

Expanding the Addressable Universe

PUBLISHER FIRST-PARTY DATA



Key Takeaways

1	Audience addressability and identity resolution have become increasingly difficult for publishers and marketers due to increased fragmentation and signal loss.
2	Publishers can tap into their own first-party (1P) data to combat addressability challenges and to optimize their audience and identity strategy.
3	FreeWheel Advisory Services has broadly categorized the approach publishers can take to 1P data strategy into four phases: <u>Design, Develop, Execute, Optimize</u> .
4	As publishers encounter, and at times contribute to, fragmented identifiers, they require solutions for secure interoperability across identifiers.

Unraveling the Complexities of Audience Addressability

It's not news: It has become increasingly difficult for advertisers to deliver relevant, audience-targeted campaigns. Compounded with more persistent challenges that have always affected audience targeted campaigns (like ensuring reach and scale), new obstacles have emerged that further accelerate signal loss and force the industry to adapt. Among them are:

Fragmented Viewership & Proliferated Identifiers

In H2 2023, 78% of ad views in the U.S. occurred on connected TV (CTV).¹ This inventory has been historically nuanced to manage given the absence of cookies for managing identity and profiling, forcing advertisers to rely on IP addresses (which are unreliable) and device IDs (which are more diverse for CTV than for mobile). Meanwhile, publishers are faced with a near-impossible task of running cross-device, holistic audience-targeted campaigns because audience data sourced from data management platforms (DMPs) and customer data platforms (CDPs) can be limited in scale depending on identifier composition (IP address, MAIDs, cookies, etc.).

Distributor Inventory Blind Spot

Distributor supply has traditionally been a black box for audience targeting due to the tight control that distributors maintain over their subscriber and household data, and their hesitancy to share this data downstream.

1. FreeWheel Advisory Services' 2H 2023 Video Marketplace Report. Realizing the Live Opportunity. https://www.freewheel.com/insights/reports/freewheel-video-marketplace-report-2h-2023



Privacy-Centric Legislation

Data privacy laws gained significant attention in the United States following the enactment of the California Consumer Privacy Act (CCPA) in June 2018. Despite the recent introduction of legislation like the American Privacy Rights Act (APRA), there has been limited progress on federal privacy legislation, with states now implementing their own laws in the absence of comprehensive federal legislation. As of early 2024, 18 states had enacted comprehensive data privacy laws, with more expected in the future.

Corporations Following Suit

The industry faces fallout from third-party (3P) cookie deprecation, limiting user tracking on internet browsers. Most recently, Google issued an update stating a further postponement in phasing out cookies on Chrome, though no revised timeline has been provided.

Meanwhile, audience-targetable inventory and data-rich insights are becoming increasingly valuable. As shown in <u>FreeWheel Advisory Services' 2H 2023 Video Marketplace Report</u>, ad views utilizing audience targeting experienced a 76% year-over-year growth in 2023, relying more on behavioral targeting than demographic. Because of these challenges, U.S. publishers running audience-targeted campaigns are exploring alternative strategies to adapt, adopting more proactive solutions to address fallout and signal loss. At the forefront of these efforts is first-party (1P) data mining and identity resolution solutions.

While the concept of Identity is inextricably linked to Audience, let's examine delineation between the two:

AUDIENCE: A group of individuals or households with shared characteristics to be targeted by an ad. **IDENTITY:** The ability to identify a person by connecting online (i.e., CTV IDs, IP addresses) and offline (i.e., name, postal) identifiers.

The Unique Value of Publisher 1P Data

Publishers have long been expanding 1P data libraries. In the context of digital advertising and marketing, data is often categorized based on its source and ownership. 1P data is notably:

Often already available

Publishers have direct relationships with their viewers and have the unique opportunity to collect 1P data through various touchpoints.

Considered inherently more reliable and valuable for advertisers and publishers

1P data provides direct insights into user behavior and preferences within a specific context.

Uniquely excluded from the level of scrutiny reserved for 3P tracking mechanisms due to how it is collected

1P data is directly from user interactions with publishers' platforms and with user consent.

