



## The Power of Where: IP Geolocation Applications in Advertising

An Industry Brief for Latin America



## The Power of Where: IP Geolocation Applications in Advertising

The online advertising market is not only growing rapidly, it is also evolving. Global ad spending growth is projected to hover between 5 to 9 percent each year until 2020. Strong demand for digital advertising, particularly mobile, will be the main driver of spending increases. By 2020, digital ad spending (including mobile) is estimated to top \$335 billion and represent 46 percent of total media ad investments. Within that overall picture, mobile spend is rocketing, albeit from a low base, and a strong growth in social media advertising is apparent—trends that are increasing the reach of campaigns. The ads are changing too, with the traditional static banners giving way to increased use of rich media and video.

The evolution of the online advertising market has gone hand-in-hand with a technological revolution. Web users are bombarded by thousands of advertising messages every day, across multiple devices, making it increasingly difficult to get what's relevant, important and interesting for them.

So how can advertisers ensure their digital marketing efforts connect with consumers rather than simply adding to the noise?

## The Value of IP Geotargeting

IP-based localization or geotargeting of ads has for a long time been identified as one of the key enablers of higher returns.

The ability to target ads based on highly accurate location-specific information, where relevant, right down to the postal code level, improves the precision of campaigns and equals a dramatic reduction in wasted page impressions.

In addition, geographic ad targeting can increase click through rates by as much as 300 percent. For brands, this delivers a double bonus of reduced costs and increased revenue.

This is, of course, good news for any organization advertising online, but it is particularly positive for the growing number of online businesses whose entire revenue depends on charging for advertising or data used to target, such as ad networks as well as data management platforms and programmatic platforms.



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NetAcuity®

## The Defacto Standard in IP Geolocation

- 1. Targeting by geography improves relevance, response and revenues.**
- 2. Minimizes wasted impressions.**
- 3. Increases response rates by as much as 300%.**
- 4. Geotargeted inventory charged at 30-40% premium.**
- 5. Mobile targeting capability with no opt in.**
- 6. Helps combat click fraud.**



**“The great quality of the data led us to Digital Element. NetAcuity not only provides us with information at a city level, but also at a postal code level which provides us with a great business opportunity to be able to reach the right customer in the right postal code.”**

**- Sebastian Perez, E-PLANNING.NET Lead Front-End Engineer**

These types of adtech companies and publishers can at once segment their inventory, enhancing targeting capability, cross platform, which significantly increases revenue, because geotargeted ads command a 30- to 40-percent premium over non-targeted ads.

IP geolocation also gives companies the ability to target users based on additional parameters such as connection speed, domain or whether the connection is home or business. These extra IP-based parameters provide even more pinpointed targeting options that can also be combined with other targeting data to segment and profile users, allowing the creation of advertising messaging that is more meaningful for users—creating instant connections.

### **Not all IP Vendors Are Created Equal**

But not all IP vendors are created equal. There are several suppliers and systems available that can determine where an IP is and for a small investment an answer can be provided, but is it the right one? Determining the correct location of an IP address and discovering other useful IP intelligence data such as connection speed and anonymizers requires advanced infrastructure analysis, as opposed to simply scraping Internet registries or repackaging publically available free data.

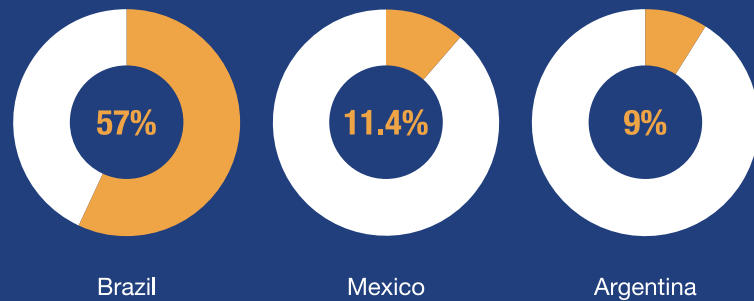
Digital Element’s premium IP solution, NetAcuity, at its most granular level, can accurately locate a user down to the city/postal code level and identify Wi-Fi connection location without becoming personally identifiable. The coverage is global; accuracy is 99.99 percent at a country level; and the data is refreshed weekly. It can also determine how a user connects, enabling the identification of data that adtech companies and publishers need to effectively target advertising and help prevent click fraud such as anonymizers, mobile carrier and connection speed.

