



How National Brands Can Advertise to Individuals at the Local Level

Using Context Convergence to Take Advantage of Local Opportunities

Executive Summary

Targeting consumers at the neighborhood level with local digital advertising has become an important means of promotion for national advertisers and brands. However, navigating this local landscape can be challenging because of the variety of devices and platforms. The mobile channel, in particular, provides new opportunities that change the way companies reach consumers as well as measure success.

Digital advertising allows advertisers to gather data in real time about location, interests, and other contextual information. Consumers want relevant, targeted information, and many are willing to provide access to information in exchange for personalization that improves their ad experience.

This paper discusses how to reach more consumers at the local level. Key success factors in local advertising include gathering multiple layers of context on consumers' immediate intent and foreseeable desires and then being prepared to capitalize on those opportunities. The breadth of this information can provide both immediate and long-term opportunities to promote brands in ways that traditional advertising cannot.

The topics presented include the multiple layers of context now available to national local advertisers; the trends that make this discussion urgent; what national brands can accomplish at the local level; and strategies for choosing partners that can help national advertisers accomplish their goals.

This white paper is presented as a free resource by YP to brands, agencies and national advertisers to provide clarity to the issues surrounding national local advertising.

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YP internal data provided in this paper is historical and represents broad ranges of categories and geographies. Past performance can not be used to predict future results.

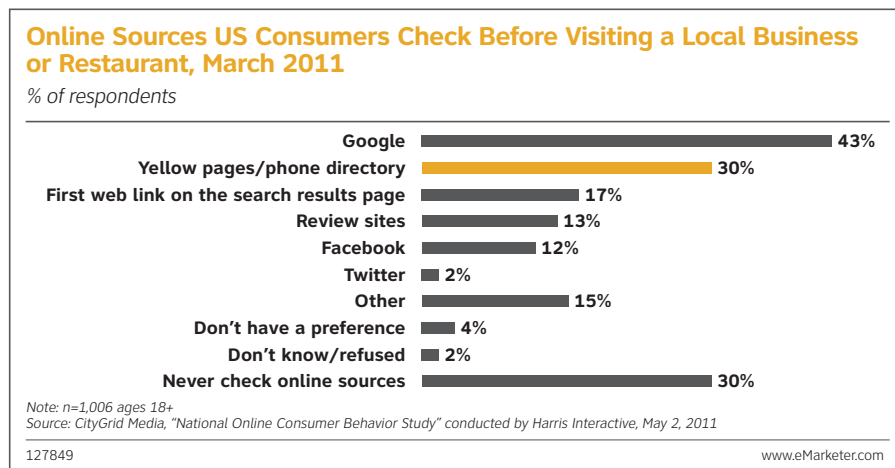
Plenty of Opportunity, Plenty of Confusion

As shown in the following chart, consumers are conducting local searches for a wide variety of products and services. For national brands whose products or services fall into these categories, the message is clear: To succeed in this arena, national brands need to make themselves accessible to consumers searching at the local level.



However, there's no denying that navigating the different types of devices, platforms, and search engines is challenging for advertisers. For example, consumers seeking a hotel or restaurant might use a search engine like Google or Bing, go to a review site like Yelp or TripAdvisor, ask their friends on Facebook, look on an online directory like the YP.comSM site, or use an app on their Android or iOS smartphone.

This eMarketer chart shows the variety of sources people use to gather information on local businesses:



How can a national brand anticipate every possible action in every possible location and have the mechanisms in place to successfully capture and measure a consumer's attention in that moment? There are obvious opportunities to discern immediate intent when the consumer is actively searching, but it's harder to capitalize on passive opportunities to anticipate future desire.

Advertising National Brands at the Local Level

Location-based technologies offer new opportunities, allowing advertisers to deliver ads targeted down to latitude and longitude, ZIP code, or within a designated radius. Connecting with current and potential customers at the local level can drive foot traffic into a local store while simultaneously building the national brand.

Marketers can identify where consumers are located in a number of ways.

- **Opt-in device tracking**—Consumers enable their mobile device, navigation system, and even camera to allow detection of their location using GPS, Wi-Fi triangulation, and cell tower triangulation.
- **Check-ins**—Consumers proactively report their location by checking in via social media services like Foursquare and Facebook.
- **Local search**—Consumers perform a search that combines a city or ZIP code with a query, such as “Los Angeles restaurants”.

