



The Data-Centric Organization 2018

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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. In particular, we would like to recognize our partners, the Data & Marketing Association and Interactive Advertising Bureau's Data Center of Excellence, as well as our project sponsors:

Additionally, we extend our deepest appreciation to the more than 110 panelists 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.

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Executive Summary: U.S. Firms Remain Intensely Focused on Leveraging Data Across Marketing, Media and Commerce Functions—But See Obstacles to Achieving True “Data Centricity”

“The State of Data 2017”

(published in December 2017 by Winterberry Group in partnership with DMA and IAB’s Data Center of Excellence) revealed that **U.S.-based marketers, publishers and other data users invested \$20.19BB on third-party audience data and related services and solutions in 2017.**

This research is aimed at showing how those organizations are applying those investments to capitalize on the **value inherent in data as a potential driver of decisioning, messaging and superior customer experiences across all advertising and marketing functions.** Among other conclusions, it will show:



Marketers and publishers remain intensely focused on achieving “data centricity” across their organizations, with 90.1% of survey respondents saying they either have or are planning to develop an enterprise strategy to support the use of audience data.

The same respondents said they **expect those strategies will drive significant near-term advances in how their organizations engage with data as an input to their advertising and marketing efforts.** While only 9.8% of respondents described their organizations as “extremely” data-driven today, more than 44% said they expect to achieve that level of sophistication by 2019.

Amidst that optimism, though, the same data users appear to be growing **less confident that their efforts to date constitute real maturity given the growing complexity associated with deploying data across all addressable advertising and marketing efforts.** Fewer survey respondents described their organizations as at least “fairly data-centric” in 2017 (40.3%) than did the previous year (54.3%).

The most significant obstacle associated with achieving data centricity appears to be an **industry-wide talent gap, particularly with respect to the analytics skills associated with data modeling, segmentation and attribution.** Just 1.3% of panelists said they were “extremely confident” their organizations have the right expertise, skills and experience needed to derive value from data (down from 5.2% in 2016)—and more than 87% of panelists said that data analytics is the competency their organization needs most to advance their use of data.



The Data-Centric Organization:

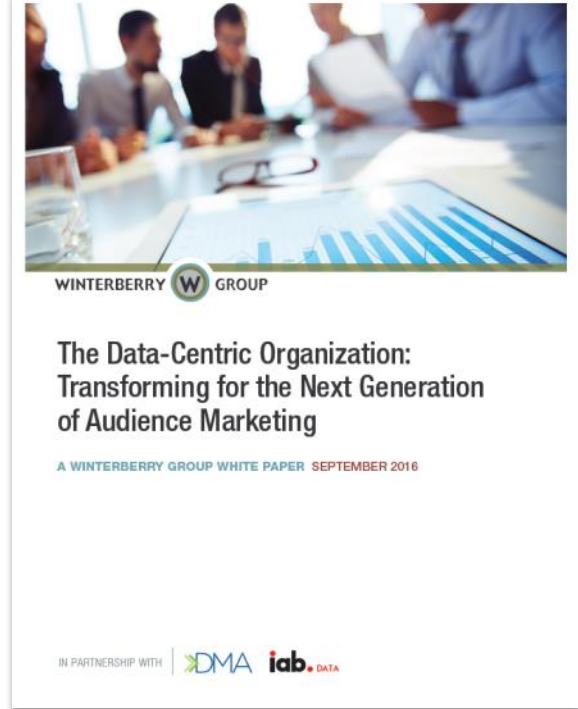
How U.S. Companies Are Evolving to Support Audience Data Usage Across Their Advertising, Marketing and Audience Engagement Efforts

Background: The Evolving Data-Centric Organization

In 2016, Winterberry Group—in partnership with DMA and IAB’s Data Center of Excellence—published an inaugural research report on **“data-centric” organizations, exploring the ways U.S. companies are evolving their business processes and organizational structures to better leverage data across their advertising, marketing and other audience engagement efforts.**

This effort refreshes that research in order to:

- Enhance understanding of how **data and data-driven solutions are transforming the way advertising and marketing is practiced**
- Update our perspective on the **roles that people, technology platforms, supply chain partners and organizational processes play** in supporting “data-centric” business transformation; and
- **Provide industry intelligence so that business leaders may build and/or enhance their own frameworks** to better utilize their audience data assets in support of their marketing, advertising and/or media sales efforts



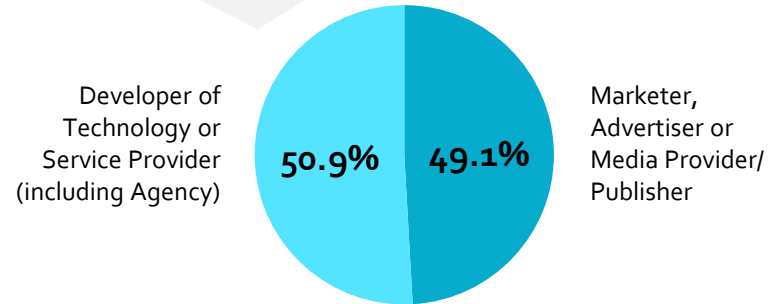
Methodology: Panel Included Experienced Marketers, Publishers and Service Providers

- Conclusions in this report are based on an online survey completed by **113 advertisers, marketers, publishers, technology developers and marketing service providers** primarily based in North America
- The survey was fielded to special interest **panels consisting of DMA and IAB members** between September and November 2017

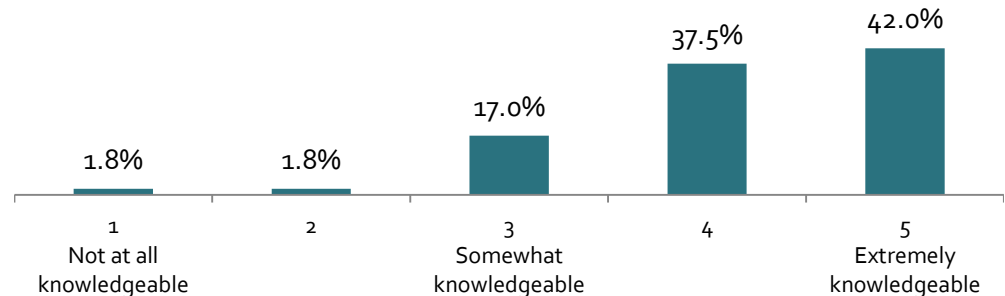
How many years of experience do you have working in a marketing, advertising or media role?

Years of Experience	Percent of Panel
Less than 1 year	5.4%
1 to 5 years	11.6%
6 to 10 years	17.0%
11 to 15 years	19.8%
16 to 25 years	22.3%
25 years or more	21.4%

How would you classify your organization?



How knowledgeable are you with respect to data and its various marketing, advertising and/or media applications?



What is “Data Centricity”? How Is It Evaluated?

For the purposes of this report, “data centricity” will reflect the extent to which an organization is **culturally and operational prepared to apply audience data as a source of actionable insight** in support of advertising, marketing and audience engagement.

Our evaluation focuses on the extent to which industry participants are managing data and associated resources across each of four operational pillars:



- How do **talent, training, compensation plans and team tenure** impact how the organization uses and derives value from data?



- Does the organization leverage the right tools to support **audience building, insight development, analytics and measurement**?
- How **well integrated** are these systems with each other? Other organizational processes?



- To what extent are **agencies, data suppliers and other service providers** integrated in the organization’s supply chain?
- Does the organization have protocols in place to **encourage cooperation among these partners**?



- Is the organization’s overarching organizational structure engineered to support **data compilation, management, sharing and good governance**?

