



A GUIDE TO

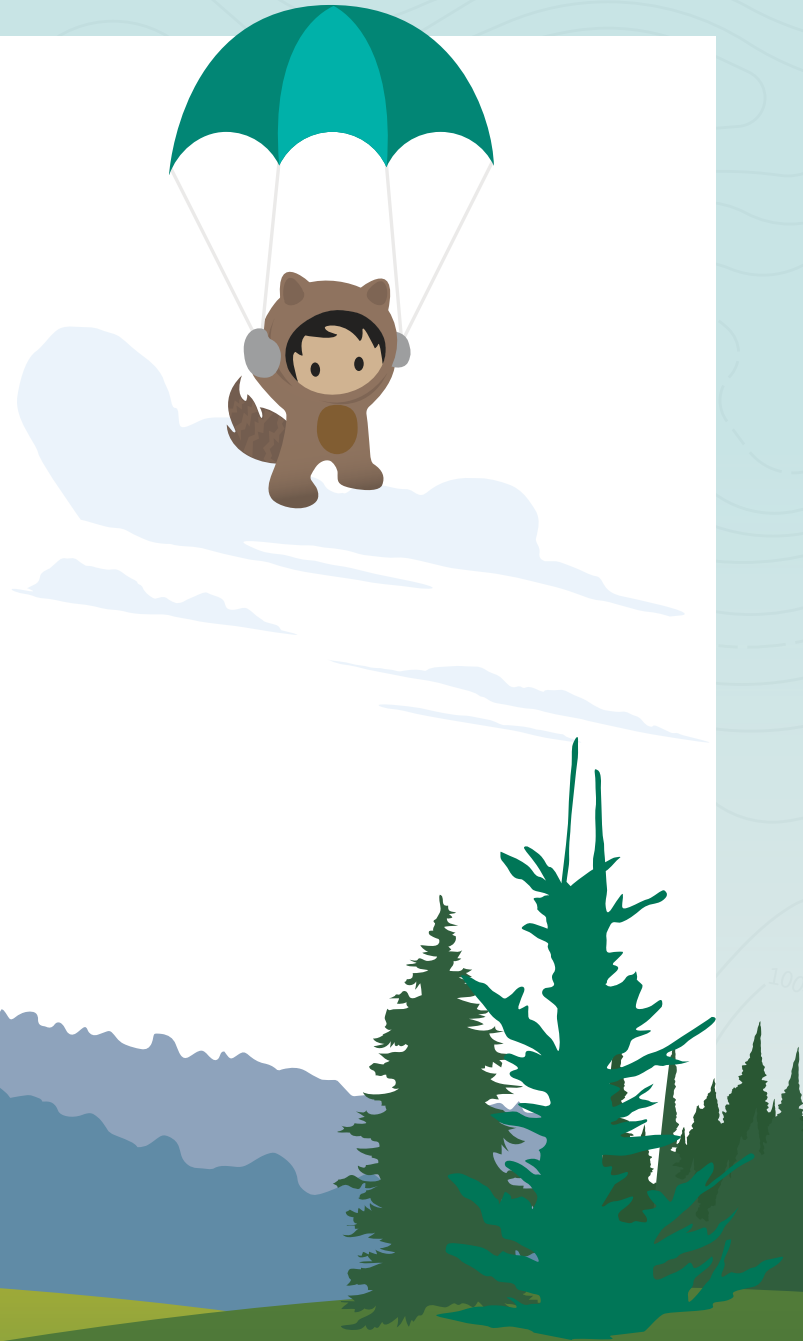
SECOND-PARTY DATA



Introduction

While data has been critical to informing marketing efforts for decades, high-quality granular data has never been more important to marketers. Gaining access to actionable targeting data is now mission critical for all major digital marketing initiatives. Without it, marketers may jeopardize the results of their digital, mobile, and even offline campaigns.

Data helps marketers understand whom their customers are and how they make purchasing decisions. It also provides a roadmap for finding new customers so you can grow your brand.



So where do most marketers currently get their data?

On a broad level, there are three types of data:

1

First-Party

Online and offline data that's generated, collected, and 100% owned by a publisher or marketer.

