while out shopping. Here, our expectations are mostly borne out. Electronics stores such as Best Buy see the largest numbers of customers jumping to other stores, with more than one third (36%) visiting another store during their shopping trips over a two-day span.

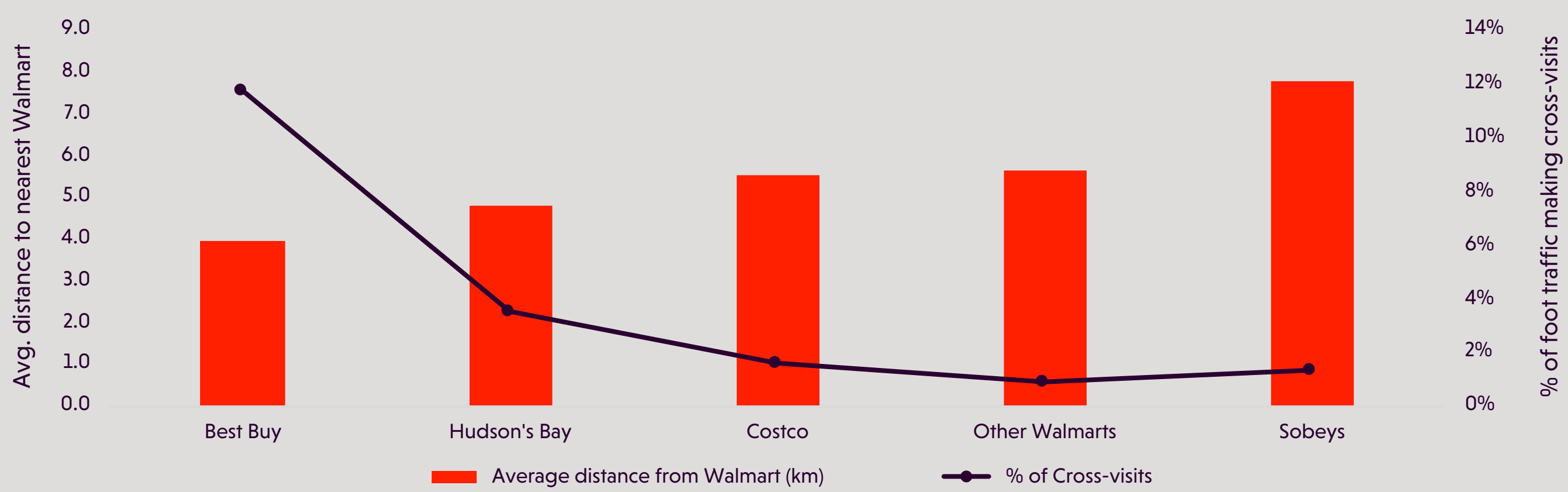
In the chart below, we've illustrated a common path for Canadian shoppers in a given weekend, visiting three different store types with an average lag of four and a half hours between the first two locations and just over an hour between the second and third. Of course, distance plays a role in this as well. The likelihood of a shopper going to another store is higher when those stores are closer.



Store Cross-Visits by Product Category



Correlation Between Distance and Cross-Visitation



CASE STUDY: DRIVING STORE FOOT TRAFFIC WITH GEOFENCED CAMPAIGNS

A major Canadian coffee chain built a campaign around the launch of new drinks shortly before Christmas 2018. To help promote these drinks, they chose to partner with MiQ to run location-based targeting campaigns alongside display ads and video ads. We built a list of all locations across Canada, building a targeting strategy that would identify and reach customers when they were within walking distance of a store location. The primary campaign goal was to drive more new customers to these locations. As such, customers who already had the brand's mobile app on their phones were excluded from the targeting pool.

During the campaign, our targeting strategies and delivery helped the coffee chain drive a **2.7x incremental** increase in store visits. Of those customers who were served an ad within walking distance of a store location, just over one in 16 (6.3%)

visited the nearest store after exposure, compared to only 1.7% of customers in a control group. Of those customers who were targeted by the campaign, more than half (62%) visited a store location more than once.

