



A DIGITAL GIANT AWAKENS

PRECISION MARKETING IN THE ASIA PACIFIC REGION

A DIGITAL GIANT AWAKENS:
RANJEET LAUNGANI AND ANNETTE KUNST

EXECUTIVE SUMMARY

Nielsen, May 2019

Precision marketing has been one of the most overused buzzwords in marketing in recent times. Marketers in North America and Europe have been much further along in their journey than their counterparts in the Asia Pacific region, often with mixed results and a realization that precision marketing is easier said than done. Asia Pacific is now waking up to the importance and potential of precision marketing. With approximately 2 billion online users, this region is certainly the one to look out for. In preparation of this report, we surveyed over 80 industry practitioners from our advertiser clients in the Asia Pacific region to understand their perceptions, current progress, and future aspirations in the space of precision marketing. Our belief is that this collective learning can propel the industry forward.

We learned that advertisers in the region are just getting started with precision marketing around a few areas of focus like understanding online customer journeys and enabling personalized communications. Investments in precision marketing are small today but likely to increase in the next 12 months from 14% of marketing budgets to about one-fifth of spends. The applications are also expected to widen in the coming year with future use cases expanding to include ROI attribution and predictive analytics. Advertisers believe a well thought-through data strategy, education, and the right agency and tech partnerships are essential to getting things right and are convinced that if the quality of data and the ability to demonstrate ROI are improved, it could accelerate the adoption and investments in the space.

Advertisers in the region are not only expected to invest heavily in search, social, and mobile but also spend their budgets on higher quality third-party data and data science. We also learned that Data Management Platforms (DMPs) are considered vital to precision marketing efforts but are an under-invested space. What will help DMPs grow in the region is the broadening of the expert ecosystem, the presence of higher quality datasets, and more success stories to drive up adoption confidence. Based on these insights, there are several implications for agencies, media owners, and advertisers looking to emerge successful in precision marketing in the Asia Pacific region. Precision marketing in the region may be small today but a digital giant is about to awaken.





LET'S START WITH WHAT IS PRECISION MARKETING

Precision Marketing (also sometimes referred to as personalized, data-driven or 1-to-1 marketing) enables personalized connections with consumers by understanding who they are at scale and getting intimate with their path to purchase.

Consumer purchase journeys have evolved considerably and precision marketing allows us to appreciate every journey and establish connections on the basis of how consumers want to interact with a brand, service, or piece of content.

Marketing has evolved over the last several decades from marketing to many, to marketing to some, and now marketing to one. With advancements in technology and the growth of digital media and addressability, precision marketing is now a reality.

THE NEED FOR THIS REPORT

There are two key reasons we decided to publish a report on the topic of precision marketing focused on the Asia Pacific region.

First, we believe the region is where the action will be in this space for the next 5-10 years. With its current 2 billion online users and counting, the region presents a tremendous opportunity for global marketers in the future. The signs are already visible. As one example, David Wehner, CFO at Facebook, during the Q4 2018 earnings call shared how ad revenue growth by region was strongest for Asia-Pacific (34%) versus any other region.

Second, precision market is not easy. As marketers and media owners will attest in North America and Western Europe, precision marketing often is met with mixed results. Most marketers don't know where to start. There are hosts of factors in your control (like getting organizational buy in) and others outside of your control (like changing privacy regulations) that make winning a lot tougher. We believe by initiating a dialogue on the topic and sharing learnings, we can make everyone smarter and shift the odds of success in your favor.

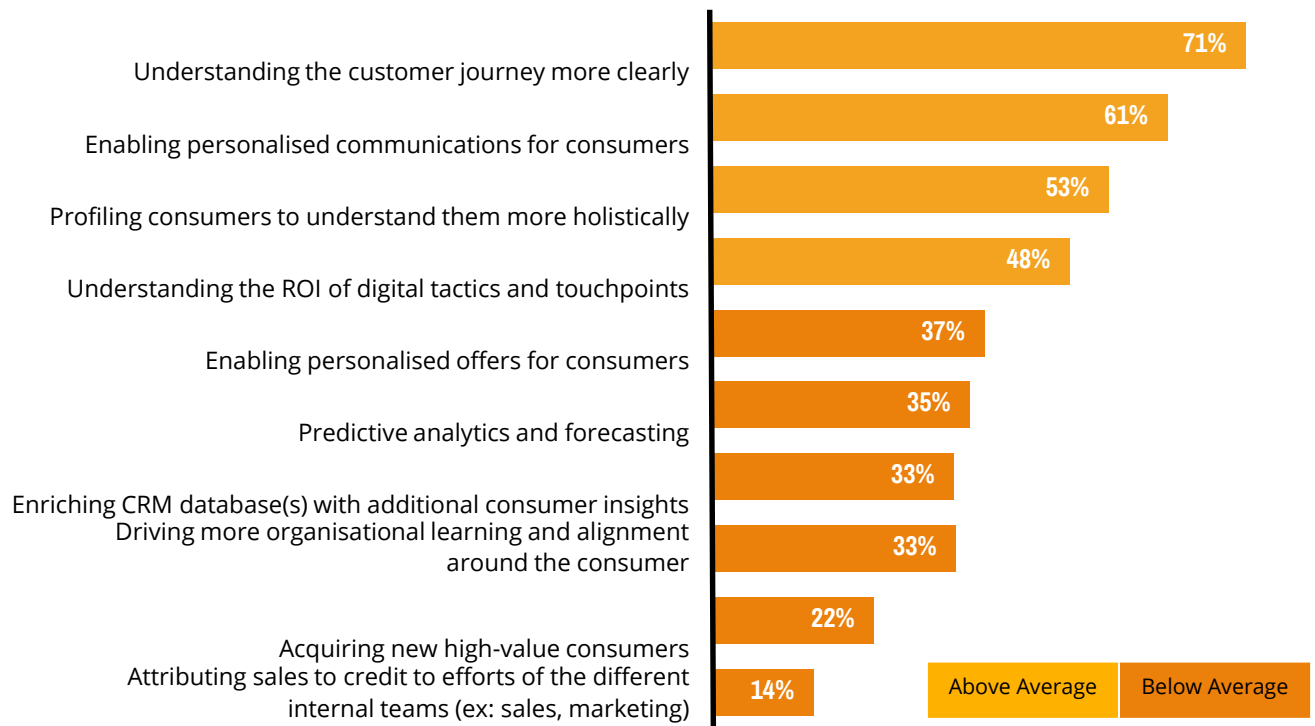
THE REGION IS JUST GETTING STARTED

Today, less than one-sixth (14%) of advertiser marketing budgets in the region are being invested in precision marketing. The top applications of precision marketing include understanding the consumer journey more clearly, enabling personalized communications, and profiling consumers. These tend to be the beginner applications on the roadmap. A very small percentage of advertisers claimed to focus their efforts today around progressive applications like high-value consumer acquisition or sales attribution.