Location-based marketing

“Real-time marketing interactions that combine precise knowledge about where a customer is now with detailed information about what’s nearby.”

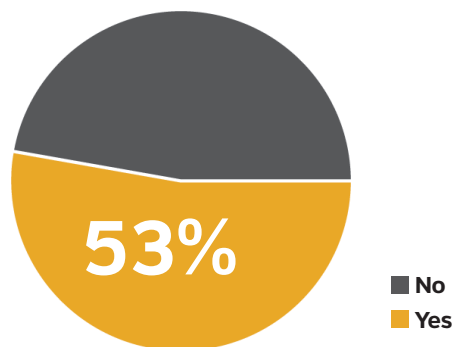
– Forrester Research

National brands can use these information sources to deliver targeted offers and ads and drive desired actions, such as increasing foot traffic, brick-and-mortar shopping, website visits, and Facebook likes.

Consumers are Proactively Allowing Their Locations to Be Detected

People are opting in. For geotargeting to work, consumers must give permission to allow their locations to be identified. Increasingly, consumers are proactively choosing to exchange location information for the associated benefits.

Consumers Willing to Share Location on Mobile Devices for More Relevant Content



Source: JIWire, Q2 2011

In a 2011 study sponsored by YP (formerly AT&T Interactive and AT&T Advertising Solutions) about local mobile searchers—who are defined as those who use their mobile devices to search for local businesses—the Nielsen research firm found that more than one-third of all local mobile searchers allow apps to detect their location at least once a week.¹

According to a report from the location-based media company, JIWire, 53 percent of the on-the-go U.S. audience is willing to share their location in exchange for more relevant content and better information, including mobile deals.²

1. http://img2yp.com/radiant/radiant_assets_36330_Nielsen_advertisers.pdf
 2. www.jiwire.com/insights, Navigate to Q2, 2011 to locate this source.

People Want Local Information

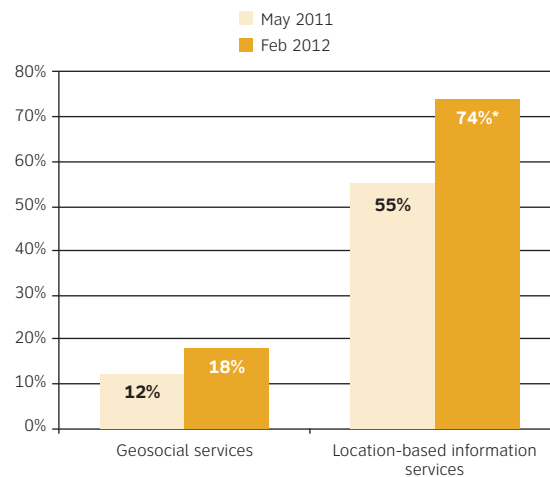
According to Google, 50 percent of mobile searches now have local intent, up from 33 percent a year ago.¹ xAd reports 117 percent year over year growth in mobile local search volume² and YP notes that consumers now conduct over 2.2 billion searches a year on its YPSM Local Ad Network.³

A May 2012 report from Pew Internet found that 74 percent of smartphone owners use their phone to get real-time, location-based information, and 18 percent use a geosocial service to check in to certain locations or share their location with friends.⁴

Use of Location-based Information and Geosocial Services Among Smartphone Owners, Over Time.

For location services: % of smartphone owners who use their phone to get directions, recommendations, or other information related to their present location.

For geosocial services: % of smartphone owners who use a service such as Foursquare or Gowalla to "check in" to certain locations or share their location with friends.



*Slight wording change since May 2011.

Source: Pew Research Center's Internet & American Life Project April 26-May 22, 2011 and January 20-February 19, 2012 tracking surveys. For 2011 data, n=2,277 adults ages 18 and older, including 755 interviews conducted on respondent's cell phone. For 2012 data, n=2,253 adults and survey includes 901 cell phone interviews. Both 2011 and 2012 data include Spanish-language interviews.

