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Research Article

Agency and Brand Attitudes and Perspectives Regarding Digital Place-Based Advertising

Sponsored by:



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About Intel Corporation

By enabling more possibilities than ever before, Intel gives you the advantage in a rapidly changing world. With advanced silicon building blocks, industry standard platforms, modular solutions and ecosystem support, Intel can help you deliver a more compelling digital lifestyle. Intel, the world leader in silicon innovation, develops technologies, products and initiatives to continually advance how people work and live.

About Digital Signage Expo

Digital Signage Expo is the world's largest international trade show dedicated to digital signage, interactive technology, and Out-of-Home networks. The 2012 event is being held March 6-9 in Las Vegas. Additional information about the Expo may be found at: <http://www.digitalsignageexpo.net>.

About the Digital Place-based Advertising Association

Founded in 2006, the Digital Place-based Advertising Association exists to drive consistent growth for the industry through collaboration among advertisers, agencies, place-based digital and video networks and their suppliers. DPAA accomplishes this by:

- Demonstrating and promoting the effectiveness of digital place-based advertising.
- Educating the advertising community on the power and reach of digital place-based networks.
- Developing industry-wide best practices, guidelines, standards and research making it easier to plan, buy and evaluate the media's effectiveness.

About the Platt Retail Institute

The Platt Retail Institute (PRI) is recognized worldwide as an industry-leading expert in research and consulting to retailers, media companies, financial institutions, hardware, software, transmission, and other business enterprises seeking to impact the customer in-store experience. PRI delivers impartial business analyses and offers the strategic consulting necessary to organizations considering the impact and benefits of a digital communications network. PRI publishes the quarterly *Journal of Retail Analytics*, the quarterly *PRI-DSF North American Digital Signage Index*, and other pioneering industry research.

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In December 2010, Intel Corporation (Intel) commissioned the Platt Retail Institute (PRI) to undertake research on advertising agencies and their clients' attitudes and perspectives regarding digital place-based advertising (DPA). Intel, with the support of Digital Signage Expo and the Digital Place-based Advertising Association, has agreed to make certain portions of this research available to the industry.

In summary, we found that:

Forty percent of agencies reported that their clients are either using or are inclined to use DPA. Another 40 percent stated that their clients' usage of the medium is directly related to the clients' knowledge of the industry. This means that up to 80 percent of agency clients are using, are receptive to using, or are potential users of DPA. Fifty-eight percent reported actually buying DPA on behalf of clients.

Establishing the industry's validity and increasing brand adoption are highly contingent upon the broad-based adoption of metrics. Thirty-eight percent of responses stated that the most important requirement to establish the industry was metrics. In addition, 35 percent believe that reliable metrics are essential to increasing brand adoption. We found the importance of industry metrics to be a predominant concern throughout this research. Beyond just the establishment of the metrics methodology, it was noted that broad acceptance and adoption of these metrics is an important component. Further, it was advanced by 91 percent of the agencies interviewed that such metrics could justify networks charging the brands a higher CPM.

Standards were the second most important requirement noted to establish the industry. Here, references to standards relate to creative and content creation standards, rather than IT interoperability issues.

Thirty-seven percent of responses suggested that case studies were the most important method to educate brands about the medium. Case studies should be aimed at illustrating how DPA is used and what results it produces. Illustrating how DPA fits into the overall marketing strategy is important as well, as fully 45 percent of the decisions to use DPA are impacted by the brands' advertising objectives. In this regard, the ability for DPA to reach specific target markets, how it enables product positioning within a market, and how DPA fits into and complements other media in the marketing mix should be detailed. Such case studies should also discuss, of course, the medium's benefits, emphasizing that it is place-based (the place-based nature of the medium was indicated by 43 percent of respondents as the most important attribute of DPA).

Our observations are based upon interviews conducted by PRI. This primary research involved asking a series of open-ended questions, which resulted in extensive interviews with 20 individuals at leading advertising agencies.