WHAT ARE THE CURRENT APPLICATIONS OF PRECISION MARKETING WITHIN YOUR ORGANIZATION?

(Pick as many as applicable) (n=79)

EXHIBIT 1



“The biggest opportunity within precision marketing is for us to use data to construct high value audiences for media targeting and optimization that drives improved ROI. We need external partners to help normalize and standardize their resources into our precision planning process (data, technology, measurement, inventory, and workshops).”

BY

Akshay Trivedi

DIRECTOR, Total Brand Experience
Johnson & Johnson Consumer APAC



Jyoti Jain

DIRECTOR, Data and Analytics
Johnson & Johnson Consumer APAC

THE ADVERTISER JOURNEY SO FAR:

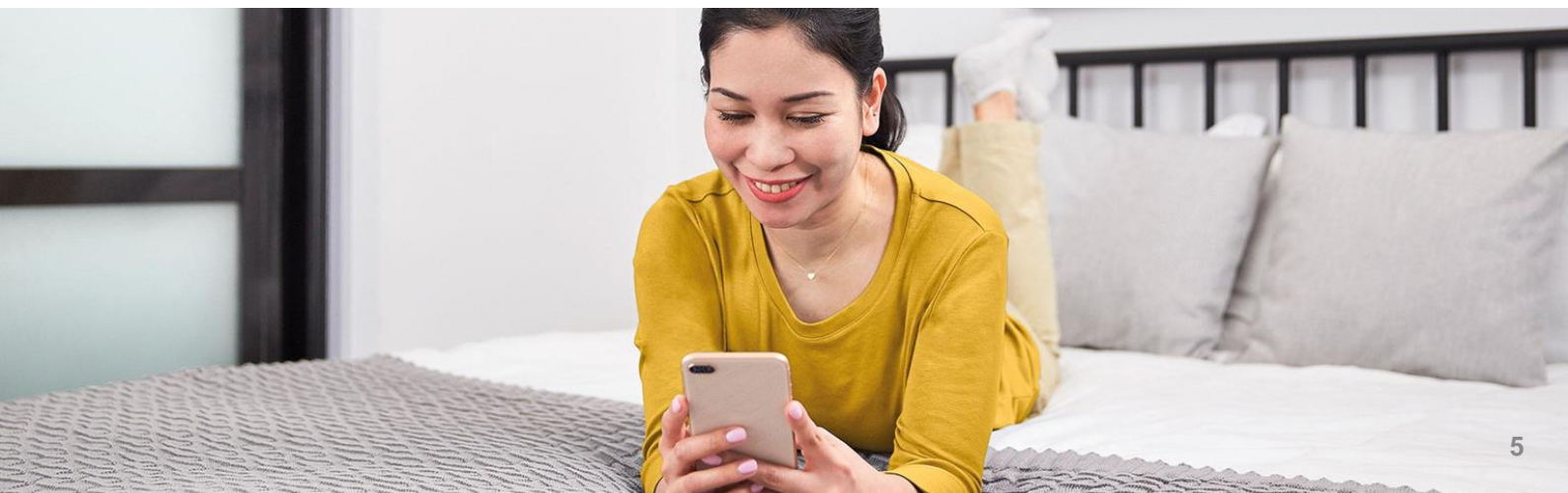
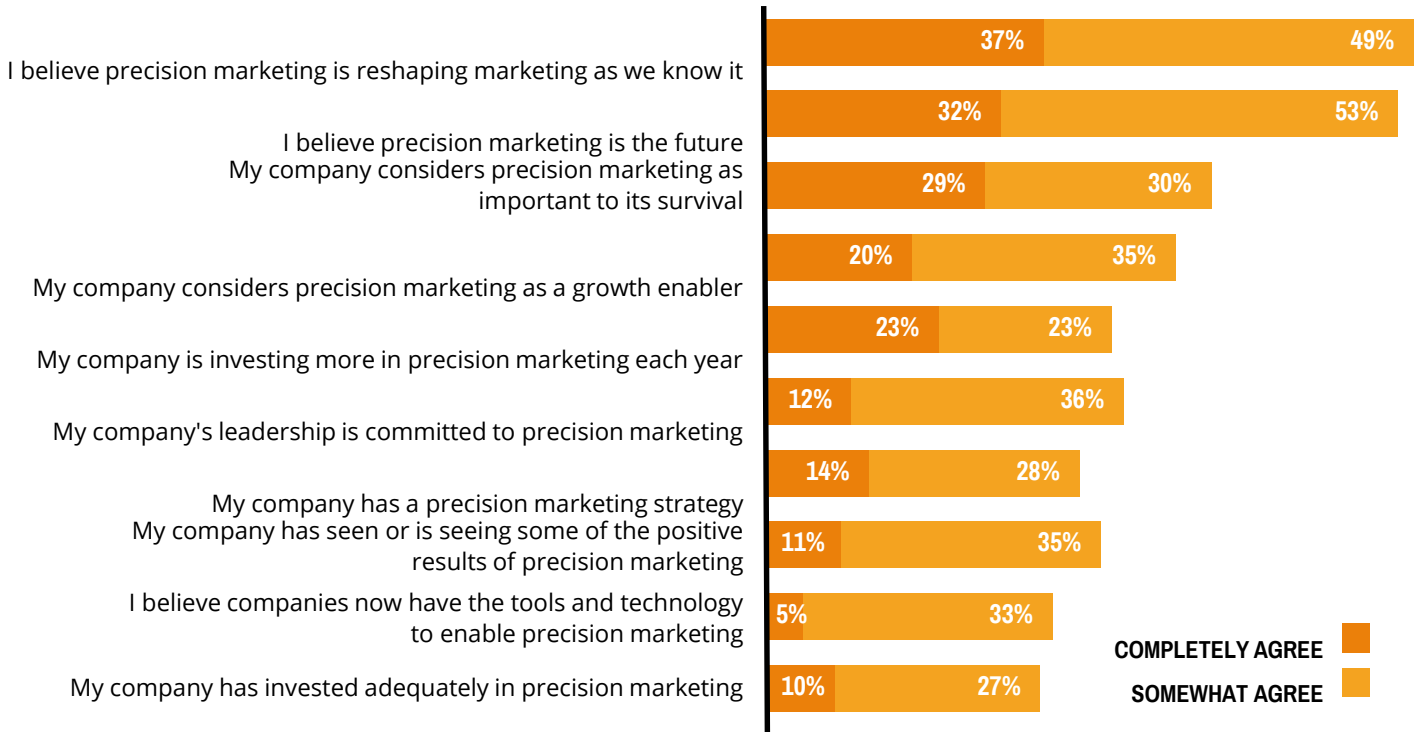
NOT PUTTING THEIR MONEY WHERE THEIR MOUTH IS

