

A Forrester Consulting
Thought Leadership Paper
Commissioned By Waze

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Intercept Consumers On The Go With Digital Out-Of-Home Advertising

Realize Business Results By Driving Consumers
Through The Last Mile

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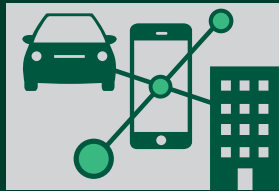
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Digital out-of-home advertising is digital advertising that reaches consumers on the go.

Executive Summary

For highly competitive business-to-consumer industries, in-person visitors remain key to revenue and profitability. However, most marketers do not optimize for the last mile that drives customers to brick-and-mortar locations. On-the-go consumers in their cars represent a critical — and largely untapped — context for advertising, where targeted messages influence buyer behavior at the moment they are most ready to act.

In January 2020, Waze commissioned Forrester Consulting to evaluate the extent to which on-the-go consumers represent a critical advertising context. To explore this topic, Forrester conducted an online survey of 424 global marketers across consumer-packaged goods (CPG), retail, quick-service restaurants (QSRs), and gas stations and convenience stores, along with four interviews of digital out-of-home advertising users. We found that digital out-of-home helps marketers and advertisers achieve their most critical priorities.

KEY FINDINGS

- › **Global marketers adopt digital out-of-home to reach consumers when they are most likely to make a purchase.** The most common reason brands invest in digital out-of-home advertising is to reach consumers during critical moments of influence. Intercepting customers while they are in their cars and more likely to make a purchase is a critical area of focus for brands as they seek to increase visits to brick-and-mortar locations.
- › **Digital out-of-home users have realized gains in both sales frequency and basket size.** Marketers whose brands use this form of advertising estimate a weighted average 9.1% increase in the volume of sales and an 8.3% increase in the size of sales. Even marketers whose firms that are not yet using this form of advertising anticipate that it would increase their store visits and sales volume/size.
- › **Investment and consideration of digital out-of-home advertising are growing.** Thirty percent of respondents say their firms are already using digital out-of-home, with another 65% very or extremely likely to consider it in the next two years. Brands will increase their investments in digital out-of-home advertising by 4.1% on average in the next year, making it the No. 2 largest growing category for advertising investment. High-performing brands are investing at a rate three times greater than low-performing brands.

TERMINOLOGY

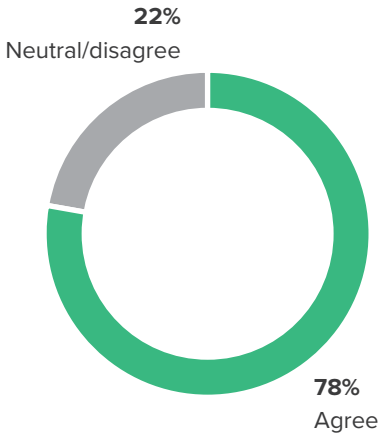
For this study, we explore topics related to “digital out-of-home advertising.” We defined this term to survey respondents as inclusive of any digital advertising that reaches consumers on the go.

Brands Struggle To Reach Customers At Key Moments While Respecting Privacy

As brands compete for decreasing consumer attention spans, they would ideally share their messages at key moments when buyers are primed to act or make a purchase, such as when they are already in their cars. However, firms struggle to reach customers at moments of influence, especially in ways that consider privacy regulations and customer preferences. In surveying 424 global marketers and advertisers, we found that:

- › **Brands struggle to identify and intercept customers at key moments.** More than three in four marketers say their firms struggle to reach customers at influential moments (see Figure 1). Interestingly, a difference emerges between firms that are already using digital out-of-home advertising and those that are not: Those that are not using it are 1.3 times more likely to agree they struggle to reach their target audience at key moments. This gap suggests digital out-of-home offers a way to mitigate this challenge.
- › **Compliance efforts change the way brands use data.** Eighty-five percent of marketers agree that new privacy regulations are changing the way they use data for advertising (see Figure 2). As the data regulatory landscape evolves, Forrester recommends contextual privacy, where businesses collect and use personal data in a way that is consensual, within a mutually agreed-upon context, for a mutually agreed-upon purpose. Contextual privacy can be a business differentiator, as those that practice it demonstrate more respect for customers while those that don't risk regulatory and publicity problems and consumer-driven backlash.¹
- › **Increasing customer sensitivity about sharing personal data means that marketers must respect contextual privacy.** Marketers know that customers are increasingly privacy-sensitive: 81% agree that customers are more concerned about privacy today than they were five years ago (see Figure 2). Customers are less concerned with sharing destination- or location-based data than they are with sharing personally identifiable information like personal, demographic, or psychographic data — and these are the types of data on which ad targeting has traditionally heavily relied (see Figure 2). Destination- or location-based data offers a way to develop smarter campaign strategies, as long as requests for that data are contextual and result in tangible and clear benefits for the user. While consumers might be willing to share their location with a navigation app that requires location data to provide accurate directions, they would be much more wary of sharing it with a cooking app where there is no clear benefit to do so.

