Winterberry Group

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The State of Data 2020

July 2020

Executive Summary: Third-Party Audience Data Spending Grew 6.1% in 2019, But Coronavirus Crisis Driving Cuts of Up to 20%

2019 U.S. Third-Party Data Spending Up 6.1%

U.S. marketers and other users invested $11.9 billion in third-party audience data in 2019, up 6.1% from the previous year—and reflecting, in turn, a slowdown from the 15.7% year-over-year growth posted in 2018.

The slowdown is attributable to a 0.8% *decline* in spending on "terrestrial" data (used to support direct mail and other offline channels), as well as to growing concern about the impact of cookie deprecation on the value of third-party data.

COVID-19 Crisis Likely to Drive Q2/Q3 Data Cuts Up to 20%

The economic impact of the ongoing coronavirus crisis has provoked a significant pivot in tactics and marketing expenditures, including those related to data.

Data users, compilers, and other industry stakeholders suggested their organizations will likely shrink Q2 and Q3 2020 data-related spending by an estimated 10-20% relative to original budgets.

First-Party Data Takes Center Stage

Spending on third-party data management, processing, and integration (a data activation solution category that includes CDP-based identity resolution tools) grew 9.8% in 2019 to $5.5 billion.

That growth is due primarily to renewed industry-wide focus on the collection, management and use of first-party audience data—commonly with the goal of driving better experiences and offers for customers and other known audience members—sparked in large part by the aforementioned concerns related to cookie deprecation, as well as growing general interest in improving the character and coordination of content across paid and owned media touchpoints.

Privacy a Key Concern, Although Anxiety Has Abated

Data users have grown less concerned about the impact of new and pending privacy regulation in the months since the California Consumer Privacy Act (CCPA) was enacted, with only 18.9% of survey respondents reporting that such regulation would represent a primary challenge for their organizations in 2020—significantly down from the 52.7% who said the same late in 2018.

While diminished concern can be attributed to the sudden emergence of new threats—like the economic crisis brought on by COVID-19—many suggested that years of preparation and investment allowed for the deployment of compliance policies and practices that were well suited to addressing newer, more stringent data collection and use guidelines.

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What Is *The State of Data*?

The State of Data is a recurring research initiative—now in its third edition, conducted and published by Winterberry Group in partnership with the IAB Programmatic+Data Center of Excellence. It is designed to help U.S. advertising, marketing, and media practitioners better understand how their peers are **investing in and using audience data as a fundamental pillar of their customer acquisition and engagement efforts.**

The State of Data:

- Estimates historical U.S. advertiser/marketer spending on third-party audience data
- Estimates historical U.S. advertiser/marketer spending on the services, technologies, and hybrid activation solutions that support the use of data across consumer and B2B marketing
- Outlines the major demand drivers, operational challenges, and other trends impacting investment in data and related activation solutions; and
- Provides a reliable benchmark for U.S. investments.

What's changed from *State of Data 2018?*

- **Consolidation with the *Outlook for Data* report.** *The State of Data* now integrates the two reports for a comprehensive, longitudinal view of how brands and media companies in the U.S. are using and investing in audience data
- **Re-architecture of third-party data categories.** Mirroring the continuing evolution of the U.S. data ecosystem, this year's spending analysis provides two overlapping views on how data users are investing in third-party audience data: one focuses on audience data as it maps to the *downstream delivery channels* (e.g. email, display, direct mail) that brands use to engage customer and prospect audiences, and another is tied to the unique nature of distinct datasets, especially with respect to their *role and attributes,* irrespective of downstream channel
- **Incorporation of "identity resolution" across other categories.** The rapid growth of brand interest in solutions to support "identity"—the recognition and engagement of audiences across independent owned and paid market touchpoints—has driven an evolution in the landscape of third-party data, services and technologies available to support such needs, with increasing emphasis on hybrid solutions that rely interchangeably on contributions of proprietary and licensed data as well as third-party tools. As such, the former "Identity" data category has been eliminated, with relevant spending reallocated to other categories

What Is Audience Data?

"Audience data" refers to any kind of commercial information used to identify consumer and B2B audience members, as defined by a vast range of both structured and unstructured identifiers that may incorporate:

- Name, email address, and/or postal address
- IP address, device ID, and/or other machine-derived indicators; and
- Various demo- and psychographic attributes, historical behaviors, and/or preferences.

This information may be originated offline or online, inferred (probabilistic) or expressed (deterministic) and geared primarily for use in supporting (among other use cases):

- Broad insight into the characteristics of prospect and customer audiences
- Planning, strategy, and audience segmentation
- Targeting and execution of various advertising, marketing and media efforts; and
- Measurement and attribution.

For the purposes of this study, we will explore how brands, publishers and other data users invest in third-party audience data through two distinct but overlapping perspectives: **data type** (describing the nature of an underlying data set) and **downstream deployment channel** (describing how data supports marketing efforts across one or more addressable media).

These data categories include:

Data Types:

- Demographic/Firmographic/Psychographic/Attitudinal
- Transactional
- Behavioral Data, *Excluding Purchase/Transactional*
- Location-based/Environmental

Downstream Deployment Channels:

- Terrestrial Channels
- Digital Channels
- Advanced TV Channels

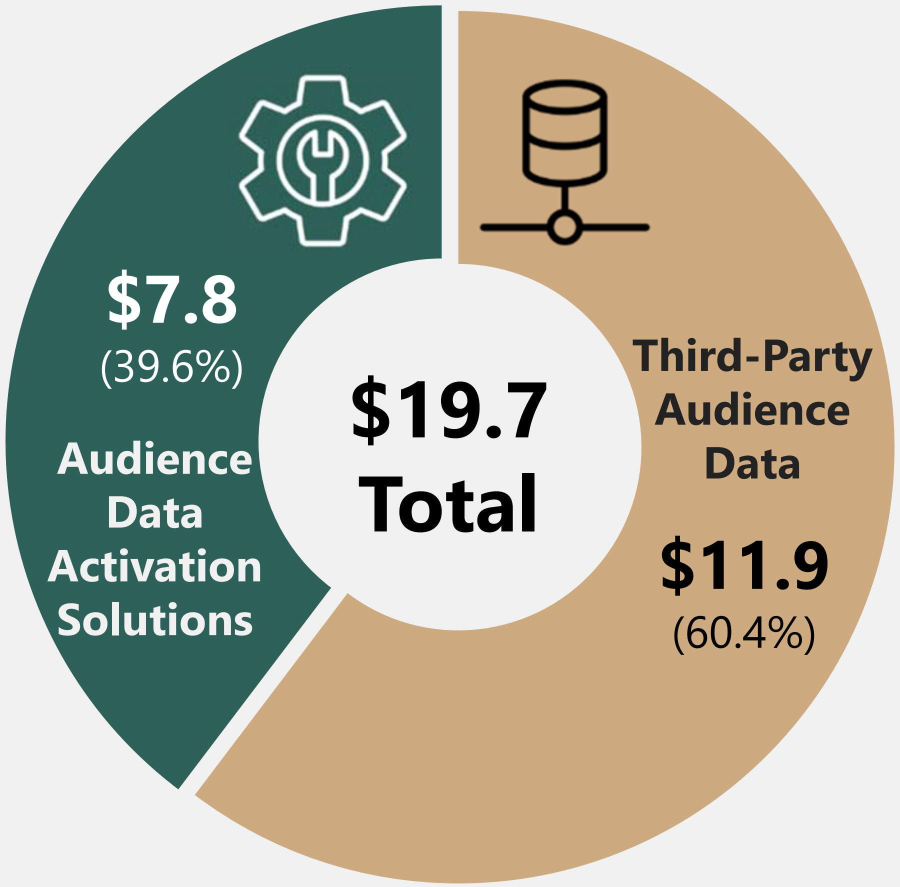
In addition to third-party audience data, this report also explores spending on the **data activation solutions** that brands leverage to support the use of audience data. These solutions—including licensed technology, managed services and hybrid third-party offerings—typically support the collection, management, segmentation, analysis, and/or deployment of audience data across a wide range of use cases.

2019 U.S. Third-Party Data Spending Up 6.1%

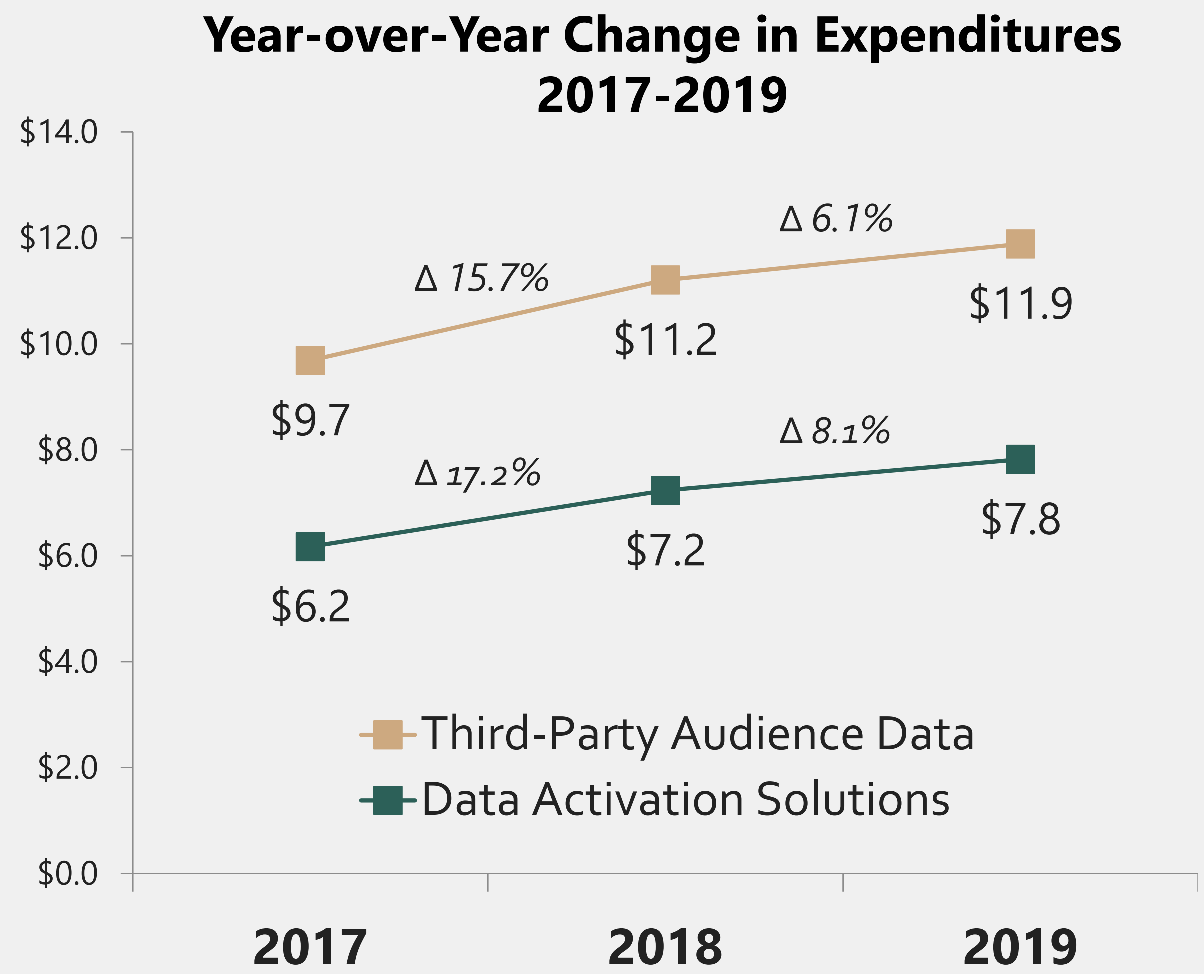
Highlights: Spending on Third-Party Audience Data Grew 6.1% in 2019, Decelerating Year-over-Year

