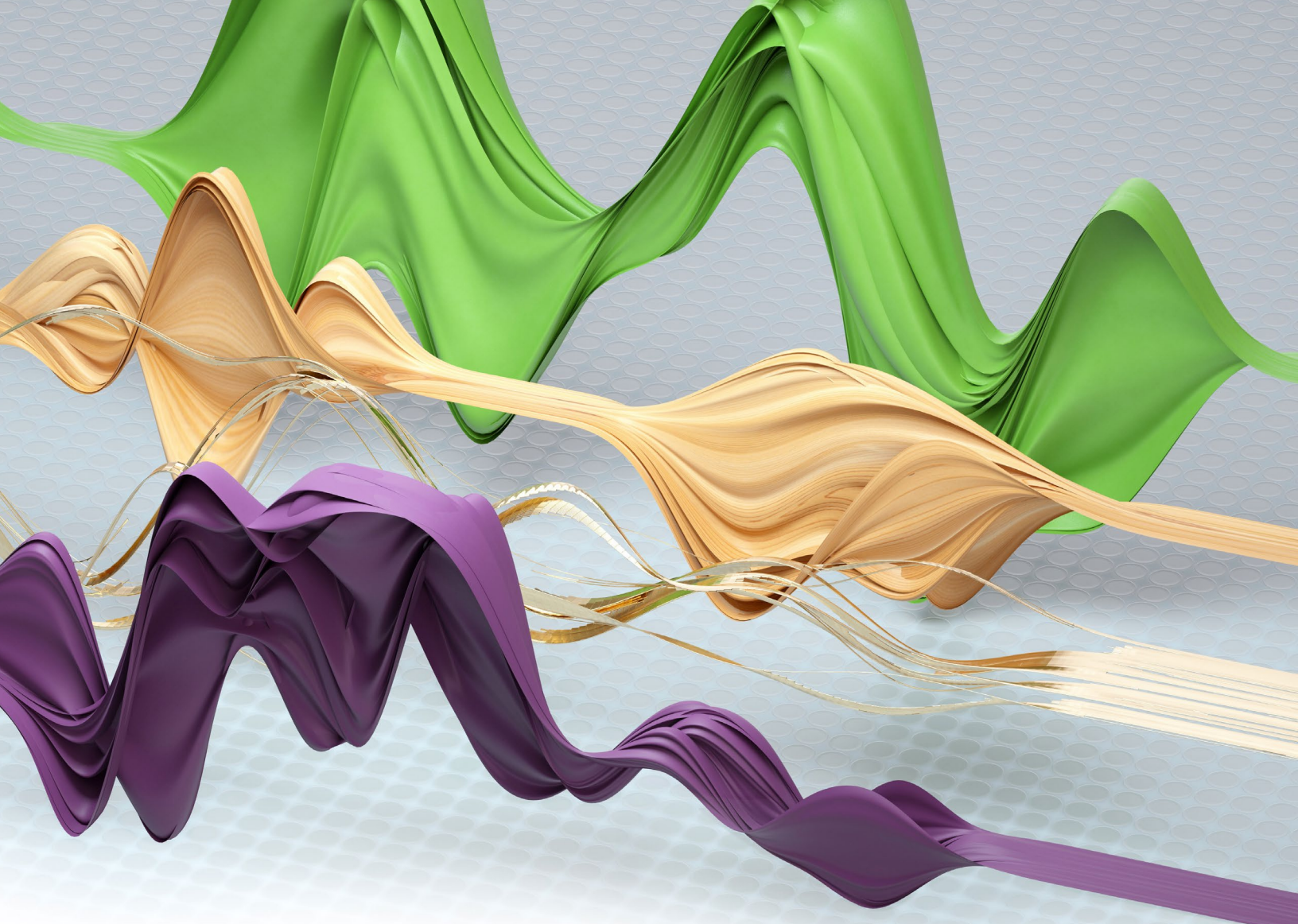


A new approach to deepening customer insights.

How leading brands are activating
first-party data to drive next-level growth.

October 2022



Introduction

It's not just you.

The impending sunset of third-party browser cookies has put the entire advertising and marketing world on edge. In July 2022, marketers received a bit of a reprieve on the timeline for this shift with the announcement that the leading browser won't fully eliminate third-party cookie tracking until the end of 2024.¹ But that's already just around the corner—**so continuing to “wait and see” means you're already behind.**

Cookies aren't all that's crumbling. News seems to break every month about new technology, platform and device limitations for audience segmentation and targeting; and about new and proposed regulations that impact the

ways that brands can collect, use and share customer data in various geographies.

