

WINTERBERRY  GROUP

The Global Review of Data-Driven Marketing and Advertising 2015

WITH THE SUPPORT OF



Foreword

Twelve months ago, we used this space to share our excitement about a new, groundbreaking research effort—benchmarking how companies around the globe are leveraging data to engage consumers, build profitable customer relationships and grow lasting value for both parties to that interaction.

Now, we're thrilled to build upon that foundation (and provide an even richer perspective on how data is reshaping the practices of advertising and marketing) through this publication: the second annual edition of ***The Global Review of Data-Driven Marketing and Advertising***.

We believe this research is unique in several respects: It provides the only comparative analysis of how data-driven marketing and advertising (DDMA) is practiced across borders, providing practitioners an important series of measures to help benchmark their efforts. And, with two years of data now in hand, it represents the only conclusive study of how those practices are evolving over time, presenting a basis for future analysis that we expect will yield important insights about the impact of emerging media channels, changing macroeconomic conditions and disparate marketer priorities.

Needless to say, an effort of this scale and importance would not be possible without the support of a great many contributors. We're once again deeply indebted to the 17 independent trade associations—and nearly 3,000 individual marketers, service providers, technologists and publishers—who offered their time and insights to support this effort.

Our hope, for these contributors as well as others in the marketing and advertising ecosystem, is that they engage with information presented in this report in ways that are uniquely actionable to their businesses. For DDMA practitioners, ***The Global Review*** presents a series of benchmarks that will be helpful in understanding how your investments and functional efforts compare to peers around the globe. For other marketers and business leaders, it offers perspective into how DDMA is increasingly impacting business functions beyond the traditional “direct marketing” role—and how data is increasingly coming to add value across the enterprise. And for still others, the research offers an important validation of how responsible marketers intend to use, and safeguard, data for the betterment of consumers’ everyday brand interactions.

To those whose contributions were so critical to this project’s success, we once again say thank you. We look forward to building upon these insights next year—and beyond.

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Acknowledgements

This research undertaking would not have been possible without the contributions of almost 3,000 thought leaders—including survey panelists, sponsors, presenting trade associations and reviewers representing all segments of the advertising, marketing, media and technology industries across 17 global markets—Argentina, Australia, Belgium, Brazil, Chile, France, Germany, Hong Kong, Hungary, India, Italy, the Netherlands, New Zealand, Singapore, Sweden, the United Kingdom and the United States. In particular, GDMA and Winterberry Group are grateful to our global sponsor for its generous support of this initiative:



Additionally, we extend our deepest appreciation to the advertisers, marketers, service providers and technology developers who contributed their time, insights and enthusiasm in support of our research, as well as the GDMA member associations that brought our research initiative to their respective markets. They include:



Executive Summary

Last year, in summarizing the insights developed to support the inaugural “Global Review” research effort, we made a clear and unambiguous declaration about the role of information in supporting marketing and advertising around the world: Data matters.

This year—after nearly 3,000 marketers, service providers and other global industry participants lent their insights to help us understand how that practice is changing amidst a constant stream of technological, macroeconomic and media change—we can now offer a corollary that’s equally clear, but even more compelling: Not only does data *matter*, but it’s coming to represent a central pillar of marketing, advertising and customer experience practice, all around the globe.

Our second annual survey of data-driven marketers, service providers and technologists across 17 global markets revealed:

- ▶ **Data matters... more:** Among nearly 3,000 experienced marketing and advertising practitioners across 17 global markets, 81.3 percent described data as important to their efforts, representing an increase from an already large majority (80.4 percent) who said the same one year ago. An even larger proportion (59.3 percent, versus 57.1 percent last year) went so far as to call it “critical” to their efforts, further underscoring the growing role that data plays in driving audience engagement strategies and efforts
- ▶ **The customer is king:** For the second year in a row, global panelists said their desire to be “customer-centric” is fueling their DDMA efforts more than any other single priority. And more than 90 percent of panelists (91.8 percent) said their efforts are at least partially focused on “maintaining customer databases,” representing the most common global DDMA use case. A similarly overwhelming majority of panelists, 90.2 percent, say they’re focused on deploying predictive analytics and segmentation to better target and engage key audiences
- ▶ **Looking to “buy” data? You may have to look carefully:** Though DDMA practitioners around the globe are almost universally focused on collecting and managing data about *their customers*, far fewer practitioners are engaged in the use of “third-party” data (which typically includes compiled, commercial datasets that are licensed on an open market) to support their acquisition marketing efforts. Not quite two-thirds of the global panel (65.5 percent) said that third-party data licensing is included among their DDMA use cases, and response tended to vary significantly across markets. Only about a quarter of panelists in Argentina and Chile, for example, said that they’re engaged in third-party data usage—while roughly *three-quarters* of panelists in the United Kingdom and United States said the same
- ▶ **The bull market remains in force (though may be tiring):** 74.1 percent of worldwide panelists said they remain confident in the practice of DDMA and its potential for future growth, though optimism tempered slightly compared to a year ago, when 77.4 percent of panelists expressed similar enthusiasm. With respect to individual markets, this “confident majority” grew in only one country, Germany, compared to the previous year (86.4 percent of German panelists said they are confident now, compared to 72.9 percent that felt that way last year)

- ▶ **Funds continue to flow to DDMA:** More than half (56.3 percent) of global panelists said they increased their annual DDMA expenditures this year, though the extent of that spending growth dipped slightly compared to a similar benchmark reported last year. When panelists were asked to peg their DDMA spending using a 1-to-5 scale (with 5 indicating spending increased significantly compared to the previous year), panelists assigned a spending growth rate of 3.61, down slightly from the higher growth rate reported last year (of 3.82). Nevertheless, 68.6 percent expect that their organization's DDMA budgets will increase further next year—a robust majority though slightly smaller than the 73.5 percent that said the same last year (regarding their expectations for this year's spending)
- ▶ **Digital, digital, digital:** As they reported last year—and with great consistency across markets—panelists said they increased their proportional spending on social media, Web content, search and online display advertising more over the past year than on any other addressable channel. Why? Apparently, because these media are also delivering the greatest improvement in return-on-investment; panelists said that the performance of their display advertising, Web content and social media investments have improved most over the past year. Using a 1-to-5 scale (with 5 indicating channel performance improved substantially), panelists pegged their social media performance growth at 3.90, compared to 3.69 last year. Similarly, panelists said their Web content performance also increased (assigning a performance index score of 3.84 this year, compared to 3.76 one year ago). Perhaps not surprisingly, the same channels are among those most likely to benefit from increased spending over the year ahead
- ▶ **Measurement is the key:** Acknowledging that a host of initiatives would support their organization's ability to drive more value from DDMA, panelists were most fulsome in their call for improved "measurement and attribution" techniques, with an eye on providing deeper insight to support future planning and investment optimization. Panelists were similarly emphatic that better training with respect to analytics and audience segmentation would help fuel more valuable DDMA efforts.



Key Global Findings

PANEL:

2,938 TOTAL RESPONDENTS*

SURVEY TIMEFRAME:

JULY – SEPTEMBER 2015

* Not all respondents answered every question

This report explores data-driven marketing and advertising practices across 17 global markets. Produced and published by GDMA and Winterberry Group—and with the sponsorship of MediaMath—the effort was made possible by support from GDMA member organizations around the world, including:

amdia (Argentina), ADMA (Australia), bdma (Belgium), ABEMD (Brazil), AMD Chile (Chile), Adetem (France), DDV (Germany), D+D Asia (Hong Kong), DIMSZ (Hungary), DMAI (India), DMA Italia, DDMA (Netherlands), Marketing Association (New Zealand), DMAS (Singapore), SWEDMA (Sweden), DMA (United Kingdom) and DMA (United States). The report's findings are based on the results of an online survey 2,938 marketers, advertisers, service providers, technologists and publishers—deployed by each of the 17 presenting associations in their respective markets between July and September 2015.



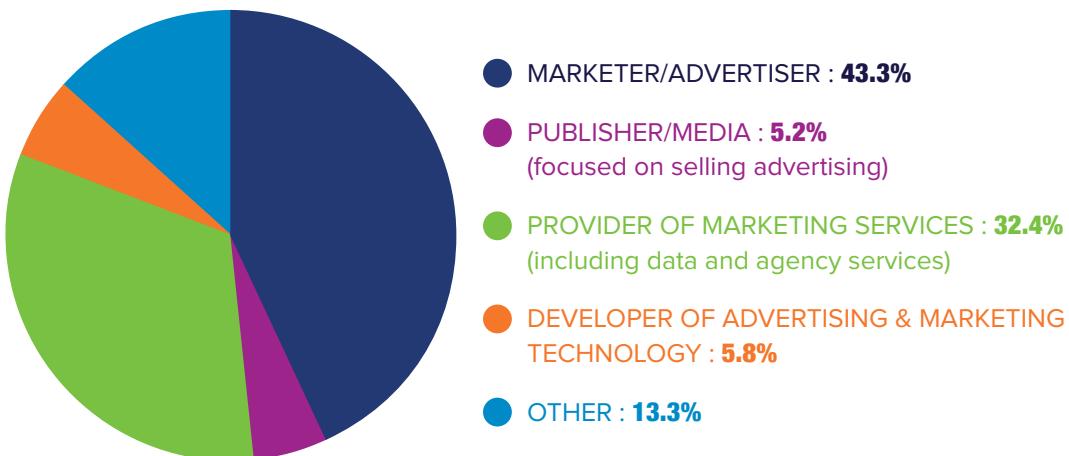
A NOTE ABOUT INDEX SCORES

Various "index scores" will appear throughout this report, representing a weighted average of panelist response to questions geared at understanding the extent to which DDMA practitioners are emphasizing various initiatives, opportunities and tactical priorities. Where possible, country-specific index scores—as reported on a scale of 1-to-5—are provided along with their comparable "Global Index" benchmarks, as reported by the entirety of *The Global Review's* 17-nation worldwide panel.

