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Opening the door to data clean rooms

For marketing leaders, the data available to know the customer has never been greater—or more challenging to capture. While the proliferation of browser cookies and other digital identifiers once allowed brands to get detailed insights into customers' digital activities and behaviors—and to target those individuals effectively—the growing complexity of regulations and privacy considerations now limit how companies collect and use customer data.

Growing digital signal loss compounds the challenge, as third-party cookie deprecation is making it more difficult for companies to target, optimize, and measure the effectiveness of their advertising and marketing campaigns. Research by Deloitte Digital has found that the impact of signal loss puts an average of $91 million to $203 million in revenue at risk each year across a range of industries.[1]

Solving these challenges is urgent for marketing leaders as they look to help their brands navigate today's complex environment, increase the effectiveness of data-driven marketing, and drive future success. Data clean rooms (DCRs) offer a way forward, allowing organizations to improve audience targeting and advertising and marketing ROI through secure first-party data collaboration while reducing the impact of signal loss and maintaining the critical guard rails for consumer privacy.

The case for clean rooms

Data clean rooms are cloud-based solutions that enable secure, privacy-compliant data-matching and collaboration within an organization and across different organizations. They enable permissioned data consumers—for example, your brand's media team—to analyze data sets from data providers (such as digital publishers or another brand) in a secure, pseudo-anonymous environment where individual customers cannot be identified.

As secure data environments, data clean rooms have emerged over the past few years with a promise of unlocking audience and customer data sharing. They support a spectrum of marketing and advertising use cases—including insights for planning, segmentation, activation, measurement, optimization, and attribution.
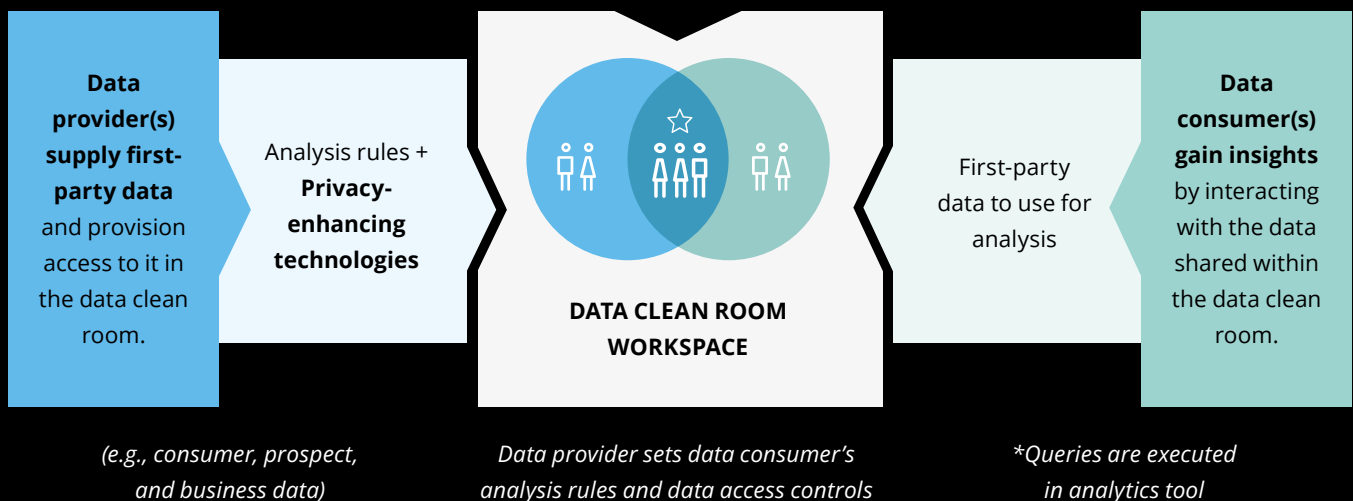
Although data clean rooms have entered the hype cycle and common marketing vocabulary, not everyone is using them. According to a Deloitte survey of 500 brand executives, while 95% of marketers are familiar with data clean rooms, only 34% of companies are using them extensively for marketing and advertising. The disparity reflects a significant gap between awareness and successful adoption.[2]

Savvy marketers know that privacy and signal loss are here to stay. They also realize that data clean rooms offer an opportunity to address those issues while connecting more impactfully with customers. But to get maximum impact from data clean rooms, marketers will need to educate themselves on the technologies and the practical applications for getting measurable business value.

