Driving ROI Through Hyperlocal Marketing

Marketing Professional's Guidebook

dataxu®

Hyperlocal marketing occurs when a brand takes an otherwise national campaign and "localizes" it through differentiated executions by region, metro code or custom geographic area. Hyperlocal marketing cuts across a huge number of industry verticals, many of which share little in common in terms of their target audiences, marketing objectives and media tactics.

Table of contents

Introduction to hyperlocal marketing

Over the last five years, **the use of automated marketing tools and techniques has slowly transitioned from edge use cases to the new status quo.**

Early adopters of automated marketing tools were originally direct-response marketers drawn by the efficiency of real-time media buying and the performance of user-level site retargeting. But in recent years, advancements in brand safety, premium media availability and non-direct response measurement offerings have created increased demand from brands beyond just direct response advertisers.

Today, a wide range of marketers interested in using programmatic tools are coming to the table to talk technology and analytics. They face challenges that span the full spectrum of programmatic marketing use cases (from consumer brand awareness and new product launches all the way to B2B account-based marketing).

One of the most unique programmatic use cases is that of brands leveraging technology to engage in "hyperlocal marketing."
Hyperlocal marketing is different from local marketing. Local marketing is often the go-to choice for small and regional businesses that are faced with limited distribution or coverage areas. Examples of local marketing tactics might include search and explicitly location-focused media buys, such as placements on community news sites.

Hyperlocal marketing, on the other hand, occurs when a brand takes an otherwise national campaign and "localizes" it through differentiated executions by region, metro code or custom geographic area. **Hyperlocal marketing cuts across a huge number of industry verticals, many of which share little** in common in terms of target audiences, marketing objectives and media tactics. Specific industries that have been able to realize significant value from leveraging a hyperlocal marketing strategy include:

- **Auto manufacturers**, who localize campaigns to serve individual dealer group territories.
- **CPG & Retail companies**, who localize campaigns to drive shopping activity in specific retail locations.
- **Entertainment brands**, who localize campaigns to promote short-term availability by market.
- **Quick-serve restaurants (QSR),** who localize campaigns to meet the needs of regional store clusters.
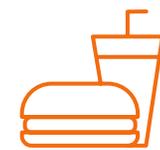
This white paper is designed to guide marketers interested in learning more about hyperlocal marketing through the five key considerations involved in the execution of a successful hyperlocal strategy. The five areas covered in the following pages are:

1. Common hyperlocal challenges
2. Planning campaigns
3. Targeting considerations
4. Personalized messaging
5. Reporting

1. Common hyperlocal challenges

When managed strategically, hyperlocal marketing can deliver enormous benefits for marketers. However, **as with any advanced technique, hyperlocal marketing comes with potential pitfalls** that marketers should be aware of before they dive in headfirst.

The **benefits of hyperlocal marketing include reduced waste and increased return on marketing investments as compared with non-hyperlocal campaigns.** These positive outcomes occur due to the fact that hyperlocal marketing matches optimal campaign parameters to specific locations, rather than relying on a one-size-fits-all approach. On the flip side, however, hyperlocal marketing campaigns run a higher-than-average risk of falling short of performance expectations due to their complex nature and the time commitment they require to ensure proper execution.

Managing complexity

Failing to think through each component of a hyperlocal marketing campaign in advance of even a small test can lead to an implementation with costs and complexity that outweigh non-hyperlocal marketing costs. These lost efficiencies and extra costs have the potential to negate some (or all) of the incremental benefits of a hyperlocal approach.

Implementing a multi-phased approach

Moving aggressively into hyperlocal marketing without the right plan in place will likely cause disorganization within a company's marketing department; will increase end-to-end timelines; and may cause teams to waste valuable time on manual tasks that could be automated at a later point in the campaign.

To avoid these two common obstacles and ensure that a hyperlocal campaign is successful, break the implementation down into its smaller component parts.

The most successful hyperlocal marketing professionals build in time upfront to identify all opportunities to create extra value, and all potential risks of adopting "overkill" tactics that may fail to move the needle, before they launch a hyperlocal strategy. In some cases, a thorough analysis will reveal that some of the most widely adopted tactics of hyperlocal marketing (often pitched as "table stakes" or "low hanging fruit") do not connect back to their specific brand's objectives.

