

# Put Data Management At The Core Of 1:1 Marketing

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## Executive Summary

Marketers are waking up to a new world of connected consumers who expect more than ever of the companies they engage with. Forrester refers to this as the age of the customer, defined as "a 20-year business cycle in which the most successful enterprises will reinvent themselves to systematically understand and serve increasingly powerful customers." People now expect organizations to deliver highly relevant and actionable marketing, media, and commerce to them, at the time and on the device of their choosing, and in a manner that demonstrates respect for their privacy.

In order to deliver on these heightened consumer expectations, media-buying practices are becoming more sophisticated. The new goal is 1:1 marketing, in which the media delivered to the customer reflects extensive knowledge of his or her past behavior, as well as real-time understanding of his or her immediate situation, which will make one media asset contextually relevant. Advanced media buyers are putting data management platforms (DMPs) at the heart of their 1:1 marketing efforts, acting as the brain that feeds actionable insights to myriad execution systems. These tools have evolved rapidly in recent years, to better align their operations to the needs of their clients. They now provide the widest possible array of proprietary solutions along with seamless integrations with third-party vendors to maximize data gathering and analysis and facilitate marketer/publisher collaborations within secure second-party data marketplace.

There are a variety of data management solutions available to marketers today, comprising both full-stack and best-of-breed tools. While the choice of which approach is right for you depends on a number of factors — from existing technology infrastructure to budgets to existing expertise — this study has shown that in today's current ecosystem it's relatively rare for marketers to use a single-stack solution to plan, measure, and execute their media campaigns

**Customers expect organizations to deliver highly relevant and actionable marketing, media, and commerce experiences to them, at the time and on the device of their choosing, and in a way that demonstrates respect and care for their privacy.**

In June 2015, Krux commissioned Forrester Consulting to evaluate media-buying practices and the importance of targeting at a highly granular level. As part of this research, Forrester conducted a comprehensive survey of 150 marketers at North American companies responsible for buying digital media. The survey featured a media-buying maturity calculator that judged respondents' proficiency in customer-centric media buying over six sections (culture, organization, planning and execution, customer data management, measurement, and technology) and 18 questions (see Appendix B).

### KEY FINDINGS

Forrester's study revealed that:

- › 1:1 marketing is coming into the mainstream, and marketers are adopting data management platforms as the brain of their 1:1 operation.
- › Data management platforms are gaining in sophistication, featuring both independent and full-stack approaches — with high-maturity firms favoring supplementing a primary provider or adopting a best-in-breed mix, opposed to single stack.
- › High-maturity firms, measured through customer relationship indicators, are given leeway to test and learn as a benefit of their 1:1 programs.

## Marketing Is Evolving — With The DMP At Its Core

Today, winning and delighting customers requires that marketers double down on the capabilities their customers expect — from smartly and carefully managing customer data to executing media plans that reflect a customer-obsessed mindset focused on relevancy, agility, and cohesiveness. For media buyers, this means that market leaders must shift from broader, audience-based approaches to more-precise approaches — on the path to true 1:1 — that will accurately reflect the customer’s journey and intent and deliver media to them that supports them with the right content in their time of need, all while managing frequency and carefully avoiding messaging redundancy.

Our study found that marketers are indeed taking action and moving toward sophisticated 1:1 media-buying capabilities.

The study found that 73% of companies in our panel had either already implemented a 1:1 marketing program (41%) or were testing/planning a program to be rolled out in the near future (32%).

