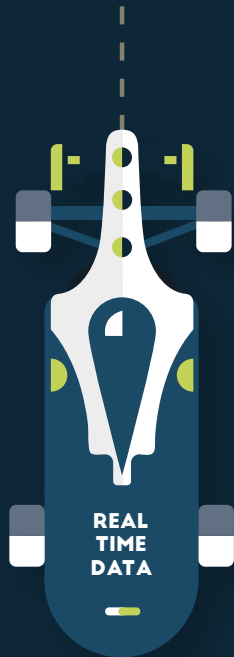
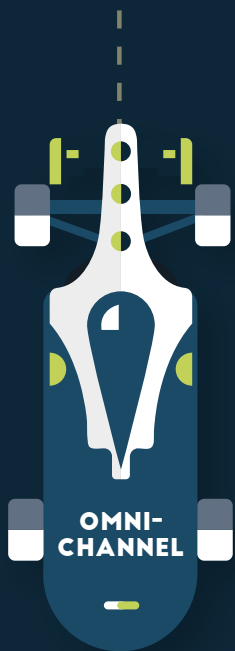


# The accelerating state of digital marketing:

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Marketers and advertisers are racing to master the post-analog world



# The accelerating state of digital marketing: Marketers and advertisers are racing to master the post-analog world



The eclipse of analog marketing has been thought inevitable for years. As new digital platforms and tactics have proliferated across the marketing ecosystem, digital channels seemed destined to sweep billboards, direct mail and even linear TV out of the picture – or at least into very different quadrants of the landscape for marketers and advertisers.

In some ways, however, this sea change has been slow to arrive. Even as digital platforms and channels became ascendant across some parts of the marketing ecosystem, analog platforms more than kept pace in long-established sectors. But now, in the wake of a pandemic that's hindered and often shuttered physical commerce across the globe, the long foretold shift to digital has accelerated the process.

Shelter-in-place orders, store closings and workplace shutdowns have forced consumers to remain indoors – where they're often now glued to their screens. These changes have had profound effects on e-commerce buying, which [grew by 30 percent](#) between Q1 and Q2.

Just as significantly, this shift has dramatically affected the platforms and channels on which individuals consume content and marketing.

Now more than ever, people are shopping – and being influenced – in the digital space. New research confirms that marketers have been experiencing a massive spike in digital spending, coupled with a steep decline in analog spending. In many cases, these shifts reflect a one-to-one-transition: As linear TV budgets decrease, connected TV is rising. As individual analog marketing channels fall, omnichannel digital media is picking up steam.

And now a crucial question arises: As digital takes the reins from analog, how can marketers adopt long-term strategies that enable them to target – and retain – the massive influx of digital customers they're seeing? And how can they reach unique individuals in a way that allows them to personalize everything from ad targeting to recommendations?

In August and September 2020, Digiday surveyed 186 brand and agency decision-makers – 108 C-suite executives and 78 vice presidents. The survey gauged their plans for digital investment in the pandemic era – and the outcomes highlighted the most significant challenges they're facing as they increase their digital footprints.

## What's in this report?

This report will surface comprehensive insights into the following topics

[An analog spending collapse is already underway – as is a digital surge](#)

[Cookie restrictions and regulations create obstacles to digital expansion](#)

[The failure to reach unique user identities impacts personalization](#)

[Measurement and attribution aren't keeping pace](#)

[To solve personalization and attribution, executives want to get better at collecting real-time data](#)

[Cross-publisher IDs will play a critical role in solving these challenges – and preserving a fair and open web](#)

# An analog spending collapse is already underway — as is a digital surge

Our new data supports the conclusion that analog investment is ultimately giving way — marketers have begun shifting their budgets away from analog channels and toward digital platforms.

