AN IDENTITY BUYER’S GUIDE FOR DATA-DRIVEN MARKETERS

Part 1: Key Questions for Marketers
EXECUTIVE SUMMARY

• Identity is where everything starts – every process, operation and insight leading to audience creation, engagement, improved customer experience and compliance. Therefore, it is critical to understand the many complexities of identity when building a solution for your brand.

• Because it greatly enhances marketing insight, media optimization, measurement and attribution, identity is quickly becoming the critical ingredient in delivering exceptional customer experiences.

WHAT IS IDENTITY?
The ability to recognize and understand customers, prospects, and other visitors across channels and devices.

• Yet due to the rapid increase in connected devices and new digital touch points, only 15.3% of organizations are able to overcome this complexity and consistently and accurately identify their audiences.¹

• To enhance identity capabilities, U.S. marketers will invest nearly $900 million this year on identity services and solutions (e.g. device graphs, data processing/management platforms, and services) – an amount that is expected to increase to more than $2.6 billion in 2022.¹

• As the need for identity grows in importance and relevance, marketers are increasingly realizing that external support is needed in making identity solution decisions, regardless of whether they choose to build their own identity solutions or buy from specialized vendors.

• Given that every solution decision affects performance optimization and impacts precision and reach capabilities, and every technology stack decision impacts future state or integration opportunities, solving for identity in digital and/or offline channels to support a range of marketing use cases is becoming more complex and is best supported by identity experts.

58% of organizations have placed more focus on identity year-over-year

47% plan to invest more on identity solutions through 2019

Source: Winterberry Report, 2018
IDENTITY: THE CORNERSTONE OF MARKETING SUCCESS

In the contemporary marketing world, customer experience is everything. Regardless of the channel or device, consumers expect messages and marketing that are relevant to them. This personalization is what makes marketing people-based. In turn, this is why “identity” is today’s newest business priority – and justifiably so.

With so much data across so many technologies, the ability to pinpoint and measure audience identity with precision is a fundamental necessity. Identity enables marketers to make the most of data, giving them a deeper understanding of individuals across multiple channels.

This delivers more relevant and meaningful interactions and better customer experiences – and is the reason businesses of all types and sizes understand the need to place identity solutions at the forefront of their marketing initiatives. There can be no doubt that more and more marketers see identity as fundamental to their marketing success.

“By the most conservative estimate, the 10 billion or so devices connected via the internet today will grow to more than 25 billion by 2020. Call it ‘infinite data’ from infinite devices.”

- Don Tapscott and Alex Tapscott, Blockchain Revolution, How the Technology behind bitcoin is Changing Money, Business, and the World.
PREPARING FOR THE OPTIMAL IDENTITY SOLUTION

While most businesses recognize identity as a critical need, many executives struggle articulating the complexities of resolving identities in the first place. For one thing, identity isn’t simply “matching” identifiers such as mobile IDs, browser IDs (especially because there is often more than one user per computer), addressable and connected TV IDs, additional email addresses, Internet of Things (IoT IDs), and location IDs.

**Why is identity increasingly challenging for businesses? Here are some of the reasons:**

- A brand seeking competitive advantage in the market strives to solve identity problems in unique ways using varying definitions of an identity based on a unique use case.
- Incomplete data (both attributes and coverage) causes gaps, resulting in loss of precision.
- Consumers sharing information (emails, phones, devices, etc.) cause noise and conflicting indicators.

As the buyer of an enterprise identity solution, asking yourself a few key questions will go a long way toward mitigating these challenges and creating the optimal identity solution for your organization.

**KEY QUESTIONS FOR IDENTITY SOLUTION BUYERS**

- What is the problem you are trying to solve?
- What are your most urgent use cases?
- Where are you engaging consumers?
- What types of data do you have on consumers and where is it stored?
- How do you measure success?
- How will you meet emerging compliance requirements for consumer data?
KEY QUESTIONS FOR MARKETERS

What is the problem you are trying to solve?

It’s rare for an identity solution to serve only one purpose. Marketers want identity to serve the full suite of enterprise needs (the most common ones are listed below), although attempts to service multiple purposes can often lead to decisions that support one need while directly conflicting with others. Therefore, marketers should be strategic about focus areas.

