

# The Marketer's Guide to Data-Fueled Content Optimization



Leverage Consumer  
Segments to Double  
Your Engagement  
Rates and Improve  
Profitability

## What's Inside this Guide?

Savvy marketers know that if they are going to cut through the clutter and create meaningful, engaging relationships with customers, they need to deliver a personalized experience. Rather than making simple guesses or constructing rudimentary A/B tests, smart marketers start with data. Using a consumer segmentation system that groups together similar individuals is like hitting the "easy button" for content optimization. This guide outlines how to start using consumer segments so you can get to know your customers like you know your friends, and ultimately turn them into profitable brand fans.

## Content Optimization: Maximize Your Marketing with More Relevant Messaging

Over the past five years, addressable advertising has become a commonplace tactic for many modern marketers. Addressable advertising is a powerful strategy that enables marketers to leverage first, second and third-party data for precise targeting. So powerful, in fact, that according to Econsultancy, nearly 1-in-2 North American marketers have plans to increase addressable buys quickly.

Although this tactic is often referred to a "one-to-one" marketing, marketers must, in fact, still market to groups of individuals in order to maintain privacy compliance standards. A quick and efficient way to get started with great precise targeting is to use segmentation. By leveraging consumer segments, you can deliver the right content, the right products and even the right pricing to your customers and prospects. Let's look at a few examples of how you can optimize content using micro-segmentation by testing multiple marketing messages and even product pricing strategies across a segment. The results may surprise you.

**Addressable Advertising:** The delivery of a marketing message or media content to a specific device, individual or household based on personally identifiable information. Addressable advertising is often referred to a one-to-one marketing because of its precise targeting capability. Addressable advertising is capable across nearly every channel including direct mail, email, mobile, online, video, internet radio, and television.

# Email Subject Lines:

## How Segmentation Can Drive Higher Open Rates

At any given moment, a brand may have multiple campaigns running across channels from email to direct mail to mobile to online. Applying a segmentation strategy across every channel may feel like a daunting process. But it doesn't have to be. Start simple; choose a single channel. In this example, we show you how simply creating multiple subject lines tailored to individual consumer segments can drive great results and higher engagement. Consider a test like this a "low hanging fruit" for optimizing your marketing strategy.

In this test, the client developed two email subject lines. One of the messages focused on value by including the phrase, "Unbelievable Savings!". The other subject line focused on the luxuriousness of the product by including that phrase, "Quality You Need". The messages were then delivered to various Symphony target audience segments selected by the client. Symphony is AnalyticsIQ's lifestyle segmentation system comprised of 10 high level and 90 micro-segments that accurately classifies U.S. consumers based on their socio-economic, lifestyle, behavior and cultural similarities.

Symphony Segment	"Unbelievable Savings"	"Quality You Need"	Winner Performance
Segment AO1: Ultra Elite	7.2%	19.7%	2.7X Better
Segment A02: Mature Affluence	14.5%	7.3%	1.98X Better
Segment B05: Family Focused	4.6%	9.5%	2.06X Better
Segment C06: Penny Wise	19.9%	10.3%	1.93X Better
Segment E03: First Real Salary	11.4%	18.5%	1.62X Better
<b>Total Average</b>	<b>11.5%</b>	<b>13.0%</b>	<b>13% lift in performance</b>

Email Open Rate Percent: In the simple example above, the **quality** focused message was the overall winning subject line. But when the winning subject line was matched with each applicable segment, results improved by over **200%**. Wow!

### Here are additional details regarding how you can structure a similar test:

1. Develop two subject lines
2. Randomly assign and send to the 10-25% of the target universe
3. Assess open rates across each segment
4. The "champion" for each segment is the winner
5. Send the winning subject line to the remaining audience for each segment



# Product Pricing: How Segmentation Can Make You More Profitable

Different consumer segments often have varying sensitivity to pricing. While it may be natural to assume that great affluence equates to lower price sensitivity, we have found that the opposite is often true. For example, based on this test, the Symphony segment A02: Mature Affluence is incredibly price sensitive, although this group, which consists of about 1 million U.S. households, has an average net worth of \$2.5 million. Contrasting to this, the Symphony segment H11: Routine Scene has a household income of approximately \$38,000. However, this segment spends nearly twice as much on discretionary items as the Mature Affluence Symphony segment.

In this example, a marketer offers a phone plan for \$59 per month to half of the targeted universe and \$74 per month to the other half. Generally speaking, lower plan prices typically perform better overall. However, our analysis shows this statement is not always true when you look at your audience by segment. The chart below details the company's annual revenue per responder divided by the total number of people mailed – or revenue/prospects.

