

**THE EFFECT OF LOCATION TARGETED INTERNET ADVERTISEMENT
ON INSTAGRAM ADS TO GAIN POTENTIAL CUSTOMER
FOR SERVICE BUSINESS
(CASE STUDY: @KAGUMIBEAUTY_)**

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Abstract

Attracting potential customer through internet advertisement is a common way in business nowadays. Different methods could cause different effect and effectiveness depends on the basic industry. Service business specifically beauty service usually has local offline store and have needs to attract potential customer to have treatment on spot. The research put location targeted method on Instagram ads intend to observe the effectiveness to gain potential customer through internet advertisement. This research methodology using some advertisement methods combined but focus on location targeting effectiveness on Instagram ads tool. The research tested combined advertisement methods by focus on using specific scope of area location targeting from offline store of the business. The result show that large scope area targeted from the store shows good impression on the advertisement but not gaining potential customer. Otherwise, small scope area targeted from the store shows good impression on the advertisement and also gaining some potential customer to directly contact business account to ask about the service and/or directly booking for treatment. This research shows that location targeted internet advertisement on Instagram ads is a good method for service business specifically beauty service business with local offline store to gain potential customer through digital marketing.

Keywords: digital marketing, location based advertisement, Instagram ads, service business

1. INTRODUCTION

Digital marketing is commonly practice nowadays by many businesses. It helps businesses to gain more potential customer through internet and reach specific target customer easily. Internet advertisement through many advertisement tools could be used to maximize digital marketing itself. Different methods could maximize the effect of internet advertisement within the tools. Among these methods, there is location targeted based advertisement.

Different businesses have different customer behavior. It leads to the effectiveness of the advertisement to gain potential customer for the business. Service business specifically beauty service business as the basic industry in this research, usually have local stores where the customer come to have the treatments on spot. Because of this, internet advertisement method such as location based method looks effectively promising to gain more potential customer.

Internet advertisement tools provide various kind of methods to improve the effectiveness of the ads. One of popular advertisement tools on internet is Instagram ads tool, as it connected to Facebook and Instagram user database around the world. It makes Instagram ads tool as one of powerful ads tool to use with its large user database. Instagram ads tool provide selection targeted profile, keywords, and location of their database to maximize the ads.

This research focus on location targeted method on Instagram ads, but also combined with other selection targeted profile and keywords. The research wants to see the effectiveness of location targeted advertisement to gain potential customer for beauty service business. Researchers believe that this method could maximize digital marketing for this kind of business to gain more potential customer.

2. LITERATURE REVIEW

The main purpose of this research is to observe the use of location targeted internet advertisement on social media ads such as Instagram ads to increase potential customer for service business such as beauty service business. So the following information will provide the foundations of the research project in location targeted advertisement for service business using social media.

2.1 Digital Marketing

Dave Chaffey (2012) stated that marketing mix communication especially promotion has been affected significantly by the advent of internet. Campaign planning through digital media involves more sophisticated strategy and indicator. According to Pinho S.R. (2015), mostly today's industry uses the terms digital marketing, e-marketing or internet marketing interchangeably to describe similar activities. Internet marketing is taking the foremost important part, since the majority of digital marketing activities associated with internet marketing channels as represented below,

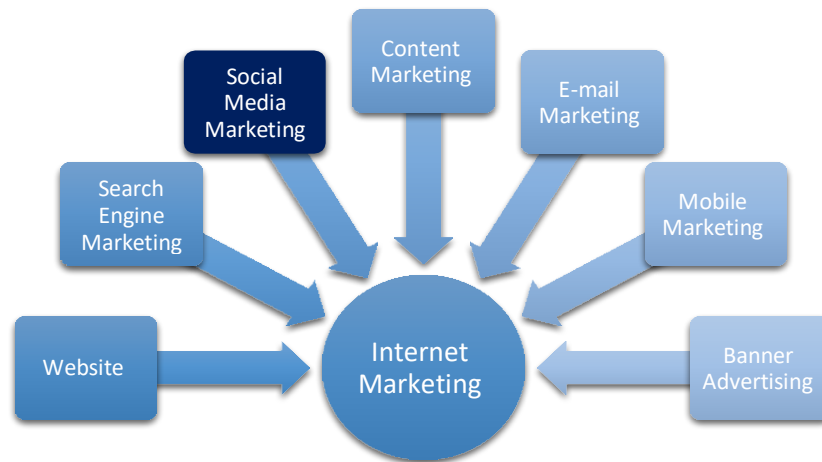


Figure 1 - Internet Marketing Channels

For this research, social media marketing taking the most important part as internet marketing channel that researchers used which is Instagram, a social media platform that provides marketing tool (ads tool) as one of its features.