## Budgets are shifting from analog

Linear TV:

58%

Print:

62%

Traditional

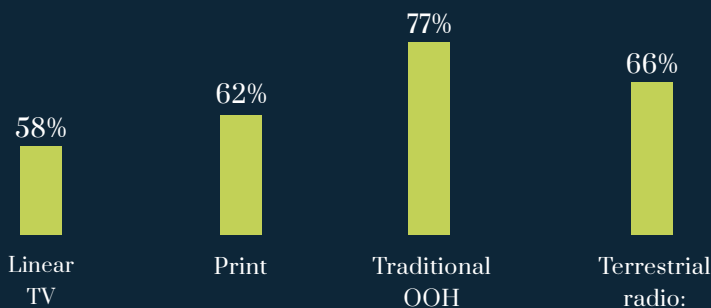
OOH:

77%

Terrestrial

radio:

66%



Q. Since the beginning of the pandemic, how much of your organization's budget has shifted away from the following analog channels? (Percentages show respondents that selected either a moderate or large amount.)

Just as the cornerstones of analog investment are diminishing, their digital counterparts are taking flight. This trend isn't complicated: Executives recognize that media trends are shifting rapidly, and are racing to reach consumers where they're active.

"We are continuing to assess where and how we are spending for both analog and digital channels on a daily basis," said Kevin Keith, Chief Brand Officer at the fitness franchise Orangetheory Fitness. "Above all, we want to ensure that we are meeting our members where they are and adjusting our plans accordingly."

For most marketers, the trend since March has been clear. According to Beth Weeks, vp and director, media, at Digitas, since the pandemic, "there has been a steady shift from analog, or more traditional channels, to digital media. With the resurgence of the pandemic, media consumption patterns have changed as our society navigates mass quarantines, the cancellation of major live events and travel restrictions. We're seeing shifts across major mediums, especially with respect to linear TV, OOH, radio etc."

And, said Weeks, the relative ease of programmatic investing is also

playing a major role in this shift from an ad-buyers' perspective: "Programmatic buying enables advertisers to utilize advanced targeting data — and enables for a more nimble approach, which is a major advantage in the 2020 landscape."

Still, for the executives and managers making investment decisions, the unprecedented rush to digital has created challenges. In many cases, company leaders are guiding their companies toward new forms of omnichannel digital engagement without the tools, technologies or roadmaps to reach consumers effectively.

## Budgets are shifting toward digital

CTV/OTT:

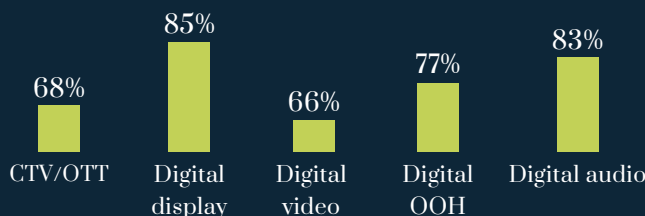
68%

Digital display:

85%

Digital video:

66%



Q. Since the beginning of the pandemic, how much of your organization's budget has shifted toward the following channels? (Percentages show respondents that selected either a moderate or large amount.)

Digital OOH:

77%

Digital audio:

83%

# Cookie restrictions and regulations create obstacles to digital expansion



**In crucial ways, the present rush to digital has come at the worst possible moment.**

Brands and agencies are living through an era of cookie deprecation and tightening privacy regulations, making it vastly more difficult to target users, measure behavior and personalize content — right at the moment when these abilities are most crucial.

In spite of these challenges, executives and managers are pushing their companies to expand their digital footprints. And for the most part, they appear to recognize that the only realistic solutions to the challenges posed by cookie

restrictions and regulations will be technological in nature.

“While the thought of a cookie-less world makes precise audience targeting seem like a daunting task for brands and marketers alike, Orangetheory Fitness has tactically built creative solutions that activate advancements in alternative data collection and a refined strategic approach in targeting methods to continue driving brand success and growth,” said Kevin Keith, at Orangetheory Fitness. “While we certainly can’t

predict what comes next, we work diligently to ensure our marketing initiatives are as future-proof as possible. The brand works hand-in-hand with trusted partners that are on the forefront of advancements in martech to proactively form solutions to disruptions in the industry such as this. Data-backed and technology-tracked is the backbone of our brand.”

Which begs the question: What specific technology challenges are executives trying to solve — and what solutions do they think might work?

