

DATA FOCUS DRIVES 200 PERCENT PAYOFF FOR HEARST MAGAZINES

Iconic publisher turns to customer insight to better compete in digital age

In the past few years, Hearst Magazines — and the entire publishing industry — has seen more change than in the previous 100 years. With the web, e-readers and mobile devices, “magazine” no longer means just a print edition. This reality presents both a challenge and a major opportunity for publishers.

“Now, the brand is a set of products that the customer has a relationship with,” said Charlie Swift, vice president, marketing analytics and operations, Hearst Magazines. “How do we retain customers for a brand instead of products? That’s the transformation we’re making now.”

A single customer might enjoy the print version of *ELLE* magazine, look up recipes online at *Food Network Magazine*, and reference a paint color in *House Beautiful* on her phone while out shopping.

As readers engage in more places and ways, how can the company recognize and serve them appropriately? For Hearst, the answer lies in data.

CHALLENGE: A SINGLE, ACCURATE VIEW OF EVERY CUSTOMER

Originally started in 1904, Hearst Magazines is the largest publisher of monthly magazines in the U.S. The company reaches 87 million adults with 20 titles and 300 editions globally.

As consumption channels change, the company has rolled out web and mobile sites for its top titles and publishes more than 150 applications and digital editions for mobile devices.

With the proliferation of channels, customer data now is received through multiple touch points, leading Hearst to embark on a major data initiative to bring together all information about customers in one place. The goal: a single, accurate view of each customer in order to target and communicate in the most relevant way.

HEARST *magazines*

CUSTOMER

Hearst Magazines

APPROACH

- Data quality/hygiene
- Messaging and offer personalization
- Marketing strategy
- Cross sell/up sell
- Analytics

SOLUTION

Using, AbiliTec Data Quality and Recognition, InfoBase data, and modeling and analytics, Acxiom consolidated and improved 160 million Hearst customer contact records using online and offline data, enabling a new level of customer segmentation for the publisher.

RESULTS

- Hearst increased its marketing analytic models from a handful to more than 50.
- Hearst reduced its database by 8 percent by eliminating duplicate and non-valid records — cutting unnecessary direct-mail costs.
- With more targeted outreach, Hearst achieved a 25 percent increase in response rates within two years of rolling out the database.
- The publisher realized a payback on the investment just 1½ years after implementation — twice as fast as expected — and a 200 percent return on investment over three years.

“Keeping on top of, and linking and leveraging our data, is critical to our ability to win in the market and transform successfully,” Swift said.

160 MILLION CUSTOMERS — ONE DATABASE WITH ONLINE, OFFLINE DATA

ARGUS, the company’s new centralized database, now gives Hearst Magazines that unified view of each customer. Working with Acxiom, the publisher consolidated its offline and online data into an integrated and flexible platform.

“Acxiom brought the expertise and knowledge around large volumes of data that we fundamentally needed, at a scale that wasn’t efficient to do in-house,” Swift said.

With its database hosted at Acxiom, Hearst leverages integrated web, email, subscription and demographic data for 160 million customers. Acxiom’s recognition technology, hygiene and transactional and enhancement data help identify duplicate records and consolidate the clean, accurate contact information.

Previously, the company ran a handful of models each year. Now on a strong data foundation, Acxiom runs more than 50 models — generating a billion monthly offer scores — to segment marketing via web, email and print channels.

For Hearst, that level of customer insight means no longer having to decide which data sources would be informative for a model. Instead, the model looks at all data sources and decides which data to tap into.

Take models for renewal and billing as an example. By separating early payers from late payers, Hearst can shape the content and timing of renewal offers to maximize the opportunity with each customer.

“Knowing more about our customers, we can adjust an offer when we need to move from getting you to pay to saving you. This broader view of the entire experience of the customer is highly predictive in terms of how we go to market,” Swift said. In launching offers, marketing teams at Hearst are also now empowered to manage campaigns with Acxiom’s Campaign Management solution, allowing them to create the universe of targeted contacts and refine segmentation for each campaign.

MORE RELEVANT INTERACTION — THROUGHOUT THE CUSTOMER LIFECYCLE

The company now has a past, present and future view: the customer’s history with Hearst, current subscriptions and a means of projecting what the customer might want next. All this supports better targeting and decisions at Hearst — and a more personalized customer experience across online and offline channels.

“When a customer goes online, data now drives the experience. She can renew a subscription and pay, and be offered other relevant titles based on her interests. Additionally, she might see an online display ad, also tailored to her profile. What she won’t get is an offer for a magazine she already receives.”

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Beyond direct marketing, those rich customer profiles allow Hearst to attract advertisers through deeper understanding of the magazine readers and the alignment with advertiser-targeted audiences. Likewise, the centralized database gives Hearst immediate, valuable data to support joint promotions with advertising partners.

25 PERCENT DIRECT MAIL LIFT

To date, Hearst has focused on leveraging consumer insight to increase the effectiveness and reduce the cost of direct mail specifically. The company found the investment in more customer-centric marketing paid off quickly.

By consolidating data in one place and eliminating duplicate records, Hearst reduced the number of customer records by eight percent. That means the company saves valuable marketing dollars by not mailing multiple offers to the same person or using invalid contact information.

Knowing more about customers, and planning communications accordingly, also drove a 25 percent improvement in direct-mail response rates.

Combined, those two advances contributed to a return on investment in the data project in just a year and a half — twice as fast as expected — and a 200 percent return over three years.

Recently, Hearst acquired five new titles from Hachette Filipacchi Media, requiring a similar data consolidation on a smaller scale. Again, the new approach was validated.

“We’ve seen almost exactly the same performance lift with the Hachette titles, if not stronger,” Swift said.

LOOKING AHEAD

With clear success, Hearst is increasing its data investment to apply data processes and segmentation to digital marketing as well as to prospect marketing. Swift also now sets his sights on operationalizing these practices across the organization.

“The next phase is about extending that strong performance and changing the entire culture of how we market,” Swift said. “We’ll now apply the Acxiom database platform, analytics and campaign management solution to other areas of the business to increase our view of the customer relationship further and automate more of our marketing.”

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