On the flip side however, a more rigorous evaluation of the hyperlocal marketing process may result in the discovery of uncommon tactics that are uniquely suited to improving a specific brand's situation.

The following sections outline the four primary components of a hyperlocal marketing campaign. Each section is designed to walk marketing professionals like you through the factors that should be considered when using location to improve ROI. The four components are:

• Planning campaigns
• Targeting considerations
• Personalized messaging
• Reporting

2. Planning campaigns

Modern media planning, at its core, is essentially the practice of strategically allocating advertising budgets by campaign; by geography or market; by media channel or device type; and by platform, vendor or publisher. In the most advanced marketing organizations, planning becomes a quantitative exercise that uses historical delivery and performance data to develop robust forecasts of the predicted results from each unit of budget (i.e. placement group or line item).
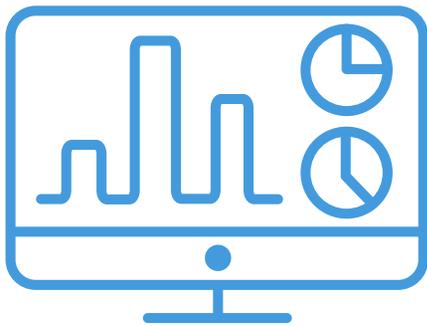
Planning for hyperlocal campaigns

Optimizing the planning process to adjust budget allocations or media mixes across geographies is one of the main benefits of localization. Ideally, these adjustments should be data-driven. Marketers who use data to inform their hyperlocal campaigns should be able to answer the following questions:

- Does mobile perform better for the brand in some regions than in others?
- Does campaign performance seem to quickly plateau in some markets, while other markets are able to maintain efficient performance while absorbing huge budget increases?

Often, a programmatic technology platform is able to provide data-driven marketing execution and robust analytics that help marketers dive deep into specific channels and regions without hours of manual work.

Analyzing past delivery and performance figures with the aid of technology will help media teams develop hypotheses worth testing in hyperlocal campaigns. **However, it is important to remember that digital media markets are volatile.** Marketing professionals should maintain enough flexibility to adjust mid-flight if they find that certain areas of their plan are under- or over-performing relative to forecasts.

The best practice for planning hyperlocal campaigns is to maintain complete budget fluidity—both within locations (i.e. flexibility to shift budget from mobile to video as performance dictates) and across locations (i.e. flexibility to shift budget from Atlanta to Raleigh-Durham as performance dictates).

Complete budget flexibility is not always possible, however. Auto dealer groups, for example, have individually contributed budgets that are earmarked exclusively for marketing in their own regions. To maximize performance in such cases, it becomes critical that marketing professionals maintain the flexibility required to shift budget across media channels, device types and targeting tactics within those geographies.

Planning tactics

The planning stage of hyperlocal marketing is where **marketing professionals should be experimenting with additional data sources that could complement their existing forecasting capabilities.** Additional data sources allow planning teams to examine a market's potential across multiple dimensions.

Typically, reproducing existing forecasts indefinitely will not maximize returns. Regularly revising forecasts, however, allows media teams to explore the efficient frontier of media clearing costs, available reach and expected performance. Reforecasting ensures that teams do not miss potential headroom by underinvesting in markets that could productively absorb additional budgets.

Potential planning traps

A common pitfall in a hyperlocal marketing campaign is to plan allocations in neat proportions according to a single dimension only. For example, budgets are allocated across regions or markets according to historical sales, or census-based population data, or total impression availability data provided by programmatic partners. **Marketing professionals should avoid this type of limited approach by adding more dimensions to their forecast and by mixing in regular experimentation.** A best practice is to explore the headroom in each market with short-term "probe" budget increases of 15-20% that are designed to test the elasticity of response to a particular message.

What success looks like

Successful planning when it comes to hyperlocal marketing efforts includes two key elements: **data robustness and workflow automation.** Media forecasts and plans will become more robust as **depth and breadth are added to the array of data sources** being considered. To build the strongest forecasts, marketing professionals should include data on ad quality metrics such as in-view rates, fraud rates and click-through bounce rates. These additions will help teams effectively qualify the scale and performance

expectations for any given location and mix of media channels.

