

THE YEAR OF CHANGE IN DIGITAL MARKETING

MMA x BCG Survey

March 2022



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FORWARD

As I pored over the findings in this report, I could not help think of the tagline from the movie, Jaws II: “Just when you thought it was safe to go back in the water.” I could not escape the fact that just when we marketers were starting to be more personalized with consumers, provide a better customer experience, and just be all-around consumer respectful (after decades of not so much), we’ve started to lose our ability to execute. And of all times for this to happen what with all the more personalize-able connection channels today (e.g., mobile, CTV, etc.)

Internet browsers’ and mobile platforms’ decision to reduce apps-owners, publishers, tech platforms, and marketers’ connectivity and “keeping state” (the defined initial value of cookies), we’re losing the ability to be better. This reduces our ability to do better when it comes to attribution (which is in part about protecting marketers’ companies’ shareholder value via the greater efficiency of marketing investment) or the personalization of consumer experience delivery (which also gets at the heart of shareholder value for any company that provides a utility, entertainment or information/news service to consumers digitally.)

According to MMA’s research, only 12% of marketers feel fully prepared for upcoming changes, and senior management is mainly concerned about tech durability and democratization (e.g., what is the day after and how do we build for a more durable future.)

The state of the state is unclear. And the actions to take to get a positive outcome are equally unclear for marketers.

This report is typical of MMA’s goal to provide clarity through facts and science (or at least validated frameworks) to the most complicated issues facing marketing-driven or marketing-supported companies today. These results are from a year-long investigation into the companies providing identity solutions via [MMA’s Great Identifier Solutions Debates](#) (much of which is already out of date by now) and hence why we are providing updated frameworks for decision making.

The only constant is change.

Thank so much to Lauren Weiner and the entire BCG team, the ten or so providers, MMA’s Global, North American, and Media & Data Board for their support, and MMA’s Marketing Attribution Think Tank of analytics experts.

Our struggle as marketers to best serve consumers continues.

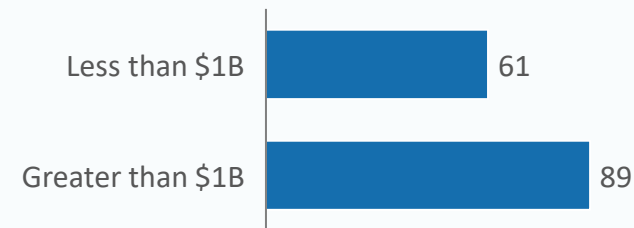
GREG STUART
CEO
MMA Global, Inc.

BCG and MMA partnered to understand shifts in the digital marketing landscape as a result of the upcoming deprecation of 3rd party cookies, recent iOS tracking limitations, & ongoing regulatory changes

Research involved a survey with 150 marketers across industries

Overview of respondents:

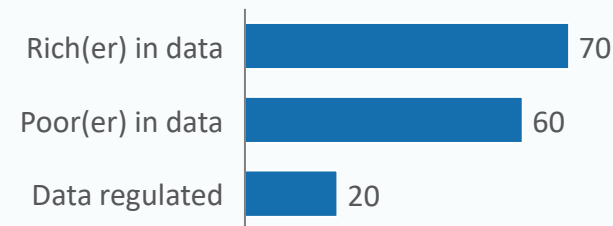
Size of company



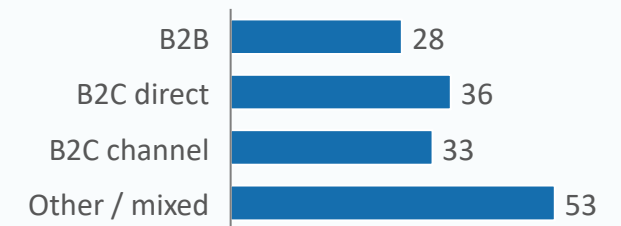
Management level



Industry verticals



Sales model



Summary of findings

The burning platform: The coming deprecation of 3rd party cookies and recent changes to app tracking & regulations have most marketers expecting significant impact to their business and feeling unprepared to address it

- **Lack of understanding and readiness:** 50% of marketers believe that their CMO does not fully understand implications of changing privacy regulations with only 12% of marketers feel fully prepared for upcoming changes
- **Significant impact on marketing spend:** Marketers expect at minimum 22% reduction in marketing ROI due to cookies deprecation; and have so far seen on average a 17% reduction in ROI due to ATT rollout, with the highest reduction (33%) seen in DTC/retail
- **Shift to Walled Gardens:** As a result of upcoming 3p cookie deprecation, 40% more respondents expect to increase spend in Search and Social than in Programmatic (Display/Video) – making Google and FB an even larger share of media mix
- **Emergence of identity solutions:** Shift to new identifiers is happening but slowly: 50% of marketers still expect to rely on cookie-based solutions in the next two years, but 90% are testing at least one new identity solution

What marketers can do: Leading marketers are addressing these shifts by investing in their 1p data infrastructure, evolving their tech stack and measurement approaches, and creating new privacy/data teams

- **Investing in 1p data:** Companies grew their 1P data asset by 31% last year on average, and hope to grow 34% YoY looking forward with "well prepared" companies growing 1p at an 80% faster clip than "less prepared companies"
- **Investing new technologies:** While ~60% of marketers have invested in DMPs, majority expect future investments to be in marketing clouds and customer data platforms; affordability, compliance, and ability to track cross-platform & -device most important criteria
- **Investing in new multi-pronged approach to measurement:** 60% of "well prepared" marketers expect to integrate multiple forms of measurement (rather than one silver bullet) and 50% expect to increase use of incrementality testing
- **Investing in data/privacy teams:** "Well prepared" companies have invested almost twice as many FTE to preparing for changes, 36% vs. 20% - and only 45% of marketers believe their organization is sufficiently prepared with the "test and learn" mindset that will be needed

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The burning platform



Lack of understanding and readiness



Impact on marketing spend



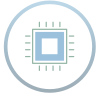
Shift to walled gardens



Emergence of identity solutions



Investing in 1P data



Investing in new technologies



Investing in new measurement



Investing in data/privacy teams



Marketers unprepared for upcoming changes due to anti-tracking measures and increased regulations

2 big drivers of change



Anti-tracking
measures



Increased
regulations



Leading to substantial concern for marketers

60%

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

50%

...believe CMO doesn't fully
understand implications of
regulatory & tracking
changes

88%

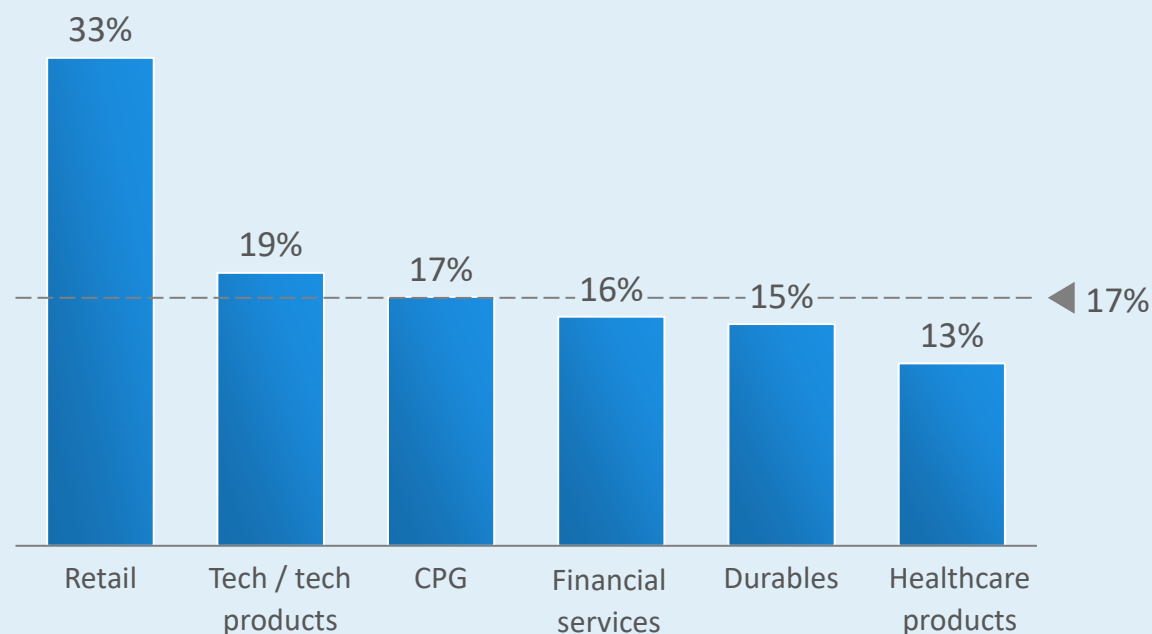
...do not feel fully
prepared and
believe further
investment needed



Marketers saw a 17% reduction media performance due to ATT, expecting a 22% reduction in ROI due to cookie deprecation

Average reduction in social media performance after ATT rollout

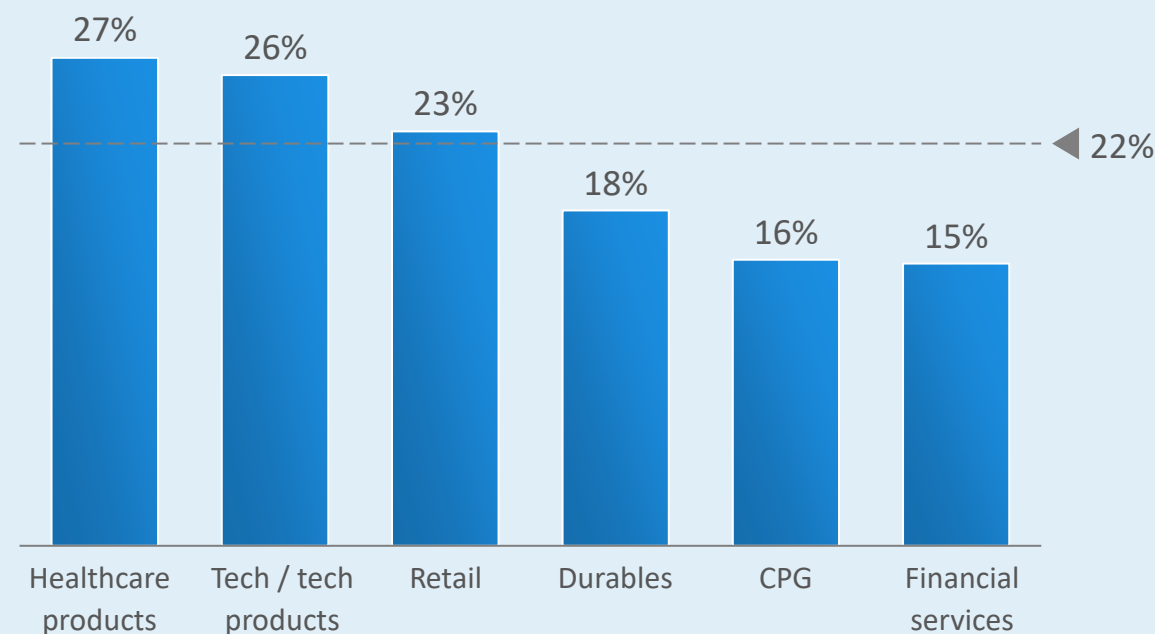
Reduction in media performance (%)



Question: You said, you have seen a reduction in media performance as a result of the rollout of ATT by Apple this year. What is your estimate of the negative impact for social media? Note: Accounts for those who marked "no reduction."

