Whitepaper: Data Management Platforms Demystified

What is a DMP? Do you need one? Find out how DMPs can help you achieve unprecedented targeting precision and scale across all of your online advertising programs.
Executive Summary

The term “data management platform” is tossed around lightly by many advertising technology providers today, but true, robust, scaleable DMPs are few and far between. In this whitepaper, marketers and agencies learn:

- What is a DMP?
- What can a DMP do for you and your advertising program?
- Do you need a DMP, what should you look for and how do you implement one?
- How do you integrate existing data assets, advertising platforms and campaign performance systems?
- What can you achieve in terms of improved targeting, audience segmentation and operational efficiency?

This whitepaper delivers an in-depth overview of DMPs and provides actionable, useful information for marketers and agencies hoping to implement a DMP to improve program outcomes.

Data rules...content may be king in media, but in advertising, it is data.

Marketers Celebrate Glimmers of Recovery,
TANZINA VEGA, March 9, 2011
# Table of Contents

**Section One: A DMP Overview** ........................................... 7  
What is a DMP? ................................................................. 8  
Who can benefit from a DMP? ............................................. 9  
What can a DMP do for you? ............................................... 12  
What can a DMP help you achieve? .................................... 13  

**Section Two: DMPs - A Deeper Dive** ............................. 14  
What main features should your DMP offer? ...................... 15  
What do advanced DMPs offer? ......................................... 17  

**Section Three: Getting Started with a DMP** .................... 20  
First Steps ........................................................................ 22  
Implementing a DMP ....................................................... 23  
DMP Ecosystem Touchpoints ............................................ 25  
Common Pitfalls ............................................................. 26  
Conclusion ........................................................................ 28
Introduction

Who are your customers?

What attributes define them?

Which exact products are they currently in-market to buy?

What are they likely to buy next?

How do you reach more of them?

How safe is this customer data and are you leaking gold without knowing it?
By analyzing a wealth of both first-party and third-party demographic, contextual, and behavioral data about customers and campaigns you can answer these questions. Marketers, agencies, and publishers can utilize this data to deliver targeted, one-to-one messages to consumers at the exact moments in the purchase process that customers are ready to buy.

But collecting, analyzing, managing, and acting on this first-party and third-party data is a complex challenge. As an advertiser, agency, or publisher, you need the right tool to manage your critical audience data assets. If you want to truly understand your customers, you need a Data Management Platform, or DMP.

Behaviorally-targeted advertising is 2.7 times as effective as non-targeted advertising.

The Network Advertising Initiative
The Value of Behavioral Targeting, HOWARD BEALES, March 24, 2010

You’ve probably heard a lot about Data Management Platforms, but what exactly are they and do you need one? This whitepaper will present a detailed look at DMPs, providing insights into how they work, what they’re used for, and what results you can expect.

At their core, DMPs are buyer-side platforms that allow advertisers and agencies to take control of their own first-party audience and campaign data, and compare it to third-party audience data, to make smarter media buying and campaign planning decisions. Using a DMP, advertisers and agencies can slice and dice their own online and offline first-party data to create audience segments for display, search, video, and social campaigns; apply it to ad campaigns targeting audience across the purchase funnel; and get visibility into the ROI each campaign delivered for each segment. DMPs also allow marketers to pull in and analyze all audience data (including third-party) – presenting a 360-degree view of how campaigns perform against specific target audiences.
When asked what would encourage them to **spend more online advertising**, 58% of large brand and agencies cited “better targeting of ads” – followed in second place by 49% of respondents citing “research proving that online advertising has a brand impact.

Forrester Research
The Audience Targeting Imperative, JOANNA O’CONNELL, October 8, 2010

A DMP can help advertisers and agencies solve their most pressing challenges. By putting audience data at the center of all their online advertising programs, a DMP helps advertisers and agencies answer the following questions:

- What are the specific targetable attributes of my audience throughout the purchase funnel?
- How can I leverage my own first-party online and offline audience data to more effectively target campaigns?
- How can I use insights from my data to perfect audience segmentation and increase campaign scale?
- How do I gain visibility into cross-platform performance metrics so I can adjust campaign parameters in real time?
- How can I effectively analyze large quantities of audience data to make smarter media buying and campaign planning decisions?

*Sample media providers*
section one:

A DMP Overview
What is a DMP?

