5 MINUTE AUDIENCE TARGETING PRIMER
Marketing is not getting more difficult because of data – it’s actually getting easier.

In the old days you needed to guess who your audience was and plan in advance what you wanted to say and wait far too long to see if it worked. Those days are long gone — now you can determine EXACTLY who your audience is, deliver a relevant, personalized message in a nanosecond, and find out almost immediately whether it worked! You no longer have to live by the spray and pray method — you can be tactical in your delivery. Marketing today is data driven and uses a wealth of insights and connection points to engage with consumers 1 to 1.

Data about our customers and prospects gives us the ability to deliver the right message, to the right audience at the right time—that’s Audience Targeting—and it’s far deeper than demo targeting, even though targeting by demo is a nice place to start. That said, the sheer volume of data and technology can be overwhelming. Cut through the noise and tackle the basics of Audience Targeting. Let’s put you on your way to better results, better engagement, and better ROI.

Data Types.
There are tens of thousands of data attributes you can leverage to target when running a digital ad campaign. But basically, there are 3 categories of data that you can tap into to better understand your audience:

1. **1st Party Data**
   - 1st-Party Data is what a company generates through their own business. It can include transaction data, website visitation, marketing or CRM (customer relationship management) data, etc. That newsletter you sent out to users who’ve signed up? That’s 1st-party data.

2. **2nd Party Data**
   - 2nd-Party Data is what is shared with another company. Say you’re an electronics manufacturer and you want to run a special sale with one of your distributors. You might share data between the two companies through your data management platform to find the most relevant potential buyers.

3. **3rd Party Data**
   - 3rd Party Data is a collection of data—usually anonymous Web-browsing data—from external sources other than the 1st party. Third-party data is used to achieve scale in ad campaigns. Let’s say you know that your best customers are moms who do yoga. You can identify female users with kids who have visited yoga-related websites.

“Third-party data for TD Ameritrade is really critical…we are in financial services, which can be a bit antiseptic, but adding that level of third-party data when you are communicating with consumers adds so much texture and relevance to them. We are finding so much success when we put that layer on, and really increasing our conversion and engagement metrics much more so than ever before.”

– Denise Karkos, Chief Marketing Officer, TD Ameritrade

*Advertiser Perceptions 2017 Trusted Media Brand Report
You can run campaigns using any of these three types of data. But the most successful campaigns will likely include some combination of the two. That combination is where you create “competitive advantages” that are unique to your plans and can get you a leg up on the competition.

**Audience Segmentation**

It’s the process of dividing your target audience by defined attributes such as demographics to start, but going deeper into intent, interests, geography, past purchases, and other behaviors that indicate a likelihood for customer conversion. Good segmentation ensures you capture the ideal audience for your message and make it more likely they’ll do what you want them to do. Like downloading a piece of content or visiting your website.

**The way you segment your audience should align with the goals of your campaign. The three major factors are Scale, Performance and Cost.**

Scale is the reach of your campaign. The more granular your segments are, the more reach will go down and cost will increase. Let’s say you’re marketing soccer balls. You could broadly target in an interest category like “interest = sports.” Or you could create a highly customized segment that includes data on “Interest=sports + past purchase = sports equipment + TV show = World Cup.” The more general audience approach will reach more potential targets and be less expensive to run. But it also may miss the intended audience and create a larger volume of “wasted impressions,” which is no different than throwing money out the window. The more specific approach may be more expensive on a cost basis and have less overall reach, but will likely have a lower out-of-pocket, have a higher chance of reaching better targets, and perform better enabling you to expand with additional targeted segments and drive a much stronger ROI. This leads to better overall campaign performance.

**Pepsi Gets A Lift**

Pepsi wanted to generate interest for a new product offering and re-engage once loyal households. They went with a behavioral targeting strategy which included 4 different types of shopping behavior. With digital couponing, they achieved a 10% incremental sales lift and increased repeat purchases by 5X.*

*Metrics taken from Oracle Data Cloud case study.*
Strategies
Your targeting strategy should align with your campaign goals. Begin with the end in mind.
Do you want your audience to visit your website to download content or educational materials?
Do you want to encourage repeat customers? Or are you looking to create net-new customers?
A few common targeting tactics include:

Re-targeting
It’s utilizing your 1st-party website visitation data to “re-target” users who visited then left your website without taking any action or didn’t complete an action they started. You might offer them a coupon via a display ad, or send an email reminding them they’ve left something in their cart.

Look-alike modeling
“Look-Alikes,” sometimes called LAL, use 3rd-party data to build models based on a high-performing user set of attributes from your 1st-party data. It’s simply about taking your best existing customer data and creating a model with attributes to find new customers that look like them.

Audience Extension
This utilizes both 1st and 3rd-party data and combines them together to reach more targets. Generally, the marketer will augment their 1st-party data with 3rd-party data that has demographic or psychographical similarities to the 1st-party dataset.

Combining Strategies In Action
The Direct Marketing Association (DMA) wanted to boost registrations for its annual conference. Using DLX OnRamp, DMA uploaded a list of past conference attendees (1st-party data) and served display ads promoting the event. Then, it built look-alike models (3rd-party data) based on that list for further prospecting. The results were 111 additional event registrations and an 8:1 return on investment.*

*Metrics taken from Oracle Data Cloud case study.