

Know Your Audience: The Evolution of Identity in a Consumer-Centric Marketplace

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Acknowledgements

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Table of Contents

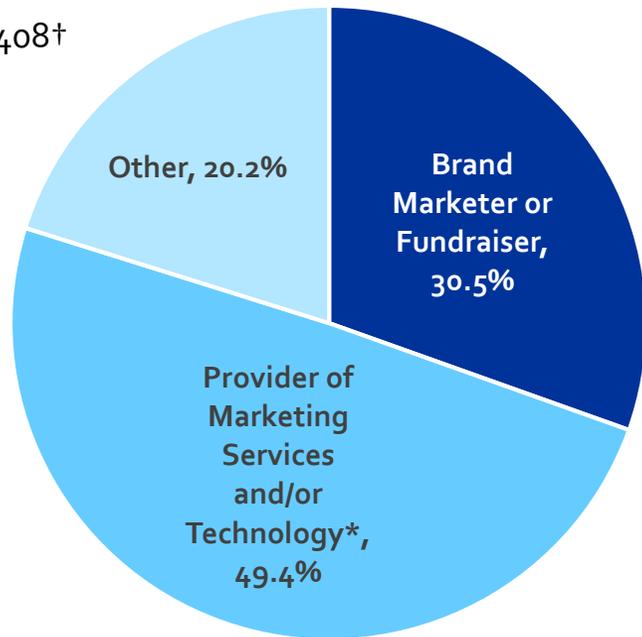
Research Methodology	4
Executive Summary & Introduction	5
What are Identity Solutions? How Do They Work?	10
How Does Identity Support a Range of Marketing Use Cases?	20
The Outlook for Identity Solutions — And the Obstacles to Be Overcome Along the Way	27
About Our Sponsors	33

Research Methodology

The findings within this Report are based on the results of an online survey of more than 400 advertisers, marketers, fundraisers, publishers, technology developers and marketing service providers (primarily based in North America, and conducted in June 2018). In addition, Winterberry Group conducted in-person and telephone interviews with more than 35 business and product leaders in the identity, marketing, data and privacy sectors in order to build and validate our perspective. Discussions were conducted between March and July of 2018.

Online Survey Respondents

N=408†



† Base numbers may vary by question; respondents were not required to answer all questions

* Including agencies

Completed Background Interviews (March-July 2018)— *Thought Leaders From Across the Identity Landscape*

Attorney, Law Firm	Senior Executive, Business Development, Demand-Side Platform Provider
CEO, Data Management Platform Provider	Senior Executive, Business Development, Marketing Services and Data Provider
CEO, Data Provider	Senior Executive, Data Solutions, Data Provider
CEO, Device Graph Provider	Senior Executive, Digital, Data Provider
CEO, eCommerce Solutions Provider	Senior Executive, Digital, Onboarding Provider
CEO, Identity Data Provider	Senior Executive, Data Governance, Marketing Services and Data Provider
CEO, Identity Graph Provider	Senior Executive, Identity, Demand-Side Platform Provider
CEO, Identity Solutions Provider	Senior Executive, Identity, DMP and Identity Graph Provider
CEO, Onboarding and Device Graph Provider	Senior Executive, Identity and Data, Marketing Services and Data Provider
CEO, Onboarding Provider	Senior Executive, Marketing, CDP Provider
CIO, CDP Provider	Senior Executive, Marketing, Consumer Brand
CIO, Identity Resolution Provider	Senior Executive, Marketing, Data and Measurement Provider
CMO, Marketing Services and Data Provider	Senior Executive, Marketing, Identity Data Provider
COO, Identity Data Provider	Senior Executive, Partnerships, TV Solutions Provider
COO, Identity Solutions Provider	Senior Executive, Product, CDP Provider
CTO, Marketing Services Provider	Senior Executive, Product, Device Graph Provider
Senior Executive, Consultancy	Senior Executive, Strategy, Device Graph Provider
Senior Executive, CDP Provider	Senior Executive, Strategy, Onboarding Provider

Executive Summary: Marketers Focusing Increasing Attention and Resources on *Identity* to Deliver Enhanced, Privacy Compliant Customer Experiences

Marketing is in the midst of a paradigmatic shift—with a new, unified focus on audience *identity* emerging as the linchpin of marketing insight, measurement and attribution, media optimization and, perhaps most importantly, the delivery of better individual customer experiences. To that end, our extensive research process revealed:



Identity solutions commanding growing attention, investment: Once the exclusive domain of marketing technologists and data junkies, “identity” has rapidly grown to represent a key business priority for enterprises and smaller businesses alike. 58% of survey respondents said that their company has intensified its focus on identity over the past year, while nearly half (47%) reported their organization will invest more on identity solutions over the coming 12 months



Still much room to improve: Marketing practitioners are severely gapped when it comes to the tools, data and expertise needed to *recognize audiences across all addressable touchpoints*; only 15.3% of respondents said their organization is able to identify their audiences accurately and consistently today. More than anything else, respondents said they need help building a clear business case for the benefits of identity solutions—as well as general guidance on how identity can support broader business objectives



Complexity—the root cause of today’s identity challenge: The identity “performance gap” is largely grounded in issues related to the *complexity* of marketing in the modern age. In particular, the proliferation of connected devices and new digital touchpoints have shifted marketer attention to identity solutions as means of recognizing, understanding and appropriately engaging consumers across an increasingly varied and complex customer journey

“Identity”

The effort to recognize and understand individual audience members (including customers, prospects and other visitors) across channels and devices such that brands can interact with those individuals in ways that are relevant, meaningful and supportive of overarching business objectives

Dedicated Identity Solutions Coalescing to Meet Market Need; Early Adopters Are Focused on Clarifying Business Cases, Regulatory Considerations



Early days for focused identity solutions: Dedicated identity-oriented technology platforms, managed services and data assets—commonly taking the form of device graphs, onboarding solutions and customer data platforms (CDPs)—are rapidly emerging to help marketers address a range of use cases. But relatively few survey respondents—just 13.4% in the case of device graphs, for example, and 27.4% in the case of onboarding solutions—said they’ve implemented such solutions and realized value from the deployment. By contrast, CRM databases (cited as in-use and driving value by 57.7% of respondents) and other *established* tools continue to represent centerpiece identity tools for many



Insights and Segmentation for paid media targeting dominate primary use cases today, though personalization on owned properties and attribution emerge: Panelists and interviewees were united on a common theme: building better solutions to identify audiences has the potential to serve *many* business purposes. While the most popular application of identity solutions to date has been “insight development for segmentation and targeting” (cited as an in-progress use case by 53.5% of respondents), the same marketers say that a diverse array of applications—most prominently cross-channel attribution and dynamic content personalization—are likely to emerge as key focal points of their identity efforts in the years to come



Privacy looms large: Recent regulation (specifically the EU’s General Data Protection Regulation and the California Consumer Privacy Act) have sharply focused marketer attention on the guidelines defining the responsible collection and use of data. But while this new focus has served to clarify *certain* parameters dictating ethical data use, there are still many unanswered questions and contrasting policies, suggesting that “the privacy imperative” will remain a fundamental pillar of *all* audience identity strategies—and thus a core embedded function of all corresponding identity solutions—for the foreseeable future



Identity expenditures are rising rapidly today and will continue to outstrip marketing growth: U.S. marketers will invest **nearly \$900MM** this year on services and solutions focused on solving exclusively for identity—including device graphs, data processing/management platforms and services—with that investment growing to over **\$2.6BB** in 2022. Much of that growth will be fueled by marketers leveraging identity in support of diverse use cases including personalization for the Web, mobile, TV and other traditional media channels—driving, in kind, the convergence of the “identity solutions” landscape with the rest of the marketing data and technology ecosystems

The Origins of Today's "Identity Mandate" Are Grounded in Decades of Investment, Innovation in The Management and Use of Audience Data

Marketers' Use of Consumer Audience Data—Through the Eras



Direct Marketing Era

1970-Mid 1990s

- Marketing efforts orchestrated principally around **narrow span of actionable channels**—with direct mail foremost among them
- Growth of mainframe computing jumpstarts the architecture and development of **high-capacity CRM databases**
- Computer service bureaus provide first **outsourced hosting and data management services**
- Basic understanding of customer "identity" grounded in **name, postal address and other demographic, psychographic, modeled and transactional attributes**



Data-Driven Marketing Era

Late 1990s-2009

- Emergence of the Internet gives rise to display advertising and a new *quid pro quo* model: consumers receive **free content in exchange for exposure to advertising impressions**
- Email gains wide acceptance; presents **key mechanism for identity management** (as well as a fundamental customer communications and transactional channel)
- Audience data technology (and Internet bandwidth) matures to support **proliferation of available data** and corresponding velocity requirements
- **First customer data integration (CDI) solutions are brought to market**, aimed at resolving individual consumer identities within the framework of available terrestrial household data



Omnichannel Era

2009-Present

- Introduction of first widely-adopted consumer smartphone—Apple's iPhone—sparks **explosive growth in connected device adoption**; popularity of iOS platforms (which do not leverage cookies) undermines viability of the cookie as primary means of managing cross-touchpoint identity and targeting in digital environment
- **Cookie-oriented programmatic advertising models emerge**, initially focused on supporting greater efficiency in ad buying (by automating and leveraging real-time auctions)
- Rise of powerful "Walled Gardens" and other digital disruptors creates a compelling **need for brands to grow the scale and variety of their first-party data assets**

Despite Those Advances, Approaches to Establishing Identity Have Long Been Hamstrung By Limitations of Technology, Media and Available Data



Direct Marketing Era
1970-Mid 1990s



Data-Driven Marketing Era
Late 1990s-2009



Omnichannel Era
2009-Present

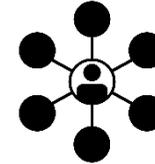
Audience identity defined predominately through the lens of:



- **Households**—based on data sourced from (and supporting activation across) a small set of actionable marketing channels (e.g. direct mail, teleservices)



- **A combination of households and individuals**—based on data sourced from (and supporting activation across) a range of independent marketing channels managed in parallel (e.g. direct mail, teleservices, email, owned websites)



- **Individuals** (and the segments within which those individuals are assigned for actionability)—based on data sourced from a wide range of personally-identifiable (PII) and non-personally identifiable (non-PII) inputs (e.g. direct mail, teleservices, email, owned websites, e-commerce/ transactional platforms, display advertising interactions, etc.)