Unmodeled
Fully Transparent
Highly Accurate
Small-Scale

2

Second-Party

First-party data collected and owned by another entity, and available for sale via a second-party data market. May be sold and executed separately or in conjunction with the publisher's media.

Unmodeled
Fully Transparent
Highly Accurate
Medium- to Large-Scale

3

Third-Party

Data owned and sold by data companies. Typically, this data is based on demographics ("women, aged 25-54"), intent ("in the market for new car"), psychographics ("cooking enthusiast"), and so on.

Typically (but not always) Modeled
Broadly Accurate
Largest Possible Scale

Spectrum of Data Choices Facing Today's Marketers

*First-Party
Highest Quality
Smallest Scale*

*Second-Party
High-Quality
Medium-Scale*

*Third-Party
Uncertain Quality
Largest Scale*



In this paper, we'll explore the value and role of second-party data to marketers, publishers, and other owners of first-party data. We will also explain how it can be securely shared in ways that are mutually beneficial to both sellers and buyers.



Why is second-party data valuable?

FOR MARKETERS

Marketers benefit from two distinct use cases of second-party data: targeting media, and gaining analytics and insights.

TARGETING MEDIA

Nearly every marketer today is investing in data assets, and for obvious reasons: If you want to sell cars, it makes sense to buy a data set of consumer auto intenders from a third-party data provider, and to focus ad spend on those users. But that approach has revealed a troubling reality: There are many more consumers identified by third-party data providers as “auto intenders” than there are auto sales in the U.S., year after year.

This disparity underscores a disconnect between the third-party data market and the auto consumer marketplace, and it opens the door to all manner of questions about the overall quality of this data.

The problem with third-party data is its limited transparency. How do third-party data providers classify a consumer as an auto intender? Do they purchase visitor behavior from other sources? Are their segments populated with third-party data they can't test? Which user behaviors lead to such classification? And how often do they refresh those data sets?

Marketers have no way of answering any of those questions; they simply have to trust the third-party data providers.



What if that data owner could create an audience segment that met the exact criteria of a marketer's campaign?

In place of that trust, imagine buying data directly from the original data collector: a source that can provide complete transparency into how and when that data was collected, and that can state definitively the specific reasons or behaviors taken to classify users into an audience segment. What if that data owner could create an audience segment that met the exact criteria of a marketer's campaign?

This is the promise of second-party data for marketers. You know what you're getting.



ANALYTICS AND INSIGHTS

More than ever, marketers require data for insight and analytics that will allow them to better understand their top-performing customers, and to use that insight to design their marketing campaigns and content. They're also using data in new ways. For example, they're using it to drive business-intelligence efforts that inform product and sales strategy.

Salesforce's roster of premium publishers – most of whom use the Salesforce data management platform (Salesforce DMP) – means that marketers can tap into the world's largest and most granular source of audience analytics.

This source of data is far-reaching and very strategic. For instance, it includes data on the sites that refer consumers to a publisher's website, as well as data on the sites consumers visit once they leave the publisher's property, giving marketers unprecedented insight into how consumers spend their time and where they make their decisions. By leveraging second-party data, advertisers can learn a great deal about their customers' interests, needs, and aspirations.

This unprecedented level of insight will help marketers make smarter strategic decisions on a wide range of business issues, from marketing to product roadmap development.

FOR PUBLISHERS

Meanwhile publishers – or any data owners – are sitting on a wealth of audience data that’s of keen interest to advertisers. When readers visit a site, read articles, share videos, or click on ads, they leave clues as to their interests, brand loyalties, and intent. This is unique data that advertisers are challenged to get from another source.

