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## Chapter Six

### What is Microtargeting?

While most campaigns will continue to use polling and common sense to shape their targets, there is a new tactic for campaigns that spend a lot of money on direct voter contact. That tactic has come to be known as “microtargeting.”

Microtargeting is the use of data and advanced analytical tools to make more accurate predictions about who will vote, whom voters will support, and which issues each voter cares most about. The foundation of microtargeting is data.

Beginning in 2002, both political parties began building large voter databases in every state. These databases contained information that is included on most voter lists: name, address, date of birth, date of registration and a record of whether or not each voter cast a ballot in each recent election. To these lists were added census data, which indicates all kinds of demographic information about the voter’s neighborhood. Then the parties contracted with large commercial databases to append a vast array of information on religion, ethnicity, marital status, hobbies and interests, car ownership, presence of children and whether or not the voter is likely to subscribe to pay-per-view or satellite television.

In a typical political party voter list, there are several hundred pieces of information about each voter — most of which has proven almost worthless in helping political targeters. But the data does enable the modern political campaign to examine a wide array of information to make the best predictions about voting, candidate preference and the issue interests of any voter.

The methods of analysis used to make those predictions are varied. Perhaps the simplest methodology is “CHAID,” which is a decision tree technology that helps a targeter segment the electorate. The most common methodology is regression analysis. Clustering is another approach which divides the electorate into like-minded groups, such as “Elite Liberals,” “Terrorism Moderates,” or “Flag and Family Republicans.” This microtargeting technique has been used more recently with apparent success. All three of these methodologies are described in more detail in the chapters that follow.

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These tools are relatively new to politics, but they have been aggressively employed in the commercial world for decades. As early as the 1970s, catalogers and commercial direct marketers began experimenting with customer data, census demographics, and statistical modeling to target those customers who were most likely to purchase their products and services. From these developments emerged a commercial direct marketing industry utilizing the mail, phone and Internet to sell products ranging from books, to gardening plants, to credit cards, to gourmet foods, and even log cabins delivered for self-assembly to any location.

Commercial marketers employ an impressive science that predicts which individuals are most likely to become customers, which will be repeat buyers, what they will buy and when they will buy it. These marketers employ all the methodologies now used in politics and more. In addition to regression analysis, CHAID and clustering, some commercial marketers use neural nets — an artificial intelligence technology that actually “learns the data” using a software based upon the architecture of the brain. Genetic algorithms use the principles of natural selection to search through thousands of “generations” of trial and error to find the optimum formula for describing a behavior or defining a customer. These methods are backed by the same large databases that have now been appended to voter lists by both parties.

While some have decried these developments as a threat to privacy, commercial targeting has helped marketers more accurately match their product offerings with those consumers most likely to be interested in their products. Knowing which current and potential customers are most likely to buy, reduces irrelevant junk mail and generates commercial offers that are more interesting to the recipient. No method of targeting is perfect. We all get mailings and phone offers that are of no interest to us. But the track record for targeting in commercial direct marketing is impressive. In 2005, commercial direct marketers generated \$1.85 trillion in purchases, accounting for seven percent of all sales in the U.S.<sup>1</sup>

While commercial marketers were building a giant industry based on new predictive technologies, political campaigns were slow to follow. Unlike commercial direct marketing where the results of your work can be instantly measured, no one was measuring the impact of the tactics employed in political marketing. Campaign contractors are often selected based upon relationships and patronage rather than a real evaluation of the quality of the work. Without the feedback that comes with measurement and continuing evaluation of quality, there is no pressure to innovate and improve. So while commercial marketers built a new industry with a dazzling array of new data and technologies, political marketers clung to outdated methods and resisted change.

In the 2000 presidential election, when the leadership of the free world was decided by little more than 500 votes, neither the Democratic nor the Republican Party had built the national databases or adopted the predictive technologies that were driving commercial direct marketing. My own firm, MSHC Partners, had been using advanced targeting techniques since 1995. But customers were hard to find. But in 2002, things began to change.

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1. Direct Marketing Association, DMA 2006 Statistical Fact Book: The Definitive Source for Direct Marketing Benchmark, New York, 2006.

In a short period of time, the political world moved from complete rejection of microtargeting techniques to an enthusiastic embrace. Throughout Washington, DC, interest groups began building their own models to help them predict which voters cared most about the issues they advanced and would thereby be more likely to be persuaded by their political mailings. Pollsters, new to modeling, created clustering systems that segmented and described the electorate in new and interesting ways.