Simply put, a DMP forms the backbone of all online advertising operations for an economy that has increasingly become more digital.

While several technology companies claim to provide DMPs, a “real” DMP provides marketers with centralized control of all of their audience and campaign data, helping them manage and analyze this data to craft, target, and optimize campaigns that reach more of the right people and drive improved ROI from their media spend.

**DMP [dee-em-pee] -noun**

A DMP is a centralized data management platform that allows you to create target audiences based on a combination of in-depth first-party and third-party audience data; accurately target campaigns to these audiences across third-party ad networks and exchanges; and measure with accuracy which campaigns performed the best across segments and channels to refine media buys and ad creative over time.

A DMP must be able to not only analyze a user’s first-party online and offline data, but also pull in data from third-party data sources to give you rule-based control over audience definition and ad distribution to DSPs, ad networks, ad exchanges, and publishers.

Using a DMP as opposed to a spreadsheet, a marketer or agency account manager can manage the day-to-day “plumbing” of all their online advertising campaigns in one dashboard – from campaign creation, audience profiling, media buying, and targeting, to optimization, measurement, and reporting. An enterprise-class DMP can scale to billions of data points, enabling marketers to slice and dice data to get both high-level and granular insights into which campaigns are working across various channels, which exact audiences specific campaigns are reaching, and what changes to make to be more effective.
Who can benefit from a DMP?

Advertisers and agencies today are faced with unprecedented challenges. With increasing competition and entrenched consumer “ad blindness”, brands must find ways to reach precisely defined audiences with relevant messages at the right time in the purchase funnel – or risk losing sales to competitors.

Yet few marketers are effectively analyzing all their disparate audience and campaign data to make better media buying decisions, more effectively target campaigns, and optimize creative to drive higher brand awareness and conversion. Instead of taking a data-driven approach to campaign management, many marketers have increased their number of campaigns across multiple channels (display, search, social, video, etc.) in a bid to reach more consumers. This fragmented approach – made ever more challenging by the complex ecosystem of ad networks, exchanges, DSPs, and bidding platforms – has resulted in a decrease in overall marketing ROI.

Audience-targeted ads increase frequency and exposure to the most relevant audiences at the most relevant times and have been shown to boost campaign ROI by at least 10%.

Rex Briggs, Author
ROI: Return on Investment or Return of Investment, 2009

DO YOU NEED A DMP?

If you answer yes to more than three of these questions, you need a DMP.

✓ Do you manage multiple online campaigns across different ad networks, exchanges, and publishers?
✓ Do you want to ensure you have control over your data assets, maximize segmentation, prevent leakage and monitor partners’ usage?
✓ Do you currently run retargeting? Would you like to enhance your scalability, niche-targeting and messaging capabilities?
✓ Do you want to better target campaigns to improve response rates, conversion, and brand recognition?
✓ Do you buy media placements, third-party audience data or bid on ad exchanges on a regular basis?
✓ Do you want to control advertising costs and improve overall ROI?
### Marketers

Marketers of all kinds stand to benefit greatly from DMPs—because these platforms help them achieve better campaign performance and overall ROI. Within a marketer organization, there are three main users of DMPs, and each will use the platform according to their unique needs. Below are some ways that specific users at a marketer organization use DMPs to improve success in their everyday jobs.

| VP OF MARKETING | • Empower my teams to buy audiences with minimal waste and scalable insights  
• Test offline models online  
• Leverage current CRM and LTV strategies for real-time decisioning and campaign enhancement  
• “Segment once, target anywhere”  
• Tailor messages to audiences based on prior behaviors/interactions (on site and off)  
• Find abandoners from my site and figure out why they left  
• Mine my own audience data from my site to get an enhanced understanding of my customers and to improve campaign messages and efficiency  
• Engage in brand-safe data mining and usage that’s compliant (or ahead of) legislation  
• House all of my audience data in one place where multiple partners can log in and utilize it based on pre-defined sharing and security parameters |
| SITE OPERATIONS/IT | • Prevent latency and circumvent traffic issues on my site  
• Ensure the security of my site for all customers  
• Own my own data and control exactly who has access to it  
• Minimize amount of tags on my pages  
• Analyze site traffic and patterns to get insights into customer interaction  
• Increase conversions on my site  
• Enable a support team to quickly address QA issues |
| PRIVACY/LEGAL | • Ensure that compliant and secure methods are used for all data collection and usage  
• Have a tight legal contract with restrictions and compliance to company policy—including a quickly executable opt-out clause  
• Include info on privacy and marketing uses of technology on my site (i.e. Privacy info)  
• Be at the forefront of privacy policy/impending legislation |