- $11.9 billion was invested in third-party audience data in 2019 by U.S. marketers, publishers, and other data users, reflecting 6.1% year-over-year growth—but also a significant slowdown from the corresponding 15.7% growth rate posted in 2018
- That deceleration can be attributed primarily to a 0.8% decline in spending on terrestrial data used to support direct mail and other offline marketing efforts (to a total of $6.08 billion). Meanwhile, spending on data associated with *digital* channels grew (to a total of $5.1 billion). The net effect reflects a significant narrowing of the longstanding expenditure gap between these two foundational data categories, with digital data poised to potentially overtake its traditional-media counterpart within the next year or two in share of overall audience data expenditures
- While spending on digital data assets (geared to support display and other online channels) grew at roughly twice the pace of the overall third-party data ecosystem, such spending grew at a significantly slower pace in 2019 (13.8%) than the previous year (36.6%). This likely reflects growing brand anxiety about ongoing deprecation of the cookie as a viable third-party data element, especially given Google's recent announcement about its plans to phase out support for third-party cookies
- Advanced TV is a significant focus of data-oriented investment, generating nearly $700 million in 2019 data spending—up 19.5% from the previous year
- Expenditures on data management, processing, and hygiene solutions increased 9.8% in 2019, driven in large part by a growing emphasis on first-party data and licensed solutions, such as customer data platforms (CDPs), that support in-house management of customer and prospect data

U.S. Brands, Publishers and Other Users Invested $19.7 Billion in Third-Party Audience Data and Data Activation Solutions in 2019



(in USD billions)



(in USD billions)

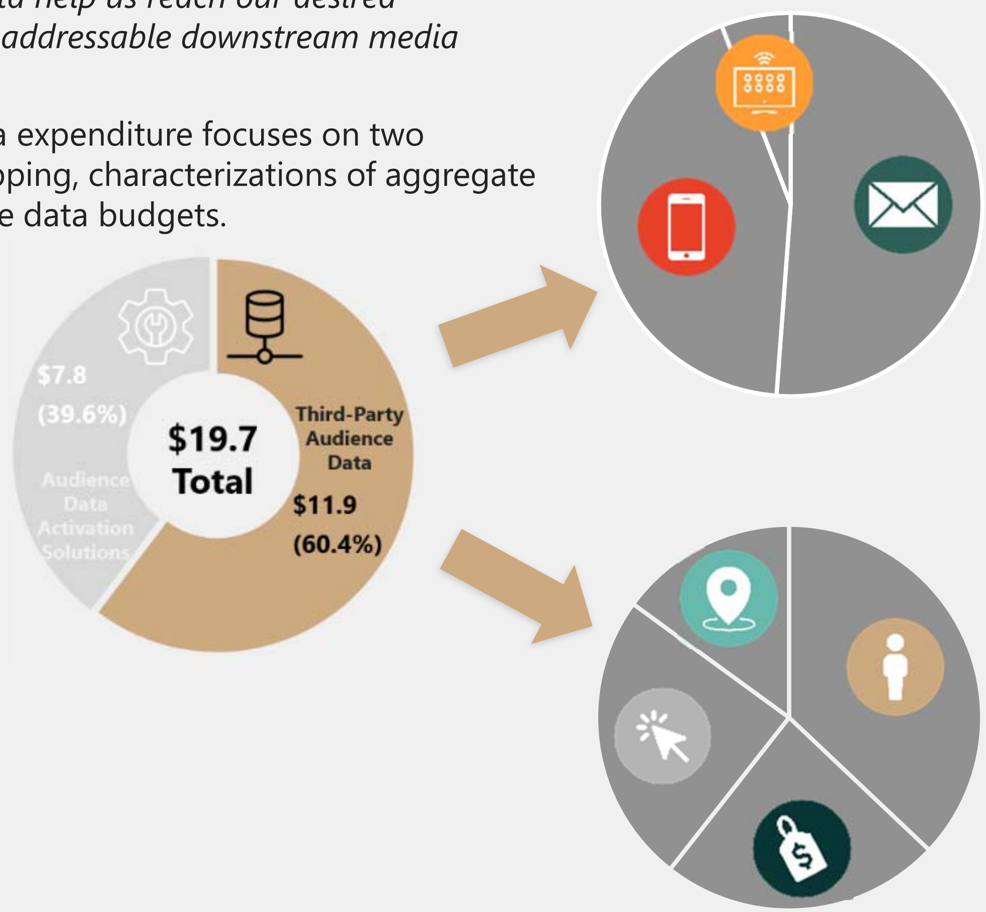
Total U.S. Data Expenditures

How Do Brands and Publishers License Audience Data?

Marketers, media companies, and other users typically license third-party data with one or both of two fundamental questions in mind:

- *What does this data tell us?*
- *How does this data help us reach our desired audiences across addressable downstream media channels?*

This analysis of data expenditure focuses on two distinct, but overlapping, characterizations of aggregate third-party audience data budgets.



Downstream Deployment Channels: *Expenditures on third-party audience data leveraged to drive insights, targeting, and measurement primarily across core addressable media*

- **Terrestrial Channels**
- **Digital Channels**
- **Advanced TV Channels**

Data Types: *Expenditures on third-party audience data classified by the role and nature of insight the data conveys*

- **Demographic/Firmographic/Psychographic/ Attitudinal**
- **Transactional**
- **Behavioral Data,** *Excluding Purchase/Transactional*
- **Location-based/Environmental**

Audience Data Expenditures

By Downstream Channel: Digital Narrowing the Gap With Terrestrial Channels

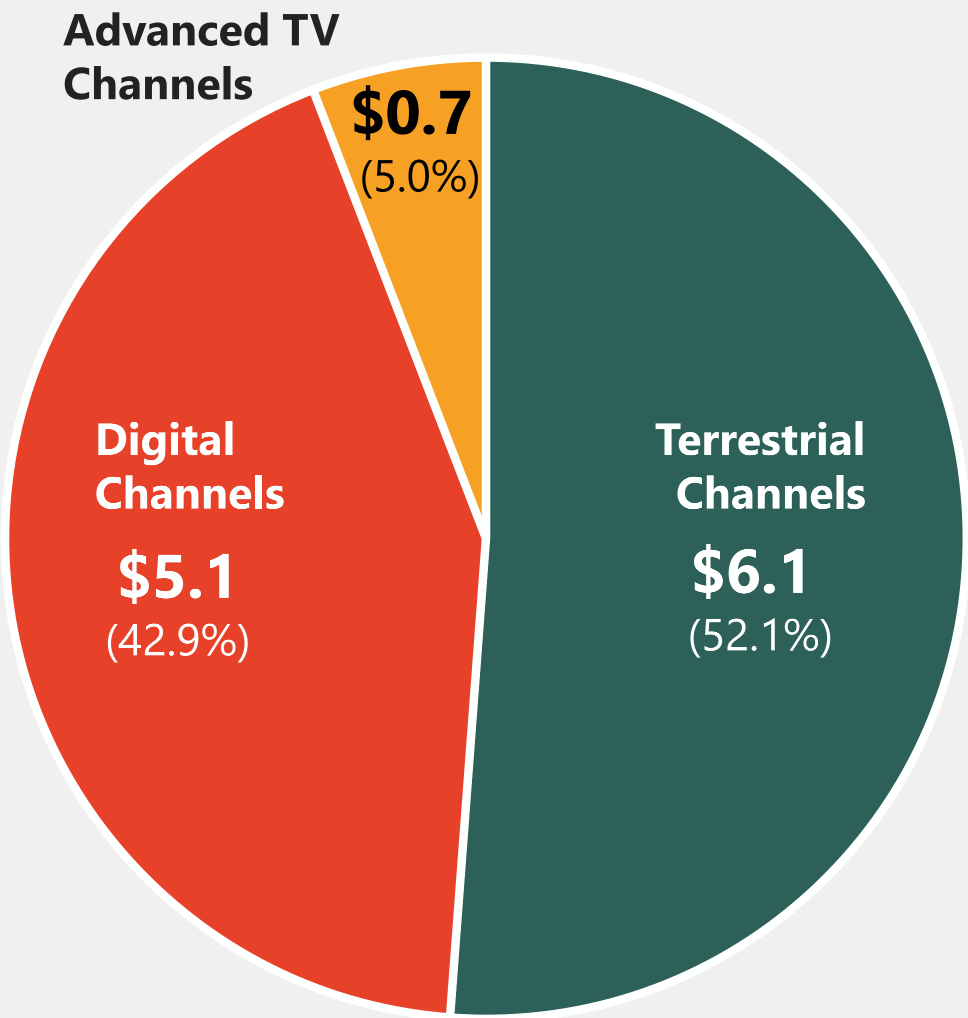
This cross-section tracks identifiable spending on data geared primarily to support advertising and marketing efforts across each of three distinct categories of consumer and B2B-facing media:

Terrestrial Channels: Physical and location-based marketing, advertising and media channels, including direct mail, telemarketing, and event attendee marketing

Digital Channels: Online or internet-enabled marketing, advertising and media channels, including display advertising, paid social advertising, and email marketing

Advanced TV Channels: Addressable, connected and on-demand TV channels that are internet-enabled and leverage household-level or individual data for targeting; includes formats that are viewed via set-top-box as well as streamed online on computers, smartphones or tablets

