ownerIQ

THE ERA OF SECOND-PARTY DATA IS HERE

85% of retailers and brands will have second-party data integrated into their overall marketing strategy within twelve months.

Register to uncover second-party data strategies, challenges, and benefits.

A SEPTEMBER 2016 COMMISSIONED STUDY CONDUCTED BY FORRESTER CONSULTING ON BEHALF OF OWNERIQ.

OCTOBER 5, 2015 1PM EST
GUEST SPEAKER: SUSAN BIDEL
SENIOR ANALYST WITH FORRESTER RESEARCH

FEATURING
FORRESTER®

Featured Presenters:

Susan Bidel
Sr. Analyst, Forrester

Eric Mabley
EVP Platform and Services, ownerIQ

Moderator and Q&A discussion: Steven Ustaris, CMO at ownerIQ

AGENDA

- TLP KEY FINDINGS & RECOMMENDATIONS

- OWNERIQ: USE CASES

- TIPS ON HOW TO GET STARTED

- Q&A

Agenda

› *Second-party data:*

- What and why: Key findings

› *Marketing's use of second-party data*

- State of the art
- Challenges
- Payoffs

› *Recap and recommendations*

Agenda

› *Second-party data:*

  - What and why: Key findings

› *Marketing's use of second-party data*

  - State of the art

  - Challenges

  - Payoffs

› *Recap and recommendations*

Second-party data

Second-party data sharing is when a retailer, brand, publisher, or marketer gains transparent access to the website audience data of another retailer, brand, publisher, or marketer for marketing purposes – to their mutual benefit.

Today we focus on how two marketers can blend their data and work together.

Second-party data

› Use of third-party data will decline as use of second-party data grows

› It's not a question of *if* second-party data sharing, but *when*

› Second-party data sharing moves the needle

› Working directly with partners is challenging

› Marketers will turn to third-parties to broker future deals

Agenda

› *Second-party data:*

  • What and why: Key findings

› ***Marketing's use of second-party data***

  • State of the art

  • Challenges

  • Payoffs

› *Recap and recommendations*

State of the Art
Second-party data

Second-party data

STATE OF THE ART

› Use of third-party data is in decline

- 35% said the lack of transparency in 3rd-party data was fueling the growth in use of 2nd-party data

"Thinking about your current programmatic advertising strategy, approximately what percent of your campaigns utilize first-party, second-party, and third-party data?"

"Looking ahead, what percent of your campaigns do you estimate will utilize first-party, second-party, and third-party data in five years?"
(Mean percentages shown)

- ■ First-party data
- ■ Second-party data
- ■ Third-party data
- ■ Combination of first-, second-, and/or third-party data

	Currently	In 5 years
First-party	41%	38%
Second-party	24%	29%
Third-party	22%	19%
Combination	14%	14%
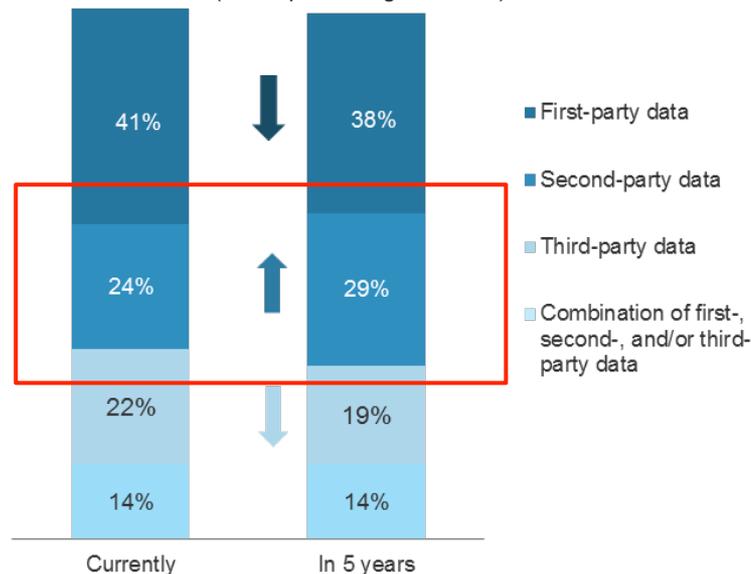
Second-party data

STATE OF THE ART

› Use of second-party data is growing

- Half of all retailers and durable goods marketers have a second-party data strategy in place

- An additional third plan to next year

"To what extent is your organization integrating a second-party data strategy into its overall marketing strategy?"
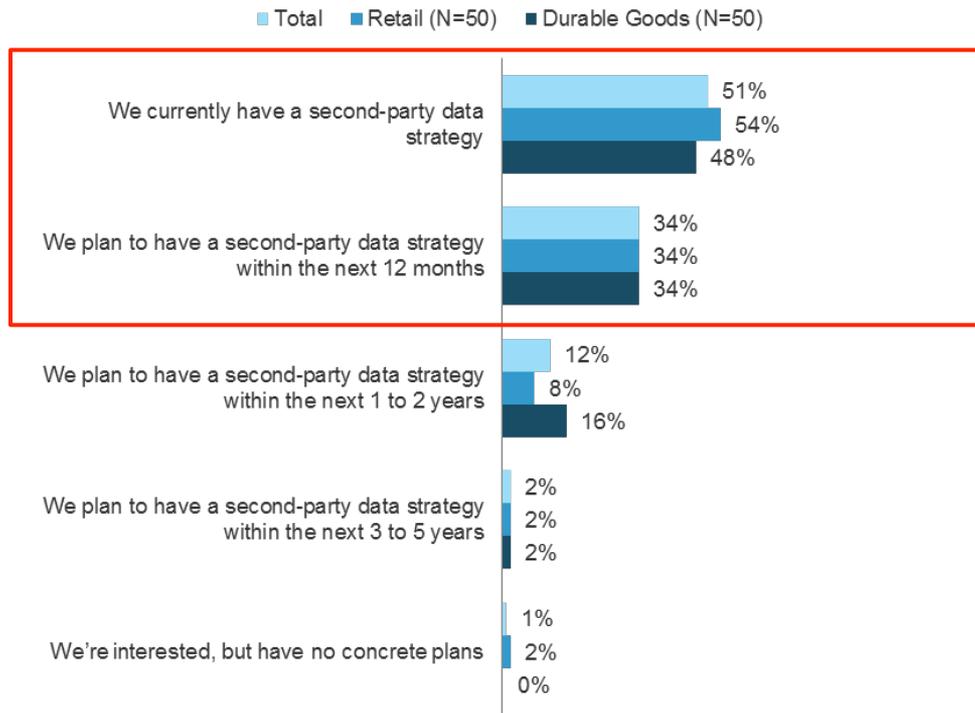
■ Total ■ Retail (N=50) ■ Durable Goods (N=50)

