POWER OF THE PEOPLE

HOW PEOPLE-BASED MARKETING IS DRIVING CHANGE ACROSS THE U.S. ADVERTISING INDUSTRY

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FOREWORD

Great brands value their customers and strive to build brand loyalty by creating an excellent customer experience the moment someone walks into their store. However, providing the same level of attention and personalization online is no easy feat. Not only does the digital world lack the personal nature of face-to-face interactions that in-store environments provide, but there is the added challenge of reaching the right person, on the right device with the right message, wherever they are. Marketers are searching for ways to solve these challenges, and are increasingly finding the answer in people-based marketing.

People-based marketing enables marketers to move beyond anonymous cookies and third-party data to reach real people by leveraging a user's registered profile and the data points that come with it. As a result, marketers actually get to know the person behind the screen in order to better anticipate their needs at different points in their lifecycle.

With a people-based approach, marketers can develop relationships with audiences that are built on a foundation of accurate insights, shifting away from the cookie's unreliable, probabilistic approach to a more efficient, first-party deterministic approach. Providing insight on consumers down to the individual user level enables marketers to communicate with the right person, at the right time, via the right device, rather than targeting an anonymous audience and hoping for the best outcome.

As early adopters have learned, effectively applying a people-based approach to campaigns can significantly increase a brand's shareholder value and have a positive impact on revenue. In addition to this, people-based marketing offers more advanced measurement techniques like multi-touch attribution, giving marketers insight into the ROI of their efforts across every touchpoint.

We have been pioneers of people-based advertising at Viant®. However, we wanted to see where the rest of the industry stood. The following report details the results of a Viant survey of over 250 brand-side digital marketing executives, examining just how big people-based marketing adoption is, its biggest challenges, and how it's providing solutions to issues such as ad blocking.

KEY FINDINGS

93%

of companies surveyed currently run people-based marketing campaigns across social channels like Facebook and Twitter, but only 58% run people-based campaigns across the open web.

90%

of marketers say they see improved performance from people-based marketing, compared with cookie-based, probabilistic campaigns.

64%

of marketers believe the industry will stop relying on probabilistic data within the next 12 months to two years.

THE TWO MOST COMMON CHALLENGES WITH RELYING ON PROBABILISTIC DATA IN DIGITAL ADVERTISING ARE:

49% Ineffective targeting

41% Lack of a persistent user identifier

THE TOP THREE FACTORS LIMITING THE SUCCESS OF DIGITAL AD CAMPAIGNS ARE:

30% Audience reach

27% Targeting inaccuracies

26% The anonymous nature of ad targeting

METHODOLOGY

Viant commissioned an original survey conducted in September 2017 by independent market research company, Censuswide, to poll over 250 brand-side digital marketing executives in companies with $50M+ in revenue in the U.S. Each respondent was asked to complete an in-depth questionnaire about their company's use of people-based marketing, as well as their wider views about probabilistic, third-party campaigns.

Unless otherwise stated, all statistics referenced relate to this survey.

We defined people-based marketing as, "The ability to advertise to real people across their linked devices, using registered user data rather than relying on cookies."

ANONYMOUS DATA VS. PERSISTENT IDENTITY

For the past 20 years, cookies were the predominant method of tracking consumers across the web. Cookies, also known as anonymous proxies, refer to data stored in a consumer's browsing history. However, cookies simply aren't a realistic option anymore as two-thirds of connected devices don't accept them and 50% of cookies expire within five days. According to comScore's Total Home Panel presentation, the median U.S. household now has 10 connected devices, making it more difficult than ever for marketers to know exactly who they are reaching across an individual's personal and shared devices.

Our survey revealed that the most common challenges in relying on cookies for measurement are inefficient targeting and lack of a persistent user identifier — arguably the two most important factors in reaching the right consumers. The other top challenges include achieving accurate cross device reach, measurement, and wasted spend.

What are the most common challenges you see with relying on cookies in digital advertising?

