WHITEPAPER

A Tale of Two Perceptions: Identity Evolution Edition

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Introduction

Evolution of Identity

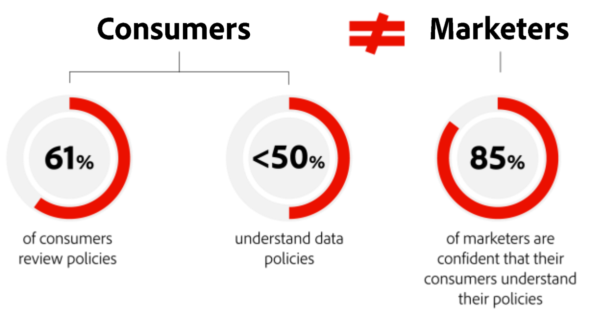
The idea of a cookieless future became more of a reality when Google announced plans to deprecate third-party cookies on Chrome. More notably, brands and publishers recognized the call to action to shift use cases, evolve identity strategy and to focus on durable identifiers. As the martech ecosystem re-imagines solutions and innovates accordingly to support this evolution, one voice is often missing from the narrative – the voice of the *consumer.*

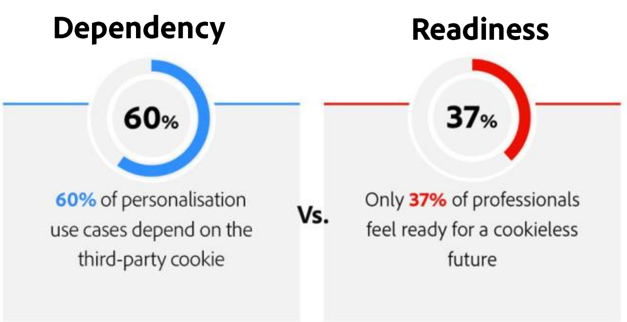
To understand perceptions of a cookieless future among professionals and consumers, Adobe partnered with Advanis, a market and social research firm, to survey 1000 consumers and 400 professionals in marketing and IT.

Key Insights

The results uncovered the state of brand readiness while providing insightful perspectives from the consumer's point of view. Unless noted otherwise, the data within this report is sourced from the Adobe and Advanis Identity Evolution Study, conducted at the end of 2020.

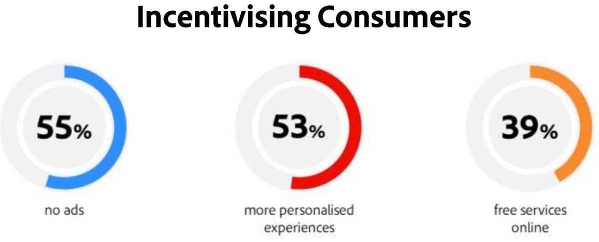
Consumer Perspective: Not surprisingly, perceptions did not always align. For example, while 85% of professionals were confident that consumers understood their privacy policies, only 61% of consumers surveyed claimed to read the policies. Only half of the 61% claimed to understand them.





Shifting Use Cases: Professionals stated that 60% of their personalisation strategies were dependent on third-party cookies, but only 37% of professionals felt ready if data deprecation were to begin immediately.

Incentives and Offers: As marketers shift to leveraging durable identifiers, our study indicated that consumers were willing to share personal data in exchange for certain incentives. Over half (55%) of the consumers were willing to share their personal data for the promise of no ads, 53% for more personalised experiences and 39% for free online services.



Overcoming Challenges

Crucial market forces drove the customer data management shift to a 'cookieless' infrastructure. Prior to investing in new technology and re-imagining data strategy, marketers may also need to take a step back to educate stakeholders on two important aspects of the cookieless conversation.

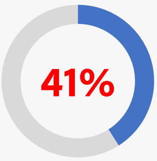
Remind stakeholders about:

First-party cookies: No plans have been announced within the martech ecosystem to deprecate the use of first-party cookies. With third-party cookies often being the data backbone for customer acquisition, insights and measurement – marketers will need to consider how to leverage first-party data to accomplish the same tactics. According to the study, 41% of professionals would need up to two years to overcome issues tied to third-party cookie deprecation.