Together, these changes are ushering in a structural transformation for digital marketing—both for brands and for the tools and platforms that serve them. Many tried-and-true activation tactics are now at risk, including retargeting, lead generation and lookalike modeling. Multi-touch attribution is no longer viable for measuring marketing effectiveness for most brands. Traditional approaches to website and app personalization are likewise threatened.

As a result, the universe of CMOs is rapidly being separated into three camps: those who believe they can wait to see what happens

before taking action; those who assume their external agencies have the expertise, data, technology and motivation to address the changes on their behalf; and those who recognize the significance of what's changing and leap to get ahead of the curve.

Now is the time to take the leap. **Your company's future growth demands a new approach to data collection, management and—especially—sharing.** In this installment in our ongoing series about becoming an insights-driven organization, we'll look at how your data ecosystem needs to evolve in order to change with the times and be ready for whatever comes next.

Four out of five

surveyed leaders said that improving data measurement and activation capabilities is a critical or high priority in the coming 12 months.²



Counteracting signal loss.

For the past generation, third-party cookie and device identifier data allowed marketers to not only recognize individual leads and customers across the open web, but also tap into contextual information such as prior purchases and engagement, online habits and personal preferences, frequented sites and topics of interest, geographical factors such as local weather, and more.

The deprecation of cookie and device data has resulted in a significant and growing loss of those marketing signals. As a result, many marketers are already navigating in the dark, unable to see what customers they are engaging or the experiences they are activating on sites, apps and other channels not owned by the brand.

This shift has been a long time coming, yet brands have generally been slow to react. Many CMOs have been unaware just how reliant their organizations are on these third-party data and technology resources for marketing and advertising orchestration and personalization. Among others who saw the impact coming, plenty have struggled to identify and leverage alternate sources of data that are privacy-compliant, reliable, actionable and sustainable.

Some even lack access to valuable data about their own customers due to agency and platform agreements that put that data under the control and ownership of those external partners.

First-party customer data is now among your most important business assets— and business-critical assets should not be owned by outside vendors. So addressing signal loss starts by taking full ownership and management of your own customer data. That data is what enables you to understand customers individually, to personalize their experiences across channels, and to measure results and improve performance. Want growth? First-party data is what feeds it.

To get there, we recommend implementing a customer data platform (CDP) solution that can be owned and managed in-house. Your CDP will serve as the foundation that enables you to compose, tune and retune 360-degree profiles of your customers in real time—and then begin to automate marketing and advertising actions to serve the needs of those customers in the right moment and channel, from advertising through post-purchase service.



Lining up the data to elevate experiences.

First-party data

is the information you collect directly from leads and customers.

Examples:

Name, contact information & preferences, history with your brand (purchases, interactions, etc.).

Why it matters for marketers:

These are the core insights that enable your brand to personalize experiences at an individual level.

Second-party data

is collected by another brand about its customers and provided to you under a defined agreement.

Examples:

Interests, website & app activity, survey responses.

Why it matters for marketers:

Helps refine your understanding of customer segments and identify lookalike audiences for lead generation.

Third-party data

is aggregated from various sources and sold to you as a package.

Examples:

Contextually derived interest level, demographics, past category purchases.

Why it matters for marketers:

Helps with behavioral, demographic and contextual targeting of desired audiences.

Coming clean.

A CDP alone can't solve the loss of marketing signals—especially in digital environments that your brand does not control. Publishers and media platforms big and small recognize this challenge and are trying to lay claim to what comes next for targeting and performance measurement across the open internet. A long list of “cookie alternative” proposals have emerged from various adtech and media industry players.

It is unlikely that any single standard will emerge—and in any event, there is no time to wait and see. What you can and should do now is **embrace an evolved approach to data sharing and campaign activation by experimenting with data clean rooms** offered by today's digital giants as well as cloud-based clean room solutions. *(See sidebar.)*

In the most basic sense, data clean rooms are secure digital environments that allow brands to overlay first-party customer data with second- and/or third-party data from privacy-compliant sources. Clean rooms work by enabling permissioned data consumers—for example, your brand's media team—to analyze data sets from data providers (such as digital publishers, search giants or another brand) in a secure, pseudo-anonymized environment. The participating data consumers and providers can define and enforce the terms of data collaboration and usage terms, tailoring data access based on objectives and privacy models.

The shared data is made available for query and analysis in the clean room without data movement—meaning no data leaves the data provider or data consumer environments. Your brand's owned data cannot be directly merged, joined or downloaded by any other brand or vendor. By restricting access to the underlying raw data, clean rooms are privacy-compliant and help safeguard your brand's first-party data.