POOR TARGETING
49%

LACK OF PERSISTENT ID
41%

ACCURATE CROSS DEVICE REACH
28%

MEASUREMENT
27%

WASTED SPEND
24%
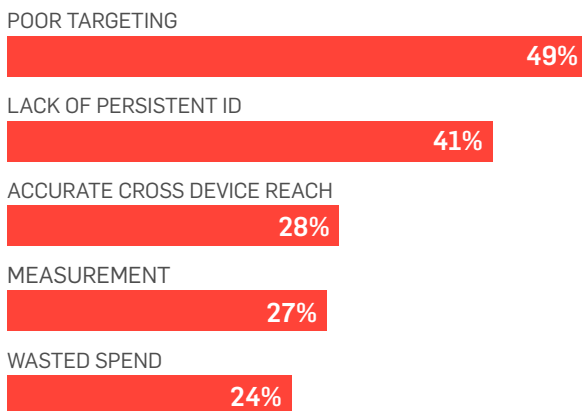
Relying on anonymous data is a relic of the past in digital marketing: that "close enough is good enough" sentiment when it comes to targeting among digital marketers is shifting — the days of guessing and throwing ad money into the wind are over.

We found 32% of marketers believe the industry will not rely on cookies within the next 12 months, followed closely by those who believe it will take over one year and up to two years (31%).
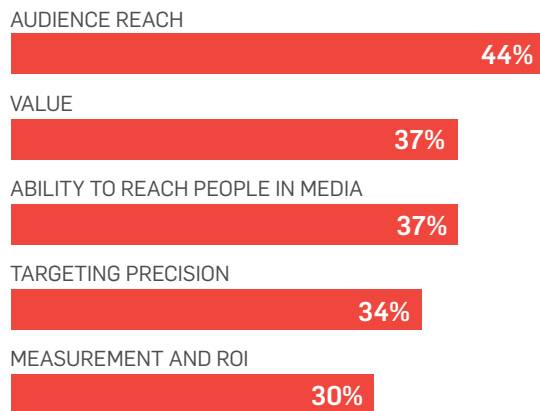
The fundamental difference between utilizing anonymous data versus persistent identity is that with the former, marketers have no real insight on who they reach. Those who utilize deterministic methods can create user device grids, so they know exactly who they reached across which device.

With people-based marketing, advertisers can finally bridge the gap between ad exposure, KPIs, media consumption and the consumer.
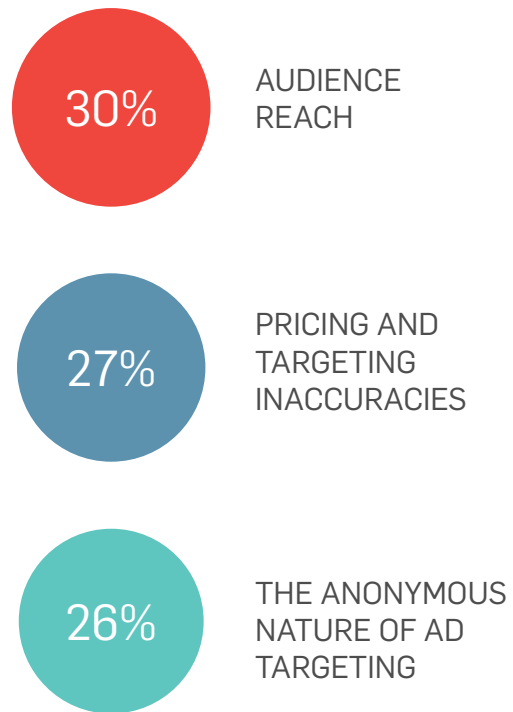
DIGITAL MARKETING INVESTMENT AND CHALLENGES

Marketers are facing more pressure than ever to justify ad spend and prove their campaigns are actually leading to sales. This means showing a true return on investment and being able to connect their media spend directly to online and offline sales, so dated metrics like clicks and viewability fail to prove value.

MORE THAN ANY OTHER REASON, SURVEY PARTICIPANTS BLAMED AUDIENCE REACH (30%) AS A KEY FACTOR LIMITING THE SUCCESS OF THEIR DIGITAL EFFORTS.

THE TOP FIVE REASONS COMPANIES INVEST IN DIGITAL MARKETING

AUDIENCE REACH
44%

VALUE
37%

ABILITY TO REACH PEOPLE IN MEDIA
37%

TARGETING PRECISION
34%

MEASUREMENT AND ROI
30%

30% AUDIENCE REACH

27% PRICING AND TARGETING INACCURACIES

26% THE ANONYMOUS NATURE OF AD TARGETING

Achieving scale and reach while targeting at the user level with the right messaging is challenging. Despite marketer emphasis on such things as targeting precision U.S. consumers are still inundated with ads that aren't impactful or meaningful. Interestingly, our survey found that audience reach is both the number one reason for investing in digital marketing and the number one factor limiting the success of digital ad campaigns.