IDFA (Identifier for Advertisers): Often bucketed within the cookieless narrative was the announcement from Apple requiring consent for IDFA. Marketers should anticipate the reduction in audience reach for campaigns that relay on this data. Over 70% of professionals indicated that they will be able to overcome IDFA associated challenges within twelve months or less.

Comparing Readiness Timing

Data Deprecation vs. IDFA Updates



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In addition to overcoming challenges associated with the lack of access to these data sources, over 30% of professionals indicated that it could take them two years or more to manage challenges associated with emerging privacy laws (39%), continued technology consolidation (38%) and lack of human resources (34%). Marketers who act urgently will have an opportunity to gain a competitive advantage.

Overcoming Market Forces

	Deprecation of 3P Cookies	New Consumer Privacy Laws	Constant Consolidation of Technology	Lack of Human Resources	Required Consent for IDFAs
Ready in 12 months or less	59%	61%	62%	66%	72%
Ready in 2 years or more	41%	39%	38%	34%	28%

As the evolution of identity continues to take shape, marketers will need to:

- Understand consumer perspectives and be transparent about personal data usage.
- Shift use cases traditionally dependent on third-party cookies to leverage durable identifiers.
- Launch personalised experiences that drive authentication and loyalty.

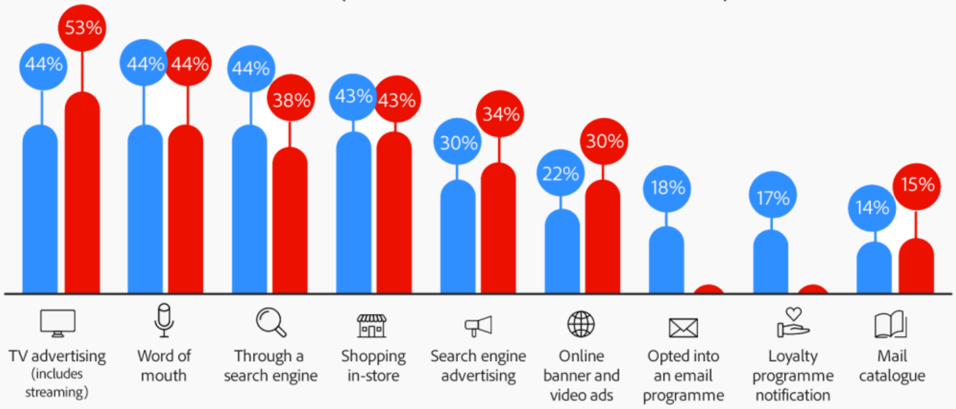
Consumer Insights

Product Awareness

Marketers have a massive opportunity to start using owned first-party data and direct channels. To learn more about products, consumers indicated that they rely on traditional channels such as TV, word of mouth, online and in-store. Less than 20% of consumers indicated direct channels – email, loyalty programme notification and catalogue - as options to learn more about their favourite products. Less than 15% of consumers find new products through these direct channels.

Consumer Sources of Product Information

% Selected (Favourite Products/New Products)



Perception of Identity

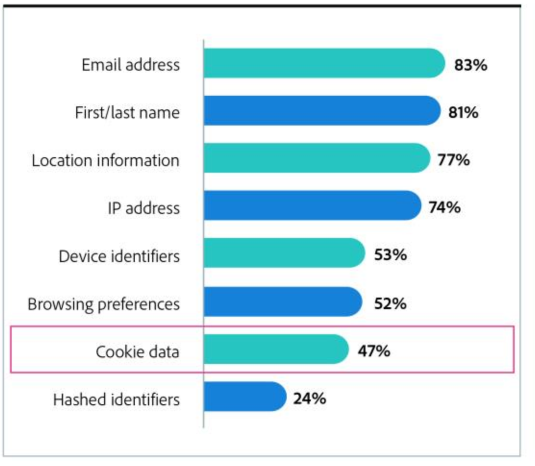
Collection of pseudonymous data, such as cookie data, was initially less restricted and did not require consent for usage. An ecosystem of data providers, marketplaces and cookie-based services emerged to enable marketers to leverage various types of indirectly identifiable data for personalisation, advertising and measurement.

With the introduction of laws such as Europe's GDPR (General Data Protection Regulation), which went into effect in May of 2018, pseudonymous data was starting to be classified as personal data within Europe. Other regions followed fast, developing variations of the same directives.