2.2 Location Based Advertisement

Marketers are always looking the best and effective ways to get to target customers. Advancement in technologies especially internet have expanded marketers to reach target customers. Print, outdoor, radio, TV and to the latest internet, advertisements in their designs have become more and more interactive, relevant, and contextual to attract customers and to gain more attention of the audience (Banerjee and Dholakia 2008). Bauer, Christine & Strauss, Christine (2016) argued that Location Based Advertising (LBA) enables the delivery of advertising messages to consumers directly in places that could give high and positive advertising effect in particular. Location Based Advertising (LBA) allows business owner to vary their marketing message based on where the target customers located geographically. By knowing where the costumers are and the way they typically behave, the ads could be adjusted to match into their habits and also encourage them with offers and messages that add up to them, which relate to their location.

Traditional location-based advertising requires businesses to have a physical store, but it is different case with paid social. Besides business with brick-and-mortar stores, online business with global audience could also benefit from this method. Paid social like Facebook and Instagram, location based ads can be created with particular locality, city, region or country.

There are different types of techniques to implement Location Based Advertising (LBA), among others:

1. **Hyperlocal targeting**, hyperlocal ads can be used to drive purchases or share relevant messages to increase brand awareness. It is designed to deliver personalized message to small group of consumers
2. **Geofencing**, also called geo-targeting, basically creating a virtual fence around a location and anyone inside that range can be targeted. This could be used on appsbased or SMS-based notifications. In paid social, it could target different kinds of device such as desktop, mobile, or tablet.
3. **Geo-conquesting**, uses same method as geofencing but using different strategy byset up the virtual fence to around competitor's store.
4. **Beacons**, this technology involved a hardware to send offers or messages within range of the hardware. It works if there is either a physical store or object.

Facebook and Instagram are easily the best and simplest networks to launch a location targeted ad, because of their given number of reach on both platforms. Facebook has 2.6 billion monthly users whereas Instagram features a billion.

2.3 Instagram Ads

Instagram ads is a feature provide by Meta, a company where Instagram, Facebook, and WhatsApp belong. Business owner could create Instagram ads, boost Instagram posts, and Instagram ad campaign, once after converted to business/professional account in Instagram.

To run ads on Instagram, business owner as Instagram user could use 3 ways:

- Create ads directly from Instagram
- Create ads from Facebook Page
- Create ad campaigns in Meta Ads Manager. Ads Manager provides comprehensive tools to create ads on Instagram and Facebook.

Instagram ads also provide insights which could help to see the overview and analyze posts, ads, and campaigns.

To create promotion, users could select any existing posts, and select a goal that define what results that users desire from the promotion. The goals could be more profile visits, more website visits, or more message (using direct message on Instagram or Whatsapp business number). After that, users could select target audience or create their own target options using locations, interests, and age & gender targeting. The last step would be the duration and budget of the promotion. Users could define the budget and duration themselves. Higher budget and duration affect the number of people reached within the ads impression.

3 RESEARCH METHODS/METHODOLOGY

Chaffey (2015) developed the RACE (Plan, Reach, Act, Convert and Engage) marketing strategy framework. The strategy combined tools and techniques available online with the best practices to get more value from digital marketing. Location targeted advertisement were used in this research to reach more potential customers. To know how effective location targeted advertisement on internet, the research was using Instagram ads tool to boost existing post for getting engagement to the target audience. This research was conducting on a beauty service business account @kagumibeauty_ on Instagram as a study case.

Researcher put two different location targeted for the advertisement using two posts that already gained good insights on Instagram. The first ad focused on specific location targeted or geo-targeting by set the targeted location to 5 miles from the business location in Depok Town Square, Depok city. While the second ad used hyperlocal targeting to larger area by set targeted location to regional location which is Jakarta and Depok region.