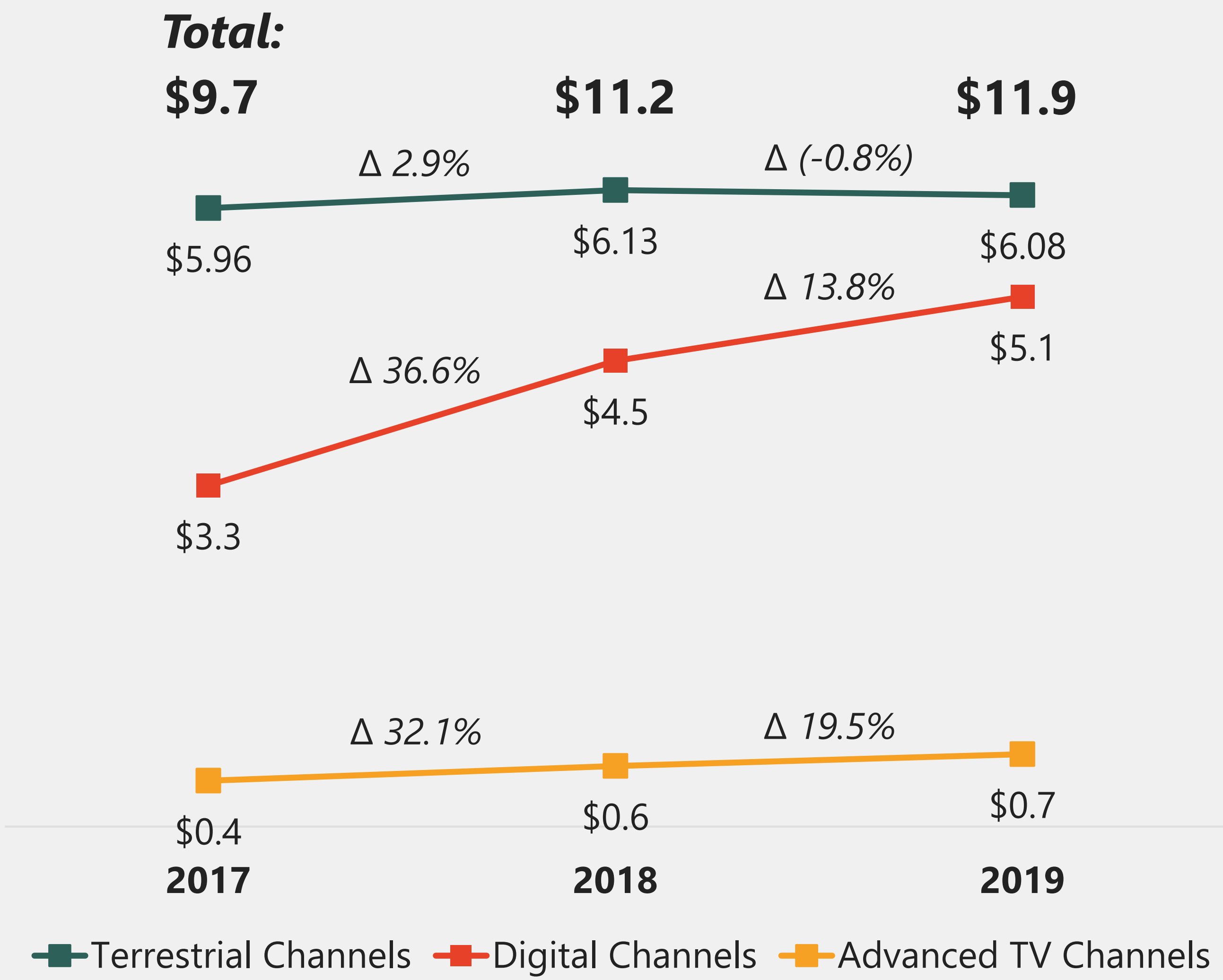
To the greatest extent possible, these estimates reflect expenditures on data—not the underlying media—and do not incorporate spending where the two cannot reasonably be differentiated (e.g. in the case of "walled garden" media investments, such as those with Facebook).



(in USD billions)

Audience Data Expenditures

Continued Growth of Digital in 2019 Narrowed the Spending Gap Between Data for Digital and Terrestrial Channels



(in USD billions)

- Diminished spending on terrestrial data reflects brands' shrinking investment in the direct mail channel, as well as compression of pricing for third-party lists and similar data offerings. Digital data now looks poised to overtake its offline counterpart in share of total data budgets within the next several years, though that trend may be arrested if brands opt to resume more aggressive direct mail efforts given challenges associated with third-party digital data access and the concentration of other digital budgets in "walled garden" properties
- Deceleration of digital spend is largely attributable to concerns about cookies as a viable data medium in light of Google's announcement—with full implementation anticipated in 2022—that it will discontinue support for third-party cookies in its Chrome browser
- Advanced TV data spending continued to grow at a healthy pace in concert with streaming services, over-the-top (OTT) platforms, connected TVs and other formats—but moderated slightly from the previous year given a larger going-in base and challenges related to limited actionable standalone data inventory

Note: Dollar values in billions are rounded to one decimal place, which may impact calculations

By Data Type: More Than a Third of Data Budgets Directed to Demographic and Similar Data Types, Addressing “Who Is the Audience?”

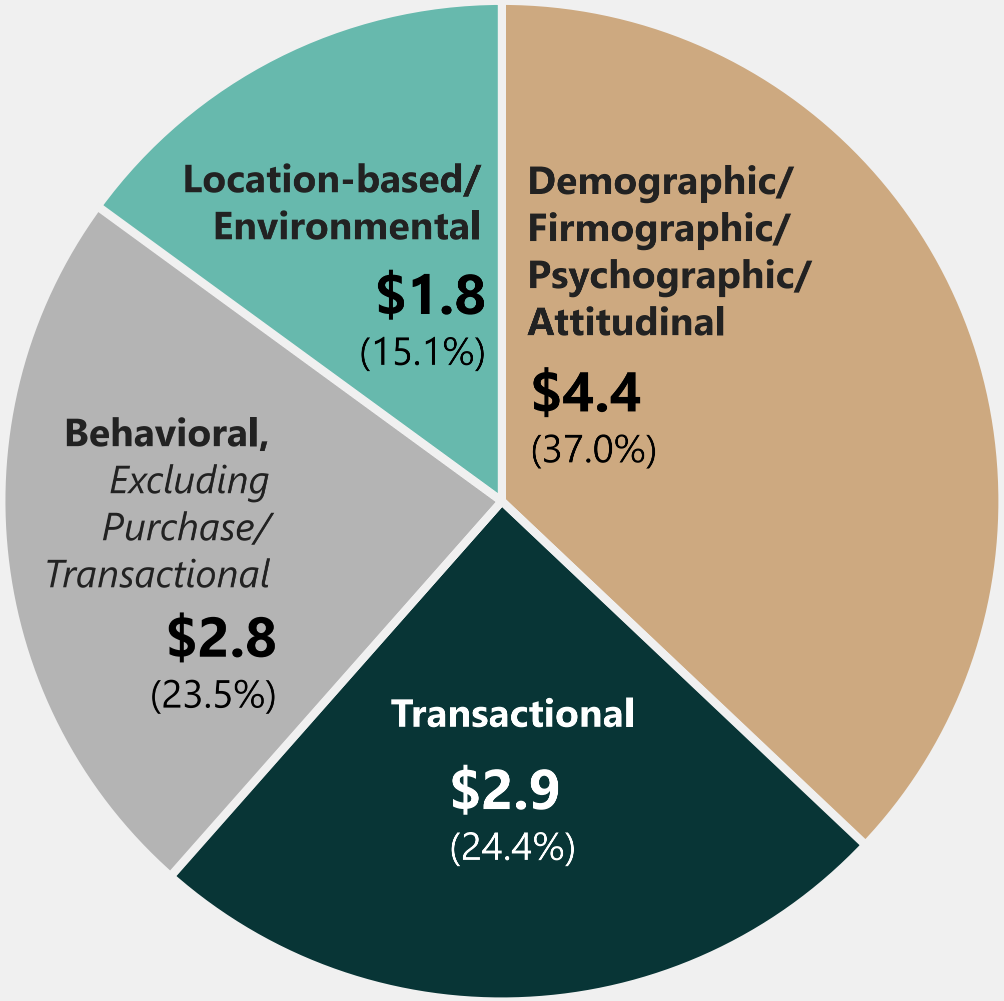
This cross-section of third-party audience data expenditures tracks identifiable spending on distinct *types* of data—as classified by their respective role and contribution to developing a richer understanding of the core audience. Though the data landscape includes a vast variety of specialty datasets, most ultimately correspond to one of the following baseline categories:

Demographic/Firmographic/Psychographic/Attitudinal: Data that records descriptive characteristics about an individual, including personally identifiable information (“PII,” including name, address, email address) used to identify customers and prospects and indicate ways to engage with them, as well as descriptors like interests, aspirations and lifestyle/hobbies

Transactional: Purchase history associated with audience members/segments; often provided in aggregate, used to determine interests and needs and used to support segmentation for targeted marketing (includes credit, pharmaceutical prescription and cooperative datasets that support marketing)

Behavioral Data, *Excluding Purchase/Transactional:* Data generated from an individual’s engagement with a company’s owned media or other marketing channels (e.g. web pages/mobile apps, CRM systems, call centers)—or recorded as a response to that engagement—such as page views, actions taken on owned web pages, email list opt-ins

Location-based/Environmental: Data generated from mobile devices that provides information on individuals’ current and past geographic locations, as well as about environmental factors specific to those locations (e.g. weather, traffic)



(in USD billions)

Audience Data Expenditures

Note: 2019 was the first year this annual market sizing effort included a breakout of spending across these data types—as a result, there is no historical view in this year’s report

How Do Brands Invest in Services and Tools to Maximize the Value of Their Addressable Data?

Brands leverage data activation solutions—provided by agencies, data compilers, technology platforms, and specialized service bureaus—to support a host of functions associated with their use of audience data for advertising and marketing purposes. Typically, these solutions incorporate a range of data types, including those that are proprietary to a brand ("first-party") as well as those that are licensed ("third-party") on the open marketplace.

Such expenditures typically correspond to one or both of two primary solution categories:

Analytics, Modeling and Segmentation

Managed services (and fees associated with underlying toolsets that may be dedicated to marketing purposes) that support development of audience insights through:

- Segmentation (for targeted marketing efforts and media planning)
- Predictive modeling
- Measurement
- Media mix/campaign spending attribution

Data Management, Processing and Integration

Managed services and technologies related to building and maintaining customer and prospect databases, data pools and other repositories—enabling profile creation, customer relationship management (CRM), and structuring of data to support optimal campaign management. Includes:

