

AUDIENCE VALUATION

VALUING AUDIENCES IN CONTENT MARKETING



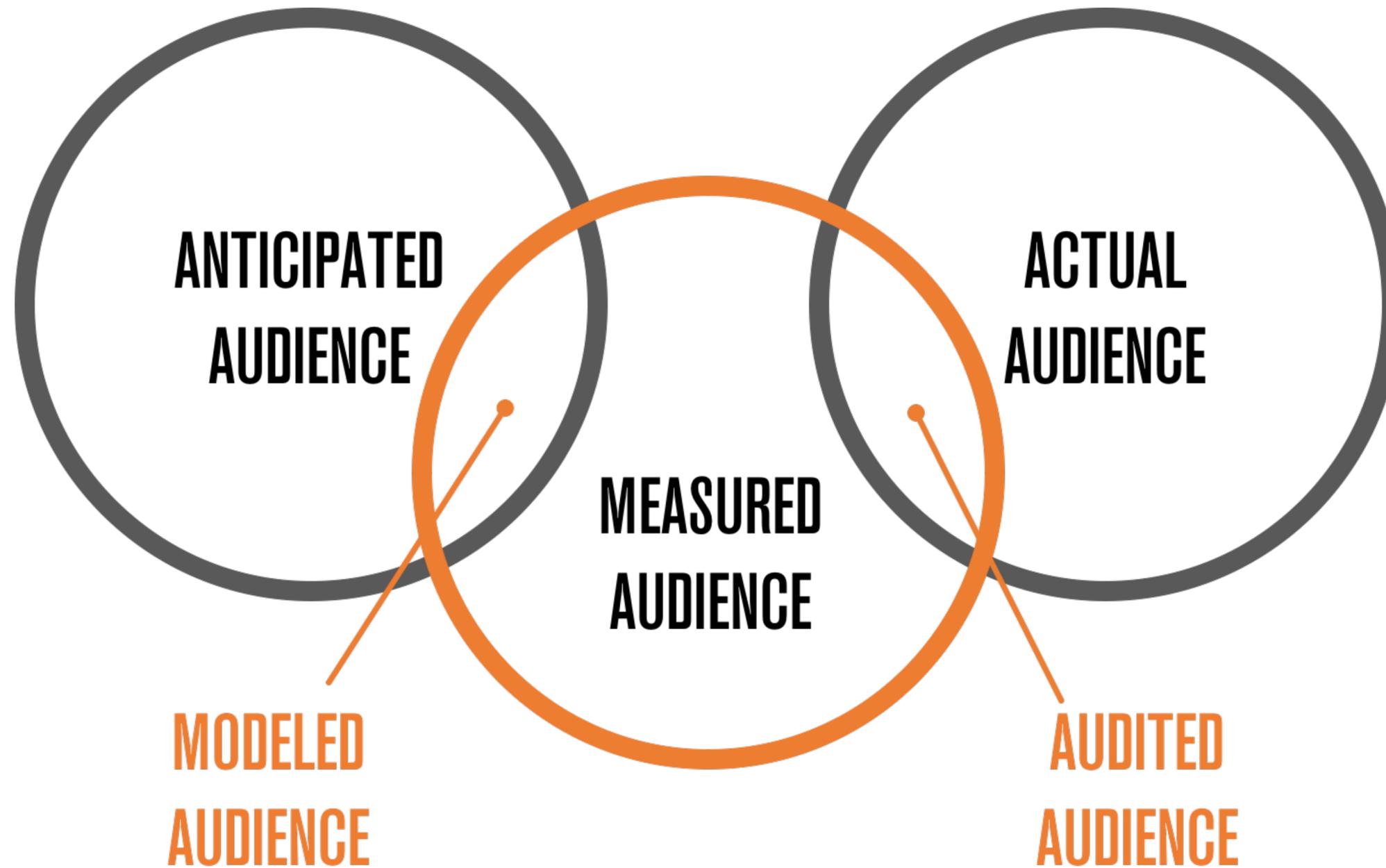
**THE
CONTENT
ADVISORY**