Most advertisers believe precision marketing is where marketing is headed and see it as a growth driver. Few believe that they have the right organizational buy-in or tools and resourcing to be successful at it yet. Even fewer believe they are adequately investing as a company in this space. So, could it be that while marketers are convinced of its potential and know that they must go this route, they just don't know how to go about it and where to start? The silver lining here is that most advertisers believe they could be doing more.

PLEASE GIVE US YOUR AGREEMENT RATING TO THE FOLLOWING STATEMENTS

EXHIBIT 2

(n=81)



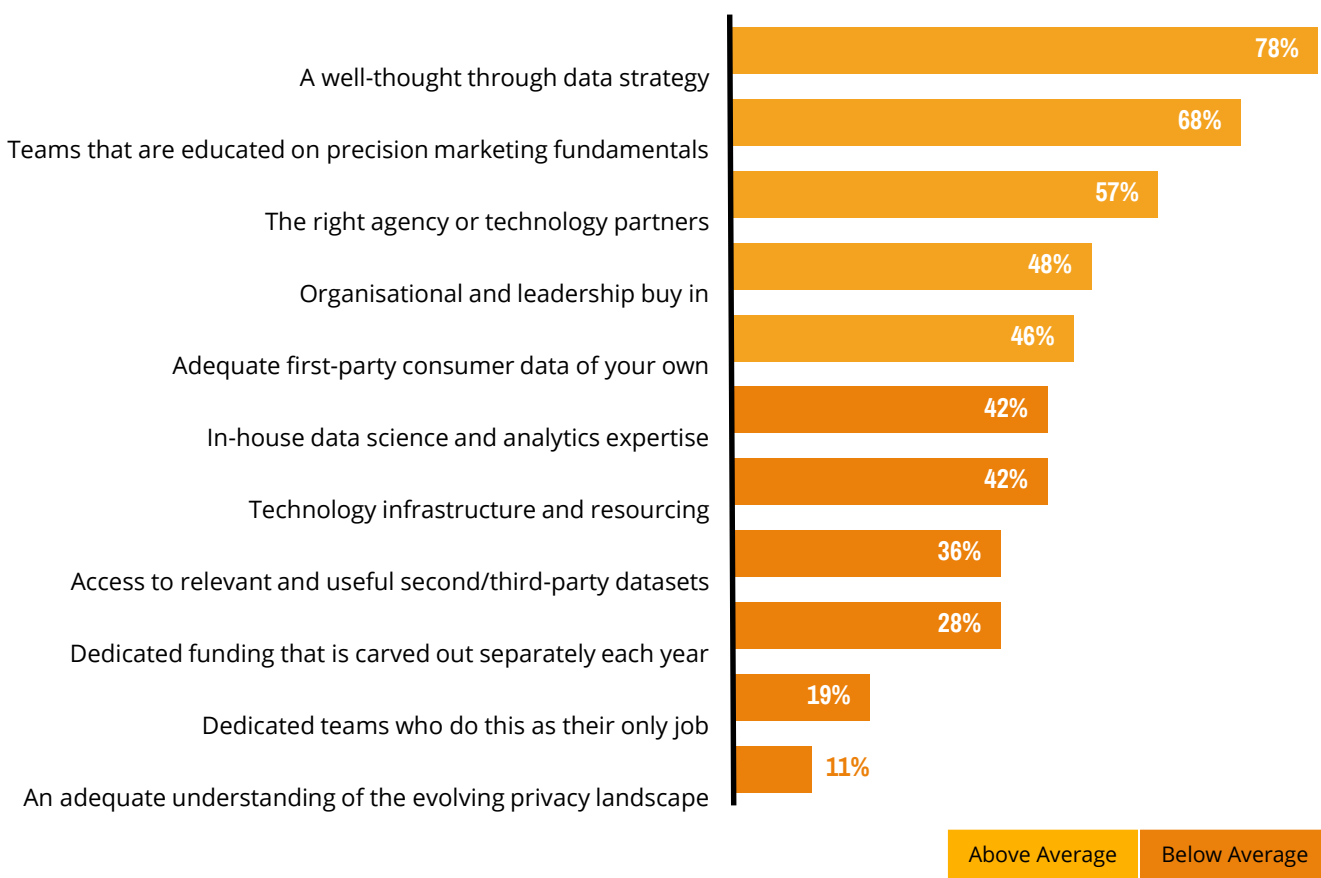


Where is the best place to start? According to our industry practitioners, it all starts with a well thought through data strategy backed by a knowledgeable team of both internal people as well as partners/suppliers. It is clearly viewed that help is needed. There is a big void for technology partners, agencies, and analytic thought leaders to step up the awareness and education of the short and long term potential of precision marketing.

WHAT DO YOU SEE AS THE TOP 5 PRE-REQUISITES FOR A COMPANY TO BE SUCCESSFUL AT PRECISION MARKETING TODAY?

(Please pick up to 5) (n=81)

EXHIBIT 3



GOING FROM GOOD TO GREAT

Precision marketing practitioners in the region have big aspirations but the region has a lot of foundation setting to do before it can go from good to great. The three biggest opportunities today are getting data strategy right, education, and on boarding the right partners. This foundation, when laid right, is allowing advertisers to experiment with basic applications today.

More applications for precision marketing are on the wish list, like ROI measurement, predictive analysis and forecasting. Having access to reliable data and an ongoing view of how these efforts drive ROI will be key and further accelerate the adoption of precision marketing in the region. This is a big opportunity for analytic partners and data suppliers.

Next, let's look at what the future will look like in the region.

“The biggest opportunity in precision marketing is to move from talking to everyone to talking to those for whom it's most relevant, when it's relevant enabling follow ups and deeper content through retargeting. Cost per contact might go up, but quality of contact will increase substantially.”