Our primary research objective was to gain insights into agencies' opinions regarding adoption of DPA. This was achieved by understanding the following:

1. Advertising agency-reported client attitudes regarding DPA. We define attitudes here as the evaluative aspects of beliefs and thoughts, feelings and emotions. That is, how they generally feel about/their interest in the medium.
2. Advertising agency-reported client perspective regarding DPA. We define perspective here as the concerns with the medium, factors that impact spending on the medium, and the intent to or actual use of DPA.



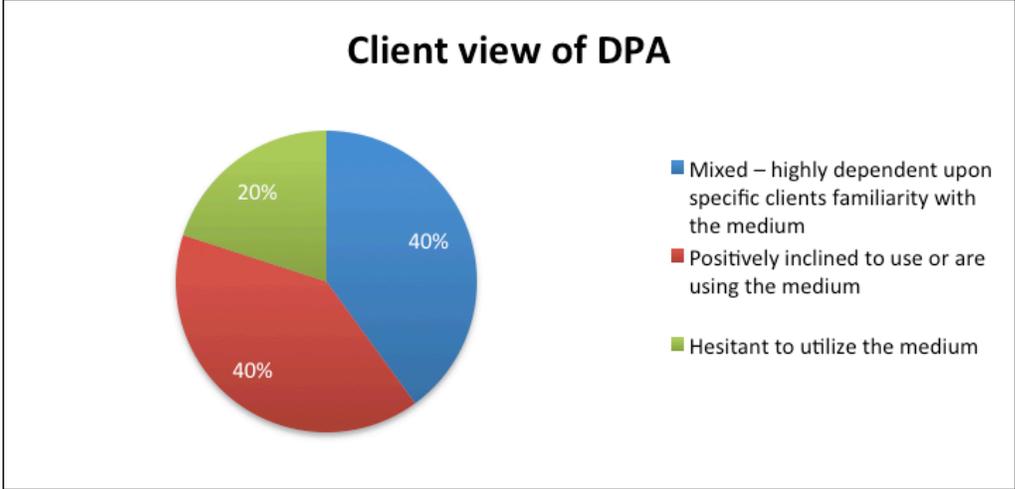
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3. From both the agency and brand marketers perspective, what are the decision-making factors that influence whether DPA will be incorporated into a marketing campaign.

In support of our primary research objective, the following questions were advanced. Agency responses to these questions are then detailed.

Research Outcomes

1. What generally is your clients' view of DPA?



Source: Platt Retail Institute

Forty percent of respondents reported that their clients were either positively inclined to use or are currently using DPA. While the level of interest/use varies by client, the intent to use generally increases as clients learn more about the medium. The ability to target ads to specific audiences was seen as a primary benefit. A strong interest by retail clients was noted, citing the benefits of its impact at the point-of-purchase, in addition to brand exposure.