Note: Throughout this report, various references to "2014" and "2015" data are included to display and contrast responses provided to the same question asked in the 2014 and 2015 versions of *The Global Review*, respectively

PANEL COMPOSITION

How would you describe your principal role/business focus?



EXPERIENCE

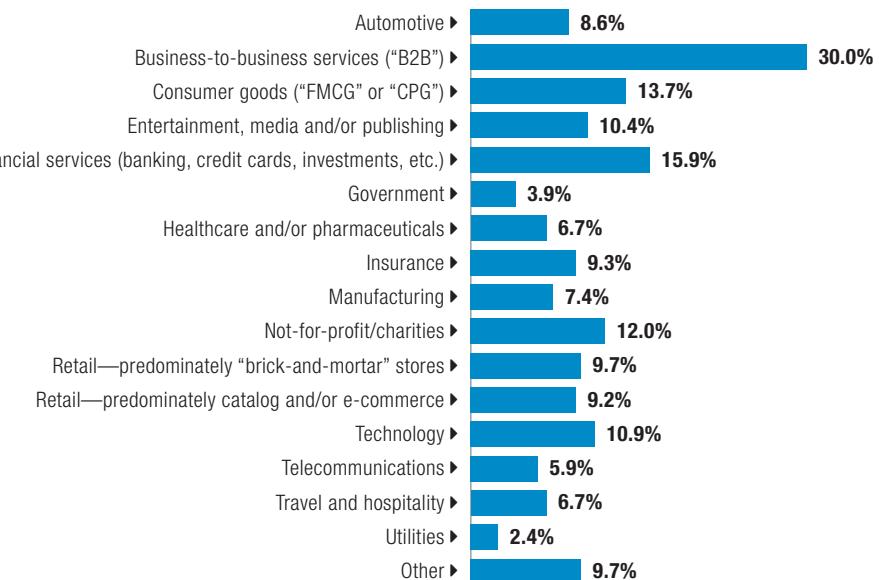
How many years of experience do you have with marketing and/or advertising?



INDUSTRY REPRESENTATION

Within which of the following vertical markets are your professional efforts most intensively concentrated?

Displaying panelists' "top three" responses



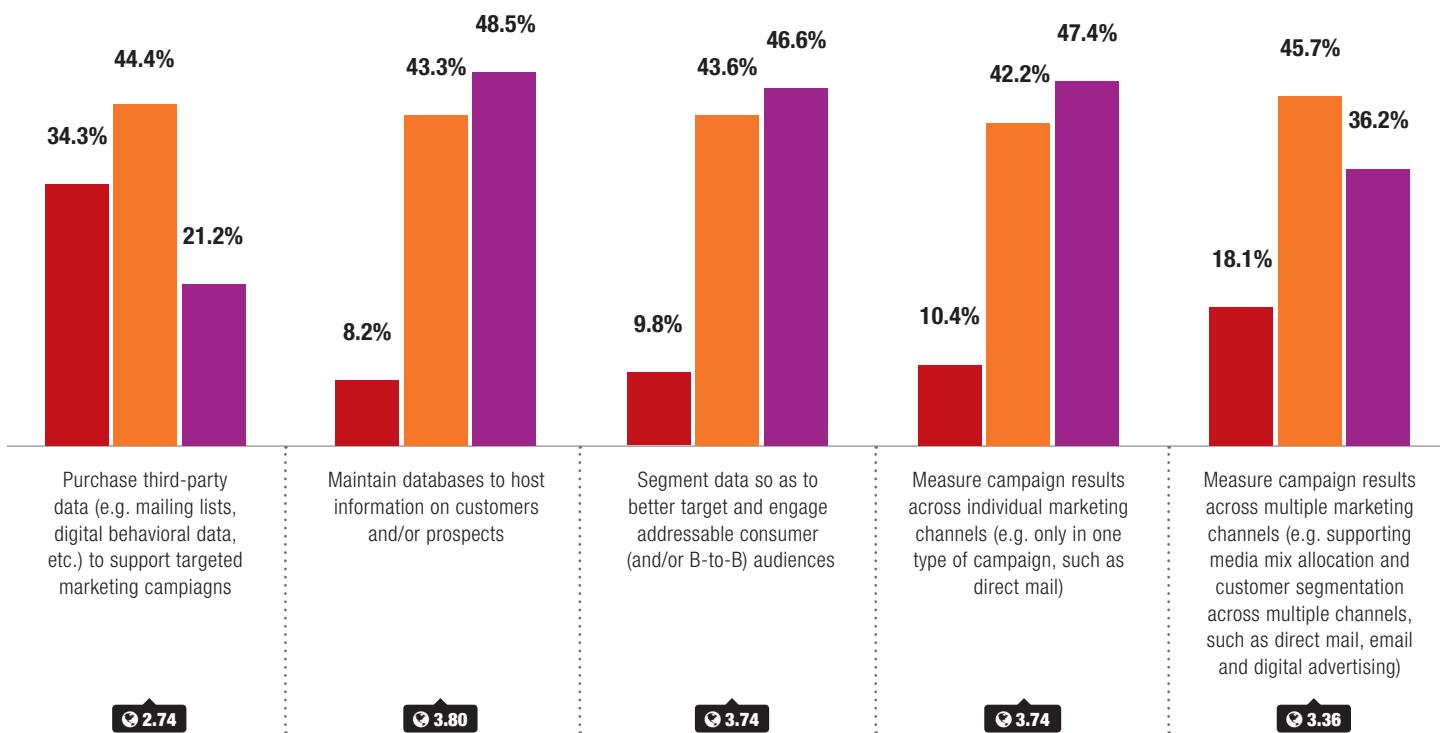
What is Data-Driven Marketing and Advertising (DDMA)? How is the practice evolving?

- **More than anything else, data-driven marketing and advertising (“DDMA”) is about customers.** Across 17 countries, a large majority of marketers, service providers, technologists and publishers said that a whole range of use cases characterize their DDMA efforts. Most prevalent among them are the management of customer databases (cited by 91.8 percent of panelists as a key application) and deployment of predictive analytics and segmentation to learn more about addressable audiences (cited by 90.2 percent)
- By contrast, **a smaller majority of global practitioners (65.5 percent) said they’re focused on leveraging third-party data to support their targeted customer acquisition efforts.** The prevalence of that use case varies significantly across markets, too, reflecting a potential host of contrasting issues connected to data availability, market regulation and strategic business priorities. Large majorities of Chilean (74.1 percent) and Argentine (72.2 percent) panelists, for example, said they don’t leverage third-party data for targeting at *all*—whereas similar majorities of U.S. (77.1 percent) and U.K. (76.7 percent) panelists said the exact *opposite*: that third-party data use is among their core addressable DDMA use cases
- As the centerpiece of their customer engagement activities, DDMA practitioners worldwide reported that **data is very important—and growing more critical to their efforts.** 81.3 percent of global panelists said data is important to their marketing and advertising efforts, up from 80.4 percent of panelists who said the same last year. Panelists in 10 individual markets said that the importance of data grew over the last year when compared to the sentiment reported in 2014, with this “importance of data” benchmark growing the most in the Netherlands, New Zealand and Brazil
- A large majority of worldwide practitioners (74.1 percent) **remain confident in the value of DDMA and its potential for future growth, though the size and intensity of this “confident majority” dipped slightly over the previous year** (77.4 percent described themselves as confident last year). Further, global panelists assigned a 2015 “confidence index” of 4.14 on a 1-to-5 scale (with 5 indicating “extreme” confidence in the practice of DDMA and its growth prospects), down slightly from the 2014 index of 4.24. Germany was the only country where panelists grew more confident in DDMA since last year, while panelists in several countries (including France, Italy and the United States) reported unchanged confidence compared to the previous year. The intensity of the panel’s confidence dropped slightly, as well, everywhere else (with Brazil (confidence index of 4.39 last year to 4.10 now) and Singapore (4.07 to 3.63) recording the most substantial declines in year-over-year confidence in DDMA).

DDMA PRACTICES

To what extent does your organization practice each of the following today?