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WHITEPAPER: DMP DEMYSTIFIED - A DMP OVERVIEW
Agencies

Digital agencies today are in a competitive race to better serve their marketer clients, creating and delivering high-impact campaigns that reach the right audiences at the right time in the purchase cycle to measurably boost marketing ROI across segments and channels. Agencies stand to benefit greatly from DMPs, because they can use them to centralize client audience data to make better media buying decisions and optimize programs based on up-to-the-minute campaign and audience analysis. Here’s how key positions at an agency might use a DMP:

**ACCOUNT DIRECTOR**
- Understand competitive landscape and client’s role and position
- Empower my planners to execute quickly, easily, and with intelligence
- Streamline account management by housing all client audience data in a central place
- Keep a record of the performance and ROI of past plans and campaigns
- Innovate on campaign creative, targeting, and delivery
- Know exactly what kind of audience data I am buying and how it performs

**MEDIA PLANNER**
- Spend client dollars efficiently and predictably - with the best possible results
- Buy audience-targeted impressions (reach/scale/discovery) and get access to flexible, graphical reports that are easily shared
- Simplify planning to use fewer, stronger data, media buying, and ad network partners
- Implement a smooth planning process from RFP and launch to reporting/analysis
- House all client audience data in one place for de-duplication, scalability, and insights
- Optimize all media buys and campaigns based on detailed reporting

*WHITEPAPER: DMP DEMYSTIFIED - A DMP OVERVIEW*
What can a DMP do for you?

DMPs not only help advertisers and agencies improve the overall efficiency and ROI of their online advertising programs, but DMPs can also be used in specific cases to deliver targeted results. Here are a few typical use cases that advertisers can achieve with DMPs to improve specific components of their digital advertising programs.
What can a DMP help you achieve?

**Retargeting** - easily implement customized re-targeting campaigns based on specific activities and behaviors taken on or offline

**Prospecting** - seamlessly integrate with third-party audience data source to acquire anonymous data to achieve higher precision and scale with targeting campaigns

**Site optimization** - use first or third-party data to determine customized content for different consumers when they come to your website

**Audience Intelligence** - contrast your site audience against third-party data sources to learn more about specific audience attributes to target more likely converters

**Better ROI** - Use centralized media performance analytics to determine which audience performed and where to double down
section two:

DMPs - A Deeper Dive
What main features should your DMP offer?

Every DMP should offer a full-featured set of components that allow marketers to mine their own first-party data to get a deeper understanding of their customers and make more accurate audience buys. A DMP platform should allow you to “segment once, target anywhere” – leveraging existing CRM and LTV strategies to make real-time and long-term campaigns decisions. Here are five features every DMP should offer:

1. DATA COLLECTION

Every DMP should allow you to easily collect your first-party audience data in one place. This is usually done by placing a single tag on your site that brings all of your first-party data into the DMP. Your DMP should also allow you to import data from third-party data providers and other players in the online advertising ecosystem, so you can compare these data points against your own first-party data in one centralized place. Make sure you can also import ‘offline’ data from your own CRM systems, so you can analyze in-store behaviors and past purchases and target users anonymously online.

2. DATA CLASSIFICATION

Once you have all your first-party audience data in one place in the DMP, it should allow you to quickly organize this data into taxonomies. How you organize the data will depend on your business. An e-commerce site might use a DMP to classify purchase data into descending taxonomies such as clothing, kids, boys, shoes, sneakers, etc. Classifying your site data into taxonomies like this is the first step toward building distinct audience profiles.

3. DATA ANALYSIS

Once you’ve classified your first-party data into taxonomies, you can begin to analyze it to more clearly understand customer intent. By analyzing data about visitors’ past purchases, clicks, preferences, and propensity to respond to certain offers, you can begin to use these insights to create specific customer segments.
4. DATA TRANSFER

Once you’ve collected, classified, and analyzed your first-party audience data in your DMP, you should then be able to leverage that data by transferring it directly to the largest ad networks, exchanges, portals, DSPs, and trading desks to make accurate media buys targeting your pre-defined segments. Your DMP should work seamlessly with the largest players in the display, search, and social advertising ecosystems.