1. <http://www.screenwerk.com/2012/10/01/google-50-of-mobile-search-is-local/>
2. <http://www.xad.com/about/news/xad-launches-its-first-quarterly-mobile-local-search-stats-report>
3. <http://corporateyp.com/localinsightsq4>
4. <http://pewinternet.org/Reports/2012/Location-based-services.aspx>

Here's a glimpse at some of the demographics of those who use these local services.

Who Uses Geosocial and Location-based Services?

% of adult smartphone owners within each group who use a geosocial service such as Foursquare to "check in" to certain locations or share their location with friends and the % who use their smartphone to get directions, recommendations, or other information related to their present location. (46% of adults now have smartphones.)

	Location-based directions & info	Geosocial services	Total (those who said "yes" to use of at least one of those services)
All smartphone owners	74%	18%	75%
Gender			
Men	73	17	74
Women	75	20	76
Age			
18-29	80	23	82
30-49	75	17	75
50+	64	14	66
Race/Ethnicity			
White, non-Hispanic	76	17	77
Black, non-Hispanic	66	21	67
Hispanic (English- and Spanish-speaking)	71	23	71
Household Income			
Less than \$40,000	69	23	71
\$40,000-\$74,999	77	21	77
\$75,000+	79	15	81
Education level			
High school grad or less	65	20	67
Some college	76	19	77
College grad	79	16	80

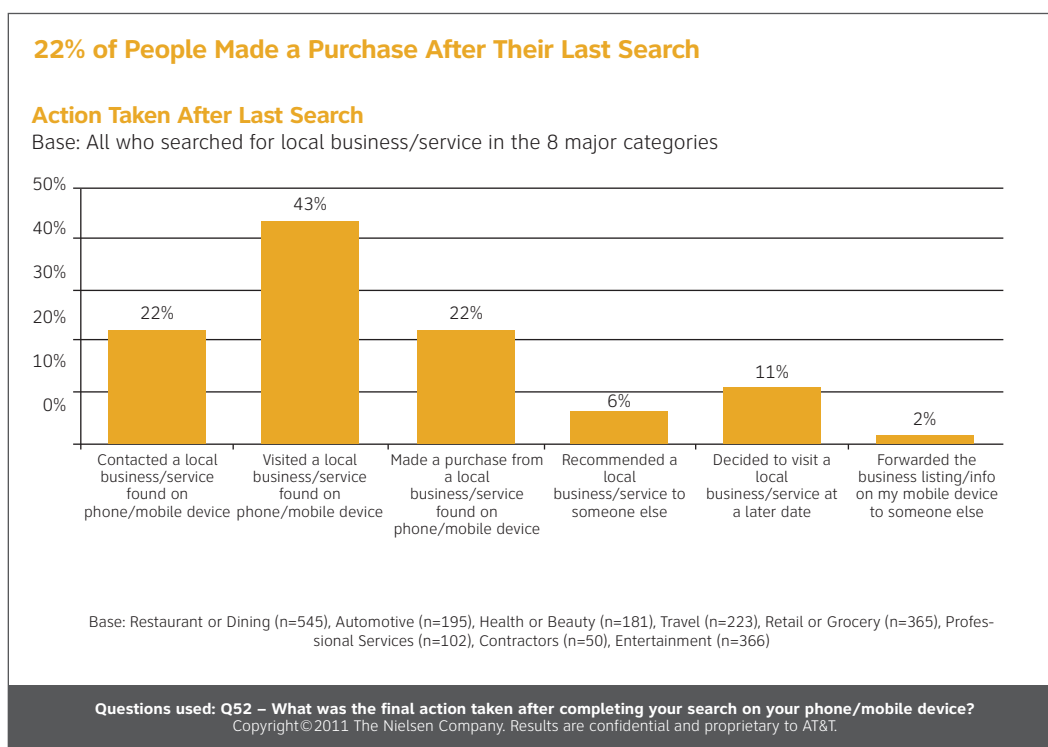
Source: Pew Research Center's Internet & American Life Project January 20-February 19, 2012 tracking survey of 2,253 adults, including 901 cell phone interviews. Interviews were conducted in English and Spanish. Both questions focused on cell phone-based use of location-based services, and were asked of cell phone owners.

