

Hyper-Local Marketing Evolves Beyond Daily Deals:

Digital promotions now drive expanded set of integrated online/offline marketing programs

From the Yellow Pages to daily deals and foursquare, local marketing continues to evolve to keep pace with changing consumer media preferences. But with consumer time and attention at a premium, marketers are increasingly turning to a multichannel portfolio – driven by digital promotions – to create hyper-local marketing programs that reach consumers at the right time, in the right place and on the right screen.

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*Dean DeBiase, chairman and CEO,
Entertainment*

“We are employing a ‘TraDigital’ approach to create a multimedia platform of traditional and digital offers that reach consumers who can access deals any way they want, wherever they are,” says Dean DeBiase, chairman and CEO at Entertainment, which has introduced a diverse suite of digital coupon and savings products, including Entertainment.com™ Savings Membership, Entertainment® Mobile and Entertainment.com Deals™, to supplement its ubiquitous Entertainment Membership Book.

“This degree of flexibility – in how consumers redeem offers, not how we tell them to – is critical,” DeBiase explains. In April 2012, his company rolled out an Entertainment.com digital card, available at Walgreens pharmacies nationwide, allowing consumers to redeem offers in-store or online. The program followed the launch of the Entertainment.com Saving Membership, a digital alternative to the print book, and mobile coupon redemption on its Entertainment Mobile app, allowing consumers to search for local offers through their smartphones’ GPS or by manually entering a location, and then redeem them by showing their screen to the participating merchant. Consumer pricing for each of Entertainment’s memberships is \$30 for an annual subscription.

DIGITAL ADS DRIVE REVENUE INCREASES

New research confirms that digital technologies are now driving local advertising growth. According to local media research firm BIA/Kelsey, local online/interactive/digital advertising revenue will climb to \$38.5 billion in 2016, representing a CAGR of 12.7% over 2011. The growth of the digital segment is expected to offset slower growth in total local media advertising revenue.

“Our goal is to capture ad spend transitioning from print to digital and, subsequently, moving into local digital,” says Heath Clarke, chairman and CEO of Local Corporation, which drives consumer traffic from more than 1,200 websites, in addition to its flagship Local.com search engine and Spreebird Deals site. The company is currently beta testing a Spreebird Rewards loyalty card program to reward frequent customers and help participating merchants build a database of power users. Consumers swipe the card at the point of sale and will, initially, receive rewards, or “Spreebucks,” they can use for future purchases.

Local Corporation has aggressively used acquisitions to expand its portfolio of digital marketing products and now targets local brick-and-mortar businesses with a turnkey set of digital advertising services, including website and content development, search engine optimization (SEO), audience targeting and analytics, display advertising and social media management, with pricing that starts below \$200 per month.

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*Heath Clarke, chairman and CEO,
Local Corporation*

“We’ve launched six new mobile products in the past three quarters,” Clarke says, adding that 80 percent of the company’s Spreebird Deals users view offers via their mobile devices, including both smartphones and tablets. “We distinguish between smartphone and tablet users, because we’re seeing a difference in how they convert,” Clarke explains. “Tablet users convert more efficiently into buyers than smartphone users, who may do a price check or review the product. But even if smartphones don’t yet monetize at the same rate, it’s still a valuable channel. It’s a unique opportunity to track how the consumer bought.”

CARD-CONNECTED OFFERS ADD TO THE MIX

While mobile is a high-growth area for hyper-local marketers, card-connected promotions are an integral part of the hyper-local marketing mix and are the focus of edo Interactive’s Prewards performance marketing platform, which brings financial institutions and advertisers together to provide incentives through the consumer’s credit card at the point-of-sale.

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“Hyper-local marketing is about joining the online and offline worlds to follow consumers from stimulus to actual spend,” says Mark Marinacci, edo Interactive’s chief revenue officer. For the past year, edo has been live with more than 100 participating banks, including Ally Bank and Fifth Third Bank, delivering relevant, digital offers accessed via customers’ credit cards that are instantly redeemable at the merchant’s cash register. The banks provide edo with an anonymous set of credit or debit card customer records, which edo analyzes and segments to deliver targeted offers to credit card holders based on customer spending patterns. Marinacci points out that the bank data use is compliant with all regulations and there is no personally identifiable information (PII) involved.

“We’ve created a new audience channel that has more data for targeting, more scale and more measurability for marketers,” says Marinacci. “There’s no need for a merchant to upgrade their POS systems; no software, hardware or staff training involved. In addition, consumers don’t need to download an app, they just swipe their credit cards.”

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*Mark Marinacci, chief revenue officer,
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MOBILE, DIGITAL DISTRIBUTION PARTNERSHIPS SHAPE FUTURE

edo is launching Prewards programs for two of the top five credit issuers, and is in discussions with many more, according to Marinacci. Some of those discussions will incorporate mobile offers, as banks think more creatively about how to take care of their customers. “The deal market today is primarily email and is moving increasingly to mobile,” he says. “We used to target based on search, then based on friends, then based on foursquare check-in. But now, the transaction data is what’s differentiating targeting, and transactions plus location will be the next big thing.” For example, a rule can be set within the Prewards platform that, if a consumer makes a purchase at a Macy’s near a PF Chang’s, the system will offer an incentive to stay for lunch via the consumer’s mobile device.

Also on the horizon are digital distribution partnerships that combine massive online audiences with the tens of thousands of local promotions available through companies including Local Corporation and Entertainment. “We have more than \$10 million worth of coupons sitting there every day,” says DeBiase of Entertainment, whose company has agreements to provide local advertising offers to Google and eBay, and expects to announce more over the next 18 months. “These companies want to leverage our content and technology to accelerate the sales on their sites.”

And don’t count daily deals out yet. Each of these executives agrees that daily deals have a role to play, albeit a more limited one that needs to be integrated into the hyper-local marketing landscape. “Daily deals only work for certain verticals,” says Local Corporation’s CEO Clarke. “It should be one of a group of products that marketers use to solve the online/offline gap.”

“Merchants need a way to engage consumers on multiple levels,” agrees DeBiase. “We have daily deals in most of our profitable markets, but they are a selective tool for merchants to use for acquisition marketing.” ■