Across all three eras, marketers have wrestled with a common challenge:

*Their understanding of audience "identity" has been grounded primarily in **data inputs largely disconnected from one another**, limiting their ability to build a rich and reliably actionable view of their own customers*

Growing Marketing Complexity (And Heightened Privacy Hurdles) Are Giving Practitioners Little Choice But to Face That “Disconnectedness” Head-On

Today’s marketers face challenges that are more complex, numerous and costly than ever before, impacting these brands’ ability to engage with their audiences in ways that are relevant, respectful, consistent, personalized and meaningful. These challenges include:



The emergence of **new connected channels (and the growing addressability of those that were once considered “mass media”)**. Whereas U.S. adults today typically interact with an average of 3.5 such devices (including computers, smart phones and tablets), growing adoption of connected speakers, virtual assistants, smart TVs, wearables, smart home management solutions and connected cars has led some to speculate this number may jump to more than 20 by the year 2020



An **increasingly complex and varied customer “journey,”** enabled by the proliferation of devices and growing addressability of these touchpoints for both promotional and transactional purposes—presenting consumers with a virtually unlimited range of pathways to engage with a commercial brand



Regulatory changes and consumer scrutiny of data collection, management and use practices, which in some cases serve to inhibit more rapid innovation in data-driven marketing

These challenges are presenting marketers with a stark new mandate: **develop tangible strategies—and implement corresponding solutions—for identifying and engaging customer audiences in ways that are relevant, responsible, personalized and optimized to meet both consumer needs and overarching business objectives**





What are Identity Solutions? How Do They Work?

- ***What are "identity solutions"?***

The coordinated activation of platforms, data and supporting services (both provided by third parties and sourced from among marketers' in-house resources) that support persistent recognition of audience members across all devices and other promotional and transactional touchpoints

- ***How do identity solutions represent a new approach from previous data-driven marketing practices?***

While marketers have long sought to understand their customers at the most granular level possible, the complexity inherent in today's media and device landscape has elevated the strategic importance of identity—with particular focus on resolving for the same across both personally identifiable (PII) and anonymous (non-PII) touchpoints—driving the emergence of a whole new category of dedicated tools, data sets and hybrid solutions designed to find out "who" is behind each touchpoint

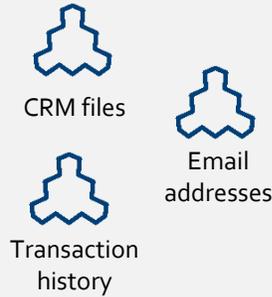
- ***Are marketers building their own identity solutions? Or buying from dedicated vendors?***

Both. While the vast complexity of individual identity strategies—and need to integrate diverse data inputs and existing technology platforms—has served as an obstacle in the deployment of "one-size-fits-all" solutions, the critical importance of identity resolution as a business priority has rapidly driven development of ID graphs that can support a range of marketer use cases. As no single supplier has all of the data, technology and process infrastructure required to support *all* marketers' diverse needs, the responsibility for identifying overarching customer engagement strategies (and selecting solutions that best support those objectives) is always vested in the marketer, who is increasingly supported by an ecosystem of providers

Until Recently, Channel-Oriented Approaches to Data Management Have Inhibited Marketers' Ability to Gain a Holistic View of Their Own Audience

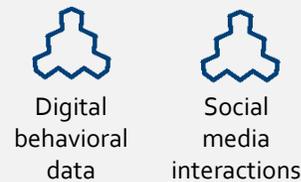
Historically, audience data has been managed—and “identity” thus reconciled—largely **within the framework of the downstream execution channels corresponding to each raw data type**

Customer files, including contact addresses and purchase history, typically stored in CRM databases for engagement execution via campaign management systems for direct mail and email



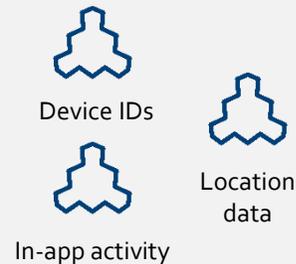
Direct mail and email

Digital data, typically stored in a digital data environment or DMP, for engagement execution via a DSP for display media buying



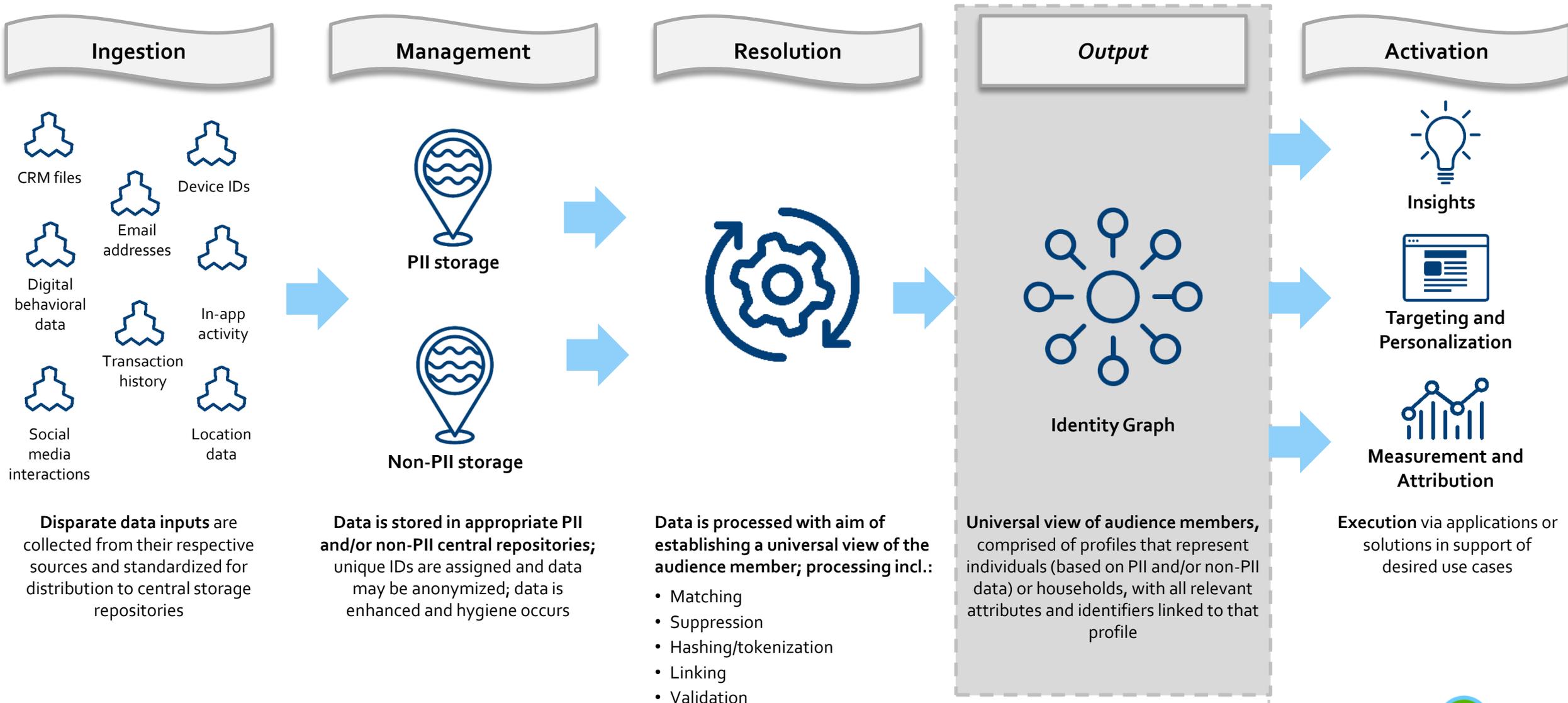
Display

Mobile data, including device and location information, typically stored in a digital data environment for engagement execution via mobile DSP or ad server tools



Mobile

Emerging Identity Solutions Offer the Potential to Solve for Disconnected Approaches to Audience Recognition, Leveraging a Unified Process Flow



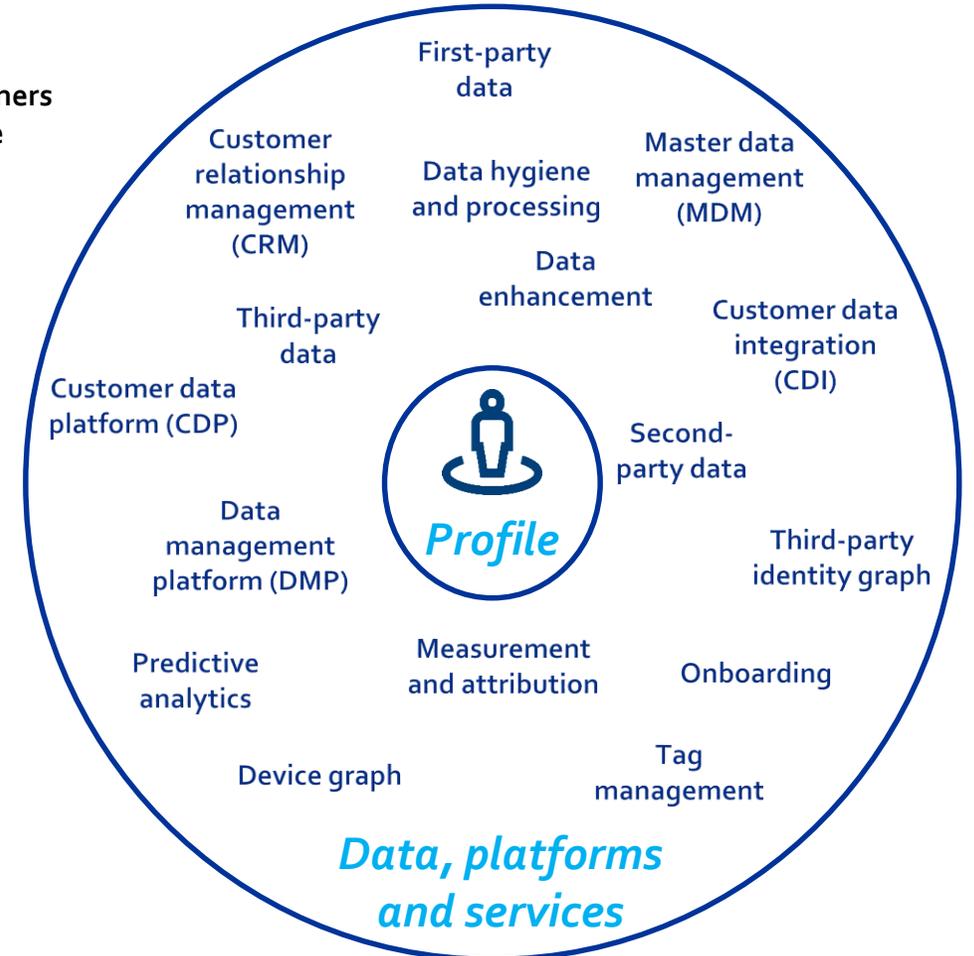
Today, Identity Solutions Aim to Assemble Rich Audience Profiles—Leveraging a Combination of Data, Platforms and Associated Services

