

AN INTRO TO

USING ADVANCED ANALYTICS TO IMPROVE MARKETING PERFORMANCE

- A PUBLICATION OF -

The logo for Lityx, featuring the word "Lityx" in a dark blue serif font with a red dot above the 'i'. The logo is centered within a white circle that has a thin red border.

Lityx

TABLE OF CONTENTS

INTRODUCTION

How Data is Changing the World

CHAPTER 1

*How to Benefit from the Evolution of Data
Democratization*

CHAPTER 2

*Organizations Using Advanced Analytics See Better
Results*

CHAPTER 3

Your Data Is Your Most Valuable Asset

CHAPTER 4

Using Predictive Analytics to Maximize Campaign ROI

CHAPTER 5

How to Reach Your Target Audience with Direct Mail

CHAPTER 6

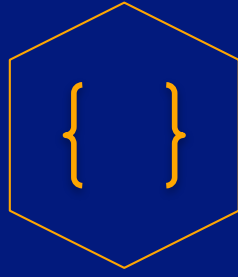
*Improving Newspaper and Shared Mail Media
Advertising to Increase Customer Acquisition*

CHAPTER 7

Ensure Maximum Return On Your Digital Investments

CONCLUSION

Get Started with Advanced Analytics



INTRODUCTION

HOW DATA IS CHANGING THE WORLD





A new expectation for the collection and sharing of information has been set due to advances in technology and the digitization of information. Constant connectivity has transformed the nature of interactions, resulting in pressure for businesses to find new ways to reach and deliver messaging that resonates with their target audience. This evolution, coupled with emerging access to artificial intelligence (AI), can paint an overwhelming picture on how to leverage data and analytics.

Increasing channel and messaging saturation means that businesses must be smarter in how they target and communicate with their audience.

While it is easier than ever before for businesses to market, channels are becoming saturated and consumers are developing an immunity to promotional messages. **The increased volume of marketing messages being distributed across all channels makes it even more important for businesses to work smarter and begin to scale outreach through targeted and personalized marketing.**



The good news is, many businesses already have the power to use advanced analytics. The demographic, psychographic, technographic, and transactional data that businesses have about their prospects and customers is arguably the most valuable asset they have, and it's the clearest path to realizing a huge ROI.

However, there is tons of data being produced and captured and insights are being generated, but the insights-to-action gap is widening. Analysts and marketers don't know what to do with the insights they derive. **In order to answer the question, "So what?" and improve your performance, you must move from just generating insights to taking those insights to action, using advanced analytics.**

The demographic, psychographic, technographic, and transactional data that businesses have about their prospects and customers is arguably the most valuable asset they have.

At this point, data analytics is vital for companies to include in their marketing stack to drive decisions—**the barriers to using advanced analytics are gone**. The world is seeing a shift to the democratization of advanced analytics, opening up opportunities for many businesses who have previously been hamstrung by resource and accessibility constraints.

What you might be missing

With increased competition across all sectors, B2C and B2B, investing in advanced analytics is a clear way to get more out of your marketing efforts to hit your revenue targets.

Before Advanced Analytics

- Marketing analytics and insights not driving decisions
- Spray-and-pray marketing approach with diminishing performance
- Plateauing EOY campaigns
- Decreasing retention
- Missed revenue targets

After Advanced Analytics

- The ability to identify and target ideal customers
- Personalized marketing
- Yearly sales goals surpassed
- Increased ROI
- Improved campaign performance

Advanced analytics software, like [Lityx](#), can use data to create more targeted, personal, and effective campaigns in less time with less money to increase efficiency and ROI.

In this eBook, we'll give an overview of how businesses, and marketers in particular, can use advanced analytics to work smarter, not harder to **improve efficiency and ROI**. We'll share case studies and real results from businesses using Lityx and review marketing tactics, like direct mail and shared mail.

With predictive analytics, optimization, and automation, it's possible to empower every level of your team.

Today, the advanced analytics that were out of reach yesterday are now accessible to the companies and the team members that need them.



CHAPTER ONE

HOW TO BENEFIT FROM THE EVOLUTION OF DATA DEMOCRATIZATION



What is data democratization?

As technology advances provide data access to more people, the challenge of sifting through vast repositories of information to find actionable insights has expanded beyond the IT department. Marketing, sales, finance, operations, and virtually every constituent in an organization, have grown increasingly reliant on data to guide and support their decision-making processes.

This data democratization has made it easier than ever before for anyone to collect and analyze data. As a result, advanced analytics is no longer only accessible to large companies with large budgets, nor is it a responsibility reserved strictly for IT staff or data scientists. The rapid digitization of information is arming anyone who is interested, with the power of data and advanced analytics.

Data democratization means that everybody has access to data and there are no gatekeepers that create a bottleneck at the gateway to the data.

- Forbes

What does more accessible data mean for businesses?

In today's evolving world of communication and marketing, businesses face new challenges. Marketers everywhere must be smarter about their marketing—identifying prospective customers, reaching them through their preferred channels, and delivering relevant, personalized messages.

Gone are the days of marketing to anyone and everyone. The foundation for more intelligent campaign strategy begins and ends with data.

How to implement data-forward strategies

Advanced analytics can be used to solve a variety of organizational challenges, but you must commit and invest.



Step 1: Define Measurable Objectives

The most effective campaigns start with clearly defined, measurable objectives. Before you begin to push the accelerator on your campaign, ensure alignment and buy-in on your stated objectives among leadership and stakeholders.



