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Location, Location, Location

Alistair Goodman, CEO of [1020 Placecast](#), which targets consumers using location-based information across the web, mobile, wi-fi networks and email, offers a list of six interactive advertising trends to watch in 2009

2008 marked a turning point in online advertising. Despite the slowing of growth in overall advertising spending, online finally achieved its place at the table in mainstream media plans and continues to prove its value relative to traditional media. It was also a year for increased public scrutiny of industry practices as the medium achieves scale and prominence with advertisers.

The year ahead will be difficult in many respects, but also very exciting. We expect that marketers who need to do more with less will put pressure on agencies, media providers, publishers and measurement firms to deliver more value. At the same time, tough market conditions always produce new ways of solving old problems. We see big opportunities for advertisers to find new ways to drive better performance for their campaigns.

The six key trends we feel will be prevalent in 2009 are:

1. The value of user data is questionable

2009 will mark the year that advertisers begin to look for alternatives to collecting and mining user data to improve the performance of campaigns. For several years, online marketers have attempted to incorporate increasingly large amounts of user data into the marketing equation with the goal of improving targeting and performance. Unfortunately, the company says, advertiser reviews of this approach are almost universal: "anticipointed."

We now find ourselves in wave 2.0 of this effort in which firms are undertaking predictive modeling, attempting to analyze even more data in order to predict behaviours. However, these efforts will continue to disappoint and 2009 will mark the year advertisers begin to look for and incorporate new, non-user data sources for improving the performance of campaigns.

2. The web will be connected to the physical world

Until recently, the web was built to ignore physical location. Several recent developments make clear that, beginning in 2009, location will drive the next wave of innovation on the web. These announcements include: Geode for Firefox, a plug-in that allows the popular browser to determine and share the user's location; Google's releases of Android, Chrome and the Gears Location API, all of which incorporate location data; Fire Eagle from Yahoo! for location data management; the fact that more than 500 iPhone applications are now using GPS location data as a critical component; and the news that Microsoft Windows 7 will include location data at the operating-system level for any application. All of these innovations and others still to come will bring location information into the mainstream web-browsing experience, providing users with a way to connect their online experience to the real world.

For advertisers, this trend presages a host of new services launching in 2009 using location in various ways. Initial, simple applications from marketers will include couponing and advertising to users in proximity to potential offerings of interest (such as stores, cafés, restaurants, etc.). More advanced approaches will apply this new trove of location data to improve relevance, understand consumer intent and profile audiences. In the long term, we can expect location data to be incorporated into search algorithms as another way of increasing relevance, and also into performance marketing, where better relevance will drive significant improvements in performance.

3. Heightened privacy concerns plant the seed for regulation

2008 will certainly go down as a year of turmoil for data mining models like NebuAd and Adzilla, and also as a year that brought small victories for privacy advocates. A new administration in Washington will bring new FTC regulators, and a climate that favours more standards and regulation. Despite the proactive efforts of industry organizations like the IAB and the NAI, 2009 will kick off a wave of new discussions about the collection and application of user data, with the balance of power shifting away from the advertising industry and towards the user.

President-elect Barack Obama's selection of Tom Wheeler, former head of major wireless organization CTIA, as a technology adviser, also indicates that we can expect to see a particular emphasis on mobile technology for the new administration.

4. View-through metrics gain traction in the downturn

Down economies focus more attention and diligence on understanding the drivers of performance for online campaigns. 2009 will see more mainstream adoption of view-through as a complement to traditional metrics like clickthrough. View-through (also referred to as post-impression measurement) is a method for gauging the impact of an ad that a user sees but does not click on. It works by recording the exposure of a user to a specific display ad, then measures when that user returns to the advertiser's site in a later session.

View-through gives marketers an ability to attribute value to the many impressions they deliver which do not immediately trigger an action. With average clickthrough rates on display ads dropping below 0.1% on average, marketers are recognizing that view-through provides a more complete understanding of how campaigns really drive traffic, and how impressions lift brand metrics such as awareness, favourability and intent.

5. The accessibility of display ad inventory will increase dramatically

The combination of a downturn in the economy and continued automation of media planning and buying tools means that buyers will have easy access to display inventory in 2009. Even as broad networks consolidate or compress, exchanges are providing easy access for buyers to find reach and efficiency. The major players, including Google, Yahoo!, MSN and AOL, are capturing the largest share of available remnant inventory across their ad network offerings, and exchanges will continue to refine their operational and business models.

With the impressions themselves becoming ever more liquid and accessible through networks and exchanges, inventory value will be driven by services and technology. Next generation targeting approaches, which go beyond content and behavioral methods, will capture the attention of the buying community. Improved efficiency and valuable insights from reporting will give buyers the ability to focus media purchases even more efficiently over time.

6. Online video consumption will continue to grow

In 2009, we will see significant increases in the online distribution and consumption of professionally-produced video content. This top tier video content will garner a majority of the video advertising spend. CPMs may contract slightly with broader distribution as audiences expect to find the content where they spend their time online. But with consumers in control and watching more video online, overall CPMs will remain quite healthy for video advertising in top content. Several factors are fueling this trend: first, major advertisers are now thinking about online video at the creative stage and producing purpose-built material for the web when they develop creative for TV. Secondly, production costs are also coming down, and we are beginning to see critical mass around a standard set of technologies and tools. Lastly, as more dollars migrate away from TV advertising because of the high cost, online video will become the beneficiary, as it creates a similar immersive customer experience with TV and Hollywood appeal. Sites like Hulu provide TV-oriented brand advertisers with a captive audience – an example of why video will become a mainstream part of brand marketer advertising budgets in 2009.

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