

THE YEAR OF CHANGE IN DIGITAL MARKETING

MMA x BCG Survey

March 2022

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The challenge

Creating great customer
experience design and delivery....

...in a privacy first world.

Big shifts happening in the marketing ecosystem



Anti-tracking measures



Increased regulations

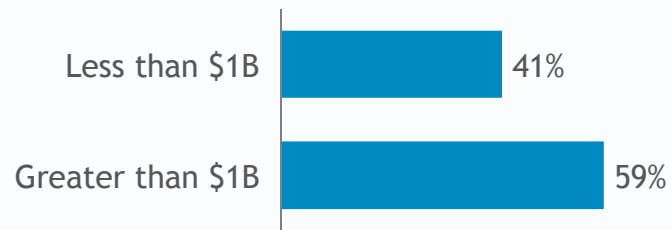
Set out to uncover: How prepared are marketers for the future?

1. What is their **level of readiness** for upcoming regulatory and tracking changes?
2. What is the **impact so far** of the deprecation of 3rd party cookies and other recent changes?
3. How are marketers preparing and **what investments** are they making?

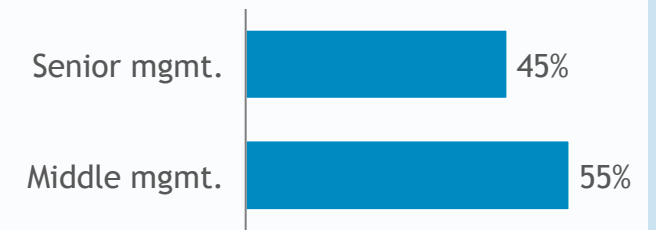
We surveyed **150 mid and senior level marketers** across a diverse set of industries

Overview of respondents:

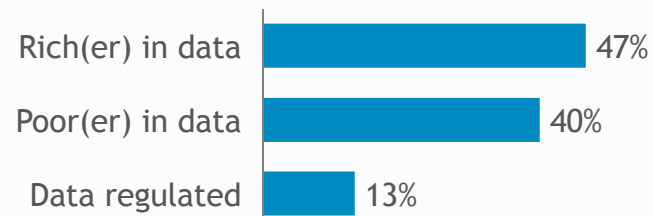
Size of company



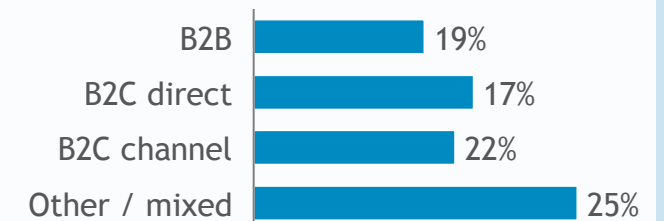
Management level



Industry verticals



Sales model



Our agenda for today



Current state: The “burning platform”:

What is the impact marketers are seeing with the deprecation of 3rd party cookies and other recent changes



Path forward: What marketers can do:

How are leading marketers addressing these shifts and what investments they are making right now

Our agenda for today



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Marketers are already seeing the impact of anti tracking changes in media performance

60%

see **reduction in media performance** since introduction of ATT

60%

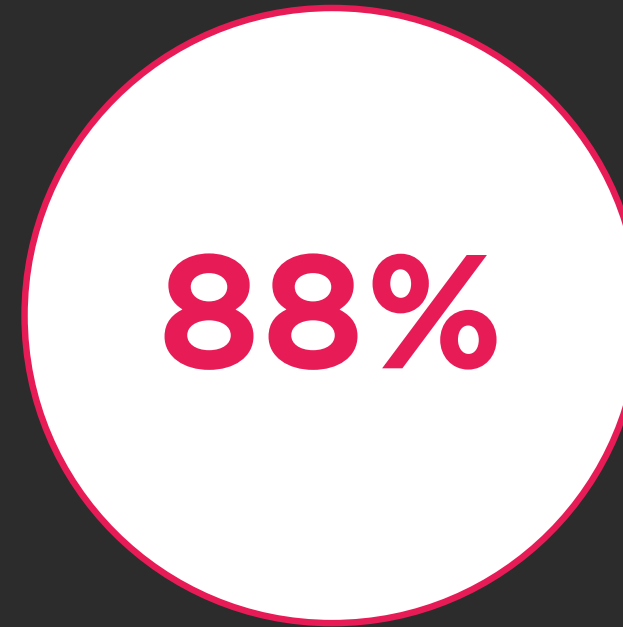
...believe cookie deprecation will **negatively impact ROI** of audience targeting

Most marketers don't feel prepared for continued regulatory and tracking changes

% of respondents



Fully prepared



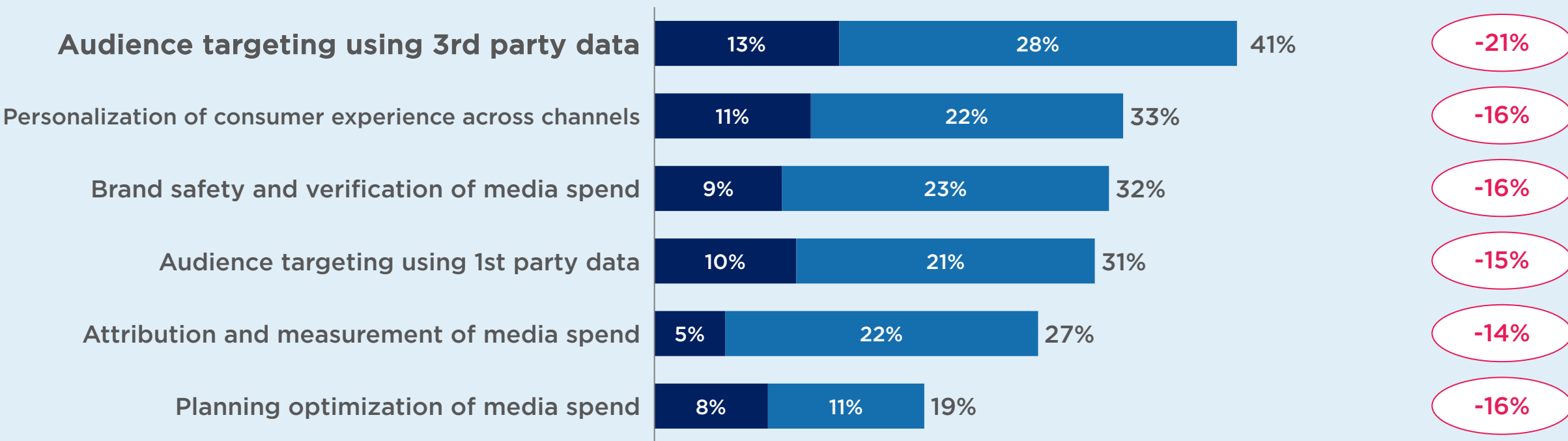
Not fully prepared
Believe further investment and internal alignment needed