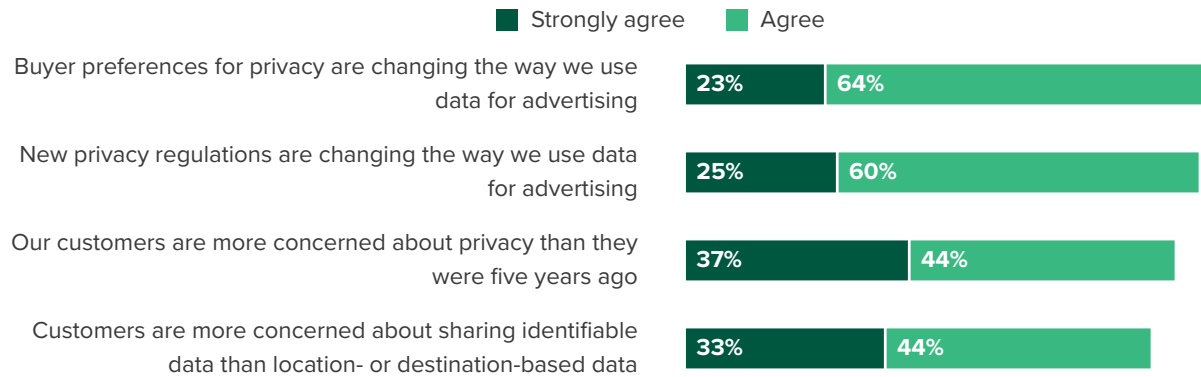
Figure 1
“My organization struggles to reach its target audience at influential moments.”



Base: 424 global marketing or advertising decision makers responsible for media budget
Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020

Figure 2

“To what extent do you agree with the following?”



Base: 424 global marketing or advertising decision makers responsible for media budget
Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020

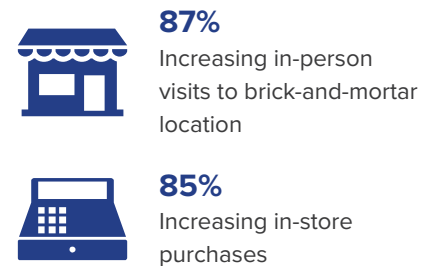
Contextual Advertising And In-Store Visits Are A Priority

As brands seek to increase store visits and struggle to target consumers in the right moment, context can be the differentiator. Where consumers are and where they are going are critical pieces of information for marketers to serve relevant messaging within that context. Forrester found that brands are:

- **Prioritizing in-person visits.** Across industries, 87% of respondents say that increasing in-person visits to brick-and-mortar locations is a critical or high priority in the next 12 months (see Figure 3). Similarly, 85% say the same of increasing in-store purchases.
- **Valuing brick-and-mortar customers.** Respondents who view increasing in-person visitors as a critical or high priority characterize these customers as especially important compared to others (see Figure 4). Seventy-four percent say in-person visitors are more loyal, making more frequent purchases that lead to a higher customer lifetime value, while 72% say they are more valuable customers, spending more per purchase. These findings were consistent across industries, even among those industries that have a growing online channel, such as retail and CPG.
- **Zeroing in on advertisement context.** Marketers care about the content that their ads appear next to. In fact, 83% say they are focused on the context of their advertisements (see Figure 5). This finding may come as a surprise given the importance of behavioral targeting in the past decade, but marketers know that a critical part of getting contextual advertising right is knowing where the customer is and their likelihood to respond to the message.

Figure 3

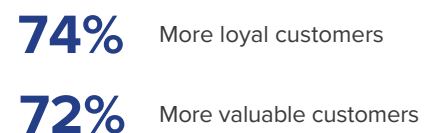
“Which of the following are likely to be your organization’s top advertising priorities over the next 12 months?”



