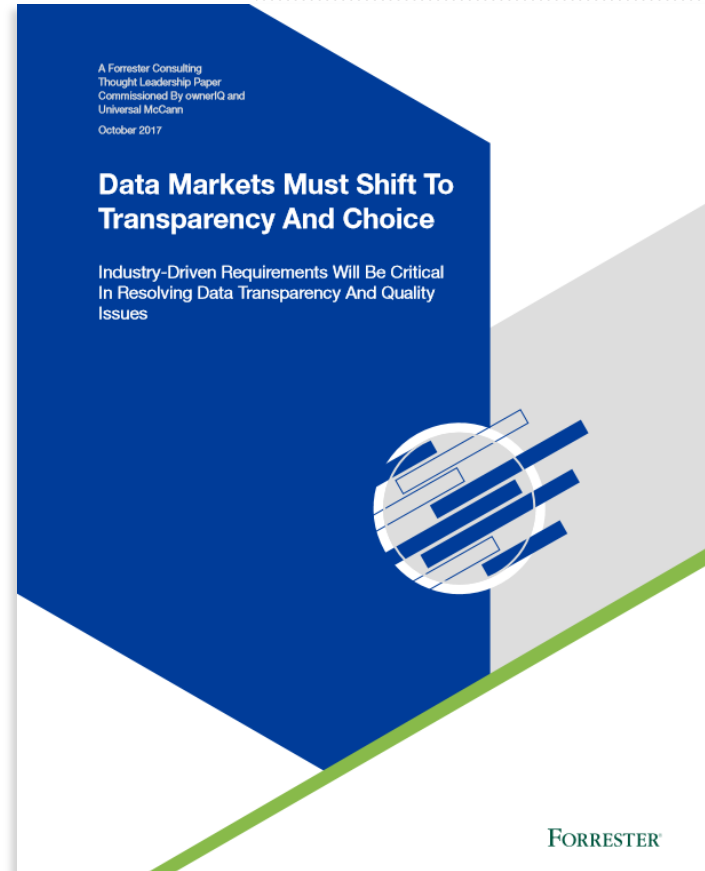# ownerIQ presents:

Susan Bidel
Guest Speaker Sr. Analyst, Forrester

Joshua Lowcock
Chief Digital Officer, Universal McCann

Moderator and Q&A discussion: Steven Ustaris, CMO at ownerIQ

A Forrester Consulting
Thought Leadership Paper
Commissioned By ownerIQ and
Universal McCann

October 2017

Data Markets Must Shift To Transparency And Choice

Industry-Driven Requirements Will Be Critical
In Resolving Data Transparency And Quality
Issues

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CONTENT

- Susan Bidel presentation: *The Data Market's Shift to Transparency and Choice Key Findings & Recommendations*

- Discussion with Joshua Lowcock: *The "Big Short" of Data & How to Bring Greater Transparency & Quality to Marketers.*

- Audience Q&A

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Data Markets Must Shift To Transparency And Choice

Susan Bidel, Senior Analyst

Agenda

› *Audience data plays an important and growing role in marketing strategy*

  • Key findings

› *Data marketplace: evolving toward transparency*

  • Current state

  • Challenges

  • Payoffs

› *Recap and recommendations*

Agenda

› *Audience data: critical component of marketing strategy*

- Key findings

› *Data marketplace: evolving toward transparency*

- Current state
- Challenges
- Payoffs

› *Recap and recommendations*

In a customer-centric marketing strategy, audience data plays an important and growing role. Transparency, or the lack thereof, is critical to valuing the data and achieving success.

Key findings

› Data is a critical component of modern marketing strategies

› There are considerable issues around data transparency and quality

› Marketers anticipate the data marketplace will shift to transparency over the next 24 months

› Greater transparency will lead to improved outcome and increased investment

Agenda

› *Audience data plays an important and growing role in marketing strategy*

  • Key findings
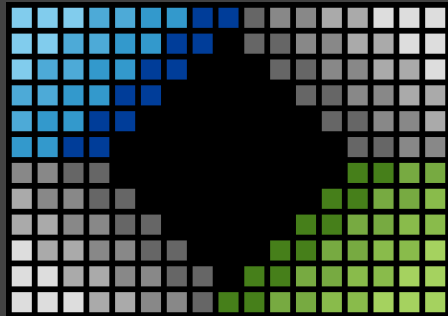
› *Data marketplace: evolving toward transparency*

  • Current state

  • Challenges

  • Payoffs

› *Recap and recommendations*

Audience data: Current state

First- and second-party data are primary resources

On average, 49% of digital campaigns use multiple data sources

"Thinking about your current digital marketing and advertising strategy, approximately what percent of your campaigns – or your clients' campaigns – utilize first-party, second-party, and third-party data?"
[Mean percentage]
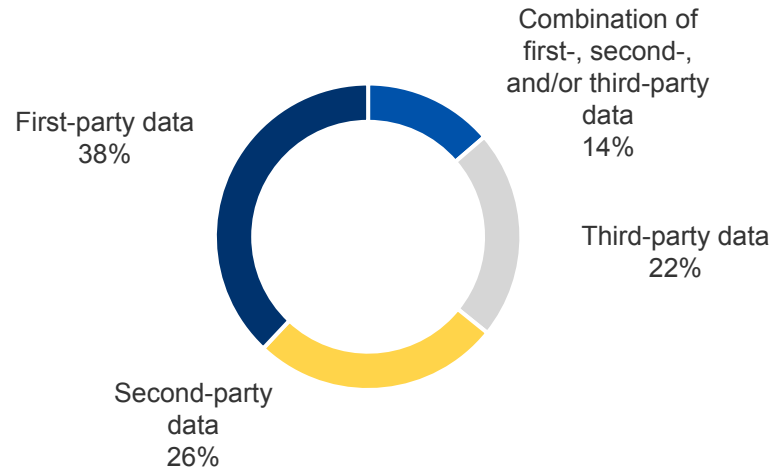
First-party data
38%

