

State of the Market

LOCATION POWERED MOBILE ADVERTISING REPORT

DEEP DIVE ON **AUTO**

LOCATION TARGETING

TARGETING AND DRIVING IN-MARKET CONSUMERS TO THE LOT

The auto category is projected to increase mobile ad spending significantly in 2014.* Verve has seen a significant increase in location powered auto advertising campaigns in the past year. Additionally, Verve has seen that location powered advertising is being used for a broader number of auto marketing objectives, not just for delivering foot traffic, but also for branding, lead generation and more.

This report provides Verve's insight into how auto advertisers are finding location powered mobile advertising to be an effective means of driving foot traffic onto auto lots; targeting the "in-market" audiences; engaging consumers in brand and model messaging and more.

"If we know a consumer is in-market, especially if we know they have been on our lot or a competitor's lot, we want to reach them and get them engaged with our brand as quickly and effectively as possible."

- Director, Media at Major Domestic-Auto Agency

Methodology

Verve analyzed 125 campaigns from a broad variety of auto marketers - import and domestic - with varying objectives including those categorized by auto marketer's as Tier 1, Tier 2 and Tier 3.

By providing insights and themes, this paper will aid auto marketers and their agencies towards a better understanding of the role and best practices for location powered mobile advertising.

Auto Marketing Objectives By Tier



TIER 1: NATIONAL/BRANDING

Increase awareness and shift consideration



TIER 2: REGIONAL DEALER GROUPS

Drive qualified leads and promote regional incentives



TIER 3: LOCAL DEALERS

Reach in-market shoppers and drive foot traffic to individual dealerships

* Source: eMarketer in 2014 projected to increase 69% YoY to \$429 MM.

AUTO IS A TOP UTILIZER OF LOCATION ADVERTISING

The auto category utilizes location powered advertising tactics to a greater degree than most other advertising categories.

Auto is one of the three top ad categories leveraging location data for mobile advertising, with retail and CPG as the other two categories that have embraced location powered advertising as a leading advertising tactic.

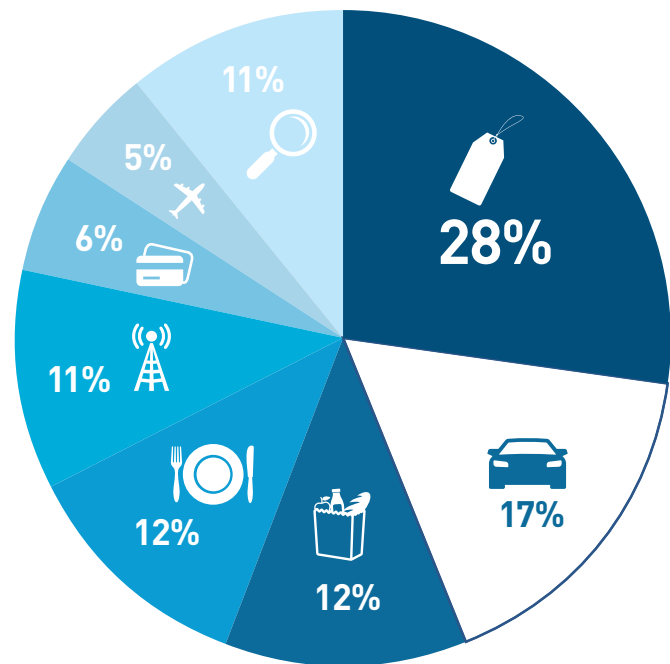


Tier 2 is the auto sub-category utilizing location powered advertising the most.

