

Location-Based Advertising Is Becoming More Costly

Marketers who use location data will need to present a value proposition

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eMarketer Editors

Marketers have embraced location data for several reasons. It can help personalize experiences for customers, better isolate customer paths to purchase, create better customer segments, and identify opportune moments to target potential clients. But new restrictions on collecting location data will make it more costly for advertisers in 2020.

“Verified location data already carries a premium, partly because many consumers aren’t keen on sharing their location data,” said Yoram Wurmser, eMarketer principal analyst and author of our new report, [“Mobile Trends 2020: 10 Trends to Monitor as 5G Ramps Up and Privacy Battles Loom.”](#)

Indeed, only 35% of mobile device users worldwide reported that they are willing to share location data to get more personalized advertising, according to location services company HERE Technologies in August 2019.

Mobile Device Users Worldwide* Who Are Willing to Share Personal vs. Location Data for Select Potential Benefits, Aug 2019

% of respondents

	Personal data	Location data
Increase safety/security	76%	75%
If necessary to enable a service	70%	75%
Saves money	70%	74%
Gives me financial benefits such as discounts and rewards	68%	71%
Makes my life more convenient	66%	69%
Gives me additional useful and relevant information	63%	68%
Saves time	63%	67%
Gives me additional functionality of service	61%	65%
Enables a personalized service	57%	60%
Enables personalized advertising	37%	35%

*Note: respondents answered "likely to share" or "very likely to share";
Australia, Brazil, China, France, Germany, India, Japan, Netherlands, UK and US

Source: HERE Technologies, "The Privacy Paradox Reloaded: Changes in Consumer Behavior and Attitudes Since 2018," Sep 11, 2019

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With regulations and operating systems exposing data collection—and very likely reducing the amount of companies with permission to gather location data—the supply of verified opt-in location data will go down even further, which has led many advertisers to take a cautious approach. “I’m definitely sensing advertisers pumping the brakes and really doing some extra homework before leveraging location data,” said Jenna Umbrianna, general manager at Anagram, the agency division of programmatic buying company Digilant.

This environment will become even more restrictive in 2020. Starting in September 2019, iOS 13 changed the way users opt in to sharing their location data. iPhone users now see periodic reminders that apps use their location data, and they have the option to allow this access just once, when the app is in use, always or never.

This added transparency has led to a steep reduction in background location data coming from Apple products (within apps that are allowed to track location even when they are not in use), according to preliminary data we obtained from Location Sciences, a location verification provider. The company found that 70% of iOS users it tracks downloaded iOS 13 in the first six weeks after the update's release, and 80% of those turned off access to all background tracking.

Additionally, the California Consumer Privacy Act (CCPA) will create greater potential for limited use of location data. Much like Europe's General Data Protection Regulation (GDPR), CCPA gives consumers greater control over their personal information and the ability to deny companies the right to use, keep, share or sell that data.

Despite these restrictions, location data isn't going to disappear. But companies must keep the user experience in mind.

"In 2020, marketers who want to continue using location data will need to make the case that consumers will get something of value in return," Wurmser said. "If not, they risk users exercising their right to opt out of location data tracking and collection."

With the supply of premium data going down and demand still strong, prices will have nowhere to go but up.

eMarketer PRO subscribers can read more about the 10 key trends that will affect mobile marketing in 2020.

Report by Yoram Wurmser Dec 11, 2019

Mobile Trends 2020

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