In addition to data robustness, **workflow automation is critical to the success of hyperlocal marketing campaigns.** Technology platforms such as dataxu and others typically partner with agencies and brands to automate the flow of post-campaign data back into the forecasting database. This makes media teams more efficient and helps brand marketers receive even more strategic output from staff members due to the associated time savings.

Agencies leveraging automation technology are able to tie planning activities more explicitly to live campaign management and post-campaign reporting activities. The reduced workload involved in the planning process due to the use of technology makes it less tempting for teams to skip steps and use stale data simply to save time—a key benefit for brand marketers relying on the accuracy of the forecasts.

3. Targeting considerations

Targeting considerations are a huge factor in any hyperlocal marketing campaign. **Digital media targeting is typically defined through two attributes:**

1. The specific audience that marketers are attempting to reach in a campaign
2. How marketers plan to reach them

Audiences are commonly defined according to certain demographic or behavioral attributes. How the audience will be reached is defined by the signals that ad delivery systems trigger in order to execute a targeting strategy.

For example, a display campaign targeting males between the ages of 18-24 who are interested in sports has a defined audience. However, a variety of ways exist to reach this defined audience. A marketing professional could rely on contextual cues, such as focusing ads on sports-related websites, to reach the target audience. Alternatively, they could choose to rely on cookie-based data cues, such as third-party signals, that identify a given user as a young male sports fan.

Targeting for hyperlocal campaigns

Targeting for hyperlocal campaigns can quickly become a challenge, especially for marketing professionals attempting to reach niche audiences or use niche signals to reach relatively large audiences. **It can become difficult to achieve scale and performance goals within a national campaign when targeting a niche audience** (for example, kosher households with children looking to purchase kosher back-to-school snacks and meals).

The challenges of reaching niche audiences are compounded in hyperlocal marketing because the "universe" of a niche audience is reduced even further based on geography. An audience can become disproportionately small in given metro areas or regions, especially for audiences that combine a series of demographic and behavioral qualifiers (such as women ages 35-54 with children who are heavy buyers of carbonated beverages). Scale quickly becomes a limiting factor for a given campaign.

Targeting tactics

The definition of an audience is often tightly constrained due to the fact that customer personas are associated with many core marketing strategies. However, flexibility can be created by varying targeting tactics. Tactics are how the team chooses to identify and reach an audience through digital media. **In hyperlocal marketing campaigns, a best practice is to test a variety of signals as the means of reaching the same audience, because it is often difficult to predict exactly which method will scale and perform for each market.**

Hyperlocal marketing campaigns should test a blend of tactics rather than exclusively using third-party data targeting (i.e., custom cookie-based data segments) or contextual tactics (i.e., keyword or site category-based buying). This diversified strategy is often described as a portfolio approach. **A portfolio approach enables a marketing professional to test several alternative tactics for reaching a given audience in the same markets**, and

then shift budgets to those that scale and perform best over the course of the hyperlocal campaign.

Potential targeting traps

A common pitfall when it comes to the targeting of a hyperlocal campaign is **losing sight of which targeting methods are being deployed by ad delivery partners, and to what extent each method is performing.** Without transparency into the delivery and performance of each alternative targeting method, the data flowing back through post-campaign reporting and pre-campaign forecasting capabilities will not be granular enough to be actionable for the team.

What success looks like

Successful targeting in a hyperlocal marketing implementation includes an array of tactics that collectively maximize the opportunity to get in front of a target audience in any given market. If young male sports fans in Nashville seem to spend less time than average on local or national sports news sites, then a successful hyperlocal marketing campaign will find another way to reach them via data-centric targeting tactics running in the Nashville market.

In markets where data segments have less coverage, contextual-based tactics will help identify young male sports fans that data providers have not yet identified. Hyperlocal campaigns add another dimension on to national campaigns in that they enable marketing professionals to potentially identify subtle differences in a target audience across different geographies and then exploit those insights by adjusting the tactical mix in future campaign planning.