Consumers Respond To Locally Relevant Advertising

In the 2011 YP-sponsored study, Nielsen researchers found that 43 percent of local mobile searchers walk through the door of a business as a result of a search, and nearly one in four make a purchase.

Mobile ads are seen frequently and often lead to engagement. About two-thirds of all local mobile searchers see ads weekly, and one-quarter of them click on mobile ads at least weekly. When asked, "Why do you click on a mobile ad?," roughly one-third of consumers that clicked on an ad responded that they clicked if the ad is for "a brand/product I am interested in," "a deal, promotion or coupon," or if it is "relevant to what I was searching."

Consumers appreciate deals that are customized to them: 64 percent of searchers are interested in customized promotions, and 46 percent have responded to promotions or deals sent to a mobile device. And they put their money where their search is: locally.¹



A Vibes Media executive at the 2012 Mobile Marketing Association (MMA) Forum said that presence detection and proximity can help drive consumers to stores and that ROI from location-based offers has ranged from 230 percent to 600 percent, depending on the time of year (the highs hit during the holidays).²

1. http://img2yp.com/radiant/radiant_assets_33052_Nielsen_Mobile_Local_Search_Study.pdf

2. <http://www.mobilecommercedaily.com/vibes-media-exec-proximity-and-presence-detection-can-help-overcome-showrooming>

Targeting by Location is Only Part of the Story

What makes local today so exciting for national advertisers is context—additional information about the consumer’s search that gives advertisers clues about that person’s immediate intent and foreseeable desire.

Location is important, but it is just one of the many layers that contribute to context. Time of day, type of device, and the search keywords used all combine to paint a picture of an individual’s intent at a given moment. Context also provides clues into future wants and needs, allowing advertisers to better assess which offers or display ads might drive immediate or future action.

For national brands, the key to local is “context convergence”—using multiple layers of context to determine immediate intent and foreseeable desire.

In addition, at sites like the YP.comSM site, consumers can choose to register and share preferences and location. They can agree to let the site keep track of recent searches and viewed listings, they can rate merchants and share reviews, and they can choose to receive special local deals. Users share this information with the understanding that doing so allows the site or service to better serve them by providing personalized offers and suggestions when they return.

The convergence of all this contextual information—and an advertiser or agency’s ability to capture, analyze, and act on that insight—makes it possible to anticipate what a consumer needs right now, and what they might want in the future.

Local Blends Brand and Response: Context and Intent

A common view is that brand and response have two distinct objectives and are achieved by equally distinct methods: Some ad formats build brands, such as slickly produced TV spots, while other ad formats drive response, such as toll free numbers posted on billboards.

Some in the industry have transposed that paradigm to digital formats. With the emergence of each new channel, the tendency has been to categorize that channel’s potential according to a traditional understanding. Banners are display, so they must build brand. Search listings trigger immediate action, so they drive response. Measurable outcomes to determine success are also based on these categories. If the search listing is designed to trigger clicks, the advertiser counts clicks to see how well it works. If the intent of the banner ad is to build brand, the advertiser measures brand perception.

With the emergence of each new format—banners, search, mobile display, mobile search, video rolls, Facebook ads, and so on—come the debates and discussions. What is the reach?; who’s using it?; and which metric do we count to measure success? But for the digital channel, a format-specific viewpoint is too narrow. We need to stop examining the individual parts and start looking at the whole.

The YP View: Ad Format is Irrelevant

Today, local is a hybrid of direct response and brand advertising. Using contextual information, search can drive brand lift, and display can drive response.

Delivering locally relevant advertising messages doesn't have to depend on the consumer declaring a specific intent. For example, someone searching for a restaurant in Columbus, Ohio, likely intends to go out to eat. This consumer hasn't provided any indication of wanting to see a movie, but theaters in Columbus could be proactive and deliver locally targeted ads when someone searches for restaurants in the late afternoon or evening, anticipating the person is planning an evening out and might be receptive to offers for a discounted movie in the area. In addition, success is not necessarily confined to whether the searcher actually clicks on the theater's ad. In this era of context convergence, a display ad can build brand and drive response later that evening or even another day.