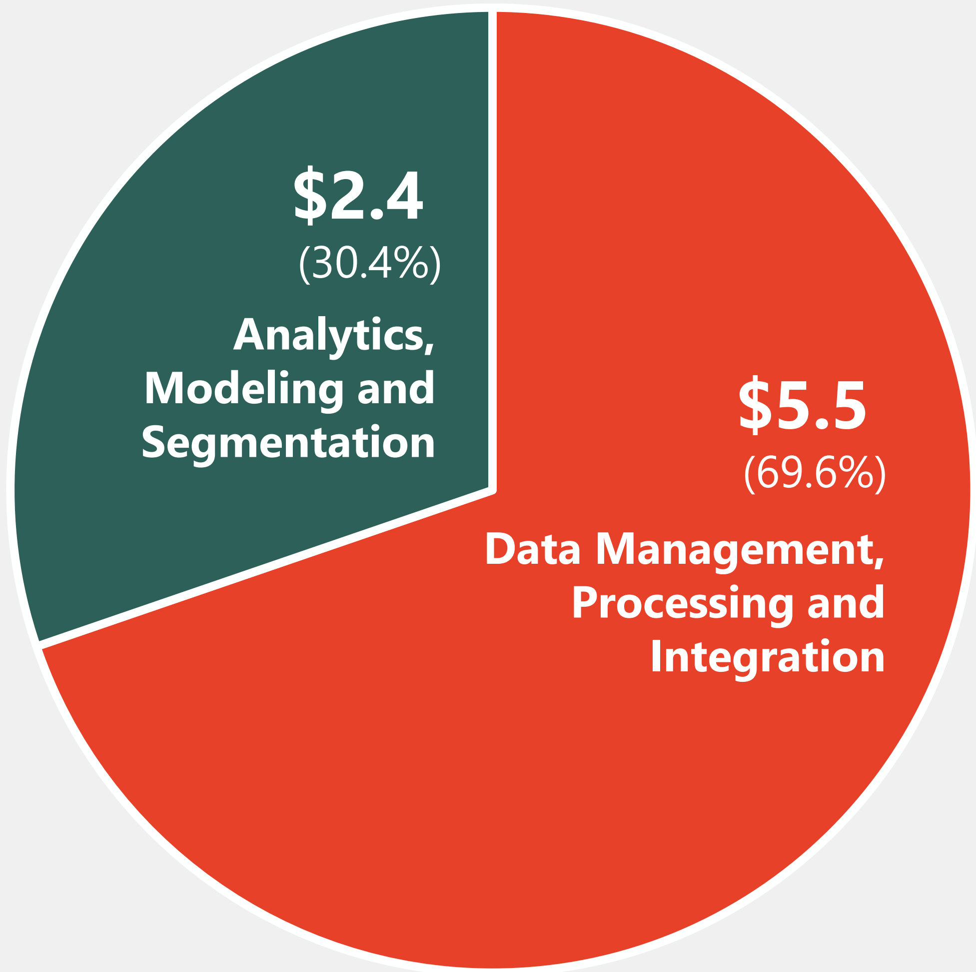
- Database management and other data management platforms and solutions geared to administering first-, second- and third-party data, including data management platforms (DMPs)
- Identity resolution, through customer data platform (CDP) tools and other solutions; and
- Integration, processing, hygiene, and brand safety solutions that support media placement and cross-channel marketing activation

Growing Focus on Customer Insight and Data Quality Drove $5.5 Billion in Spending on Data Management

Brands invest in a wide array of third-party services, technologies and hybrid solutions to support their data acquisition, management and deployment needs. Though these offerings vary significantly across vertical—and take on different forms based on the business model of their providers—most correspond to one of the following categories:

Analytics, Modeling and Segmentation

Data Management, Processing and Integration

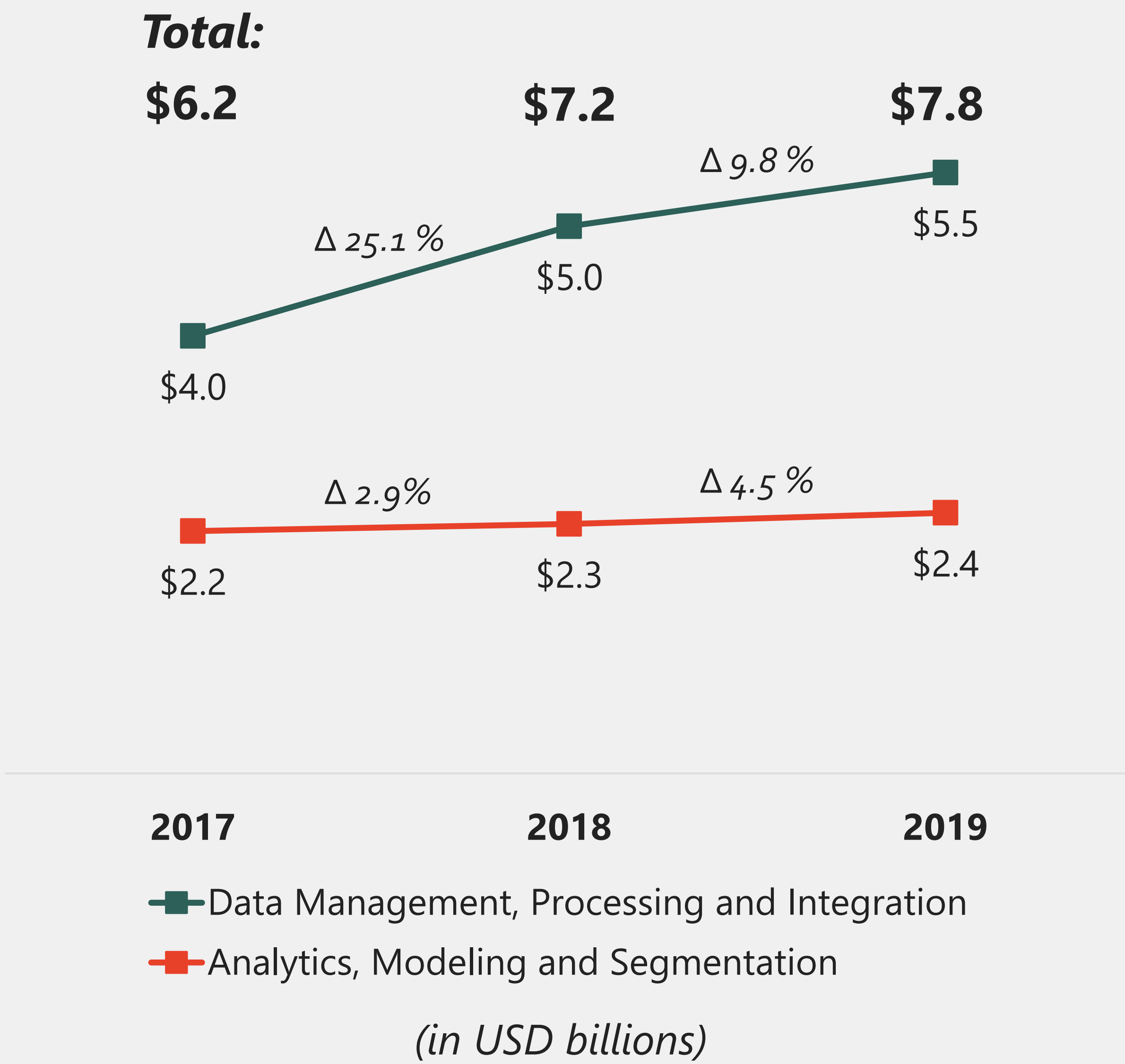


(in USD billions)

Activation Solution Expenditures

Note: Full descriptions of each category represented here can be found on the previous page

Growth of Spending on Analytics Accelerated in 2019, as Brands Sought to Offset In-House Talent Shortages



- Brands continued to grow their spending on data management, processing and integration solutions in 2019, though at a significantly slower pace than the 25%+ reported the previous year—reflecting a natural moderation after two years of aggressive new adoption of customer data platforms (CDPs) and similar technology geared to harnessing data from various sources
- That slowdown was compounded by an increasing tendency of brands to reallocate funds from third-party database management to fund new CDP initiatives
- Spending on analytics, modeling, and segmentation grew at a faster clip than previously, reflecting growing interest in outsourced modeling and measurement services—due largely to the growing importance of cross-channel expenditure attribution and as a means of offsetting continued in-house talent shortages that have long beset the data science category

COVID-19 Crisis Likely to Drive Q2/Q3 Data Cuts Up to 20%

Highlights: COVID-19, Foremost Among Brand Concerns for 2020, Likely to Drive 10-20% Cuts in Data Spend

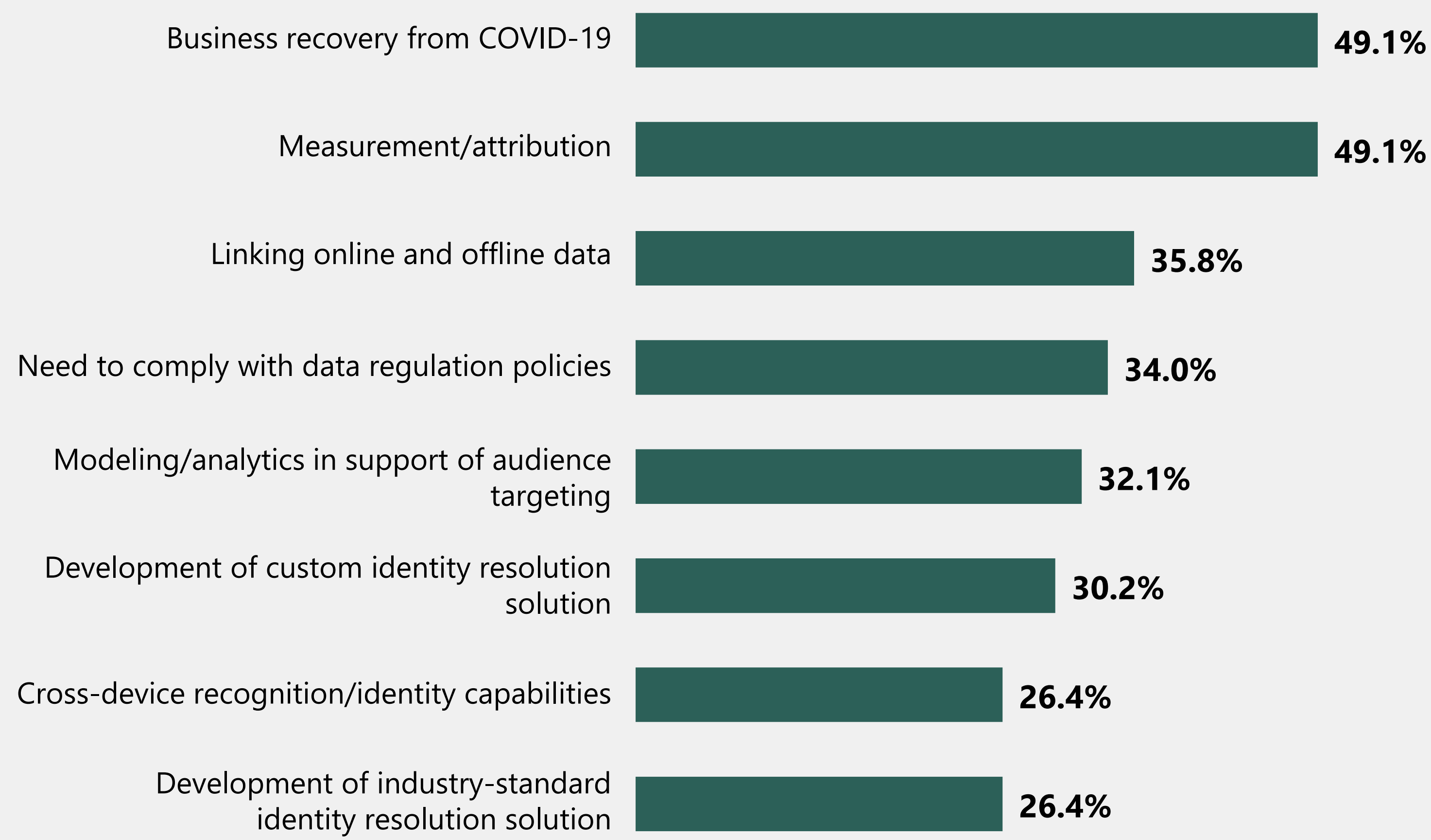
- The severity and uncertainty of the ongoing COVID-19 crisis has driven a profound change in direction as brands contemplate their marketing plans for the 2H 2020. In aggregate, respondents said they expect the economic pressures related to the crisis will cause them to slash data-related marketing budgets by anywhere from 10% to 20% through the third quarter of the year

- Longer-term, data users are far less certain about their plans with respect to data-related expenditures and associated tactical marketing priorities. Many data users are bullish about the prospects for economic recovery and said they anticipate growing late-in-the-year budgets in an effort to offset the severe challenges of Q1 and Q2. Still others expect to continue taking a conservative approach to their expenditures given the uncertain public health and macroeconomic outlook

Impact of COVID-19 Is Top of Mind, but Measurement/Attribution Still Key

"What general topics or industry trends do you anticipate will command your attention the most in the year ahead?"