This is achieved by combining IP routing infrastructure analysis with anonymous location insight gleaned from a network of global commercial partners.

NetAcuity is an effective one-source solution that is simple to integrate into advertising or data technology systems and manage in house. Conversely, publically available data has patchy global coverage; is rarely updated; is limited in terms of data parameters identified; and is inherently inaccurate.



## Total advertising expenditure in Latin America



## A Market on an Upward Trajectory

It's been more than two decades since the first internet banner went live on the hotwired.com website. And, yet, even though the online advertising market is mature, it continues to evolve and spending on online advertising continues to grow significantly year on year.

Currently, total advertising expenditure in Latin America is projected to round up to nearly \$50 billion (in U.S. dollars). Brazil is projected to maintain its leadership in the region, increasing its share of the Latin American ad market to almost 57 percent by 2017. Mexico is expected to hold 11.4 percent of the market share by 2017, while Argentina is projected to account for nearly 9 percent. Brazil is an industry leader not only in the region, but also worldwide. The country is listed among the largest advertising markets in ad spend growth projections, with expected growth of \$1.56 billion (in U.S. dollars) by 2018.

## The Crossover Point

One likely outcome of this upward trend is a crossover point in which online advertising surpasses its offline counterpart in terms of spend. One only needs to look at the daily time Latin Americans spend consuming different media to recognize that this watershed has already arrived.

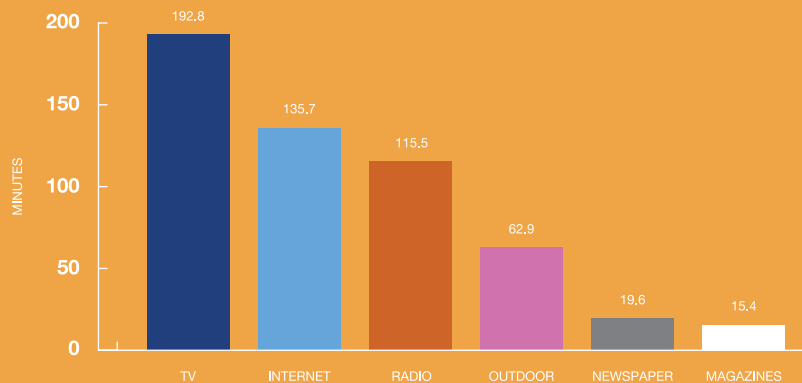
## Targeting Challenges

The challenge is to serve ads effectively in this complex and evolving marketplace. That first internet banner had a 10-percent click through rate (CTR) and throughout the '90s, CTRs averaged around 3 percent. Today the rate is around 0.06 percent. In this environment, all advertisers know the importance of serving ads that are relevant to the consumers who see them—hence the importance of data-based targeting. The challenge lies in maintaining the ability to target effectively when customers are using multiple devices across a range of locations.

Data is the key.



## Daily Time Spent With Media Per Capita in Latin America - 2016







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**Users are 80% more likely to be on a Wi-Fi network due to speed, convenience or cost, while around 20% connect via 3G, 4G or LTE.**

## The Data Explosion

The principles of ad targeting haven't changed much over two decades but the underpinning technology has become increasingly sophisticated.

That sophistication is manifested in the relevance of ads that are put in front of potential customers. As they move from site to site, most web users will be aware that much of the creative served up to them relates directly to previous online activity.

And accurate data is essential. The online advertising market is a complex ecosystem of ad exchanges and data management platforms as well as supply- and demand-side platforms—all of them crunching the data profiles of potential customers and enabling bids to be made and accepted in milliseconds.