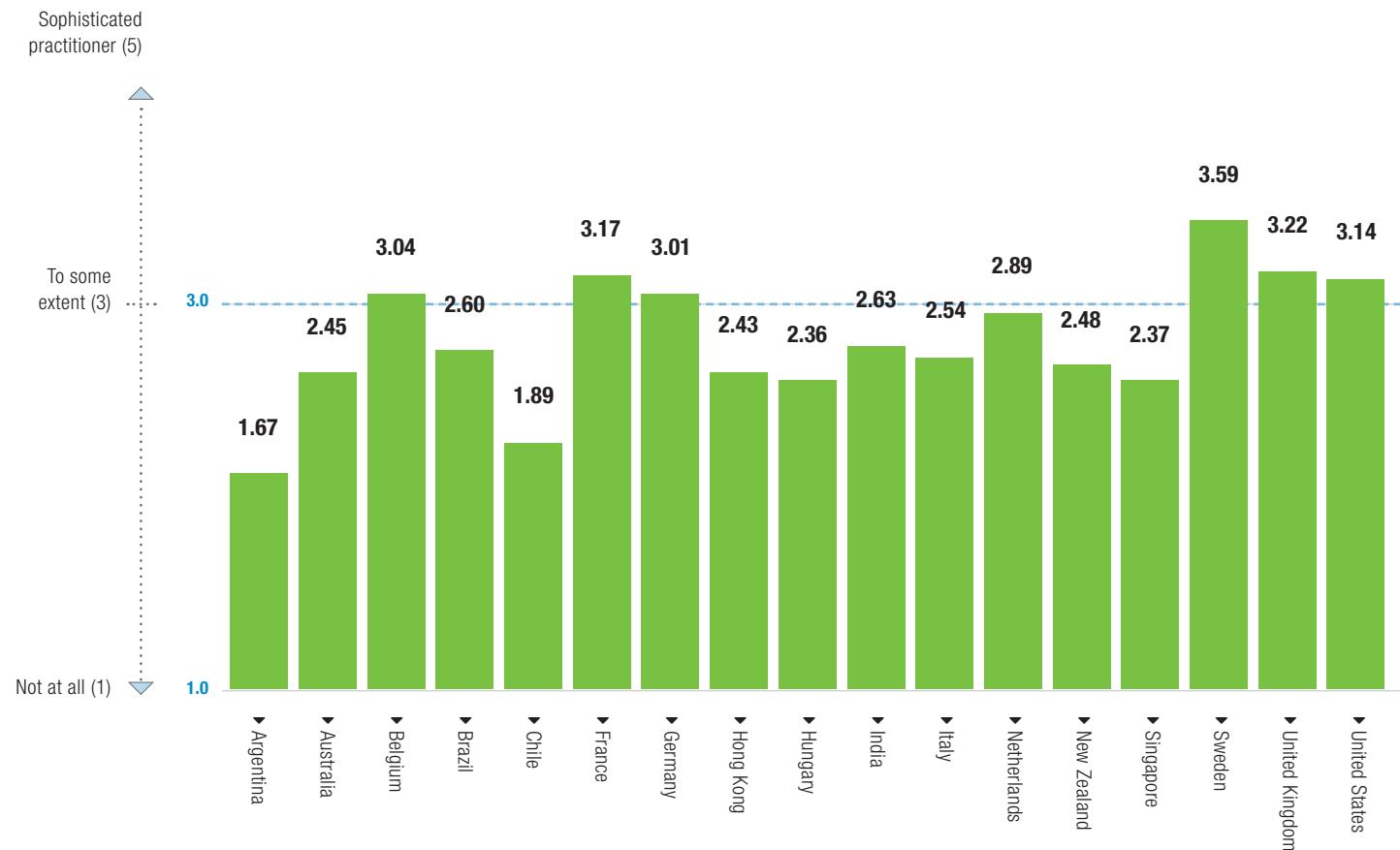
● Not at all (1) ● To some extent (3) ● Sophisticated Practitioner (5)



→ Index scores were created by assigning scores of 1, 3 and 5 to the response choices, enabling the calculation of a weighted average on a 1-to-5 scale, with 1 indicating the use case is not practiced at all, and 5 indicating the use case is practiced in a sophisticated manner

Global Index

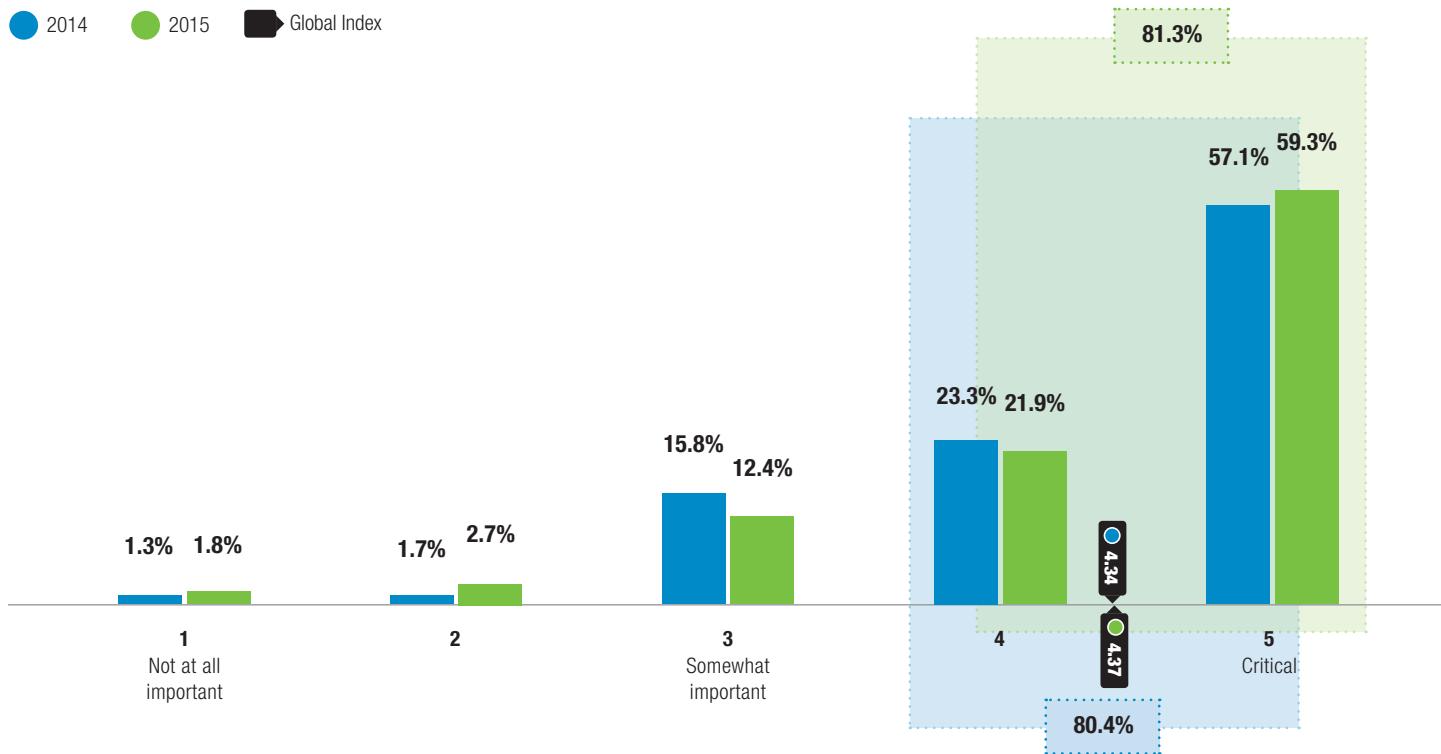
To what extent does your organization purchase third-party data (e.g. mailing lists, digital behavioral data, etc.) to support targeted marketing campaigns?



* Including banner, video, rich media and associated formats—as intended for desktop, mobile and tablet devices

IMPORTANCE OF DATA

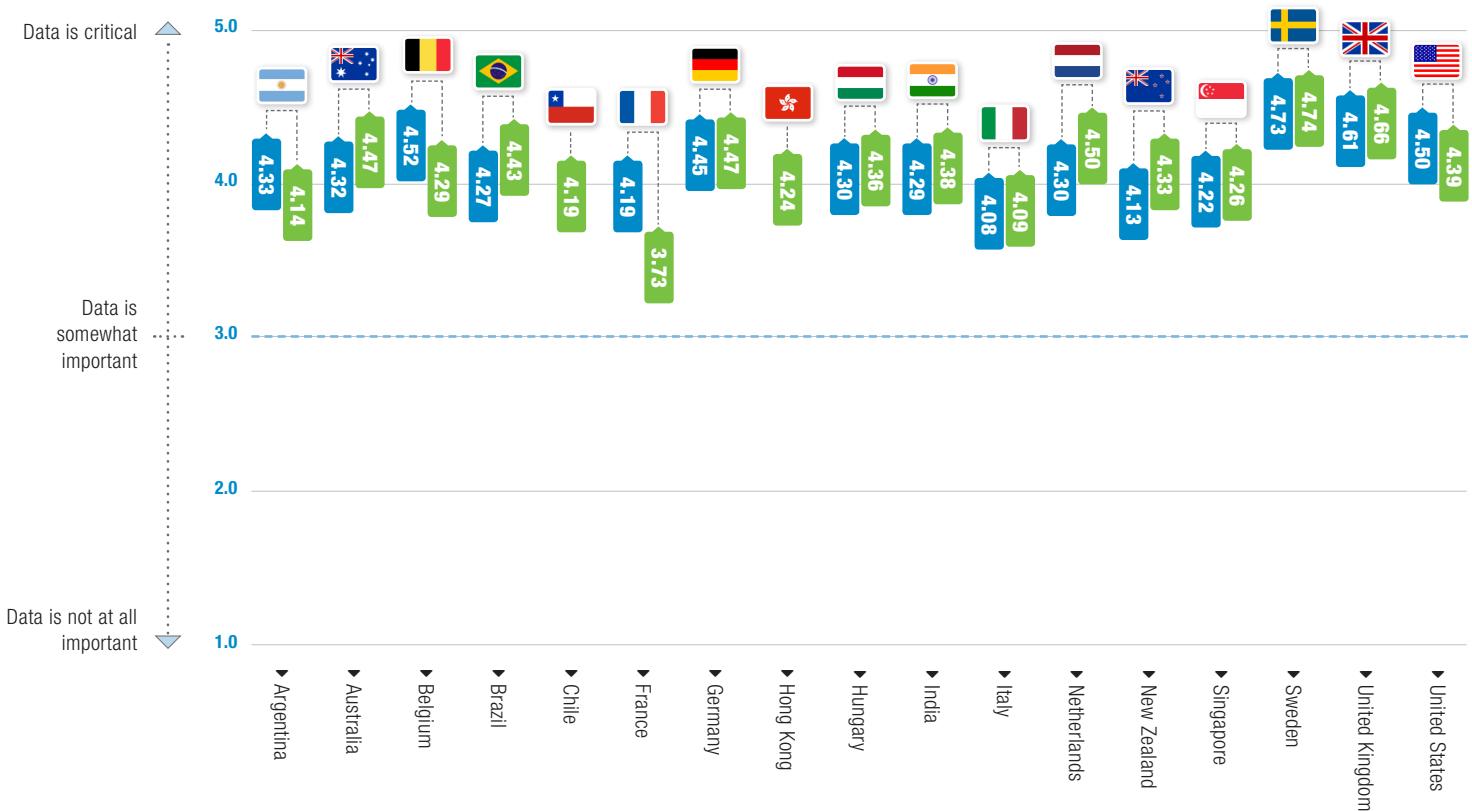
How important is data to your (or your clients') current marketing and advertising efforts?