4. Personalized messaging

The ability to serve highly personalized messages to niche audiences is one of the core benefits gained through hyperlocal marketing. For the purposes of this white paper, **the term messaging refers to how the actual creative concepts are displayed.**

Hyperlocal marketing uses personalized messaging that enables specific call-to-actions to be presented to specific target audiences. Successful personalized messaging typically contains a variety of potential triggers that are used to customize and differentiate the components of the actual ad unit ultimately displayed to a given individual.

E-commerce site retargeting is a classic example of personalized messaging. In e-commerce site retargeting, a consumer who visited an e-commerce site and left without completing a purchase sees follow-up ads that show the exact product he or she was browsing on the site. In some cases, a time-sensitive discount or other promotional message will be displayed in order to encourage the shopper to return to the site to complete the purchase.

Messaging for hyperlocal campaigns

While personalization is always valuable, it becomes mission-critical in hyperlocal marketing. Hyperlocal marketing represents a unique opportunity to present a target audience with messages that reflect a value proposition unique to their location.

Geography is one of the most consistently available and widely adopted triggers on which brands differentiate their creative messaging. Personalization according to geographies can be executed in a number of ways. It can occur in a static manner, in which a finite number of creative variations are trafficked and earmarked to run in specific geographies. In other cases, creative differentiation happens on the fly and is managed by dynamic creative logic within an ad server.
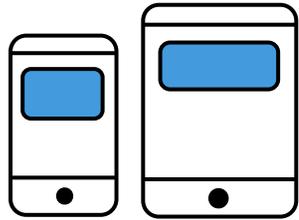
Messaging tactics

Developments in dynamic creative and rich media ad serving have expanded the range of personalization possibilities. For mobile executions in particular, brands can now incorporate the most relevant information on a personalized basis.

Mobile personalized ads enable time-sensitive promotions geared towards driving foot traffic among potential shoppers in the immediate vicinity. This hyper-personalized messaging stands in contrast to more general mobile advertising a brand might deliver within a particular distance radius around a store.

These capabilities come with a few caveats, however. **Dynamic creative implementations, especially those that differentiate messages**

all the way down to sub-zip code levels, will add real costs to a campaign. Such treatments should be tested extensively before launching at scale to ensure that the costs are paid back in incremental performance.

Potential messaging traps

For some marketing professionals, hyperlocal campaigns have become synonymous with dynamic creative. However, **not every hyperlocal campaign requires dynamic creative. In many cases, the extra costs involved with dynamic creative will not prove a worthwhile return on investment.**

A good rule of thumb for marketing professionals to consider when weighing the pros and cons of dynamic creative is to think carefully about the creative differentiation that the organization hopes to present to segments of a specific audience. If static creative trafficked and targeted appropriately could do the job instead, skip the dynamic creative to save on costs.
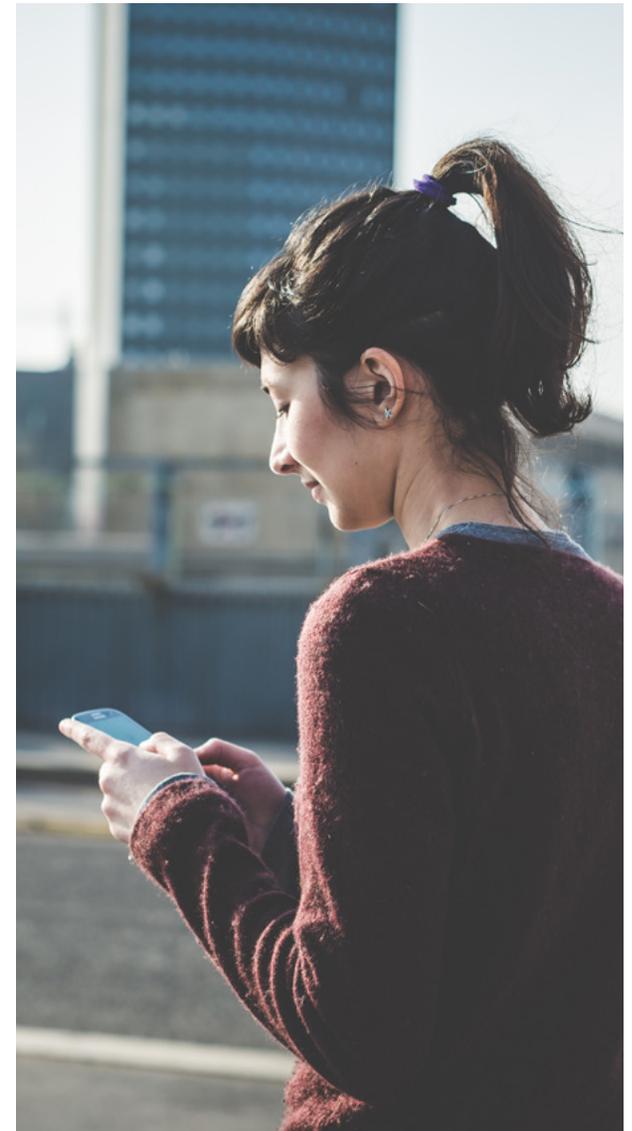
The following example illustrates this trade-off. If a shopper marketing brand wanted to add a local grocery store to its ad units depending on the zip code in which the ads are served, managing the execution through non-dynamic creative is achievable and is likely a value add. However, serving each consumer one of dozens of potential ad unit combinations based on his or her location and the rolling three-day forecast in the area is impossible to manage without dynamic ad serving. If there is a proven benefit to executing the latter case, then dynamic creative would be worth the additional cost.

