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[Location-based advertising: Place trumps traditional targeting](#)

[Anne Bezancon](#) | December 2nd, 2008



[Editor's note: It's no secret that online advertising is starting to slow down in response to the economic slump. Display ads, the meat and potatoes for companies like Yahoo, have been hit especially hard. So for companies looking to squeeze every dollar out of their digital ads, it might be time to abandon traditional content and behavioral targeting strategies in favor of a relatively new concept -- location-based advertising. Below, [Placecast](#) founder Anne Bezancon makes her case.]

Most people don't know that 70 percent of all Web content contains geographic information — the names of places, addresses, maps, zip codes — and that more than 50 percent of all internet searches are local in nature. There's a lucrative opportunity at the intersection of these two facts, yet targeted advertising

strategies have oddly overlooked the significance of location — perhaps the most evolved basis for targeting ads yet.

On an average day, an individual travels through about nine different locations: their home, their office, perhaps the gym, grocery store or restaurant, etc. Increasingly, people in transit between stops are accessing the internet via laptop, cell phone or even GPS system. The goal of location-based advertising is to plunk relevant (and actionable) ads in front of people, tied to wherever they happen to be and no matter what platform they're using, be it mobile, PC or wi-fi.

For advertisers, each of the locations we all frequent helps them break consumers into categories. From there, they can decide whether to have their ads pop up at a fast-food joint or a gourmet restaurant, in a high-rise office building or an industrial office park, at an airport or at a hotel. It's the mission of companies like mine, 1020 Placecast, and more recently Google with its Google Maps AdSense program, to connect people and places to serve finely-targeted ads.

As human beings, one of our major limitations is that we can only be in one place at a time. The good news, of course, is that we now have the technology to take full advantage of that constraint. The computers, phones and navigation tools we use to access the internet from anywhere are increasingly equipped with positioning technology, most popularly GPS. Because the devices we use now know where they are, they pretty much always know where we are too.

Taking full advantage of this fact, however, is taking some adjustment. The Internet was initially designed to ignore location, so the ability to tie place and time with specific users hasn't come easily. The last ten years have seen gradual progress toward better ad targeting, but there's still a ways to go, and location-based methods are yet to be meaningfully tapped.

There have been three incarnations of ad targeting. The first was to match ads to the content of web sites where they would appear. The second was to serve ads to users based on their past and typical browsing behavior. Of course, this dredged up all kinds of concerns about protection and privacy. The recent [demise of startup NebuAd](#) and the current congressional hearings on privacy in behavioral targeting attest to the dangers and limitations of this strategy.

The third wave — ad targeting based on place and time — is only just emerging. No longer are users' physical locations estimated based on IP address. This method, trapped within the bounds of the internet's traditionally location-ignorant infrastructure, is inaccurate a third of the time. It's an understatement to say it lacks the precision required to pull off true location-based targeting. At best, it can place a user in a geographical area the size of a city — pretty rudimentary when your goal is to point a consumer to a particular store within walking distance of where they are standing at that moment.

Imagine a world where every piece of information delivered via the internet is tailored to where you are now, or where whatever you are looking for is — or even the place you are tagging in a picture of you and your friends. Several savvy companies have developed algorithms that match ad content with information specific to particular locations (event venues, parks, restaurants, etc.). When a user expresses interest in a place by conducting a search or bookmarking something, those ads are called up.

For example, a user browsing event-based social network [Eventful](#)'s site for information on the next Coldplay concert might see an ad for the Toyota Scion with the address of and link to the closest relevant dealership. On the other hand, a user looking for outdoor activities in San Francisco might be served a localized ad for Subaru.

Location offers so many different insights into what users might be interested in at various moments in time that brands have the opportunity to get extremely creative with lower risk. So far, experience has shown that location-based methods translate into fewer wasted impressions, better results and more innovative messaging. All of a sudden, collecting tedious and exhaustive user data is not as necessary. Any one place can tell you what you need to know about the audience it attracts.

Place-based advertising will represent a major shift in digital advertising, impacting brands, ad networks and the way average people browse the Internet indefinitely. The propagation of sleek, position-aware devices like the iPhone, and software like [Yahoo's Fire Eagle](#) (an app that lets you share your location data and find cool things nearby), will only add more momentum. It's about time advertisers sat up and took notice. As with the technology itself, it's all about where we are — and more importantly, where we're going.

Anne Bezancon is the founder and president of 1020 Placecast, a San Francisco company that matches advertisers and publishers interested in serving relevant ads based on location. Previously, she served as vice president of directory services for online wi-fi hotspot catalog [JiWire](#), and as chief executive of content management software company [BEAP](#).

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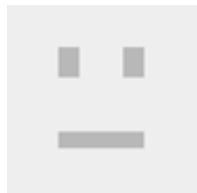
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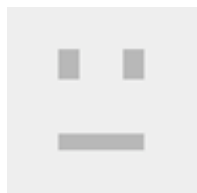
[LBSjunky](#) [1 week ago](#)

This is a very exciting time for this emerging technology and market. I currently work in this industry and anticipate location-based services to push through the recession and become a powerful industry.

NOTE: Watch Placecast 1020, Lat49 and of course AdMob for the next 18 months....should be big.

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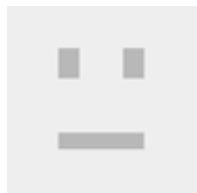


[John](#) [6 days ago](#)

Anne - Are you referring to targeted ads displayed on devices such as cellphones or those displayed on electronic billboards such as those on sidewalks, in elevators and in cabs? Or both? Thanks, John

[reply](#)

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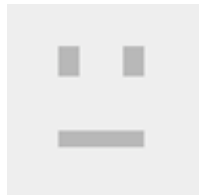


[Anne](#) [6 days ago](#)

Hi John, I am referring to both, targeted ads displayed "online", including web, phone (mobile web and in-application), email and Wi-Fi, which is what Placecast does today, as well as ads displayed on other "online" media where audience can be matched to place and time, such as the ones you mention. I believe the power of location as a determinant of audience can be used better when the technology supports all the channels, not just one, because we do not consume media on one device exclusively.

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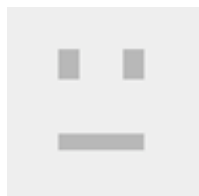
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[Jay Friedman 6 days ago](#)

Placecast is a good company, but the notion of "abandoning everything we've always done" is just silly. Placecast and similar services should be tested and added to the mix until they reach the diminishing point of return for ROI. No more sensationalist journalism, please.

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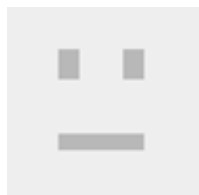
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[Dale 5 days ago](#)

What leap of logic entertains the belief that location-based advertising won't suffer the same privacy concerns as are attributed to "second generation" past browsing behavior? While I think Anne's general framework is sound, one must carefully think how companies betting their financial success on location-based advertising will respond in 2 or 3 years to congressional hearings. Trust me, it will happen.

[reply](#)

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[justindavey 4 days ago](#)

The fact that 1020 Placecast serves ads for Eventful and Eventful acquires location by IP really tones down your argument. Give highly targeted ads 3 years or so. This is nothing but a marketing-oriented post.

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