BUYER'S GUIDE

Data solutions

How the right data partner
creates better campaigns
and higher returns

Epsilon®

# Contents

Why read this guide?

Today, marketers face increasing pressure to make data-driven decisions. Clients are leveraging their own first-party data, collaborating with partners for second-party data and sourcing third-party data to get a complete customer view. This data, when properly utilized, helps brands strengthen relationships with existing customers and build profitable new ones—ultimately improving the effectiveness of their marketing spend.

However, many businesses struggle to fully unlock the potential of their first-party data, missing out on crucial insights on target buyers and personalization opportunities.
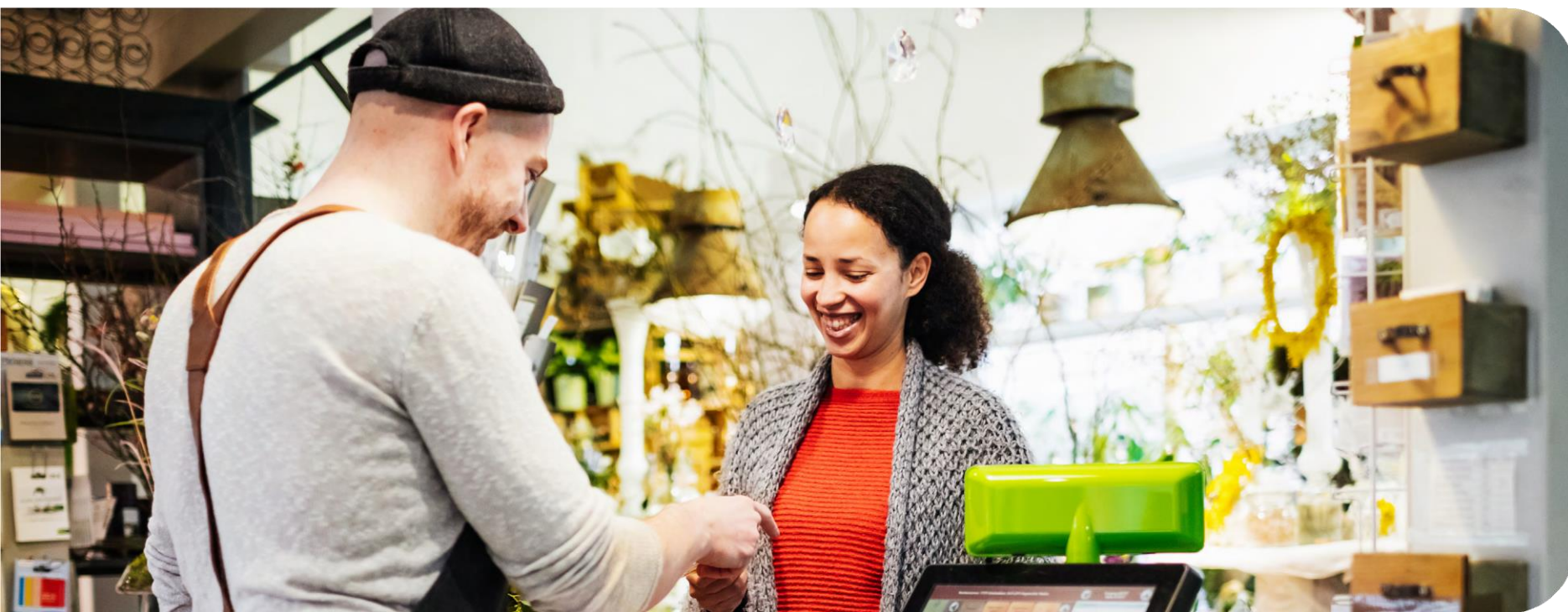
These challenges typically fall into five categories:

① Limited and incomplete first-party data

② Ensuring data security, privacy and ethical sourcing

③ Inconsistent performance

④ Fragmented customer view

⑤ Disjointed customer experience

Read on to learn more about the essential capabilities and value drivers you should look for in a data solution and what questions to ask during your evaluation process.

