

LOCALIZED BUSINESS GUIDE TO GEOFENCING MARKETING





GEOFENCING INTRODUCTION



As advertisers plumb through their options of marketing, they notice those options are either too saturated or they need to continue innovating to build the ideal conversion funnel for their business. Many companies now use Google Adwords, so there's not much innovation that can occur there. Advertisers try to find the perfect marketing solution that will singularly grow their business. And there are a few out there, but they're difficult to find. As digital marketers and local businesses work to find unique solutions that can give them that brief or sustained marketing edge, programmatic platforms have come up with more targeted means to allow advertisers to get their message in front of audiences that are most likely to convert. That is where geofencing marketing comes in.

Geofencing is one of the new kids on the block in the digital marketing world. Despite being around for the past 10 years, marketers have not had access to utilizing geofencing for hyperlocal marketing purposes until recently.

And it was mainly the larger brands and companies that could afford the required \$20,000/month+ spend levels. Until recently.... Those spend levels are still required by many demand side platforms (DSP's), but now local companies and brands can utilize geofencing and programmatic display advertising at \$1,000 minimums by working directly with a few digital agencies, including Propellant Media.

The sheer fact that companies can now market to people in precise areas (within inches of a building) and target users on their mobile devices gives advertisers more marketing reach, more focus with their ad spend, and precise ways to measure their results.

Our hope is this white paper gives a comprehensive overview of geofencing, the many uses of it, how to build out the proper geofencing strategy, and companies you can consider for any geofencing marketing needs.

Who Geofencing Is Perfect For:



Agencies & Marketing Consultants



Small To Midsize Brands



Attorneys & Law Firms



Medical Systems & Practices



Car Dealerships



Retailers & Franchises



Trade Show Marketers & Exhibitors



Restaurants & Food Trucks



Professional Service Companies



Event Coordinators



Non Profits & Trade Associations



CHAPTER 1 - WHAT IS GEOFENCING

How Does Geofencing Work?

Geofencing is what we call direct-to-mobile location based advertising, allowing companies to serve ads to people based on the physical activities and the places they go. It's not simply zip code, radius, or citywide targeting, but rather the ability to serve ads to people that walk inside of individual buildings, event locations, convention centers, conferences, or your physical competitor locations. This form of advertising gives brands more focus on their ad spend and limits the waste they'd typically experience with billboards, radio and TV in which you're reaching people you never intended to advertise to, but are still paying for that reach.

Advertisers are able to place a digital geofence directly around the building or location you want to target, and begin capturing the mobile device ID's of people who walk inside that geofence. You then have the ability to serve ads to those individuals while they are there at the location and also for up to 30 days after they leave the geofence.

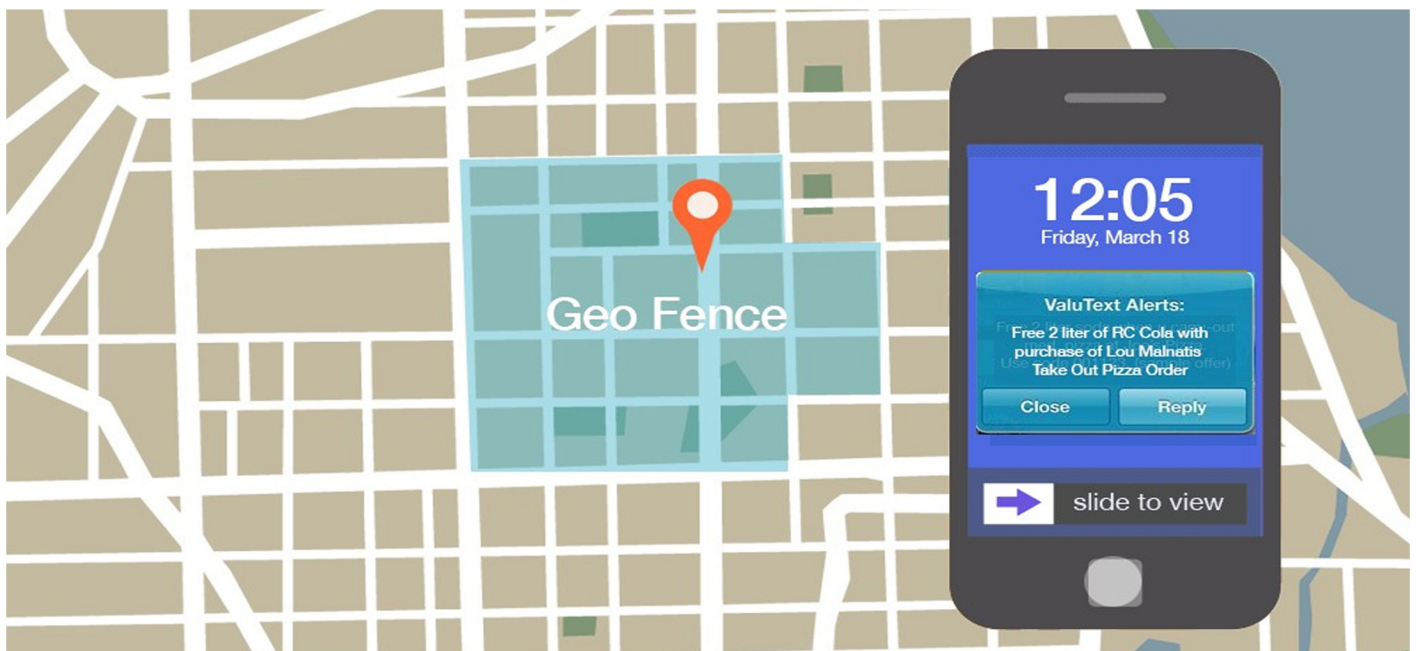
To reiterate this point, a user does not need to be looking at a mobile app in order for us to capture their mobile device ID. They just need to have their phone turned on and their location services turned on to be able to capture their mobile device ID.

