Speaker 1 (00:00):

Hi everybody. I'm Joanna. Thank you so much for having me. So I'm here to talk today about the future of advertising 20, 22 and beyond. Let's just start by getting something out of the way we believe that advertising has a future. And that is because advertising plays a really fundamental role in helping three key parties. And really these are the only three parties that matter when you're thinking about advertising all the rest of us, the technology, people like me were just middleware for advertisers. It's pretty obvious that actually allows them to connect with consumers and help them sell stuff. And selling stuff makes their businesses grow for publishers. Advertising actually funds the kind of content that consumers care about. And for consumers advertising actually allows them to learn, to laugh and to buy here's the challenge. Normally in the 200 plus years of advertising that have existed up until this moment, advertising was one where there was some balance among the needs of these three parties, but we're living in a time when that balance really has been lost and frankly, mostly to the detriment of consumers.

Speaker 1 (01:07):

So what happened really? We need to look in the mirror to understand and diagnose what got us to this place where this balance has been lost. So let's start with brands, traditional segmentation schema that brands have used to buy media, think about things like television, really, really basic age, gender, those kinds of concepts, just aren't rich enough to really represent the consumers of today. They've also continued to rely on channel centric strategies that don't really put the consumer at the center and can create broken experiences. And finally, certainly in the last 20 years of digital advertising, I would argue that we have way heavily over relied on the availability of data and technology over thoughtful consumer centric strategy. Now for publishers, if you think about the ad units that existed 25 years ago in digital advertising, do they really look that much different? We still have fairly boring ad units, not compelling, not engaging.

Speaker 1 (02:06):

And as publishers have chased revenue, we've also ended up with a situation where we just have more ads everywhere, and that is a terrible consumer experience. And I think publishers also have really found themselves back on their heels when it comes to data-driven advertising and have just frankly, unsophisticated sales and data strategies, which does no one any favors. If you think about ad tech, really tons and tons of innovation, tons of opportunity created really, really, really cool advances, but frankly, a respect for an understanding of the consumer and the consumer experience was frankly, last on the list. Things like financial opportunity, significantly outweighed the needs of consumers. And what does that mean? Well, ultimately it means that consumers who are a part of this relationship, either don't understand or don't see value in the quote unquote value exchange of advertising. So I want to give you a little bit of a flavor of consumer sentiment because we're Forester and we love data.

Speaker 1 (03:06):

So I want to share some data from actual consumers. Here's the good news. 50 port, 4% of us online adults will actually say they would prefer to see advertising than pay for content. So that's a good thing, right? That's the value exchange 40% will actually say ads are a good way to learn about new products. So if the conventional wisdom is that everybody hates advertising, it's actually not true. And that is a good thing. 37% will say that they will give information to get more personalized experiences from apps or websites. Those are all good things. Here's the challenge. 56% of us online adults will say things like they're not comfortable with the value exchange of giving personalized information in exchange for

things like cross device advertising or cross-site advertising of the 85% of us online adults that use one or more privacy or security protecting tools think ad blocking cookie clearing nearly four in 10 will actually cite not wanting advertisers to get access to their data.

Speaker 1 (04:06):

As one of those reasons why they use those tools. All of this is the backdrop that leads us to this place where the world is absolutely shifting under your feet. And we had Forrester call this data deprecation to indicate that it is bigger than any one force that you might be reading about in the press. Like the deprecation of the third-party cookie. This is a movement. This is a set of forces that is going to change the way that advertising and marketing works. So let's start with one that we already talked about. We talked about consumers and you always have to start with consumers. They are taking actions to protect access to their data. They are telling us through their behavior that they are not comfortable with how things are working. The second one though is a very, very active regulatory environment. So you have things like the GDPR that have been in place for several years in Europe.

Speaker 1 (04:58):

And there's a lot of activity now in the United States, starting with California, but with many more states following that are going to change the rules of consumer data availability. Of course, the third one is the one everybody likes to talk about, right? This is the browsers doing things like deprecating third-party cookies. This is apple making changes to the availability of mobile ad IDs that obviously has a massive impact on what's possible in the digital advertising industry. And so of course, we talk about it a lot, but the fourth is the walled garden phenomenon because here's the thing. Everybody understands that Facebook and Google and Amazon are very restrictive in terms of how advertisers and marketers can get access to data that exists inside of those environments. But in the era of data deprecation, this becomes a significantly bigger phenomenon. Think of retail media networks like Walmart or target around Dell, think of Roku, think of the telcos, that own ad businesses.