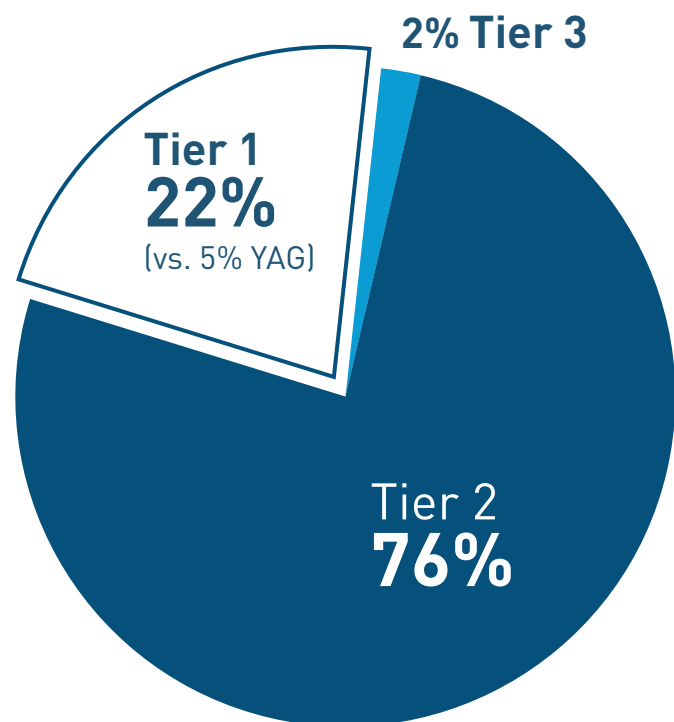
To date, location powered advertising has been primarily embraced by auto-marketers to support regional dealer groups, a.k.a. Tier 2 marketers, because of location powered advertising's proven ability to drive foot/lot traffic.

However, Verve has seen a significant increase in Tier 1 use of location tactics, 2014 vs. 2013.

CATEGORY SPENDING ON LOCATION POWERED ADVERTISING*



AUTO CAMPAIGNS BY TIER*



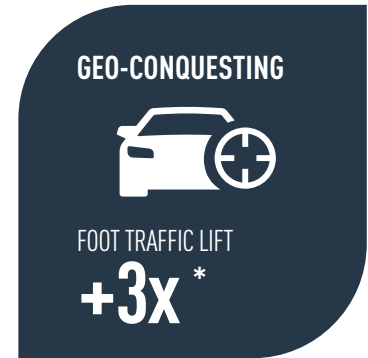
*Source: Total Location Powered Media Impressions on Verve Platform: 2012-2014.

TOP MOBILE LOCATION FINDINGS FOR AUTO

1. Geo-Fencing and Geo-Conquesting are extremely effective at driving lot traffic.

Verve's proprietary "Foot Traffic Insights" analysis shows that for those Tier 2 campaigns measured with Geo-Fencing as a significant tactic within the media campaign, the auto campaign's average foot traffic lift was +295%.*

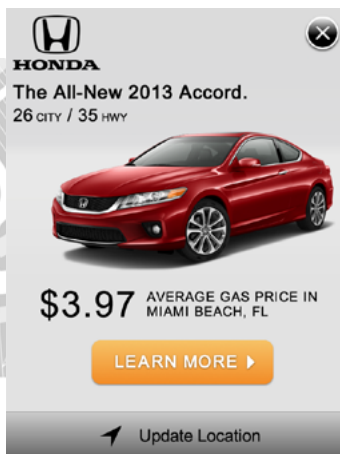
Similarly, campaigns with Geo-Conquesting as a significant tactic showed an average lift of +377%.*



2. Geo-Fencing and Geo-Conquesting lead to strong ad engagement.

Verve found that consumers spend as much time (average 20+ seconds) within secondary "informational" sections of an OEM's ad creative when on competitive lots as they do when on the OEM's lot. This means that consumers in-market are engaged and interested prospects, both on-lot and on competitors' lots.

GEO-FENCE AND / OR GEO-CONQUEST = STRONG AD ENGAGEMENT



Geo-Fence
Time Spent on Ad: 21 Seconds**
Owned and Operated Lots



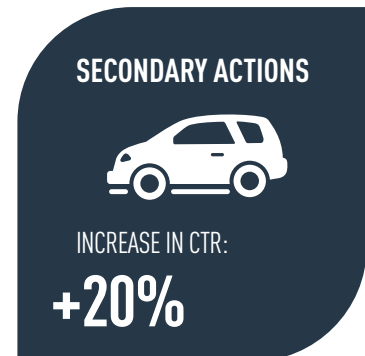
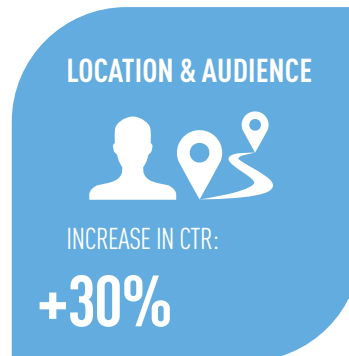
Geo-Conquest
Time Spent: 20 Seconds**
Competitors' Lots