Where Are Ads Served With Geofencing Advertising

There's two different ways in which users will see the ads. The first is in mobile apps from the various app stores including but not limited to Apple and Android

We have access to well over 600,000 apps, including Angry Birds, Words with Friends, Weather.com, ESPN, etc...

Then also it's in browser. There are websites that have advertising space and we have the ability to serve ads on those channels as well. But those are essentially the ways in which geofencing works and that's how it can make a huge difference for any company.



CHAPTER 2 - BEACONS VERSUS GEOFENCING

It's important to make a clear distinction between geofencing and beacons. The term iBeacon and Beacon are often used interchangeably. Beacons transmit small amounts of data via Bluetooth Low Energy (BLE) up to 50 - 100 meters, and as a result are often used for indoor location technology, although beacons can be used outside as well.

Geofencing has many benefits compared to beacon technology:



LESS SET UP REQUIRED – You don't have to place any physical objects at the location you want to target. With geofencing, you can simply build the geofence and begin targeting those people immediately once they enter the geofence.



SERVE ADS AFTER THEY LEAVE LOCATION – With geofencing, you can serve ads to people long after they leave the geofenced location. Pinpoint geofencing platforms such as Simpli.fi allows you to serve ads for up to 30 days after that person leaves the geofenced location.

But beacons also have their advantages as well:



NEARBY MOBILE PUSH NOTIFICATIONS – Many people like the idea of sending a push notification to people. And in most cases, you cannot simply send a text message to someone unless they have physically retrieved your phone number and put it into their own SMS messaging service or their phone. So, the nearby SMS phenomena is truly a notification that says to someone they are nearby a particular store and retail location with a message custom tailored to them.



LESS EXPENSIVE THAN GEOFENCING – Beacons are not traditionally too expensive to install and implement. You are normally only paying for the hardware of the beacon technology, but many platforms require a monthly payment ranging from \$50 – \$300/month.

Which Mobile Solution Makes Sense For Your Business?

Beacon technology and geofencing each have their own advantages. If you are not concerned about targeting people beyond the point in which people enter your retail location, then beacons can be a good option, but if you want to continue targeting consumers long after they have left your location, geofencing marketing is the better option for you.



CHAPTER 3 - THE BENEFITS OF GEOFENCING

Many people misperceive geofencing as 1-mile radius targeting or even 1-block targeting. Facebook claims to have a radius targeting solution down to 1 mile, but in our mind that is not a true geofence. A geofence is a virtual fence placed around the precise area or down to the contours of a building, which is what our platform at Propellant Media does. With geofencing, you should be able to granularly target people in individual buildings, malls, retail centers, events, competitors, etc.

Over the years, we've found some compelling reasons for many industries to utilize geofencing marketing as part of their marketing and advertising strategy.