3P Targeting is the use case that is expected to be most negatively impacted

Expectations on which use cases will be most impacted

Expected reduction in ROI

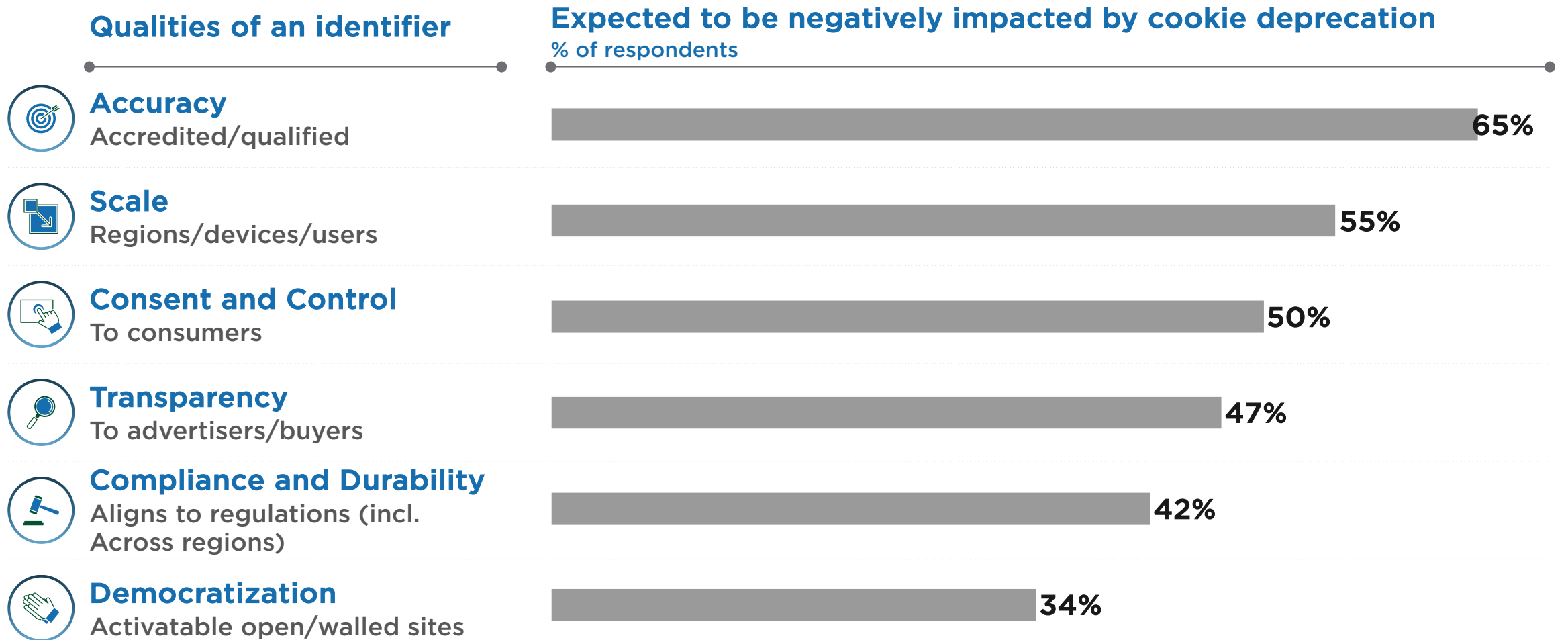
Completely disrupt
 Serious negative impact



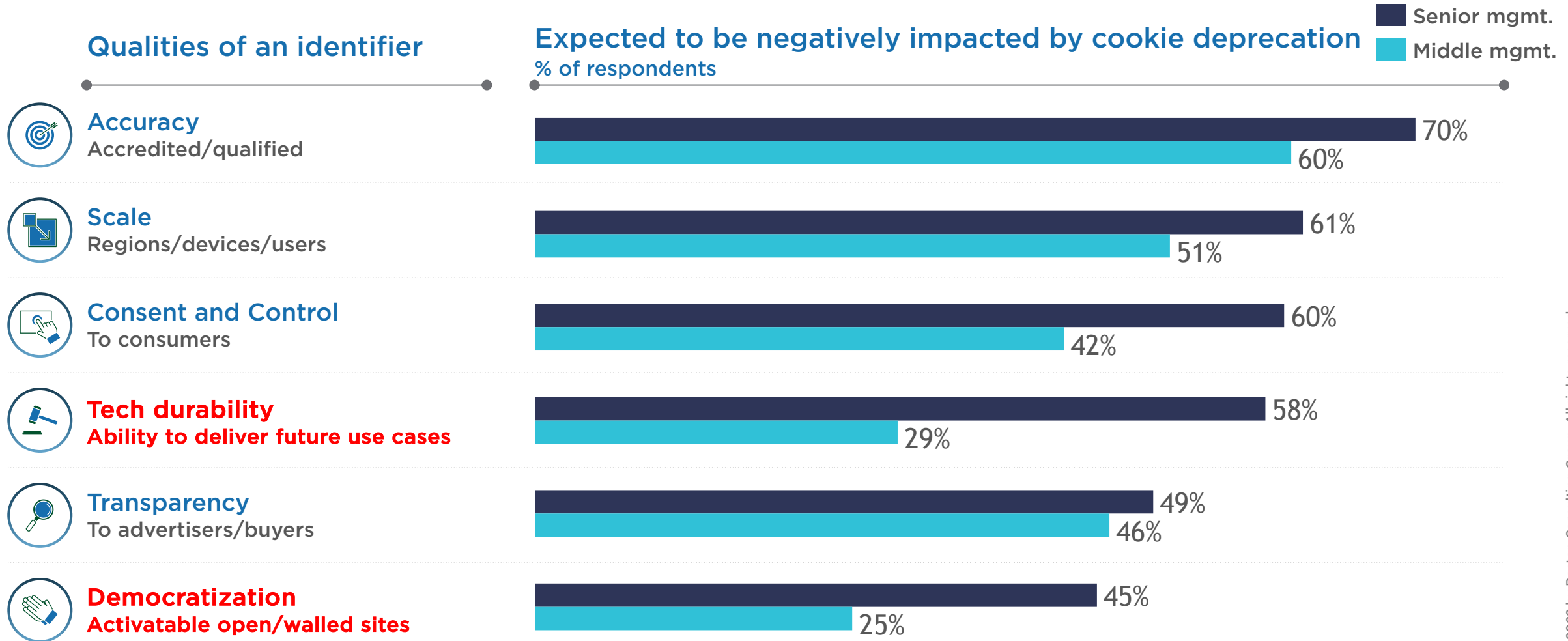
Question: If 3rd party cookies are fully deprecated, how do you expect that will impact your ability to do...?
 Question: Please estimate how this impact on your ability to carry out each use case might affect your media effectiveness and your overall return on marketing investment.

