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# DIGITAL AUDIENCE TARGETING FOR SUCCESS

APRIL 2020

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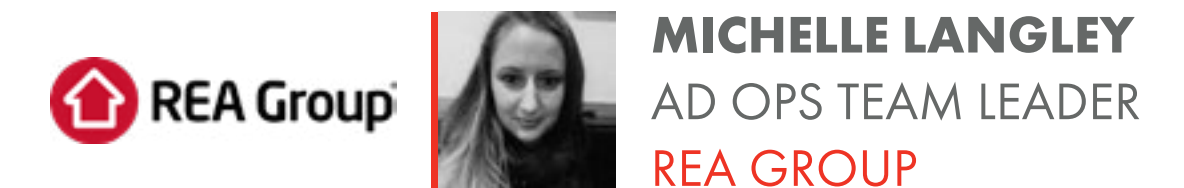
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# FOREWORD

The IAB Advertising Effectiveness Council is pleased to present this guidance on digital audience targeting for success.

The Council's aim is to lead the industry in identifying and refining the best methods to assess the impact of advertising across different activities. The Council is made up of representatives from right across our industry including ad agencies, media owners, research vendors and platform suppliers.

As we enter a fourth decade of digital advertising confidence remains high, as reflected by digital ad spend. Consumers digital consumption continues to grow and digital advertising continues to permeate more formats including audio, streaming video and digital outdoor. This has created more opportunities to target audiences 'digitally' than ever before. Getting your audience targeting strategy right is an important element in marketing success.

However with opportunities and advancements emerge new challenges. Some of the current challenges for marketers in utilizing data targeting for digital campaigns include:
• Legislative change on how we can collect and use data
• Understanding the different technologies and martech solutions suited to specific use cases
• Identifying which second and third party data sets will strengthen a brand's first party data capability
• Managing identity for activation and measurement, made more challenging by the gradual regression of third party cookies in the coming 12-18 months.

In this paper the IAB Advertising Effectiveness Council have set out to summarise some of the opportunities and challenges involved with digital audience targeting, providing guidance to help marketers develop effective digital audience targeting strategies and provide some proof of the improved campaign effectiveness when these practices are applied.

Audience targeting plays an important role in increasing the effectiveness of advertising and reducing wasted marketing efforts. The expanding digital advertising options and data that can be used in online targeting has created great opportunities to get the right message to the right person at the right time.

The IAB Advertising Effectiveness Council aims to educate the industry on assessing digital advertising activity and highlight ways of making more effective digital investments.

The council has developed this guidance for marketers to help them understand the considerations in applying digital audience targeting and how to use it optimally. There are great benefits in a range of different data targeting types for marketers to take advantage of.

There are also tech challenges in preparing for a cookieless future and privacy considerations, so it's important for marketers to understand the future implications for the types of data being used in their targeting strategies. We hope that this paper provides some principles for digital audience targeting with success.

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# INTRODUCTION TO DIGITAL AUDIENCE TARGETING

The purpose of targeting is to increase the effectiveness of advertising impact and reduce wasted marketing efforts. Targeting can be thought of as delivering tailored messages to a segment of customers from the population.

Traditional media, with its broad reach, typically offers contextual targeting to reach audience segments. For example, the business section of newspapers can serve as a proxy to target higher socio-economic groups. With the advent of cookies, logins, and other personal identifiers that contain large amounts of user data, marketers have gained more advanced and personalised targeting methods. Further, with so many websites and users, marketers can target across digital assets with scale and relatively low cost.

The data captured to target people online vary widely: demographics, interests, location, devices, online visitation and more. Digital media also provides the opportunity for advertisers to target "lookalikes", or people who closely resemble existing customers.

Getting your audience targeting strategy right is an important element in marketing success. Like with everything, it's important that marketers and advertisers understand the benefits and challenges in utilizing data targeting for digital campaigns. Further, there are important privacy considerations and future implications for the types of data being used by advertisers. This paper provides information and guidance on how to develop effective digital audience targeting strategies.
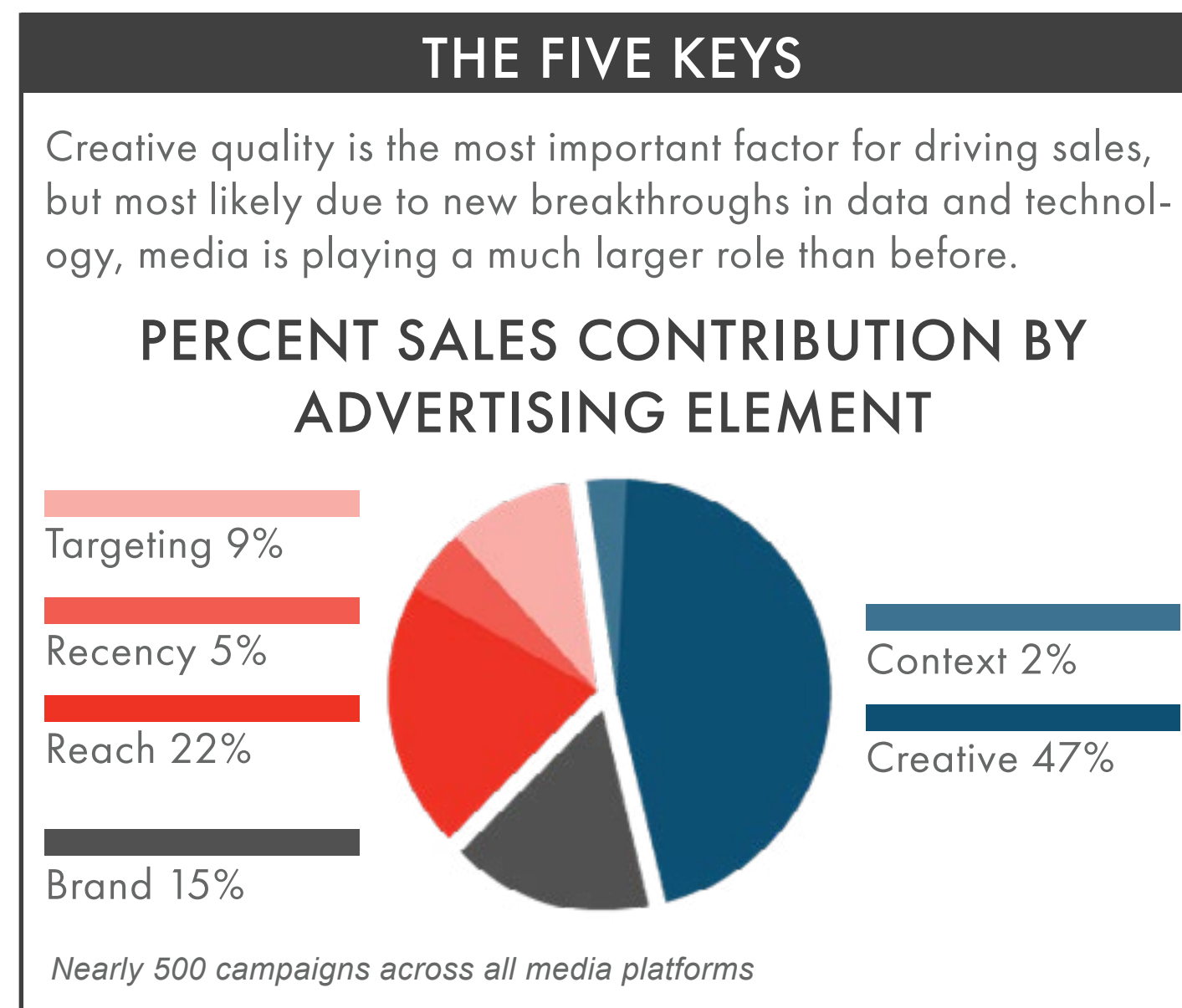
# CONSIDERATIONS FOR DIGITAL AUDIENCE TARGETING

Firstly, there are some overarching considerations marketers should keep in mind when developing digital audience targeting strategies that will help drive overall campaign and business success, outlined in the below sections:

**Balance targeting with other elements that also drive ad effectiveness, particularly creative**

Many elements in combination drive marketing effectiveness including elements within creative, media and brand. According to a Nielsen Catalina Solutions



### THE FIVE KEYS

Creative quality is the most important factor for driving sales, but most likely due to new breakthroughs in data and technology, media is playing a much larger role than before.

**PERCENT SALES CONTRIBUTION BY ADVERTISING ELEMENT**

Targeting 9%
Recency 5%
Reach 22%
Brand 15%
Context 2%
Creative 47%

*Nearly 500 campaigns across all media platforms*

*Source; [Nielsen and Nielsen Catalina Solutions (NCS) Five Keys to Advertising Effectiveness – Quantifying the impact of advertising on Sales August 2017](#)*

analysis of campaigns across all media platforms, creative quality is the most important factor for driving sales with reach and brand also playing key roles. With new breakthroughs in data and technology, targeting in digital media is playing a much larger role than before, making on average a 9% contribution to sales results. Getting your audience targeting strategy right is therefore an important ingredient to marketing success however marketing should not ignore other important elements, in particular creative quality.

**Find the balance in brand (mass marketing) and activation (tight targeting).**

Experienced marketers recognise the importance of brand building and mass marketing, as well as precision targeting and relevance to drive activation. One of the greatest challenges for marketers is finding the right balance between brand and activation that is critical for business success.

Les Binet and Peter Field have explored this balance in their ad effectiveness work with the IPA databank:
- "Brand building is a long-term job involving conditioning consumers through repeated exposure, so it takes time; talking to people long before they come to buy. It requires broad-reach media, because the aim is to prime everyone in the market, regardless of whether or not they are shopping right now.
- Sales activation is different. The aim here is to focus on people who are likely to buy in the very near future. That means exploiting existing brand equity to generate sales right now. Tight targeting is the order of the day, and rational persuasion has much more

traction, because these people are more interested in what you have to say.
- Brand building and activation work in synergy, each enhancing the other. The challenge for marketers is finding the right balance between brand and activation.
- Binet and Field recommend a 60:40 ratio of brand to activation spend is typically optimal."

| Brand Building | Sales Activation |
|---|---|
| Creates Mental Brand Equity | Exploits Mental Brand Equity |
| Influence Future Sales | Generates Sales now |
| Broad Reach | Tightly Targeted |
| Long Term | Short Term |
| Emotional Priming | Persuasive Messages |

*Source: [Media in Focus Marketing Effectiveness in the Digital Era Les Binet & Peter Field Learnings from the IPA databank](#)*

The capabilities of digital media go beyond sales activation. Recently, the IAB partnered with Kantar to produce the Digital Brand Effect Report which delivers independent insights on how digital advertising builds brands, and provides guidance for marketers on optimising their digital investments. The [IAB & Kantar Digital Brand Effect Report can be downloaded from the IAB Australia website.](#)

# CONSIDERATIONS FOR DIGITAL AUDIENCE TARGETING

Finding the right balance between brand (broad targeting) and activation (tight targeting) is critical for business success, keeping in mind strong brands drive sales now and in the future.

**Find the balance between salience and repetition**

Consumers are bombarded with hundreds of ads a day, and while they may not notice your ad for the first time, they will definitely be sick of it after the hundredth ad. Kantar's recent Dimension study, based on 5,000 consumers across 5 markets, found that 70% of respondents reported seeing the same ad over and over again.

In the IAB & Kantar Digital Brand Effect Report, it is found that frequencies higher than 10 exposures are more effective spread out over a month, rather than squeezed into shorter timeframes. Spreading frequency more evenly over longer periods and/or bursting approaches can maximise productive exposures, avoid wastage, and annoying the audience.

Advertisers need to manage frequency to ensure targeting strategies find the right point of effective cut-through and attention and avoid high levels of repetition that can be damaging to effectiveness.
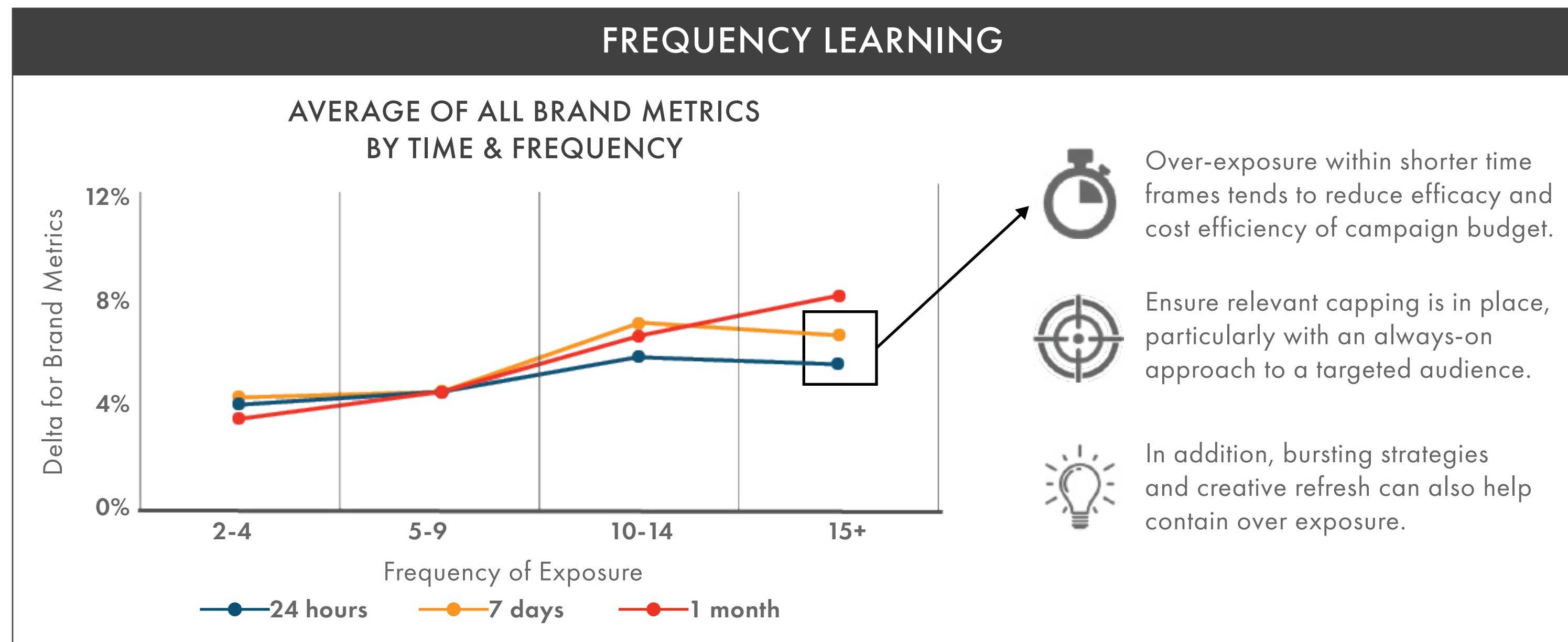
**Find the balance in personalisation and privacy**

Consumers are now more data-conscious than ever before, with increasing caution on how much they are prepared to exchange for a more personalised experience. Consumer data protection legislation is coming into effect around the world, along with stricter data policies from publishers and browsers to give control to individuals over their personal data and how it is used. In Australia this will become an increasingly key consideration in audience targeting strategies and marketing personalisation.

The Deloitte Media Consumer Survey 2019 reports that the willingness of consumers to exchange their data comes down to whether they trust that their data is secure and used appropriately, and that what they get in return meets their expectations. The report highlights that 78% of respondents believe companies aren't taking adequate steps to protect their personal data (improving slightly from previous year at 85%). Consumers are also taking back ownership and control of their data with 62% believing they should have the right to ask a company to delete their data, and 65% indicating interest in taking responsibility for editing what is being collected. However, less than a third (31%) would delete their data if it meant losing features like personalised recommendations.

In response, marketers are being more conscious of balancing personalisation and consumer privacy. Salesforce's State of Marketing 2018 reports that opaque policies on consumer data usage are prompting marketers to re-evaluate how they implement and expand their data capabilities for personalisation. Salesforce reports that more than half (51%) of marketers say they're more mindful about balancing personalization and privacy than they were two years ago. Finding that balance can remain elusive - only 30% of marketers are completely satisfied with their ability to balance personalization with privacy.

## FREQUENCY LEARNING

### AVERAGE OF ALL BRAND METRICS BY TIME & FREQUENCY



Over-exposure within shorter time frames tends to reduce efficacy and cost efficiency of campaign budget.

Ensure relevant capping is in place, particularly with an always-on approach to a targeted audience.

In addition, bursting strategies and creative refresh can also help contain over exposure.

*Source: The Digital Brand Effect Report, IAB & Kantar*

# UNDERSTANDING THE DATA TARGETING LANDSCAPE

Different sources of data used in digital audience targeting will have varying impact on the value and effectiveness of targeting. With the revised privacy regulations, there are also implications for future audience targeting strategies (discussed in further detail in "Tech Challenges and Privacy").

In this section we aim to provide marketers clarity on the sources of data used for digital targeting and the types of targeting available.

**First-party data** describes information directly collected from your audience or customers and is owned by you. As a result, this data is usually regarded as the most valuable. As the data collector and owner, you can leverage a cost-effective, exclusive dataset with known quality and accuracy, and minimal privacy concerns.

First-party data can be obtained from web analytics (such as placing a pixel on your webpages or from social data), Customer Relationship Management (CRM) and Customer Data platform (CDP) systems, point of sale (POS) data, billing systems and surveys. Despite its richness and value, a survey of US digital marketers by MightyHive, respondents said they were, on average, tapping into only 47% of their company first-party data potential. The findings suggest that work needs to be done to activate first-party data at scale in terms of strategy and infrastructure.

For companies that collect their own data, it's incredibly important to ensure that the data is 'clean' or error-free. Data hygiene will affect the performance of your segments, and in extension, your overall audience targeting strategy. At any stage data is entered, stored and managed there is room for potential error. Data cleaning is the process of amending or removing data in the database that is incorrect, outdated, improperly formatted or duplicated.

**Second-party data** describes information collected via a partner or company that is in direct ownership of that data. This data has many of the positive attributes of a first-party dataset, with the transparency of quality and accuracy that comes with working with the data collector and owner, but provides access to further insights compared to potentially limited first-party data.

Second-party can be obtained from publisher or digital commerce platforms, data co-ops, Data Management Platforms (DMPs) and Data Supply Platforms (DSPs), social media and customer surveys. This type of data sharing is on the rise, with the North American market seeing a 1,200% YOY growth in second-party data usage since 2017.

**Third-party data** describes information collected from sources that are not the original collectors or owners of that data. Third party data can be bought from a wide variety of sources, including data resellers, DMPs and DSPs offering access to third-party datasets, surveys or panels. Much of this data has already been organised into usable segments, eliminating the costly and often time-consuming data processing activity. Usually, marketers start with syndicated research panels or surveys to identify target audiences and channels. Once the initial research is done, third party data is effective at achieving scale, which is especially useful in for upper- to mid- funnel campaigns that require large volumes.

However, because of the third-party nature, it may be difficult to discern where the data is sourced and processed. Another important consideration is the matter of privacy in light of a post-GDPR (General Data Protection Regulation) and other privacy regulations around the world, where consent needs to be obtained to legally use third-party tracking cookies. Furthermore, web browsers are increasingly blocking third-party cookies by default and implementing anti-tracking measures (for example, Safari's Intelligent Tracking Prevention). For more information, .

## Types of Data

Different data sources may lend themselves to different data types, and some sources may be richer in depth and complexity in one type over another. A balance of sources and types will provide the most holistic view of current and potential customers.

**Demographic data** describes an audience based on demographic factors such as age, gender and income. For marketers, this information is usually shared when a customer signs up to a service or a loyalty program, with the insight being housed in a CRM or CDP platform. Many media owners can also provide this type of data.

Though simple, demographic data is still the most used audience segment in Australia, and with good

# UNDERSTANDING THE DATA TARGETING LANDSCAPE

reason. For example, products such as apparel and footwear, which has a focus on producing goods for certain genders and ages, demographic profiling would be perfect. The value of the segmentation, no matter how complex or simple it might be, is directly related to assessing your business and campaign objectives.

**Firmographic data** describes a business audience based on their attributes such as size, revenue and industry. For B2B firms who undertake account-based strategies, firmographic is often more important than demographic. Internally, this can come from an organization's CRM data, while externally this can be from data co-ops and resellers.

**Behavioral data** describes an audience based on their engagement with businesses. For marketers, web and app analytics such as page views and email opens can be a treasure trove of first-party behavioral data. Publishers and platforms will have plenty of this kind of data from analyzing audience browsing patterns.

While most analytics will look at behaviors based on past activity, it's important to consider purchase intent – once a person buys a car, it's unlikely they will purchase another one this month. In addition to browsing patterns, panel and survey data offer in-depth intention data.

In addition to online behavioural data, there is also offline behavioural data. A key component of this is location intelligence, which uses aggregated device-level location data, providing marketers with real-world behavioural data for audience targeting. As an example, stores can exclude customers who have previously visited, or perhaps visited their competitors.

**Transactional data** is a sub-type of behavioral data, describing what an audience bought, when and how frequently. This information can be derived from web analytics, point-of-sale (POS) data, billing systems, or partnerships with loyalty or credit card companies.

**Psychographic data** provides information on a person's values, attitudes, interests and lifestyle. This is usually obtained from survey or panel data, which provides the depth of information required. Behavioral signals from web and marketing analytics can also serve as a proxy for interests, for example purchasing vegan-friendly products.

Psychographic data is important in understanding why customers behave the way they do, how to speak and engage with them and help predict future purchase intent.

# UNDERSTANDING THE DATA TARGETING LANDSCAPE

| | EXAMPLES | WHERE IT COMES FROM | PROS | CONS |
|---|---|---|---|---|
| FIRST-PARTY | CRM (e.g. Salesforce CRM, SAP CRM)<br><br>Website analytics (e.g. Google Analytics, Adobe Analytics)<br><br>CDP (e.g. Tealium, Exponea)<br><br>Social analytics (e.g. Hootsuite, Facebook for Business) | Data your organisation collects directly | Unique dataset owned by your organisation<br><br>Known quality and accuracy<br><br>Minimal privacy concerns<br><br>Can be a rich source of customer information, allowing for highly personalised targeting | Large samples are usually required to understand customers, to which first-party data may have limited access<br><br>Limited to understanding from your own customer information |
| SECOND-PARTY | Publishers (e.g. Nine, Seven West, Verizon Media)<br><br>Agencies<br><br>DMP (Adobe Audience Manager, Lotame)<br><br>DSP (Google DV360, MediaMath, Verizon DSP) | First-party data collected by trusted partner | Combines the quality, precision and uniqueness of first-party data with the added depth and scale of multiple datasets | Partnership and integration with other organisations can be challenging<br><br>Scale is greater than just relying on first-party data, but can still be limited |
| THIRD-PARTY | Data vendors (e.g. Experian, Equifax, CoreLogic, Lifesight)<br><br>DSPs/DMPs (e.g. DV360, The Trade Desk)<br><br>Survey and Panels (e.g. Roy Morgan, Nielsen)<br><br>DMP offering access to third-party data sets (Adobe Audience Manager, Lotame)<br><br>DSP offering access to third-party data sets (Google DV360, MediaMath, Verizon DSP) | Data from an intermediary that your organisation does not have a direct relationship | Readily available and highly scalable<br><br>Usable segments mean no data processing efforts required<br><br>Supplements first- and second-party data to build deeper profiles | Quality and accuracy can vary, with low levels of transparency around how data was sourced and collected<br><br>Stringent laws to regulate the use of third-party data |

# ASSESSING THE QUALITY OF DATA

Marketers are increasingly making decisions based on audience data, but there are a few tools that enable data buyers to understand 'what's inside' their purchased data segments. Poor quality data can lead to flawed strategy development, inaccurate audience targeting, imprecise measurements which all result in wasted marketing budget. In a 2019 Forrester Study the mean wastage on every media dollar due to data quality was calculated at 21 cents, based on survey responses from 396 senior marketing executives at mid-size and enterprise organisations surveyed in the US. In over 25% of the surveyed organisations data quality also caused poor customer experience and customer churn. Poor data quality is costly.