	Total	Retail (N=50)	Durable Goods (N=50)
We currently have a second-party data strategy	51%	54%	48%
We plan to have a second-party data strategy within the next 12 months	34%	34%	34%
We plan to have a second-party data strategy within the next 1 to 2 years	12%	8%	16%
We plan to have a second-party data strategy within the next 3 to 5 years	2%	2%	2%
We're interested, but have no concrete plans	1%	2%	0%

Base: 100 advertising and marketing leaders at retail or durable consumer goods organizations with 500 or more employees

Source: A commissioned study conducted by Forrester Consulting on behalf of ownerIQ, August 2016

Second-party data

› Goals driving the use of second-party data are similar across both surveyed sectors

"What are, or will be, the top business goals of your second-party data strategy?"

Top three goals

Retail (N=50)

#1 Acquire new customers

#2 Increase brand awareness

#3 Generate leads (tie)

#3 Run more effective sell-through campaigns(tie)

Durable goods (N=50)

#1 Acquire new customers

#2 Generate revenue

#3 Increase sell-through

Base: 100 advertising and marketing leaders at retail or durable consumer goods organizations with 500 or more employees

Source: A commissioned study conducted by Forrester Consulting on behalf of ownerIQ, August 2016

Second-party data
STATE OF THE ART

› Supports key marketing initiatives:

- Advertising
- Customer profiles and segmentation
  - › Personalization

As you leverage personalization at many, many levels depending on the partnerships and second-party, you can really drill down and get sophisticated and, dare I say, clued in on what you're doing there.
Digital Mktg. Director/Retailer

"What initiatives does or will your second-party data strategy support?"
(Select all that apply)
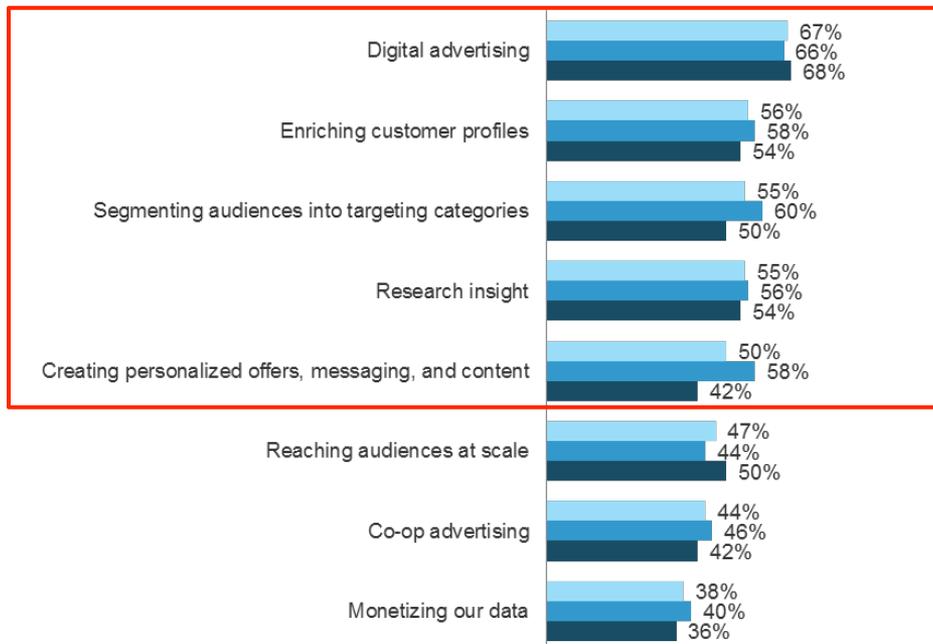
■ Total ■ Retail (N=50) ■ Durable goods (N=50)

Initiative	Total	Retail	Durable goods
Digital advertising	67%	66%	68%
Enriching customer profiles	56%	58%	54%
Segmenting audiences into targeting categories	55%	60%	50%
Research insight	55%	56%	54%
Creating personalized offers, messaging, and content	50%	58%	42%
Reaching audiences at scale	47%	44%	50%
Co-op advertising	44%	46%	42%
Monetizing our data	38%	40%	36%

Base: 100 advertising and marketing leaders at retail or durable consumer goods organizations with 500 or more employees
Source: A commissioned study conducted by Forrester Consulting on behalf of ownerIQ, August 2016

Second-party data

STATE OF THE ART

› Is supported by key stakeholders:

- Marketing

- Data strategy

■ Total ■ Retail (N=50) ■ Durable goods (N=50)

Group	Total	Retail	Durable goods
Marketing	69%	70%	68%
Data strategy	61%	64%	58%
Sales	51%	52%	50%
Executive management	50%	48%	52%
Ecommerce	42%	50%	34%
Business intelligence/corporate analytics	42%	48%	36%
Merchants	30%	30%	30%
Product development	29%	36%	22%
External agency	21%	24%	18%

Base: 100 advertising and marketing leaders at retail or durable consumer goods organizations with 500 or more employees
Source: A commissioned study conducted by Forrester Consulting on behalf of ownerIQ, August 2016

Second-party data

STATE OF THE ART

› Fueling programmatic ad strategy

68% reported that 2ⁿᵈ-party data gives them a competitive advantage

"Thinking about your current programmatic advertising strategy, approximately what percent of your campaigns utilize first-party, second-party, and third-party data?"

