

# 5

## ESSENTIAL STEPS

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To Creating a  
Great Modeled  
Audience



Creating a modeled audience allows you to find and target more people who are similar to your best customers or target audience, based on a variety of key data points.

Building a great modeled audience requires a lot of data, complex optimization, and strong knowledge of your market.

**For those marketers who need a primer on how it works and how it can deliver results, here are five crucial steps to creating a high quality and performing audience:**

# 1 Define the Business Objective and Goals for Your Audience

As with any marketing campaign, the first step is to clearly define your marketing and business goals. Before creating a modeled audience, it's important to decide the action you want that audience to take. Often these decisions revolve around the sales funnel and how you would like to impact the buyer's journey.

For example, a **top-of-the-funnel campaign** might be based on modeling an audience to find new prospects or to increase brand awareness and favorability. Brand campaigns may prioritize driving greater familiarity, increasing newsletter subscriptions or simply "planting a seed" of awareness, rather than focusing on sales as the primary measure of success.

Conversely, **middle-** and **bottom of the funnel campaigns** tend to be more focused on conversions, and are more akin to a direct response campaign. These marketing goals will help dictate your selection of specific data points, buying signals, and web behavior when building your initial seed set. Your KPIs will also directly affect your creative choices around the imagery, messaging and calls-to-action you put in front of your audience.

For example the call-to-action on advertisements in a conversion-driven campaign may be to "Buy," while a branding display campaigns may not have a specific call-to-action at all.

## 2 Create a Scalable Seed Set

While many marketers fixate on the look-alike modeling process itself, the refinement of your seed set is in some cases the most critical step of the process. Your **“seed set”** refers to a collection of data you have on customers, visitors or individuals who have taken a **high-value action** (for example, made a purchase). This seed set is used to model a **“look-alike” audience** from a larger data set with similar attributes to your seed set, with the goal of identifying consumers who have the highest propensity to take action.

The concept sounds relatively simple, but *how* you define your seed set is truly an art and a science.

Seed sets are usually generated from your own first-party data (based on customer and visitor behavior) since it’s the most reliable source. However if first-party data is not available, an experienced data partner can help you model audiences based on a defined set of attributes.

The more data you have on each customer, the better you can match to others in the larger audience.

### Data can come from...

Creating a pool of buyers using a **pixel** on your site

Leveraging your own CRM data on existing customers

Using behavioral data (web browsing and purchase intent) from your DMP segments

When refining your seed sets, it's important to think about the type of buyer you're looking for and unique ways to slice and dice your own audience to uncover valuable segments.

For instance, a retailer may want to build an audience around high-end customers and trendsetters who are willing to pay a premium for the latest fashions. In contrast, another campaign could target a segment of bargain hunters who will happily buy last year's style for a discount. These represent two very different audiences for one brand to target, each of which would require very different seed sets, campaigns and creative.

Many marketers create multiple seed sets for a single brand. The different segments represent a variety of customer profiles that vary by demographics and buying behavior, and are used to model very different audiences.

*"This is how you end up with multiple segments. I might look at an audience and say, 'These are my high lifetime value segments, down to my lower lifetime value who are in the market now—opportunistic targets' This range would represent your horizontal columns. Then you would create rows categorized by six more segments:*

- *in-market*
- *on-cycle*
- *off-cycle*
- *entering segment*
- *new to the segment*
- *about to leave the segment.*

*There are many ways you could break that into different deciles, one that many brands aren't thinking about yet. It's a criss-cross way of looking at segments, like a matrix. Then you see where prospects are in each segment — and use that as a point of opportunity."*

*- Mark Donatelli,  
Global Head of Data Strategy  
& Planning at Ogilvy & Mather*

# 3 Model a New Audience Based on Key Data Inputs

In most cases, a data partner or third-party segment you buy from a data marketplace will provide a third-party data set which you can use to model a larger audience based on your seed set.

Some of the types of data you will model from include:



***Audience attributes* that include demographics, location data, and technographics (type of device used to access the web)**



***Browsing patterns* like sites, pages, and types of content visited**



***Industry-specific data*, such as where they shop, products bought, and travel information**

The modeling process begins by looking for similarities and patterns with your seed set. Your partner’s targeting graph should look for true and real audience characteristics, not just the preconceived notions that you expect to find. It also looks for the relationship *between* data points and how they interact in order to create a full picture of the seed set. This is why it is important to have a large amount of data per user. Having a depth and diversity of data will allow you to identify which data signals matter, and which do not.