BY

Matthias Blume

SPARKLING CATEGORY DIRECTOR ASEAN
Coca-Cola



MORE SPENDS, WIDER APPLICATIONS:

A LOOK INTO THE FUTURE OF PRECISION MARKETING

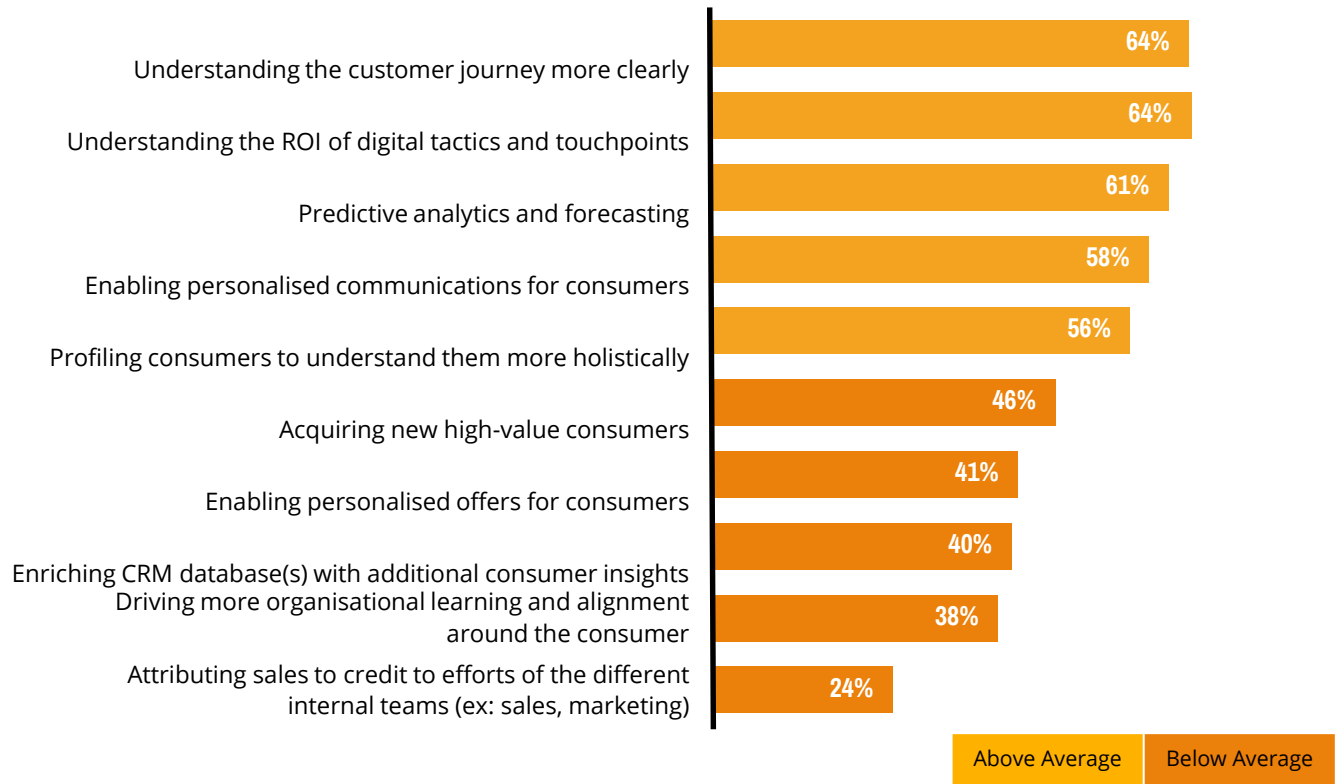
Most advertisers still do not believe they are adequately invested in precision marketing. More so, they're convinced this is the future of marketing. We see companies in the region increasing their investment levels each year for the next few years. On average, advertisers tell us that about 14% of their marketing budgets are spent on precision marketing today and in just 12 months, they see this increasing to 19%.

Advertisers intend to continue using precision marketing to understand the customer journey more clearly, evaluate the ROI of digital tactics, and offer personalized messaging. One of the key future applications not in the repertoire today is using precision marketing to further predictive analytics and forecasting.

WHAT ARE THE TARGETED FUTURE APPLICATIONS OF PRECISION MARKETING WITHIN YOUR ORGANIZATION?

(n=80)

