



A Publisher's Guide to

# People Data Activation



# Executive Summary

Daily trade press headlines, countless conferences and a steady stream of marketing materials all tout the pay-off to publishers who effectively manage and monetize their data and marry traditional contextual ad product models with new audience-based sales techniques. All too often, these sources are long on vision and short on specific actions publishers should take to capture the prize.

As Gartner Research Director Martin Kihn recently wrote, “The mighty data management platform – the DMP – is the soul of modern marketing.” The DMP is proving to be invaluable for buyer and seller alike in transforming consumer engagement strategies. This Krux data activation guide explores the path that publishers can follow in making the most of their data platform investments. The report outlines:

- ▶ An approach to assessing an organization's data monetization capability maturity along four dimensions; people, process, tools and data
- ▶ Three stages of capability development and the rewards publishers realize as they march down the path
- ▶ A guide to getting started for publishers who plan to improve their data monetization capabilities.

Publishers that followed the path to data management and monetization excellence have seen returns of 1000% - a 10x ROI - or more from their efforts.

## Market Context

All publishers understand that their digital content and audiences generate incredible amounts of data each day. AOL collects more than 4 terabytes of data daily. Facebook users share 2.5 million pieces of content per minute. IDC predicts that 44 zettabytes of data will be generated annually by 2020 (1 zettabyte = 1,000 terabytes), 10% of which will come from the so-called Internet of things. More than 5 billion people text, tweet and/or browse on their mobile phones daily.

As content is delivered and consumed digitally, it is now possible for publishers to know more about the audiences they serve. With all of the data that is streaming out of these consumer interactions, new opportunities emerge for publishers to deliver more personal, more valuable consumer interactions and thus more effectively monetize their content and audience assets.

Unsurprisingly, as digital audiences grow so too does digital ad spending. eMarketer forecast 2015 digital ad spending to net out at \$60 billion, with the global digital market reaching \$170 billion. eMarketer further framed the importance of digital by highlighting that in 2015, digital ad sales would represent 29.9% of total ad spend overall, up from 25% in 2013. Bottom line: the category is large and growing.

Logic suggests that the intersection of big data and growth in digital advertising should result in more effective monetization of digital audiences. Industry studies bear this out. The Digital Advertising Alliance (DAA) studied average CPMs on exchange-traded inventory and found a 3x to 7x price premium for ad impressions served to known audience members relative to undifferentiated, dark impressions. Our own experience at Krux bears this out. Our clients typically report more than a four-fold increase in CPMs for those impressions infused with data, and some clients far exceed this benchmark. We've seen countless other examples of the data premium – including some in excess of the 7x high end of the DAA range.

But the news is not all good as growth in mobile traffic poses a significant threat to the monetization story. As content consumption on mobile devices (phones + tablets) grows, many publishers struggle to drive meaningful revenue from that mode of content delivery. A leading premium news publisher reports that roughly half of all visits to their digital properties come from mobile devices, yet only 15% of revenue stems from mobile traffic. Similarly, more than half of all visits to a leading financial news publisher come from mobile devices, but that traffic drives less than 20% of their revenue. With those two leaders posting such modest results, one can imagine the mobile monetization challenges confronting the broader market.