Target Individual Buildings...Not Just Zip Codes

Consider how much more efficient you can get when you are targeting specific buildings and areas for a company versus a 1-mile or 2-mile radius of the location you want to target. With geofencing, you can build individual virtual fences around particular locations where you know your ideal clients frequent.

Consider a personal injury lawyer who wants to reach accident victims. Targeting hospitals and ER centers might be your ideal place to showcase your ads to build awareness and direct response for your personal injury law practice.

Stronger Engagement Possibilities

When you're advertising to an audience, three key factors should matter to your brand:

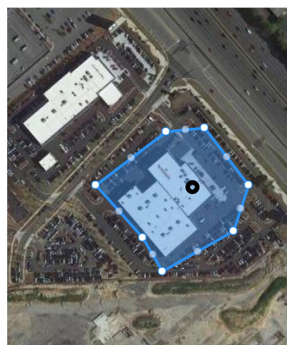
- Who's the audience you're targeting?
- What's the message you're using with your targeting?
- Is the place you're sending that audience compelling enough for them to take action?

The upside to geofencing is you are truly getting your message in front of the audience that matters the most to your brand based on their physical activities and the places they go.

Maybe it's a car shopper who is in the market looking for a car. They metaphorically raised their hand to you when they visited a car dealership, and typically those people who express strong intent are also likely to produce stronger engagement.

Our agency works with a multi-location Pet Store. We geofenced other competitor locations and places where we know pet owners frequent. That campaign is probably one of our strongest campaigns engagement-wise because of the passionate audience and how granularly we got with the campaign. Geofencing does produce higher engagement if you focus on your targeted audience.

Geofencing Does NOT Require Physical Beacons



Our geofencing platform does not require beacon technology or placing beacons inside of buildings. This can be an encumbering process and if you want to target your competitors, it becomes even more challenging to implement. Also, with beacon technology you are only able to target people who walk within 50 meters by your storefront or location and you cannot retarget those people after they leave your storefront. With geofencing, you only need to know the locations you want to target as well as the creative ads to upload prior to launching a geofencing campaign.

Advertisers Can Serve Ads Through 1,000,000's Apps & Websites

With geofencing, your target audience will typically be on a mobile app they utilize on their devices or tablets. Or they will be on some website with advertising space. Our agency has access to over 600,000 Apps, so if you think about Angry Birds, Words with Friends, Weather Channel and other apps are places your ads will show up on. Standard ad sizes that work for these apps include the following:



- 300 x 250 pixels
- 320 x 50 pixels
- 300 x 50 pixels
- 250 x 250 pixels

Compared to other platforms in which you only receive push notifications when you walk nearby a beacon, geofencing allows for more reach and targeting.

Advertisers Can Target Users While They're At The Geofenced Location

With geofencing, you can target users while they are there at the target location. They can be on their smartphone device or tablet/laptop playing on apps or browsing websites and then potentially see your ads. So, you are able to target and speak to them while they are there.

Advertisers Can Target Users After They Leave The Geofenced Location

With geofencing, you can also serve ads to them after they leave the geofence. Our platform places a cap of 30 days that the person can see your ads, but once they click on your ad and they visit your website, that individual can be retargeted to for longer periods of time (up to 1 year in some cases).

You Get More Reach & Efficiencies In Advertising Spend

We like to say that with geofencing, can you get at least 97% more reach in your budget than simple targeting methods like zip code targeting. Even if you decided to target a 1-mile radius of your location compared to 10 buildings you could geofence, you will achieve at least 99% more reach in your ad spend.

Get Analytics In Real Time

Compared to other offline advertising channels, geofencing provides you with analytics realtime. You will start getting data the same day the campaign has been launched. Having the data will allow you to make decisions realtime and pivot based on what is and is not working within your advertising.

Only Need Location Services Turned On To Capture Your Audience

In our experience, 90% of people typically have their location services turned on in their mobile devices. If you think about Google Maps, you need location services turned on for that app alone to work. So, most people have it turned on. Which means geofencing marketing gives you a greater chance of reaching those people who walked inside of the geofence compared to other forms of marketing and advertising.





CHAPTER 4 - TRACK ONLINE ADVERTISING TO OFFLINE FOOT TRAFFIC

Can you successfully measure foot traffic from TV, Billboard, Radio or direct mail Ads? Maybe if you place only special offers through those mediums you can, but then you deal with the people who forget about the actual offer and still come to your restaurant or store front.