"Looking ahead, what percent of your campaigns do you estimate will utilize first-party, second-party, and third-party data in five years?"
(Mean percentages shown)

Currently Retail (N=50)

Currently | In 5 years

In 5 years Durable goods (N=50)
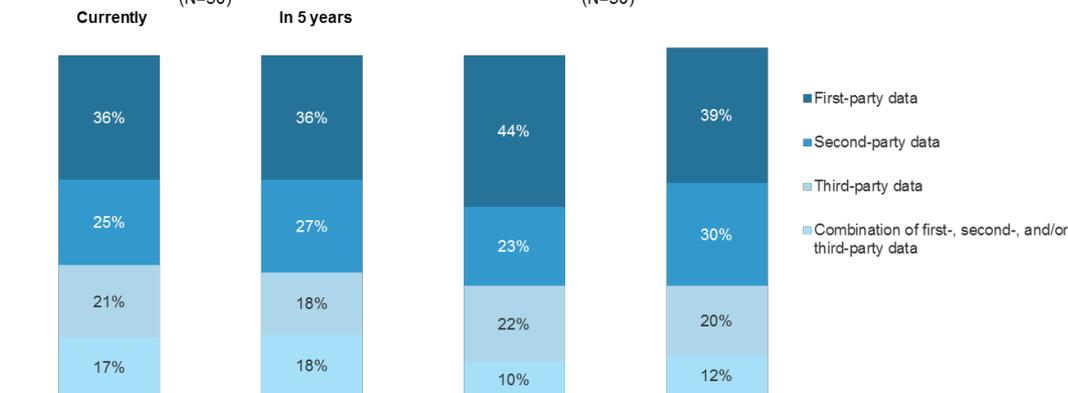
	Currently	In 5 years		In 5 years
First-party data	36%	36%	44%	39%
Second-party data	25%	27%	23%	30%
Third-party data	21%	18%	22%	20%
Combination of first-, second-, and/or third-party data	17%	18%	10%	12%

Base: 100 advertising and marketing leaders at retail or durable consumer goods organizations with 500 or more employees
Source: A commissioned study conducted by Forrester Consulting on behalf of ownerIQ, August 2016

Second-party data

STATE OF THE ART

› Expands limited first-party data sets

Scale is limited with our first-party data, and then probably the primary other use case [for second-party data] is a proprietary set of data that we otherwise don't have access to.
VP, Digital Mktg.
Retailer

"What drove – or is driving – your organizations adoption of a second-party data strategy?"
(Select all that apply)

■ Total   ■ Retail (N=50)   ■ Durable goods (N=50)

Driver	Total	Retail	Durable goods
We want to gain greater insights into customer behaviors and preferences	69%	74%	63%
We want to gain a competitive advantage	68%	68%	67%
We want to monetize our first-party data	43%	36%	51%
To support existing cooperative relationship with partners	39%	42%	37%
Third-party data lacks transparency	35%	42%	29%
Lack of scalability in our first-party data	27%	26%	29%
We don't collect enough first-party data to leverage it effectively	21%	26%	16%
We don't have a holistic view of our customers	19%	22%	16%
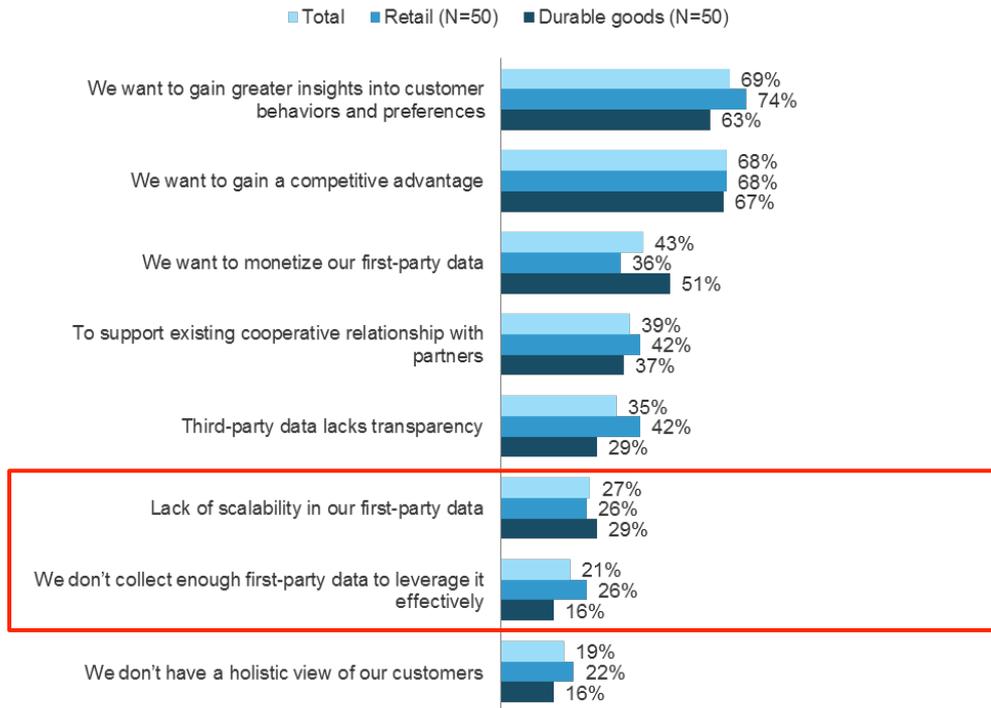
Second-party data

## STATE OF THE ART

› Enhances knowledge of the customer

We definitely gain customer insights and data [through second-party data partnerships]… we gain net new data by working with second-party [data] providers.
VP, Digital Mktg.
Retailer

"What drove – or is driving – your organizations adoption of a second-party data strategy?"
(Select all that apply)

■ Total ■ Retail (N=50) ■ Durable goods (N=50)

We want to gain greater insights into customer behaviors and preferences
- 69%
- 74%
- 63%

We want to gain a competitive advantage
- 68%
- 68%
- 67%

We want to monetize our first-party data
- 43%
- 36%
- 51%

To support existing cooperative relationship with partners
- 39%
- 42%
- 37%

Third-party data lacks transparency
- 35%
- 42%
- 29%

Lack of scalability in our first-party data
- 27%
- 26%
- 29%

We don't collect enough first-party data to leverage it effectively
- 21%
- 26%
- 16%