Identity Solutions:

The coordinated activation of platforms, data and supporting services (both provided by third parties and sourced from among marketers' in-house resources) that support persistent recognition of audience members across devices and other promotional and transactional touchpoints

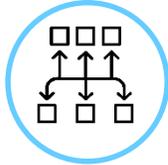
At their core, identity solutions aim to create and maintain persistent profiles of individuals and/or households within an audience, derived from a variety of data sources and identifying elements—including addresses (terrestrial, email, IP), device identifiers, mobile ad IDs (MAIDs), cookies, digital tags, media profiles, phone numbers and other attributes

To yield identity solutions providing persistent, rich audience profiles, marketers and their service provider partners are leveraging a wide range of resources, including data, platforms, services and new and emerging solutions, including:



And the Core Process in Building These Profiles is *Resolution*

What steps typically constitute an identity resolution process?



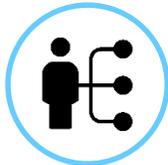
Matching: Unique identifiers (derived from disparate data sources) are tied to a third-party reference database with the goal of associating the individual audience member with their interactions across touchpoints



Suppression: Unresolved IDs and interaction data is flagged and stored for potential future use



Hashing/tokenization: Personally identifiable attributes are replaced in the data set with a non-identifiable indicator, such as a hashed ID or token



Linking: Matched identifiers are assigned a universal ID, representing the profile of an individual audience member and all known/associated attributes



Validation: Accuracy of the underlying match process is compared to a pre-established "truth set," representing data known to be precise and accurate

Identifiers may include:

- Mobile IDs
- Browser IDs (often more than one on a computer)
- Addressable and connected TV IDs
- Additional email addresses (in PII solutions)
- IoT IDs
- Location IDs

The validation step is one of the most complex, requiring both a current data set and deep history files to determine if an identity is valid and accurate. Approaches may involve as few as three, to as many as five, validation points (today)

Within Resolution, Linking Approaches Are Differentiated Principally by Their Reliance on *Deterministic*, *Probabilistic* or *Hybrid* Methodologies



Deterministic:

Requires a **definitive or exact match** of values in two unique pieces of data or identifiers

Why?

Historically considered to be the most effective approach for delivering **accuracy**—the extent to which an identified audience represents a true or correct match with its associated attributes



Probabilistic:

Establishes a match between sets of data leveraging **inferred, modeled or proxy assumptions**

Conventionally leveraged to provide for greatest possible **scale** in the underlying audience (or in establishing an audience when limited data is available or permissible)



Hybrid:

Leverages a **sequential combination of both deterministic and probabilistic** approaches to optimize accuracy while providing the scale needed to activate desired use cases

Presents a potential solution for marketers attempting to minimize the deficiencies of deterministic or probabilistic as standalone approaches



In addition to **accuracy** and **scale**, marketers are increasingly focused on optimizing for **precision** in their approach to data linking and profile generation—**layering in additional insights to support deployment of the data in ways that best address underlying marketing needs**

The Output of Resolution is the *Profile*, Which Aims to Provide a Definitive, Actionable View of an Individual and Interactions

What *is* a profile?

- A group of data elements or attributes, linked to an individual or person
- Profiles are typically represented by a **unique identifier**, which is the sum or collection of all of the linked identifiers and devices that belong to that individual
- Profiles may also belong to groups including communities and households, or segments

What is *not* a profile?

- An identifier that represents a device, browser, IP address or other attribute that may be linked to an individual but has not yet been validated in order to be linked to an “individual’s” primary identifying key

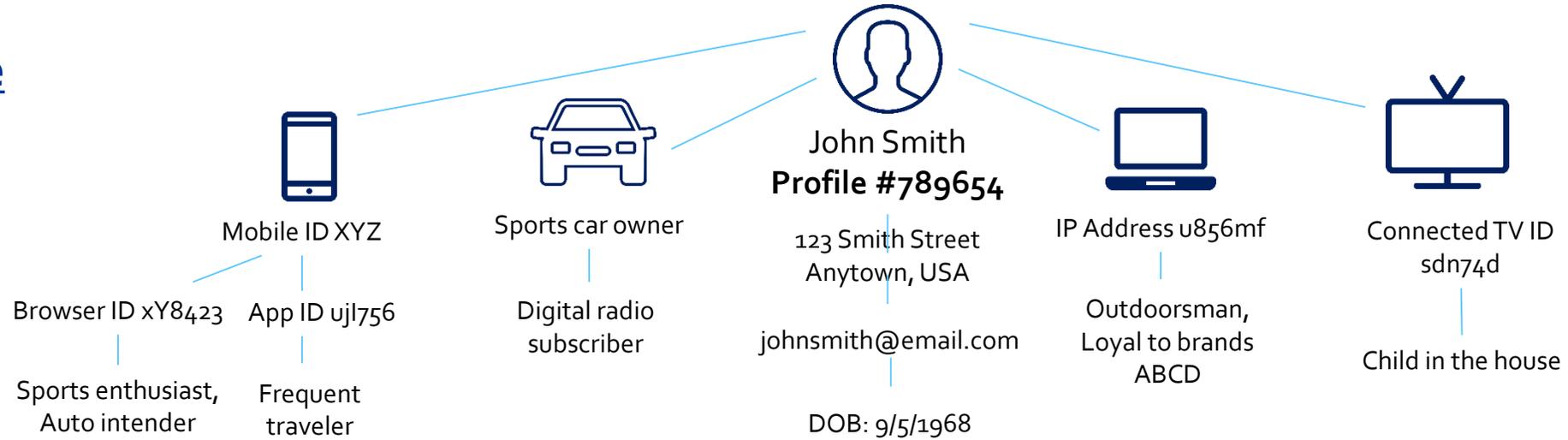


Why is consistency in defining “profiles” important?

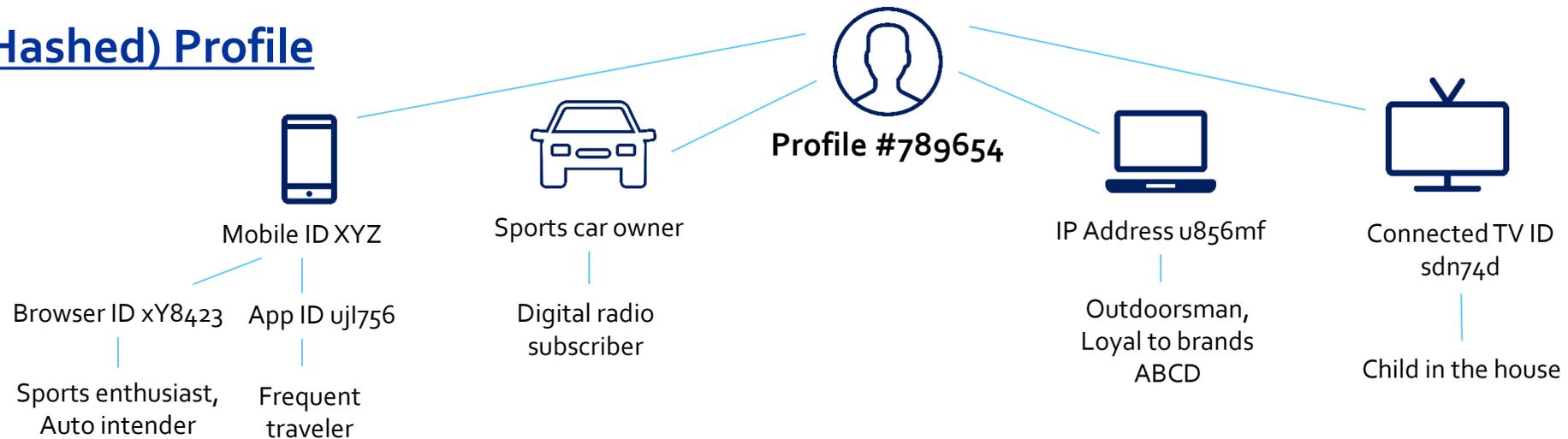
- Definitional standardization provides a method for understanding data assets and benchmarking providers. **Identity providers’ value propositions are often grounded, in part, on the robustness of their profile-based data asset**, and therefore how many individuals they are able to recognize
- **Referring to devices, or identifiers, as “profiles” distorts the value associated with this type of data asset**, as it may (or likely) includes substantial duplication
- Aligning on the term “profile” to be used exclusively for information linked to a single, deduplicated individual, solves for this opacity and **supports more clear assessment of a data asset and its value**

Profiles Are Commonly Grounded in Either "PII" or "Non-PII" Identifiers...