Speaker 1 (05:51):

Now these companies have the assets that advertisers and marketers are going to care about direct access to consumers, data content, and the ability to serve ads. So the likely outcome of that is that those kinds of companies will also raise up walls leading to more data fiefdoms. So hopefully I've sold you on the fact that data deprecation is real and that it's big. So let's talk a little bit about what it means for brands. If we think about the purchase life cycle of a consumer as being a cyclical ongoing process, we have to appreciate that every part of that process can be affected by data deprecation, everything from your data collection efforts, to your audience, segmentation, to your programmatic, advertising, your retargeting efforts, your ad personalization, your measurement significantly impacted by this stuff really long and short. All of the processes that you run to manage digital advertising and all of the relationships that you have that support that stuff, your whole vendor ecosystem.

Speaker 1 (06:54):

And by the way, this is just in marketing. We really need to appreciate that anything that is cross domain is going to be implicated by data deprecation. So e-commerce analytics, they're all kinds of things that conceivably could be impacted by this. So if I think about the future of advertising going forward, here we are sort of on the edge of the end of 2021 going into 2022. I like to think of it as a shift from the wild west of digital advertising that has existed for the last 25 years. Think unfettered, relatively unmanaged, lots of innovation, lots of problems to a world that is more gated community in nature. That is to say

more closed, more curated and significantly more controlled. So in practice, that means things like the rise of first and second party data strategies. So first you get first party data strategies are those where you have that direct relationship with the consumer.

Speaker 1 (07:52):

Second party data strategies are those where you're working with a outside party who also has direct relationships with consumers. They become a second party to you. That means necessarily in an era of data deprecation, that the third party data ecosystem is going to shrink. Especially when we think about things like digitally derived behavioral data, that stuff is significantly impacted by this new world. The second is that the third party cookie, very humble piece of technology, but one that the really the entire desktop based digital advertising world relies on is going to die. And it's going to have to be replaced, but it's not going to be replaced by a single solution. It's going to be complicated. It's going to be fragmented. We have to prepare ourselves for that. And then the third is that advertisers are going to be living in a world with more gay to data access.

Speaker 1 (08:44):

But I guarantee they're not going to relish a world of many walls. So I'm looking at a sort of fight ahead, this tension among buyers and sellers that is going to become bigger. Okay. So we are so used to thinking about this idea of addressability in advertising. You know, everything was about personalized and tailored and cross-platform and one-to-one, and in theory, that is a really beautiful goal. The challenges given the situation that I've been describing, we can no longer expect addressability as a given. It's just not going to be the case anymore. So we made this pyramid to kind of help illustrate that where you think about individual addressability, really as existing at the top of the pyramid, that is to say a relatively rarefied opportunity. And that is where you have those direct relationships with consumers, where you have the permission and you know who they are to be able to say, Hey, I'm reaching out to you specifically, everything underneath that.

Speaker 1 (09:45):

We are abstracting away from individual addressability. So things like cohorts, segments that are modeled, even if it's using first party data as a seed, or going to be abstracted to an audience level that does not have to be a bad thing. It's just a thing that we need to understand. And then there's a whole world of opportunities that are not dependent on explicit. Audience signals think contextual. For example, there's been great advancements in the sophistication of contextual technologies to be able to serve ads that are relevant without the consumer feeling like you're really up in their business. And of course you have to put a lens of use case on this as well, right? So this pyramid is really perfect. When you're thinking about something like advertising targeting. When you're thinking about something like measurement, or even the impact on your ad personalization strategies, you need to bring that lens because the rules of how you're able to engage maybe slightly different.

Speaker 1 (10:39):

So we have a framework at Forrester that may seem really simple. And to be honest, it probably seems really obvious, but the simple, obvious things are the most important when it comes to rethinking your approach going forward. This is not a find replace moment. If you think you can just take something like cookie and replace it with something like fingerprinting, you are in for a world of hurt, you need to think differently about how this future is going to work. So the first pillar here is around transparency and choice as the new default setting. Again, I know it sounds obvious, and I know it sounds simple, but that

is not how we have behaved in digital advertising for the last 20 or 25 years. Think about it. You've had that experience where an ad has followed you around the internet and you can't figure out why, and you can't figure out what to do about it.

Speaker 1 (11:30):

That is a problem that is not a good consumer experience. So if we rethink our orientation around transparency and choice for consumers, we are likely to set up a situation that is more sustainable. The second pillar is around value. Again, sounds simple, sounds obvious, but when we bring inside out thinking rather than outside in thinking, it means we do things like say to people, what we think is important rather than delivering experiences to consumers, that they have told us matter to them. So really obsessing about creating valuable experiences. And then the third one is thinking about the depth of the relationship itself. If you have a deep relationship with the consumer, you have the opportunity to behave in certain ways that frankly are not available to you. And probably shouldn't be if you have a brand new relationship with that consumer. So hopefully I have convinced you at this point that what is happening is pretty seismic.

Speaker 1 (12:23):

And that what is important is that we don't treat this as a find replace moment. But rather we think about this as an opportunity to rethink our approach when it comes to the availability of consumer data, how we collect it, how we use it, how we explain how we use it, how we develop and manage long-term relationships. So that sounds giant and scary. And I can appreciate that because I'm asking people to think differently and behave differently, and that can feel really, really big. So what do you do now? If it feels really big, if it feels like you don't know where to get started, there are some things and practical things you can start doing today. The first one is just get a handle on what your current exposure is to all of the kinds of signals that I've been talking about that ultimately are going to start either totally disappearing or being significantly restricted.

Speaker 1 (13:21):

So audit your exposure in your programmatic advertising in your audience, targeting efforts and your advertising personalization in your measurement strategies, how reliant are those things on things like third-party cookies, mobile ad IDs, and the, like, if you're working with an agency, which you probably are, it may be the case that that agency is managing a lot of these things for you. That is okay, but it is your responsibility now to start understanding the kinds of activities that are being done on your behalf, to make sure that you're starting to prepare yourself with your partner and partners for this future. The second one, this is a bigger one. And this is a bit of a longer-term one. When I have conversations with brands about this stuff, stuff. And I say, Hey, you know, do you have a task force? That's thinking about data deprecation. Sometimes they'll say, oh yeah, we have a guy who was looking at the third party cookie thing.

Speaker 1 (14:13):

And we're not all that worried because you know, we don't do a lot of programmatic and I sort of go, oh geez, the message has not gotten through this is so much bigger than that, right? So this is an opportunity for organizations to rise to the occasion, to rise to the challenge, to really rethink their data strategies with more of a consumer first lens. This is not just, oh, I need to think about my programmatic buying. This is who are we as a brand? What do we stand for? What do we want our consumers to think about us and the way that we want to have a relationship with them? These are larger questions, CX

analytics, legal and compliance. These are big, big, big questions. And I know, again, this can feel like a big one, but this is your moment. This is your opportunity.

Speaker 1 (15:00):

We have a little bit of a stay on the execution of the third-party cookie. This is not a moment to sit back and wait. This is a moment to start having these kinds of conversations. And then finally start benchmarking and testing. Now, do you actually know what baseline performance looks like? If you start removing things like behavioral targeting, do you have benchmarks in place to be able to understand that as you're introducing new kinds of targeting schema, for example, what starts to happen to your performance? There's lots of interesting innovation happening right now. There's lots of opportunity to start developing testing roadmaps. Now is the moment to be doing those things, not waiting until all of these changes are firmly in place and you're sort of left going, oh, geez. Now what do I do? But it's really important that you ask questions all along the way.

Speaker 1 (15:55):

If there's another theme here, it is. Get involved, ask questions, understand so that when you use that, those three pillars that I, that I mentioned earlier, as your baseline, you start thinking about every new test you run every opportunity that presents itself with those pillars in mind. Because again, what we're trying to do here is build a future that is sustainable, healthy, sustainable, and in balance again, for advertisers, for publishers, and really importantly for consumers. Thank you so much. I really, really appreciate your having me. Um, I'm very passionate about this stuff. It's exciting to talk about it. I know it's hard, but now is our moment. Let's seize this moment.