We don't have a holistic view of our customers
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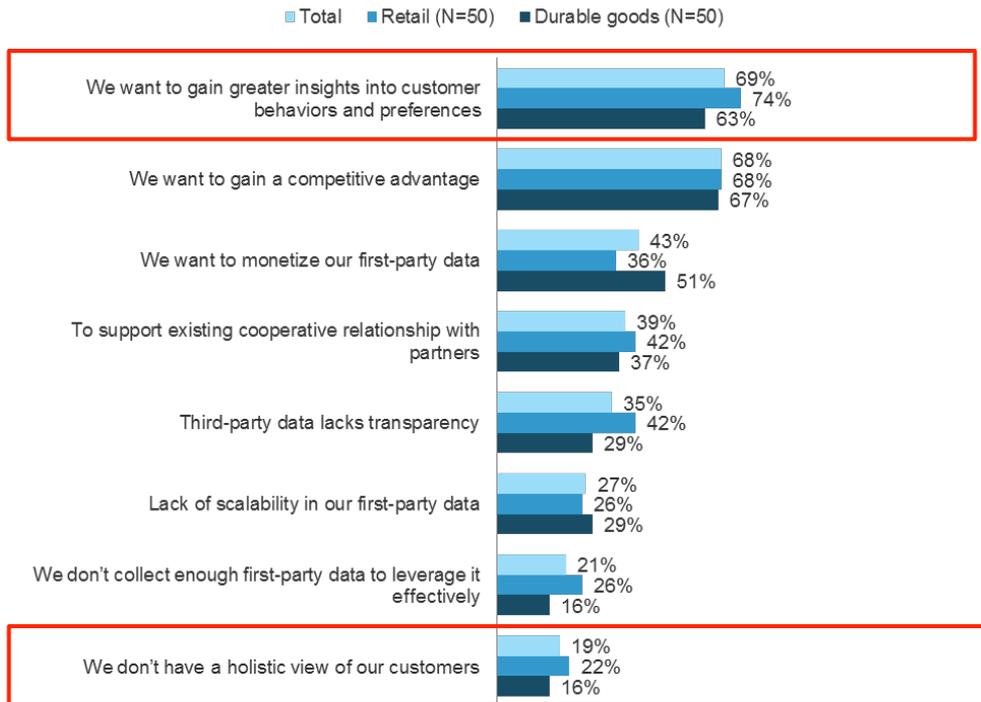
Base: 100 advertising and marketing leaders at retail or durable consumer goods organizations with 500 or more employees
Source: A commissioned study conducted by Forrester Consulting on behalf of ownerIQ, August 2016

Challenges
Second-party data

Second-party data

CHALLENGES

› Most of those surveyed deal directly with

second-party data partners

Because we no longer have a direct e-Commerce channel…we're very heavily involved with our retail partners' channels now, which means that we've also started pursuing a lot of data sharing types of activity. We've been developing those over the past couple of years and more intensely over the past year.
Sr. Manager, MKTG & CRM
Durable goods marketer

"Which of the following is the primary approach
used by your organization to leverage second-party data?"
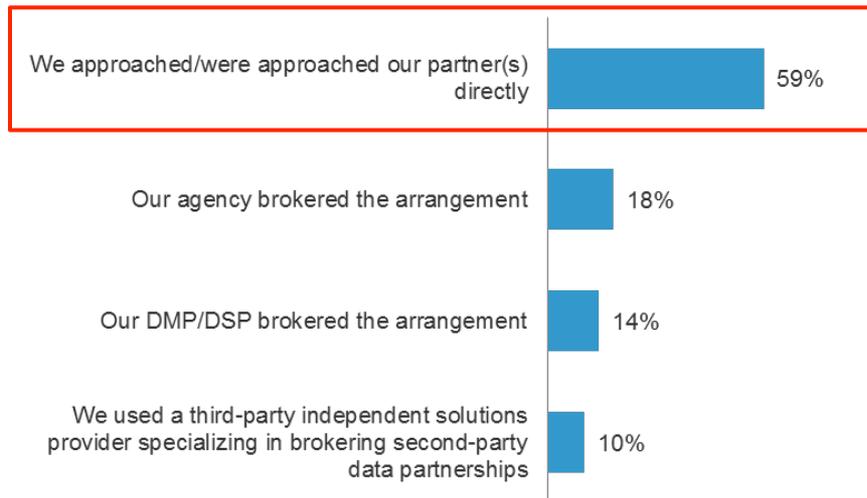
We approached/were approached our partner(s) directly	59%
Our agency brokered the arrangement	18%
Our DMP/DSP brokered the arrangement	14%
We used a third-party independent solutions provider specializing in brokering second-party data partnerships	10%

Base: 51 advertising and marketing leaders at retail or durable consumer goods organizations with 500 or more employees and a second-party data strategy
Source: A commissioned study conducted by Forrester Consulting on behalf of ownerIQ, August 2016