PII Profile



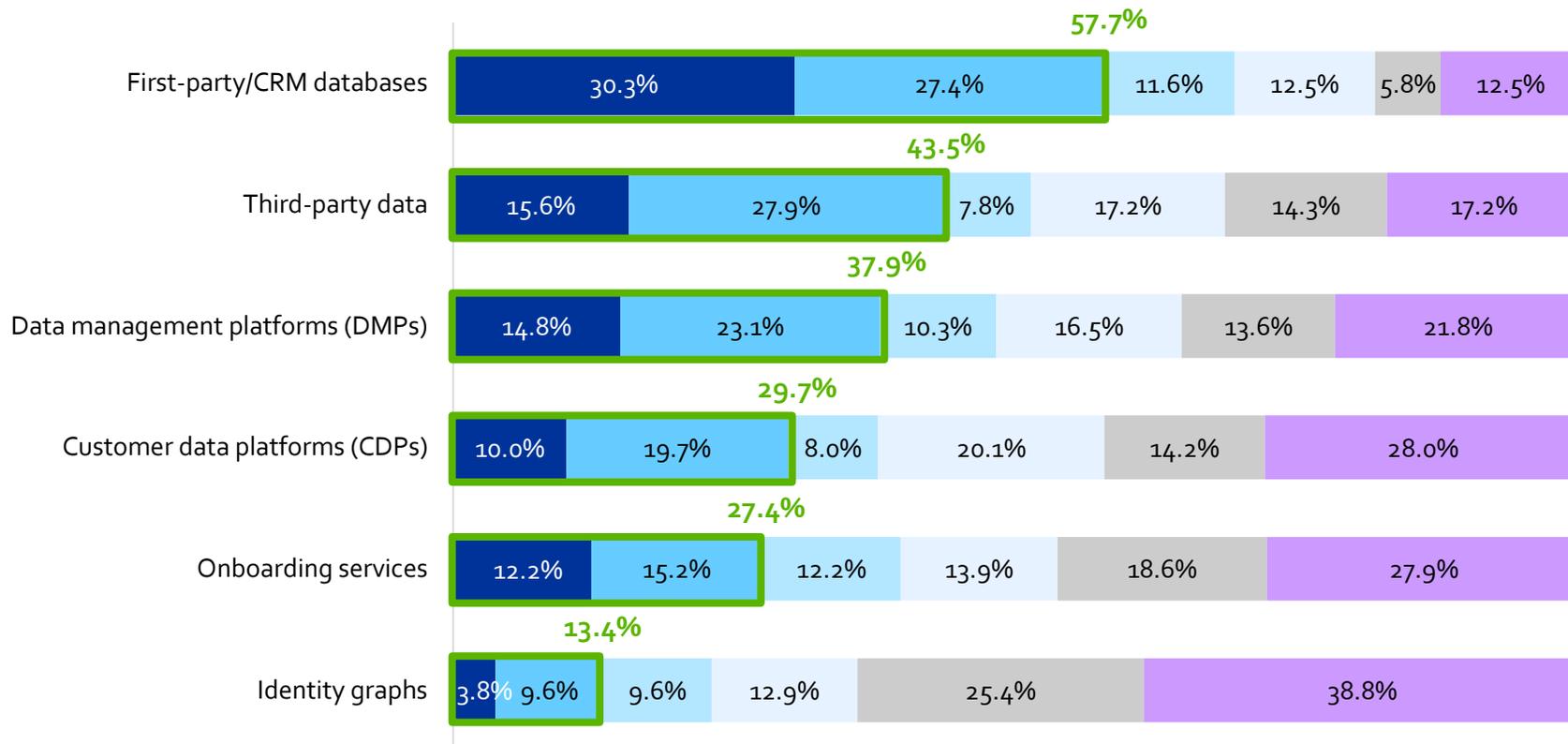
Non-PII (Hashed) Profile



While Advanced Identity Solutions are Emerging, Most Marketers Say That Established CRM Tools Still Drive the Greatest Current Value in Their Efforts

How would you characterize the role that each of the following solutions play in supporting your organization's identity-related efforts? My organization...

Marketers are excited about the potential contributions of emerging “linking and matching” identity solutions (such as CDPs, onboarding services and identity graphs)—but say that **well-established data-driven marketing tools, like CRM databases, typically represent the centerpiece of their identity efforts today**



■ Has implemented this solution, and has derived great value
 ■ Has implemented this solution, and has derived some value
 ■ Has implemented this solution, but has not derived value
 ■ Is evaluating the opportunity to engage this solution
 ■ Does not use this solution, and does not have plans to do so
 ■ Not at all sure

And Provider Viewpoints on Identity Solutions Vary, Reflecting the Early Stage of the Market's Evolution

Identity solutions encompass everything that is necessary to create a single customer view and create a richer, more precise data set within the portfolio; it all comes down to how a company can take all the signals they are getting to create a comprehensive customer view

—Senior executive, marketing services and data provider

I'm of the belief that **just because it's deterministic doesn't necessarily mean it's of unquestionable accuracy**; shared devices are not necessarily distinguishable if you use deterministic. **The notion that deterministic is beyond question is a folly**

—CEO, identity resolution provider

The level of success you have with identity dictates the level of success you'll have across your other enablement solutions. **Without a successful identity aspect, there will be weaknesses propagating throughout the entire stack**

—CTO, marketing services provider

Identity is **trying to resolve back from the multiple devices that any one user will engage with to a single user ID** that can be leveraged for B2C marketing and targeting

—Senior executive, data provider

Accuracy and precision are the most challenging issues the industry is facing today. The accuracy behind data is very difficult to validate

—Senior executive, data services provider

Identity solutions include the **real-time ingestion of various types of data, mapping it to devices and then performing analytics** on it

—CEO, data management platform provider

I think most of the market has been working on these solutions, but **all the companies have different theories behind how to do it.** Do you do it deterministically? Probabilistically? Via a hybrid? **We take a deterministic-first approach, but that limits scale**, so we are looking towards including probabilistic

—Senior executive, AdTech provider

Identity mapping is more than onboarding; it's more than connecting you to digital devices. **It's also about being able to lay third-party data on top of it to create audiences out of it**

—CEO, device graph provider



How Does Identity Support a Range of Marketing Use Cases?

- ***For which purposes are marketers leveraging identity today?***

Today, the primary use case for identity is in support of segmentation and targeting, typically focused on paid digital media/display advertising; 53.5% of survey respondents said they are currently leveraging identity in support of this objective

- ***What are the most likely future use cases for identity?***

Over time, personalization on owned properties is expected to grow as a focus for identity, though the use case offering the greatest promise may be attribution—understanding all of an individual's interactions with a brand in order to optimize future planning and investments

- ***How successful are marketers in their identity efforts?***

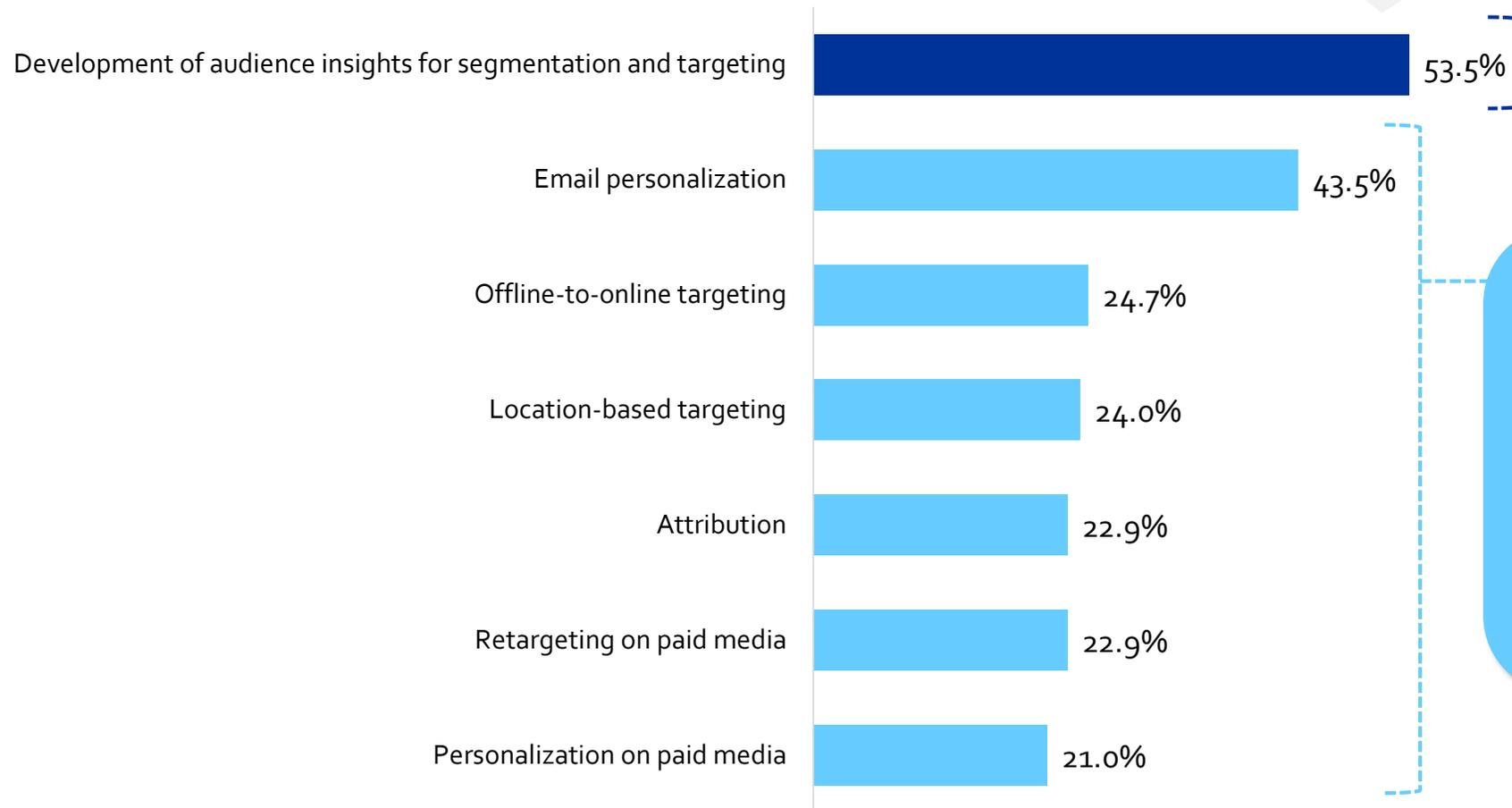
The state of identity adoption and maturity is relatively low today; just 15.3% of marketers said they are able to consistently recognize their audiences across channels

However, the market is poised for substantial growth and evolution; virtually half of practitioners expect to increase their investment in identity efforts over the coming 12 months



Today, Marketers Report They're Leveraging Identity Solutions Primarily in Support of Audience Segmentation and Targeting...