Combination of first-, second-, and/or third-party data
14%

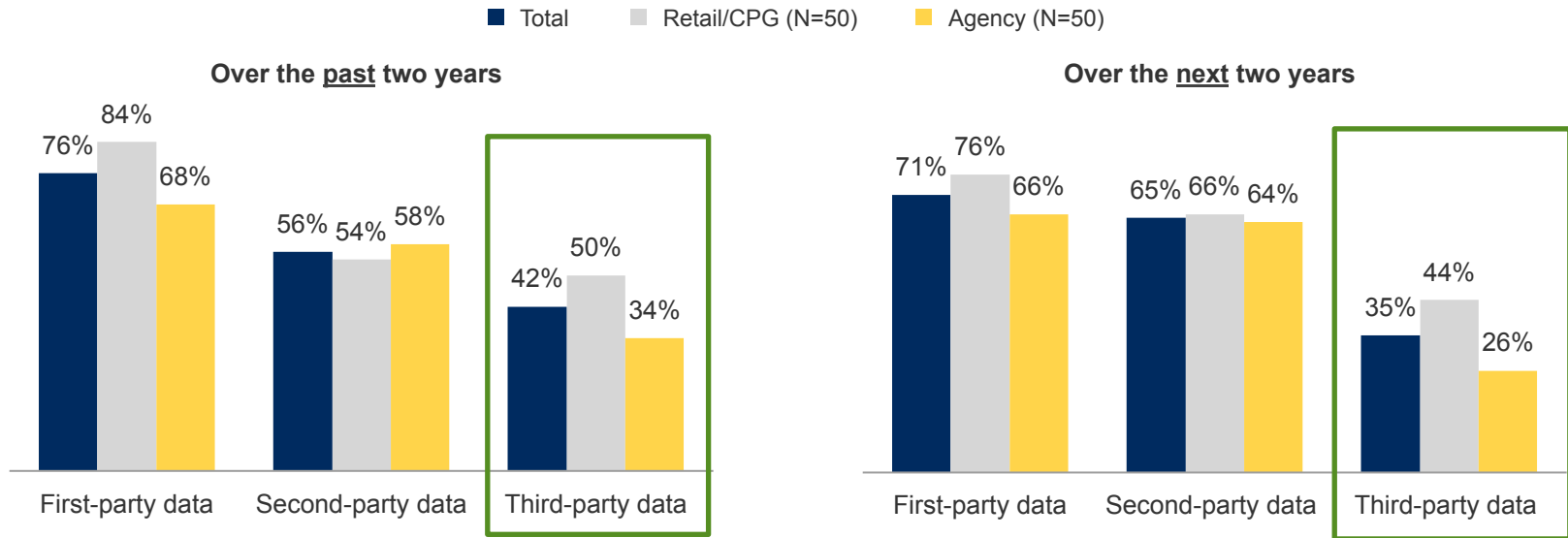Third-party data
22%

Second-party data
26%

Base: 100 US-based advertising/marketing decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of OwnerIQ and Universal McCann, August 2017

Second-party data growth will outstrip third-party

"To what extent has your use of first-, second-, and third-party data for digital marketing and advertising campaigns changed over the <u>past two years</u>?"
"Looking ahead, to what extent do you predict your use of first-, second-, and third-party data for digital marketing and advertising campaigns will change within the <u>next two years</u>?"
[Somewhat or significantly increase(d)]

■ Total   ■ Retail/CPG (N=50)   ■ Agency (N=50)

Over the <u>past</u> two years

	First-party data	Second-party data	Third-party data
Total	76%	56%	42%
Retail/CPG	84%	54%	50%
Agency	68%	58%	34%

Over the <u>next</u> two years

	First-party data	Second-party data	Third-party data
Total	71%	65%	35%
Retail/CPG	76%	66%	44%
Agency	66%	64%	26%

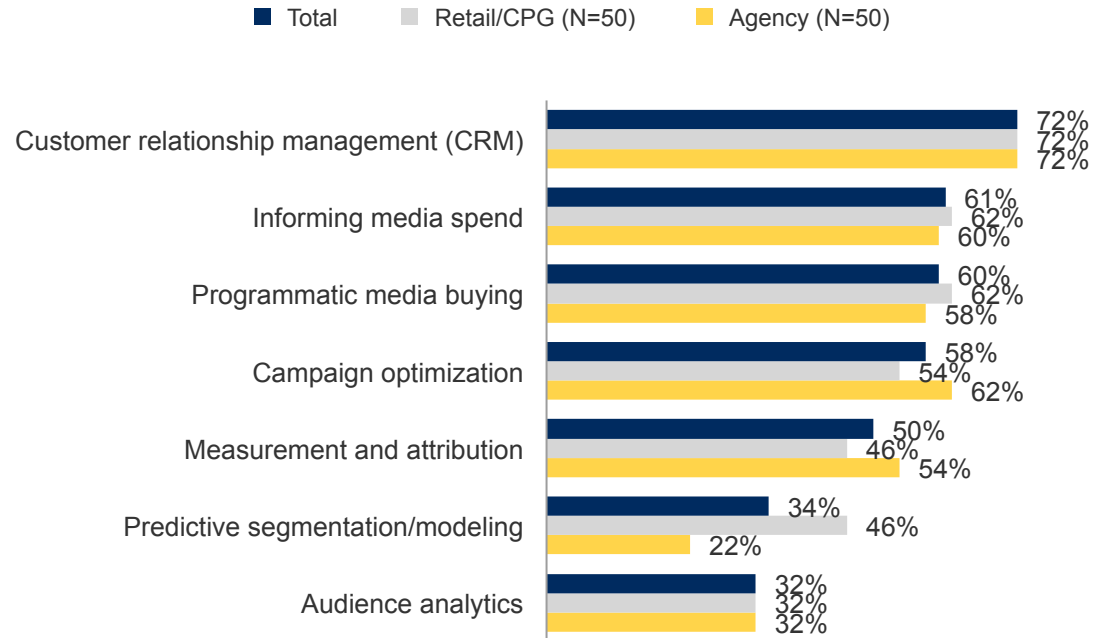Base: 100 US-based advertising/marketing decision makers
Source: A commissioned study conducted by Forrester Consulting on behalf of OwnerIQ and Universal McCann, August 2017