IMPORTANCE OF DATA BY COUNTRY

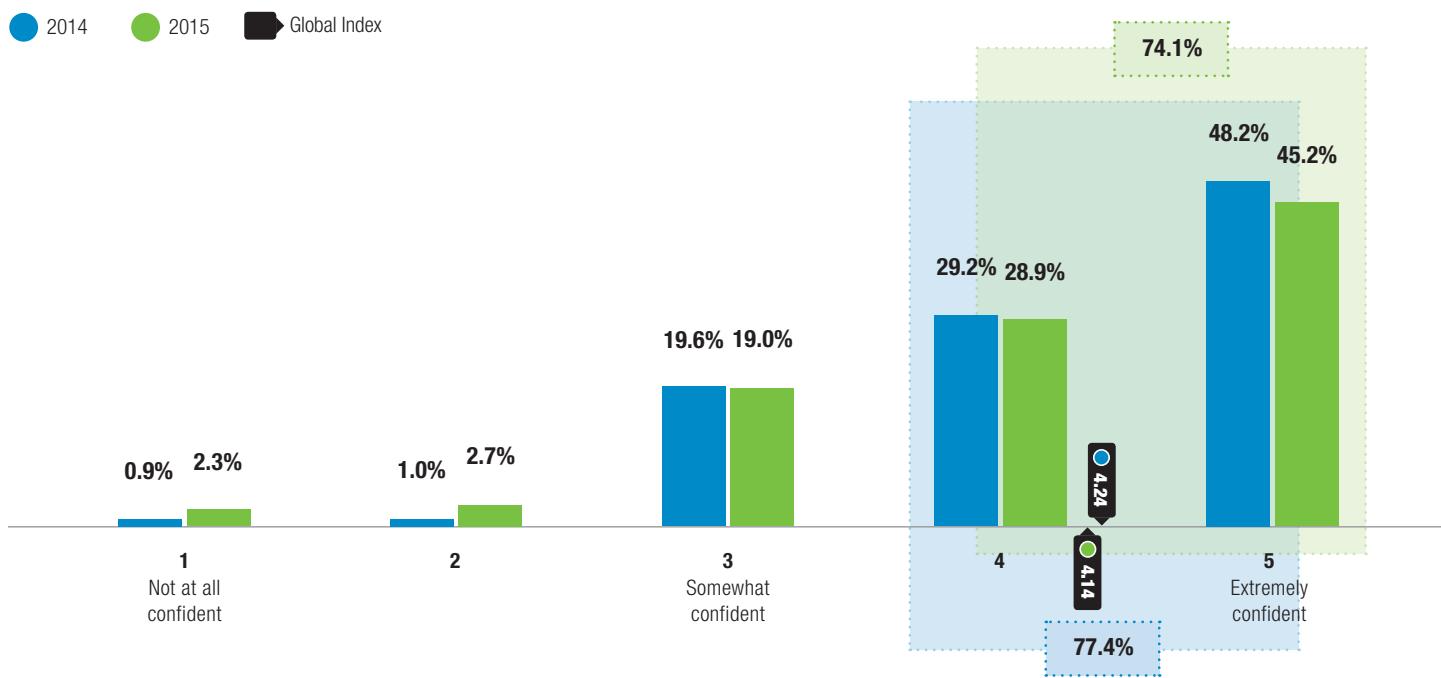
In general, **how important is data to your (or your clients') marketing and advertising efforts?**

● 2014 ● 2015



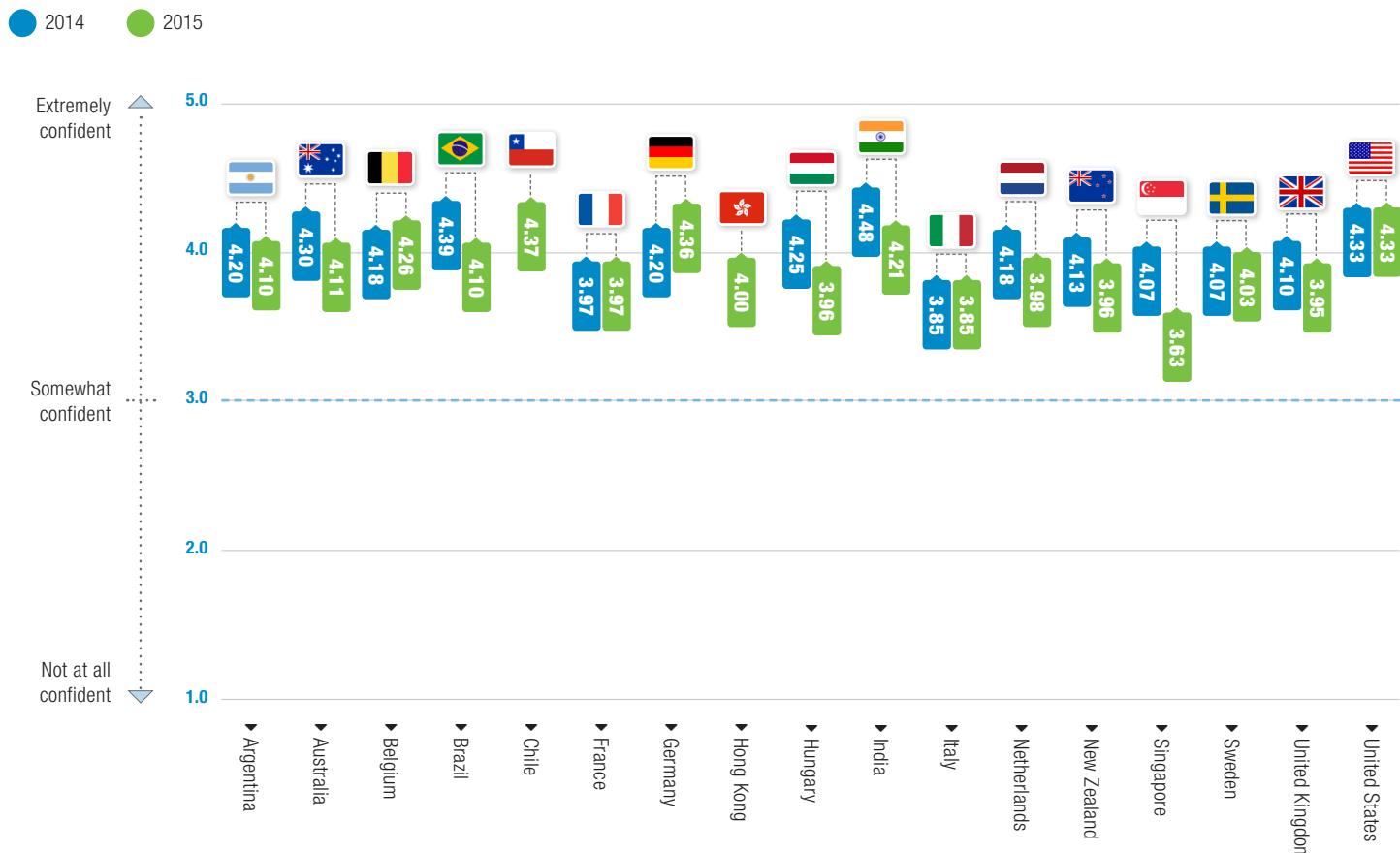
CONFIDENCE IN DDMA

Thinking in general about your current business activities and conditions within your respective marketplace, how confident are you in the value of “data-driven marketing and advertising” and its prospects for future growth?



CONFIDENCE BY COUNTRY

Thinking in general about your current business activities and conditions within your respective marketplace, how confident are you in the value of “data-driven marketing and advertising” and its prospects for future growth?



How are practitioners investing in DDMA?

