IDENTITY & DATA COLLABORATION
Market Evolution in a Privacy-First, Post-Cookie World
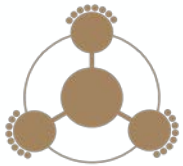*April 7, 2021*

Paper Background

The insights in this presentation were developed through extensive industry research, including off-the-record conversations with some of the industry's top thinkers in the advertising, marketing, publishing, regulatory, legal and agency sectors. **Between March and December, 2020, we spoke with more than 175 individuals, from over 90 companies, ~2/3 US and 1/3 Europe in over 125 hours of video-conference interviews.** WG and **surveyed 75 marketers in November 2020** to determine where they believed they were in the collaborative evolution. Support for the effort came from:

What We Will Discuss Today

The Underlying Drivers of Identity and Collaboration Solutions

Defining Identity & Collaboration Solutions

Outlook: How Changes Will Impact the Market

Why Now?

The Underlying Drivers of Identity & Data Collaboration

Privacy and the Consumer
- Explosion in the number of addressable devices
- Regulation, Apple IDFA & Google Deprecation
- Trust and First-Party Relationships

Market
- Walled Gardens & Retail Marketplaces
- Linear & Digital Video Audience Inegration
- Challenges in Measurement & Attribution

Organization
- Customer Centric Marketing
- Unified decisioning and orchestration
- Supply chain alignment

The Market Impact Is a Relentless Focus on Redesigning Identity Around First-Party Data and 2nd Party Collaborative Relationships

"How do you expect the loss of third-party audience cookies will affect your use of data?"

Response	Percentage
Increase spending/emphasis on use of first-party data	60.4%
Increase interest in third-party identity resolution solutions	37.7%
Increase efforts to build second-party data relationships	35.9%
Increase focus on developing custom/in-house identity resolution solutions	35.9%
Expand our engagement with third-party industry groups seeking to build "post-cookie" identity resolution solutions	35.9%
Increase spending/emphasis on contextual advertising	34.0%
Increase testing/investment in new solutions	32.1%

Note: Multiple responses allowed; not all answer options are shown
Sources: IAB/ Winterberry Group "State of Data 2020"

At the Core: First-Party Data Sits at the Intersection of the Three Primary Ecosystems Where Identity is Used

Programmatic (Paid Digital Media)

Personalization (on Owned)

1st Party Data

Advanced TV (Addressable, CTV and OTT)

Individual consumer-based use cases, where brand or publisher efforts are focused on **personalizing the experience on owned properties, including websites, apps and in physical locations.** Profiles always start with first-party data that may be enhanced or enriched by second- or third-party data.
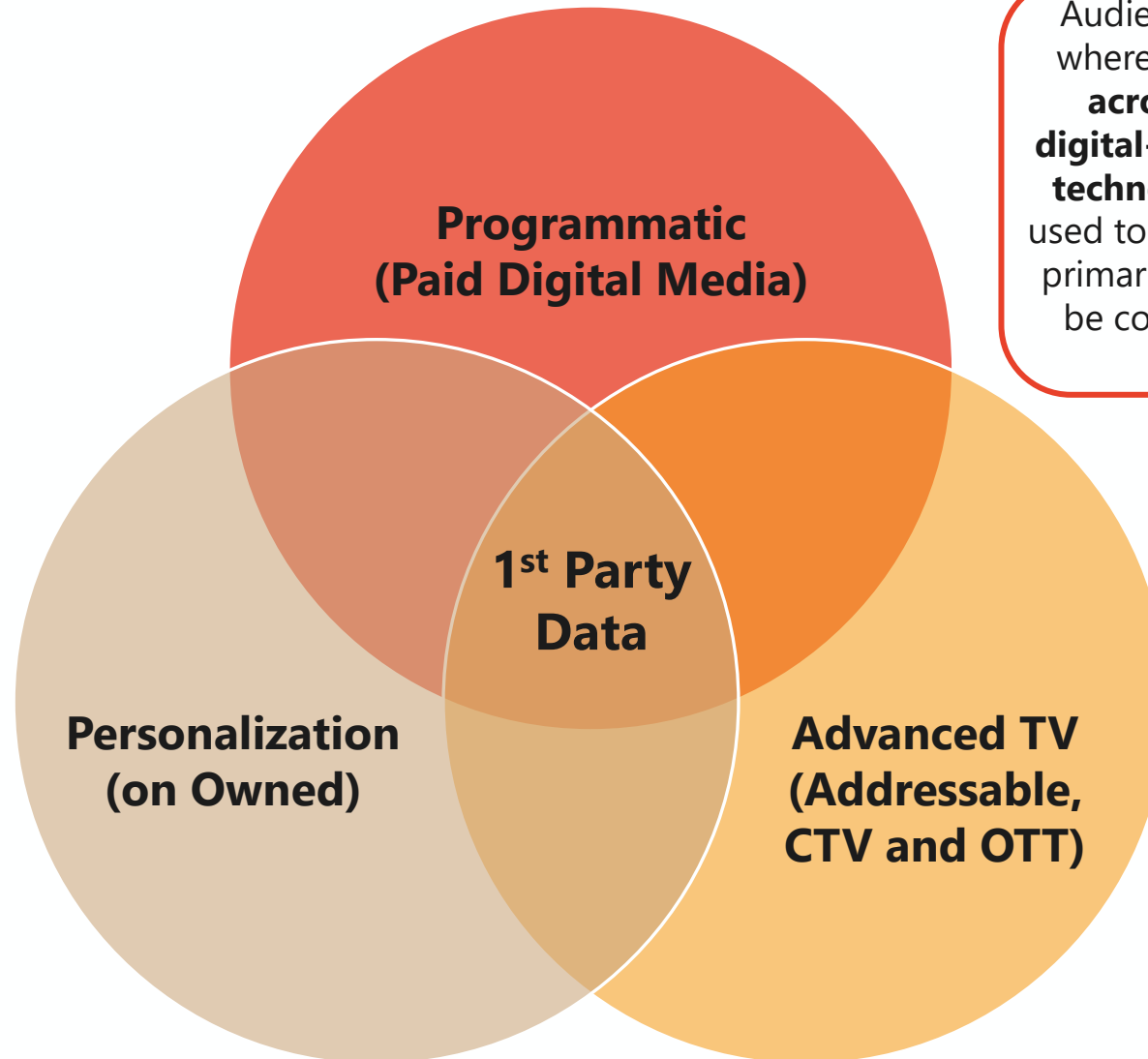
Audience-based advertising use cases where **ads are bought and measured across media websites, apps and digital-out-of-home via programmatic technology solutions**. Identity profiles used to define an audience are built using primarily first- and third-party data, may be combined deterministically and/or probabilistically.