CRM and informed media spend are primary use cases

Agencies: focused on campaign optimization, measurement, and attribution

Retail and CPG: focused on predictive segmentation and modeling

"For which of the following marketing activities do you use data?
(Select all that apply)

■ Total   ■ Retail/CPG (N=50)   ■ Agency (N=50)

| Activity	Total	Retail/CPG	Agency
Customer relationship management (CRM)	72%	72%	72%
Informing media spend	61%	62%	60%
Programmatic media buying	60%	62%	58%
Campaign optimization	58%	54%	62%
Measurement and attribution	50%	46%	54%
Predictive segmentation/modeling	34%	46%	22%
Audience analytics	32%	32%	32%

Base: 100 US-based advertising/marketing decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of OwnerIQ and Universal McCann, August 2017
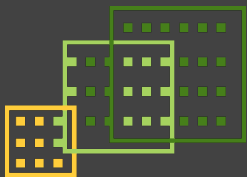
# 60% of marketers use data to inform programmatic media buying

Third-party data most commonly used

60%
use data for programmatic media buying
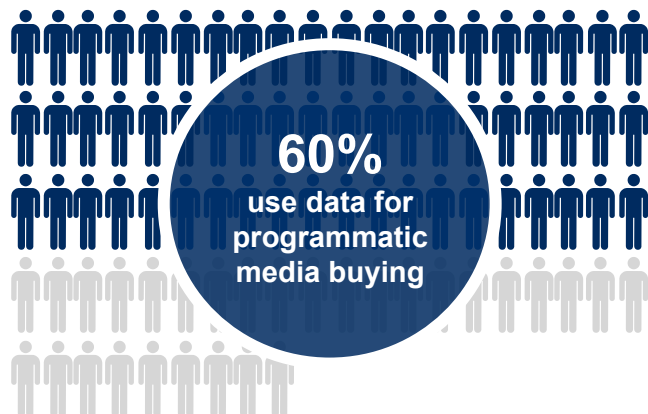
"What percent of your programmatic media buying is informed by first-, second-, and third-party data?"
[Mean percentage]

