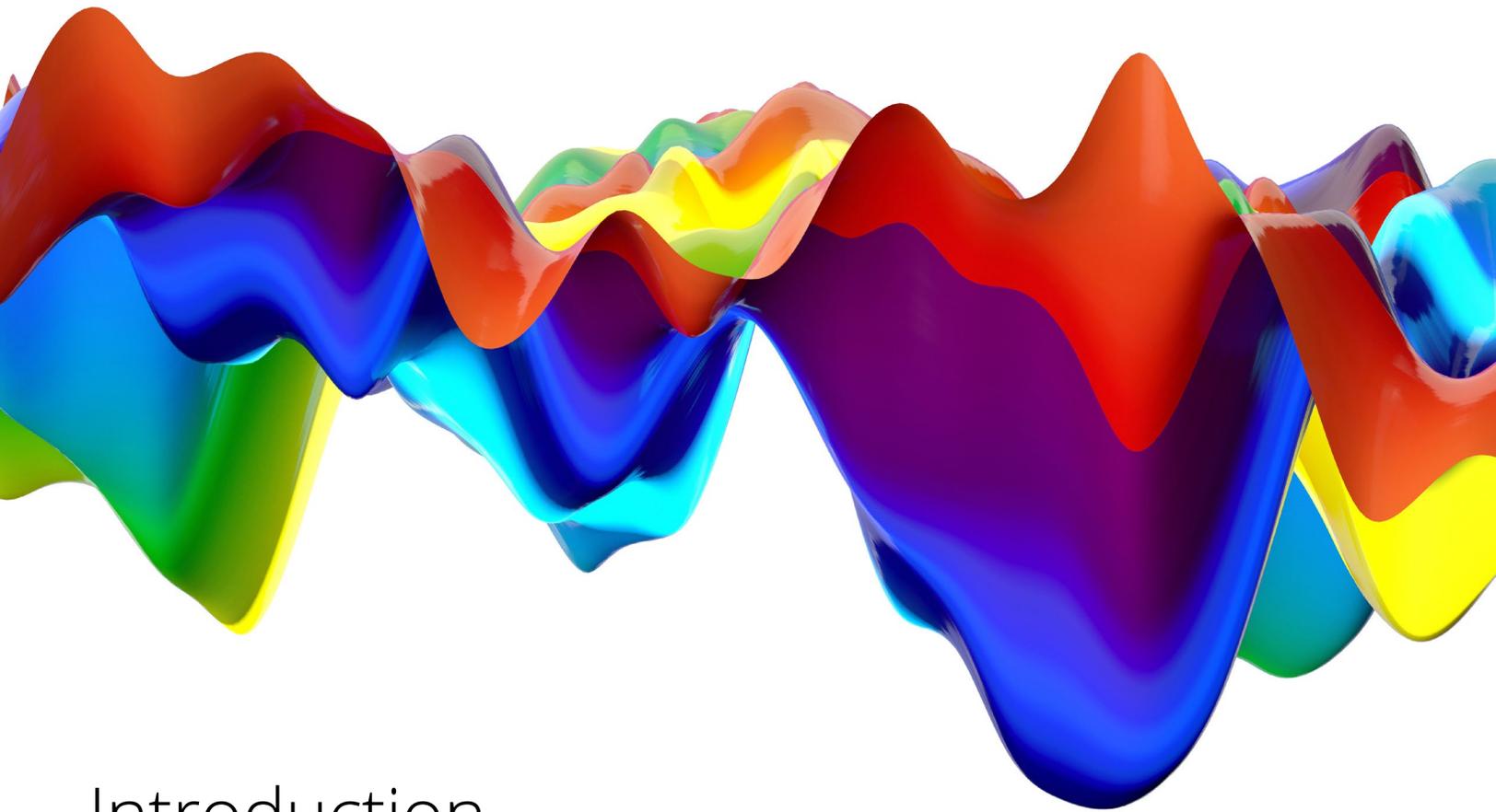




Revenue at risk.

What marketing signal loss means
for your business.

October 2022



Introduction

The marketing landscape is changing like never before. New channels keep emerging. Technologies keep evolving. Costs keep climbing. Customer expectations keep rising. And competitors keep innovating.

