

TOP MEGA TRENDS IN DATA-DRIVEN MARKETING FOR 2018

In an increasingly competitive marketplace, it's harder for businesses – large and small - to stand out. Data has become a critical asset in the battle for consumer attention. The companies with the best ability to understand their customers and put that insight to work are in the best position to succeed long term.

From our unique vantage point supporting thousands of clients and partners, we've identified eight key mega trends that are shaping strategy for data-driven marketing leaders in 2018.



JUSTIN SCHUSTER
Corporate CMO



1. ALL THE WORLD'S DATA AT YOUR FINGERTIPS

A massive change is happening in the way data is bought, sold, and shared. Every company is now a data company, collecting information to fuel better customer experiences. First-party data has always been the most powerful and predictive for a brand, and many companies are now establishing partnerships to combine their unique data assets.

The data footprint for the average consumer is also growing at an exponential rate as more devices, sensors, and consumer apps come online. This is creating a wave of new data suppliers as more companies **establish formal programs** for monetizing their data assets. In parallel, the supply of global data is improving substantially, making it easier to execute campaigns across multiple geographies at scale.

All in all, this means more data is accessible to marketers in more ways than ever before. Identity resolution is serving as a catalyst for this growth, making it possible for disparate data sets to be combined and delivered efficiently to hundreds of platforms in a privacy-compliant way.

Key Recommendations:

- Take a first-mover approach to new data sets and 2nd party data sharing
- Expand into new markets with global data buys
- Develop a formal monetization strategy for your own data assets



2. PEOPLE-BASED MARKETING IS TRANSFORMING PLAYBOOKS

People-based marketing – the ability to target and measure at the level of real individuals across offline and digital channels – is causing marketers to re-evaluate core elements of the marketing mix. With the advent of people-based search, for example, brands can now optimize keyword bidding based on purchase history and other factors. Clients are seeing twice the normal click-through rates in search and improving return on ad spend by as much as 70%.

Marketers are also using people-based targeting strategies in other channels to generate double-digit increases in sales lift and efficiency. Digital marketers are finding that suppression, cross-publisher frequency capping, and cross-device targeting are easy places to show quick results.

Incremental lift is also increasingly coming from multichannel campaigns as people-based marketing enables siloed digital and traditional teams to finally use the same data. In the coming year, more companies will take advantage of this fact and reorganize their teams by audience or customer lifecycle (i.e. acquisition vs loyalty) instead of running separate programs by channel.

Key Recommendations::

- Build a roadmap for activating new people-based marketing use cases
- Make multi-channel execution a standard practice
- Consider integrating teams to deliver a better customer experience



3. TV IS GOING BYOD (BRING YOUR OWN DATA)

The TV landscape is continuing to experience unprecedented fragmentation. Streaming services are attracting record subscribers, nearly 25% of US adults don't have traditional TV packages¹, and more than 20% of TV viewing time is happening on mobile devices². As a result, traditional approaches to targeting and measurement are breaking down.

Marketers are increasingly making use of their own first-party data and favorite sources of third-party data to define TV audiences. New targeting strategies are also gaining traction. We've seen addressable TV media buys through our platform grow by more than 10x in the last two years. Data-driven linear buys are also taking off as brands take advantage of new opportunities to determine which shows are the best match for a specific target audience.

It pays to start testing the various forms of advanced TV marketing if you aren't doing so already. Media costs are always lower in the early days when a new channel emerges. Simple suppression and multi-channel campaigns are great places to begin, and closed-loop campaign measurement can be easily enabled by using identity resolution to connect TV exposure data to sales transaction data.

Key Recommendations:

- Move beyond demographic data for planning and targeting
- Start testing advanced TV channels and cross-channel campaigns
- Add closed-loop measurement to help you optimize your media buys



4. THE BIG ARE CONTINUING TO GET BIGGER

Facebook and Google are continuing to absorb over 75% of incremental digital media spend. ROI is decreasing for marketers as these channels mature - Facebook's reported that **prices had increased by 35%** over the previous year in their Q3 2017 earnings call.