With geofencing and conversion zone tracking, as long as the person's mobile device ID has been captured inside the geofence AND served an Ad via that same mobile device, advertisers can track them all the way back to your store front.

Conversion zone tracking are a powerful means to track your online advertising to offline storefront traffic and conversions (meaning those people who physically went to a particular location as a result of seeing your Ads). Here is the standard process we use to develop conversion zones:

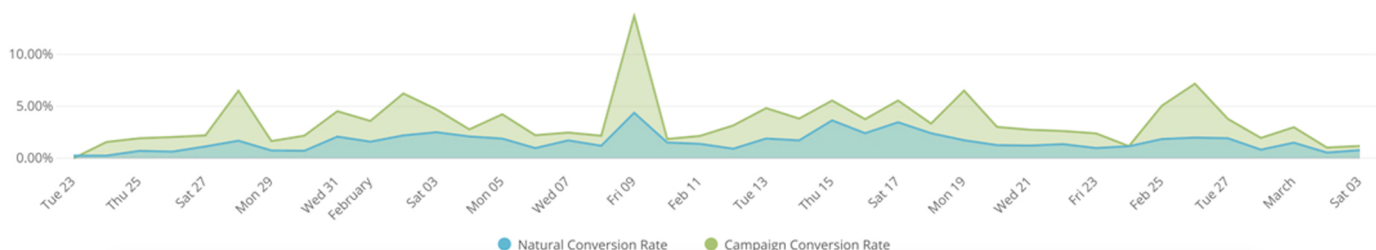
- 1 A virtual geo-fence is traced around an area where the advertiser wants to target customers visiting another location (i.e a competitor's store, a venue, or a specific part of town, etc.)
- 2 Next, a virtual conversion zone is traced around one or more of the advertiser's locations.
- 3 When the customer enters the geo-fenced location, they will then be targeted with the advertiser's ads on the user's mobile device.
- 4 When the customer enters the Conversion Zone with their mobile device and has previously been served the advertiser's ad, the Conversion Zone recognizes the user and attributes their visit as an offline conversion for the geofencing campaign.

Now you can truly determine the impact your advertising is having on people who have seen your ads and walk to your designated conversion zone.

Track Natural Foot Traffic Versus Campaign Advertising Foot Traffic



Natural Conversion Rate vs. Campaign Conversion Rate



With geofencing and in particular our platform, you can track the number of people who would have naturally visited your store front WITHOUT seeing your ads versus the number of people who visited your store front AS A RESULT of seeing your Ads. It's what we call geo conversion lift coined by Simpli.fi. We calculate it by looking at the percentage increase in natural store front visitors versus advertising percent increase in store front visitors.

So not only can you measure foot traffic to your location, you can calculate your percentage increase in foot traffic as a result of people seeing your ads versus those who did not.

Conversion zone tracking – Store Visitors

Track consumers who saw you ads and then visited your store



With our geo fencing technology, we can now track the number of people who saw your ads and then actually visited your storefront.



This new level of tracking provides an incredible understanding of your true return on investment.



CHAPTER 5 - COST IMPLICATIONS OF GEOFENCING

It's important to understand the costs and prices for geofencing because they truly vary across different providers that are offering geofencing solutions. At Propellant Media, we peg ourselves as an ad agency offering enterprise level solutions to small to midsize companies. So, we make our pricing competitive to allow companies to utilize it for their own advertising needs.

Geofencing falls under the umbrella of programmatic display advertising, which traditionally does not charge by the click, such as other cost per click models like Google Adwords and Bing Ads. Instead, it is charged by the impression.

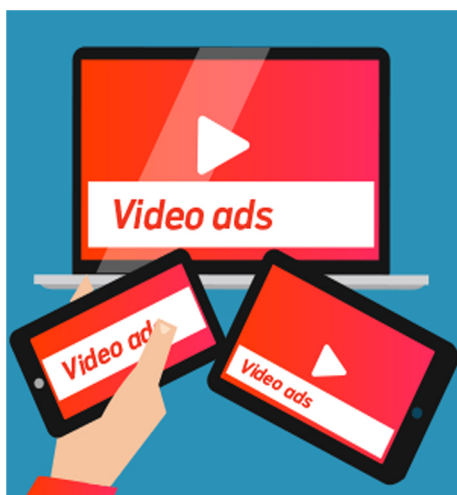
An impression is when an Ad via a mobile app or website passes your line of sight or purview...similar to you driving past a billboard or listening to a radio spot...those count as impressions. CPM stands for Cost per 1,000 impressions. So when you hear someone quote you \$15.00/CPM, they are saying the cost to you will be \$15.00 per 1,000 Impressions served.

