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marketing measurement
innovation series

module 2
First-Party Data Unlocking
Measurement Capabilities

advertising effectiveness council

Yasmin Sanders
SambaTV (chair)

Jem Salcedo
Azerion

Mark Titley
Bench

Gavin Merwood
Brand Metrics

Stephen Kyefulumya
Carsales

Vanessa Adams
Cint

Andrew Macdonald
Dentsu

Deryck Wills
Digital Remedy

Neil Anderson
Double Verify

Damon McLoughlin
Ebay

Andrew Rudd
Experian

Amir Jangodaz
Google

Denise McCormack
Hatched Media

John Nguyen
IAS

Gagan Batra
Insighten

Ricky Chanana
Just Eggs

Steve McMahon
Lifesight

Aimy Le
Meta

Ian Garland
Milton Data

Matt Farrugia
Mutinex

Jonathan Fox
Nine Entertainment

Liam Pook
PHD

Dave Goodfellow
Pinterest

John Hawkins
Playground xyz

Rowena Newman
Publicis

Aurelien Thuaud
REA Group

Jonathan Henshaw
Ryvalmedia

Ashley Spinks
SevenWest Media

Rory Dolan
TikTok

Mark Griffiths
On Device Research

Jessica Small
TripAdvisor

Stephen Warren
News Corp

Kirsten Riolo
Nielsen

Natalie Stanbury
IAB Australia

This paper is a collaboration of the iab advertising effectiveness council

The IAB Ad Effectiveness Council have collaborated on this whitepaper to help increase understanding across the industry on how to protect the insights that businesses need to grow, along with best practices for assessing the impact of digital advertising into the future.

The IAB Ad Effectiveness Council undertakes various activities to provide guidance to the industry on the best methods to assess the impact of marketing activities along with insight and inspiration to help marketers optimise their digital advertising investment. The Council includes representatives from media owners, data agencies, media agencies, research companies, tech vendors and advertisers.

The contents of this guidance paper are not necessarily reflective of individual company policies, rather it is a collaborative effort of the members of the council to provide greater understanding to the market.

Contents

background   1

The greater restrictions and phasing out of device IDs and third-party cookies along with Australia's evolving privacy legislation presents fundamental but positive change for the digital advertising industry. The reduction in media and customer data available is significantly impacting marketing measurement but provides the opportunity to re-think digital marketing and measurement frameworks to support core industry use cases, while balancing consumer privacy.

Across the industry there is evidence that marketers, agencies, media owners and vendors are getting ahead of these changes, learning how to meet consumers' greater expectations for data privacy and, from an advertising effectiveness perspective, adjusting their measurement in response to signal loss. Innovations are occurring across the industry to protect the insights that businesses need to grow, along with best practices for assessing the impact of digital advertising into the future.

The IAB Ad Effectiveness Council's objective with the 'Marketing Measurement Innovation Series' is to highlight that, while measurement is often seen as a challenge, insightful assessment of marketing effectiveness and campaign performance can continue, in a privacy compliant way. The series will highlight real case studies and demonstrate practical examples of how the industry is moving marketing measurement beyond the cookie.

In the first module of this innovation series, 'Mapping the future of marketing measurement', we provided an overview of the proposed reforms to Australian privacy legislation impacting ad effectiveness measurement along with a recap on the technology changes resulting in the degradation of signals required for some ad effectiveness measurement techniques. The paper also provides perspectives from across the industry on how ad measurement toolkits are being adapted to allow for successful ad assessment into the future.

You can download module one ['Mapping the future of marketing measurement'](#), from the [IAB Australia website.](#)

Module two: First-party Data Unlocking Measurement Capabilities

Quality first-party data has become increasingly important, giving rise to the better collection and use of marketers own first-party data and partnerships that leverage people-based planning and measurement.

This second module in the innovation series, 'First-party Data Unlocking Measurement Capabilities' is focused on how the use of marketers own first-party data and partnerships are becoming increasingly important in people-based planning and measurement. The paper includes information on using data collaboration platforms for measurement and guidance for quality data inputs for specific measurement techniques.

Unlocking the potential of first-party data depends on how well a company can integrate its data sources and link them to marketing activities. The IAB Ad Effectiveness Council has provided perspectives and case studies demonstrating the challenges and benefits for brands using first-party data for measurement purposes.

Look out for these subsequent modules in the 'Marketing Measurement Innovation Series' to be released throughout 2023:

- The future of attribution and advances in AI and machine learning
- Evolutions in market mix modelling
- Importance of continuing test and learn experiments
- Developments in ad attention measurement

introduction to first-party data   **2**

With increased industry focus on preserving consumer privacy and the retirement of third-party cookies, leveraging a marketers own first-party data, or that of a trusted partner, is becoming increasingly important in activating and measuring digital advertising campaigns.

The IAB Australia Data Council's 1st Party Data Handbook, is an essential resource that provides guidance and information on data types, definitions, and examples, along with data collection, enrichment and management best practices.

The IAB Australia 1st Party Data Handbook defines data types in the following way:

First-party data

Is information that is captured with direct consent from customers who interact with your business online or offline.

Second-party data

Has the same attributes regarding transparency and trust as first party data but is utilised by a trusted partner of the original provider.

Third-party

Is when the identifier collected is collected by services which are third party to the website the user is visiting. These are used by third party providers of advertising, retargeting, analytics and tracking services.