Marketers are beginning to take advantage of a growing number of alternatives in the market that offer "custom audience" options for people-based advertising, including Amazon, Snap, Pandora, Spotify, Pinterest, and LinkedIn. Higher match rates are also fueling greater use of data onboarding into "torso and tail" publishers across the programmatic open web.

Brands that diversify their media strategy are finding they can achieve comparable reach, save 30% on media costs, and improve ROI through better access to exposure data for cross-channel campaign optimization.

Key Recommendations::

- Diversify your media spend with more publishers
- Find ways to duplicate reach outside the walled gardens
- Work with independent media planners

1. eMarketer, US Pay TV Households & Viewers, 2017-2021

2. eMarketer, Device Share of Total TV Viewing According to US TV Viewers, April 2017



5. PEOPLE-BASED MEASUREMENT IS BECOMING MAINSTREAM

The pressure on marketers to show real ROI from their investments is continuing to rise, driving increases in spending on measurement and analytics. A recent study revealed that adoption of people-based measurement – which uses identity resolution to connect data sets at the level of real people – is likely to double in the next 12 months from 20% to 40% of brands.

People-based measurement enables better insight into true reach, frequency, and sales lift by connecting exposures across multiple channels and devices to a single person in a privacy-compliant way. Brands adopting this approach typically start with measurement of single-channel campaigns, then evolve over time to measuring multi-channel campaigns and performing attribution analysis.

Clients that embrace a ‘test and learn’ mindset are seeing superior returns by developing learning plans that lead over time to the creation of predictive response models. Larger clients are seeing they can sometimes successfully work with walled gardens to combine their exposure data with exposures from other publishers if they push for this and engage an independent third-party to perform the analysis.

Key Recommendations:

- Avoid bias that can occur when partners grade their own homework’
- Measure incremental lift with a clear, consistent test and control strategy
- Continue to push walled gardens to support cross-channel measurement



6. DATA GOVERNANCE IS NOW A C-SUITE CONVERSATION

Europe’s new General Data Protection Regulation (GDPR) is creating significant confusion and driving a compliance investment cycle for anyone that services EU citizens. In parallel, recent high-profile security breaches have provided a chilling reminder about the importance of rigorous security and privacy controls.

Together, these factors are bringing data governance conversations into executive suites and board rooms this year. It’s also increasingly likely that some form legislation will pass this year around security, political advertising, data governance, or privacy. And if congress fails to act on the federal level, there is increased likelihood that state legislatures will.

Companies that lean in and use this moment of heightened awareness to advance their data governance programs have the best chance of creating a competitive advantage around data collection and use. Businesses should also invest time this year ensuring policy makers understand the economic impact of bills and ballot measures that may come up for a vote.

Key Recommendations:

- Use GDPR as an opportunity to strengthen your data governance program
- Conduct a Data Protection Impact Assessment to identify gaps and remediate
- Operationalize ethical data use to build trust with consumers



7. MARKETERS ARE TAKING MORE OWNERSHIP FOR BRAND SAFETY

2017 will be seen as a milestone year for brands to understand the power they have when they vote with their dollars. Publishers quickly scrambled to implement better brand safety controls when stories about fake news began to threaten their revenue streams.

Similar concerns prompted agencies and some tech platforms to be more transparent about fees, and measurement issues prompted media giants like Facebook to open up to independent ad viewability providers. Viewability has now become table stakes, and some vendors are even [giving it away for free](#). Now that marketers have a better sense of what they can achieve when they're willing to move their ad spend, this push toward greater transparency and brand safety will continue.

Even as aspects of the digital supply chain improve, however, marketers will need to continue to remain vigilant about ad fraud. While some initiatives like the IAB Ads.txt program and RTB 3.0 will help to reduce some forms of fraud, bad actors and fake news parties will likely evolve and try to get ahead of the 2018 election cycle.

