



PreciseTarget

Taste Platform

Disclosure to customers about the use of aggregated data to help retailers and publishers personalize customer experiences.

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1 Document Purpose

This document is provided to PreciseTarget's partners, customers, and data purchasers to provide transparency about the data used in the Taste Platform. It explains the company's approach to protecting the data provided by partners, and provides greater insight for risk assessment and management professionals. The intent of the document is to provide clarity and transparency for the purpose of evaluating PreciseTarget as a data exchange partner. This document has been reviewed by Cooley LLP, its outside legal counsel.

2 Definitions

- **Synthetic Consumer Identifier (Synthetic ID):** This is a randomly created synthetic identifier representing a real-world consumer. The synthetic identifier was created by Equifax, using a proprietary methodology, making Equifax the only party able to be the matching intermediary. When PreciseTarget delivers data to a retailer, it sends the data to Equifax with the synthetic IDs, which can then be matched, by Equifax, to the retailer or bank's customer file.
- **Taste Event:** A taste event is the only event data stored by PreciseTarget, using the synthetic ID as the consumer identifier. A taste event is created by transforming a purchased SKU into an expression of the consumer's taste. The metadata attributes of the SKU informs the Taste Platform about the types of products liked by the synthetic ID. It should be noted that taste event does not include product brand information.
- **Taste Platform:** This is the aggregated data system that is used to classify the tastes of synthetic IDs.
- **Consumer Taste:** A consumer's taste includes the brands and price ranges for the products that fit the consumer's taste. A consumer's taste is used to score merchant assortments enabling a merchant to target customers.
- **Probabilistic System:** A system that makes predictions based on models using training sets of data.

- **Consumer Taste Profile:** A data specification that scores brands, products, and price points for customers within each product category.
- **Taste Audience:** A collection of consumers who share similar taste scores for products within a product category. Taste audiences can be referred to as clusters of users.
- **Product Metadata:** The attributes of a product that contribute to the computation of a consumer's taste. The Taste Platform classifies 20 to 30 metadata attributes of products ranging from the price, brand, fabrics and materials, colors, cleaning instructions, recommended uses, etc.

3 Description of PreciseTarget's Taste Platform

Executive Summary

The PreciseTarget Taste platform is designed to provide greater insight about the tastes of consumers. The company's research indicates that consumers are more responsive to targeting reflecting their taste, rather than an offer or advertisement for a specific product. The platform uses aggregated data from a broad array of partners, including major retailers, publishers, and syndicated data sellers. The Taste Platform is based on probabilistic modeling constructs.

All data provided to the platform must be transformed to a Taste Event before submission to the platform. The transformation process is often conducted by a trusted intermediary, like Equifax, resulting in the platform learning the consumer had a taste event, which could have resulted from the purchase of pair of running shoes, as an example. A taste event uses an aggregated set of product attributes, which does not include the product brand name.

The Taste Platform uses a synthetically created identifier for each consumer, with no linkage to the actual consumer identity. Unlike email encryption, there is no possibility to reverse the synthetic identity. PreciseTarget is partnered with Equifax, the only party capable of matching the synthetic ID to a real-world consumer. A consumer wishing to augment their customer data must work through Equifax as the match authority. PreciseTarget stages its data, organized by Synthetic ID, in a secure staging center at Equifax. A retailer wishing to purchase data would receive the data through the Equifax matching service.

Overview of Consumer Taste

PreciseTarget's goal is to deliver data products aligned with the product tastes of American consumers. The company presently has 252 million taste profiles of synthetic IDs representing US adults over 18 years of age. The company's research indicates consumers are more responsive to advertisements, offers, and personalization that reflect the consumer's tastes. For example, rather than targeting a customer for Cole Haan shoes because of a previous purchase, PreciseTarget provides data enabling a retailer to target the customer for his taste in shoes, which may be mid-priced men's loafers in the \$60 to \$80 price range. Retrospective data testing indicates the taste-based approach improves conversion 30-50%.

The company's research across a data set of over 4 billion transactions indicates relatively weak consumer affinities to product brands. Conversely, the research concluded that consumer tastes are more durable (unchanging), and performant for targeting. A man who purchases cotton dress shirts, priced from \$75 to \$90 in the color blue is unlikely to rapidly change his taste, but is relatively agnostic to the shirt maker brands in his considered set.

What is a Probabilistic System?

The PreciseTarget platform is built on a large but finite training set provided by its partners. The only data used by the system is provided by companies with certified ownership of the data with unequivocal rights to use the data for marketing purposes. The company makes no use of unauthorized data, nor does it accept data with unclear ownership rights.

The Taste Platform is based on machine observations of over 5 billion taste events. A taste event can originate from a product purchase, a product click, or other expression of interest. The taste system weighs the importance of individual taste events. For example, a taste event linked to an actual product purchase may carry a higher score than a taste event related to a product click. At this writing, over 4 billion of the system's taste events are related to a specific consumer purchase.

The system is based on a probabilistic methodology. The taste computations are based on scored probabilities using the training sets provided by its partners. The probabilistic models have been developed by the company's data science teams in the form of computer algorithms using advanced data science techniques. If the system predicts a synthetic ID for a person scores high for Patagonia outerwear it is because her previous taste events led to her predicted taste in outerwear. The prediction makes use of product similarity computations, and look-alike modeling of people based on their attributes. The people similarity computations are conducted by Equifax, using their company-owned data, serving to shield PreciseTarget from knowledge about specific consumers.

Restrictions on Platform Use

The PreciseTarget taste platform and related data products are restricted for use in the retail, credit card offers, and retail fraud detection domains. The company will not permit the use of its data for other or unspecified purposes.