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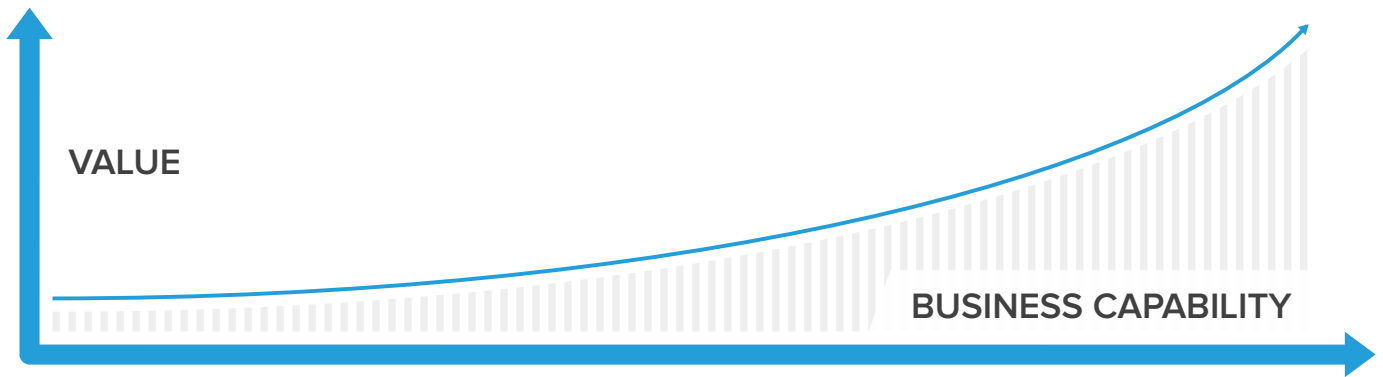
Beyond external market forces, we also see publishers seemingly vexed by internal challenges in the realm of data ownership and responsible data governance – both of which are necessary preconditions to effective monetization. In some cases, data is owned by ad operations teams that lack the resources, charter and/or the action orientation required to affect change in their organization. Other organizations have data roll-up to the product team – because data is the product. In a few cases, data ownership resides in sales or with the CRO – because it is their responsibility to monetize it. Still others bring a risk management mindset to the data opportunity and severely limit not only what, how and how much data is collected, but more importantly how that data benefits the bottom line. Finally, in many more cases, data ownership is unclear or even ‘claimed’ by several parts of the organization. In many cases when multiple groups feel they own data, no one owns it, and monetization lags industry benchmarks.

In short, both the audience and the ads are now digital. The rewards for getting it right are material. There are threatening (mobile) clouds on the horizon. And many organizations struggle to capitalize on the opportunity as it exists today and to prepare for a mobile-first future.



# Developing A Path Forward

As described above, the stakes are clearly high in terms of relationships and revenue. Opportunities for success may seem elusive while the risks of failure appear myriad. In this rapidly shifting landscape, there is a path publishers can walk as they move from data confusion to effective data management and monetization. When viewed through the lens of people, process, tools and data, three stages of capability development emerge.



Dimension	STAGE 1	STAGE 2	STAGE 3
People	Ad hoc responsibility for data analysis with inconsistent skill levels	Formalized roles and responsibilities (i.e. data monetization lead)	Clear coordination across groups or centralized center of excellence
Process	Relevant, documented processes (people work inside processes, rather than outside)	Streamlined processes focused on decisions, coordinated activity across enterprise	Fact based decision making Calendar and metric driven process. initialization triggers.
Tools	Scalable people data collection tools in place	Tools enable practitioners to directly access, analyze, and take action on data	Handle data across device types. Automated triggers and threshold driven alerts prompt action
Data	People data housed in multiple data silos	On-property, off-property, online and offline data collected and synthesized	Data powers standalone revenue streams



## People

The right team is built upon a solid foundation of business judgment and understanding of how data powers the operation. Leaders blend number-crunching horsepower and story-telling skills. Beyond skills, the right team must have executive support and undisputed ownership of the domain. We have seen four alternative models (shared services, distributed, research-led, and ad ops-led) implemented successfully across publishers. Regardless of organization model, teams must have a shared understanding of where responsibilities and accountabilities start and stop. Finally, the team should also be guided by a clearly-articulated, documented and broadly shared set of principles that guide data monetization decisions.



## Process

The right team also needs a coordinated, well-documented plan of attack (a.k.a. management process and work flow). Those documented processes are streamlined, coordinated across groups and followed. Further, processes are designed to facilitate decision-making rather than trigger rounds of follow-on discussion and debate. Of particular importance, leaders' new product design processes include checks for both direct and programmatic market fit. Across all processes, the team rigorously tracks performance on both a calendar-driven and metrics-driven basis. In short, the team knows what it wants to do, is organized to do it, intentionally seeks market validation and relentlessly measures how well it's doing.



## Tools

Successful teams have stable infrastructure and tools in place to facilitate their quest for data monetization. Their toolkit enables them to focus on analysis and more importantly insight rather than get sidetracked on data spelunking expeditions. Krux experience shows that leaders first master the basics before addressing more advanced (or simple yet specific and esoteric) use cases. Although developing a segment of left-handed bowlers from Wisconsin is possible right away, better returns flow to those who quickly establish and focus on the 'first fifty' saleable, scalable segments that sales teams and programmatic operations can bring to the market. Leaders deploy tools that scale effectively, feature a flexible data architecture that enables discovery and seamlessly integrate signals from and to mobile devices in order to power new monetization opportunities. Importantly, leaders deploy tools to own their mobile destiny, rather than meekly cede it third parties.