Key Recommendations:

- Reduce exposure to digital ad fraud by targeting known consumers
- Create a publisher whitelist that meets your reach and diversity goals
- Reduce the risk of identity fraud in your authentication process



8. ARTIFICIAL INTELLIGENCE AND BLOCKCHAIN ARE ON THE HORIZON

Although data scientists have used machine learning for many years to model audiences and optimize RTB strategies, most uses for true artificial intelligence (AI) in marketing are still in the beta and early adopter stages. It will take another three to five years before AI is commonly used to create audiences from hundreds of data sources, personalize creative for individual consumers on the fly, and optimize cross-channel campaign execution.

Early adopters of AI are finding that it is extremely data hungry and can be fraught with unintended bias if algorithms aren't developed carefully. Marketers seeking to get ahead of the curve are testing new AI products as they come to market and building high-quality first and third-party data assets with clean historical data to train AI algorithms properly.

Blockchain is another technology that has great potential to benefit marketers in three to five years. By recording transactions in a way that is trusted and tamper-proof, blockchain has the potential to reduce fraud and simplify the digital supply chain. However, it will take several years for blockchain technology to handle the processing requirements for real-time bidding.

Key Recommendations:

- Develop high-quality historical data sets to support future AI needs
- Partner with your technology and services partners to test new AI capabilities
- Take time to learn about blockchain, but stay clear of the hype

THE TOP 8 MEGA TRENDS IN DATA-DRIVEN MARKETING FOR 2018

Summary of Key Recommendations



1. All the World's Data at Your Fingertips

More data is accessible to marketers than ever before.

- Take a first-mover approach to new data sets and 2nd party data sharing
- Expand into new markets with global data buys
- Develop a formal monetization strategy for your own data assets



2. People-Based Marketing is Transforming Playbooks

The ability to engage at the individual level is opening new pathways to ROI.

- Build a roadmap for activating new people-based marketing use cases
- Make multi-channel execution a standard practice
- Consider integrating teams to deliver a better customer experience



3. TV is Going BYOD (Bring Your Own Data)

As the old way of buying TV crumbles, a more targeted approach is taking off.

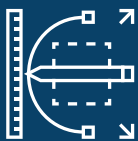
- Move beyond demographic data for planning and targeting
- Start testing advanced TV channels and cross-channel campaigns
- Add closed-loop measurement to help you optimize your media buys



4. The Big are Continuing to Get Bigger

Savvy marketers are tapping into new alternatives with less competition for spend.

- Diversify your media spend with more publishers
- Find ways to duplicate reach outside the walled gardens
- Work with independent media planners



5. People-Based Measurement is Becoming Mainstream

Analyzing data at the individual level is yielding new insights into where to spend.

- Avoid bias that can occur when partners 'grade their own homework'
- Measure incremental lift with a clear, consistent test and control strategy
- Continue to push walled gardens to support cross-channel measurement



6. Data Governance is Now a C-Suite Conversation

Heightened awareness can create an opportunity to build a competitive advantage.

- Use GDPR as an opportunity to strengthen your data governance program
- Conduct a Data Protection Impact Assessment to identify gaps and remediate
- Operationalize ethical data use to build trust with consumers



7. Marketers Are Taking More Ownership for Brand Safety

Top advertisers will continue to leverage their buying power to push for more transparency.

- Reduce exposure to digital ad fraud by targeting known consumers
- Create a publisher whitelist that meets your reach and diversity goals
- Reduce the risk of identity fraud in your authentication process



8. Artificial Intelligence and Blockchain Are on the Horizon

Impact is likely to be significant in another three to five years.

- Develop high-quality historical data sets to support future AI needs
- Partner with your technology and services partners to test new AI capabilities
- Take time to learn about blockchain, but stay clear of the hype