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BIG DATA’S BIG IMPACT ON THE FUTURE OF ADVERTISING

MITCH BARNS, CEO

The big broadcast nets are beginning to book their first big upfront deals—deals that are showing signs of today’s complex media world. Technology innovation continues to drive media fragmentation, muddying the once-simple world of TV, radio and print. Advertisers must now divide their budgets among all the proliferating devices and channels people watch. How can they hope to get the return they are used to in terms of what people buy? And how can the broadcast nets and other media companies offer such a return?

Certainly, this revolution in technology is complicating our lives. But we believe this same technological revolution is going to make it possible for advertising to enjoy a renaissance of sorts.

Why? Technology innovation will make it possible to trim a great deal of waste out of advertising by making it more precise. As advertising becomes more precise, it will become more efficient, which will drive up its ROI*.*This higher ROI will then lead to more investment in advertising. Yes, spending *more*, which many are reluctant to do, will become the attractive option, the smart business move.

The secret is not just “big” data, but “right” data. Here’s how we see it play out.

What we call “enterprise marketing platforms” will take in data on the viewing and purchase behavior of millions. They will feed it into software that combines elements of marketing models, attribution models, and other analytical tools. And the result will be predictions that relate watching to buying more precisely than ever before.

These models will then inform systems that systematically and “programmatically” bid for and buy advertising, and monitor the buying activity that results. These results will be fed back into the predictive models in real-time. The models get better with each cycle. The waste goes out. The ROI goes up. And the money comes in.

Are we there yet? Nobody’s quite there yet. If enterprise marketing platforms are to do all these things successfully, we will need the right technology, the right analytics, and the right data. Today, the technology is approaching commodity status. The analytics are difficult but doable. The real challenge is the data.

For one, consumer privacy and security must remain paramount. As we and others gather more person-level data, it is crucial that we preserve the anonymity of the data without losing its specificity. Despite what others have said, privacy and precision are not a zero-sum game, but achieving both requires enormous care.

For another, identity-management challenges mean that not all data is accurate enough. That ad that was seen on a smartphone and a tablet: was it seen once by two people or twice by one person? In addition, some offline data is not as granular as it could be. Some data is not available quickly enough. And big data is typically both noisy and unrepresentative.

This is because big data generally *accumulates* rather than being something *constructed*. Making it useful requires calibration with data that is both clean and representative. For this purpose, we leverage large, carefully assembled, carefully curated panels that function as a source of truth. The panels are like the philosopher’s stone alchemists once dreamt of: panels allow us to turn the ore of accumulated data into the gold of calibrated, insightful datasets.

This kind of calibration will become more and more important, because what we call big data today will not always be big enough. We are entering a world where no company will have enough data on its own to do what can now be done. Gathering truly comprehensive data will involve negotiating with multiple owners who will share their data only with those they trust to keep it safe and use it impartially. Independent data, always an important element when financial decisions are on the line, will be more vital than ever.

What we are seeing, then, is the emergence of a real-time meld of data, technology and analytics that relates the media exposure of all consumers on any device to the purchase activity of all consumers in any channel. The result will allow manufacturers to identify, with extraordinary precision, what mix of advertising will most contribute to their brands’ growth prospects.

The crucial enabler of that precision will be Data. The right data, in the right form, handled in the right manner. This is what will drive the coming advertising renaissance.

Is it any wonder data is cool once again?