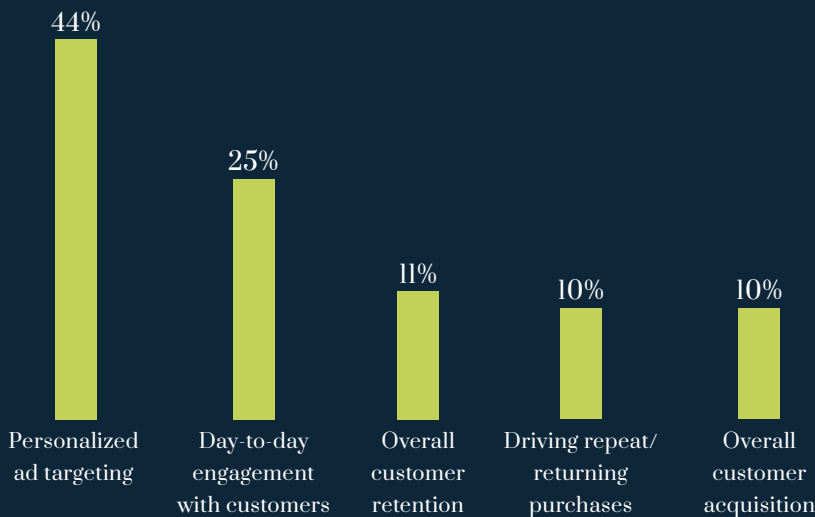
# On the path to digital expansion, the failure to reach unique IDs looms large



In the effort to shift their companies toward digital omnichannel media environments, no technological roadblock is more challenging than identifying unique user IDs in the post-cookies era.

Survey respondents clearly indicated that they've had trouble reaching unique users through the digital

platforms they've rapidly begun to embrace, especially in their efforts around targeting, measurement and scale. In our survey, brands and agencies were clear about the importance of establishing unique user identities — mainly when it came to ad targeting and direct customer engagement.



Q. For which of the following purposes is it most important to establish unique user identities?

## Critical roles for user IDs

Personalized ad targeting:

44%

Day-to-day engagement with customers:

25%

Overall customer retention:

11%

Driving repeat/returning purchases:

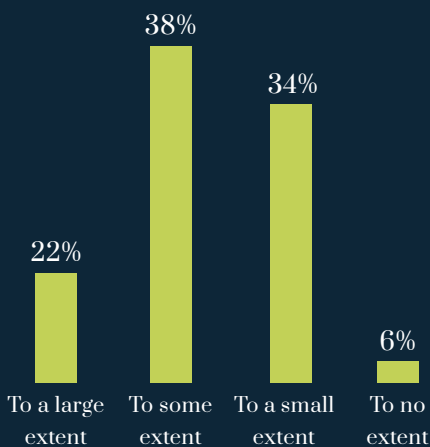
10%

Overall customer acquisition:

10%



Also evident in the survey, brands and agencies struggle to identify and engage with unique user IDs, making their personalized targeting and engagement particularly difficult. Only 22 percent of respondents said their company was capable of identifying and engaging with unique user identities on digital platforms “to a large extent.”



Q. To what extent is your organization capable of identifying and engaging with unique user identities on digital platforms?

## How well do marketers work with user IDs?

To a large extent:

22%

To some extent:

38%

To a small extent:

34%

To no extent:

6%

Ultimately, executives express only moderate confidence in their ability to engage and target customers based on their unique identities, with 40 percent expressing little to no confidence.

Experts agree that cookie restrictions implemented

by major tech platforms and evolving privacy regulations and consequences are playing a significant role in these difficulties.

“Personalizing content has become harder, as customer privacy – and potentially big tech

regulation – make it more difficult to stitch consumer information together,” said Mike Hill, vp and group director at MediaHub Global. “That the biggest players in the space fiercely protect their data is another barrier to unified targeting and measurement. It

should be interesting to see how this all plays out in the coming months as cookies continue to erode before being eliminated, privacy regulations are instituted and platforms and partners identify new solutions for targeting audience cohorts.”