Combination of first-, second-, and/or third-party data
12%

Third-party data
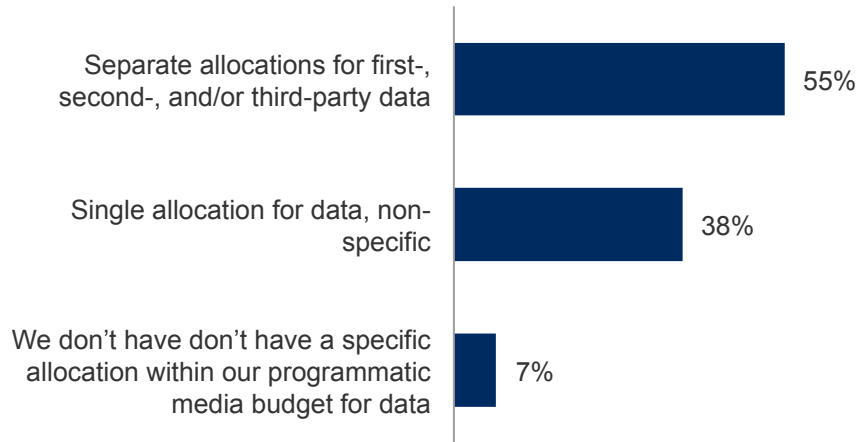37%

First-party data
28%

Second-party data
23%
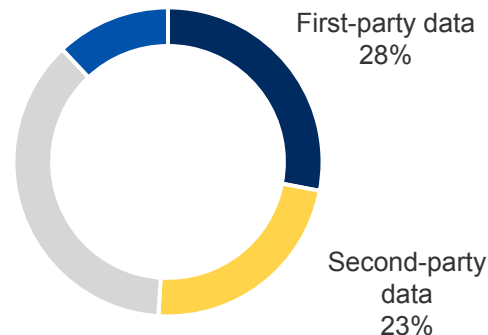
Base: 100 US-based advertising/marketing decision makers; 60 using data for programmatic media buying
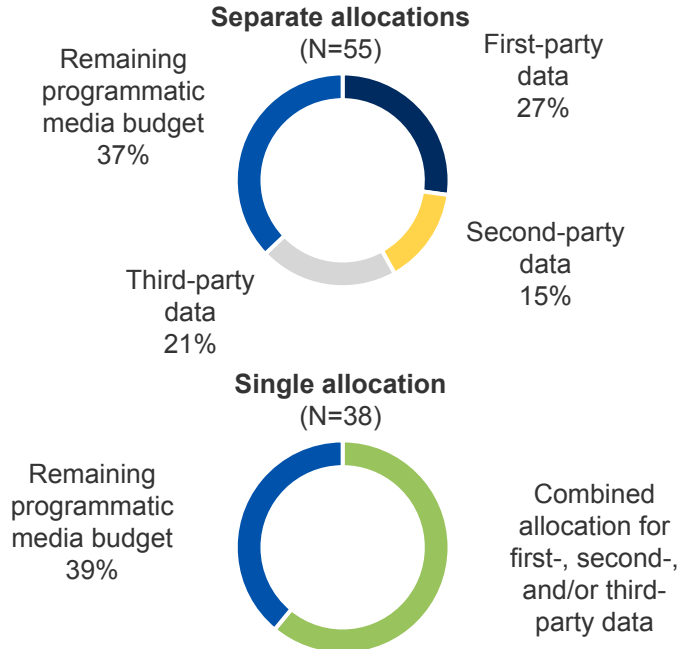
Source: A commissioned study conducted by Forrester Consulting on behalf of OwnerIQ and Universal McCann, August 2017

Data: 60% of 2018 programmatic media budgets

"How do you allocate budget for first-, second-, and/or third-party data?"

Separate allocations for first-, second-, and/or third-party data	55%
Single allocation for data, non-specific	38%
We don't have don't have a specific allocation within our programmatic media budget for data	7%

"What portion of your 2018 programmatic media budget is or will be explicitly earmarked for first-, second-, and third-party data?"
[Mean percentages]

Separate allocations
(N=55)

First-party data 27%
Second-party data 15%
Third-party data 21%
Remaining programmatic media budget 37%

Single allocation
(N=38)

Remaining programmatic media budget 39%
Combined allocation for first-, second-, and/or third-party data

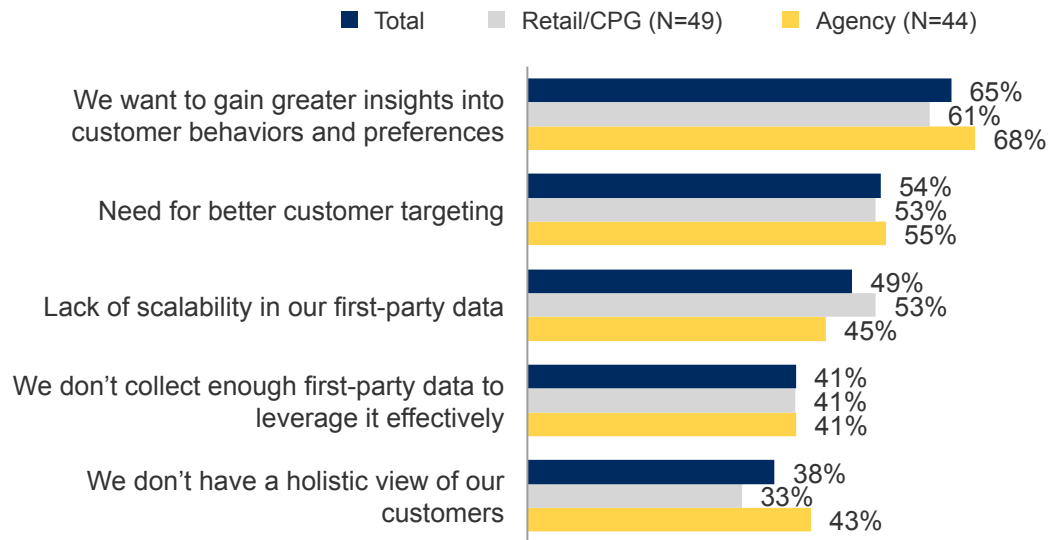Base: 100 US-based advertising/marketing decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of OwnerIQ and Universal McCann, August 2017

Need for greater customer insights and improved targeting drive use of external data

Retail and CPG marketers seek data at scale

"What factors are driving your use of data outside of your own/your clients' first-party data for digital marketing and advertising campaigns?"
(Select all that apply)

Legend: ■ Total ■ Retail/CPG (N=49) ■ Agency (N=44)

We want to gain greater insights into customer behaviors and preferences
- 65%
- 61%
- 68%

Need for better customer targeting
- 54%
- 53%
- 55%

Lack of scalability in our first-party data
- 49%
- 53%
- 45%

We don't collect enough first-party data to leverage it effectively
- 41%
- 41%
- 41%

We don't have a holistic view of our customers
- 38%
- 33%
- 43%

Base: 93 advertising and marketing decision makers using second- or third-party data

Source: A commissioned study conducted by Forrester Consulting on behalf of OwnerIQ and Universal McCann, August 2017

