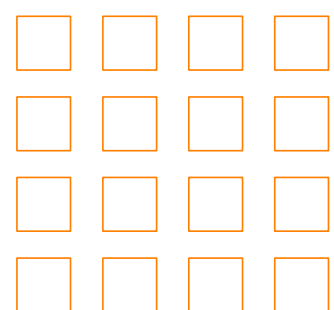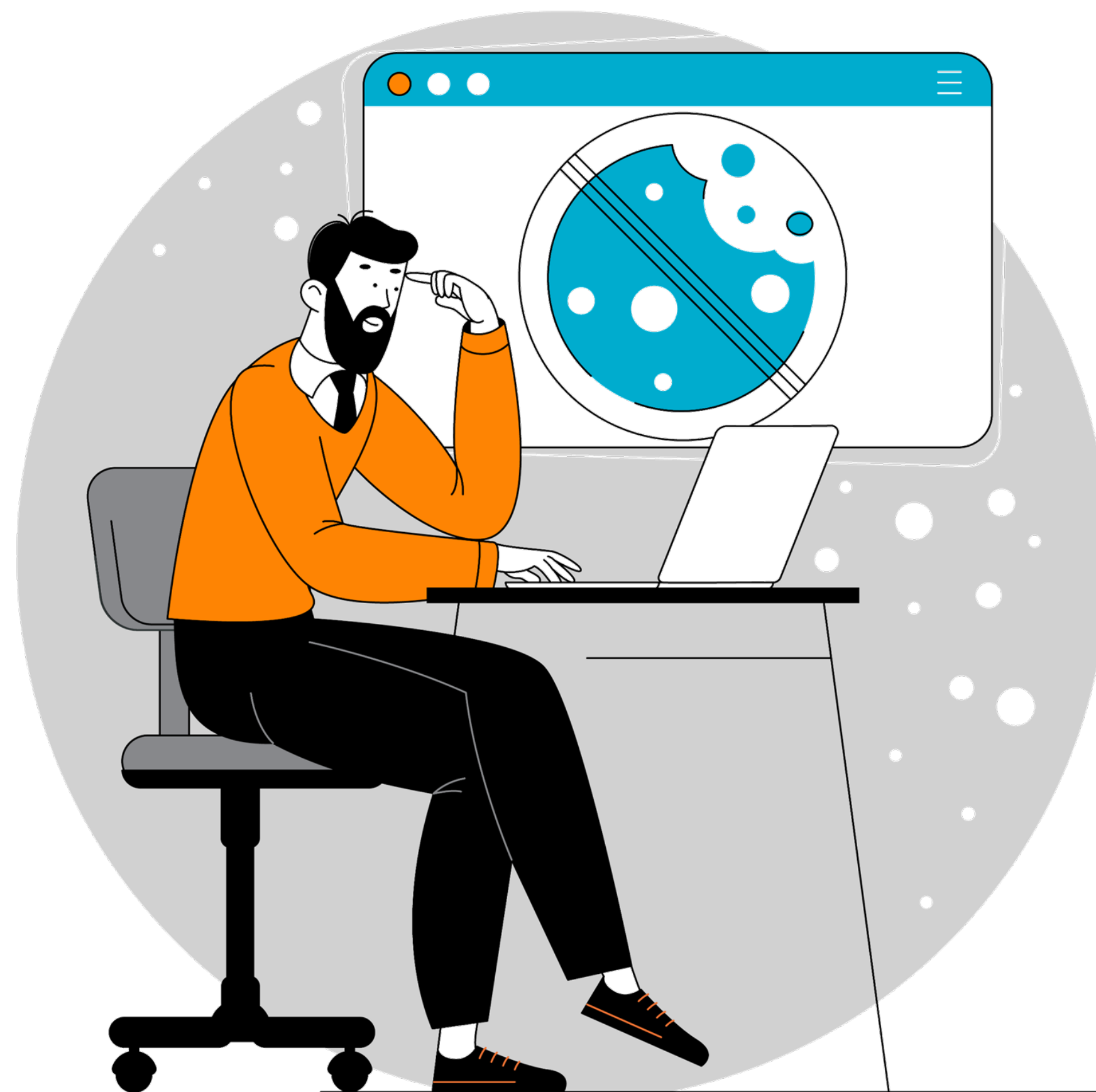# iQUANTI

A Digital Marketer's Handbook to Navigating a Cookieless World

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Executive Summary

Changes in third-party cookies

Google announced in January 2020 that it will be removing third-party cookies from Chrome in an effort to build a "more private web." The timeline for the roll out has now been pushed to mid 2023. This change is going to have a **massive impact on the entire digital advertising ecosystem** including publishers, ad-tech platforms, and DMPs.

Changing privacy landscape

Meanwhile, Apple is also making privacy updates in iOS that will have **an impact on players like Facebook** as well as email marketing.

There has also been a rising awareness of privacy amongst consumers, which has led to laws such as GDPR and CCPA.

Industry solutions in works to solve for emerging challenges

Google has proposed Privacy Sandbox as a solution that enables cross-site tracking use cases without compromising privacy. This solution is still in its early days, and we will have to see how it is able to solve for the challenges posed by the demise of third-party cookies.

There is **a lot of traction on the Universal ID** front as well, as an alternative to third-party cookies. There are several players who are trying to emerge as a leader in this space. Google, not surprisingly, is not an advocate of this solution, as it believes that it does not meet the consumer expectation of privacy.
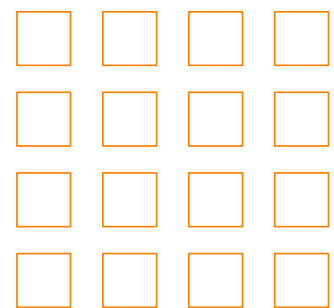
Executive Summary

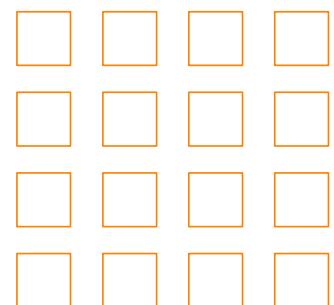## What should digital marketers do?

In light of all these changes, marketers will now have to rethink their strategies as they will have an impact on different advertising capabilities. Across industries, the digital ad spend has been steadily growing in the past few years. More and more customers are operating digitally, and the pandemic has only accelerated that trend.

While there is lot of uncertainty around which solution will emerge as the one that solves the challenges in the advertising ecosystem (and there may not be one), marketers can still take actions to get themselves ready for the cookieless, privacy-first world.

The biggest opportunity for performance marketers is to maximize the potential of their first-party data.

Performance marketers have access to a ton of data about their customers which is under-utilized, and they can gain significant efficiencies by utilizing that data effectively. This is also an opportunity to **build a robust MarTech and data infrastructure**, which has been on the back burner for a while. They also need to **rethink full-funnel marketing** and focus on tactics that would be least impacted by the changes.

These changes are going to impact everyone in the industry; thus, this is a great opportunity for marketers to create a **future-proof digital marketing strategy** and emerge as a leader in the new world.

Table of Contents

ONE

Changes in Third-Party Cookies and Privacy Policies

1. Changes in Third-Party Cookies and Privacy Policies

Changes in Third-Party Cookies

LATEST UPDATE!

Google sandbox's FLoC initiative replaced with its latest TOPICS API.

- First-party cookies that track your own website visitors are safe.

- Google launched **the Privacy Sandbox in 2020**, which is a set of initiatives to make the web more private while allowing advertisers to carry out tasks such as measurement and tracking.

- As of January 2022, Google **has replaced FloC with TOPICS API.** Topics API is one of the solutions from Google for the third-party cookie decay.

Changes in Privacy Policies

- Apple's iOS 14.5 will prompt iPhone and iPad users to opt out of tracking in apps in view of creating a **'Privacy First' environment for iOS users.** Post-iOS 14.5 rollout, Facebook and Instagram will send notices in iOS apps asking for consent and telling users that tracking helps keep them 'free of charge.'

- Apple recently unveiled its iOS 15 software and two features, **"Mail Privacy Protection"** and **"Hide My Email,"** will dramatically impact email marketing.

- Apple is also bringing a new privacy dashboard to iOS 15 to make it easier for users to see which apps are collecting their data and when.

FACEBOOK ANALYTICS IS SHUT DOWN

Facebook analytics is no longer available for use as of June 30, 2021. This platform was used to connect Facebook campaign data with Facebook pixel data (conversion off Facebook). Facebook Business Suite, Ad Manager, and Events Manager are some of the platforms that can be considered as an alternate to Facebook analytics.