Second-party data
CHALLENGES

› Fears include
audience duplication
and data insecurity

"What challenges do you face when sharing website
audience data (i.e., cookied audience data) with partners?"
(Select all that apply)
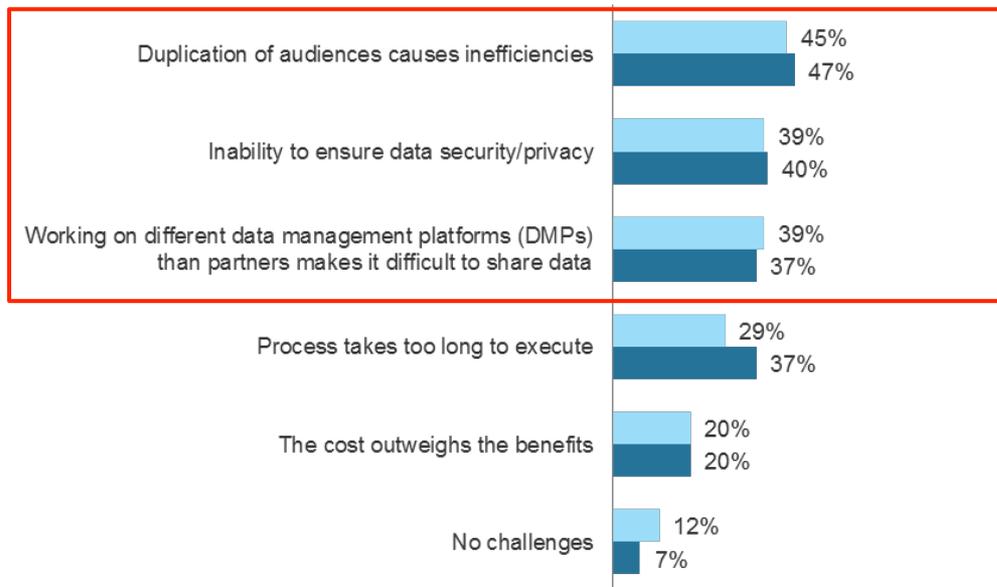
■ Total (N=51) ■ Worked directly with partners (N=30)

Duplication of audiences causes inefficiencies
45%
47%

Inability to ensure data security/privacy
39%
40%

Working on different data management platforms (DMPs)
than partners makes it difficult to share data
39%
37%

Process takes too long to execute
29%
37%

The cost outweighs the benefits
20%
20%

No challenges
12%
7%

Base: 51 advertising and marketing leaders at retail or durable consumer goods organizations with a second-party data strategy and 500 or more employees
Source: A commissioned study conducted by Forrester Consulting on behalf of ownerIQ, August 2016

Second-party data
LOTS OF COMMENTS ON CHALLENGES

But the reality is … we have very strict data sharing rules and data security rules. That means that we can only work with certain partners.
Mktg./CRM Manager
CPG

…One of the main reasons why we were prevented from working with some of our partners for awhile because they were on one platform and we were on another. We could not get an agreement … because of data security issues….
Mktg./CRM Manager
CPG

…Integrating data between systems is the significantly hard part...It sounds way easier than it actually is to do. If you had someone who was on a corresponding DMP with you, you would probably be miles ahead of the game.
VP Digital Mktg.
Retailer

…Significant challenges from my vantage point… when it comes to directly working with a given manufacturer. You get into a lot of conversations with lawyers and privacy folks, which is not a good use of my media professionals and the team.
Digital Mktg. Director
Retailer

Payoffs
Second-party data

Second-party data
PAYOFFS

› Adds to marketing capabilities

- Improved ability to target

- Identify new or potential customer

- Generate insights into the customer journey

"What benefits have you – or do you expect to – realize through your second-party data strategy?"
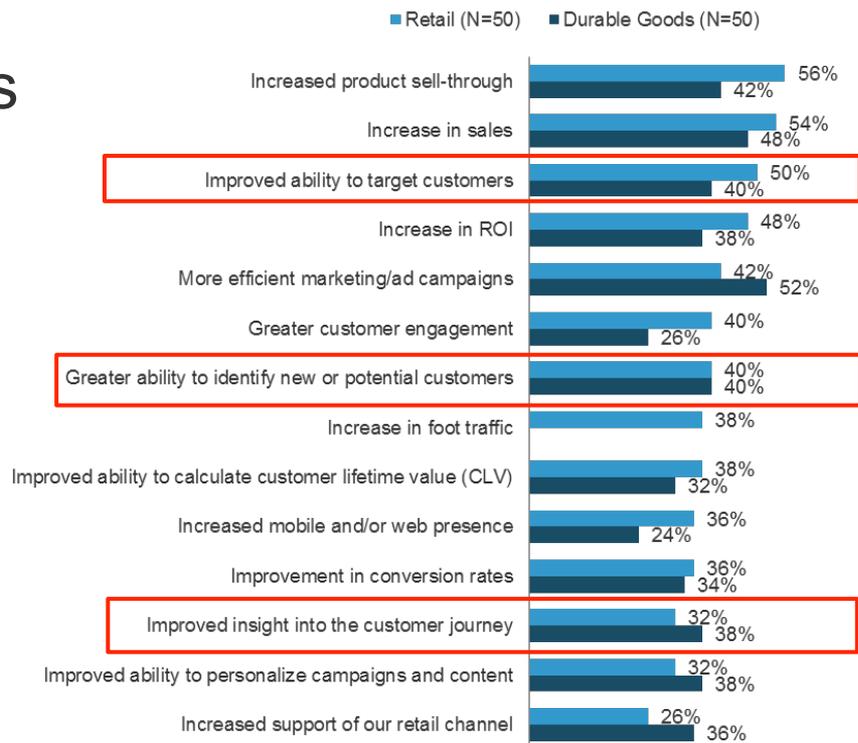
■ Retail (N=50) ■ Durable Goods (N=50)

Benefit	Retail	Durable Goods
Increased product sell-through	56%	42%
Increase in sales	54%	48%
Improved ability to target customers	50%	40%
Increase in ROI	48%	38%
More efficient marketing/ad campaigns	42%	52%
Greater customer engagement	40%	26%
Greater ability to identify new or potential customers	40%	40%
Increase in foot traffic	38%	
Improved ability to calculate customer lifetime value (CLV)	38%	32%
Increased mobile and/or web presence	36%	24%
Improvement in conversion rates	36%	34%
Improved insight into the customer journey	32%	38%
Improved ability to personalize campaigns and content	32%	38%
Increased support of our retail channel	26%	36%

Base: 100 advertising and marketing leaders at retail or durable consumer goods organizations with 500 or more employees
Source: A commissioned study conducted by Forrester Consulting on behalf of ownerIQ, August 2016

