

# HIDING IN PLAIN SIGHT



Identity Graphs Improve Conversion Rates and  
Unlock the Value of Anonymous Website Traffic

audience  
**ACUITY**

## The Remarkable Shift in Consumer Behavior

In 2018 digital advertising revenues surpassed the \$100 billion mark for the first time as businesses follow the remarkable shift in consumer behavior. During the past 10 years, the amount of money spent on digital advertising increased from \$22.7 billion in 2009 to \$107.5 billion last year.<sup>1</sup>

In 2019 advertisers spent more than \$129 billion, and for the first-time, digital spending will surpass traditional advertising (\$129.3 billion versus \$109.5 billion).<sup>2</sup> But that's not all... In addition to ad spending, businesses spent billions more on technical infrastructure, specialized human capital and a myriad of well-intentioned initiatives designed to optimize user experiences, improve conversion rates and drive commercial activity.

## Measuring the Efficacy of Digital Ad Spending

With billions of advertising dollars in market, prudent marketers invest heavily to determine the efficacy of their ad spending. Fortunately, there are sophisticated tools readily available to facilitate this analysis. From comprehensive data management systems (e.g. Adobe, Salesforce, Oracle, Neilson) assessing every step of an **omni-channel** journey to sophisticated analytical platforms like Alteryx, marketers today have unprecedented access to data and insight.

Marketing analysts measure reach, engagement, acquisition and conversion rates across the spectrum of omni-channel activities with clarity and speed no one thought possible when Amazon sold their first book in 1995. Today there are hundreds of measurement metrics appearing on digital dashboards – some more instructive than others.

### *Explosive growth in digital advertising*

*In 2009 the average price for Super Bowl tickets was \$1,000. Last year the average price of a ticket was \$2,500<sup>2</sup> (CAGR 9.6%). Remarkably digital ad spending grew nearly twice as fast as the price of Super Bowl tickets during the same*



For consumer marketers, one of the most powerful measurements of digital efficacy is their website conversion rate. Simply stated, the conversion rate is the number of unique visitors that take a desired action. To digital merchants – the most desirable action is a purchasing transaction.

Conversion rates are inherently contextual. That is, a website selling automobiles will not have the same conversion rate as a site selling pet care products.<sup>3</sup> Moreover, conversion rates are influenced by many factors including; brand awareness, product category, price, audience characteristics, competition and user experience design. Nevertheless, a slight increase in a website's conversion rate is likely to drive significant improvement in operating performance. This makes conversion rate one of the most descriptive indicators of performance in a digital business.

Most online merchants generate hundreds of thousands (in some cases millions) of unique visitors to their websites but they operate with conversion rates less than 4%.<sup>4</sup> In our view, this represents an opportunity to improve business performance. By converting a small percentage of their non-buying visitors (already on their websites) into paying customers, businesses will drive material increases in revenue and enterprise value.

To capitalize on the conversion rate opportunity, management must deeply understand the human, behavioral and consumptive characteristics of their unidentified website traffic. Today most firms have a limited understanding of their unidentified traffic because they rely on digital device identifiers. Unfortunately, digital identifiers were never intended to provide human insight, or address opportunities relating to marketing performance.



*An online business with a 3.5% conversion rate, 1 million unique visitors per year and \$1,000 customer lifetime value generates \$35 million in revenue from this audience. A 10% increase in conversion rate (.35%, = 3,500 customers) equates to \$3.5 million in incremental LTV.*

Digital identifiers (IP addresses, mobile advertising IDs, cookies, email addresses, hashed email address, et al) are numeric data sequences used to identify physical devices. Alone they do not provide any human context into the people operating the devices. It is certainly helpful to identify the cell phones, laptops and computers visiting websites, but without the data connecting the devices to people, marketers cannot develop the personal connections and human relationships to execute efficient activation programs.

### **The Consumer Identity Graph**

To add human context to the numeric device identifiers, progressive marketers are incorporating consumer data found in identity graphs.

An **identity graph** is a uniquely architected data warehouse containing all known digital identifiers corresponding to individual consumers. These identifiers include; email addresses, hashed email addresses, telephone numbers, mobile phone numbers, mobile advertising IDs, user agent strings, cookies, etc.

In addition to storing all available digital identifiers, identity graphs contain privacy-compliant personal, demographic and consumptive information describing the individuals in the database. An identity graph's flexible, table-driven architecture is designed with linkages from the anonymous digital identifiers to the consumer data resident in the file. (Please refer to the simplified diagram on the following page illustrating the integration of an identity graph.)



Consumers use mobile phones, personal computers and tablets to access websites. Websites capture and store the digital identifiers associated with these devices. (There are many automated methods to capture digital identifiers available today.)

The digital identifiers are then tagged with software provided by the identity graph provider. The tag is a one-pixel field digitally affixed to the device ID. The tagged device ID is transmitted to Audience Acuity's platform where the identity graph resides. (Alternatively, the identity graph may reside on the client's data management platform.)

Once transferred to the platform housing the identity graph, the tagged digital identifier is deterministically matched to a table of digital identifiers resident on the platform. When an exact match of a digital identifier occurs, the record is populated with consumer data and returned to the client in near real time.