Step 2: Look for Indicators and Opportunities

Once you've identified your objective and established a baseline, you can start to look for indicators within your historical data that align with your objective.

For example, perhaps there are relevant pieces of behavioral data that correspond to a higher propensity to spend. Or it's possible that there are established seasonal trends in your customers' investment patterns. When you have one or more indicators to work with, you can begin to parse that data alongside other internal and external data sources to identify opportunities and build predictive models.

Step 3: Invest in Technology and Expertise

While the democratization of data is empowering more people to execute on data-driven strategies, there remains a wide gap in the capacity required to properly plan and scale these strategies. Partnering with an advanced analytics solution, like Lityx, empowers every level of your team to leverage predictive analytics, optimization, and automation.



CHAPTER TWO

ORGANIZATIONS USING ADVANCED ANALYTICS SEE BETTER RESULTS



OVERCOMING CHALLENGES OF DATA ADOPTION

Advanced analytics is within reach, despite challenges.

With increased competition across virtually every industry sector, investing in advanced analytics is a clear way to get more out of your marketing efforts and hit your revenue targets. As we've discussed, the democratization of data has eased the path to progress by making data and technologies more accessible to more stakeholders than ever before.

The challenge for businesses when it comes to harnessing the power of analytics is really a full-circle one. Not only are businesses responsible for identifying and reaching ideal customers, but this comes on the heels of demands to use data to demonstrate the effectiveness and advancement of their marketing efforts and further invest in the programs that are generating positive results.

Businesses who have committed to advanced analytics have consistently seen better outcomes than their counterparts who have fallen behind the data curve because of their ability to illustrate impact and more effectively market. But, there are challenges to overcome when you're adopting a data-first strategy.

Challenges Impeding the Advancement of Successful Data-Driven Strategies

Among the top challenges that marketers face when it comes to reaping the benefits of advanced analytics are:

- **Budget constraints:** Many marketers cite budget constraints as impeding the use of advanced analytics. However, the paradox is that analytics are the key to realizing more efficient campaign spend and performance. Overcoming budget constraints is essential for businesses to remain competitive.
- **Lack of organizational alignment:** The most successful data-driven strategies begin with organizational alignment and commitment to clearly defined objectives. Achieving this alignment before adopting a data-first approach is critical.
- **Siloed data:** In order to draw valuable insights from your data, you must be able to connect the dots. Data integrity and flow must remain a top priority for organizations looking to put their data to work for them.
- **Insights-to-action gap:** Consistent measurement of campaign performance has become common practice for marketers. While many are drawing insights from this data, most are still failing to implement impactful action plans as a result.



How are top marketing leaders approaching their data strategies?

According to combined research conducted by Bain & Company and Google, marketing leaders (defined as the top 20% in a composite score of revenue and market share growth) share three things in common:¹

1. They connect their data.

While data is more abundant and accessible than ever before, it can be daunting to figure out how all the pieces fit together. The good news is that there are many technologies and resources to help centralize and streamline data flow. When marketers are able to synthesize their data, they can begin to build more connected, personalized customer experiences in the channels where their target audiences interact.

2. They have more visibility and control.

Historically, many organizations, particularly larger ones, outsourced a lot of their marketing efforts, including media planning and analytics. In recent years, there has been a trend to bring these responsibilities back in house. When marketers have cohesive ownership over their technology, spend, and data, they are able to act more quickly and efficiently in alignment with organizational objectives.

¹ https://get.google.com/bain-marketing-study/?utm_source=twg&utm_medium=content-native&utm_campaign=2018-q2-amer-all-ga360-suite&utm_content=bain-marketing-report



Marketing leaders are 1.7X more likely to refresh their most critical marketing metrics and dashboards at least weekly.

Source: Bain/Google

3. They turn data into action.

The top data-driven organizations don't simply report on data, but rather draw insights and put them into action through a process of ongoing testing and optimization.

The end goal for marketers is to put the right message in front of the right person at the right time, and advanced analytics is the path towards achieving this objective.



CHAPTER THREE

YOUR DATA IS YOUR MOST VALUABLE ASSET



GET NOTICED IN A SEA OF CUSTOMERS AND COMPETITION

Make your campaigns stand out among the crowd.

Channel and message saturation is a very real challenge for marketers across most industries, making it increasingly difficult to create and deliver campaigns that resonate with your target audience. And while many businesses have oceans of information about their customers, prospects, competitors, and other stakeholders, far too few of them are leveraging their data to make their marketing campaigns stand out from the crowd.

Know Your Audience

At the core of any marketing initiative is a very clear understanding of your target audience. The most successful businesses today are continually gathering insights about their current and prospective buyers so they can tailor campaign strategy and build personalized customer experiences that influence consumer behavior.

Advanced analytics can help you gather data across various sources to generate actionable insights aimed at delivering one-to-one communications with your target buyers.