Audience Valuation Report

IN CONTENT MARKETING

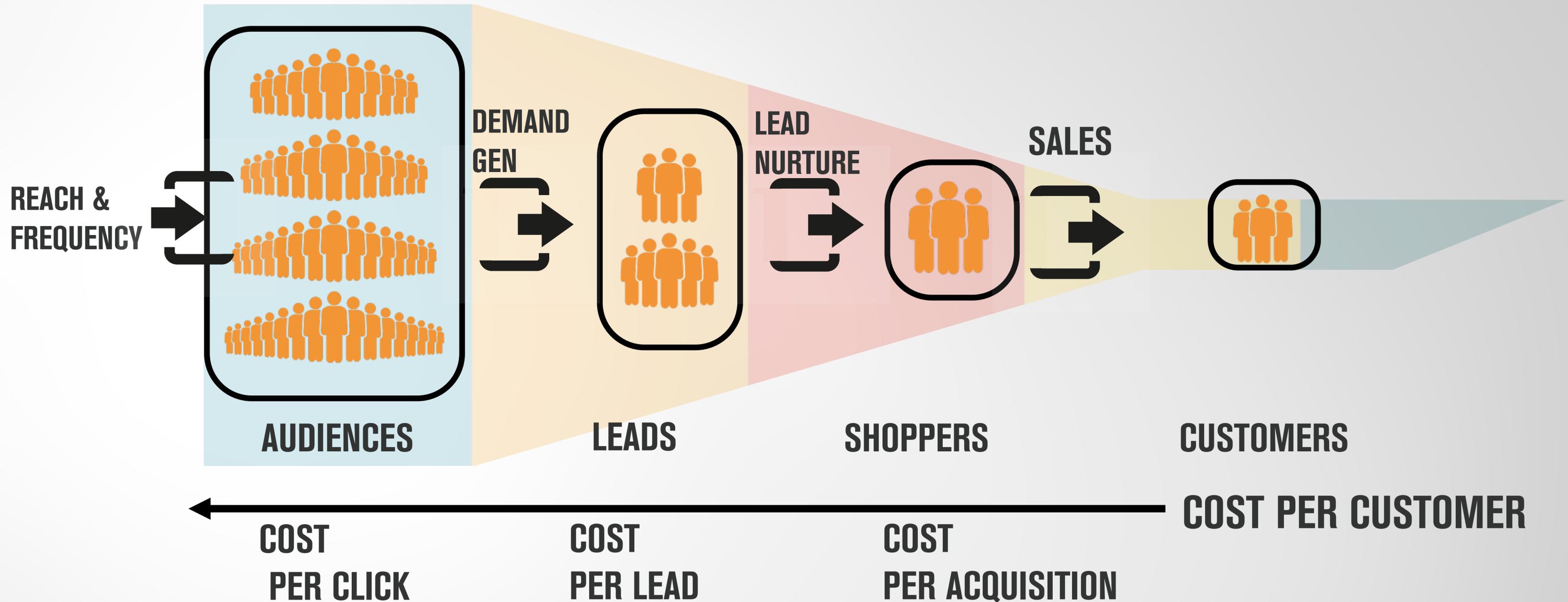
THE VALUE IS THE AUDIENCE NOT THE CONTENT