The data that underpins automated “programmatic” advertising comes from a broad range of sources, including website visits, transactions, social media posts, tweets and even e-mails.

Location is an important part of the data mix. It is often used as a standalone targeting criterion. For instance, if the advertiser knows where a customer is located, then promotions can be targeted that only apply locally. Additionally, targeting based on location provides a means to include an additional layer of relevancy and context to online campaigns. Adding other targeting criteria, such as demographics or buying history, enables the creation of advertising messaging that is more meaningful and impactful.

## The Mobile Advertising Market

Arguably, it's the growth in mobile advertising that is going to be making the news for the foreseeable future. Latin America is expected to spend 69.8 percent of its digital ad budget on mobile in 2020, according to eMarketer. A new market is being created, with ads designed specifically for smartphones and tablets.

Added to that, internet users are now mobile, accessing content and services from smartphones and tablets, often with the inbuilt geolocation tools turned off. Users are 80 percent more likely to be on a Wi-Fi network due to speed, convenience or cost, while around 20 percent connect via 3G, 4G or LTE.

NetAcuity Pulse is Digital Elements latest service, which incorporates new partner data from Skyhook, which is derived from a first-party network of data from mobile devices, billions of real-time data signals and Wi-Fi connection points. It can accurately determine the Wi-Fi location and the types of Wi-Fi hotspots without the need for opt in—all while respecting the user's privacy.

The rise of the mobile internet is changing the way consumers interact with online services. It's a change that is often characterized in terms of a generation that expects to browse or shop online at any time, in any place and on any device. This presents both opportunities and challenges for advertisers.

The opportunities stem from an almost unlimited number of touch points. It is now possible to reach consumers on their commutes to work, on the street or when they go out for a drink or a meal in the evening. Equally important, the line between TV and internet advertising is blurring. The number of people across Latin America using their mobile devices to access the internet is set to grow by 50 percent by the end of the decade, according to GSMA. It is forecast that 150 million new mobile internet subscribers will be added in the region by 2020, bringing the total to 450 million.

## IP Geolocation in Action

IP geolocation has long been used to target promotions locally. As the advertising ecosystem has become more data driven, the applications have evolved. Smart advertisers and advertising technology companies recognize this and are using IP data in innovative ways to drive engagement and make advertising more contextually relevant, such as:

### Deploy IP Intelligence to Target “Clusters of Similarity”

For example, government-promoted “quit smoking” and “healthy heart” public-service campaigns can be targeted to areas with high rates of smokers and heart disease.

### Add Location as a Criterion

Adding location as a targeting option to audience profiling, for example, can facilitate the development of true geo-demographic clusters, which are proven to deliver higher CTRs and command a higher premium.

### Combine IP Geolocation with Other “Real-World” Events

Take weather as an example. A clothing retailer can promote warmer clothing when a cold front moves into a certain area, aligning ad targeting to real-world events.

### Incorporate Demographic Targeting

If you know where your customer lives, then you can target ads based on demographic data relating to that area.

## Run Time-Sensitive Campaigns

A bank or insurance company running a series of offline promotions across the country and phased over a number of months can cross-promote online with ads served to specific regions at the relevant time.

## Analyze Buying Patterns Using Location to Maximize Media Budget Mileage

For example, a travel company found that holidays to the United States were more popular in Brazil, as opposed to Argentina. Relying heavily on retargeting for the bulk of its display ads (a relatively high CPM approach), the company found that adding location meant it was possible to target only Brazil with run of network ads, thus reducing the cost of campaign CPMs.

## Deploy IP Location Data to Fill the Mobile Targeting Gap

As mobile users are increasingly connecting via IP-based Wi-Fi networks, mobile ad networks are missing significant revenue generation opportunities. Using IP Intelligence allows ads to be targeted to Wi-Fi users based on location, without relying on software downloads or user opt-in, thus optimizing revenue for the ad network.

In addition to the above, NetAcuity also provides the data to tailor advertising according to factors such as connection speed and device. In practice, that means that a customer logged on via a fast connection might be served with an immersive video ad, while another who is using a slower shared link in a cafe or hotel lobby would see only a static display ad. Similarly, ads can be tailored for phones, tablets and PCs.