Changes in Privacy Regulations

- For using first-party data, user consent is imperative. Due to data protection regulations in various countries such as the GDPR and CCPA, companies need to have the audience's consent before collecting personal data. These privacy laws require businesses to be more transparent about the data they collect and how it will be used.

- In March 2021, Virginia became the second state to enact comprehensive privacy law (Consumer Data Protection Act (CDPA)). This law will take effect January 1, 2023.

- The CDPA will provide consumers with a range of new rights including the right to opt out of the processing of personal data for sale or targeted advertising, the right to deletion, the right to amend inaccuracies, and the right to data portability.
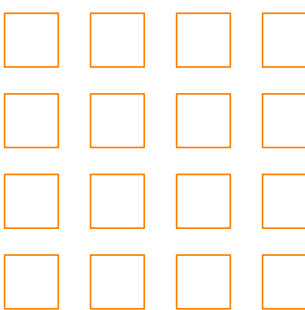
Impact on the Digital Marketing Ecosystem

1. Impact on Advertising Capabilities
2. Impact on Key Players
3. Development of Google Privacy Sandbox
4. Development of Universal Identifiers

2.1 Impact on Advertising Capabilities

ID Resolution

Identity is a set of data attributes that identifies an individual or a household. These data attributes are collected from various sources like browsers, mobile devices, connected TVs, and offline sources. With the deprecation of third-party cookies and restrictions on mobile device identifies, there will be a significant loss of data attributes.

This loss in data will impact identifying individuals online, identifying them across devices, and connecting the online and offline identities.

Targeting

This is the most impacted area from third-party cookies going away. Different DSPs, ad servers and DMPs collect user data from partner sites using third party cookies and build profiles of users' post-cookie syncing based on this information. With third-party cookies going away and behavioral data segments being predominantly cookie-based, advertisers will need to shift to utilizing more first-party data that they own and second-party data from large publishers and data consortiums.

Reach and Frequency Tracking

Currently, DSPs use third-party cookies to sync cookies and report the reach and frequency of ad campaigns to advertisers. With one-on-one user tracking going away, tracking and management of reach and frequency will become difficult for advertisers. This has the potential to lead to a larger problem of advertisers not being able to control their campaigns properly.

Measurement and Attribution

Third-party cookies are largely used today to stitch a user's purchase journey and provide attribution details to advertisers. Conversion and user journey tracking will become more complex with last-touch credits instead of view through or multi-touch credits.

Fraud Detection

Grouped targeting instead of one-on-one user targeting might lead to generalized user behavior, which could easily be replicated by fraudulent sites. Since this cohort targeting is likely to mask the actual users, it might take away the advertisers' ability to identify fraudulent practices.

Impact on Advertising Capabilities

ID Resolution

Targeting

Measurement & Attribution

Reach & Frequency Tracking

Fraud Detection

2.2 Impact on Key Players

Publishers

For many publishers, being able to provide free content has only been possible because of the ad revenue. After this change, SSPs and ad exchanges will not be able to use third-party cookies the way they currently do to identify users on websites. Thus, this will impact publishers' revenue and access to free content for users, which has been important for the evolution of free internet.

Ad Tech Platforms

Ad tech platforms will not be able to map users to display ads on the browser so their targeting, frequency capping, and conversion tracking requirements will be hampered. Many DSPs will need to revise their strategy for the marketability of their products, which typically emphasize the availability or differentiated use of third-party data for targeting.

DMPs

DMPs provide anonymized data to drive targeted digital advertising which is collected via third-party cookies and used for audience activation and targeting by advertisers. This makes DMPs the hardest hit in the ecosystem with this change. DMPs that collect and use non-cookie IDs, such as email addresses and device IDs, are in a better position.

The Renewed Importance of CDP

CDPs have been part of the conversation for the past few years; however, they are now increasingly gaining traction in the advertising industry as they are PII data based rather than cookie-based.

With their advanced capabilities, CDPs are being looked at as an alternative to several user journey stitching and personalization solutions. With increased adoption by big players in 2020 and larger use cases, they are expected to drive 5-10x ROI* for its users.

CDPs expected to drive **5-10x ROI*** for its users.

Common Use Cases of CDPs Include

- Creating a single view of the customer
- Mapping customer journey
- Digital campaign personalization
- Creating audience segments
- Campaign reporting

Benefits of CDPs

- Reduce the dependence on IT resources for data unification
- Improved customer communication and targeting, resulting in better business performance
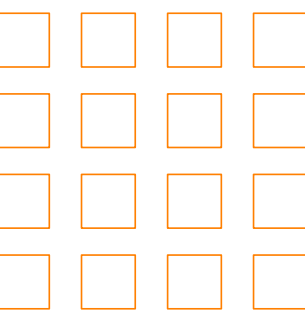- Ease of managing data privacy and compliance requirements

While the industry talks about the importance of first-party data, marketers can consider adding a CDP to their tech stack that can help them activate their first-party data optimally while also helping them stitch the identities of their customers. Using a CDP, they can create customized cohorts of their users in a secure way and activate these segments on the desired destinations.

*Source: Advertiser Perceptions, "The State of CDPs: Data Unification, Activation & Analytics Q3 2020" commissioned by Treasure Data, Oct 7, 2020

2.3 Development of Google Privacy Sandbox

The Privacy Sandbox is an initiative to solve for some of the challenges such as measurement and tracking, which would emerge in the wake of third-party cookie demise without compromising on privacy. Privacy Sandbox is still in the early stages of development and comprises of proposals in the areas of ad targeting, ad delivery, ad performance, and user privacy.

- With **TOPICS API,** the chrome browser will learn about user interests around the web and keep data for the last three weeks of their browsing history, restricting the number of topics to 300.

- **TURTLEDOVE** (Two Uncorrelated Requests, Then Locally-Executed Decision On Victory) is Google's solution to retargeting that is currently done via cookies

- **Trust Token API** will help combat fraud by differentiating between humans and bots

- **Aggregated Reporting API** will help access performance such as reach, impressions, etc. without cross-site tracking the user

- **Conversion Measurement API** proposes a new way of tracking an ad campaign's success by storing how many users took action based on an ad.

PROPOSAL	SOLVES
TOPICS API	Targeting
TURTLEDOVE	Retargeting
Trust Token API	Combating fraud
Aggregated Reporting API	Measuring ad performance – reach, impressions, etc.
Conversion Measurement API	Conversion measurement and attribution
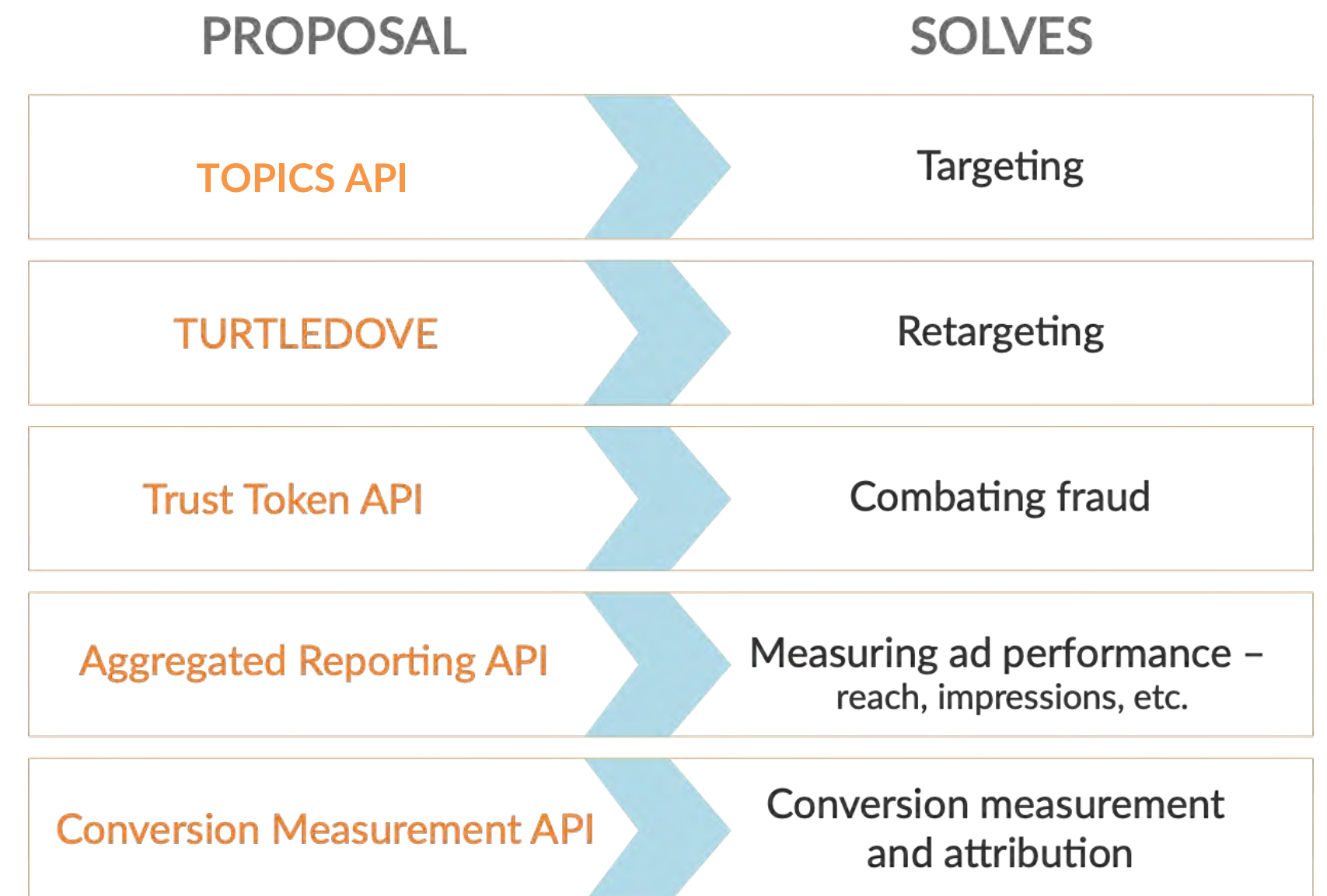
2.4 Development of Universal Identifiers