AUDITED VS. MODELED AUDIENCE



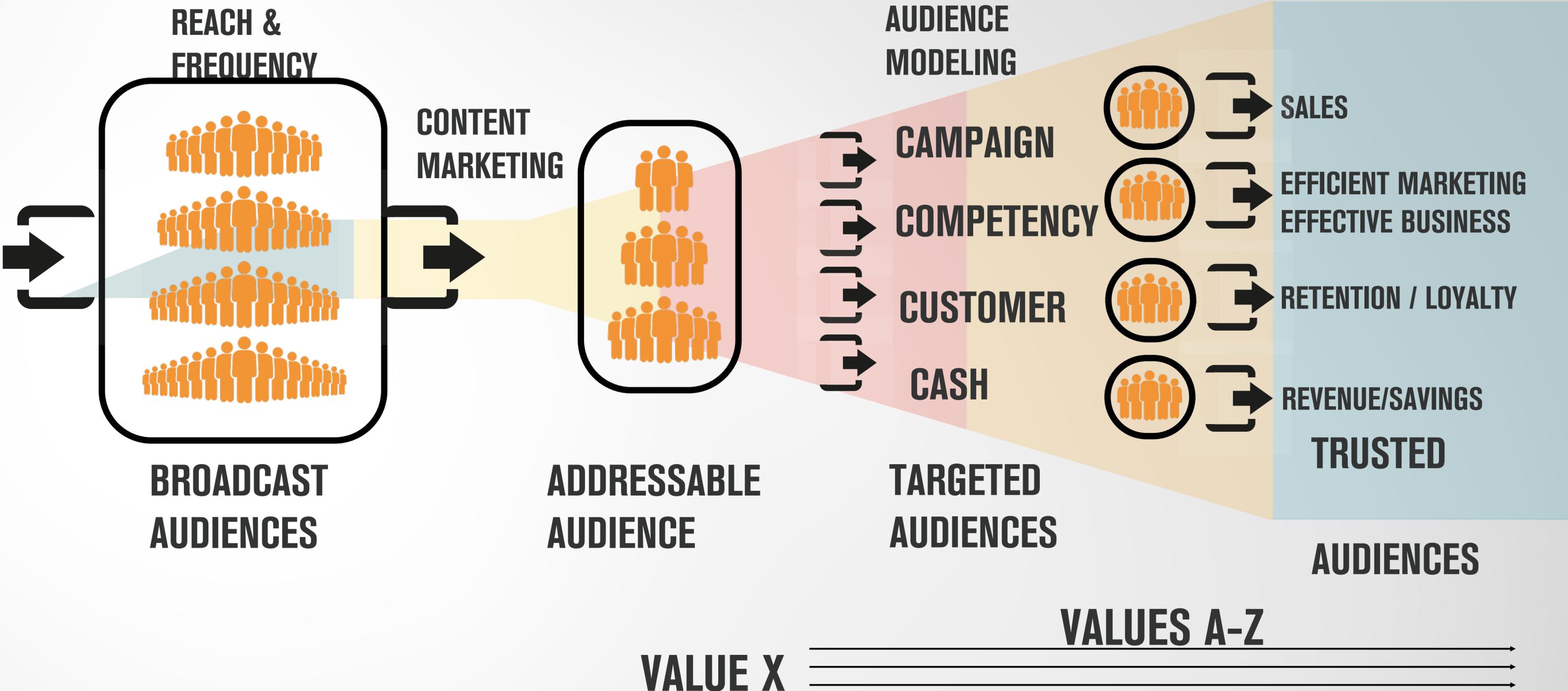
CLASSIC MARKETING / ADVERTISING

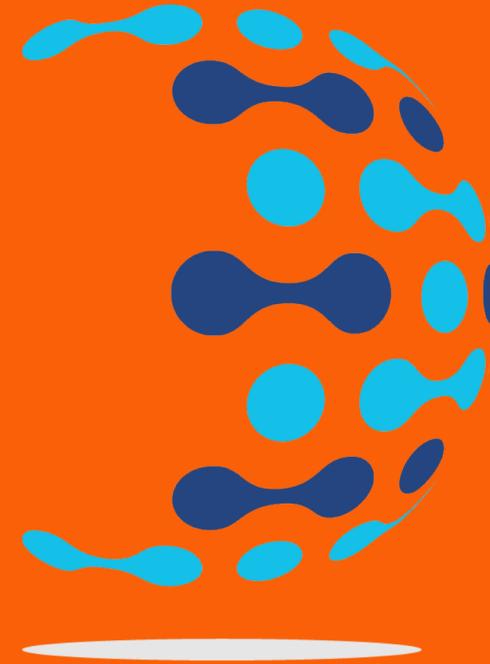
PLACES THE EMPHASIS ON THE INVESTMENT IN CONTENT AS FUNNEL OF VALUE



CONTENT MARKETING

PLACES THE EMPHASIS ON THE INVESTMENT IN AN AUDIENCE AS FUNNEL OF VALUE





Virtuential
DESIGN



AUDIENCE VALUATION REPORT AUGUST, 2017

INTRODUCTION – AN OVERVIEW

The Content Advisory was engaged by Virtuential Software & Design to assist with an assessment and valuation of the company's existing marketing audience.

This executive summary is to help illustrate the results of the assessment and valuation.

Virtuential is not a real company. However, the methods, data and actual results are. This is meant to be a demonstration of the kind of insight that the Audience Valuation Engine and associated framework can provide.