Expected minimum impact to ROI of cookie deprecation

Minimum impact of cookie deprecation on ROI (%)



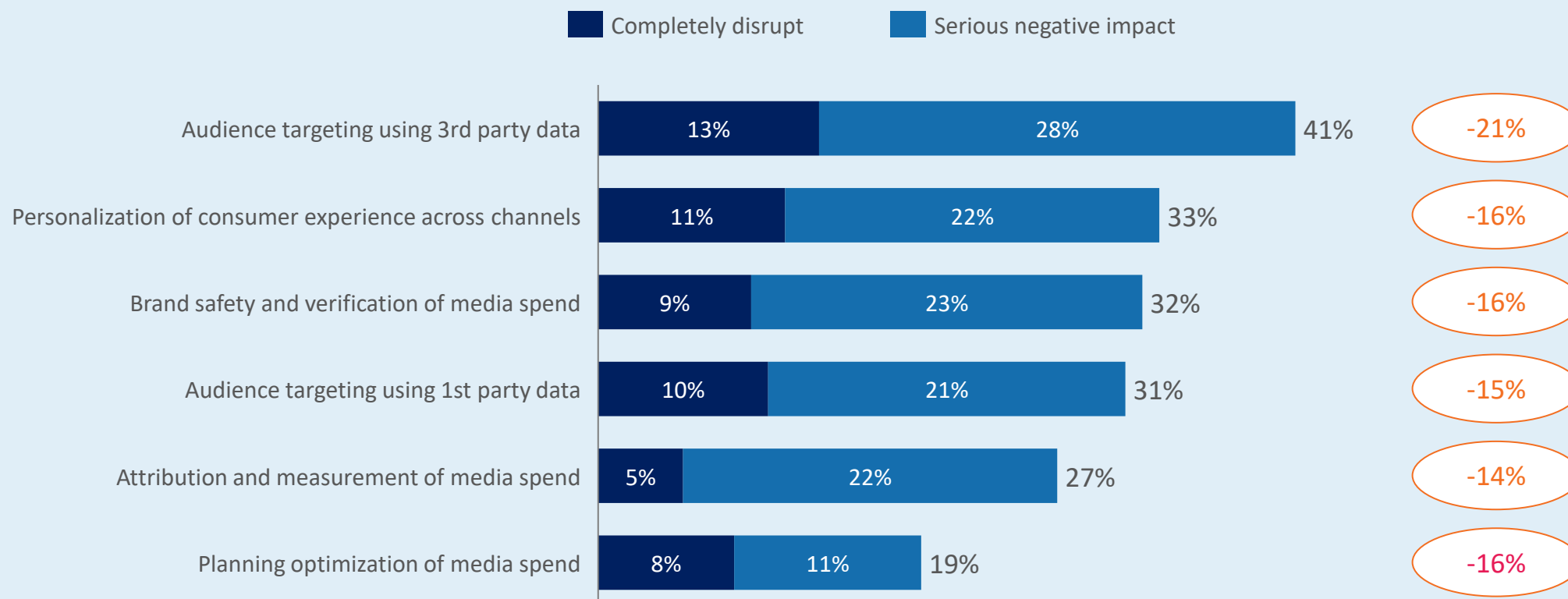
Question: Please estimate how this impact on your ability to carry out each use case might affect your media effectiveness and your overall return on marketing investment.



With cookies depreciating, marketers are concerned with reaching the right customers with the right messages

Expectations on which use cases will be most impacted

Expected reduction in ROI



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.

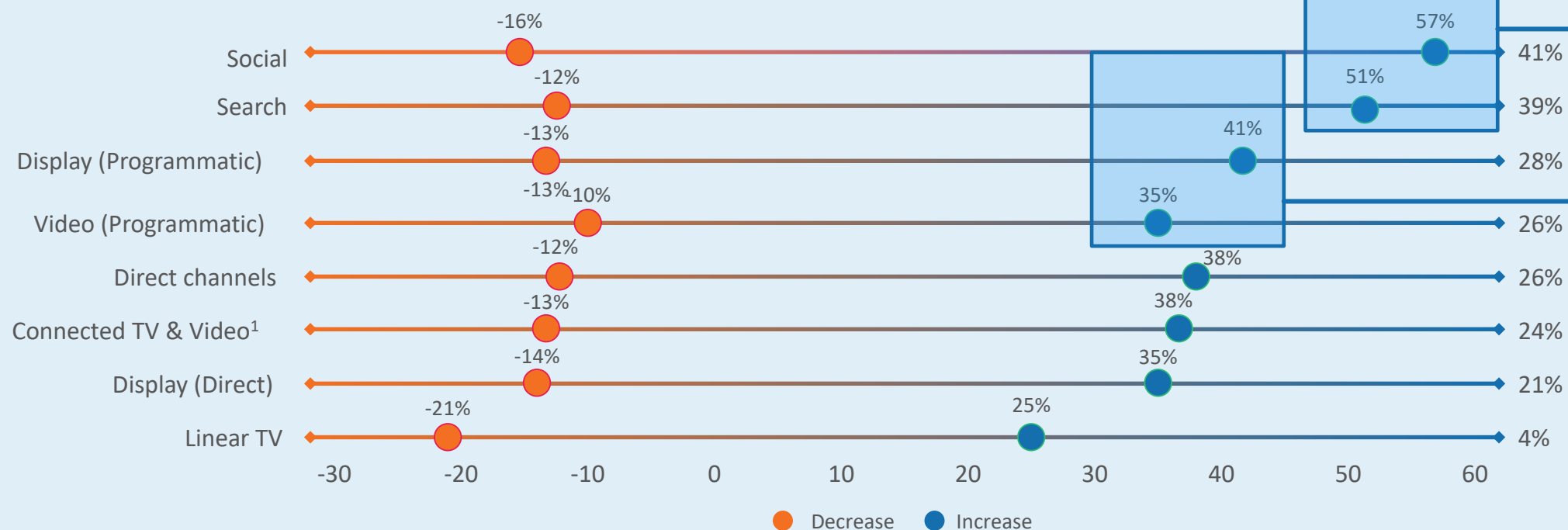
Note: Not additive. Average of those who believe there will be negative impact.



Social and search expected to increase 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%)

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



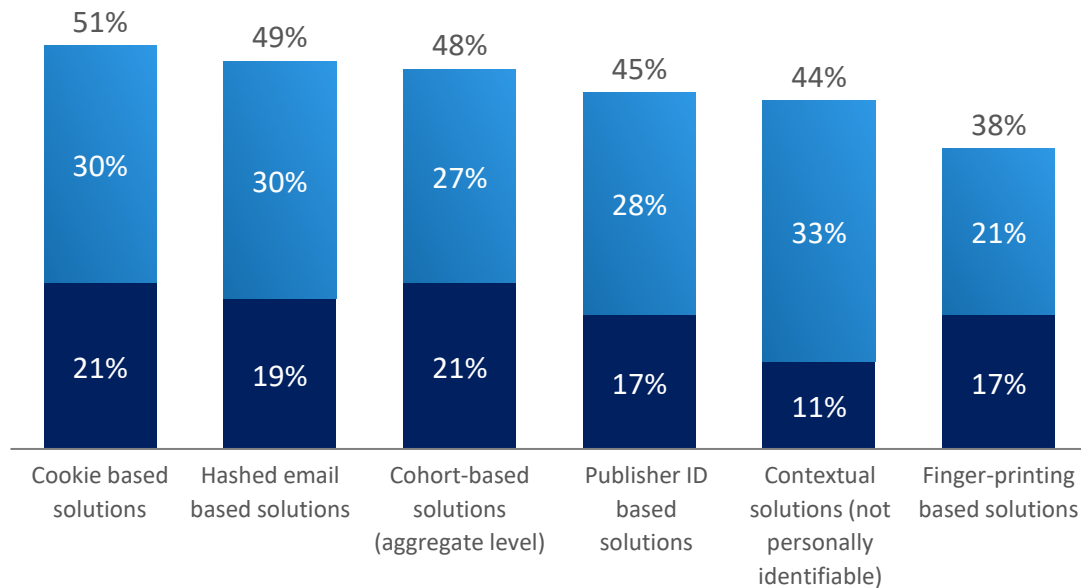
Shift to new identifiers is happening

50%

Still expect to use cookies in next 2 years

Most leveraged identity solutions next 2 years

% of respondents



- Will use a lot (50-70% of relevant ad spend)
- Will primarily use (70%+ relevant of ad spend)

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

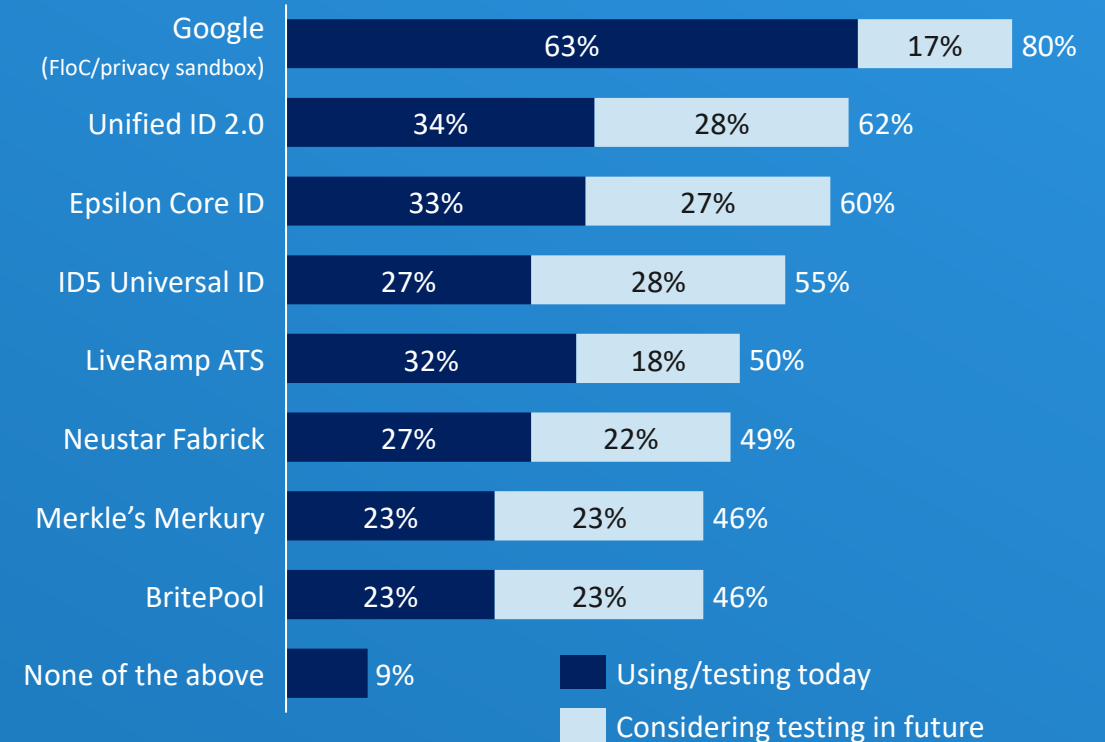
...with a variety of options being tested

91%

Are testing at least one new identity solution





What solutions are you testing or considering

% of respondents







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The burning platform

-  Lack of understanding and readiness
-  Impact on marketing spend
-  Shift to walled gardens
-  Emergence of identity solutions