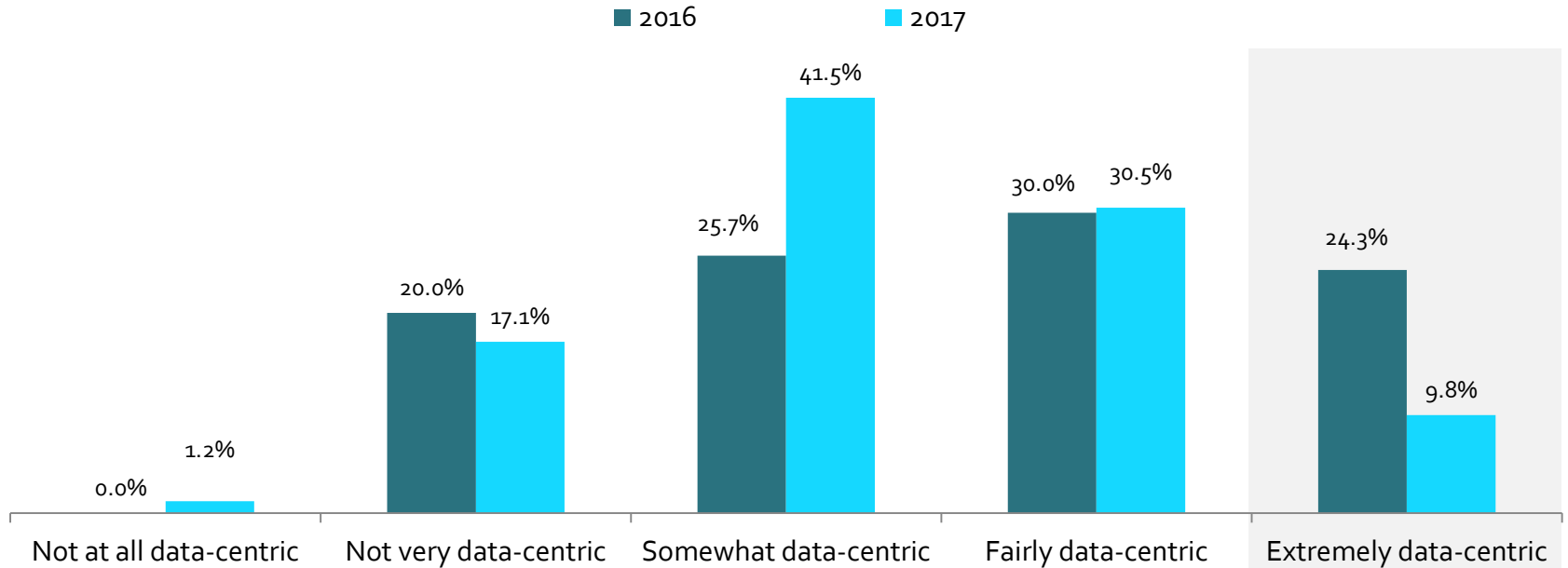
Data-Driven Transformation Remains a Common Organizational Priority, Though Practitioners Often Struggle to Realize Tangible Results

To what extent would you say your organization has an overarching strategy to govern its use of audience data for advertising and/or marketing purposes?



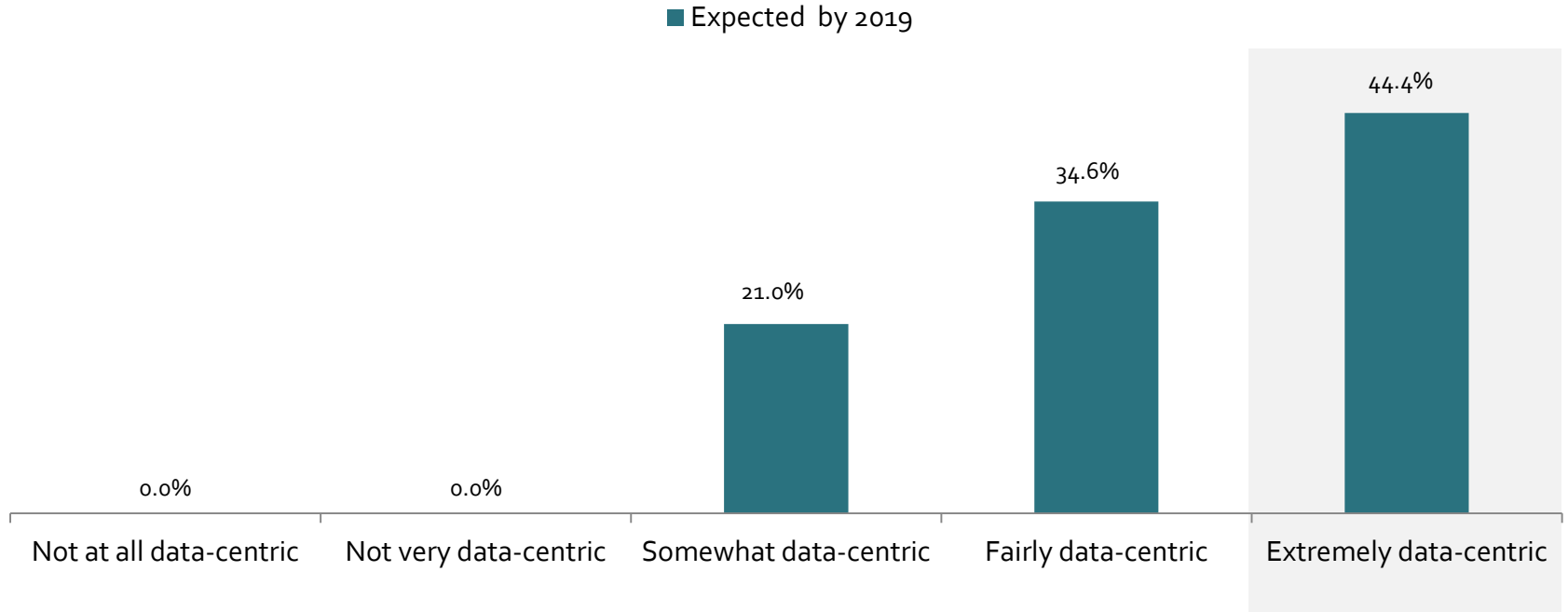
As Data Grows in Volume and Velocity—Adding Complexity to an Already Complicated Endeavor—Data Users Say They’re Growing Less Confident in Their Own “Data Centrism” ...

To what extent is your organization “data-centric” today?



... But Looking Into the Future, Most Expect Their Organization Will Make Significant Advances in Sophistication In the Months to Come

How data-centric do you expect your organization will be two years from now?



Deep Dive: A More Nuanced Take on the Survey Data



- Fewer survey respondents (just 12.3%) reported in 2017 that their organizations have developed and implemented data strategies that are delivering positive results than said the same in 2016 (28.6%)
- And fewer described their organizations as at least “fairly data-centric” in 2017 than did so in 2016 (40.3% versus 54.3%)

These results may seem counter-intuitive given the significant investments many organizations are making in data and associated activation solutions. **But thought leader feedback suggests there are potential explanations...**

- **Experience=Awareness:** Through success (as well as trial and error), practitioners are growing increasingly aware of the rigors associated with cross-channel data integration, management and activation—especially within complex enterprises that may be otherwise slow to innovate. Less likely to see previous successes as indicative of “data centrality” within an enterprise otherwise advancing at a rapid pace
- **Threat of Regulation Looming Larger:** Imminent new regulatory guidelines—such as the EU’s General Data Protection Regulation (GDPR)—posing a significant near-term concern for organizations that maintain a significant consumer-facing digital presence, redirecting resources from data-centric organizational transformation in some cases (and de-emphasizing the role of data among organizational priorities, at least for the short term, in others)