Virtuential
DESIGN

INTRODUCTION – AN OVERVIEW

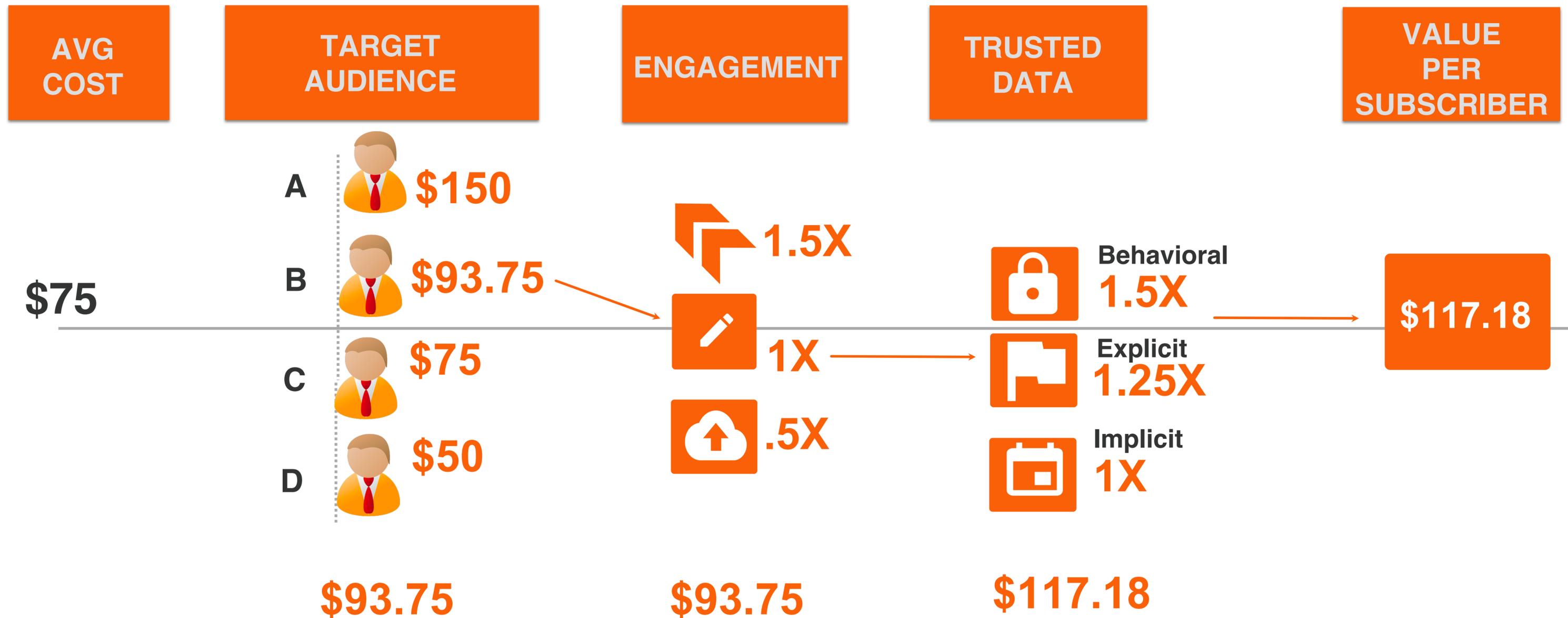
Virtuential's business is to sell enterprise software products to marketers. Their primary audience, the senior-level marketing manager, director of marketing, or VP of Marketing in the Financial Services industry are looking to adapt to new methods of digital marketing, while maintaining compliance and regulatory governance structures.

Over the last 2.5 years, Virtuential has built an audience of just over 8,000 subscribers to their owned media platform. This platform consists of a thought leadership resource center containing white papers and original research, coupled with a blog for more topical news, and an email newsletter. The company has built its audience through a number of different means. They have:

- ❑ Scanned people in from trade show booth visits
- ❑ Received subscriptions via organic visits to the site
- ❑ Executed paid campaigns to attract people into the resource center
- ❑ Purchase lists and added subscribers in manually

What follows in the remainder of this document is both a current profile of Virtuential's audience as it stands today, as well as contextual recommendations based on our observations and understanding of the current initiatives (including re-launch of the resource center) and landscape of the company and its culture.

HOW BASELINES AND MULTIPLIERS WORK



CALCULATING THE MULTIPLIERS CAN BE DONE BY VARIOUS MEANS, FROM LOOKING AT EXISTING VALUES, TO COST-PER-CUSTOMER ACQUISITION, TO FORECASTED VALUE BASED ON GOALS.

BASELINE MULTIPLIERS & DISCOUNTS

\$106

Base Cost

Formed from the analysis of current marketing programs. Average cost-per-acquisition of new subscriber.

A 1.5X
B 1.25x
C 1x
D .5x

Audience Levels

Measure how closely the subscriber meets the target audience for Virtuential. For more detail, please see Audience definitions as part of the Appendix of this report.

