TARGETING A CUSTOM AUDIENCE

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Improve Performance Yield with First- & Second-Party Data

Demographic data can add enormous value to any organization seeking to better understand and create long-term relationships with its customers. In addition to traditional demographic data (i.e. age, income, zip code, etc.), organizations continue to seek additional information to properly segment their customer base (i.e. behavioral patterns, climate effect, brand loyalty, usage rates, etc.). Along with the growth of technology and social media, marketing terminology has expanded the term "demographics" to include a continuously expanding host of measurable factors. Geography-based data, psychographics and behavioral patterns are all examples of expansions from the traditional definition of "demographic" data.

At Mather Economics, we use our clients' existing customer transactional, demographic, and behavioral data to predict business outcomes ranging from price-change response (price elasticity) to the likelihood of acquiring a new customer. We also assist our clients with estimating the market potential for new products and services. Many of our clients develop detailed customer segments based on consumption preferences and habits to more effectively market their offerings. As advertising increasingly moves online, opportunities to identify audience engagement and experience increase. Thus, leaving advertisers searching for ways to connect directly with their target audience to drive engagement and revenue.

Our publishing clients typically accumulate vast amounts of customer data. This is considered "first-party" data to the publisher. Many of the advertisers that purchase media space from the publishers also have significant customer data available. This data is considered "first-party" to the advertisers. When data sharing occurs, to identify overlapping audiences and characteristics, it is termed "second-party" data.

Recently, we had the opportunity to partner with one of our clients and two of their local advertisers to operationalize their second-party data.

Professional Sports Team

The first application of utilizing second-party data was between the newspaper publication and a professional sports franchise who frequently advertised in the local newspaper. The marketing department at the sports franchise frequently advertised in the newspaper. In this case, the advertiser sought to identify specific individuals which were common to both the advertiser and newspaper databases in order to narrow their targeted advertising for season ticket sales.

That match between databases alone provides an enormous opportunity to the advertiser. In addition to identifying the overlapping audiences, we were able to analyze how this group differs from other individuals in the databases. For example, nearly 75% of matched entities came from only 25 of 400 zip codes in the direct marketing area (DMA) Mosaic groups. Mosaic groups are Experian's classifications of households, based on geographic and individual household data using a method known as geodemographic segmentation. There are 19 Mosaic groups in total, and only four groups accounted for more than half of the matches between the newspaper and sports franchise.

We analyzed the historical and demographic data attached to the newspaper subscriber and the ticket purchaser/prospect data (i.e. season ticket holders, playoff ticket holders, etc.) supplied by the advertiser, to identify the traits that most accurately profile the advertiser's target audience. We then built profiles of their audiences, found "look-alikes" to grow the overlapped audience, and designed programs targeted to current and prospective audiences across multiple channels.

Initial results from the targeted advertising campaign have shown a 15 to 20% increase in engagement over comparable ad sizes, and a 9 to1 and 18 to 1 ROI in SEO and Display campaigns, respectively.

Newspaper
221,247

Matched
21,416

Advertiser
(Pro Sports Team)
116,402
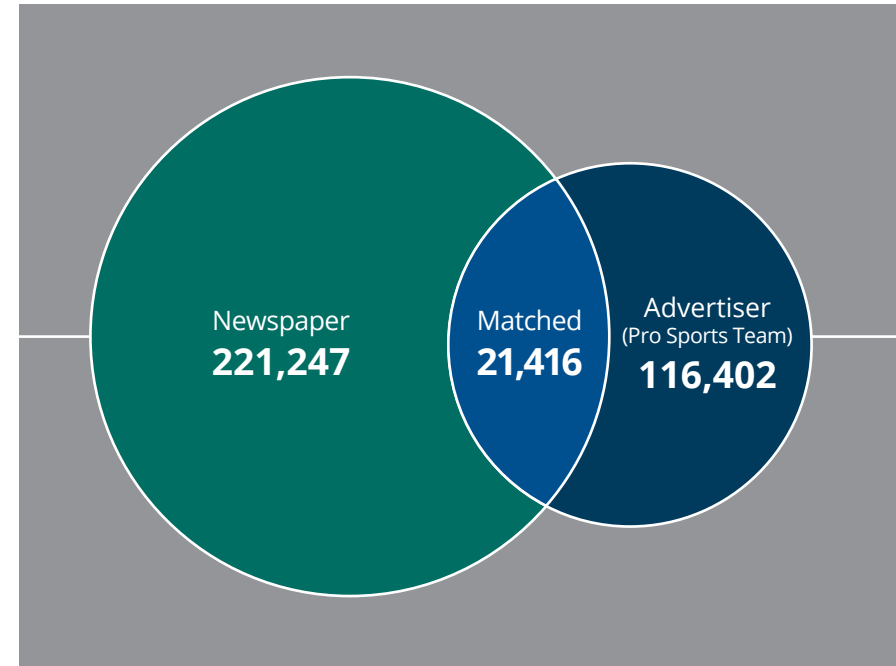
> The combination of first-party data can be significant in targeting and growing audience

Local Auto Dealer

The second application using this approach was with a local auto dealership group. The advertiser had previously been a large account for the newspaper, but had not been an active customer for the past several years. The advertiser sought a data-driven strategy to better connect with their audience and analyze the results. They designed a test to match customers who had previously made purchases with the auto dealer to those in the newspaper's subscriber database.

The results of this second-party shared data allowed the advertiser to identify common characteristics of dealership customers who also held subscriptions to the newspaper. In this situation, we identified which Mosaic groups the matches fell into, which dealership they purchased from, whether they are in the newspaper DMA, and how they engage on the newspaper's website. Then, we used a statistical analysis to segment customers based on their probability of buying a car from the dealership.

The advertiser has subsequently designed direct email and engagement campaigns based on our analysis, and the preliminary results are positive. So much so, in fact, that the advertiser was convinced by the newspaper's ability to use data-driven strategies and analytics to better connect with their customers. As a result, the advertiser now has a better understanding of their audience and the newspaper has won back a major account.

Summary

These examples show us just how significant the combination of first-party data can be in targeting and growing audience. While demographic data is very helpful to advertisers, direct consumer connection is now more important than ever. Newspaper publications have access to a wealth of behavioral and preference data on their customers that can drive value for advertisers by leveraging the combined data from the two organizations. Using this second-party data improves advertising effectiveness, helps grow the known audience, and strengthens relationships with advertisers. Advertisers and newspaper publications alike can utilize second-party data to create increase revenue opportunities for both organizations.