First and second party data ensures that only the website and truly trusted partners and the user benefit from the data, and no other third-party vendor that may be collecting data covertly, which the user has no knowledge of. By nature first and second party data is more transparent, as it's governed by the websites privacy policy and by listing the site or using its services the user has agreed to its terms and conditions around use of the users personal data. This again is in contrast to third-party cookies, where the user doesn't have this visibility.

An alternative to the use of traditional identifiers is joining first-party data sets. The benefits and opportunities of being able to join these first-party "data silos" are varied and needed for several use cases in digital advertising and marketing.

The benefits for marketers using first party data include:

- Creating a single view of the customer
- Improving targeting and personalization through relevancy
- Improving omni-channel measurement
- Mapping customer journeys
- Closing the loop on attribution
- Understanding ROI and incrementality

privacy-enhancing technologies used for data collaboration

<div style="text-align: right">**3**</div>

Most organisations engaging in digital marketing and advertising must share data across their internal departments and with other organisations, that frequently includes personal data of individuals.

Data collaboration uses technology to combine and analyse data sets within an organisation or with partners to enable a wide range of use cases, from uncovering new consumer insights and enabling accurate cross-screen measurement to expanding reach and creating brand-building media networks. Data collaboration can be intracompany (connecting data silos), cross-brand, cross-industry, cross-cloud, and more.

> Privacy enhancing technologies offer businesses the ability to accelerate safe data collaboration, build customer intelligence, and maximise the value of data without relinquishing control or compromising consumer security and privacy.

The IAB Australia Data Council's Data Collaborations Platform Explainer provides best practices, guidance, and comprehensive definitions in the realm of compliant data collaboration for the purposes of digital advertising. The Explainer offers insight into the broader spectrum of products that facilitate data collaboration, while also presenting localised updates on each of these. The paper outlines the purpose and benefits of data collaboration, the different types of data collaboration platforms, along with working examples and best practices.

In the race for adoption of privacy technologies, Data Clean Rooms have become increasingly sought-after as mechanisms to facilitate data sharing within specific limits.

A Data Clean Room is a secure collaboration environment which allows two or more participants to leverage data assets for specific, mutually agreed upon uses, while guaranteeing enforcement of strict data access limitations, for example not revealing or exposing the personal data of their customers to other parties. Data Clean Rooms can be designed to serve an array of purposes and deploy different mechanisms, for example performing a specific computation for determining matching of audience data between two parties.

The [IAB Australia Data and Privacy State of the Nation](#) industry survey reported that Australian advertising decision makers involvement with Data Clean Rooms is at the exploratory stage with 54% of respondents implementing, testing or exploring this solution.

As Data Clean Room solutions begin to mature, the industry must come to a consensus on how Data Clean Rooms operate, develop a set of canonical use-cases, and standards around data processes and input-output formats. The IAB Tech Lab's recently published ['Data Clean Rooms: Guidance and Recommended Practices'](#) document (released in February 2023) provides a set of common Data Clean Room principles, marketing and advertising use cases, and operating recommendations.

IAB Tech Lab's practices provide information on how Data Clean Rooms can be used in understanding Return on Investment (ROI) or Return on Ad Spend (ROAS) that requires matching campaign exposure data like impressions, campaign events like clicks or other user interaction, user action on advertiser landing page or other campaign objectives, derived from reports originating at multiple sources e.g. publisher property (website, app etc.), publisher ad server, advertiser ad server, verification service, advertiser property (website, app etc.) and other sources that may be deployed by advertiser for campaign measurement.

involvement with data clean rooms
amongst Australian advertising decision makers
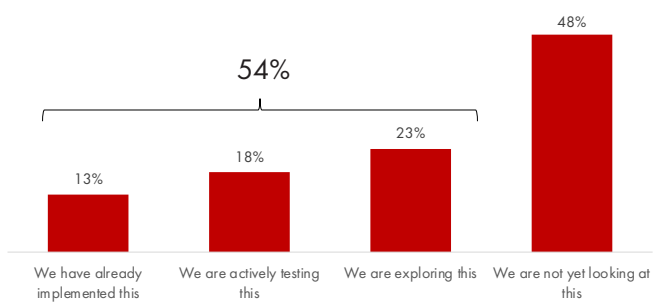
Source; IAB Australia Data State of the Nation Survey November 2022 n=100 advertising decision makers/influencers

Often this involves one or more parties requiring personal data to be shared and transferred directly to another party, which risks exposure of personal data as well as advertiser's business information.

Data Clean Rooms provide organisations with matching capabilities to quantify effectiveness and performance of marketing and advertising campaigns without requiring any data to be shared, commingled, or transferred to other parties, allowing for example the following types of measurement solutions:

Incremental lift measurement

A solution that calculates the incremental impact of a campaign on metrics such as sales without exposing actual individual customer purchase data.

Reach and frequency

Calculate the number of individuals or audience that saw an advertisement and at what frequency over a period of time.

Campaign and audience verification

Identify if a campaign reached the right audience on the right channel at the right time.

Attribution analysis

Perform real-time or offline attribution actions to identify which touch point across the various channels and campaigns was responsible for the conversion without exposing user level conversion/engagement data.
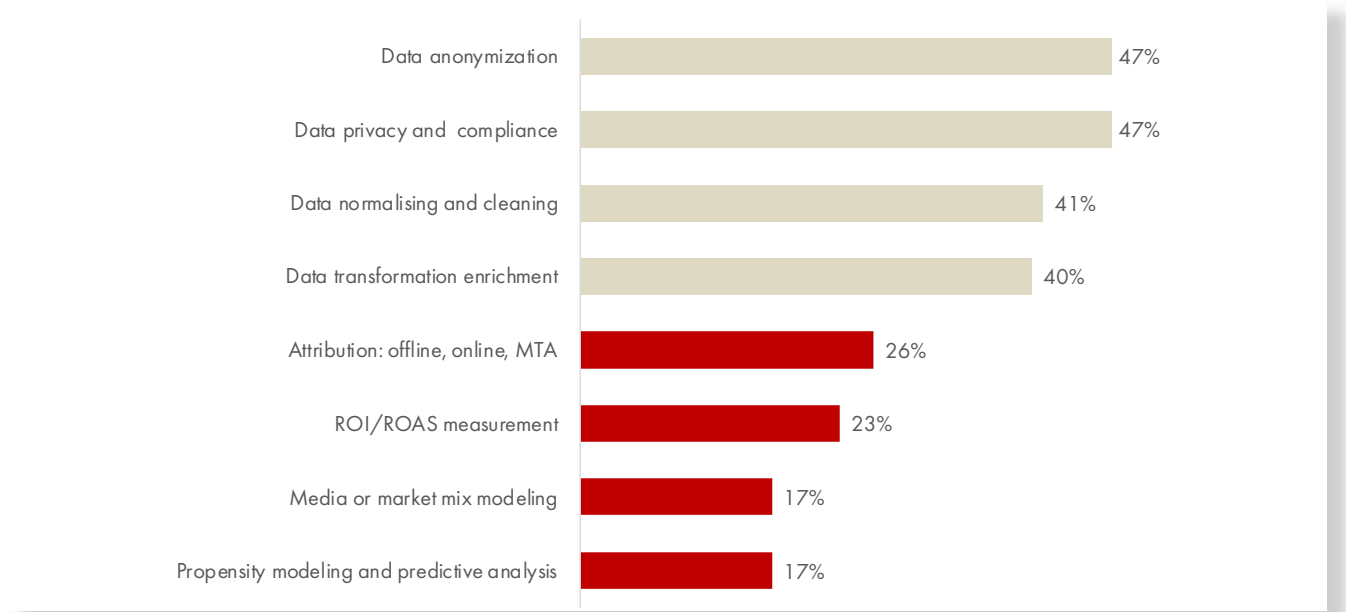
ROI/ROAS analysis

Apply actual or predictive models of calculating return across the media mix to optimize campaign performance and budget allocation based on aggregated-level insights only without sharing individual conversions, purchases or other activities.

A common use case may be: As a marketer, I would like to connect the impression/exposure data with conversion/sales data to calculate the performance of a single or multi-channel ad campaign to better understand and optimize future ad campaigns as well as overall media mix.

The IAB US State of Data 2023 Report provides industry research conducted amongst 200 US data decision-makers at brands, agencies and publishers. It outlines that Data Clean Rooms specifically have risen as an essential technology by enabling privacy-compliant data matching and sophisticated cookie-agnostic measurement capabilities across the buy- and sell-sides, and therefore mitigating concerns that data decision-makers have had with other privacy-preserving technology.

Uses of data clean rooms
amongst US data decision-makers at brands, agencies and publishers

Use	%
Data anonymization	47%
Data privacy and compliance	47%
Data normalising and cleaning	41%
Data transformation enrichment	40%
Attribution: offline, online, MTA	26%
ROI/ROAS measurement	23%
Media or market mix modeling	17%
Propensity modeling and predictive analysis	17%

Source; IAB US State of Data 2023 Report, research conducted with Ipsos

The Report revealed that although some companies leverage the capabilities that Data Clean Rooms offer beyond privacy, most are not using the advanced measurement capabilities. In fact, most data leaders are only scratching the surface with their current use of Data Clean Rooms and are missing an opportunity to leverage the technology's most powerful advanced measurement capabilities.

Data Clean Room onboarding and activation require significant investment in time, money, and human capital and the setup is lengthy and complex. As such, IAB US State of Data reports user challenges such as leveraging results/proving ROI, data interoperability/customisation, internal resources and privacy challenges.

privacy considerations   **4**

With the increasing importance of first-party data for marketing and measurement, its critical marketers understand the legal considerations and obligations when handling and leveraging consumer data. The Privacy Legislation Amendment (Enforcement and Other Measures) of 2022 significantly increased the maximum penalties that can be applied under the Privacy Act for serious or repeated privacy breaches.

The Australian Privacy Principles are the cornerstone of the privacy protection framework in the Privacy Act 1988. They apply to any organisation or agency the Privacy Act covers.

There are 13 Australian Privacy Principles and they govern standards, rights and obligations around:

- The collection, use and disclosure of personal information
- An organisation or agency's governance and accountability
- Integrity and correction of personal information
- The rights of individuals to access their personal information

A summary of each principle with links to OAIC guidelines can be found in this Australian Privacy Principles quick reference.

Consumer demand for privacy has led to legislation reform around the world. On 16 February 2023, the Australian Attorney-General publicly released the Privacy Act Review Report. The report contains 116 proposed reforms to the Privacy Act aimed at strengthening the protection of personal nformation and the control individuals have over their information. The key reforms proposed by the Australian government are outlined in this IAB Summary.

In module one of this series, we outlined the IAB's key concerns about the proposals in relation to targeting and trading being too broadly scoped and inconsistent with international approaches. An executive summary to the IAB submission is provided on the IAB website and the full submission can be downloaded by IAB members. The timeframe for reform is not clear at the time of publication of this paper.

The IAB recommends keeping up to date on progress with next steps on privacy reform. Regularly check the IAB website for updates.