1 1x
2 1.25x
3 1.5x

Data Profile

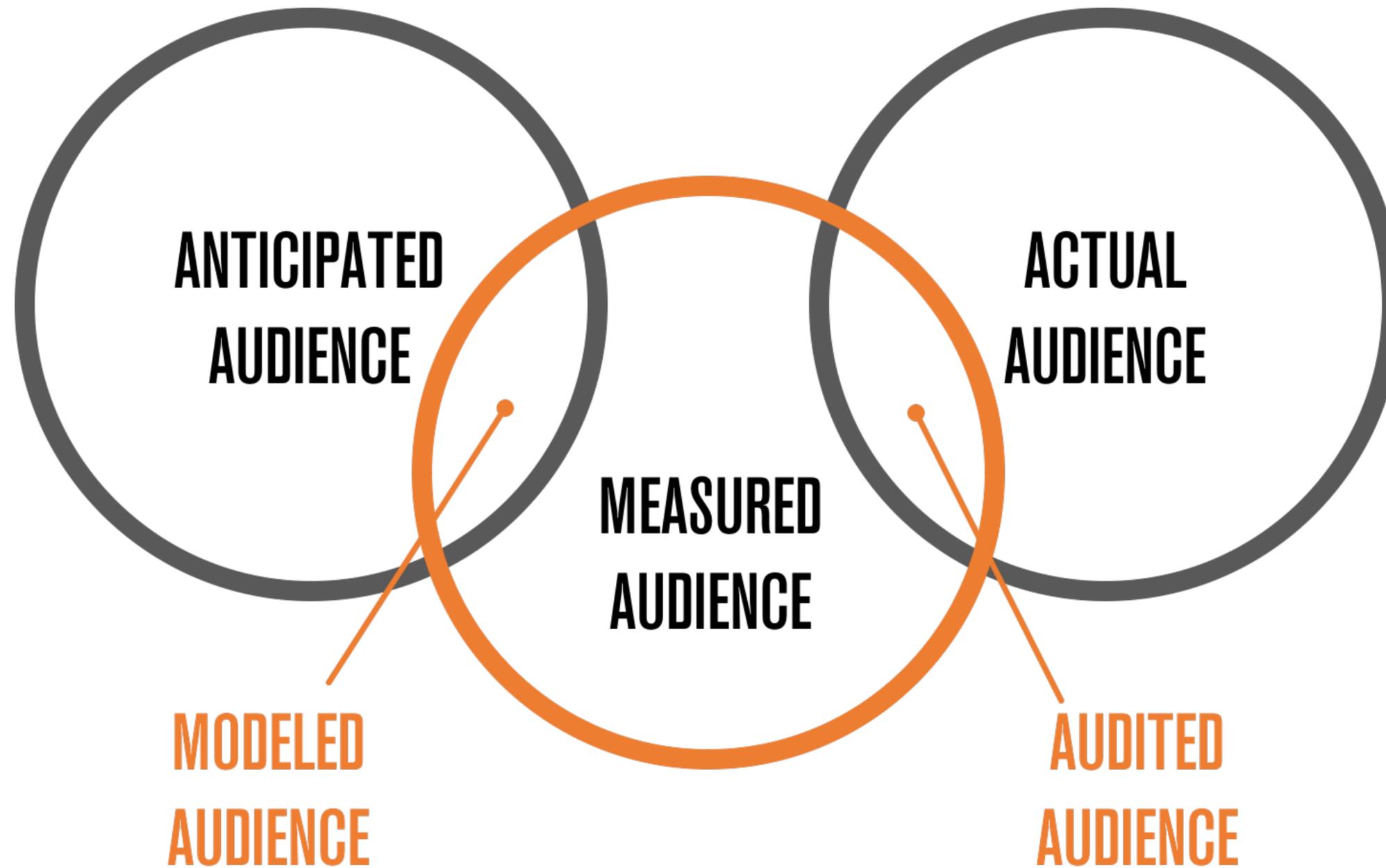
Denotes the multiplier based on the quantity of data from Email, to Personal Information, to Behavioral Information. Please see Levels of Information definitions as part of the Appendix of this report.

1 1.5x
2 1.25X
3 .75x
4 .5x

Engagement Level

Denotes the multiplier based on the level of engagement of the current audience. An Opt-In (or Given Subscriber) is worth more than one just uploaded by sales. Observing Subscribers are those that haven't done much. Dormant Subscribers are last and are simply just records and have no engagement. Please see Engagement Level definitions as part of the Appendix of this report.

AUDITED VS. MODELED AUDIENCE



VIRTUENTIAL'S AUDIENCE PROFILE

After working with Virtuential to put the base costs, the multipliers and the churn and growth rates together, we worked with the company to audit their entire newsletter audience database.

Just the replacement cost for an average subscriber, the company's audience value is just below \$1 million. However, we sought to examine the delta between just the replacement cost – and the total potential value of the engaged, subscribed audience.