Making the complex simpler with data clean rooms

By using a data clean room, the participating data consumers and data providers can define and enforce the terms of data collaboration and usage. They can also tailor data access based on objectives and privacy models. Participants make shared data available for query and analysis in the clean room without data movement or with limited data movement (see graphic).

Permissioned data is made available for analysis without need to move or transfer

Data provider(s) supply first-party data and provision access to it in the data clean room.

Analysis rules + **Privacy-enhancing technologies**

DATA CLEAN ROOM WORKSPACE

First-party data to use for analysis

Data consumer(s) gain insights by interacting with the data shared within the data clean room.

(e.g., consumer, prospect, and business data)

Data provider sets data consumer's analysis rules and data access controls

*Queries are executed in analytics tool

These measures mean that your brand's owned data cannot be directly merged, joined, or downloaded by any other brand or vendor. By anonymizing personally identifiable information (PII) that is processed and stored in a secure way, clean rooms are privacy-compliant and help safeguard your brand's first-party data.

Marketers can analyze the output of clean room queries to learn more about what makes their audiences tick—and what leads them to act. Importantly, identity is never shared at an individual level, since clean rooms aggregate audience and customer data.

THE POWER OF CLEAN ROOMS *Potential benefits of data clean rooms*

1. Unlock deeper audience insights
2. Share and enrich data in a secure environment
3. Remain privacy-compliant and limit data movement
4. Solve for measurement and optimization challenges

Putting data clean rooms to use

Data clean rooms meet the needs of a wide range of marketing, advertising, and measurement challenges.

HERE'S ONE EXAMPLE:

> *Imagine you are a CMO of a retail brand looking to expand into new markets and you want to understand and target audiences of a complementary brand or product. By securely sharing anonymized customer data, retailers and brands can collaborate to build segmented audiences using secure, shared data and better understand and deliver relevant ads to specific segments of their shared customers.*
>
> *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 on your investment while also enabling both of you to fine-tune customer profiles used in activation.*

Sounds easy enough, right? The reality is that most marketers haven't had to think about their data relationships in quite this way. Many marketers have used the data clean rooms offered by Google and Amazon, for example, to gain insights related to their advertising investments, but many have yet to take full control and management of their data in a data clean room environment. But the benefits of doing so are paying off—60% of marketers adopting data clean rooms are seeing improvements in advertising/marketing ROI, according to a Deloitte Digital survey.[3]

Not all clean rooms are the same—or should be the same. There are two main varieties of clean rooms that marketing leaders should know about.

Reading the room: two types of solutions to understand

While a ways off from mass adoption, data clean rooms are gaining traction. So what types of data clean rooms are brands using for marketing and advertising-specific purposes?

Many major brands are working with platforms in the advertising ecosystem to test their clean room capabilities. These brands bring in their first-party campaign data to better understand media campaign performance and optimize their advertising. These applications are known as platform clean rooms.

But a newer solution set—enterprise clean rooms—is growing by the day, offering data collaboration capabilities for data-driven decision-making while ensuring that customer privacy is protected. These solutions focus on meeting the needs of advertisers and marketers who require audiences, insights, and activation across multiple partners, publishers, and platforms.