Note: Not additive. Average of those who believe there will be negative impact.

Accuracy and scale are the main concerns



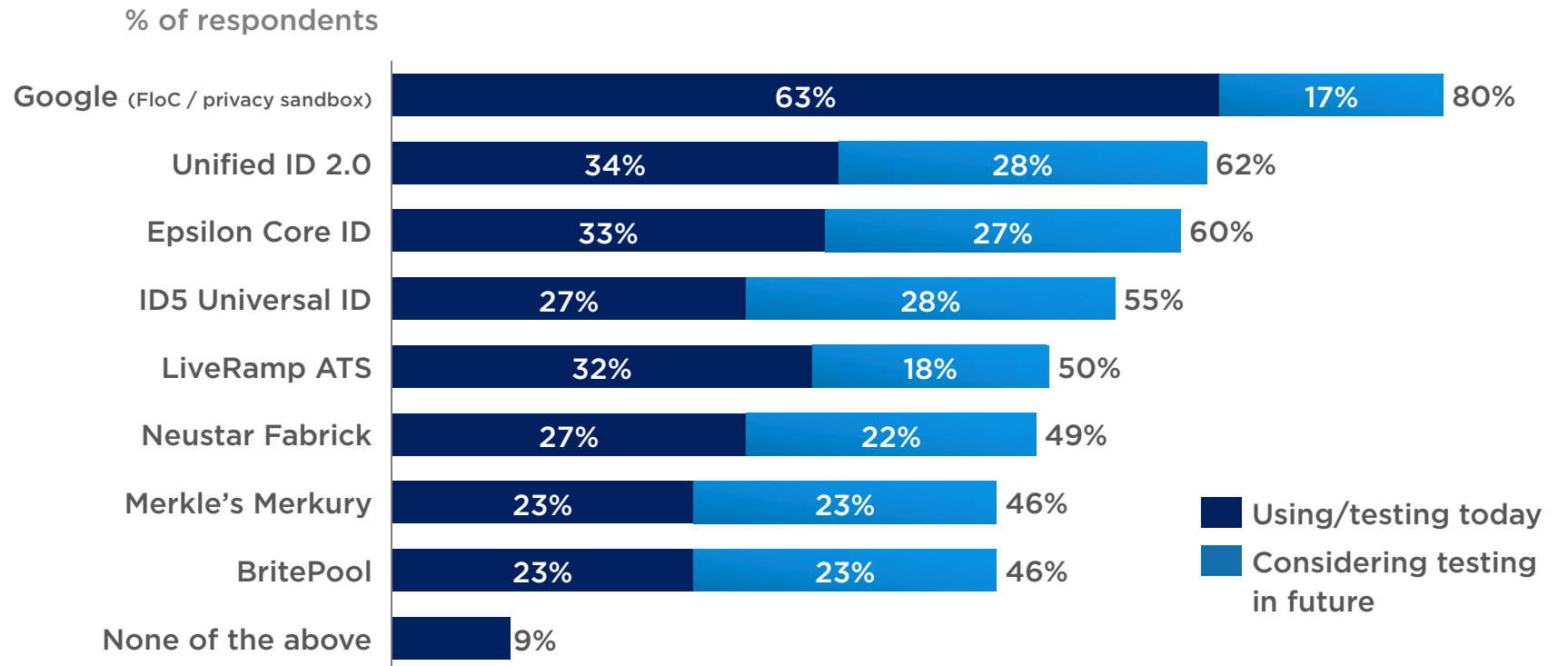
Senior management around twice as concerned as middle management about tech durability and democratization



Question: What functionality do you expect to be negatively impacted in these use cases due to the deprecation and restriction of cookies and other identifiers?

Most marketers are experimenting with cookie replacements

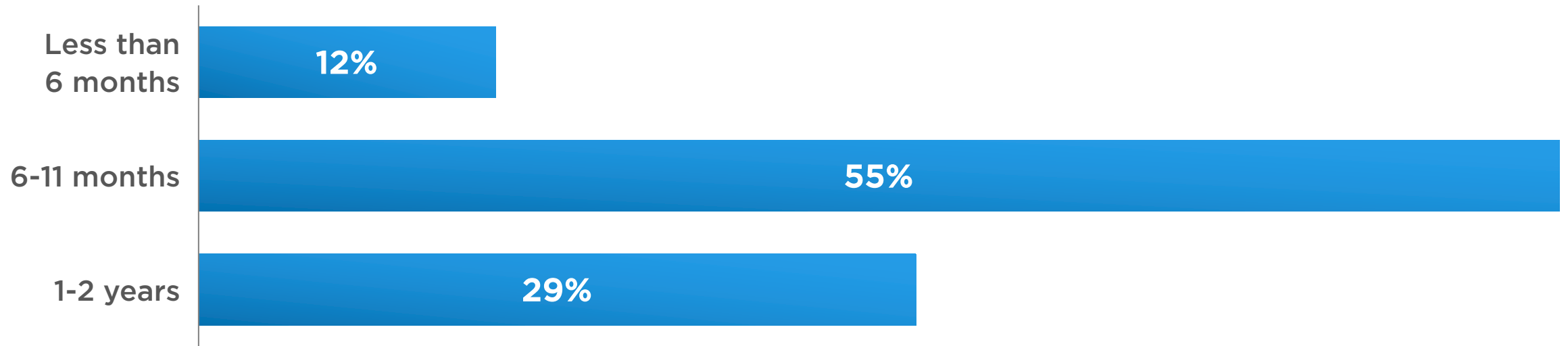
~90%
have tested at least 1 solution today



Question: Which of the following identifier (or "Identity Solutions") have you tested or used so far?
 Question: Which are you also considering?