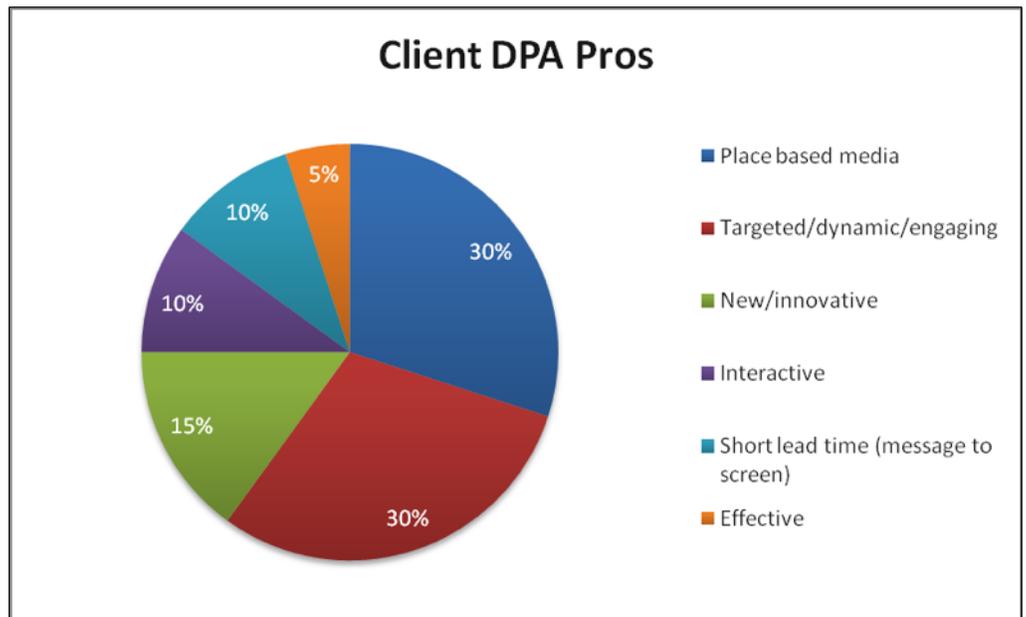
Another 40 percent of respondents reported that client attitudes regarding DPA were highly dependent upon the specific clients' knowledge of the medium. It was noted that most clients are interested, but are still on a learning curve. One respondent stated that "it's a teaching environment, and we are trying to educate them," concluding that "once they understand how it fits in a campaign, they like it."

Twenty percent of respondents reported that their clients were hesitant to use DPA. The reasons given for this include a lack of viable metrics, a "fear" of the unknown (citing a "lack of education"), and content development issues.



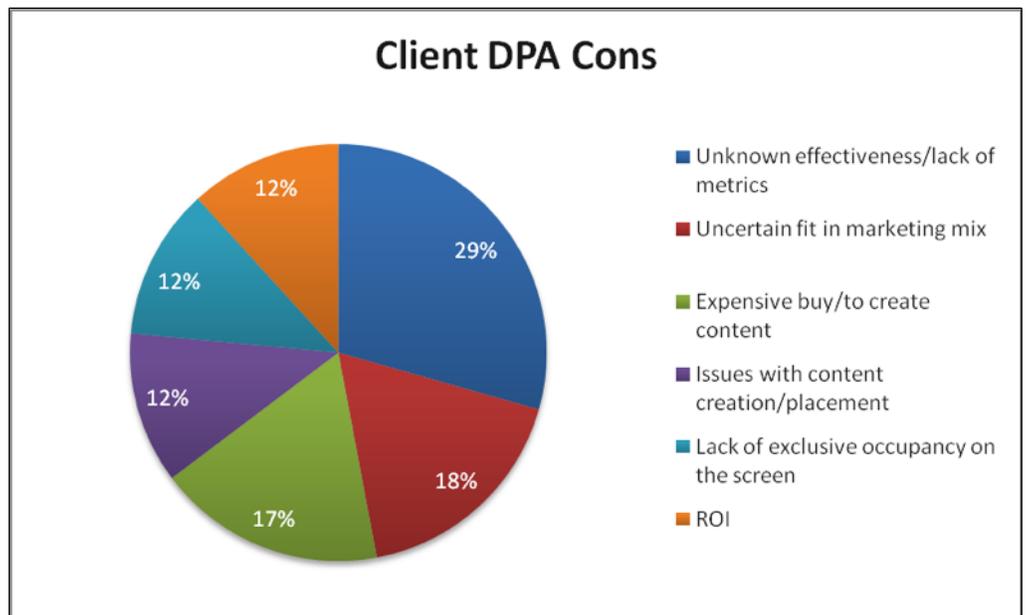
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2. What are the pros/cons your clients express regarding DPA?



Source: Platt Retail Institute

Sixty percent of comments reflecting on the positive benefits of DPA note the medium's ability to deliver targeted ads that are dynamic and engaging, as well as the fact that it is specifically place-based. Its innovative properties, among other things, were also mentioned. Positive comments generally reference features that draw consumer attention (dynamic, innovative, creative), proximity to the point-of-purchase, ease of content production, as well as its flexibility and effectiveness as a technology.



