Trust, transparency and authenticity:
The recipe for a cookieless future

Insights and key takeaways from the roundtable discussions at the Reuters Events Strategic Marketing Forums in London and NYC.

This report was produced under the Chatham House Rule

Introduction

Moves by Apple and Google to abandon tracking technologies, and put user privacy right at the heart of their business models, have been the wake-up call ringing in 2022. Not only must companies now transition to alternative ways of collecting business-critical data, they must also build new relationships with customers based more on trust and loyalty.

This issue was top of mind for companies joining two recent roundtable discussions in London and New York, and for good reason. In this new cookieless world, companies will be divided into two camps – "those that have great data and those that don't".

Already, according to Deloitte's 2022 global marketing trends report, high-growth brands are leading this charge, with 61% moving to a first-party data strategy while just 41% of low-growth brands are doing so. While innovative companies deploy first-party data in more sophisticated ways than ever, marketing leaders are also recognizing the value of zero-party data, that which is solicited directly and willingly from customers.

Whatever model for collecting and using customer data emerges, a multi-pronged approach will be essential. Right now, the immediate challenge is to design experiences that inspire trust, while remaining privacy compliant. Among the techniques discussed at the roundtables, and shared in the following pages, were the need for greater transparency, visibility on value exchange, consumer-controlled data, and seamlessly embedding data collection into the user experience.

Community, connection and context

Future generations are raising the flag for brands to take diversity, equity and inclusion (DEI) objectives seriously. According to a 2022 Deloitte survey, only 45% of Gen Zs feel optimistic about businesses' societal impact. In addition to societal and environmental impact, a diverse and inclusive culture is critical for employee retention.

At the Reuters Events roundtables, there was a strong focus on identifying, acquiring and retaining consumer communities. Digital channel costs are soaring, the market is becoming more saturated, and customers are more digital and more demanding than ever – all this at a time when tracking consumers using third-party cookies is being abandoned.

Exploring the challenges of refining a marketing strategy amid rising competition, the leaders of major brand companies joining the discussions emphasized the importance of finding ways to truly connect with the consumer. One company, for example, listed building brand trust by ensuring that its health products were always regarded as safe. Others are involved in community projects, such as "grass-roots programs for young women living in tough areas" and flying libraries. Further cases included high-profile sustainability goals, such as plans for electric planes, and forming close relationships with influencers in specific groups, or partnering with trusted validator sites.

What was clear, several said in the discussion, was that "contextual marketing alone will not be enough". Indeed, next-generation contextual providers of marketing solutions must look way beyond page content to gain a deeper understanding of audience intent, and build privacy in by design.

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10 steps towards encouraging sharing

Suggestions put forward by the roundtable, which included senior marketers from world-leading brands:

1
Understand the data differences: Consumers are increasingly concerned about data privacy and it is incumbent on brands to know their first- and second-party data from their zero-party data.

2
Leverage a data-driven omnichannel approach to reach the customer in exactly the right place – be that via email, SMS, social or in-store.

3
Rethink marketing ecosystems, use clever geo-targeting and apply deep personalization.

4
Employ an incentive-driven and personalized data collection approach to strengthen the consumer-brand relationship

5
Keep information simple, clear, highly visible and valuable. As one senior executive noted, a beautiful front page to a website "only mattered to the executive committee". However, understanding the customer and delivering the information paid off – "85% of all visits to our websites went to four pages, which were deeply embedded with information which the consumers were seeking".

6
Explain the potential benefits of giving permission for data sharing upfront.

7
Over deliver. As one major company executive suggested, the customer experience should match or exceed what was promised. His group was "very explicit upfront on setting expectations, so that way you are always over delivering on those expectations."

8
Be authentic and genuine. This is fundamental to every campaign and is probably more useful than just "focusing on personal interaction".

9
Understand what is valuable to the customer and integral to their belief system, and then "create a marketing a strategy around that".

10
Pay attention and be patient: After all, "it takes a long time to build a solid and positive brand sentiment" but can take "just one negative action to undo everything – it could be a price raise, or it can be poor customer care".

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SECTION 2

No trust without consistency

Special mention during the roundtables was given to brand consistency, which is a must for building and sustaining trust in both existing and potential customers. In short, this means ensuring that a brand can be easily recognized across all marketing channels and touchpoints. In a recent report, McKinsey found that omnichannel sales strategies are more effective than ever with 94% of B2B decision makers claiming their current strategy is as effective or more effective than before the pandemic.