Second-party data
PAYOFFS

❯ Adds to the bottom line

- With increased sell-through

- Sales

- Conversions

- And ROI

"What benefits have you – or do you expect to – realize through your second-party data strategy?"
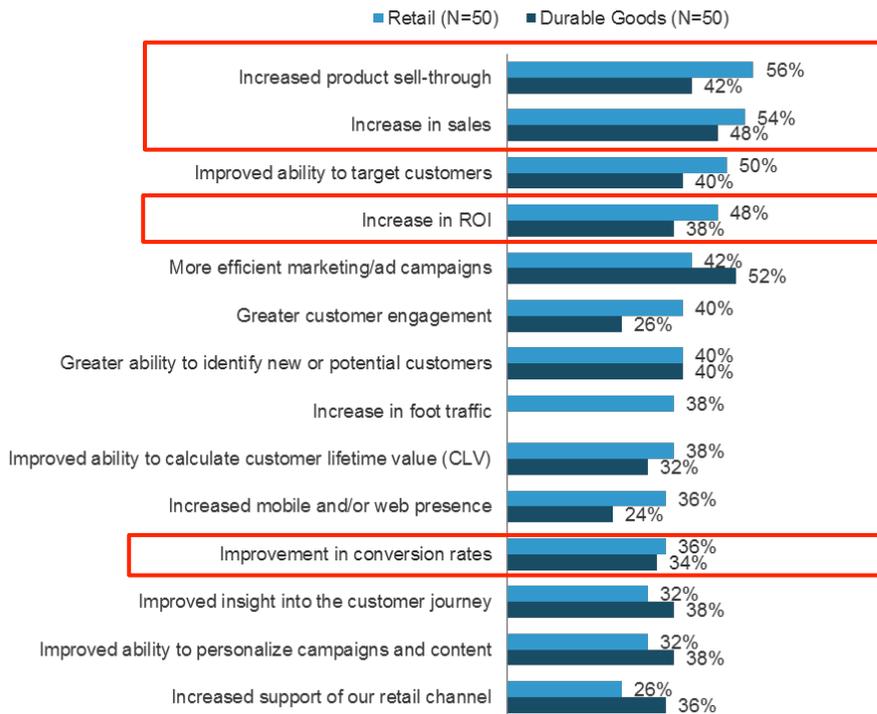
■ Retail (N=50) ■ Durable Goods (N=50)

Benefit	Retail	Durable Goods
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More efficient marketing/ad campaigns	42%	52%
Greater customer engagement	40%	26%
Greater ability to identify new or potential customers	40%	40%
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Base: 100 advertising and marketing leaders at retail or durable consumer goods organizations with 500 or more employees
Source: A commissioned study conducted by Forrester Consulting on behalf of ownerIQ, August 2016

Second-party data
LOTS OF COMMENTS ON PAYOFFS

[One benefit of second-party data sharing] is scale. That's probably the most important one. I would say stronger analytical models, stronger purchase propensity models…. We're [also] able to tie it back with sales.
Mktg./CRM Manager
CPG

The cookie-based [data], to me, will make it easier and easier to target effectively in a real-time environment. I could send out significantly more targeted emails, my display advertising would be significantly more structured and targeted, then if I can get it all the way back and tie it into some of our on-site content then we have a tremendous win. I think you can really only do that with cookie-based data.
VP Digital Mktg.
Retailer

I think as we get larger, we will [work with an independent third-party that would broker second-party data partnerships]. There's not enough time in the day for me to chase everything down right away. I can start pulsing things in to get as a sophisticated as I can, as quickly as I can, but I see that as we grow and we scale properly, then I'll have lots of need for that. That may take away some of my -- and this would be a positive thing -- having to experiment and deal and poke and prod and test myself, where I can say, "Okay, I found a great partner who has great second-party data." I'm just going to use these guys and save myself X amount of time and energy.

VP Digital Mktg.
Retailer

Agenda

› *Second-party data:*

- What and why: Key findings

› *Marketing's use of second-party data*

- State of the art

- Challenges

- Payoffs

› *Recap and recommendations*

Second-party data

› Use of second-party data is **on the upswing**

› Use of third party will decline

› Second party data sharing **moves the needle**

› Working directly with partners is challenging

› **Third-party solutions providers make the process easier**

Second-party data
WHAT WOULD I CHANGE

› Tackle the technical challenges

› Turn to specialists

  • Rely on their legal and technical experience to ensure a speedy and successful program

"Thinking about future second-party data partnerships, what would you change about the process?"
(Select all that apply)
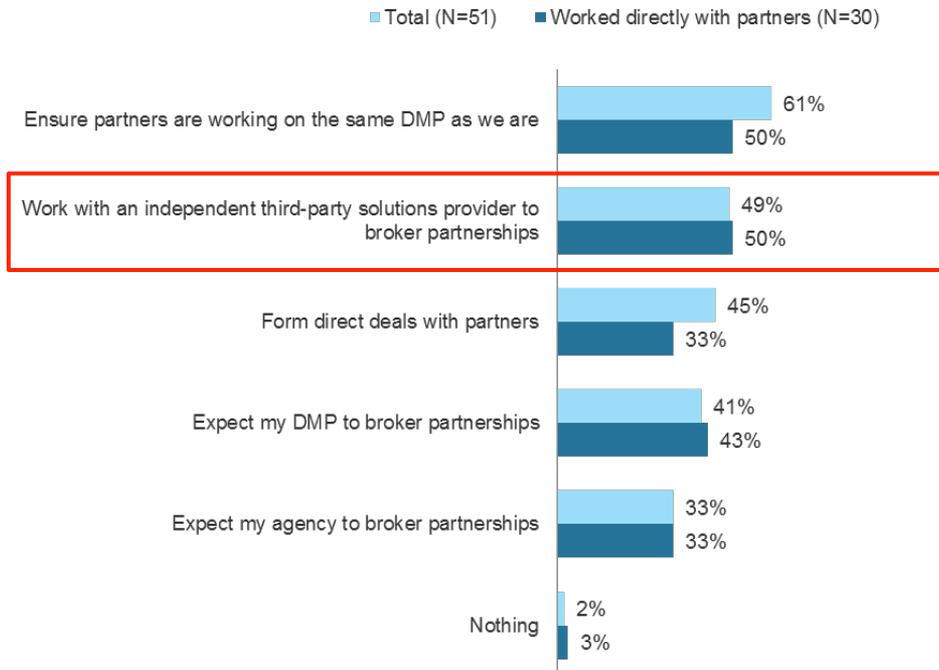
■ Total (N=51) ■ Worked directly with partners (N=30)