*Source: Verve's Proprietary Foot Traffic Insights Study: exposed vs. unexposed.

**Source: Verve's Proprietary Metrics: Time spent in "Expanded Panel" of ads.

3. Custom audience segments created by a combination of location data behaviors AND audience data are highly effective, with an average engagement that is higher than Geo-Fencing.

Verve saw the combination of location and audience tactics netted an average +30% increase in CTR; and a +20% increase in secondary actions like “make your model.”*



4. Location-aware creative outperforms non-location creative.

Regardless of campaign objectives, “location-aware” advertising creative - that is, advertising that utilized some type of location/mapping engagement opportunity in the creative unit - outperformed other creative by 60% for CTR, with an average CTR range of 0.6-0.9%.

LOCATION-AWARE:
AVERAGE CTR
0.6 -0.9%



LOCATION-AWARE CREATIVE

These three dynamic elements yield higher CTR:



LOCATION TACTICS BY AUTO TIER

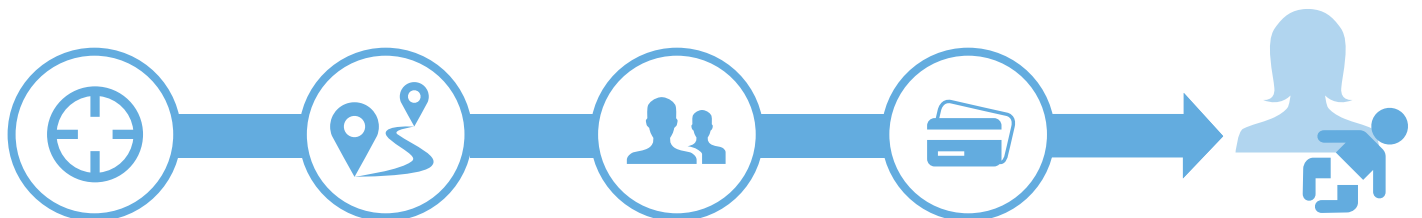
AUTO TIER 1: TACTICS THAT WORK



Target Custom Audiences

Tier 1 custom audience targeted campaigns achieve, on average, CTR performance upwards of 0.9%.* For a recent campaign targeting minivan prospects — defined as Moms with Kids in HH in-market for new auto — Verve utilized a combination of factors/data to build a precise and verified audience segment as outlined below:

VERVE CONSUMER SEGMENT APPROACH



PLACE ANALYSIS

Locations that over-index for mothers with children in HH.

- + Neighborhoods
- + Blocks
- + Parks
- + Retail Areas

DEVICE LOCATION PATTERNS / PATHS

Over-indexing patterns of frequency to locations such as:

- + Gymboree
- + Children's Place
- + Playgrounds
- + Gap Kids
- + Little Gym
- + Local Libraries

HOUSEHOLD-LEVEL DEVICE MATCHING: DEMOGRAPHICS

Household demo matching:

- + Children under 18 in HH

HOUSEHOLD-LEVEL DEVICE MATCHING: TRANSACTIONAL

Households with recent purchase history for:

- + Minivans
- + Children's clothes
- + Children's CPG products

VERVE CUSTOM CONSUMER SEGMENT:

In-Market Minivan Mom with Kids



*Source: Verve Proprietary Metrics; Comparison of CTR and secondary action rates across auto tiers, June 2013-April 2014.