Contextual Marketing and Precision Marketing

According to marketing expert Yoav Vilner, after you've collected data, using tactics such as contextual marketing and precision marketing can help you create hyper-targeted data-driven marketing campaigns.²

Contextual Marketing

Contextual marketing refers to targeting based on real-time consumer context and can include various triggers³, such as:

- **Geolocation:** live weather forecast targeting, live maps, temperature, location-based offers
- **Time:** countdown timers, time-of-day/week/month messages, expiring offers, social feeds, breaking news
- **Device:** embedded video, app download buttons, mobile deep-linking
- **Language:** alternate-language hero image, multilingual articles or ads
- **Performance:** real-time creative/offer testing with winners chosen dynamically based on click or conversion metrics

² <https://medium.com/swlh/3-ways-to-create-data-driven-marketing-campaigns-39064ec3ff7b>

³ <http://www.marketingprofs.com/articles/2015/28431/five-best-practices-for-real-time-contextual-marketing>



Precision Marketing

Whereas contextual marketing focuses on hypothetical scenarios that are related to a target buyer, precision marketing leverages interests and behavior patterns to appeal to a buyer's intent.

For example, many e-commerce businesses use abandoned shopping cart data paired with remarketing technology to deliver ads to shoppers across the sites they frequent. It's not surprising that this marketing approach often generates large returns due to its timing and relevance for the targeted buyer.



CHAPTER FOUR

USING PREDICTIVE ANALYTICS TO MAXIMIZE CAMPAIGN ROI



GET AHEAD BY PREDICTING THE FUTURE

*Predictive analytics is a game changer
for organizations of all sizes.*

Understanding what worked and why it worked in a marketing campaign has become easily available to businesses with the use of analytics and BI tools. But we are now in a space where answering these questions isn't enough. It may sound bold, but businesses need to be able predict their buyer behavior and the future of revenue growth for their organization. And it's not only possible, it's accessible using advanced analytics.

Predictive analytics is a game changer for organizations of all sizes not only informing timely, targeted communications and campaigns but actually driving overall strategy and vision. Leveraging predictive analytics empowers marketers and businesses to predict what will happen. As a result, they make better decisions, improve targeting, and maximize campaign ROI.

'Predictive analytics' might sound complicated, but, it doesn't have to be.

So, how can your organization reap the rewards of advanced technologies and access to data? We'll show you. For some, 'predictive analytics' may sound complicated, but, it doesn't have to be. When you understand the basics and have the systems to support models, using predictive analytics becomes easy and accessible.

What is Predictive Analytics?

Predictive analytics is built on predictive modeling. Predictive models attempt to describe a relationship between two variables—a dependent and an independent variable. The dependent variable is the response variable and is usually a customer behavior that you would like to predict such as response rate, propensity to spend, etc. The independent variable is the predictor and is useful in making predictions of the response. Typical attributes that are used as predictors are:

- **Customer purchase history:** Previous purchases, cadence of spend, amount
- **Customer demographics:** Age, income, zip code, gender
- **Appended data:** Customer psychographics, lifestyles, attitudes
- **Marketing data:** Product behavior, historical campaign data

All of this data is used to understand the relationship between the two variables. Finding the model and determining its accuracy are what the predictive modeling process is all about. This process often requires several iterations and the quality of

the model requires a deep understanding of the business, including: the problem, available data, modeling algorithms and parameters, software, and implementation practices.

Best Practices for Using Predictive Analytics

Before getting started with predictive analytics it's important to understand the pieces that must come together to ensure success. We've defined these below:

- **Define a Clear Objective:** Decide what your objective is. Do you want to activate prospects? Increase customer value? Be clear on this before diving into any data.
- **Validate Existing Data Sets:** It may sound obvious but make sure you are working with datasets that are reliable and will offer meaningful results. Inaccurate data leads to inaccurate outcomes.
- **Upskill Your Team:** Ensure your team is trained on how predictive analytics works and fundamental concepts such as A/B testing, data cleaning methods, etc. Or, work with outsourced experts like Lityx.
- **Invest in Technology and Expertise:** Onboarding a full-service advanced analytics solution, like Lityx, empowers every level of your team with the capacity for predictive analytics, optimization, and automation.



- **Add the Right Tools:** Ensure that your database, CRM, BI tools, marketing automation systems, and email systems are optimized and integrate with the predictive analytics platform.
- **Get Team Buy-In:** Make sure your entire team, especially senior management, is committed to a data-driven culture and marketing approach.
- **Benchmark & Measure:** Define key metrics, such as customer lifetime value, conversion rates, etc. Measure these regularly to begin to understand the actionable data that comes from predictive analytics.

LITYX CASE STUDY:

Predictive Analytics for Marketing Campaigns

GRIZZARD

The Challenge

Grizzard uses predictive analytics to improve the approach and outcomes to marketing programs that they manage for their clients. They find the approach to be a powerful way to enable their clients to spend less money, and make more, usually to support direct-mail fundraising efforts. “It’s the way fundraising is moving. More isn’t always better and if you can mail smarter, and not just to more people, it’s very compelling to our clients,” says Alexa Langford, Director of Research & Analytics at Grizzard.

Previously, Grizzard paid a full-time outsourced group for predictive analytics support. Alexa shared that their previous provider was expensive and took months to build a model, at which point, the results weren’t as fresh and at times outdated. “The time it took made us less comfortable. It meant that we couldn’t have a lot of different models, so we were relying on more general models. And general models are good but the tighter the model build looks like the model audience, the

better your model will be. Having campaign-specific models I believe has really helped differentiate from what we were doing before.”

The Solution and Results

In 2015 Grizzard became a Lityx customer and user of LityxIQ, a cloud-hosted analytics platform designed to make modeling and sophisticated data analytics easier and more available to a broader audience of analysts.