# User ID struggles impact personalization, attribution and customer experience



Across the board, executives express lesser confidence in their ability to master attribution, personalize content and create a positive customer experience on digital platforms. And this inability is hitting companies particularly hard right when digital

investments have become more critical than ever.

When we asked brand and agency executives to rank their ability to personalize content – including advertising – on digital channels, only 30 percent said they had a “high ability.”



## Marketers on personalization

High ability:

30%

Moderate ability:

49%

Low ability:

20%

No ability:

1%

Q. Overall, how highly would you rank your organization's ability to personalize content (including advertising) on digital channels?

Executives are struggling with personalization and targeting. From email targeting to targeted promotions, from setting optimal pricing to

personalized content and product recommendations, our respondents rarely gave themselves top marks when it comes to creating a positive

customer experience. In any given area of personalized customer experience, fewer than one-third of respondents in our survey rated their

ability highly. Across the board, they suggested they have significant room for improvement when it comes to personalization and targeting.

## Rating personalized customer experiences

Email targeting	Targeted promotions/ discounts	Setting optimal pricing	Setting personalized recommendations based on past interactions
High ability: 23%	High ability: 30%	High ability: 23%	High ability: 29%
Moderate ability: 35%	Moderate ability: 38%	Moderate ability: 51%	Moderate ability: 33%
Low ability: 37%	Low ability: 21%	Low ability: 18%	Low ability: 34%
No ability: 5%	No ability: 11%	No ability: 8%	No ability: 4%

Q. Overall, how highly would you rank your organization's ability to create a positive customer experience when it comes to the following elements of personalization and targeting?

Experts point out that the proliferation of new technologies and targeting capabilities – in conjunction with rapid expansion across digital channels – has seemingly created new personalization opportunities. But in practice, things have also gotten far more complex.

"So it's important to develop a sophisticated foundational strategy of targeting distinct audience segments with specific messaging most relevant to them," said Hill at MediaHub.

Experts point out that targeting and measurement challenges stemming from poor user

identification can also result in a significant amount of waste as marketers target the wrong users.

"The people who brands are going after are getting a lot more specific," said Katie Anderson, senior programmatic media manager at the agency PMG. "That's a function of who they know is going to spend money on their product. But there is waste out there now, in terms of people who they're reaching who will not be interested or receptive to that message."

Once again, these concerns raise questions about targeting and measuring based on unique

identities. Without the ability to reach individuals at that level – a capability that executives say they're still struggling to master – developing personalized messaging and directing it toward receptive individuals across the omnichannel landscape becomes more challenging.

Experts point out that arriving at a clear user ID is crucial not only for targeting, but measurement.

"It provides more visibility throughout the path to purchase and measurement in general, which can then be infused into planning," said Hill, at MediaHub. "Being able to connect a singular user

to the path to purchase in itself is valuable. When it's aggregated with the full data set it can be a powerful planning and measurement tool to deliver the right message to the right person at the right time at scale."

These sentiments point to the fact that the click-based measurement techniques so commonly employed by marketers, while convenient, fail to tell the whole story in today's omnichannel landscape. "Marketing budgets have never been under the microscope more," said Hill. "So it's important to be able to attribute the media campaign to business results."

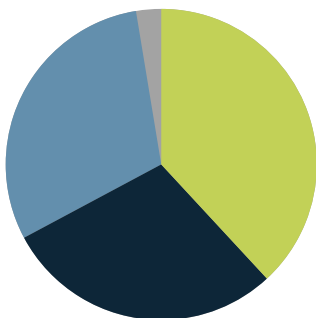


# Measurement and attribution aren't keeping pace

Experts and survey respondents alike made it clear that companies face significant shortcomings when it comes to

attribution – and those challenges, in turn, are playing a significant role in their personalization challenges.