But most of them think that it will take at least a year to implement new solution

Timeline for identity solution implementation

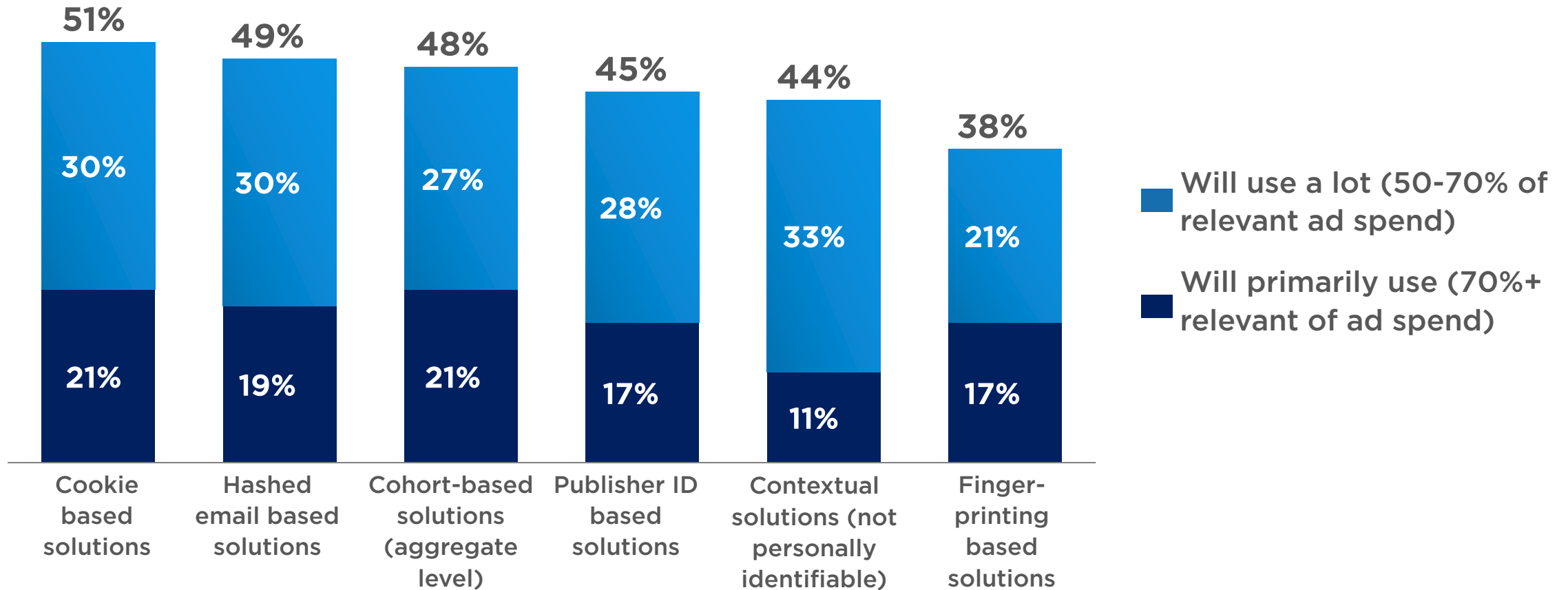


Question: Given that you are in the process of considering an identity solution, what is your predicted timeline for it to be fully implemented and driving value?

So... many marketers will continue to rely on cookie-based solutions in the short and mid term as they experiment

Most leveraged identity solutions next 2 years

% of respondents



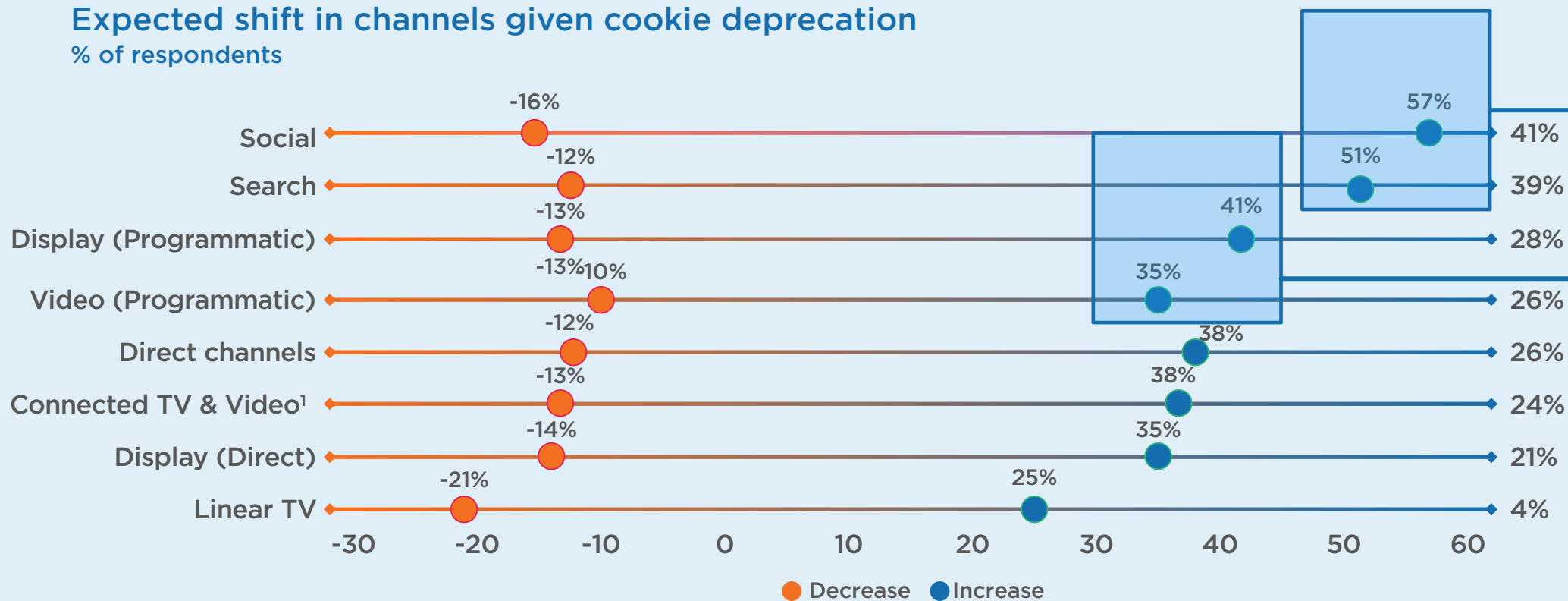
Question: Which of the following types of identity solutions are you most likely to leverage for your digital marketing use cases over the next 2 years?

Source: BCG MMA Identity Marketer Survey (2021) N=150



In the meantime, social and search spend are expected to increase the most, given restriction of cookies

Expected shift in channels given cookie deprecation
% of respondents



At least 40% more respondents expecting to increase spend in Search & Social vs. Programmatic

Question: Do you expect to shift media spend across channels due to the deprecation and restriction of cookies and other identifiers? How do you expect to shift that spend for each of the following channels?

Note: Not showing those selecting "Keep as is."

