



TECHNICAL PAPER

Relevance Is Everything: Personalizing Ads Based on Location and Purchase Behavior Can Boost ROAS 4X

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Executive Summary: Mapping the Path

The increasing role of mobile and digital along the path to purchase has made it extremely difficult for marketers to deliver the right message to the right person at the right place and time. So much of the discovery and decision is happening outside of the store—at home or on the way to the store—and there are many different channels through which consumers can get information and learn about and purchase products. By connecting location and purchase data, marketers are able to guide the consumer along the path to purchase, engaging selectively to influence without overburdening.

Past Purchase Behavior Empowers Marketers to Anticipate and Adapt in a Rapidly Changing Environment

It has almost become cliché to assert that the consumer journey is becoming more complex. But those who listen to consumer data signals know that it still is. Although 93 percent of most purchases still occur in a brick-and-mortar location, 76 percent of purchases are researched online (outside the store) before buying. The purchasing path is being muddled with online and offline interplay, and between many different channels and touchpoints. Though this inter-relationship has spawned new behaviors, past purchase behaviors remain a critical foundation for marketers looking to anticipate and adapt in a rapidly changing marketplace.

Location Data Can Help Map Today's Complex Consumer Journey

Because, as the philosopher Will Durant once said, “we are what we repeatedly do,” marketers that use the right data, technologies and tools can create a seamless narrative across marketing channels. In doing so, a clear, easy and helpful path to purchase can be created. So, although it's still true that the consumer purchase journey via devices can be extremely complex, their actual physical path may be simpler to understand. The key is integrated location insights.

Organization Alignment, IT Partnerships and Gauging Personalization Are Vital to Success

To succeed, organizations today must be aligned in terms of what they consider success in their integrated omnichannel marketing efforts. This is often easier said than done: With the complexity of today's new and evolving marketing toolset that is heavily technical in nature, every marketing function must have a solid partnership with IT, or run the risk of underutilizing the latest innovations. Finally, personalization is paramount, but also means organizations need to provide value to the customer and communicate that value appropriately in order to earn the right to deliver a highly personalized experience.

Gain a 360-Degree View Using 5 Best Practices; Create Just the Right “Nudge” for Action

Ideally, marketing efforts achieve one or both results with consumers: an action in the real world or a purchase. A 360-degree view that captures both online and physical world (offline) behavior allows marketers to precisely target, measure, analyze and understand today's consumer in new ways. By using location data solutions aligned with offline sales, marketers can lend new life to five integrated marketing best practices:

- Be relevant
- Align your audience with your objective
- Don't force it. Nudge it.
- Be there when it matters
- Rapidly apply insights and learning to optimize for future success

Past Purchase Behavior Empowers Marketers to Anticipate and Adapt in a Rapidly Changing Environment

The marketing toolkit has evolved. Past purchase behavior remains a critical bellwether of future behavior, but the puzzle has become more complex and shopper analytics must keep pace. Advancements in location data are giving marketers new insights into where consumers spend time and money, likes and dislikes, desires and intent to purchase... all based on where they go. Taking an integrated approach to marketing—one that combines insights about shopper actions with shopper movement—ensures consistent message delivery across all channels.

Marketers are taking heed of this new reality. In a survey of 200 brand marketers, 47 percent said developing a unified cross-channel customer experience is their priority. Fully 81 percent ranked location data as a critical measurement component of their marketing technology stack.¹

To bring the importance of this imperative to life, it is useful to think of it in terms of a real marketing challenge: For many years, marketers and researchers have dealt with the reality that out-of-home advertising, sponsorships and similar paths to purchase are difficult

to measure and tie back to offline sales. Fortunately, we are creatures of habit. So, as a baseline, a good start is to recognize that the greatest predictor of future store visit is a previous store visit—very similar to how we are able to harness purchase data.

- The average American spends each day within 10 miles of their home
- 80 percent of all items on the shopping list remain the same week to week
- The average American spends more than 2.5 hours daily on a smartphone²

Of course, it has always been difficult to get three things just right when devising any campaign—level of personalization, point in the purchase cycles and context—at scale (see exhibit 1). The good news is that today, more and more marketers are using predictable behavior and location knowledge to strategically influence consumers at the right time with a targeted message via the right platform—the one they are on at that moment, and value the most.