WHY CHOOSE A PEOPLE-BASED APPROACH?

Mostly an unknown term a few years ago, people-based marketing has become the ad tech term du jour. But because it is so new, we wanted to see if it had a clear definition. Therefore, we asked the question "What is people-based marketing?"

There was near-universal agreement, with 99% of respondents agreeing that people-based marketing is the ability to advertise to real people across their linked devices using registered user data rather than relying on cookies.

Marketing to real people, and not proxies, enables brands to develop one-to-one relationships with consumers over time. One of the most significant benefits of people-based marketing, powered by first-party data, is that marketers actually understand who their consumer is. Brands gather key characteristics such as age, gender, location, purchase habits across verticals (like which car is in your garage, what soap you buy, which retailers you spend the most at, etc.) and interaction preferences to build a single, highly accurate customer view.

In fact, the study found that regardless of budget size, "more effective targeting of consumers" is the number one motivation that brand marketers had for taking a people-based marketing approach.

According to respondents, the top five main motivations for taking a people-based marketing approach are:

| Motivation	Percentage
MORE EFFECTIVE TARGETING OF CONSUMERS	57%
ENSURING OUR ADS ARE SEEN BY PEOPLE, NOT BOTS	37%
ABILITY TO TRACK CONSUMERS ACROSS THEIR WHOLE PATH TO PURCHASE, INCLUDING MOBILE	35%
INCREASING ROI OF MARKETING SPEND	34%
BETTER ATTRIBUTE BOTH ONLINE AND OFFLINE SALES	30%

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ARE YOU SEEING BETTER PERFORMANCE FROM YOUR COMPANY'S PEOPLE BASED CAMPAIGNS, COMPARED TO COOKIE-BASED CAMPAIGNS?

ALL COMPANIES SURVEYED

86%	YES
7%	NO
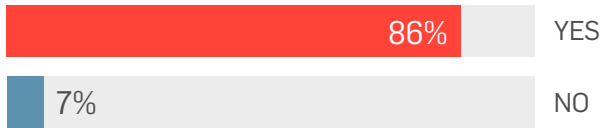
COMPANIES WITH A DIGITAL DISPLAY AND ADVERTISING BUDGET OF $1 MILLION - $10 MILLION

90%	YES
4%	NO
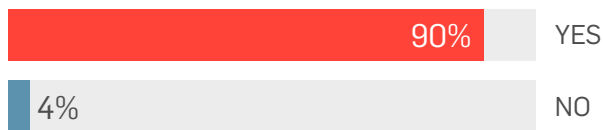
People-based marketing allows brands to measure advertising campaigns across all devices and channels, bridge the gap between online and in-store, and link this data back to a real person for true ROI reporting.

Rather than marketing to an anonymous cookie and attempting to connect the dots, with people-based marketing you can create a persistent and consistent dialogue with a known consumer across all of his or her preferred devices and measure real performance such as in-store sales – versus narrowly defined online KPIs.