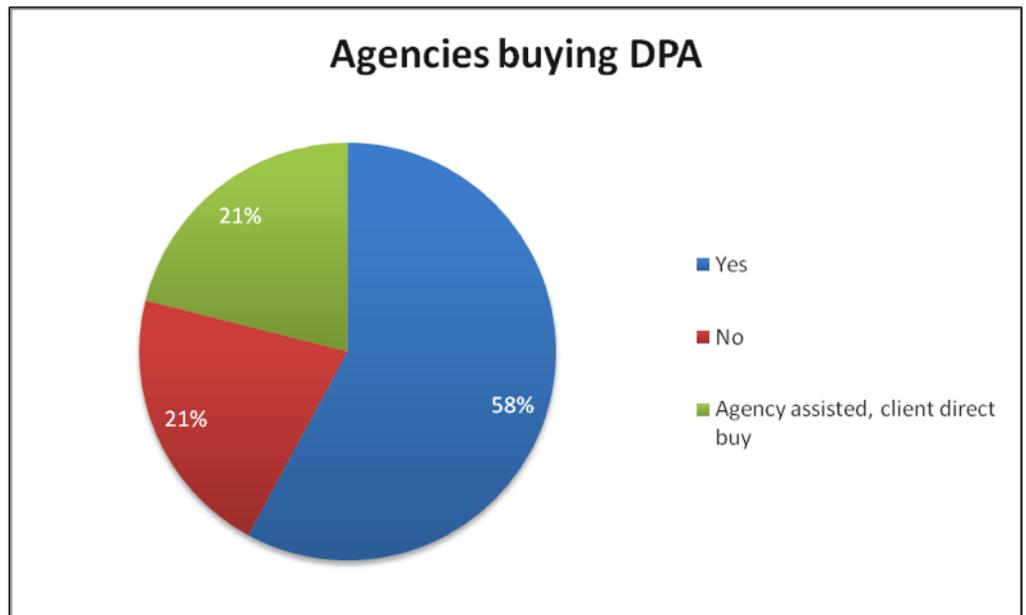
Source: Platt Retail Institute

Negative comments/challenges surrounding DPA use primarily revolve around its unknown effectiveness and a lack of metrics. Uncertainty as to how the medium fits into the marketing mix, as well issues surrounding content, also represent a challenge.



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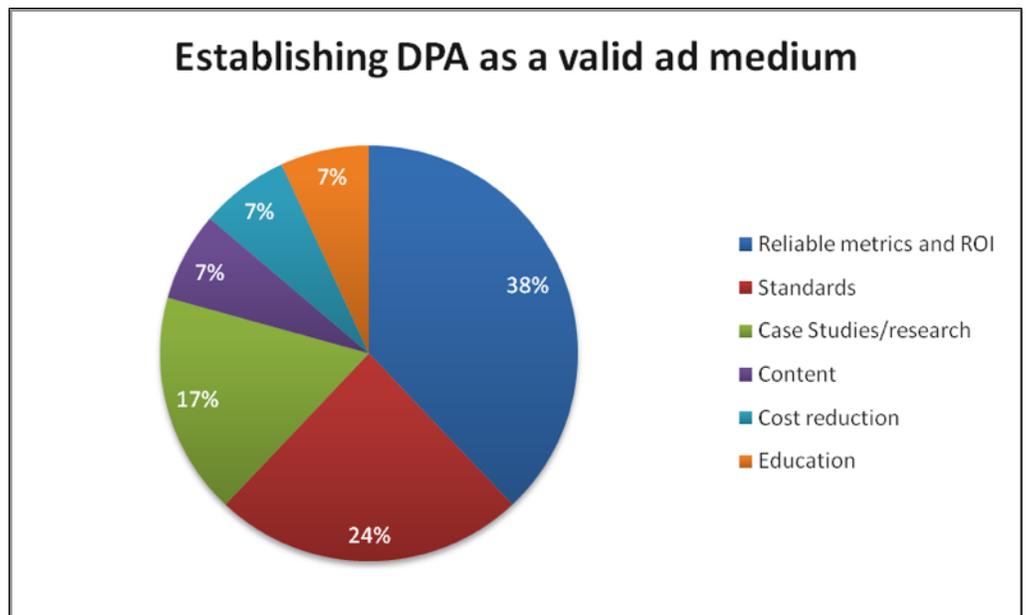
3. Is your firm actively buying DPA for clients?