The move was empowering to Alexa, her team, and ultimately the client. According to Alexa, Lityx is “a good product. It makes something that’s very difficult accessible, and I think that is really a good thing for our clients. I’m really happy that we can bring it to them at a price which is right.”

Grizzard is now generating 3x the number of custom models with the same internal staff. **“We are spending 70% less annually, and getting monthly campaign models, versus generic holiday and non-holiday models.”**

“It makes something that’s very difficult accessible, and I think that is really a good thing for our clients.”

-Alexa Langford, Director of Research & Analytics at Grizzard



Now, with LityxIQ, it only takes a couple of hours to build and run models. "It's amazing that I can build eight models in just a couple of hours. It does take LityxIQ some time to crunch the data, as it should because the files are very large. But, because it's on the cloud, I don't have to have my computer on, or I can be doing other things and it's building those models in the background. And certainly, I need to check them and make sure that nothing funky happens. But it's happening."

"We're able to mail fewer pieces at a higher net revenue per donor. And at the end of the day, that's what our clients want."

The team now has more options and more control with how they model which creates more value for their clients. "We're able to mail fewer pieces at a higher net revenue per donor. And at the end of the day, that's what our clients want. They want to raise more money, they want to pay less, and they want to be good stewards of their dollars for their donors, and we want to do the same for them. These are nonprofits that we're working with so they don't have that kind of money. And if I can help them reduce their costs and improve their revenue then that's a really good feeling at the end of the day."

Using LityxIQ allows the team at Grizzard to be more nimble and flexible and bring modeling in-house “Moving to Lityx took an expensive, long, outsourced process and brought it in-house. It’s cheaper and so far seems a whole lot better. It’s a win for the company and me personally.”

Beyond creating more value for clients, Lityx empowers Alexa at an individual level. “Lityx added a huge skill for me, personally. Now I can say that using software, I build models. That’s a differentiator for a business analyst...At Grizzard, it makes me an in-demand resource.”

Advanced analytics from Lityx have helped Grizzard achieve:

- 3x the number of custom models without increasing staff.
- Spending 70% less annually.
- Mailing fewer pieces at a higher net revenue per donor.
- It only takes a couple of hours to build and run models vs weeks.

3x

CUSTOM
MODELS

↓ 70%

REDUCTION
IN COSTS

\$ HIGHER NET
REVENUE PER
DONOR

WITH LESS
MAILINGS

RUN
MODELS
IN

A FRACTION
OF THE TIME

5

CHAPTER FIVE

HOW TO REACH YOUR TARGET AUDIENCE WITH DIRECT MAIL



DIRECT MAIL IS NOT DEAD

Direct mail remains among the most popular – and effective – marketing channels.

These days, marketing channels like social media, email, and direct mail are becoming saturated. Potential customers are bombarded with a high volume of marketing messages. To be heard—and to increase your chances of individual buyers choosing your offering—you have to be smarter about your data. Savvy businesses are using advanced analytics to scale their outreach efforts through targeted and personalized marketing programs.

One of the most popular—and effective—marketing channels is direct mail. Direct mail delivers an average response rate of 5.1 percent. It far outperforms email (.6 percent), paid search (.6 percent), online display (.2 percent), and social media (.4 percent), according to the Data and Marketing Association (DMA).

What's more, direct mail generally delivers "between 60 and 80 percent of total revenue," while email yields "between 5 and 15 percent."



Make it Personal and Narrow Down Your Target

It's also important to note that personalization boosts direct-mail response rates even further, according to [Compu-Mail](#).

- Adding a person's name and full color can increase response by 135 percent.
- Adding a person's name, full color, and more sophisticated database information can increase the response rate by up to 500 percent.
- Targeting customers on a 1:1 level increases response rates up to 50 percent or more.

The downside of direct mail is the costs for design, printing, postage, and paper can diminish the return on investment for many businesses. Thankfully, predictive advanced analytics can improve the efficiency and cost-effectiveness of direct mail campaigns.

Super Charge Your Campaign with Efficient Spending, Better Targeting, and Segmentation

While direct mail is a highly effective channel, all direct mail isn't created equal. The secret to results? Segmentation, or splitting your subscriber list, so you can target your campaign messaging more effectively. After all, you need to get the right message in front of the right audience for maximum results.



Today's advanced analytics approaches allow you to use models to segment your list quickly and easily. Some of these approaches are better than others. It's possible that your organization is using in-house manual methods right now, which can be inaccurate and time-consuming. Or, you might be using an outsourced company who takes months to build models and by the time they are built, they are irrelevant.

The advanced analytics approaches that work best are those that work to solve your organization's specific needs, quickly, and flexibly.

The advanced analytics approaches that work best are those that work to solve your organization's specific needs, quickly, and flexibly.

Now, it's a matter of looking at your own audience data to see how your organization can leverage demographic and behavior information to improve your direct mail outcomes. As we've said, your data is your most powerful asset as a marketer.

LITYX CASE STUDY:

Retail Marketing Efficiency

ALL AMERICAN HEARING

The Challenge

As All American Hearing (AAH) expanded, marketing challenges and competition increased. They began to see their sales and response rates flatten, and cost per sale was trending higher.

The initial challenge was to help AAH better leverage their customer and prospect data to improve direct mail programs through modeling and optimization.

Given declining direct mail response rates, the goal was to use data-based approaches to improve targeting, increase inbound calls, and ultimately drive incremental revenue.