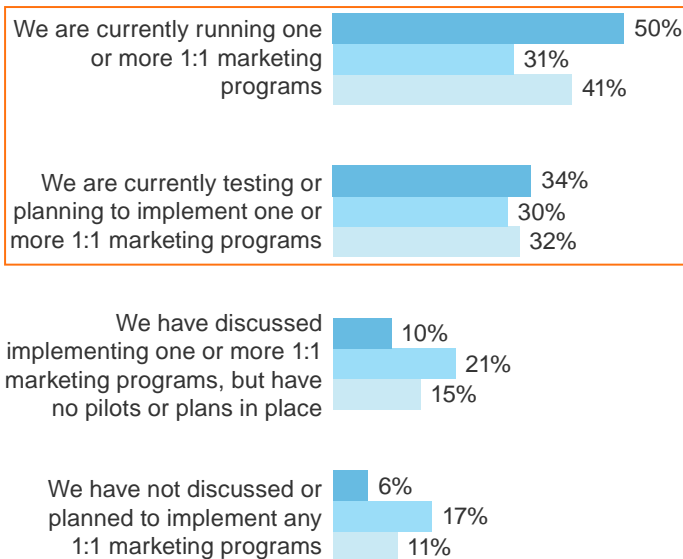
Further, the companies in our study that we identified as high-maturity media buyers are even more likely to have taken steps to evolve their programs. Half of high-maturity media buyers were running one or more 1:1 marketing programs today, and 34% were in the planning or testing stages (see Figure 1).

At the heart of 1:1 media-buying programs lie data management platforms (DMPs). Marketers that can keep their customer data centralized and in-house are the ones that drive today’s most sophisticated 1:1 marketing programs; however, doing so means relying on foundational technologies that enable marketers to access and use first- and third-party data effectively. DMPs are necessary to evaluate and understand audiences based on online and

**FIGURE 1**  
**Nearly Three-Quarters Of Media Buyers Are Testing Or Running 1:1 Media-Buying Programs**

“Which of the following statements best describes your company’s current capabilities around 1:1 media buying programs?”

■ High maturity ■ Low maturity ■ Total

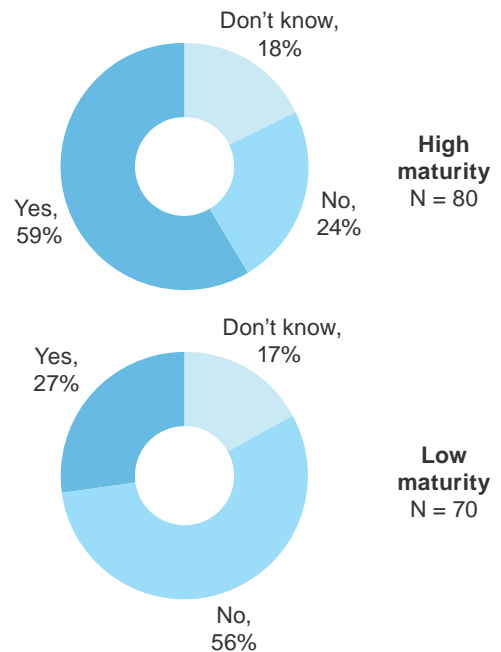


Base: 150 marketers at North American companies buying digital advertising

Source: A commissioned study conducted by Forrester on behalf of Krux, May 2015

**FIGURE 2**  
**High-Maturity Marketers Are 32% More Likely To Have Adopted A DMP**

“Does your company currently use a data management platform (DMP) solution?”



Base: 150 marketers at North American companies buying digital advertising

Source: A commissioned study conducted by Forrester on behalf of Krux, May 2015

offline behaviors, fueling media strategy and real-time media buying.<sup>1</sup>

The higher-maturity marketers in our study were far more likely than their low-maturity colleagues to have adopted a DMP — 59% to 27% — laying the foundation for deeper 1:1 marketing capabilities (See Figure 2).

The data management space continues to rapidly evolve, where cutting-edge capabilities even two years ago have become table stakes today. DMPs have come to better align their operations to meet clients' needs, proliferated the scope of solutions available, and better managed for integration challenges.

Data management solutions tend to fall into one of two camps — either independent and specialized best-of-breed providers or as part of a full-stack marketing platform. Full-stack solutions offer data management capabilities as part of a suite of marketing execution solutions, making managing the technology stack overall a lower burden. Independent solutions, on the other hand, are highlighted by flexible customization to meet client needs, agile innovation, more flexibility regarding the executing systems they interoperate with, and data source flexibility and agnosticism.<sup>2</sup>

Ultimately, there is no one-choice-fits-all approach to selecting a data management solution. Marketers should evaluate their options based on, among other things:

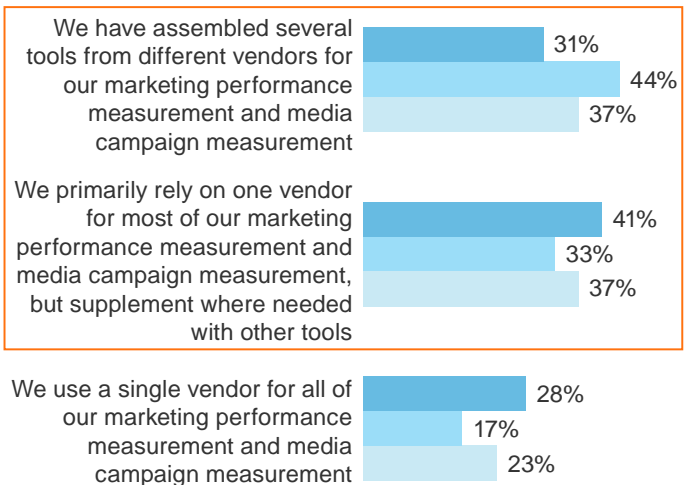
- › **The volume of data sources they are ingesting or plan to ingest.** Marketers shouldn't stop at just ingesting website activity and third-party data. Data is everywhere today, and you need a powerful centralized platform that can ingest any type of data and process — and execute against — that data in real time.
- › **Existing technologies they are looking to integrate with their DMP.** Marketers can't stop at ingesting and processing that data either. Today, DMPs should serve as an intelligent hub for your audience targeting, with a flexible integration model supporting a wide variety of different marketing and advertising execution technologies.
- › **Degree of familiarity, expertise, and staff available for managing the DMP.** Finally, marketers shouldn't expect to implement their DMPs on their own. DMPs are staffed with the data scientists and systems integrators that are hard to find; use them to help make implementation and system activation as seamless, efficient, and effective as possible.

The study uncovered an appetite among marketers to rely on multiple solution providers to ensure that their needs were met. Overall, 72% of high-maturity marketers were inclined to rely on multiple solution providers to deliver on all of their needs, with only 28% opting for a one-stop, full-stack approach. Among the high-maturity marketers in our study, while the most common approach chosen (41%) was to have one central solution for performance and campaign management, they then supplemented with other technologies, such as with an independent data management platform. The second most common scenario (31%) was to cobble together many solutions to provide the best mix of capabilities. Third (28%), these high-maturity marketers tended toward choosing a single vendor to manage all aspects of planning, measuring, and executing their 1:1 marketing campaigns (see Figure 3).

**FIGURE 3**  
Marketers Lean Toward A Supplemental Model Or Best-Of-Breed Approach To Media Buying

“Which of the following statements best describes how the tools you use to plan, measure, and execute your media campaigns are set up?”

■ High maturity ■ Low maturity ■ Total



Base: 150 marketers at North American companies buying digital advertising

Source: A commissioned study conducted by Forrester on behalf of Krux, May 2015

## Secrets To Success In 1:1 Marketing

### IT'S LESS ABOUT VETERAN STATUS

Our study found that high-maturity media buyers aren't necessarily the ones that have been running their 1:1 marketing programs the longest. In fact, we found that these high-maturity firms were 17% less likely than overall marketers to have been running their 1:1 marketing for two years or more. The technologies that underpin effective 1:1 marketing are evolving fast, and, generally speaking, are empowered by technology partners, which can serve to lower barriers to adoption and implementation. Therefore, what differentiates mature media buyers isn't necessarily their level of experience but rather their approach and technology that allows them to thrive.