Which of the following have represented key focal points of your organization's identity-related investments and initiatives over the past 12 months?



Foremost among current identity use cases: powering **segmentation and targeting** of advertising and marketing messages

The other most common use cases today reinforce the importance of **identity in supporting personalization across complex, multi-device customer journeys. Attribution is also a growing priority** for marketers using identity solutions as they seek to optimize investments

...Though Identity Solutions Address a Much Broader (and Growing) Array of Use Cases

Primary "Current-State" Use Cases

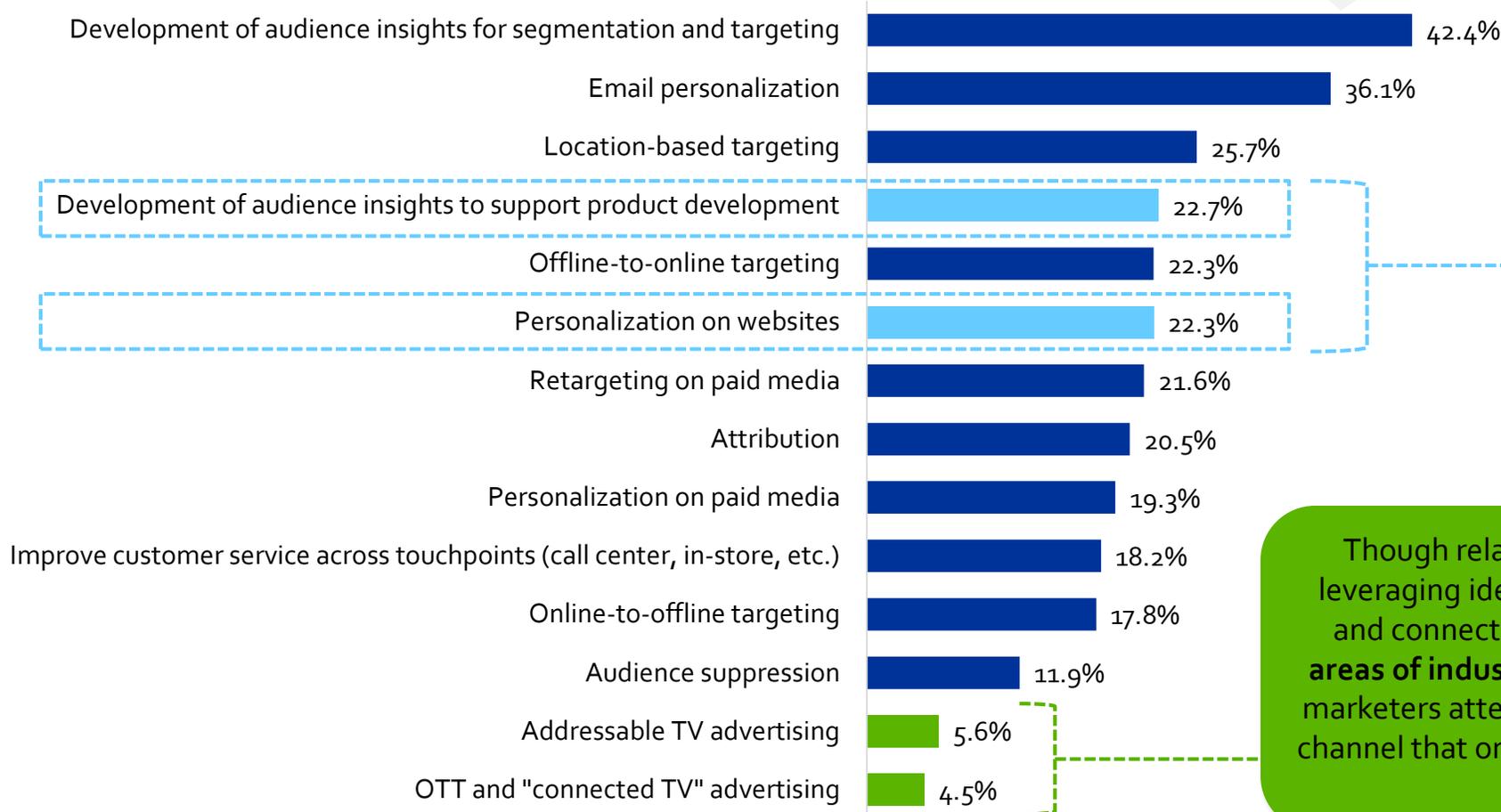
Use Case	Definition
Audience Insights and Segmentation	Leverage audience information, including CRM, digital behaviors, demographic information and declared and inferred interests, among others, to group customers into subdivisions for targeted marketing
Email Personalization	Leverage audience behaviors and attributes to personalize email content and customize product recommendations to meet audience interests and need
Location-Based Targeting	Using mobile, location and device data to deliver content to registered customers with offers and messages when they are in the vicinity of a certain location
Measurement and Attribution	Overlay digital campaign exposure data with CRM and purchase data to measure results
Offline-to-Online Targeting	Send online messages to audiences that visited a physical location (e.g. in-store) and registered
Personalization on Paid Media	Supply individualized advertisements to audience members based on behaviors, attitudes and location data
Retargeting on Paid Media	Using interest and intent data, deliver messages and offers to customers that promote a previously viewed, but not yet purchased, product

Less Widely Adopted Use Cases

Use Case	Definition
Addressable TV Advertising	Programmatically serve ad content to different audience segments watching the same TV program, based on behavior, interest and attributes
Audience Suppression	Remove select audience members and groups from marketing campaigns in order to improve the likelihood that only interested/relevant consumers will receive a specific piece of marketing
Improved Customer Service	Allow for consistent customer service across all touchpoints (on websites, via email, within the call center, etc.) via better understanding of customer journeys and brand interactions
Online-to-Offline Targeting	Retarget audiences that visited and registered on digital properties via offline marketing methods, such as direct mail outreach
OTT and "Connected TV" Advertising	Programmatically serve ad content to different audience segments on internet-based streaming services and internet-enabled TV, based on log-in information, behavior and attributes
Personalization on Websites	Provide audience members with tailored content and offers on company's owned property (i.e. brand website)
Product Development	Refine new product roadmap and product improvement schedules based on consumer engagement insights

The Same Marketers Predict Personalization on *Owned* Properties Is Likely to Become an Area of Focus for Their Identity Solutions in the Future

Which of the following are likely to represent key focal points of your organization's identity-related investments and initiatives over the forthcoming 12 months?



"In-house" identity priorities—specifically including the application of audience insight to product development and personalization of user experiences across websites, mobile platforms and other owned content—are expected to command significant new attention and investment

Though relatively few panelists said they've begun leveraging identity solutions in support of addressable and connected TV, these are expected to be intense areas of industry-wide focus over the coming years as marketers attempt to enhance the value received from a channel that once largely sat on the sidelines of targeted, data-driven efforts

Despite Limited Adoption Today, Marketers Say that Identity Solutions Offer Tremendous Potential Value in Supporting Attribution

- Approximately **one-fifth of panelists reported that attribution is a key focus** of their identity efforts today
- However, feedback from industry thought leaders suggests that **emphasis on attribution is likely to grow profoundly in the coming years** as more marketers tap into the powerful insights made possible by integrating all addressable forms of audience data
- But **leveraging a better understanding of “identity” to pinpoint the specific impact of individual marketing touchpoints (and their upstream investments) won’t be easy**; it will require:



The integration of *all* audience information, touchpoints and channels



A highly advanced analytics practice that can create the sophisticated models necessary to chart the complexity and uniqueness of the current customer journey

The **use case where I see the most potential for robustness is measurement/attribution**. It’s when companies go after measurement and try to understand efficiencies across channels that they wake up to the need for a very robust identity solution

—CTO, marketing services provider

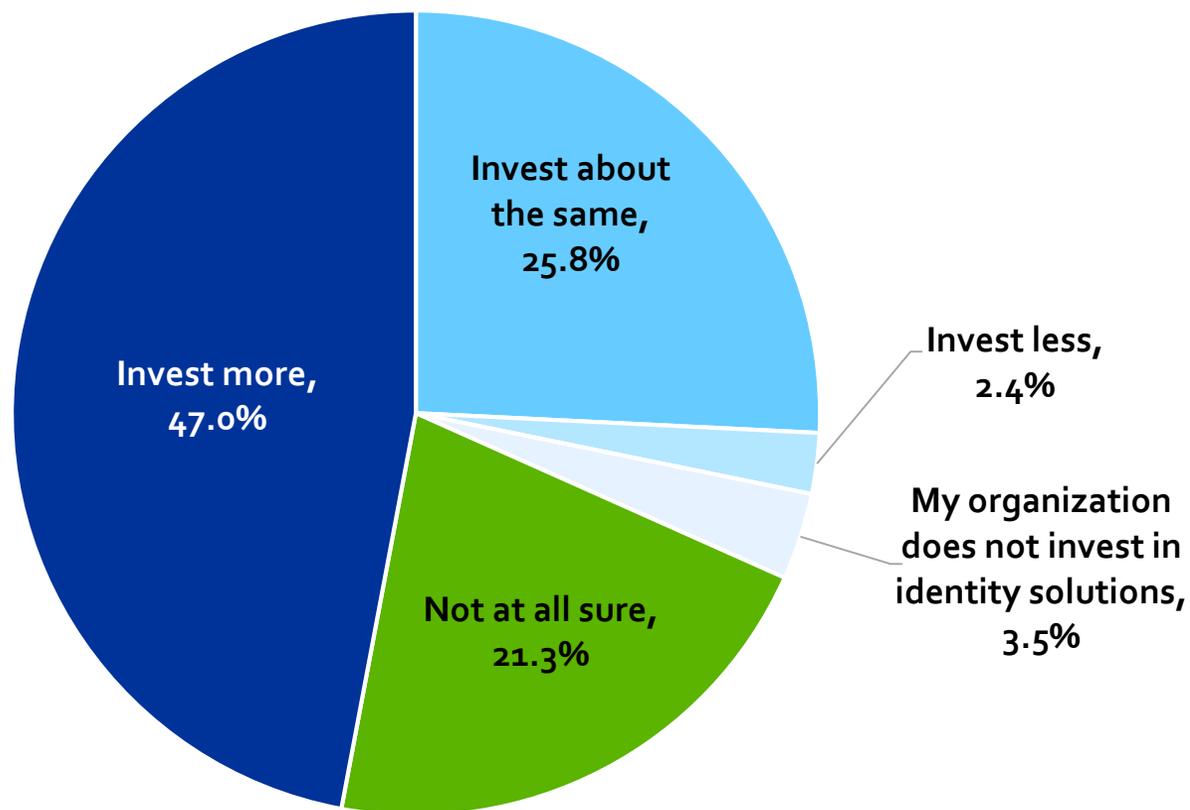
To succeed in mapping the customer journey you need technology that can link people, devices, etc.—and this is some of the promise of identity solutions. But, **part of the challenge people face is understanding *how* they can amass all this data, before even thinking about what they are going to do with it**

—CEO, onboarding provider



While Marketers Are Expected to Continue to Grow Their Investments in Identity Solutions...

How do you expect your organization's spending on marketing-related identity solutions is likely to change over the forthcoming 12 months?



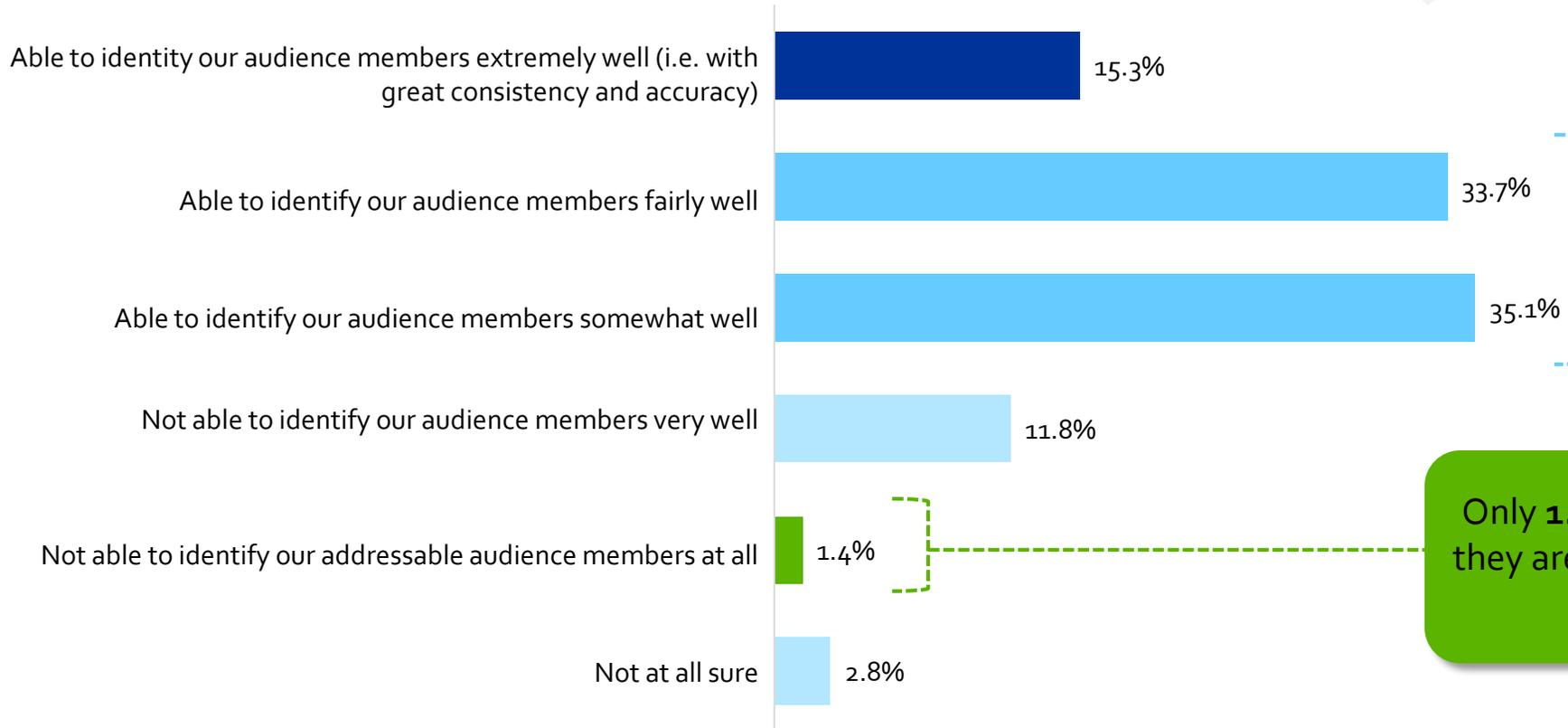
- Almost half of practitioners expect their organization will allocate more budget to dedicated identity solutions over the next 12 months, with only 2.4% saying their organization is likely to invest less in the future than they are today
- This rise in investment will be fueled in large part by the growing sophistication of identity solutions—enabling deployment across an expanded roster of marketing use cases—as well as increased understanding of the role of identity within marketing organizations, and its impact on business outcomes

It pays for us to spend a decent chunk of change on recognition and identity since our cost for acquisition when we *can't* target a specific consumer—relative to when we *can*—is something like 30 times higher

—Senior executive, consumer brand

...Few Practitioners (~15%) Said They Are Succeeding in Their Identity Efforts Today, Leaving Substantial Room for Growth of Identity Solutions

How would you benchmark your organization's ability to consistently identify its addressable customer and prospect audience members across media channels (including owned websites), devices and transactional touchpoints? My organization is...



The vast majority of respondents (68.8%) report only partial success with their identity efforts

Only 1.4% of marketers reported they are wholly unable to identify audience members



The Outlook for Identity Solutions— And the Obstacles to Be Overcome Along the Way

- ***What's holding back adoption of identity efforts and solutions?***

More than anything else, marketers said their identity efforts and investments are being inhibited by challenges demonstrating direct return on investment, or understanding how efforts are impacting their business outcomes. This may, in turn, be inhibiting investment in new and dedicated solutions as fewer than one-quarter of marketers (23%) say their organization is leveraging identity or device graphs today

- ***What is the role of "walled gardens"? Do they fuel or impede identity efforts?***

"Walled Gardens," which capture and hold a relatively large share of audience information, have created a de facto blind spot for marketers, challenging their ability to assemble a truly holistic view of their audiences. This challenge is, however, giving rise to new opportunities for marketers and service providers to collaborate on cooperative solutions, such as ID consortiums, that attempt to pool insights from multiple marketers and media providers

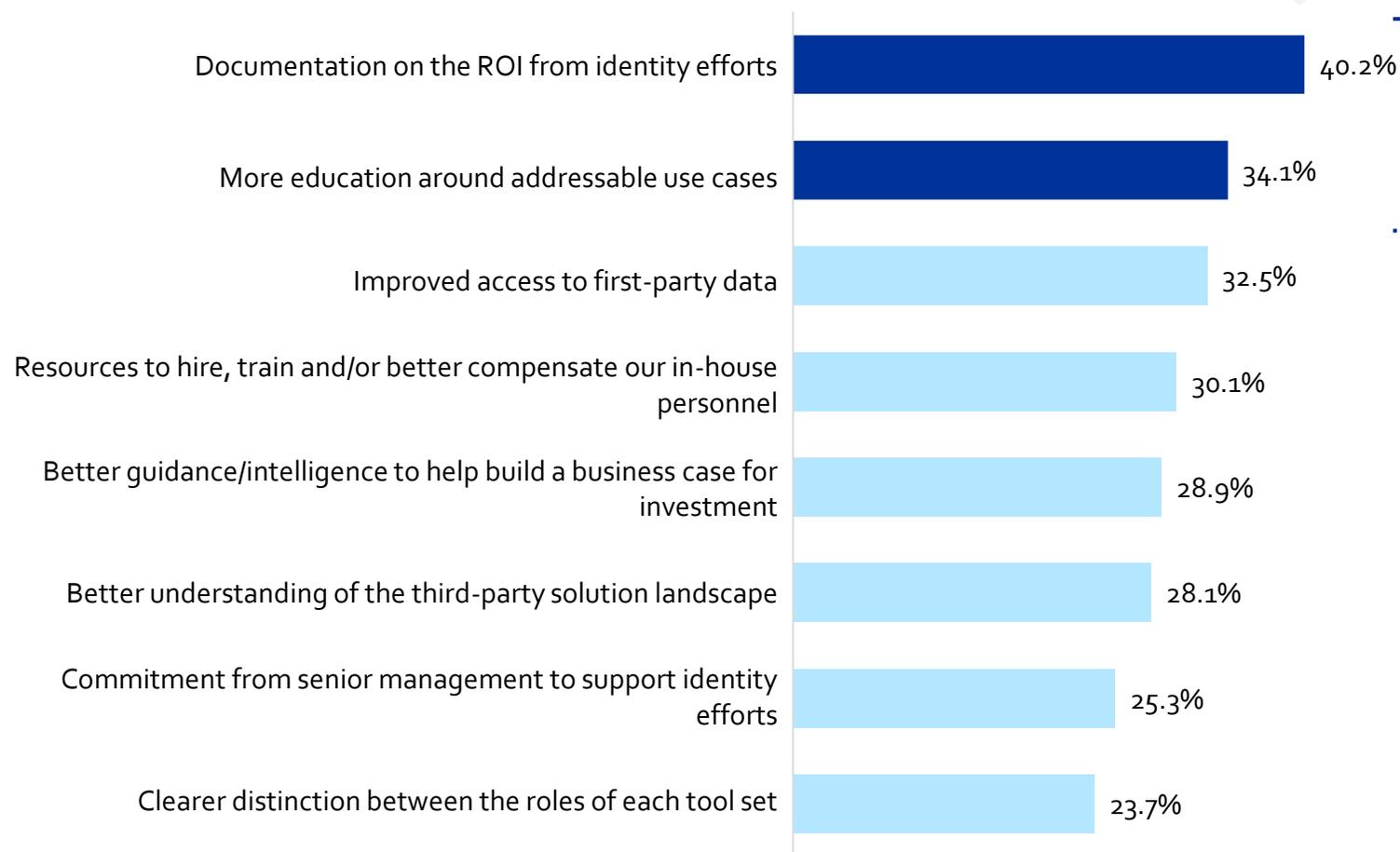
- ***How is new and changing regulation impacting identity?***