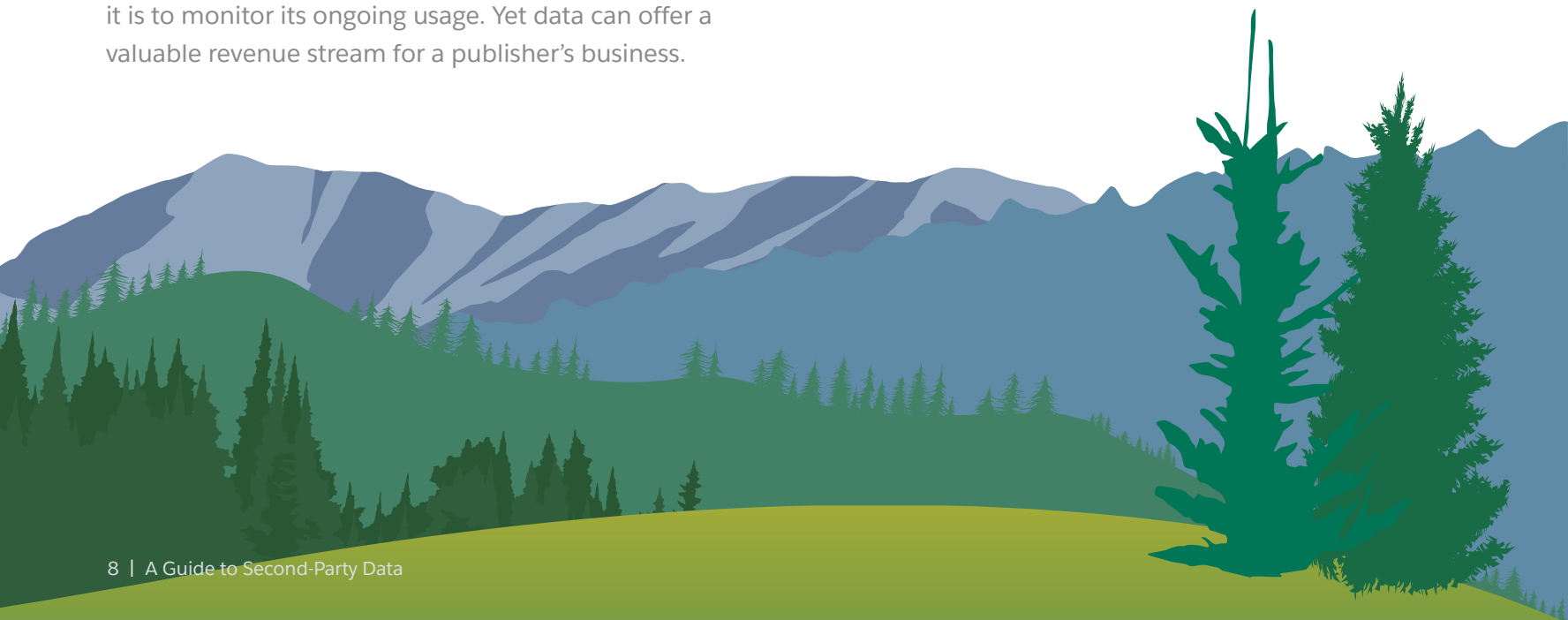
But all too often, publishers are loath to share their hard-earned data assets. If they sell their proprietary people data, can they control how it’s used? How do they stop unauthorized parties from reusing and even reselling their most valuable assets?

It’s easy to see why publishers are reticent to monetize audience data as a stand-alone asset, given how hard it is to monitor its ongoing usage. Yet data can offer a valuable revenue stream for a publisher’s business.

The emergence of software-enabled data governance can ensure that first-party data is used on the publisher’s terms, including when, where, and by whom. This is a newer development, allowing many publishers to embrace second-party data sales.

By participating in a second-party data market, publishers and other data owners essentially become intelligent data providers. If you are a data owner, you can earn more revenue for your data, as well as gain strict controls over who uses it and how.

The next section describes how second-party data deals may be structured.



How do second-party data deals work?

Second-party data deals require a connections platform that allows data-owning entities and data-buying customers to share data with each other in a trusted manner. There aren't many such platforms in existence. Salesforce Data Studio is one of them, and at the risk of tooting our own horn, we'll use it as an example of what a second-party data cloud can offer to both data buyers and data owners.

Salesforce Data Studio is a data discovery platform that allows for data sales between buyers and sellers, as well as facilitating new opportunities for data sharing and data activation. This can include data-only deals or data and media deals.