5. SCALABILITY

Today most companies face a data deluge. From audience data, CRM data, campaign data, third-party audience data and beyond, marketers and publishers have millions of data points at their disposal. A DMP must be able to scale to millions of data points and analyze all of these simultaneously to deliver critical insights.

Look for a Privacy Expert in your DMP Provider

Collecting and analyzing first- and third-party audience data requires 100% compliance with privacy regulations. When choosing a DMP, a critical deciding factor should be the strength and reputation of its consumer data privacy and protection standards. Make sure the DMP you choose offers a white-label registry, providing complete transparency to consumers on the data that is collected when they navigate your website. Lastly, make sure your DMP providers can provide guidance and tactical solutions on transparent consumer opt-out option, data retention, and compliance recommendation around new policies and browser do-not-track activities.
What do advanced DMPs offer?

If you are a professional marketer committed to getting the absolute most out of every campaign – striving for maximum ROI and the conversion optimization – then you’ll want a DMP that offers advanced features. If you need to maximize every marketing dollar spent, you need a powerful DMP that delivers deep, brand-safe data mining to empower media teams to buy target audiences with minimal waste and scalable insights. Some of the features you should look for in an enterprise-class DMP include:

TAG MANAGEMENT
This feature enables marketers to actively monitor all of the tags that fire off of their sites, providing a robust interface for controlling secure data transfer, protecting latency, and monitoring tags. Advanced tag management should also enable marketers to set up a spectrum of privacy and control measures for data access and sharing, provide the ability to categorize and assign varying levels of rights to advertising partners. Tag-based audience management also enables users to consolidate disparate audience data from multiple sources into one private hierarchical data taxonomy. Finally, look for features that will enhance your users’ experience including the ability to monitor pixel latency with policing features, so you can leverage complex logic that turns off vendors who are slowing down page loads.

AUDIENCE SEGMENTATION
You want the ability to achieve world-class audience segmentation by leveraging your own private first- and third-party data assets. A DMP should include a dashboard that allows marketers to “slice and dice” their first-party data by taxonomy, segment, campaign, and/or ROI outcomes compared against third-party data. Advanced audience segmentation features go beyond simple targeting, enabling you to create thousands of highly-relevant segments within the DMP to reach audiences with the right message at different stages of the purchase funnel. These
audiences can be broad or quite granular. For example, you might create an audience segment such as “women shoppers who frequently buy shoes and respond to free-shipping offers”.

MEDIA INTEGRATION
An advanced DMP allows marketers to easily share their audience segments with ad networks, trading desks, portals, and DSPs to serve targeted ads and reach audiences real time. By using your DMP to safely and securely share your data with these partners, you can “plug and serve” highly targeted ads to your pre-defined target audiences across the web. Your DMP should also enable you to seamlessly and efficiently share your audience data with your agency partners who make media buying decisions.

CAMPAIGN ANALYTICS
With all this critical audience data in your DMP, you need an easy-to-use tool to understand it. An advanced DMP should provide one single dashboard where you can measure and compare campaign performance for specific audiences across digital channels (including display, video, search, etc.) – replacing manually-aggregated spreadsheets and reports. It’s critical this dashboard be easy to use for marketers – not made for IT people – so you can clearly see campaign performance and optimize media spend based on your findings.

AUDIENCE ANALYTICS
Aside from just seeing how campaigns are performing, an advanced DMP should show you how your audiences are performing. Your DMP dashboard should provide clear insights into how any audience segment is performing at any given time. You should also be able to measure how specific audiences interact with campaigns on each channel (display, video, search, etc.), so you can see which channels deliver the highest ROI for specific segments. Your DMP should enable you to generate reports showing all data attributes associated with a specific audience from all available data sources – so you can engage in new audience discovery, ongoing audience optimization, and expansion of your campaign reach to new segments.
DMP Checklist

Many companies offer dashboards of standalone features they claim are DMPs. Simple tools like this are not DMPs. A full-featured DMP offers all of the below features.