The holy grail for brand marketers is to paint a complete picture of their target audience and know when, where and how to reach consumers most effectively. The future is an advertising ecosystem that moves closer to true cross-channel strategies, driving results and enabling direct relationships with consumers.
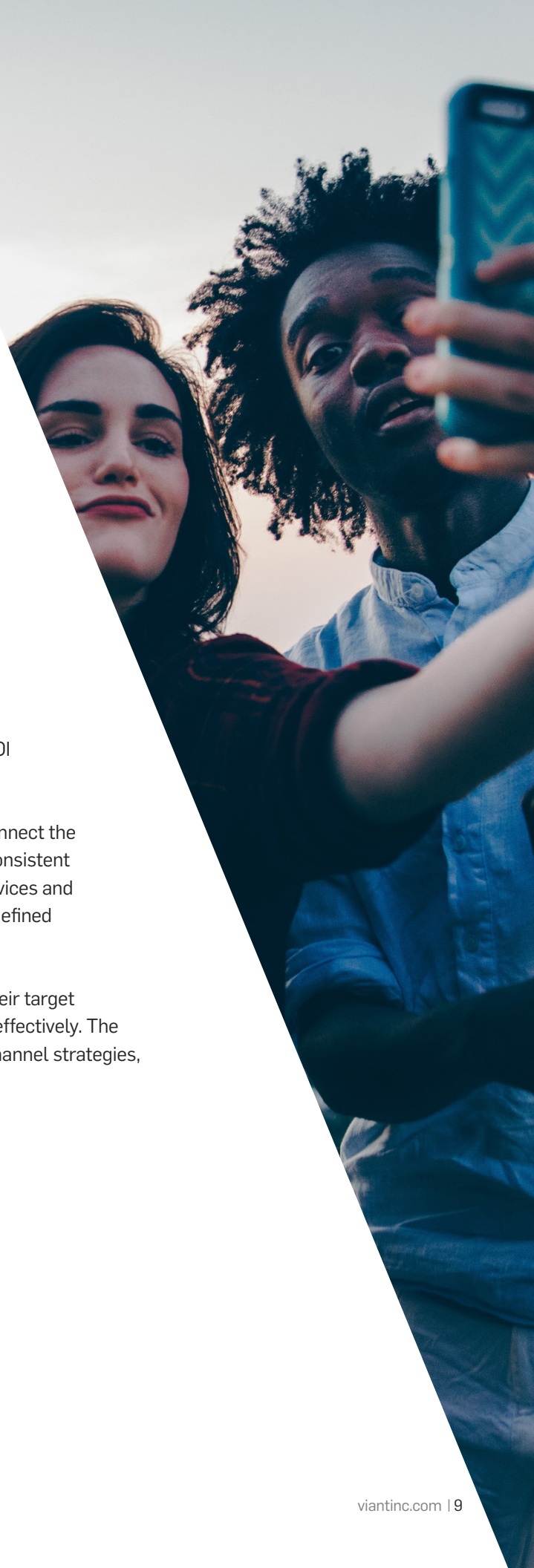
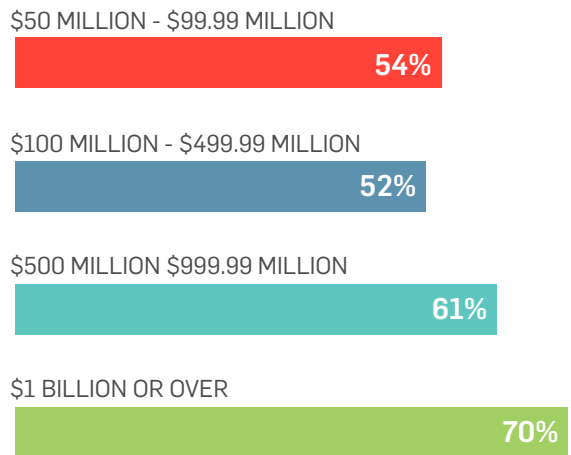# BRIDGING THE GAP BETWEEN ONLINE ADVERTISING AND IN-STORES SALES

While ecommerce sales are predicted to grow by almost 10 percent of total retail sales in 2017[1], the fact remains that over 90% of retail transactions still occur offline[2]. Consequently, retailers are struggling to identify where to focus their advertising budgets. Linking in-store sales to online advertising is critical for retail marketers to understand what works and what doesn't, all while ensuring they are creating seamless, cross-channel experiences for consumers.

The majority of respondents (57%) say being able to link in-store sales to online advertising activity is very important for their business.

The survey found 61% of people who think linking in-store sales to online ad activity is very important are working at companies with an ad budget between $1 million - $10 million.
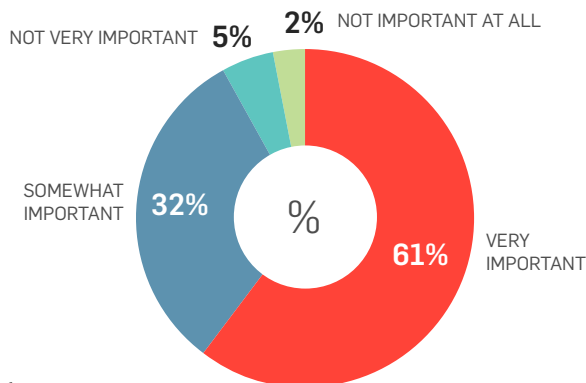
Brand marketers, by company revenue, who believe linking in-store sales to online advertising is very important*

$50 MILLION - $99.99 MILLION
54%

$100 MILLION - $499.99 MILLION
52%

$500 MILLION $999.99 MILLION
61%

$1 BILLION OR OVER
70%

* Results grouped by company annual revenue.