On a broad level, Salesforce Data Studio provides data owners with a secure and transparent mechanism to monetize their people data, which,

in turn, gives data buyers the opportunity to find more of the people they care about across the open web. It also fully integrates into marketing execution systems, such as demand-side platforms (DSPs), which allow buyers to purchase data and media simultaneously (resulting in greater identity matching across platforms and systems).

Most premium advertisers need scale for their campaigns, which Salesforce Data Studio is able to provide, as it contains all of the people data of the more than 150 opted-in publishers within the Salesforce DMP ecosystem.

This centralization allows for audience extension within the ecosystem.



Salesforce Data Studio Selling Models

As mentioned above, Salesforce Data Studio facilitates numerous opportunities to share data, including:

DATA SYNDICATION

Publishers (and other data owners) act as data providers, creating, packaging, and setting their own terms for audience segments. This offers wide distribution across any and all systems, providing control and visibility. Data packages are created and offered to buyers who participate in the Salesforce Data Studio cloud.

SALESFORCE DMP VERIFIED SEGMENTS

For publishers who prefer to sell data anonymously, Salesforce DMP Verified Segments provide a verification service to assure buyers of segment validity. Verified Segments are created by Salesforce Data Studio, using data from multiple premium first-party data suppliers and are only sourced from Salesforce clients. These segments offer buyers quality audiences at scale, with transparency into the recency and frequency used to build each one.



NOTE

Salesforce Data Studio is wholly a peer-to-peer transaction model that's entirely participant-driven, with Salesforce DMP serving only as the facilitator.

PEER-TO-PEER

A peer-to-peer model enables publishers to engage in direct deals with select advertisers, on their own terms and with no middlemen. This includes the ability to activate data programmatically in a private marketplace (PMP).

The Role of Software-Enabled Data Governance

WHY A TRUST-BUT-VERIFY APPROACH IS ESSENTIAL

Programmatic and digital advertising have always come with some risk of data leakage. Publishers weren't always aware of the risks they were exposed to when working with certain SSPs, DSPs, and third-party data providers. These partners weren't just dropping their own pixels onto publisher sites, they were also ushering tags from their partners – tags that could skim data from the publisher through redirects and other partnerships that weren't explicitly stated to the publisher. The result? A multibillion-dollar data-leakage problem that still exists today.

CONTROLLING YOUR DATA AND WHERE IT GOES

Governance helps you guard your people data – and that of your customers and partners – and control where it goes, providing you with the ultimate level of data ownership, privacy, and protection. A software-enabled data government system consists of:

- Detection systems that monitor all third-party data collection and proactively guard against unauthorized data collectors
- Opt-in services that allow consumers to decide which information is collected and used
- Built-in, enterprise-class tag management systems that provide a secure gateway for controlled access to your audience's data on the web
- A policy-driven framework that provides precise control over all data sharing
- Ability to set expiration dates and remove segments from partner systems





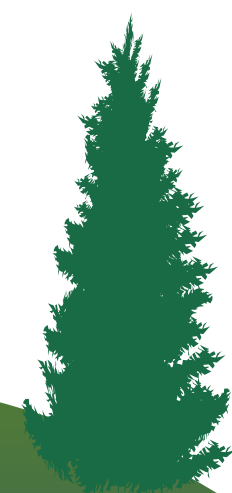
Taken together, all of these functions enable you to assert full ownership over your data and demonstrate good governance to your customers and partners.

WHY SOFTWARE-ENABLED DATA GOVERNANCE CRACKS OPEN THE DATA MARKET

To data owners, software-enabled data governance offers a trust-but-verify scenario which begins with a contractual framework stating the ways in which data buyers can use the data. That agreement is backed up by a technical infrastructure that allows Salesforce Data Studio to verify that data buyers are living up to

the agreement. Longer term, it provides the security you need to cut out data middlemen, allowing you to keep more of the revenue that's earned from your people data.

For data buyers, software-enabled governance offers 100% visibility into the segment rules that define the audience segment you're buying, so you can see its freshness firsthand, how users are qualified, how unique it is, and so on. Most importantly, you are guaranteed that any data you purchase through our platform is 100% verified first-party data.