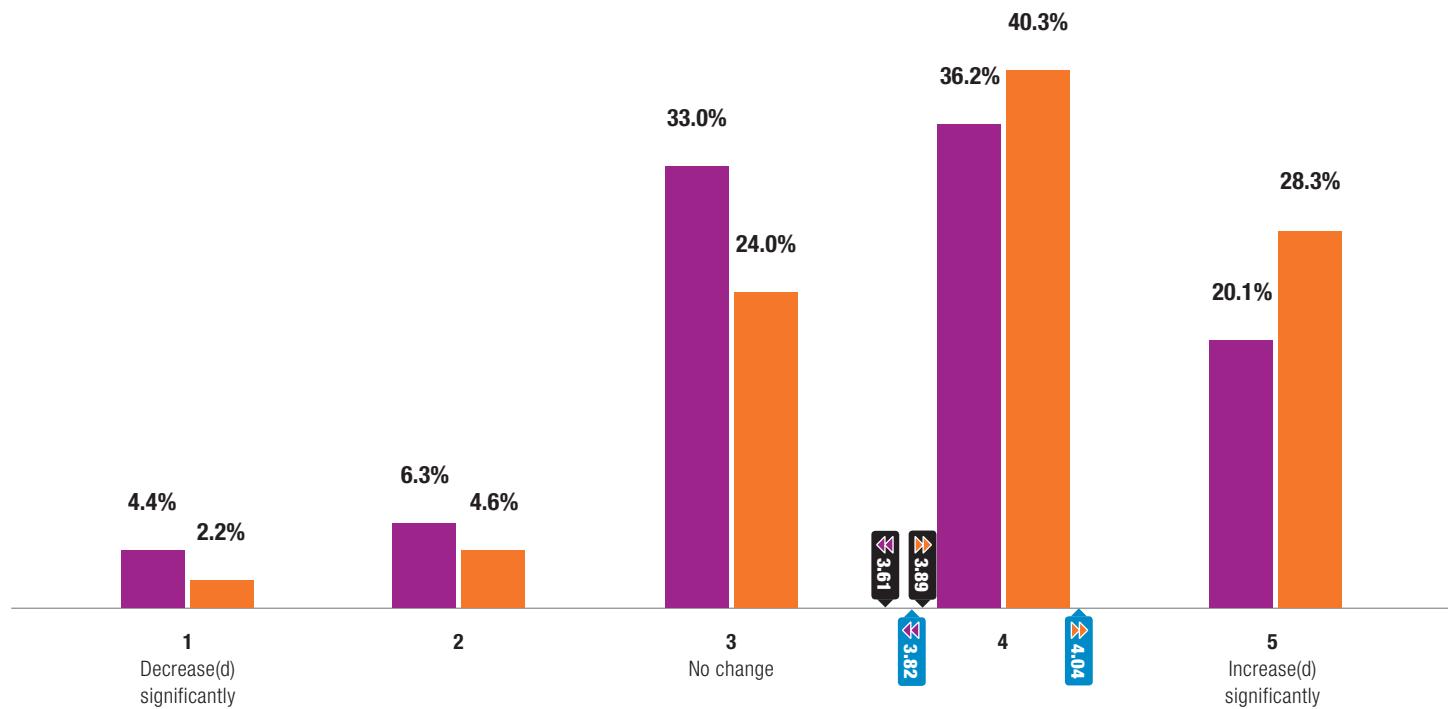
What returns are they generating?

- Around the world, **practitioners continued growing their investments in DDMA over the past year—and they expect spending to increase further in the year ahead.** More than half of global panelists (56.3 percent) grew their DDMA investments over the past year and an even greater percentage (68.6 percent) expect their spending to grow further in the year ahead. However, in line with dipping confidence, panelists reported that **the pace of their DDMA spending growth slowed since last year.** Using a 1-to-5 scale, with 5 indicating spending grew “significantly” over the past year, global panelists pegged their 2015 DDMA spending growth at 3.61, down from the more robust growth rate reported in 2014 (3.82)
- **Digital media continue to represent the primary focal point of new DDMA investment;** global panelists said their spending on **social media, Web content (including site optimization), search and online display advertising channels increased most** over the past 12 months (using a 1-to-5 scale with 5 indicating spending increased “significantly,” panelists benchmarked their investments in these channels highest, at 3.97, 3.96, 3.85 and 3.83, respectively). Looking ahead, global panelists expect to increase their investments most in social media management and mobile (pegging investment expectations for the coming year at 4.14 and 4.20 respectively, using the same 1-to-5 scale)
- The fastest growing channels for investment are also delivering the largest increases in value to practitioners’ bottom lines. Global panelists said that the performance of their digital display advertising efforts, Web content and social media channels have improved most year-over-year
- From a functional perspective, panelists invested the most new budget in the infrastructure, tools and media that support digital media execution channels. Global panelists reported growing their **investments in digital campaign execution more than anything else over the past year** (benchmarking their spending growth at 3.93 on a 1-to-5 scale, with 5 indicating spending increased “significantly”) and expect this to remain the area for most increased investment in the year ahead. In addition, **practitioners focused investments both on data management as well as analytics and insight development,** facilitating more sophisticated data use to drive customer engagement efforts. Using the same 1-to-5 scale, global panelists pegged their spending on data and database management (including CRM and DMP technologies) at 3.79 and their investments in audience analytics for measurement and modeling for segmentation at 3.78 and 3.74, respectively.

SPENDING ON DDMA

How has your (or your clients') spending on data-driven marketing and advertising changed over the **past year? How do you expect your (or your clients') spending on data-driven marketing will change **next** year?**

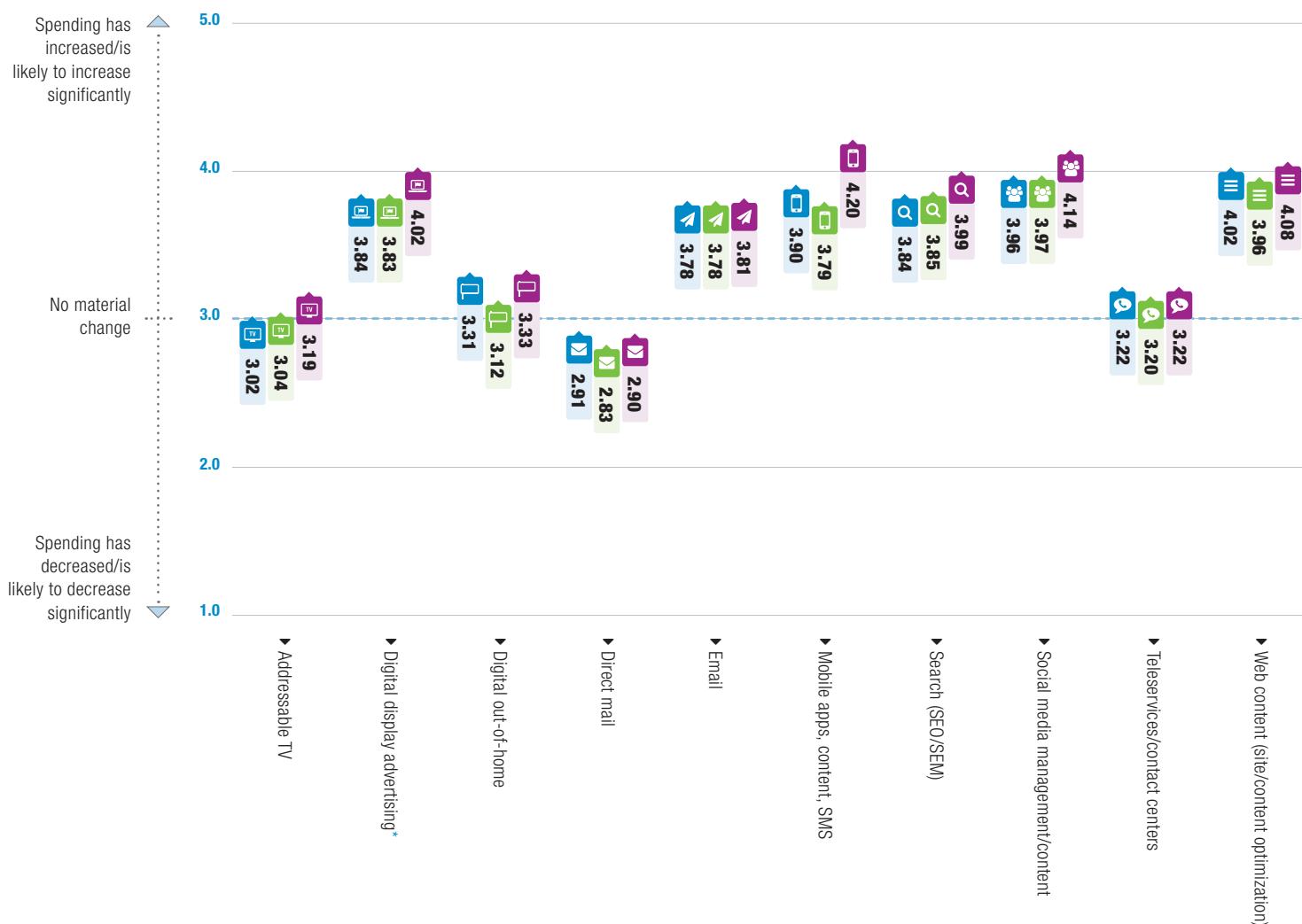
◀ The past year ▶ The coming year ⚡ Global Index (2014) ⚡ Global Index (2015)



SPENDING ON DDMA CHANNELS

How has your (or your clients') spending on each of the following data-driven marketing and advertising channels changed over the **past** year? How do you expect your (or your clients') spending in each of the following data-driven marketing and advertising channels is likely to change over the **next** year?