Privacy regulation became the catalyst for data deprecation trends, with many directives expanding the definition of 'personal data' beyond durable identifiers such as email addresses and phone numbers.

According to the study, consumers aligned with this approach. Almost half of the consumers surveyed indicated that they classified cookie data as 'personal data.'

Consumer Definition of Personal Data



Consumer Perception of Internet Cookies

Chrome Users the Savviest

of Chrome users stated that they were familiar with browser-based cookie collection.

However, consumer understanding of cookie technology was limited. 72% of consumers claimed to understand how cookies work, but only 38% realised that multiple types of cookies exist. Among consumers who kept up with browser-based cookie policies, **Chrome users were the savviest, with 63% of them stating that they were familiar with Chrome's browser-based cookie collection strategies.** Firefox users followed with 50% and Safari with 47%.

Demanding Transparency

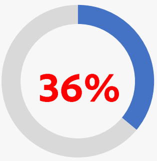
Consumer demand for transparency drove regulators and brands to listen. While legislators outlined laws, deadlines and fines, there were no best practice guidelines on *how* companies needed to *implement* these guidelines. For example, marketers needed solve for passing consent permission updates across stitched consumer data stored in disparate systems while passing this information on to integrated systems (such as DSPs). In the absence of these standard frameworks, marketers scrambled to add pop ups that request consumer permission for usage of cookies. Software companies such as CMPs, or consent management platforms, emerged as solutions that streamlined the process for capturing consumer preferences. However, this was one more piece of technology to integrate and purchase. IAB Europe eventually launched the Transparency and Consent Framework (TCF), providing the industry with much needed guidance on building a foundation for marketing responsibly.

Regardless of the challenges that marketers will continue to face, consumers will continuously demand personalised experiences, drive technology trends and request brands go beyond just 'ticking the box.' Over half of consumers surveyed preferred that brands be more specific about how their personal data is stored (60%) and 56% of them want a say in how their data is stored. Though privacy policies are ubiquitous, 52% of consumers request that brands make these policies easier to understand.

Marketers Need to go Beyond 'Ticking the Box'

Though marketers will always have their work cut out for them, all is not lost. Consumers stated that they were willing to share personal data for certain types of rewards. Over 60% of consumers would be willing to allow their personal data to be sold for a cash payment, while under half would allow access to personal data for special offers (49%) or no ads (45%). 61% of consumers were willing to accept irrelevant online ads for free internet usage, while only around 49% were willing to accept irrelevant social media ads. **Only 36% of consumers were willing to pay for access to news media sites without ads – a continued challenge for publishers.**

Publisher Dilemma



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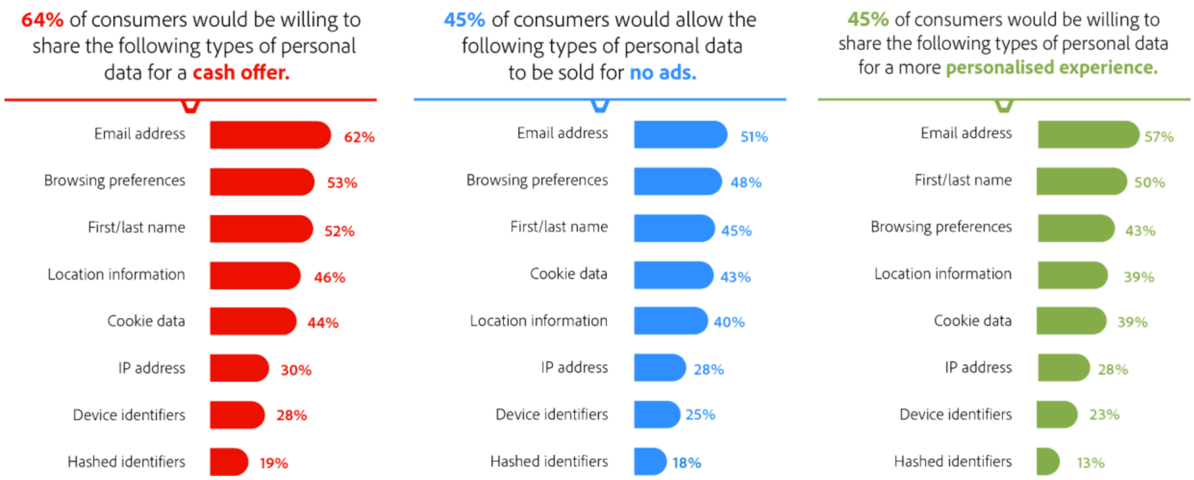
Willingness to Share Personal Data by Reward Categories