## Digital Element – The Global IP Geolocation Leader

NetAcuity provides IP geolocation solutions for a global client base that includes: leading media companies such as CNN, Twitter, Facebook, Globo, Televisa and Naranya; major players in the ad serving/network market such as Addesk and e-Planning; and retailers such as Coppel, Despegar.com and Whirlpool as well as financial institutions such as Inter Banco.

The solution is bundled in three ways to meet the unique needs of our clients, and each option varies in terms of data accuracy, granularity, technical integration, and service level.



**“The lack of innovative and cost-effective technology tools has been a significant challenge for companies trying to reach both online and mobile consumers in Chile. The ability to offer proven, easy-to-implement geolocation solutions to our advertising and ecommerce clients will give them a competitive edge in the digital marketplace.”**

**- Mauricio Dabdoub, CEO, INDIGOTEC**

Our NetAcuity Pulse™ solution adds a whole new dimension to IP geotargeting. It builds on the NetAcuity Edge solution by incorporating new partner data from Skyhook, which is derived from a first-party network of data from mobile devices, billions of real-time data signals and Wi-Fi connection points.

NetAcuity Pulse expands the global coverage and reach for postcode-level targeting within cities and neighborhoods, offering more seen IPs at a hyperlocal level than any other supplier. The solution also enhances the targeting of mobile and connected traffic, providing unrivalled IP-targeting precision.

### Compelling Reasons to Know More about Your Traffic

We live in the age of tailored, targeted, programmatic advertising that delivers relevant, timely messaging to consumers. The relevance of that messaging is dependent on good data. Much of the simple IP-based data that has previously been available to ad platforms has been inconsistent. By deploying the kind of advanced IP intelligence offered by Digital Element, advertisers and platforms can engage in genuinely “hyperlocal” advertising.

Understanding where your visitors connect from results in increased relevance, response and revenues.

IP Intelligence provides a simple one-source solution to enable digital businesses to optimize online advertising, across platforms.

Easy to deploy on an internal server, in less than 20 minutes, NetAcuity is queried by various supplied APIs, and its response time is superfast and reliable at less than 0.03 milliseconds—allowing it to handle up to 30,000 requests per second.

Digital Element is the only dedicated global provider of IP Intelligence. With more than 15 years of experience and knowledge, specialized Latin American and U.S. teams can advise on how to localize your site using IP geolocation techniques. Knowing more about where customers are coming from—and how they connect—will deliver critical information to optimize advertising targeting.

## Some of the Data We Provide to Protect our Clients

✓ Country	✓ Mobile Carrier	✓ ASN
✓ Region/State	✓ Latitude/Longitude	✓ Home/Business
✓ City	✓ Zip+4	✓ Industry Codes
✓ ZIP/Postal Codes	✓ Proxy Type	✓ Company Name
✓ Custom Regions*	✓ Proxy Identification	✓ Org Name
✓ Connection Type	✓ ISP	✓ Demographics
✓ Connection Speed	✓ Domain	

## NetAcuity Tidbits and Techie Stuff

- Client Platform – Integrates with most operating systems and applications
- Support – 24/7 technical support
- Latency – As low as .03 milliseconds
- Database updates happen weekly
- Provides support for a variety of popular 64-bit computing platforms: Red Hat Enterprise Linux 5, Solaris 10-Intel, Solaris 10-SPARC, Windows 2003/2008 Server
- Processing – Capable of over 30,000 IP resolutions per second
- Restful Interface
- Up-and-running in as little as 20 minutes
- Application Programming Interface (API) – C, C++, C#, Perl, Java, PHP, .NET, Ruby, Python, Node.js, Apache Module, Go, Nginx or custom support available for a wide array of programming languages and client platforms

## Sample Clients



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Contact us to learn more about how IP Intelligence can help drive digital rights management at your organization.

[www.digitalelement.com](http://www.digitalelement.com)



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