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The Future of Online Ads: Location, Location, Location

By [Michael Boland](#) , October 24, 2008

Last time, we looked at the [research online, buy offline](#) (ROBO) phenomenon, and online tools for finding items locally. A related piece to this puzzle involves national advertisers supporting their local stores with rich media ads that are more detailed and locally relevant.

A supporting technology for this scenario has started to gain steam over the past few months. Resulting from [developments in the mobile world](#), location awareness -- the concept that a device knows exactly where it is -- has been dialed up.

Specifically, the GPS and Wi-Fi [positioning](#) in the iPhone have enabled lots of locally relevant content delivery -- both pull and push -- and have inspired the same capability online. Wi-Fi positioning especially has been recognized, given Wi-Fi ubiquity in laptops.

Browsing for an Answer

Given this embedded capability, the next steps have been to develop location-aware software to take that signal and make sense of it. The browser's position as a doorway to the Web has made it the most logical place for this to happen.

Firefox 3.1 and Google's [Chrome browser](#) were both recently announced to have this location awareness baked right in. Firefox's open source code, known as [Geode](#), will let developers begin to build location-aware search applications ([sample here](#)). Meanwhile, Chrome will have a more direct tie in to mobile developments, according to the [Google Code Blog](#):

"When we originally proposed the Gears Geolocation API our goal was to make it easy for developers to deliver location enabled web sites on mobile phones. However we realized laptop users would benefit from location enabled web sites too. Today we are adding WiFi signals to the Geolocation API so that laptop users can benefit from location enabled web sites for the first time... And because the Geolocation API is the same for developers in both desktop and mobile browsers you can even use the same code on both platforms."

The hope in all of this is that search applications can be developed to tap into this capability and serve more locally relevant content. The next steps will be for national advertisers and ad networks to serve ads that are actually useful and actionable for local users.

Moving beyond IP-based targeting, which is only accurate down to the city-level for example, ads could offer promotions for the Best Buy down the street. The local relevance could mean better ad performance, via click-throughs, call tracking, or promotional codes.

All in the Timing

Why is this important? Not only is it a user-centric development, but it's a better proposition to national advertisers than what's available today. This could finally motivate them to jump on the underutilized opportunity of localizing national ad campaigns.

And it could be the right time for it. Not only have developments in the mobile world inspired this capability, but the coming months will be an important time to offer advertisers a better [ROI](#) picture. Advertisers' scrutiny of their online performance metrics will increase as we enter further into recession.

From this, many national advertisers could move ad budgets into more trackable media such as search. Meanwhile,

display ad revenues are [expected to tank](#). These factors point to the need for display ad networks and those holding the lion's share of inventory, to innovate in ways that can drive or retain sales.

This could be a call to action for Yahoo and Microsoft, which have each invested a great deal in their display ad businesses. Each has conceded to Google's commanding share of search marketing and pledged to innovate in other ways involving display ads. Geo-targeting could be an important one.

Gaining Acceptance: The First Step

We've already seen some location awareness technologies, such as Skyhook's [Loki toolbar](#). We've also seen some ad serving based on specific location, such as [Placecast](#). But a more automatic or omniscient location awareness at the browser level could really move the needle.

It could be a double-edged sword though. The good news: it happens automatically (boosting usage by not requiring an extra download). The bad news: it happens automatically. Privacy concerns will follow closely behind this innovation, meaning explicit controls to turn it on and off will be a prerequisite to acceptance.

Developments in mobile local search could also continue to drive this acceptance. As [penetration grows](#) for iPhones, Google Android-based phones, and other devices that they inspire, we'll see more acceptance of this concept (and need) for the device to know where it is.

Positive reinforcement will happen through relevant content delivery, and acceptance should follow among the mobile mainstream and online masses. Then, as it often goes, advertisers and agencies will follow suit. It could take a couple years for this to evolution to take its course, but the first moves are already in play.

Local search and geo-targeting will be key subjects at The Kelsey Group's [ILM:08 Conference](#), November 19-21, in Santa Clara, California. Search Engine Watch readers can take advantage of a \$1,695 rate (\$200 off current registration price) by entering the promotional code ILM08SEW when registering (offer good until October 27).

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