Consider the reasons people need to find a product or service in a particular neighborhood and the ways they find it. Traditionally, the industry has broken down the reasons for searching as follows:

- ▶ New to the area or situation
- ▶ Competitive, comparison shopping
- ▶ Dissatisfied with another business
- ▶ Transient or travelling
- ▶ Infrequent need
- ▶ Emergency

These categories are largely based on the fact that, in the past, a search for a local business was typically a deliberate search—someone was actively consulting a particular source to meet a specific need. People still sometimes search this way. However, the increased dimensions of local search and the additional context that it provides demand advertisers to adjust the way they view why and how consumers search. Context convergence provides a broader lens, where the reasons for searching falls into the following general categories:

Immediate need—Someone needs a referral to a product or service in the area. This category includes emergencies, such as pest control or auto repair, or infrequent needs, like buying patio furniture for an upcoming party. These consumers are searching with an intent to buy.

- ▶ A woman breaks her eyeglasses at dinner in a neighborhood across town. She can't drive home without them. She uses her smartphone to search for an optometrist in the neighborhood. The local retail location of a national chain appears on the first page of the results. The directory listing includes its operating hours, map, a photo of the storefront, and a link to a video tour of the practice.

Killing time—Someone is browsing online with no particular purpose and no intention to buy in the moment, but might act on the information at a later time.

- ▶ A woman traveling on business has a free hour before her meeting. From her laptop at a nearby coffee house, she searches for local news in her client's ZIP code just to learn a bit about the neighborhood. While online, she is shown a display ad for a sale at a department store in the same ZIP code. She wasn't actively looking for it, but it sounds like a great way to end the day after her meeting. She clicks to get directions.

Entertainment—Someone wants information or suggestions about where to eat, movie show times, nearby attractions, concerts, sports, festivals, live theater, or other events.

- ▶ From a bench on his college campus, a student uses his tablet to search movie times for later that night. While scrolling the results, he sees a display ad from a national restaurant chain offering a late-night happy hour a few blocks away. It's the perfect post-movie outing to go to with his friends.

These examples illustrate what is possible for national brands in terms of local advertising. They also illustrate these opportunities are linked to creative ad buys: display ads used to push a direct response, and delivery criteria based on the time of day the search was conducted, coupled with location and the type of device used.

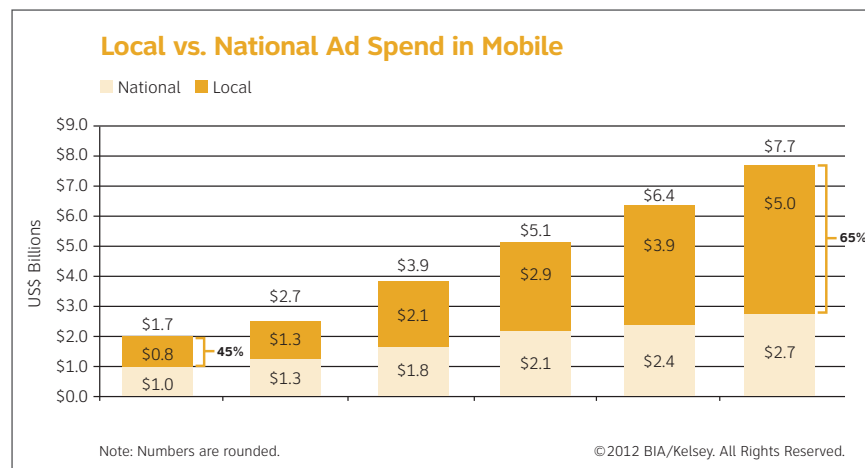
Myriad possibilities exist for advertisers and agencies that break from convention and make ad buys based on context convergence.

Context convergence is a powerful way to connect national brands with local consumers.