Standard Geofencing CPM Costs For Static Ads

We typically see wide ranges in CPM charges for static ads that are utilized for geofencing. We've seen charges start at \$4.00/CPM, but that's traditionally if you go direct to demand side platforms, and you must be willing to spend minimum \$20,000/month. We've also seen some of the larger organizations that also work with smaller companies charging upwards of \$12.00/CPM rates as well. We believe that is way too expensive for a number of reasons. Main one being clients are not getting the best bang for their buck when CPM rates are that high. We believe the right sweet spot for static ads are \$7 - \$10/CPM depending on the size of the spend.

If you have a \$1,000 budget, and you're being charged \$12.00 CPM rate, you'll get 83,333 impressions. That may seem like a lot, but spread out over 1 month and factoring in impression capping, and the standard CTR in programmatic display which is 0.1%, you'll get on average 83 clicks to your website from that spend. So be sure to shop around to better understand the prices people are charging for geofencing advertising.

Standard Geofencing CPM Costs For Video Ads



Video targeting for geofencing has been incredibly effective for our past clients. We've seen personal injury attorney and medical groups perform really well with video ads because of how engaging they can be to their target audience. However, video is also more expensive because there is limited advertising space in the market. We like to see rates around the \$15 - \$17/CPM range, but some advertisers go

Don't be shy to mix in both static ads and video ads into your geofencing strategy either. Video may be slightly more expensive, but it will also yield more engagement and a stronger audience to pull into your brand.

Geofencing Marketing Campaign Minimums

Many companies require you to have what's called a minimum monthly spend. We know that companies like Simpli.fi, require a minimum of \$10,000 – \$20,000/month, however they do offer the best platform for programmatic display and geofencing with their unstructured data technology. Most of the larger platforms require the same \$10K plus minimums.

Propellant Media offers a minimum spend of \$1,000 again to allow small businesses to utilize the platform and see how it can translate into new customers for their brands.

Charges Based On Number Of Geofences

Some people will charge based on the number of geofences you're requesting. And for our agency, we understand the logic. You cannot ask for a \$1,000 spend and then submit 1,000 geofences. It's time consuming to upload those geofences and your budget will be exhausted relatively quickly. At Propellant Media, we don't charge based on the number of geofences, but do have particular recommendations. We say that for every \$1,000/month campaign budget, you should consider 10 – 20 geofences to target. So if you get people trying to charge for additional geofences, be sure to ask what other concessions you can get if they do plan on charging per geofence.

What Else Am I Getting?

Finally, you need to ask the questions, what else am I getting if I pay this particular CPM rate? Here are some critical questions worth asking:



Is the platform self-serviced or managed services? Meaning, do I have to teach myself and my team how to navigate through the platform and launch campaigns for clients, or can I have a team do that for me. Propellant Media is managed services and we handle all client execution and campaign building for both direct clients and white label geofencing partners.



Is the team also going to handle all creative ad development for me or is that a separate fee I have to pay for?



What does the analytics and reporting dashboard look like? Will I get 24/7 access to reporting?



Are there other layering mechanisms in place such as day parting, behavioral targeting, and contextual targeting we can implement?

All of these questions are vital and provide more context to the geofencing cost conversation. If you better understand this, you'll know how best to shop around and get the best value based on the needs of your company or your agency.

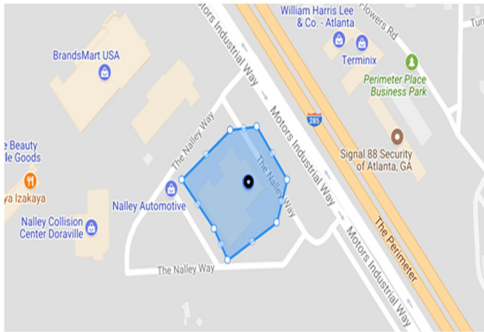


CHAPTER 6 - BUILD THE PERFECT GEOFENCING CAMPAIGN STRATEGY

We'll be the first to admit that not all geofencing campaigns succeed. Exogenous factors impact campaigns all the time. But we have nailed down the six (6) areas that are vital to developing an effective geofencing advertising campaign for companies including:

- Knowing Your Primary KPI's or Conversion Metrics
- Understanding Your Target Audience & Their Behaviors
- Picking Locations Based on those Behaviors & The Places They Go
- Adding Additional Layering Tactics To Build A Cohesive Plan
- Building Creative Ads That Peaks Their Interest
- Having A Website That Is In Tune With Your Audience Needs

Knowing Your Primary KPI's or Conversion Metrics



Many companies who choose to venture into geofencing do so not firmly planting a flag in the ground and agreeing on what their core KPI may be. But understanding that helps you develop everything from your targeted locations, ad copy, and even changes to your website so you have one complete cohesive message that follows the consumer all the way to your landing page. Here are several of the KPI's we can track, but companies should be aware off:

- Foot Traffic To Your Store Front
- Total Impressions & Brand Awareness
- Average CTR & Engagement With Your Brand
- Total Number of Clicks To Your Website
- Lead & Form Submittals
- Phone Calls & Chat Box Engagements

Once you've gone through your core KPI's to measure, then you can think about who your audience segment is and where they hang out OFFLINE.

Understanding Your Target Audience & Their Behaviors

We're not simply talking about whether your customer's buyer persona is a stay-at-home-mom, in her 30's and loves to cook. We want to know where the preponderance of your core audience hangs out and spend most of their time OFFLINE.

A great example is in the legal marketing for personal injury attorney example. Anyone can be a client for a personal injury attorney, but where do the majority of accident victims go after an accident? Normally, they go to hospitals, ER facilities, car repair centers, and auto dealerships.

Or maybe you're a retailer in a mall and you want to pull in mall traffic. Geofencing the entire mall may be practical, but you're not sure if all of those shoppers are your core audience. So an additional geofencing approach may be nearby competitors who sell to the same demographic as you do.

Ask yourself the question, where does my core audience physically go most of the time, and that will guide you to determining the best locations to geofence.

Picking Locations Based on those Behaviors

Here's the easy part. Pick some locations to geofence based on the research you and your team have done. We like to use the rule of thumb to pick 10 – 20 locations for every \$1,000 you spend in media. Some of these locations may include the following:

- Your Competitor Locations
- Nearby Locations
- Places Where your Core Audience Frequent
- Small neighborhoods your core audience spend their time in

Adding Additional Layering Tactics To Build A Cohesive Plan

Some companies may choose to add additional layering and behavioral methods to ensure you're mainly targeting your core audience when they walk inside of your geofenced locations.

We stray away from that approach in the beginning, but occasionally, we'll build a separate test campaign with a smaller budget in the event delivery is limited as a result of the layering tactics an advertiser chooses to implement.

Some of those layering tactics can include:



Limiting the number of apps and websites to those that most closely fit your demographic profile (age, income, ethnicity)



Third party Segments- targeting segments that are specific to only your core demographic



Contextual Categories - with our access to over 350 categories ranging from politics to hobbies, you audience frequents.

Building Creative Ads That Peak Their Interest

This part of the process is vital. NOT DOT simply build ads that are centered on letting people know you exist. You need to give people a reason to visit you, view your ad, or remember you. Maybe you're providing them with a specific offer or a discount, maybe there's a few unique benefits to them viewing your website or visiting your store. Give this part some thought as it can be the difference between a 0.10% click through rate and a 0.20% click through rate and the ideal uplift in foot traffic to your store front.

Having A Website That Is In Tune With Your Audience's Needs

If you have a store front with no signing and it looks crappy, you're likely not to walk in and buy from that store. The same goes with your website or at the least your landing page. This feeds into understanding your demographics wants and needs and building a website centered around that. The better the website, the better chances you'll have them lead to one of your core KPI's.

Bonus – Customer Loyalty Program

Occasionally, advertisers will choose to geofence their own locations so they can run customer loyalty ads and programs to them. Maybe you're a bank and you want upsell your customers to a credit card. Or possibly a restaurant, and you want to remind people who've been to your restaurant for dinner about your lunch specials and catering capabilities. Building a customer loyalty program as part of your geofencing strategy can help with further retention and keeping your brand top of mind.





CHAPTER 7 - GEOFENCING EXAMPLE USE CASES

We've covered some of these examples already, but here are a few that provide practical uses of geofencing in particular industry sectors.