### IT'S MORE ABOUT SETTING THE RIGHT GOALS AND CULTURE

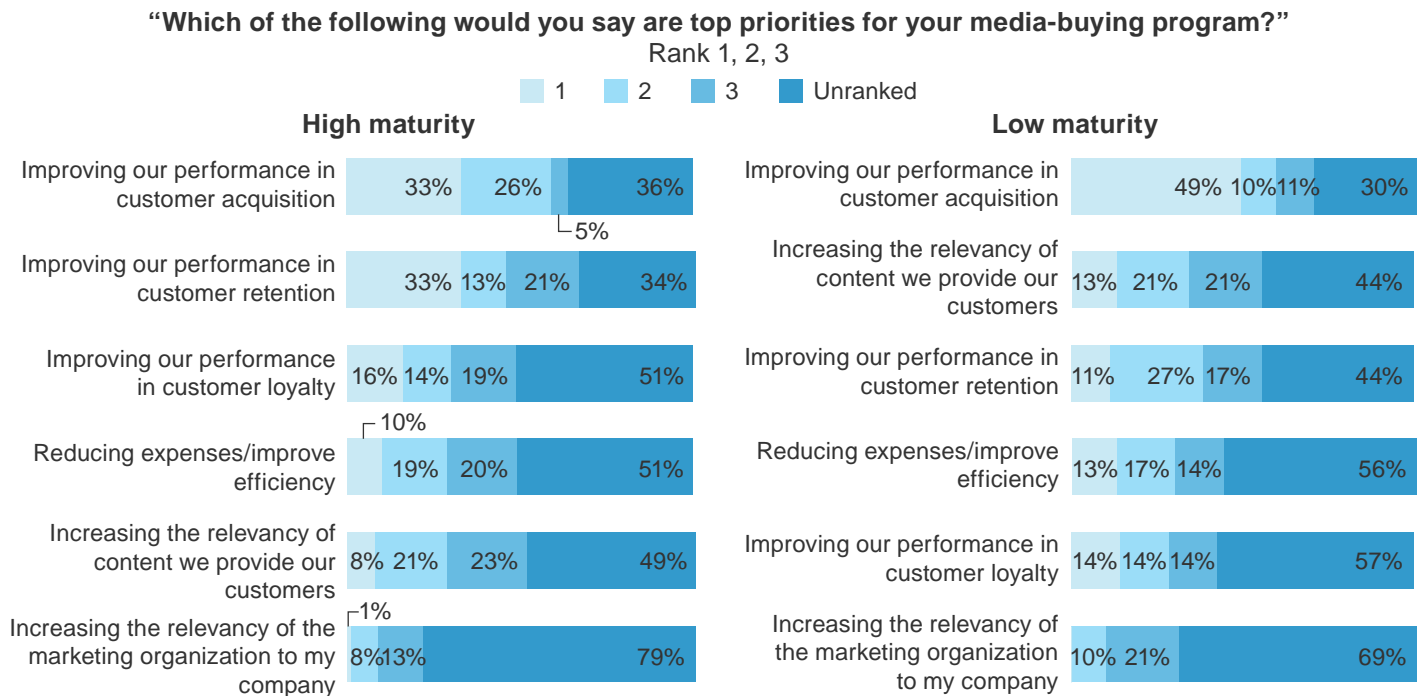
All companies in our study stated their top priority for media

buying was improving their company's performance in customer acquisition. High-maturity firms, however, continue to prioritize bottom-line customer success indicators like improving customer retention and boosting customer loyalty. For lower-maturity firms, customer retention is important, but there is also a greater focus on higher-level success gauges like increasing content relevancy and improving campaign efficiency (see Figure 4).

So high-maturity media buying firms set their priorities in a way that reflects their customer obsession, but they are also given more autonomy to experiment and learn from media campaigns, leveraging their technology and measurement capabilities to constantly improve their media performance.

Finally, high-maturity firms are more likely to reach their goals. For example, 63% of high-maturity media buyers said they were either successful or highly successful at improving customer acquisition, compared with only 26% of lower-maturity firms. High-maturity firms outperformed lower-maturity firms in succeeding at customer retention objectives (55% to 28%) and customer loyalty (59% to 30%) as well. Even in the areas that lower-maturity firms were

**FIGURE 4**  
High-Maturity Firms Favor Customer Relationship Indicators



Base: 150 marketers at North American companies buying digital advertising

Source: A commissioned study conducted by Forrester on behalf of Krux, May 2015

more likely to prioritize, their higher-maturity peers held the advantage. Eighty-one percent of high-maturity firms stated they succeeded at increasing the relevancy of content provided to customers, compared with 41% of lower-maturity media buyers, and they were 27% more likely to have reduced expenses or improved media buying efficiency.

