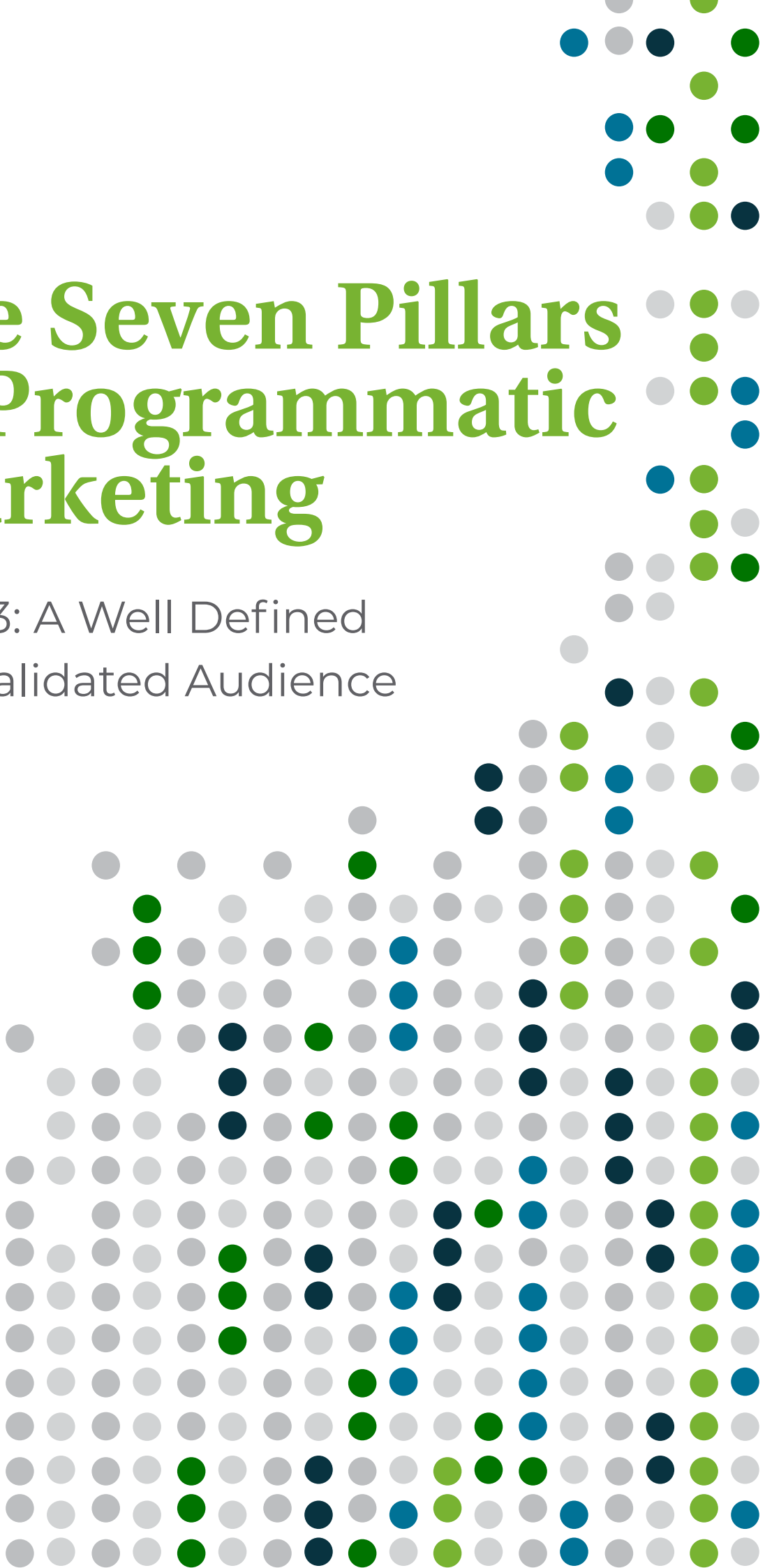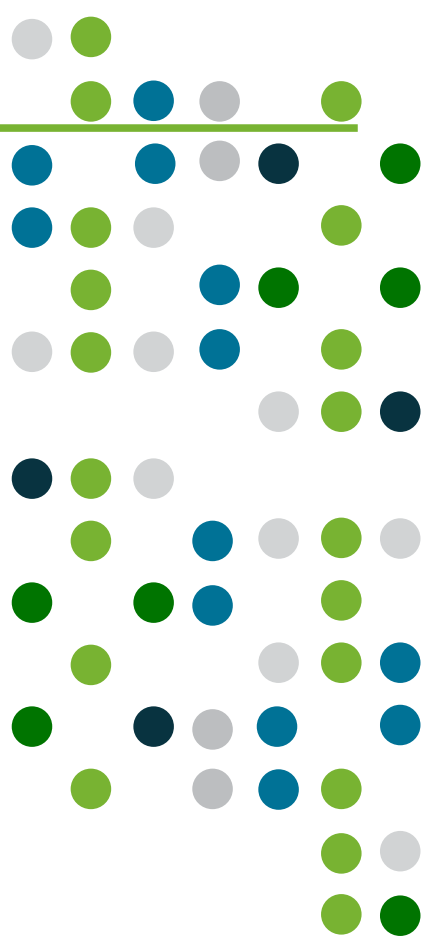# The Seven Pillars of Programmatic Marketing

Pillar 3: A Well Defined and Validated Audience

Audience targeting is the one constant that runs through every digital media campaign. Although it sounds cliché, marketers today need to connect with the right person at the right time in the right place. The days of generalized advertising messages are over. Consumers fit into very specific audiences, and they only want to see ads and offers that are relevant to their unique wants and needs.

A well-defined and validated audience also addresses consumer data privacy concerns and regulations. More than half of consumers always expect marketing offers to be personalized, according to Salesforce's State of the Connected Customer report. But data privacy laws can hinder marketers' efforts to build personalized marketing programs. In addition to the European Union's GDPR, the California Consumer Privacy Act (CCPA) gives consumers the right to "opt-out" of the sale of their data.

Anyone who says audience targeting is easy probably isn't doing it right. And if you've ever felt perplexed by all of the different types of targeting and data available, you're not alone. In this third pillar of our series, we explain how to define and validate audiences, as well as execute successful programmatic advertising strategies targeting them.

Defining audience targeting

Digital audience targeting, otherwise known as a target market, is a defined group of people who are identified as the brand's ideal customers. Targeting is based on the answers to questions such as: *What age are they? Where are they located? What are they interested in? What drives their purchase behavior?*

Creating target audiences can be difficult. If your marketing scope is too broad, for example, you are wasting money on people who would never be interested in your product or service, no matter how well or how often you advertise to them. There are also numerous ways to target audiences, and some methods are more effective for different kinds of campaigns. Before we go any further, let's look at some of the different types of audience targeting available:

● Data-driven

First-party and third-party data are two of the most popular types of data used to target audiences. First-party data is limited to the interactions the brand has with customers. Third-party data paints a more thorough and expansive picture of high-value customers and can be used to enrich first-party data to learn more about customer interests, behavior, and demographics.

● Retargeting

Retargeting is designed to reach the 98 percent of users who don't convert right away, making it one of the most valuable targeting tactics out there. Retargeting helps to keep your ads in front of bounced traffic after they leave your website. A whopping 70 percent of consumers who are retargeted are more likely to convert than cold traffic.

● Contextual keyword targeting

Contextual keyword targeting is more granular than site and category contextual targeting, and targets URLs based on the keywords that appear within website pages. Once you select keywords and scan the sites with available ad placements, the most important keywords on those pages will be identified and a probabilistic algorithm will be implemented to define and categorize the page and the impression. This tactic is accompanied by an additional data CPM.

