

Audience Valuation Engine (AVE) Definitions Reference Supplement

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Executive Summary

Loyal audiences that coalesce around a topic are an asset to be monetized over time. This has long been the primary business model reserved only for media companies. Today, the revolution in direct communications (e.g. digital and social media channels) enables ALL companies to build and monetize an audience. The [development of an audience-first strategy](#) can result in deeper loyalty to existing products/services or a complete expansion of the business model.

This strategy works best for those organizations that prefer to build relationships over time through an audience-first strategy versus relying on a perpetual series of paid campaigns to acquire customers. While product portfolios evolve, hopefully the depth of the customer (audience) relationship remains constant and improves.

The stated goal of the Audience Valuation Engine (AVE) is to establish a financial value on the depth and dimension of an organization's audience. Or more realistically today, their email database. As it stands, email is one of the few forms of digital/social communication that's not completely controlled by the algorithm and still gives you direct access to a consumer, regardless of their social media platform of choice.

Starting with a cost-basis (CPA), the [AVE model](#) applies multipliers and discounts to generate the value of the organization's audience as a strategic business asset.

The base assumption is that the cost to acquire an email address is \$150 on average. All email acquisitions are not created equal. Some emails are attached to individuals that represent exactly the organization's Ideal Client Profile - with budget, authority and P&L responsibility. Many are lower level analysts doing important research to make recommendations up the hierarchy. Some are simply students and job seekers looking for more insight into your organization or trade show swag seekers.

The AVE methodology (prototype) is designed to estimate the current value of your marketing entrant database and the future forecasted value as an audience-first strategy evolves.

The AVE is a model comprised of 11 attributes within three categories. It's the unique combination of each of the attributes that provide a rich representation of the actual individual email entrant and the enterprise value of an owned media strategy.

The model is designed in a flat file as it's already setup for visualization in a tool like Tableau.

The goal is to create the “multipliers” spread that represents the value and composition of each type of entrant across the distribution of the database.

The audience valuation can be conducted in two ways:

1. In consultation with the AVE team, a CMO can estimate the COUNT of each dimension represented in their database to determine a broad summary valuation.
2. A CMO can upload their data lead/contact entrant data to the MMM team for analysis and assignment to attributes based upon observed data captured from the organization’s first-party data and 3rd party sources.

Definitions of the Attributes in the AVE model

Multipliers

The purpose of this worksheet is to establish the relative cost distribution of the individual value inputs across the 11 combined attributes of the model.

Category	Rank
Base Cost	Base Cost
Audience Level (Nearness to Target)	A Level Audience
Audience Level (Nearness to Target)	B Level Audience
Audience Level (Nearness to Target)	C Level Audience
Audience Level (Nearness to Target)	D Level Audience
Engagement	Contributing Subscriber
Engagement	Engaged Subscriber
Engagement	Observing Subscriber
Engagement	Dormant Subscriber
Level of Information	Behavioral Data
Level of Information	Observational Profile Data
Level of Information	Identifier Data

Base Cost of Email Acquisition = \$150 based upon Salesforce Research

Audience Level (Nearness to Target)

These attributes are objective and observed.

- **A Level Audience** - Represents the Ideal Client Profile of the Business. This individual is likely CXO/VP level and has P&L responsibility, the final say for the purchase and will commence a financial transaction within the standard sales cycle of the organization.
- **B Level Audience** - Represents the primary hands-on user of the product/service. Typically Director/Manager level which has budget authority and KPIs related to the marketing strategy and programs. This individual has strong authority from an external standpoint (e.g. User Groups, Practitioner...)
- **C Level Audience** - Represents the analyst at the organization whose focus is on research and execution. The Cs are future Bs and As and should not be overlooked.
- **D Level Audience** - Represents the bulk of students, academics, job seekers and trade show booth swag seekers that sign up for information from the organization.

Sources of data: Organization Ideal Client Profile and series of business rules for use in a lookup table. The Audience Level can be directly entered or assigned with business rules set by the organization.

Engagement Level (subscription and amplification)

The requirement for this section is a documented content marketing strategy, content calendar, content asset tracking and well-developed subscriber control panel which determines the depth of access an individual has with the company (either external or internal via a CRM).

These attributes are observed and implied based upon behavioral activity, signals and insights. This level is focused on consumption, while the previous levels are objective measures of classification and access.

- **Contributing Subscriber** - Represents the highest level of engagement feasible with the discrete content platform (e.g. raving loyal fan). This individual not only ingests but also amplifies the content across his/her network. This individual must meet an 80% level of access (subscription) to organizational content sourced from the Subscriber Control Center.
- **Engaged Subscriber** - Represents an engaged individual that accesses and amplifies 40-80% of the content produced from the discrete content platform.
- **Observing Subscriber** - Represents an individual that accesses less than 40% of the content produced from the discrete platform.
- **Dormant Subscriber** - no ongoing engagement for a set time period.

Sources of data: Content Asset Management tools, marketing automation platforms, Google Analytics, subscriber centers, social media measurement and engagement platforms (e.g. SproutSocial)

Level of (Contact/Lead) Information

These attributes are objective and observed. This is similar to a marketing maturity model where the depth of access improves over time. Decay is a function of churn.

- **Identifier Data** - is an email address. This is the lowest level of value acceptable for a marketing database. The blended cost per acquisition of an email address represents the foundation of the CPA for the model.
- **Observational Profile Data** - Represents the depth of informational fields collected for each entrant. These are common fields collected in a lead form at a single instance or with progressive profiling. Also, these are standard fields in a CRM system. The fields include name, title, company name, company size, industry, age, income level, level of education, location/geography. Email entrants are often appended with data from 3rd party data sources like ZoomInfo or D&B/NetProspex.
- **Behavioral Data** - Represents actions-taken in a binary Y/N fashion. Did they open an email, visit website, download a white paper, sign up for a newsletter, subscribe to a podcast or social channel, register for a webinar. This level will represent a composite of activities that represent engagement levels. This level can be informed and extracted from the organization's marketing automation lead scoring system.

Sources of data: CRM and Marketing Automation tools, 3rd Party data appenders, Google Analytics conversion tracking

Model Extensions

Churn Rate - represents the percentage (expressed as a negative number) of the Audience Level attribute that exited the database over a 3-year time horizon.

Growth Rate - represents the percentage of the Audience Level attribute that entered the database over a 3-year time horizon.

What's Next?

For more information, a deeper explanation or a private review of the model, please contact Robert Rose or Jeff Leo Herrmann.

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