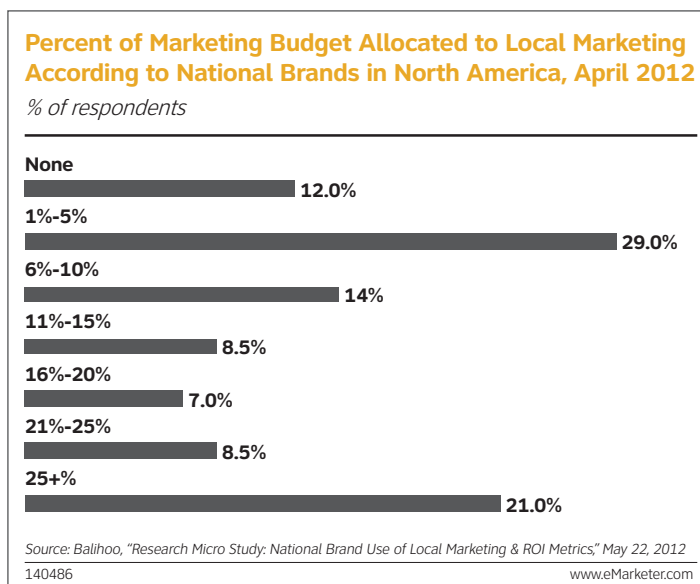
Brands are Starting to Act

The speed at which the online digital advertising ecosystem is evolving can be intimidating and confusing. But if brands don't act, they'll lose opportunities to more forward-thinking competitors.

Brands are shifting ad dollars toward more locally targeted ads. Although mobile spending has flowed more toward national campaigns, BIA/Kelsey projects that locally targeted ad spend in mobile will overtake national by 2013 and account for nearly two-thirds of mobile ad spending by 2016.¹



Based on findings released in May 2012 from local marketing automation provider Baliho, eMarketer reports that the vast majority of national brands (88 percent) in North America are investing some portion of their budget in local marketing.²



1. [http://www.bia-kelsey.com/Company/Press-Releases/121105-US-Mobile-Local-Ad-Revenues-to-Grow-from-\\$664M-in-2011-to-\\$5.8B-in-2016.asp](http://www.bia-kelsey.com/Company/Press-Releases/121105-US-Mobile-Local-Ad-Revenues-to-Grow-from-$664M-in-2011-to-$5.8B-in-2016.asp)
2. <http://baliho.com/resources/microstudy-national-brand-digital>

What National Brands Can Accomplish At The Local Level

The following chart offers a snapshot of what's happening today. It touches on some challenges that need to be addressed by the industry, as is the case with demographic and psychographic abilities targeting via mobile, or overcome by advertisers themselves.

Metric	What's Possible	Overcoming Current Challenges	What Some Are Doing
Reach	<p>Campaigns can be targeted by these parameters:</p> <ul style="list-style-type: none"> ■ Geographic ■ Demographic ■ Psychographic 	<p>This level of targeting is possible online, but is more challenging with tablets and smartphones. In mobile, every app is considered its own browser, and that identifier disappears every time someone closes the application, turns off the phone or when the phone's operating system hits its expiration period.</p> <p>That is expected to change in the next few quarters.</p>	<p>One YP advertiser targeted college campuses across the country. The goal was to reach people ages 21-34; undergrad, graduate and Ph.D. students and professors in the engineering or science disciplines.</p> <p>However, most national advertisers still only target by DMA, not fully exploiting far more precise targeting abilities.</p>
Dynamic Listings	<p>Listings should work proactively for the brand. Dynamic features can include:</p> <ul style="list-style-type: none"> ■ Click-to-call ■ Descriptions of products and services ■ Payment options ■ Hours, directions, maps ■ Video tours of facility, photo of storefront 	<p>The challenge with directories is the sheer volume – hundreds of properties spanning multiple advertising channels.</p> <p>But more national brands are realizing the benefits of maintaining an accurate presence that protects the national brand while offering local relevancy and ease of use.</p>	<p>The YPcomSM site syndicates the listings information into the ad unit so that advertisers can offer all the information consumers need within that single unit – hours, location, map, videos, photos and more. Click-to-call features enable consumers to dial directly from the listing.</p>
Actions/ Interactions	<p>Local ads can drive a variety of desired actions, encouraging consumers to:</p> <ul style="list-style-type: none"> ■ Click to a landing page ■ Watch a video ■ Share with a social network ■ Visit a store ■ Call ■ Attend an event 	<p>As new technologies like HTML-5 become more ubiquitous, those interactive elements will expand even further.</p>	<p>Most advertisers still worship the click, but the industry is moving to embrace a wider variety of interaction metrics. For example, some YP advertisers are starting to use ad units that are product-specific and based on current inventory levels – pushing overstocked products as a way to manage inventory.</p>
Brand Lift	<p>Brand should be measured at both the:</p> <ul style="list-style-type: none"> ■ National level ■ Local level 	<p>One of the challenges with changing the status quo – breaking down the barriers between brand-building and direct response – is that the experts, in-house or at the agency level, might still be organized according to the old rules. Those with expertise in brand building often are in management capacity at the national level, separated from those who manage the brand's local campaigns.</p>	<p>Most national advertisers aren't talking about brand lift at the local level. That's a mistake. Advertisers and agencies need to measure brand lift at both the national and local levels, and determine if one is driving the other.</p>
Loyalty	<p>National brands can build both national and local loyalty:</p> <ul style="list-style-type: none"> ■ Encourage consumers to join a loyalty program ■ Increase post-purchase interactions online or in store <p>The Context Convergence model is ideal for driving loyalty programs, because it's already helping the brand reach a group of users likely to respond favorably to the message or offer. The information gathered through a loyalty program – buying habits over time, additional demographic data requested when the consumer signs up – provides valuable additional context for future campaigns.</p>	<p>The challenge is simply that brands haven't yet started to use local campaigns to build loyalty.</p> <p>In the 2012 Brand Loyalty Survey by ClickFox, 62 percent of respondents said they don't think companies do enough to reward loyalty, and more than half would consider buying more for rewards.¹</p>	<p>A major pharmacy company and a major grocer ran online display campaigns on the YPcomSM site that used ad copy to get users to join their loyalty programs.</p> <p>Both of these programs saw higher-than-average click-through rates – as high as 0.16 percent, which is above average.²</p>