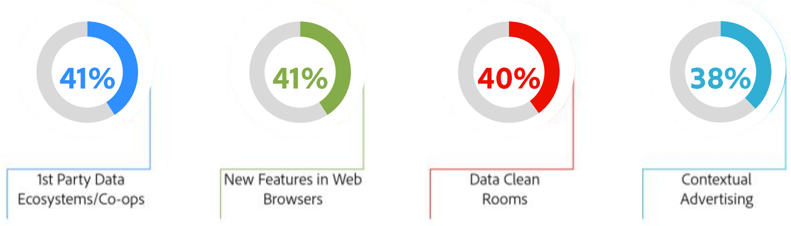
(% Selected per Reward Categories)



Brand Insights

Multiple Options

Multiple Strategies & Solutions for Readiness

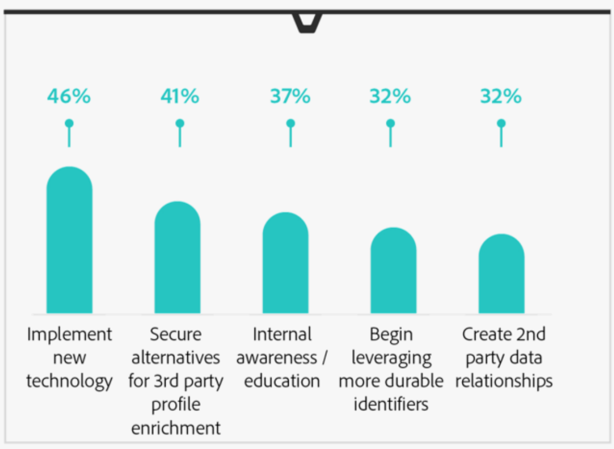


When asked which solutions could help resolve challenges with readiness, the insights from professionals indicated that a mix of both emerging solutions (data clean rooms and new browser features) and existing solutions (first-party data ecosystems and contextual advertising) could equally be an option.

In addition to those solutions, professionals noted additional strategies could speed-up readiness efforts. Almost half of the professionals in the survey indicated that implementing new technology and finding alternative solutions for profile enrichment would help drive readiness.

Additional considerations for readiness would be internal education, shifting to durable identifiers and brand collaboration.

Cookieless Future Readiness



Martech Opportunity

(% Selected Ways MarTech Vendors can Help Prepare)

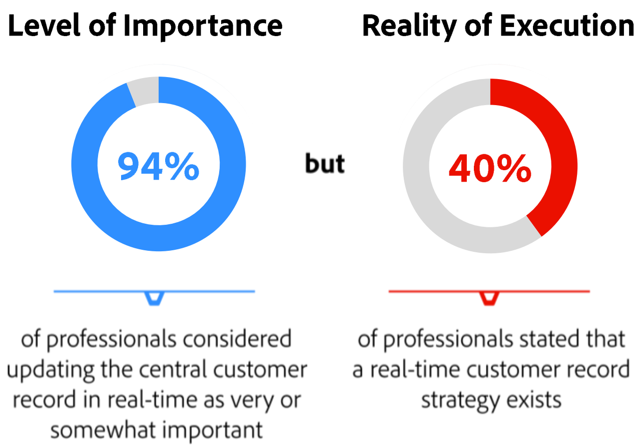
Professionals recognised that martech vendors could assist with the readiness journey but would need to meet certain requirements. They overwhelming stated that there was a need for vendors to have better integrations (72%) and that they should be more transparent with them (62%).

Over half of the professionals also looked to vendors to keep them educated with more resources (53%) and by sharing a clear point-of-view (POV).