What are Universal Identifiers?

Universal identifiers are created to identify an individual within an ad network or across ad networks. Creating a unique profile of an individual helps to understand their needs and interests. This information can be used to deliver a customized message to each individual so that they receive ads aligned to their interests and needs. It avoids overexposure to ads that are not relevant to them.

Types of Universal Identifiers:

| Identifiers within walled gardens	Identity resolution platforms	Proprietary ID solutions	Industry shared ID resolutions
Google, Facebook, Amazon	LiveRamp, Acxiom, Merkle, Experian	Trade Desk's Unified ID 2.0, ID5, Fabric ID by Neustar	Advertising ID Consortium, LiveRamp ATS

Challenges with Universal Identifiers

- **Scale of these solutions:**
  Most of these solutions uses a hashed email address as an identifier. Given only 5% of the web traffic logs in, the scale of these solutions will be a challenge.

- **Impacted by future regulations:**
  In May 2021, Google announced it is not going to develop alternative user-level identifiers after the deprecation of third-party cookies. It mentioned that such identifiers are not sustainable due to consumer's privacy expectations and regulatory requirements.

- **Impacted by technology changes:**
  Tracking changes in browsers like Safari, Chrome and Firefox may impact the creation of universal identifiers.

Identity Solution Options for the Future

	Universal ID	Identity Resolution Solutions
Use of personal identifiers	Uses the email address to identify users across channels and devices	Use many personal identifiers (name, email, address, etc.) and digital identifiers (cookies, mobile ID, IP address, etc.)
Data onboarding (connect offline and online data)	Supports only online data	Provides the ability to connect offline data with digital data for activation and measurement
Data ownership	Data is owned by the consortium or ad tech platform	Some solutions provide first-party identity graph
Third-Party system integration	Supported in the AdTech platform	Out of the box integrations with MarTech and AdTech platforms

The online universal IDs face many challenges like their scale, their performance on publisher sites that don't have user authentication, and the growing adoption of solutions that hide users' email addresses. In such a situation, we recommend evaluating an identity resolution platform. These platforms are predominantly large data firms and credit reporting companies that have limited dependence on third-party cookies and mobile identifiers for resolving user identity. Some of the features of these platforms are:

- Data onboarding (matching online and offline data)
- Persistent user id
- Compliance with privacy regulation
- Out of the box Integrations with Ad Tech and Mar Tech platforms.
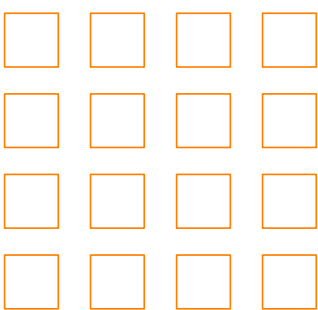
THREE

Impact on Digital Marketers

1. Impact on Digital Channels
2. Impact on Attribution and Measurement
3. Impact on Full Funnel Marketing

3.1 Impact on Digital Channels

Despite the pandemic, digital ad spends have increased in 2021, including over display and search channels. While the departure of cookies will have an impact on all channels, it will also have a disparate impact on display*.

SEO

Paid Search

Social Media

Programmatic Display
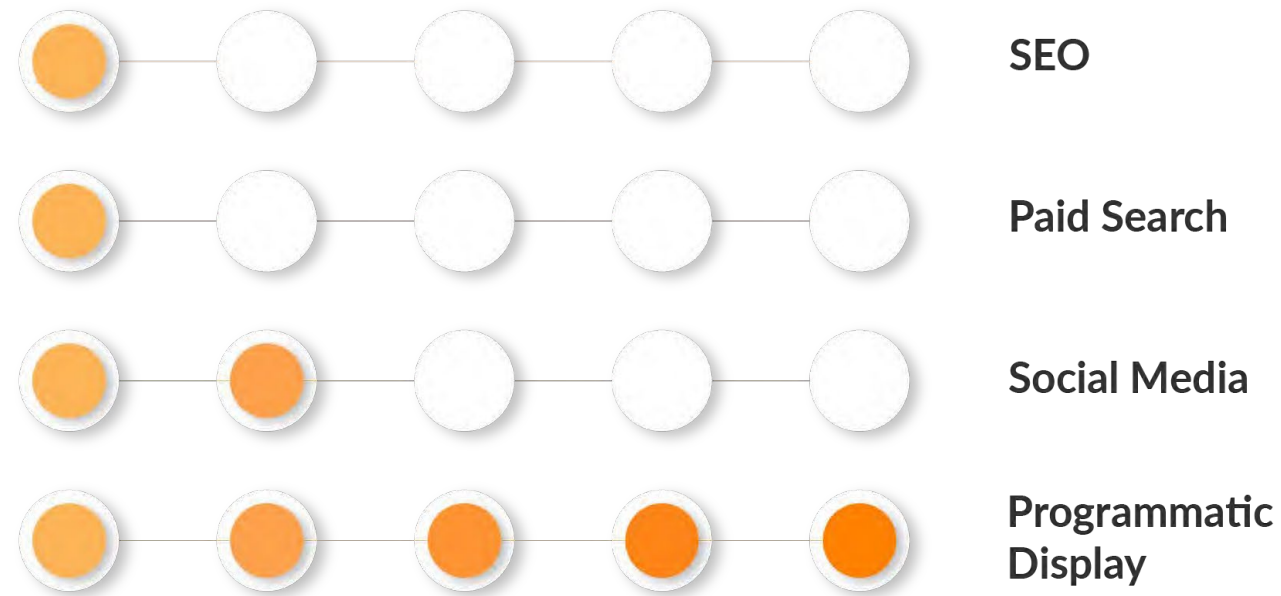
Although SEO and Paid Search remain least impacted, the issue of cross channel measurement will have an impact across all channels.

Search

For digital marketing channels, search channels like SEO and SEM remain the least impacted as all their operations are performed within the Google walled garden. While there remains an issue of cross channel attribution measurement, the overall impact on these channels is expected to be minimal.

With the huge impact expected on display and social channels, search becomes more attractive for marketers. Hence, the industry expects a shift of marketing budgets towards search campaigns.

Social Media

Being a walled garden and one of the top players with the biggest first-party data pool in the world, Facebook has an advantage over other social media channels and DSPs when it comes to the capability impact due to the decay of third-party cookies.

However, Facebook still stands to face some impact from this change. As Apple releases the latest iOS versions and nudges users to set their privacy preferences upfront, ITP brings down the cookie lifespan. This mixed with third-party cookie decay on Chrome will limit Facebook's dynamic retargeting and attribution capabilities as most of these are dependent on cookies.