Source: Platt Retail Institute

Fifty-eight percent of agencies reported buying DPA on behalf of their clients, while 21 percent are not. Of the 21 percent that assist in the process but do not buy, those tended to be either smaller or specialized agencies that engage in creative and/or strategy, but do not perform media buying generally, leaving that to a media-buying agency or the brands themselves.

4. What has to occur to establish DPA as a valid ad medium?



Source: Platt Retail Institute

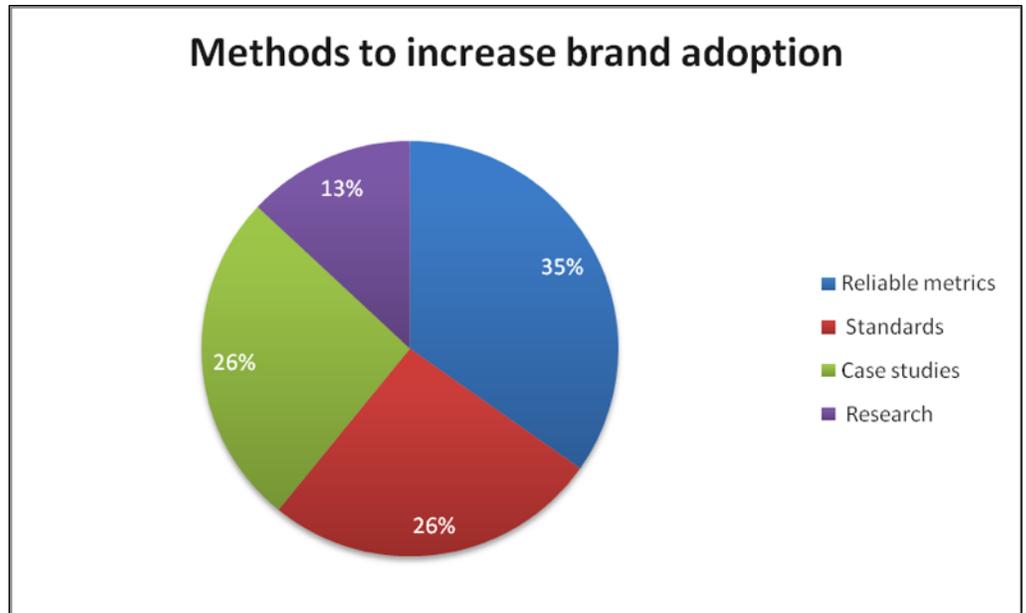
Thirty-eight percent of responses noted that reliable metrics and the ability to determine a return on a DPA investment are the primary requirements to establish the medium. Uniformity in metrics (that is, broad acceptance and adoption), as well as the ability to compare those results to other media, was a noted theme. The need for standards was also of importance. Standards, in terms of the agencies, relate to uniformity of creativity, content, and data analytics, rather than from an IT perspective. Quality case studies can help to the extent that they “tell why, how and when we should use it.”



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5. In terms of increasing brand adoption of DPA, which of the following is most important and why:

- Reliable metrics.
- Case studies.
- Research.
- Standards.



Source: Platt Retail Institute

Again, 35 percent of responses indicated that reliable metrics are essential to increasing brand adoption. Standards and case studies were again noted as important steps in the brand adoption process. Regarding standards, it was stated that there is a need for continuity to understand what DPA is, and how content is treated. In terms of case studies, it was advanced that they should integrate metrics as it was noted that clients “want proof that someone else has done it and it works,” and that they give “brands examples of what they could do and what has been effective.”