When you're shopping for data providers, each with their own sources and methodologies, we encourage you to ask your data provider or reseller some basic questions to ensure a high-level of data hygiene, transparency and quality is upheld:
• Who provided the data segment?
• What audience does the segment describe?
• How was the segment constructed?
• Where and how was data sourced for the segments?

To address issues of transparency and consistency in the data marketplace, as well to educate buyers, IAB Tech Lab is trialing a Data Label, which answers the questions above in an easy-to-read, nutrition label format. The labelling aims to provide clarity in a cluttered and confusing marketplace.

The Data Label structure is based upon global Data Transparency Standards, released by IAB Tech Lab - which will be managed via www.dataLabel.org.

This initiative allows marketers to know exactly where specific data comes from; how it was collected and organised; if it was manipulated or modelled; and what rules established the data within any particular audience segment. More information on Data Label can be found on the IAB Australia website.



**① WHO** provided the data segment

**② WHAT** audience segment the label describes

**③ HOW** the segment was constructed

**④ WHERE** the original data components were sourced

### Data Transparency Facts

Data Distributor Name: **Data Company**
Data Distributor Contact: DataSolutionTeam@data.com
Data Provider Name: **Leasing Company**
Data Provider Contact: DataAccounts@leasingco.com

| Audience Snapshot | |
|---|---|
| **Branded Name** | Auto Intenders – Six Months |
| **Standard Name** | Auto Intenders |
| **Audience Description** Households likely in the market to purchase a new vehicle in the next six months | |
| **Geographies** | USA |

| Audience Construction | Attributes |
|---|---|
| **Audience Count** | 6,500,000 |
| Precision Level | Households |
| Activation ID(s) | Cookies |
| **Audience Expansion** | Yes |
| **Cross-Device Expansion** | Yes |
| **Last Refresh Date** | 02-Jan-2018 |
| **Event Lookback Window** | 60 Days |

| Data Source | Attributes |
|---|---|
| **Source ID Description** Dealer-reported names and postal codes of individuals who requested test drives | |
| **Source ID Contribution** | 1,130,000 |
| Precision Level | Individual |
| ID Key | Name and Postal |
| Source Event | Transactions |
| Inclusion Method | Observed |
| Seed Size (if modeled) | - |
| **Source Refresh Frequency** | Quarterly |
| **Event Lookback Window** | 180 Days |

This Data Transparency Label has been developed by members of ANA's Council for Data Integrity and IAB Tech Lab's Data Transparency Working Group, with the support of CIMM, The ARF and IAB's Data Center of Excellence. For more information, please visit datalabel.org.

# ACTIONING AUDIENCE DATA TARGETING

Knowing your data and understanding your options should provide a good foundation for developing more effective audience targeting strategies. However, there are still a few important considerations and decisions to be made to ensure success.

This section will explore the ways in which audience targeting strategies can be executed, which tech and platforms marketers are using to enable these strategies and discuss identity management.

**Executing Audience Targeting Strategies**

Previous sections have outlined considerations around the sources and types of data. A balance of sources and types will provide the most holistic view of current and potential customers

Further, it is vital for advertisers to understand their overall campaign objectives and adjust their targeting strategy accordingly. For example, interest- or persona- based targeting will lend itself more to brand-building, given its broader outlook. However, for sales activations, a marketer may turn to small but valuable audience segments identified through intent- or propensity- based targeting.

We can now look at some different ways audience targeting strategies can be executed:

- **Look-a-like targeting** involves analysing the data profile of current customers or website visitors and building a profile of similar customers that are likely to respond favourably to your messaging. Look-a-like modelling can use demographic, location, socio-economic, interests and recent online and offline behaviours. The resulting traits can then be targeted

by utilising second or third party data sets.

- **Interest-based targeting** involves targeting analysing audience behaviours to infer interest in a brand or product. For example, we can infer that a consumer browsing travel blogs has a travel interest and at some point will require travel services. Interests can be defined by browsing behaviours (IAB content categories), app ownership and places they visit or frequent.

- **Intent-based targeting** involves targeting an audience that have shown purchase intent. Data-sets used for intent include online actions such as enquiry form submits, visiting specific sites or places and survey data.

- **Propensity-based targeting** uses predictive modelling to predict whether someone will take a particular action. For example this may be used to identify whether a customer is likely to be in-market for a product, or identify existing customers that may be at-risk of churning.

- **Persona-based targeting** uses a combination of behavioural, psychographic, interest and intent data to create niche buyer identities or segments. This type of targeting allows brands to better personalise messaging based on the unique traits of the persona.

- **Geo-targeting** uses location data to target audiences based on their geographical location. This can be used to target certain areas in real-time or target consumers who have visited a place. Interests, intents and propensities to buy can be inferred from location data.

- **Loyalty/Retention/CRM targeting** involves using first-party data to prevent churn and upsell or

cross-sell products to existing customers

- **Contextual Targeting** is an interest based targeting solution that doesn't rely on data. By advertising alongside contextually relevant content, brands are aligning with consumer interests without the use of cookies or data. Research by digital performance agency Roast and Teads shows that careful contextual targeting and site curation will perform as strongly as campaigns using 3rd party data overlay.

A few considerations when evaluating different audience targeting strategies;

Transparency, as well as the data-provenance discussed in the previous section, should also extend to how well you understand the methodology and rationale applied to develop the audience especially if modelling is involved. Understanding whether the lookalike or propensity algorithms applied to model the audiences for targeting are robust and reliable is important. What is the nature and size of the data sample used for modelling purposes? Having a clear framework to evaluate and document these aspects of an audience strategy will increase confidence among stakeholders and will also help derive learnings from audience strategy tests.

Striking the balance between scale and relevance. With advanced analysis and modelling of data comes accuracy we hope but if the target audience output consists of a handful of high-propensity prospects is this going to drive sufficient growth or ROI from your investment. And as mentioned in the first section one must remember there are other factors that contribute to audience targeting success, such as creative and frequency of messaging to call out a few.

# Actioning Audience Data Targeting

## MARKETING TECHNOLOGY PLATFORMS OVERVIEW

### Data Management Platforms

Data Management Platforms are used for the collection, enrichment and management of data for digital advertising purposes. A DMP helps brands deliver a consistent experience across different marketing channels by centralising their first-party data, such as data from users visiting their websites. With this, a DMP can identify anonymous visitors by tracking a user's cookies, mobile ID or a range of other identifiers. DMPs in contrast to a CRM (Customer Relationship Management System) can also ingest and manage second/third party data to develop customer acquisition strategies for campaigns. CRMs house first party customer data only and are used to manage/track comms with existing and churned customers.