Audience-based advertising use cases where **ads are bought and measured across addressable TV, CTV and OTT. Identity profiles may be individual or built at the household level** and leverage first-party and third-party data sets.

How Advanced Would You Estimate Your First-Party Data Strategy to be?

US: 4.8% | UK: 3.0% — We don't have a first-party data strategy
US: 11.9% | UK: 6.1% — We are early in development of a first-party data strategy
US: 14.3% | UK: 36.4% — Our first-party data strategy is developed, and we are in the process of implementing it
US: 38.1% | UK: 21.2% — We are expanding the implementation of our existing first-party data strategy across business units and channels
US: 31.0% | UK: 33.3% — We have a comprehensive first-party data strategy that we have implemented across business units and channels

WG Collaborative Data Solutions Survey Nov. 2020, n=75

And With Privacy on the Rise, Identifiers on the Decline – 2nd Party Data Collaboration Demand Increases in Importance
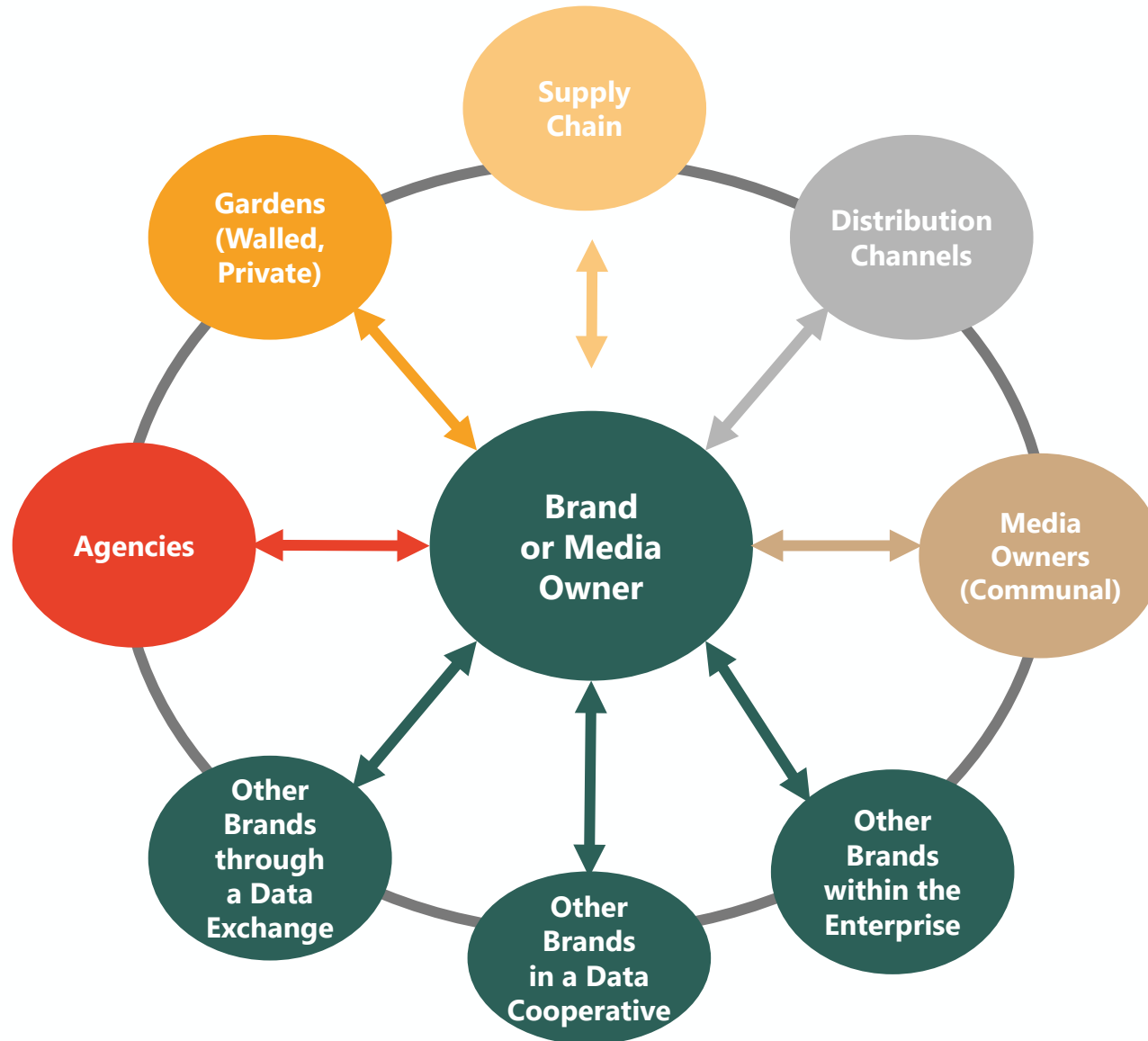
And It's Not Some Future Trend – Data Collaboration Is Happening Now

Does your organization collaborate?