In some cases, buying a pre-built audience segment based on demographics or attributes will suffice; for example, if your goal is to find more women between the age of 18-34 who are interested in fashion to generate greater awareness of your fashion brand, buying an off-the-shelf segment may provide enough volume and value to successfully introduce your brand to a wider audience.

In other situations, you may want to work with a data partner who is closely aligned with your company's DNA and can model a custom audience based on your campaign and goals. You may choose a data partner in the same industry as you, who has a depth of data that complements your seed set. For example, if your goal is to increase conversions on a particular product, you may want to partner with a vendor who can provide audiences who have visited specific product pages or demonstrated a purchase behavior for certain product categories.

## Data fidelity

*is paramount at this stage, as it ensures that all data points that could be relevant are considered and scored — not lost or consolidated into more generic attributes. Another factor to keep in mind: **data recency** will impact the relevance of the audience model, particularly in cases where you want the audience to take an action based on a moment of decision.*

*For example, if you'd like to hit a consumer who is showing intent to buy a particular product, you will need up-to-the-minute data streaming to know where they are in the decision-making process.*

## 4 Score Your Audience and Extract Similar Profiles

Now that you have identified common data patterns within the seed set, the targeting algorithm will begin scoring the larger audience pool against the seed set. It will look for people with similar profiles by scoring and indexing profiles that match your target audience. The scoring looks for similarities among the attributes deemed to be most important. You will get a **correlation score** between your seed set and the modeled new audience.

Remember that some target audiences are niche by nature and will be small. Your ability to scale will depend on the size of the available audience pool. The bigger the potential audience pool, the more likely you are to find a strong correlation or match. A strategically chosen data partner should be able to provide you with a large, viable pool to model from.

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Even with the ideal data partner, you may need to make judgment calls on trade-offs between size and look-alike accuracy. The tighter the correlation, the smaller the audience; but if you back off on correlation strength, the audience pool will likely increase.

***You may need to make a trade-off between audience size and look-alike accuracy. The tighter the correlation, the smaller the audience.***

A good way to weigh your priorities is to consider the goals of your campaign, as we discussed in chapter one. For a brand-building initiative you may value greater reach, so the match can be a bit looser as you cast a wide net to drive traffic and awareness. Your seed set might be made up of people within your targeted demographic who have demonstrated

some behavior indicative of their interest in your category of product or service.

If your goal is conversions, you may want your audience to be highly correlated with a strong match resulting in a smaller, tighter audience size. Your modeled audience might be comprised of people who look like a seed set of consumers that have shown buying intent, such as visiting pricing pages or searching for terms that signal they're ready to buy.

## 5 Make Sure Your Platform Self-Optimizes

Once your campaign goes live and starts delivering results and data, a good platform should factor performance into the audience model based on actual responses and desired actions taken. As the platform applies its machine learning algorithm to the audience, it will make better targeting and ad-serving decisions.

“When you shoot a rocket up to the moon, you can’t just shoot and assume it will land,” explains Donatelli. “Even after calculating everything, atmospheric conditions, debris and other forces will act on your rocket. You can predict the outcome, but then you have to keep adjusting your heading to stay on track. You can’t just pick a point and go. It’s the same principle in marketing.”

***“It’s not just about prediction. It’s about refinement and calibration,” explains Donatelli.***

Based on results, seed set segments and third-party data sources can be dropped, added or refined. Additionally, creative messaging can be tweaked and adapted based on performance. You should be constantly re-evaluating the modeled audience and re-scoring based on fresh and updated data.

## Conclusion

On the surface, audience modeling seems relatively simple: start with a seed set of your “best customers,” find an audience that matches this seed and target your ads at the new and expanded audience. However, that overlooks the complex decision-making that goes into identifying, targeting and optimizing your modeled audience.

To do it well, you need to have a well-defined goal, a clearly defined set of first-party data, and a partner with a strong platform and depth of data you can use to model a look-alike audience. The best partners will have the ability to continuously score new data to identify the best prospects — and improve your campaign performance over time.

## Find Your Audience

With over 100 million shopping profiles, Connexity helps clients model audiences who are ready to buy, with tailored messages that work.

LET'S TALK