What success looks like

The best hyperlocal messaging executions strike a balance between efficiency and resonance. Before diving headfirst into dynamic creative and hyper-personalization, marketers should consider the following.
Will the change in the creative treatment from market to market be executed in a way that is meaningful, engaging, entertaining or that somehow adds significant value to the consumers who see it?

A successful personalized creative treatment could be a consumer seeing an ad for their local car dealership, complete with an eye-catching promotion of a just-arrived pre-owned model. In contrast, pushing a foot traffic-oriented promotion to consumers while they sit at home miles from the store would fall flat, as would promotions for a traveling show that ended in a location a week prior to an ad running.

5. Reporting

When it comes to reporting on media campaign performance, data typically ranges from simple click response rates and quality metrics such as in-view and fraud rates all the way up to more advanced metrics. These could be as granular as target audience reach rates, survey response rates or even offline engagement and sales as measured by third-party partners.
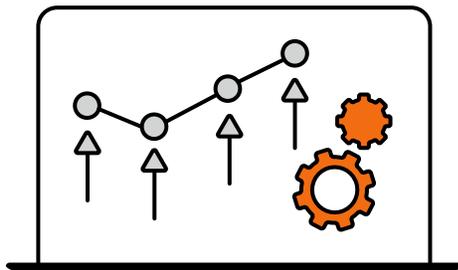
Reporting for hyperlocal campaigns

Hyperlocal reporting is inherently far more granular and involves more sub-categories of data than a national campaign. As a result, **hyperlocal reporting presents the risk of significant opportunities for human error due to "data overload."**

The organization and diligence of the media team in planning, trafficking, tagging and configuring the campaign along the way will ultimately be responsible for the end success of a hyperlocal campaign's reporting.

Reporting tactics

The reporting stage of a campaign is where marketers have the opportunity to quantify the impact of hyperlocal marketing efforts. **Successful reporting allows marketers to discover if their differentiated activities in planning, targeting and messaging translated to measurable improvements** for their brand.

For most advertisers focusing on hyperlocal marketing, there is a clear online-to-offline connection at stake.

Campaigns where the focus is on offline sales are often best suited for digital media impact studies or ROI reads. In hyperlocal campaigns (as opposed to national campaigns), the geographic boundaries around each area of the campaign allow for clean tests and appropriate control group management.

Marketing professionals can take advantage of clean data outputs by attaching a learning or test agenda to hyperlocal campaign plans from the start. Planning up front will ensure that teams are able to take away actionable insights for future campaigns in addition to measuring the results of just one campaign.

Potential reporting traps

Before a hyperlocal campaign launches, expected reporting and measurement requests should be confirmed and checked for feasibility with all relevant stakeholders. Too often, teams find themselves looking for a specific data view after the campaign has run, only to learn that the view cannot be generated because of upstream trafficking and tagging choices made prior to launch.