As the cookie decay comes into the picture, the size of audiences provided by Facebook can also get reduced due to fewer users consenting to use their data. Multi-touch attribution can also become an issue. For reducing its dependency on cookies, Facebook has developed the new Conversions API (CAPI) to share data directly from their server rather than a browser to bypass any loss of cookie support.

We don't expect Facebook to be significantly impacted by this change. Performance marketers are likely to turn to Facebook as a direct substitute for display.

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Programmatic Display

Running programmatic display campaigns involves utilization of multiple digital marketing capabilities from various platforms to accomplish the operations loop. With the latest advances in the third-party cookie and user privacy space, we expect programmatic channels to be the most impacted.

Being able to target the right audiences with the right content remains the most impacted capability of display channels.

While this issue seems straightforward, there are multiple aspects of it that need marketers' attention:

- Reduced options of high-quality audiences provided by DSPs
- Reduced audience sizes
- Similar audience creation restrictions
- Remarketing and sequential messaging restrictions
- Reduced third-party segment options

Programmatic Display Capabilities Impacted

Reduced Options of High-Quality Audiences Provided by DSPs

As Chrome moves towards depreciating the third-party cookie, the DSPs' ability to identify and target users one-to-one will be diminished. With cohort based online targeting, the real essence of the user's behavior can get lost and masked with other less relevant umbrella sects. This can in turn lead to the quality and options of niche audience cuts getting reduced.

Reduced Audience Sizes

Privacy laws today limit the use of user data for any marketing activity based on user consent. This change implies fewer users opting in for usage of their data. Hence, the targetable audience sizes will also go down.

Similar Audience Creation Restrictions

Similar audiences are created by the ad platforms by mapping the user behavior of the seed audience to their own universe. This mostly required one-to-one user mapping of behaviors and actions. With the cohort level targeting, impact is expected on the similar audience creation capabilities as well, leading to decreased quality and size of such audiences.

Remarketing and Sequential Messaging Restrictions

Since the ad platforms will no longer be able to track the users on other sites, it'll become difficult to stitch the user journey and they will only be left with their first-party data i.e., the platform's data to make much broader assumptions. With no proper user journey stitching, dynamic remarketing is expected to get a big hit. Hence, marketers will also have to think of alternate ways to show sequential messaging to prospects.

Reduced Third-Party Segment Options

DMPs and audience exchanges remain the hardest hit with the third-party cookie decay as they are majorly dependent on cookie data to create these segments. With this change, they will only be able to create segments using non-cookie data, leading to reduced audience sizes and options as well.

3.2 Impact on Attribution and Measurement

Third-party cookies enable us to track and measure our ads' performance metrics and track individuals across the web. They help us identify who viewed an ad, clicked on an ad, installed an app, made a purchase, etc.

With the advertising industry's shift towards privacy, marketing measurement and attribution will now have to start with gathering user consent. Whether marketers measure reach, conversions or app installs, the mainstay is that they will all have to be built around user consent. This change brings several measurement limitations which include:

Attribution Modeling

Multi-touch attribution (MTA) modeling evaluates how different channels/creatives contribute to a sale/acquisition by any user by assigning credit to each touchpoint with which they interacted. The first step to build an attribution model is creating user-level journeys across the different touchpoints. Third-party cookies help track user actions like viewing an ad, interacting with an ad, etc. and act as the foundation to connect an individual across different online touchpoints. The deprecation of third-party cookies in all major browsers will impact tracking users online and the ability to create user journeys. This change in tracking will severely impact the data availability for building MTA models. This will impact the marketer's ability to optimize budgets across different marketing channels.

Frequency Visibility

As the privacy laws limit user level targeting and walled gardens push towards cohort targeting, measuring user frequency becomes difficult. This may give rise to an issue of uncapped ad serving to the users, leading to wastage of media spends and depreciation of user experience.

Performance Measurement

By using cookies, a user's specific online behavior in terms of transactions, events and site interactions can be tracked, which can help the marketers identify what they clicked on, their interests, shopping preferences, device details, and so on. This provides a lot of details to the marketers' analytics efforts.

It also helps them target different sets of users based on their preferences and helps them measure the performance of each of these personas against specific objectives. Marketers also use this information to create future plans for targeting customers. So, going cookieless impacts the marketers' ability to measure the performance of their targeting and further impacts their planning and analytics efforts.

Inflated Reach Reporting

Since the marketing platforms will no longer be able to stitch user identity across platforms and devices, it's highly likely that the reach measurement numbers end up counting the same user twice or more, thus inflating the reach numbers.

3.3 Impact on Full Funnel Marketing

With the third-party cookies collapsing and new privacy regulations, almost all of these components will be impacted.

- Across industries, Programmatic Display has one of the highest spend allocations, especially in upper funnel. With this channel getting impacted the most, performance marketers will have to figure out where to reallocate that spend.

- With these challenges in identity resolution and different targeting levers, it is going to be significantly difficult to have a unified audience strategy across all channels.

- We typically see a siloed approach to brand and acquisition marketing in large organizations. In recent times, there has been a strong push to have a more integrated strategy and understand the impact on brand on acquisition. However, the upcoming changes might add more roadblocks to these efforts.

An effective full-funnel strategy requires enablement of different components – right channel mix, unified audience strategy, tactics to effectively drive audiences down the funnel, attribution modeling, and an integrated tech stack.

Integrated Tech Stack

Effective Full-funnel Strategy

Right Channel Mix

Unified Audience Strategy

Attribution Modeling

Tactics to Effectively Drive Audiences Down the Funnel

What Should Digital Marketers Do?

1. Maximize the Potential of Your First-Party Data
2. Maximize Your Touch Points in the Decision Journey
3. Maximize the Potential of Google Marketing Platform
4. Focus on Niche Tactics in Display Least Impacted by Cookies
5. Maximize Effectiveness of Owned Media
6. Stronger Focus on ROAS
7. Create a Long-Term Strategy for Martech
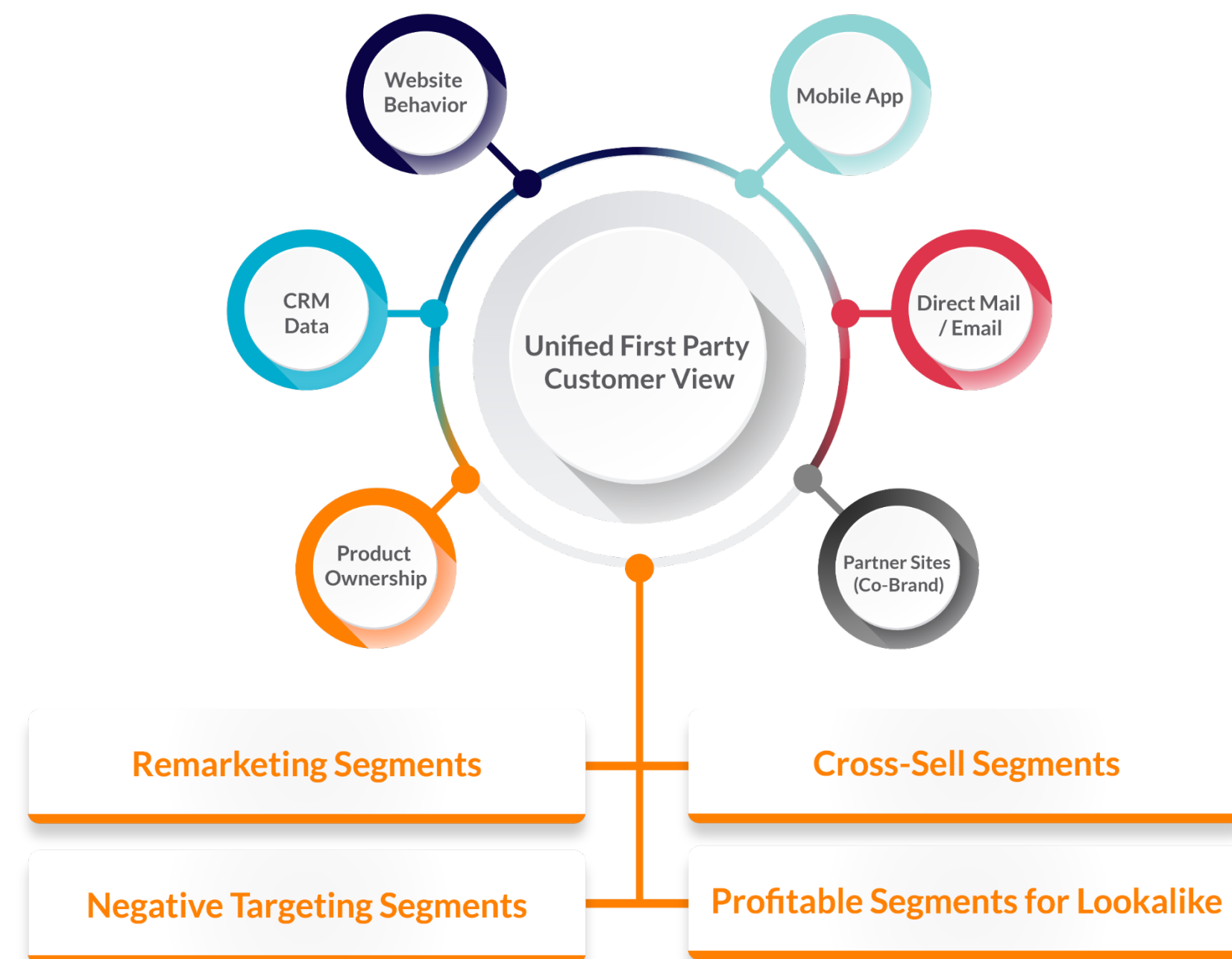8. Solve for Measurement and Attribution