Ensure partners are working on the same DMP as we are
- 61%
- 50%

Work with an independent third-party solutions provider to broker partnerships
- 49%
- 50%

Form direct deals with partners
- 45%
- 33%

Expect my DMP to broker partnerships
- 41%
- 43%

Expect my agency to broker partnerships
- 33%
- 33%

Nothing
- 2%
- 3%

Base: 51 advertising and marketing leaders at retail or durable consumer goods organizations with a second-party data strategy and 500 or more employees
Source: A commissioned study conducted by Forrester Consulting on behalf of ownerIQ, August 2016

Second-party data

› **Aggregate** all of your first-party data sources

› **Cast a wide net** for potential partners

› **Use attribution** to control for audience duplication

› **Maintain data privacy** with clear and concise T&Cs

› **Remove friction** with third party solutions providers

Thank you

Susan Bidel
+1 212.857.0751
sbidel@forrester.com

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forrester.com

SECOND-PARTY DATA
USE CASES

SUCCESSFUL 2ND PARTY DATA RELATIONSHIPS ARE SYMBIOTIC

THERE IS TRANSPARENCY ON BOTH ENDS

COMPENSATION IS FAIR AND EQUITABLE

BOTH PARTNERS FEEL A MEASURE OF CONTROL

PARTNERS SEE MEASUREABLE RESULTS
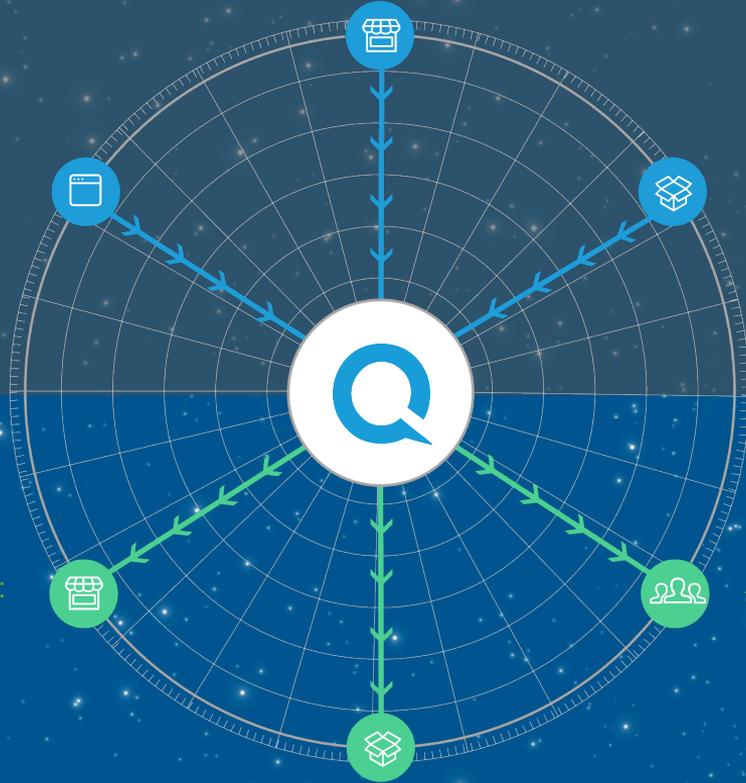
CAMPAIGN EXECUTION

First-Party Data Collection
Cookies are aggregated from visits to the retailer's properties and pages, ported into platform and segmented by product and brand type.

Second-party ad execution
Ad opportunities against cookied browsers are found in open exchanges.

USE CASE 1: RESULTS

Major Toy Retailer

Achieved 100% reach against retailer's audience and 5x campaign ROI goal.

"We saw tremendous results after exposure, exceeding our ROI goal by more than 5x." - Tena Crock, VP of ecomm & digital marketing at Step 2

Gained incremental channel dollars and marketing support from Step2 that lead to sales at their .com and stores.

In addition, retailers compensation requirements included share of the ad revenue.

Program has scaled and is offered to all endemic brands that sell through the retailer.

USE CASE 2:
Product brands share audiences with their retailers

DATA PARTNERS

ADVERTISERS

USE CASE 2: RESULTS

hhgregg
appliances & electronics
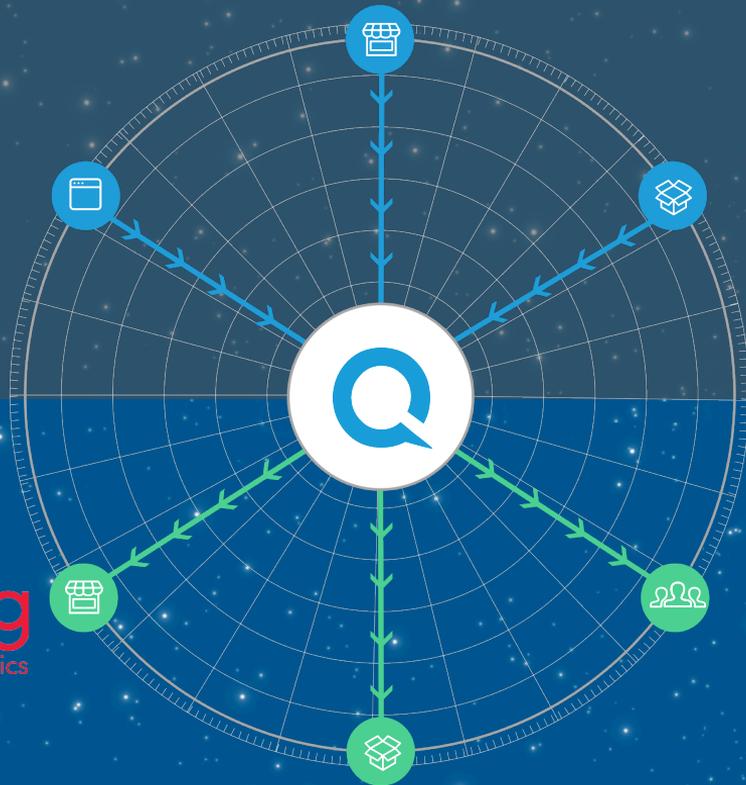
Reached in-market appliance shoppers and achieved close to **double-digit ROI**.