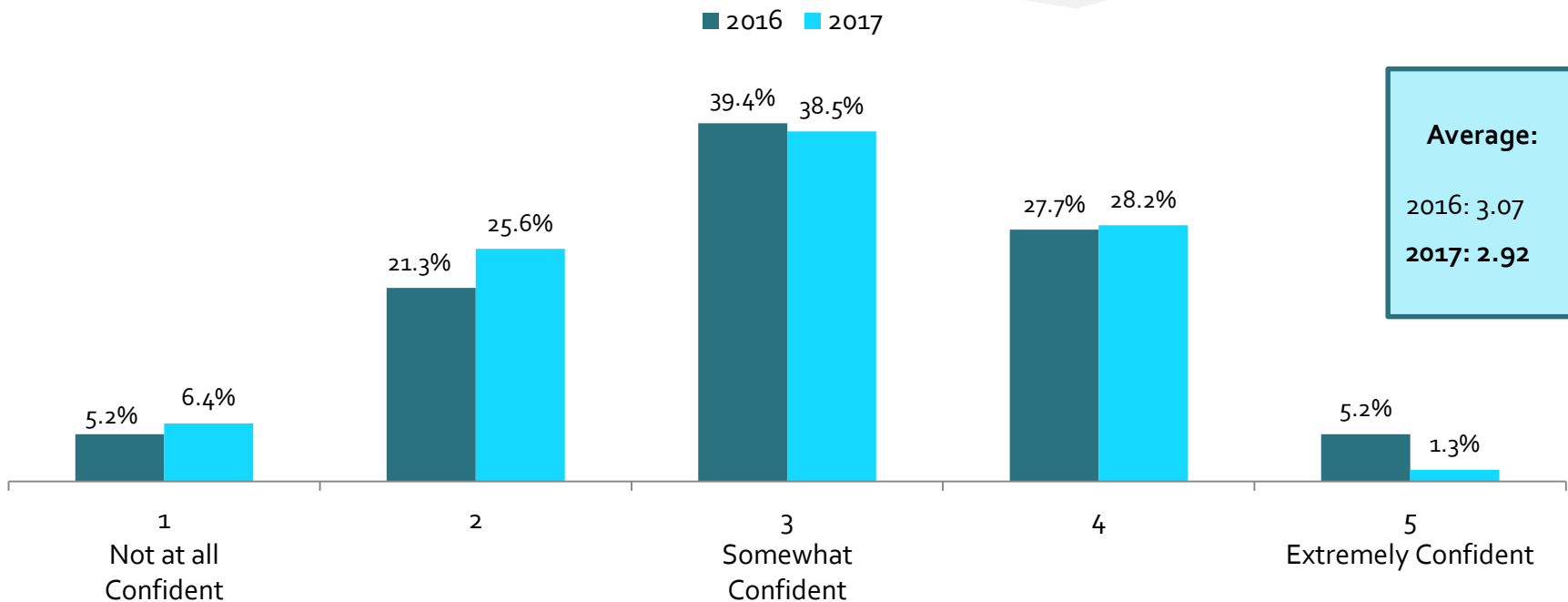
People

How do talent, training, compensation plans and team tenure impact how the organization uses and derives value from data?

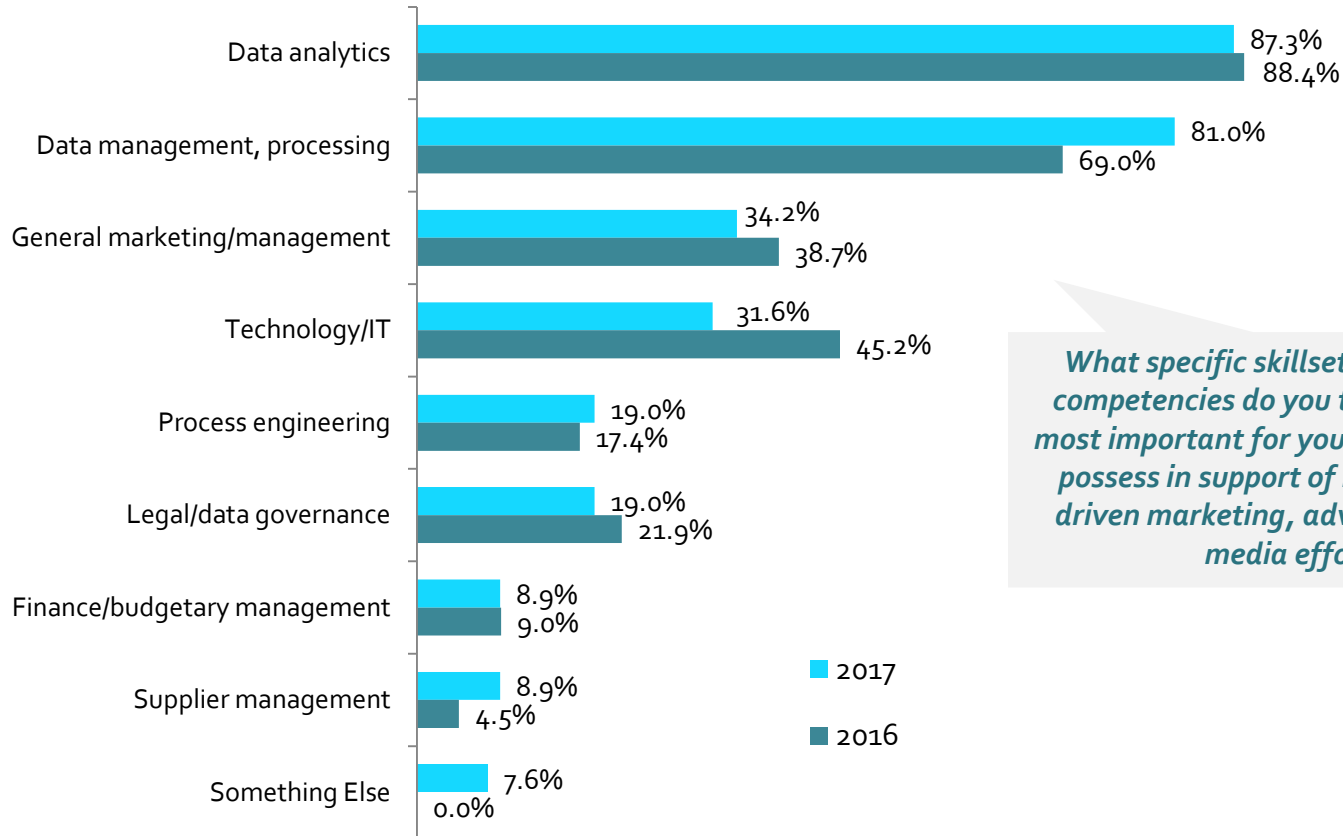
- One year since we last benchmarked data users' access to the right talent and expertise, it appears they **have *not* made significant progress towards acquiring the resources they need** to drive their efforts around data centricity
- As reported in 2016, practitioners consider data analytics the most critical skill to support the future of their data-driven marketing efforts; however, **emphasis on data management and processing has increased**, and technology/IT has declined in priority
- Data users have also **significantly increased their focus on data governance training** over the past year—possibly in response to looming regulatory concerns like GDPR

Talent Gap Continues to Represent a Significant Challenge for Organizations Seeking Data Centricity

To what extent are you confident that the people in your organization have the right expertise, skills and experience to support your efforts to derive value from the use of data?