"How important are the following types of audience data to the successful execution of your/your clients' digital marketing and advertising campaigns?"
[Very/somewhat important]
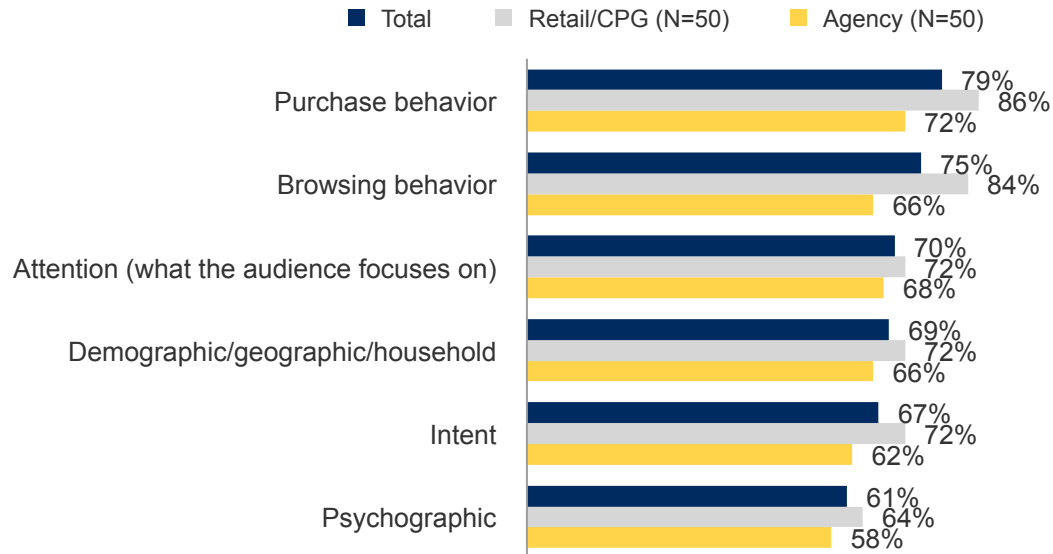
Total   Retail/CPG (N=50)   Agency (N=50)

Purchase behavior — 79% / 86% / 72%
Browsing behavior — 75% / 84% / 66%
Attention (what the audience focuses on) — 70% / 72% / 68%
Demographic/geographic/household — 69% / 72% / 66%
Intent — 67% / 72% / 62%
Psychographic — 61% / 64% / 58%

Base: 100 US-based advertising/marketing decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of OwnerIQ and Universal McCann, August 2017

Successful campaigns are fueled by robust audience data

While demographic data is important, behavioral insights help define the customer journey

CPM, CPC, CPA = ROI on data-driven campaigns among agencies

. . . while Retail and CPG marketers measure success with sell-through/conversion rate

"What metrics do you use to measure the return on investment (ROI) on digital marketing and advertising campaigns using data?"
(Select all that apply.)

Legend: ■ Total ■ Retail/CPG (N=50) ■ Agency (N=50)

Metric	Total	Retail/CPG (N=50)	Agency (N=50)
Cost per thousand (CPM)	64%	60%	68%
Cost per conversion (CPC)	56%	46%	66%
Cost per acquisition (CPA)	53%	52%	54%
Sell-through/conversion rate	48%	62%	34%
Targeting accuracy	44%	46%	42%
Number of impressions delivered	36%	36%	36%
Click-through rate	31%	38%	24%

Base: 100 US-based advertising/marketing decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of OwnerIQ and Universal McCann, August 2017
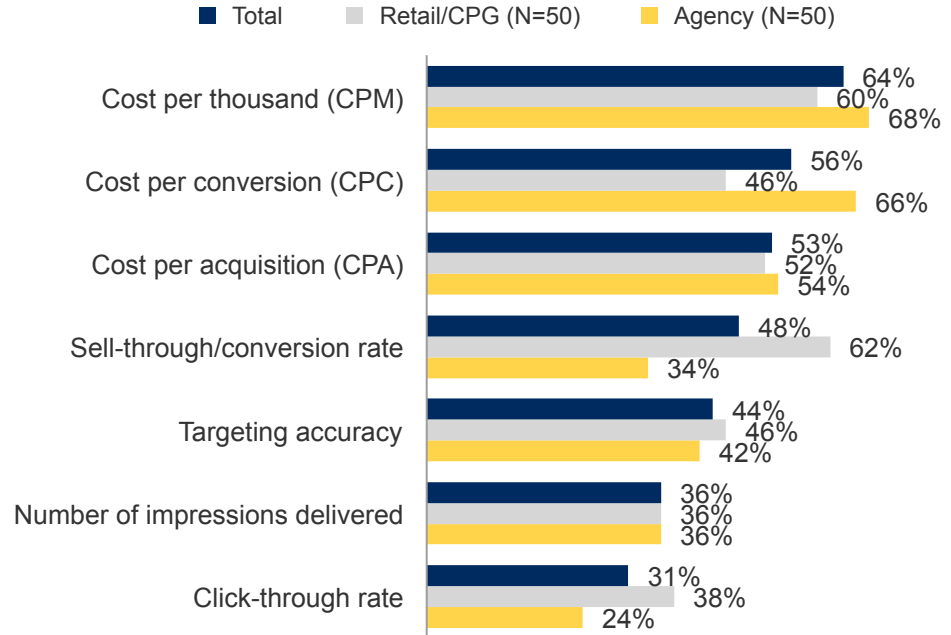
Audience data: Challenges

Marketers want transparency and quality at scale from data providers

"Thinking about your approach to purchasing data for digital marketing and advertising campaigns, how important is it – or will it be – for providers to provide the following?"