EXHIBIT 4

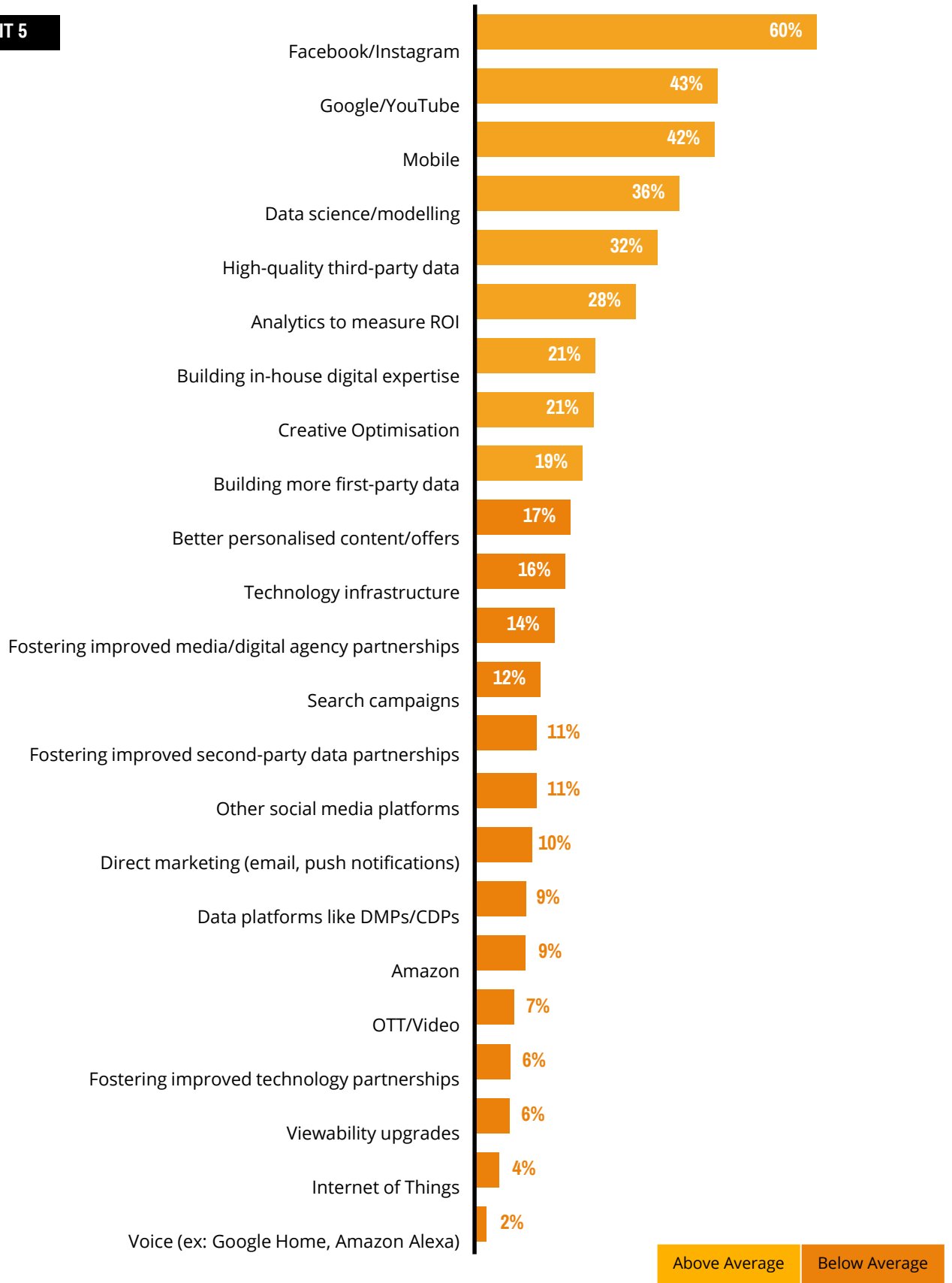


Heavy investments in the region will continue to pour into the well-established search and social platforms (owned by Facebook and Google) as well as mobile. Advertisers are also open to investing in better quality third-party data, likely because that lights up another aspiration of theirs around better data science, analytics, and ROI measurement. Interestingly, investments in emerging areas like voice, OTT, and IoT (which are the areas of focus in many western markets) are expected to be very small in the region.

WHERE IN THE PRECISION MARKETING SPACE DO YOU SEE YOUR COMPANY INVESTING HEAVILY IN THE NEXT 12 MONTHS?

(pick up to 5) (n=81)

EXHIBIT 5



Above Average Below Average

THE FUTURE LOOKS PROMISING

AND GOOD DATA, ROI MEASUREMENT, AND EDUCATION WILL HELP

What will help accelerate the progress for precision marketing in the region? Advertisers believe three facets will materially help. First, the ask is for higher quality and reliability of data. Much of the data that exists today in the region is either sourced from data aggregators (where questions remain on sourcing and skepticism remain on privacy compliance) and while good-quality data is available in pockets, there is still lots of opportunity around transaction-based and buyer-graphic datasets. Advertisers also ask for clearer demonstration of ROI. This is something all data and technology vendors will need to pay special attention to especially since budgets will continue to remain small in relative terms in the region and value delivery will be in the spotlight as precision marketing journeys are just getting started for many clients. Finally, advertisers ask for more education and understanding in the space. Again, agency, technology, data, and analytic partners can play an enabling role here. The more everyone understands the space, the more evangelizing and investment it will attract.

“We need our external partners to keep us on the cutting edge of precision marketing trends, to keep us nimble, and always focusing on what really matters to consumers in the market.”