- While business recovery from the economic impact of COVID-19 is a top concern for nearly half of respondents in the year ahead, it has not usurped all other industry priorities and efforts
- Other priorities reflect both new and historical challenges, chief among them the measurement and attribution of advertising/marketing efforts



Note: Only highest-scoring question responses are shown

While COVID-19 Has Greatly Impacted Short- to Mid-Term Marketing Spending, Long-Term Impact Is Less Certain

"COVID-19 has provoked a public health crisis and sparked fears of a potentially long global recession. How do you expect your organization will respond?"

- While most respondents expect the short-term impact of COVID-19 to necessitate budgetary cuts and reallocation of priorities, there is less agreement on the outlook in Q4 2020 and beyond
- Nearly as many data users expect to increase marketing spending in Q4 and beyond as expect to decrease it

Note: Only highest-scoring question responses are shown

First-Party Data Takes Center Stage

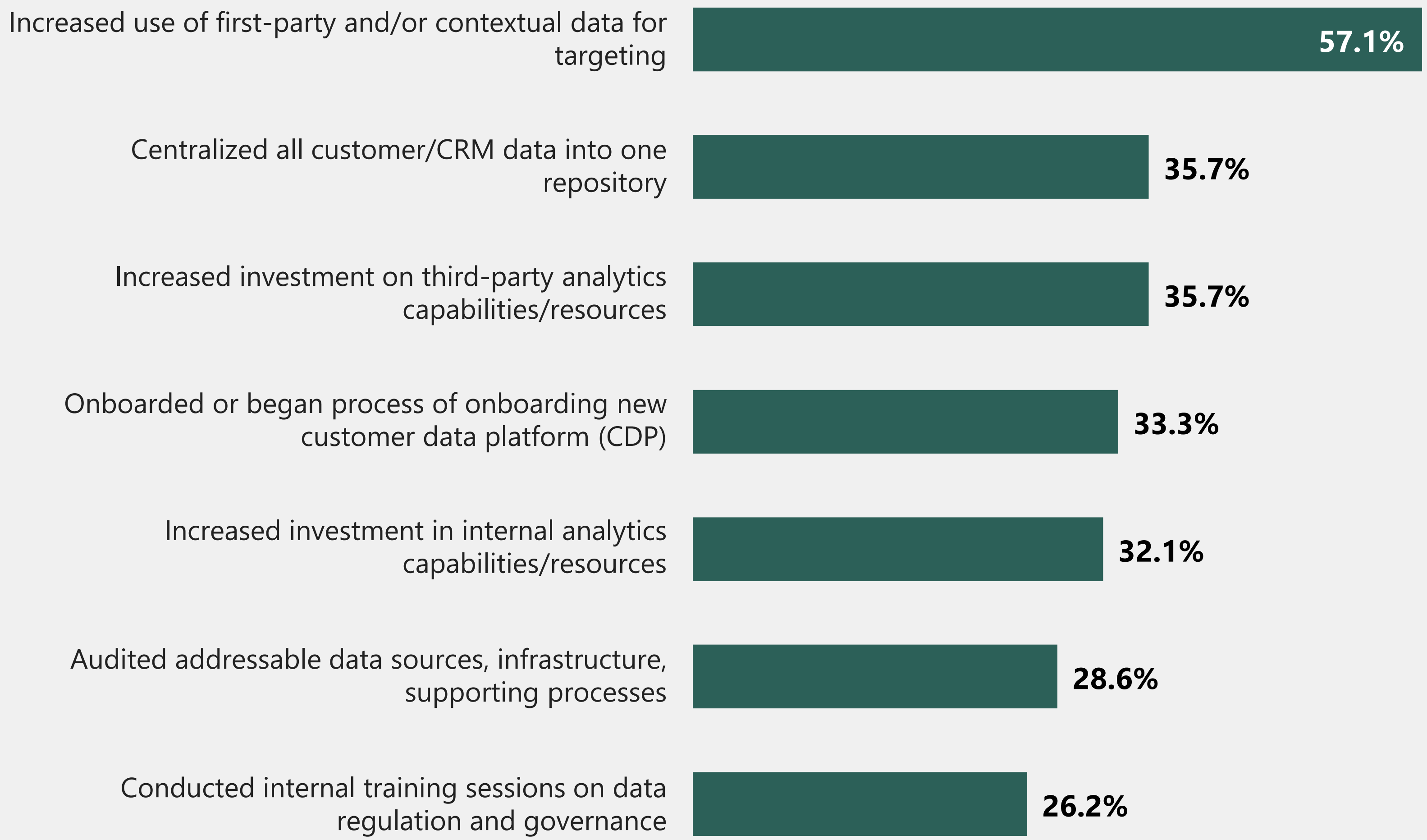
Highlights: Data Users Increasing Use of First-Party Data, Decreasing Reliance on Cookies

- Respondents point to use cases associated with first-party data as those that will capture the lion's share of their focus and resources in 2020; these include efforts to enhance insights and improve targeting and engagement efforts through predictive modeling and segmentation, identity resolution, cross-channel measurement/attribution and general audience analytics

- A majority of respondents (57.1%) said they have already increased their use of first-party data for targeting over the past 18 months. Data users intend to further intensify their efforts to collect, manage, and use first-party data in 2020, mirroring a wider industry trend towards proprietary data ownership in response to new privacy regulation and to mitigate the risk associated with reliance on third-party data in a targeting environment that can no longer rely on cookies

Marketers Have Increased Emphasis on First-Party Data for Targeting, Seeking to Enhance the Value They Derive

"Over the past 18 months, which of the following has your organization used to enhance value derived from data?"



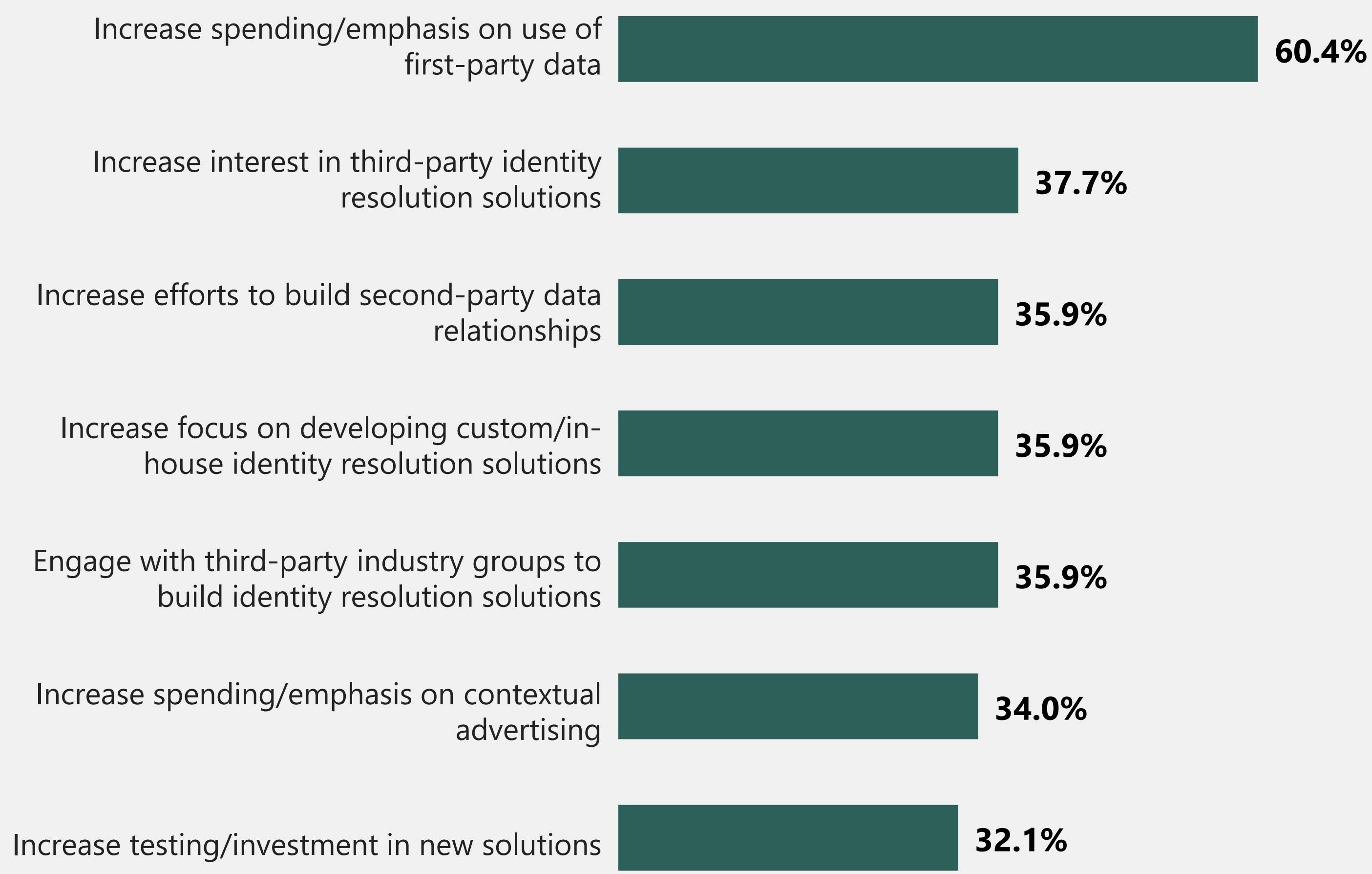
- Use of first-party and contextual data for targeting has increased as data users look to make better use of the data-related resources at their disposal internally

Note: Only highest-scoring question responses are shown

Phase-Out of Third-Party Cookies Will Accelerate Move to First-Party Data

- As Google and other major browser developers move to discontinue their support for third-party audience cookies, the majority of respondents are responding by further increasing their spending and emphasis on first-party data use
- Beyond emphasis on first-party, data users are exploring a range of other approaches to manage the ramifications of this dynamic, notably ramping up efforts around identity resolution (both third-party solutions and in-house efforts)

"Google and other major browser developers have discontinued support for third-party audience cookies (or announced plans to do so). How do you expect this change will affect your use of data?"