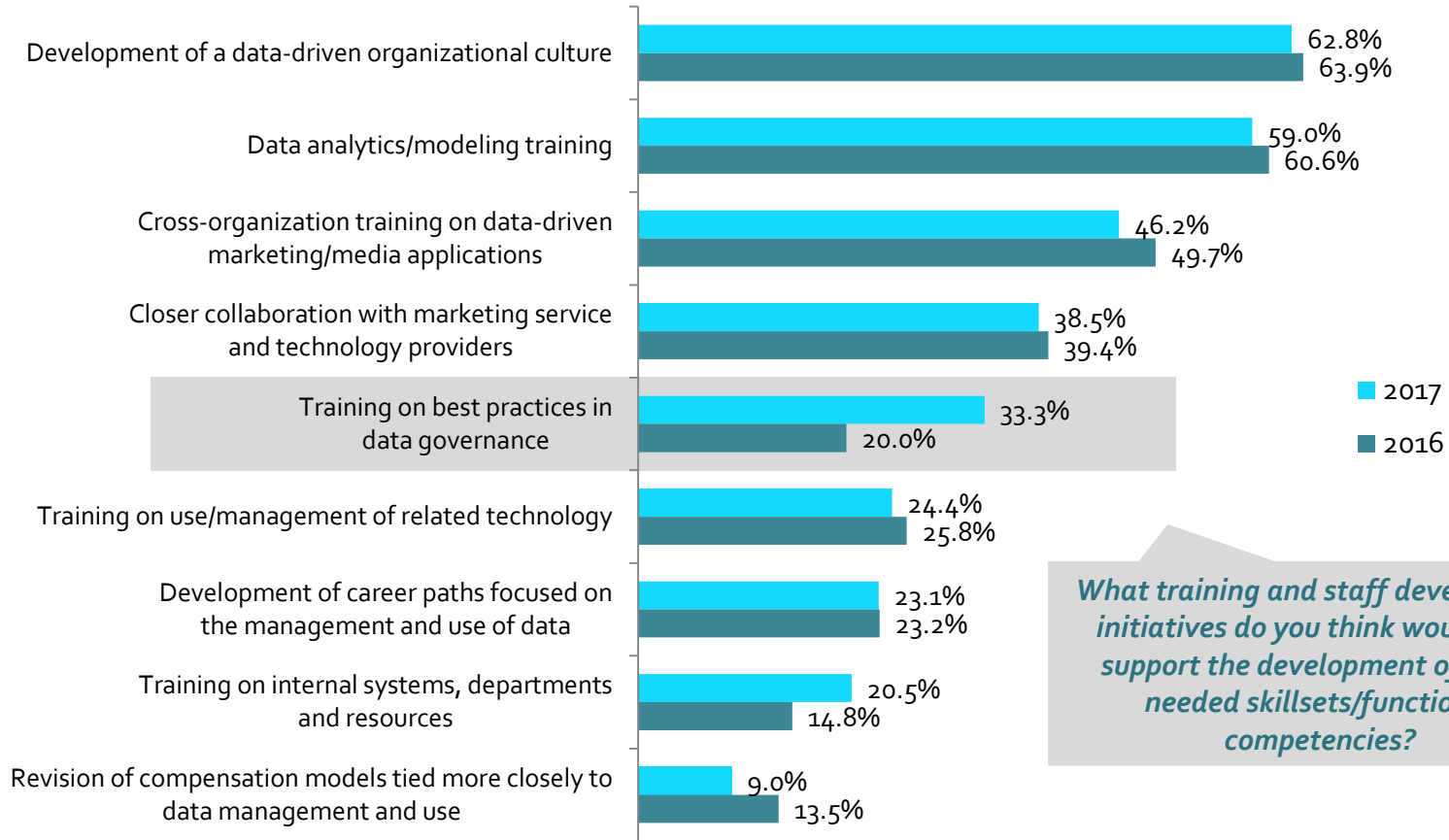


Analytics Remains Most Sought-After Skillset, Though Practitioners Indicate Growing Need for Improved Data Management



What specific skillsets or functional competencies do you think will be the most important for your organization to possess in support of its future data-driven marketing, advertising and/or media efforts?

High-Profile Data Breaches and Regulatory Concerns and Changes (Including GDPR), Are Placing Renewed Focus on the Importance of Data Governance



What training and staff development initiatives do you think would best support the development of those needed skillsets/functional competencies?



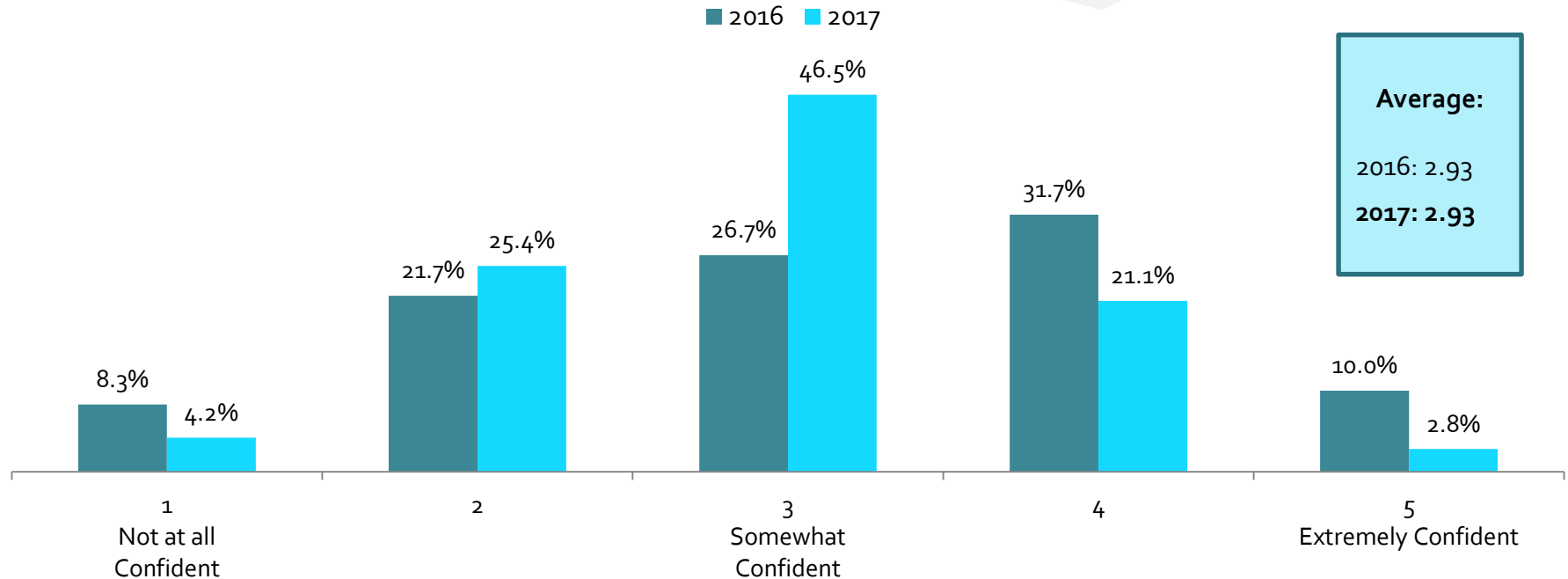
Platforms

Does the organization leverage the right tools to support audience building, insight development, analytics and measurement? How well integrated are these systems with each other? Other organizational processes?