Essential capabilities

Let's go back to the basics: There are 10 criteria you shouldn't compromise on when choosing a data provider.

- Privacy
- Accuracy
- Coverage
- Granularity
- Timeliness
- Predictive power
- Consistency
- Transparency
- Omnichannel activation
- Usefulness

10 criteria to assess data quality

Privacy

With more states implementing regulations on personal data, privacy is the top consideration and remember: It should never be sacrificed for the sake of performance.

Data providers should be able to share how they comply with current legislation and are preparing for new legislation. Always review privacy policies and opt-out language and how companies are handling consumer reporting, data deletion and the handling of sensitive personal information.

Accuracy

It can be difficult to evaluate data quality at scale, so look for a trusted data partner utilizing third-party validation methods like IAB Data Transparency Label and TruthSet for accuracy and transparency. Working with a trusted data partner like Epsilon, which has 50 years of expertise backed by industry-leading quality, breadth, trust and transparency, ensures you're connecting to the right people at the right time with the best possible messages and offers to maximize your marketing dollars.

Spotlight: Women's apparel retailer leverages Epsilon data for new customer acquisition

A women's apparel retailer needed a highly productive audience for direct mail campaigns. It required a partner that could prioritize goals and needs to provide growth for future campaigns, which is where Epsilon came in.

> "We value our partnership with Epsilon. They deliver quality data that we can rely on for strong continual campaign performance."

By the numbers:

23% increase in ability to drive sales via direct mail

62% increase when comparing June 2023 response rates to June 2024

Coverage

Overall coverage looks at file size, while element coverage is the percentage of records on the file with a specific element. The data coverage conversation should determine how much of the target universe is covered, as well as the completeness of each record. High coverage with little depth of useful information won't serve a purpose—coverage must go beyond name and address to include multiple channels. This translates to consistently higher identification rates across devices for more effective omnichannel marketing.

Many providers offer data hygiene and identity-completion solutions that clean and fill holes in customer data by appending or reverse-appending contact information (e.g., address, phone number and email). Make sure you understand average match rates and the quality of the referential data file that's used. Tradeoffs between coverages and accuracy will happen, so the key to success is balancing, picking a priority and achieving high marks in both.

Who she is

- Demographic & lifestyle
- Health & wellness
- Finances & wealth

What she buys

- Purchasing behavior

What she cares about

- Psychographic
- Propensity & intent

Granularity

Granularity characterizes the level of detail in a data set. Granular data is broken down into the smallest pieces possible to be more defined and detailed. For example, while a person's entire address could be in a single field, a more granular approach would be to divide the address into multiple fields like street number, street name, city, state and ZIP code.

One of the advantages of granular data is that it can be aggregated and disassembled to meet the needs of different situations, like if you need to append your customer database or if a client wants to create hyper-targeted ads based on specific customer attributes.

Timeliness

When it comes to data, timeliness tells us how much time has passed between when the data became available and when the actual event(s) occurred. Generally speaking, recent data is the most useful, so it's important to understand how often data is refreshed.

Consumers' attributes each have different sensitivity to timeliness, but for data that adds extreme value (such as financial, in-market, propensity to purchase or other economic or activity-influenced attributes), timeliness is even more crucial. After all, it's not just about reaching the right person—you need to be able to reach the right person in the right place at the right time.

What brands know

| Name | Email | ZIP code | Transaction history |

What data partners can provide

| **Coverage** | **Timeliness** | **Predictive power** | **Granularity** |
| 3 email adresses | Recently moved | Travel enthusiast | Spends with the competition |

Predictive power

Predictive power is the cornerstone of the data-quality evaluation process and is directly associated with data performance. Understanding what data types lead to successful interactions—or what data would most likely generate specific activities—is the focus of this assessment and frequently requires use of more advanced data and analytics.

Well-balanced models with data elements reflecting depth, breadth, variety and uniqueness typically drive the best performance and can help you discover your best and next-best customers.