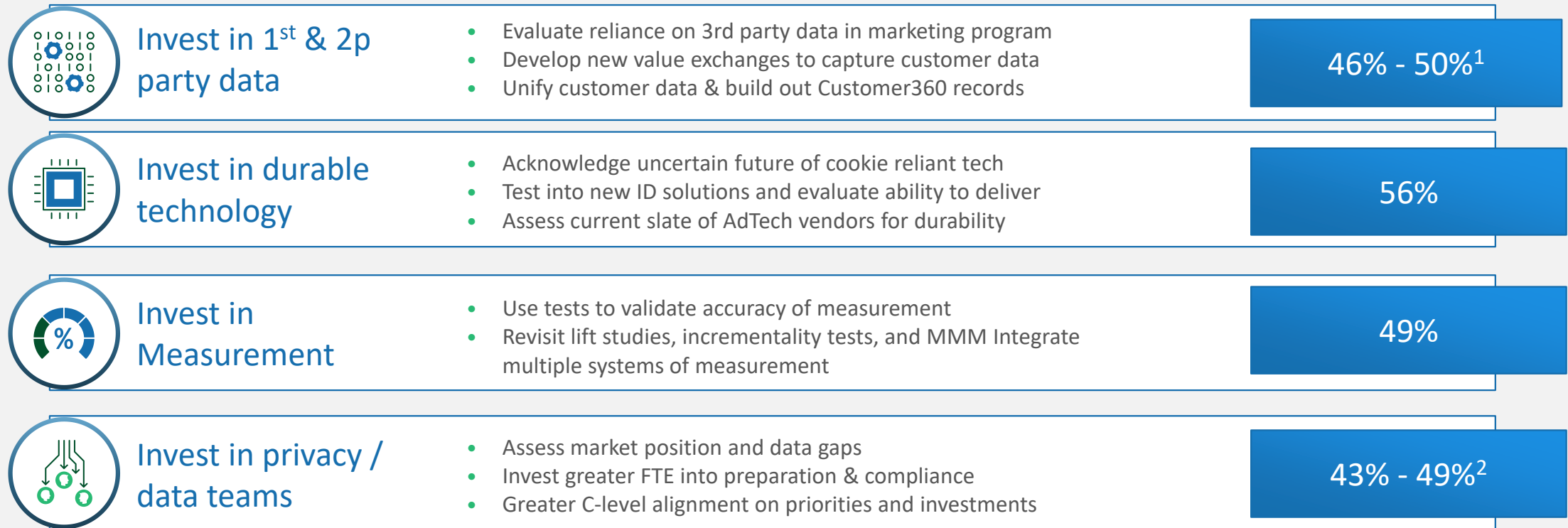
What marketers can do

-  Investing in 1P data
-  Investing in new technologies
-  Investing in new measurement
-  Investing in data/privacy teams

Investment needed to prepare for regulatory changes

Four things marketers can do

Marketer priority level
% of respondents viewing as a need



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

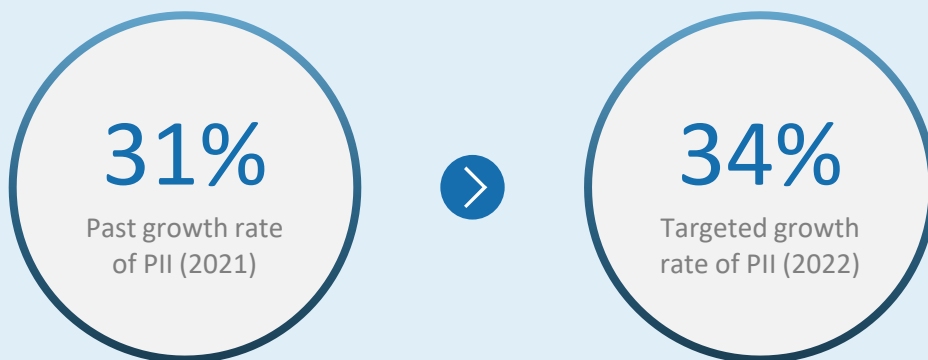
1 (46% for investing in 1p data, 50% for investing in data partnerships); 2 (43% for data governance improvements, 49% for c-level alignment)

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...

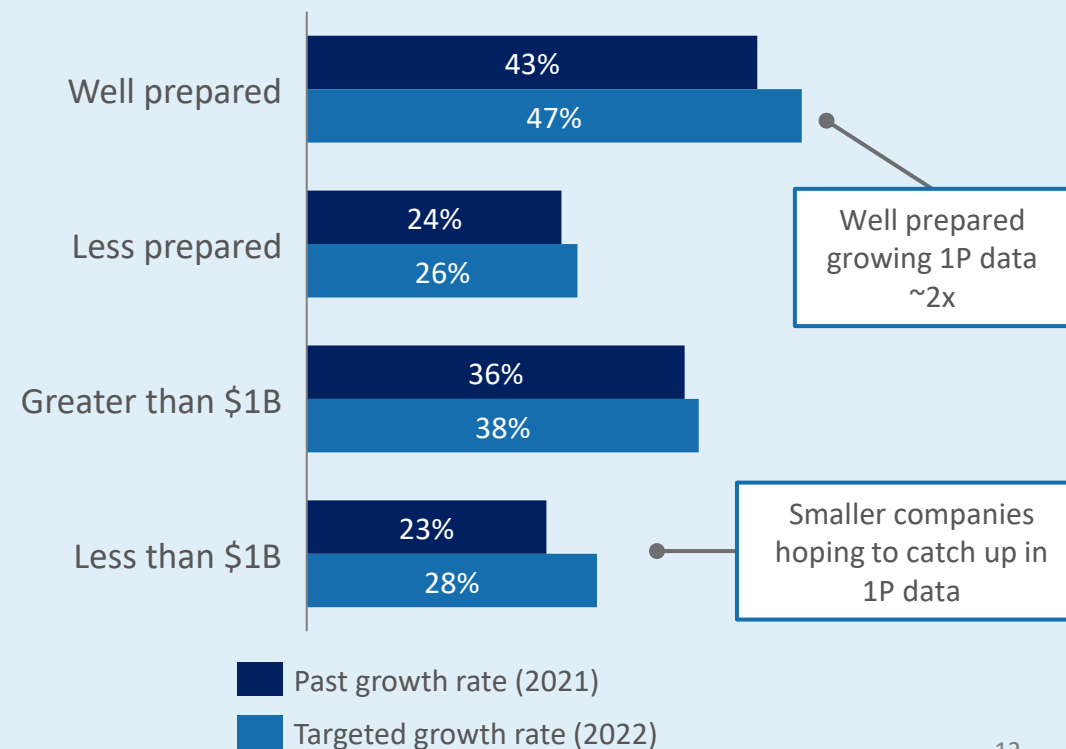


Question: What is your estimated year-over-year growth rate (from a year ago to current) of (PII) personally identifiable data records (e.g., email addresses)?

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)?

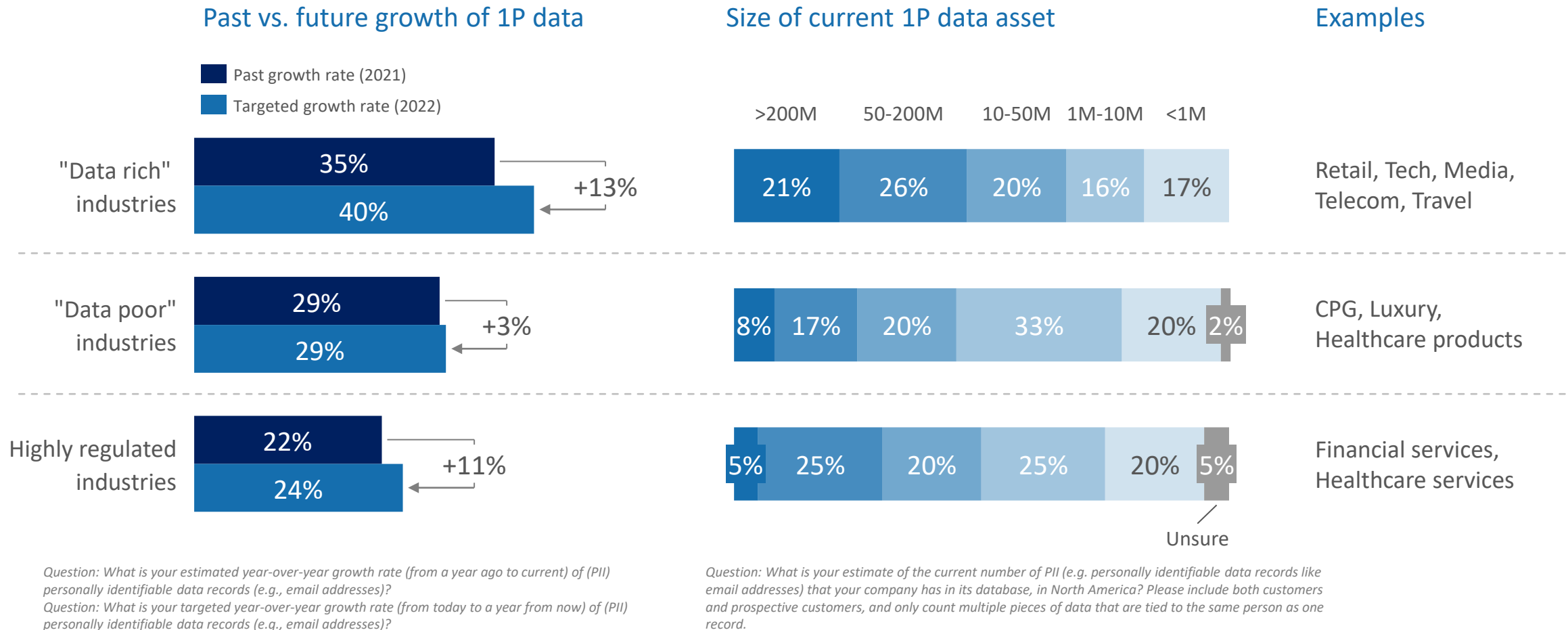
Source: BCG MMA Identity Marketer Survey (2021) N=150

...with variations by preparedness and size



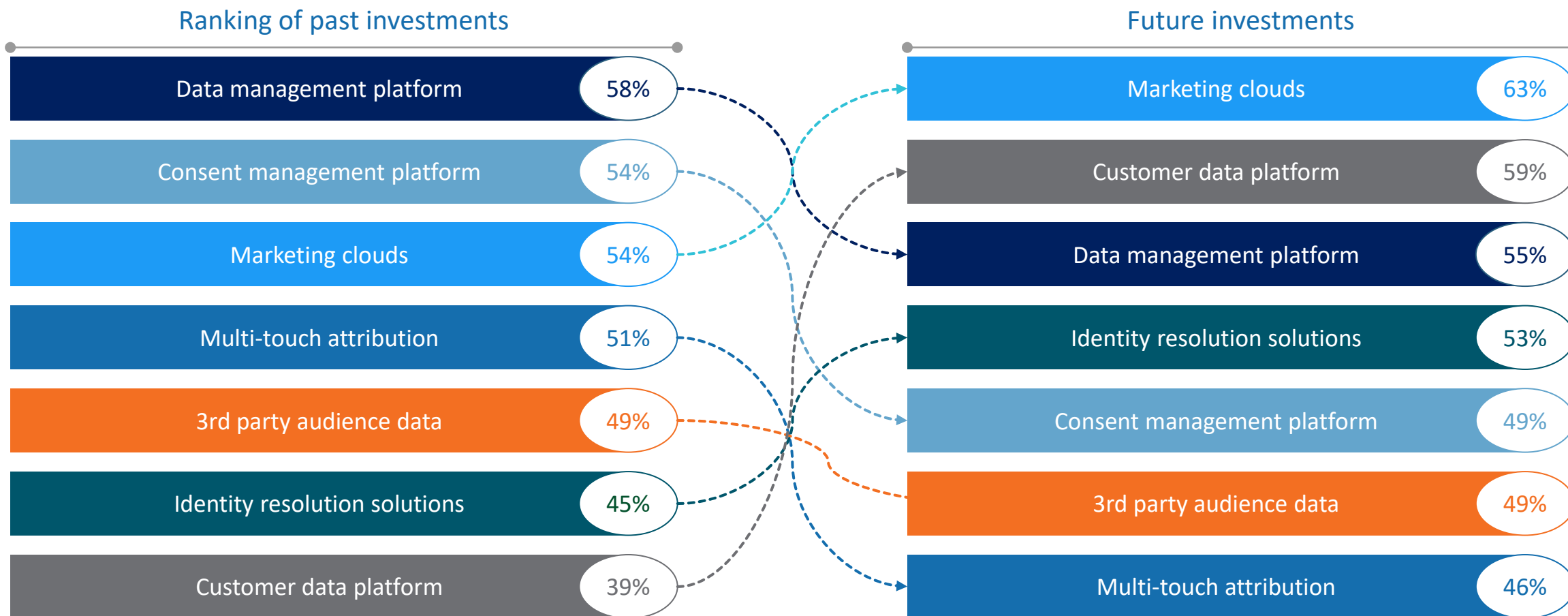


Data-rich companies are growing first party faster than data poor companies, with data regulated growing slowest





