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In the Drive for Ad Dollars, Customer Segmentation Relies on Content

by Kate Kaye (/publications/author/1855/kate-kaye/), November 6, 2002

Marketers throw around terms like "dig deeper" and "data mining" all the time. But before online advertisers get to the point of tracking, optimizing, or even deploying campaigns, it's incumbent upon publishers to prove the value of their readership and targeting abilities, especially in this less than robust ad market. The slew of companies promoting customer segmentation tools, including Teradata, Cognos, Business Objects and Digimine to name a few, believe that defining and analyzing customer groupings through behavior and demographics -- customer segmentation -- is the answer. However, for some publishers, it may be putting the cart before the horse.

Web publishers are using customer segmentation both to attract ad revenue by presenting the value of their readerships to advertisers, and to uncover value in otherwise overlooked content areas.

"There are great opportunities on the Web because it generates tremendous volumes of very rich data," comments Joel Sider, manager of corporate communications at Digimine.

The data mining and analytics company has just released its Customer Segment Manager product. Clients like Dow Jones & Company (The Wall Street Journal, Barron's, SmartMoney) and CBS Marketwatch have used the tool for about a month in the hopes of growing their audiences, understanding which content and promotions attract people to their sites, and building out better advertising through targeted content areas and inventory packages.

Consider this typical scenario: to target WSJ.com's corporate subscribers, technology industry advertisers may choose to run ads in the technology section. However, through customer segmentation, Dow Jones may determine that corporate subscribers who frequent the tech section also visit the classifieds section regularly. This opens up an outlet to advertisers that is less populated by their competitors, and enables the publisher to leverage its content and ad inventory to create more ad revenue.

"They're monetizing more of their inventory," adds Sider.

Not everyone believes that customer segmentation is the be-all and end-all. Lisa Allen director of media and publishing at consulting and systems integration firm, Granitar Incorporated, is one who doesn't mince words.

Allen insists that online publishers "nail the basics first." Granitar's clients include Standard & Poor's, Thomson Financial Publishing and Washington Post.Newsweek Interactive. The company recently unveiled its ContentCommerce.com website which aims to help clients assess the revenue-generating capabilities of their content. To Allen, solid content management is a prerequisite before more ad dollars come along. "You can't just leap frog to saying we're going to target advertisers differently because we've got this nifty new software," she stresses. "The [editorial] product has to attract readers first."

How's this for irony? TechTarget, an online b-to-b publisher serving the IT industry, is proving that the human touch is sometimes all it takes. TechTarget distributes segmented content across sites serving 18 different IT markets, and uses no automated distribution or customer segmentation tools. Instead, it measures content performance based on member surveys and contact between editorial staff and users. Niche content is key, too. TechTarget's ability to pinpoint specific segments of an already highly-focused IT audience has attracted advertisers like Sun Microsystems, which has recently agreed to exclusively sponsor its enterprise data center-centric "Data Center Futures" email newsletter.

Co-founder and CEO Greg Strakosch puts it simply by saying, "True targeting begins with offering the right content to a specific community."

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