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<th>TAG MANAGEMENT</th>
<th>AUDIENCE MANAGEMENT</th>
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<td>• Universal container tag</td>
<td>• On-demand 3rd-party data</td>
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<td>• Latency protection</td>
<td>• Complete access to 3rd-party Intent data</td>
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<td>• Ability to set custom latency windows</td>
<td>• Exclusive 3rd-party data partners</td>
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<td>• Anonymous data pass with user privacy protection</td>
<td>• Ability to organize 1st-party data</td>
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<td>• Ability to ingest 1st-party data from site</td>
<td>• User interface for audience management</td>
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<td>• Searchable data taxonomy</td>
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<th>MARKETING ANALYTICS</th>
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<tr>
<td>• Campaign data ingestion</td>
<td>• User interface for visualization and reporting</td>
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<td>• Campaign data ingestion via APIs</td>
<td>• Shareable real-time reporting</td>
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<td>• Less than one week for dashboard setup</td>
<td>• Offline data match technology</td>
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<td>• Scalable data storage and processing</td>
<td>• Optimization modeling</td>
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<td>• Robust interactive dashboarding</td>
<td>• Audience analytics: lookalike modeling and discovery reports</td>
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<td>• Exportable reporting</td>
<td>• Audience inventory forecasting and projections</td>
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<tr>
<td>• House audience data and media data in one platform</td>
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section three:

Getting Started with a DMP
Now that you’ve decided a DMP is right for you, **it’s time to get started**. Implementing a DMP should be simple, as most DMP platforms are SaaS-based and require just a tag or two to be installed on your site. However, there are some critical steps you’ll want to consider before diving into the DMP game.
First Steps

IDENTIFY YOUR DATA
Valuable data exists in many shapes and forms, be sure you don’t leave a cookie unturned! Data types you will want to analyze in your DMP include: page metadata, search queries, category names, product names and IDs, product prices, cart totals, order confirmations, data in your cookie, user engagements (video views, downloads, posts, comments), offline store data, etc. The sources of this data can be: your website, microsites, apps, email, CRM, web analytics, a data warehouse, or third-party marketing tools. Make sure to find all of your critical data, even if it means digging a bit.

PROTECT YOUR CONSUMERS
Ask yourself, would I be comfortable showing my consumer every detailed piece of data I am collecting about them? If the answer is no for any data element, exclude it from your DMP data collection efforts. As a guideline, do not store data related to these general categories: personally identifiable information (PII) such as email address, phone number, full name, or anything that can be traced back to an individual; sensitive browsing behavior such as violence, drugs and alcohol, pornography, medical conditions, etc.; any data on minors.

LET EXPERTS HELP YOU
You should make sure your DMP provider is staffed by data, privacy, and marketing experts who can help you collect and organize your data, while ensuring it respects consumer privacy.
Implementing a DMP

DATA COLLECTION IMPLEMENTATION

First, you will need to implement a pipeline between your data sources and your DMP. For web-based data, this typically means implementing a data collection tag across areas of your site where users portray meaningful behavior. For offline data, this involves utilizing a “match partner” to match against a non-PII key that is present for users both offline and online.

BUCKET USER ACTIONS

Begin to classify user actions from the perspective of intent. Based on your data, organize users into four categories:

- **INTEREST**
  Merely interested in your product/service, such as reading an article or watching a video related to your product/service.

- **INTENT**
  Has the intent to buy, such as viewing a product page, conducting a search, or building/customizing a product or service.

- **CONVERSION**
  Has purchased the product/service or submitted their contact information.

- **INITIATION**
  Is about to complete a purchase, having added the product/service to their cart, began to fill out a lead gen form, etc.
STRUCTURE YOUR DATA
Take a crack at organizing your data into a taxonomy that makes sense for your business and advertising initiatives. A good starting point is your taxonomy. Think about the basis that you currently use to customize advertising messages to your consumers – such as by product category, by product, by loyalty, by price point, by engagement level, etc.

CLASSIFY YOUR RAW DATA
Every raw private data point will need to be mapped to your data taxonomy. You may have such a mapping established, but if not, have no fear, most DMPs will offer professional classification services to help you with this or completely take it off your hands.

What is a taxonomy?
A data taxonomy is a hierarchical visualization of your audience data. It’s essentially a site map for organizing all of your data assets vs. web content. For example, an e-commerce marketer may organize their high level taxonomy by product category and products.
DMP Ecosystem Touchpoints

A DMP touches many different aspects of your company’s business and many different external partners. Here’s an overview of the critical points in your DMP ecosystem.

**YOUR AGENCY**
If your agency does all your media planning, they will most likely need to be educated on your DMP solution. Your DMP vendor should offer such training or may already have a partnership established with your agency, in which case your agency will be fully versed on the solution.