Marketers have invested heavily in various AdTech and MarTech solutions



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

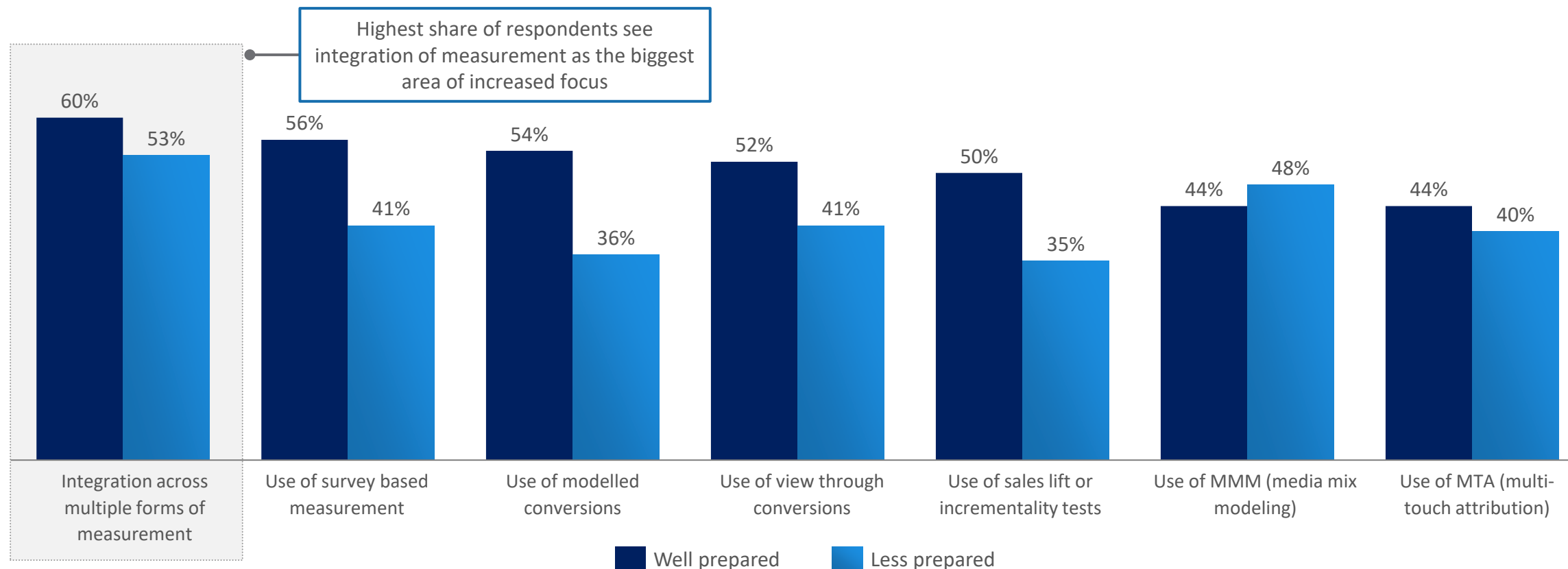
Question: How do you envision your investments in these AdTech / MarTech solutions to change as a result of regulatory and tracking changes? Selected "Start new investment," "Significantly increase investment" or "increase investment"



“More prepared” believe marketers underleveraging use of modelled conversions and incrementality testing

Expected changes to measurement approach by preparedness

% of respondents saying they will increase following forms of measurement

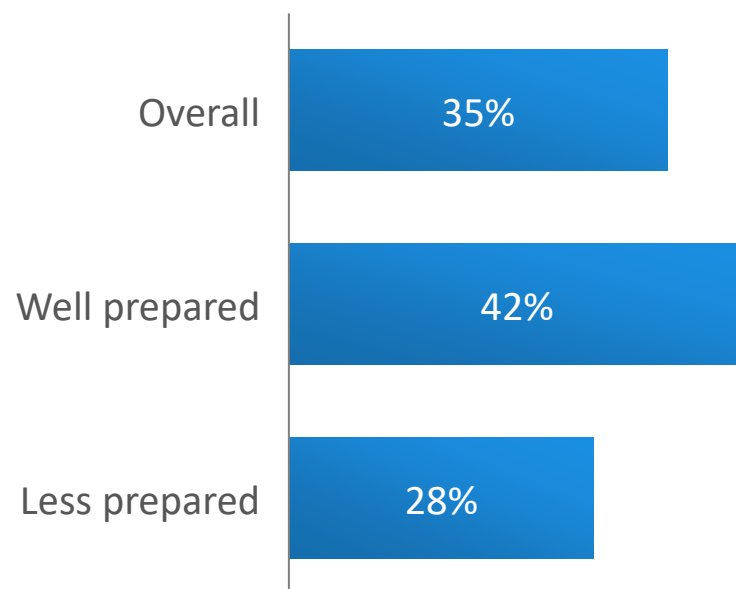


Question: How do you expect your organization to change its approach to measuring the impact of Paid Media investments as a result of regulatory and tracking changes? How will your use of each of the following measurement tools change?

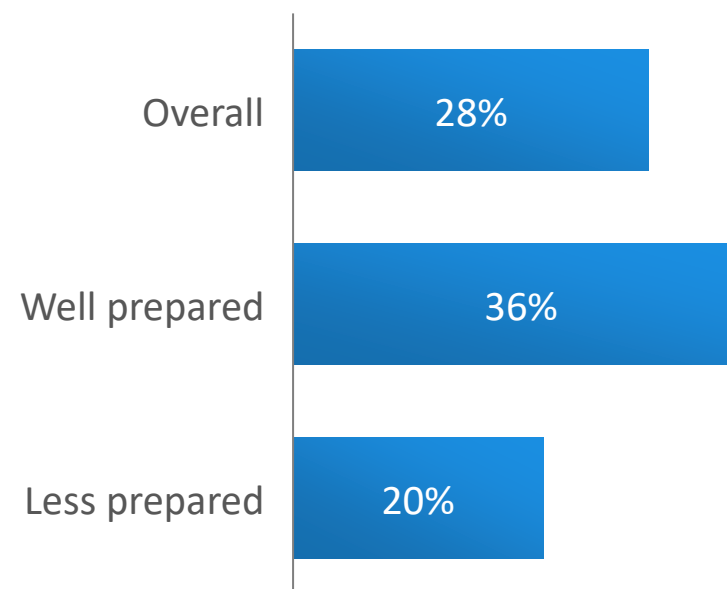


Companies that consider themselves "very well prepared" are investing more FTE toward compliance & preparation for upcoming regulatory and tracking

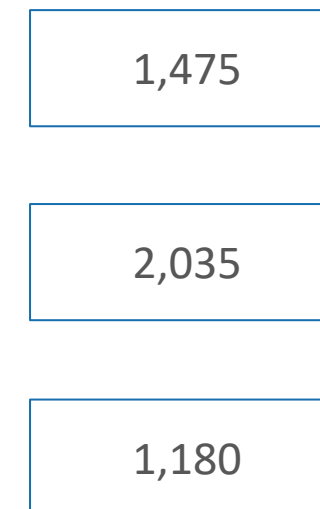
Average % of marketing employees focused on compliance



Average % of marketing employees focused on preparation



Average # of total marketing employees



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

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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Lack of understanding and readiness



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Shift to walled gardens

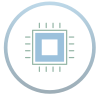


Emergence of identity solutions

What marketers can do



Investing in 1P data



Investing in new technologies



Investing in new measurement

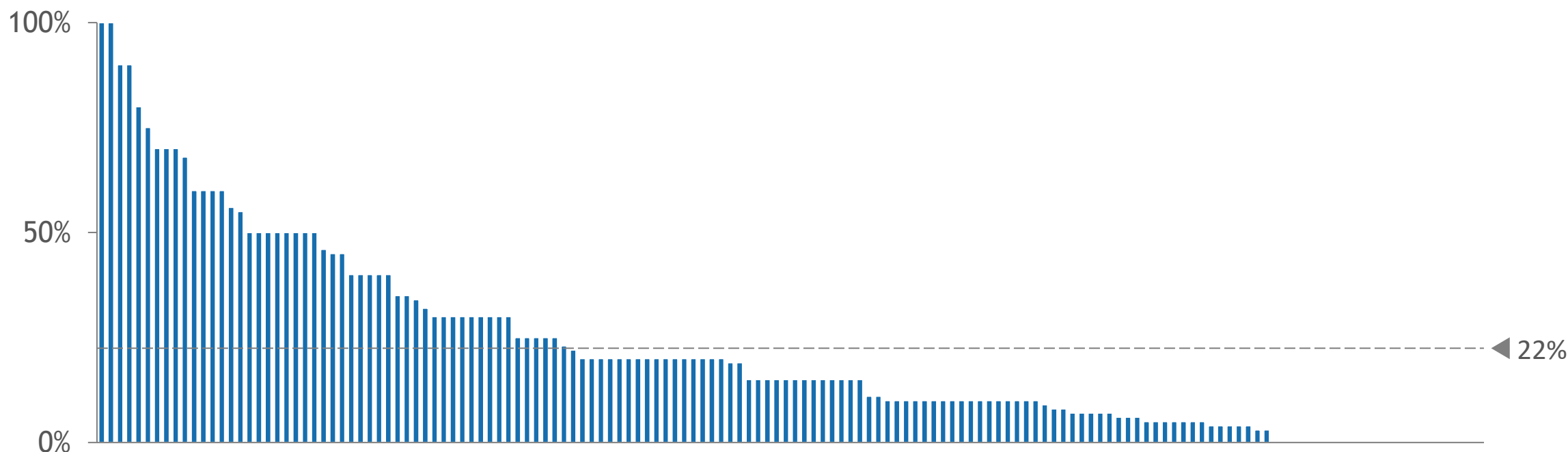


Investing in data/privacy teams



Marketers expect at least 22% reduction in marketing effectiveness due to cookie deprecation

Expected minimum impact to ROI of cookie deprecation

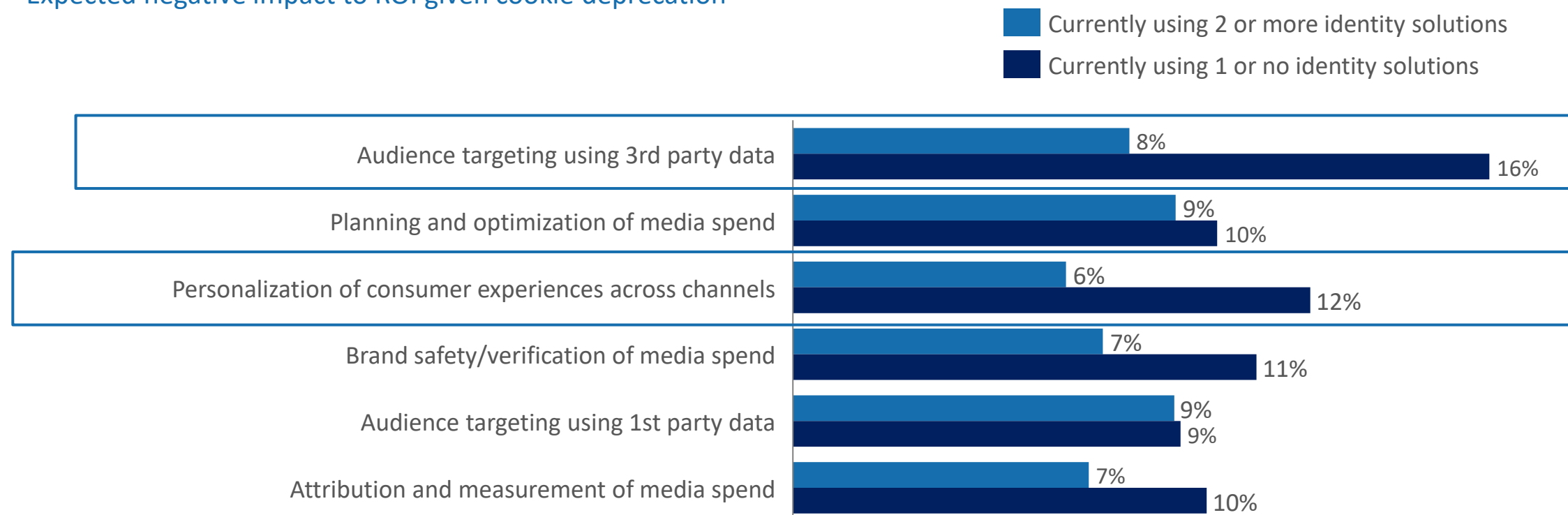


Question: Please estimate how this impact on your ability to carry out each use case might affect your media effectiveness and your overall return on marketing investment.