Consistency

Consistency requires that information or certain attributes will exist or be accurate in each observation. For example, if a data solution for an insurance policyholder requires knowing their mortgage value, age and house's square footage, this data must be consistently available. Consistency is key for modeling solutions that require variable stability.

Spotlight: Acquiring new customers with AI-driven direct mail

Earth Sun Moon, a retailer of personalized giftware and apparel, primarily reaches customers through direct mail. Using Epsilon AI Audiences, Earth Sun Moon was able to evolve its direct mail strategy for its cornerstone holiday campaign and boost sales through the transformative power of AI.

Because Earth Sun Moon specializes in giftware, a large portion of its customer base is buying for others, which adds a layer of complexity to its audiences. With AI-predictive modeling and an ongoing feedback loop, the retailer was able to craft a dynamic direct mail list that not only found the right people in the market but also knew who not to include in their mailer.

> **"We regarded the AI Audiences to be a smash success... I really appreciated that not only did the AI model find good customer prospects, but it also knew not to over-mail those prospects. That was part of the magic."**

Stephen Tessier, Chief Financial Officer, Earth Sun Moon

Transparency

Data transparency is becoming more important, especially for certain industries. The Interactive Advertising Bureau (IAB) Tech Lab has partnered with leading associations and companies to create an industry standard, a Data Transparency Label. Similar to a nutrition label, it tells marketers what's inside the data segments they buy, providing details on source, collection, segmentation criteria, recency and cleansing. It's intended to give every marketer, agency, data provider and publisher a transparent view of syndicated audience segments.

Omnichannel activation

Data needs to be available for use across channels. This includes traditional channels (like direct mail and email) and all major digital platforms (including DSPs, DMPs, social networks and connected TV). Using a consistent identity for each consumer across all their online and offline channels drives a consistent experience.

You should understand what ID graph, matching methodology and partners your brand is using for data activation and identity resolution across different channels and devices. Data should hold up across all of them with scale and accuracy. Keep in mind that both your audience definition and activation channels may be different for upper-funnel awareness versus lower-funnel conversion.

Spotlight: National pizza giant drives sales with Addressable TV

To create a consistent audience across channels, Epsilon tapped into our robust transactional data to translate eight client-defined target consumer profiles into corresponding, targetable audience segments for Addressable TV campaigns.

During the campaign, Epsilon's unique measurement solution gave the pizza giant a clear look into audience-level performance and metrics for continued campaign optimization. Our client landed a larger share of wallet, while consolidating their consumer profiles into actionable, relevant and efficient audiences they could leverage across their media mix.

By the numbers:

5+ exposures to ad resulted in higher spend per household

2.3% lift across spend per buyer exposed to Addressable TV ad

3.6% lift in buyer spend for "single survivor" audience segment

Usefulness

Usefulness assures that data achieves business goals and delivers value. The only way to gauge it is to test the data and see if it works. Ideally, test it how you plan to execute it.

For specific campaigns, assembling a valid test is critical, so be mindful of the number of variables so you can isolate the data's performance. It's an opportunity to revisit and optimize the data types and variables for future campaigns and see if something new or different can improve performance. Qualitative feedback from users is also important to ensure all users are maximizing their data usage and the knowledge the data provides.

Personalize communication to drive engagement.

Enhance first-party data with insights from a trusted partner to deliver relevant, person-first messages and build stronger relationships.

Enhanced

- Shops at Target, Kroger
- Hotel visits to Holiday Inn
- Owns a Chrysler minivan
- Average buyer of mid-priced women's apparel
- Allergies
- Frequent Dunkin and Applebee's purchases
- Frequent donor to animal causes

Basic

- Female
- 34 years old
- Married
- Two children

Enhanced

- Shops at Nordstrom, Whole Foods
- Travels with United Airlines
- Owns an Audi
- Heavy buyer of home decor
- Back pain
- Frequent Starbucks and PF Chang's purchases
- Heavy donor to health causes

Industry report card: See how we stack up.