■ US ■ UK

	Yes, currently	No, but we have plans to	No, but we have in the past	No, never	Don't know
US	64.3%	16.7%	7.1%	11.9%	0.0%
UK	45.5%	24.2%	21.2%	6.1%	3.0%

WG Collaborative Data Solutions Survey Nov. 2020, n=75
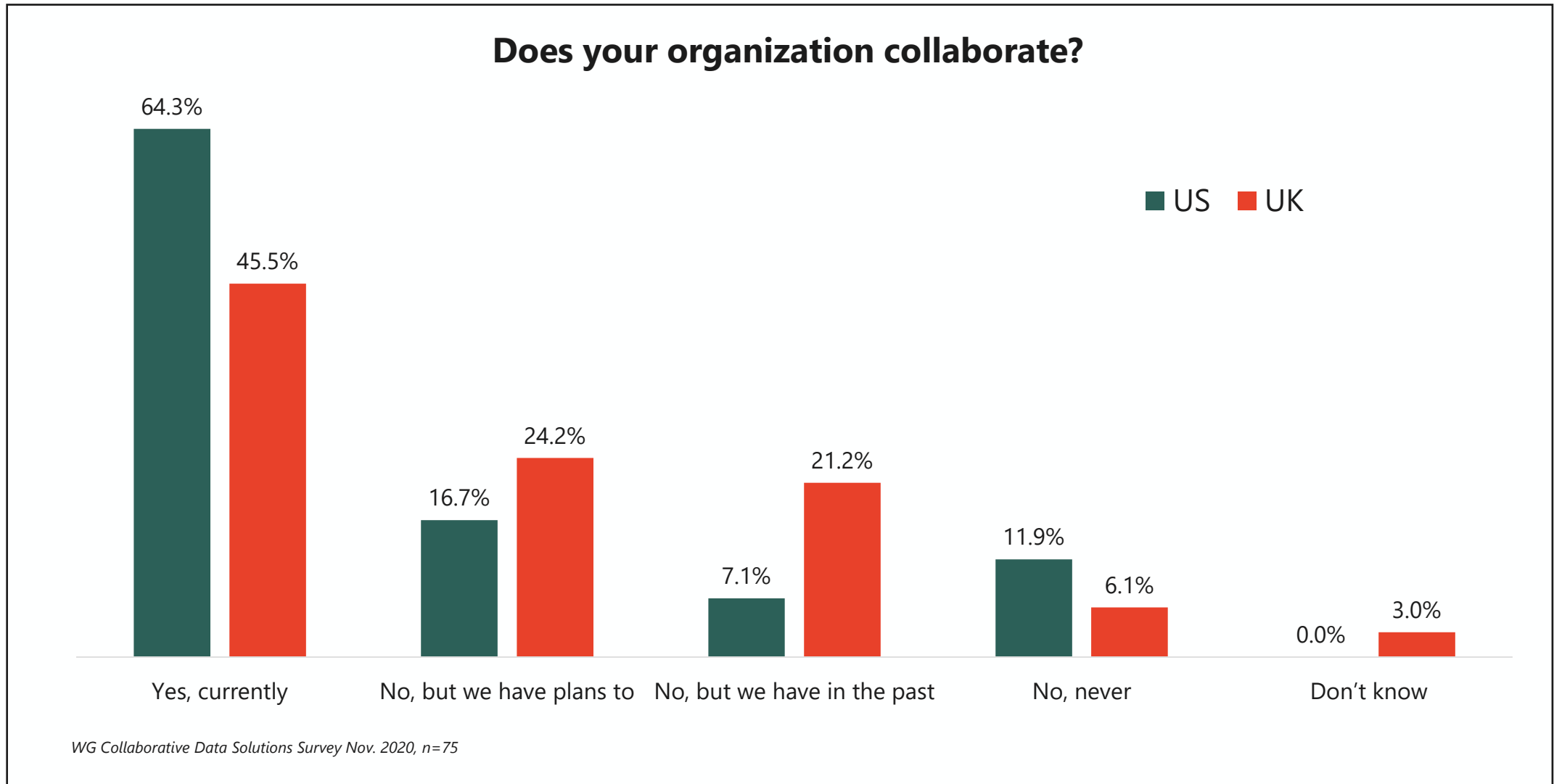
Defining Identity & Data Collaboration Solutions