PLATFORM CLEAN ROOMS

- Closed, single-provider platforms providing secure access to event-level advertising data for marketers
- Allow for ad optimization, measurement, and insights for a specific platform to help drive your brand's KPIs/goals
- Allow marketers to build audiences, unlock customer insights and measure results within the platform's walls
- Provide an advantage with an identity spine built in, along with server-side APIs that let brands share their data compliantly

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ENTERPRISE CLEAN ROOMS

- Third-party enterprise tech platforms that let multiple organizations securely share and explore first-party and other data sets for enrichment, attribution, activation, partnerships, unlocking insights for marketing, and more
- Allow organizations to securely share data within their own walls and data silos inside the organization
- Allow internal company teams and external organizations to collaborate on data in a secure and privacy-compliant way
- Support end-to-end decentralized data sharing, for both advertising and other commercial data use cases; frequently used in combination with one another and with platform clean rooms
- Enable marketers to work with almost any other party—including channel partners, independent publishers, and even brands with which you have a "coopetition" relationship

Getting started

With enterprise clean rooms hitting the scene, some leaders don't know where to begin. Many have technical questions about where clean rooms fit in a martech stack, implementing clean rooms, and concerns about justifying costs and measuring value.

Steps to begin your journey

With enterprise clean rooms hitting the scene, some leaders don't know where to begin. Many have technical questions about where clean rooms fit in a martech stack, implementing clean rooms, and concerns about justifying costs and measuring value.

Marketers can get started by defining objectives, setting up a privacy and legal framework that outlines the terms of data partnerships (including data ownership, use, access, and confidentiality), and developing a clear identity approach. Such an approach should allow you to transform various user-level household, device, and logged-in customer data sets into something that can be used as a segmented data product.

With a secure, unified data set and the right customer data attributes for segmentation, you can start opening opportunities for targeting, insights, and measurement without the need for third-party cookie identifiers.

DEFINE OBJECTIVES
Align on data clean room goals / use cases and assess org's readiness

- Assess organizational readiness
- Develop use cases and KPIs
- Build experimentation plan

IDENTIFY TECH + DATA
Determine tech and data needed for collaboration and its location

- Identify and assess first-party data for use cases
- Determine data clean room tech for use case
- Prepare first-party data for data clean room use

DETERMINE DATA RULES
Work across privacy and legal teams to develop analysis rules

- Review use cases with privacy / legal
- Set up first-party data and data collaboration
- Establish data access controls and analysis rules for Provider and Consumer

PREPARE ORGANIZATION
Prepare people and processes to adopt and scale capability

- Identify skills needed to set up and operate
- Scale data clean room use wwith experimentation
- Integrate capability into planning, activation, and measurement strategies

Looking toward what's next

The future of digital business will bring many unknowns, but marketing leaders can expect a few certainties—including new privacy laws and rising customer expectations. Throw in long-standing challenges such as lack of historical data transparency and potential for negative headlines, and the case for data clean rooms becomes even stronger.

The future will be a "cookie-less" one. How will your organization maintain targeted marketing and measurement capabilities and enable resilient advertising strategies? And ultimately, how will you deliver business value from marketing in the form of customer acquisition, loyalty, and revenue growth? Explore these questions in upcoming installments of this series as we take a closer look at use cases, ROI, and other topics that can help you collaborate more effectively with data clean rooms.

WANT ANSWERS SOONER?

Contact us to get additional insights, schedule a demo, or discuss a specific issue your organization is facing.

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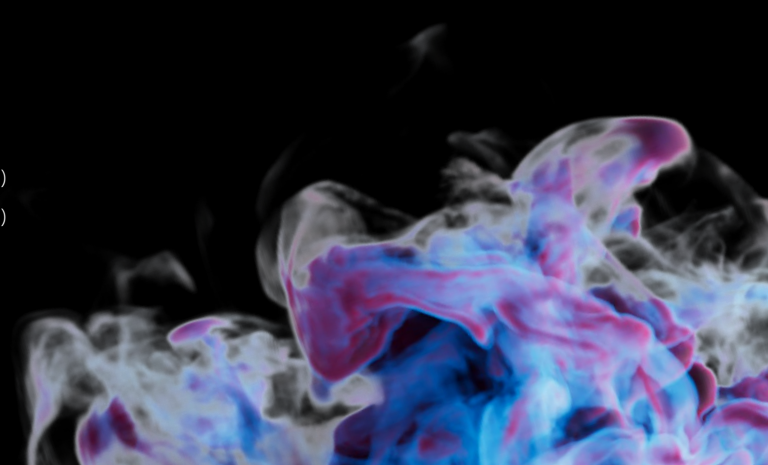
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Sources