As part of a larger analysis, we looked at the impact of the density of competitor store locations on customer behavior, and whether the coffee chain's store type (standard versus drive-through) and location had a similar impact. During the campaign we observed that higher-density locations tended to drive more repeat customer visits compared to more isolated stores. High-density stores had **58%** of their customers visit more than once during the campaign, compared to only **48%** of standard store visitors and **42%** of drive-through visitors. On average, customers visiting more than once averaged four days between visits.



BUILDING BETTER MOBILE CREATIVE

One of the biggest mistakes marketers can make is using the same banner assets and strategies they use for their display campaigns on their mobile campaigns. The combination of location-based targeting and data, and the difference in format and use gives marketers new ways to engage with their customers. Put simply, desktop display strategies just don't cut it on mobile.

Mobile campaigns need to consider the user experience and the intended post-exposure action in their creative execution. Geofenced campaigns aimed at driving foot traffic can include store locators within the creative, or provide information about the nearest store. Mobile interscrollers can present more content than standard banners while capturing a customer's attention fully. Mobile affords advertisers a chance to be creative in how they message their customers.



DYNAMIC CREATIVE (DCO)

Dynamic creative solutions can take a new life on mobile, incorporating first-party data such as local store inventory to put items that are actually available in nearby stores in front of the customer. They can include personalized offers and calls-to-action, recommended products, and can be tailored to meet your performance objectives.

Implementing a robust and data-driven DCO solution can help brands optimize their mobile campaigns beyond retargeting. For example, marketers will be able to tailor their ads

to real-world signals such as sporting events (ads that display real-time match scores or that go live when a major event occurs), weather, and social trends, ensuring they'll be reaching their target customer not just in key locations, but in the ideal moment.



RECOMMENDATIONS

Building strong mobile campaigns is all about Marketing Intelligence - understanding your audience and applying that understanding to your strategy to achieve the desired outcomes, turning that insight into action. For mobile marketers, that process begins with understanding their audience and its habits, and learning how to take advantage of those tendencies to build a campaign that will work with them, not against them, to drive results. Understanding foot traffic and visitation patterns, distance traveled, and store-to-store cross-visits will help advertisers develop a picture of when their audience is going to be easiest to influence and when it will be too late.

To quickly recap, here's what you need to know about building better mobile campaigns:

KNOW WHAT YOU WANT TO ACCOMPLISH GOING IN

Before starting a location-based campaign, know the business challenge you're trying to solve, how location-based marketing can help solve it, and how you're going to measure success. Think about how you can connect your first-party data to your ad-serving data to properly measure outcomes and optimize delivery. And if you're looking to drive foot traffic, think about setting percentage goals rather than raw numbers.

ALIGN YOUR CREATIVE STRATEGY WITH YOUR LOCATION-BASED EFFORTS

Make sure your creative messaging reflects the location-based nature of your campaign and is tailored to the goal you're trying to accomplish. Don't just repurpose display creative aimed at driving online conversions for mobile

DO YOUR HOMEWORK

Understand how your customers shop in your stores, how far they're willing to travel, and how store density affects

the likelihood that a customer will visit a physical location. Build goals around increasing foot traffic by a percentage rather than a flat number to set achievable goals.

ALIGN YOUR CALLS-TO-ACTION WITH CONSUMER BEHAVIOR

Understand how your customers behave and how they engage with your brand, and use that to build calls-to-action and campaign goals that push consumers to engage with your brand in a way that feels natural.