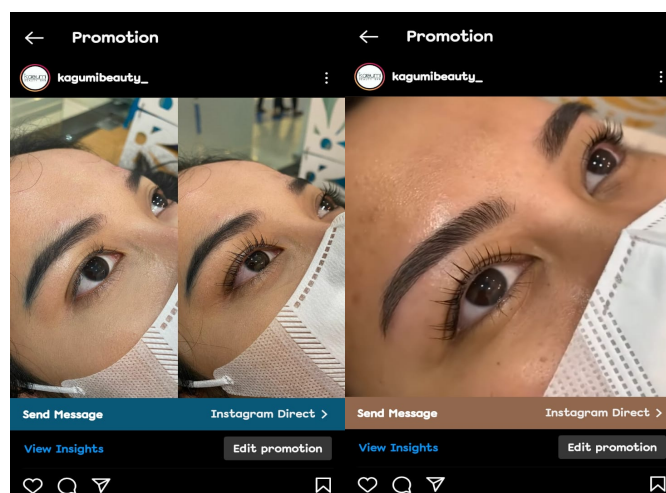


Figure 2 - first and second ad preview. Source: Instagram

The ads set to only 3 days of ad impressions on Instagram during weekdays at the same time. Both of these ads used combined specific target audience selection for female user aged 21 – 45 years old and few keywords contain “beauty” and “eyelashes” as the focus treatment of this beauty service business. This short period of time is used to determine how effective the ad impressions using the location targeted method while set the ads to low budget. Users who clicked on the ad were directed to direct message on Instagram account of business owner.

We compared the number of people reached, people who click link to Instagram direct message, and people who make action such as booking treatment shortly from the promotion ads. Conversion rate of this actions could show the effectiveness of the location targeted based advertisement using Instagram ads.

4. RESULTS AND DISCUSSION

The results show that first ad reached 2154 people and 10 promotion taps to send message link, while the second ad reached 2397 people and 6 promotion taps to send message link. This results show in table below,

Table 1: Result of ads activity for location targeted Instagram ads

Ad Type	Audience Reach	Promotion taps (A)	Start Conversation (A1)	Book Treatment Shortly (A2)	% Action A1/A	% Action A2/A
location targeted 5 miles from business	2397	6	5	2	33%	40%
regional targeted: Jakarta & Depok	2154	10	9	0	0%	0%

The ad which using location targeted to 5 miles from business location at Depok Town Square, shows fewer promotion taps to click the send message link around 6 clicks and there are 5 conversations start through the ad. From 5 conversation started, show that potential customer would ask about price of the treatment, location of the business, and there are 2 persons who booked shortly through Instagram direct message.

The second ad which using regional targeted area of Jakarta and Depok, shows more promotion taps to click send message link around 10 clicks and there are 9 conversations start through the ad. From 9 conversation started, asking mostly same questions, seems interested, but still thinking to book treatment shortly.

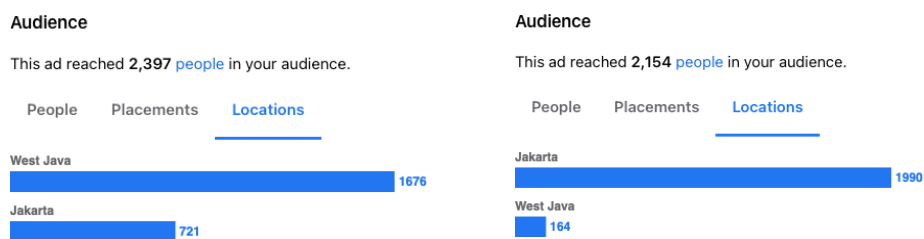


Figure 3 - Audience location of the ads. Source: Instagram

We could see in the ads report that mostly first ad targeted customer live in Depok (West Java) around 69.92% from total reached people and fewer from Jakarta (South Jakarta) around 30.07%, which is still on 5 miles range. Otherwise, second ad targeted customer live in Jakarta, around 92.38% from total reached people, rather than in Depok, around 7.61%. Both location targeted advertisement gain interest from potential customer but location targeted ads that close to the business location increase the decision to book treatment shortly while potential

customer who a bit far from business location, even though interested to the ad but do not affect the decision to book treatment shortly.

The conversion rate from promotion taps and message conversations to customer's decision to book treatment is higher from the first ad which used small scope of location targeted advertisement, 5 miles from business location. It might have aligned with consumer behavior in big city like Greater Jakarta (Jabodetabek) that commuting time between places is a common issue. Also, most of beauty service target customer are working women and housewives which requires time management in family duties. This could be various reasons to the effectiveness of advertisement, but small scope area of location targeted versus larger area of location targeted advertisement show that location targeted advertisement using Instagram ads tool was indeed effective to gain more potential customers to beauty service business, in this case, Kagumi Beauty Bar (@kagumibeauty_).

CONCLUSION

Researchers found that location targeted internet advertisement using Instagram ads tool for beauty service business was effective to gain more potential customer, but small scope location targeted internet advertisement could increase the customer's decision to buy/book and the effectiveness of the ads itself. This method could be used to business like service or repair and maintenance service with combined keywords and profile targeted audience. It might be used to other business such as culinary but still need further research.

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