But of all the challenges faced by today's CMO, digital marketing signal loss may be the greatest—and is certainly the most urgent. The ongoing deprecation of third-party browser cookies, which have helped advertisers and marketers track and understand buyer behavior, means that brands are losing critical data signals used for targeting, optimizing and measuring marketing effectiveness. That signal loss will only increase in 2024 when third-party cookie data ceases to be supported by the leading browsers.¹

Signal loss isn't just about preparing for a "cookieless" world, however. Changes to how mobile device identifiers are shared (or not shared) have significantly reduced the amount of individual-level detail available to advertisers. Adding to that new data privacy regulations continue to proliferate, limiting how brands and their partners collect, store, connect, share and use consumer data. As of

this writing, five US states have now enacted consumer data privacy laws—with more likely coming.²

These aren't just tactical "advertising effectiveness" problems. Together they pose a significant threat to revenues and growth for businesses across industries. In our research, we found that companies across a range of industries risk an average of \$91 million to \$203 million in revenues *per year* due to the loss of third-party cookie data and signal loss and the resulting impacts on advertising effectiveness—as well as on website personalization, lookalike modeling, retargeting pools, ad platform optimization, platform reporting, measurement and attribution.

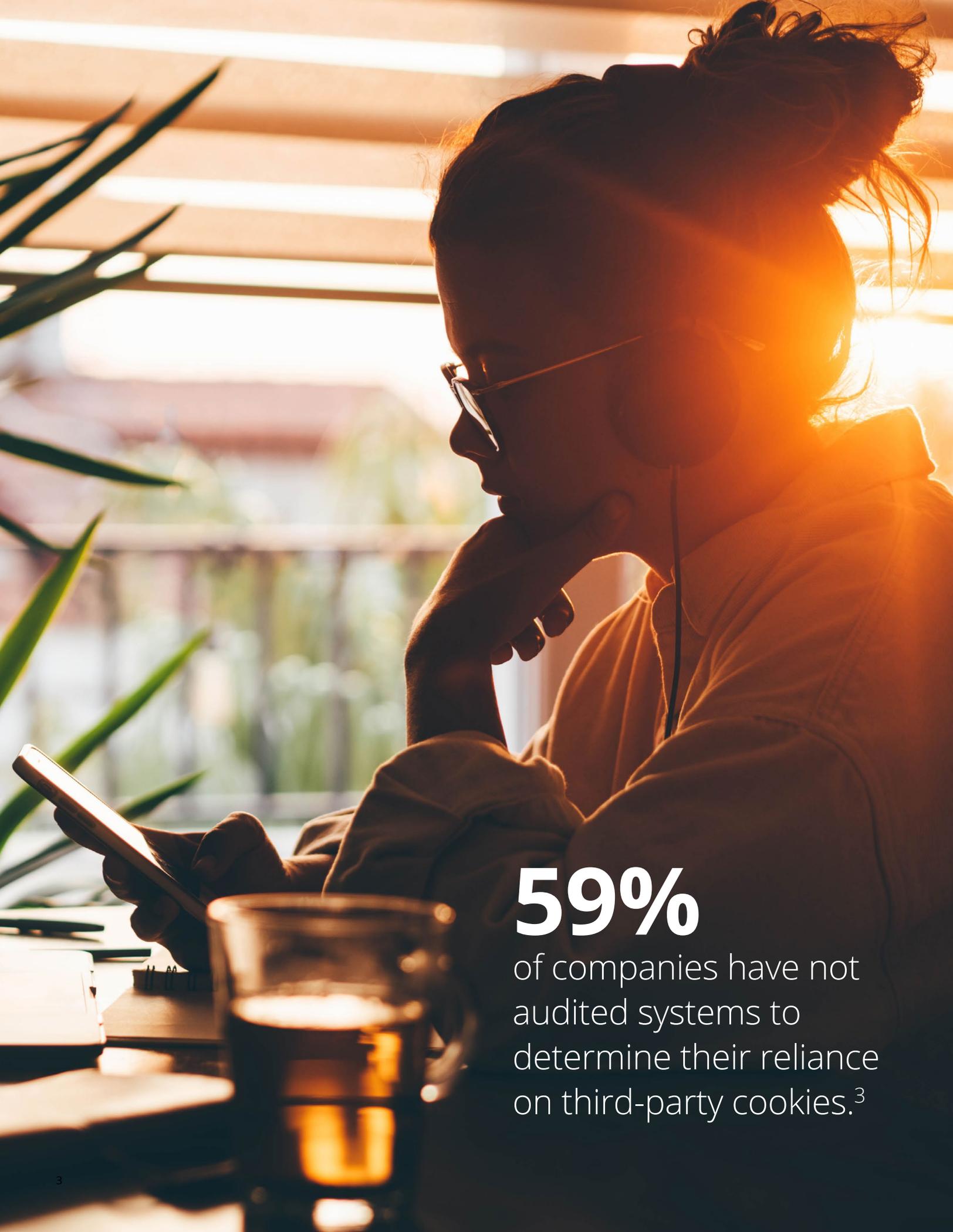
Despite the claims of some adtech vendors, there is no easy, "silver bullet" product or solution to address this and other types of signal loss.