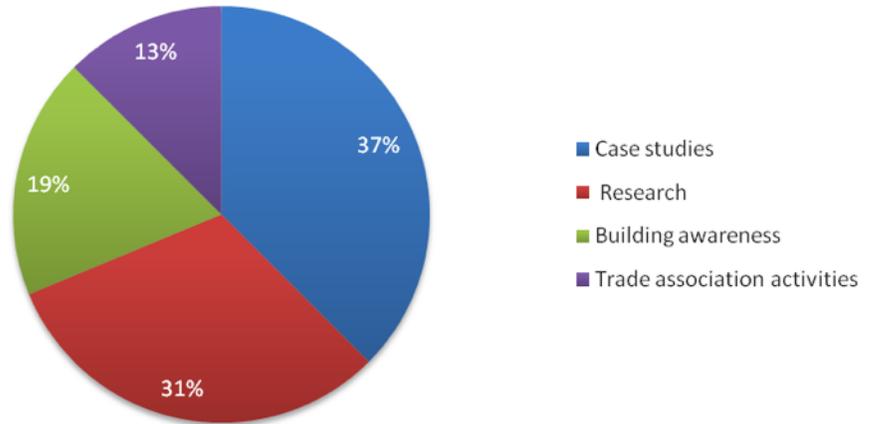
6. In terms of educating brands about DPA to increase adoption, which of the following do you believe is most useful:

- Case studies (why; what type; on what topics).
- Research (why; what type; on what topics).
- Trade association activities (which ones; what types of activities).
- Building awareness (that is, building an integrated marketing communication plan that includes advertising, PR, an internet presence, etc.).
- Other?



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Education of brands

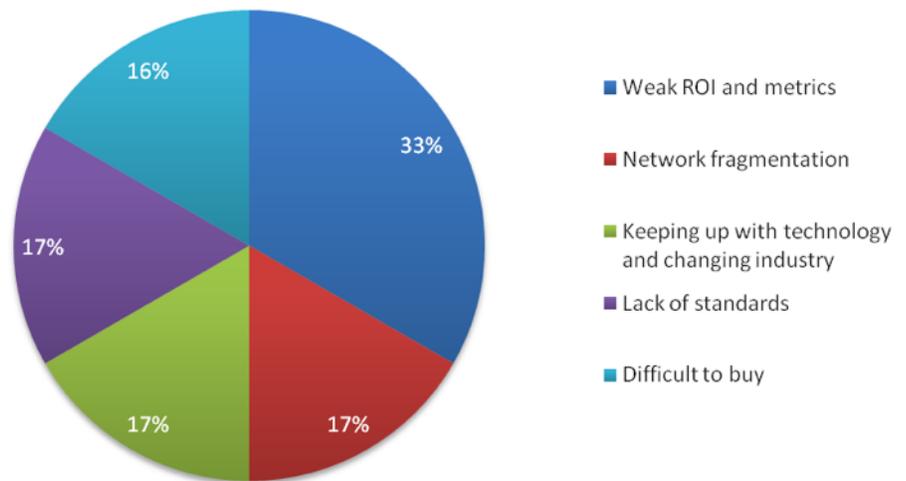


Source: Platt Retail Institute

Case studies (37 percent) and research (31 percent) were found to be important ways to educate brands on the medium. Case studies can be useful to prove the value of the medium in clear terms to the client. In terms of the type of case studies that can help with increasing media adoption, it was noted that those that illustrate how the medium has been used successfully would be useful. Research can also lead to increased DPA adoption if it is “easily understandable and relevant.” It was noted that “much of the research out there is too siloed and isn’t easy for our clients to understand.” Research topics of interest include those that show clients how DPA fits into the overall marketing strategy.