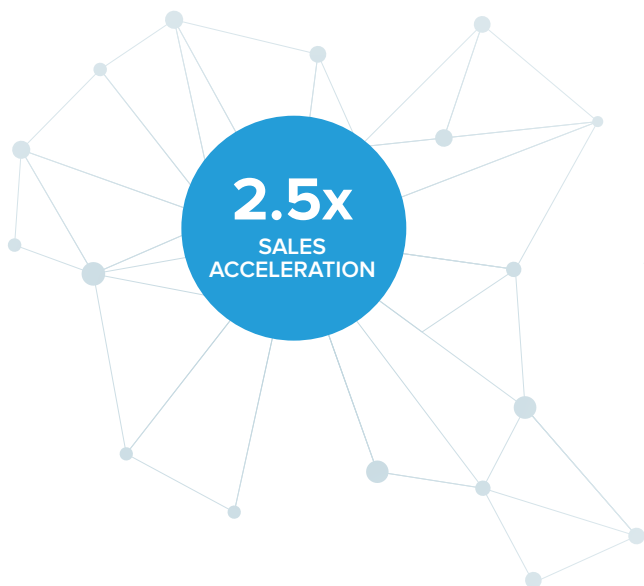


## Data

At first glance, that data is the bedrock on which a successful operation is built appears self-evident. Publishers' obligation to respect the privacy rights of their audience should be equally obvious. Yet many organizations struggle to collect, integrate, normalize and securely store all of their own relevant first party data. Success starts with these four focal points. Next-level performers also seamlessly incorporate data from second- and third-party sources in their decision-making and operations. This includes identification of high-value segments in the programmatic market, mapping those segments to the advertisers for whom those segments perform best and executing focused sales efforts to drive monetization. Stage three publishers also pursue stand-alone revenue streams powered by their data, by developing their own private data exchange relationships or through participation in peer-to-peer data connection platforms like Krux Link.

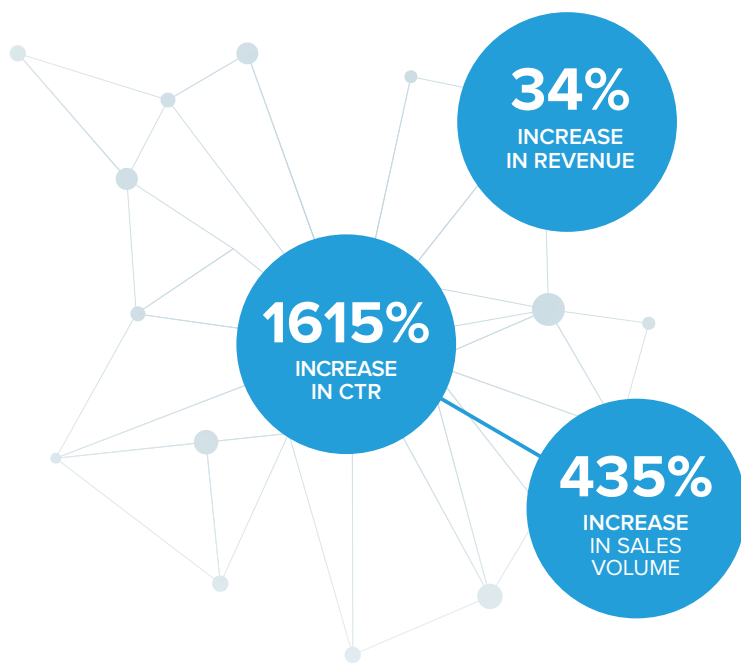
# Reaping the Rewards

The pay-off for publishers who walk the path is real.



*One leading publisher created a data management center of excellence to serve their numerous, disparate brands. By centralizing then delivering insight as a service to their publications, the publisher has been able to accelerate the growth of audience selling 2.5 times faster than comparable sales activity.*

*Effective use of sophisticated tools delivers meaningful results. One publisher attributes a 34% increase in revenue to audience-based selling to the deployment of a unified data platform. Another publisher purposefully walking the data monetization path has seen a 1,615% increase in ad click-through rates and a 435% increase in ad inventory monetization.*





*Still another publisher that moved from stage one to stage three now delivers double the targeted impressions than industry average and captures nearly three times the industry average CPMs.*

As one would expect, capturing returns like those cited above requires an intentional, step-wise approach. In our experience, publishers typically capture roughly 1/3 of possible returns as they move from Stage One to Stage Two and 2/3 of possible returns as they move from Stage Two to Stage Three.