¹ 39% expect to increase in directly bought video and 37% expect to increase in CTV (number shown is average of 38%)

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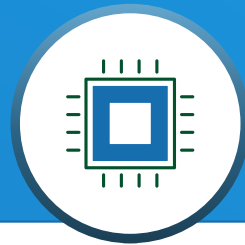
Path forward: What marketers can do:

How are leading marketers addressing these shifts and what investments they are making right now

The 4 imperatives: Investments winning marketers are making



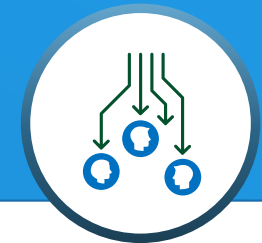
**Invest in 1st &
2nd party data**



**Invest in
durable tech**



**Invest in
Measurement**



**Invest in data /
privacy teams**



Invest in 1st and 2nd party data

Marketer priority level

% of respondents viewing as a top need

46% - 50%¹

- Evaluate reliance on 3p data in marketing program
- Develop and test new segment-specific "value exchanges" to capture 1p customer data
- Unify customer data & build out Customer360 records
- Set up new 2p data partnerships (esp. in CPG)

Question: What specifically do you think could make your organization even more prepared for continued regulatory and tracking changes? Please rank the following statements in terms of their importance to help you prepare for those changes

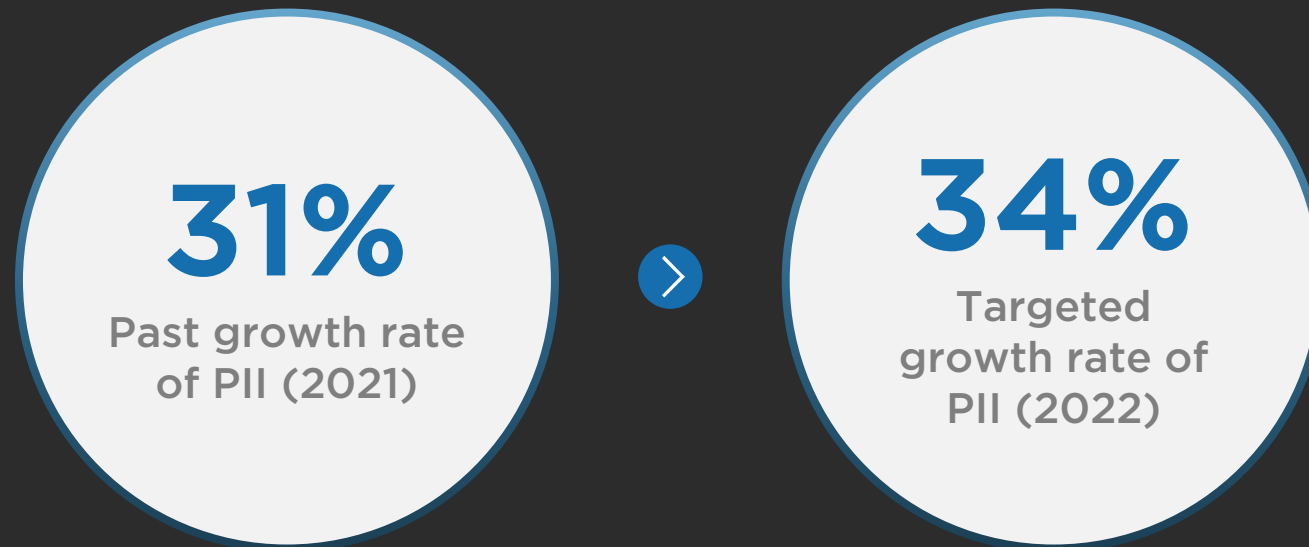
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Source: BCG MMA Identity Marketer Survey (2021) N=150



Rise of 1p data continuing and further accelerating

Companies continuing to invest in growing 1P data...



Question: What is your estimated year-over-year growth rate (from a year ago to current) of (PII) personally identifiable data records (e.g., email addresses)?

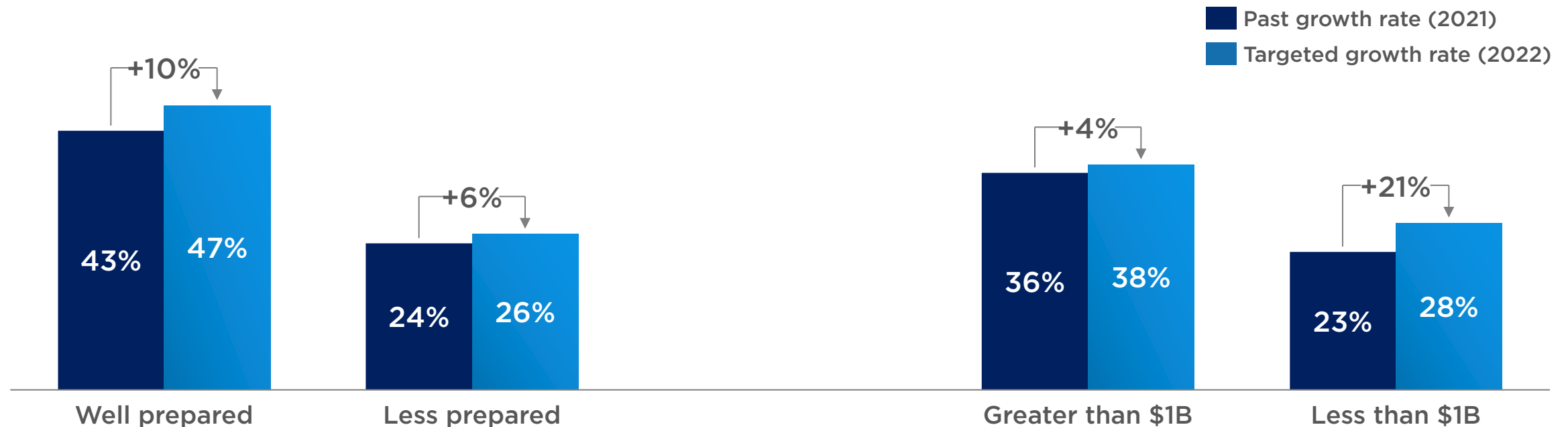
Question: What is your targeted year-over-year growth rate (from today to a year from now) of (PII) personally identifiable data records (e.g., email addresses)?

Source: BCG MMA Identity Marketer Survey (2021) N=150



"Well prepared" companies investing more in 1P data; smaller companies trying to catch up to larger ones

Past vs. future growth of 1P data



Question: What is your estimated year-over-year growth rate (from a year ago to current) of (PII) personally identifiable data records (e.g., email addresses)?
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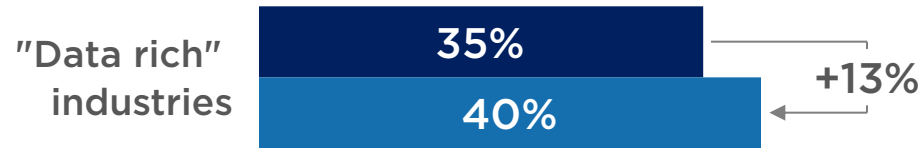
Note: For the question, "Overall, given your company's investments in people, tech, partners, and the acquisition of data, how well prepared do you believe you are for upcoming regulatory (e.g., CCPA, GDPR) and tracking (e.g., 3P cookie deprecation, IDFA) changes?" 52 respondents answered, "very well prepared," whereas 98 respondents answered, "somewhat prepared," "not very prepared," or "entirely unprepared." Those who answered, "very well prepared" are including in "Well prepared bucket above."
 Source: BCG MMA Identity Marketer Survey (2021) N=150