## Attribution score



Q. Overall, how would you rate your organization's digital attribution/measurement?

Good:

42%

Fair:

29%

Excellent:

27%

Poor:

2%

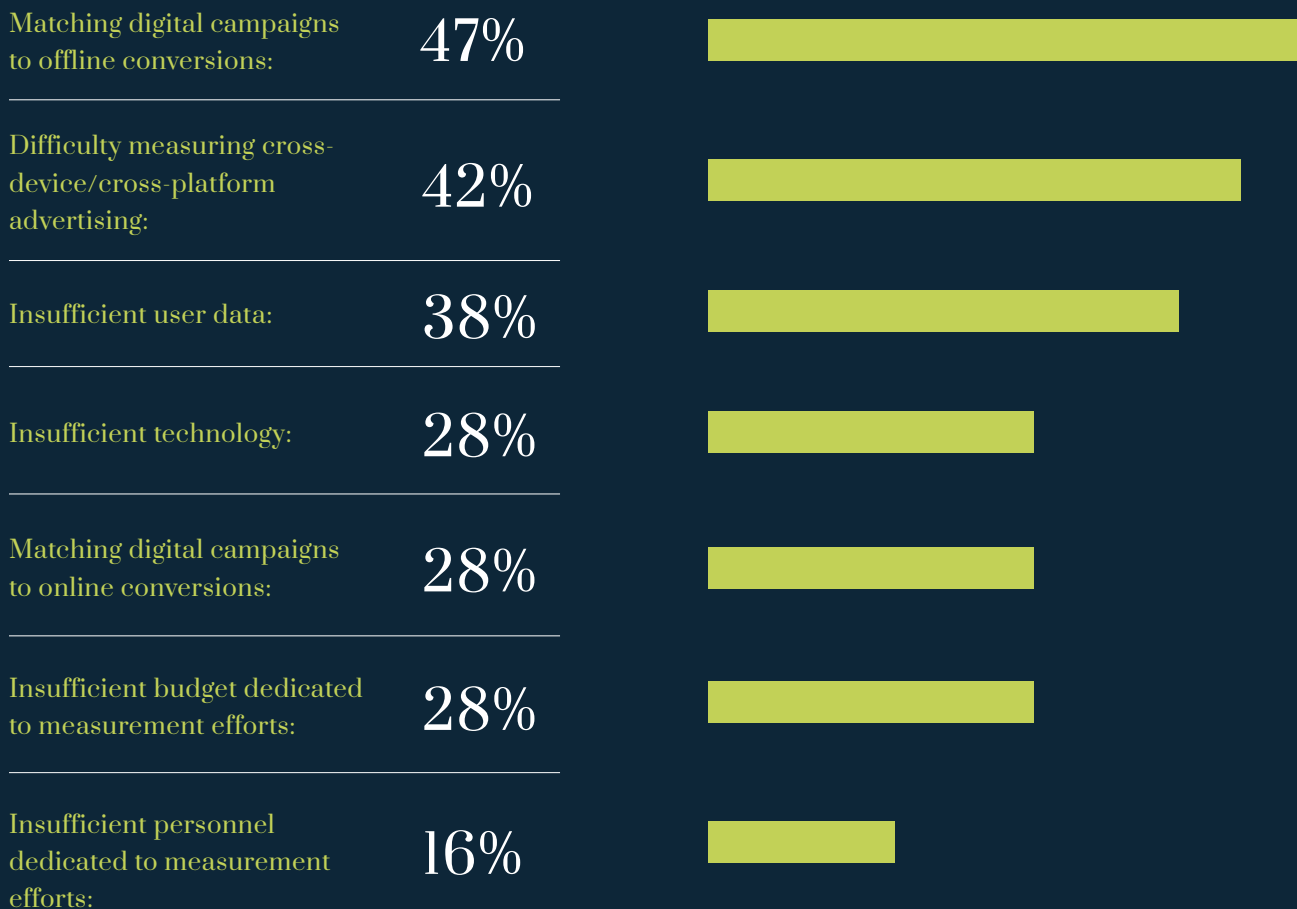
Fewer than 30 percent of respondents ranked their attribution and measurement capabilities as excellent – a sign that companies are doing a less-than-ideal job of understanding customer behavior and then

applying those learnings to personalization and targeting.

And, according to our research, a wide variety of factors are impacting their capabilities.