1. <http://www.clickfox.com/resources/newsroom/press-releases/clickfox-survey-reveals-apple-reigns-in-customer-loyalty/>

2. YP internal data, Q3 2012. Internal data from YP databases. Past performance cannot be used to predict future results for any individual campaign.



Examples of National Brand Local Success Stories

National Hotel Chain

A national hotel chain maintains unique URLs for each hotel location, because each site caters to a different demographic. For instance, the property in Scottsdale, Arizona, is resort and vacation-oriented, locations near an airport reach business travelers, and those near attractions target families. The national brand customizes its locally targeted digital ads accordingly.

National Health Insurance Company

As reported on StreetFight.com, “A national health insurance company wanted to supplement its traditional direct mail campaign with digital advertising to increase the number of completed and approved membership applications. By using a localized approach to its digital advertising campaign, the company was able to pinpoint the neighborhoods where the most qualified members reside and market directly to this group. The campaign was split into two groups—the control group (direct mail only) and the target group (direct mail and digital advertising). Neighborhoods receiving both digital ads and direct mail generated 12 percent more applications than those with direct mail only. The applications from these same neighborhoods led to a 40 percent higher approval rate of memberships, and the company cut wasted ad spending by 75 percent.”¹

National Retailer

Sears launched hyperlocal shopping sites for all the company’s U.S. locations to drive online consumers to brick-and-mortar Sears stores. To access a local store, customers visit www.searslocalad.com. From there, customers enter their location and receive information about deals at the local Sears store, including deals that are not available in the regular circular. By requiring customers to sign in, the site can customize based on each user’s location and purchase history.

National Home Improvement Retailer

A national home improvement chain wanted consumers to click to get directions to the location nearest them. The company designed a mobile campaign and partnered with YP to serve ads across the YPSM Local Mobile Display Network, which includes more than 200 premium mobile apps and sites. The ads were targeted by location, using the YPSM Dynamic Store Locator, which includes a geo-driven template that doesn’t require development, making it easy and fast to implement. The mobile banner ad included corporate branding with a link to a landing page featuring a real-time map based on the consumer’s GPS coordinates.

Here’s a summary of the results.

Total impressions served	2,808,639
Total banner clicks	10,991
Banner CTR.	0.39%
Total landing page clicks (including maps).....	3,314
Landing page CTR.	30%

Of those who clicked from the landing page, 94 percent got directions or a map, and the remaining went to the company’s website.²

1. <http://streetfightmag.com/tag/national-brands/>, available on website as of Q3, 2012.