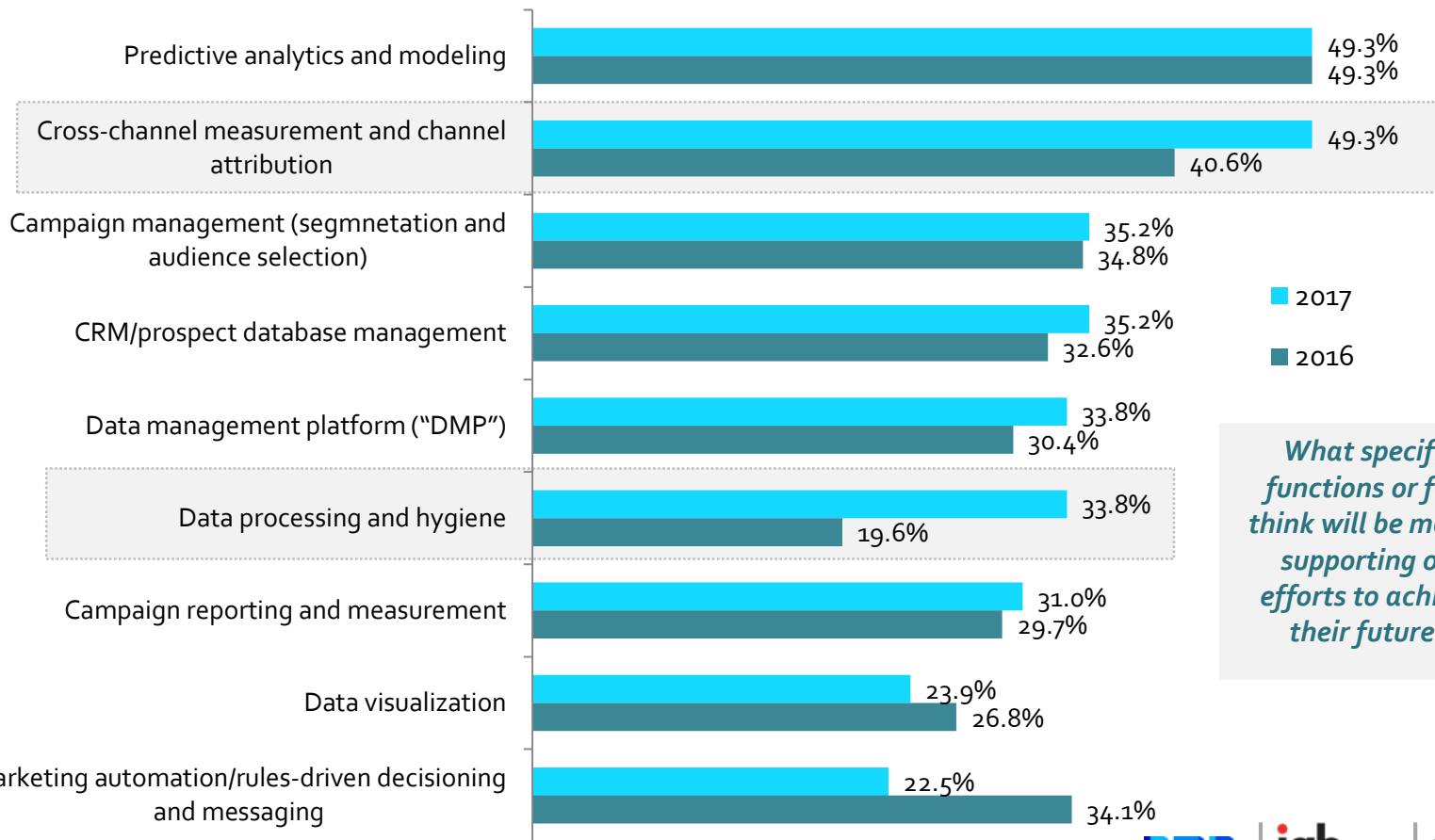
- Overall, **practitioners are only moderately confident in their existing marketing technologies**—and the level to which those technologies are suited to support optimal use of audience data—representing little change from the sentiment echoed in 2016
- In terms of functionality, data users are increasingly **seeking tools that support marketing measurement and attribution, as well as data processing and hygiene**
- Marketers and publishers plan to **leverage third-party agencies, consultancies and others in order to help their organizations optimize use of data technologies**

On the Whole, Confidence in Marketing Technology Remains Unchanged as Users Are “Split Down the Middle” When it Comes to Seeing Value in Their Data Toolsets

To what extent are you confident that your current marketing technologies are well suited to support the optimal use of audience data?

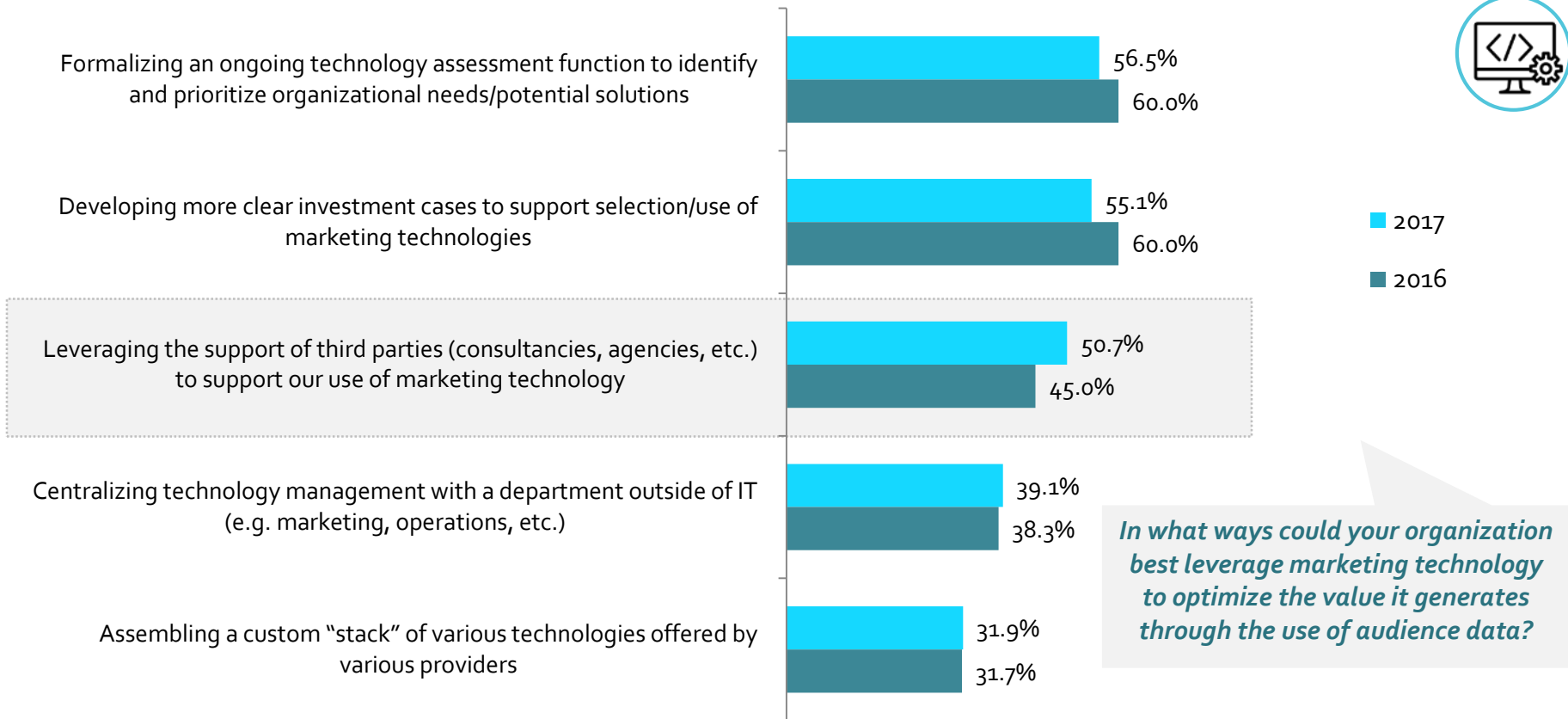


Cross-Channel Measurement and Attribution and Data Processing/Hygiene are Top of Mind Among Features Users Seek in Data Activation Tools



What specific technology functions or features do you think will be most important in supporting organizations' efforts to achieve value from their future use of data?