Today, players using less identity solutions expect twice the negative impact to ROI for audience targeting and personalization

Expected negative impact to ROI given cookie deprecation

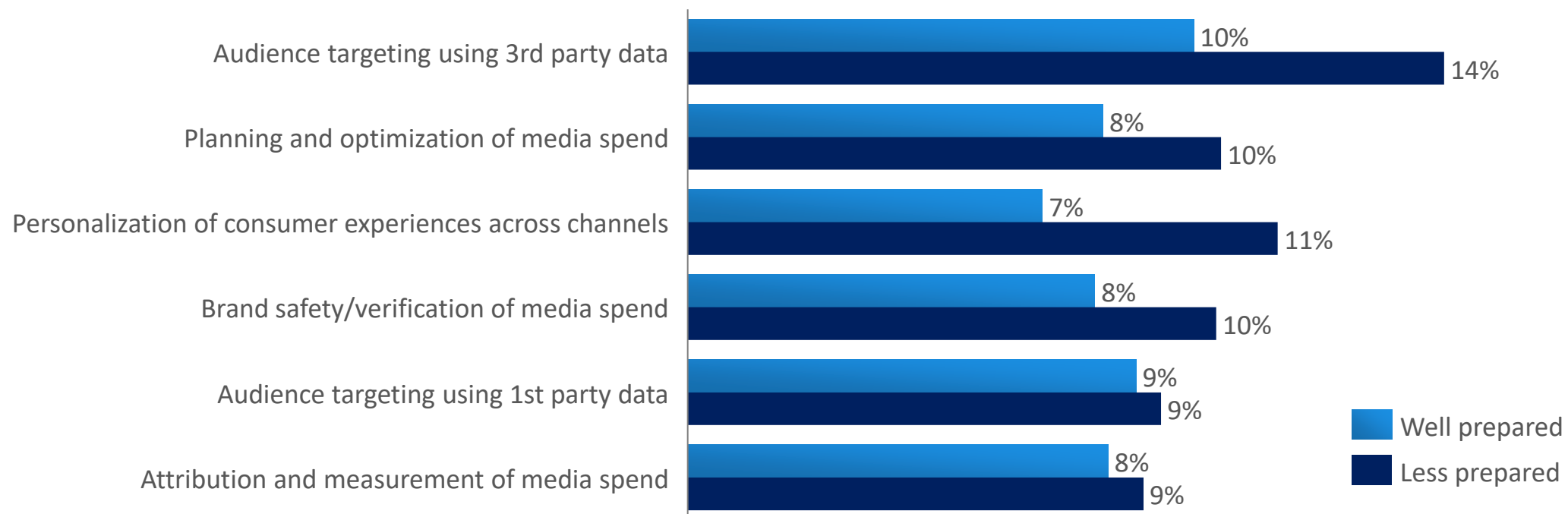


Question: You indicated that the deprecation and restriction of cookies and other identifiers will impact your ability to do the following use cases. Please estimate how this impact on your ability to carry out each use case might affect your media effectiveness and your overall return on marketing investment.



The “less prepared” for cookie deprecation expect more negative impact to ROI

Expected negative impact on ROI by preparedness

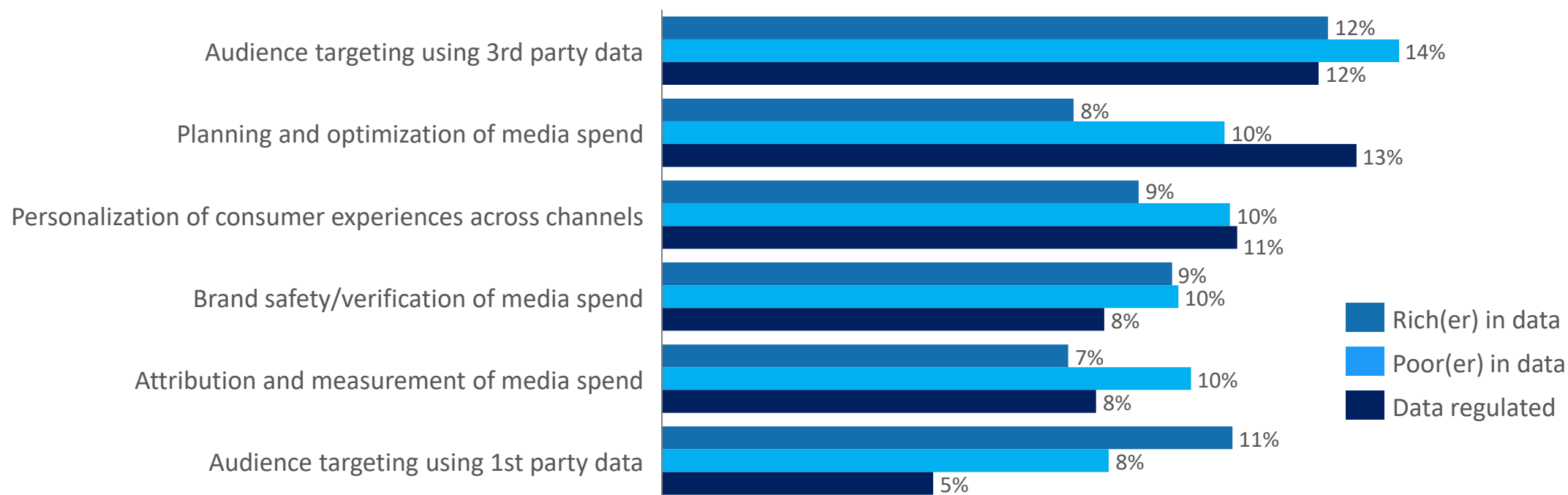


Question: You indicated that the deprecation and restriction of cookies and other identifiers will impact your ability to do the following use cases. Please estimate how this impact on your ability to carry out each use case might affect your media effectiveness and your overall return on marketing investment.



Data-regulated players expect more negative impact to ROI

Expected negative impact on ROI by data quality

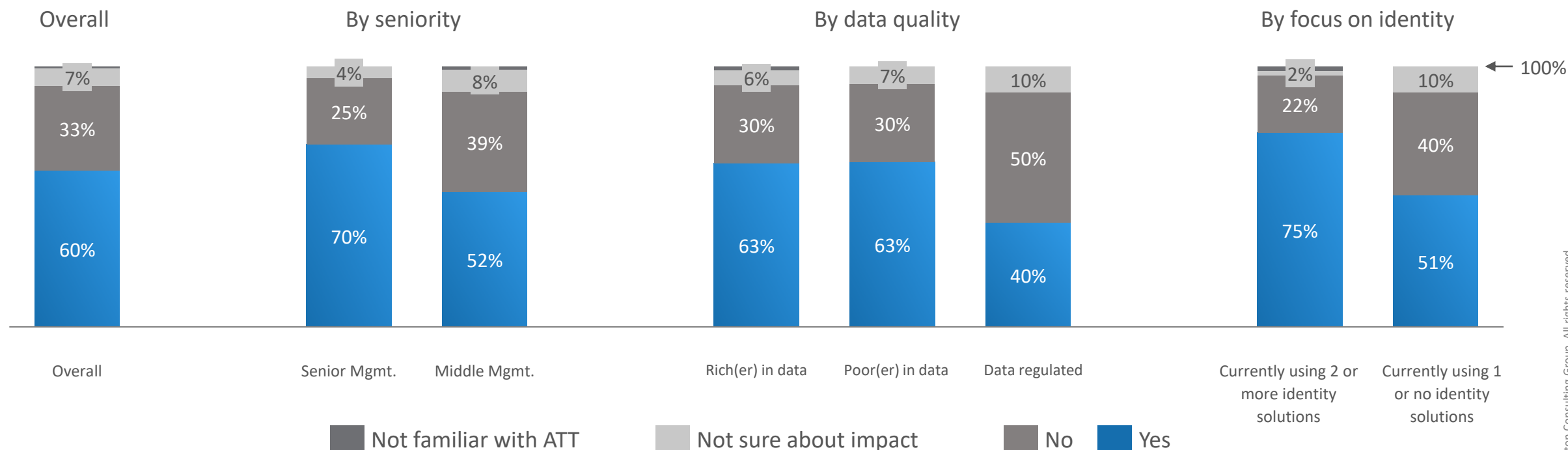


Question: You indicated that the deprecation and restriction of cookies and other identifiers will impact your ability to do the following use cases. Please estimate how this impact on your ability to carry out each use case might affect your media effectiveness and your overall return on marketing investment.



60% of marketers have seen reduction in media performance after ATT feature introduced in iOS

Reduction in media performance after ATT rollout



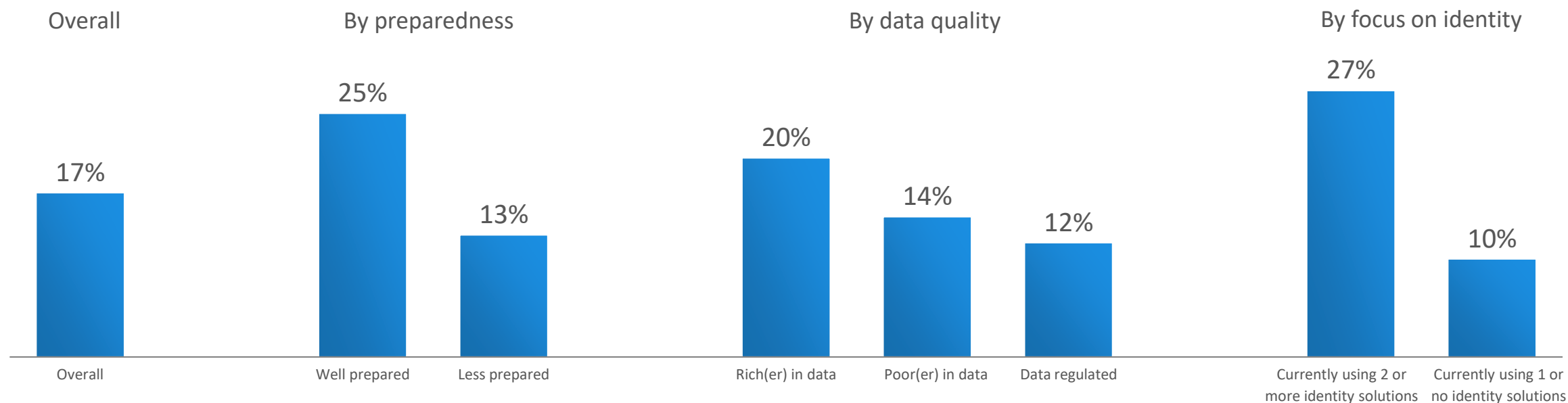
Question: Since Apple introduced its new App Tracking Transparency (ATT) feature in iOS 14.5 earlier this year, have you seen a reduction in media performance in any channels?



Marketers saw a 17% reduction in social media performance after ATT rollout

Average reduction in media performance after ATT rollout (social media)

Average reduction in performance, weighted including those who saw no reduction...