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3. Data Clean Room survey of 500 global executives by Deloitte Digital (April 2023)
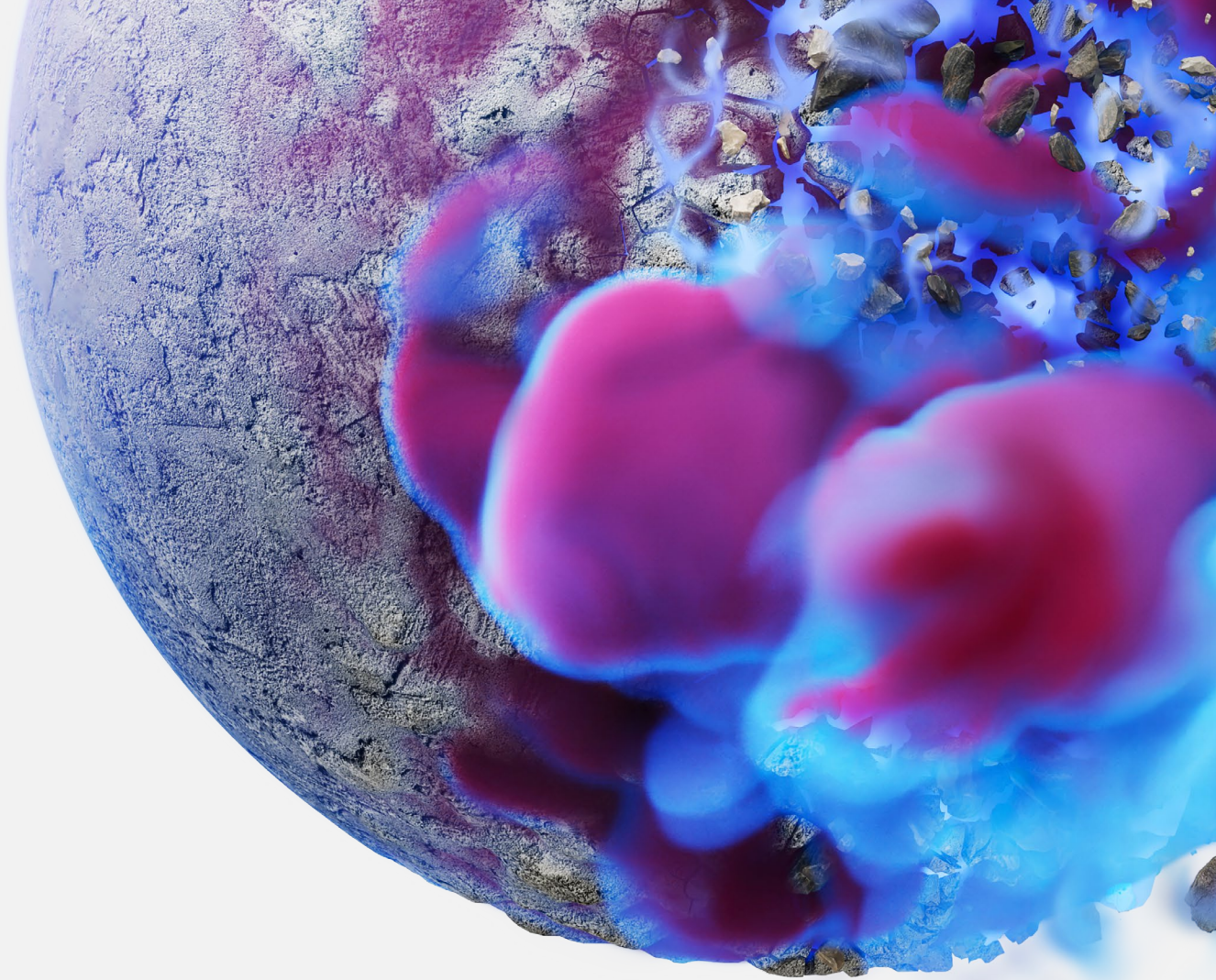
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