That said, success goes beyond nailing KPIs. One hallmark of the high-maturity firms in our study was that they were given more leeway to experiment and learn from their 1:1 programs, with ongoing optimization as the long-term goal. They were given autonomy not just to test but to effect change in their marketing programs (see Figure 5). Marketers that are looking to ramp quickly into testing and experimentation can consider different providers' teams and

flexibility as selection criteria when choosing a data platform provider.

**SECURE INVESTMENT FOR TECHNOLOGY, STAFF, BY MAKING THE FINANCIAL CASE**

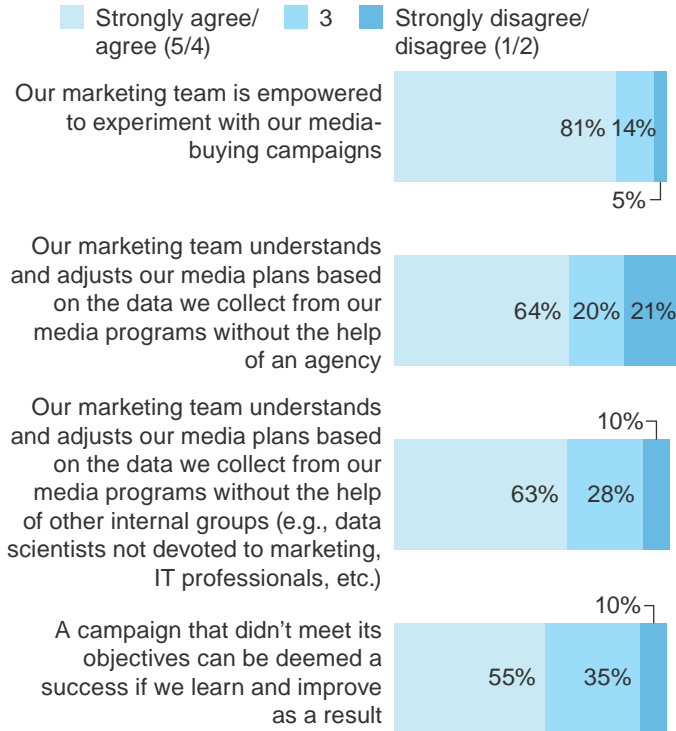
This kind of longer-term thinking requires buy-in from executives and management, which can be a tricky balance to strike. Doing so often comes down to making the financial case to executives and marketing management that these investments are worthwhile. Our study found that 84% of overall companies and 90% of high-maturity firms said that it was crucial to establish the ROI of their marketing tech investments, and 81% of companies who were running a 1:1 marketing program agreed that demonstrating ROI was important or extremely important for securing funding for the technology investments that enabled their programs (see Figure 6).

Successful 1:1 marketing programs are aided by capable, cross-functional teams. The companies in our study have largely been ramping up their media-buying staff as a result. We found that 47% of companies overall, and 59% of high-maturity firms have seven or more staff devoted to media buying currently. We also saw that many companies have been growing their practices over the past two years. Sixty-five percent of companies in our study had grown their teams in the past two years, with mature firms leading the way — 76% of mature media buyers had added staff, with

**FIGURE 5**  
High-Maturity Firms Are Empowered To Test And Learn

“Please indicate how much you agree with each of the following statements.”

Scale from 1 [strongly disagree] to 5 [strongly agree]

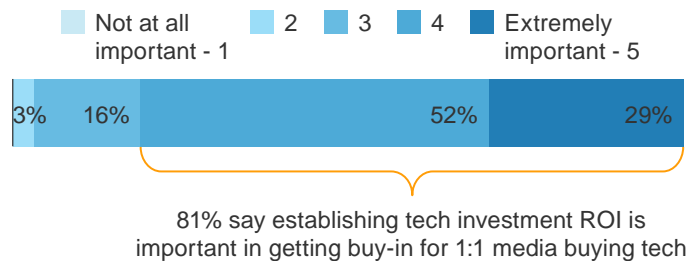


Base: 80 “high maturity” marketers at North American companies buying digital advertising

Source: A commissioned study conducted by Forrester on behalf of Krux, May 2015

**FIGURE 6**  
ROI Is The Key For Securing 1:1 Media Buying Technology Budget

“How important a role does establishing the ROI of your marketing tech investments play in getting buy-in or funding for your 1:1 media buying technologies?”