CMOs are at a critical juncture and need to act now to lay a new foundation for data-driven marketing. Forward-thinking leaders will use this moment to leap ahead through improved control and visibility of data and measurement, efficient use of marketing dollars and market-share wins.

How will marketing signal loss affect *your* revenues?

Using proprietary cross-industry benchmark data, we've developed an interactive online tool to help brands quickly assess their revenues at risk due to the loss of third-party browser cookie data. Take our five-minute cookieless assessment to learn what's at risk for your brand:

www.deloittedigital.com/us/cookieless-calculator



59%

of companies have not audited systems to determine their reliance on third-party cookies.³

Turn signal loss into brand wins.

Data is the fuel that drives business differentiation, efficiency and growth today. This isn't new. What is new is the unprecedented and sudden loss of customer and marketing data that brands have relied on for the past generation.

Today, 60% of companies spend at least half of their media budgets on digital advertising.⁴ They do this for a simple reason: digital works—or at least it *has* worked. By connecting customer and performance data, brands have been able to use techniques such as retargeting and multi-touch attribution to learn more about customers and serve them in ever more relevant and effective ways. Common examples include following up with ads based on the contents of abandoned shopping

carts or altering landing page content to suit a customer's tastes.

Those tactics have been largely reliant on the easy availability of data from third-party browser cookies and digital devices. But due to regulations and changes to devices and browsers aimed at supporting greater data privacy, that ease is rapidly disappearing. As a result, digital media spend is at risk of underperformance and underreporting. And the bigger the digital slice, the bigger the risk from the loss of third-party cookie and device data.

The answer isn't to look for the "next cookie." Some brands have turned to digital fingerprinting as a solution; but this is no more sustainable than continuing to rely

on third-party cookies. It also goes against the spirit of privacy regulations and undermines the kinds of trusting, transparent relationships brands want (or should want) to build with their customers.

What you need are methods for collecting, understanding and using data that respect people's privacy while also serving them with the personally relevant experiences they desire at the optimal moments. Getting there demands concerted focus and forward-thinking action to modernize your data and "madtech" (martech *plus* adtech) stack, talent and partner resources and operational capabilities.



1

Data & technology: It's time to come clean.

The loss of third-party cookie functionality for personalization, attribution and optimization means that businesses need to reimagine the data-driven marketing technology ecosystem.

Success depends, first and foremost, on owning, managing and activating the first-party data that you can collect about your own customers and prospects. That data is ultimately much more valuable than what is being lost through third-party cookie deprecation. But for many brands, legacy systems and organizational silos leave data management (and even ownership) in the hands of agency, media and network distribution partners—which makes that data more difficult to collect and connect. A customer data platform (CDP) that is

owned and managed by your own teams is now an essential tool to help collect, clean, organize, resolve and enrich first-party customer data and to activate customer segments in real time.