Target Points of Interest

For the same minivan campaign, Verve targeted POIs that over-index for the minivan target audience, as follows:

OVER-INDEX LOCATIONS



HOME

41.904197, -87.695822
Detected X1,000



LOCAL LIBRARY

41.8914344, -87.333562
Detected X20



SCHOOL

41.5231111, -87.236399
Detected X400



PLAYGROUND

41.974162, -87.907321
Detected X10



PARK

41.467542, -87.672884
Detected X300



CHILDREN'S RETAIL

41.212117, -87.111542
Detected X10



MOMS WITH KIDS IN HOUSEHOLD

Locations that over-index for Moms with Kids in HH

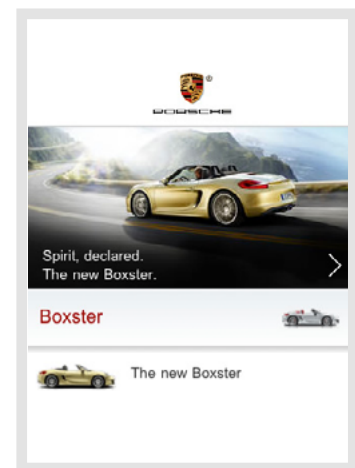
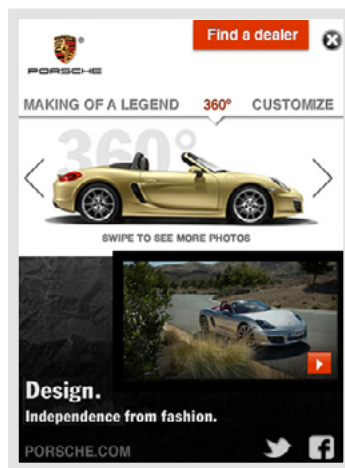
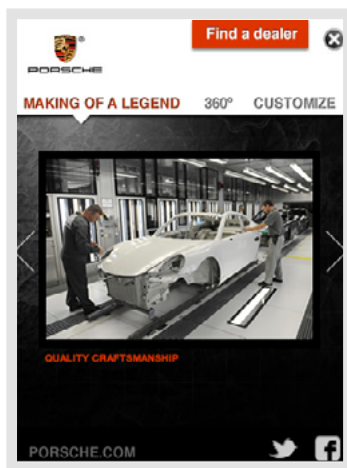
- + Neighborhoods
- + Parks
- + Retail Areas
- + Playgrounds
- + Local Libraries



Utilize Rich Media Creative

For Tier 1, Verve's proprietary rich media creative format that highlights the auto model's features and functions produced strong engagement times (e.g., 20+ seconds average for Tier 1 auto campaigns).*

EXAMPLES OF TIER 1 RICH MEDIA CREATIVE



*Source: Average engagement on secondary actions based on over 25 Tier 1 Auto Campaigns on the Verve Platform.

LOCATION TACTICS BY AUTO TIER

AUTO TIER 2: TACTICS THAT WORK

A variety of location tactics were highly effective at driving lot traffic as well as regional brand interest and promoting regional offers and incentives. (As measured by Verve's Foot Traffic Index; lead generation metrics and ad engagement time.)



Geo-Retargeting

Retargeting those on relevant lots in past 30 days. Tier 2 auto campaigns have seen strong results (0.7% and above CTR*).



Custom Audience Segments

Using HH matching, Polk data and demographics matching data (CTR up to 1%*).



Dynamic Geo-Fencing/Geo-Conquesting

Geo-Fencing lots and competitive lots (Geo-Fencing CTR up to 0.7% and Geo-Conquesting CTR up to 0.6%*).



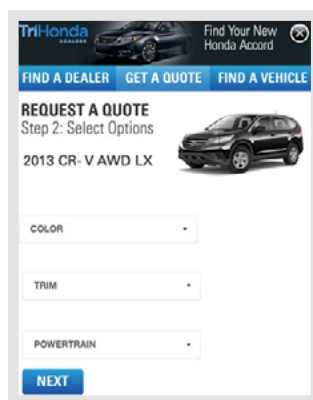
Dynamic Incentive Based Location Ads

Verve's proprietary dynamic incentive creative formats are most effective as measured by CTR and secondary engagement. While the creative is created nationally, each regional group can set their specific offer (expandable or animated) e.g., 1.8% APR financing in Northeast; \$500 cash back in Midwest.