Base: 31 marketers at North American companies buying digital advertising

Source: A commissioned study conducted by Forrester on behalf of Krux, May 2015

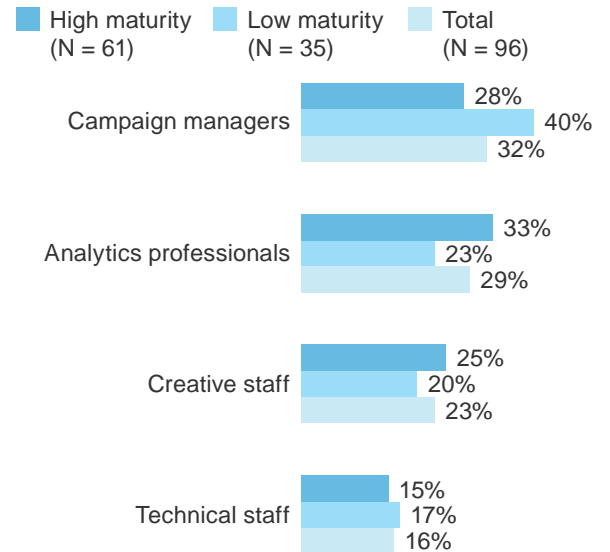
22% adding seven or more.

These teams include analytics professionals, who help digital campaign managers, and creative and technical staff. Among these groups, analytics professionals were most in demand for high-maturity firms (see Figure 7).

Marketers who are looking to get moving on 1:1 programs but feel they may be held back by a lack of internal resources can look to tap into the service capabilities offered by many data management platforms.

**FIGURE 7**  
**Marketing Programs Supported By**  
**Cross-Functional Teams**

**“You stated you had to add staff to run your media-buying program in the past two years; what roles have you had to add?”**



Base: variable marketers at North American companies buying digital advertising

Source: A commissioned study conducted by Forrester on behalf of Krux, May 2015



## Key Recommendations

Forrester's survey of marketers yielded several important observations:

- › **Get ready for 1:1 marketing, with the DMP at its core.** Three-quarters of marketers we spoke to had at least started planning 1:1 marketing, and high-maturity firms are far more likely to adopt a data management platform as a cornerstone technology. It's not impossible for new entrants to catch up quickly — many technology or agency partners will be able to bring high-impact technological and service skills to the table on day one, set the stage for you to learn from the program, and bring on and train staff to manage it.
- › **Determine which platform approach works best for you.** Choose a partner that helps support you in light of the volume of data you want to collect, the other tools you have in place, and the degree of expertise your company brings to the table or plans to in the near future.
- › **Prepare a financial case for management.** This report demonstrated that it's critical to make the dollars case to executives and management to secure funding for technology and program management costs. The more-mature media buyers in our study set goals based on metrics that align to bottom-line revenues, and measure against them. The right provider can be instrumental in helping to shape the business case based on its experience with similar enterprises.
- › **Include testing and learning as part of your media-buying strategy.** Media buying, and especially programs that are designed with deeper, 1:1 customer relationships at their core, offer great opportunities to learn more about your customer behaviors and what kinds of campaigns and creative they'll react to. While financial success is both good and necessary, in many cases to get and maintain investment, don't miss out on the opportunities these capabilities offer to continually enhance your media's performance and customer impact. Again, marketers who favor simplified technology stacks might potentially apply the resources saved to free up budget and staff to focus on testing. Whatever platform strategy you adopt, ensure that the appropriate resources are available to allocate to the resources, human and otherwise, required for continual testing, refinement, and innovation.
- › **Prepare to build cross-functional teams to support 1:1 marketing.** Enable your company to test, learn, and make strategic adjustments to marketing campaigns by building cross-functional teams made up of analytics professionals, campaign managers, and creative and technical staff. Consider the team of your data solution provider to be an extension of your own, and look for providers that can help shape your team and inform the team's development path.

