



A Marketer's Guide to

People Data Activation



Executive Summary

In a market rife with headlines about big data and analytics, marketers now have a new class of tools through which to turn data into action—the Data Management Platform. This Krux data activation guide describes an evolutionary approach we believe marketers should follow in order to quickly and confidently capture returns on their data and technology investments. This report:

- ▶ Frames the breadth of data sources available to marketers today
- ▶ Describes the evolution of marketing strategy to quickly capture value from a DMP
- ▶ Highlights the returns that can flow to marketers that take this approach.

As Gartner Research Director Martin Kihn recently **wrote**, “The mighty data management platform – the DMP – is the soul of modern marketing.” Read further to learn how leaders are leveraging their data platform investments to drive higher returns on media spending, save millions of dollars, and increase customer engagement.

Market Context

All types of marketers recognize the opportunities that accompany the flood of available market and consumer data. Unfortunately, some struggle just to keep their heads above water. That struggle is understandable given the enormity of data now available as well as the pace of growth.

Numerous facts in the trade press help frame the scope and rapid growth of the marketers’ challenge. CSC projects that data production in 2020 will be forty-four times what it was in 2009. IDC forecasts that by 2020, 35 zettabytes of data will be created annually (1 zettabyte = 1,000 terabytes). IBM reports that ninety percent of all the world’s data has been created in the past two years. Marketers’ belief that their challenge is rapidly growing is well-founded.

Yet in some ways, making sense (and use) of customer data has long been a riddle for marketers to solve. Customer loyalty data has been around for decades. While much has changed in the race to accumulate loyalty points since the days of S&H Green Stamps, brand objectives remain largely unchanged:

- ▶ facilitate new customer acquisition
- ▶ increase spending of existing customers
- ▶ decrease churn of existing customers
- ▶ shift spending to higher margin products.

Beyond loyalty data, marketers can now look at an ever-deeper reservoir of customer data to target their marketing efforts. Venture Beat cites more than twenty elements that some marketers use for personalization, from email addresses to psychographics, and yet Venture Beat claims that 80% of marketers don't know their customers beyond their purchase history.

Marketers long-ago captured two elements of value from their digital presence. First, they captured value from their websites as touchpoints through which to drive brand messaging and engagement with existing and prospective customers. For many marketers, their web presence delivers a second aspect of value: as it serves as a significant distribution channel. More recently marketers began to capture a data-rich third element of value: understanding the depth, breadth and nature of how customers and prospects interact with websites and mobile apps.

Beyond their direct relationships with customers, marketers can also turn to second and third parties for still more data to round out their knowledge, including demographics, life stage and affinities. Second party data relationships are increasingly important, as many data owners (e.g., media publishers) develop private data exchange relationships. Third party sources are well known and available to (nearly) all players in the market. From Acxiom to Experian, from Dunn + Bradstreet to 84 51°, (formerly dunnhumby), and from numerous digital publishers, there are seemingly ever more purveyors of third party consumer data.

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Logic suggests that the more data, the more knowledge, the more insight, and the better one should be able to market and find new buyers and brand advocates. However, marketer data (be it digital, loyalty, second or third-party) far too-often remains in silos. Further, marketers struggle to understand their customers' digital journeys across devices.

Marketers increasingly rely upon a new class of tool - the data management platform (DMP) – to make the most of these burgeoning data assets. Paraphrasing Gartner, we see three primary functions of a DMP:

- ▶ organize disparate data sources at the individual level
- ▶ find desired consumer segments (e.g., sports enthusiasts who drive minivans)
- ▶ orchestrate ad campaigns across channels and devices to ensure delivery of the right message at the right time to the right person.

For marketers, this means marketing strategy, messaging and spending are better aligned with the brand's core values and ultimately, greater marketing ROI.

But how to best reach that end state?

Developing a Path Forward

Before exploring how marketing strategies should change to capitalize on the power of a DMP, it is important to recognize that deployment of a DMP does not mean marketers should throw out everything they know, nor should marketers ignore time-tested approaches to connecting with consumers. Instead, effective use of a DMP enriches and enhances time-tested marketing approaches.

More specifically, Krux marketer clients who capture the highest value from our DMP have updated their approach to five familiar elements of marketing strategy:

- ▶ Identify and understand their target customers
- ▶ Find the target audience and define the media plan
- ▶ Align messaging and content strategy
- ▶ Reach the target audience efficiently and effectively
- ▶ Optimize the path to purchase.

To enable our clients capture greater value from their DMP investment, Krux helps them update marketing strategy to leverage the data and analytics resident in the platform. This section describes the specific actions leaders take in order to succeed.



Identify

Simply put, a DMP helps marketers **better identify their target customers**. In this regard, the true power of the DMP can be best understood through the union and subsequent intersections of formerly disparate first, second and third party data sets. First party data can range from transaction history, loyalty card data, CRM records, website and/or mobile app engagement data and even digital media exposures. Second party data includes publisher data secured through a private data network (e.g., publishing partner) or through data purchase agreements between marketers and/or between marketers, publishers and retailers. Third party data includes but is not limited to offline purchase data from sources such as 84 51°, Nielsen, and IRI well as demographic and lifestyle data as might come from Acxiom and Milward-Brown.

Once some (or even many) of these data source are united, marketers have a more complete view of their customers (both known and previously unknown). In turn, this broadened perspective enables marketers to discover formerly hidden intersections where their message resonates and their campaigns perform far better than anywhere else. As an example, marketers may learn that targeting sports enthusiasts is less effective than targeting minivan-driving sports enthusiasts who subscribe to a business news publication. And thus, across their well-known customer base, a new segment (or customer target) is born.

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Find and Define

Once their target audience segment is identified, marketers then capture value from their DMP as they work on the next aspect of marketing strategy; **find the target audience and define the media plan**. Again, savvy marketers use their DMP to run a better play. They understand that both breadth and specificity live in the discovery tools resident in their platform. Further, they make use of second party relationships to discover exclusive audience insights and subsequently enable target audience segment refinement. They use the DMP to refine customer engagement plans, to include focus on reaching customers across the right media and devices. By doing so, they ultimately increase the efficiency of their media spend.

Almost all marketers create and track customer segments. Leaders also create test segments – where the goal may be to glean insight beyond traditional campaign metrics such as relative campaign performance across segments. They view a given segment (or several segments) as a control group. Picking up the example from above, this can mean targeting minivan-driving sports enthusiasts who subscribe to a digital daily business publication in the initial media plan, but not those who subscribe to a weekly print business publication. Performance of the initial ‘daily’ target segment can be used to inform whether those who subscribe to weeklies should be targeted in a second wave and what performance expectations should be. Marketers also rely upon their DMP for insights that further refine their media plan – for example, differentiating between subscribers of *Bloomberg Businessweek*, *The Economist* and those who subscribe to both.

Comparison of campaign performance across the sub-segments like those listed above in turn helps with further refinement of targets, sharper allocation of ad spend dollars and ongoing adjustments to the media plan. Krux's experience with marketers has shown that well-crafted audience targeting yields significant lift across multiple objectives.

Align

The third element of data-infused strategy is to **use the DMP to align messaging and content strategy**. A DMP can serve as the bridge between a marketer's content management system and ad server. In this case, the bridge means that featured website content differs based upon prior media exposure and consumer actions. For example, if the minivan-driving sports enthusiast was included in a golf campaign, a retailer's website might feature golf shoes rather than sports team fan gear. If the retailer also knew (based on transaction history or loyalty data) that the consumer had purchased golf shoes in the spring, then content on the website could feature golf shirts or sweaters.

“Through rigorous data analysis, marketers learn the optimal frequency range for a given campaign.”

Variability in creative remains a critical driver of campaign performance. Marketers are learning to test and tailor messages and creative to different audience segments in order to improve campaign effectiveness and increase marketing ROI. Further, marketers are now able to test the efficacy of different messages across devices (e.g., desktop vs. mobile) and communication vehicles (e.g., display ads vs. email vs. video). A DMP can inform design by testing and measuring performance of media across fine-grained audience segments. With the power of data, the alignment of message, content and channel will only get better and more effective over time.

Reach

A DMP helps marketers **reach target audiences more efficiently and effectively**. In this regard, marketers use the DMP to guide global delivery management. Through rigorous data analysis, marketers learn the optimal frequency range for a given campaign. Then, they configure the DMP to actively monitor each individual's media exposure and ensure that digital ad delivery does not exceed the upper bound of the range and, ideally, falls within the range. The DMP also helps marketers understand the audience they should not target – either because they're already fanatically loyal customers or because they've proven themselves to be wholly disinterested in the message and offering. For the first time, marketers can overcome Wanamaker's challenge. They can know which 50% of their spend is wasted. Both reducing campaign over-exposure and better targeting a receptive audience enables marketers to reallocate their spending to areas where it will have greater impact – or to simply bank campaign dollars for the future. The reallocated spending can be used to drive more impressions to audience segments that have been under delivered or to drive greater reach into target audiences.

Marketers also use their DMP to better optimize campaigns across channels and platforms. With a more complete view of the consumer, including a better understanding of offline and/or formerly untracked behaviors, marketers can now incorporate more conversion events in their campaign performance analyses.

For the minivan-driving sports enthusiast, effective use of the DMP can mean fewer repeat exposures to the golf gear campaign or perhaps ad delivered across new placements, perhaps even at a lower cost.

Optimize

The fifth and final aspect of marketing strategy that benefits from a DMP is to **optimize the cross-channel path to purchase**. In a typical campaign, a consumer will see ads served by multiple, disparate ad servers across multiple locations and possibly across multiple devices. Attentive marketers make use of their well-orchestrated DMP to shed light on all (or nearly all) of the consumer's digital engagement and prior campaign exposure and deliver guidance to ad servers as to which message to deliver next. This holds true in the well-known (well-cooked) browser-based world as well as across devices – including cookie-less environments such as mobile and even linear.

Developing and testing cross channel paths by audience segment helps inform cross-channel media strategies and should help shape media spending. DMP-informed ad sequencing delivers targeted messaging across devices (e.g., equity / brand messaging on a desktop during the week, and Call To Action messaging on a Mobile Device on the weekend or at point of purchase).

In sum, we view the keys to successful DMP deployment not as a wholesale change in marketing strategy but rather a series of step-wise adjustments.

Reaping the Rewards

The evidence in support of this evolutionary approach across Krux clients is strong and growing. This section highlights some of the rewards our clients have already captured through DMP-enhanced marketing.

Identify and understand target audiences

Krux works with a direct-to-consumer marketer client who leverage their DMP to both identify potential new customers in their most-desired market segment. Thorough DMP-driven analysis of the client's existing customer base serves as the starting point for target audience identification. The client unifies data from numerous sources (both internal CRM and POS data as well as external market data) to drive a deeper understanding of the target market. In turn, the client uses the results of their analysis to create lookalike pools of potential new customers to target. This DMP-enabled audience identification has enabled the client to reduce its average cost per new customer acquired by 30%.





Find the target audience and define the media plan:

A major premium TV network first uses the DMP-powered approach described above to identify publishers that have the best fit with their key audience segments. Our client subsequently analyzes unique, non-overlapping reach by publisher for those same key audience segments as they develop media plans. Over time, the client found DMP-infused campaigns perform at least as well as traditional campaigns while boasting a nearly 20% reduction in effective cost per thousand (eCPM) than campaigns not driven by the Krux platform.

Use DMP to align messaging & content strategy:

A major European auto manufacturer leverages the Krux platform to customize the content on its website based on segment and audience insights and recommendations from the Krux DMP. This means the featured models, colors and configuration options site visitors see are informed by the DMP. This evolutionary content strategy has delivered a 36% improvement in engagement and a 14% increase in dealership inquiries.



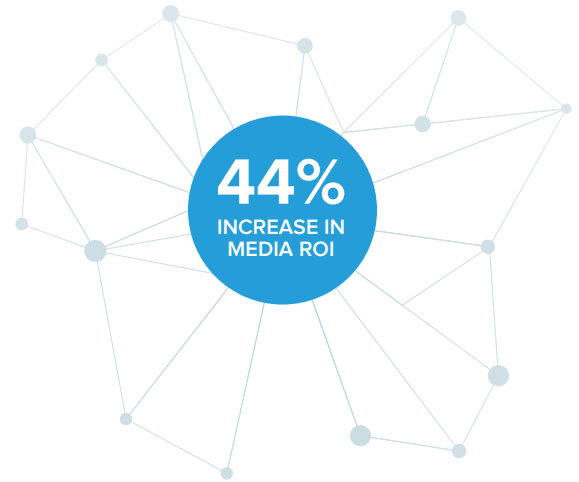
Reach target audiences efficiently and effectively:

Another Krux client uses the DMP to ensure that a specific consumer sees a certain campaign a specific number of times each month. This means managing the delivery frequency of the campaign across all publishers on their media plan leveraging Krux's ability to connect users across devices and publishers. Frequency adjustments are net of viewability – meaning that messages not scored as viewable are excluded from frequency counts. Global delivery management has resulted in the reduction of long-tail impressions, so

consumers who had previously over-exposed to a campaign (i.e., high frequency consumers) no longer see a given campaign more than the upper bound set by our client. This universal frequency cap both avoids creative fatigue on the part of the consumer and enables our client to save (re-allocate) more than \$20 million in media spending annually.

Optimize the path to purchase:

Thanks to their DMP deployment, one Krux client now has a complete view of their consumers, including secondary (off-site) purchase data. From the time a customer conducts an initial on-site search, throughout the purchase process, all the way to follow-up purchase of related items, our client builds a deeper understanding of customer behavior and needs. Data is collected online, via their apps, even through third-party sources. The combination of first, second, and third party data helps the client tailor marketing to the customer's journey and enabled them to increase the overall return on investment for their media spend by 44%.



Each case example above clearly demonstrates the significant, real, and rapid returns Krux marketer clients reap through evolutionary integration of the DMP into their business.

Conclusion

To drive the significant, real and rapid returns from a DMP deployment, Krux recommends marketer clients initially pursue an evolutionary integration of the DMP into time-tested strategies. The first five areas of focus should be:

- ▶ Identify and understand their target customers
- ▶ Find the target audience and define the media plan
- ▶ Align messaging and content strategy
- ▶ Reach the target audience efficiently and effectively
- ▶ Optimize the path to purchase.

Marketers should feel confident that even greater rewards can be captured through more advanced DMP uses in application, however, our guidance is that clients should only pursue more advanced uses once they are collecting returns from *getting the basics right*.