New regulation—as well as consumer scrutiny on data collection and use—is presenting a moving target for marketers to contend with, fostering new requirements for data governance and accountability in practices and processes related to leveraging audience information in support of marketing efforts. However, responsible marketers—and those that team up with trusted service and solutions providers—will likely be well positioned to adhere to new rules in a way that fuels both financial and ethical aims for their business

What does the future look like for identity? The U.S. identity market will expand rapidly as investments in dedicated solutions increase from \$900MM in 2018 to \$2.6BB in 2022. Marketers that prioritize developing and implementing a strategy, including identifying key use cases and requirements for their business, will be best positioned to use identity—as well as the growing set of focused services and solutions—to drive transformative value to their customers, and consequently, their business

Practitioners Said They Need Help Building a Clear Business Case for the Value that Identity Solutions Bring to Their Marketing Efforts

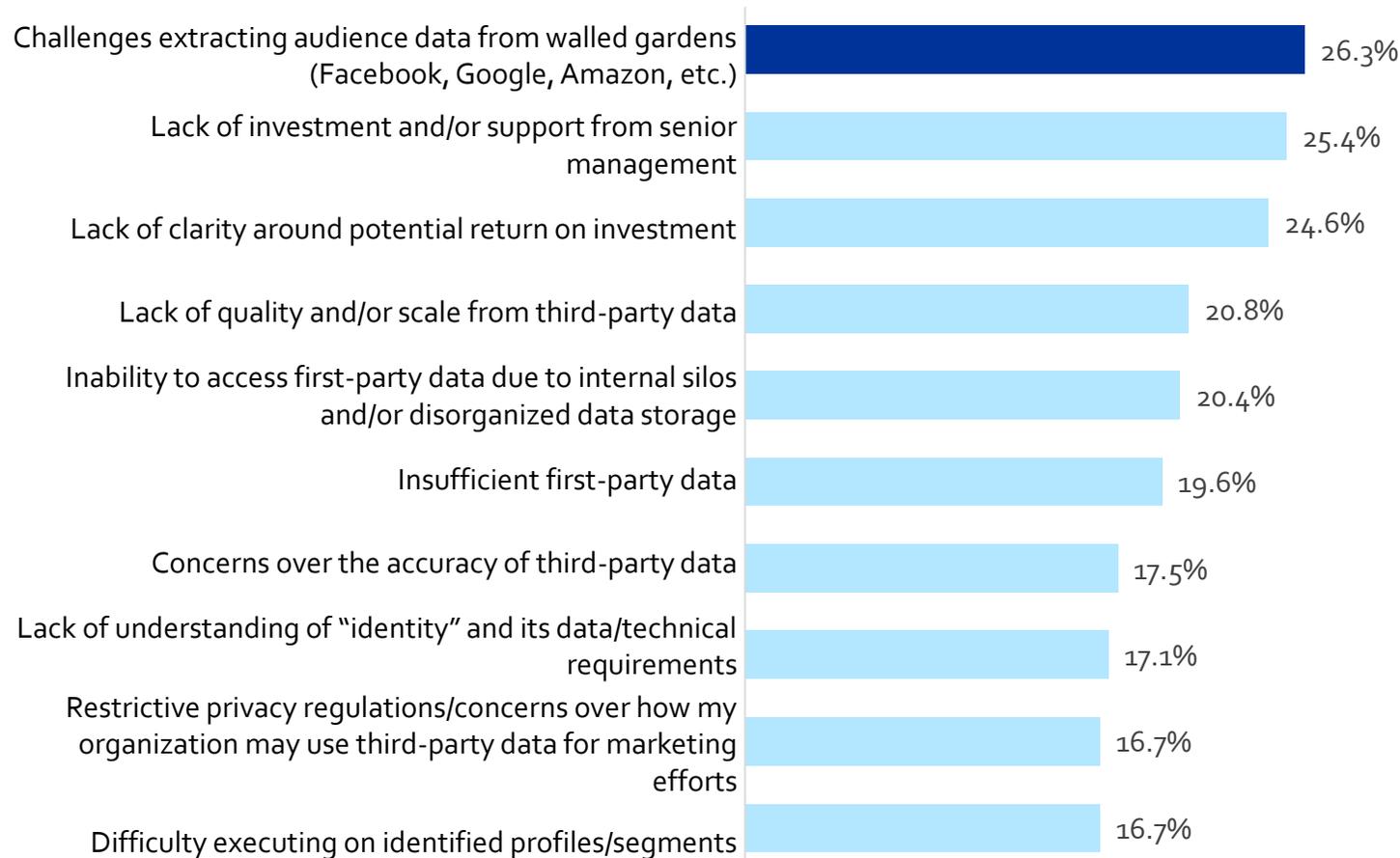
What additional resources would be most helpful to your organization in deriving value from the aforementioned identity solutions?



Today, marketers are finding it challenging to articulate the value they reap from their identity efforts. Respondents said that technology developers, data providers and consulting partners could deliver great value by helping them demonstrate the ROI from these investments—thus fostering buy-in from senior business leaders and building greater awareness of how identity solutions may be leveraged to support a wide array of business objectives

Myriad Obstacles Complicate the Work of Identity, But None So Much as the Challenge of Extracting Insights from “Walled Gardens”

Which of the following challenges are most hindering your organization’s efforts to identify its addressable audiences?



- “Walled garden” media and commerce platforms (including Facebook, Google, Amazon and others that restrict the sharing of audience data with third parties) present a fundamental challenge for marketers looking to build a comprehensive view of their audiences across touchpoints—primarily because **these properties command vast, highly influential shares of consumer media attention**
- Nevertheless, the market is responding with solutions to the walled garden conundrum—notably in the form of new **ID consortiums and other cooperative solutions that enable brands and publishers to pool insights** so as to enable a rich view of “non-walled garden” interactions
- Though these approaches naturally fall short in delivering a true “360-degree view” of their audiences that some say represents a desirable ideal, **many say they have the potential to offer reliable standalone identity solutions**, helping marketers sidestep one of the most vexing challenges of the “Omnichannel Era”

Data Privacy Issues Continue to Capture Greater Attention From Both Consumers and Regulators



New regulation, including GDPR in the European Union and the new California Consumer Privacy Act in the U.S., have catalyzed an intensified focus on data use for marketing, particularly with respect to identity.

Both pieces of legislature aim to provide consumers with additional control over the information that companies collect and use about them, and mandate accountability on demand for brands, requiring companies to implement demonstrable data governance policies and infrastructure to oversee information management and use, and enable adherence to consumer preferences and requests. These new and evolving regulations are further impacting identity strategies and solutions in that they:

- **Keep privacy front-and-center in the consumer sphere**, requiring marketers to maintain activist policies for the benefit of their customers, and communicate responsibility and adherence with their audiences in order to build and maintain trust
- **Provide some clarity** with respect to the parameters that define responsible data-driven marketing, **but also fuel confusion** owing to the dynamic nature of these guidelines (and different policy priorities in the U.S. and Europe)
- Reinforce the critical importance of identity as a means of **respecting consumers' preferences** with respect to marketing communications
- Present greater **need for marketers to take safeguards to ensure that their data management and identity solutions meet changing regulatory standards** (including providing for insurance of such infrastructure, in a growing number of cases)

GDPR

- **General Data Protection Regulation (GDPR) aims to standardize and strengthen data protection policies for residents of EU member nations**
- Applies to any business, EU-based or not, that has EU users or customers
- Defines "personal data" as online identifiers such as IP addresses, cookie identifiers or device IDs
- Presents an "accountability principle," requiring businesses to show *how* they are complying with GDPR
- Requires data subjects (i.e. individuals) to provide consent and data processors (i.e. entities that store/service data on behalf of the entity that owns the data) to give clear definitions to how data is being used
- Provides rights to consumers, including the: right of access (to view personal data upon request), right to rectification (correction of inaccurate information) and right of portability (choice regarding where data is sent)
- Went into effect May 25, 2018

CCPA

- **Recently-passed California Consumer Privacy Act (CCPA) will provide consumers more control over data compiled by commercial "brokers," and imposes new data management protocols on these businesses**
- Personal information is defined as anything that could be associated or linked with an individual or household
- Applies to businesses that have an annual gross revenue >\$25MM and buy, sell or share consumer information, or derive 50% of revenues from this type of data
- Provides rights to consumers to opt out of having their personal information used commercially
- Will serve as a model and precedent for other states' data privacy regulations
- Goes into effect January 1, 2020