8,576

AUDIENCE MEMBERS

2.5

YEARS OLD

\$106

AVERAGE BASE COST TO REPLACE

2.25%

NET GROWTH

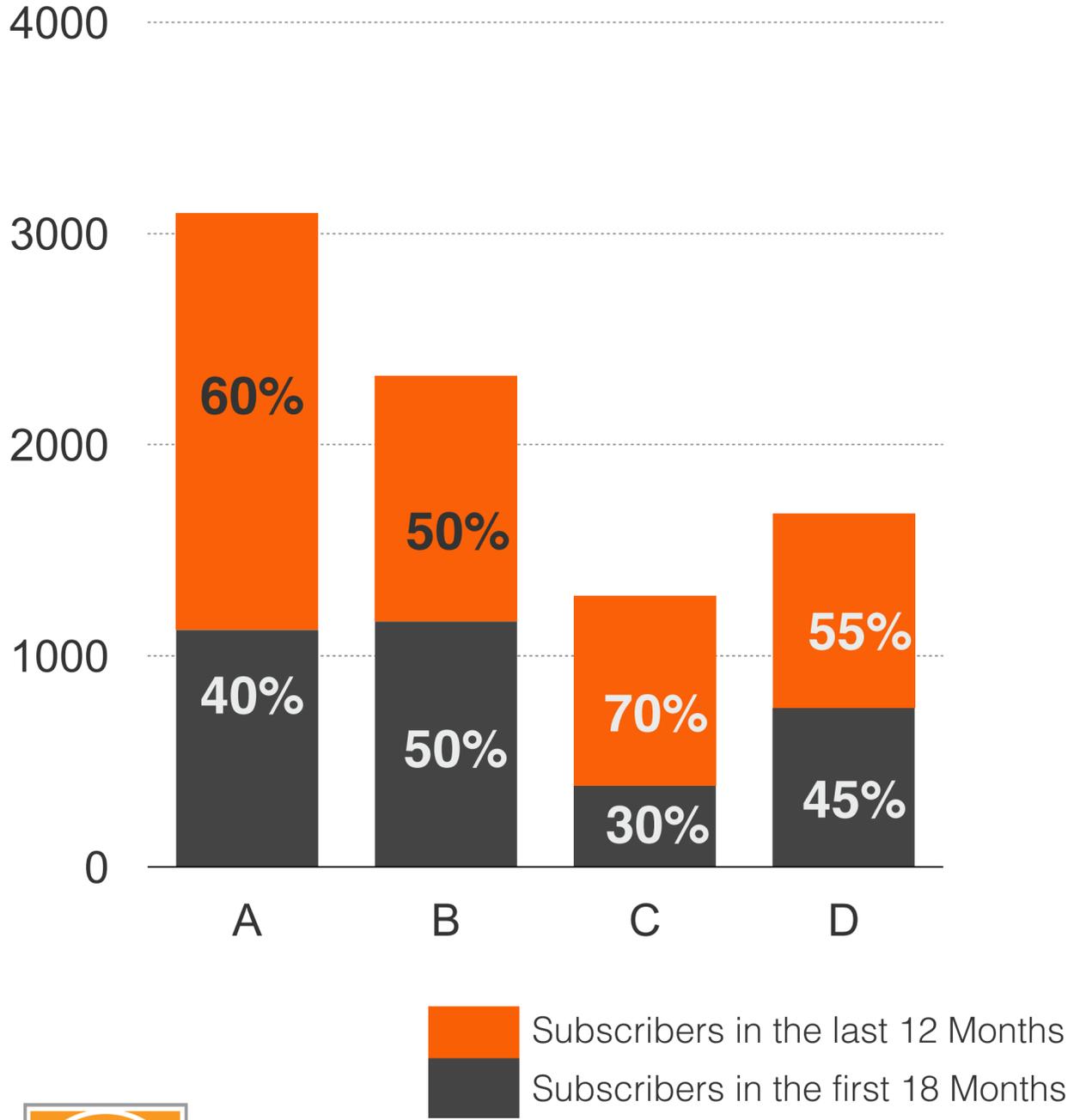
\$909,000

REPLACEMENT COST VALUE

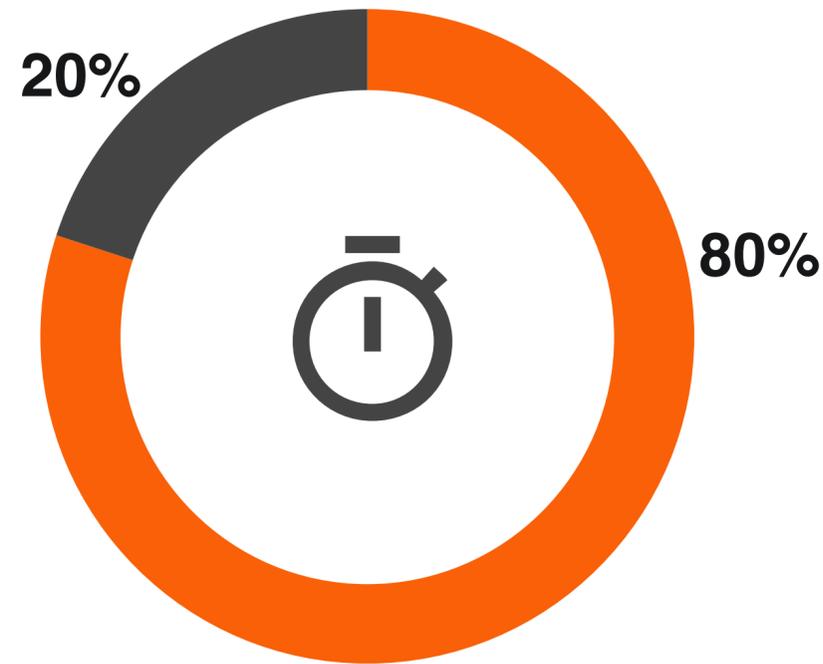
AUDIENCE AUDIT: VIRTUENTIAL IS LARGELY ATTRACTING THE RIGHT AUDIENCE

The company has been fairly adept at attracting their A & B level audience. And, they have been getting better at it over time. As you can see