For example, **if it is important to be able to ultimately slice not just delivery data but also all third-party performance data by each location, then vendors will likely need to adjust tag setups accordingly at the start of the campaign.** Furthermore, some measurement offerings may become non-viable below certain thresholds of impression delivery.

Marketing professionals may need to group multiple areas together or make other concessions in order to pair achievable measurement objectives with campaign delivery parameters.

What success looks like

The best hyperlocal campaign reporting makes data available to all relevant stakeholders at multiple levels of granularity in order to support a variety of decision making. Customized views of the data within a platform saves manual effort and allows for the proper information to be shared with each stakeholder.

For example, a set of integrated dashboards could show tactic-level delivery data to campaign management teams for short-term budget reallocations and performance adjustments. The same set of dashboards could also depict aggregated data to marketing managers and consumer insight analysts looking for the overarching performance trends, rather than the location-level details.

Technology can make complex dashboards simple. The end goal of reporting dashboards, however, is simply to get the data into the right team members' hands quickly and in actionable formats. To that end, **reporting "dashboards" could be a set of well-built** spreadsheets that are maintained in the **cloud** and therefore always accessible and presenting the latest available data.

Conclusion

For any brand that wants to drive consumers to a particular retail location or maximize product awareness in a specific market, a hyperlocal marketing strategy has the potential to deliver enormous benefits. By matching optimal campaign parameters across all stages of the campaign life cycle to each location, rather than relying on a one-size-fits-all approach, marketers can reduce wasted ad spend and increase return on marketing investment.

About the authors

Cynthia Clevenger

Cynthia is Director of Product Marketing and Industry Solutions at dataxu. She has built a well-rounded career working within multiple functions of the digital marketing landscape, from agency to ad tech. As a leader in dataxu's Go-To-Market organization, Cynthia is responsible for developing solutions that help customers leverage the most advanced and innovative programmatic technologies. Prior to dataxu, Cynthia held roles in digital media buying, account management and marketing working with a number of notable brands including: Clorox, Adobe, Sunpower, Autodesk and Charles Schwab. Cynthia is an active member of the San Francisco Bay Area ad community and graduated from Oregon State University in 2004.

Cortney Frank

Cortney is a Product Marketing and Industry Solutions Manager at dataxu. A five-year veteran of dataxu, Cortney is a customer success utility player, having held positions in account management and customer support before joining the marketing organization. Cortney was dataxu's first User Marketer and today remains focused on cross-device and data management marketing solutions. Prior to dataxu, Cortney held positions at Yahoo! Inc. and the Fidelity Charitable Gift Fund. Cortney holds a Bachelor of Fine Arts from Roger Williams University.

Merrily McGugan

Merrily is Director of Corporate Marketing at dataxu. Prior to joining dataxu, Merrily held the role of Marketing Manager and head of content at Pixability, a social media-focused advertising technology company. Merrily previously held positions at Omnicom's Communispace; Accenture Sydney, Australia; and Havas' Arnold Worldwide on the award-winning truth™ and Jack Daniel's Tennessee Whiskey accounts. Merrily holds a B.A. with honors from Harvard University and is a recipient of the High Distinction Academic Excellence Medal from the University of Sydney, Australia.

Case study:

Columbia Sportswear's success through hyperlocal marketing

Columbia Sportswear, a leader in outdoor apparel and footwear, was interested in showcasing creative to users based on daily weather forecasts in specific cities. To help Columbia tackle this challenge, dataxu implemented custom animations, messages, imagery and products for five different weather-triggered elements via a custom surge weather algorithm.

Columbia Sportswear's campaign resulted in a 4X-5X increase in page conversions and a 4X increase in in-store sales over 12 months.

� Columbia

dataxu, inc.
281 Summer Street, 4th Floor
Boston, MA 02210
1-844-432-8298
www.dataxu.com

dataxu®

dataxu® helps marketing professionals use data to improve their advertising. Our software empowers you to connect with real people across all channels, including TV, capturing consumers' attention when and where it matters most. With 11 offices around the world, we're here to help power your business forward. Discover what you + our software can do at www.dataxu.com.

Boston • New York • Chicago • San Francisco • LA • London • Milan • Paris • Singapore • Sydney • Bengaluru