EXHIBIT 1

Personalization Challenges



¹Source: PlacelQ and 451 Research, "State of Integrated Marketing."

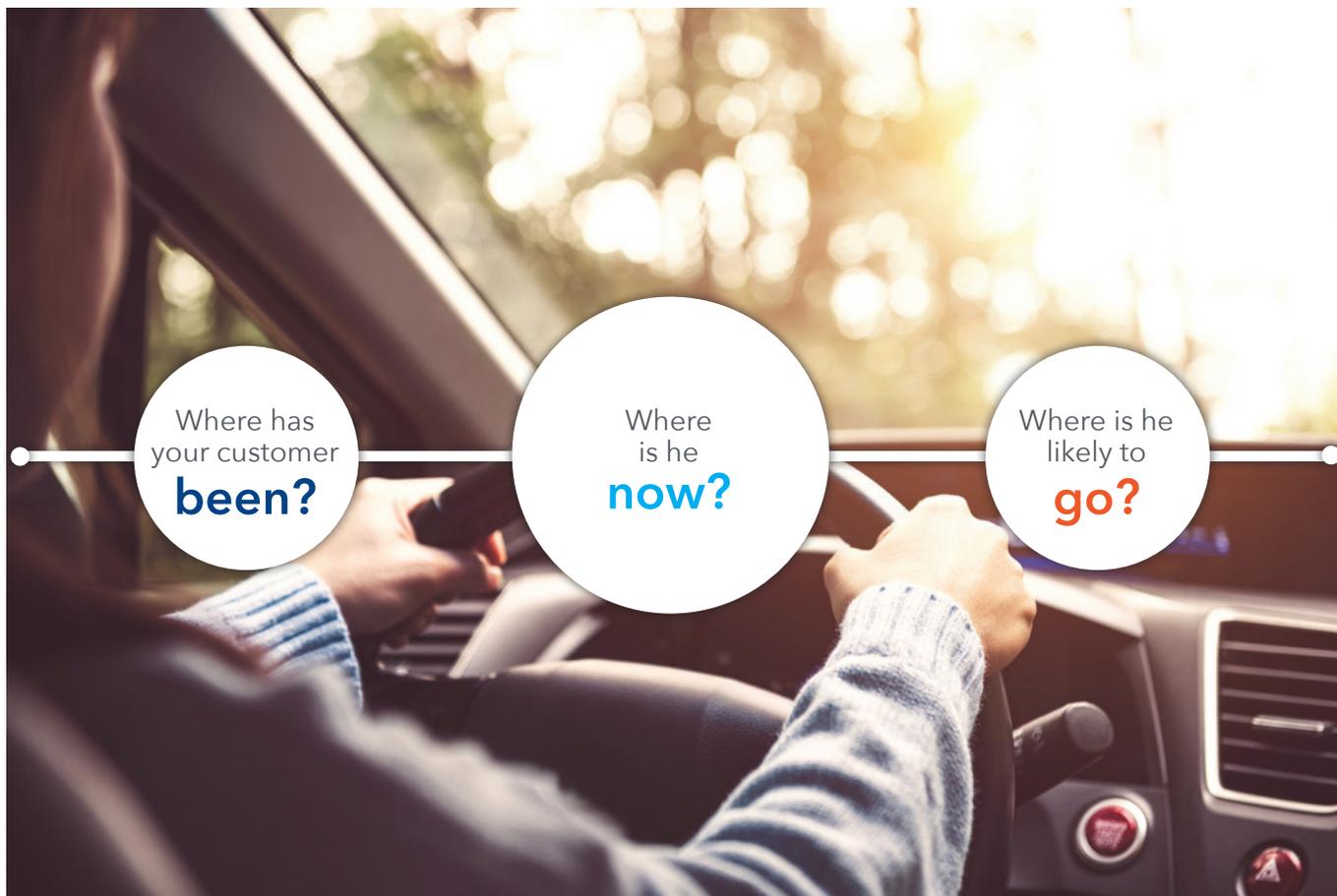
²Source: IRI and PIQ priority research.