“In the first two months of program implementation, we have seen our highest ever call volumes coming from direct mail, and a significant decrease in cost per opportunity.”

-Eric Feld, CFO, All American Hearing

The Solution and Results

Data and Insights: Prior to engaging with Lityx, AAH had limited reporting and BI capabilities, and had not performed any advanced analytics capabilities such as predictive modeling. Using the LityxIQ Data Manager, we built an analytic data mart covering mail history, response, and other external data from a variety of sources.

Using InsightIQ, we delivered initial insights on how prospect information drives direct mail response behavior. Interesting correlations involving age, distance, and credit card usage were among those that provided a new picture of their prospect base.

Predictive Analytics: With PredictIQ, a model was developed that predicted who their best prospects would be. The model was first tested in-market in a sample of locations over a



month-long period. The test results were very strong, and the model was soon put into production.

Model implementation is easy with PredictIQ. Prospect lists are scored on a regular basis using point-and-click Scoring Jobs. Scores then feed into campaign optimization seamlessly.

Optimization: OptimizelQ is used to optimize direct mail campaigns on a weekly basis. It ensures that campaigns will realize maximum response rate potential, while accounting for constraints such as mail quantities at the store level, resting rules, and cross-decile sampling. The optimized plan is sent weekly to AAH's mail vendors for execution, with approximately 600,000 mail pieces processed each month.

Using advanced analytics, AAH was able to realize:

- Incremental annualized revenue over \$4MM from direct mail channel.
- Over 50% reduction in cost per opportunity in the channel.
- Over 18x ROI on the analytics investment in LityxIQ.

\$4MM

INCREMENTAL
ANNUALIZED
REVENUE

↓50%

REDUCTION
IN COST PER
OPPORTUNITY

18x

ROI ON THEIR
ANALYTICS
INVESTMENT



CHAPTER SIX

IMPROVING NEWSPAPER AND SHARED MAIL MEDIA ADVERTISING TO INCREASE CUSTOMER ACQUISITION



SMARTER ADVERTISING BEGINS WITH ADVANCED ANALYTICS

When paired with advanced analytics, newspaper and shared-mail-media advertising can support growth targets.

As part of a healthy marketing mix, advertising, through mediums like newspaper and shared mail media can support a business's growth targets. But, if done poorly, these channels can be expensive while driving no results.

Print channels are a big investment and if you want to see an impact from newspaper advertising and shared mail, your approach needs to be strategic and targeted. In this chapter we look at the state of newspaper advertising and shared mail media.

Advanced analytics take targeted campaigns to the next level while saving time and money.



The State of Newspaper Advertising

Newspaper advertising can include both digital and print ads in reputable local and national news agencies. In a digital format, these can be banner ads, pop-ups, and other digital placement throughout a website or article. Newspapers in print offer advertising in pages as well in the form of insert cards and booklets that stand out from the paper and grab the reader's attention.

Newspaper readers are deeply loyal, in both digital and print formats. Nearly half the U.S. population reads newspaper media each week—60 percent of young adults 18-34 and 70 percent of adults over 35.⁴ Digital news and ads tend to reach a younger demographic while print leans towards an older demographic. Newspapers and their integrated products reach an educated and affluent audience—74 percent of households with income above \$100K are newspaper readers.

With newspaper loyalty comes trust and action in the advertising presented to readers.

Nine out of ten newspaper readers report that they take action after reading or looking at advertising inserts.

⁴ <http://www.mansimedia.com/our-expertise/newspaper-data>

The Benefits of Newspaper Advertising

- **Build Trust:** Businesses can build trust with their audience by tapping into the loyalty and positive sentiment that exists in the particular newspaper.
- **Connect With Your Audience:** As mentioned previously, nine out of ten newspaper readers are highly likely to take action on advertising. This makes it a great way for businesses to connect with prospects and customers.
- **Target by Geography:** The use of local newspapers can allow businesses to specifically target locations to match prospective customer locations.
- **Run Timely Advertising:** Businesses can use the time sensitivity of newspapers to advertise on a flexible schedule that works for their campaigns. Newspaper advertising also allows nonprofits to manage the frequency of ad reach depending on the circulation of the newspaper.

Newspaper Advertising Costs

Newspaper advertising costs range based upon circulation size. On the following page are estimated prices for Sunday advertising in black and white. The cost to advertise in color varies greatly between newspapers, but you can expect to pay up to 50 percent more for a full-color ad.⁵ Rates per ad can

⁵ <https://fitsmallbusiness.com/newspaper-advertising-costs/>

vary based on size, location, color, and circulation of the paper, giving businesses a variety of options depending on budget.

Newspaper Advertising Costs - Examples

Newspaper	Circulation	Price for full page ad	Price for ¼ page ad	Price for ⅛ page ad
Washington Post	551,360	\$163,422	\$40,855	\$20,428
Milwaukee Journal Sentinel	153,207	\$23,688	\$5,922	\$2,961
Bozeman Daily Chronicle (Bozeman, MT)	14,069	\$2,772	\$693	\$347

The State of Shared Mail Media

Shared mail, a form of direct mail, is a print media program that allows retail store owners to package their promotional efforts with other top advertisers in their areas in a package aimed directly at targeted customers—delivered straight to the mailbox and sharing costs. Shared mail has the potential to reach a broad range of ages. Gallup reported that 36 percent of young people under 30 look forward to checking their mailbox daily and [87 percent like receiving direct mail](#).