With the output of clean room queries, marketers can use data science and advanced

analytics techniques to learn more about what makes their audiences tick—and what leads them to act. Importantly, identity isn't shared at an individual level; rather, clean rooms aggregate audience and customer data. In these ways, clean rooms support a full spectrum of marketing, advertising and customer experience use cases—including insights for planning, segmentation, activation, measurement, optimization and attribution.

What does this mean in the real world?

Imagine you're the CMO of a consumer electronics brand that spends heavily with a particular retail chain for promotions such as in-store endcap placements, sales incentives and ads on the retailer's online network. Calculating the return on this investment is relatively straightforward if you're only looking at how the retailer's promotions translate to in-store sales. But to become an insights-driven organization, you need to understand more. How are your own direct-to-consumer e-commerce sales impacted? What can you learn from the retailer's website analytics about the consumer's path to purchase? How can you leverage your own customer insights to help improve in-store sales? A clean room solution allows your data and the retailer's data to “meet in the middle,” generating clearer insights and a truer picture of the return of your investment while also enabling both of you to fine-tune customer profiles.

Two types of data clean rooms.

Ad clean rooms

allow marketers to bring their first-party data into the publishing and advertising platforms of today's digital giants and match that data against pseudo-anonymized customer profiles within the platforms for the purposes of building audiences, unlocking customer insights and measuring results. These platforms have a ready-made advantage for today's marketers in that they already have an identity spine built-in, along with server-side application programming interfaces (APIs) that make it possible for brands to share their data in ways that comply with both the spirit and letter of new data privacy regulations.

Enterprise clean rooms

enable marketers to work with almost any other party—including channel partners, independent publishers and even brands with which you have a “cooperation” relationship—to share data, learn and activate campaigns in the context of a privacy-compliant, “safe haven” environment.



Your sixth sense for CX.

Clean rooms serve as a logical extension of what your customer data platform is built to accomplish: connecting data about audiences in ways that help you better sense, understand and serve them. This is essentially the purpose that third-party cookies served, too. But now you can do that in a way that protects your brand's data, complies with regulations, and fosters more intuitive, more respectful and more human experiences for customers.

Sharing your customer data in this way might sound like a risky proposition—until you remember that you've been doing it already through your relationships with agencies, demand-side platforms, publishers and others. It's only the mechanisms that are changing and evolving, with a focus on more privacy-safe capabilities.

These new tools have strategic implications for your organization in terms of data strategy, talent, governance and technology integration. With a large number of clean room options in the marketplace—and with more coming online daily—every CMO should understand what's available, what's at stake and what's possible. Given how fast things are changing, now is the time to get your hands dirty by diving in and experimenting with clean rooms. The same is true when it comes to selecting and implementing the right CDP solution for your enterprise.

In future installments of this series we will address how this new approach to data management and sharing impacts your talent strategy and partner ecosystem, as well as operational changes that support your transformation into an insights-driven organization.



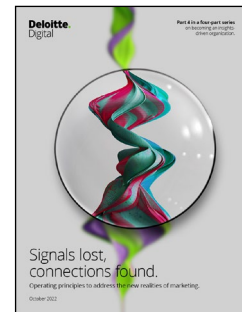
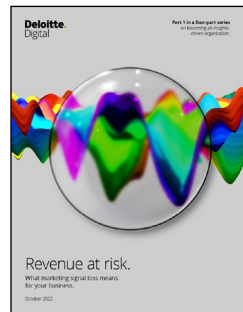
As you work to reimagine the tools and capabilities you need to manage and share customer data, here are some key questions to consider.

1. Clean rooms require a new teaming paradigm. Do I have both the data scientists and business analysts skilled in marketing we need to properly use these new platforms?
2. Deploying a CDP requires both technical and business resources. Has the business clearly articulated the use cases it wants to achieve through the CDP?
3. How will I quantify the impact of my CDP? By enabling advanced use cases? By improving understanding of marketing ROI? By developing a single view of the customer?
4. How can I cultivate executive support to help drive alignment between marketing and IT to enable a successful deployment for a CDP and/or clean room(s)?
5. Have I begun to develop clean room use cases with my marketing and media partners to drive improved marketing and advertising performance?
6. Which of my marketing, advertising and/or distribution channels (i.e., retail) offer clean rooms and data-insights-sharing capabilities?



A path to growth for digital marketing.

Signal loss has implications for your entire marketing organization, from the technologies and platforms you adopt to the people you hire to the ways you work. Download additional articles now.



www.deloittedigital.com/us/signal-loss

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2. A commissioned study conducted by Forrester Consulting on behalf of Deloitte, October 2020.

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