Users Increasingly Looking to Improve Their Administration of Data Technology; Eager to Engage Third-Party Partners in the Effort





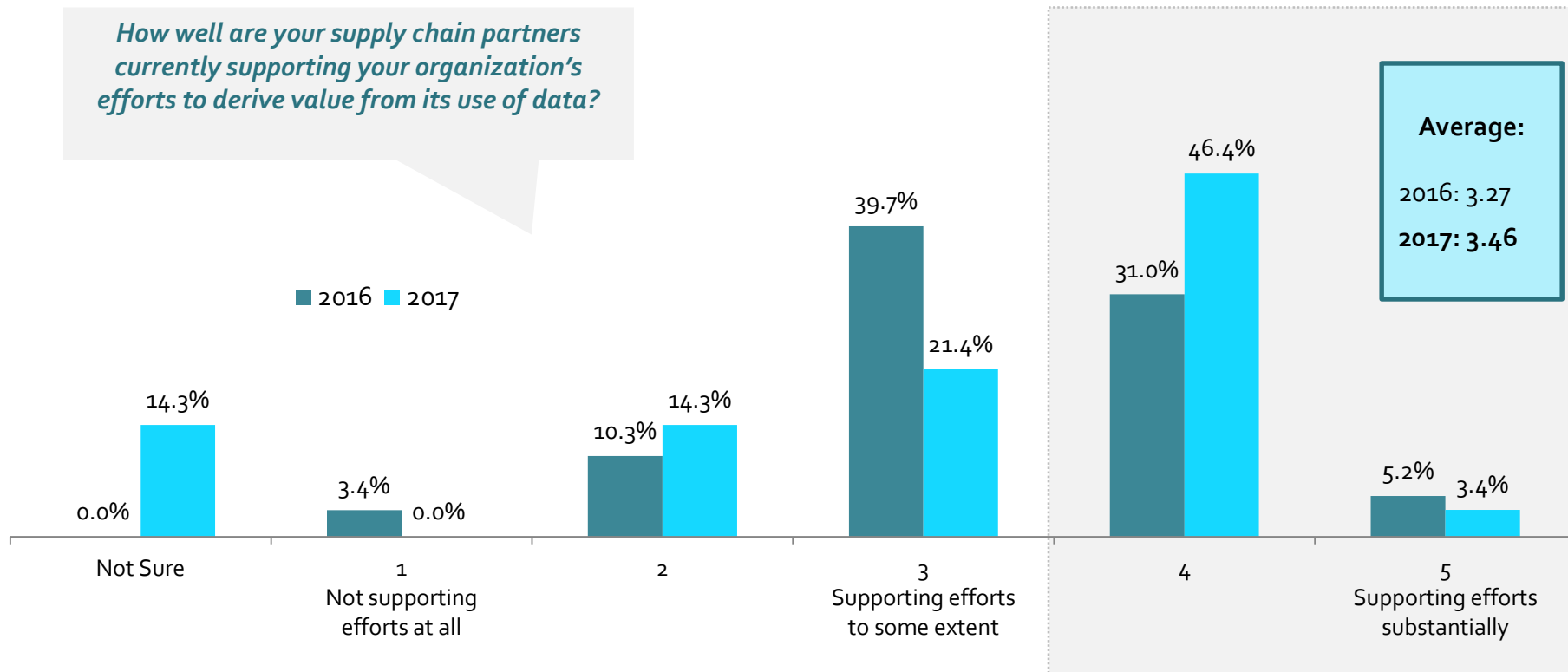
Partners

To what extent are agencies, data suppliers and other service providers integrated in the organization's supply chain? Does the organization have protocols in place to encourage cooperation among these partners?

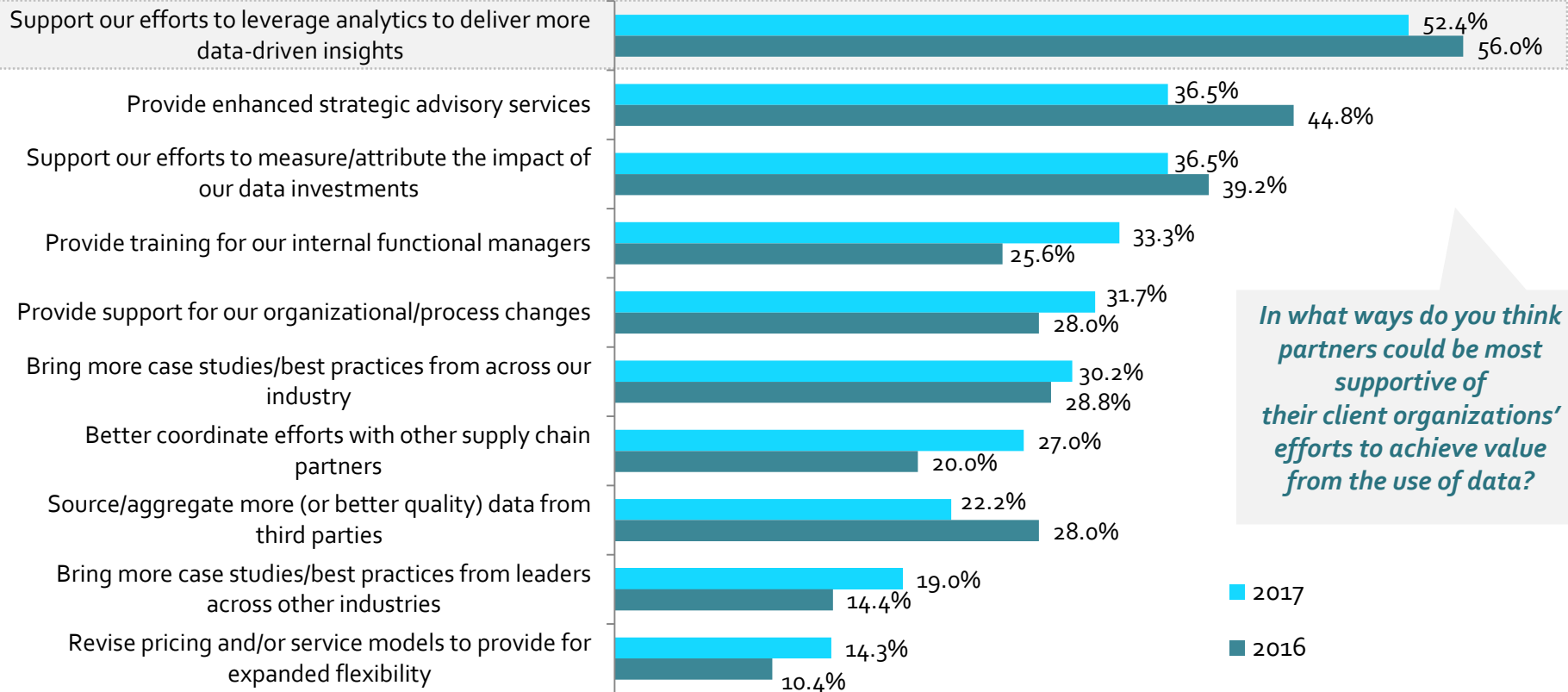
- More than last year, **data users credit their supply chain partners with supporting their efforts to derive value from the use of data**; similarly, these marketers and publishers say partners are helpful when it comes to optimizing use of marketing technology as well
- **Practitioners still cite analytics support and delivery of data-driven insights as their most critical need** from their marketing service providers
- While expected reliance on outside media agencies has diminished slightly, **marketers and publishers still expect to rely most heavily on analytics consultancies over all other representative partners**

Supply Chain Partners—Bringing Experience That Spans Channels, Verticals and Functions— Growing Increasingly Important in Helping to Activate Audience Data

How well are your supply chain partners currently supporting your organization's efforts to derive value from its use of data?