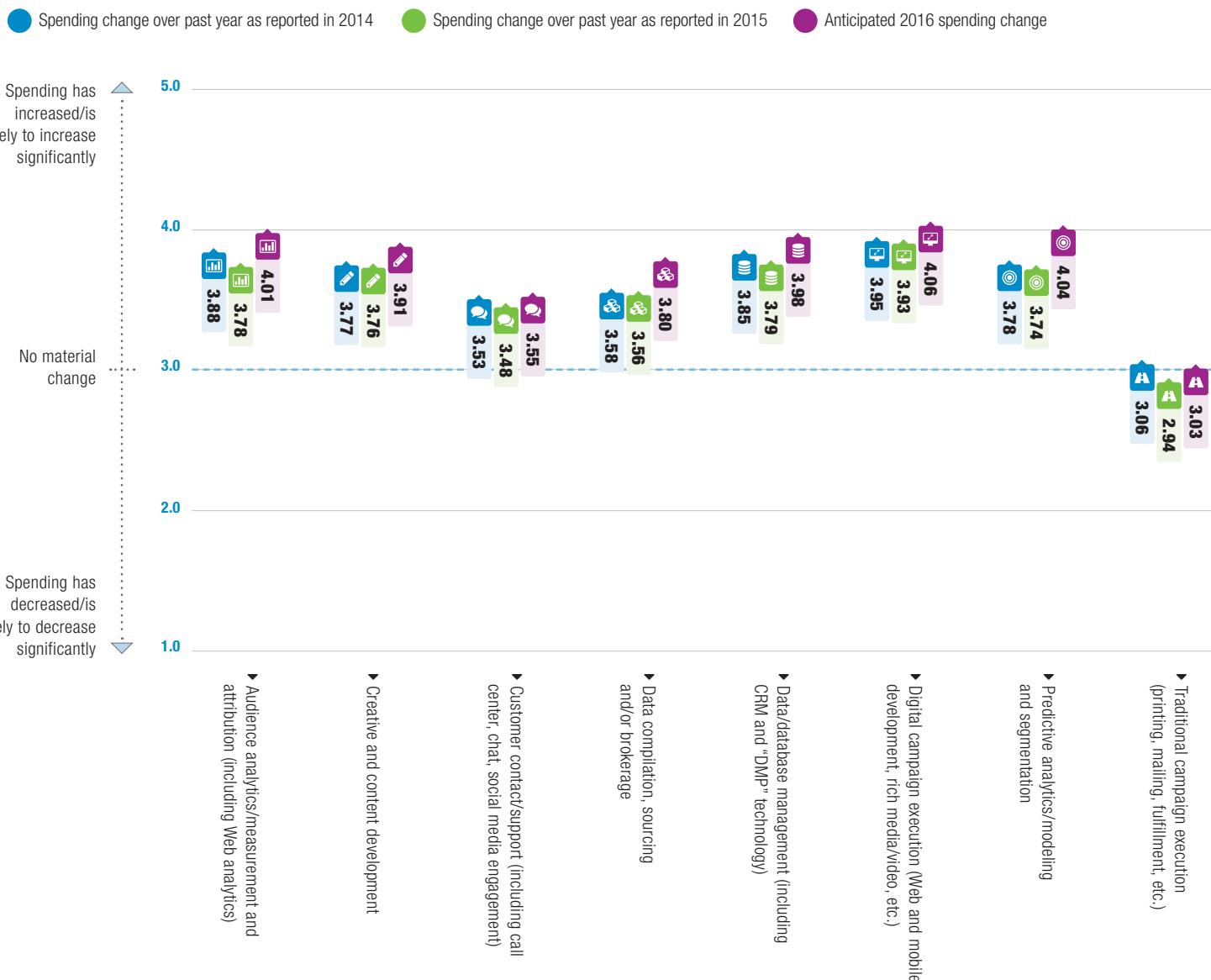
● Spending change over past year as reported in 2014 ● Spending change over past year as reported in 2015 ● Anticipated 2016 spending change



* Including banner, video, rich media and associated formats—as intended for desktop, mobile and tablet devices

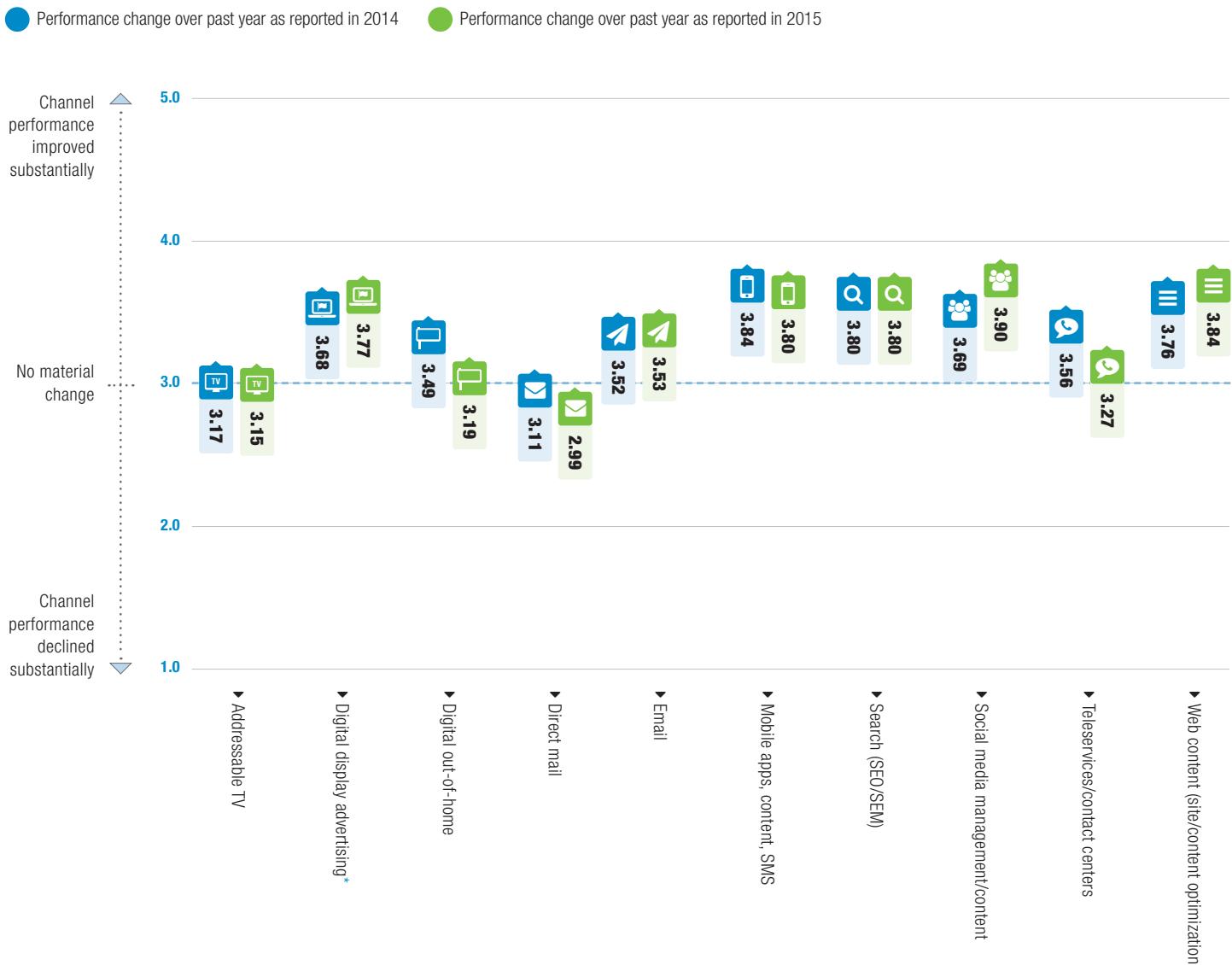
SPENDING ON DDMA FUNCTIONS

How has your (or your clients') spending on each of the following data-driven marketing and advertising campaign execution functions changed over the **past** year? How do you expect your (or your clients') spending on the following data-driven marketing and advertising campaign execution functions is likely to change over the **next** year?



CHANNEL PERFORMANCE

Thinking about the results generated by each of your (or your clients') data-driven marketing and advertising channels, how has the performance of each of the following changed over the past year?