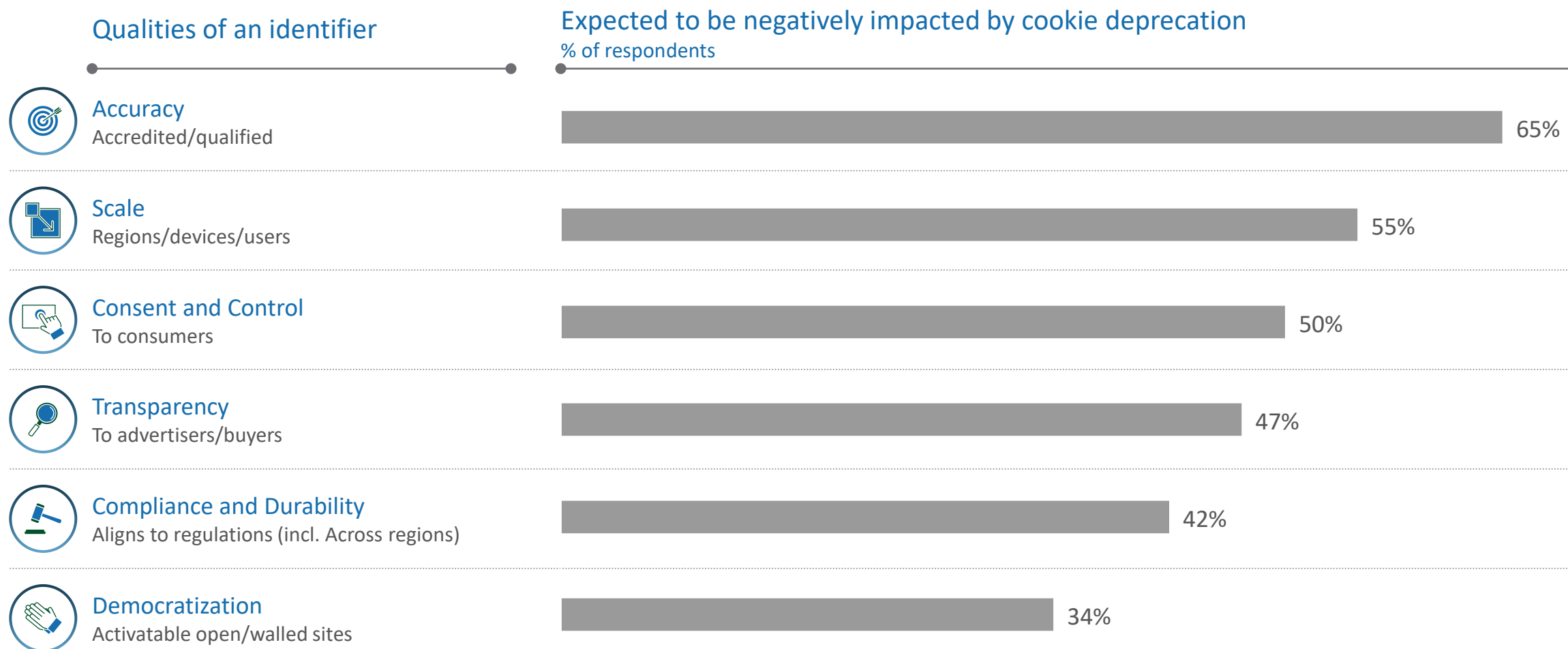


Question: You said, you have seen a reduction in media performance as a result of the rollout of ATT by Apple this year. What is your estimate of the negative impact for social media?

Note: Accounts for those who marked "no reduction."



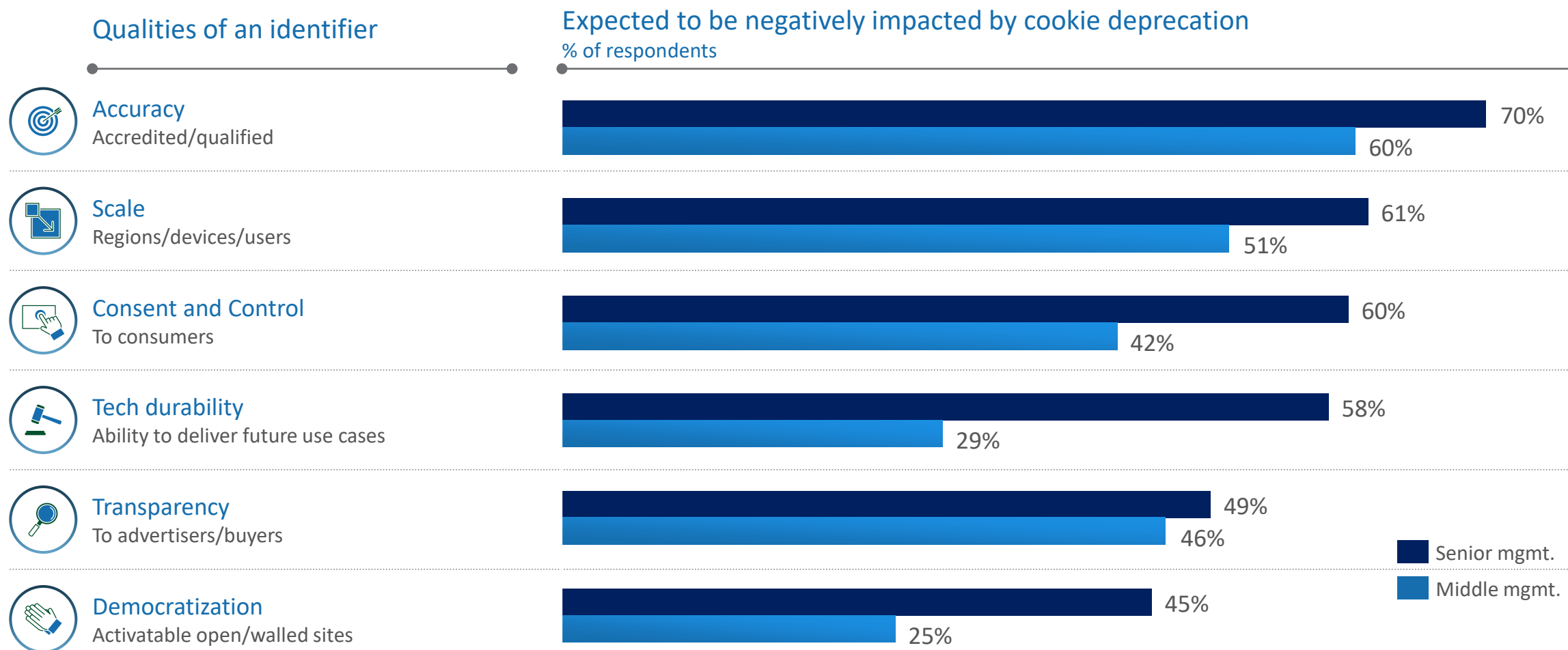
Marketers are concerned with the ability to accurately reach target audiences



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?



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

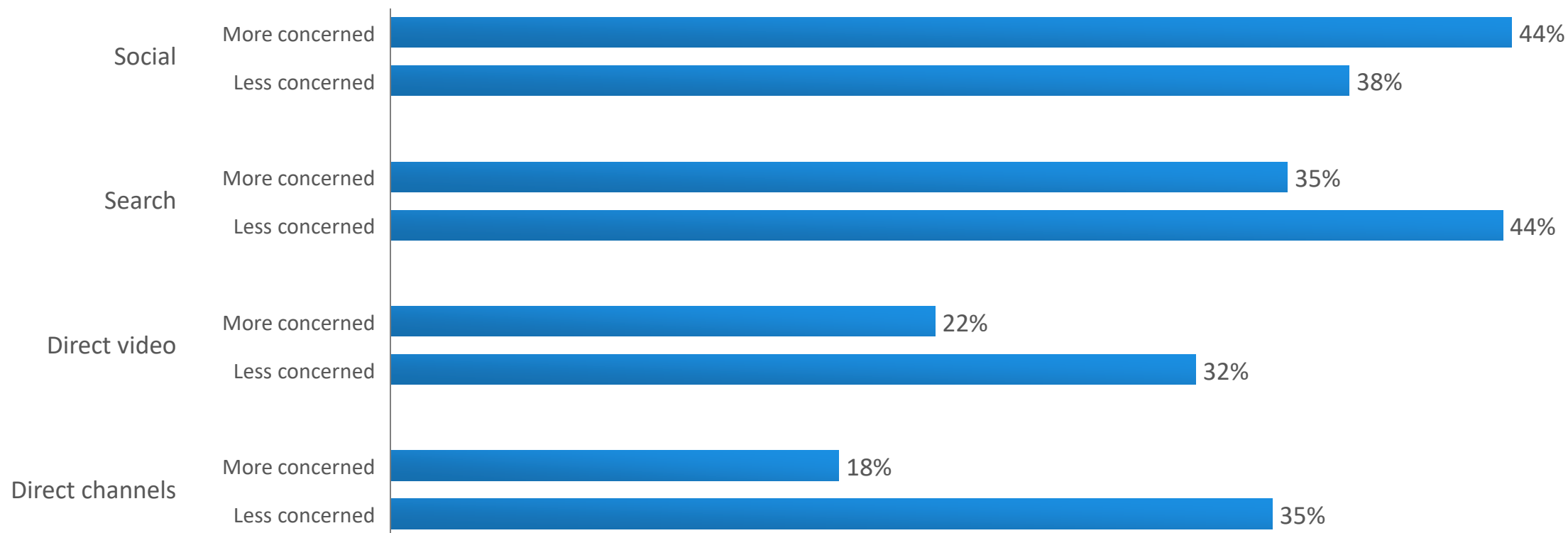


Question: What functionality do you expect to be negatively impacted in these use cases due to the deprecation and restriction of cookies and other identifiers?



Marketers more concerned with upcoming restrictions are also more bullish on increases in social

Expected shift in channels given cookie deprecation by level of concern



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?

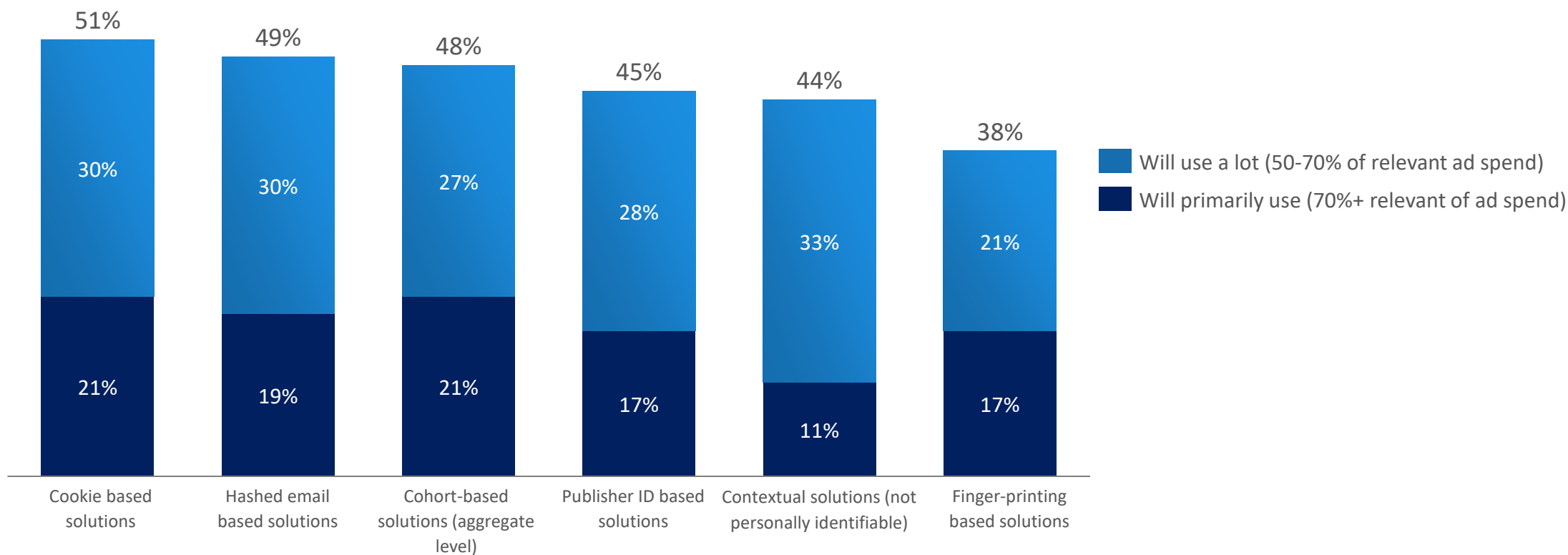
Note: Shown average based on those who selected "increase" subtracting those who selected "decrease."