## Marketers' biggest challenges



Q. What are your biggest challenges when it comes to attribution/measurement?

It's safe to say that no single factor keeps digital measurement from reaching its full potential as companies shift their budgets to digital platforms. But three challenges loom largest: Matching digital campaigns to offline conversions, difficulty measuring cross-device and cross-platform and insufficient user data.

Matching digital campaigns to offline conversions is a very old problem, no doubt exacerbated by an unprecedented rush to shift analog dollars to digital platforms.

"Offline data is still not easy to port back to online for true full-funnel attribution," said Keith Brewer, vp,

digital strategy at Horizon Next. "Media mix modeling suggests our last-click attribution is not showing the full picture, and that limits digital spends and leads to less faith in digital."

Cross-platform and cross-device measurement have also become more challenging as companies have placed a sudden and unprecedented amount of content on digital platforms.

"Technology and a desire to better attribute offline and online media to business results have helped merge macro and microanalytical streams," said Hill, at MediaHub.

"This has resulted in more full-funnel

visibility and reliable omnichannel reporting models that incorporate custom attribution algorithms based on the business and outside environmental factors. But that has also introduced technological barriers as the landscape becomes more fragmented, device proliferation continues and cookies are crumbling. So while we've never had the type of analytical solutions we do now, there is a lot of work and logic that goes into developing a sophisticated cross-channel measurement model."

Meanwhile, the challenges related to user data are worth diving into further.

# Executives want to get better at collecting real-time data for attribution



Brands and marketers say they're only moderately confident in their ability to collect real-time data from digital platforms – a major problem at a moment when digital platforms are taking on an unprecedented importance. Only 31 percent of executives said they have a high ability to collect real-time data from digital channels.

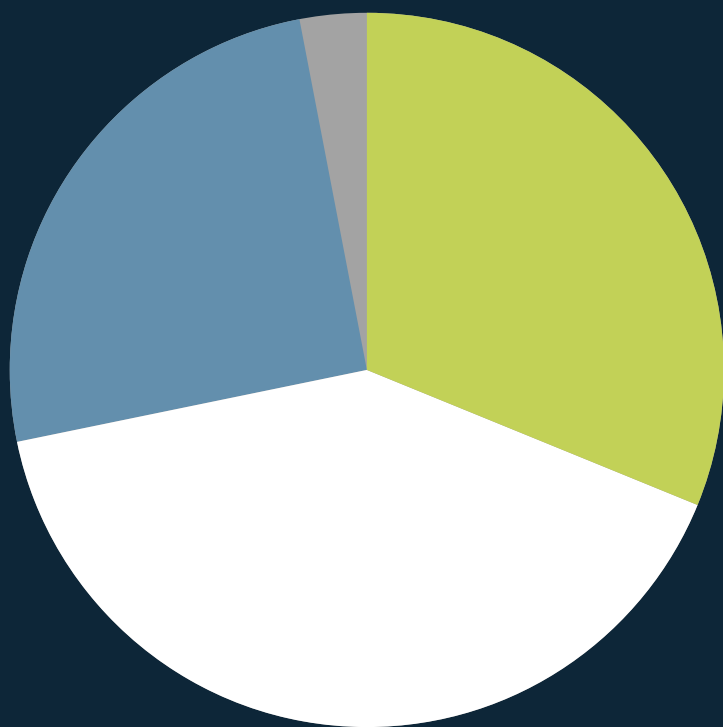
## Real-time data capabilities

High ability:      Moderate ability:

**31%**      **40%**

Low ability:      No ability:

**26%**      **3%**



Q. Overall, how highly would you rank your organization's ability to collect real-time audience data from digital channels?

So, as marketers and brands shift to digital platforms, they're not merely struggling to collect data – they're struggling to collect it quickly. It's a sticking point that makes it more difficult for them to react, measure, target and personalize swiftly and nimbly.

"The advertisers who are winning ... are those that are able to actually understand what a user is looking at in real-time in order to react, and protect brands, and make sure they are appearing where they want to," said Anderson, at PMG.

Examining real-time data is just a start, of course. To get better

at reaching and measuring users on an individual level, marketers and advertisers alike will need to examine the full range of technological solutions available to them to help them identify unique users.