While many different political entities were using targeting systems to their political advantage, the organization that was using it to the greatest strategic advantage was the Republican Party. In 2004, the Bush Presidential campaign, largely at the urging of President Bush's pollster Matthew Dowd, invested \$3.2 million in targeting. The results helped focus not only the campaign mail and phone banking, but the television advertising as well.<sup>2</sup>

Led by the firm **TargetPoint**, the Bush re-election campaign used consumer data to target specific messages to a number of Republican leaning "clusters." The targeting supported a persuasion and get-out-the-vote (GOTV) campaign, which focused its messages based on anger point polling. Anger point polling measures the level of voter anger about various political issues like taxes, immigration or compromising the Patriot Act. Then, TargetPoint used this information to create clusters of voters who shared values and also anger about specific issues. Each cluster received mailings that specifically addressed that clusters' issues. What made the program exceptional was not so much the targeting methodology itself, but rather the investment made by the Bush Presidential campaign and the subsequent integration of the results into the campaign's overall communications program.

While the Republicans were pioneering microtargeting to guide their campaign communications, the Democrats were using advanced statistical targeting to achieve impressive fundraising success. In 2004, the Democratic National Committee (DNC) was able to use modeling to predict which voters might respond to fundraising letters. Those techniques, along with an energized party base, helped the DNC mail 62 million pieces of prospecting mail at a net profit of more than \$12 million — resulting in the Democratic Party raising more small donor money than the Republican Party for the first time since the advent of direct response fundraising.

Modeling proved highly successful in finding voters who were pro-choice or supported gay marriage, but targeting environmental voters proved to be more difficult. Models to find partisans in states with no party registration or party primary voting history proved especially difficult, and in some cases, worked no better than simple precinct targeting alone.

In the end, a number of important lessons were learned:

- Commercial data, created for commercial purposes, has, for the most part, small relevance in predicting a voter's candidate preference.
- The data we need most to make accurate predictions about voter beliefs is often unavailable and not likely to be available in the near future.

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2. Thomas B. Edsall and James V. Grimaldi, "On Nov. 2, GOP Got More Bang for its Billion, Analysis Shows," *Washington Post on the Web*, 30 December 2004, <[http://www.washingtonpost.com/wp-dyn/articles/A35062-2004Dec29.html?nav=rss\\_politics/elections/2004](http://www.washingtonpost.com/wp-dyn/articles/A35062-2004Dec29.html?nav=rss_politics/elections/2004)>.

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- Some problems, such as identifying undecided voters, are especially difficult and can yield robust results in some campaigns and almost nothing in others.
- Expensive models, costing \$30,000 or more, deliver benefits that exceed their costs only for campaigns that spend large amounts of money on voter contact.

The truth is, there is nothing magical about microtargeting. Sometimes microtargeting can deliver impressive predictions about voters and how they behave. Other times it can deliver not much at all.

Perhaps the most important lesson to draw from the early microtargeting efforts is that the learning process is only beginning. Microtargeting is a science, but it is also an art. Learning to do it well requires time and experience as well as new statistical tools.

The following four chapters describe the microtargeting techniques being used in politics today. The first two chapters address the simplest method: CHAID. Then chapters on regression analysis and clustering follow. The chapters are not intended to teach someone how to use these methods. Methods like regression analysis and clustering require advanced statistical training and are beyond the scope of this book. The purpose of these chapters is to help the end user understand the process, and also to introduce these topics to political targeters who are interested in learning more. Hopefully, they will provide a better understanding of the new frontier that is unfolding in political targeting today.

## The Shorthand Targeter: Microtargeting

**Microtargeting:** Microtargeting is the use of data and advanced analytical tools to make more accurate predictions about who will vote, whom voters support, and which issues each voter cares most about.

**Databases:** The foundation of political microtargeting is the creation of large voter databases containing an array of political, demographic, and lifestyle data about each voter.

**Methods:** There are three basic methodologies used in political microtargeting today: CHAID, regression analysis and clustering.

**CHAID:** CHAID is the simplest of the microtargeting methodologies. It is a statistical program that examines all of the available data and uses that data to subdivide the electorate into increasingly efficient segments of undecided voters, supporters, or issue targets. CHAID is the least expensive of the microtargeting methods.

**Regression Analysis:** Regression analysis is the most common microtargeting technique. It examines the relationship between the condition you want to predict (voting, supporting, being persuadable, caring about an issue) and the rest of the data on your voter list. The end product is an equation that can be applied to any voter to create a probability score. The probability score states the likelihood that the voter will vote, support your candidate or whatever your equation is trying to predict.

**Clustering:** Clustering is a statistical methodology that divides the voters into clusters of shared values and political beliefs. These clusters can help predict not only the partisanship of the voters but also the issues they care about most. Clustering is the most sophisticated of all the microtargeting methods and also the most expensive.

**State of Political Microtargeting:** The methodologies of political microtargeting have been used in the commercial marketplace for decades but have only been broadly used in politics since 2002. Microtargeting has not been a great solution for every problem or every campaign, but it has improved the efficiency of voter contact in modern campaigns. Political targeters are still learning to master these techniques and acquire the data that will be most helpful in the future.