Data-rich companies are growing first party faster than data poor companies, with data regulated growing slowest

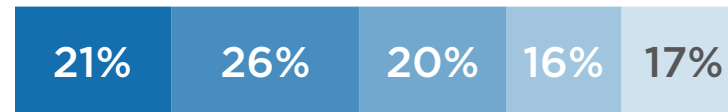
Past vs. future growth of 1P data

Past growth rate (2021)
 Targeted growth rate (2022)



Size of current 1P data asset

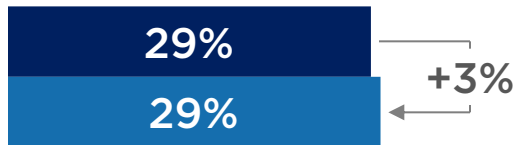
>200M 50-200M 10-50M 1M-10M <1M



Examples

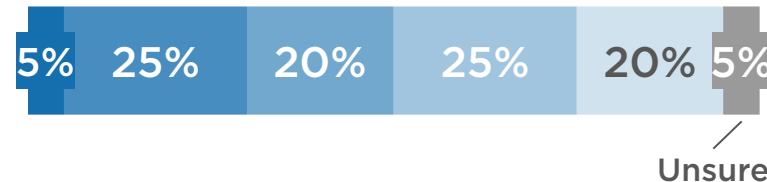
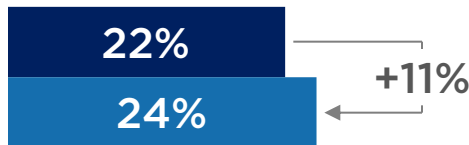
Retail, Tech, Media, Telecom, Travel

"Data poor" industries



CPG, Luxury, Healthcare products

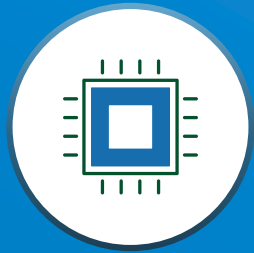
Highly regulated industries



Financial services, Healthcare services

Question: What is your estimated year-over-year growth rate (from a year ago to current) of (PII) personally identifiable data records (e.g., email addresses)?
 Question: What is your targeted year-over-year growth rate (from today to a year from now) of (PII) personally identifiable data records (e.g., email addresses)?

Question: What is your estimate of the current number of PII (e.g. personally identifiable data records like email addresses) that your company has in its database, in North America? Please include both customers and prospective customers, and only count multiple pieces of data that are tied to the same person as one record.



Invest in durable technology

Marketer priority level

% of respondents viewing a top need

56%

- Re-evaluate **"sunk cost" investments** in cookie reliant tech (be willing to shift the game plan)
- **Test into new ID solutions** (while cookies still exist) and evaluate effectiveness and ability to deliver
- **Run audits** on current slate of AdTech vendors for durability & **update your tech roadmap**

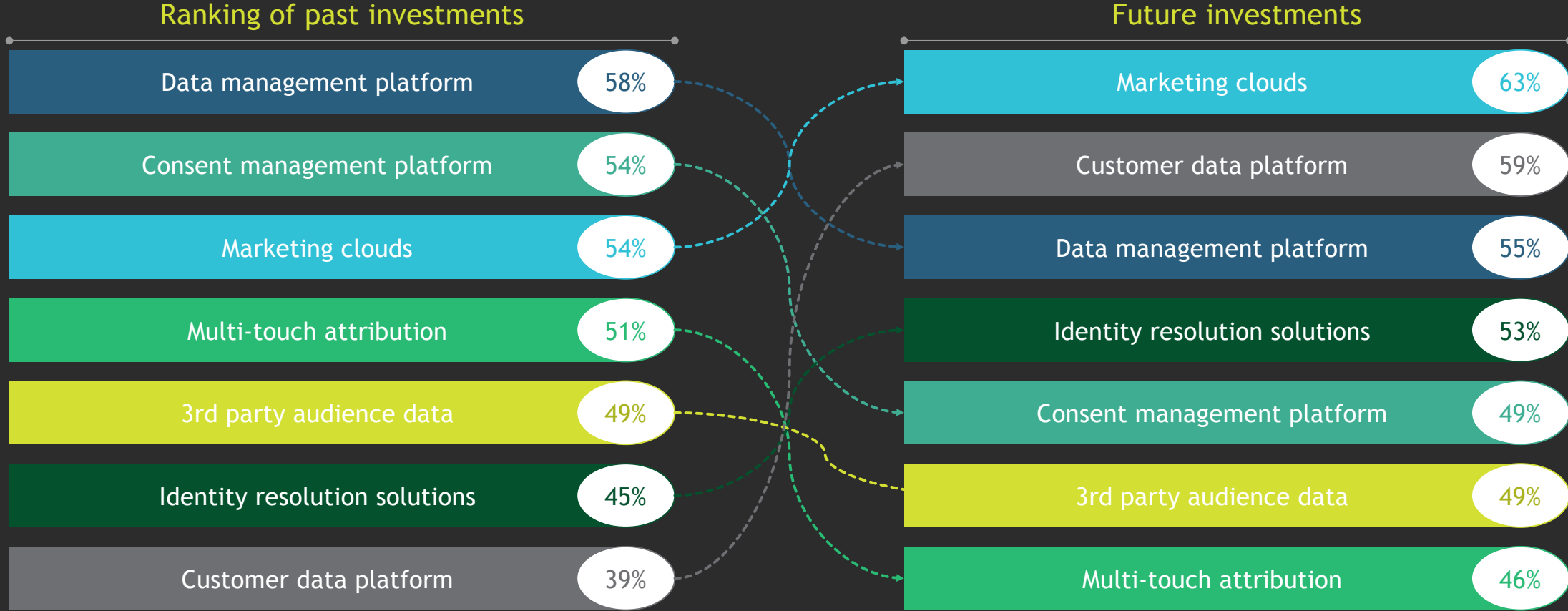
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Source: BCG MMA Identity Marketer Survey (2021) N=150



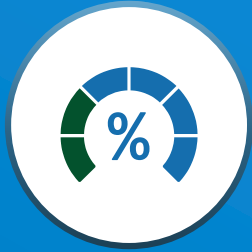
Priorities are shifting: Marketers expect largest increases in investment to be in Marketing Clouds and CDPs



Question: Which of the following AdTech/MarTech solutions has your company invested in in the past?