Symphony Segment	Revenue per Responder for \$59 Monthly Plan	Revenue per Responder for \$74 Monthly Plan	Best Offer to Send
Segment A01: Ultra Elite	\$1.96	\$2.34	Expensive Plan, 19% more profitable
Segment A02: Mature Affluence	\$3.01	\$1.62	Cheaper Plan, 85% more profitable
Segment B05: Family Focused	\$1.30	\$1.55	Expensive Plan, 19% more profitable
Segment C06: Penny Wise	\$2.98	\$1.61	Cheaper Plan, 85% more profitable
Segment H11: Routine Scene	\$1.44	\$1.63	Expensive Plan, 13% more profitable
<b>Total</b>	<b>\$2.11</b>	<b>\$1.73</b>	<b>Cheaper Plan, 22% more profitable</b>

Annual Revenue Per Prospect Mailed: This analysis demonstrates just how important segmentation can be in driving better profitability by delivering the right products at the right price to your target audience. Although overall response rates are typically lower for higher priced offerings, with everything else being equal, it is sometimes still the more profitable path!

# Segmentation Systems: The Fundamentals of Creating Audience Segments

Fundamentally, there are two types of segmentation systems:

- **Custom segmentation systems**
- **Standard market segmentation systems**

Custom segmentation systems are typically developed based on a particular universe, such as your most loyal customers. Standard market segmentation systems are typically universal systems that segment all consumers in a country. Think of standard segments as the “plug and play” version of segmentation. The segments are already baked and ready to go for analytics and marketing use.

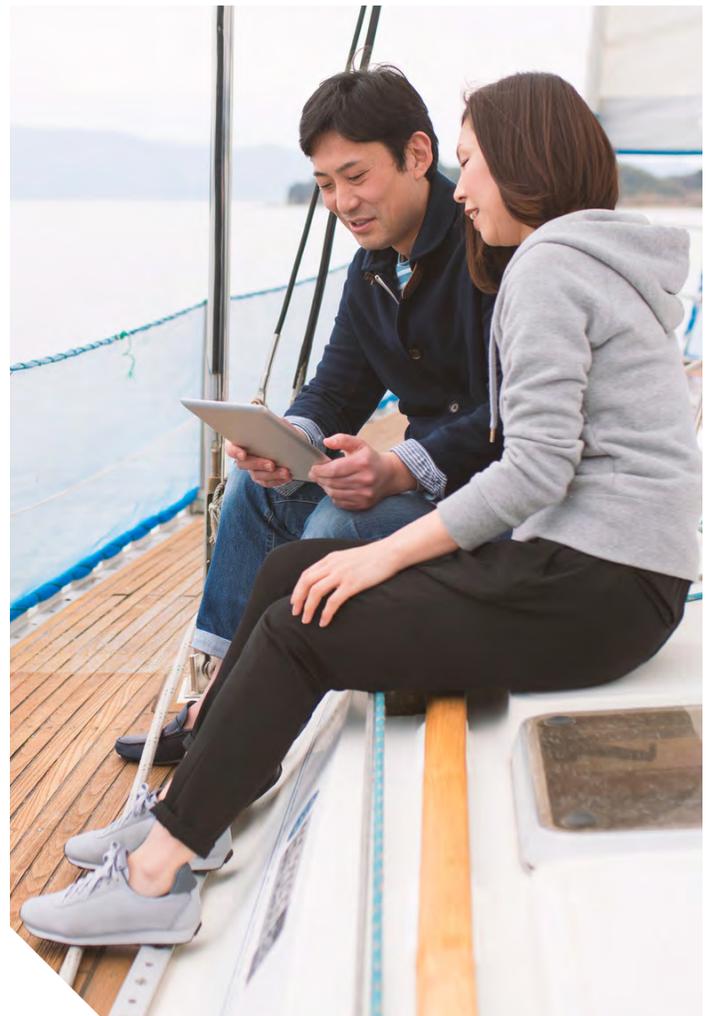
The key to an effective optimization strategy is to assure that the segments you are attempting to optimize are truly homogeneous, meaning that the consumers bucketed into each segment are as similar as possible to one another. Beware of geographic segmentation systems, which often use census data, as there is much greater diversity within neighborhoods today. Think about yourself compared to all of the homes down the street – how similar are you really?

To achieve the homogeneity needed, we believe that it makes sense for a segmentation system to have the following features:

- **Micro-segments:** There are clearly more than 50 or 60 distinct groups in the U.S. today. Given that you will establish distinct strategies for each segment, it is extremely important to have narrowly defined groups.