Base: 424 global marketing or advertising decision makers responsible for media budget
Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020

Figure 4

Firms prioritize in-person visitors because they are:

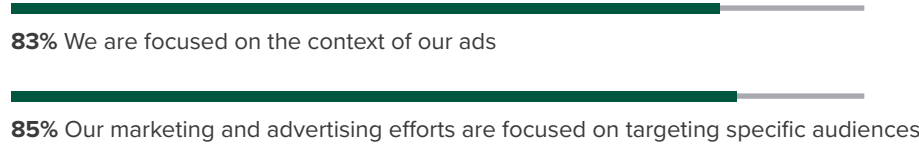


Base: 368 global marketing or advertising decision makers at organizations prioritizing in-person visits
Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020

Figure 5

“To what extent do you agree with the following?”

■ Strongly agree/Agree



Base: 424 global marketing or advertising decision makers responsible for media budget
Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020

Digital Out-Of-Home Advertising Delivers On Consumers’ Context To Drive Results

DIGITAL OUT-OF-HOME ADDRESSES CRITICAL MARKETING AND ADVERTISING PRIORITIES

Digital out-of-home advertising helps firms meet their objective of influencing customers in context; the impact drives significant business results. We found:

- **Firms look to digital out-of-home advertising to meet consumers during moments of influence.** Among those marketers whose brands are already using this form of advertising, the top reason they adopted it was to reach consumers when they are ready to make a purchase (see Figure 6). Additional reasons relate to mitigating privacy concerns, supporting offline sales, and complementing omnichannel strategies.

“Location marketing is so important and sometimes overlooked. We want to intercept somebody who has been thinking about furniture and hasn’t pulled the trigger to visit one of our stores.”

Senior marketing director at a global home furniture retailer



Figure 6

Top five reasons brands invested in digital out-of-home advertising:



Base: 127 global marketing or advertising decision makers at organizations that have invested in digital out-of-home advertising
Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020



“We’re trying to get close to the point of decision. People make decisions to visit a store within 30 minutes, or in some cases, within 5 minutes, before doing so.”

Media planning and buying manager at a global quick-service restaurant



DIGITAL OUT-OF-HOME DELIVERS BUSINESS RESULTS

Digital out-of-home not only meets customers in their moments of need; it also delivers business results. Based on our survey, we found that:

- › **Brands with better business results prioritize in-person visits and digital out-of-home ads.** We segmented respondents based on performance across key metrics like revenue, customer acquisition, customer lifetime value, and return on investment for advertising spend.² The results revealed that high performers do a couple things differently compared to low performers: 1) They are 1.5 times more likely to view increasing in-person visits as critical in the next 12 months, and 2) they are increasing investment in digital out-of-home advertising at a rate three times greater (see Figure 7).
- › **Marketers expect digital out-of-home to increase volume and size of sales; results provide significant uplift.** Global marketers expect that digital out-of-home advertising could deliver across in-store traffic, sales volume, and size (see Figure 8). These expectations prove true for brands that have already invested in digital out-of-home. Respondents who have seen increased volume of sales estimate a weighted average 9.1% increase; the same can be said for size of sales (8.3% increase) and traffic to brick-and-mortar locations (8.0% increase).

Figure 7

Compared to low performers, high-performing firms are:



1.5 times more likely to view increasing in-person visits as critical in the next 12 months



Increasing investment in digital out-of-home advertising at a rate of **3x**

Base: 424 global marketing or advertising decision makers responsible for media budget
Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020

Figure 8

Respondents who have seen/expect an increase in the following from an investment in digital out-of-home advertising



Weighted average change to key metrics among digital out-of-home ad users*

Base: 424 global marketing or advertising decision makers responsible for media budget

*Base: 68 to 84 global marketing or advertising decision makers at organizations that have invested in digital out-of-home advertising
Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020

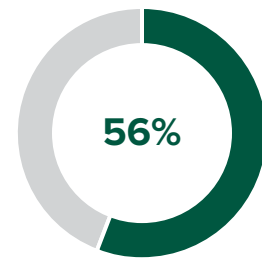
DIGITAL OUT-OF-HOME INTEREST IS HIGH AND GROWING

As marketers look to new advertising channels to influence buyers, many highly consider digital out-of-home an area for growth. Looking toward the future of advertising, we found (see Figure 9):

- > **Digital out-of-home advertising currently offers some differentiation; soon it will be table stakes.** About one-third (30%) of marketers report their brands are already using this advertising channel; almost two-thirds (65%) are very or extremely likely to consider it in the next two years.
- > **Digital out-of-home advertising is one of the top areas for new advertising investment.** Brands are increasing their investments in digital out-of-home advertising by 4.1% on average in the next year, making it the No. 2 largest growing category for advertising investment. Most firms are funding with net-new advertising dollars (see Figure 10). Firms that already use digital out-of-home are also increasing their investments in traditional out-of-home (e.g., billboards) at a rate 1.9x times greater than other firms, suggesting that digital and traditional out-of-home are complementary tactics to reach drivers on the go.

