

THE YEAR OF CHANGE IN DIGITAL MARKETING

MMA x BCG Survey

March 2022

FULCRUM 

*See How Fulcrum can
provide solutions to
allow for an improved
digital experience.*

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

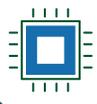
Investment needed to prepare for regulatory changes

FULCRUM 

Fulcrum will be a huge asset to your business, covering all of these areas, in days not weeks.

Four things marketers can do

Marketer priority level
% of respondents viewing as a need

	<p>Invest in 1st & 2p party data</p>	<ul style="list-style-type: none"> • Evaluate reliance on 3rd party data in marketing program • Develop new value exchanges to capture customer data • Unify customer data & build out Customer360 records 	<p>46% - 50%¹</p>
	<p>Invest in durable technology</p>	<ul style="list-style-type: none"> • Acknowledge uncertain future of cookie reliant tech • Test into new ID solutions and evaluate ability to deliver • Assess current slate of AdTech vendors for durability 	<p>56%</p>
	<p>Invest in Measurement</p>	<ul style="list-style-type: none"> • Use tests to validate accuracy of measurement • Revisit lift studies, incrementality tests, and MMM Integrate multiple systems of measurement 	<p>49%</p>
	<p>Invest in privacy / data teams</p>	<ul style="list-style-type: none"> • Assess market position and data gaps • Invest greater FTE into preparation & compliance • Greater C-level alignment on priorities and investments 	<p>43% - 49%²</p>

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

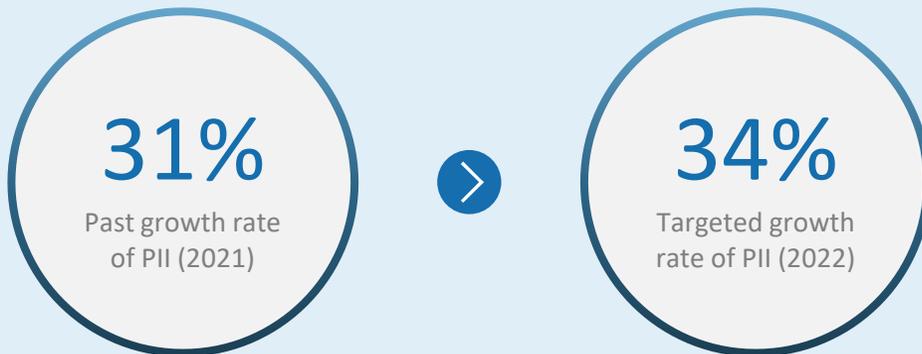
1 (46% for investing in 1p data, 50% for investing in data partnerships); 2 (43% for data governance improvements, 49% for c-level alignment)

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...

