



3 Q WHITEPAPER SERIES

To DMP or Not to DMP? A Complete Guide

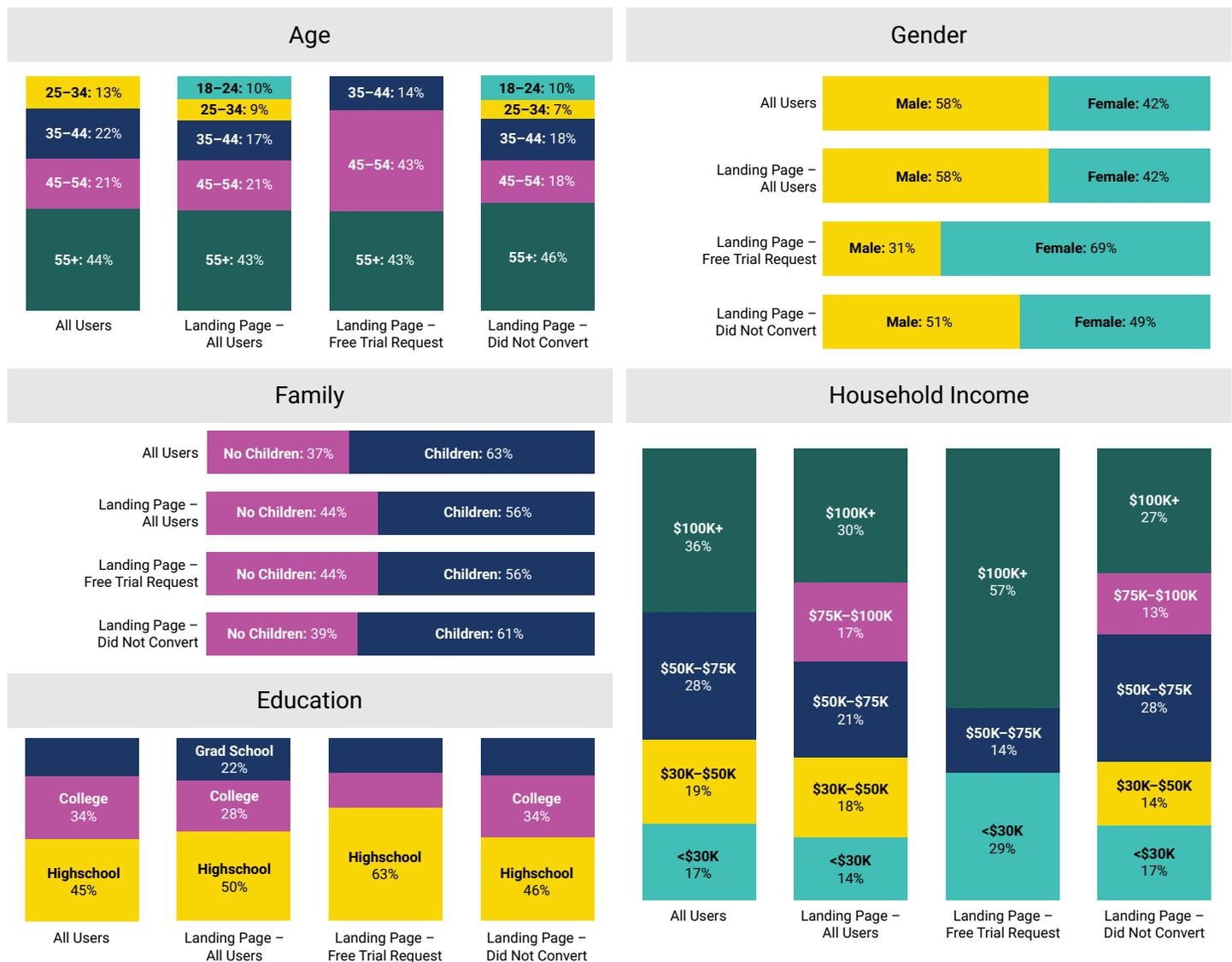
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Is a DMP right for you, and what will you need to be successful?

Data Management Platforms (DMPs) have been gaining more popularity over the last few years, and rightfully so. They hold the power to uncover vast amounts of hidden potential within your mountains of data. Some of the key benefits include:

- Unifying data across platforms
- Driving engagement
- Scaling audiences
- Reducing ad waste



DMP data informing behavior by audience segment.

These benefits have translated to some major wins for companies that have utilized the technology. According to a Forrester TEI Report on DMP usage, published in September of 2013, companies interviewed saw really impressive results¹:

- Average 2x increase in sales conversions
- Savings of 20 percent (or more) on media costs
- Up to 50% savings on data costs
- Investment in the DMP recouped in as little as 3.5 months

These are pretty incredible outcomes, especially for as far back as 2013 when marketers were far less sophisticated with their data. Since then, DMPs have had monumental impacts on how companies understand, segment, and target customers. We find this to be especially true as data-informed media buying practices like programmatic advertising (expected to grow to 70% of online display inventory by 2021) take a dominant position in the media space².

So with such promising outcomes, what are you waiting for? Spoiler alert: not every company is a good fit for a DMP. But how do you figure out whether yours is? One method is trial and error, but I wouldn't recommend this. I've seen companies waste a lot of money implementing DMPs that, figuratively speaking, never see the light of day. DMPs aren't one-size-fits-all, but after working with numerous companies across a range of industries and verticals, on most of the major DMP platforms, I've gained a good understanding of what characteristics will lead to success.

In this whitepaper, we'll help you determine if your company is in the right stage to take on a DMP and what questions you need to ask when choosing a tool. Then we'll provide a checklist of items you'll want to have in place before getting started—so that if you do decide to move forward with a DMP, you'll be fully prepared to drive maximum ROI.

1. Data Activation Results. (2014). Retrieved August 15, 2017, from <https://www.oracle.com/marketingcloud/content/documents/whitepapers/data-activation-results-wp-oracle.pdf>
2. Bidel, S., Merlivat, S., Parrish, M., Chien, A., & Glazer, L. (2017, June 1). FOR B2C MARKETING PROFESSIONALS The Forrester Wave™: Data Management Platforms, Q2 2017. Retrieved August 16, 2017, from https://kloudrydermcaas.com/forrester_s3.amazonaws.com/mcaas/Reprints/RES136171.pdf

Are you ready for a DMP?

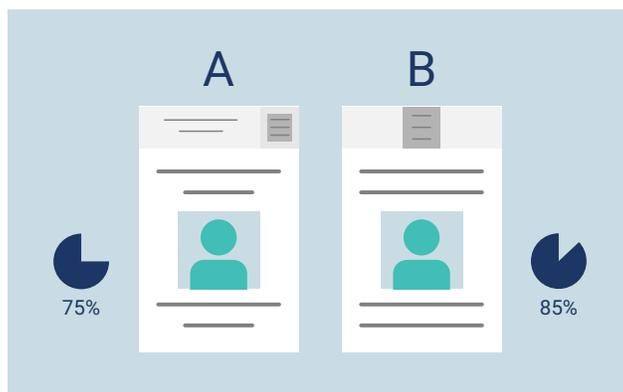
Here is a general set of guidelines that should help. I've broken it down into three categories:

1. Companies that are ready to implement a DMP now. They have the right resources and right amount of data to be successful.
2. Companies that should not consider taking on a DMP *right now*. That doesn't mean they can't be successful in the future, they just aren't likely to be successful now.
3. Companies that are a mix. They have some of the characteristics needed to be successful but need a little outside support.

Here's the breakdown:

1. A DMP is right for your company if you can:

- Specify use cases for all stakeholders in the company
- Gain cross-departmental buy-in
- Track the same conversions that success is judged on throughout the company
- See at least ~200 conversions for your key KPIs in a month
- Accept the findings. The data may reveal some surprising findings about your audiences. You need to make sure your team is willing to change strategies based on what you discover



Does this sound like you? Congratulations! You are a good fit for a DMP. Skip ahead to the next section on choosing a tool. If the above qualifiers don't sound like you, continue reading below to see which of the next two categories you fall into.

2. A DMP is *not* a good investment for you right now if:

- You are looking for a tool to automate media buying. Turn back now! You are actually looking for a DSP (demand-side platform). These acronyms frequently get confused.
- You don't have a tag management system and can't implement one
- You don't have enough traffic and conversion volume (<200 conversions per month) for the insights to be statistically significant and impactful
- You do not have interest in segmenting your campaigns by audience types or personas
- No department is willing to take ownership of continued DMP maintenance
- Team members are very set in their ways. I've seen teams that receive some counter-intuitive information and fight the data rather than trusting the findings. If your team is unwilling to be open-minded, you will likely miss out on some of the amazing insights a DMP has to offer.
- You are unable to front the start-up costs frequently associated with DMPs

If the above descriptors sound like you, you probably aren't ready for a DMP. That doesn't mean you won't ever be ready, but the ROI will be very unlikely to translate based on the time and effort you'll put in compared to the resulting benefits. However there is a third category that you could possibly fall into. Read below to see if you could still be a good fit for a DMP, given the right outside support.

3. A DMP could be right for you with agency or 3rd party assistance if you:

- Do not have the technical expertise to implement and support a DMP
- Do not have the expertise for ongoing management of a DMP internally
- Do not have dedicated resources to work with the data for analysis and ongoing segmentation/testing
- Want to cut down the deployment period
- Have a plan for how to use a DMP to improve certain digital campaigns, but want to apply its use more broadly
- Don't have a tag manager in place and want to get started more quickly
- Want to avoid high start-up costs and instead opt for a pay-for-what-you-eat cost structure

If you fall into this category, continue reading to gain clarity around how to evaluate DMP platforms and learn the benefits of working with a 3rd-party agency.

Choosing a tool

Once you've determined that a DMP is right for you, you'll need to decide which platform will best fit the unique needs of your company. As you weigh your options, there are some important considerations. The following questions will provide some clarity around what to focus on:

1. Do you want to manage the DMP yourself or have it managed?
2. What channels does it have to integrate with?
3. Do you want to integrate just 1st-party data or 3rd-party data as well?
4. Are there specific data providers you want to work with?
5. What non-media platforms does it need to integrate with?
6. Who is going to manage the platform and relationship?

Once you have those answered, you can move onto evaluating specific platforms:

1. What 3rd-party data providers are available?
2. What tools does the platform integrate with?
3. What are minimum thresholds for an audience to populate profile data?
4. What media channels does it integrate with?
5. What is the pricing structure?
6. What are the minimum commitments?
7. What kind of strategic services are available?

With this foundation, you can select the platform that is best for you.

Onboarding prep

Finally, as you start preparing to onboard a DMP, you'll need the following resources in place. I've created a simple checklist to help with the process:



First, you will want to make sure you have the following expertise:

- A Developer:** Should know the common web languages and be able to implement HTML/CSS/JavaScript tags
- A Data Analyst**
- A Statistician** (helpful but not required)
- Media Partners:** Should know how to work with and execute campaigns

Then make sure your infrastructure and technology are in place:

- Add the tags:** Make sure you have the ability to add JavaScript snippets to the site either in a tag manager or directly in the source code. For this, I'd recommend going the route of a tag manager because that will give you the ability to work quickly to get tags live.
- Set up system to onboard offline data** (if applicable): This will often require capturing a User ID via a JavaScript provided by your DMP. Capturing that User ID will give you the ability to upload offline conversion data. This can be key to understanding who your high-value customers are.
- Establish a measurement framework:** This is essential for ensuring that you capture all the data points you require. The first step is asking questions to stakeholders regarding what the major conversion events are, what interactions are important to capture, etc., so that after you have collected some data you are not left thinking, "I wish we had data on this."

We hope this resource helped you along your journey to determining if a DMP is right for you, has provided helpful tips for evaluating different platforms, and ensured that you have the right foundation to get started. Many companies fall into the category of being a good fit for the amazing insights a DMP can offer but need some extra support reap the full benefits. With that in mind, 3Q would love to lend a hand. Keep reading to learn about the benefits of partnering with us.

How 3Q can help

Our team at 3Q works daily with a variety of clients across many industries. From implementation to audience discovery, audience segmentation, and audience exclusion, we know how to help you get the most out of your data. Some of the key benefits of working with our team include:

- **Platform knowledge:** Our Decision Sciences experts have worked on every major platform and have in-depth knowledge of their strengths and weaknesses, and how those characteristics apply to companies in varying sizes and industries.
- **Tested and proven process that allows for quicker implementation:** The recommended lead time for DMP implementation is 6–8 weeks. Our average implementation time is typically between 4–14 days. A big piece of the implementation is setting up a tag manager if you don't already have one or if it's not set up properly. If this is the case, we will write the tags for our clients knowing what information we are looking to pull once the DMP is up and running. We've successfully completed enough DMP implementations that we know the pitfalls and how to pre-empt issues that could arise later.
- **Direct ties for media buying:** Part of our implementation process is to take account IDs from media channels and have Lotame (our preferred platform) set up the pipes for every client to push audiences to their channels—whether that's Facebook, Google AdWords, etc. Our process allows for end-to-end optimization for your customer segments.
- **Preferred agency pricing:** DMPs can be extremely expensive, with set-up fees as high as \$50k before you even factor in the monthly cost. 3Q's partnership with Lotame, which gives our clients access to a pay-for-what-you-eat cost structure, makes the cost much more manageable. Additionally, because we handle the implementation ourselves, we are able to reduce the set-up fees to practically nothing.
- **Analysis frameworks/proven expertise in data interpretation:** At 3Q we've pulled together a vast amount of industry knowledge to create our own proprietary process for interpreting the information a DMP provides. When it comes to gaining key insights from a DMP, the work doesn't end with implementation. Our process allows our clients to reap the full benefits of the data a DMP provides and use it to hit their KPIs.

If you are interested in learning more about how 3Q can help you be successful with a DMP, [contact us](#) today.

About the Author



Feliks Malts

VP of Decision Sciences Feliks Malts has well over a decade of analytics experience from client-side organizations (Scholastic, WebMD), agencies (R/GA, Organic, iCrossing), and vendors (Coremetrics).

Prior to joining 3Q Digital, Feliks served as the Group Director of Analytics with R/GA, where he led Commerce, Personalization, Audience Development, Tag Management, and Automation initiatives with a core expertise and focus in Measurement Planning and Implementation, Pre/Post Analysis, Usability, E-commerce Analytics, Personalization, Automation, DMPs, A/B/MVT Optimization, and Channel/Campaign Analytics.

His experience spans across the Publishing, CPG, Commerce, Telecom, Entertainment, Finance, Travel, Luxury, and Healthcare verticals, where he has worked with brands such as McCormick, Godiva, Samsung, L'Oréal, Verizon, TD, Fossil, Life Reimagined by AARP, Lincoln Center, Bank of America, Hilton, P&G, Specialized, Panasonic, Diageo, and Affinia Hotels. Feliks also has an Information Technology background that includes site and JavaScript development and database deployment, management, and maintenance.

About 3Q's Decision Sciences Team

The Decision Sciences team is heavily involved in anything data and platform-related for our clients. They focus on getting our clients' data and measurement needs translated into measurement strategies and solid technology architecture. They help our clients leverage the right platforms and find the right metrics and KPIs in order to gain insights, use those insights to optimize their campaigns and user experiences, and get better results from their media campaigns and digital properties.

About 3Q Digital

3Q Digital provides strategic growth consulting and execution across six growth drivers: customer journey, user experience, device strategy, analytics, technology, and growth platforms.

The company offers best-in-class services in SEM, SEO, display, social advertising, mobile, video, creative, and analytics. 3Q Digital works with some of today's fastest-growing clients, including Square, ModCloth, SurveyMonkey, The RealReal, and Eventbrite.

If you're interested in learning more about 3Q Digital's services, please visit our [Contact page](#). 3Q Digital is based in Silicon Valley and has offices in San Francisco, Chicago, New York, San Diego, Austin, Raleigh, and Burlington, VT.