## Appendix A: Methodology

In this study, Forrester conducted an online survey of 150 marketing organizations in the US to evaluate their experiences with media buying and 1:1 marketing specifically. Survey participants included decision-makers in advertising or marketing at their companies. Questions provided to the participants asked about their company's approach to and future plans regarding media buying. Respondents were offered a small incentive as a thank you for time spent on the survey. The study began in April 2015 and was completed in September 2015.

## Appendix B: Maturity Calculator

**FIGURE 8**  
**Maturity Calculator**

### Culture

Our firm considers digital media a valuable marketing tool.	
We are encouraged to test new digital media buying technologies.	
We prioritize overall marketing success rather than the use of individual media channels.	
<b>Subtotal</b>	

### Organization

We are channel-agnostic, are not organized by media channels, and are aligned by customer segments.	
We have cross-functional teams that collaborate to improve our company's digital media practice.	
We integrate technology that unifies agency and partner relationships across the organization.	
<b>Subtotal</b>	

### Planning and execution

Planning and optimization are one process and happen in near-real time.	
We have algorithmic models in place, monitored by expert campaign managers, to create automated optimization across channels.	
We have processes in place (e.g., governance and compliance) to interact and respond to customers in social media.	
<b>Subtotal</b>	

### Customer data management

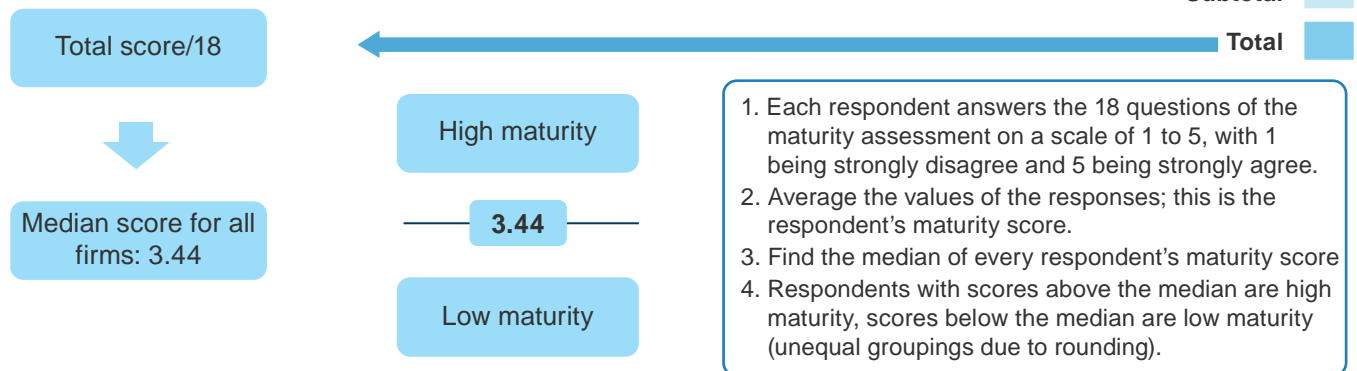
We have a unified data platform that integrates internal and external data sources.	
We collect data on our customers wherever we can, as long as we follow our privacy and data protection governance.	
We use third-party data with full transparency and second-party data segments from publisher partners.	
<b>Subtotal</b>	

### Measurement

We are able to tie offline and online revenue to individuals that make up audience personas.	
We are able to track individuals across multiple touchpoints and tie online and offline activity as well as media from multiple channels to that individual.	
We tie ROI to individuals across channels and make optimization decision in near-real time.	
<b>Subtotal</b>	

### Technology

We use several media buying technologies across all channels, which feed into a unified data platform.	
We use a unified data management platform that unites various internal and external data sources for insights, targeting, and measurement.	
We tie offline and online revenue to multitouch attribution technology within a unified platform. Brand metrics are secondary, but they are used in parallel.	
<b>Subtotal</b>	



Source: A commissioned study conducted by Forrester on behalf of Krux, May 2015

## Appendix C: Endnotes

<sup>1</sup> “Select Partners That Support Your Goals,” Forrester Research, Inc., November 21, 2014

<sup>2</sup> “The Forrester Wave™: Data Management Platforms Q4 2015,” Forrester Research, Inc., November 10, 2015