BY

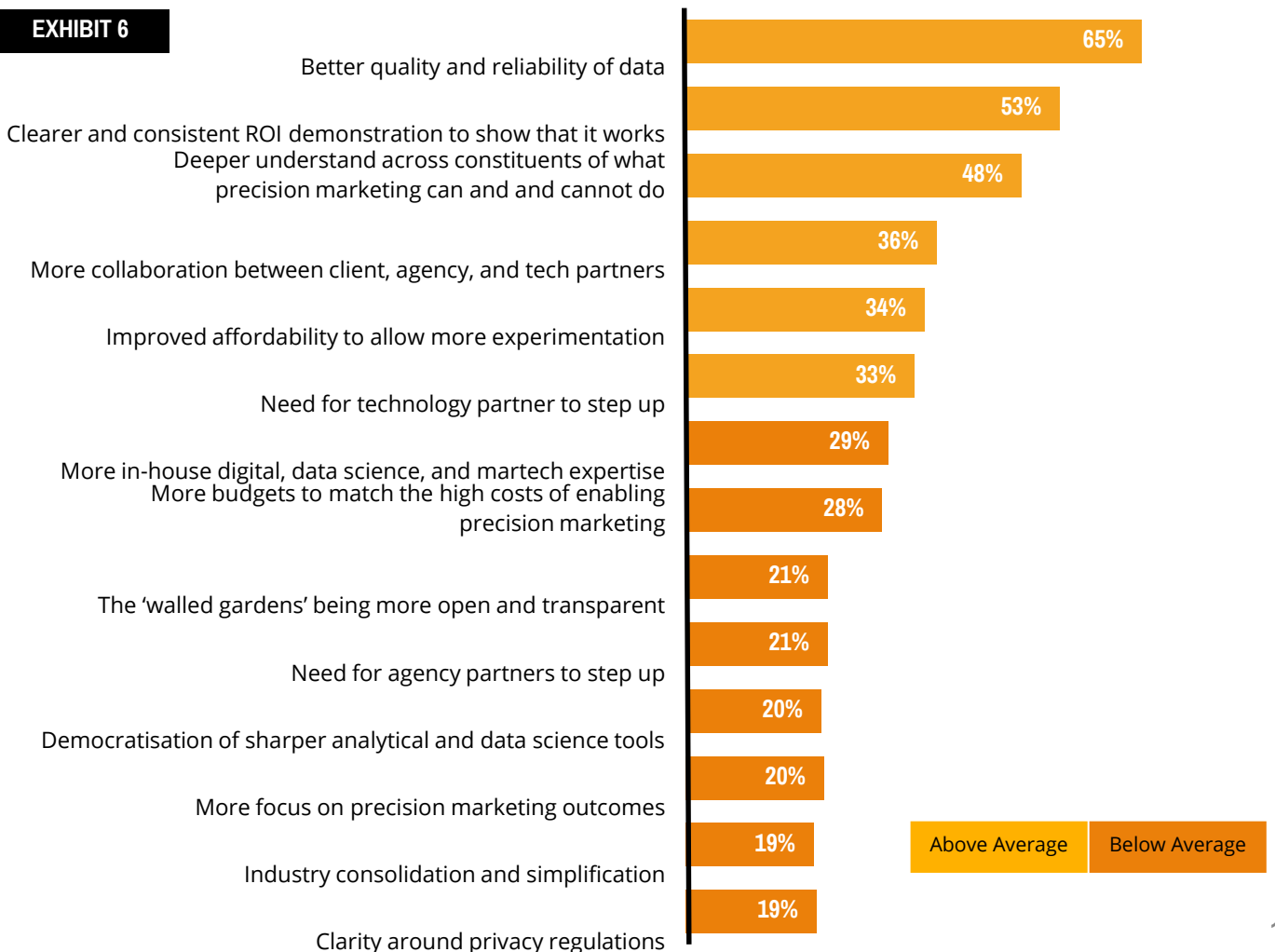
Gareth Stevens

NON SPARKLING CATEGORY DIRECTOR ASEAN
Coca-Cola

WHAT DO YOU SEE AS THE BIGGEST ACCELERATORS THAT COULD FURTHER THE INDUSTRY'S PROGRESS IN THE PRECISION MARKETING SPACE?

(n=80)

EXHIBIT 6



SPOTLIGHT: DATA MANAGEMENT PLATFORMS

AS A PRECISION MARKETING ENABLER

It's hard to comprehensively assess the state of Precision Marketing in the region without taking stock of the advertiser progress with Data Management Platforms (DMPs). Globally, for around a decade now, these technology platforms that help advertisers manage and unify multiple streams of disparate consumer data have been considered by many as a prerequisite for any serious precision marketing endeavor. DMP engagements globally are not always successful – those that succeed are characterized by a well-thought through data strategy, a healthy dose of internal and partner collaboration, a lot of hard work, and complete clarity of expectations around use cases and priorities linking back to the data strategy. If deployed well, DMPs can be game changing as they allow you to understand and profile your consumer more intimately, connect with them where they are most receptive with personalized messaging, and understand what worked and what didn't each time to limit media waste.

“The biggest opportunity in precision marketing is ongoing improvement. Once creative assets have been targeted and served to specific audiences, the collection of real time data and insights from how those assets have been consumed, allows further optimisation in creative content of those assets. This is an exciting aspect of precision marketing - i.e. to create a circular loop which aims to be more precise and more relevant, with each iteration. This allows for high efficiency of spends per contact, higher conversion to preference in e-commerce and meaningful content for consumers.”

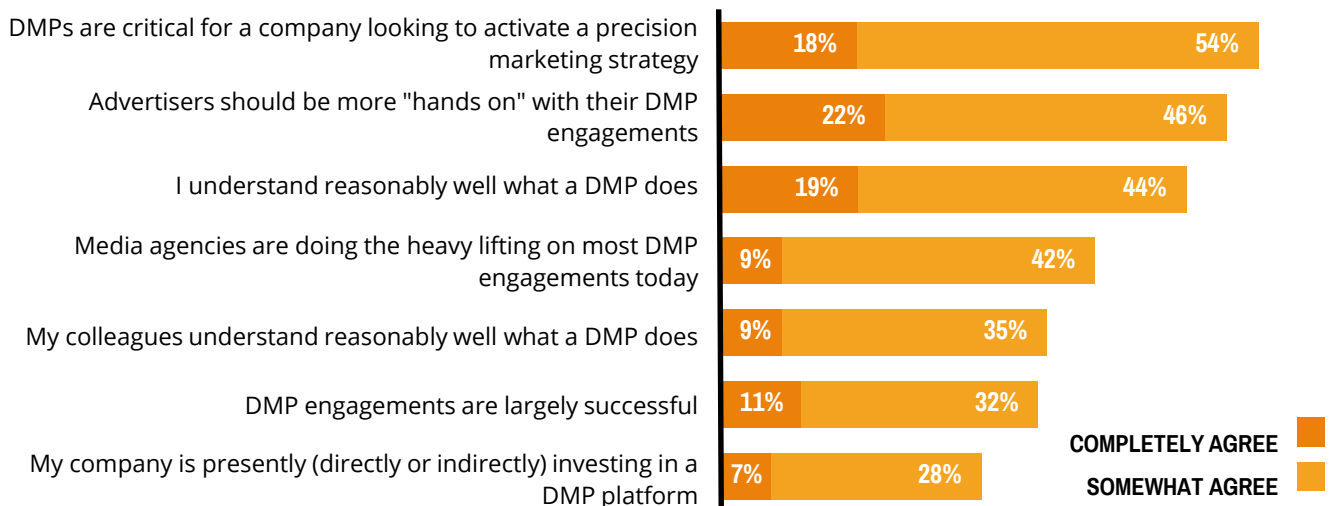
BY

Kartik Khare

GLOBAL BRAND DIRECTOR
Smile, Unilever

In the Asia Pacific region, the DMP opportunity still has a long way to go. Only in the last 3-5 years have some of the more progressive advertisers experimented with this technology, many in part due to their experiences in Western markets. While advertisers find the technology to be critical to the success of precision marketing in the region, only some acknowledge that they fully understand it, few believe DMPs work, and even fewer are currently invested in this space.

EXHIBIT 7





DATA MANAGEMENT PLATFORMS

AS A PRECISION MARKETING ENABLER

WHAT COULD BE THE EXPLANATIONS FOR THE CURRENT LEVELS OF UNDER INVESTMENT?

There are several but we focus on the 3 primary ones in our assessment.

- 1.** Absence of a strong digital expert ecosystem: In many instances even today, there continues to be insufficient digital experience and expertise necessary to make DMP engagements successful in the region. DMP engagements take a lot of hard work to get right and if you're working with a small team of 1-2 digital leads, you will need an army of agency and technology partners to drive successful outcomes. Advertisers need to ensure the right level of expert resourcing to make a DMP engagement tick and this is still a big opportunity area in the region.
- 2.** Unreliable, inadequate, or expensive data: Your DMP engagement is only as good as the data you put in it. While things are improving in this space, the region has historically had a huge third-party (3P) data challenge. There was limited traceability and reliability in most 3P datasets. Transaction-based datasets, even if available, tended to be of lower scale and fairly expensive. Without data, the possibility of higher-order analytics and AI applications quickly evaporate. This has historically been a major inhibitor.
- 3.** Limited success stories: The initial failures made everyone nervous. The first set of advertisers who launched DMPs with much fanfare in the region were either held back because they underestimated the level of digital expertise needed to get things successfully stood up or were unable to get much done without good data. Even today, a big ask of DMP partners from advertisers looking to invest in this space is the ability to demonstrate ROI and showcase quick wins early on in the engagement.