● Contextual targeting
(site and category)

This type of contextual targeting allows marketers to target sites that categorize themselves by an area or topic. Through contextual site targeting, you can target specific sites by building preferred lists or block lists with the URL of sites you want to serve ads on. In category contextual targeting, rather than targeting by specific URLs, you can target users by website category. For instance, contextual category targeting enables advertisers to target sites that categorize themselves by topic, such as "pets" or "sports."

IP targeting

An IP address is the string of numbers assigned to an internet connection by the Internet Service Provider (ISP). Every device, including desktop, mobile, and tablet, that's connected to the internet has an IP address that indicates its location. IP targeting utilizes IP addresses to deliver personalized content to the specific household using that IP.

CRM targeting

CRM targeting allows B2B marketers to target individuals from their customer relationship management (CRM) system and run account-based marketing campaigns against a known list of contacts. The more you build out your CRM the easier it is to create personailized experiences. For example, you can segment audiences by recent activity on the brand website or email opens. This allows you to personalize each ad to different stages of the customer's journey and speak to the customer's unique needs.

Branching out across audiences and/or channels

Agency strategies for many brand clients have shifted to a digital-first approach, as target audiences spend more time on screens than ever before. Consumers have embraced e-commerce and online purchases, and the direct-to-consumer (D2C) market continues to grow at double-digit rates. Marketers also have a greater responsibility to safeguard customer data and treat audiences as humans, not as data points.
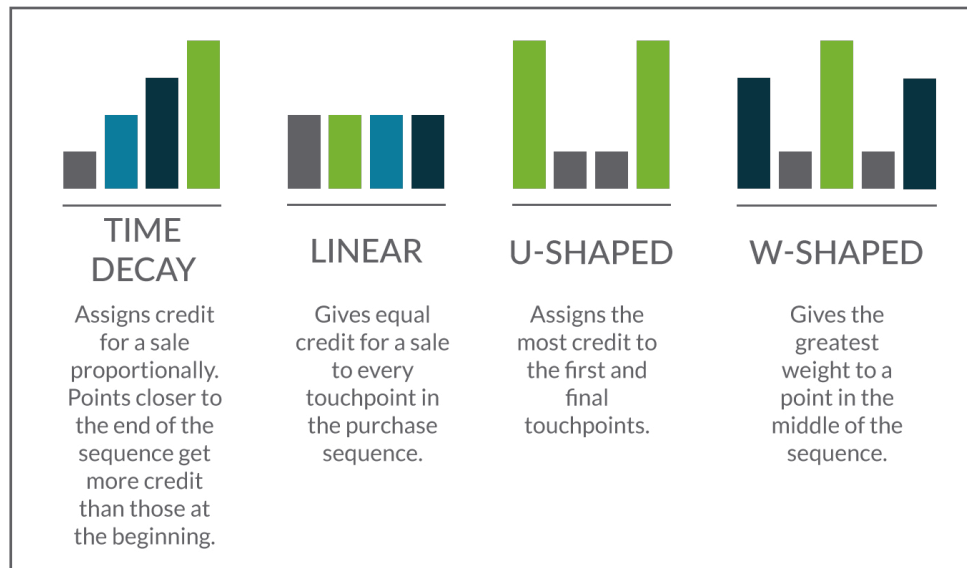
The most effective audience targeting strategy should always start by building out the marketing funnel according to the digital tactics, channels, and messages that work to guide customers from awareness to conversion. The goal is to accurately target each campaign to connect with very specific audiences based on where they are in the customer journey while maximizing budget efficiency.

Programmatic advertising fits into a **full-funnel marketing approach** to help target audiences rediscover brands through new digital channels, whether at the awareness, consideration, or conversion stage. Programmatic advertising makes ad buying easier and more flexible by using data and machine learning to enable hyper-segmentation based on customer behavior. But because programmatic advertising means bids are arranged for each individual accessing the site, consumers can be targeted to a far greater extent compared to traditional methods. In terms of digital marketing channels that can mean hyper-targeted connected TV (CTV), social media, digital out of home (DOOH), and display advertising to generate brand awareness at the top of the funnel. Programmatic advertising, social retargeting, and content marketing/email work well lower in the funnel to increase conversions and ultimately drive customer retention.