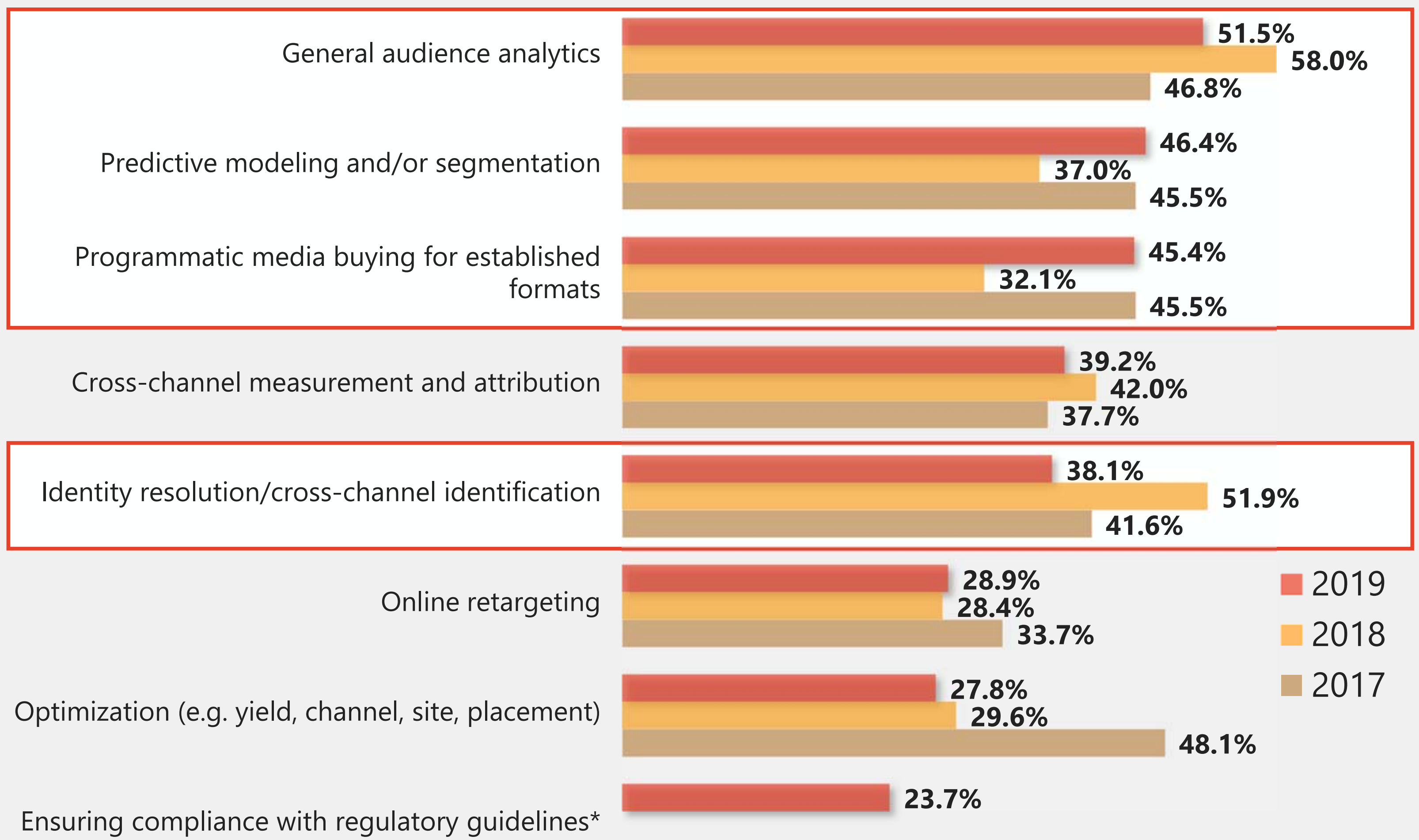


Note: Only highest-scoring question responses are shown

General Audience Analytics Remains a Consistent Priority for Data Users

- Data users are once again prioritizing predictive modeling and programmatic media buying for established formats, following a slight decline in emphasis in 2018
- Meanwhile, data users have slightly decreased their focus on general audience analytics and identity resolution in 2019, after a spike in attention the previous year

"Which most occupied your time, attention and resources during the previous year?"

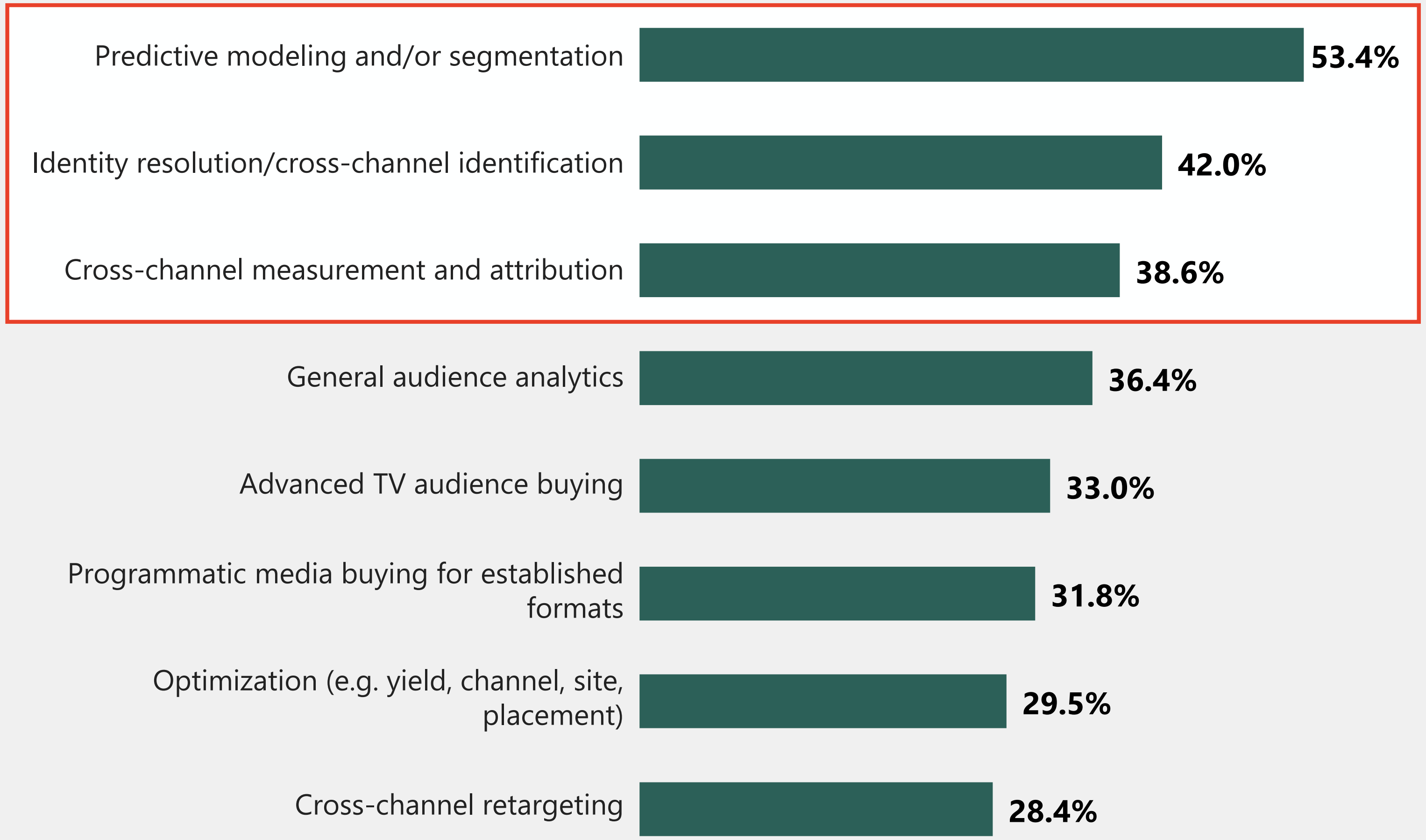


*Indicates the option was first asked with respect to 2019

Data Users Focus on Deriving More Value From First-Party Data

- Respondents highlighted use cases associated with leveraging and deriving value from first-party data as those that will most capture their foremost attention in 2020
- Of note, the panel this year ranked advanced TV audience buying over programmatic media buying for established formats, reflecting the growth of advanced TV channels

"Which use cases do you expect will most occupy your time, attention and resources during 2020?"



Year of First-Party Data

Note: Only highest-scoring question responses are shown

Data Acquisition, Management, and Use Collectively Represent a Cross-Organizational Mandate

"Who has primary responsibility over audience data and its applications within your organization?"

Acquisition		Management and Infrastructure		Governance	
Shared responsibility, spanning several different functional areas, though largely grounded in the marketing department		**Primarily the responsibility of the IT department**, often at a very senior level		**Most likely led by dedicated privacy teams** that manage the legal requirements as well as other executive functions under their purview	
Functional marketing teams	**14.7%**	IT department	**19.2%**	Chief privacy officer/centralized data governance team	**21.4%**
CMO/senior marketing leadership	**12.9%**	CTO/senior technology leadership	**17.5%**	Corporate leadership	**18.6%**
Product teams	**12.3%**	Chief data officer/centralized data management team	**12.4%**	CMO/senior marketing leadership	**10.3%**
Procurement	**12.3%**	Product teams	**10.2%**		
Agency/third-party service provider	**12.3%**				
Chief revenue/sales officer	**10.4%**				

Note: Answer options shown reflect those selected by 10% of respondents or higher

Year of First-Party Data

Privacy a Key Concern, Although Anxiety Has Abated

Highlights: Having Prepared Rigorously for GDPR and CCPA Enactment, Data Users Say Regulatory Risk No Longer Represents a Severe Concern