### Demand Side Platforms

Demand Side Platforms (DSPs) are the media activation and buying platform used by brands and their agencies. Data is usually fed from a DMP to a DSP to help inform ad buying decisions. Today most DSPs offer analytics and data management capability so the question of whether a standalone DMP is required will depend on the types of data and how portable the data is. Advertisers with first party data will usually choose a standalone owned DMP solution for data privacy compliance reasons. Although increasingly, brands may own the DSP licence and engage their agency to operate or manage their account. Most DSPs have proprietary identity solutions to enable cross-device extensions of campaigns.

### Customer Data Platforms

Customer Data Platforms (CDPs), as the next evolution of CRMs and DMPs, are able to draw from disparate data types and produce a persistent, unified customer ID. Leveraging the key strengths of its predecessors, CDPs works with both anonymous (typically collected by DMPs) and Personally Identifiable data (typically collected by CRMs) to stitch together a single profile. By being able to instantly recognise users across any digital touchpoint, brands can tap into a wealth of big-data intelligence in real-time for insight, personalisation, activation and ad effectiveness measurement.

| | CUSTOMER RELATIONSHIP MANAGEMENT (CRM) | DATA MANAGEMENT PLATFORM (DMP) | CUSTOMER DATA PLATFORM (CDP) |
|---|---|---|---|
| CONSUMER REPRESENTATION | Personally, identifiable information (PII) and anonymous consumer data. <br><br> Full consumer profile and identity graph from offline and online sources, with profile history. | Anonymous consumer data. <br><br> Cookie-based digital profiles. | PII and anonymous consumer data. <br><br> Consumer profile and identity graph typically limited to digital data. |
| DATA COLLECTION METHODS | Often batch processed. <br><br> Data sourced from offline and digital sources. <br><br> Very extensive in ability to collect data from varies sources, structures and formats. | First-party cookies. <br><br> Third-party cookies (via marketplace solutions). | Typically, part of a digital tagging/pixel strategy. <br><br> Support for offline ingestion of consumer profiles. |

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# Actioning Audience Data Targeting

## IDENTITY SOLUTIONS AND WHY THEY MATTER

- Being able to identify users as they move around the web is vital to build online-behavioural audiences
- Being able to identify users across devices and media touchpoints is crucial to delivering effective audience strategies, managing frequency and for attribution.
- Web browsers don't emit a persistent ID like in-app Advertiser IDs. Identifying users on web browsers is done via third-party cookies, which face restrictions from both the browser and ad-blocking extensions
- Cookie syncing (matching of cookie IDs between adtech vendors) is a resource-intensive, slow process and often yields low match rates. The impact of declining 3rd party cookies will compound the challenges facing cookie syncing.
- Walled gardens like Google and Facebook have the advantage of login data tied to people-based IDs, which sometimes creates an expectation on other identity management solutions to deliver persistent identity management at scale.

**Digital Identity Definitions**

**Identity resolution** is the process of connecting unique 'identifiers' to create a single, unified, real-time, persistent customer identity. To get this holistic view of customers, it's important to consider the identifiers themselves and the benefits and applications of each type.

**Cookies** are Anonymous identifiers, they classed as passive identifiers that are linked to a particular application, device or platform. Traditionally since these identifiers cannot be used to identify users, they have been considered anonymous identifiers. However, under GDPR and the California Consumer Privacy Act (CCPA), cookies that collect data on users for commercial purposes can be seen as personal data.

**Personally identifiable information (PII)** refers to identifiers that can be used to proactively locate or contact a specific users, such as their phone number, email or physical address. Other identifiers such as full name or credit card numbers are also referred to as PII because they can often be directly connected to the aforementioned identifiers. Under GDPR legislation,

Device IDs and Advertiser IDs are also classed as PII data, as they can also be traced to an individual.

**Addressable Media/Advertising** means that the primary reason a consumer receives a tailored message is due to audience-based characteristics, such as demographic, psychographic or interest-based attributes. With the vast majority of addressable advertising, the marketer does not care necessarily about reaching a specific individual, but rather a group of individuals that share a set of particular characteristics.

**Identifiable Advertising** means that the ad delivered to a consumer was tailored to that specific individual, based on their PII. Email is a good example of identifiable advertising, since the identifier (email address, a form of PII) is required to proactively communicate with the specific person.

# UNDERSTANDING TECH CHALLENGES AND PRIVACY

At the forefront of any data strategy is the consideration of consumer privacy. A "perfect storm" of consumer privacy issues is currently upon us and it is prudent for marketers to be aware of the rapidly changing landscape. Important issues to consider are consumers consent, how data is collected and stored, and the ripple effects on measurement and attribution of digital audience strategies.

**Tech challenges and preparing for a cookieless future**

The "perfect storm" of consumer privacy issues has been fuelled by several elements, each growing and feeding upon each other:

• Proliferation of personal, connected devices (phones, smart homes, speakers, etc.)
• Scale of personal data collection and use …  and potential for misuse
• Consumer expectations related to privacy, transparency and control
• Government regulation of consumer privacy, transparency and control
• Blocking of unique identifiers by browsers, operating systems, add-ons (#tracklash)
• "Privacy"-motivated PR and legal attacks on the industry

Apple has led the charge in cracking down on ad tracking via cookies on its browser Safari through its Intelligence Tracking Prevention (ITP). This feature restricts the ability of companies to use first-party cookies to track user behavior via third-party sites they visit, and with recent updates, saw Apple curtail this even further to prevent workarounds.  Mozilla's Firefox,

has implemented similar restrictions and Google's Chrome plan to phase out support for third-party cookies within the next two years.

For the next wave of innovation to be ethically responsible, we must work together across industries to support a global foundation of consumer trust built upon privacy, transparency and control. The IAB Tech Lab propose standardized privacy settings and consumer controls tied to a neutral, standardized identifier, as an improved mechanism for audience recognition and personalization.

The IAB and IAB Tech Lab have also introduced Project Rearc, a global call-to-action for stakeholders across the digital supply chain to re-think and re-architect digital marketing to support core industry use cases, while balancing consumer privacy and personalization. IAB Tech Lab is orchestrating a collaborative process to educate member and non-member stakeholders, and to facilitate global input into the development of new technical standards and guidelines driving "privacy by default" addressable advertising and measurement.

For more information and to get involved in these initiatives visit at IAB Tech Lab Project Rearc.

For perspectives from Australian media owners, tech vendors, agencies and marketers on tips for the cookieless future we recommend watching the "Diet tips for a Cookieless future: Perspectives on preparing for tomorrow" panel discussion from MeasureUP 2019.

**Regulatory changes**

In response to changing consumer expectations about controlling ones' data, governments around the world are

updating their privacy regulations.
One of the major talking points around privacy in the past year has been the EU's General Data Protection and Regulation (GDPR). Coming into force in May 2018, it established requirements on companies that collect, use and share data about EU citizens. At its core, the new set of rules are designed to give consumers more control over their information, place greater accountability for companies to provide reasonable data protection, and transparency in the event of a data breach. Two key points from the legislation worth calling out are:
• Organisations now require a legal basis to process personal data. There are six legal bases available, but those most commonly used in the digital advertising sector are 'consent' and 'legitimate interests'.
• GDPR has strengthened the conditions for consent. Consent will need to meet very high standards (e.g. it cannot be bundled with T&Cs) to be relied on as a legal basis for processing personal data. The user also needs to give consent 'unambiguously' with affirmative action.

For more information on GDPR and how the IAB is working with ICO to build a constructive industry solution to address concerns about adtech and real-time bidding see IAB UK GDPR and ICO resources.

GDPR was then closely followed by the California Consumer Privacy Act (CCPA). The first legislature of its kind in the United States, CCPA was similarly enacted to provide California consumers with greater transparency and control over their personal information. The IAB US has created a new industry framework to support CCPA compliance amongst publishers (i.e., those that own, control, and/or operate a digital

# UNDERSTANDING TECH CHALLENGES AND PRIVACY

property) and technology companies engaged in programmatic and direct transactions. Three key points from the framework worth calling out are:

- Participating publishers that choose to sell the personal information of California consumers in the delivery of digital advertising to provide "explicit" notice regarding their rights under the CCPA.
- They also need to explain in clear terms what will happen to their data, and to notify the downstream technology companies with which the publishers do business that such disclosures were given
- A "Do Not Sell My Personal Information" link on their digital properties. When a user clicks that link, a signal is sent to the technology companies with which the publishers do business via a technical mechanism that is based upon specifications developed by the IAB Tech Lab. For more information see IAB CCPA Compliance Framework.

In Australia, the ACCC is promoting fundamental reforms to privacy law. In December 2017, the ACCC was directed to investigate the impact of online search engines, social media and digital content aggregators (digital platforms) on competition in the media and advertising services markets. A preliminary recommendation looking into the news media morphed into a broader inquiry into services offered by advertising and media agencies to consider issues of complexity and opacity. The final set of recommendations from the ACCC was published in July 2019 in the ACCC Digital Platforms Inquiry Final Report. The ACCC has made a range of privacy-related recommendations, including:

- Strengthening protections in the Privacy Act
- Broader reform of the Australian privacy law framework
- The introduction of a privacy code of practice specifically for digital platforms
- The introduction of a statutory tort for serious invasions of privacy.

Peter Leonard, Principal at Data Synergies and Professor of Practice at UNSW Business School, has provided IAB members with a primer on the history, results and future implications of the recent ACCC report. Leonard sees the ACCC's plans and moves as potentially going "significantly further" than the GDPR regulation. For more information from the IAB Australia see What the ACCC Digital Platforms Inquiry means.

Both changes in data privacy regulation and the tech space will continue to impact on digital audience strategies and the measurement of its effectiveness. Marketers should watch this space carefully and continue to check back with the IAB for updates.

# MEASURING DIGITAL AUDIENCE TARGETING SUCCESS

With digital now accounting for over 50% of all advertising spend in Australia, there has never been more focus on clearly understanding its impact and role within the media mix.

When measuring the impact of your digital campaign we recommend both assessing the success of your buying criteria (using measures such as viewability and brand safety) as well as assessing success in meeting business objectives (using measures such as brand lift, sales lift etc.).

**Assess your buying criteria**

Viewability (the opportunity for digital advertising to be seen by a human within a recognised time frame) is one of the many measures to use when assessing digital buying outcomes. This can be measured both by third party vendors (such as MOAT), as well as increasing number of platforms, including Google's DSP and SSP. While viewability contributes to the effectiveness of advertising - because an ad cannot be effective if it is not seen - it is not the only, or even always the most important measure. Moreover, just because an ad is seen doesn't mean it is effective.

In-target reach, which refers to the proportion of campaign impressions that were delivered to a specific target audience, is incredibly important in measuring digital audience targeting success. This can be measured by solutions such as Nielsen DAR and Roy Morgan Live Audiences Evaluation.

Brand safety is another important criteria to consider,

|  | Metrics | Who can help? |
|---|---|---|
| Digital buying outcomes:<br><br>Are your ads reaching the right people?<br><br>Did the audience pay attention?<br><br>Are your ads being placed in the most relevant, suitable environments? | • Valid and viewability rate<br>• Valid impressions<br>• % of ad in-view<br>• Attention quality<br>• % of video played in-view<br>• Reach & frequency<br>• In-target %<br>• Safe and unsafe %<br>• Contextual reporting<br>• Content categorization analysis | Ad verification vendors, e.g. IAS, Moat, Grapeshot<br><br>Audience measurement vendors, e.g. Nielsen DAR, Roy Morgan Live Audience Evaluation<br><br>DMP/DSP/SSP |

and refers to the exposure of a brand in an environment and/or context that could be damaging or harmful to the brand. A few other metrics to consider are reach and frequency of campaign delivery.

**Measure your success in meeting business objectives**

Beyond the buying criteria, it's critical that marketers be able to measure the extent to which the investment into a campaign has furthered business objectives. The IAB has released a Guide to Designing Digital Ad Impact Studies to provide guidance on measuring digital advertising that will add confidence and precision to marketing investment decisions.

Controlled experiments represent the most effective way to validate existing marketing activities and fill gaps in knowledge. The guide provides a step-by-step framework to measuring outcomes including:

• Brand impact from digital campaigns
• Cross-media effects and the interplay of digital and other media
• Geo-tests of the impact of online activity on in-store sales
• Attribution models.

|  | Metrics | Who can help? |
|---|---|---|
| Digital media effectiveness and ROI:<br><br>Did your campaign achieve its business objective? | Brand lift metrics (such as brand awareness, brand association, purchase intent)<br><br>Sales lift metrics<br><br>ROI | Research companies, e.g. Kantar, Ipso, Nielsen |

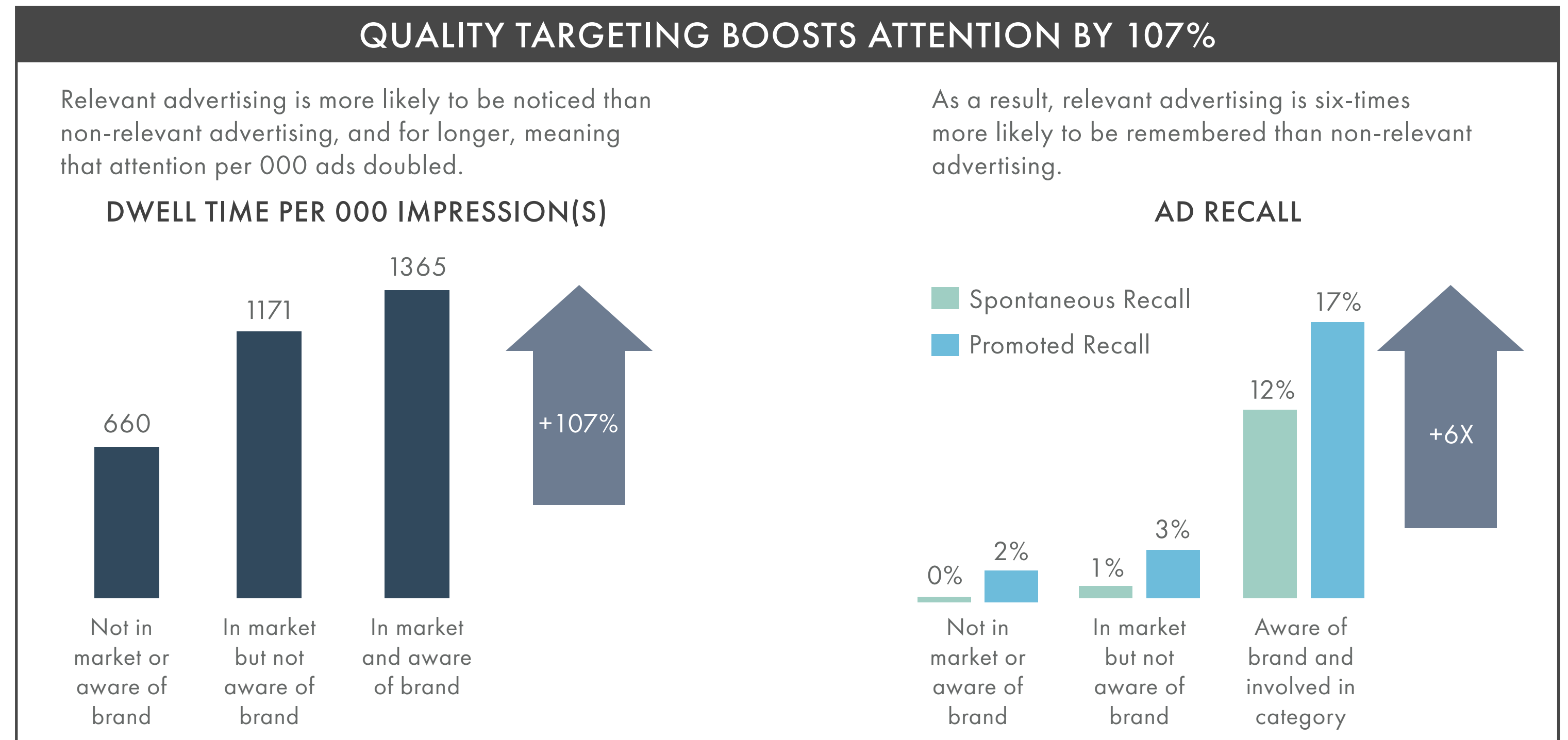# TARGETING STRATEGIES AND ADVERTISING EFFECTIVENESS

The following research case studies demonstrate how getting digital targeting strategies right leads to greater advertising effectiveness.