Marketers are leveraging identity solutions to support a range of marketing use cases, chief among them segmentation and targeting on paid digital media/display advertising.

SOME OF THE MOST COMMON IDENTITY SOLUTION USE CASES

**AUDIENCES** – Enable highly personalized offers and engagements to high-value audiences, based on a holistic (360-degree) customer view across all channels. This includes next best offer, website personalization and look-alike audiences.

**ANALYTICS** – Enable highly accurate, closed-loop measurement across all channels and devices (traditional/known and digital/anonymous) and multi-touch attribution.

**COMPLIANCE** – Enable brands to meet CCPA, GDPR and future compliance regulations with the ability to authenticate identity, look up and remove consumer data.

**CONTINUITY** – Enable brands to follow each customer across the customer journey, ensuring that each customer’s user experience is relevant and timely – delivering continuity across known and digital channels with just-in-time insights to elevate the experience.

**IDENTITY RESOLUTION** – Scalable integration and enhancement of consumer data platforms and client-owned marketing and analytics environments.

Identity results are consumed by a unified data layer (UDL), marketing master data management (MDM), customer relationship management (CRM), or a similar system. The identity information eventually produces greater data enhancement, requiring an increase in campaign/audience segmentation decisions – all of which should be fed into an overall data-driven system.

Identity management is at the epicenter of digital transformation and the next generation of enterprise IT.

Identity Buyer’s Guide For Data-Driven Marketers

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KEY QUESTIONS FOR MARKETERS

What are your most urgent use cases?

Identity is applied to many areas of a business, both inside and outside of marketing applications. It is important to understand your most important use cases and the key factors in how to fine-tune your solution to your unique environment if use cases vary widely and cause conflicting demands.

Each identity solution is developed to consider the conflicting needs of precision vs. reach. In a nutshell, the demand for online and digital systems has expanded the need for identity solutions to achieve a broader reach, while financial and operational usage models have pushed for greater precision.

Each brand has to determine its unique approach to balancing precision versus reach as well as its pain tolerance for misses, which will happen no matter how good your data is. Misses happen in one of two ways:

- **Undermatching** results in targeting the same individual multiple times, which can create negative brand perceptions.

- **Overmatching** results in consolidating multiple individuals into one – resulting in a missed targeting opportunity or in targeting the wrong person.

Therefore, it’s important to think through the pains a miss in either direction can cause and then evaluate how you prioritize reach and precision in your identity solution.
KEY QUESTIONS FOR MARKETERS

Where are you engaging consumers? (digital, offline, brick-and-mortar, etc.)?

ONLINE (anonymous/de-identified/digital data)

OFFLINE (known data)

A COMBINATION

With a few exceptions, the digital space entails heavily scrutinized privacy considerations along with the need to handle very large processing volumes of sparsely populated data. Additionally, anonymized regulations mean the precision bar is usually set relatively low.

The offline space means more complete data is required to make timely, smart decisions with reduced processing volumes. However, the tradeoff is a significantly higher expectation around precision.

Identity is difficult in each space independently; the complexities grow tremendously when you add movement between these realms, and controls must be implemented, particularly when moving data from the online realm to offline.
KEY QUESTIONS FOR MARKETERS

What types of data do you have on consumers and where is it stored?

One major factor that must go into planning an identity solution is considering various use cases and how to prioritize and leverage all available data assets. These involve, for example, client line-of-business data and company/brand-specific insights.

A highly functioning identity solution involves more than the proprietary data housed in an MDM or CRM database. The best identity solutions contain a mix of first-party, second-party, and third-party data and can be useful and relevant in building a comprehensive identity solution.

Outside the data itself, there are many other assets related to the identity solution. The assets contained in systems that will interact with the solution need to be included and evaluated when planning for identity — and rules need to be created regarding how specific types of data will be transferred from one point to another. For example, will the identity solution feed into data-enrichment services or big data and analytics functions?

Every brand is unique and seeks a competitive advantage. Creating an identity solution to address the brand’s specific use cases is in itself an example of seeking competitive advantage.