> "For specific advice that applies to your organisation's situation, independent legal advice should be sought."

The IAB believes it is important that media, advertising and marketing professionals have a solid understanding of the privacy regulation that impacts the industry. The IAB partnered with Anna Johnston from Salinger Privacy to develop a training programme to understand the legal considerations and obligations when handling and leveraging consumer data.

This Privacy Essential Training Program, based on the law as is current at the time of publication, is available to IAB members and non-members, provides a solid grounding on the current Australian Privacy Act, Spam Act, an overview overseas regulatory changes and more.

data exchange:
the consumer view   5

Having a consumer submit a lead or sign up and log into the site each visit will give the marketer a rich understanding of who their customer is, unlocking commercial and measurement opportunities but in turn, the brand needs to consider what the consumer will receive for sharing their data.

The ad-supported digital ecosystem is central to modern society. For Australian consumers, digital advertising has enabled the delivery of an expanding online ecosystem of information, news, and entertainment content as well as social and search services, free of charge which is highly valued by consumers. The report, [Ad'ing Value](#) prepared by PwC and commissioned by IAB Australia found the average Australian consumer's perceived value of access to currently free ad-supported digital services and content is $544 per annum. This equates to provision of a benefit of $8.8bn to consumers annually in ad-supported digital content and services and $1100 per household.

The IAB and Ipsos report ['Digital Data Exchange: The Consumer View'](#) outlines consumer attitudes to data collection and privacy and found that 87% of Australians said they were supportive of online content and service providers making their money from advertising where access to content remains free for consumers. However, 70% of respondents also indicated they were unaware of how online content providers make their money.

While it is great news that consumers are so supportive of an ad-funded model, this research suggests the industry has some work to do in communicating the value the consumer will receive in return for providing their personal data. [The Digital Data Exchange: The Consumer View](#) Report provides robust local data to help publishers, agencies and marketers understand what is required to communicate clearly and run their data collection operations transparently to enable trust, while also helping to educate audiences about the myriad of digital news, entertainment, information, and services that the local digital advertising industry funds.

Trust with a brand, including openness to provide data, goes well beyond reading consent notices and extends across all their interactions with the brand online and offline. To ensure the strength and sustainability of the industry, we need to build on existing levels of trust, and respect consumer's preferences for more transparency and more control in relation to how their data is used.

The importance of transparency and control were key themes in the Digital Data Exchange report – with 81% of consumers stating they want 'more control and choice' over the collection and use of their personal information, and 46% stating they wanted companies to stop sharing their information with third parties without consent as a high priority.

The report noted that the most important levers for making consumers more comfortable about sharing their data included being more upfront with how the data collected will be used (47%) and collecting only the data that is needed (46%). Unsurprisingly, consumers were also more comfortable sharing their data with brands they trust.

industry perspectives on how first-party data can unlock measurement capabilities 6

Members of the IAB Advertising Effectiveness Council have provided a range of examples of how brands are using first-party data for measurement purposes. Thanks to Experian, Carsales, Google, Meta, Mutinex and PHD for their perspectives.

First-party data: A challenge, an opportunity, and an evolutionary change

Amir Jangodaz | Marketing Mix Model Lead at Google

As the digital advertising industry continues to evolve in light of changing expectations around privacy, it presents an opportunity to fundamentally change the way digital advertising is done.

With user-level tracking across sites and apps on the decline, it reinforces the importance of developing stronger first-party (1P) relationships, not only conceptually for user trust, but also technically, from a digital marketing standpoint.

Providing cohesive 1P data (1PD) solutions is critical to effectively transition advertisers from third-party cookie dependence and future-proof the ads business.

At Google, we recommend three key steps for marketers to maximise their 1PD investment:

- Build a first-party, privacy-forward data strategy that's rooted in your specific business objectives, focused on durable identifiers (i.e. PII)
- Close the loop with future-proof measurement solutions
- Activate 1P and optimise towards business goals through automation.

The measurement landscape is changing, and there is no silver bullet. Advertisers will need to continue to invest in multiple technologies as opposed to relying on one technology for all use cases. There won't be a single solution that will replace cookies or other identifiers.

Marketers' reliance on modelling will continue to increase. In the past, marketers were able to model for the majority of lost conversions automatically, but in the future marketers will need more observable data points to help improve the accuracy of modelling.

Additional signals not only help to improve the accuracy of conversion modelling but also contribute to more comprehensive reporting, which then allows for better downstream actions like bidding, optimisation, and attribution. 1PD is a critical component that will make conversion modelling even more possible in this new world.

There are four key actions that marketers can take to seek to preserve existing measurement:

- Ensure you have durable tagging in place to collect cookie-based 1PD within the media ecosystem, through using solutions like Google Tag, GTM or Server-Side Tagging. You may wish to supplement this data with customer data that's often collected through CRM systems. These additional signals can help with more comprehensive media performance and measurement.

- Fill gaps with enriched 1PD through additional solutions like Enhanced Conversions that allow site tags to use hashed data to give advertisers a more accurate view of how people convert after engaging with their ads. Additional signals can help to fill gaps in observable data to account for lost conversions.

- Create privacy safe and compliant exchange of user data. Start by understanding the local legal requirements and what is needed to be compliant with those regulations.

- Even when you've built a strong base of observable measurement, gaps in the customer journey might occur due to movement across devices, browser restrictions and user choices. That's where advertisers can rely on Machine Learning and Artificial Intelligence to drive more accurate results, through using solutions like Conversions Modelling.