## IAB UK RULES OF ATTENTION STUDY PROVES MORE RELEVANT, TARGETED ADS LEAD TO HIGHER ATTENTION

The IAB UK, Lumen and IPSOS MORI set out to explore how advertisers can maximise the attention their digital ads receive. The study highlights key ways to boost advertising attention online highlighting that quality environments matter and the benefits of tapping into smart targeting.

Quality matters: Being in a premium content environment is the single biggest driver of ad attention, generating 3 times more attention for advertising than task sites.

Smart targeting: This research also demonstrates that tapping into smart targeting can significantly affect the attention digital ads generate. Quality targeting of relevant ads at people that are in the market boosts attention scores by 107%. Not only are these ads more likely to be noticed and for longer, but they are six times more likely to be remembered.

### QUALITY TARGETING BOOSTS ATTENTION BY 107%

Relevant advertising is more likely to be noticed than non-relevant advertising, and for longer, meaning that attention per 000 ads doubled.

As a result, relevant advertising is six-times more likely to be remembered than non-relevant advertising.

**DWELL TIME PER 000 IMPRESSION(S)**

- Not in market or aware of brand: 660
- In market but not aware of brand: 1171
- In market and aware of brand: 1365

+107%

**AD RECALL**

- Spontaneous Recall
- Promoted Recall

- Not in market or aware of brand: 0% / 2%
- In market but not aware of brand: 1% / 3%
- Aware of brand and involved in category: 12% / 17%

+6X

*Source: IAB UK The Rules of Attention July 2019 Eye tracking study by Lumen & Ipsos*

## WE ANALYZED 75,000 YOUTUBE CAMPAIGNS. HERE'S WHAT WE LEARNED ABOUT USING DEMOGRAPHIC DATA

Google

Source: *Think With Google Insights*
*Hannah Diddams, Taylor Behmke*
*September, 2019*

Marketers have been told for a long time that when we rely on demographic data alone, we get only a one-dimensional view of our audience. And yet all too often, we're still using things like age and gender to inform campaigns. The result? We run the risk of creating and serving up ads that people find irrelevant, and we miss out on potential customers.

Of course, all of this is intuitive. The better you understand your audience — knowing that someone is planning a family vacation, in-market for a new mobile phone, developing a passion for extreme sports, looking to eat more plant-based food — the better you can establish whether they might be interested in your product or brand. And if you're speaking to the right customers, you'd expect your marketing to be more effective.

Here at Google, though, we like to go off more than just intuition. That's why we carried out a test to show why it's time for marketers to look beyond demographics.

### Analyzing two years of campaign marketing data

To find out if our instincts were correct, we looked at two years of aggregated and anonymized performance data for 75,000 global YouTube campaigns using Google Brand Lift, which measures how much a video ad affected metrics like brand awareness, ad recall, and consideration. We did this for campaigns across 10 industry verticals — including automotive, retail, and travel.

Some of those YouTube campaigns used only basic demographics to reach potential customers. For example, perhaps a campaign was aimed at reaching women between ages 25 and 34. Others used a feature available on YouTube called Advanced Audiences.

Advanced Audiences allows marketers to reach people based on things like their interests — whether the videos they watch on YouTube suggest they're a foodie, a travel buff, or a beauty maven, for example. We call these pre-built groups affinity audiences. Marketers are also able to create their own groups of audiences based on detailed interests tailored to their brands. Rather than just reaching foodies, a nondairy milk brand might want to reach vegan foodies. We call those custom affinity audiences. With Advanced Audiences, brands can also reach people who are actively researching certain products or services. We call those in-market audiences.

First, we worked out what the benchmark lift was for each metric in each of the industry verticals. For example, on average how much of a lift in brand awareness did the technology campaigns in our sample see?

Then, to understand the effectiveness of using more than just basic marketing demographic data to reach people, we isolated those campaigns that used Advanced Audiences to see what sort of a lift in marketing metrics they had compared to their industry average.

### Why going beyond demographics makes for a more effective campaign[1]

| Industry vertical | Marketing objective | Type of audience | Lift[2] |
|---|---|---|---|
| Automotive | Awareness | Affinity | 1.2X |
| Consumer packaged goods | Ad recall | Affinity | 1.2X |
| Consumer packaged goods | Awareness | Custom affinity | 1.5X |
| Finance | Consideration | In-market | 1.5X |
| Food & beverages | Awareness | Custom affinity | 2.0X |
| Retail | Purchase intent | In-market | 1.4X |
| Technology | Purchase intent | In-market | 1.5X |
| Telecoms | Ad recall | Affinity | 1.3X |
| Travel | Ad recall | Custom affinity | 1.5X |
| Travel | Consideration | In-market | 1.4X |

**Lessons from 75,000 YouTube campaigns**

So what did we find? The marketing data supported our hypothesis. A richer understanding of the audience you're trying to reach makes for much more effective marketing campaigns.

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# TARGETING STRATEGIES AND ADVERTISING EFFECTIVENESS

Across every industry vertical, campaigns that used Advanced Audiences saw a lift in various marketing objectives. Finance campaigns that used in-market audiences saw a 1.5X lift in consideration, while retail campaigns saw a 1.4X lift in purchase intent. Telecommunications campaigns that used affinity audiences saw a 1.3X lift in ad recall, and food and beverage campaigns that used custom affinity audiences saw a 2X lift in awareness.

Some of the audiences that saw the biggest lift in marketing objectives across industries seemed pretty obvious. For technology campaigns, people who were already in-market for a computer had a high lift in purchase intent. No surprises there.

Others were more unexpected. For telecommunications campaigns, outdoor enthusiasts and fashionistas were among the affinity audiences with the biggest lift in ad recall. A telecommunications marketer wanting to raise awareness for a new mobile plan might not have thought these people would be especially interested in their offering, missing out on a key communication opportunity with potential customers.

**Going beyond marketing demographics**

It's important to keep in mind that these findings are not causal and do not guarantee future campaign performance. But they still offer interesting lessons that marketers can act on immediately.

The first is obvious: Stop relying on marketing demographics alone. With the technologies and tools available today, it's possible to have a much deeper understanding of your customers, and to use those insights to make sure you're reaching the right people. If you're launching a YouTube campaign to promote a new fashion line, rather than trying to guess who might be interested based on broad categories, like age and gender, use an existing affinity group like fashionistas. Your customer base is probably a lot more multifaceted than you might have expected.

The second lesson is that your customer base is probably a lot more multifaceted than you might expect. Who would have thought that an outdoor enthusiast would be particularly receptive to a telecommunications ad? So before you launch a new campaign, try pretesting your creative with groups of audiences you might not have otherwise considered.

And finally, once you've mastered the first two lessons, consider customizing even further. For example, if you're launching a new range of low-sugar snacks on YouTube, create a custom affinity group that goes even more granular than the prebuilt ones and personalize the video creative to this audience.

From this analysis, it is clear that people are far more multidimensional than we, as marketers, have historically given them credit for. It's time that our advertising campaigns caught up.