In addition, the continued march of data and technology to establish more of a direct link between a brand's impressions served and action is delivering a richer picture of the journey than ever before (e.g., DMPs, multitouch attribution platforms, marketing clouds). Data, insights and knowledge have allowed marketers to be able to not only communicate with key consumers in a way that engages them, but also in a way that inspires action.

Technology and multi-channel complexity that cross back and forth between online (digital) and offline

(physical) channels have also created unique challenges. Customer interaction continues to fragment across a rapidly increasing number of devices, channels and marketing touchpoints. And consumers are more demanding, often expertly and immediately tuning out ads that don't resonate.

This media-consumer relationship has made it essential to tap into the moments and specific shopper affinities that can help deliver true relevance to potential customers.



Location Data Can Help Map Today's Complex Consumer Journey

Even with all these challenges and complexities, it's still possible to create a seamless narrative across integrated marketing channels, thereby creating an improved view of the path to purchase. That path often includes detours, side trips and maybe a few U-turns. It's often a path that resembles a spider web rather than a straight line. For example, consider the large amount of consumers that visit stores yet don't make a purchase. Or the consumers that used to visit a store frequently, but have abandoned their routines in favor of shopping online or at a new store that opened on a more ideal route as they travel to work. These types of consumer behaviors further complicate the quest for the ideal consumer target, identifying the best channel for reaching them and ideal timing for the ideal, relevant touchpoint.

By joining location data with purchase data, marketers have the opportunity to better target messages based on the customer journey and drive growth. By understanding real-world habits, visits and purchases, brands can refine their approach to messaging, creative, ad delivery time and place.

Brands can also accurately measure the effectiveness of their engagements in terms of how ads, sponsorships or other investments are driving customers in-store, and how product sales are being boosted – by audience type and region, as well as the influence of pre- and post-visitation locations. Resulting insights can help marketers plan larger, integrated marketing campaigns that are optimized to the channels (TV, mobile, display, social, out-of-home, etc.) and tactics (banner ads, videos, dynamic creative) that will work best.

Through partnerships, data and advanced analytics, marketers now can serve personalized ads based on location and purchase behavior. In other words, you can ensure your ad will be relevant using purchase-based data as the foundation to understanding brands and products that consumers want, while location data provides the insight around the customers' real-world affinities that will drive adoption and usage.

Let's consider a simple example of both datasets in action: A yogurt brand can easily connect with an audience of frequent gym-goers in order to promote

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a new line of organic products. In this scenario, the brand can deliver targeted ads for its new products while customers will likely be receptive to its message (before or after visiting the gym) and measure both the subsequent in-store visitation to a supermarket, as well as actual product sales.

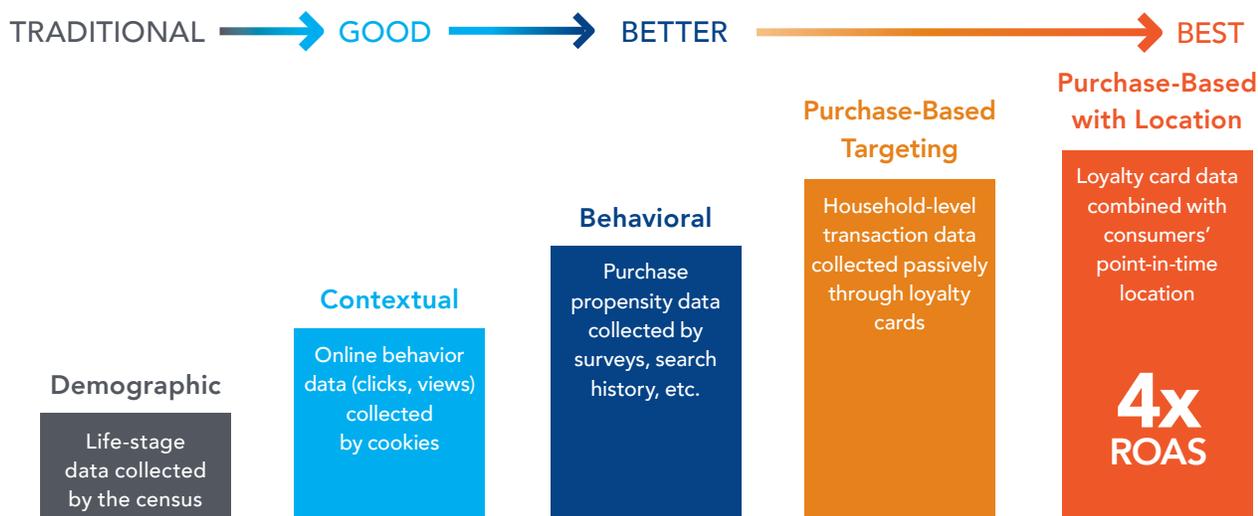
In a more advanced example, a marketer can engage with a consumer who has bought its brand or category recently, and is a loyal shopper. Because they are loyal, the marketer can serve them an appropriate message based on their habitual visitation to the store,