7. What are the biggest challenges working with DPA networks?

Challenges working with DPA networks



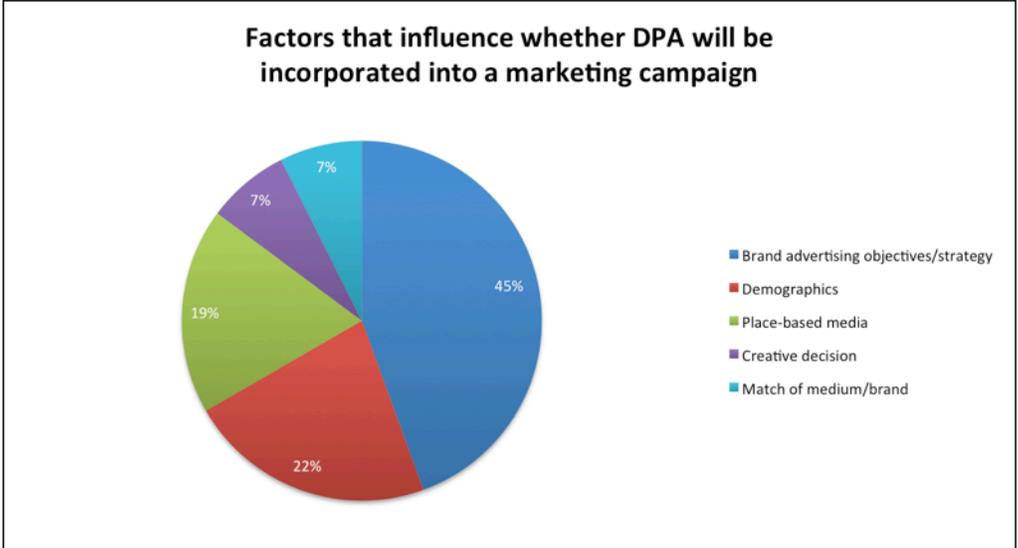
Source: Platt Retail Institute



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A lack of the provision of metrics was again noted as a primary challenge. The following comment from a respondent summarizes the tenor of the responses to this question: “(t) he industry needs to be more standardized; needs to be more measurable [understanding the role and impact (ROI).] A lot of different players are making the market congested, which makes everything more difficult.” The term “congested,” as used here, refers to a lack of collaboration among networks, which makes it challenging to execute a national campaign.

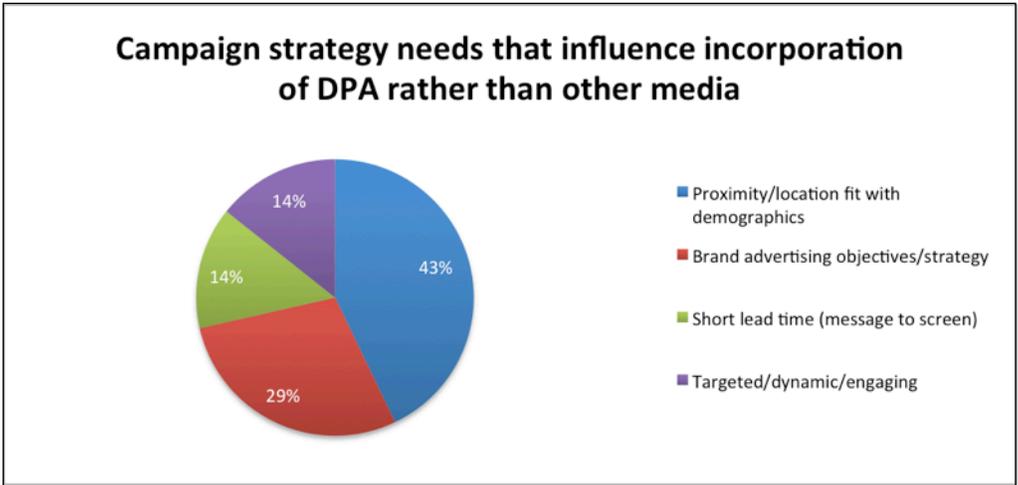
8. What factors are generally considered when determining if DPA will be incorporated into a marketing campaign?