4.1 Maximize the Potential of Your First-Party Data

First-party data is the new gold standard for advertising in the cookieless world.

Even though this data is available at marketers' disposal, it is severely underutilized by them due to the lack of robust data infrastructure, unclean data, organizational silos, etc. Enterprises need to make significant investments in customer analytics and data infrastructure to be able to create a unified first-party customer view.

They can then focus on building some key customer segments that can be activated across channels:

• **Cross-sell segments:** Investing in customer analytics to identify the existing customers for other products is the biggest opportunity for marketers.

• **Profitable segments for lookalike modeling:** Identify your most profitable customer segments and create a lookalike of these customers to acquire qualified customers from prospect universe.

• **Negative targeting segments:** Existing customers, customers who would be ineligible for the product, and customers who have been declined in the past few months can be part of your negative retargeting lists.

• **Remarketing segments:** Build remarketing segments based on website behavior data – intent, need, etc. Prioritize them based on propensity and have customized messaging.

Website Behavior

Mobile App

CRM Data

Unified First Party Customer View

Direct Mail / Email

Product Ownership

Partner Sites (Co-Brand)

Remarketing Segments

Cross-Sell Segments

Negative Targeting Segments

Profitable Segments for Lookalike

4.2 Maximize Your Touch Points in the Decision Journey Through Strong Content Strategy and Effective Remarketing

SEO and Content Strategy

Create your own funnel by having the right content for different user personas at every stage of the funnel, and effectively drive them down the funnel. Some brands do not have a great presence on SERP for upper- and mid- funnel keywords, as these are dominated by content and aggregator websites.

This is a big opportunity for marketers. However, it will require a strong focus and a lot of effort on the SEO front for brands to be able to improve their presence on SERPs in these stages of the funnel.

There will be multiple funnels for different users based on their specific needs and behavior. For instance, if someone has engaged with content around 'different options to consolidate debt', you want to ensure you remarket to them with relevant messaging and drive them to relevant content.
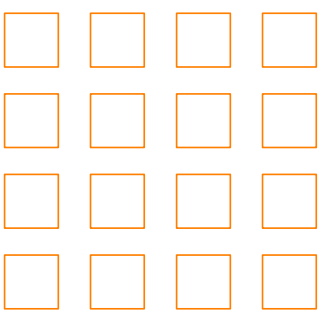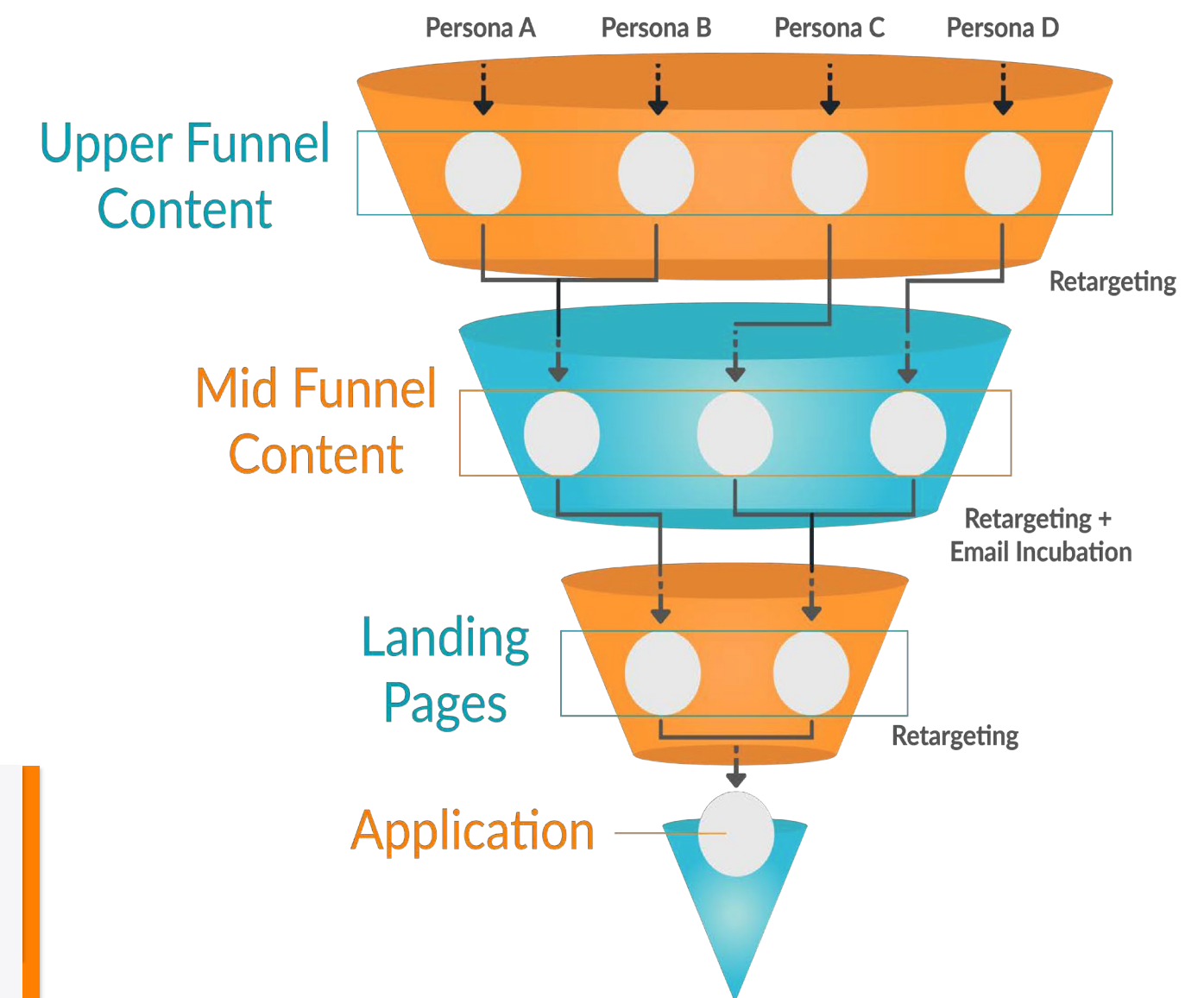
Retargeting

We often see marketers create a single customer list of all visitors for retargeting. We need to have a more nuanced approach, creating multiple lists based on user behavior and prioritizing them. This can be done by either using simple rules or with an advanced approach using tools like GA 360 and Big Query.

Email

Email can be an extremely effective channel for existing customers. The key is to have website behavior data integrated in your marketing automation to drive relevant emails based on website interaction.

> **You can also build impact via email for prospects by offering them valuable content at different stages.**

Persona A   Persona B   Persona C   Persona D

Upper Funnel Content

Retargeting

Mid Funnel Content

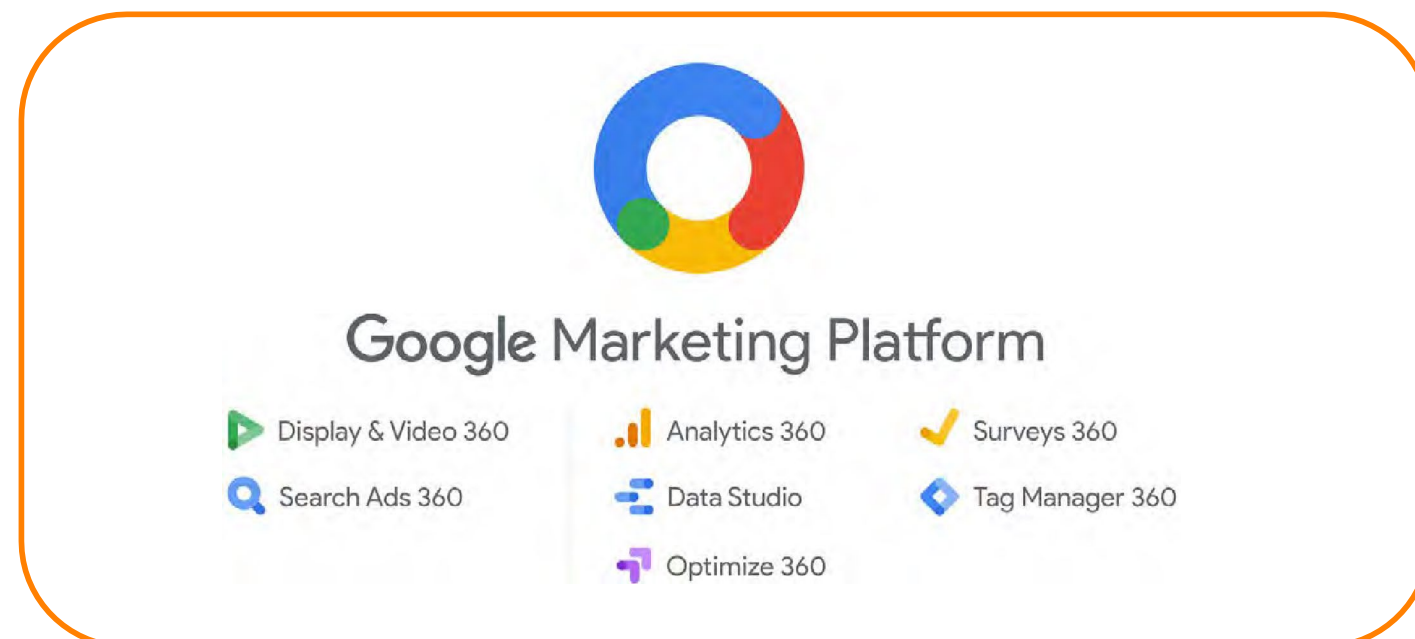Retargeting + Email Incubation

Landing Pages

Retargeting

Application

4.3 Maximize the Potential of Google Marketing Platform

With search dominance being the biggest walled garden for advertisers, Google is uniquely positioned to benefit from the changes. Also, the majority of the challenges that marketers would face with other players around targeting, measurement, attribution, ID resolution, etc. would not exist within the ecosystem.
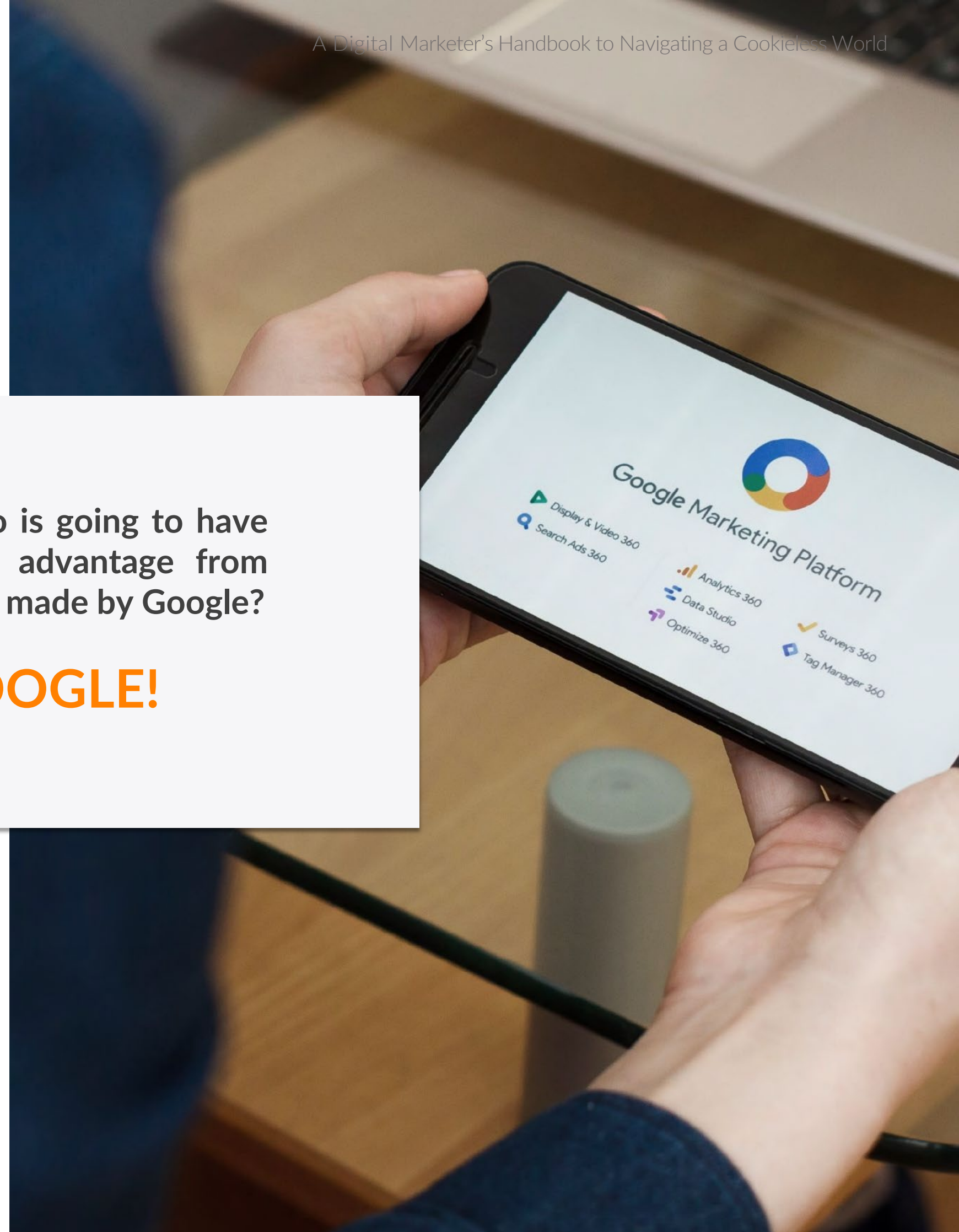
Marketers can also consider video as an alternate channel. With YouTube gaining traction for its performance campaigns and being a part of the Google walled garden, video will be one of the least impacted channels. Marketers can redirect their upper and mid-funnel budgets to video campaigns and maximise the returns on their ad spends.

Thus, it would be imperative for performance marketers to ensure they are maximizing the spends within the Google universe and using the GMP platform to its fullest capabilities.

Google Marketing Platform

- ▶ Display & Video 360
- 🔍 Search Ads 360
- 📊 Analytics 360
- 🔷 Data Studio
- ✅ Surveys 360
- 🔷 Tag Manager 360
- 🟣 Optimize 360

Guess who is going to have the biggest advantage from the changes made by Google?

GOOGLE!

4.4 Focus on Niche Tactics in Display Least Impacted by Cookies

Many will have to go back to their roots and start focusing on contextual advertising again as they did before one-on-one audience targeting became so prevalent.

Contextual Advertising

After the third-party cookies decay, advertisers will be left with fewer options to reach their prospects based on their online behavior.

Many will have to go back to their roots and start focusing on contextual advertising again as they did before one-on-one audience targeting became so prevalent.

The challenge with this tactic is that it would be unable to leverage quality signals for users. To address this, marketers can break down campaigns into multiple contextual categories and monitor performance at the back end to see which categories are driving qualified audiences. They can also leverage negative keywords for targeting based on historical data.

Publisher Network First-Party Audiences

Advertisers can connect with major publisher networks for using the participating publishers' first-party data. These publisher networks can make the most relevant segments available for different products or services when contacted directly or through programmatic private auctions. Since this is the publisher's first-party data, they can also create custom segments of their data and share them with the advertisers to show the most relevant ads to the prospects.