their in-store purchase behaviors and how often they purchase. Then, communicate with them when they are expected to visit with a reminder that it's time to "stock up" (purchase). Of course, this example can be applied to engage with loyalists from competitor brands too. Timing is important—flexibly catching consumers at crucial junctures in their journey is another aspect of what makes integrated location marketing so promising.

Bottom line, personalizing ads based on location and purchase behavior can result in four times ROAS, compared to traditional targeting methods.

EXHIBIT 2

Impact of Purchase-Based Targeting with Location



Source: IRI analysis

Organization Alignment, IT Partnerships and Gauging Personalization Are Vital to Success

Integrated omnichannel marketing first and foremost requires a shared definition of success; this means it is critical for organizations to be aligned into cross-functional teams around these goals. An organization that does not do this spade work first will find itself sub-optimizing its integrated marketing efforts by aiming at seamless customer communications while rewarding decentralized organizational KPIs.

Another challenge is an organization's inability to accurately measure the impact of cross-channel marketing efforts. Without such analytics, no viable performance assessment or campaign course-corrections are possible. Data from PlacelQ and 451 Research noted that 37 percent of marketers cite this as their top challenge in measuring the success of campaigns across digital and physical channels.

Proper and rapid execution of these goals will require dependence on technology. And with the heavy reliance on technology, a solid partnership with IT is required. Without a solid marketing-IT partnership, the link between understanding, awareness and adoption

of the technology tools used to support the vastly more technical and complex, data-driven nature of media platforms needed for optimum integrated location marketing will be tough to harness, let alone implement.

Finally, personalization is about creating a great customer experience. This becomes a means of selling a product. But getting personalization right is not easy. In fact, organizations that miss the mark on their personalization efforts run several risks that can easily backfire on their efforts:

- Too much personalization that doesn't provide value to the consumer
- Timing in the purchase cycle that is off (not ready to buy)
- The wrong context that doesn't resonate, or worse, irritates or confuses the consumer (this is the hardest thing to capture with purchase data alone)
- Retargeting misses, such as pushing an ad to a consumer for something they've already purchased

Gain a 360-Degree View Using 5 Best Practices; Creating Just the Right “Nudge” for Action

As marketers and researchers, we are ultimately trying to prompt two things with consumers: an action in the real world or a purchase – ideally both. Since we are creatures of habit, with the greatest predictor of future store visitation being a previous store visit, we have the technology and tools today that can understand how in-store behavior (sales receipt and more) relates to digital data (cookies) and anonymous mobile devices.

This offers marketers insights to measure, analyze, engage with and deliver insights to today’s consumer in meaningful ways. IRI and PlaceIQ have teamed up to help marketers gain a powerful consumer audience view with location-based insight, offering the ability to achieve objectives that align with your business.