**YOUR COMPANY**
Your DMP solution will touch several points of your infrastructure from both a technical and business perspective. On the technical front, your DMP will touch your site, your apps, your offline data store, etc. On the business front, your DMP will touch your marketing team, your analytics team, your development team, and your operations/media planning team if you handle media planning in-house.

**YOUR MEDIA SOURCES**
In order to transfer your data to your media sources, you will need to establish a business and technical handshake with your media sources. The business relationship will most likely already exist, but the technical integration may need to be implemented. A good DMP will have both a solid and pre-existing business and technical integration with your key media sources.
Common Pitfalls

If you have the right DMP partner, the road to implementation is usually smooth, but there are a few pitfalls to avoid. Make sure to avoid the following problems by picking only a high-quality DMP.

**INFLEXIBLE TECHNOLOGY**

If your DMP solution requires you to sign in blood when it comes to setting the structure of your taxonomy, the DMP will inevitably turn into an expensive paperweight that limits your marketing team as your business expands and your marketing strategies evolve. From the beginning, make sure your taxonomy structure is as flexible as a yoga instructor with the option to change the data mapping (e.g. `productName=Basketball_Shoes` now gets bucketed into Active Apparel rather than Sports Equipment) as well as the physical structure of the taxonomy (e.g. moving, deleting, or renaming nodes).

**SPREADSHEET-BASED ANALYTICS**

A robust DMP solution will include flexible reporting and analytics dashboards that enables real-time data computing and audience intelligence. DMPs should have real-time computing capabilities that allow you to store grouping and renaming of placements or creatives, save custom reports that are automatically updated, and create flexible custom metrics that are tailored to your needs. Do not accept complicated spreadsheets as a substitute for sophisticated data analytics.
LACK OF ADDITIONAL DATA
A DMP is not only about organizing your own data, but also combining your data with third-party sources to drive more robust analytics, insights, and targeting. If your DMP does not naturally tie into third-party data sources from a technical and business perspective you may encounter the following issues:

• Need to strike net new business deals with third-party data providers
• Need to implement one-off technical integrations with multiple third-party data providers
• Additional third-party data cost hurdles
• The ultimate inability to integrate with a valuable third-party data source

A FLASH-IN-THE-PAN DMP
The DMP market is being flooded with new players. Analyze the business model, the funding, the reach, the services and execution, and brand strength of each DMP provider and make sure you are confident they will still exist 5-10 years from now. It is also important to examine the vision of the company and determine whether DMP is a key focus or an afterthought.

NOT HAVING A DMP
The bottom line is that a DMP is essential to organizing and managing your valuable first-party data assets. It will play an instrumental role in taking your online and offline advertising to the next level. With a DMP, you can begin to more deeply understand your consumers and their needs, and deliver to them relevant and compelling marketing messages via any marketing touchpoint – including display, search, email, TV, radio, and mobile.
Conclusion

Advertisers and agencies today are engaged in an all-out battle to find, target, and engage key audiences. In a world of increasing advertising ‘noise’ and consumers who ignore one-size-fits-all messages, marketers need the most robust tools in their arsenals to effectively connect with audiences. To elevate their brands and products above the noise, smart marketers are putting data at the center of every advertising decision. With a data-driven approach to marketing, everyone wins. Consumers get relevant, timely, engaging messages that resonate with their wants and needs. Advertisers connect with the right audiences at the right time in the purchase cycle, generating more sales and higher marketing ROI. And all of the players in the advertising ecosystem – marketers, agencies, ad networks and exchanges, DSPs, data providers, and publishers – are able to more efficiently manage their inventory and processes to deliver best-in-class results.

DMPs are the glue that hold all of a marketer’s key advertising data together, providing one comprehensive platform to help marketing organizations and their agencies take control and make sense of their private first-party data, achieve world class audience segmentation, reach targets everywhere and create a closed-loop feedback for optimized media planning.
Sponsored by BlueKai

Designed from the ground up for advertisers and agencies, the BlueKai Data Management Platform is the industry’s most comprehensive solution for collecting, managing, segmenting, sharing, and analyzing private audience data from a single integrated interface. For more information about how your organization can put data at the center of every advertising decision to achieve unprecedented ROI, visit www.bluekai.com/platform to find out how BlueKai can help.