New Data Opportunities for Marketers

The rise of second-party data at scale offers marketers new opportunities to infuse their initiatives with the highest-quality data possible. This data allows marketers to ask the right questions and request bespoke audience segments for their campaigns, as well as use their own data in initiatives. Conversely, publishers can create and market unique audience segments to advertisers and agencies.

CREATING BESPOKE SEGMENTS FOR MEDIA CAMPAIGNS

Bespoke data segments are audience segments that have been specifically created according to a marketer's goals. They're a smart strategy for campaigns where performance is essential, and a way for publishers to offer premium advertisers a value-added service.



NOTE

Working directly with publishers – that is, purchasing second-party data – is the most effective way to ensure you purchase truly bespoke audience segments for your campaigns.

But what makes an audience segment truly “bespoke”?

Below are attributes that define the highest-quality data:

Attribute

Why It's Important

Origin of Data

Original data collectors have more control over classifying, scoring, and creating an individualized approach to activation for campaigns.

Data Recency and Marketing-Driven Refresh Schedule

The optimal look-back window varies by product/service, sector, and consumer. Marketers shouldn't spend media budget on messaging consumers who are no longer in market.

Data Selling Models

Audience segments sold on public data exchanges are purchased by numerous advertisers, making them the exact opposite of unique. By definition, bespoke data is unique to the advertiser.

Data Transparency

Data isn't cheap, and marketers need to know if the audience segments they purchase will reach their intended prospects. Transparency also helps publishers prove the unique quality of their audience segments.

Criteria for Interest versus Intent

Many consumers visit sites recreationally because they have a passing interest in a product or service. That doesn't mean they're in market. Bespoke data providers have methodologies for distinguishing between reading and shopping behavior, enabling advertisers to focus budget on consumers most likely to convert.

Data Activation

Efficiency is hindered when marketers purchase data from one partner and media from another. With each hop, the pool of common users decreases, limiting the number of qualified audience members who may be reached.

BRING YOUR OWN DATA

The concept of “bringing your own data” (also known as BYOD) allows marketers to use their own data to find their exact audience within a publisher’s data set, and gain the highest-possible user-match rate. Here’s how it works:

Let’s say a marketer is in the business of providing in-home care services to the elderly, and wants to find new caretakers to build its business. The company already has a robust list of people data in its CRM system (such as consumers who used its service to provide in-home care for their parents). Are any of those people – now familiar with the service – willing to become caretakers?

To find out, the marketer may opt to find and target its existing customers on specific sites, such as CareerFinder or Salary.com, that may indicate an inclination to change careers. To do this, the marketer can merge first-party CRM data with the second-party people data of these publishers, and target the users in common with a recruitment ad.

In this scenario, Salesforce Data Studio acts as a data-discovery tool, allowing the marketer to acquire and activate data via a DSP.

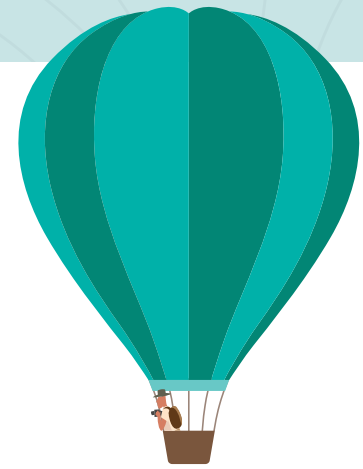


Conclusion

The second-party data market is in its infancy, but will gain significant traction in the quarters to come, as data owners recognize the value of their people data, and as the tools they need to secure it come to market.

For marketers, second-party data is a powerful new tool to add to their arsenals, one that can help them add the efficiency of first-party data to any initiative that requires scale.

Although the notion of buying and selling second-party data is new to many, second-party data sales have been in use for quite some time, as companies such as Amazon, MasterCard, and Facebook have sold audience segments to a wide variety of buyers. It is inevitable that the world's premium publishers will want to participate in the same opportunities.





CONNECT TO YOUR CUSTOMERS
IN A WHOLE NEW WAY



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