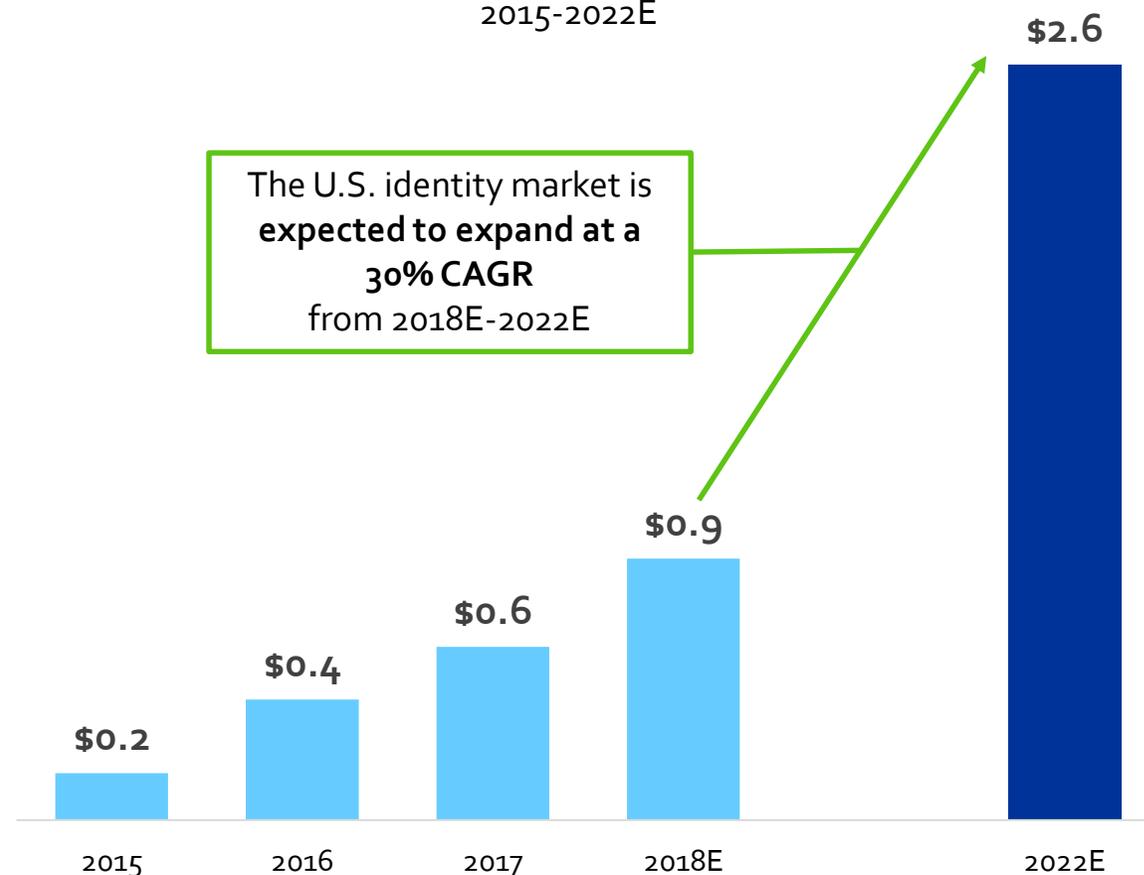
U.S. Investment in Identity Solutions Will Surpass \$2.6BB by 2022 as Marketers Pursue an Expanded View of the Customer Across Use Cases



Growth in the identity solutions market will be propelled by greater marketer understanding of the “identity mandate” (i.e. the bottom-line business aims that a well-developed identity strategy would be positioned to support) as well as greater comfort with privacy regulation that is currently new and not generally well understood. The convergence of those dynamics should drive:

- A greater demand among brands to **control their own “first-party” identity graphs**—granting a significantly richer view of their customer and prospect audience, and giving them the tools to leverage identity information across *all* marketing and service touchpoints, perhaps even so as to enable continuous optimization of the “Marketing Holy Trinity”—right person, right offer at the right time—across all channels
- Continued **growth of the third-party data ecosystem**, particularly in support of those marketers that have fewer first-party data assets at their disposal
- Continued **growth of the broader marketing data/data services ecosystem**, driven in large part by new market participants (non-traditional providers seeking to monetize their assets) and types of data (sourced from IoT devices, etc.)
- **Acceleration of the pace of data processing, decisioning and activation**—driven by maturation of AI-based advertising and marketing platforms

U.S. Identity Solution Expenditures* (\$BB)
2015-2022E



Source: Winterberry Group, July 2018

*Includes a dedicated portion of database management fees, plus all investments in standalone identity solutions—including device graphs, CDPs and onboarding solutions

Recognizing Identity Solutions Enable Both Improved Customer Experiences *and* Privacy-Policy Adherence, Marketers are Prioritizing Related Mandates

Marketers are beginning to recognize the value that holistic identity solutions can provide to all facets of their business. In order to take advantage of identity opportunities that drive measureable business outcomes, marketers must maintain an intense focus on several key initiatives:

- ✓ Proactively designing, building and managing **data governance policies and infrastructure**, securing the organization from negative outcomes and enabling best-in-class customer experiences
- ✓ Determining the organization's **best approach to centralizing data management**, with the aim of dismantling "silos" that impede a view of the customer and inhibit the ability of the organization to **support consumer preference and choice**
- ✓ **Assessing the data requirements of the organization** across the business touchpoints of marketing, service and sales, so as to determine what is needed to balance the competing priorities around "reach and coverage" vs. "accuracy and precision"
- ✓ **Determining what data architecture is right for an organization to support its primary use cases** today—and tomorrow. Even while technology advances at a furious pace, it takes time to integrate new tools and evolve the processes and people that support it
- ✓ **Developing an *identity strategy* that allows the organization to leverage both internal and external expertise in support of more ambitious and varied use cases (while turning to third parties for necessary data, services and support)**



About ANA's Data, Marketing & Analytics division (DMA)



The ANA (Association of National Advertisers) makes a difference for individuals, brands, and the industry by driving growth, advancing the interests of marketers and promoting and protecting the well-being of the marketing community.

Founded in 1910, the ANA provides leadership that advances marketing excellence and shapes the future of the industry. The ANA's membership includes nearly 2,000 companies with 25,000 brands that engage almost 150,000 industry professionals and collectively spend or support more than \$400 billion in marketing and advertising annually.

The membership is comprised of more than 1,100 client-side marketers and more than 800 marketing service provider members, which include leading marketing data science and technology suppliers, ad agencies, law firms, consultants, and vendors. Further enriching the ecosystem is the work of the nonprofit ANA Educational Foundation (AEF), which has the mission of enhancing the understanding of advertising and marketing within the academic and marketing communities.

To learn more about how ANA's Data, Marketing, and Analytics division (DMA) is partnering with industry leaders to advance the cause of data integrity and the customer experience, visit theDMA.org/structured-innovation.

About Our Premier Sponsors: Acxiom and Drawbridge



Acxiom provides the data foundation for the world's best marketers. We enable people-based marketing everywhere through a simple, open approach to connecting systems and data that drives seamless customer experiences and higher ROI. A leader in identity and ethical data use for nearly 50 years, Acxiom helps thousands of clients and partners around the globe work together to create a world where all marketing is relevant. Acxiom is a registered trademark of Acxiom Corporation.

For more information, please visit www.acxiom.com



Drawbridge is the leader in identity resolution that helps customer-obsessed companies connect, unify, and supercharge their data to deliver unparalleled experiences with unmatched clarity. Drawbridge uses large-scale AI and machine learning technologies to build democratized solutions for identity to power martech, customer experience, and security applications. Drawbridge is backed by top VCs and strategic investors, including Sequoia Capital, Kleiner Perkins Caufield & Byers, and Northgate Capital, and has received awards and recognition from the WSJ, NY Times, Fortune, Forbes, CNBC, and more.

For more information, please visit www.drawbridge.com

About Our Premier Sponsors: Experian and LiveRamp



At Experian Marketing Services, we use data and insights to help brands have more meaningful interactions with people. Advertising has become smarter and more personalized and Experian is helping to set new standards in data management, usability, and measurement in this new environment. Being able to identify your customers is the first step to data-driven advertising, and as leaders in the evolution of the advertising landscape, Experian Marketing Services can help you identify your customers and the right potential customers, uncover the most appropriate communication channels, develop messages that resonate, and measure the effectiveness of marketing activities and campaigns.

For more information, please visit www.experianmarketingservices.com



LiveRamp offers brands and the companies they work with identity resolution that is integrated throughout the digital ecosystem, and provides the foundation for omnichannel marketing. IdentityLink transforms the technology platforms used by our clients into people-based marketing channels that improve the relevancy of marketing, and ultimately allow consumers to better connect with the brands and products they love. LiveRamp is an Acxiom company (NASDAQ: ACXM), delivering privacy-safe solutions to market and honoring the best practices of leading associations including the Digital Advertising Alliance's (DAA) ICON and App Choices programs.

For more information, please visit www.LiveRamp.com

About Our Premier Sponsors: Signal



Signal is the first and only Customer Identity Solution for enterprise. Signal's platform transforms the customer experience by providing contextual relevance at all points of engagement, regardless of place or time.

Today, Signal's technology runs on more than 45,000 digital properties in 158 countries. The platform facilitates billions of data requests monthly, supporting top brands around the world generating more than \$1.5 trillion in commerce, including Allstate, Audi, Crate & Barrel, JetBlue Airways, Starcom MediaVest Group, Starwood Hotels and Resorts, and many more.

Signal has been recognized with numerous awards and honors, appearing on the Inc. 500 list of the fastest growing companies in 2015, 2016 and 2017.

For more information, please visit www.signal.co

About Our Supporting Sponsor: Throtle



Throtle is an identity-based data onboarding company helping brands, agencies and marketing platform companies accurately target individuals across devices and browsers. We provide identity resolution, audience intelligence, onboarding, and closed loop measurement to help marketers accelerate performance. While legacy onboarders are all about connectivity, we are obsessive about accuracy. With over 40 years of data expertise at our core, we've developed a rigorous pre-onboarding process to cleanse, hygiene, repair, and extend a brand's CRM file that results in better match rates and superior accuracy.

For more information, please visit www.throtle.io

About Winterberry Group



Winterberry Group is a unique management consultancy that supports the growth of advertising, marketing, media, information and technology organizations—helping clients create custom strategies, capitalize on emerging opportunities and grow their value. Our services include:

CORPORATE STRATEGY

- Business assessment
- Strategic planning and roadmap development
- Buyside M&A target identification and qualification

DATA-DRIVEN MARKETING TRANSFORMATION

- Data and digital business planning and impact assessment
- Data activation strategy
- Marketing process and platform architecture, design and RFP management
- Marketing organization process engineering

M&A TRANSACTION SUPPORT

- Target company assessment/customer due diligence
- Market landscaping
- Post-transaction strategic roadmapping
- Integration planning and support

MARKET INTELLIGENCE

- Custom research
- Thought leadership

Additionally, Winterberry Group is differentiated through its affiliation with Petsky Prunier LLC, the leading investment bank serving the technology, media, marketing, e-commerce and healthcare industries. Together, the two firms provide one of the largest and most experienced sources of strategic and transactional services in their addressable markets.

For more information, please visit www.winterberrygroup.com