

AN ENSIGHTEN STRATEGY BRIEF

Driving Value from Digital Advertising

The Intersection of Tag Management
and Data Management Platforms





Executive Summary

One of the most frequently raised questions by senior marketers reveals basic confusion about data strategy. Namely, what is the relationship of the data management platform (DMP) to tag management systems (TMS)? Are these platforms independent or overlapping? Are they competitive or complementary?

Data management, of course, comprises a diverse set of capabilities. That term can refer to broad capabilities in the modern enterprise, including ERP, CRM and other critical systems. But in today's nomenclature, the ubiquitous DMPs address a narrower spectrum—audience-based media buying.

DMPs were developed late in the last decade to help digital advertisers make the shift from advertising based on website choices to targeting audiences with common characteristics. Instead of buying websites, and hoping you reached the right people, advertisers began to target the people who visit the sites, either directly or through exchanges.

In contrast, tag management was introduced at virtually the same time to give marketers better ways to manage rapidly growing numbers of digital marketing vendor tags deployed on websites.

Enterprise tag management has taken giant strides beyond that early mission. Now true enterprise-class solutions not just collect and unify data, but also facilitate mobile marketing, data security and privacy. Enterprise tag management organizes data in a uniform taxonomy to reduce waste and improve advertising effectiveness. It collects, integrates and applies security and privacy standards to high-value first-party data and profiles, as well as pulling in offline and offsite data.

This Enlighten Strategy Brief examines the intersection between DMPs and tag management systems and how together they can help marketers gain full value from digital advertising and advanced data strategies.

"For years, brand advertisers have been looking for ways to ensure their online ads are seen. This can be difficult—**56% of all display ads and 46% of all video ads aren't viewable** because they're below the fold, scrolled out of view, or in a background tab."

—The Google Display Network Ups its Commitment to Viewability, Google Inside AdWords



The AdTech "House" Always Wins

John Wannamaker, the father of modern marketing, once said: "Half the money I spend on advertising is wasted. The trouble is, I don't know which half." While he spoke those words in 1874, he could not have described the challenge of modern digital marketing any better.

Optimizing digital advertising spend is a challenge, and the "house" is stacked against the advertiser. That's because the AdTech industry has evolved to control where advertising money gets spent, and it reports back on how that investment performed. Marketers need data to gain the transparency into performance of digital advertising to gain control, reduce waste and optimize advertising spend. That's critical, not least because the obstacles standing in the way of realizing value from digital advertising are formidable:

Banner Blindness

The ubiquity of banners has created a kind of "banner blindness;" we no longer notice them because they are so numerous. Google has provided benchmark data revealing that click rates average 0.07 percent, or 1 click in 1,428 impressions.

And you may not be able to tell whether it was a human click or a bot.

Viewability

Half of all ads go unviewed, according to Google. That occurs because banner ads may fall to the bottom of a page or get scrolled out of view. Some fraud sites fire the banner code, but the banner isn't visible. Issues surrounding ad viewability have given rise to an [industry standard](#), supported by Google, intended to ensure that 50 percent of an ad be viewable for at least one second, and two seconds for video.

Fraud

Bot fraud (views based on non-human traffic) has been forecast at \$7.2 billion for 2016 for both direct and programmatic "buys" with programmatic being somewhat higher.

Inaccurate Data

Advertisers often pay more for the third-party data than for the actual media to target advertising segments. What happens when the data isn't high quality? The media-buying agency

Mediasmith conducted a study based on buying demographic data from 11 vendors in the U.S. and the U.K., then used it to target digital ads for a *pro-bono* client. Mediasmith reported that performance among these vendors was mixed, with data from four vendors no better than targeting users at random.

“In the U.S., four of the data targeting solutions tested were not much more accurate at targeting users of a certain age and gender than simply showing ads to users at random, the [Mediasmith] research said.”

—Marketers Question Quality of Ad-Targeting Data Providers, Wall Street Journal

Third-Party Cookie Deletion

Measuring delivery of advertising campaigns based on the use of cookies will underestimate actual delivered frequency by about 2.5 times and overestimate actual reach by the same amount. Moreover, third-party cookies are deleted twice as often as first-party cookies. To maintain reporting, consistency and accuracy, first-party cookies are simply easier to sustain over longer periods of time in the advertising marketplace, giving you better data reach and retention.

