

Five Charts Explaining the State of Third-Party Data

Article

New **data privacy laws** and **misuse of consumer data** have made 2018 an **interesting year** for marketers that rely on third-party data.

Unlike first-party data that is directly collected by whoever uses it, third-party data is information that is collected by a company that doesn't have a direct relationship with users, e.g. when marketers purchase demographic data from data resellers.

The Interactive Advertising Bureau (IAB) and the Winterberry Group **estimate** that among US marketers, spend on third-party data increased by 17.5% in 2018 to \$19.2 billion.

Is Using Third-Party Data Risky for Marketers?

A June 2018 survey of 255 marketers worldwide by **Demandbase and Demand Metric** found that four in five respondents were concerned their **tech vendors could put them at risk** of violating the EU's General Data Protection Regulation (GDPR), which states that a user's personal data can be used only if that individual gives a company explicit permission. Companies who violate this law can be fined €20 million (\$25.5 million) or 4% of global revenues, depending on whichever is greater.

Researchers from **Deloitte and Duke University** polled 324 US marketers in August 2018 and found that there was a wide range in how worried marketers were about their third-party data usage raising privacy concerns. Just 10.7% of respondents said they were very worried, while 18.9% said they were not worried at all.

How Worried Are US Marketers that Their Use of Online and Third-Party Data Could Raise Privacy Concerns? Aug 2018

% of respondents

	Online	Third-party
1—not at all worried	15.6%	18.9%
2	21.3%	18.2%
3	15.6%	19.5%
4	14.4%	13.2%
5	12.5%	11.9%
6	10.6%	7.5%
7—very worried	10.0%	10.7%

Note: their company's use of customer data; numbers may not add up to 100% due to rounding

Source: Duke University's Fuqua School of Business, "The CMO Survey: Highlights and Insights Report - February 2018" commissioned by American Marketing Association (AMA) and Deloitte, Aug 28, 2018

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Are Marketers Abandoning Third-Party Data?

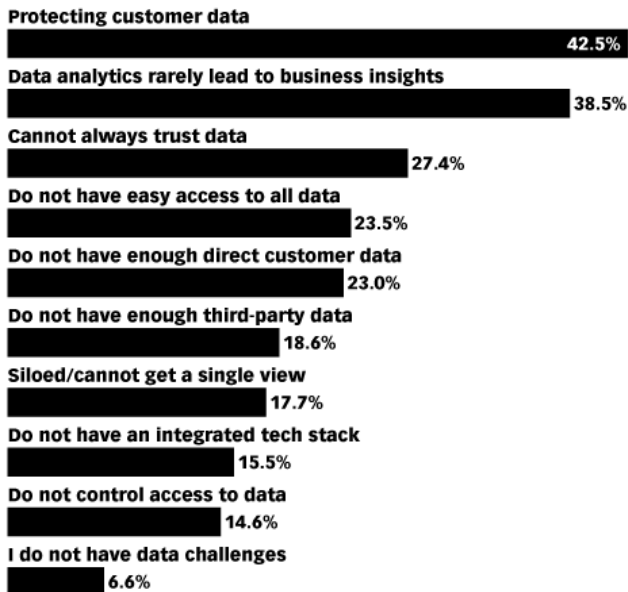
While third-party data may be losing some of its glamour due to rising data privacy concerns, few marketers can rely on first-party data alone to power their biggest campaigns. Third-party data is still a necessity for many marketers.

In fact, marketers' continued need for third-party data was reflected when data aggregator Acxiom was **purchased for \$2.3 billion** in July 2018.

In a September 2018 survey of 226 CMOs worldwide conducted by **Forbes Insights and The Trade Desk**, nearly one in five respondents said that one of their top data challenges is not having enough third-party data.

What Are the Top Challenges CMOs Worldwide Have with Data?

% of respondents, Sep 2018



Note: n=226
Source: Forbes Insights, "The Trade Desk - 2018 Survey" in partnership with The Trade Desk, Nov 12, 2018

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Are Marketers Changing How They Use Third-Party Data?

Because the GDPR has been in effect for less than a year, it is too early to decipher its affect on third-party data usage. However, there is some early evidence that the law may influence the way advertisers target users with third-party data.

In a spring 2018 study by **Sizmek** of 522 brand marketers in the US and Europe, 77% of respondents agreed that the GDPR will effect how they use third-party data to target people.

Brand Marketers in Europe and the US Who Expect GDPR to Impact Their Audience Targeting Capabilities with Third-Party Data, Spring 2018

% of respondents

	US	Europe	Total
Strongly agree	30%	29%	29%
Somewhat agree	46%	49%	48%
Somewhat disagree	13%	14%	13%
Strongly disagree	4%	5%	5%
Don't know/does not apply	7%	4%	5%

Note: n=522

Source: Sizmek, "Marketers Survey Results 2018: An Insider's Look at Media, Brand Safety, and Partnerships," Nov 14, 2018

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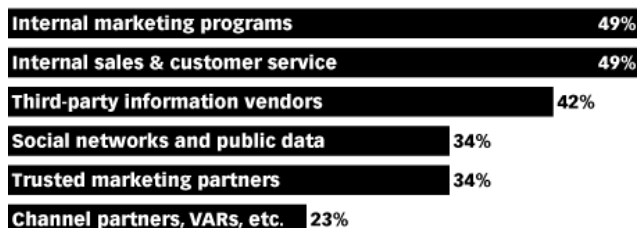
Why Do Marketers Continue to Value Third-Party Data?

In addition to needing third-party data to scale their campaigns, marketers also find it useful.

In a January 2018 poll by DemandLab of 96 marketing decision-makers in North America, 42% of respondents said that third-party information vendors are an effective data source for their marketing.

Effective Data Sources Used for Marketing According to Marketers in North America, Jan 2018

% of respondents



Source: DemandLab, "2018 Leadership Perspectives: Leveraging Data and Technology to Drive Marketing Success" in partnership with Ascend2, April 17, 2018

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What Challenges Do Marketers Have with Third-Party Data?

Because third-party data comes from an external source, it can be challenging for marketers to pair the information with the right person.

When Wipro surveyed 500 UK and US marketing executives in April 2018, 38% of respondents said that a barrier to improving their return on investment with marketing technology investments is integrating with the right customer and third-party data.

Barriers to Improving ROI on Marketing Technology Investments According to UK and US Marketing Executives, April 2018

% of respondents

	US	UK	Total
Changing the way marketing works	66%	63%	64%
Martech competency of my marketing team	51%	51%	51%
Integrating martech with other technology systems	43%	42%	43%
Integrating with the right customer and third-party data	36%	40%	38%
Customizing our martech platforms to different requirements for different markets	38%	37%	37%
Marketing competency of my technology department	31%	35%	33%
Changing how the organization works	31%	29%	30%

Note: n=500

Source: Wipro, "CMO Study" conducted by Coleman Parkes Research, May 29, 2018

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