Question: How do you envision your investments in these AdTech / MarTech solutions to change as a result of regulatory and tracking changes? Selected "Start new investment," "Significantly increase investment" or "increase investment"

Source: BCG MMA Identity Marketer Survey (2021) N=150



Invest in measurement

Marketer priority level

% of respondents viewing as a top need

49%

- **Validate accuracy of current measurement** (run tests to check how true source of truth really is)
- **Increase focus on incrementality tests & lift studies**
- **Integrate multiple systems of measurement** (vs. one silver bullet) across MMM, MTA, test & learn, etc.

Question: What specifically do you think could make your organization even more prepared for continued regulatory and tracking changes? Please rank the following statements in terms of their importance to help you prepare for those changes

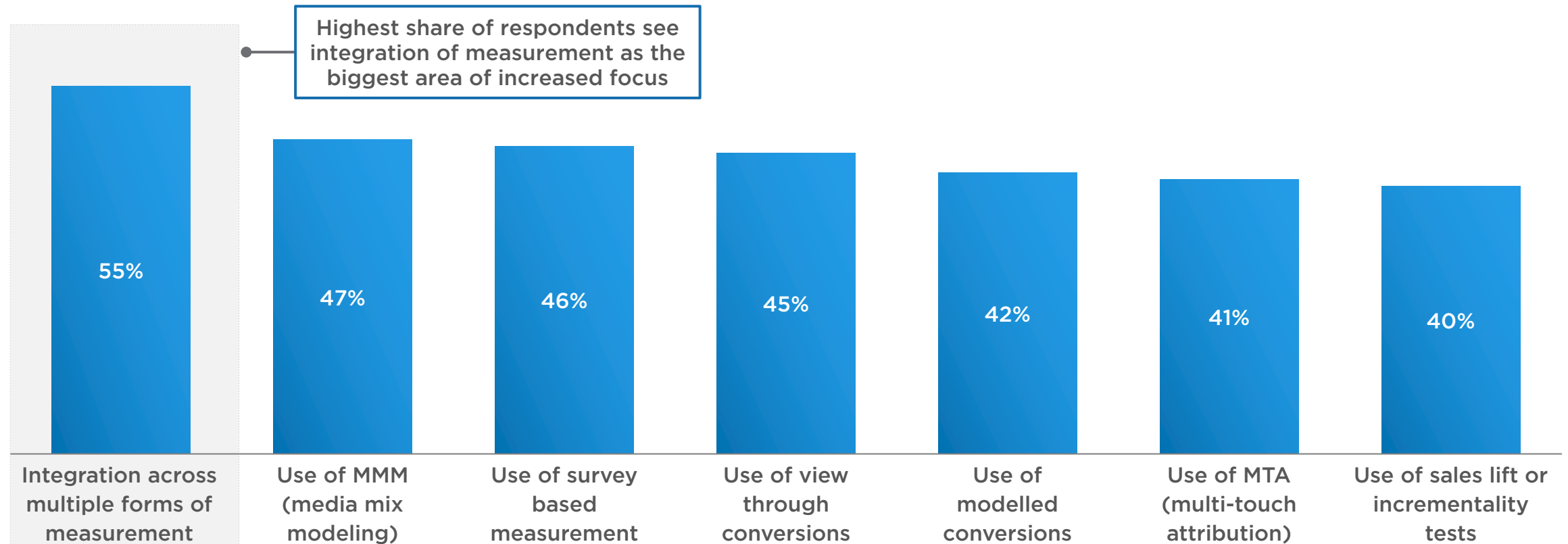
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Marketers expect increased integration of multiple forms of measurement

Expected changes in measurement approach (increase)



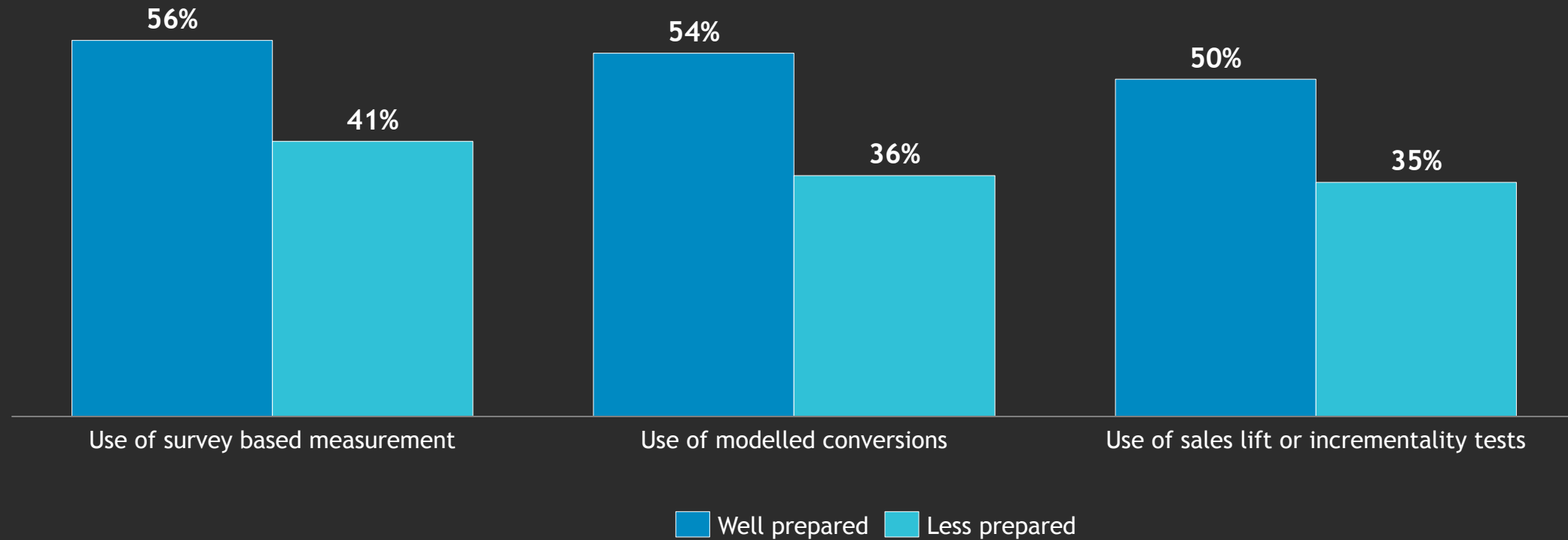
Question: How do you expect your organization to change its approach to measuring the impact of Paid Media investments as a result of regulatory and tracking changes? How will your use of each of the following measurement tools change?



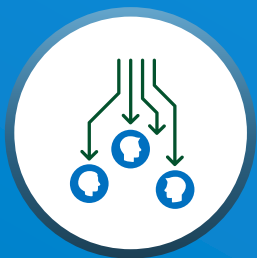
“More prepared” marketers are increasing use of modelled conversions, sales lift and incrementality testing

Greatest areas of disparity by preparedness level

% of respondents saying they will increase following forms of measurement



Question: How do you expect your organization to change its approach to measuring the impact of Paid Media investments as a result of regulatory and tracking changes? How will your use of each of the following measurement tools change?