The Conflation of Data and Identity – Interchangeable Definitions

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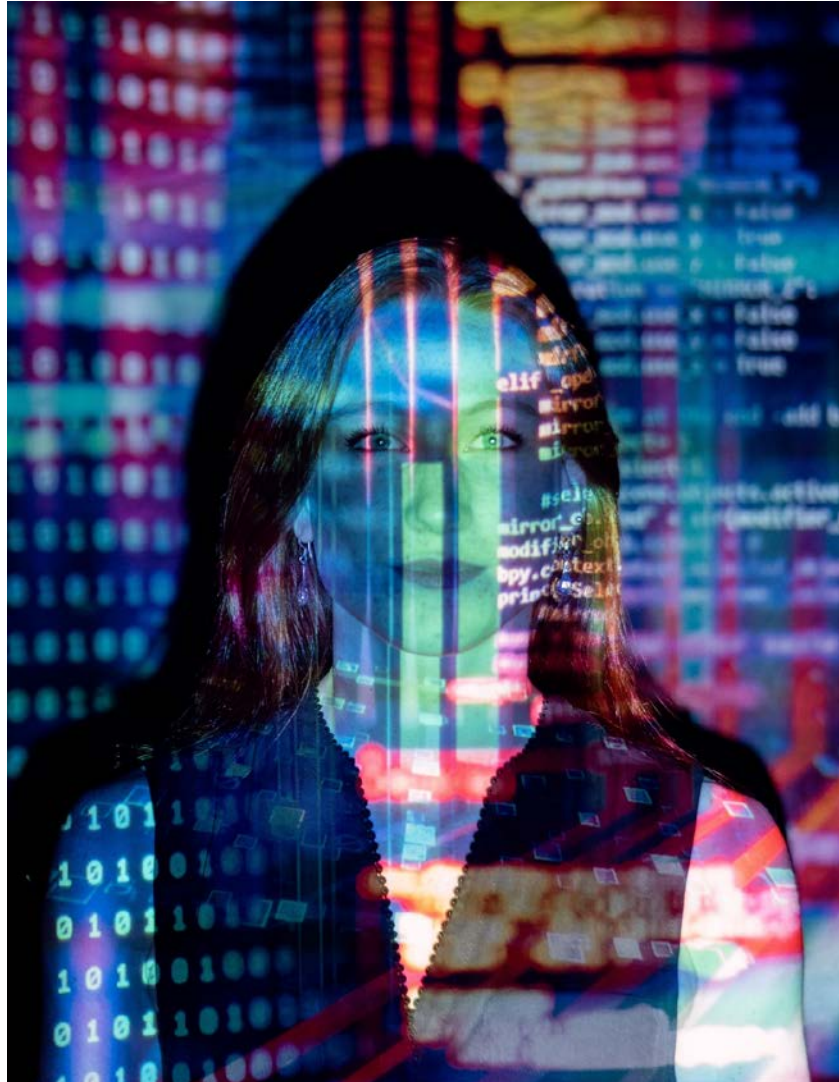
Data is an attribute that may represent an identity

Identity is....

The **effort to recognize and understand individual audience members** (including customers, prospects and other visitors) across channels and devices such that brands can interact with those individuals in ways that are relevant, meaningful and supportive of overarching business objectives

What is First, Second and Third-Party Data?

First-party data is data that a brand or media owner has collected with permission from the consumer

Third-party data is information or data collected by an entity that does not have a direct relationship with the end user or data subject

What Does Second-Party Mean to You?

Another brand's first-party data acquired through an intermediary service or platform	41.3%
Another brand's first-party data acquired directly from that brand	38.7%
PII customer/prospect data shared between brands and publishers/media companies	38.7%
Data about customers/prospects that two organizations have in common	37.3%
Third-party data by another name	29.3%
Don't know	1.3%

WG Collaborative Data Solutions Survey Nov. 2020, n=75

Defining Second Party Data

Second-party data is data that is shared in a dedicated environment but with a clearly defined set of permissions and rights

And it changes "state" to 3rd Party when it is *commercialized*

Second Party is About Permission, Provenance and Governance

Permission: Established between consumers and participants

Provenance: Understanding what permissions were granted

Governance: Managing compliance and assessing rights

So Therefore, What Defines an Identity Solution?
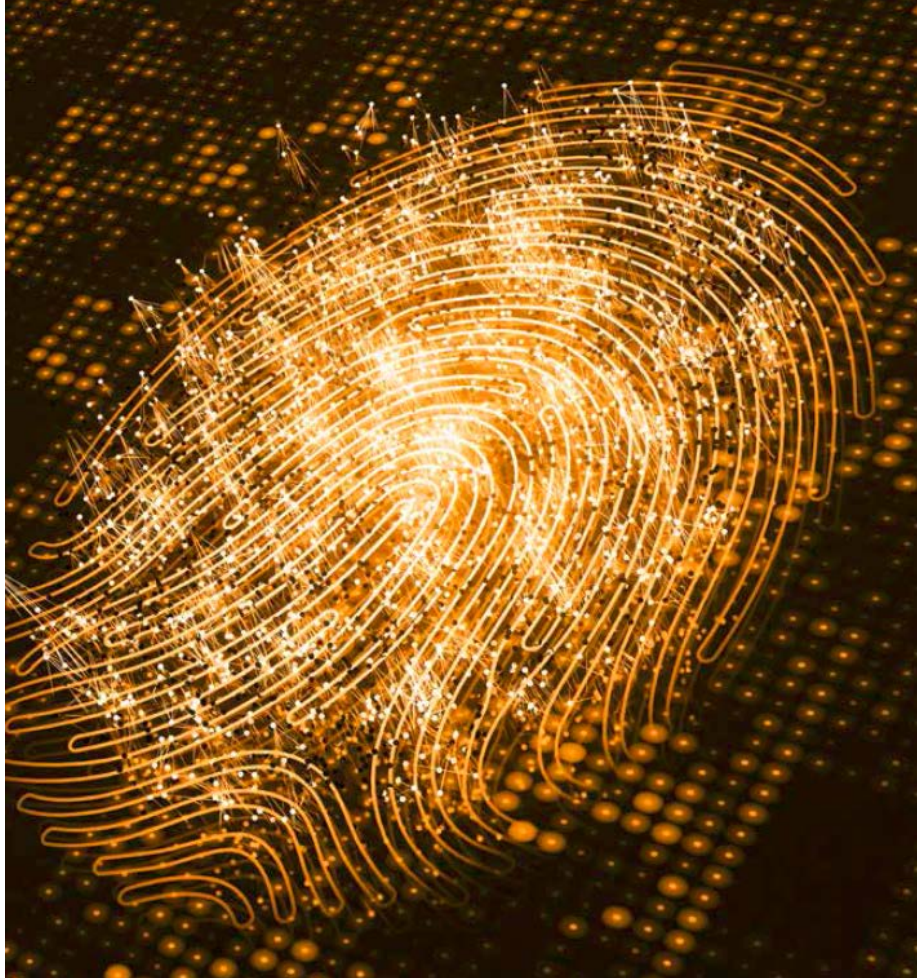
The coordinated activation of platforms, data and supporting services (both provided by third parties and sourced from among marketers' in-house resources) that support **persistent recognition of audience members across devices and other promotional and transactional touchpoints**
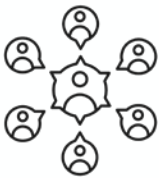
Identity Solutions Are Undergoing Rapid Transformation, With Solutions That Don't Rely on the Third-Party Cookie

A **proprietary ID based on authenticated first-party data** which the "owner" can use on owned properties and for matching with partners either directly or through privacy safe environments

- Personalization (on Owned)
- Walled Gardens

A **common ID based on a first-party data match to a PII-based reference data set** in order to enable scale across media providers while maintaining high levels of accuracy

- Personalization (on Owned)
- Programmatic
- Advanced TV

Common pseudonymous ID token designed to facilitate programmatic trading in the bid stream

- Programmatic

And the Expanded Class of Identity Solutions Will Include Second – Party Arrangements, Households and a Refocus on Context

Most Commonly Found In:

A **second-party data environment** based on clean environments with anonymous ID linking, typically seen in partner models

- Programmatic

A **household ID** based on IP address and geographic match

- Personalization (on Owned)
- Programmatic
- Advanced TV

Contextual targeting, based on semantics, keywords and advanced machine learning

- Programmatic
- Advanced TV

A Deeper View of Data Collaboration Shows that There are Both Mature and an Expanding Set of Solutions
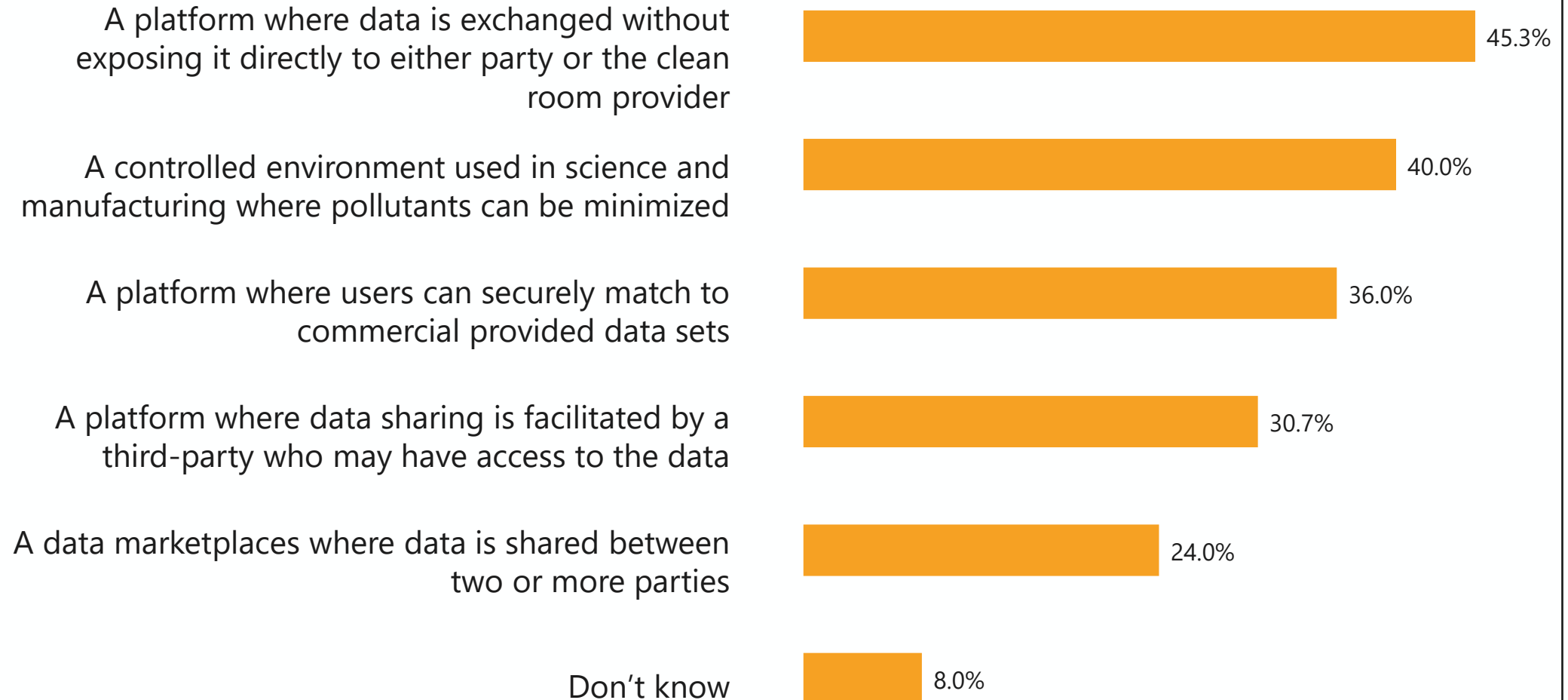
Data Cooperatives: Offline data collaboration between thousands of B2C and B2B brands

Exchanges & Marketplaces: Peer-to-peer data sharing and 3rd Party licensing

Technical Data Environments: 3rd party technology solutions for peer-to-peer storage, analysis, linkage and exchange

And More Confusion - What Does a "Clean Room" Mean to You?

A platform where data is exchanged without exposing it directly to either party or the clean room provider — 45.3%

A controlled environment used in science and manufacturing where pollutants can be minimized — 40.0%

A platform where users can securely match to commercial provided data sets — 36.0%

A platform where data sharing is facilitated by a third-party who may have access to the data — 30.7%

A data marketplaces where data is shared between two or more parties — 24.0%

Don't know — 8.0%

WG Collaborative Data Solutions Survey Nov. 2020, n=75

Critical to Insights and Measurement, Data Collaboration Environments Allow the Sharing, Matching and Analysis of Data Between Partners

Range of approaches from transfer and matching simple hashed email data and matching of fully pseudonymized data sets

Key differences between solutions that require PII to be transferred and those where the data remains host environment
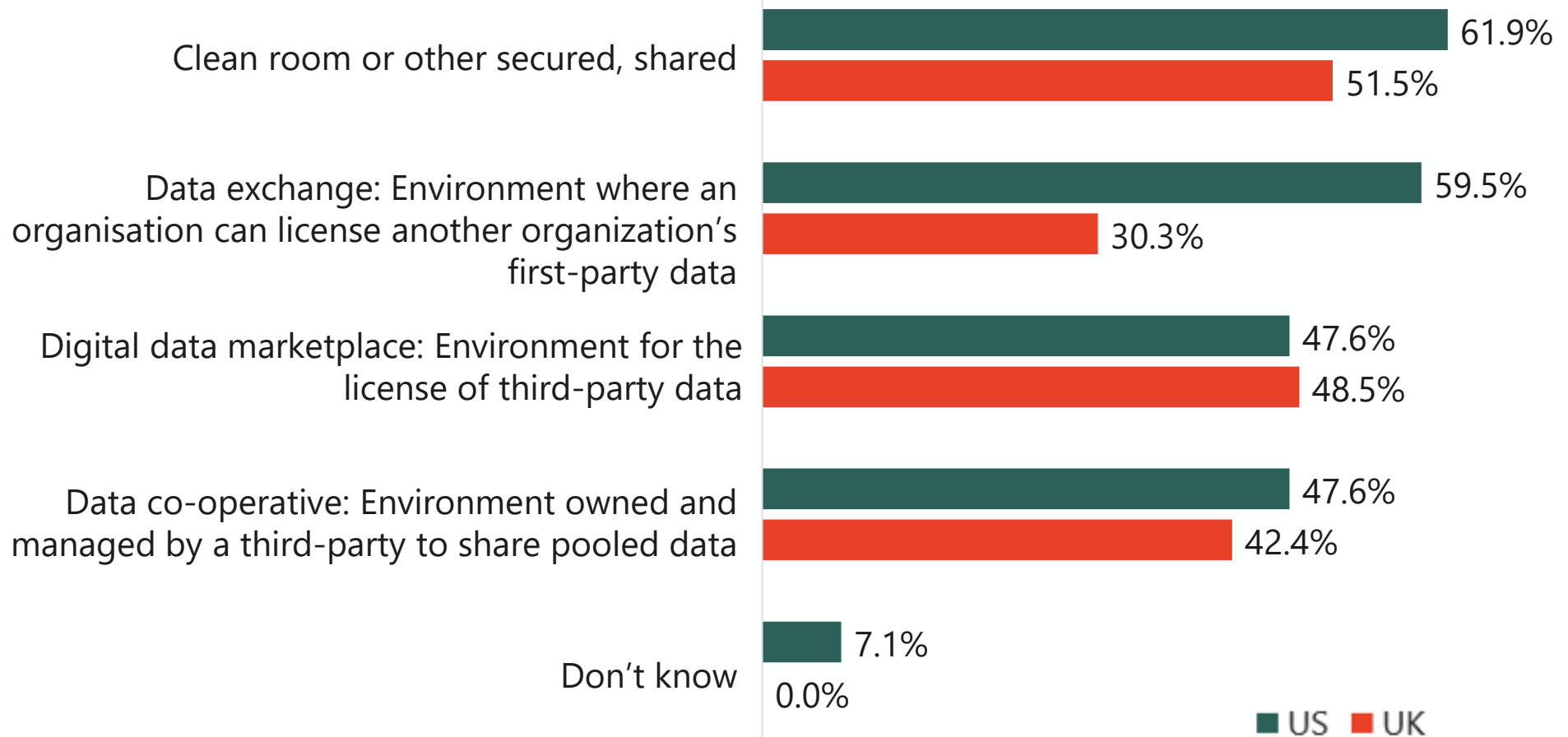
Matching and extracting may also be performed within a sharing environment

Extracts can have a varying level of obfuscation

Solutions have grown in popularity in GDPR territories and within media where the media owners exert greater control

Which Of the Following Collaboration Solutions Has Your Organization Utilized or Participated in to Support Advertising and Marketing Efforts?
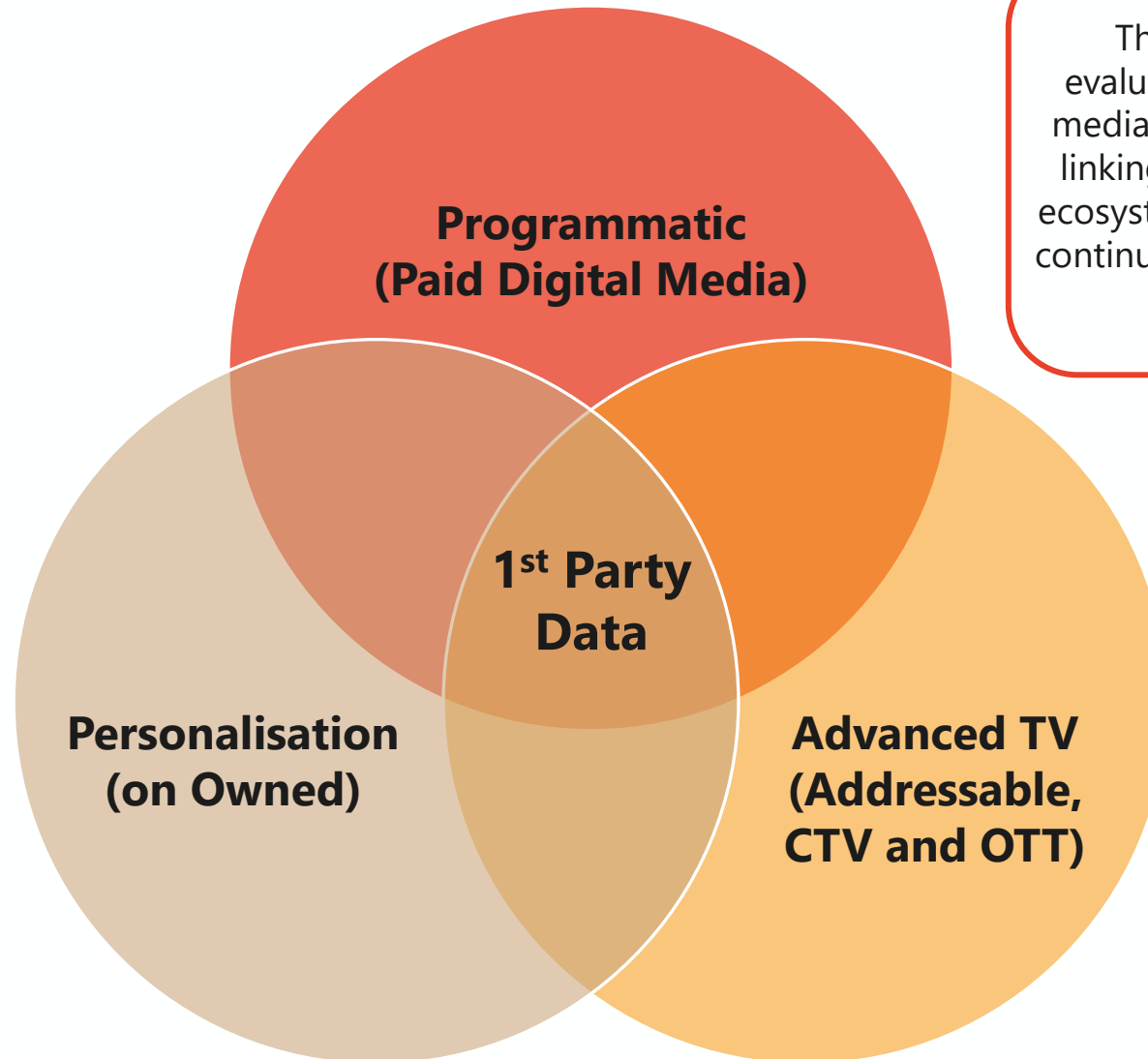

Category	US	UK
Clean room or other secured, shared	61.9%	51.5%
Data exchange: Environment where an organisation can license another organization's first-party data	59.5%	30.3%
Digital data marketplace: Environment for the license of third-party data	47.6%	48.5%
Data co-operative: Environment owned and managed by a third-party to share pooled data	47.6%	42.4%
Don't know	7.1%	0.0%

WG Collaborative Data Solutions Survey Nov. 2020, n=75

The Outlook for Identity & Data Collaboration

What the Market Agrees on - First-Party Data is at the Heart of Identity & Collaboration Solutions

Programmatic (Paid Digital Media)

1st Party Data

Personalisation (on Owned)

Advanced TV (Addressable, CTV and OTT)

The planning, activation and evaluation of programmatic digital media continues to be driven by the linking of first party data within the ecosystem. As the chase for first party continues privacy secure collaboration continues to grow

Very few brands have all the data they need to fully optimize customer experience. Collaboration will drive enhancements in this sector, but the data needs to be actionable within the CMS

The strong current and future growth of TV and digital video and the adoption of new models is driving many collaboration paths within CTV/OTT in both the US and UK
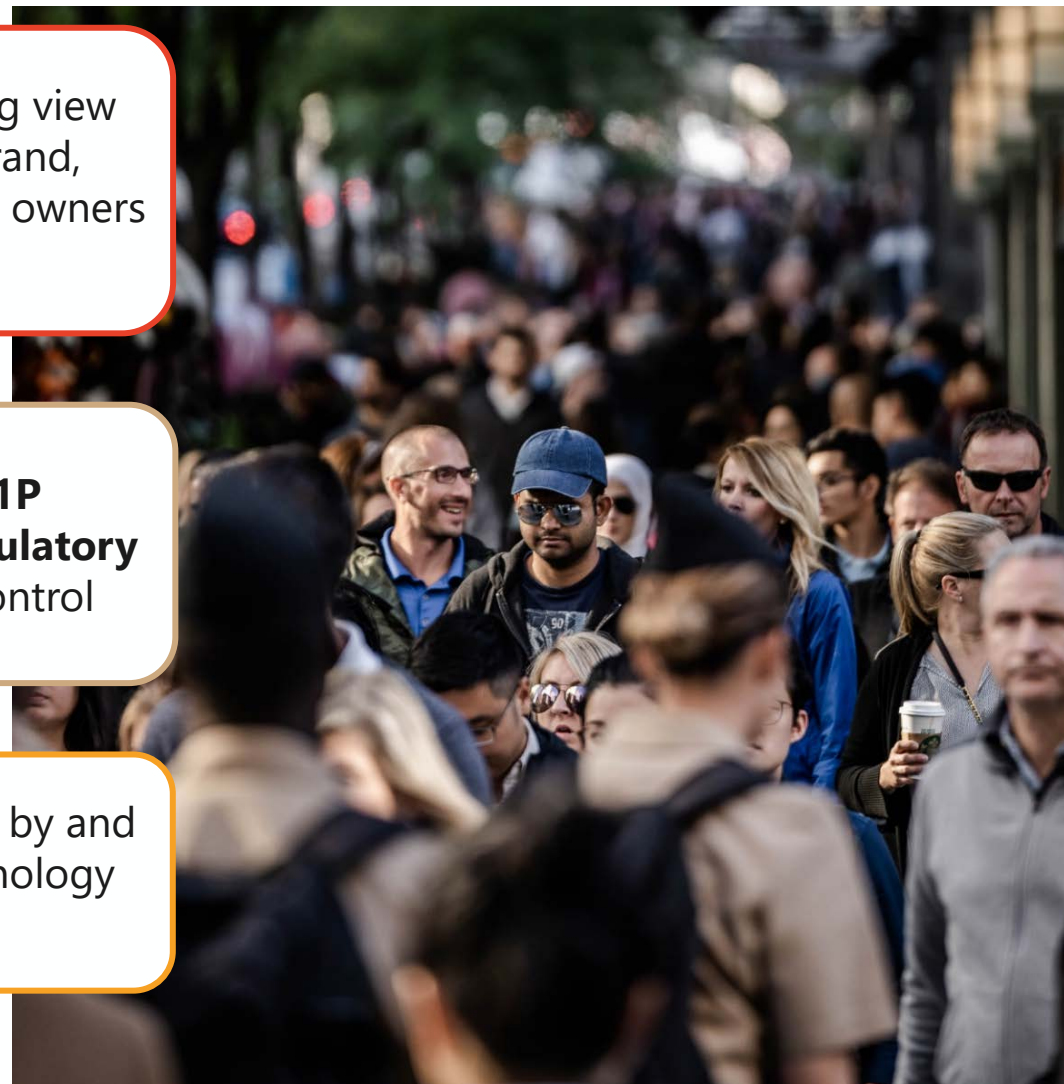
Adoption Trends to Watch