Shady Business Practices

Because advertising is such an open exchange, there are organizations whose sole intent is to buy ads and sell them back at a high price. This kind of arbitrage clearly generates profits for the seller and inflates costs for the advertiser.



Data Strategy: The Foundation

As an advertiser, the most important resource you have is data. Data enables you to target consumers accurately, measure performance and determine if the advertising you buy is genuine and truly having impact. Yet data management is not a tool, it's a strategy. You need to start by asking, what is my enterprise data strategy? What is the role of tag management and DMPs in creating data transparency?

Data strategy should always be the first step in considering marketing technologies, but it's one often overlooked by enterprises. Your data strategy should fuel technology investments—not the other way around. Building a data strategy begins with an enterprise business strategy that governs factors like customer lifetime value, personalization, journey building and attribution. The next step involves building a first-party data strategy that focuses on collecting raw granular data in real-time from every digital interaction across vendors and channels, integrating that data into existing systems of record, and using that data to drive initiatives like personalization and advanced model building. You can then layer on second- and third-party data strategies.

While there are many different ways to look at data strategy, three core areas predominate:

Data Capabilities

To achieve current and future business objectives, start by asking: what data capabilities will be required by the enterprise now and over time as it grows and matures. This is at heart of data strategy. It should be tackled from a visionary approach related to how your organization can leverage data to serve as a competitive advantage. In other words, how does your organization win with data?

UPS, the package delivery company, offers an excellent example of an effective data strategy with its logistics analytics. UPS can track every package at any point in time. Likewise Amazon's ability to both personalize the shopping experience and fulfill orders with extreme efficiency is another good example, as is Google's predictive search capabilities. Other examples include content feeds and social graphs developed by LinkedIn and Facebook.

A well-executed data strategy typically gives the enterprise a clear advantage in its industry as it makes it possible to anticipate and predict the needs of customers and marketplace trends, at the same time better tapping employee expertise.

“Data management platforms (DMPs) are to digital advertising what engines are to cars. They run your ad tech program, but they need a critical element to work: data (like fuel in cars).”

—How Does a Data Management Platform Work, Gartner

Solution Approach

As with all things in life, there are many ways to solve the same problem. Designing data

solutions is no exception. Often the best option is dependent on the organization’s culture, value system, budget, people and industry. While the requirements around data capabilities tend to be similar, you often see clear distinctions at the solution level among organizations. Some high-level points of difference can include preferences in build-versus-buy, engineering-versus-business mindsets, business rules versus modeling, real-time versus batch and centralized systems versus data as a service. Most enterprises play on both sides of these solution approaches, but at the same time have clear preferences.

Organization Design and Governance

Once you have identified your capabilities and settled on your preferred approach for delivering data solutions, the next steps involve how you design and build the organization to operationalize and act on data, and manage the process and governance for this collection of critical capabilities.

What Problems do DMPs and Enterprise Tag Management Solve?

The best way to understand DMPs and tag management is to first understand the core industry pain point that each system is solving for:



Tag Management Systems

Tag management was introduced in the latter part of the last decade to solve a marketing operations challenge. In the previous decade, the number of third-party marketing tags that enterprises required to operate the digital marketing and analytics programs had grown substantially. Most enterprise technology groups were challenged with the ability and operational agility to deploy new tags in an efficient and timely fashion.

Recognizing the gap, tag management was born as a more efficient and effective way for digital marketers to deploy and manage their ever-growing list of third-party tags without making internal IT a critical path for launch. The key benefit for these organizations was dramatically reduced turnaround times to deploy and update marketing tags. In some cases the improvement was dramatic, reducing time from months to days or hours. Enterprise tag management further scaled these platforms across global infrastructures and enabled marketers to manage an ever-growing set of digital technologies in the MarTech stack.

The bottom line:

Both DMPs and tag management were instrumental in accelerating adoption of new marketing technologies. Both introduced massive efficiencies into marketing operations, as a result.



Data Management Platforms

In contrast, DMPs were introduced in that same period to deliver efficiencies that helped advertisers take advantage of the industry-wide shift in media targeting. In the beginning, display advertising, similar to TV or print, was purchased on websites that attracted the target audiences marketers wanted to reach. Marketers seeking to reach customers interested in financial or technology products, for example, might place digital ads in the finance section of Yahoo, the technology review sections of CNET or the homepage take-over on AOL.

Unlike TV and print, however, technology (third-party cookies) and some trend-setting platforms like Quantcast and BlueKai enabled the industry to target individuals through third-party data. This was a far more efficient form of reaching an audience. No longer did the marketer have to buy premium inventory to access targeted audiences. Now the marketer could target the audience across any website these users browsed by buying the right pools of cookies. Marketers were now able to manage their buys by audiences they wished to target. Quickly, it became valuable for brands to build audiences that combined their own first-party user data with this rich ecosystem of third-party data. And with that convergence, DMP's were born to introduce more efficiency and effectiveness into the traditionally inefficient online advertising space.



"Marketers have started to realize that the **real benefit of tag management** is in its ability to enhance their understanding of, and interaction with online customers."

—*Tag Management Delivers Multichannel Personalization*, Forrester Consulting



Tag Management: Core Capabilities

The goal, of course is to leverage the strengths of both DMPs and tag management systems together. Let's examine where capabilities complement and overlap, starting with tag management:

Managing Tags

This is the first and most obvious overlap in capabilities. DMPs will typically provide basic tag management/tag container capabilities bundled as part of their offering. This is done for two, straightforward reasons. First, DMPs require their own tracking pixel to collect clickstream data off a site to build out and classify their visitors into audience segments. Secondly, DMPs require that other ad technology pixels, such as demand-side platforms, are also deployed to enable cookie syncs and to support the easy deployment of new advertising partner tags that will take advantage of the new audience targeting approach. These activities are too critical to the DMP's success to be left to outside forces. As a result DMPs typically include basic tag management capabilities.

When it comes to comparing tag management capabilities, however, there really isn't much to

compare. The DMP ability to manage tags is very basic. DMP platforms have built out this service to support media tag deployments, which are the easy pixels to implement. Typically the only thing you have to make sure of is that these tags are coded properly and fire asynchronously vs. synchronously. You will be surprised how poorly written some of these marketing pixels truly are. This reflects the reality there is not as much rigor around marketing pixel code design given its often focused on the very narrow task of passively sending data back to the vendor. They do not enable any onsite functionality.

The typical DMP flavor of tag management falls dramatically short in support of more complex tagging use cases around web analytics, A/B testing and recommendations, attribution, and other data-intensive instrumentations. These mission critical systems have organization-wide dependencies with more in-depth functionality. As a result, they require more complex tag design than is offered in the DMP.

Contrast this with pure-play tag management vendors, particularly enterprise-class platforms.

An enterprise tag management system will have built out entire platforms to make tagging of all tag types plug and play. The platform also includes additional services and tools around tag validation, reporting and tag templates/wizards to support the 1000+ vendors in the ecosystem.

“Tag management helps brands manage and own their first-party customer data...This first-party-owned data is a potential source of competitive advantage and revenue.”

—Tag Management Delivers Multichannel Personalization, Forrester Consulting

At the end of the day, larger enterprises will leverage a pure-play tag management platform to serve as its single tag management solution across the organization. The enterprise needs a single tag management platform to

standardize against and support all of its tagging requirements, not just the simplistic tagging needs of media and paid-acquisition teams.

Managing Data

Enterprise tag management offers a mission-critical benefit in developing a customer data layer. As valuable as marketing technology tags are in enabling new and powerful capabilities, most tags are dumb and blind without a steady stream of client data to help customize the tags to the specific business requirements of the enterprise. Enterprise tag management has become the preferred platform to design and implement a customer data layer. The customer data layer unifies and standardizes data across all digital marketing technologies and customer touch points to create a single source of truth with which to drive marketing action. In addition, the enterprise tag management system also enables data collection across all channels, which becomes the foundation for stitching together real-time and continuously improved user profiles, as well as developing high-quality audience segments.



DMPs: Core Capabilities

While data management in the enterprise can refer broadly to dozens of different capabilities, in recent years it has become more narrowly focused on the set of core capabilities specific to the practice of audience-based media buying, which is the best way to purchase advertising. DMPs like BlueKai, Demdex/Audience Manager and Krux have efficiently enabled this function. These platforms are generally the best way for the advertiser to control the audience-buying process and evaluate each vendor's contribution. Key DMP capabilities common across the industry include:

Audience Creation and Segmentation

DMPs enable marketers to build audiences consisting of first-party data. Typically generated from your onsite visitor traffic, first-party data can also be extended with uploads of CRM data, mobile data and other user sources provided by the brand.

Access to Third-Party Data for Audience Enrichment

This is often the DMP capability that excites the marketers most. DMPs have integrated with many of the popular data providers (Acxiom, AddThis, Excelate and dozens of others) through their broad cookie and device syncing partner integrations. This allows marketers to quickly uncover and discover audiences by overlaying third-party data on top of their first-party audience segments.

Audience Modeling

The ability to help brands generate look-a-like models around their audience segments is an important technique used to expand advertising reach. Some DMPs can offer this capability natively and others do this through integrated partners that can streamline the end-to-end process.

Audience Distribution

This is how audiences get monetized through the pushing of audience segments to different marketing execution endpoints, most commonly demand-side platforms (DSPs), which enable automated purchase of advertising based on audience segments and characteristics.

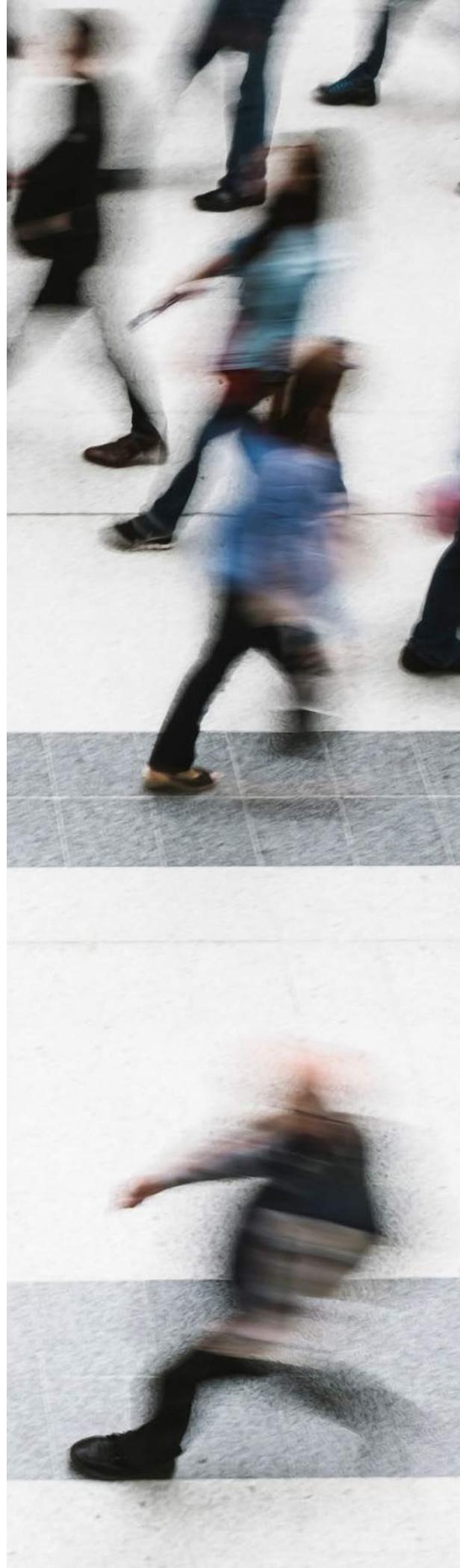
“Executing on an enterprise marketing technology strategy is contingent on a robust customer data management framework to capture, store, and manage a variety of known and unknown customer data sources.”

—*Create An Effective Enterprise Marketing Technology Blueprint*, Forrester Research

Audience Measurement

Lastly, DMPs provide reporting capabilities that allow marketers to measure and visualize the advertising performance of their audience campaigns.

DMPs are exploring more ways to activate their audiences beyond media targeting, but those activities vary by platform and normally focus on ways to look up users via real-time APIs to best identify which audience that user belongs to.





How Tag Management Accelerates Advertising Value

As a marketer or advertiser, you know you need to reach more “eyeballs.” A combination of DMP and tag management enables you to measure performance, protect advertising investment and ensure you see revenue returns. Indeed, there are important intersection points where these two platforms play well together. Even more, enterprise tag management is critical to accelerating the value of the DMP investment

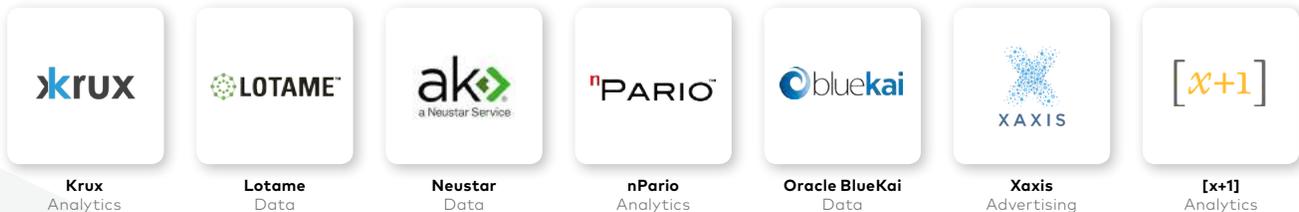
Reduce Risk in the DMP Selection Process

Enterprise tag management enables the team to rapidly deploy a DMP by negotiating time-bound proofs of concept. This is the path to reducing DMP vendor-selection timelines, while giving teams the ability to do hands-on validation. It

allows you to explore more vendors, including pure-play DMPs, and hybrids comprised of DMP and demand-side platforms (DSPs).

Accelerate your DMP Rollout

There’s great benefit with any new technology investment to demonstrate value by executing early campaigns to show quick wins. Most tag management platforms include pre-built tag templates that allow marketers to fill in a few fields and gain immediate functionality. This point-and-click ability to build an audience taxonomy using a data layer and apps is critical. Marketers using the tag management tools can greatly speed deployment of the DMP, gaining valuable time in beginning the job of collecting data and building and activating audiences.



The pre-built tag templates available in Ensignten Manage allow marketers to gain immediate functionality.

Build Smarter, Cross-Channel Audiences

The critical base ingredient for any DMP-generated audience is first-party data from the client's website. The more data that is available, the more and richer audience segments that can be generated within the DMP's audience taxonomy/classification process. With a unified and standardized data layer built with a tag management system, you already have a ready-to-go menu of data that can be easily mapped to your DMP deployment. You can see this in the BlueKai example above.

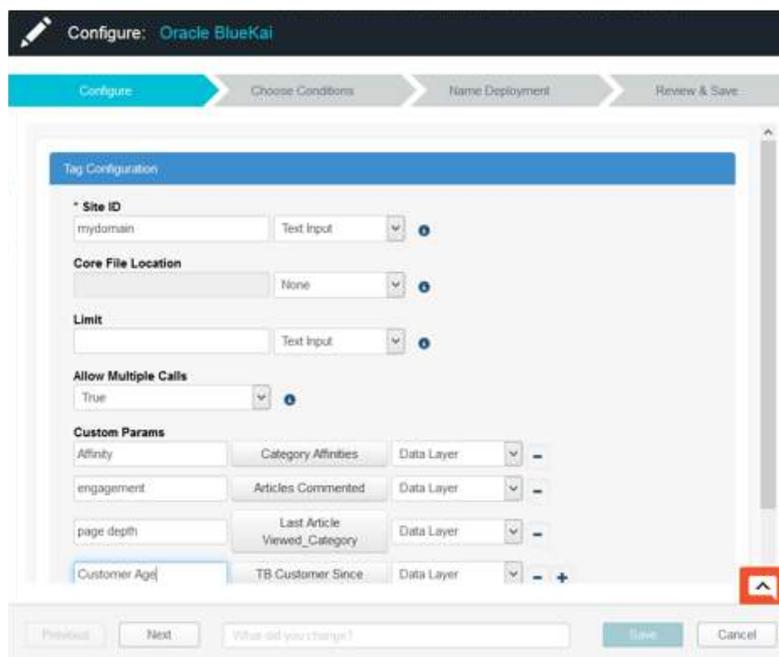
Some TMS vendors also offer ways to pass in data from other channels, which further enhances the depth and quality of the audience building process within a DMP.

Make Sure the Campaign and Audience Data Flows Both Ways

Once you have built out your audiences, the next step is to launch new campaigns targeted around these smarter audience segments. Some

enterprise tag management solutions offer data collection services that enable real-time data collection using a first-party pixel associated to the advertiser's domain. Traditionally, all data collection by the DMP for advertising

campaigns is done with third-party tracking pixel. This is necessary to allow DMPs to track users across sites and to share audience data with DSPs, data providers and other ad tech ecosystem partners. However, third-party pixels have some limitations, one of them being data ownership. In the end, whoever owns the domain owns the data. Ensignten, for example, solved this



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problem by adding a first-party data collection pixel as part of every DMP-served impression. This enables advertisers to get their own copies of the campaign data to own and integrate with data-intensive analytics and personalization initiatives. It only makes sense that the marketer also gets a copy of all the data.

Personalize Media and Site Experiences Without Latency/Flicker

If you don't have to rely on third-party cookies, you have a larger audience segment to target. Because data is in first-party cookies, the marketer has complete control over how to leverage the data for client-side or server-side personalization. You can eliminate additional third-party round-trip calls to DMP APIs to assess audience data.

Monitor Vendor Tags for Data Leakage and Privacy Requirements

Once you've launched tags and the DMP is helping you manage and compare vendors, it's likely you will be running several dozen tags on your site. How do you make sure you only deploy tags you want to deploy and you don't have remnant data tags collecting data off your business? Enterprise tag management provides visibility into which

tags are running and offers quick ways to manage and remove them, as well as detect and prevent data leakages. Your enterprise tag management system also should provide privacy reports around tags and reports on vendors that are compliant (or not) with privacy rules and regulations.



Conduct Independent Incremental Analysis of Your Media Buys

How do you measure the incremental value of a display ad? With a combined tag management and DMP deployment, you can easily implement A/B testing and validate the true lift across campaigns and vendors. Incremental measurement analysis can be included in your key media buy. Or it can be done in-house without media vendor involvement with deeper comparisons of segments and behaviors.

Takeaways

Without a DMP and enterprise tag management, marketers and advertisers will fight an uphill battle to optimize advertising spend. Data provides transparency and control. Combining the power of tag management and the DMP can transform the value of digital advertising spend. Here are some key takeaways in reaching that goal:

Be a Data Visionary

Start by building a data management strategy using business strategy and goals as a foundation. Define the data capabilities your company will need now and in the future based on its evolutionary trajectory.

Create a Center of Excellence

Create a center of excellence around understanding media data and how it interacts with other touch points in the customer journey. No marketing channel today acts in isolation, but rather is deeply interdependent as part of a holistic landscape defined by customer behaviors.

Use Enterprise Tag Management

Use enterprise tag management to accelerate the process of testing and proving a DMP vendor that works for your organization. Avoid lengthy proofs of concept and procurement obstacles in vendor selection, as a result.

Build Smarter Audience Segments

Build smarter audience segments based on first-part data from the client's website using enterprise tag management as the basis for continuously enhancing the DMP's audience taxonomy and classification system.

Stay Privacy Compliant

Make sure you are privacy compliant by monitoring vendor tags for data leakage, corporate policies and cross-jurisdictional rules worldwide. Enterprise tag management is a front line of defense as privacy regulation grows more stringent.