Invest in data and privacy teams

Marketer priority level
% of respondents viewing as a top need

43% - 49%²

- **Assess data gaps across the organization** and data & analytics team needs to shore up data asset
- **Invest FTEs into preparation & compliance** (risk avoidance, future proofing)
- Use "swat teams" & steering groups to **build greater C-level alignment on priorities and investments**

Question: What specifically do you think could make your organization even more prepared for continued regulatory and tracking changes? Please rank the following statements in terms of their importance to help you prepare for those changes

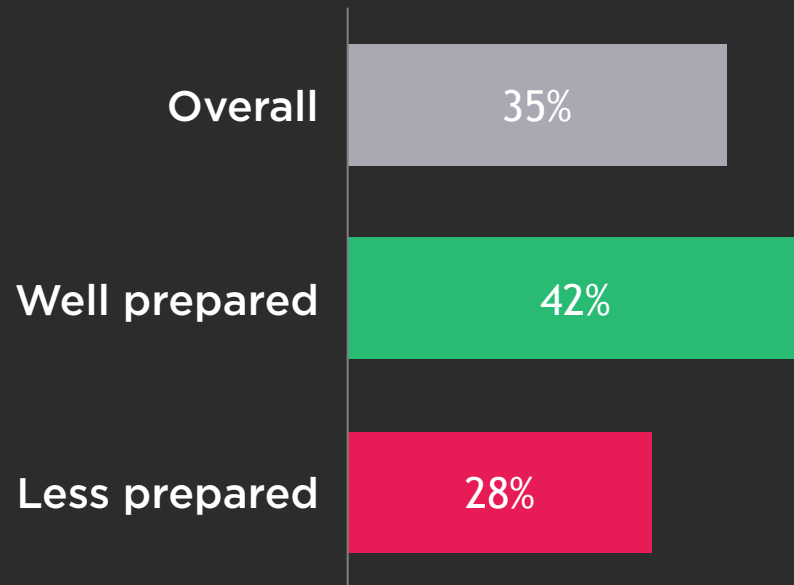
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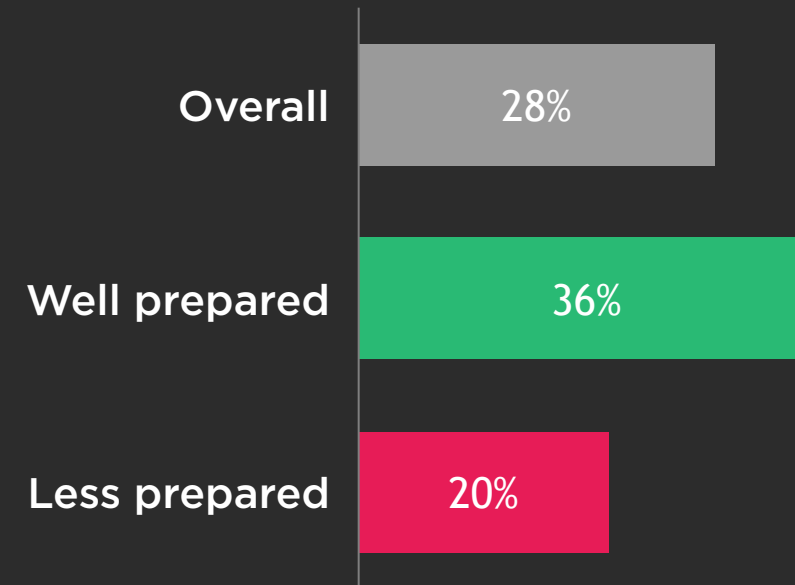
"Well prepared" companies are investing more FTE toward compliance & preparation for upcoming regulatory and tracking

Average % of marketing employees focused on compliance



Question: Approximately how many full-time employees are focused on ensuring that your company remains compliant with shifting data privacy regulations?

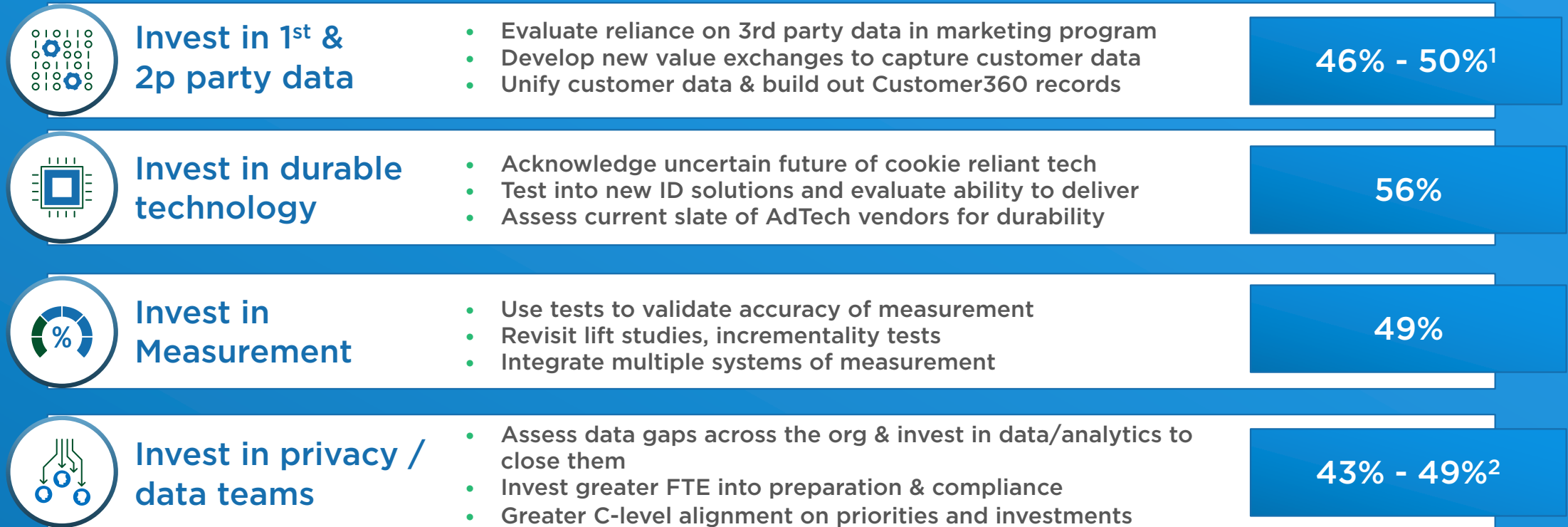
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Summarizing: The 4 investment imperatives to focus on TODAY

Marketer priority level
% of respondents viewing as a need



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