1P Data & Other Data Classifications

	Zero-Party (0P)	First-Party (1P)	Second-Party (2P)	Third-Party (3P)
What is it?	Data that users proactively provide to publishers. Unlike other types of data, zero-party data is explicitly given by users and often includes interests and specific preferences.	Data that publishers collect from users via a direct relationship publishers have with those users. This often occurs through user touchpoints like account registration and website or D2C app usage.	The 1P data of an entity that has been shared or sold to a publisher.	Data that is collected and / or aggregated by providers that are not directly affiliated with the entities using the data. This often includes demographic data, behavioral / contextual data, and transactional / financial data.
How is it collected?	 Surveys and feedback forms Preference centers and personalization features Contests and promotions 	 User account information Website and D2C app Subscription services 	 Partnerships with other publishers or entities, e.g.: Publishers may share audience data with advertisers in exchange for ad space or other benefits Data-sharing and licensing agreements Platform integration 	 Data brokers, data aggregators, virtual marketplaces which source data from, e.g.: Website visits Online transactions Offline sources Public records
Advantages	 No incremental cost to us Publishers don't have to p targeting when using 1P s increase publishers' margi Direct control over its col Publishers maintain end-t a reduced reliance on exterintermediaries. Publishers options for their users but 1P data with implied conset Competitive advantage: 1 unique insights to advertise otherwise untapped. Increased value: Generally trustworthy, accurate, and based upon direct user interimediation 	ay a 3P CPM for audience egments, which can ins. Ilection, storage, and use: to-end oversight, with ernal sources and a must provide opt-out can otherwise collect ent. IP data presents sers that may be y considered more d relevant due to it being	 Wider-ranging array of audiences to target: Publishers likely lack the ability to derive certain segments from their own 1P data library (e.g., first-time home buyers). Enhanced scalability: 1P data is limited in size to the users for which publishers have a relationship with whereas 2P and 3P segments provide the added reach that advertisers may require. Publisher-agnostic: Advertisers can use the same 3P audiences across their buy. Less resource-intensive: Audience strategies that exclusively source from 2P and 3P parties alleviate the need for significant investments in technology, infrastructure, and personnel required for 1P data collection. 	
Challenges	 Limited scale and insights Resource and investment intensive Potential data silos 		 More strictly regulated for use of targeting Increased reliance on external sources and intermediaries Less transparency into data quality and accuracy Can be costly 	

Defining a 1P Data Strategy

Today, we continue to see an expansion in the use of publisher 1P data to inform 1P audiences. While increased privacy concerns have impacted advertisers' ability to track and target users across digital endpoints, they do not directly affect the collection and use of 1P data by content owners. In fact, the shift towards privacy-centric practices and the emphasis on 1P data present opportunities for publishers to strengthen their relationships with users and to enhance data-driven audience-targeting capabilities.

So, how are publishers facing these challenges today? How are they benchmarking themselves? What are they prioritizing? The foundation can be set in a defined 1P data strategy.

PUBLISHER 1P DATA STRATEGY: The capabilities and practices used to collect, protect, target, and manage 1P data to guide decisions and strategies within a publisher's ad operations.

FreeWheel Advisory Services has broadly categorized the approach publishers can take to 1P data strategy into four phases: **Design, Develop, Execute, Optimize.** These phases are intended to help publishers and their data and ad operations teams assess where they stand in their 1P data journey, and the steps needed to further progress.



Publisher 1P Data Strategy Approach

ک Phase 1: Design	Identifying 1P data and determining how to collect and manage it.	 What offline data points do you currently have access to, or might you have the potential to uncover? What unique audience data could you develop for competitive advantage? E.g., sports, entertainment, etc. Through what methodologies are you collecting 1P data? E.g., Does all content require authentication, or only premium or tentpole content? How will data be stored and what sort of data quality, governance, and security practices will be implemented?
Phase 2: Develop	Leveraging your network of partners and technologies to incorporate 1P data.	 What solutions do you leverage to build audiences? E.g., Will segments be built in-house or will you leverage an external DMP or segmentation tool? What sort of audience and identity capabilities does your DMP, SSP, and/or ad server offer? E.g., SLAs for custom and/or 1P segment ingest and onboarding.
Phase 3: Execute	Delivering 1P data-targeted campaigns and deriving valuable insights.	 How do your 1P audiences perform on audience-targeted campaigns? What forms of data and measurement are critical to your business? E.g.: <i>On-target and match rates:</i> Determining what percentage of impressions reach the intended audience. <i>Reach:</i> Determining the maximum size of an intended audience within specific inventory and time frame. <i>Frequency:</i> Controlling how often individuals are exposed to the ad. <i>Attribution:</i> Determining which touchpoints contribute to a conversion.
野前 Phase 4: Optimize	Expanding your impact.	 Do you share or permission your 1P data to partners? Do you source 2P data from partners? How are you leveraging your 1P authentication data to capture the person or household view instead of just the device? How can modeling / data science be applied to your 1P data to further your audience strategy? How can 3P data be modeled onto 1P data? What contextual targeting and identity resolution solutions, like identity graphs, are you integrated with? What sort of scale or lift are you seeing by using these tools? What other identifiers are your 1P IDs eligible to be interoperable with using these tools?

The Identity Resolution Challenge

As valuable as 1P data can be, publishers still need solutions for scale and identity resolution. Identity resolution refers to the process of linking multiple identifiers across various platforms and devices to create a unified view of an individual user. Moe Ismail, FreeWheel Executive Director of Product Management, recently discussed common industry questions on the state of identity and the unique challenge publishers face –

When sharing content across platforms, [publishers] lose direct connections with consumers in their D2C applications, disrupting the ability to maintain these ties. There is a critical need for an identity solution that offers a privacy-forward way to achieve unified planning, targeting, and measurement across owned first-party, as well as permissioned second-party, IDs at scale.