# TARGETING STRATEGIES AND ADVERTISING EFFECTIVENESS

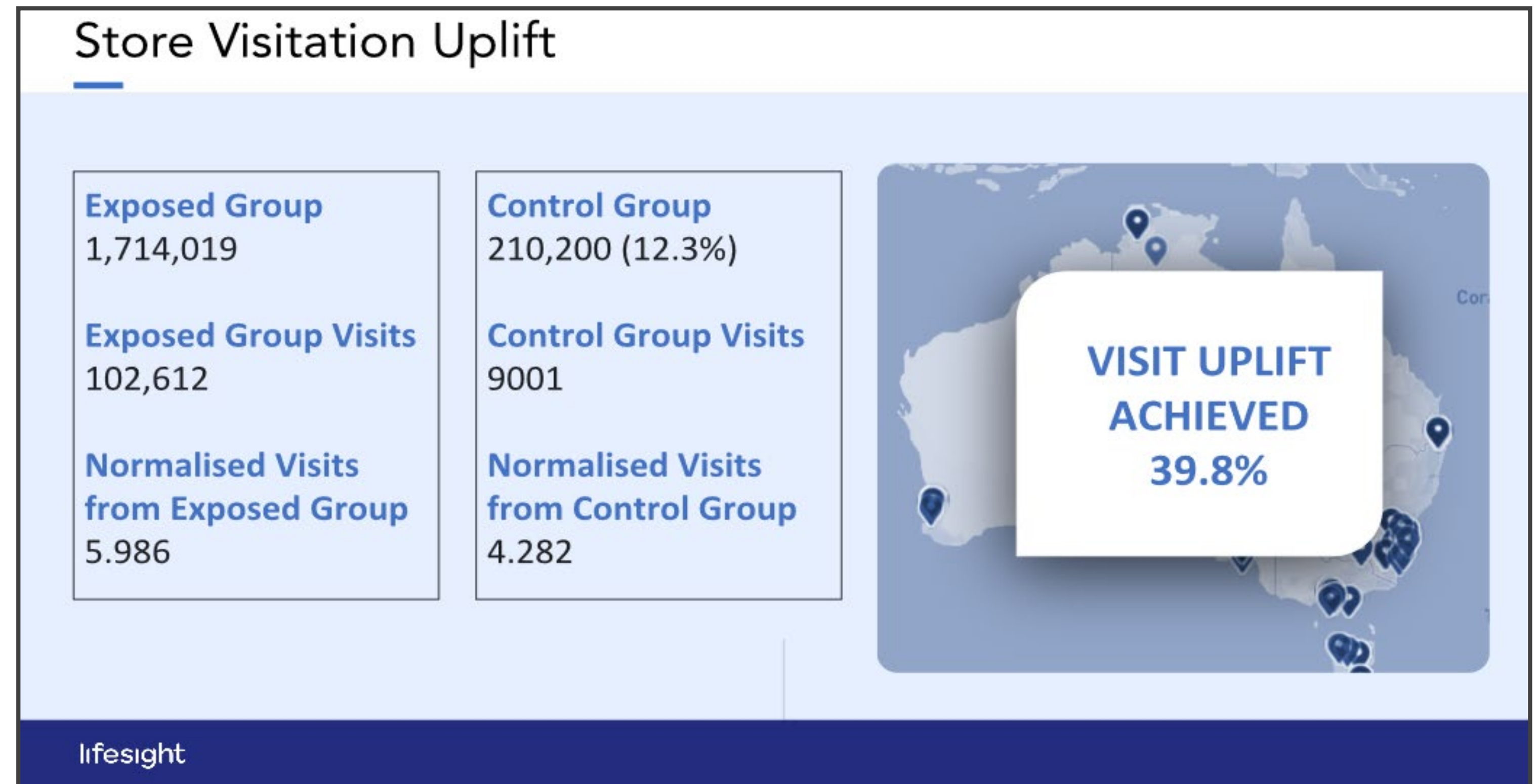## MEASURING AUDIENCE TARGETING STRATEGY SUCCESS FOR AUSTRALIAN RETAILERS

**lifesight**

*Source: Lifesight Offline Attribution Study*
*February 2020*

Mobile SDK data business, Lifesight, cites local footfall attribution studies that have helped demonstrate the effectiveness of audience targeting strategies in terms of driving incremental store visits for bricks and mortar retailers.

Lifesight assists advertisers and agencies with independent 3rd party online-to-offline attribution, measuring the impact of online media campaigns on store visits. Reviewing the performance of 9 comparable Australian retail-brand display campaigns over a 2 month period the average Footfall rate uplift among exposed consumers vs. balanced non-exposed control groups was +31.7%. The control groups were balanced and matched to the exposed groups using demographic and geo-location data points. The campaigns analysed utilised different DSP deployed audience targeting strategies.

The report except below shows footfall measurement and uplift calculations for a fashion retailer's programmatic display campaign which achieved a 39.8% uplift in store visits.



## Store Visitation Uplift

| Exposed Group | Control Group |
| --- | --- |
| 1,714,019 | 210,200 (12.3%) |
| **Exposed Group Visits** | **Control Group Visits** |
| 102,612 | 9001 |
| **Normalised Visits from Exposed Group** | **Normalised Visits from Control Group** |
| 5.986 | 4.282 |

**VISIT UPLIFT ACHIEVED 39.8%**

lifesight

In summary, based on the output of these attribution studies, exposure to targeted creative messaging helped drive 31% more store visits. For retailers who use store visits as a proxy for sales, this is meaningful, and the agency was able to validate and score the efficacy of different audience targeting strategies in the absence of online or offline sales data.

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# DIGITAL AUDIENCE TARGETING FOR SUCCESS CHECKLIST

**1** Consider the role of audience targeting in the context of overall campaign strategy.

a. Balance efforts in targeting with other campaign elements that also drive ad effectiveness, particularly ensuring great effort is also made in getting creative right

b. Find the effective balance of brand (mass marketing) and activation (tight targeting)

c. Manage campaign frequencies to ensure salience and avoid over repetition

d. Provide consumer personalisation while being mindful of privacy.

**2** Ensure you know and understand the data being used for targeting.

a. Understand what types of data are available and most effective to your audience targeting strategy

b. Take steps to ensure the data quality meets your needs/expectations

c. Ensure that data is compliant and meets data privacy requirements.

**3** Develop the appropriate strategic execution based on your objectives and available data sets.

a. Evaluate the different ways audience targeting strategies can be executed to meet your campaign objectives

b. Leverage mar-tech solutions/platforms

c. Consider contextual targeting as an effective alternative to align your brand with consumer interests without the use of cookies or data.

**4** Create a structure to test and implement learnings from campaign.

a. Set clear objectives and KPIs upfront that relate to your business challenge

b. Choose appropriate metrics aligned to your objectives and understand the strengths and weaknesses of the measurement method that you use.

c. Assess the success of your buying criteria (using measures such as viewability and brand safety) as well as assessing success in meeting business objectives (using measures such as brand lift, sales lift etc.).

d. Plan how will you refine, test and optimise.

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# MORE RESOURCES FROM IAB AUSTRALIA

### IAB PROGRAMMATIC PLAYBOOK

Download the *IAB Programmatic Playbook* here



This playbook expands and revisits the simple definitions of programmatic developed in the 2015 playbook, while further breaking down terminology for both the buy- and sell-sides.

### AD TECH PURCHASE GUIDELINES

Download the *Advertising Technology Purchase Guidelines* here



There is no template for today's data-driven scenarios we are planning for, so transparency and knowledge sharing are a must. For that purpose, IAB Australia has created these guidelines for IAB members to download.

### PROJECT REARC

IAB Tech Lab
Project Rearc



Project Rearc is a global call-to-action for stakeholders across the digital supply chain to re-think and re-architect digital marketing to support core industry use cases, while balancing consumer privacy and personalization.

Stay up-to-date with IAB Australia and the work we do to simplify and inspire the digital advertising industry by following us on LinkedIn, Twitter and Facebook, and subscribing to our monthly newsletter.