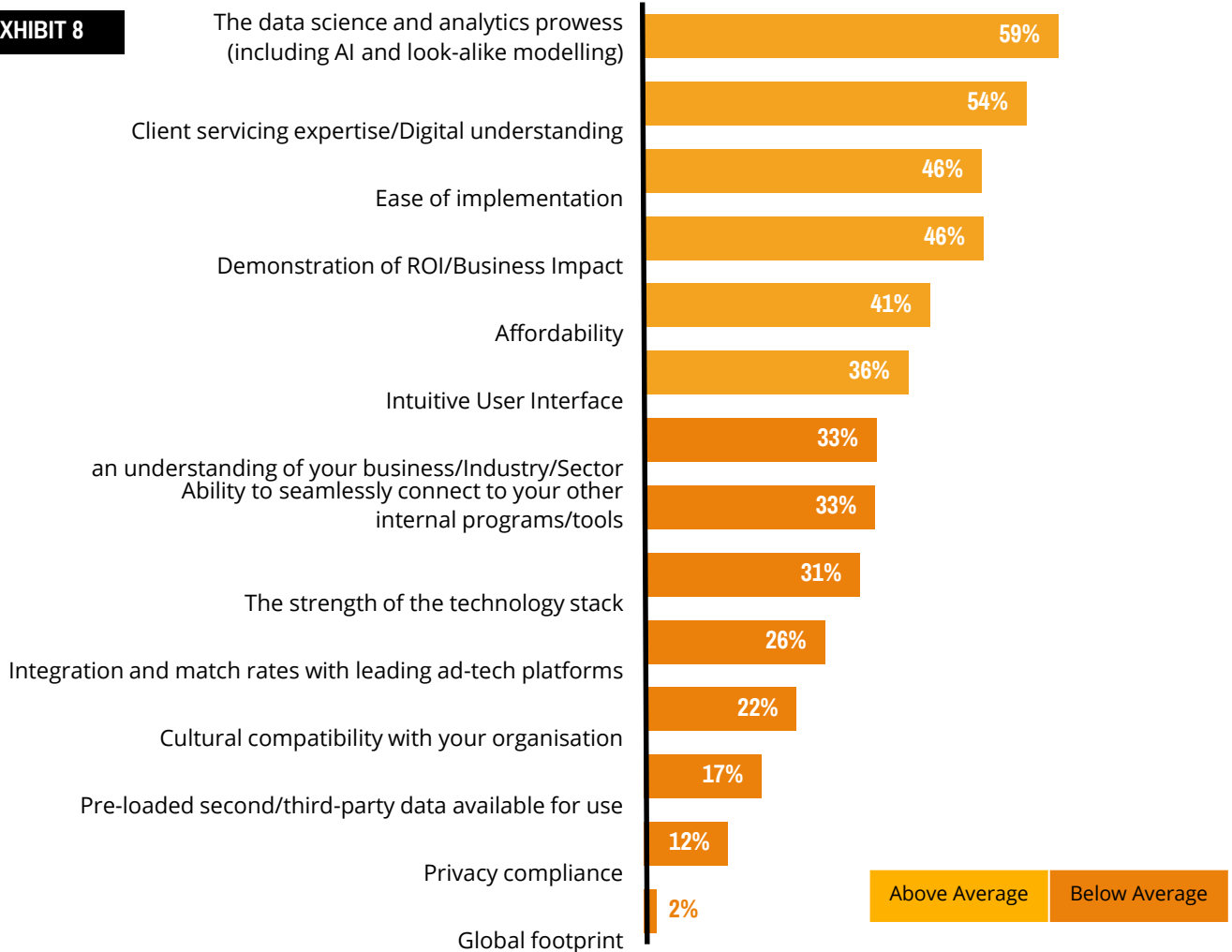


So what factors are important to advertisers in the region while selecting a DMP platform? Advertisers call out the analytics and data science prowess (59%) as the selection factor most important to them, followed by servicing support grounded in a strong understanding of the digital space (54%). The ease of implementation (46%), ability to demonstrate ROI (46%), and affordability (41%) round up the top-5 list of factors. DMP vendors ought to take note as addressing these needs actively will help drive a much-needed resurgence for this technology in the region.

WHAT ARE THE MOST IMPORTANT ATTRIBUTES YOU WOULD LOOK FOR IN A DATA MANAGEMENT PLATFORM?

(n=81)

EXHIBIT 8





REPORT IMPLICATIONS:

TOP IMPLICATIONS FOR ADVERTISERS:

- Before you jump into precision marketing, craft your data strategy and connect it to your larger brand and growth goal(s). Precision marketing has numerous applications and you'll need to be laser focused on what moves your goals forward.
- Precision marketing needs a multi-functional and multi-faceted team including IT, marketing, analytics, sales, and others. Get different teams to coalesce around this endeavor. This cannot be an isolated effort.
- Make room on your marketing teams for digital-first experts and data scientists
- Lean into strategic partners who will carry you through this journey. It takes a village to be successful in precision marketing.
- Invest in an always-on education/ dialogue series on martech, digital, and programmatic .
- Understand that ROI measurement is still evolving for the industry. Know where to start and be willing to make trade offs as a fancy ROI program may cost more than your initial media efforts. Keep an eye on both the short-term and long-term ROI.

TOP IMPLICATIONS FOR MEDIA OWNERS :

- This is a play for relevance. Not doing anything is not an option. Demonstrate urgency but be candid with your advertiser partners around your preparedness, strengths, and areas of opportunity.
- Provide data choice. This includes making available other higher quality data assets within your ecosystem for targeting and profiling.
- Consider an open platform environment where you can offer the ability to connect to other data and analytic streams within the industry.
- Need for differentiated ROI measurement and campaign optimization capabilities.
- Focus on audiences not just inventory.

TOP IMPLICATIONS FOR AGENCIES:

- Big opportunity with education for early adopter clients.
- Focus on ROI and highlight small and big wins.
- Tiered solution approaches for clients based on where they are in their journey.
- Put a premium on higher quality data. Distance yourself from poor, suspect datasets.
- Revisit your resourcing and staffing model for supporting DMP engagements especially for smaller clients. This is a big opportunity if structured right.