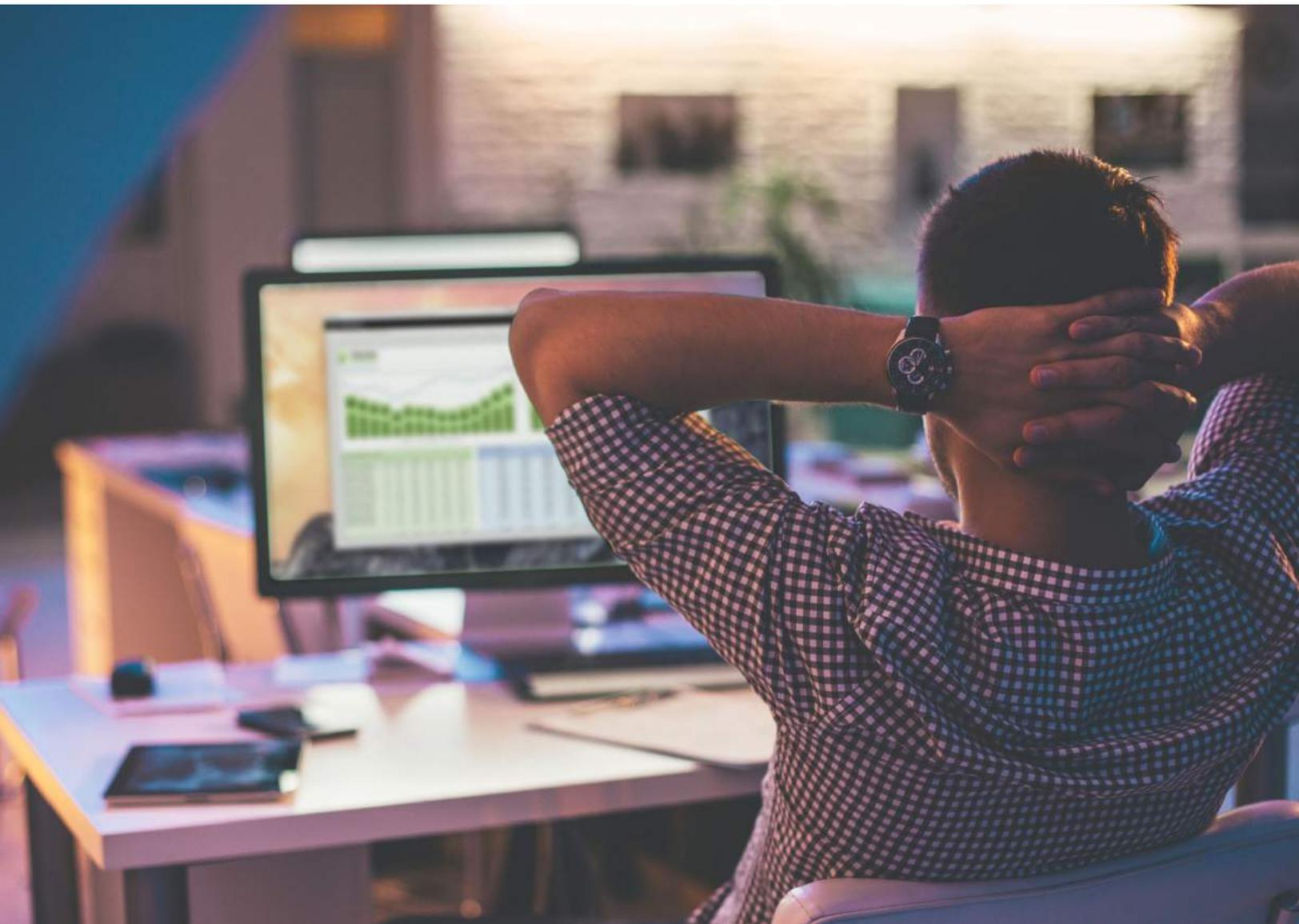
Assess Performance of Media Buys

Institute your own processes for assessing performance of media buys. Use A/B testing to validate the true success of media campaigns and vendors. Don't let AdTech control the information you have about how your media investments are performing.

Conclusion

Enterprise tag management and the DMP are valuable weapons in the marketer's battle for greater control and transparency over media buying and performance. That's because using data to optimize media performance is both the lowest hanging fruit in most organizations and the area with the most upside in improving advertising value. First- and third-party data, combined with other sources, is the lifeblood of high-value advertising.

Don't think of enterprise tag management and DMP platforms as "either/or," but rather a "both/and." An enterprise tag management system collects, unifies and standardizes cross-channel, multi-source data. The DMP, in turn, gains a valuable ally in building better audiences and assessing performance of digital ads. That's how you maximize your digital advertising ROI and level the playing field in reaching the audiences you value most.



Select Brands Using Modern Enterprise Tag Management



ABOUT ENSIGHTEN

Ensignten enables global brands to simplify the management of their data and technology investments so they can orchestrate smarter interactions across touch points. Ensignten's leading customer data platform delivers enterprise tag management; robust profile creation and management; and powerful omni-channel data collection capabilities that bridge customer behavior information from web, mobile, digital advertising, Internet of Things (IoT) and offline sources. Using Ensignten, organizations can leverage rich, first-party customer data and profiles to fuel personalization and enhanced insight using their existing technology investments. Ensignten delivers industry best privacy and security safeguards, unparalleled scale and performance, and the deep integration with the broader digital marketing ecosystem. Select customers include CDW, Hearst Corp., The Home Depot, Microsoft, State Farm, United Airlines and T-Mobile. Ensignten is headquartered in San Jose with offices in London, Sydney and San Diego.

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