

What's Improving Online-to-Offline Capabilities?

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eMarketer Editors

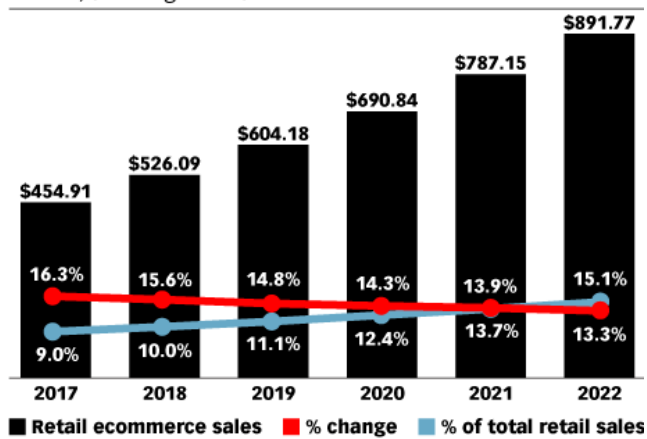
Online-to-offline (O2O) measurement and marketing isn't new, but the ubiquity of mobile phones has massively expanded what marketers can do with it. With better location tracking and identity graphs, marketers now see the complete consumer journey and use better tools to judge the full impact of online (and increasingly traditional) media.

These new O2O capabilities have enabled advertisers to refine goals, change creative and, in some cases, rethink their media mix.

Demand for O2O measurements has increased in most industries over the past 24 months. In fact, only 10.0% of US retail sales take place online. The rest still occur in stores, making O2O measurement crucial for retail—and many other industries as well.

US Retail Ecommerce Sales, 2017-2022

billions, % change and % of total retail sales



Note: includes products or services ordered using the internet, regardless of the method of payment or fulfillment
Source: eMarketer, Feb 2018

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"Visitation data has gotten better, although bid-stream location data from exchanges is still rife with inaccuracies, and GPS data has limits in crowded urban environments and indoor spaces. Most providers use a combination of signals to get more accurate readings," said eMarketer analyst Yory Wurmser, author of our new report, "[O2O Measurement and Marketing 2018: How Location Tracking, Identity Graphs and In-Store Metrics Are Improving Online-to-Offline Capabilities.](#)"

Meanwhile, purchase data is the ultimate goal for many marketers, especially those in industries like consumer packaged goods (CPG) and pharma. To link online advertising with offline purchases, marketers need to wait for purchase data to come from stores and then link it to an advertising ID via an identity graph. This can take up to a month, limiting the optimization that this data provides during a campaign.

And better offline measurements have led to an increase of advertising with measurable offline goals.

Although rising privacy concerns have started to put pressure on O2O providers, especially in Europe, they are unlikely to derail the trend toward greater O2O measurement. The offline data, however, will likely come with more restrictions and require more explicit consent from consumers.