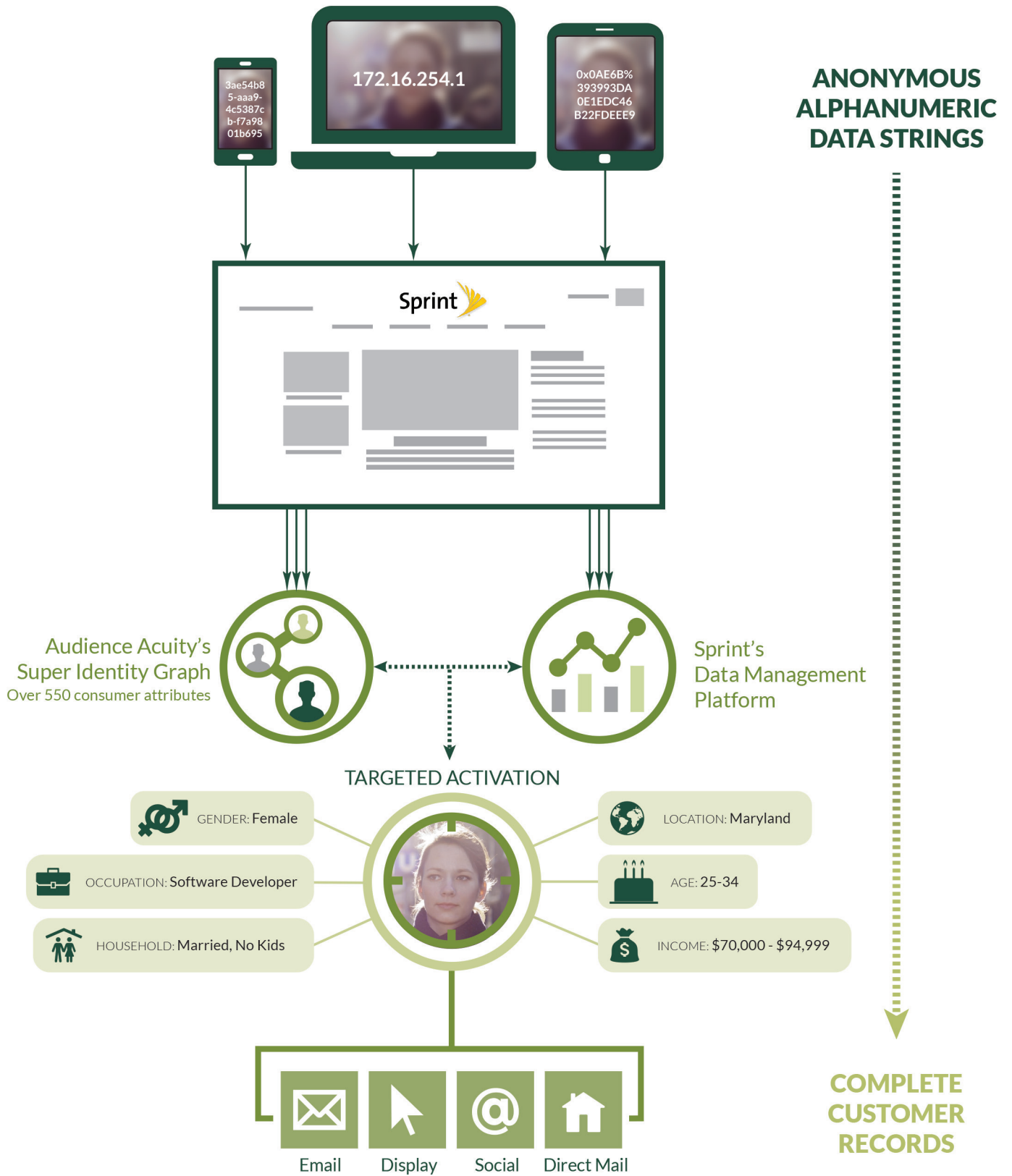
Now armed with a complete record of the visitor's profile, marketers can tailor integrated omni-channel campaigns on a one-to-one basis. Moreover, data scientists can model product offers, target campaigns, evaluate response and attribute behavior with precision by connecting digital devices to the people visiting the website.

*Audience Acuity's Super Identity Graph contains more than 6 billion data points describing 226 million Americans. The deterministic matching methodology precisely matches and organizes more than 550 attributes into 15 categories describing virtually every American adult over the age of 25.*





# THE INTEGRATION OF AN IDENTITY GRAPH



## Unlocking the Value of Anonymous Website Traffic

One of the most significant actions marketers can take to improve conversion rates and drive business performance is to convert the unidentified traffic already visiting their websites. Pairing digital identifiers with the consumer data found in a privacy-compliant identity graph is a proven approach to unlocking the value of customers who may be hiding in plain sight.

## Test Audience Acuity's Identity Graph

We invite you to test the efficacy of our privacy-compliant identity graph. We will deliver a proof of concept – including a return on investment analysis in less than 30 days at our expense.





# QUESTIONS?

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## Notes

<sup>1</sup> <https://www.iab.com/wp-content/uploads/2019/05/Full-Year-2018-IAB-Internet-Advertising-Revenue-Report.pdf>,

<sup>1</sup> <https://www.adweek.com/programmatic/u-s-digital-ad-spend-will-surpass-offline-in-2019/>, <https://www.emarketer.com/Article/US-Digital-Ad-Spending-Top-37-Billion-2012-Market-Consolidates/1009362>

<sup>2</sup> <http://www.startribune.com/from-12-to-2-500-how-super-bowl-tickets-became-so-expensive/458070763/>

<sup>3</sup> <https://www.invespcro.com/blog/the-average-website-conversion-rate-by-industry/>

<sup>3</sup> [https://www.blog.shippypro.com/2019/01/27/2019-ecommerce-conversione/#Different\\_Industries\\_And\\_Their\\_Conversion\\_Rates](https://www.blog.shippypro.com/2019/01/27/2019-ecommerce-conversione/#Different_Industries_And_Their_Conversion_Rates)

<sup>4</sup> <https://www.invespcro.com/blog/the-average-website-conversion-rate-by-industry/>

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