This kind of approach using actionable data and analytical rigor can allow engagement at a new, deeper and more relevant level. Using solutions built around best practices, you can:

- Achieve critical insight about how consumers are engaging across media channels
- Connect insights to their in-store purchase behavior, including when they are engaged in a purchase-prompting action
- Assess lift associated with ad exposure and understand how time of day influences it
- Connect with the right consumer across media platforms, thereby tailoring and personalizing the customer experience of your brands

EXHIBIT 3

A True 360-Degree View of Shoppers



5 Best Practices Essential to Your Integrated Location Program

Our approach combines IRI's 350 million loyalty cards – representative of more than 100 million households and 80 percent of the U.S. market – from 20 major retailers and IRI's National Consumer Panel, along with PlacelQ location-based insights, which consist of 190 million unique, anonymous device signals across the United States. This model offers the ability to assess a path to purchase, serve ads at the right time and close the loop to in-store sales.

As important as the combination of household purchase and location data is to the success of this solution, five critical best practices must be part of any integrated location program.

#1: Be Relevant

Location data facilitates marketing relevancy because it allows brands to understand a variety of key attributes and behaviors. For example, customer store visit frequency, competitor loyalty, morning commute proximity to a brand's store or competitor, average distance willing to travel for a certain retailer or buy specific products and other unique data points. Location data can even tap into audiences that combine different elements, such as a segment that visits and purchases from organic grocery stores and frequently engages in outdoor activities.

Relevancy also means getting several things right:

- **Right level of personalization:** to balance respect for the consumer with great personalization, we find that the ideal level is getting to the right consumer segment, but not all the way to a 1:1 level.
- **Right timing:** Understand where the customer is in the purchase cycle, so the right message for that precise point in the shopping journey can be delivered. An integrated location solution can even help you create audiences around this data, and purchase data can ensure you don't promote already-purchased or "stocked up" products.
- **Right context:** The ideal context is a point in the shopping journey where they are ready to easily buy – the "nudge" has utility to both the consumer and the marketer. A win-win.
- **Right media:** Audiences should experience a consistent brand experience as they navigate across channels. Brands should then optimize for the channels that customers truly value and drive the best real-world behaviors.

#2: Align Your Audience with Your Objective

The increased precision that comes with behavioral and location-based targeting can be used to drive very specific objectives. You can effectively align your audience with your objective to drive meaningful KPIs for your business and ensure your creative is aligned as well. As an example, consider a restaurant chain that engages with “healthy” creative catered to audiences of healthy food eaters and gym-goers, in a post-New Year’s attempt to woo resolutioners. Of course, the best way to confirm that you’ve hit your target – by channel and by context – is to apply analytical rigor and granular measurement results to enhance your learning, refine your message and optimize your buying.

Omnichannel KPIs, such as online engagement and customer retention and advocacy, are becoming increasingly important metrics that impact business strategy. These measures give marketers a better understanding of their target audience.

#3: Don’t Force It; Nudge It

It’s imperative that interactions with consumers make sense. As marketers selling products to consumers, we must ensure these products fit seamlessly into their day. In other words, we need to gently steer the customer toward the desired decision through personalized and relevant interaction. Otherwise the interaction becomes a nuisance or the purchase feels like a chore.

As mentioned above, location data can even tap into audiences that combine different elements. This offers an opportunity for a “don’t force it” approach. An example would be targeting an audience of sports stadium visitors that frequently purchase certain beverage brands. Aside from traditional targeted ads, a beverage brand could use this very specific audience insight to decide whether they should sponsor a stadium – something that has long been extremely difficult to accurately assess. Advertising that simply fits into that consumer’s normal behaviors and desires, based on combining different elements, is a way to achieve an unforced and gentle “nudge” toward action or even purchase.

EXHIBIT 4

Align Audience with Objective



#4: Be There When It Matters

Location insights can help you reach transitioning consumers as they are forming new habits or exploring uncharted territory. Although these events happen less frequently, they are hugely important pivot points for consumers.

**"Nothing behind me,
everything ahead of me,
as is ever so on the road."**

JACK KEROUAC, ON THE ROAD

For example, integrated location insights can help identify a consumer with new pet, a change to healthy lifestyle actions like frequent gym visits, or with purchase data can understand new consumption habits, like audiences that switch from soda to sparkling water. These insights can pinpoint a new job and route to work past different supermarkets. Or, even a New Year's resolution and the route that takes them to their new health food store or gym.