Unlocking the insights embedded in your customer data will require additional changes to your madtech stack as well as privacy-compliant approaches to data sharing. Specifically, data clean rooms—those offered by today's digital giants as well as cloud-based enterprise clean rooms—are rapidly becoming critical platforms for customer insights and engagement.

Taking full ownership of your first-party customer data and adopting new technology

capabilities will take time and investment.

Your brand cannot afford to wait until the final sunset of third-party cookies to envision a new dawn for madtech.

2

Talent & partners: New skills for a new era.

For decades marketers have recited a familiar formula for success: *right message, right time, right place*. Before the advent of digital media getting that formula right was hardly a science. Media had to be purchased weeks or months in advance, audiences were often defined by broad demographics, and little could be controlled regarding the context or moment when a given person would encounter a particular brand message. So marketers naturally focused on the one element that they knew they could control: the message.

Then digital media came along, providing unprecedented visibility into audiences, media and moments of engagement. Yet the focus on breakthrough creative—the “right message”—remained paramount in most marketing organizations. Internal teams and partner relationships reflected this focus. Responsibility for engaging audiences at the “right time” in the “right place” was generally

left to external media agencies to manage.

Marketing signal loss, combined with the growing imperative of experience personalization, is forcing the issue. It's no longer sustainable to “just let the agency handle it” when it comes to data-driven journey orchestration and experience activation, measurement and optimization. Marketing organizations need to develop new muscles and foster new relationships in order to deliver the standout experiences that customers expect.

Simply stated, CMOs are in the data analytics business now. Yes, creative still matters. But artificial intelligence, machine learning and data science are equally essential to nurturing customer relationships and driving business growth. These can't just be shared enterprise IT services. You need people on your team with skills specific to *marketing data science*.

This is a thorny challenge given today's tight talent marketplace. A 2020 study of leading employment websites and recruitment firms found there were three times as many job postings as there were job searches for data science positions. The same study forecast that by 2030, the global data science talent shortage would total 85 million positions unfilled.⁵ But every thorn has its rose: The brands that take a smart, proactive approach to hiring and partnering today will be the ones that amass market share tomorrow.

3

Operational transformation: Connecting insights to drive growth.

Often the biggest challenge that marketing organizations face as they seek to turn marketing signals into relevant, human experiences has nothing to do with data or technology. It's about how they connect and share insights across teams and partners.

In the typical enterprise, teams have been segregated by skill sets or job descriptions: Creative teams work in one group, data scientists in another, media specialists in another, and so on. The bigger the enterprise, the more discrete and specialized the groups. You may have a team that is exclusively focused on managing commerce on a particular e-commerce marketplace—a team that is separate from the group that manages commerce on your direct-to-consumer website. Both of those teams work separately from the advertising teams that are focused

on driving leads and customers to your offerings. And of course, external agencies, consultancies and tech vendors that flesh out some of the key capabilities in your operating model aren't even in the building—or the same state, for that matter.

The problem with this siloed organizational structure is that insights generated by one team rarely get shared with others—much less connected in ways that begin to flesh out a multidimensional understanding of the customer's needs and experience.

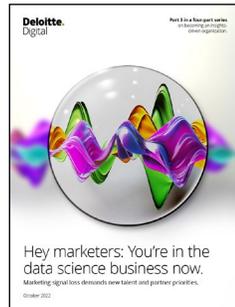
While you work to address lost marketing signals through new approaches to data ownership, sharing and insight generation, it is important to also look for new ways to collaborate and act on the signals you already have.

This means becoming an insights-driven organization—with every team, partner and vendor tuned into the same inputs, tactics and results across the full customer engagement journey. Deloitte Digital research shows that brands with data-driven personalization reported seeing 18% lower customer acquisition costs, 28% increase in transactions generating a sale and 20% higher spend per customer.⁶ Getting there requires new ways of operating with a focus on breaking down silos within your organization and partner ecosystem; improving customer data collection, management and activation; supporting experimentation and learning; and, above all, sharing insights across internal teams and external partners.



A path to growth for digital marketing.

In parts 2-4 of this series, we provide CMOs with an actionable road map to overcome digital marketing signal loss and develop new capabilities, insights, relationships and growth. Download additional articles now.



www.deloittedigital.com/us/signal-loss

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