Forbes ONE 01
ForbesOne provides segments such as C-suite executives, business owners, and HNWI which would be relevant for investment / wealth management institutions.

Zillow
Zillow provides high-value customer segments across different stages of the home journey such as Home Buyers, Home Renters, Homeowners, Home Sellers.

4.5 Maximize Effectiveness of Owned Media Through Data-Driven Personalization

There are different approaches to personalization:

Rules Based Personalization

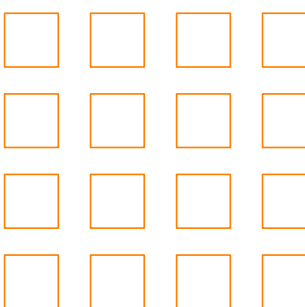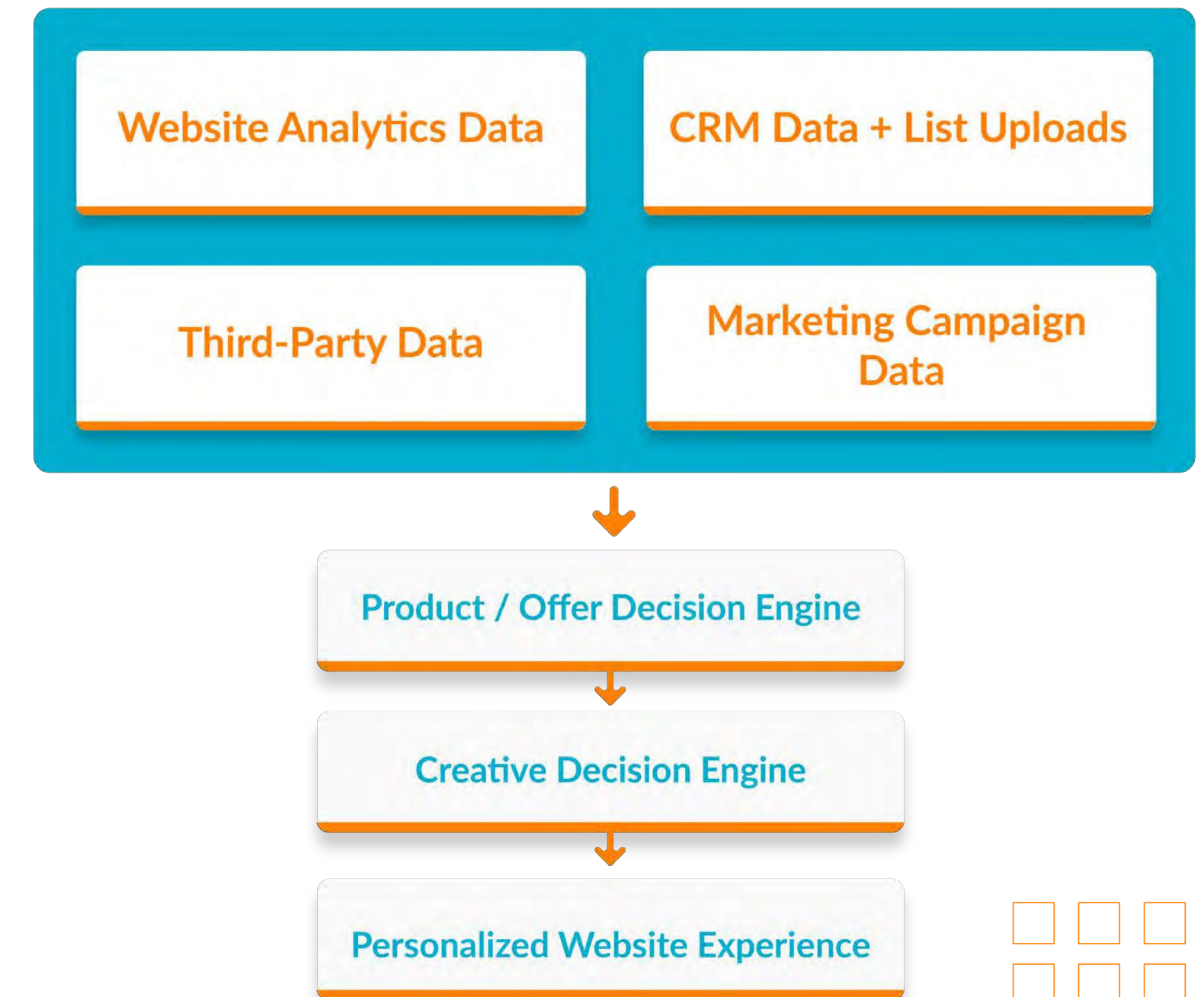This personalizes experiences for different segments based on pre-defined rules. The attributes are usually limited.

AI / Machine Learning Driven Personalization

This personalizes experiences using platforms like decision engines that leverage machine learning / predictive analytics to drive real time personalization. It can process vast amounts of data and can deliver personalization at a 1:1 level. Some of the larger and more mature players are utilizing AI-based decision engines in product / offer personalization, whereas some of the smaller players have simple rules-based personalization based on basic website analytics and some high-level CRM data.

> **On-boarding a decision engine might not make sense for some of the smaller players; however, there are several ways they can use existing MarTech platforms to drive better personalization on the website.**

Also, for larger players who are using decision engines, there would be an opportunity to leverage data and capabilities better to drive better personalization.

AI / Machine Learning Driven Personalization

Website Analytics Data	CRM Data + List Uploads
Third-Party Data	Marketing Campaign Data

↓

Product / Offer Decision Engine

↓

Creative Decision Engine

↓

Personalized Website Experience

4.6 Stronger Focus on ROAS

As the changes will potentially have a negative impact on marketing efficiency, it will be important for brands to renew their focus on ROAS and squeeze out the potential of every media dollar.

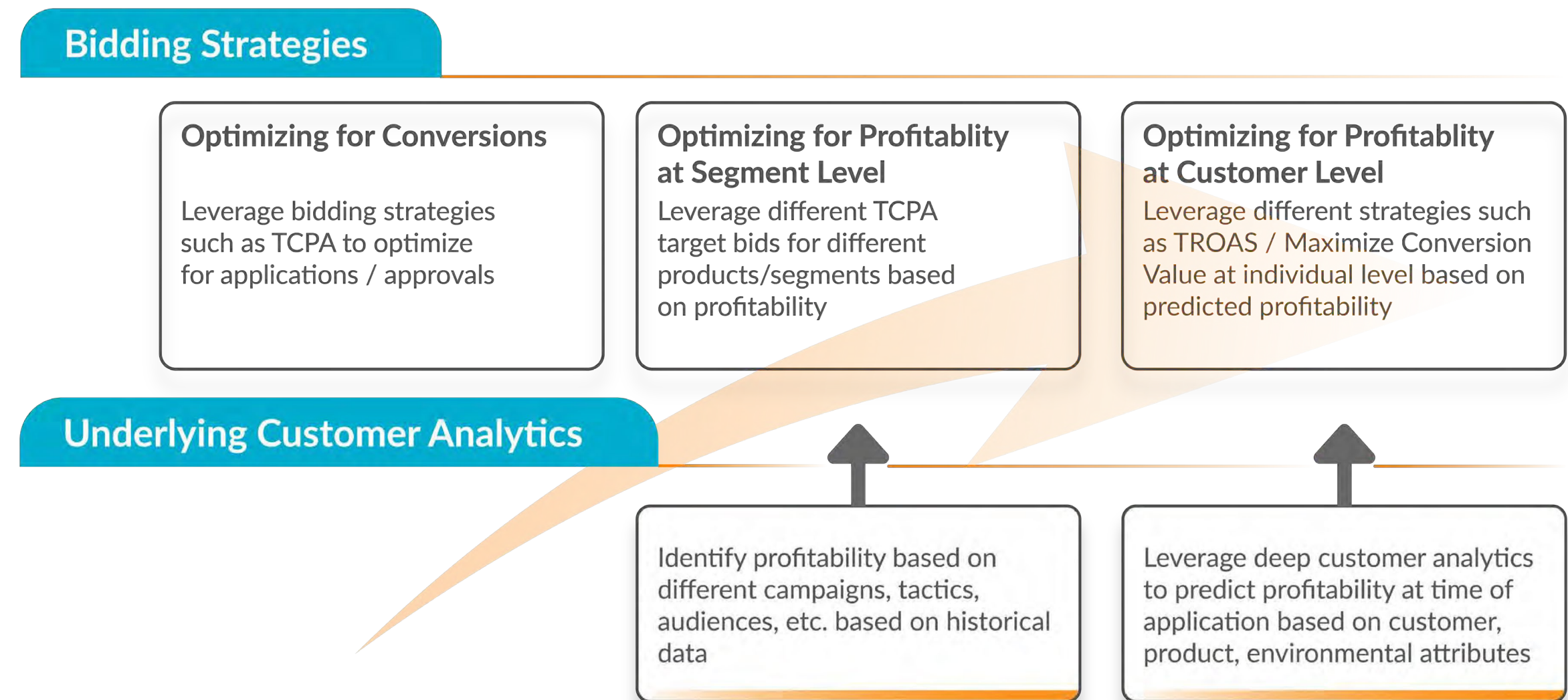## Channel Level Profitability Analysis

However, the majority of brands still optimize for CPAs in their marketing efforts. It is important for brands to progress to optimizing for profitability / ROAS and use historical data to analyze profitability by different channels, campaigns and tactics.