4 PreciseTarget Data Products

(As of May 1, 2019)

The Taste Platform enables PreciseTarget to map tastes to the synthetic identifiers representing real-world people. The company has a synthetic identifier coverage for nearly 99% of over-18 adults in the US, but no ability to link the synthetic identifier to a real-world person. In conjunction with its strategic match partner, Equifax, PreciseTarget delivers the following data solutions:

- **Product Taste Audiences:**

This data product creates taste audiences for nearly every major retail category. Audience sizes range from 1 million to 51 million. The consumers in a taste audience have high scores for the products and brands in the specific audience. Audiences are delivered by trusted matching intermediaries, like Equifax, LiveRamp, and Oracle Data Cloud.

- **Consumer Taste Profiles**

PreciseTarget provides retailers with a taste profile of their customers. The taste profile is delivered in context of the retailer's present day product assortment. The profile uses the federated taste event data to indicate the brands, categories, and products which score highest for the consumer (known to PreciseTarget by a synthetic ID). The Taste Profiles may be delivered as a one-time data append, or as a monthly continual update subscription reflecting the assortment changes during the normal calendar, promotion, and seasonal cycles.

- **Custom Taste Audiences**

This product enables the customer to create a custom audience based on their specific business needs. A custom audience may combine the Taste Platform data with the retailer or publisher's data, along with data provided by syndicated data sellers. For example, a customer audience may be designed to target women who score for mid-priced active wear (PreciseTarget taste data) who have purchased running shoes (Retailer's data) and live within 10 miles of a merchant store (Third party Geo-location data).

5 Safe Data Exchange Architecture

The Taste Platform is designed to prevent the misuse of partner data. The system includes designed connectivity gaps, making it impossible to defeat, including via the use of brute force techniques. The core constructs of the privacy architecture are as follows:

- 1. Consumer Identifying Data:** *The system must not record nor store information enabling linkage to consumer identities or P.I.I.*

The taste platform associates consumer taste events to randomized synthetic consumer identities. The synthetic identities were created by Equifax, the only party with a matching key to the actual consumer. The matching key is not algorithmic, meaning there is no ability to decrypt the matching key. All incoming data must be funneled through the Equifax match center. Equifax provides a service to transform the provided data to a taste event prior to the data being provided to PreciseTarget.

- 2. Merchant Purchase History Data:** *The system must not record nor store information about specific products purchased by a customer*

All purchase history information must first be transformed to taste event data before submission to the Taste Platform. The data transformation process is completed by the data owner (e.g., a retail merchant) or by Equifax. A taste event related to a product purchase is transformed into an expression of the consumer's taste. Rather than describing a specific product, it would describe the metadata elements like the category, price, fabric, color, and attributes of the product. The taste event does not collect nor store product brand information.

3. Consumer Taste Data: *The system must not connect taste event data to real-world individuals*

The combination of the synthetic customer identifiers, and the third-party creation of taste events makes it impossible to link an event to a specific individual. It's important to note that all taste computations are made based on the aggregated set of activities in the system.

4. Merchant Transaction Data: *The should be no ability to connect event data to specific merchants, including online and in-store*

The transformation of transaction data to taste event data masks all connections to specific merchants. The taxonomy of taste event categorizations defines all events in a across a multi-merchant spectrum. For example, an identical taste event could be triggered by a purchase of jeans at Gap, JCrew, Zappos, or Target. The event classification is agnostic to the merchant seller, making it impossible for the data viewer to know where the taste event was conducted.

5. Storage of Merchant Transaction Data: *There will be no collection nor storage of merchant transaction information*

PreciseTarget does not collect nor store merchant transaction information. The transformed merchant data, in the form taste event data, is delinked from specific merchants. The Taste Platform only learns and records that a specific synthetic ID has had a taste event, but has no knowledge of the merchant where the event happened.

6. Reselling of merchant source data: *The system design must make it impossible to create information that would be valuable to a competing merchant*

We have no ability to know where merchant taste events occur; thus, we don't have the capability to providing targeting information to a competitor. The PreciseTarget system is based on aggregated data, with the no storage of data that would be valuable to a merchant competitor. We know the tastes of synthetically identified consumers in the aggregated sense, but are unable to link specific events to individual merchants.

7. Creation of non-Taste Data Products: *The system will not have the ability to create data products that are not based on the aggregated taste system.*

The only information stored about consumers are undecipherable synthetic IDs, retailer transactions, and non-merchant specific taste events. The data transformation process, done by Equifax or the data owner, completely shields knowledge about the consumer and the merchant. We have no ability to reverse a taste event, nor reverse the consumer's identity, given that both must be de-identified before submission to the Taste Platform. PreciseTarget represents and warrants it has no ability to reverse the de-identification processes.

8. Consumer Privacy: *The system will not collect, accept, nor store, data that could be used to impinge on a consumer's privacy or confidentiality*

PreciseTarget stores no data about individuals, and relies on its data exchange partners to: a) certify unequivocal legal rights to their data, and b) remain in compliance with consumer opt-out commitments, privacy laws, and industry best practices, and c) Undertake the responsibility of excluding customers who have opted-out or unsubscribed, from its campaigns, communications, and customer programs. We have no ability to identify consumers, making us unable to maintain opt-out information.

It should be noted that PreciseTarget uses aggregated demographic data to cluster its synthetic consumer identities into groupings for the purpose of look-alike modeling. The company may create a segment of identities with matching demographic attributes, but has no ability to identify the underlying consumers. The demographic data is provided by Equifax as a data append to the synthetic IDs. Equifax certifies they have the rights to use and distribute the demographic data associated with synthetic ID clusters.