Marketers expect to continue to rely on cookie-based solutions next 2 years

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?



Google FloC is 2x as popular as any other identity solution today

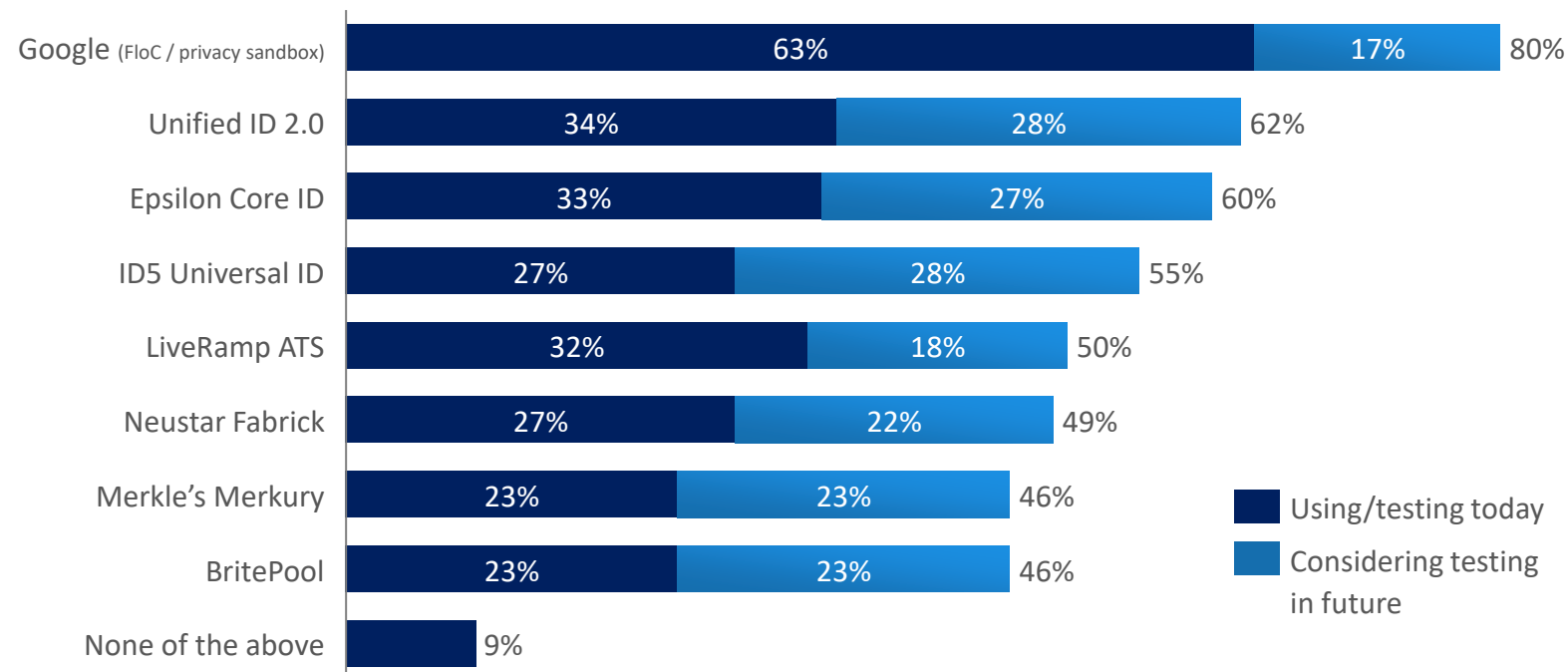
91%

Of marketers use
at least 1 identity
solution today



Most popular identity solutions

% of respondents



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

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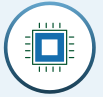


Emergence of identity solutions

What marketers can do



Investing in 1P data



Investing in new technologies



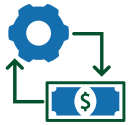
Investing in new measurement



Investing in data/privacy teams

5 actions to take to prepare for upcoming changes

Marketer playbook for the new digital landscape



1. Invest in and monetize 1st party data

- Evaluate reliance on 3rd party data in marketing program, incl. in programmatic and walled gardens
- Develop new value exchanges to capture customer data (ex: loyalty programs,)
- Unify customer data into singular ID & build out Customer360 data records



2. Evolve your approach to measurement and attribution

- Use tests to validate accuracy of MTA measurement and modelled conversion approaches
- Revisit “tried and true” lift studies, incrementality tests, and MMM (media mix modeling)
- Push for clarity through integrating multiple systems of measurement (vs. a single, silver-bullet)



3. Explore new models of data partnerships

- Assess market position and data gaps to define partnership requirements
- Leverage data clean rooms to maximize 1st party and 2nd party data sources (e.g., to append data against existing assets) and connect across activation platforms (e.g., for paid media, email)
- Evaluate new custom data offerings and services (e.g., from retail media networks and publishers)



4. De-risk tech investments and focus on durability

- Acknowledge uncertain future of cookie reliant tech (i.e., DMPs, MTAs, retargeting platforms)
- Test into new ID solutions and evaluate ability to deliver on critical use cases
- Assess current slate of AdTech vendors for durability, and be wary of new yet potentially unsustainable technology (i.e., fingerprinting technology) and explore new alternatives (e.g., contextual)



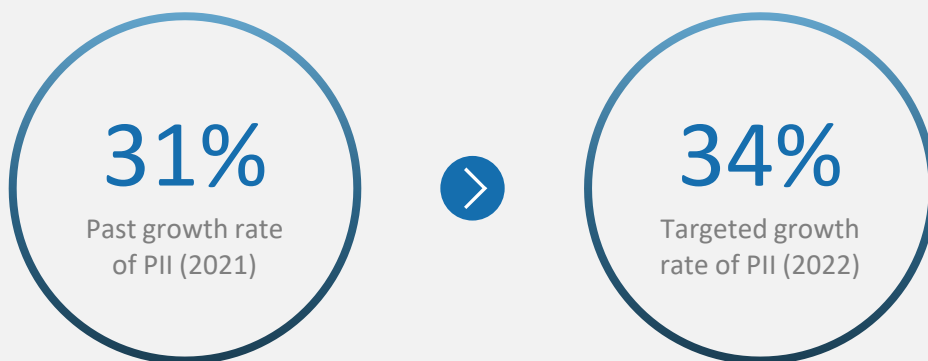
5. Take a x-functional C-level approach (CIO+CMO+Legal)

- Accelerate education for CXOs to set a shared foundation of what’s changing, when, and likely impact
- Establish cross-functional pod across CIO/CTO, CMO, and Legal org to define strategy and align approach
- Make set topic at set CXO leadership meetings



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)?

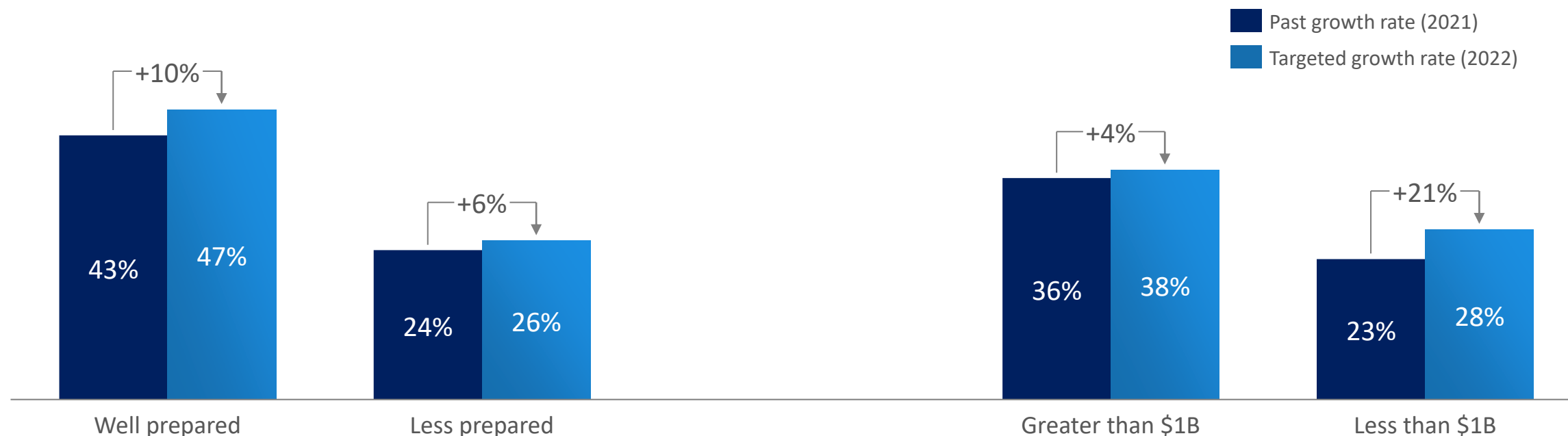
...with variations by size, preparedness, and data quality

- Large companies hope to grow 1P data asset at 38%, though smaller companies attempting to catch up, increasing growth rate to 28% next year from 23% this past year
- The most advanced companies that consider themselves "well prepared" are growing their 1P data asset almost twice as quickly as others – 47% vs. 26% YoY
- Data-rich companies hope to grow at 40%, whereas data-poor and heavily regulated companies are targeting growth rates of 29% and 24% respectively



"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)?

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)?

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



1P data provides several sources of strategic value



Increase Media effectiveness

Target relevant consumers and those with similar profiles (“look alikes”) with better ROI and cheaper cost vs 3P data



Core value driver for building 1P data at scale



Generate product innovation insights

Understand behavior of consumers, detect early trends & customize products



Secondary benefit (e.g., usage data can go beyond traditional insights)



Retain and develop high value consumers

Engage with customers 1-on-1 through CRM programs and drive upsell, engagement & cross-sell



Tertiary benefit (but for CPGs challenging to achieve 1 to 1 consumer interaction at scale)



Reduce dependency on external platforms

Own the access to key consumer segments; reduce reliance on 3rd party data

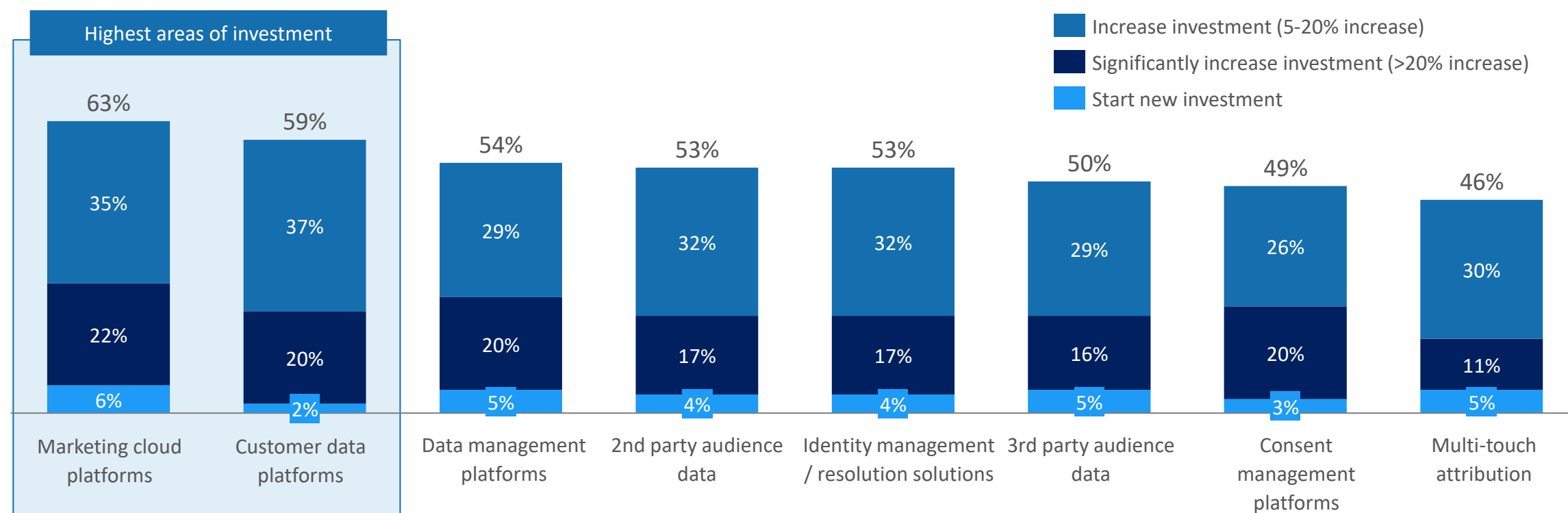


Long term benefit (to ensure strong, sustainable, cost effective data foundation)