NOT VERY IMPORTANT **5%**   **2%** NOT IMPORTANT AT ALL

SOMEWHAT IMPORTANT **32%**

%

61% VERY IMPORTANT

[1] Statista
[2] U.S. Department of Commerce

How can marketers connect the dots between online and offline to paint a clear picture of their customer? Look to the right data. Nearly half of all respondents (49%) are very confident they have the right first-party data sets to make people-based marketing work effectively.

How confident are you that you have the right first party data sets to make people-based marketing work effectively for you?

NOT CONFIDENT **4%**

CONFIDENT **47%** % **49%** VERY CONFIDENT
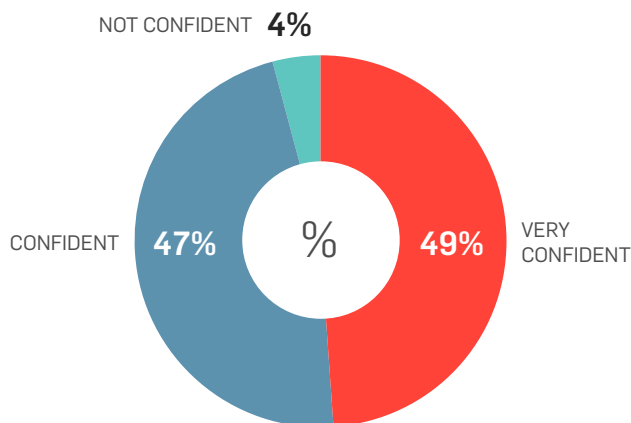
FIRST-PARTY DATA

57% of brand marketers surveyed agree that the data most effective in their ad campaigns comes from first-party data based on client interactions with customers.

CRM DATA

Approximately half of respondents (49%) already use their offline CRM data for targeting online campaigns, and find value in doing this. Companies with the highest annual budget size for digital display and video advertising are even more likely to be using offline CRM data for targeting online campaigns - 55% of respondents with annual budgets of $1 million - $10 million.

While utilizing first-party and CRM data is the first step brand marketers need to take in order to start bridging the gap between online advertising and in-store sales, these data sets alone do not provide the kind of granular insights needed to determine campaign effectiveness or pinpoint where ad dollars should be spent. Finding a trusted technology partner with the capabilities to generate insights from campaigns and provide recommendations on how to reach the right audience with the right approach, is the next step in curating a people-based strategy. Brands working with a technology partner that has direct one-to-one relationships with consumers, a scalable database of registered users, and key data partnerships are at an advantage when it comes to turning data points into thoughtful people-based marketing initiatives.

PEOPLE-BASED MARKETING OUTSIDE OF THE WALLED GARDENS

Of the companies surveyed, 93% currently run people-based marketing campaigns across social channels like Facebook and Twitter, yet only 58% run people-based campaigns on display and video across the open web.

But the advertising industry moves quickly.

While it's clear that the majority of marketers have run people-based campaigns within walled gardens, such as Facebook and Google — which do not allow data out of their networks — there is still a huge opportunity for marketers to leverage a people-based approach beyond those environments. Social networks represent just a small portion of the market, and a consumer's digital activity extends far beyond their four walls.

Running a people-based campaign within a walled garden only enables marketers to target consumers within that network. This is extremely limiting as we know people consume content across multiple sites and social networks. Fortunately, advancements in technology have given marketers access to data and insights that paint a fuller and more accurate picture of consumers, enabling marketers to deteministically reach people across the open web.

On average, the marketers we surveyed allocated 24% of their digital advertising budget to people-based marketing campaigns in 2017. When asked what percentage of their 2018 marketing budget they expect to allocate to people-based advertising, that number increased to 29%.