	Transactional data	**Consumer data**	**Attitudinal data**
Epsilon	**Market-leading scale** Largest U.S. transactional consumer file, covering **$3.4T** in consumer spend and including **158M consumers and 122M households**	**#1 U.S. national consumer file** Covering virtually every marketable individual in the U.S.	**Opt-in data at scale** Largest opt-in self-reported data in North America; owned by Epsilon and customized to meet the needs of our customers
	Multi-sourced transactional database Drawn from multiple sources of debit and credit data	**Unparalleled match rates** Best-in-class accuracy driven by advanced data hygiene and aggregation from **30+ sources**	**Hard-to-find data** Unique consumer information on preferences, purchases and interests
	Industry-leading depth Two years of merchant and category-level purchase data, covering transaction volume, frequency and spend	**Proprietary attributes & insights** Unique dimensions for market differentiation; customizable models tailored to your industry's needs	**Custom insights** Custom data and insights linked to an actionable national consumer data set for activation

Epsilon is third-party verified: Neutronian, IAB Data Transparency Label and TruthSet

	Transactional data	**Consumer data**	**Attitudinal data**
Competitors	**Limited coverage** Instead of leveraging proprietary data, competitors often rely on alternative data sources, like what's available within the banking app ecosystem or credit card data. As a result, they have access to a smaller pool of consumers.	**Limited reach, coverage and granularity** Competitors lack depth in certain demographics, like "children and young adults" and "diverse segments."	**Opt-in data for insights only** Competitors have access to survey data for insights or modeling only. Respondent cannot be used for marketing purposes. Models built for activation are not integrated, adding time and complexity.
	Less granular and historical data Spend information is more limited for categories, plus the level of information for spend, frequency and volume.	**Use readily available data** Competitors are not data originators and compilers, meaning most data is the same.	**Small universe** That limits geographic coverage

Value drivers

Now that we've covered the essential data solution capabilities, let's discuss a few value drivers. These are things that will provide a smarter data strategy with more robust, profitable outcomes.

- Understand consumers
- Consumer identification
- Personalized communication
- Activate anywhere

These capabilities will give your brand the competitive edge needed to drive business outcomes. Read on to learn more about them.

Understand consumers

Identify consumers

Personalize communication

Activate anywhere

Understand consumers.

What does it really mean to understand your customer? It all starts by filling the gaps with consistent and robust third-party data to dig deeper and gain an understanding of:

- Who your customer is
- What they're buying
- Where they live
- Which competitors they shop with
- What they're interested in
- What charitable causes they care about

When we dive deeper into additional customer attributes, we often uncover significant differences in behaviors and preferences that may not be immediately visible through basic demographics.

This deeper understanding enables brands to tailor their marketing strategies more effectively, leading to more personalized messaging, higher engagement and, ultimately, greater customer lifetime value.

1 Identify

2 Cleanse

3 Fill in the gaps

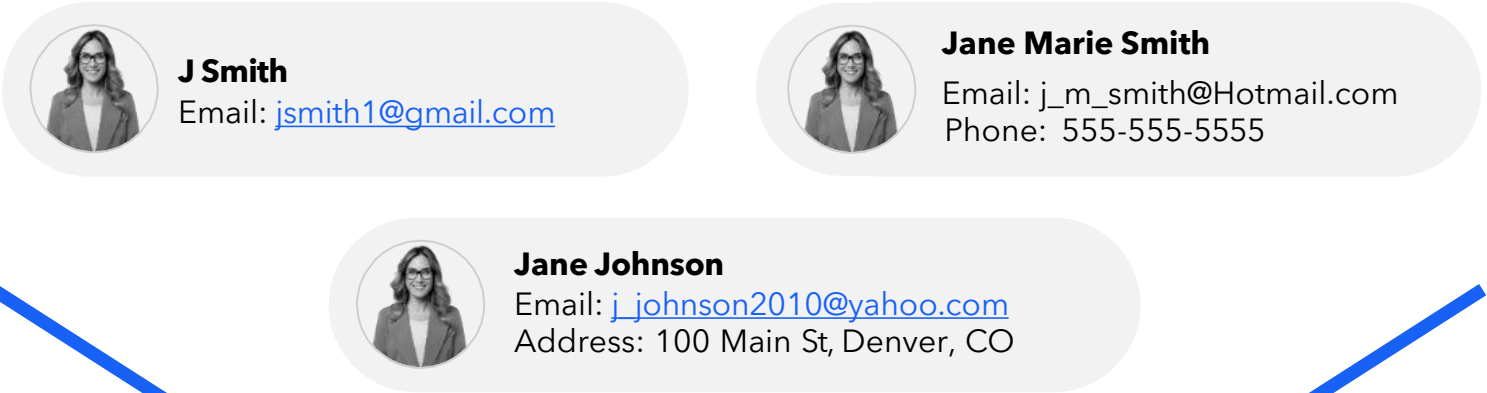**4 Next best customer**

Consumer identification

Identity is critical.

Do you have all the different contact points for an individual consumer like emails and phone numbers? And do you know they belong to the same person?
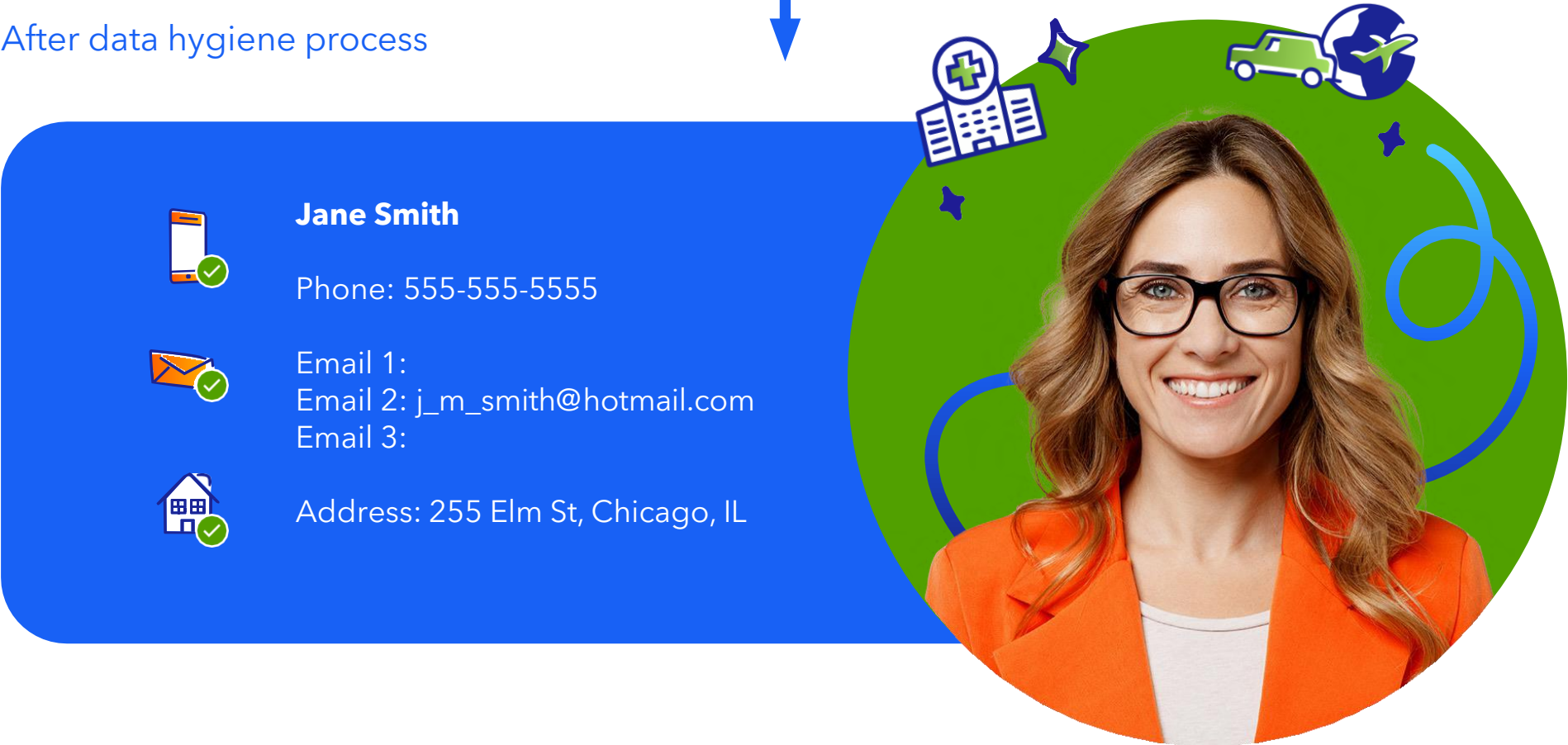
If you clean and consolidate your first-party data, you have a more accurate customer record, which leads to better communication and customer experience.

Data hygiene in action

Your database before

J Smith
Email: jsmith1@gmail.com

Jane Marie Smith
Email: j_m_smith@Hotmail.com
Phone: 555-555-5555

Jane Johnson
Email: j_johnson2010@yahoo.com
Address: 100 Main St, Denver, CO

After data hygiene process

Jane Smith

Phone: 555-555-5555

Email 1:
Email 2: j_m_smith@hotmail.com
Email 3:

Address: 255 Elm St, Chicago, IL

Personalized communication

Personalization is not only appreciated by consumers—it's expected. In fact, 71% of customers demand personalized experiences, while 76% get frustrated when brands fail to deliver. But personalization isn't only about customer satisfaction. Businesses that achieve a unified, accurate view of their customers and personalize their marketing see measurable success:

• 50% reduction in customer acquisition costs
• 15% increase in revenue
• 30% boost in marketing ROI

Leveraging third-party data to enrich first-party data, Epsilon's person-first marketing approach enables brands to achieve a unified customer view, providing the precision needed to drive personalized, relevant and impactful engagement, ultimately resulting in stronger business outcomes.

Activate anywhere.

When we say "activate anywhere," we mean it.

- ATV
- Audio
- DOOH
- Gaming

- Email
- Social
- Digital
- Direct mail

With Epsilon's Data solution, you're able to activate audiences with your partners and existing tech stack or leverage Epsilon's integrations across all channels with 100+ partners, ensuring you're reaching consumers in their preferred channels.

Discover audiences fast

Vistar's enhanced audience targeting experience is designed for efficiency.

Digital out-of-home is an essential channel for extending digital strategies into the physical world. Through Vistar Media's global DSP, marketers can activate Epsilon audiences programmatically across screens that reach consumers where decisions happen—on the move, in stores and in the moments that drive intent.
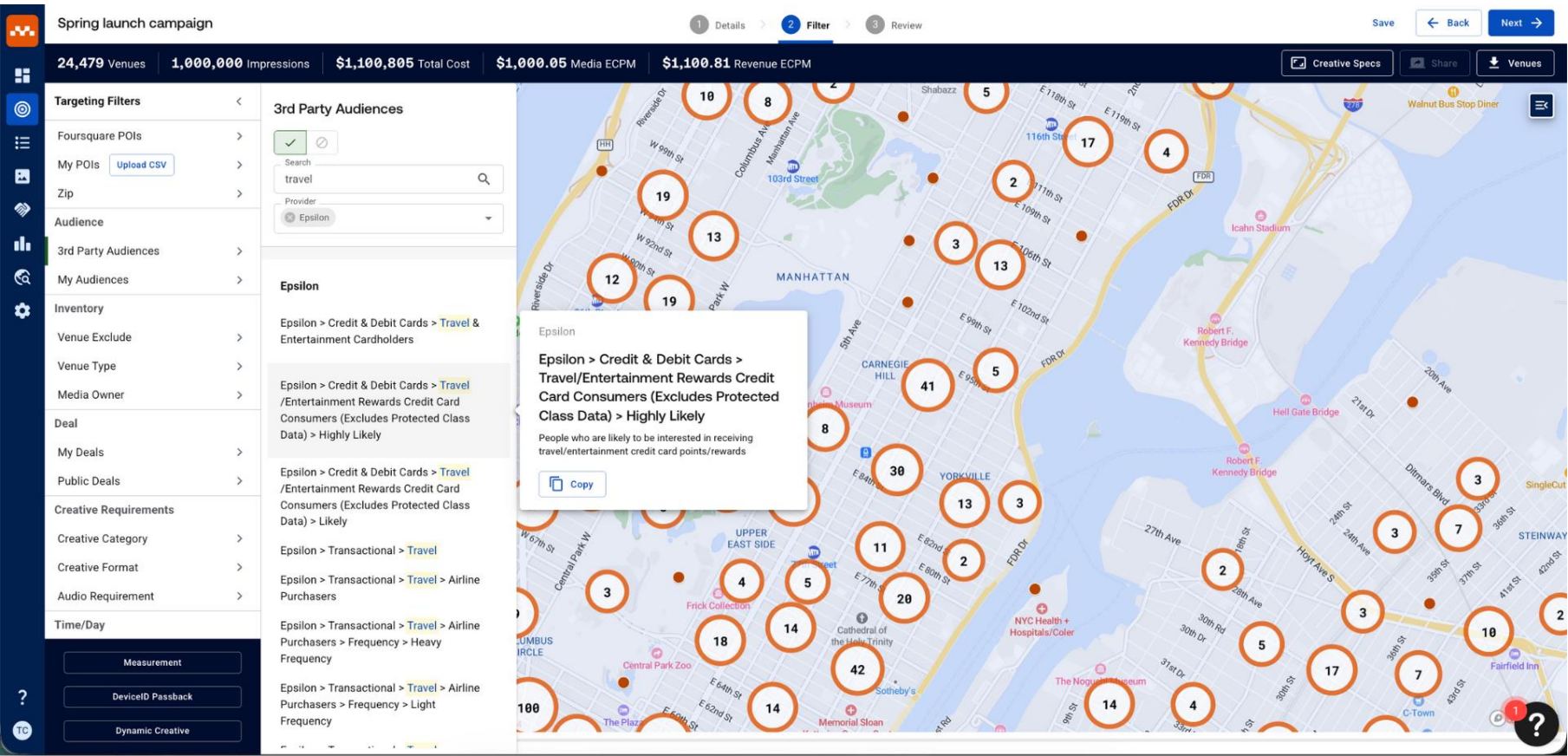
Filter by data provider
Instantly surface Epsilon segments and explore available audiences across global markets.

Keyword search
Locate specific audience segments using exact-match search functionality.

Audience descriptions
Access detailed context about each segment before you activate.

These capabilities give buyers full transparency into audience data, making discovery and selection faster and more confident.

vistar media

Why choose Epsilon?

Top-ranked consumer database in the U.S.

With insights into 250 million U.S. consumers, we provide unparalleled coverage and breadth of consumer data.

The largest cooperative transactional database

Abacus is the largest cooperative database in the U.S. with more than 3,000 contributing brands in B2C and B2B.

More transactional data

Epsilon has developed the most complete set of transactional data for marketing purposes to be used across all marketing channels.

Real data from real people

All Epsilon data is based on verified individuals and can be activated across all channels. Our data includes name, address and vital data, as well as multiple identifiers on virtually every U.S. consumer.

Privacy first

Privacy is core to Epsilon business operations, technology development and client engagement. Following privacy-by-design principles, Epsilon proactively prepares to meet changing legal requirements.

IAB audit for Data Transparency

The IAB Data Transparency Label is a commitment to data transparency best practices.

Audited by an independent third party every year for data transparency with Epsilon as the first recipient, media buyers can be confident that the Epsilon audiences they're using are true to their descriptions.

TruthSet scored for accuracy

Epsilon outperformed other large data providers across key categories:

- ✓ Age
- ✓ Gender
- ✓ Income
- ✓ Presence of children
- ✓ Race/ ethnicity
- ✓ Relationship status
- ✓ Home ownership
- ✓ Education
- ✓ Political affiliation

Ranked #1 for HEM<>postal linkage accuracy.

#1

Epsilon's combined ranking when looking across all metrics measured in audit

	Epsilon	Vendor A	Vendor B	Vendor C
Overall coverage	1	3	4	2
Element coverage	2	4	3	1
Element accuracy	1	4	3	2
Data performance	1	3	3	N/A
Combined ranking	1	4	2	2

Key questions to ask in your RFP

Based on everything we've discussed in this guide, below are some key questions to ask potential data solution providers when you're evaluating to ensure you're not settling.

1 **How does your data solution integrate with the customer journey, especially across multiple channels (email, social, web, etc.)?**

The solution should provide a unified customer view across multiple channels (email, social, web) for consistent, personalized experiences. Look for cross-channel activation and seamless data flow that enables real-time, relevant engagement and optimizes marketing efforts based on customer behavior across all touchpoints.

2 **How can I better segment and understand my audience using both first- and third-party data insights?**

A robust solution offers hygiene services, links and unifies records for consistent customer recognition across all channels and enriches data by adding missing personal identifiers like emails, phone numbers and demographics to create a single view of your customers. Seek a solution that offers look-alike models and AI-driven audience modeling to identify high-value customers and improve targeting accuracy.

3 **How do you ensure privacy compliance and ethical data sourcing?**

Ensure compliance with GDPR, CCPA and other relevant privacy laws, while prioritizing ethical data sourcing. Look for a strong commitment to data integrity through third-party validation tools like Neutronian and Truthset Truthscore, which ensure data quality and transparency.

4 **How will you enhance my first-party data to ensure higher engagement rates and more accurate audience targeting?**

This may also be described as "enriching" customer data. Look for first-party data enrichment services like Epsilon's Contact Complete to fill in missing points on first-party data to help clients preserve a more complete view of their consumers.

5 **How do you measure the success of data-driven campaigns? How will you help optimize my marketing spend for maximum ROI?**

Look for cross-channel activation to ensure consistent messaging and real-time campaign optimization. Advanced analytics should be used to track ROI and continually optimize marketing spend. Expect mentions of AI-driven audience modeling and look-alike models to identify high-value customers, improving targeting and ROI across channels.

6 **How you help me create actionable insights from my first-party data to drive personalized marketing outcomes?**

You can translate first-party data into actionable insights that directly inform personalized marketing campaigns. Look for the ability to leverage these insights for immediate, targeted engagement across multiple channels, ensuring your messaging reaches the right audience at the right time.

7 **How can I leverage third-party audience models for better targeting and engagement?**

The solution should provide custom audience modeling tailored to your unique needs, along with the ability to utilize pre-built audience segments for efficient targeting. These third-party audience models should help expand your reach and improve engagement by identifying the most relevant and high-value audiences.

Experience Epsilon's
industry-leading data solution.

Learn more about how Epsilon can help you identify and engage with your best and next best customers.

Unlock complete foundational data.

Epsilon®

Epsilon is a global data, technology and services company that powers the marketing and advertising ecosystem. The world's leading brands use Epsilon to harmonize consumer engagement across their paid, owned and earned channels, leveraging capabilities that include data, identity resolution, customer data platforms, clean rooms, digital media, retail media, site personalization, direct mail, loyalty, email marketing and measurement. By applying artificial intelligence against privacy-centric consumer recognition–embedded in data-enriched analytic, marketing and media solutions–Epsilon allows marketers to bridge the divide between marketing and advertising technology, engaging consumers with 1 View, 1 Vision and 1 Voice. 1 View of their universe of potential buyers. 1 Vision for engaging each individual. And 1 Voice to harmonize engagement across paid, owned and earned channels. For more information, _____