[Very/somewhat important]

| Category	Percentage
Transparency around data sources	82%
Transparency around data quality	80%
Scale without sacrificing quality	73%
Access to audiences that are most valuable/relevant	63%

Base: 100 US-based advertising/marketing decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of OwnerIQ and Universal McCann, August 2017

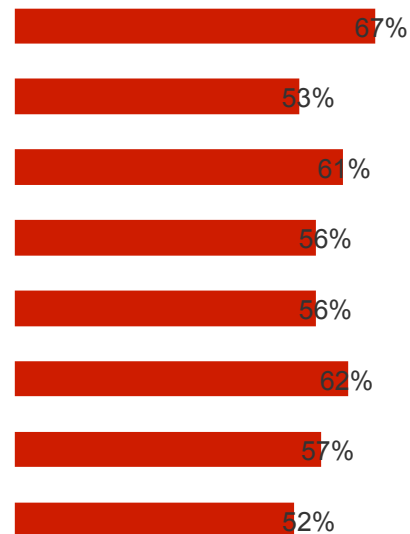# Lack of data transparency and industry support for improvement are challenges

"Based upon where you source your data today, to what extent do the following pose challenges to your ability to effectively use data in your/your clients' digital marketing and advertising campaigns?"
[Significant/moderate challenge]
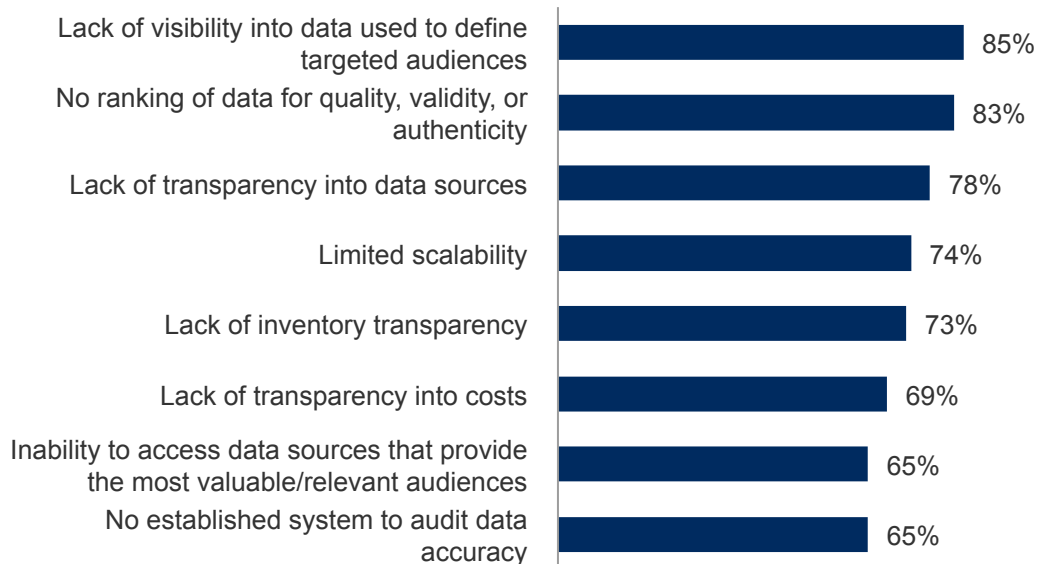
"Do you feel the advertising/marketing industry as a whole is doing enough to address each of these challenges?"
[No]

Challenge	Significant/moderate challenge	Industry not doing enough (No)
Lack of visibility into data used to define targeted audiences	85%	67%
No ranking of data for quality, validity, or authenticity	83%	53%
Lack of transparency into data sources	78%	61%
Limited scalability	74%	56%
Lack of inventory transparency	73%	56%
Lack of transparency into costs	69%	62%
Inability to access data sources that provide the most valuable/relevant audiences	65%	57%
No established system to audit data accuracy	65%	52%

Base: 100 US-based advertising/marketing decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of OwnerIQ and Universal McCann, August 2017
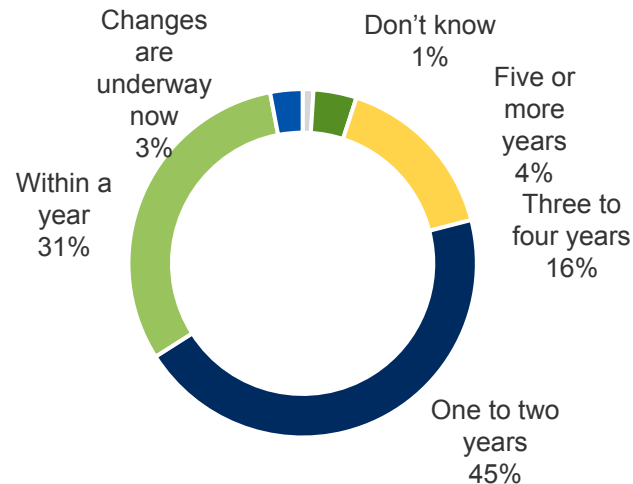
Marketers optimistic that challenges will be addressed soon

"What actions do you think the advertising/marketing industry needs to take to address these challenges?"
(Select all that apply.)

Action	%
Require providers supply greater visibility into data sources	60%
Require providers to supply itemization of costs	51%
Promote/support Trustworthy Accountability Group (TAG) Inventory Quality Guidelines	50%
Require providers to give rankings for data quality	48%
Require providers to supply detailed campaign guidelines and reporting	47%
Establish restrictions for sourced audiences/traffic	44%
Recommend language to include in insertion orders to increase transparency	44%

"How long do you anticipate it will be before the advertising/ marketing industry adequately addresses issues around data transparency and quality?"