The value of a mixed media approach

In fact, research shows that marketers employing three or more channels in any one campaign generate threefold higher purchase rates than campaigns using a single channel strategy. Human beings are complex individuals, and so is the customer journey path. Although you may know your client's ideal customer profile better than anyone, there's no way to know which combination of creative, landing page, or CTA will drive conversions in just one step.

In Pillar 2 of our series, we discussed multi-touch attribution modeling (MTA), a key tool that can help you with this. MTA uses machine learning to track the sequence of customer touchpoints that most often lead to conversions. With this knowledge, you can then develop a clearly defined media mix, where each touchpoint has a distinct but connected goal to drive customers further into the marketing funnel. Using client customer data, programmatic technology can identify what resonates with each individual and target them on their preferred sites at the time they are most likely to visit.

TIME DECAY	LINEAR	U-SHAPED	W-SHAPED
Assigns credit for a sale proportionally. Points closer to the end of the sequence get more credit than those at the beginning.	Gives equal credit for a sale to every touchpoint in the purchase sequence.	Assigns the most credit to the first and final touchpoints.	Gives the greatest weight to a point in the middle of the sequence.

It's important to analyze data from multiple sources to inform your audience targeting strategy. Too often, marketers make the mistake of only looking at one data source to determine their approach. For example, while Google Analytics might be valuable, it can't provide a well-rounded analytical view of your entire mixed media strategy. You'll want to combine your audience insights with Google Analytics, as well as social media results, and other metrics to gain the best view of what's working and what's not.

Agency case studies:
THE TRAVEL MARKET

Let's look at how marketers have adapted these audience targeting strategies in the hard-hit travel industry, as agencies help their clients recover from the COVID pandemic. Although digital advertising strategies can vary among travel destinations, the one thing they all have in common is the ability to use precise audience targeting to drive results.

When travel restrictions were lifted and COVID-19 infection rates fell, the Relic Agency developed and built out recovery campaigns for several destination marketing organizations (DMOs), including Discovery Bristol. Because every destination's visitor profile is different, agency executives evaluated each destination's needs and goals and aligned them with their target personas to map them to the right messaging and the right network. The agency built awareness within the personas through impression-based strategies in programmatic display, non-branded PPC, YouTube, and broader social media buys, as well as developed strong SEO on the Discovery Bristol website.

Audiences were moved through the marketing funnel by serving them stronger calls to action (CTAs) based on visiting certain pages of the website, downloading a travel brochure, or signing up for a newsletter. This was done mainly through content marketing on social media buys and automated email marketing. At the bottom of the funnel, consumers were encouraged to book a hotel stay in the area through branded PPC ads, conversion-focused social media buys, and email marketing. Actual foot traffic was measured through geo-fenced display ads to track and attribute results for their campaign.

> **"...the one thing [digital advertising strategies] all have in common is the ability to use precise audience targeting to drive results."**

Madden Media, another agency serving DMOs not only survived but thrived during the pandemic. Madden Media's approach to its clients' recovery campaigns was to be flexible, with messaging, ad creative, and targeted audience strategies that were ready to go in whatever direction the campaign needed to adapt to changing consumer travel demand. Agency executives implemented media plans with a variety of channels and tactics to target audiences that fit each DMO's unique size, location, and "wow" factors. Programmatic awareness-driven campaigns at the top of the funnel targeted website visitors with videos and other interactive content to lengthen engagement to as much as three-to-four minutes per session. KPIs ranged from travel brochure downloads to clicking "book a room" buttons to measure campaign success.

*Click here to learn more about how Madden Media drove a 23% increase in ADR for travel brands.

The digital advertising space is evolving quickly. More and more, emerging media, such as CTV, programmatic audio, and out-of-home advertising opportunities, are being tested to deliver relevant and timely mixed media messages to your clients' target audiences. It's important to stay on top of the latest advertising technologies, tools, and trends, as well as educate your clients so they fully understand the audience targeting strategies you're presenting.