* Including banner, video, rich media and associated formats—as intended for desktop, mobile and tablet devices

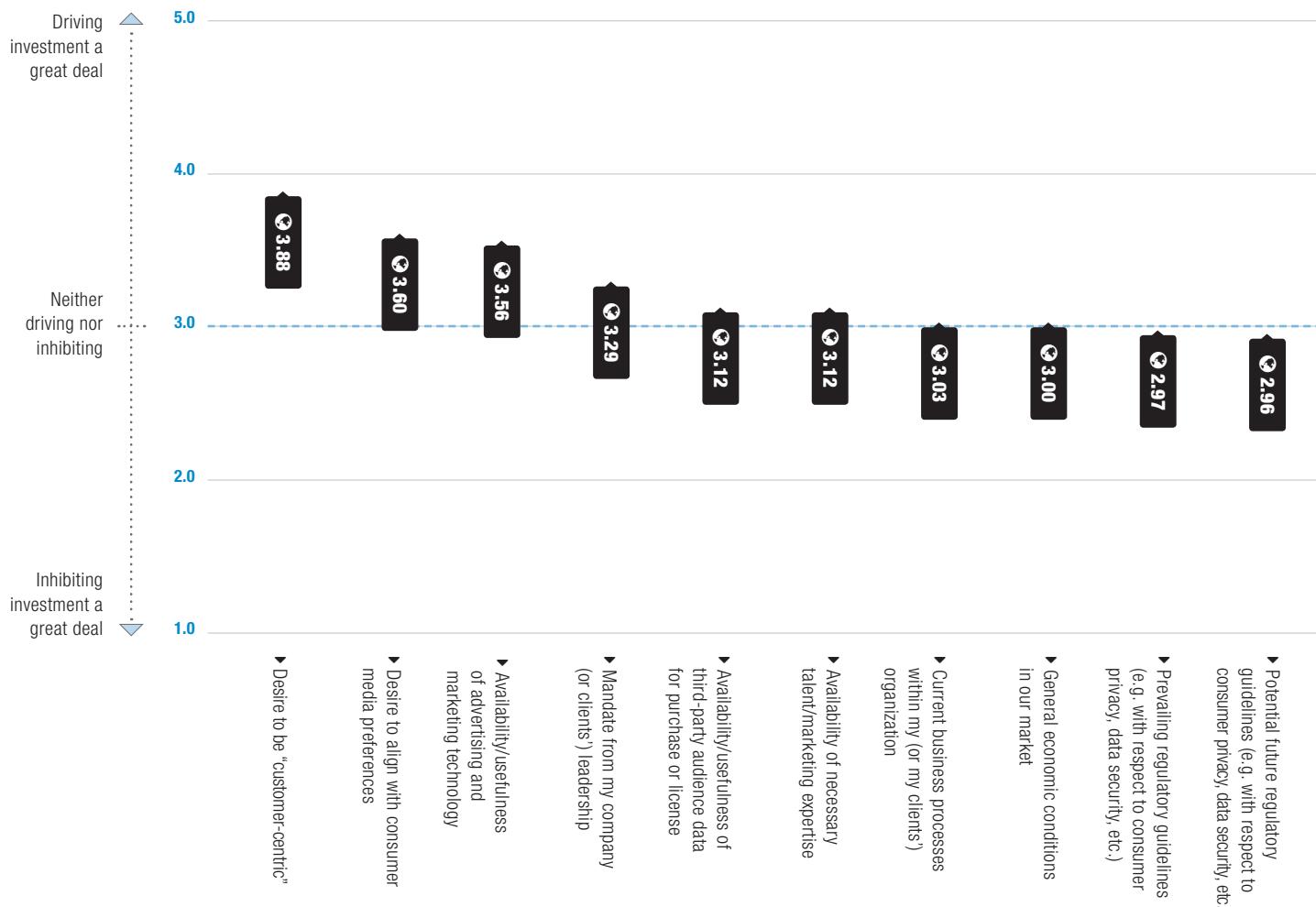
What's driving the practice of DDMA? What's inhibiting it?

- For the second year in a row, DDMA practitioners worldwide said that “customer centricity” was more than a guiding business philosophy—it’s the leading strategic priority driving their DDMA efforts. **DDMA practitioners are enthusiastically embracing this “customer-centric” approach across individual markets, as well;** on a global basis, panelists pegged their associated interest at 3.88 on a 1-to-5 scale (with 5 indicating a factor is driving their DDMA investments “a great deal”). Reinforcing the desire to cater engagements to their audiences, panelists said their desire to align with customer media preferences is the *second* largest driver of DDMA investments (benchmarked at 3.60 on the same 1-to-5 scale)
- Several other factors are also supporting growing DDMA investments, including **the availability of marketing and advertising technology (3.56) and business leaders’ growing recognition of the benefits of DDMA** (mandate from company leadership benchmarked as a driver of activity at 3.29)
- Though economic conditions are neither driving nor inhibiting DDMA investments or activities across markets (3.00), **regulatory factors are creating hurdles to greater DDMA activities (2.97), and the impact of regulation is growing.** Over one quarter of global panelists said that regulation limits DDMA initiatives in their market (26.4 percent), representing an increase from the 24.8 percent of global panelists that said the same last year
- Almost half of panelists (48.3 percent) said that increased regulation would negatively affect their business. The same panel benchmarked their regulatory concern at 3.39 on a 1-to-5 scale (with 5 indicating respondents “strongly agree” that regulation would cause a negative impact. Anxieties vary, however, across markets: Concerns are strongest in Sweden (3.91), the United Kingdom (3.80) and Germany (3.78)—and less intense in Chile (2.86), Argentina (3.03) and Italy (3.14).

FACTORS DRIVING OR INHIBITING DDMA

To what extent are each of the following factors driving or inhibiting your (or your clients') investment in DDMA?

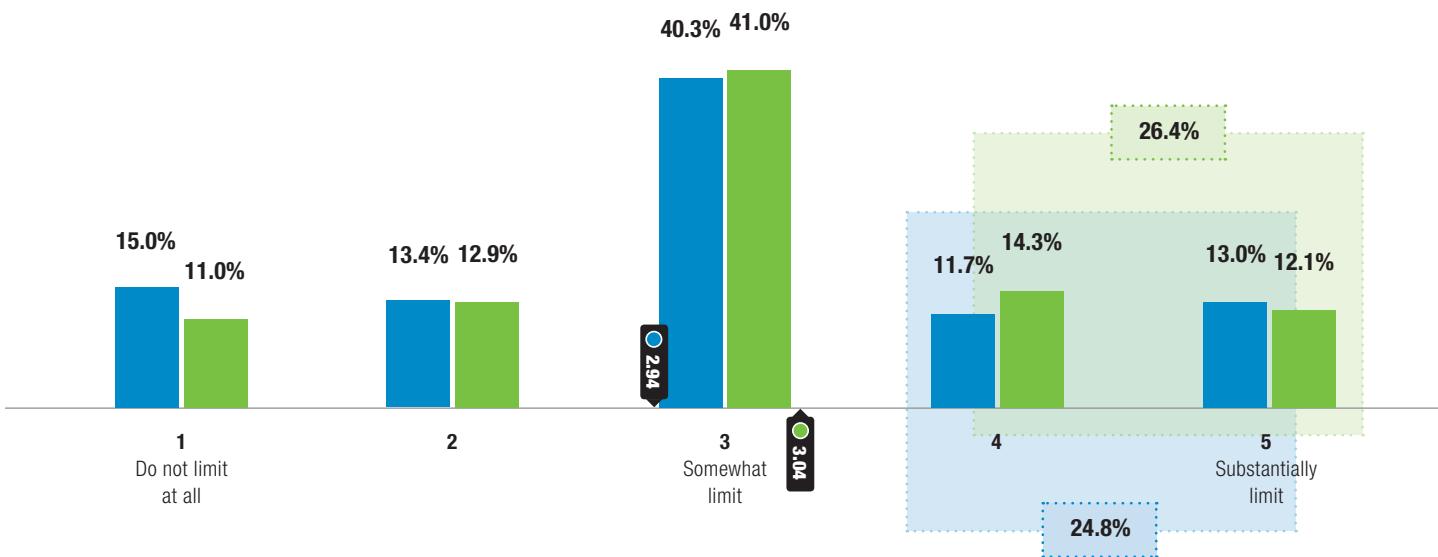
 Global Index



IMPACT OF REGULATION

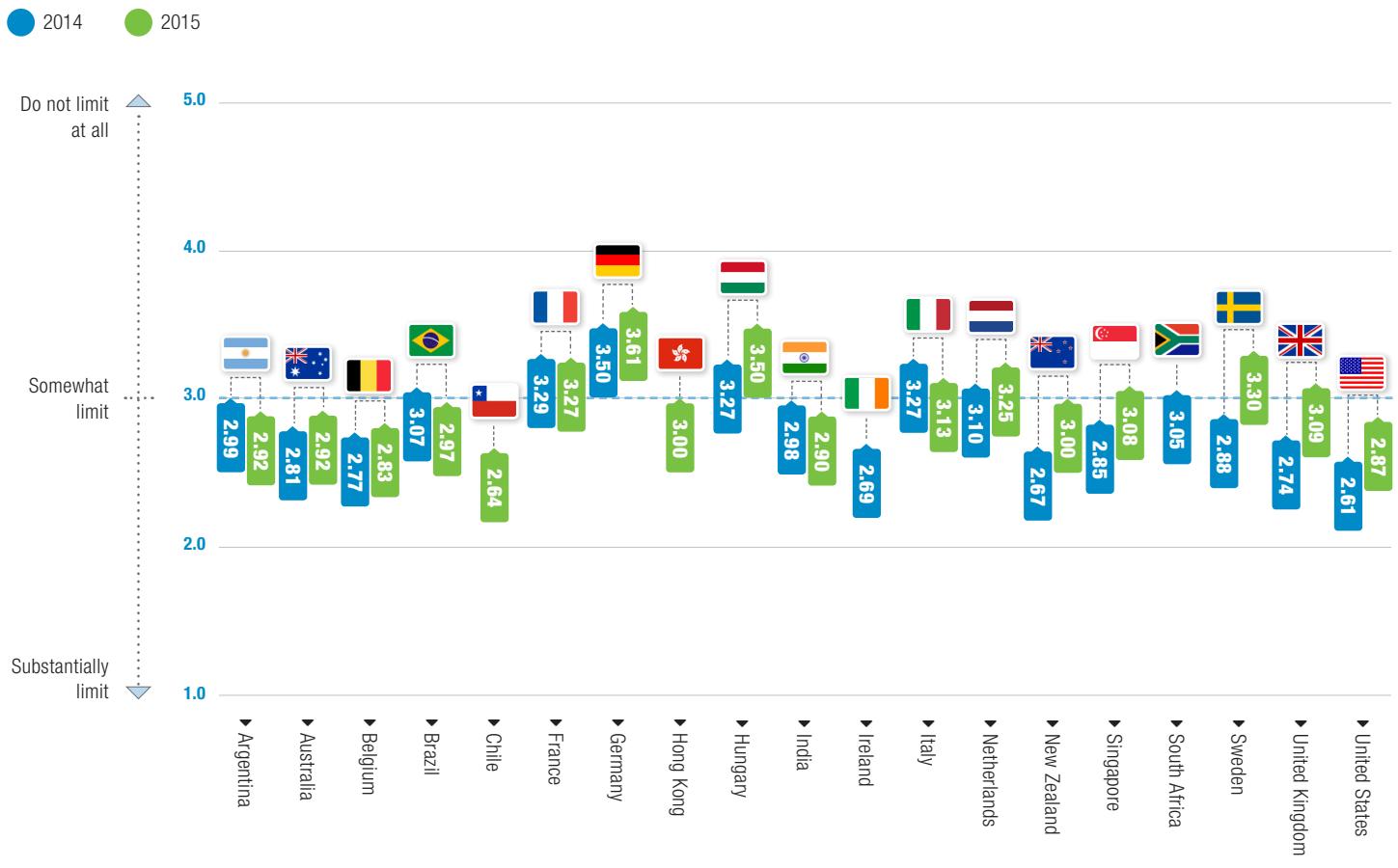
To what extent are regulatory barriers in your marketplace (e.g. limits on access to data, requirements for affirmative consumer opt-in to marketing communications, etc.) actively limiting your ability to pursue data-driven marketing and advertising initiatives?

