National Brands Expect Big Returns On Local Ad Investment

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Advertisers expect similar or greater ROI from local ad efforts compared to national campaigns

As location-based social networks, hyperlocal communities and local search continue to garner consumer interest and use, national brands are seeing the inevitability of extending their presence in the local space.

Findings released in May from local marketing automation provider Balihoo showed the vast majority of national brands (88%) in North America were investing some portion of their budget in local marketing.

Brands were polarized in their levels of investment: 29% allocated between 1-5% of their overall marketing budget to local initiatives, but a good portion (21%) invested a quarter or more of their total budget on local.

â€œBrands recognize that so much of the purchasing is still done at the local level, yet they arenâ€™t focused on the local,â€• s Pete Gombert, CEO of Balihoo in a May 2012 interview with eMarketer. â€œWeâ€™ve seen a heavy emphasis on setting up the infrastructure to capture demand and measure demand at the local level [in order] to bring that sophistication up to the national level.â€•

However, measuring brand impact locally remains a challenge: 25% of advertisers in North America reported an inability to track ROI at the local level. Though the majority were able to track their local efforts, 58% of national brands nonetheless neglected to calculate the ROI of their local programs, a decision that may hamper their ability to further justify and grow local investment.

Though brands might allocate less to local advertisingâ€”and many may not bother trackingâ€”they still expect those dollars to do more: 37% expected their local ROI to be higher than their national, and 44% expected similar ROI from both.

Only 19% expected their national marketing to produce greater ROI than their local marketing. Of their national efforts, most (63%) expected their return to range anywhere from 1.5 to 3 times their initial investment.

As brands focus more intently on maintaining a local presenceâ€”and move closer toward integrating those local efforts with their national programsâ€”the ability to accurately create a true picture of overall marketing ROI becomes more of a priority.

â€œHaving that infrastructure in place is really, really important,â€• said Gombert. â€œEven just the ability to capture how your tactics are performing in terms of driving demand, thatâ€™s the first thing. Then ultimately, if you can capture it all the way through purchase, that is fantastic. Thatâ€™s a gold mine.â€•

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