2017
24%

2018
29%
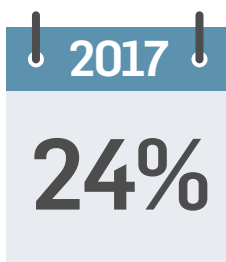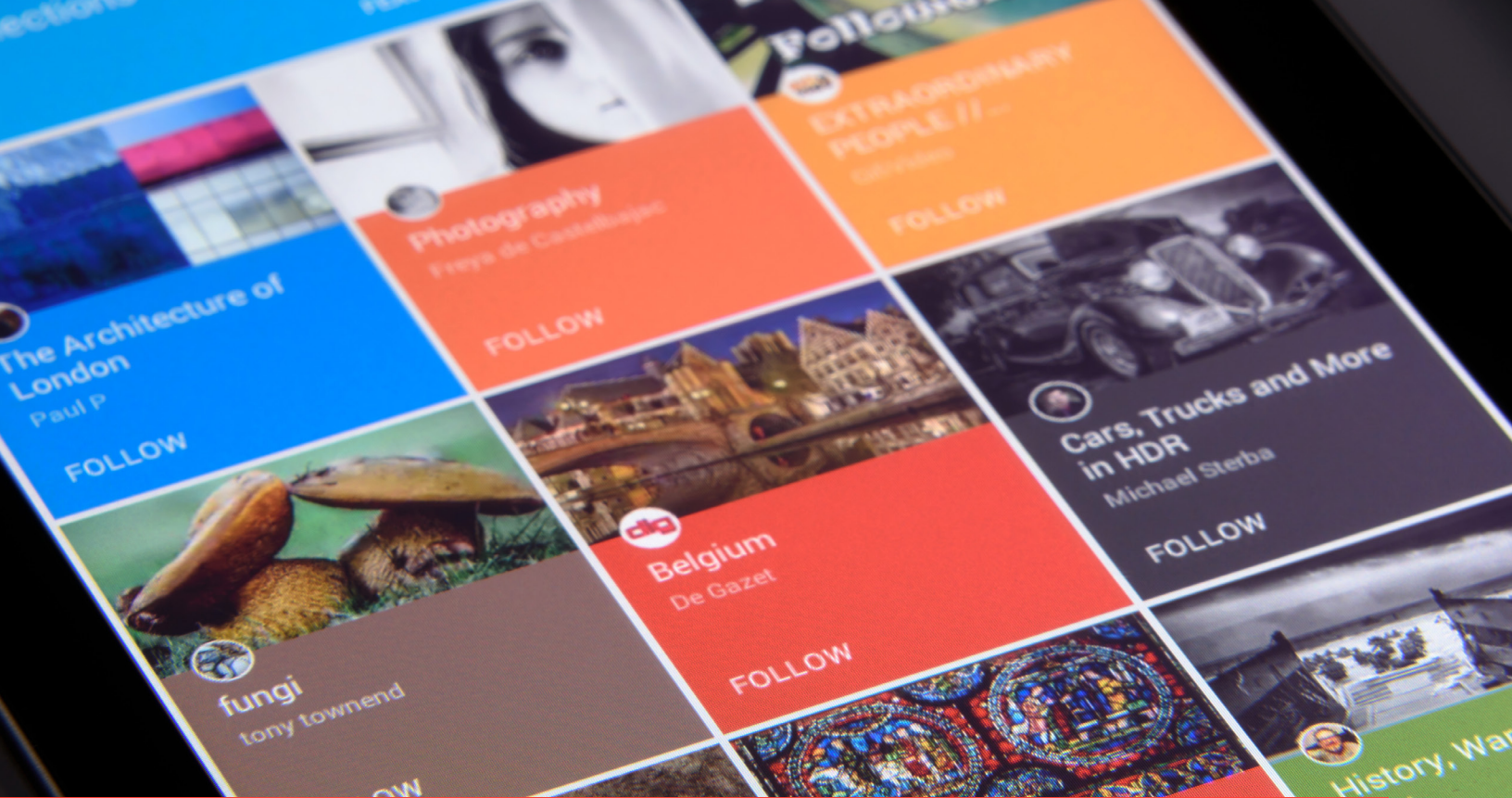
A LOOK AHEAD TO EXTENDING PEOPLE-BASED BEYOND DIGITAL CHANNELS

There is a dire need for advancement in attribution and measurement solutions. The Holy Grail of advertising — where marketers can accurately determine whether or not their digital ads are working, and how — is tantalizingly close. The emerging measurement method of multi-touch attribution (MTA) enables a more granular examination of touchpoints. But for marketers, retaining control of customer data that is truly meaningful, remains a challenge.