Questions such as these need to be included in tailoring the solution:

• What makes this brand different from competitors’ solutions?
• What is unique about the brand’s interactions with customers and prospects?
• What has this brand learned that others have not?
KEY QUESTIONS FOR MARKETERS

How do you measure success?

Performance benchmarks – specifically, how well a brand is able to identify addressable customers and prospects across media channels, devices, and transactional touch points – is a critical area to consider when designing an identity solution. Use cases will indicate where tradeoffs need to be made when considering precision versus reach.

Other factors around identity solution performance are key to planning the solution:

RESPONSE TIME NEEDS

Do some of your use cases need speed-of-light 24x7x365 response, while others can run at a slower pace? This can dictate what type of solution you need. Digital real-time data is essential, for example, with point-of-sale (POS) transactions and call centers in which you leverage personally identifiable information (PII) to make targeted sales offers. Offline batch data is useful for initiatives such as broad-based direct mail campaigns. Response time, also referred to as latency, needs are major factors in pricing and solution complexity. Many identity solution providers offer options to cover both high- and low-latency needs and can explain the tradeoffs between the two.

QUANTITY NEEDS

How much first-party data do you need to process and then combine with second-party and third-party data? The more data in the solution, the more time needed to provide a high-quality result. Quantity needs are related to latency needs when determining the precision level of the solution.

Think of it this way: As many as 3 billion records can go into producing 200 million individual identities. True matching capabilities and quality of results will depend on the benchmarks and real-world examples the identity solution vendor provides. Don’t be fooled by claims of higher quality and faster matching that can’t be substantiated.

The bottom line is that identity precision comes down to comparing two records against each other. Combining the quantity needs with latency needs and the pain tolerance for a miss will complete the plan of action to suit your needs.

COMPLIANCE

How will you meet emerging compliance requirements for consumer data?

• Which geographies do you serve? (U.S. only, global markets, etc.)
• Are you prepared to meet CCPA, GDPR and other potential regulatory requirements?

The geographies where you interact with consumers dictate the data collection guidelines and compliance requirements your organization must address. A unified view of the individual that was previously a luxury is now an operational and regulatory necessity.
MAKING YOUR IDENTITY SOLUTION A REALITY

With your goals and assets identified, you can take a confident next step toward solving your identity needs.

First, start with a clearly defined overview of the knowns about the solution you want.

- Create a clear statement regarding the goals and use cases for the identity solution by answering these questions:
  - How will this solution be used?
  - What areas of the business will the solution serve?
  - What boundaries have already been established?

- Identify the known components and stakeholders already attached to the solution.
  - What is the current state of your identity solution?
  - What technology stack is in place?
  - Are second-party or third-party data and/or assets attached to the process?

- Identify the size and profile of the data assets to be included in the solution.

Defining your most compelling use cases, evaluating the current state of identity for your brand and identifying gaps lays the groundwork for creating a roadmap to an optimal enterprise identity solution.

Start Your Journey Today.

Omnichannel identity solutions represent the surest way to recognize, understand, and ultimately engage customers across disparate journeys and:

- Increase conversions
- Improve customer lifetime value
- Improve customer retention

OUR FOLLOW UP EBOOK IS NOW AVAILABLE. Download Identity Buyers Guide Part 2: Key Questions to Ask Identity Solution Providers today.
ACXIOM CAN HELP

Acxiom Real Identity Solutions help you know your customer – in every process, at every touch point. Audience engagement relies on your ability to connect real people, places, and things. Not just one time, but every time in a responsible, ethical way. We incorporate the business lens of your unique brand to help you engage real people in an authentic way and stay connected over time.

REAL IDENTITY DELIVERS BETTER EXPERIENCES THROUGH:

PERSONALIZATION – Recognize consumers across devices, channels and borders for more meaningful engagement
EFFECTIVE INVESTMENT – Improve engagement efforts across channels and elevate media performance with more precise recognition and optimized spend
BETTER DATA – Optimize the use of your first-party and second-party data for more accurate recognition to drive higher data value
ETHICAL DESIGN – Reduce risk, maintain compliance and improve consumer brand perception
IMPROVED SERVICE – Know real people and how they touch your organization to provide best in class service

Visit acxiom.com/identity or email info@acxiom.com to get started.

References: