

AD TARGETING 2018

Executive Summary

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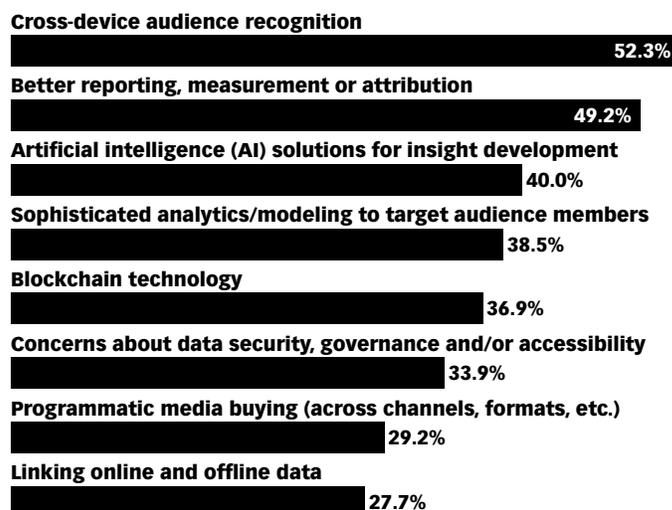
AD TARGETING 2018: HOUSEHOLDS, INDIVIDUALS OR BOTH? WHY A BLENDED APPROACH IS OFTEN THE ANSWER

Recognizing and targeting audiences across devices is a must for any marketer hoping to engage customers in a more unified manner. But how marketers identify and pursue these audiences depends on a variety of factors, including their objectives, their chosen identity graphs and their channel mix.

- The household is often the central focus of ad targeting efforts for companies selling items that are shared by household members or products and services centered around life events (such as buying a new home or sending a child to college). For some marketers, lack of individual-level data may also necessitate a primary focus on households. This is often the case for consumer packaged goods (CPGs) companies lacking direct-to-consumer relationships—and data. Those leaning heavily on channels organically targeted at households, such as television and direct mail, also tend to focus here.
- Marketers eyeing digital often seek a more one-to-one audience targeting approach. For many focusing at the individual level, benefits of more real-time and refined targeting practices, coupled with more personalized messages, are seen as ideal ingredients for driving greater customer engagement, and ultimately, revenues.
- For a growing number of marketers, targeting households or individuals is not an either-or decision. Many brands combine individual- and household-level targeting practices to capitalize on the customer journey and better realize core marketing objectives, such as optimizing reach and frequency throughout that journey.
- Still, marketers must proceed with caution when marrying the audience identity graphs behind both data sets and deploying the channel sets required to make individual- and household-level targeting work. eMarketer highlights questions marketers should be asking of any ad targeting service provider or identity solution.

General Marketing Topics or Developments that Will Command the Most Attention in 2018 According to US Senior Marketing Professionals

% of respondents



Source: Interactive Advertising Bureau (IAB) and Winterberry Group, "The Outlook for Data 2018: A Snapshot Into the Evolving Role of Audience Insight," Feb 12, 2018

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KEY STAT: Cross-device audience recognition—and tools needed to power ad targeting such as better reporting, measurement and attribution—were top priorities for US marketers this year, according to the IAB and Winterberry Group.

WHAT'S IN THE FULL REPORT? This report looks at how marketers are targeting ads to households and individuals. It also examines how marketers are increasingly using both forms of targeting to deliver on larger cross-device and customer journey objectives. Finally, it includes a marketer's checklist of questions for vetting identity and ad targeting vendors to ensure their data is accurate and compatible.

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FACTORS TO CONSIDER WHEN PLANNING AN AD TARGETING STRATEGY

When it comes to ad targeting, marketers must weigh a variety of factors when choosing the appropriate campaign strategy. As marketers shift away from channel-specific campaigns toward more audience-specific campaigns, crafting and executing an audience targeting strategy becomes a more complex task.

This still requires marketers to choose the right channels and audience attributes to power their ad targeting efforts. But with data-driven capabilities always changing, marketers are now finding there are no clear-cut guidelines for how to best select the right channels, devices or audience attributes.

Today, such a decision requires considering multiple factors, including:

- **Product or service type.** The type of product or service being advertised may dictate whether a marketer leans more toward household- or individual-level data and advertising channels. Shared household purchases, such as CPG products like bath soap and paper towels, or bigger life events that trigger purchases—such as a new home or life insurance—may be primarily focused at household audiences.
- **Campaign objective.** Upper-funnel, branding objectives often draw marketers' attention toward channels capable of amassing mass reach and scale. Historically, this has meant leaning more on mass media—and therefore, household-level data—but here digital channels such as social media can also provide scale and reach. And while lower-funnel, direct-response marketers may focus heavily on one-to-one marketing channels—and audiences—that's not to suggest that household-level data is futile, especially in the case of direct mail, connected TV or over-the-top (OTT) video.
- **Historical channel mix and primary attribution model.** Historical marketing mix may also demand the use of specific channels—and their corresponding data sets. Marketers relying heavily on marketing mix models may be much more comfortable operating at broader levels of audience targeting vs. those relying more on digital attribution to truly understand the effects of their efforts at the individual level. That comfort level may lead them more toward specific data sets and marketing channels, but it should not limit them in the potential for expanding their scope.
- **Data availability.** For some companies, particularly those without direct-to-consumer relationships, individual-level data can be hard to amass at scale. Based on these limitations, companies may start with a broader demographic or household-level understanding of their audiences, supplementing with individual-level data when available. Marketers' ability to successfully pull in different forms of data often hinges on which data sets will be used as the primary match key (e.g., emails vs. household addresses) and the service providers' ability to find acceptable match rates for those identifiers. This is especially true in instances where marketers are combining online-to-offline data sets, where in many cases, offline data is ascribed to a household.
- **Channel limitations.** Just as data constraints can dictate strategy, so too can the limitations imposed by the activation of those data sets in select marketing channels. For example, traditional linear TV's lack of addressability would require marketers pursuing audiences here to do so from a broader demographic lens or household-level lens. And marketers hoping to take advantage of radio and out-of-home may be confined to using basic demographic and geographic data.
- **The purchase journey.** Marketers pushing for a more audience-centric view often do so to boost the customer experience. That experience, however, is largely colored by the consumers' place within the purchase journey, and that journey can play a heavy role in helping to decide whether that consumer should be spoken to at a one-to-one or broader level.

KEY TAKEAWAYS

- **There's no side-stepping the use of cross-device targeting today**, particularly for marketers seeking to build a more cohesive customer experience and a more effective ad strategy.
- To do so, however, requires advertisers to have **sound identity management solutions in place** and seek out various data onboards from time to time. In all of these instances, however, advertisers must be cautious and careful to understand how these solutions work, and which types of identities (e.g., household-level, individual-level, device-level) these solutions employ.
- In most cases, **marketers will rely on a mix of both individual- and household-level audience data and ad targeting efforts**. Which way a company leans, however, depends on any number of factors including **product or service type, campaign objective, historical channel mix, data availability, channel limitations and the purchase journey**.
- **The household** is often the central focus **for items purchased by multiple members of a residence** or products and services centered around life events (such as buying a new home or sending a child to college). For those relying heavily on **individual-level targeting**, a desire for **more real-time, precise ad targeting** efforts often prevails.
- **But for most, it is not an either-or decision**. It's both! Many brands combine individual- and household-level targeting practices to **capitalize on the customer journey** and better realize core marketing objectives, such as **optimizing reach and frequency throughout that journey**.

WHAT'S IN THIS EXECUTIVE SUMMARY? This executive summary is just a preview of what you would find in the full "Ad Targeting 2018" report. Here's how this executive summary compares to the full report:

	Executive Summary	Full Report
Pages of content	6	17
Explanatory Charts	1	8
Marketer's vetting checklist	Not included	Included
Topic-specialists cited	0	14
Full expert Q&As	0	4

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