The beauty of MTA is that it allows you to look at different channels across the path to purchase to see what has the biggest impact. But it's only possible for marketers and agencies willing to get their hands around their data and reframe their view from pricing to conversion-based measurement. With a people-based platform, brands gain a holistic view into all of their marketing initiatives by linking together these disparate data sources. Marketers can take data from multiple 1st, 2nd and 3rd party sources and house it in one centralized platform for immediate analysis and activation across the customer's path to purchase.

The majority of marketers surveyed are currently implementing multi-touch attribution in their campaigns. 63% are working at companies with average revenue of $1 billion or more, and 63% have an annual ad budget between $1 million - $10 million.

MY COMPANY IS IMPLEMENTING MUILTI-TOUCH ATTRIBUTION IN MY ADVERTISING CAMPAIGNS

AVERAGE REVENUE

63%
$1 billion
or more

ANNUAL BUDGET

63%
$1 million -
$10 million

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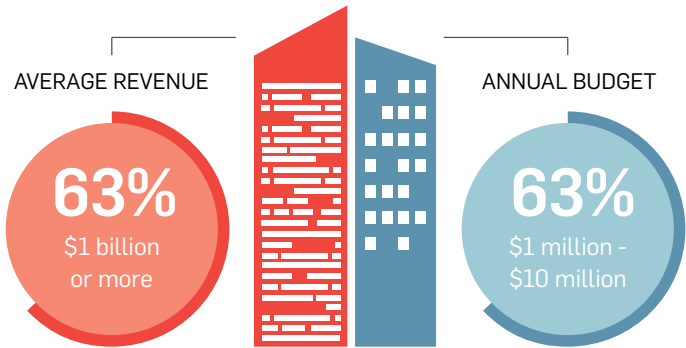
CONCLUSION

There is a lot of noise in the industry about people-based marketing — with a staggering 93% of marketers reporting running people-based campaigns across social platforms.

However, this new study shows that digital marketers are struggling to find quality partners who can actually help them extend people-based marketing at scale, across the wider web — as only 58% of marketers are currently running campaigns outside the walled gardens.

At Viant, we believe we are extremely well placed to deliver on three particular factors that underpin a successful people-based approach for brands:

1. SCALE

We have a vast database of more than 1 billion registered users worldwide, allowing marketers to build real, identifiable people-based audiences. With our recent acquisition of Adelphic, a leading self-service and cross-device demand side platform, we have created the industry's first people-based DSP, giving marketers a globally-scaled solution that hasn't previously existed in the marketplace.

2. ACCURACY

People change jobs, their tastes evolve, they even change names. This means data about them has to stay up to date. Viant's data is constantly refreshed, both by user interaction and by cross referencing with our partners' data sources. Using log-in information across our media

properties and partner sites, we are also able to build an accurate picture of the devices a person owns to allow true cross-device targeting. As a result, marketers get one holistic view of their consumers across TV, mobile, desktop, digital out-of-home and can connect that back to online and in-store purchasing activities. This level of transparency gives brands real insights into what's moving the needle for their businesses.

3. DENSITY

People-based marketing is more effective when you know more about the individuals you want to reach. Viant's partnerships with companies such as Nielsen Catalina, Experian, and Urban Science helps us build a rich picture of an individual, bolstering the data held in a brand's existing CRM system – such as the type of car they drive or the retailers they've recently visited. We believe 2018 will be a watershed year where we see the widespread adoption of people-based marketing by brands and agencies, delivering more personalized and effective ads across the entire web.

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ABOUT VIANT

Viant Technology LLC is a premier people-based advertising technology company, enabling marketers to plan, execute, and measure their digital media investments through a cloud-based platform. Built on a foundation of people instead of cookies, the Viant Advertising Cloud™ provides marketers with access to over 1.2 billion registered users, one of the largest registered user databases in the world, infusing accuracy, reach, and accountability into cross device advertising.

Founded in 1999, Viant owns and operates Adelphic and is a member of the Xumo joint venture.

In 2016, Viant became a subsidiary of Time Inc. (NYSE:TIME), one of the world's leading media companies with over 100 influential brands including People, Sports Illustrated, Fortune, and Time.

For more information,
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