Advertising placement within shared mail can be on the mail wrapper, flyers, inserts, and postcards. While shared mail is a

substantial investment in time and resources if done strategically it has the opportunity to drive substantial return on investment.

The Benefits of Shared Mail Media

- **Expanded Reach:** Shared mail media has the capacity to reach every household in a specific geographic location. No other media reaches every house better.
- **More Personalization:** Messages can be personalized by household based on lifestyle, demographic, and economic data.
- **Reduced Costs:** By sharing the cost of the mailing, the cost of such targeted advertising is greatly reduced. Shared mail media can cost anywhere from 10 cents to \$10 per person. Costs involved in shared media include design, copy, mailing lists, printing, and distribution.

For businesses, using newspaper and shared media advertising in a strategic and targeted way, provides the opportunity to cut through the noise and connect in a trusted way with prospects and customers. The use of advanced analytics to optimize media can allow businesses to strategically use these channels.



CHAPTER SEVEN

ENSURE MAXIMUM RETURN ON YOUR DIGITAL INVESTMENTS



DIGITAL ADVERTISING IS RIPE FOR OPTIMIZATION

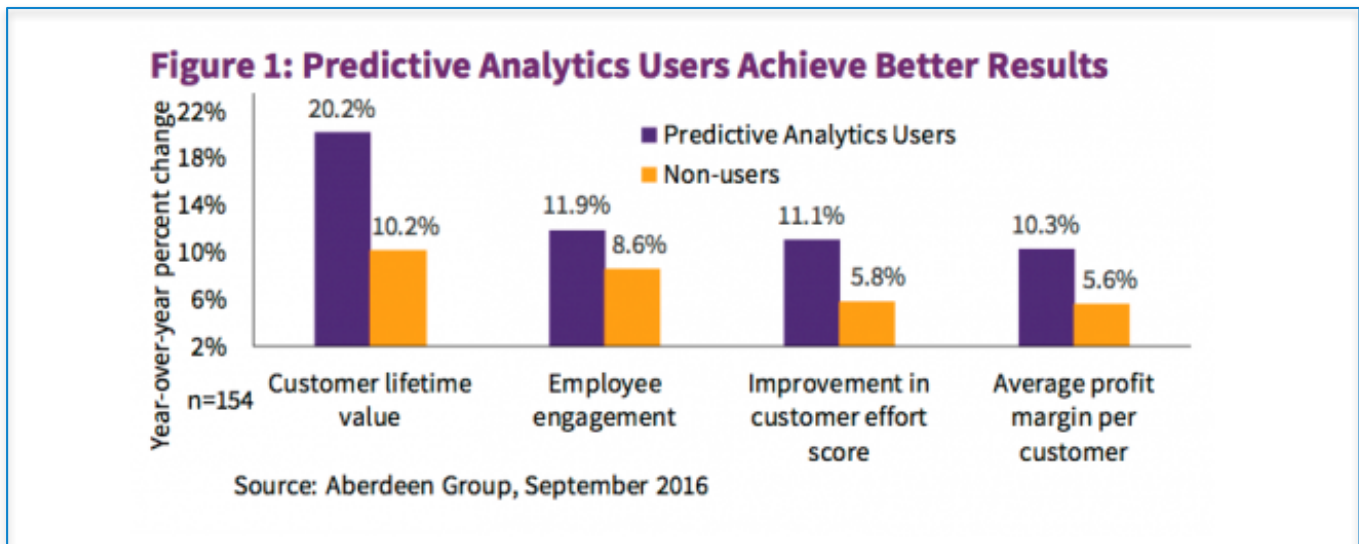
Machine learning through approaches like predictive analytics has the power to drastically improve your digital media ROI.

Given the nature of the digital medium, it's easy to know, pretty quickly how campaigns are performing and who's responding through an open, click, or conversion. This accessibility to performance data makes it ripe for the use of predictive analytics and optimization.

In business, predictive models identify and leverage patterns found in historical and transactional data to identify risks and opportunities. Models have the ability to capture relationships among many factors to allow assessment of risk or potential associated with a particular set of conditions. In short, this information makes you smarter about how you're advertising online, where your investments are made, and who you're targeting.

Predictive modeling makes you smarter about how you're advertising online.

A 2016 Aberdeen report illustrates the impact of predictive analytics across the business.



The State of Digital Marketing

Consumer behaviors and expectations are evolving when it comes to digital marketing. The more information and predictive tools marketers and advertisers have access to, the better the performance of email, social, display, and paid search will be.

Here's a look at the state of digital marketing channels as it relates to smarter, more predictive approaches.

Email:

- The ability to segment email lists and individualize email campaign messaging are the most effective personalization tactics for 51% and 50% of marketing influencers respectively. (Ascend2, 2016)⁶

⁶ <https://www.hubspot.com/marketing-statistics>

- The ability to segment email lists and individualize email campaign messaging are the most effective personalization tactics for 51% and 50% of marketing influencers respectively. (Ascend2, 2016)⁷
- Segmented and targeted emails generate 58% of all revenue. (The Direct Marketing Association, 2015)⁷
- 51% of marketers say enriching contact data quality is their most significant barrier to achieving email marketing success. (Ascend2, 2016)⁷

Social:

- 88% of marketers want to know how to measure their return on investment for social media activities. (Social Media Examiner, 2015)⁷
- Only 42% of marketers say they are able to measure their social activities. (Social Media Examiner, 2015)⁷
- Nearly one-third of the world uses social networks regularly. (eMarketer, 2016)⁷

