Xaxis CEO: Data Privacy Concerns Driving In-Housing Activity for Some Advertisers

Greater mindfulness about consumer data leads advertisers to consider in-housing

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For years, bigger data was better data. The more data marketers had on their audiences, the better they assumed their segmentation, targeting and personalization efforts would be.

But with consumer data privacy concerns heating up, and the California Consumer Privacy Act (CCPA) on its way, a new era for advertising is dawning.

A Salesforce survey conducted in September 2018 shows marketers worldwide are moving in the right direction. But challenges persist with balancing privacy concerns against the use of behavioral, demographic and other data sets for common marketing tactics such as personalization.

Over half of marketers in that survey said they were already more mindful about the trade-off between personalization and privacy vs. two years prior. And 44% said they feel their brand goes beyond

regulations and industry standards to protect and respect customer privacy.

How Do Marketers Worldwide Feel About Their Organization's Approach to Personalization and Privacy?
% of respondents, Sep 2018

More mindful about balancing personalization and privacy than two years ago
51%

Our brand goes beyond regulations and/or industry standards to protect and respect customer privacy
44%

Balancing personalization and privacy is a challenge
35%

Complying with regional and/or local privacy regulations is a challenge
33%

Completely satisfied with our ability to balance personalization with privacy
30%

Source: Salesforce, "State of Marketing: Fifth Edition," Dec 13, 2018
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www.**eMarketer**.com

But roughly a third of respondents said they had difficulties balancing privacy and personalization, as well as complying with regional and local privacy regulations. Just 30% were completely satisfied with their ability to balance privacy and personalization.

These tensions are driving many marketers to more closely audit not only their data collection and usage practices, but also their larger marketing partnerships that depend on that data. Ahead of our 2019 US programmatic ad spending update, we spoke with Nicolas Bidon, global CEO of Xaxis, to better understand how data privacy concerns are affecting programmatic buying.

How are advertisers altering their programmatic ad-buying strategies in this more privacy-conscious environment?

As marketers better organize their data, some don't feel comfortable, in the context of regulation and security, handing over that data to third parties. For many, that's the first step to in-housing. It's about educating themselves on how they can better use their data—and it's about keeping that data close and building the technology bridge between their first-party data and the media landscapes.

Besides being more mindful of their first-party data, how else are advertisers adapting to this more privacy-centric marketing world, which now includes regulations like the General Data Protection Regulation (GDPR)?

At times, it's unclear what GDPR has meant in terms of its implementation and interpretation in certain European markets. However, one key development is the attention companies now put on understanding who their data partners are, what data is being collected, and making sure that consumers fully consent to sharing that data.

Another big change was actually moving from opt-out to opt-in. It's been a real mind shift for advertisers. And it has forced a lot of contractual discussion and agreement between partners. It also forced the industry to be more inventive with targeting audiences. Focus is back on things like the importance of premium content and less ad clutter.

You mentioned greater care with first-party data sometimes leads to in-housing. What type of in-housing activity are you seeing today?

More and more, we see clients owning their demand-side platform [DSP] technologies because they want to have one standard across the globe. They want to build that connection between their first-party data and a DSP only once, without having to worry about how they move it from one to another.

When you talk to the brands, sometimes they say, "Hey, we're in-housing." All they mean is that they now have a direct relationship with a trading desk, as opposed to the agency holding the contract. Is that in-housing? It's one form of it.

For your agency, is the in-housing trend worrisome?

There will be a mix of brands doing certain things in-house as well as those working with trusted partners to create successful digital marketing capabilities. For Xaxis, we know that the value we bring to a brand may come from our consultation—for example, how to best leverage first-party data in this new world, or perhaps designing a

machine-learning algorithm for them that's specific to their business and their outcomes.

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