Marketers expect greater investment in Marketing Clouds and CDPs

Shifts in investments due to regulatory and tracking changes

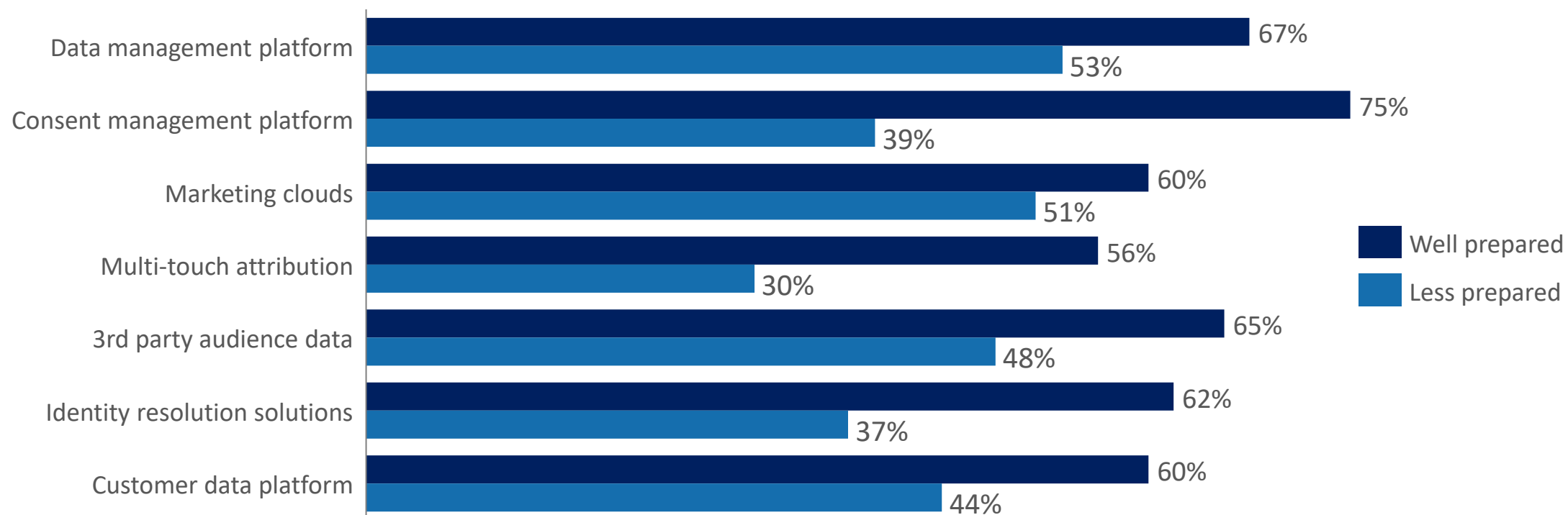


Question: How do you envision your investments in these AdTech / MarTech solutions to change as a result of regulatory and tracking changes?



"Well prepared" companies have made significantly greater investments, especially in consent management, MTA, and identity resolution

AdTech & MarTech investments to date

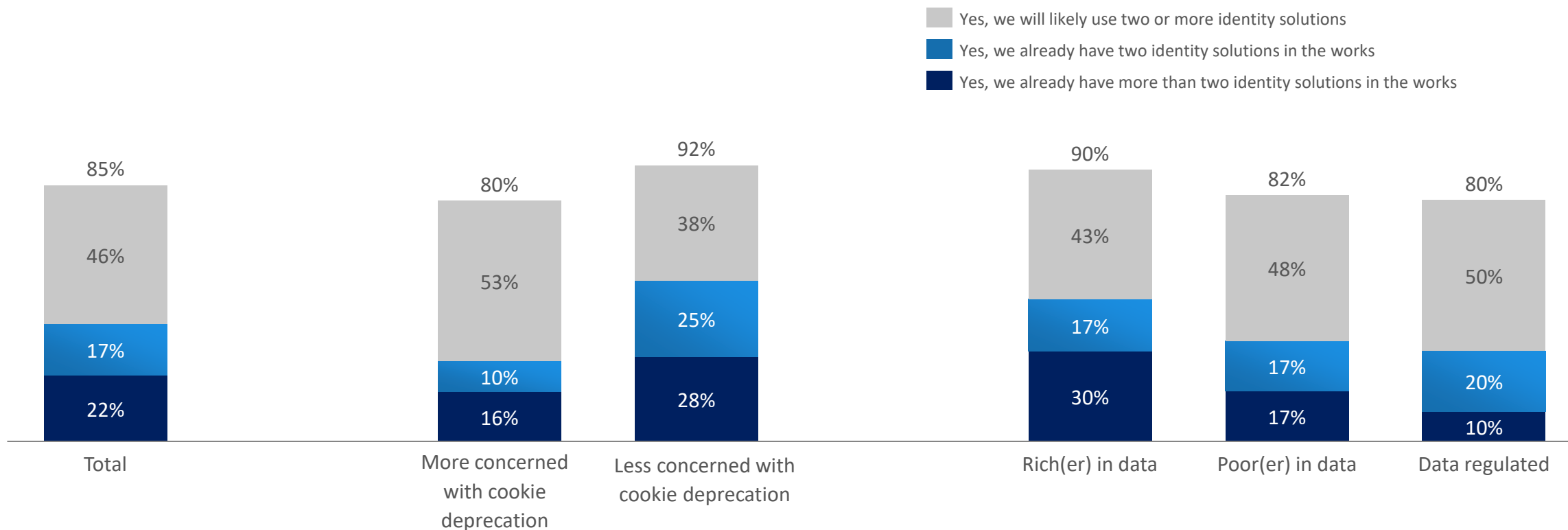


Question: Which of the following AdTech/MarTech solutions has your company invested in in the past?



Companies who do not use at least two identity solutions are more concerned with cookie deprecation, yet also planning to invest

Number of identity solutions used or expected to be used

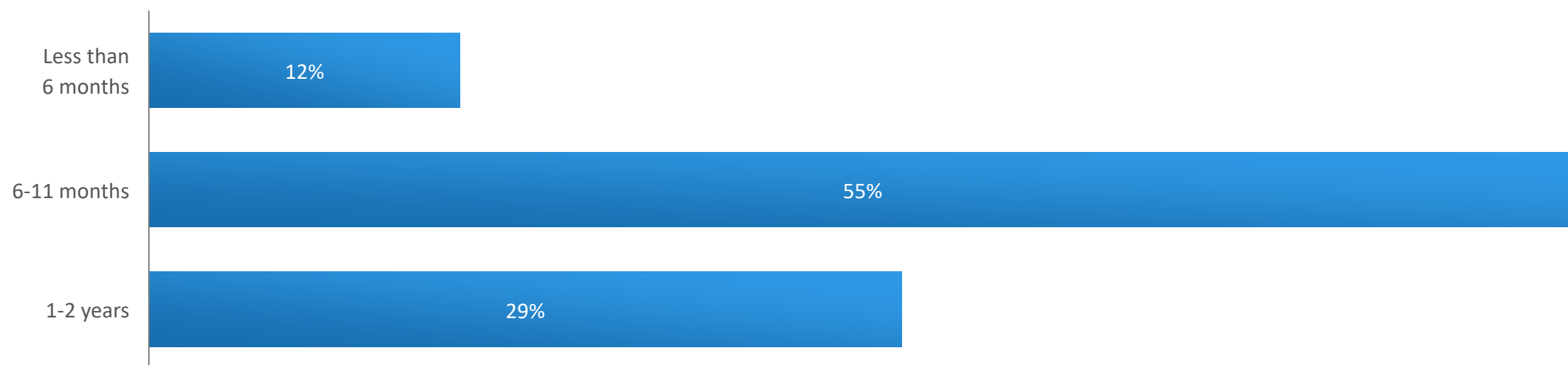


Question: Are you planning to use more than one identity solution in random in order to better future-proof your measurement and targeting?



For most, will take at least 6 months to implement new identity 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?



Affordability and compliance are table stakes when choosing new ID solutions

✓ Top 5 most essential identifier capabilities and features when choosing ID solutions to invest in

	Overall	Large companies	Small companies	ID focused (2+ ID solutions)	Less ID foc. (0-1 ID solutions)
Affordable cost	1	3	1	3	2
Full compliance with all regulations cross-region	2	2	5		1
Ability to track cross-device (e.g., web, app, mobile)	3	1			4
Ability to track cross-platform (e.g., Web, FB, Google)	4	4	2	4	3
Transparency on underlying data/identity sources	5		3	5	
Ability to export data internally, e.g., for analytics		5		2	
High percent of total population covered in ID graph				1	
Sophisticated consent management/enforcement			4		
Global coverage					
Ability for consumer to manage consent directly					
Accreditation from MRC, IAB, or other industry body					
Detailed controls to manage regulations across geographies					
Durable and positioned to evolve with future data changes					5
Clarity on modeling extrapolation and match rates					
Ability to integrate with data clean rooms					

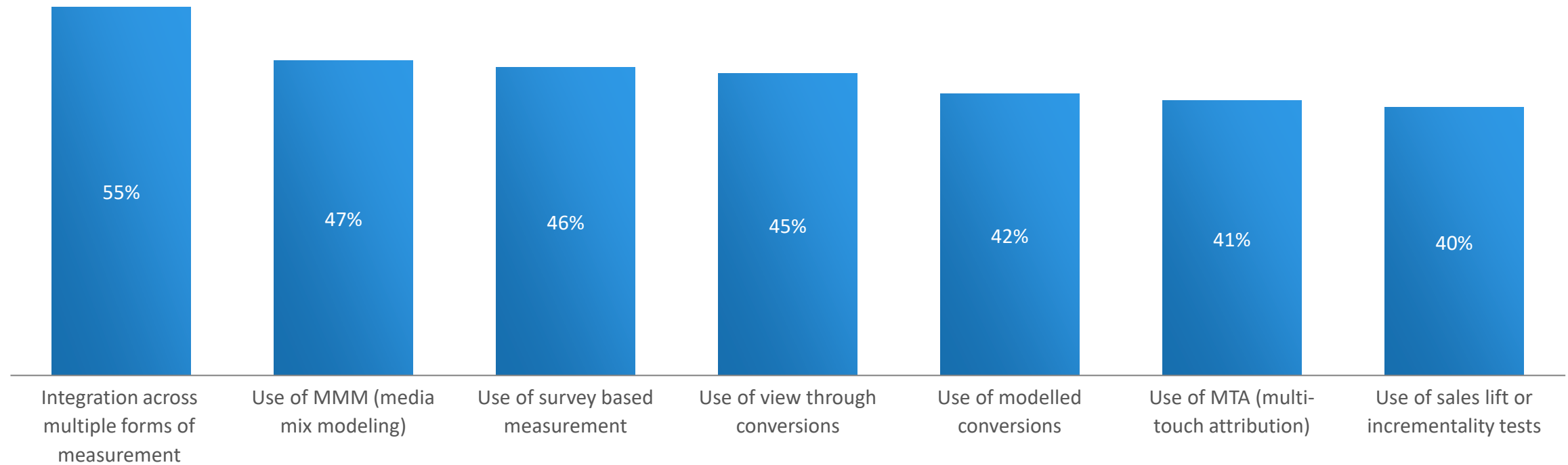
Question: Which of the following identifier capabilities and features do you believe are most essential in order to choose which “identity solution” to invest in?

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



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?



Organizational
culture must also
shift to prepare for
upcoming changes

% of marketers who responded "entirely accurate" to following questions...



Question: For each of the following statements, please indicate how accurate this is for your current organization.

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