Cross-publisher IDs are an important starting point.

# Cross-publisher user IDs are privacy safe, crucial for personalization — and they'll keep the digital marketing ecosystem wide open



Experts say that, in the post-cookies, post-regulatory era, agency and brand execs will need more technological sophistication around targeting unique IDs — and that they'll need to bring their first-party data into play as well.

“Non cookie-based identity solutions currently exist,” said Rob Auger, svp and head of media technology at Digitas. “What will be important is for brands to organize

and harness their own first-party data in a platform like a CDP so that it can be joined with these ID-based solutions and activated across channels.”

As things stand, marketers are measured about their abilities to attribute, personalize and target across platforms. Becoming more adept at targeting unique users will change that opinion.

# A look forward: What cross- publisher IDs mean for the future

The post-cookies era is already here, and a powerful user identity approach is crucial to helping marketers persevere beyond it. The good news is, cross-publisher ID solutions already exist – and they're entirely at home in the post-cookies, GDPR present.

Many misconceptions abound on this point. Industry leaders often labor under the idea that cross-publisher user IDs are a threat to user privacy. But in truth, privacy regulations like GDPR and CCPA incentivize companies to rely on digital IDs – so long as they're pseudonymous. And since users can easily reset pseudonymous digital ideas, such identifiers offer reduced privacy risks compared to advertising tied directly to offline user identity.

To maintain personalization and individualized targeting across the entire digital ecosystem – and at

a moment when executives are directing their companies to invest in a vast array of digital platforms – marketers need to ensure that content and marketing are not only privacy-compliant but flexible and individualized across all platforms.

"Brands and marketers need to look beyond antiquated notions of first- and third-party distinctions to ensure all advertising is responsible," said Joshua Koran, head of innovation labs, Zeta Global. "Cross-publisher IDs, which enable marketers to reach individual users without violating their privacy, are a key part of this equation. With a targeted and individualized approach to user ID, advertising can remain privacy-compliant, addressable and individualized across all channels."

Responsible cross-publisher IDs will balance the walled gardens' advantage

Cross-publisher IDs will also be vital to keeping the mobile web alive and ensuring that it remains a powerful mechanism for personalization and targeting. Responsible addressable advertising – which depends on cross-publisher IDs – is what pays for the open web. When deployed in the right way, these IDs will continue to enable marketers to target and personalize – and to do so outside of the Googles and Facebooks of the world, mitigating the prospect that major tech companies will take too much ownership of the very idea of personalization.

Decision-makers need to look toward true user identification

As cookies vanish, and as the pandemic gives rise to omnichannel digital dominance, marketing and advertising executives say they're struggling with measurement, targeting and personalization. As a result, their organizations are experiencing waste and inefficiency, frequently serving the wrong users with the wrong content. Moreover, these companies are failing to surface data that can actually tell them which efforts drove which business results.

Ultimately, all of these struggles can be traced back to the fierce challenge of identifying and reaching unique users in an increasingly omnichannel landscape. Marketers already recognize the need for cross-channel ID solutions; now executives need to seriously consider adopting them.



# About Zeta

Zeta Global was founded in 2007 by David A. Steinberg and John Sculley with the vision that data was going to change the way marketers engage with consumers to drive successful business outcomes. Now, Zeta owns the industry's third largest proprietary data set and artificial intelligence to make marketing more intelligent, ensuring every business will never miss a growth opportunity.

Zeta Global has continued to double down on data, AI and omnichannel activation capabilities by organically developing and strategically acquiring cutting-edge marketing technology. We are one of the first companies to successfully implement industry-leading innovations in big data and AI to be the recognized leader in the convergence of marketing and advertising technology.

Today, Zeta Global has offices on four continents, serving over 1000-plus enterprise clients such as: Samsung, Toyota and Sprint. Our data-powered marketing technology platform houses the third largest data set in the marketplace (2.4 billion-plus identities) and combines with outcome-driven AI to predict consumer intent, personalize experiences across every channel and power business growth for Fortune 1000 companies.

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