● Reported impact in 2014 ● Reported impact in 2015 ▶ Global Index (2015)



IMPACT OF REGULATION BY COUNTRY

To what extent are regulatory barriers in your marketplace actively limiting your ability to pursue data-driven marketing and advertising initiatives?



PERSPECTIVES ON REGULATION

To what extent do you agree or disagree with the following statements?

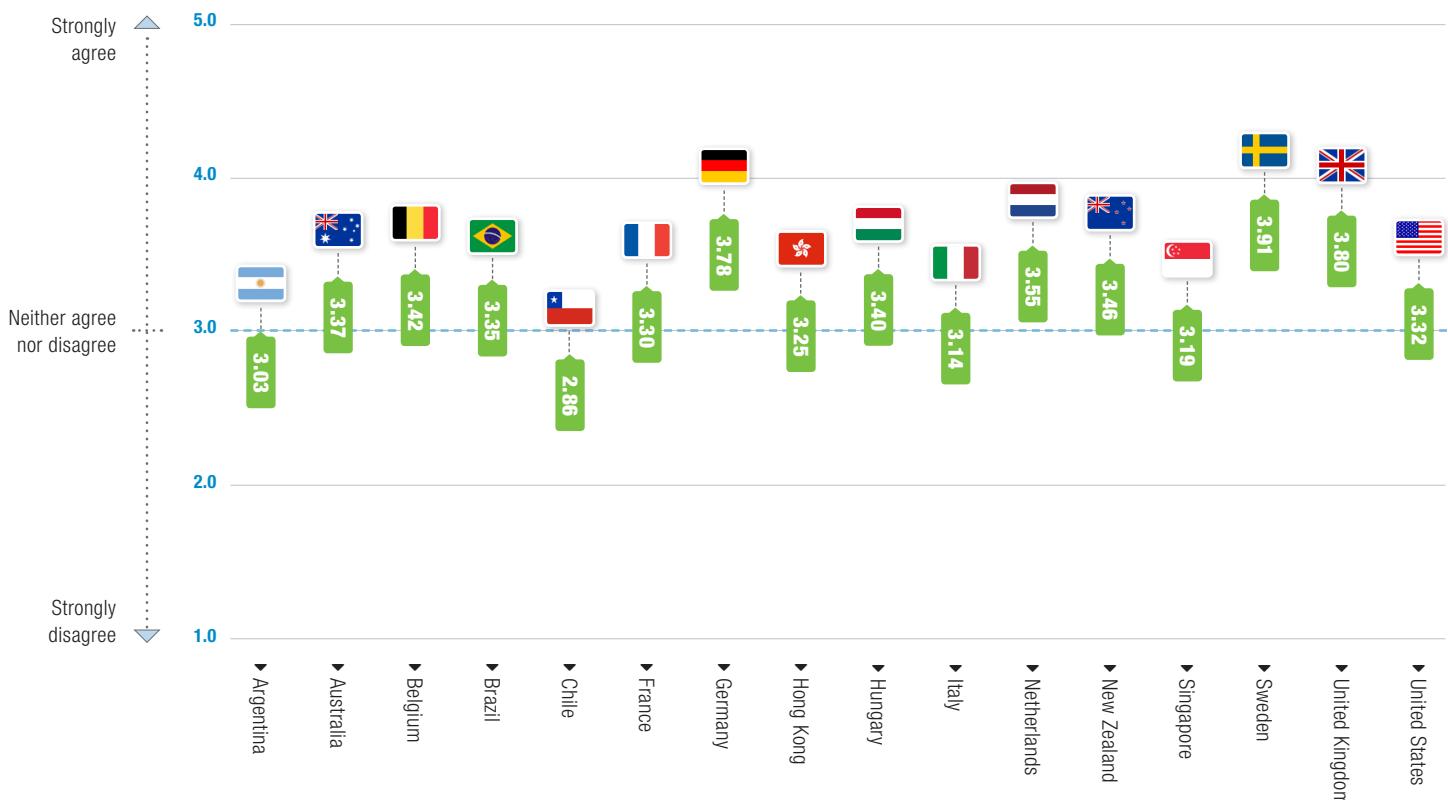


Additionally, 48.3% agreed that increased regulation would negatively affect their business

PERSPECTIVES ON INCREASED REGULATION BY COUNTRY

To what extent do you agree or disagree that increased regulation of the use of marketing data would negatively affect your business?

● 2015



What do practitioners need to derive greater value from DDMA?

- Global panelists expressed enthusiasm about the potential of a number of factors that could help their organizations derive more value from DDMA, though practitioners felt improved campaign measurement would be *most* valuable, offering actionable insights to inform future campaign planning, media mix modeling and other optimization efforts. Using a 1-to-5 scale (with 5 indicating a factor is “critical” to deriving more value from DDMA programs), panelists rated improved campaign measurement and attribution tools highest, at 4.24
- Global panelists also reported a substantial need for better staff training (particularly with respect to analytics in support of segmentation and targeting), benchmarking that need at 4.22 on the same 1-to-5 scale, suggesting that practitioners’ aspirations for data use still surpass the internal expertise required to execute against those goals.

DERIVING VALUE FROM PROGRAMS

How important would each of the following be in advancing your (or your clients') ability to derive value from your DDMA programs?

 Global Index



Presented by



GDMA is an organisation that represents, supports and unites marketing associations from around the globe that focus on data-driven marketing. It promotes worldwide initiatives aimed at providing marketers with global trend information, thought leadership and know-how on data-driven marketing across all sectors, disciplines and channels.

Twenty-seven marketing associations are currently part of GDMA and more countries will join as their marketing associations begin to undertake the data-driven marketing remit. Collectively, they represent a significant proportion of the world's major brands, corporations, suppliers and agencies. Through its members' associations, GDMA provides access to the world's largest network of data-driven marketing organisations and influencers.

FOR MORE INFORMATION, PLEASE VISIT WWW.GLOBALDMA.COM



Winterberry Group is a unique strategic consulting firm that supports the growth of advertising, marketing, media and information organizations. Our services include:

CORPORATE STRATEGY: The Opportunity Mapping strategic development process helps clients prioritize their available customer, channel and capability growth options, informed by a synthesis of market insights and intensive internal analysis.

MARKET INTELLIGENCE: Comprehensive industry trend, vertical market and value chain research provides in-depth analysis of customers, market developments and potential opportunities as a precursor to any growth or transaction strategy.

MARKETING AND DATA TRANSFORMATION: Process mapping, marketplace benchmarking and holistic system engineering efforts are grounded in deep industry insights and “real-world” understandings—with a focus on helping advertisers, marketers and publishers better leverage their core assets and respond to growing market demands for responsiveness driven by the power of data, digital media and marketing technology.

TRANSACTIONAL DILIGENCE: Company assessments and industry landscape reports provide insight into trends, forecasts and comparative transaction data needed for reliable financial model inputs, supporting the needs of strategic and financial acquirers to make informed investment decisions and lay the foundation for value-focused ownership.

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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MediaMath is a global technology company that's leading the movement to revolutionize traditional marketing and drive transformative results for marketers through its TerminalOne Marketing Operating System™. A pioneer in the industry for introducing the first Demand-Side Platform (DSP) with the company's founding in 2007, MediaMath is the only company of its kind to empower marketers with an extensible, open platform to unleash the power of goal-based marketing at scale, transparently across the enterprise. TerminalOne activates data, automates execution, and optimizes interactions across all addressable media, delivering superior performance, transparency, and control to all marketers and better, more individualized experiences for consumers. MediaMath has delivered triple-digit year-over-year growth since inception. It has a seasoned management team leading 17 global locations across five continents. Key clients include every major agency holding company, operating agency, and top brands across verticals.

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