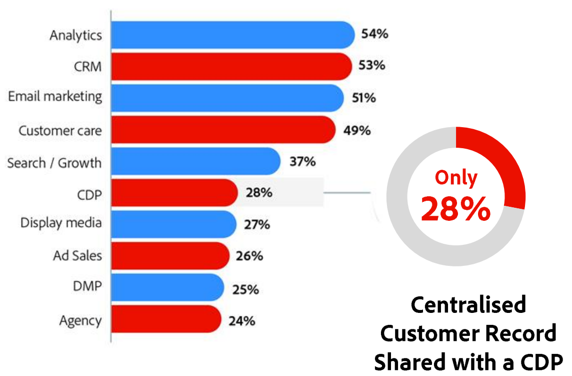
Built-in governance tools was also indicated as one of the top five opportunities for martech vendors to help drive readiness.

Unified Data

The martech industry has matured considerably with solutions such as data management platforms (DMPs) for unified profiles, segmentation and activation across channels. Shifts in market forces means that technology needs to evolve to include more durable identifiers, traditionally not ingested within cookie-based DMP solutions. Customer data platforms have become the next phase of technology to help with the unification of both unknown and known data. While 94% of professionals indicated that it was important to update centralised customer records in real-time, only 40% of professionals stated that a real-time customer record strategy existed within their organisation.



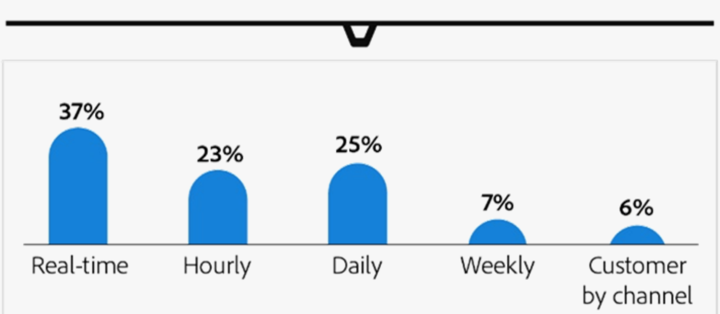
Marketing Systems with Access to the Centralised Customer Record



Within this subset of companies, the centralised record was being shared with marketing systems such analytics, CRM, email and customer care. However, only 28% of professionals stated that this record was shared with customer data management platforms (CDPs), technology that was built to house the centralised customer record and unify personal data with pseudonymous data.

Additionally, only 37% of those professionals claimed that this data was shared in real-time with the marketing teams who need it.

Frequency of Data Shared with Marketing Teams & Systems



Brand Partnerships

Data collaboration and brand partnerships have become more commonly accepted strategies. Martech solutions have provided a centralised solution to facilitate partnerships in neutral environments. In the face of consumer privacy, brands can take the opportunity to leverage existing partnerships from different business units to test customer acquisition and personalisation campaigns.

Consumer journeys are not linear and no individual simply interacts with one brand in a day, week or month. There is a high likelihood of first-party data overlaps within industries but also across industries. To validate this idea, Adobe performed an anonymised overlap study. Brands within similar industries did have high overlap percentages as expected but overlaps across industries revealed interesting insights. For example, financial services companies within this database had a 72% overlap with media and entertainment organisations. There was a 40% overlap with commerce and travel brands. Vendors that have a vast ecosystem of brands on their platform and a secure environment for data collaboration could help brands broker relationships while providing a solution based on first-party data.