Figure 10

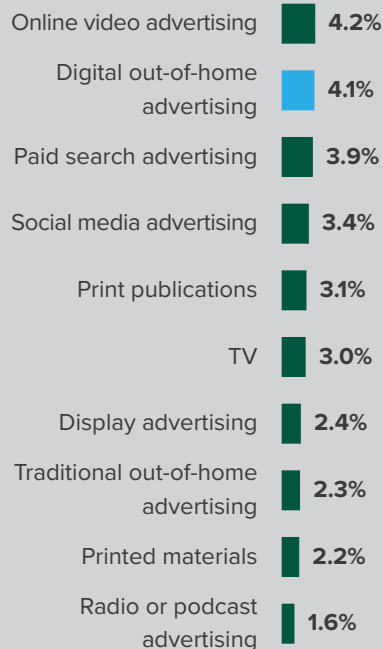
Digital out-of-home ad users who initially secured investment funds with net-new incremental investment



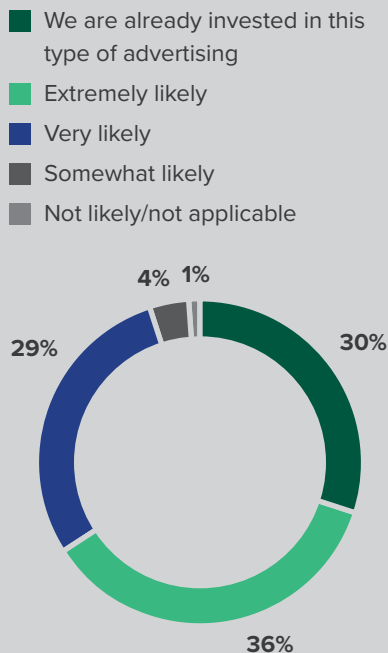
Base: 127 global marketing or advertising decision makers at organizations that have invested in digital out-of-home advertising
Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020

Figure 9

Weighted average change in advertising investment over the next year



Likelihood to consider investing in digital out-of-home over the next two years



Base: 424 global marketing or advertising decision makers responsible for media budget
Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020



“Digital out-of-home advertising puts brand messaging in front of a captive audience. It offers a reminder that exposes our location and our services. It opens up an opportunity for us to be on their path to work or home or to wherever they’re going and feel a time of need.”

Senior media director at a large US retailer and pharmacy



Key Recommendations

Brands want to increase in-person visits to brick-and-mortar locations, finding in-person visitors to be more loyal and more valuable than other customers. However, they compete in crowded advertising mediums and struggle to get their messaging to consumers when it matters most — when they are most likely to and most able to make a purchase. As brands look to influence buyer behavior at critical moments, digital out-of-home advertising offers a way to target buyers within the context of their cars. Forrester's in-depth survey of 424 global marketers and advertisers about digital out-of-home advertising yielded several important recommendations:



Get ahead of competition in digital out-of-home with innovation. Digital out-of-home is still emerging as a marketing channel, which means now is the right time to get ahead of your competitors in this channel. Test strategies like purchasing digital out-of-home inventory based on your brick-and-mortar locations will allow your brand to influence buyer behavior when high-value customers are nearby and most ready to make a purchase.³



Invest more in channels that allow for contextual targeting. As privacy regulations and consumer preferences change, brands need to be careful about using behavioral data for advertisement targeting and ensure that any request for data offers value to consumers. More brands will find contextual targeting just as effective, if not more effective, than using behavioral data in digital advertising. Digital-out-of-home provides plenty of levers to pull to increase the context of brand messages. With one-third of respondents reporting their brands are already using this form of advertising, and more to come in the next two years, digital out-of-home is a critical way to compete for customers' attention during key moments of influence.