Display Advertising:

- Advertisers' use of third-party data, which marketers buy from a range of external sources that don't have a direct relationship with the consumer, is also set to rise by 30 percent in the next two years, according to the same report.⁸

⁷ <https://www.hubspot.com/marketing-statistics>

⁸ <https://digiday.com/marketing/current-state-advertising-data-5-charts/>

- Overall, digital ad revenue grew 21.4 percent to \$88 billion in 2017. To put that in perspective, PwC says the revenue change in digital seen last year is greater than in the newspaper industry as a whole.⁹
- Social's share of revenue topped 25.2 percent in 2017, reaching \$22.2 billion. Facebook, of course, accounts for the bulk of social media advertising spend in the US.⁹

Paid Search:

- Between customer match, remarketing lists for search ads, and similar audiences, ads targeted to specific audiences accounted for 34 percent of Google search ad clicks at the end of Q1 2018, up 19 percent from last year.¹⁰
- Google AdWords spending increased by 19 percent in 2016, but it rose even more—by 21 percent—in 2017.¹⁰
- Ad spend for desktop computers rose by 12 percent and ad spend for mobile phones grew by 51 percent.¹⁰

What Does All of This Mean?

It means that companies are spending more than ever to get in front of audiences, and marketers are getting smarter about how and where they place their investments. There's more competition for attention than ever before, so as a business,

⁹ <https://marketingland.com/iab-says-digital-ad-revenues-up-21-to-88b-in-2017-left-unsaid-the-duopoly-dominated-that-growth-239874>

¹⁰ <https://www.merkleinc.com/thought-leadership/digital-marketing-report>



you must get smarter about how you invest in digital marketing and advertising.

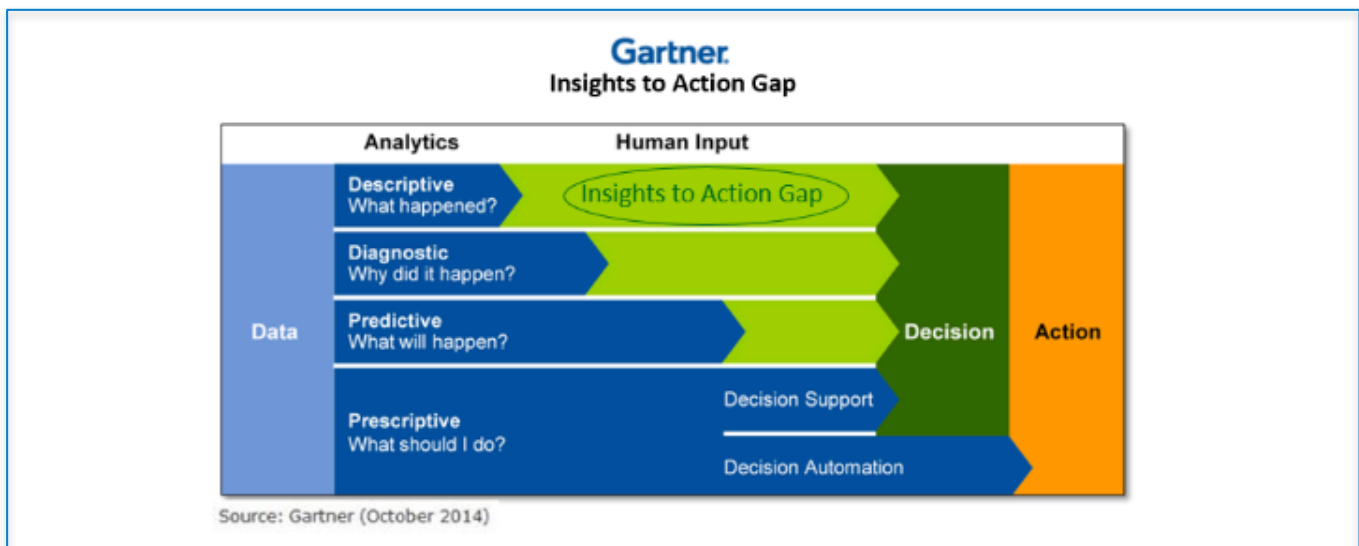
There Are Fewer Barriers

With the democratization of data and access to 1st, 2nd, and 3rd party data and predictive analytics technology, marketers no longer have to rely on assumptions about consumer behavior. Instead, they can deliver ads targeted specifically to individuals based on hundreds of characteristics including demographics, psychographics, and online behavior. These types of thoughtful, targeted efforts are more effective at generating both clicks and conversions and ultimately less money spent to increase revenue.

Insights Only Won't Cut It

Descriptive analytics, or insights, is just reporting. We have all had the experience of looking at a report that offers no attempt to bridge the insights-to-action gap. Even if we provide key insights through descriptive analytics, it doesn't get us to the point of being able to recommend actions from those insights. We may not know and/or the analysis may not be clear. This is where the more advanced types of analytics become useful and tell us what action we should take. We will still likely want to have the less complex types of analytic output to help explain why.

Gartner has a useful chart that depicts the insights-to-action gap in which they illustrate the size of the gap getting smaller and non-existent as you move from descriptive analytics to prescriptive analytics.



This chart illustrates the value of advanced analytics in its ability to inform and improve your marketing efforts.