- **Individual data:** While it is true that most marketing data is at the household level, there are some important individual attributes that potentially should be considered: age, education and gender included.
- **Rich segment personas:** Successful strategies are dependent on a full, robust understanding of each segment.

While this may sound like a bit of a cliché, there is an art to developing a great market segmentation system. To do it successfully, creators must marry two things that seldom coexist: analytics and creativity.



# Symphony:

## AnalyticsIQ's Comprehensive Approach to Micro-Segmentation

Our Symphony segmentation system is comprised of 10 high-level segments that are then precisely divided in an additional and 90 micro-segments - which each include 0.1% to 5.4% of the overall population.

A key factor in the development of Symphony is the rich data used to define the segments. Our PeopleCore database consists of thousands of attributes derived from over 100 known and validated sources of data. Our focus is on creating accurate predictive tools based on the best-known information. One example is how we define "person gender." For instance, AnalyticsIQ receives gender information from multiple sources.

However, we frequently find that the data may include females named William and David, and males named Ann and Cynthia. To create the most accurate gender predictor, AnalyticsIQ has developed name tables that look at the most common non-androgynous names for each gender. We then utilize models to further classify androgynous or unknown first names. The end result: a much purer, more accurate attribute.

AnalyticsIQ takes this same scientific approach and applies it to hundreds of other data attributes. These attributes are the core ingredients of our Symphony segmentation solution. This means our comprehensive, high-quality data leads to stable, trustworthy segments that truly capture the following information:

- **Demographics**
  - ▶ Age, ethnicity, and education
- **Affluence**
  - ▶ Discretionary spend, home value, and net worth
- **Travel Data**
  - ▶ Where, when and how much is spent
- **Aggregated Risk**
  - ▶ FICO proxy scores
- **Channel Preferences**
  - ▶ Email, phone, and direct mail
- **Fundraising Intelligence**
  - ▶ Annual donations and responsiveness
- **Social Media Influence**
  - ▶ Facebook and Twitter use
- **Purchase Data**
  - ▶ Spend levels that are category specific



Let's take a deeper look at how this information comes together to create a robust, comprehensive profile of each segment. This example provides a snapshot of the additional social, lifestyle, cultural, political and affluence information we provide for each Symphony segment. The end result? Better results through smarter, more informed marketing.

## A01: The Hamptons: Ultra Elite

Population %	0.1%	Twitter Active %	67.1%	Spend: Alcohol	\$1,715
Person Age	55.1	Twitter Influencer %	10.0%	Spend: Dining	\$11,189
Female %	48.3%	Charitable Donations	\$9,657	Spend: Education	\$7,931
Household Income (Thousands)	\$371k	Donors: Liberal Causes	23.6%	Spend: Furnishings	\$7,320
Caucasian %	68.3%	Net Worth (Thousands)	\$6,211	Spend: Personal	\$2,333
College Graduate %	85.9%	Home Value (Thousands)	\$1,543	Spend: Travel	\$10,303
Facebook Active %	30.8%	Taxable Wealth (Thousands)	\$5,514	Channel Receptivity: Email	High
Facebook Influencer %	0.2%	Discretionary Spend	\$63,102	Channel Receptivity: Mail	Low

# How AnalyticsIQ Engineers Our Data for Your Success

AnalyticsIQ is a dynamic, fast growing marketing data and analytics company focused on providing innovative consumer data and analytics solutions. These solutions empower marketers to deliver more personalized experiences to consumers while helping their marketing dollars go further. Our consumer data products include demographics, affluence categories, health and wellness, psychological decision drivers, and can even predict future buying choices. Our approach has you covered:

- **Know your consumers like you know your friends**
  - ▶ AnalyticsIQ's team of data scientists and psychologists helps you understand the "who, what and why" behind consumers and the decisions they make every day. We're the first data company to consistently blend data science with cognitive psychology to provide the deepest level of insights possible.
- **Access data you can't find anywhere else**
  - ▶ Our comprehensive PeopleCore database tells you more information about more consumers than anyone else. The proof is in the performance; our data typically shows a 25% lift in predictive power compared to other data providers.
- **It's easy to get started together**
  - ▶ Not only do we tailor solutions to your specific needs, but our flexible, close-knit team moves quickly. You can begin testing and using AnalyticsIQ data right away.

## Let's Talk

Are you ready start using sophisticated data to grow your business? Our flexible approach makes it easy. Whether you are looking to test, build custom models, understand lifetime value, or target prospects across channels, AnalyticsIQ can be your partner.

Contact us today at [sales@analytics-iq.com](mailto:sales@analytics-iq.com).



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