A plethora of IDs that aren't interoperable does little to address the industry's current lack of addressability. As more unique identifiers emerge in the digital ecosystem, it is essential to ensure resolution across these identifiers. In other words, these IDs cannot operate in isolation; they must be able to translate to other identifiers. Publishers require the tools to unify their 1P IDs across other ID types, eventually creating interoperable IDs. This challenge is being addressed in a variety of ways, including use of identity graphs and clean rooms.

Identity graphs are intended to consolidate and link disparate identifiers across disparate devices, platforms, and touchpoints into a single, comprehensive user profile. They are intended to solve for cross-device proliferation. Clean rooms are intended to allow for safe, secure, and explicitly permissioned sharing of data sets, without directly exposing or transferring personal information (PI) or sensitive data. They allow for a translation layer between universal IDs, 1P IDs, and other 3P identifiers.

What about Universal IDs?

Universal IDs, sometimes referred to as cross-device IDs, are intended to enable cross-platform tracking and targeting. Like 1P IDs, the impetus of universal IDs is user interactions – such as providing a name, email, or phone number in exchange for content, information, or a service. While both 1P IDs and universal IDs are based on user-provided information and used for user identification and tracking, Universal IDs are used across different entities whereas 1P IDs are typically used within the context of a single company's ecosystem.

Evaluating Audience and Identity Solutions

Interoperability is a collective effort. No matter where publishers are in their 1P data strategy, it is important that they have an audience ecosystem (i.e., platforms, tools, and partners) that can support it. Elements of this support may include:



Audience Activation

The ability to upload 1P and 2P audiences, combine 1P and 2P audiences with 3P data sets, and generate real-time sizing.



Audience Expansion

Access to an identity graph, allowing for the expansion of 1P, 2P, and 3P segments.



Audience Marketplace

Direct and consolidated access to off-the-shelf 3P audience segments, limiting the need for individual contracts and integrations with various data providers.



Audience Insights and Measurement

Reach, frequency, view-through rates, conversions, and ad recall, unified across platforms and devices.

Audience Manager is FreeWheel's audience management solution that allows publishers to source audiences and activate campaigns across fragmented pools of inventory within a single workflow. It's supported by FreeWheel's newly rearchitected audience infrastructure, offering improved functionality for ingesting, building, managing, and targeting 1P, 2P, and 3P audience segments.

Supporting Audience Manager is the <u>FreeWheel Identity Network</u> – the most robust all-screen, person-, and householdlevel identity spine in the U.S. and Canada. The FreeWheel Identity Network facilitates real-time identity resolution and allows for interoperability across 1P, 2P, and 3P IDs, allowing publishers to more easily capitalize their own 1P IDs, and their universal ID partnerships.

Audience Manager and FreeWheel Identity Network are available now to publishers in the U.S. and Canada.



Conclusion

Audience addressability continues to be a hot topic for both the buy-side and sell-side. Privacy-centric initiatives like data privacy legislation and cookie deprecation aim to anonymize users. However, as more identifiers disappear, publishers don't only lose the ability to deliver audience-targeted campaigns; they risk losing functionality to optimize the viewer experience. FreeWheel Advisory Services recognizes the challenges publishers are facing, as well as the unique and valuable opportunity posed by their own first-party (1P) data. Equipped with a robust and defined 1P data strategy as part of an overall audience and identity strategy, publishers can address these challenges and uncover opportunities to optimize advertiser offerings while preserving the viewer experience.

About FreeWheel

FreeWheel empowers all segments of The New TV Ecosystem. We are structured to provide the full breadth of solutions the advertising industry needs to achieve their goals. We provide the technology, data enablement, and convergent marketplaces required to ensure buyers and sellers can transact across all screens, across all data types, and all sales channels, in order to ensure the ultimate goal – results for marketers. With offices in New York, San Francisco, Chicago, London, Paris, Beijing, and across the globe, FreeWheel, A Comcast Company, stands to advocate for the entire industry through the FreeWheel Council for Premium Video.

For more information, please visit <u>freewheel.com</u>.

About FreeWheel's Advisory Services Team

FreeWheel's Advisory Services is a team of dedicated consultants who combine product, business, and industry experience to strategically help clients drive business outcomes. With skill sets that range from ad operations and programmatic to yield management and data science, our global team provides strategic insights, managed services, and consulting and professional services.

For more information, please visit freewheel.com/advisory-services.



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Lead Consultant on the Advisory Services team, Lauren primarily works with FreeWheel's publisher clients with an emphasis on ad delivery optimization and ad operations process improvement. Most recently, she has been focused on publisher audience and identity enablement. Prior to FreeWheel, Lauren started her career in tech consulting across media and financial services organizations.