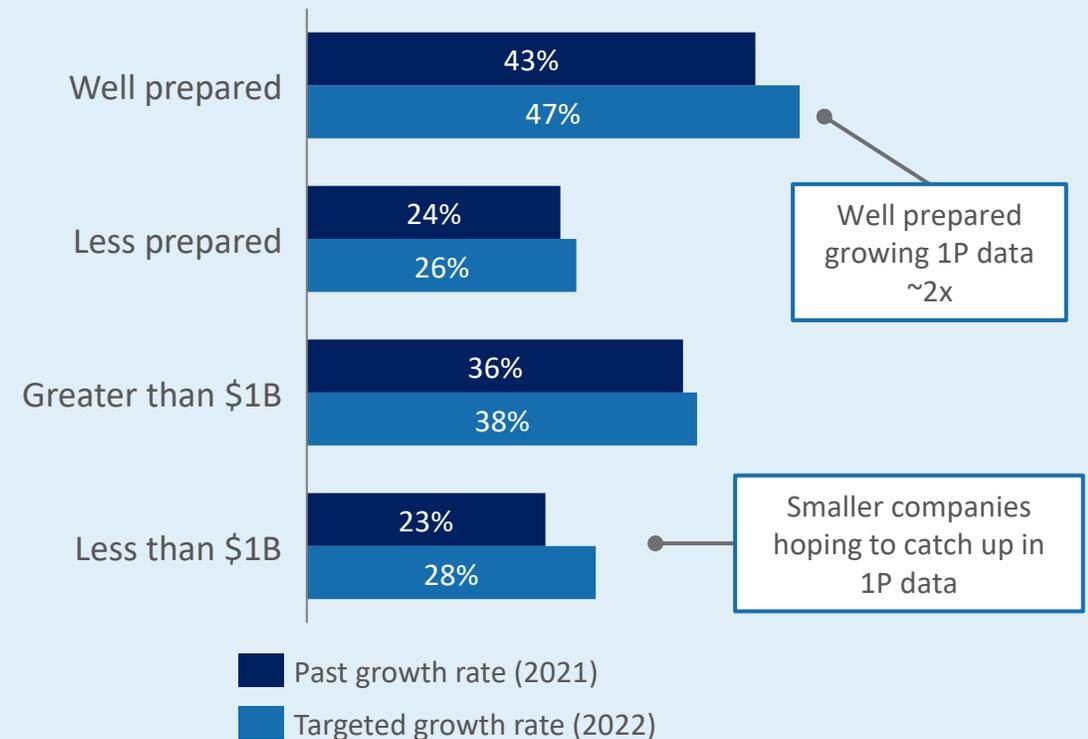


Question: What is your estimated year-over-year growth rate (from a year ago to current) of (PII) personally identifiable data records (e.g., email addresses)?

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



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)



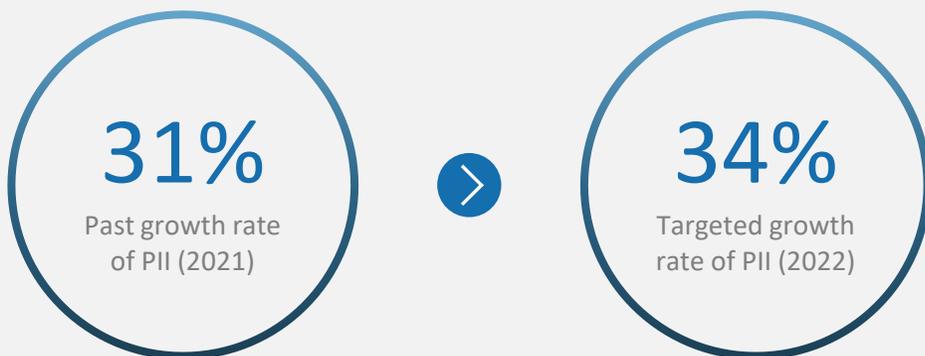
5. Take a x-functional C-level approach (CIO+CMO+Legal)

- 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

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...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



1P data provides several sources of strategic value



Increase Media effectiveness

Target relevant consumers and those with similar profiles (“look alike”) 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

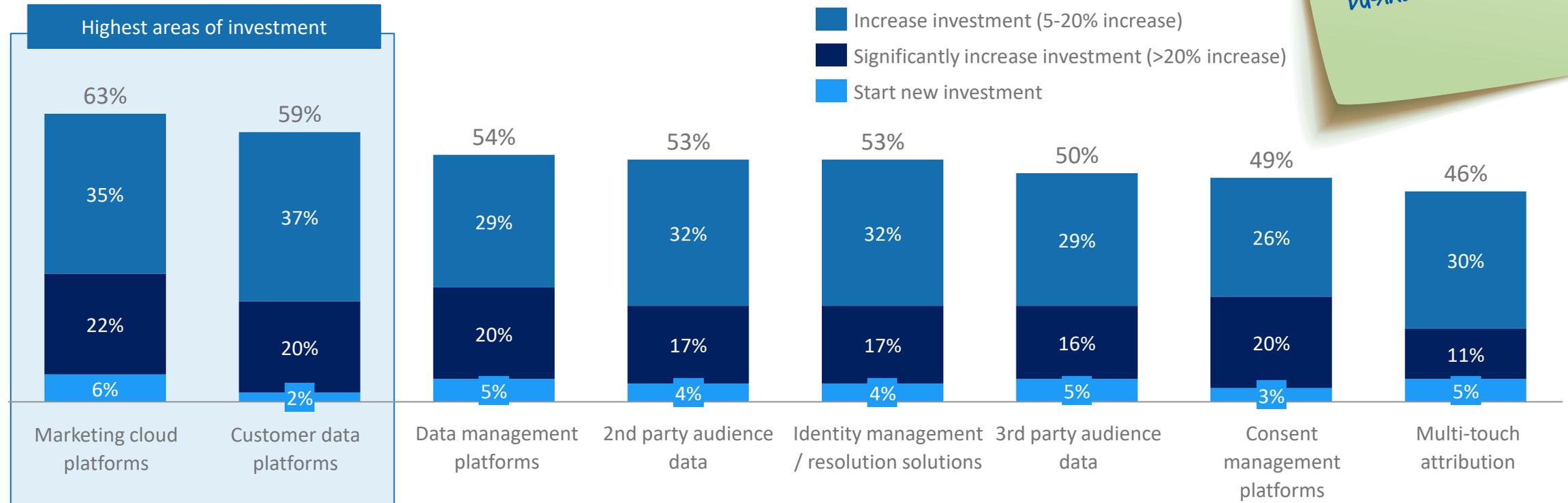


Long term benefit (to ensure strong, sustainable, cost effective data foundation)

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?

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