the newer audiences (in orange) have been more highly targeted than in the first 18 months of the resource center's life cycle.

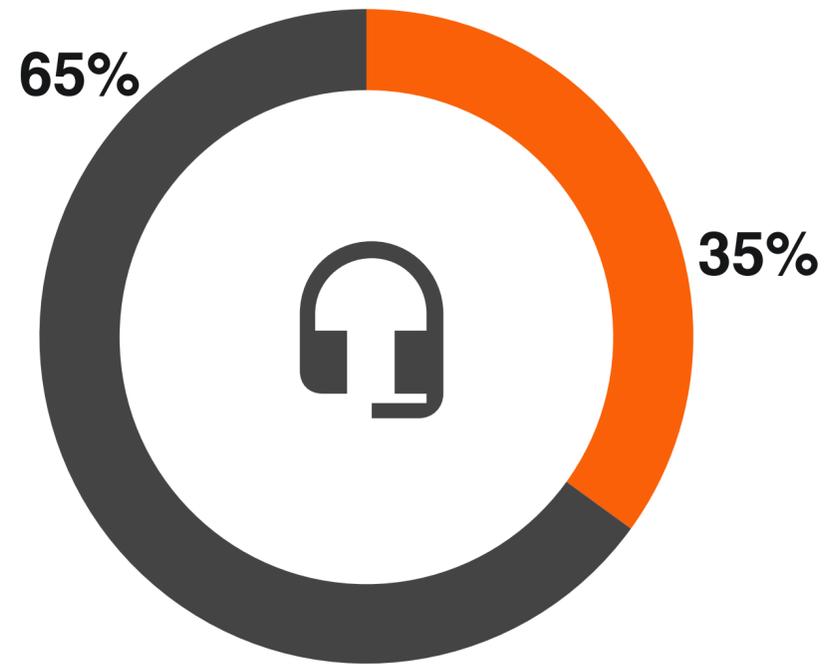
However, they have been pulling in more C and D level audiences as they have expanded their efforts over the last 12 months.



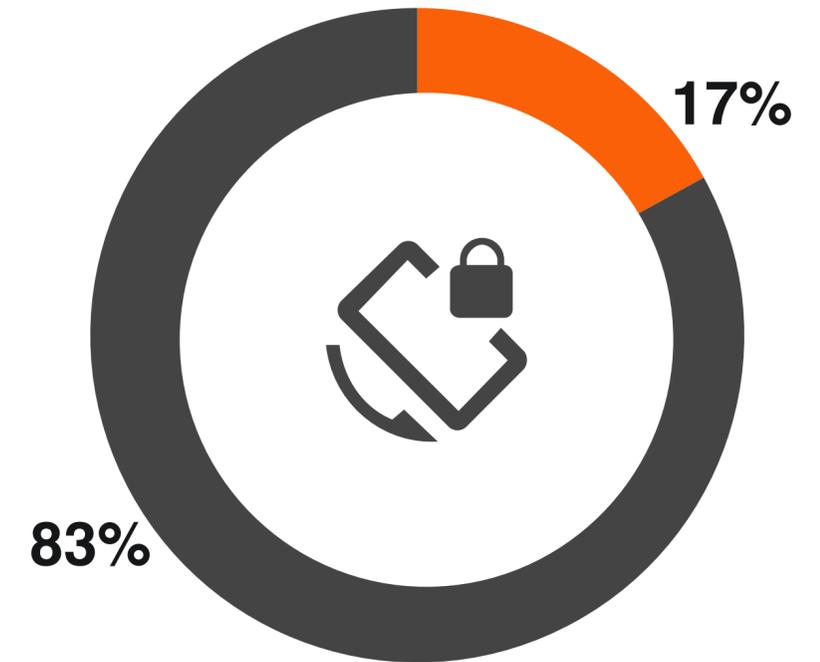
NOT AS ENGAGED AS IT MIGHT BE



Dormant Subscribers make up 20% of the total audience.