As In Their Own Organizations, Data Users Say Their Most Critical Supply Chain Need Is Associated With Their Ongoing Analytics Talent Gap



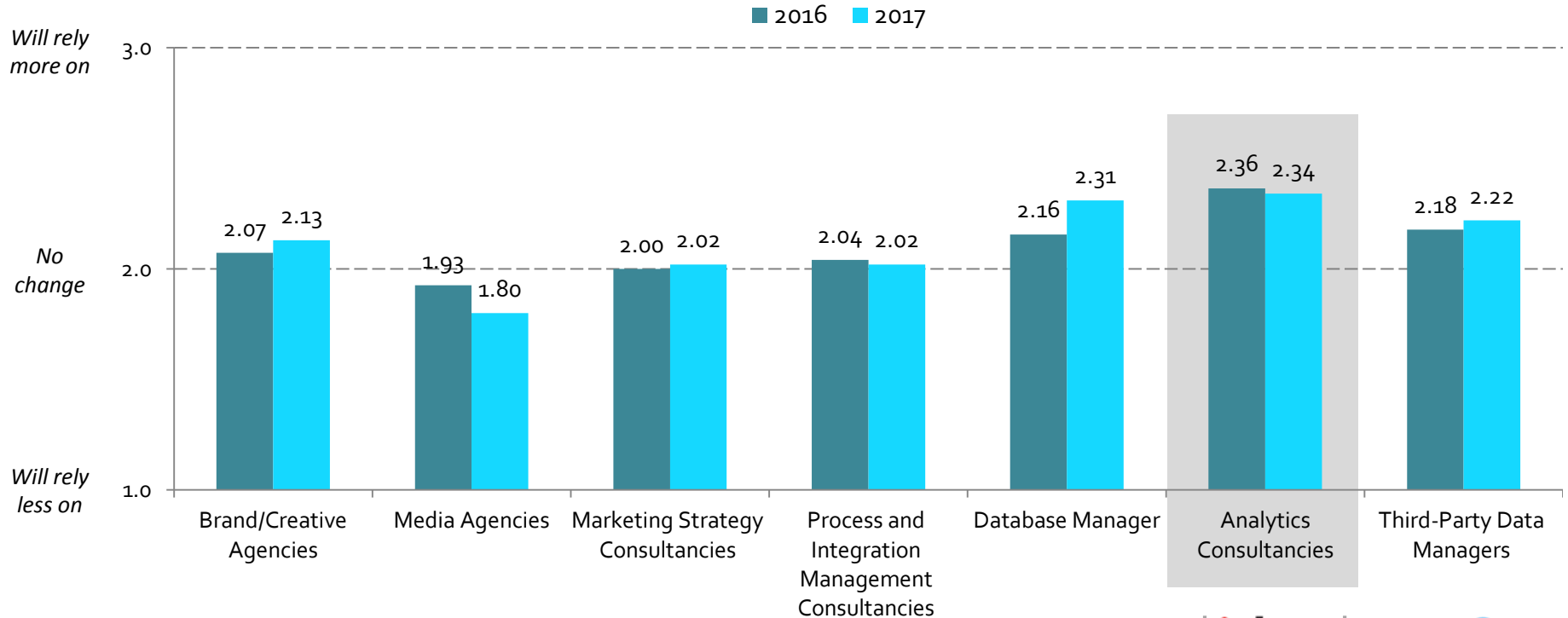
In what ways do you think partners could be most supportive of their client organizations' efforts to achieve value from the use of data?

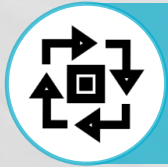
■ 2017

■ 2016

Analytics Consultancies Continue to Play Foremost Role in Supporting Data Activation

To what extent do you expect that your/your clients' reliance on each of the following supply chain partners will vary two years from now?



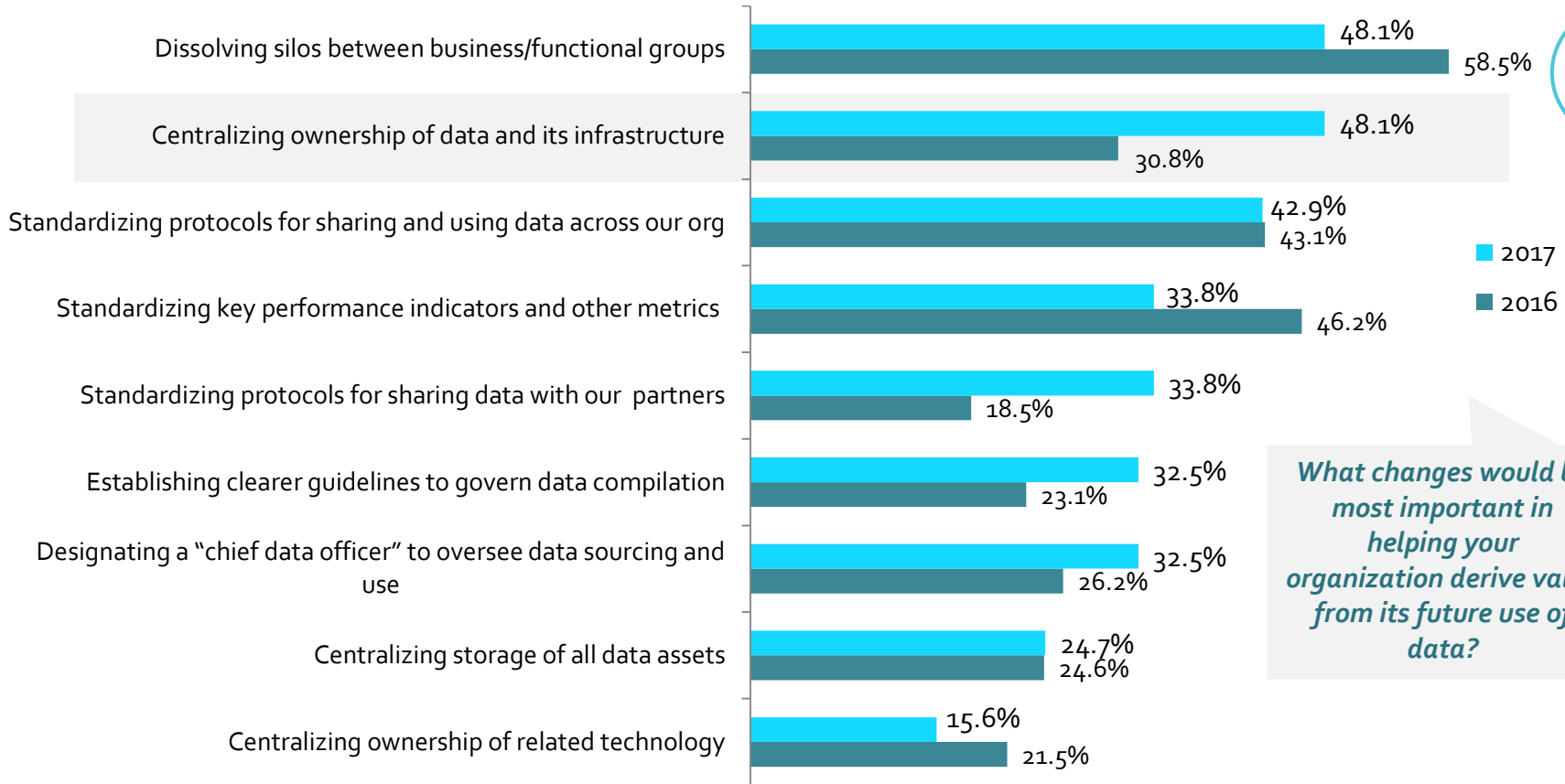


Processes

Is the organization's overarching organizational structure engineered to support data compilation, management, sharing and good governance?