Get Smarter About Your Targeting and Spend

A recent Smart Insights article shares steps to mapping measurements and leveraging predictive analytics to improve your digital marketing ROI:¹¹

1. Track each and every tactic in a campaign. There's nothing to report on or measure if you're not tracking before,

¹¹ <https://www.smartinsights.com/digital-marketing-strategy/digital-strategy-development/predictive-modeling-improves-digital-campaign-roi/>



during, and after a campaign. Weigh on the side of caution and track every tactic involved.

2. Prepare and predict results prior to a campaign. The results from a simple predictive model not only can set expectations aptly, but they also can better inform budgets when shared with clients.
3. Avoid nonsense metrics. If the metric isn't directly related to customer acquisition or conversion, it's really not necessary. Take, for example, display banner impressions or Facebook likes. These metrics may say something about reach but not conversion.
4. Continue testing. Even if a client is happy with the improvements to ROI, don't take that as a cue to stop testing ways for further improvements. Even when this means a period of fluctuation, the client must hang on for the ride.
5. Trust your predictions. The time and effort put into predictive modeling should never go to waste. The predictions should always be trusted and shared with the client — even if the results are not so great.

LITYX CASE STUDY:

Advanced Analytics for Paid Search Optimization

CAPSAICIN

The Challenge

Capsaicin was a marketing intelligence software company headquartered in New York, prior to being bought by Velocidi in 2013. Their customer data platform empowers businesses to control first, second, and third-party data and unlock the right marketing insights, decisions and actions at scale. The Capsaicin CDP is the first of its kind to combine both media and customer data in either a private cloud or an on-premise deployment.

With powerful technology that focuses on supplying brands with the data they need to make more intelligent decisions, Capsaicin was seeking a way to incorporate advanced analytics into their solution to help their clients automate paid search optimization. Specifically, they wanted a system to help identify patterns and trends in keyword performance and deliver bid change recommendations.

Some of the key challenges that Capsaicin faced when searching for a solution included:

- Usability by non-statisticians (search analysts)
- Keyword data can quickly 'blow up' to billions of records or combinations of records
- Response time must be seconds to minutes
- Scalability and extensibility to many client situations

They took a multi-pronged approach that included:

- Leveraging existing reporting and visualization solutions
- Translating 'analytic speak' to 'search speak'
- Creating and embedding new features to select analysis periods, targets, and other data to refine campaigns
- Delivering simple outputs that provide confidence in the answer and allow for easy activation.

The Solution and Results

Lityx partnered with Capsaicin to create an intelligent insights platform for digital media analytics. The solution uses machine learning algorithms to segment keywords, predict performance, and generate automated insights. The result is visibility into keyword performance, bid change recommendations and easy to understand analysis of performance drivers.



The screenshot displays a software interface for managing search engine models. At the top, there are tabs for 'LIVE' and 'PROPOSED'. A dropdown menu on the left lists 'Sample Model A' through 'Sample Model G'. The main area shows a table of 'daily keyword performance' with columns for 'Cost', 'Revenue', 'Avg Pos', 'Profile', 'Count', 'Bid Change', 'Proposed Spend', 'Spend', and 'Revenue'. Below this is an 'OUTPUT RECORDS' table with columns for 'Keyword', 'Impressions', 'Clicks', 'CTR', 'Avg Position', 'Revenue', 'Cost', 'CPC', and 'CPA'. A 'CONDITIONS' panel on the right shows settings for 'Title' (Google Generic Keyword Model), 'DATES' (Range: Qtr: Q4 2012 - Q1 2013), 'CHANNEL' (Search Demo), 'SITE' (Google), and 'TYPE' (Generic Keyword). A 'Send to OptiTree' button is also visible.

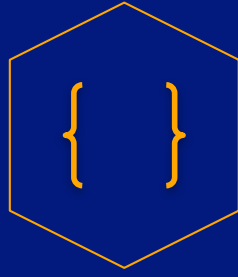
As a result, Capsaicin clients have experienced significant gains in paid search campaign performance, including:

- 20% reduction in CPA.
- 30% increase in KPI performance.
- 40% increase in ROI.

↓ 20%
REDUCED
COST PER
ACQUISITION

↑ 30%
INCREASED
KPI
PERFORMANCE

↑ 40%
INCREASED
RETURN ON
INVESTMENT



CONCLUSION

GET STARTED WITH ADVANCED ANALYTICS



How to Get Started

Ultimately businesses must align leadership and advocate for a data-driven culture in order to make meaningful progress in the future. So where to start?

- **Commit to Being Data-driven**—make sure your entire team is onboard for this transition to a new culture.
- **Set Clear Goals** with defined returns and design a strategic plan.
- **Define Actionable Metrics** approved throughout the organization.
- **Seek Internal and External Commitment to Data**—upskill your team, leverage your board and volunteers, and outsource external experts.
- **Invest in the Requisite Technology and Expertise**—onboarding a full-service advanced analytics solution, like [Lityx](#), empowers every level of your team with the capacity for predictive analytics, optimization, and automation.

Today, the advanced analytics that were out of reach yesterday are now accessible to the organizations and team members that need them.

READY TO GET STARTED?

Lityx is the ideal partner for marketers who are looking to harness the power of data to optimize and enhance their campaign strategy. We provide robust and affordable advanced analytics tools and services for both the non-statisticians and the more advanced users.

SCHEDULE A FREE
CONSULTATION

Lityx