Source: Platt Retail Institute

The major determinant behind whether DPA is part of a marketing campaign is the brand’s objectives/strategy. Generally, a brand’s marketing strategy will consider the target market, the product’s market position, and the marketing mix. Noted DPA considerations include proximity to the product and that it is a more locally focused buy (rather than national). Demographics were also an important consideration.

9. What campaign strategy needs typically influence the decision to incorporate DPA rather than other media types (i.e., demographics reach, placement, creative, etc.)?



Source: Platt Retail Institute

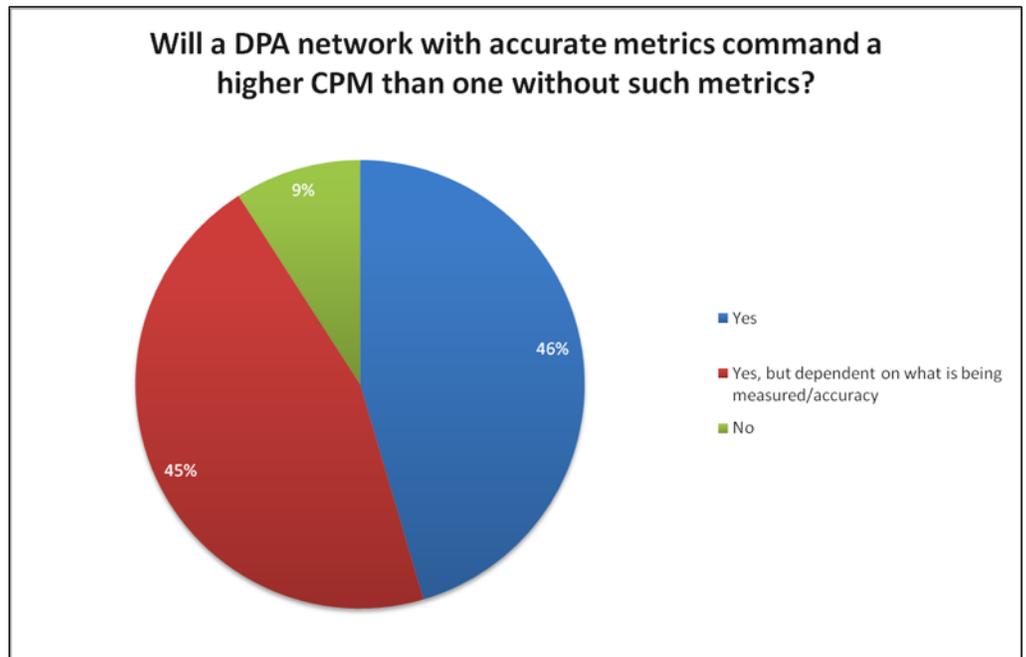


The place-based nature of DPA is a primary driver behind its use. The ability to reach consumers “in motion,” proximity strength, and the ability to highly target messages based on location are key attributes that influence DPA usage.

10. Assuming you select two comparable networks to run a campaign; would you be more likely to select the one with accurate audience metrics over the other?

One hundred percent of respondents stated that they would select a DPA network with accurate metrics over a comparable DPA network that was lacking in the provision of metrics.

11. Do you believe that a network that provided accurate audience metrics would command a higher CPM than one without such metrics? Why?



Source: Platt Retail Institute

Fully 91 percent of respondents stated that a network with accurate metrics can justify a higher CPM than one without such metrics. It was generally felt that if the metrics are accurate and targeted, it would be worth a higher CPM. Forty-five percent of agencies that responded positively to this question added the caveat that a cost differential is dependent on what is being measured. That is, it is justified if different types of metrics, such as interactivity or audience segmentation abilities were presented, rather than simply traffic counts. It was also noted that different environments demand different types of metrics (i.e., a sports venue vs. a retail location).

12. Do you find executing a DPA strategy complex? Why?

One hundred percent of respondents stated that they do not find executing a DPA strategy to be complex. Many agencies are now developing their own specialized groups to manage the network relationship to seamlessly execute a DPA strategy. It was noted that those agencies that have not developed such groups or individual specialists may still find the process complex or simply “tedious.”



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