EXAMPLES OF TIER 2 DYNAMIC INCENTIVE CREATIVE



MAP TO NEAREST DEALER



GET A QUOTE



OFFER BASED

*Source: Verve Proprietary Metrics; Comparison of CTR and secondary action rates across auto tiers, June 2013-April 2014.

Tier 2 Success Story

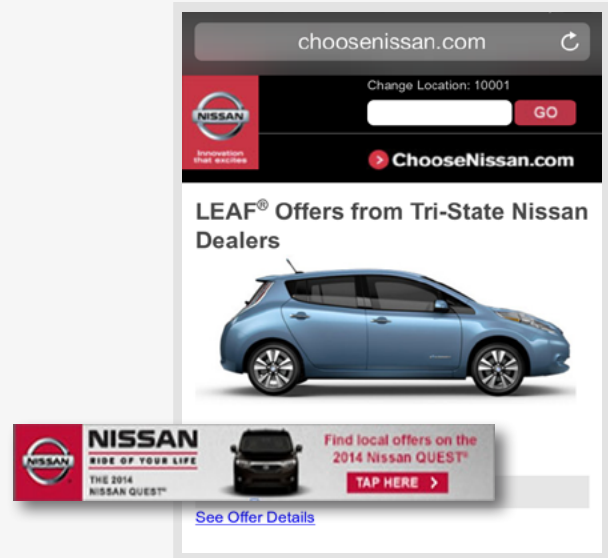
Nissan

Goal: Drive leads and dealer quotes to Nissan Tier 2 dealership site for dealer follow-up.

Tactics That Worked: Zip+4 Registration Targeting

Target key zip+4s for specific Models based on Polk sales data.

- › Customized make/model list based on market.
- › Certain markets focused on conquering specific Nissan competitors if Nissan's brand name (BDI) was weak but category (CDI) is strong.
- › Others reinforced Nissan make/model where brand and category (i.e. Sedan, or SUV) were strong.



Custom Consumer Segment

Segment based on combination of Verve custom segment utilizing household to device matching to incorporate demographic data, Polk data matching and activities in the real world, e.g., visited any auto lots.

Results

Strong cost per lead and cost per action performance.



LOCATION TACTICS BY AUTO TIER

AUTO TIER 3: TACTICS THAT WORK



Geo-Fencing

Individual dealers Geo-Fence their owned and operated lots (CTR as strong as 0.7%*).



Geo-Conquesting

Individual dealers Geo-Conquest closest competitor lots (CTR up to 0.6%*).



Custom Audience Segments

Using HH matching, Polk data and demographics matching data (CTR up to 0.7%*).

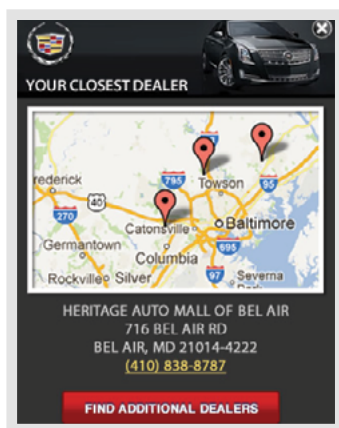


Dynamic Creative

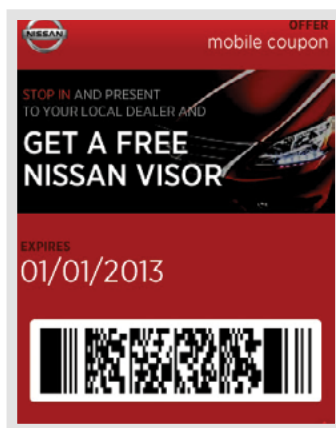
Incentive and mapping creative are the most commonly used by Auto Tier 3.