Multi-level Permissioning - Evolving view of consent between consumer and brand, brand-to-brand, and brand-to-media owners to define what is possible

Scaling first-party data collection, 1P identity graph creation and the **regulatory changes** that impact the browser's control

Multi-party Partnering – partnering by and between brands, media owners, technology providers and service providers

Adoption Trends to Watch

Google FLoCs and the Privacy Sandbox– Solutions in test now, but will this fly in Europe and as a broad-based market approach? *(also see SPARROW, COWBIRD, PARROT, TERN, TURTLEDOVE, SWAN and more)*
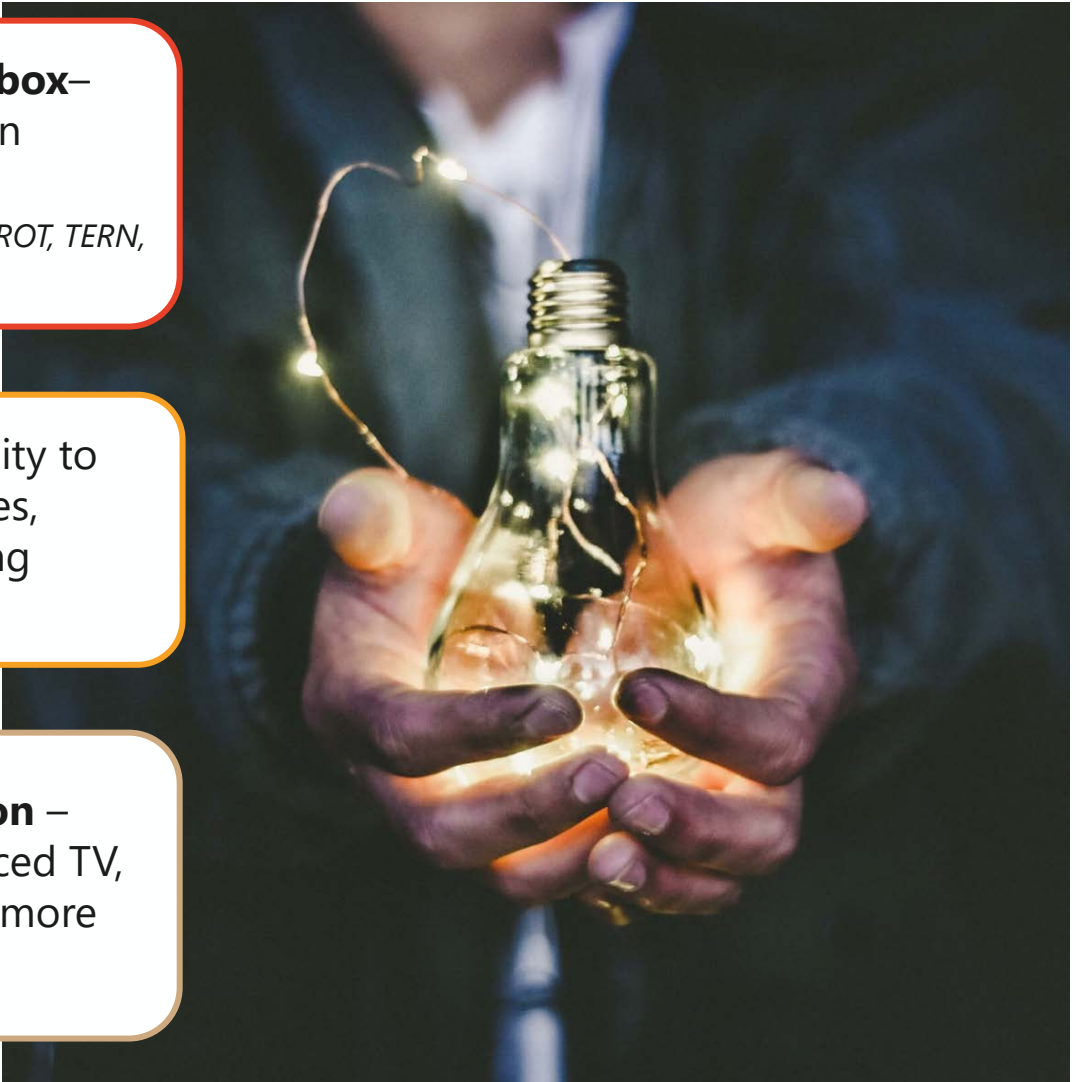
Organizational Adaptation – flexibility to with changing roles and responsibilities, course correction and testing emerging solutions

Steady Transformation and Adoption – Merging of Programmatic and Advanced TV, the coexistence of multiple solutions, more partnering, more consolidation

Thank you.

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