ABOUT THE SURVEY:

TIMELINE AND SAMPLE

This survey ran late 2018 into the start of 2019 | 21 November 2018 to 1 Feb 2019.

A total of 81 Advertiser respondents provided insights. The survey was sent to advertiser clients of Nielsen.

COUNTRIES OF INCLUSION:

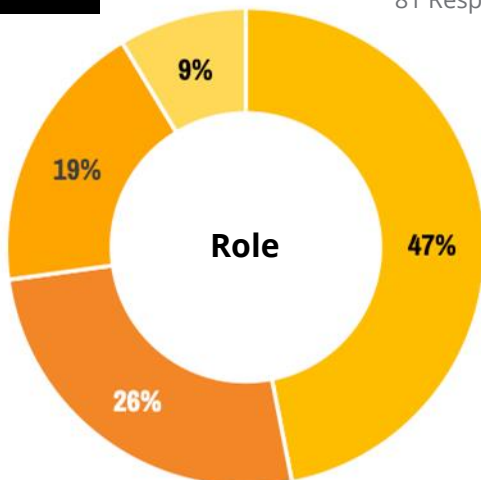
Australia	Indonesia	Myanmar	South Korea
China	Israel	New Zealand	Taiwan
Hong Kong	Japan	Philippines	Thailand
India	Malaysia	Singapore	Vietnam

RESPONDENT PROFILES :

WHAT BEST DESCRIBES YOUR AREA OF ACCOUNTABILITY?

PROFILE #1

81 Responses

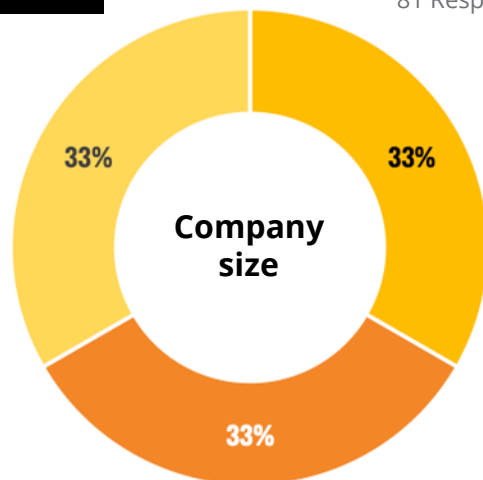


- Brand Marketing
- Insights Analytics or Data Science
- Media or Digital Enablement
- Other

WHAT IS YOUR COMPANY SIZE IN TERMS OF ANNUAL REVENUES (USD)?

PROFILE #2

81 Responses

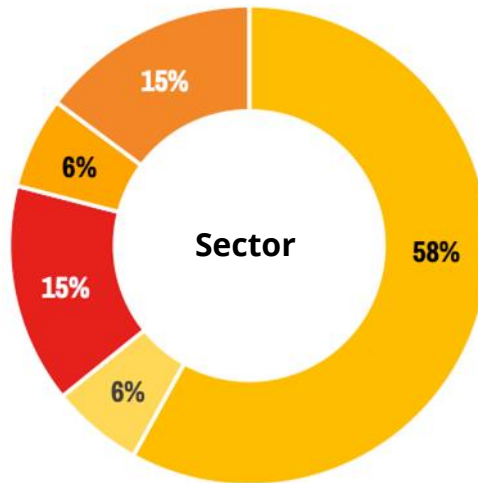


- 1 Billion or Smaller
- 1-10 Billion
- 10 Billion or larger

WHAT BEST DESCRIBES THE SECTOR IN WHICH YOUR COMPANY OPERATES?

PROFILE #3

81 Responses

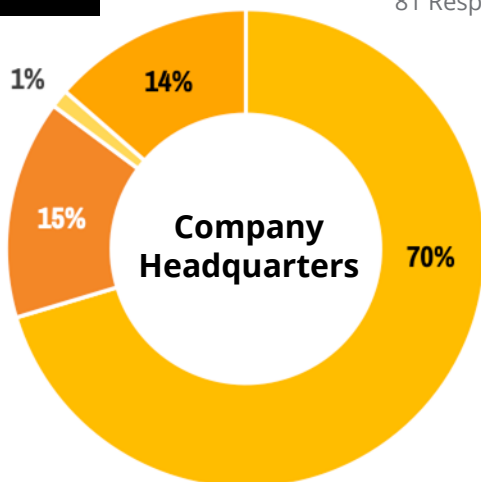


- CPG/ FMCG
- Retail or e-commerce
- All Other
- Household durables
- Telecom, Technology or Gadgets

WHERE IS YOUR COMPANY HEADQUARTERED?

PROFILE #4

81 Responses

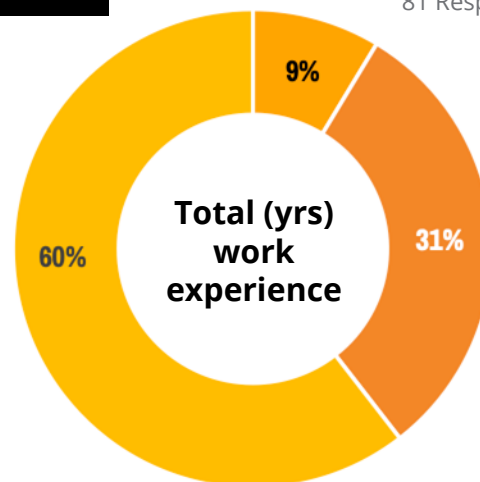


- Asia Pacific
- Europe
- Middle East, Africa
- North America

LASTLY, HOW MANY TOTAL YEARS OF WORK EXPERIENCE DO YOU HAVE?

PROFILE #5

81 Responses



- 0-5 years
- 6-15 years
- 16+ years

ABOUT THE AUTHORS

RANJEET LAUNGANI is Managing Director, Media (North Asia Cluster). Ranjeet also leads Nielsen's Marketing Cloud and DMP solutions for the Asia Pacific region. At Nielsen since 2003, Ranjeet has a proven track record of consulting with media, CPG, and retail clients in North America and Asia for improved business outcomes. Ranjeet is currently based in Dubai, UAE.

ANNETTE KUNST is Managing Director, Media (South East Asia Cluster). Annette also runs the Pointlogic portfolio of products across Asia Pacific, resulting in high engagement with agencies and brands for strategic communication planning platforms as well as effectiveness measurement of cross media campaigns. Annette has been living/working in Singapore and Asia for 25+ years.

ACKNOWLEDGEMENTS

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ABOUT NIELSEN

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