- Marketers have **placed more emphasis on centralizing the ownership of data and data infrastructures** as a critical prerequisite to deriving value from data; now value centralization of data resources equally with the dissolving of organizational silos that distinguish separate business and functional groups (as well as data assets)
- **There has been little change from last year in marketers' level of confidence that their processes and structures are suited to support the use of audience data**—the vast majority are only “somewhat” or “less than fully” confident that their current systems are designed for optimal data use

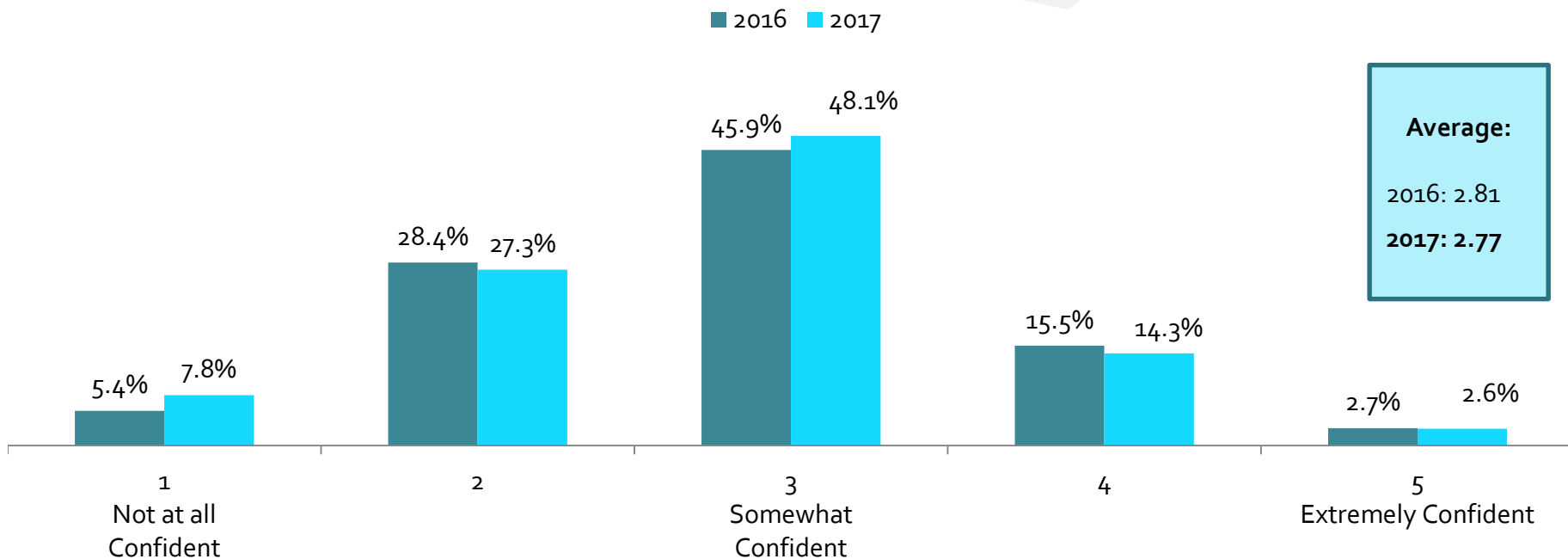
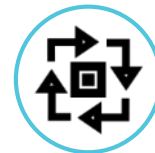
Practitioners See a Growing Need to Centralize Ownership of Data as a Key Enabler of Downstream Value



What changes would be most important in helping your organization derive value from its future use of data?

Organizations Have Made Little Progress Building Processes to Support Use of Audience Data; Very Few Say They are “Extremely” Confident in their Current Practices

To what extent are you confident that your business processes and organizational structures are geared to support the optimal use of audience data?





Key Takeaways

Final Conclusions and Considerations

- ✓ The effort to become “data-centric” continues to represent an pressing organizational priority for U.S. marketers, publishers and other data users
 - But despite the ongoing proliferation of audience data and sophisticated tools geared to support its usage, significant obstacles continue to hinder organizations in their effort to derive maximum value from the data at their disposal
- ✓ The task of data-centric transformation is complex, driving firms to intensify their reliance on a range of third-party partners to support technology deployment, process management data activation
 - As this work continues, though—and as data proliferates across both new and established channels—best-practice benchmarks and target use cases continue to grow more complex and difficult to achieve; even as practitioners grow their *awareness* of what constitutes “data centrality,” that level of sophistication is effectively growing more difficult to *achieve*
- ✓ Perhaps the most significant challenge facing data users in the comparatively mature U.S. marketplace: **how to develop and nurture a corps of marketing and media professionals who embed certain fundamental data skillsets**—predictive analytics, segmentation and modeling, for example—as part of their essential toolset, rather than as a specialized capability
 - Predictive and attribution-oriented analytics plays a role vastly more significant than its share of budget (just under 2% of data “services” budgets)¹ would suggest—and years after first suggesting that “talent development” was an issue, organizations continue to wrestle with how to hire, train and compensate team members who bring the right skillsets to the table



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Founded in 1917, and driving the data and marketing agenda for a full century, the **Data & Marketing Association (DMA)** champions deeper consumer engagement and business value through the innovative and responsible use of data-driven marketing. DMA's brand-leading membership is made up of over 1,400 organizations that are today's innovative tech and data firms, marketers, agencies, service providers and media companies. By representing the entire marketing ecosystem—demand side and supply side—and engaging more than 100,000 industry professionals annually, DMA is uniquely positioned to convene and guide the industry to bring win/win solutions to the market, and ensure that innovative and disruptive marketing technology and techniques can be quickly applied for ROI.

DMA advances the data-driven marketing industry and serves its members through four principal pillars of leadership: advocating for marketers' ability to responsibly gather and refine detailed data to identify and fulfill customer needs and interests; innovating to bring solutions forward to the data & marketing ecosystem's most vexing challenges; educating today's members of the data & marketing ecosystem to grow and lead marketing organizations in the ever-increasing omnichannel world; and connecting industry participants to stay current, learn best practices and gain access to emerging solutions through &THEN – the largest global event for data-driven marketing – and DMA's portfolio of other live events.

For more information, please visit theDMA.org

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Because we align the collective knowledge, talents, practices and tools from over 1,400 member brands and 100,000 participants to create solutions across the industry. Nobody else is doing that.

Nobody.

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The Interactive Advertising Bureau's Data Center of Excellence is an independently funded and staffed unit within IAB. Founded to enhance existing IAB resources and to drive the "data agenda" for the digital media, marketing, and advertising industry, **the Data Center's mission is to define boundaries, reduce friction, and increase value along the data chain, for consumers, marketers, and the ecosystem that supports them.**

IAB Data is focused on:

- Gathering industry thought leaders to set and drive the "data agenda"
- Funding industry **research** to provide benchmarks and actionable insights on data management across platforms including mobile, programmatic, and the internet of things
- Developing industry **best practices, guidelines, and standards** for privacy, data security, 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 to discuss data related topics

For more information, please visit iab.com

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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:

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

DATA-DRIVEN MARKETING TRANSFORMATION

- Data activation strategy
- Marketing process and platform architecture, design and RFP management
- Marketing org. process engineering

M&A TRANSACTION SUPPORT

- Market landscaping
- Target company assessment/customer due diligence
- Strategic roadmapping

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.

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Together, we bring personalized marketing to consumers across offline and online channels, at moments of interest, that help drive business growth for brands.

Recognized by Ad Age as the #1 World's Largest CRM/Direct Marketing Agency Network, #1 Largest U.S. Agency from All Disciplines, #1 Largest U.S. CRM/Direct Marketing Agency Network and #1 Largest U.S. Mobile Marketing Agency, Epsilon employs over 8,000 associates in 70 offices worldwide.

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