Changes are underway now 3%
Don't know 1%
Five or more years 4%
Three to four years 16%
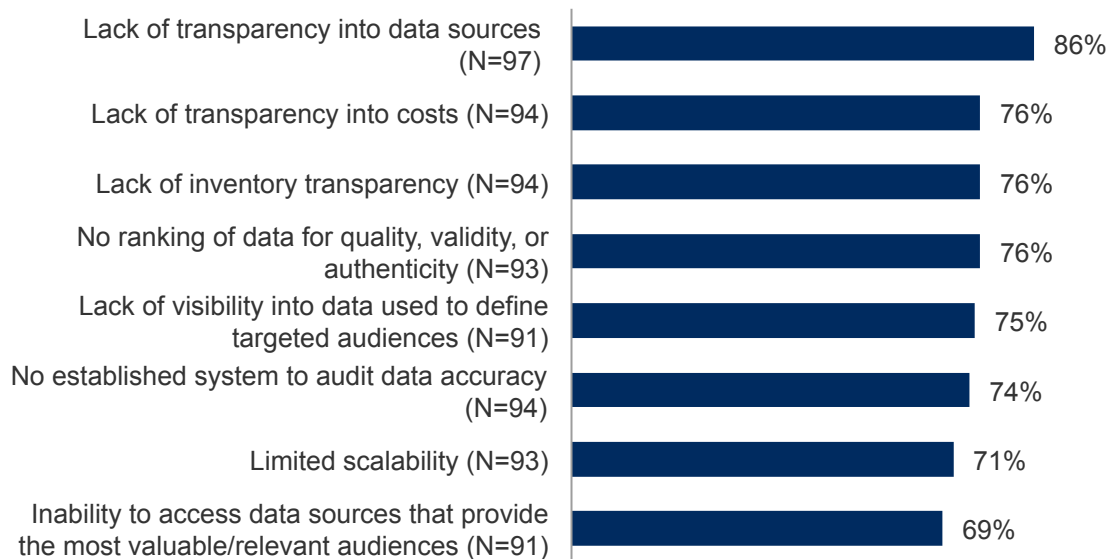Within a year 31%
One to two years 45%

Base: 100 US-based advertising/marketing decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of OwnerIQ and Universal McCann, August 2017

Audience data: Payoffs

"If the advertising/marketing industry were to address issues around data transparency and quality, how do you think that would impact the challenges your organization faces?"
[Significant/some improvement]

|	
Lack of transparency into data sources (N=97)	86%
Lack of transparency into costs (N=94)	76%
Lack of inventory transparency (N=94)	76%
No ranking of data for quality, validity, or authenticity (N=93)	76%
Lack of visibility into data used to define targeted audiences (N=91)	75%
No established system to audit data accuracy (N=94)	74%
Limited scalability (N=93)	71%
Inability to access data sources that provide the most valuable/relevant audiences (N=91)	69%

Base: Varies; advertising/marketing decision makers for whom each issue is a challenge for effective use of data

Source: A commissioned study conducted by Forrester Consulting on behalf of OwnerIQ and Universal McCann, August 2017

Improved data transparency and quality would improve key marketer concerns . . .
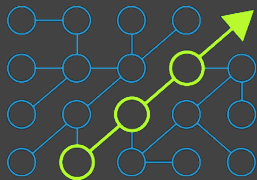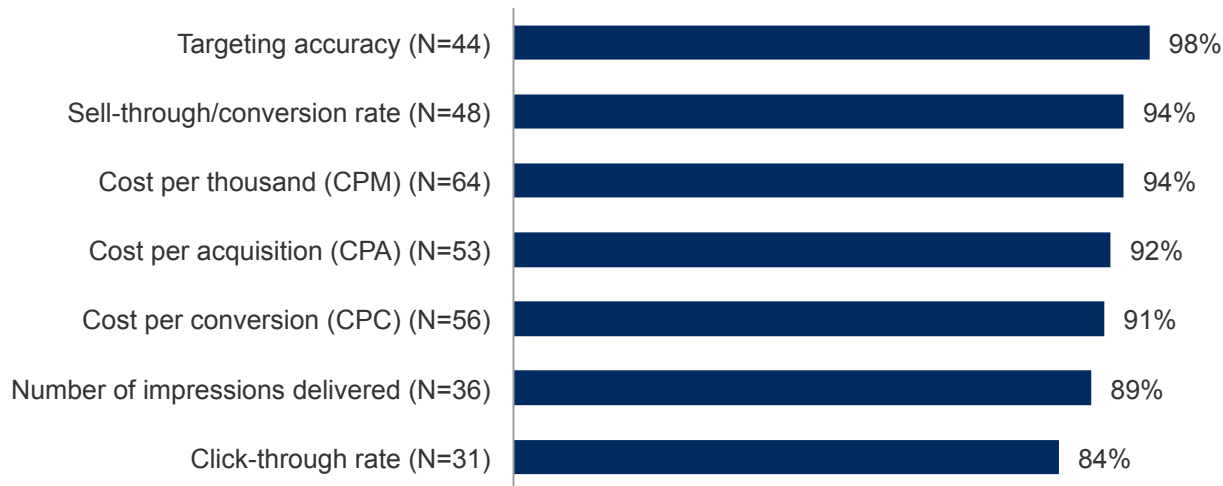
. . . As well as **performance against ROI metrics**

"If the advertising/marketing industry were to address issues around data transparency and quality, how do you think that would impact the performance of your data activity against [ROI] metrics?"