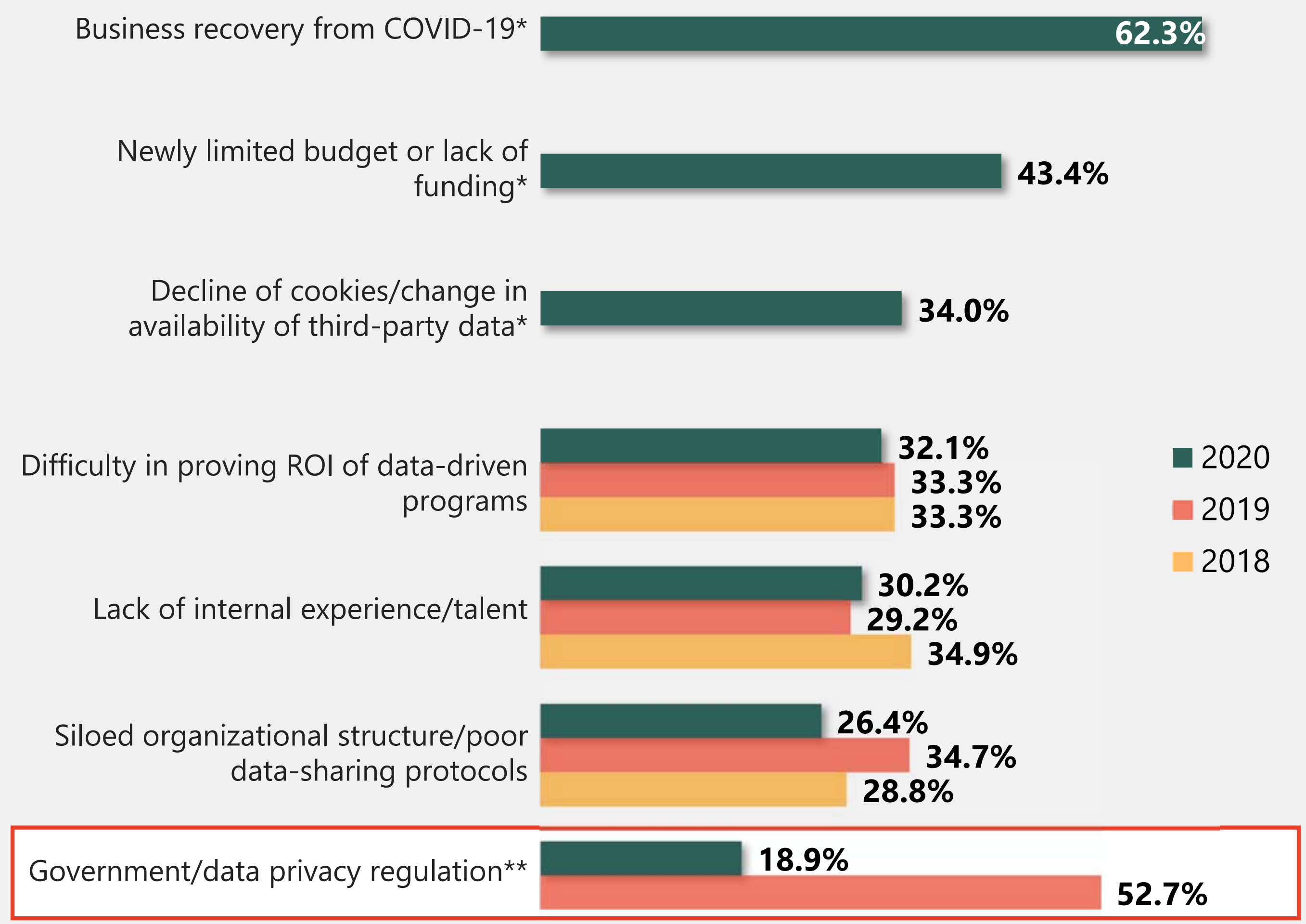
- While data practitioners say they remain attuned to consumer privacy measures and regulatory developments with respect to customer data, the anxieties surrounding new regulation that dominated the marketing landscape in 2019 have receded somewhat as a primary area of concern; only 18.9% of respondents identified government/data privacy regulation as a top obstacle this year, vs. 52.7% who said the same when asked in 2018

- Much of data users' increased confidence around regulatory compliance is grounded in the significant preparation and investment that many organizations have devoted to such compliance over the last several years. However, future developments have the potential to rekindle data privacy as a top concern. Currently, questions remain about the nature of the enforcement of CCPA and CCPA 2.0, as well as regarding implementation of any potential new privacy legislation by states or the federal government

Government Regulation of Data Usage—a Top Concern Last Year—Dropped Steeply as a Perceived Obstacle

- The threat of data privacy regulation—high on data users' list of challenges in 2019—dropped significantly as a concern in 2020, amidst new concerns, including the impact of COVID-19 and the decline of cookies
- This time last year, organizations were rushing to meet the requirements of CCPA. Many practitioners within those organizations may now feel they have successfully met the requirements of the new law, reducing their corresponding anxiety

"Which obstacles and functional challenges do you expect will occupy the most of your attention and resources this year?"



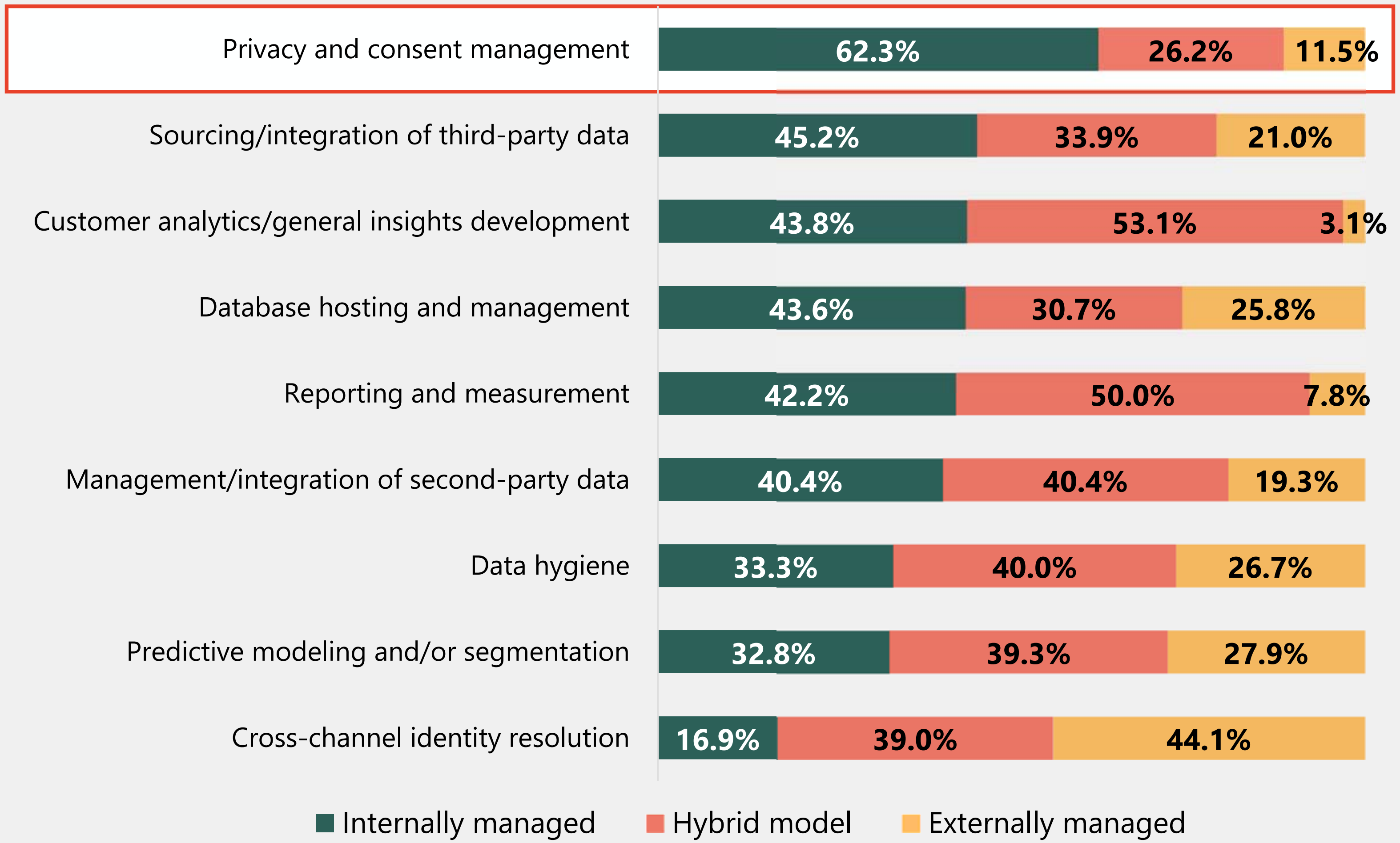
Diminishing Regulatory Anxiety

*Note: * indicates the option was first asked in 2020;*
*** indicates the option was first asked in 2019*

As Organizations Evolve Data Privacy Practices, Challenges in Privacy, and Consent Management are Primarily Handled In-House

- Privacy is a priority that is most often managed internally—with third-party suppliers rarely taking the lead in helping brands manage compliance
- Conversely, the supply chain plays a major role in identity resolution with respondents reporting that cross-channel identity resolution is the function for which they are most likely to rely on externally managed resources

"Does your organization rely primarily on internal teams, external agencies or hybrid approaches to leverage both internal and external resources?"



Data Spending Continues to Rise, With Digital Setting the Pace. How Will 2H 2020 Evolve?

- Given the combined impacts of COVID-19, social and political strife (presenting the circumstances for a most unorthodox presidential election cycle), looming new consumer privacy regulation and browser discontinuation of support for third-party cookies, **will 2020 be the year when total spending on third-party audience data declines overall?**

- **What will be the next milestone in consumer data privacy regulation?** More stringent state-level regulation (such as the California Privacy Rights Act)? Intensified enforcement of existing regulations? New superseding guidelines enacted by the federal government?

- **Will the practice of identity resolution evolve in a way that causes data users to reconsider how they manage their media mix—and overarching customer relationships?**

- **What will be the impact of the 2020 presidential election?** Will amplified political spending through November bolster depressed advertising revenues? How will election results impact the federal-level approach to consumer privacy regulation and potential antitrust action directed at walled gardens?

Appendix

Glossary, Methodology, Acknowledgements, & About Us

Glossary of Terms

Advanced TV Channels: Addressable, connected, and on-demand TV channels that are internet-enabled and leverage household-level or individual data for targeting; includes formats that are viewed via set-top-box as well as streamed online on computers, smartphones or tablets

Behavioral Data: Data generated from an individual's engagement with a company's owned media or other marketing channels (e.g. web pages/mobile apps, CRM systems, call centers)—or recorded as a response to that engagement—such as page views, actions taken on owned web pages, email list opt-ins

Customer data platform (CDP): Platform that ingests and integrates customer data from multiple channels and sources, supporting customer profile management, "real-time" customer segmentation, and identity resolution

Customer relationship management (CRM): The services, tools, and technologies leveraged by brands and publishers to track and manage relationships and interactions with individual audience members

Data management platform (DMP): Platform that that houses audience and campaign data from multiple sources, providing a central data warehouse from which marketers can manage data and create audience segments

Demographic Data: Data that records descriptive characteristics about an individual, including personally identifiable information ("PII," including name, address, email address) used to identify customers and prospects

Digital Channels: Online or internet-enabled marketing, advertising and media channels, including display advertising, paid social advertising, and email marketing

Firmographic Data: Data that records descriptive characteristics about firms/companies, such as geography, number of employees or industry, generally used by B2B marketers (analogous to demographic data in a B2C context)

First-Party Data: Data collected directly by a brand or publisher about audience members that is owned and managed by the entity that collected it; sources include owned properties (desktop, mobile, and print), CRM, email marketing, etc.