Customer Analytics to Identify Drivers of Profitability

Marketers can use their first-party data to look deeply into customer profiles and identify the outlier behaviors of their most profitable customers. This can help marketers recreate the niche and desired personas of their most valuable customers, which they can further use to optimize the profitability metrics of their paid campaigns.

Leverage Bid Strategies in Search to Optimize for ROAS

The majority of brands are optimizing for conversions / CPA in paid search campaigns. Some brands are trying to bring in profitability- based optimization, but it is limited to the segment or product level. **Brands need to leverage advanced predictive analytics to predict profitability at the customer level at the point of conversion.**

Bidding Strategies

Optimizing for Conversions

Leverage bidding strategies such as TCPA to optimize for applications / approvals

Optimizing for Profitablity at Segment Level

Leverage different TCPA target bids for different products/segments based on profitability

Optimizing for Profitablity at Customer Level

Leverage different strategies such as TROAS / Maximize Conversion Value at individual level based on predicted profitability

Underlying Customer Analytics

Identify profitability based on different campaigns, tactics, audiences, etc. based on historical data

Leverage deep customer analytics to predict profitability at time of application based on customer, product, environmental attributes

4.7 Create a Long-Term Strategy for MarTech

Consent Management

Consent Management Platform (CMP) is a software that helps marketers collect and handle personal information in a privacy compliant way. It helps marketers collect, manage, and process users' consent before activation.

The right consent management platform allows companies to avoid expensive penalties and damage to brand reputation. It also helps marketers bolster their security posture without compromising their ability to deliver a seamless customer experience.

Customer Data Platform

Marketers can consider adding platforms like a CDP to their tech stack that can help them collect and activate their first-party data optimally while also helping them stitch the identities of their customers. Using a CDP, they can create customized cohorts of their users in a secure way and activate these segments on the desired destinations. CDP can also help personalize user experiences on websites.

Data Clean Rooms

Data clean rooms are platforms where companies like Google, Facebook, and Amazon share their user information with advertisers in aggregate form.
These platforms have strict privacy controls and only share data when the minimum user requirement is met.

For example, the Google Ads Data hub requires a minimum of 50 users to share aggregate data. Data clean rooms provide additional fields than what is available in the marketing platforms. These platforms allow you to combine first-party data with advertising data. Data from these platforms can be used to conduct advanced analyses like data attribution, customer lifetime value, and segmentation. Some data clean rooms also allow the creation and activation of audiences.

> **Google Ads Data Hub is the only accessible data clean room. The data clean rooms from other providers is in closed beta.**

The data clean room from the walled gardens provides data only from their ecosystem, thus restricting any cross-ecosystem analysis. In addition, data clean rooms don't share aggregate data if the number of users is below a threshold.

ID Resolution

Resolving the user's identity can help overcome many measurement and attribution issues to some extent, as the universal IDs serve as a common identifier across touchpoints and thus help to map the user journey.

Marketers can consider a combination of different options that include:

- **Working on identity solutions provided by the walled gardens**, majorly based on their first-party data.

- **Building identity graphs** based on their first party data by using the services of vendors like Zeotap and Liveramp.

- **Working with consortiums** like "The TradeDesk Unified ID 2.0" and "Advertising ID Consortium", that are building their own ID graphs and Unified IDs based on people-based identifiers (Email ID, Device).
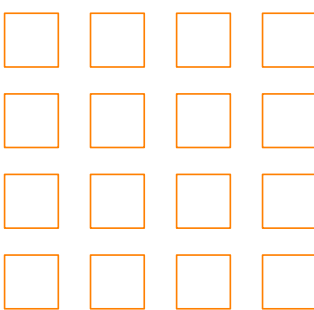
4.8 Solve for Measurement and Attribution

Media Mix Modelling

Media mix modeling (MMM) is a technique that aims to quantify the impact of multiple marketing inputs on sales, market share, or other key business goals. The end goal of using MMM is to understand how each marketing input contributes to sales, and how much to spend on each marketing input to maximize return.

MMM's key strength lies in its ability to analyze offline variables that affect media performance: market elasticity, marginal profit, point of diminishing returns, seasonality, and how other media types impact consumer behavior.

Incrementality

The effect of showing an ad to a potential customer versus not is referred to as "incrementality". This measures the effectiveness of the ad. Measuring the causal effects of advertising has traditionally been difficult. Standard methods to evaluate digital advertising effectiveness rely on correlational and proxy metrics such as click or view-through conversions.

This approach works quite well for some advertisers but much more poorly for others, especially large brands.

Incrementality tries to find the causal impact of an ad, or identifying the positive, negative, or neutral impact an ad has on the desired business outcome. It helps answer questions like:

• What happens if I stop using a particular vendor?
• What happens if I decrease my budget on a specific channel?
• Which ad creative works well?

Attribution Within Closed Ecosystems

Closed ecosystems like Google, Facebook, and Amazon restrict sharing of user-level data with the third party. In the Google ecosystem, user-level data in aggregate form is available in its data clean room, Ads Data Hub. Marketers can use the functionality available in this platform to develop and execute attribution models.
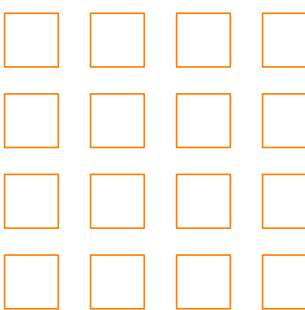
The Final Word

While there is still a lot of uncertainty about the future and there are many things you can't control, there are still actions you can take to ensure you come out ahead on the other side:

• Keep a close eye on the developments of different solutions

• Break organizational silos across acquisition, brand, technology, and analytics teams to come together and build a future-proof enterprise strategy

• Start building a robust infrastructure that maximizes the potential of first-party data and ensures compliance with the new privacy regulations.

If you do only what you can do, you will never be more than what you are now.
- Master Shifu (Kung Fu Panda)
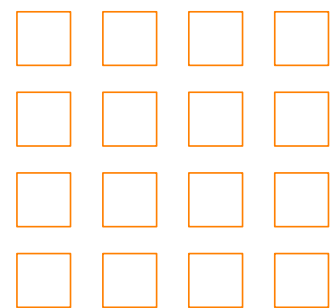
About iQuanti

iQuanti ignites powerful & predictable digital marketing performance for global brands with an approach rooted in data science and deep vertical knowledge.

iQuanti offers a unique blend of channel management services, strategic consulting expertise and proprietary product offerings to empower brands to exceed their customer acquisition, engagement, and conversion goals.

iQuanti's award-winning & patented enterprise SEO platform ALPS^{TM} uses proprietary data science and machine learning to build predictive enterprise level SEO roadmaps that deliver stronger ROI.

Founded in 2008, iQuanti now has 400+ employees across New York, Chicago, Dallas and San Francisco, as well as Bangalore, London, Singapore, Mexico City and Toronto. iQuanti joined the elite Inc 5000 Hall of Fame in 2021, its seventh time being featured in the list of fastest growing private companies in the U.S.
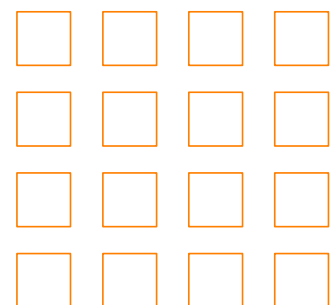
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