#5: Apply Insights and Learnings to Optimize for Future Success

As you gain more and more valuable knowledge from ads, promotions, sponsorships and other digital and physical marketing efforts using location-based insights, you'll have a roadmap to what models perform well. You can use these actionable insights to double down on investments in certain channels, increasing return on ad spending. Location-based insights provide immense versatility in how they can be applied. For advertising, they can inform the creative, messaging, formats and delivery frequency that resonate most with customers. They can also point to how advertising engagements are faring for siphoning visitation from competitors on a national or local level, which markets have the most potential for improvement and where brands should decrease marketing expenditures. These insights have applications outside of advertising as well, such as helping brands understand how commute patterns can be used to inform store expansion strategy.

Case Study: Impact of NFL Stadium Sponsorships on Brand and Portfolio

Can location-based insights measure the sales lift of a CPG's sponsorship of an NFL stadium on its flagship brand and overall portfolio sales, something that has been historically hard to do? And, can it open a window to promotional strategies around the stadium, before and after the big game?

During the 2016 football season, IRI and PlacelQ teamed up to evaluate the impact of NFL game visitation at events sponsored by national brands on off-premise sales, and the results were powerful.

Overall, off-premise purchasing of visitors to NFL stadiums is 2x more than the average household.

- **12 percent** of stadium visitors purchased the sponsor's flagship brand featured during the 2016 NFL season (compared to just 4.8 percent for all U.S. households during that same season).
- **14 percent** of stadium visitors purchased another of the sponsor's portfolio products during the 2016 NFL season (compared to just 5.1 percent of all U.S. households during that same season).
- Sponsored stadiums generated **more than \$3 million** in incremental off-premise sales during the 2016 NFL season.

Dining locations were the highest trafficked for NFL game visitors (20 percent), followed by retail and travel.

- Over 50 percent of game day visitors live within 50 miles of the stadium and more than one-third live within 20 miles, making field marketing activities within this range a good bet.
- The 24 hours before and after the game show similar routines.
- Most visited casual dining spots (76 percent).
- That makes surrounding venues within 20 miles of the stadium (e.g., visible window signs at convenience stores and others) a solid promotional strategy.

Conclusion

The consumer landscape is forever evolving, with the shopping journey becoming more and more complex as shoppers traverse between the digital and physical world. Combining location-based insights with purchase data offers marketers a valuable window of opportunity to understand the consumer with a 360-degree view, creating an opportunity to drive very specific objectives, and that opportunity should not be missed.

- Align your audience with your objective.
- Ensure you drive meaningful KPIs for your business.
- Ensure your creative is aligned.
- Apply analytical rigor and granular measurement results to enhance your learning, refine your message and optimize your buying.

Yes, the plethora of devices and the many real-world touchpoints have created “unknowns,” but we can still be certain that people are creatures of habit. And by understanding those habits, we can anticipate and adapt rapidly to keep pace with and find growth in a chaotic and fast-moving marketplace.

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ABOUT IRI

IRI is a leading provider of big data, predictive analytics and forward-looking insights that help CPG, OTC health care organizations, retailers and media companies to grow their businesses. With the largest repository of purchase, media, social, causal and loyalty data, all integrated on an on-demand cloud-based technology platform, IRI helps to guide its more than 5,000 clients around the world in their quests to remain relentlessly relevant, capture market share, connect with consumers and deliver market-leading growth. A confluence of major external events—a revolution in consumer buying, big data coming into its own, advanced analytics and automated consumer activation—is leading to a seismic shift in drivers of success in all industries. Ensure your business can leverage data at www.IRIworldwide.com.

ABOUT PLACEIQ

PlacelQ is a leading data and technology provider that powers critical business and marketing decisions with location data, analytics and insights. An early industry pioneer, PlacelQ has become the standard for fueling better decisions for marketers, analysts and publishers through powerful location-based consumer insights, real-world measurement and attribution.

With PlacelQ, companies can uncover opportunities within the consumer journey by learning about and connecting with location-based audiences, measuring real-world ROI, and applying insights that drive intelligent marketing and successful business outcomes.

For more information, visit www.placeiq.com. Follow us on Twitter @PlacelQ and like us on Facebook: [PlacelQ](#).



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