## Conclusion

To drive revenue growth through data monetization, and to effectively adapt product and sales strategies to meet the growing demands of a data-driven media market, publishers must develop an intentional, comprehensive approach, buttressed by the right tools and led by appropriately skilled and organized staff. To succeed, Krux recommends that publishers:

- ▶ Foster development of a learning organization. Regularly benchmark progress and set specific, measurable, time-bounded goals for capability development.
- ▶ Follow clear, well-documented processes and policies to proactively manage data. Develop and use both calendar- and metric-driven triggers to assess progress and drive action.
- ▶ Develop, broadly syndicate and reward achievement of revenue milestones anchored in data monetization. Done right, growth in audience-driven revenue quickly becomes an engine that drives the business.

Effective data monetization requires discipline, desire and executive support. When these enablers mix with a structured approach, publishers capture meaningful returns.

# Getting Started

To get started, publishers must first assess the data monetization practices, set stepwise objectives, deploy appropriate resources, monitor results and adjust as market factors dictate.

Krux recommends publishers use the capability maturity model above to assess the current state of their data management and monetization operation. Each stage description can also be used as both a goal-setting tool and a yardstick by which to measure progress towards effective data monetization. Moreover, in the initial stages of roll-out, focus should be on the salable and the scalable, with a bias towards quick wins that can demonstrate potential and build momentum across the broader organization.

## **Start with Quick Wins**

With an initial benchmarking complete and time-bounded capability development goals in place, the journey to data monetization excellence begins. The initial assessment will likely reveal several quick wins (e.g., an updated audience taxonomy) that can build momentum toward end goals. Identifying those quick wins, reaching and celebrating them helps build momentum and cements organizational buy-in to the journey.

## **Establish Clear Leadership**

Initial efforts to up-level data monetization must be led by an executive who has the ability to align interests of stakeholders sales, product management, and ad operations. The leader could come from any of these groups. Krux experience shows that locating the data team inside the sales organization can lead to faster adoption of audience-based selling – and requires sales leadership that both blends story-telling with quantitative analysis and has incentives based on audience-based revenue growth.

## **Define Clear Metrics**

At the outset of the initiative, establish clear metrics by which success will be measure. Be sure to look at high-level goals, more granular metrics and market yardsticks. Examples include eCPM, audience sales as a percent of revenue, absolute audience sale dollars and audience sell-through by channel (and even across sales personnel). Further, metrics such as these should be linked to compensation plans.

## **Stay Focused**

To get started quickly, a publisher may use a SWAT team approach. Enduring leadership of the data monetization function should be put in place not more than three months from project initiation. The monetization lead must have access to capable analysts and a clear channel to (and the support of) the sales team. The monetization lead, together with the analysts, owns development and tracking of standard progress reports for senior management. This core group will also own ongoing goal-setting as well as updates to process documentation.

Although it is new terrain for some, the journey to excellence in data management and monetization is not entirely novel. Success requires a disciplined approach that leaders bring to most business problems – diagnosis, goal-setting, resource allocation, and effective leadership to drive real and durable change.

# Notes on Privacy

Data governance is a vital part of any publisher's data-driven strategy. The rights and desires of the consumer (both legislated and expressed) may seem to run in conflict with monetization opportunities. However, we believe effective data governance creates monetization opportunities. **To strike the right balance, we recommend publisher build a three-layer approach to data governance:**

▶ **Base layer (dictated)**

- Legislation: Publishers act in accordance with all applicable laws
- Consumer Intent: Publishers act in accordance with directions from consumers (e.g., do not track)

▶ **Mid layer (determined)**

- Security: All consumer data is stored in accordance with appropriate standards
- Policy: Publishers act as described in terms of use/EULAs
- Clarity: Consumers understand the additional value they receive as well as limits of data collection
- Values: Publishers act in accordance with the firm's stated values

▶ **Top layer (evaluated)**

- Business Case: Data actions will generate positive ROI
- Time Horizon/Duration: Data actions have a set duration after which point steps must be reviewed before renewal
- Reputation: Explicit, detailed publication of data-related activities would do no harm to consumer confidence in the publisher's brand