In summary, 1PD is the future - and now is the time to invest. Privacy changes like browser restrictions and regulation can affect marketers' ability to measure conversions, bid to relevant customers, and overall audience size. As the digital advertising industry continues to move in privacy preserving directions, durable measurement can help ensure that marketers are seeing a representative view of performance across channels, despite technology limitations, and improves automated bidding performance. We expect the ecosystem to continue to change and evolve, so always be ready to adapt and embrace new technology.

industry perspectives on how first-party data can unlock measurement capabilities

Sourcing fit for purpose first-party data with scale and completeness unlocks digital advertising and measurement capabilities.

Andrew Rudd & Joel Vincent | Experian Marketing Services

In recent years, first-party data has produced a clear 'winner' in the collective minds of data driven organisations. The established third-party data sources are sometimes almost ridiculed as ineffective. But are they?

To put it quite succinctly, *No.*

The important factors that should be considered before the hunt begins for the newest first-party data are;

1. Purpose
Understanding how data will be used is the first step to using it successfully

2. Scale & completeness
Knowing how much data you have and is there enough breadth to help you create the most effective campaigns

Fit for Purpose

Companies segment markets into identifiable groups to create custom audiences for each specific segment. Successful segmentation is less about the technical element but more about the ability to apply and communicate to a segment then understand what impact those communications have had on that specific segment.

The requirement for a segmentation strategy (and the data collection to support it) is about asking the right questions;

- Are there diverse (and potentially opposing) customer groups that would respond to different treatment?
- Can effective and appropriate 'tailored' solutions be delivered to consumers?
- What channel of communication will be most effective?
- How will the success of a communication strategy be measured?

Should we?

In some circumstances, 'mass market' advertising is the best approach, in others the specificity of targeted marketing works better. The nature of the specificity drives the needs for different types of data. Depending on the purpose of your campaign and the data requirements to enable effective execution and measurement should be the key drivers when sourcing data. Too often the quest for data comes first then the scramble begins to work out what to do with it.

There needs to be consideration of just exactly what the goal is and the appropriateness of the way this will be achieved. People will quite rightly recoil at something that feels a bit 'creepy' and feels like someone has been spying on them. But a message that appeals and makes us think 'yeah they know what I am about' is much more of a positive experience.

Scale & completeness

The power of using data driven targeted marketing at times is not necessarily in personalisation, but in mass exposure to the right segments.

> Successful marketing comes from having the right numbers of similar looking people familiar with your product, and it being top of mind when considering purchases. To attain this goal, data driven marketers need to rely on a vast reserve of data – often, at a scale that first-party data is unable to deliver.

This is especially true for small businesses or for businesses that do not collect any first-party data at all. Leveraging correct, safe, and relevant second- and third-party data partnerships add tremendous value for a data driven marketer. The ability to create these partnerships removes the argument that large stores of first-party data is only for the big players. The ability to successfully and strategically used data should be an opportunity for everyone to capitalise on.

Outside of pure scale adding additional elements to help you not just better define your audience but to enable to you understand nuances in the results can have significant follow-on effects. The information that you can get from better understanding your previous campaign (or simply understanding your customer better), will enable you to make more effective decisions about future campaigns. It is simply not enough to know that your campaign resulted in a lift of X% but there should be an expectation of exactly the who, the what, and they why there was the specific lift from a campaign.

Conclusion

You could be forgiven for thinking that the secret ingredient to marketing success is just getting the message to the right person. However there needs to be a considered amount of effort discussing the data sources, the data volumes, and data partners and how they need to be effectively used.

The suggestion that by using a particular data type to drive targeted marketing is the recipe for success ignores many of the other equally important influences on success.

Posing the question; **"How can we make this campaign an overwhelming success?"** and suggesting the answer is in the category of data you are using for targeting seems to miss the point. The focus should be on better understanding and meeting a consumer need and then leveraging the data available to construct a measurable marketing message and offer that will appeal.

Think about it: If everyone has access to the same data, and all targeting the same age groups with the same tired strategies, how is anyone going to win?

Regardless of application the principles of an effective data driven marketing strategy remain:

Be relevant

Make sure the message is appealing to the audience you are talking to. And this means that it is equally important to ensure the audience receiving your marketing is the most appropriate one.

Be attractive

Understanding your audience requires you to ensure the offer and creative is one that appeals directly to that audience. Use your data to understand how to be attractive to the right people, you will get a better result

Be in the right place

Utilising data to understand your audience means you should also understand where to market to them to achieve the best results.

Learn

Use your data to better understand the results and use those learnings to shape your future campaigns.

industry perspectives on how first-party data can unlock measurement capabilities

Take your first-party data measurement strategy to the next level

Aimy Le | Marketing Science Partner at **Meta ANZ**

Not having a first-party data strategy is like asking your barista for full fat milk in your coffee - you will likely be in the minority and also everyone will probably judge you for it.

In the ever-evolving landscape of digital marketing, first-party data has emerged as a critical asset for brands seeking to understand and engage their customers effectively. Historically, brands have focused predominantly on data collection and not enough on data usage.

> To truly maximise the potential of first-party data, brands must shift their mindset and embrace a collaborative approach.

This was extensively discussed at the IAB's Data and Privacy Summit, where industry experts emphasised data collaboration and the importance of utilising first-party data with partners to unlock its full value. While it may seem daunting, embarking on this collaborative journey is the key to future growth.

When it comes to measurement, data collaboration is critical. Collaborating with partners, who have the experience and expertise with first-party data, can open up a world of possibilities.

Meta, among many other partners, can help brands navigate the complexities of first-party data measurement strategies. It can be a potentially long and complex journey, but getting started might not be as difficult as you might think - **follow this crawl, walk, run framework:**

Crawl

Instead of using sales/conversion data that is reliant on cookies, **brands can leverage their first-party data to measure the incrementality of their campaigns in a more reliable and accurate way.** For example, first-party data can be shared via Meta's Conversions API, which enables brands to measure the incremental impact of their campaigns using Conversion Lift, which leverages a randomised control trial methodology. While other partners may have similar solutions, measuring the true incremental impact of ads is a foundational and essential first step in any measurement journey - where using first-party data will be able to provide a more complete picture.

Walk

Once the true incremental impact is established, brands can continue leveraging Conversion Lift by **running experiments on how first-party data can be used to drive more incremental customers**. Meta's machine learning smart auction can ingest first-party data signals to identify and target additional incremental customers, improving the overall effectiveness of your campaigns. At Meta, there are a range of different ways that first-party data can be utilised (like optimising to post-conversion or deeper funnel signals) and are worth experimenting with. One brand to benefit from such experimentation is Adore Beauty, who prioritised collaboration and shared their first party data through Conversions API and were able to significantly reduce their CPAs by -21.3% and CPMs by -7.8%.

Run

After leveraging Conversion Lift for experimentation, **brands can utilise their first-party data in data clean rooms like Meta's Advanced Analytics (AA).** AA can provide brands with opportunities to connect their first-party data with Meta data in a secure, privacy-focused measurement environment to unlock new insights and drive performance. It can be used for more in-depth measurement and analyses, where brands with advanced and sophisticated measurement capabilities have leveraged AA in the past to build custom attribution models and understand the digital path to purchase.

First-party data measurement strategies can seem like a monumental undertaking. However, brands don't need to navigate this complex landscape alone - collaborating with partners like Meta, who possess extensive experience in this domain, can alleviate the challenges and accelerate the journey.

But the biggest risk lies in doing nothing at all. By embracing collaboration and partners, brands who are leveraging their first-party data are in a better position to unlock the true potential of their data, driving future growth and success.

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industry perspectives on how first-party data can unlock measurement capabilities

Case Study: Pepsico leverages data partnership with flybuys to help plug first-party data gaps

Liam Pook | Head of Digital (Melbourne) at PHD Media

While first-party data has been a focus for this module, it's important we acknowledge that a large volume of advertisers do not have access to a rich first-party data set, either due to their digital maturity or by the sheer nature of the business they operate. A good example would be to compare advertisers that operate between the finance and FMCG verticals. Most large-scale banks will have an established method of first-party data collection as a large volume of their "sales" (e.g. credit card applications) will be transacted online, which results in a richer data-set for measurement.

On the flip side, FMCG advertisers are reliant on loyalty programmes and data partnerships to grow their dataset. It's the latter of these two approaches that formed the basis of PepsiCo's data-led measurement approach in Australia.

Due to PepsiCo being a FMCG client with the majority of products selling in brick-and-mortar stores, the brands do not have a vast amount of first- or second-party data. There are also massive gaps in closed-loop attribution for purchases that occur offline, making it challenging for them to connect the dots and measure effectiveness of media.

PHD created a first of its kind partnership in Australia for PepsiCo with FlyBuys, leveraging the scale of FlyBuys household transaction data (8.6M) to build valuable audience insights and ultimately drive ROI. Alongside insight gathering (e.g. for lapsed/loyal customers) and audience activation use cases, the true value of the partnership was unlocked through the ability to attribute offline sales from media exposure, effectively allowing for a closed-loop sales report that evaluates custom segment performance.

Through the utilisation of unique FlyBuys people-based data, PepsiCo gained valuable visibility in measuring the impact of their digital advertising tactics on offline sales.

This enhanced visibility enables them to optimise and improve long-term ROI. While there is still progress to be made in continuously improving the measurement solutions, leveraging unique FlyBuys people-based data is definitely a step in the right direction for PepsiCo.

PepsiCo has also introduced SnackBack, an exclusive consumer loyalty and rewards app, as part of their data enrichment strategy.

The SnackBack app serves as PepsiCo's always-on channel to drive first-party data collection and engagement with consumers. Through incentivizing users to participate in various activities and provide feedback, SnackBack enables PepsiCo to gather valuable data on consumer preferences and behaviors. This data, in conjunction with the insights gained from the FlyBuys partnership, empowers PepsiCo to develop a comprehensive data strategy that combines various data sources, enhancing their measurement capabilities and enabling personalized experiences to drive customer loyalty. By leveraging SnackBack as their own loyalty program, PepsiCo complements their data partnerships and further enhances their data-led measurement approach in Australia.

For advertisers in a similar position, e.g. where first-party data is less available, the lesson is simple: work with your media agency partner to build a data strategy for your organisation with a focus on growing your database through a combination of loyalty programme(s) and data partnerships. How you prioritise between the two will be dependent on the nature of your business and industry and will be an output from the data strategy.

industry perspectives on how first-party data can unlock measurement capabilities

Go all-in on privacy-driven measurement

James Dale | Head of Analytics at Carsales

Is it controversial to say that I'm excited about the growing emphasis on consumer privacy? Let's put aside personal benefits for a moment.

Professionally, as a data analyst, this shift is pushing businesses to reconsider our reliance on multi-touch attribution. It's happening rapidly. In fact, as I write this, we at carsales mediahouse are already examining how the recently announced iOS17 and Firefox 102 link tracking changes will impact our marketing measurement.

While it may be a bit daunting and require effort, here's the good news for marketers and analytics professionals: Digital attribution models, despite being easy to set up and use, have never been the best way to measure effectiveness due to their limited, short-term perspective and correlational nature.

However, their accessibility has led to widespread adoption and an unfortunate dependence on a measurement technique that can potentially mislead marketers.

Now, we have the perfect opportunity to reassess our measurement strategies and focus on the factors that truly drive performance.

Beyond our own marketing endeavours, measuring effectiveness is a significant concern for our advertising customers, and at carsales, we aim to assist them wherever possible. Our strongest advantage in this space stems from the deep insight we have into consumer behaviour across the verticals we operate in, including bikes, boats, caravans, trucks, and, of course, cars. Through our behavioural data, we help our advertising partners understand subjects like their consideration sets and how demand for different categories, brands, and models changes over time.
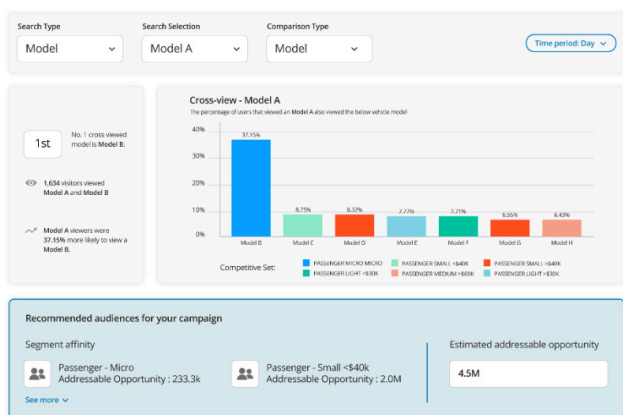
We've been actively working to support our advertising partners, particularly with the introduction of more privacy changes. Broadly speaking, we can categorise our efforts into three areas: business intelligence, enhanced user identification, and privacy-first data sharing.

The cornerstone of our offering is a First-Party Cookie which ensures that we have a direct relationship with the consumer and hence the required consent. This will enable us to adapt to changes in privacy requirements.

Two execution examples I personally favour, which contribute to better measurement, are our business intelligence solutions and audience match targeting.

Through our business intelligence solutions, advertisers can augment their own first-party measurements with aggregated data from the carsales network. We've developed live dashboards to help advertisers track their performance across key metrics such as consumer awareness, consideration, and conversion.
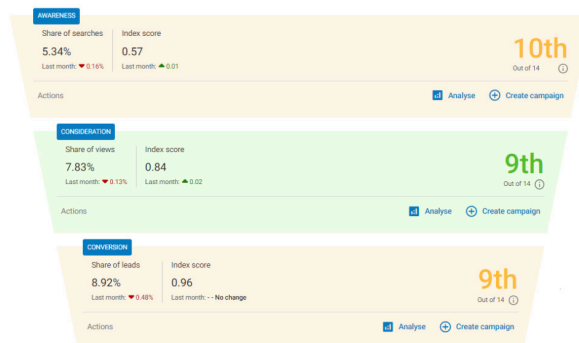
For our advertisers who are seeking more analytically advanced measurement, **we've established data partnerships with MMM providers to ensure the trends we observe in consumer behaviour are accurately captured in their models.**

Our audience match targeting presents another excellent opportunity for top-notch ad measurement. Imagine an insurance company aiming to target customers due for policy renewal. By employing audience match on the carsales network, they can target a portion of these customers while holding out a sample to establish a baseline for comparison. This allows the insurer to understand the causal relationship between their ads and the renewal rates of their customers— better yet, they don't need to rely on us to measure these results.

In conclusion, as a data analyst, I am optimistic that the heightened focus on consumer privacy is serving as a catalyst for improved measurement techniques. This represents a chance for the industry to move away from our over-reliance on attribution. While it will require effort, this privacy driven transformation will ultimately benefit marketers (as well as consumers), empowering them to gain a deeper understanding of the factors driving their performance.

industry perspectives on how first-party data can unlock measurement capabilities

It's time to rethink first-party data

Will Marks | Director of Marketing Science at Mutinex

In the world of advertising, data has become everything. It provides the insights that drive successful campaigns and helps advertisers understand what's working and what's not. First party data (1PD) is an important piece of this puzzle. Many people think of customer level data when they think of 1PD. But that approach overlooks the power of harnessing the basic data that is already inherently privacy first; that generated by your marketing activity.

> Yes, customer data is important, but using marketing campaign data correctly and alongside other simple, aggregated data sources will not only inform tactical campaign decisions, it can inform broader strategies on pricing, channel mix, sponsorships and more.

Market Mix Modelling is the key to unlocking these decisions. It has seen rapid evolution in recent years thanks to the power of cloud computing, bringing the speed of insights down from months to days. Advancements in machine learning that supports Bayesian inference allows us to drill down to far more granular drivers of performance such as creative, format and geography. These capabilities have repositioned MMMs from an adhoc practice that informs annual planning practices into a timely decision engine that allows advertisers to continually optimise their marketing practices.

At Mutinex, we see that marketers who have decided to leverage the full scope of their 1PD are pushing best practices across two key areas. The first is through **taking control of their marketing data**. Marketing data can often be poorly stored and documented - details on sponsorship activity are more likely to be found in a spreadsheet than a client owned data warehouse.

Advertiser's who bring this data in house from agencies and consultancies avoid the potential to lose valuable information in the event of changing agency. In addition, advertisers can ensure this data is structured and accessible for rapid ingestion into an MMM, a process which can otherwise be a bottleneck which constrains the speed of insights.

The second area for best practice is in **building powerful partnerships between the advertiser, agency and MMM** team (whether in-house, SaaS or consultancy) to drive insight. Without these, great models and data practices will always come up short in driving impactful decisions to a business. MMM experts should be able to identify the most valuable data sources for a particular industry that will help to drive decision making, Agencies should be able to provide the context that identifies the opportunity from the insight and all three parties must commit to a test and learn mindset where hypothesis are validated and experimental campaigns are run to uncover further opportunities.

When looking to leverage 1PD, marketers should look beyond their customer data to their marketing campaign data. We're seeing that the most effective marketers are taking the time to ensure that this data is well organised and then building the right partnerships with agencies and platforms to leverage it alongside customer data for the biggest impact.

summary: paths to unlocking successful ad measurement using first-party data

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The IAB Ad Effectiveness Council offers the following areas of guidance to marketers in the area of using first-party data for successful assessment of digital advertising:

It's time to intensifying the shift to non-cookie reliant methods including assessing the potential of employing first-party data in measurement systems.

Marketers are moving away from third-party cookie-based targeting and measurement in favour of relying on sustainable techniques using their own first-party data to create a single view of the customer and improve targeting, personalisation and omni-channel measurement of advertising impact.

The process of potentially employing first-party data for targeting and measurement requires organisational coordination, resource and investment. Companies need to aggregate and consolidate data into one place (e.g., data clean rooms, data lakes, etc.) in order to fully assess the data stack. This will enable them to identify any gaps, investigate and experiment with different combinations of first-party data, update data management approaches and invest in technology and data partnerships to fill gaps.

Offer value in exchange for data, get consent and manage data responsibly.

Make it easy for customers to see the benefits of sharing their data with you. Provide clear customer experiences that allow users to view and select specific data points for advertising and marketing purposes that they are comfortable sharing, while communicating the value that their data provides.

Understand and comply with current privacy laws and remain up to date on changing requirements.

It is critical marketers understand the legal considerations and obligations when handling and leveraging consumer data. Marketers need to understand and comply with current Australian Privacy Principles, under the Privacy Act 1988. The IAB also recommends keeping up to date on progress with next steps on privacy reform. Regularly check the IAB website for updates.

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Unlock the potential of first-party data by integrating data sources and linking them to marketing activities.

Unlocking the potential of first-party data depends on how well a company can integrate its data sources and link them to marketing activities. The most advanced marketers link all relevant data sources, online and offline, to define their target audiences and build a more complete picture of customers.

Marketers are developing deeper partnerships and direct integrations of data sets across the industry between agencies, technology providers, media owners, measurement companies and others with trusted sources of quality first-party data. These partnerships allow advertisers to match passive exposure and customer or respondent data and for true cross-media measurement.

Evaluate data partnerships that meet business objectives, provide scale and measurement capability.

Those without their own first-party data, or looking to supplement their first-party data, should evaluate data partnerships to ensure sufficient scale of data that can meet business objectives (ie data is fit for purpose), including capabilities in linking media exposure to sales for the purposes of measuring closed-loop attribution and incremental impact.

Explore the capabilities of privacy-enhancing technologies.

Privacy enhancing technologies offer businesses the ability to accelerate safe data collaboration, build customer intelligence, and maximise the value of data without relinquishing control or compromising consumer security and privacy.

The IAB recommends rigorously exploring the investment required and potential to ensure marketers can leverage the capabilities technologies such as Data Clean Rooms offer beyond privacy, including advanced measurement.

Look to new technologies, AI and machine learning.

For marketers with larger and more accurate data sets, advancements in AI and machine learning can offer an advantage. It's time to define how to use AI to build better ad experiences, help buyers and publishers find audiences, offer recommendations on how to improve performance and create better ads.

Cloud based platform solutions driven by powerful machine learning are enabling the development of Market Mix Modelling tools by unlocking more granular optimisation and faster delivery.

Leverage data generated by marketing activity that is inherently privacy-first.

Leveraging campaign data correctly, alongside other simple aggregated data sources in a Market Mix Model, can inform tactical campaign decisions along with broader strategies on pricing, channel mix, sponsorships and more.

Build data literacy skills.

With the evolving and new methodologies and technology available and increasing in popularity for marketers, education and a focus on data literacy remains paramount for businesses to succeed.

Create unified measurement systems, there's no silver bullet.

No one metric or measurement tool will provide the full picture of advertising effectiveness, even with a strong base of observable measurement using first-party data, gaps in the customer journey may still occur. To be successful, you'll need to use a blended approach to measuring media impact across channels, combining multiple measurement systems and using modelling to enable the most holistic and actionable measurement.

further resources

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IAB Australia, 1st Party Data Handbook

IAB Australia, Data Collaboration Platforms Explainer

IAB Australia, Data State of the Nation

IAB Australia and PWC Australia, Ad'ing Value: Impact Of Digital Advertising On The Australian Economy & Society

IAB Australia and Ipsos Australia, Digital Data Exchange: The Consumer View

IAB US State of Data 2023: Data Clean Rooms & the Democratization of Data in the Privacy-Centric Ecosystem

IAB Tech Lab, Data Clean Rooms: Guidance and Recommended Practices

training

IAB Australia and Salinger Privacy, Privacy Essentials for Media & Marketing Professionals