



KEYPOINT
INTELLIGENCE

| *InfoTrends*

SERVICE AREA(S):

Business Development Strategies

ANALYSIS

ADDING VALUE TO DIRECT MAIL THROUGH IP TARGETING

JULY 2017





contents

Table of Contents

Key Highlights.....	2
Introduction	2
What is IP Targeting?	2
Where Does IP Targeting Fit in for PSPs?	3
The Business Model	5
Bann Business Solutions: Becoming a True Marketing Service Provider.....	5
The Bottom Line.....	6



Key Highlights

- Although print remains an important component of the marketing mix, few would dispute that a multi-channel marketing strategy is the best approach.
- IP targeting represents a tremendous opportunity, as it enables print service providers to differentiate their direct mail offerings and bring them into today's multi-channel world.
- El Toro developed a series of technologies that make it easier for customers to precisely target individual households online using banner, display, and video ads.

Introduction

Although we have been hearing predictions that direct mail would be overtaken by digital advertising for years, the latest DMA statistics indicate that print is still a very viable and important component of the marketing mix. That said, few would dispute that a multi-channel marketing strategy is the best approach. Savvy service providers are blending IP targeting with direct mail, merging online and offline technologies to compound campaign effectiveness. Providers can offer marketers the ability to send a print direct mail piece that will be followed up with a digital display ad or alternatively send a direct mail piece after someone has spent time on a website viewing specific items. The end result is improved campaign response rates.

What is IP Targeting?

IP targeting uses a computer's IP address to deliver targeted ads to users, and it is rapidly becoming the go-to resource for online advertising. This type of advertising enables the user to show digital ads to specific IP addresses (B2C and B2C). With IP targeting, marketers provide names, addresses, and zip codes of the people or businesses they would like to advertise to. This can be a list of previous customers, lost customers, potential new clients, or a direct mail list. These addresses are then run through an IP mapping system where the IP addresses are matched with physical addresses. Once the two addresses append (i.e., match), marketers can begin serving display or video banner ads using the IP address of the home or office building. Mobile data systems can also anonymously map consumers' mobile phones back to their households, enabling the attachment of extensive offline data to a phone's ID. This means that audience-addressable ads can be linked to mobile phone or out-of-home screens. IP targeting represents a



tremendous opportunity, as it enables print service providers to differentiate their direct mail offerings and bring them into today's multi-channel world.

Where Does IP Targeting Fit in for PSPs?

I recently had the opportunity to interview Stacy Griggs, CEO of [El Toro](#) (Louisville, KY), to understand how the company's software can improve customer targeting strategies. El Toro is a startup company that enables advertisers to target individual homes, businesses, or out-of-home screens based on their individual IP addresses or mobile IDs. The firm offers a white-label service to agencies and print service providers to deliver measurable ROI-oriented solutions that typically blend printed direct mail with digital advertising. Reinforcing direct mail with digital ads or vice versa yields significantly higher returns than single-channel advertising. El Toro has more than 60 employees and has experienced a growth rate of 14,000% in the past 36 months.

El Toro developed a series of technologies that make it easier for customers to precisely target individual households online using banner, display, and video ads. Using data from third-party providers and clients, El Toro has mapped millions of IP addresses. The company's patented algorithm matches a household to an IP address with a high degree of accuracy. Since the system knows the IP address of specified households, there is no need to use cookies (which are less accurate) for targeting. El Toro's infrastructure is [cloud-based](#) and integrated with several [demand-side platforms](#) to help users manage accounts by bidding on real-time inventory of ads.



Griggs highlighted 5 key components that are part of El Toro's cloud-based solution:

1. **IP Targeting:** El Toro's software can match postal addresses to IPs with so advertisers can serve targeted digital display and video ads to individual houses or buildings using the IP as the entry point. According to Griggs, "This was the starting point for El Toro. If the marketer/service provider gives us a list of addresses, we can place internet advertisements on the computers at those physical addresses based solely on a mailing address."
2. **Captive Audience:** The software can serve targeted digital ads to entire college campuses, hotels, trade shows, conventions and other venues where masses gather via the locations' IP addresses.
3. **Digital New Movers™:** This component is designed to target people who are moving or have just moved into a new home in almost real time. The system refreshes twice daily and connects advertisers to consumers in hours versus weeks.
4. **Mobile Out of Home:** El Toro is able to target (and report on) in-app and device-optimized web impressions to deliver campaigns to prospects and customers on out-of-home (OOH) screens and mobile devices, while also measuring the impact of a particular ad campaign.
5. **Reverse Append:** Marketers can install a pixel (a single line of code) on their website. This pixel captures the IP address and other information for web visitors and transmits it to El Toro. The IP address is then translated into a mailing address and used to send a targeted direct mail piece to select web visitors.

According to Griggs, one of the biggest benefits is that service providers now have the ability to succinctly calculate ROI or ROAs through El Toro's analytics tools. He explains, "El Toro is changing the way online advertising can be measured. We target real people in real households, which means our focus is on return on investment (ROI), not click-through rate (CTR). Our average CTR is nearly three times the industry standard, and our match-back analysis enables us to provide 100% accurate conversion data, all without the use of tracking pixels, form fills, and call tracking. We give users of the system metrics that focus on



explicit business results, and most importantly conversions of direct mail and targeted ads into real sales conversions.”

The Business Model

El Toro is currently being used by a number of print/marketing service providers. The company's fee structure is straightforward—users are charged a cost per impression (CPM) rate for every 1,000 ads that El Toro delivers on their behalf. Because the solution is white-labeled, service providers can aggregate volume and get wholesale pricing that they can mark up to retail levels. This creates the opportunity for a double-digit margin.

Privacy protection is a critical consideration for today's marketers. Griggs notes, “El Toro is a strong supporter of individual privacy and a protector of Personally Identifiable Information (PII). We understand that some clients may not want to have Internet ads served to them, so we've developed a number of mechanisms that enable customers to opt out of advertising.”

Bann Business Solutions: Becoming a True Marketing Service Provider

Bann Business Solutions (St. Paul, MN) specializes in direct response and lead generation activity for its clients. Although the company has a long history as a print and forms distributor, the firm has transformed its business into a marketing services organization. Owner Mike Bann elaborates, “Although many companies use the term ‘marketing services’ to describe an organization that calls on marketing departments, we're different. Our definition of marketing services is to work with clients on delivering business results that are directly correlated with true business metrics rather than media metrics. We don't just deliver a campaign—we track that campaign all the way through to the generation of more prospects, sales leads, and ultimately sales conversions. We want our customers to understand the ROI of every single marketing initiative.”

Bann Business Solutions leverages a number of proprietary and patented processes as well as partnerships to deliver services that meet clients' needs for multi-channel campaign communications. The firm works with clients on direct mail, Digital Direct Mail, location marketing, hybrid data print, mobile, and social media. When it comes to approaching clients, Bann states, “I don't focus on tools. I listen to the client's business objectives and the strategies they have for



growing their customer and prospect base. We have the resources and partnerships to build relevant solutions that meet a client's specific needs.”

As part of its services offering, Bann Business Solutions partnered with El Toro. During a PSDA meeting a little over 2 years ago, Mike Bann was seeking a way to deliver a truly differentiated results-oriented offering when he heard about El Toro. He quickly saw the benefits of a partnership. Bann elaborates, “We don't call our service offering IP targeting—we call it Digital Direct Mail. It is a blend of digital advertising and direct mail. We leverage El Toro to the nth degree. El Toro's match-back analysis is available for IP targeting and provides real ROI calculation to customers. To conduct a match-back, clients provide a list of sales that occurred during the campaign period. This is matched against the target list, and then we can provide the sales conversions that were a direct result of the IP targeting campaign. We can translate the campaign into dollarized ROI, and this is results-oriented differentiation and a true representation of marketing services.”

The Bottom Line

IP audience and mobile device targeting are strategies that bring the strength, accuracy, and flexibility of offline direct-mail campaigns into the online era by mapping IP address ranges to real-world addresses and leveraging publicly available information known about those addresses. This creates a tremendous opportunity for print service providers to add significant value to direct mail through increased response rates, as well as measurable business results.

Although this article focuses on El Toro's capabilities, there are other providers too. Print and marketing service providers must understand today's existing technologies and determine how they can be leveraged to drive incremental revenues for themselves as well as their customers.



author



Barb Pellow

Group Director

+ 1 781-616-2161



A digital printing and publishing pioneer as well as a marketing expert, Barb Pellow helps companies develop multi-media strategies. She assists businesses in creating strategies to launch new products, build strategic marketing plans, and educate the sales force on delivering value.

[Comments or Questions?](#)

This material is prepared specifically for clients of InfoTrends, Inc. The opinions expressed represent our interpretation and analysis of information generally available to the public or released by responsible individuals in the subject companies. We believe that the sources of information on which our material is based are reliable and we have applied our best professional judgment to the data obtained.