Example Overlaps across Industries

Adobe's Take

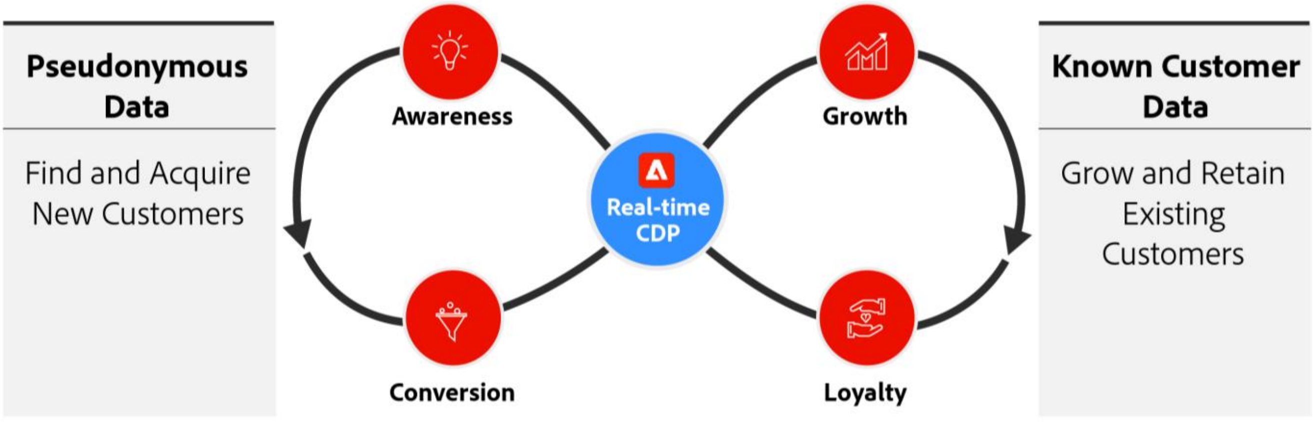
Innovation

Anticipating the customer challenges associated with data deprecation and enhanced privacy regulation, Adobe launched Real-time CDP in the autumn of 2019. Built from the ground up to power marketing at scale, Real-time CDP enables marketers to create unified profiles with both known and unknown data.

Supercharge marketing use cases with innovative features that fall into four categories:

- **Purpose-built for marketers:** Optimised workflows, dashboards and AI/ML tools.
- **Streaming data collection:** Unified, real-time data streaming across connected systems.
- **Trusted profile management:** Responsibly build and govern a golden customer record.
- **Real-time activation:** Productised connectors to accelerate personalisation use cases.

Example Overlaps across Industries



The Power of Getting it Right

Marketers will need the ability to support first-party data strategies that hinge on emerging identifiers beyond cookies and device IDs, actionable profiles that power real-time personalisation use cases, governance controls to confidently address requirements for consumer data usage and a scalable infrastructure to streamline data management and activation.

Real-time CDP customers have reported impressive results. Examples by industry include, but are not limited to:

- Travel & hospitality: 3x engagement lift email campaigns.
- Consumer packaged goods: 50% reduction in manual effort to fulfil data privacy requests.
- Business to business: moved from a 72-hour data refresh cycle to 14 seconds.

Contact your Adobe rep today to learn more about Real-time CDP and other solutions to get you ready for a cookieless future that supports your marketers to build experiences that delight your consumers. We look forward to continuing the conversation with you.

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Bonus Section: Getting Started

Not sure where to begin? Here are key questions to discuss with your stakeholders, practitioners and marketing teams.

How well do you know your consumers?

- What do you want consumers to do once they get to your homepage, knowing that soon you will no longer be able to track how they got there?
- At what part of their digital journey should they convert to - click, download and authenticate?
- Which offers, incentives and services will inspire consumer loyalty?
- What percentage of your consumer base uses Chrome? Mobile devices?
- Where do your consumers go to learn about your products and services?
- Which brands are they loyal to outside of your industry?
- How transparent and clear are your privacy policies and consent requests?

How will use cases need to shift once third-party cookies are no longer available?

- Which current use cases are dependent on data that will no longer be available?
- How will customer acquisition, retargeting, attribution strategy be impacted?
- How will personalisation, consumer loyalty and cross-sell/upsell use cases be impacted?
- How are you leveraging your known customer base today?
- Which use cases do you need to start testing immediately?
- What tech stack do you need to support the integrations you need today? In the future?

How will your strategy need to evolve?

- What is your overall first-party data strategy – short-term and long-term?
- Which durable identifiers do you collect today?
- Which durable identifiers do you need to start collecting?
- How is this data governed?
- Which system stores the unified customer profile?
- Which teams need access to this profile? How often?
- What guardrails are in place to enforce data usage polices?
- Which types of identifiers are considered 'personal data' according to your privacy team?
- Which machine learning features will help streamline marketer workflow?
- What volume of data needs to be ingesting within your marketing stack?
- How often is your data refreshed? What are best practices for your industry? Examples:

Industry Example	Consumer Lifecycle	Data Ingestion	Segmentation	Activation
Finance industry – mortgage loans	Accross multiple decades	Batch	Batch	Batch
Travel and hospitality – business travel	Monthly	Batch	Streaming	Edge
Retail industry – back to school deals	Seasonal	Streaming	Streaming	Edge
Grocery delivery – new customer acquisition	Weekly	Streaming	Edge	Edge