EXAMPLES OF TIER 3 DYNAMIC CREATIVE



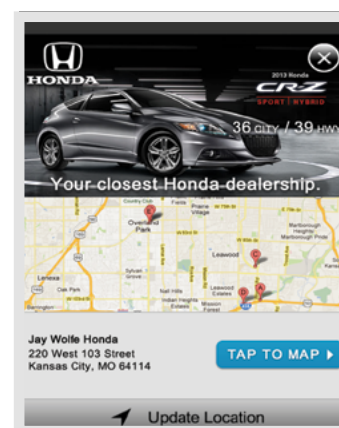
MAPPING



OFFER BASED



INCENTIVE BASED



DYNAMIC DISTANCE TO DEALERSHIP

*Source: Verve Proprietary Metrics; Comparison of CTR and secondary action rates across auto tiers, June 2013-April 2014.

WHAT'S NEXT FOR AUTO LOCATION POWERED MOBILE ADVERTISING?

What's Next in Location Advertising for Auto:

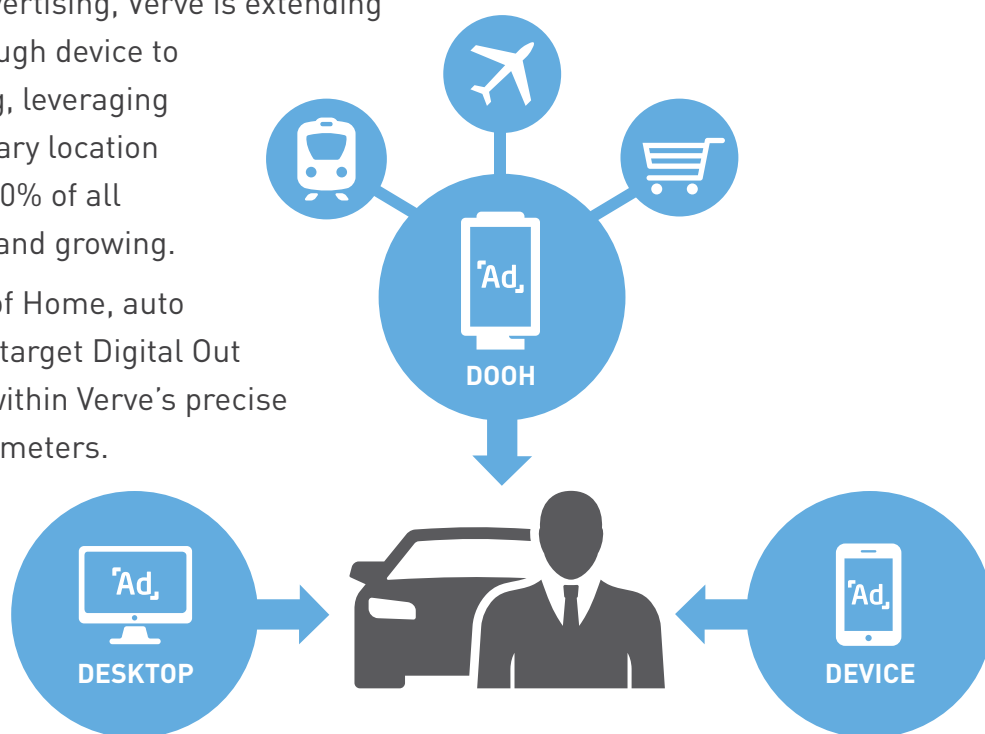


Greater use of location data via cross-platform solutions including Desktop and Digital Out of Home.

Auto advertisers are eager to surround in-market auto shoppers during all parts of the consumer journey. Desktop and Digital Out of Home advertising are perfect extensions to location powered place and audience targeting.

For Desktop advertising, Verve is extending campaigns through device to cookie matching, leveraging Verve's proprietary location data on nearly 50% of all US households and growing.

For Digital Out of Home, auto advertisers can target Digital Out of Home video within Verve's precise Geo-Fence parameters.



Deeper utilization of HH to Device Matching, using third parties for demographic and transactional targeting, as well as attribution insights, e.g., is the advertising selling cars.

With Verve's proprietary household-to-device data: targeting, insights and attribution are now available at a deeper level. For example with HH auto registration via companies like Polk, Verve can provide auto marketers with a deeper understanding of their advertising ROI.



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