2. YP internal data, Q3 2012. Internal data from YP databases. Past performance cannot be used to predict future results for any individual campaign.

National Video Rental Chain

Blockbuster wanted to reach local consumers near its stores. Its strategy was to deliver a high-quality mobile-optimized campaign, reach millions of devices in premium apps nationwide, highlight nearby stores and provide seamless driving directions, and deliver current promotions to increase participation.

Blockbuster used YP's proprietary Intelligent Radius Engine to establish custom geo-fences around its individual stores. The company used [YPSM Dynamic Store Locator](#) to generate a mobile-optimized landing page on the fly, and used "Get Directions" as the primary conversion – with social media and website links as secondary. The company delivered "Rent One, Get One" promotions with an "Email a friend" option.



How To Choose A National Local Partner

Advertisers and agencies typically need to employ ad networks in the digital local space. An ad network is a go-between — an entity through which advertisers buy ads on a variety of online and mobile publisher sites, without dealing directly with those publishers. The sheer number of possible places in which a digital local ad could appear makes ad networks essential.

Choosing the right network partner depends on any number of criteria. Advertisers and agencies must decide what matters to them and choose partners accordingly.

In its assessment of top local ad networks for small and mid-sized businesses, BIA/Kelsey described several key attributes that also are relevant for national brands and agencies:¹

- ▶ **History:** has a long history of helping companies market to consumers at the local level, both online and offline.
- ▶ **Footprint:** has successfully built large premium ad networks across a variety of media platforms and ad types. For national local advertising, the footprint would need to include local inventory throughout the country.
- ▶ **Exclusive inventory:** Companies with proprietary media properties used by millions of consumers, and companies that can offer access to exclusive inventory to ensure the desired scope and priority ad placement.
- ▶ **Local sales force:** Ability to play a consultative role with national brands and agencies at the local level in cities throughout the country.
- ▶ **Customer support:** Companies with the resources to service advertisers and agencies on a personal level.

1. <http://corporateyp.com/biakelseyreport>

In addition to the points made by BIA/Kelsey, YP has determined that national brands and agencies can also benefit from:

- ▶ **Location, location, location:** Having a strong location-based data set to enable highly targeted, hyperlocal reach.
- ▶ **Optimization:** Partner's ability to provide metrics throughout the campaign and to optimize every step of the way.

Context Convergence—The Way Of The Future

Everything that we as consumers do, from researching a place to eat to planning a vacation in another city, consists of layers of context that paint a fuller picture of who they are, what they enjoy, and how they spend their time and money. These layers of context provide brands and agencies with new opportunities for using digital channels to connect with consumers at the neighborhood level.

You can leverage this context convergence by:

- ▶ Assembling the right tools and partners to help you gather and analyze these multiple layers of context.
- ▶ Using that context to determine immediate intent and foreseeable desire.
- ▶ Tailoring your brand's messages and campaigns to take full advantage of this customer insight.

It's impossible to anticipate every possible way a consumer might want to find a particular business. Instead, learn how to gather the layers of context to determine immediate intent and foreseeable desire and be prepared to capitalize on it.

Context convergence is a powerful way to connect national brands with local consumers.



About YP

YP is North America's largest local search, media and advertising company. Its mission is to develop innovative solutions that connect consumers and businesses. Millions of searches occur daily using YPSM products to find, compare and select local merchants. The company's flagship consumer brands include the YP.comSM site, a top 40 U.S. Web domain, the highly rated YPSM app and the YP Real Yellow PagesSM directory, the largest Yellow Pages directory in the world by revenue.

The company's wide range of print and digital advertising products is designed to address the evolving local search needs of consumers and help advertisers grow their business. The YPSM Local Ad Network provides advertisers with an opportunity to reach more than 180 million monthly users across more than 300 affiliated online and mobile publishers.

Through customized campaigns designed by expert advisors, YP provides local businesses with one of the most cost effective sources for consumer leads. YPSM products and service are backed by thousands of media consultants and customer service professionals in local markets across the US with relationships spanning over 600,000 businesses.

