

Precision Targeting and Activation to Win with Your Customer

How Obama used analytics to turn a close election into a decisive win – and what you can learn to win in your category

By Scott Kluge and Karen Graham

Regardless of your political preferences, your business can be better off if you learn a few lessons from how the Obama campaign used advanced data analytics to turn a close election into an Electoral College rout. You can win market share and accelerate growth by activating your consumers in the same way Obama activated swing-state voters and his supporters.

Lucky or Analytic?

Few people predicted that Obama would win such a significant majority of the Electoral College during the 2012 election. Obama's modeling team, however, predicted the outcome based on analytic models that measured and influenced individual voter preferences and behaviors in the key swing states. As campaign manager Jim Messina said, "our entire theory was... to get as close to the ground as we could"¹.

These analytic models were built, refined, and used on a daily basis for the two years leading up to the election to allocate resources and prioritize specific households for the campaign to target. Alternative tactics and messages were tested and measured and those that performed better against specific targets were rolled out to wider groups of the population who shared the same motivations and characteristics.

The data analytics worked so well that it turned a close election into an Electoral College rout. Wouldn't you like to have that same confidence and success for growing market share in your category?

The Integration of Segmentation and Activation

To impact voters, the Obama team needed to identify distinct sub-segments of the population that it could motivate to action and create predictive models to find individual households in each of the identified segments. Once the most attractive individual households were identified the campaign measured the impact of different interactions to determine which tactics had the desired outcome to positively influence the individual through the decision making process. Companies can and should use the same philosophy and tools to make their segmentation and targeting efforts actionable to win with target consumers and grow market share.

Segment Customers Based on How You Can Impact Them

Companies, like the Obama team, know that segments defined by behavioral or demographic characteristics (e.g., white suburban women, Latinos, soccer moms) are easy to find but are not meaningful because individual members are diverse and seek radically different things. Companies that have defined their segments solely based on motivations, however, often struggle to identify actual individuals or households belonging to the segments in the real world. The key is to construct motivationally based segments that are linked to observable variables and then to develop predictive models that use the observable variables to predict the probability that an individual/household is part of the motivationally based segment.

For the Obama campaign, analytic models predicted if an individual voter was in a group of motivationally similar consumers (e.g., likelihood to vote for the President, or persuadable to vote for the President) based upon observable characteristics that were mostly available from public data sources. The team then applied those visible markers to larger populations to precisely identify and focus its turnout efforts and resources on the target voters – driving turn out and making enough of a difference to win in 8 of the 9 swing states.

Companies have the same opportunity to fully leverage their segmentation and develop predictive models to focus their resources on the most valuable target consumers, to intercept and influence them across key decision making points of the buying process to drive sales and return on investment (ROI).

Measure the Impact by Segment and Repeat What Works

As powerful as the segmentation and analytic models were for Obama, the campaign's commitment to use data to measure the impact of individual tactics and messages by voter segment enabled an even higher ROI. During the peak fundraising times dozens of different appeals went out each day and the team quantified that the top performing fundraising initiatives "raised 10 times as much money for the campaign as the underperformers."²



*Scott Kluge and Karen Graham are
Managing Directors with Nexus Advisors.*

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that combines expertise in consumer insights
with strategy and economics to help clients
uncover new growth opportunities and
to drive better, more actionable results.*

*For more information please visit
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When measuring individual campaign success within a panel of sample households, a company can have strong confidence about which specific messages and offers are motivating which segments of consumers. Feeding this information back into the planning process improves the models predictive power and enables you to confidently predict where you will grow sales (and which swing-states you will win).

How to Get Started

Every company has data to leverage and is likely doing some of the individual tactics that Obama's campaign utilized so well. By completing an objective diagnostic of what you have in place and what is required to integrate existing and to build new capabilities you can understand quickly how you can realize the benefits of advanced analytics. The Obama campaign assembled its capabilities from a disparate set of databases in the 24 months leading up to the election and leveraged this investment in the final six months of the campaign to win over 60% share of the Electoral College in what most analysts had said would be a very close race.

Contact us to figure out how your company can activate your target consumers and win a disproportionate share of your category.

Footnotes

¹ "Crunching the Numbers" *Chicago Tribune* 11/12/2012

² "How Obama's data crunchers helped him win" *CNN.com* 11/8/2012