Location-based/Environmental Data: Data generated from mobile devices that provides information on individuals' current and past geographic locations, as well as about environmental factors specific to those locations (e.g. weather, traffic)

Over-the-top (OTT): Refers to video content streaming channels that deliver content that connect to a TV to facilitate the delivery of internet-based video content (i.e., streaming boxes, media streaming devices, gaming consoles)

Psychographic/Attitudinal Data: Information about a consumers' values, attitudes, interests and personality traits, collected by analyzing online behavior (including viewing and browsing data and social media activity) as well as conducting surveys/questionnaires or traditional focus groups/interviews

Second-Party Data: Data that is accessed by an external party from the entity that originally collected it, through direct relationships with trusted outside organizations or via private marketplaces; typically shared primarily to develop consumer insights

Terrestrial Channels: Physical and location-based marketing, advertising and media channels, including direct mail, telemarketing and event attendee marketing

Third-Party Data: Data sourced and purchased from an external party, typically on an open marketplace, where the buyer does not have a direct link to or agreement with the individual associated with the data

Transactional Data: Purchase history associated with audience members/segments; often provided in aggregate, used to determine interests and needs and used to support segmentation for targeted marketing (includes credit, pharmaceutical prescription and cooperative datasets that support marketing)

Methodology: Survey Data, Quantitative Models, and Thought Leader Commentary

The findings of this report are based on the results of an extensive data collection and analysis effort that incorporated:

A survey of 104 audience data users, suppliers, and agency partners who support data-driven advertising and marketing use cases—representative of the vast landscape of stakeholders that buy, sell, and leverage audience data

Dozens of in-depth interviews with senior-level marketers and media companies, as well as practitioners representing a wide range of data, marketing service, and technology providers operating in the U.S. marketplace (all geared to harvesting quantitative insight on data expenditures as well as qualitative feedback on the demand trends driving those expenditures)

Aggregation of publicly available financial information on data product investments, public company revenues, and associated financial dynamics

Refinement and integration of various quantitative models geared to estimate spending on third-party U.S. audience data and data activation solutions, including those that consider "bottom-up" (estimating the collective data-related revenues of commercial data and other service/technology providers) and "top-down" perspectives (considering data's proportionate share of total spend across a range of addressable paid and owned media channels)

Reconciliation of model conclusions with thought leader feedback to support findings that align with "real-world" experiences

Methodology (Cont'd): U.S. Audience Data Market Sizing Approach

What's being measured?

- Aggregate U.S. expenditures on third-party audience data and data activation solutions that support advertising, marketing, media sales and associated use cases

What's included?

- Spending on data assets licensed from third-party providers, as well as service- and technology-oriented offerings that support the use of audience data for U.S. marketing and advertising purposes, including:
    - Commercially-licensable data and/or audience segments, typically corresponding to actionable deployment media (including direct mail, email, online display advertising, website content optimization, advanced TV formats—including addressable, connected and streaming formats, etc.)
    - Any third-party solution supporting the collection, management, segmentation, analysis and/or deployment of audience data

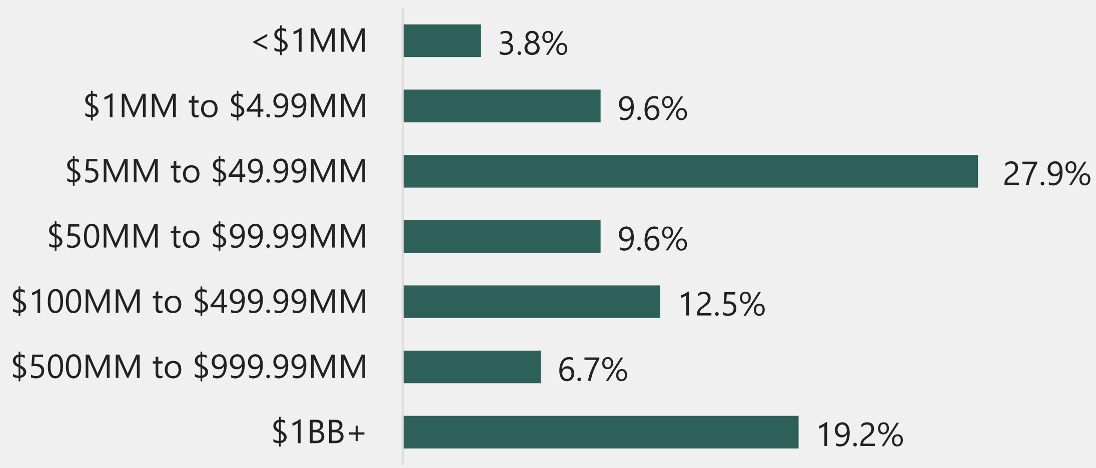
What's *not* included?

- "Insourced" data-related investments, including spending on internal talent and development of homegrown technologies
- Data-related expenditures that support market research and other aggregate insights, rather that campaign-oriented marketing
- Data-related expenditures that are directed principally to enterprise priorities other than advertising, marketing or media (may include financial management, regulatory compliance and risk management, among others)

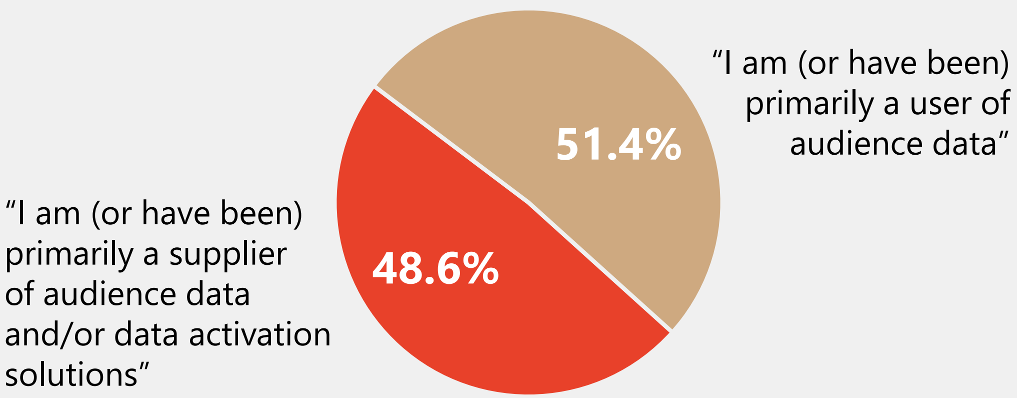
Methodology (Cont'd): Survey Panel Composition

- Conclusions in this report are based in part on an online survey of 104 audience data users, suppliers and agency partners who support data-driven advertising and marketing use cases—representative of the vast landscape of stakeholders that buy, sell and leverage audience data, primarily based in North America
- The survey was fielded to special interest panels consisting of IAB members and other industry thought leaders between April and May 2020

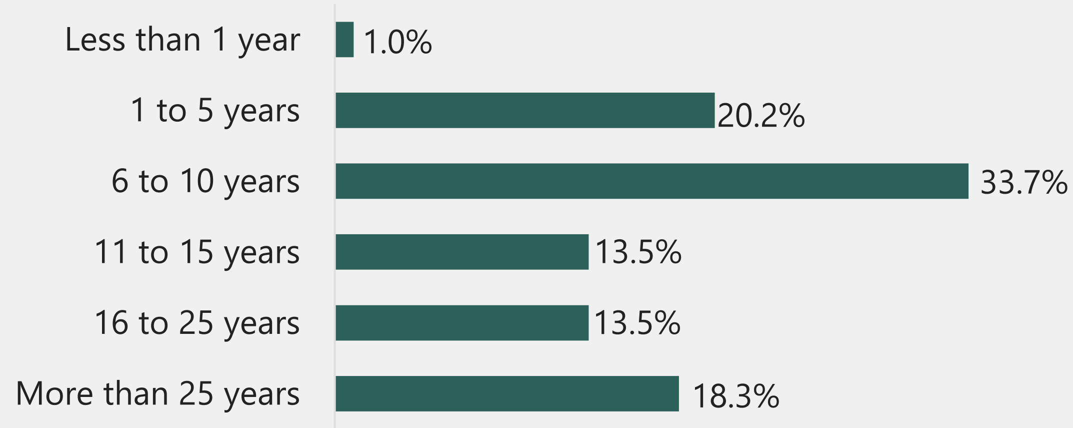
"What was your company's annual revenue last year?"



"How would you classify your organization?"



"How many years of experience do you have working in a marketing, advertising or media role?"



Note: N=104

Acknowledgements & Notice

This research would not have been possible without the significant contributions of dozens of U.S. advertising, marketing, media, information, and technology industry leaders who generously offered their time, insights and feedback in support of this effort.

Additionally, we extend our deepest appreciation to the thought leaders who contributed thoughtful insights on their organization's use of data through our online survey. Though their individual names are not recognized in this report, they represent some of the most respected and innovative brands and service providers in marketing and their respective industries.

NOTICE

This report contains brief, selected information and analysis pertaining to the advertising, marketing, media, information and technology industries and has been prepared by Winterberry Group in partnership with the Interactive Advertising Bureau's Programmatic+Data Center of Excellence (IAB). It does not purport to be all-inclusive or to contain all of the information that a prospective manager, investor or lender may require. Projections and opinions in this report have been prepared based on information provided by third parties. Neither Winterberry Group, IAB nor their respective sponsors make any representations or assurances that this information is complete or completely accurate, as it relies on self-reported data from industry leaders—including advertisers, marketing service providers, data providers and technology developers. Nor shall any of the forgoing (or their respective officers or controlling persons) have any liability resulting from the use of the information contained herein or otherwise supplied.

Winterberry Group

About Winterberry Group

A specialized management consultancy that offers more than two decades of experience and deep industry experience in the intersecting disciplines of advertising, marketing, data, technology and commerce.

Helps brands, publishers, marketing service providers, technology developers and information companies—plus the financial investors who support these organizations—understand emerging opportunities, create actionable strategies and grow their impact and value on a global basis.

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About IAB and the IAB Programmatic+Data Center of Excellence

The **Interactive Advertising Bureau (IAB)** empowers the media and marketing industries to thrive in the digital economy. Its membership is comprised of more than 650 leading media companies, brands and the technology firms responsible for selling, delivering and optimizing digital ad marketing campaigns. The trade group fields critical research on interactive advertising, while also educating brands, agencies and the wider business community on the importance of digital marketing. In affiliation with the IAB Tech Lab, IAB develops technical standards and solutions. IAB is committed to professional development and elevating the knowledge, skills, expertise and diversity of the workforce across the industry. Through the work of its public policy office in Washington, D.C., the trade association advocates for its members and promotes the value of the interactive advertising industry to legislators and policymakers. Founded in 1996, IAB is headquartered in New York City.

The **IAB Programmatic+Data Center** is a unit within IAB, founded to enhance existing IAB resources, and to drive the data agenda for the digital media, marketing and advertising industry. The Programmatic+Data Center's mission is to expand the programmatic universe, increase the understanding of how data drives business and make them easily accessible to all.

IAB Programmatic+Data Center is focused on:

- Gathering industry thought leaders to drive and set the data agenda
- Funding industry research to provide benchmarks and actionable insights on data management across platforms including programmatic, mobile and the internet of things
- Developing industry best practices, guidelines and standards for privacy, data security, measurement, and consumer data protection
- Creating educational materials including certification, infographics, videos, webinars and seminars to demystify data for marketers and advertisers
- Hosting data-focused events that feature industry luminaries discussing data related topics

IAB Programmatic+Data Center of Excellence Board Member Companies Include:

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