[Significant/some improvement]

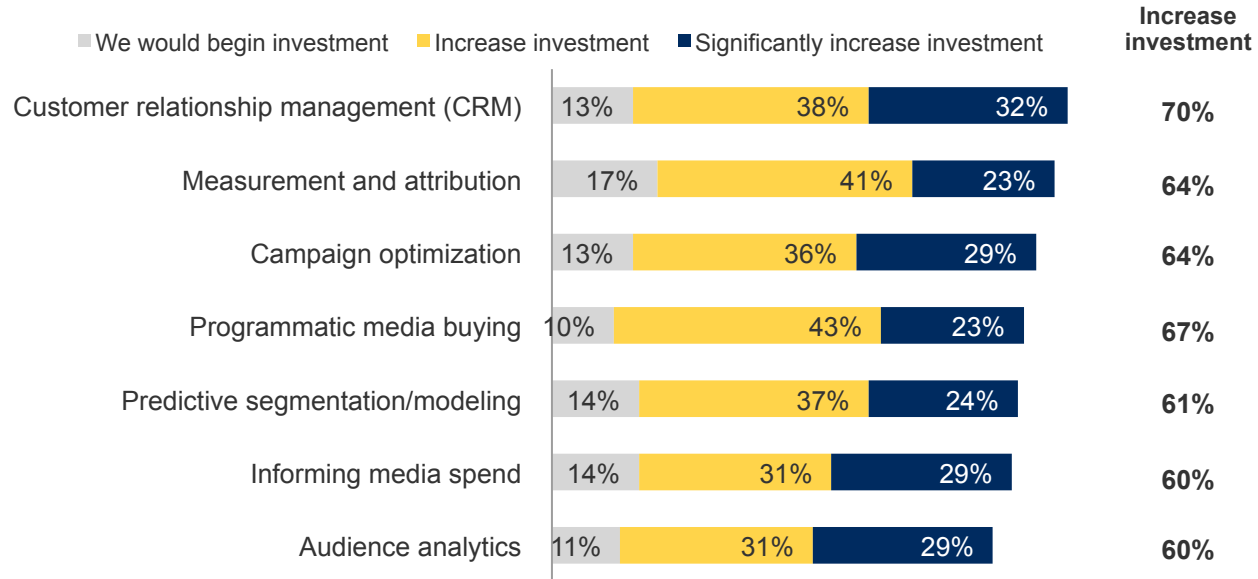| Metric	Percentage
Targeting accuracy (N=44)	98%
Sell-through/conversion rate (N=48)	94%
Cost per thousand (CPM) (N=64)	94%
Cost per acquisition (CPA) (N=53)	92%
Cost per conversion (CPC) (N=56)	91%
Number of impressions delivered (N=36)	89%
Click-through rate (N=31)	84%

Base: Varies; advertising/marketing decision makers using each metric to measure ROI on digital advertising/marketing campaigns

Source: A commissioned study conducted by Forrester Consulting on behalf of OwnerIQ and Universal McCann, August 2017

. . . And spur increased investment in data-driven marketing activities

"If the advertising/marketing industry were to address issues around data transparency and quality, what impact would that have on your investments in the following data-driven marketing activities?"

Legend: ▪ We would begin investment ▪ Increase investment ▪ Significantly increase investment

Activity	We would begin investment	Increase investment	Significantly increase investment	Increase investment
Customer relationship management (CRM)	13%	38%	32%	**70%**
Measurement and attribution	17%	41%	23%	**64%**
Campaign optimization	13%	36%	29%	**64%**
Programmatic media buying	10%	43%	23%	**67%**
Predictive segmentation/modeling	14%	37%	24%	**61%**
Informing media spend	14%	31%	29%	**60%**
Audience analytics	11%	31%	29%	**60%**

Base: 100 US-based advertising/marketing decision makers

Source: A commissioned study conducted by Forrester Consulting on behalf of OwnerIQ and Universal McCann, August 2017

Agenda

› *Audience data plays an important and growing role in marketing strategy*

- Key findings

› *Data marketplace: evolving toward transparency*

- Current state
- Challenges
- Payoffs

› *Recap and recommendations*

Recap

› Audience data is a key component to modern marketing

  • Provides insight into customer behaviors and preference, and better targeting

› The lack of visibility into data sources, quality, validity, and authenticity is a challenge

› Marketers are optimistic that the industry will drive toward greater transparency in the next two years

› Which will result in improved marketing strategy, better performance, and greater investment in data-driven marketing
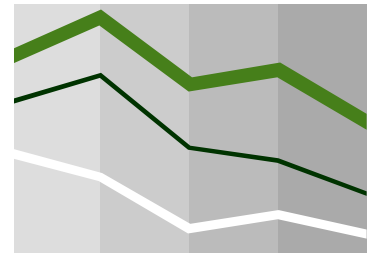
Recommendations

› Push your data providers to **create a path and standard for transparency and validation**

› **Include first-party data sharing** in marketing partnership agreements

› Opt for second-party data brokered by an **independent solutions provider**

› Be prepared to **pay for quality** and to **embrace a flexible compensation model**

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Thank you

FORRESTER.COM

> *Quoting from a recent article you wrote in AdExchanger, "If the industry put more effort into verifying identity and audience data, not only would ad fraud be less of a problem, but digital overall would achieve a better ROI. Do brands know which data sets they are using or if quality data is being blended with "The Big Short" equivalent of subprime data?*
>
> *Can you elaborate on this analogy for us.*

"

What can agencies, like UM, do and what ARE you doing to push the agenda of greater data transparency and quality?

> **"**
>
> *A transparent marketplace also creates a better environment for marketers to be data "sharers"; i.e. greater visibility, control and governance over any second-party usage.*
>
> *Given this, what is the opportunity for marketers that have traditionally only been data buyers? How should they approach using their own data to maximize value?*

"

According to the study, marketers believe the industry will adequately address the issues of data transparency and quality within the next 24 months.

What are some of the things you see happening in relation to the data marketplace over the next 2 years?

AUDIENCE
Q&A

DATA MARKETS MUST SHIFT TO TRANSPARENCY AND CHOICE

an October 2017 commissioned study conducted by Forrester Consulting on behalf of ownerIQ and Universal McCann

Digital download here:
www.ownerIQ.com/TLP