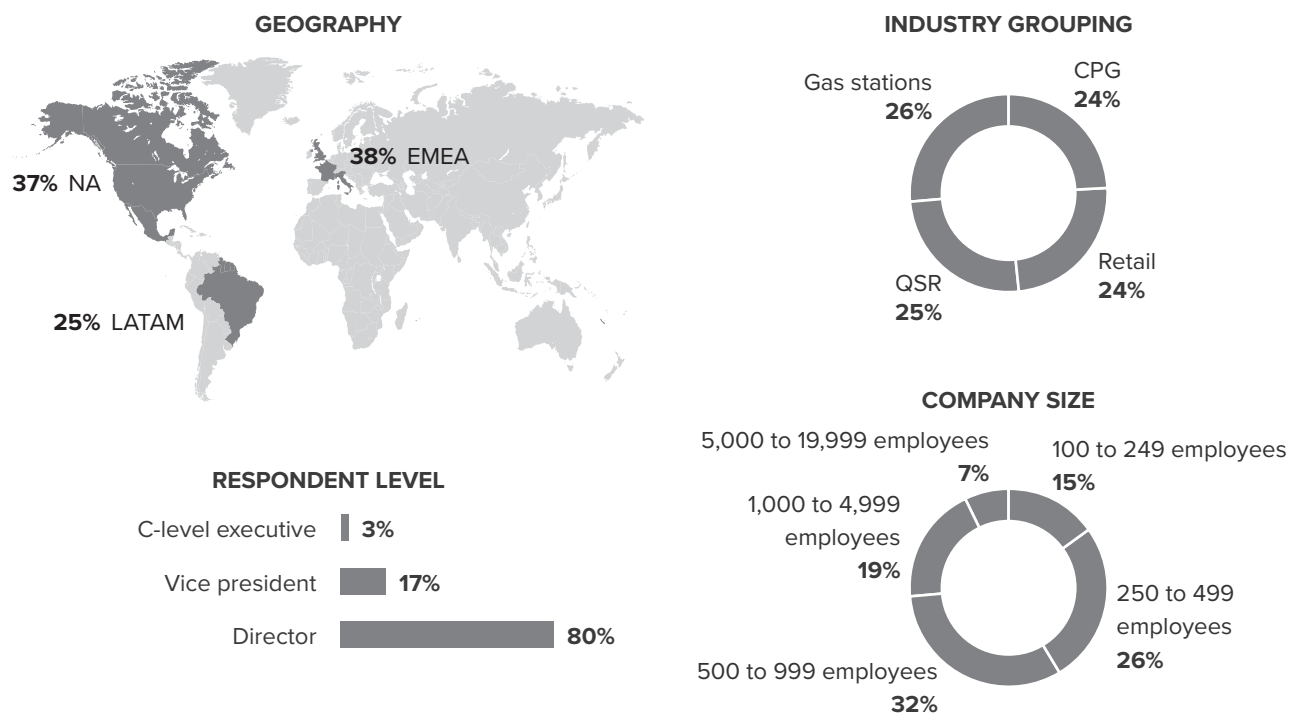


Integrate digital out-of-home into your omnichannel advertising strategy. Digital out-of-home is complementary to existing advertising strategies, particularly traditional out-of-home, in-store advertisements, and other forms of digital advertising. Investing net-new ad dollars in digital out-of-home while leveraging an omnichannel strategy will ensure your brand stays top of mind throughout the buyer journey and that your messaging and story across channels and devices are connected.

Appendix A: Methodology

In this study, Forrester conducted a survey of 424 global marketers and advertisers across CPG, retail, QSR, and gas station/convenience stores to evaluate the extent to which consumers in their cars represent a critical advertising context. Forrester also interviewed four digital out-of-home advertising users. Survey participants were decision makers or economic buyers for advertising/media planning and buying at their organizations. Questions provided to the participants asked about their marketing priorities, challenges, and usage of digital-out-of-home advertising. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began in January 2020 and was completed in February 2020.

Appendix B: Demographics/Data



Base: 424 global marketing or advertising decision makers responsible for media budget

Note: Percentages may not total 100 because of rounding.

Source: A commissioned study conducted by Forrester Consulting on behalf of Waze, February 2020

Appendix C: Related Forrester Research

“Digital Out-Of-Home Delivers Customers,” Forrester Research, Inc., February 22, 2019

“Modern Privacy Laws Change The Paradigm For Marketing And Advertising,” Forrester Research, Inc., February 19, 2020

“Predictions 2020: Media,” Forrester Research, Inc., October 29, 2019

Appendix D: Endnotes

¹ Source: “The New Privacy: It’s All About Context,” Forrester Research, Inc., January 4, 2019.

² To conduct our performance segmentation, we used data from respondents about performance across revenue, customer acquisition, customer lifetime value, and return on investment for advertising spend. Respondents told us how their firms had performed across each of these in the most recent fiscal year as a percentage of change. With equally weighted subscores across the four categories, we grouped respondents into quartiles, where the top quartile was higher performance, the bottom quartile was low performance, and the middle two were considered medium performance.

³ Source: “Digital Out-Of-Home Delivers Customers,” Forrester Research, Inc., February 22, 2019.