CONNECT YOUR LOCATION-BASED STRATEGIES TO YOUR OTHER EFFORTS

Start thinking beyond the footfall traffic paradigm, and start thinking about how you can use traditional digital strategies — like building lookalike models — to drive better results. Once you know who's visiting your store locations and when, start looking at the profiles of those people and determining what behaviors — site visitation, online shopping, article consumption — predict a likely in-store

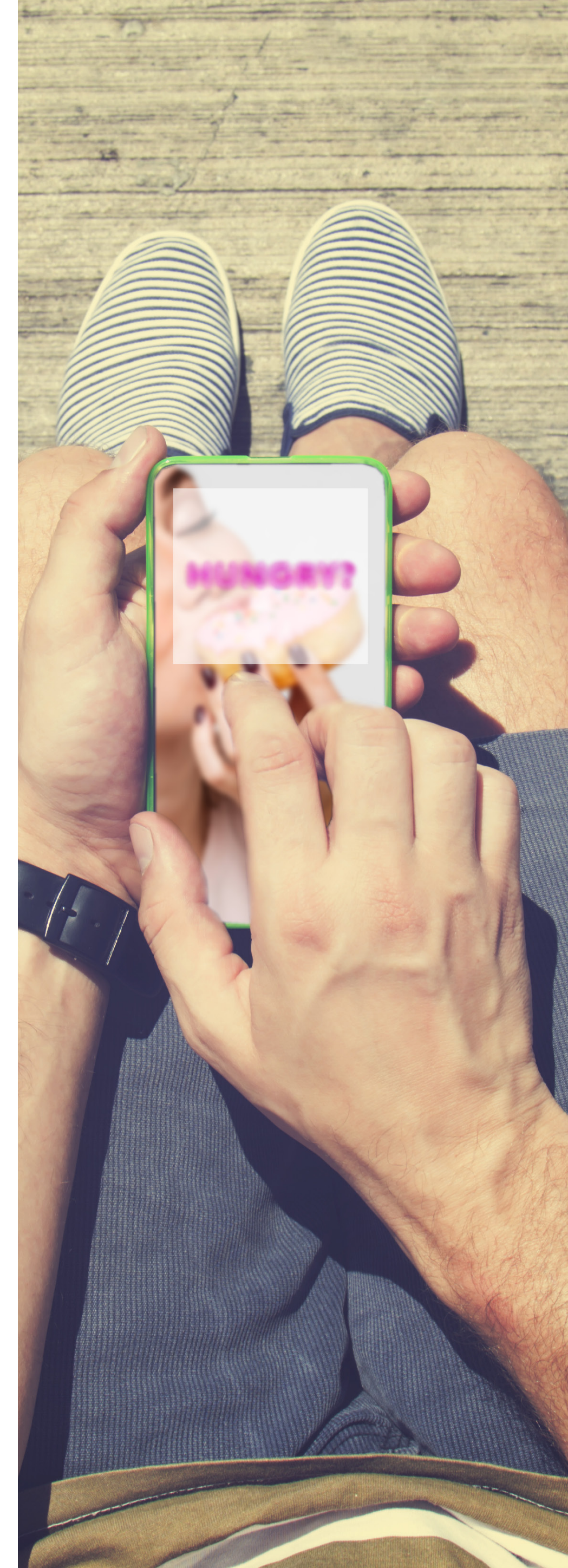
shopper. Then use those people to drive store visits.

HAVE A METHOD FOR LOOKING AT MORE THAN A CUSTOMER'S CURRENT LOCATION

As well as identifying which customer visited your store and how much they spent, you should have a plan - and the right partners and technology — to understand where customers go prior to visiting one of your stores, where they go after, and how to both influence behavior and predict likely visitors.

HAVE A PLAN FOR THE NEXT CAMPAIGN

As you execute your location-based targeting campaign, have a plan in place for improving the next one. Plan for a post-campaign analysis with detailed analytics on the audience who best responded and why, and potential areas of improvement. Work with partners who come prepared to present these findings and immediately apply them to the next campaign.



MIQ BOILERPLATE

We believe marketers want two things: campaigns that perform beyond expectations and incisive insights they can use to reshape their business.

That’s why our campaigns go further than delivering great media results. Using our smart technology and even smarter people, we help marketers understand their customers with

crystal clarity, work out the best way to reach them and give them the power to solve strategic business-defining challenges.

We call it Marketing Intelligence – and we’d love to show you how it can help you reimagine the value of marketing.

Visit us at wearemiq.com