Expanded program to include data from 4 other tier-1 appliance manufacturers, all performing at similar levels.

"Second-party data is more efficient, [than first and third]. We can maximize that digital dollar and drive the conversion on the website and in the store." Kevin Lyons, SVP & GM of eCommerce, hhgregg

LG

Received increased marketing support for their SKUs from HHGregg (over 40 million co-branded impressions) that lead to sales.

LG has expanded program with multiple retailers leveraging their data every month and avg. 7-figures in marketing support annually.

"ownerIQ is a great partner for us because they are able to deliver results aligned with our key initiatives of increasing consumer engagement and sell-through in our retail channel." Dave VanderWaal, VP Marketing, CE & Home Appliances, LG

USE CASE 3:
Marketers share audience with non-endemic brands

Cabela's

Eddie Bauer

DATA PARTNERS

ADVERTISERS

TRUCK MANUFACTURER
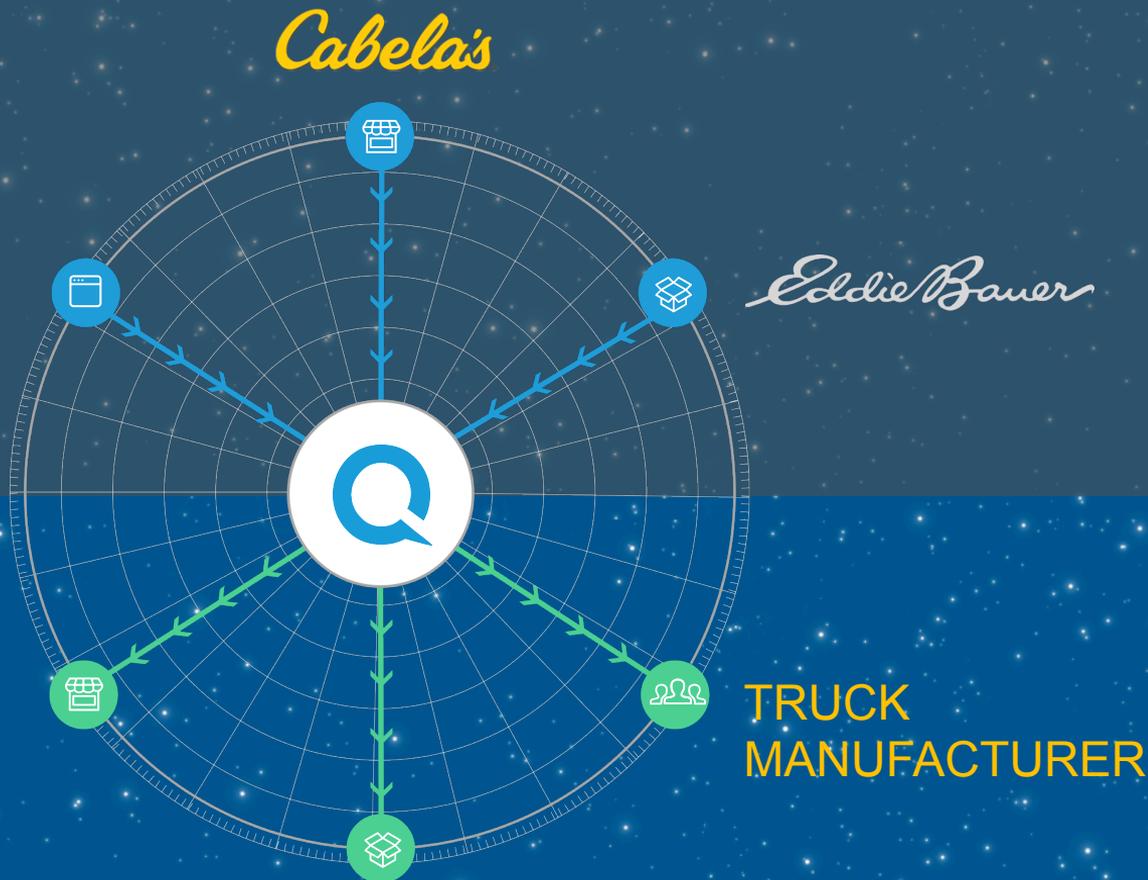
USE CASE 3: RESULTS

TRUCK MANUFACTURER

Reached audience they felt was most relevant to their brand with 100% transparency and accuracy

Eddie Bauer **Cabela's**

Eddie Bauer and Cabela's were compensated via shared advertising revenue for usage of their audience.

AUDIENCE SHARING PLATFORM

CoEx
The Co-Operative Audience Exchange

Welcome to the Co-operative Audience Exchange!

CoEx is the first and only platform to enable brands to co-operatively share their online audiences. Run targeted display and video campaigns against highly active and in-market shoppers. Join the hundreds of retailers, manufacturers and e-commerce brands currently using CoEx to support their digital shopper marketing, co-op and programmatic initiatives.

Take a Tour

Data collection, storage and segmentation

Partner to partner communication tools (ex-data request and approval controls)

CustomT&Cs drafting and posting feature

Campaign set up features

Creative storage library

Partners and advertisers' reporting and insights suite

By bringing programmatic systems to the discipline of shopper marketing, OwnerIQ is creating digital activation points during key phases of the shopper's path to purchase."

Brandon Berger, Chief Digital Officer, Worldwide, Ogilvy & Mather

SERVICE INFRASTRUCTURE

RECRUITMENT SERVICES

DATA INTEGRATION TEAM

LEAD GEN AND SALES SERVICES

ACCT / PARTNER MANAGEMENT

PRIVACY COMPLIANCE EXPERTISE AND GUIDANCE

GETTING STARTED

- LAUNCH A CAMPAIGN

- TAP INTO EXISTING PARTNERSHIPS

- CREATE SUPPLY & GAUGE DEMAND

Q&A