Uploaded Vs. Opt-In (e.g. Gathered vs. Given subscribers) make up 65% of the total subscribers. So, only just over a third of the audience are willingly engaged opt-in subscribers.



Contributing Subscribers, those who are sharing, opening and engaging with content only make up 17% of the current audience for Virtual.

AGAIN: THIS COULD BE BECAUSE MOST SUBSCRIBERS ARE GATHERED



65%

GATHERED
SUBSCRIBERS



35%

GIVEN
SUBSCRIBERS

The company has primarily grown their audience through adding people by way of trade shows, and manual addition through sales. Organic growth is rising, but is still in the minority.



THEY STILL LACK DEEP DATA



47%

EMAIL ONLY



53%

PERSONAL INFO



0%

BEHAVIORAL DATA

80%

OF OPT IN ARE EMAIL ONLY

VIRTUENTIAL'S AUDIENCE ESTIMATED VALUE

After analysis through the Audience Valuation Engine, we find that Virtuential's audience replacement value is currently just under \$1 million. This gives them an average VPS (Value Per Subscriber) of \$138. However, their value after applying all of the multipliers is just over \$1 million

If they maintain their current net growth rate of 2.25%, in the next twelve months their Audience Asset will be worth just over \$1.2 million.

\$909,000

TOTAL REPLACEMENT AUDIENCE VALUE

\$138.54

VALUE PER SUBSCRIBER

2.25%

AVERAGE NET GROWTH RATE

\$1,188,100

CURRENT VALUE

\$1,214,00

FORECASTED VALUE (NO NET CHANGES)

MODELING: SCENARIO BUILDING

We then used the modeling capabilities of the Audience Valuation Engine to play with scenarios.

- ☑ If Virtuential can switch the Opt In vs. Uploaded (The Given vs. Gathered data to 60% given data and 40% gathered, they can increase the value of the audience by approximately \$200,000
- ☑ If Virtuential can add 400 “A Level” opt in subscribers (e.g. net growth at 4.6%) subscriber level, they will raise the value of the audience by \$100,000.
- ☑ If Virtuential stays flat in subscribers, but by adding a Marketing Automation System they can infuse “behavioral information” for even half of their A and B level audiences, they will increase the value of their audience by \$60,000.
- ☑ If Virtuential rolls out the ability to pull behavioral data, and can grow across the board by a net of 7.5% they will grow the audience value to \$1.3 million and a VPS of \$146.

A BETTER BUSINESS CASE

These scenarios help to make a better business case for the content marketing platform to expand, and to be enhanced

- A technology solution that can help to capture behavioral and other content consumption or interactivity data.
- A hard focus on given data vs. gathered data. Perhaps putting a stop to “purchased lists” and a new focus on how to acquire subscribers at trade shows.
- Focusing entirely on A&B level audiences, and increasing the depth of engagement
- Looking at the editorial calendar and reviewing which content and audience acquisition methods (e.g. paid media, or social) is attracting their C & D level audiences, and focusing more on which ones are attracting the A&B level audiences.

AN ONGOING TOOL

Virtuential is now using the Audience Valuation Framework and Engine to keep an ongoing measure of how they are doing in their audience acquisition.

- ☑ A quarterly audit to measure new subscribers and their profile to understand how their editorial efforts are helping both in new audience acquisition, but in the total value of their audience.
- ☑ Integrating VPS as standard metric for the quality of their audience – and for lead scoring metrics.
- ☑ Focusing entirely on A&B level audiences, and increasing the depth of engagement
- ☑ Employing record level tagging for new audience acquisitions so that they can deploy a “dashboard” view into their ongoing content efforts.

AN ONGOING TOOL

AUDIT #1

Based on other data in other audience repositories, the Audience audit and modeling can reveal other types of insights:

- Geographies
- Acquisition Channels
- Industry
- Totals (Percent of TAM)
- Demographic matches

2017
2018

AUDIT #2





The
**Content
Advisory**

WE'D BE HAPPY TO TALK MORE ABOUT THIS WITH YOU

If you're interested in looking at the value of your audience, we'd be happy to talk with you about it.

Or, perhaps you're looking at acquiring a blog, or small media company to jump start your content marketing program.

Or, if you're just interested in the model itself – let us know.

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