Geofencing For Attorneys & Lawyers



Let's say you're a personal injury lawyer, and you know that accident victims are your clientele. Where do accident victims go? Typically they're going to a hospital, an ER center, a car dealership, a car repair location, or a towing location after they've been in an accident. Attorneys can win with geofencing by thinking about where their potential clients end up after an accident or a particular event in their life.

We see many attorneys utilizing geofencing effectively over other offline advertising channels because those other channels target too many people who may not be in the market for their legal services.

Also, some online advertising channels can be too expensive. An example is Google Adwords, which can be far too expensive (\$100 cost per click) for some personal injury attorneys. Whereas geofencing for attorneys, the cost per click can be \$5 - \$10/click depending on how effective your ad copy is and the locations you're geofencing.

Geofencing For Medical Practices



We see medical systems, dentists, plastic surgeons, and orthodontists mainly geofencing their competitors as you know those are places where your intent based clientele are likely to be in the market needing their medical services. Most will typically geofence their competitor locations, but some will geofence places that their patients frequent right before they need their medical services. Great example is an orthopedic hospital that chooses to geofence sporting facilities where people get into sports related injuries.

The key for medical practices is again, think through the places your potential patients will be right when or after they need your services. Review the Geofencing Strategy in chapter 6 of this white paper and that will help paint a better picture.

Geofencing For Trade Shows, Conferences & Events

Geofencing for trade shows and exhibitors can be huge for organizations that want to target event attendees and trade show attendees.



Let's say you are a business that wants to go to the upcoming Essence festival that's going to be in July at the Mercedes-Benz Superdome. For whatever reason, you can't make it. You just can't be there. You have too much on your plate but you still want to get your message in front of those conference attendees. What would you do?

You can geofence Mercedes Benz Superdome in New Orleans during the weekend of the conference. Anybody that goes inside the Superdome, we now have the mobile device I.D. to their smartphones, and those individuals will see your ads, both while they're there at the event, as well as after they leave the event.

Geofencing can be used in a lot of different situations for events whether it be festivals, parades, conferences, sporting events, and stadiums. The sky is the limit with event targeting.

Geofencing For Car Dealerships



Let's say you own a car dealership and you want to target your competitors' locations. Lets assume instead you want to target a Nissan dealership. Targeting competitor car dealerships are the best geofencing strategies for dealerships because people who visit car dealerships signals the best intent for people likely to be in the market to buy a car.

Other strategies for car dealerships may include geofencing car shows, banks that do a lot of auto loans, and car repair centers.

Retailers, Franchises & Restaurants Using Geofencing



Retailers and restaurants are better positioned to utilize geofencing than most advertisers because of their ability to measure foot traffic to their store front through our conversion zone tracking technology.

If you're a boutique clothing store, you could geofence nearby boutiques and also nearby malls while also building a conversion zone around your store front so you can measure the number of people who saw your ads and then came back to your store front. This same strategy can be used for franchises and restaurants around the world.



CHAPTER 8 - FINAL THOUGHTS

It's a lot of information to take in around geofencing. You have strategies to implement, use cases, pricing, and of course determining if it's the right fit for you.

The overarching point of geofencing is to give you the chance to micro target your core demographic and reduce the waste in your ad spend. That's all marketers want to do with their ad spend. That inherently is the part of the puzzle that gives marketers more reach and focus.

We do not suggest throwing out your existing marketing strategies such as Google Adwords, SEO, or email marketing. Look at this as a supplement that will give you more exposure in targeted places and a proper way to measure results.

With that, thank you for going through this white paper with us. If you have any questions, feel free to reach out to [Propellant Media for answers](mailto:team@propellant.media).

About Author:

The screenshot shows the Propellant Media website. At the top, there is a navigation bar with the company logo on the left and links for Solutions, Who We Advise, Case Studies, About, Blog, and Client Login on the right. A 'Schedule Demo' button is also present. The main content area features a large image of a rocket launch with the following text: 'Want to get 97% more reach out of your advertising budget by targeting just your core audience with geofencing? Reach your customers in buildings, conferences, competitor locations, and events'. Below this text are buttons for 'Watch Demo' and 'Contact Our Team'. A small orange chat bubble icon is visible in the bottom right corner of the main image area.

Justin Croxton is the Managing Partner at Propellant Media, LLC, a digital marketing and media solutions provider, offering **geofencing marketing** and programmatic display solutions to digital agencies, brands, and companies. Visit us at www.propellant.media.

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