Meanwhile, customer expectations are higher than ever, especially concerning issues such as sustainability. For example, greenwashing (the deceptive use of marketing and PR to persuade customers to buy something for ecological reasons) is seen as a dangerous practice. "You cannot be preaching what you are teaching," said one head of growth and engagement who stressed that with sustainability, it was important to walk the talk. Brands also need to be consistent about the message content they put out on social media and give considerable attention to what that message implies about their brand.

Roundtable members were in strong agreement that good service is a trust builder. Online brands, for example, can rise or fall on whether they deliver a product on time. In the travel industry a great experience is particularly important, as there is a chance that a first-time visitor to a hotel has a significant social media following and writes reviews on the quality of their stay. As recent research from TripAdvisor highlights – three out of four travelers find reviews to be "extremely or very important" when deciding where to stay, what to do and where to eat.

Some of the way brands can influence customers include:
- Taking positive statements made by existing customers to explain a brand's proposition
- Using data and insights from agents who speak with customers every day to better personalize their experience
- Doing something incredible that goes above and beyond expectations, so that a customer will choose a brand over product or price.
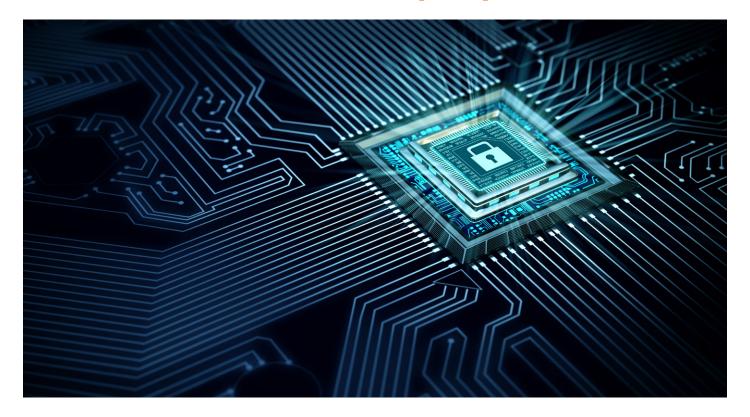
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Uncertain times, but loyalty still works

In this new cookieless world, a great deal of uncertainty remains, and the conundrums facing marketing strategists at the forum were wide ranging. Topics varied from when to seek information, how to do so without upsetting customers, how to focus a campaign for a multifaceted brand, and how to decide on an age-range target.

Keeping everybody informed, including investors, was another sticky issue. Summing up the frustrations of all the new rules and regulations, one delegate pointed to the risk of "eliminating some of the addressable market you are currently going after!" Another, voicing a concern about the efficacy of discounts used in exchange for information, asked: "How do you show the value of your brand afterwards." One example of how to measure this was to look at "the discounts associated with the savings you got, therefore building trust to use the product again".

What is clear is that harnessing quality data is far from easy. Brands are being forced to find new ways of collecting better quality data, such as first- and zero-party. Yet, marketers rethinking their budgets are keen to understand what investment would be needed to gain competitive advantage.

As one senior marketing director outlined, many brands are looking to gather personalized data. However, what happens all too often is that customer relationship management (CRM) data is corrupted, and therefore inaccurate. The fear of breaking data protection rules is very real too.

Finding ways to better use existing customer data while maintaining "high levels of reliability and trust" was an important issue.

Clearly, the data collection challenges are real. However, there was some good news that certain models, like loyalty programs using first-party data, are surviving the transition to the new digital world. As one director of consumer data explained, such programs are now being introduced into more sectors. They encourage enrolment and facilitate interaction with the customer. Putting this exchange somewhat bluntly, however, a technology company director said: "We are seeing our customers bribe their customers in terms of incentives and rewards... if you give me information you might get products, points, discounts, incentives." In other words, customers must hand over permission to use their data in return for something.

All too often... customer relationship management (CRM) data is corrupted, and therefore inaccurate."

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At the roundtable, some useful lessons were shared from the travel sector. One of the industries hardest hit by Covid-19, it already carries a substantial amount of first-party customer data – after all, customers are more likely to hand over their data when booking a long-awaited holiday than they are for a trip to the supermarket. Having such data has proved helpful in the post-lockdown recovery. Instead of inspiring travelers with far-flung destinations that they may have visited in a pre-Covid world, travel companies were able to drill down and promote destinations closer to home.
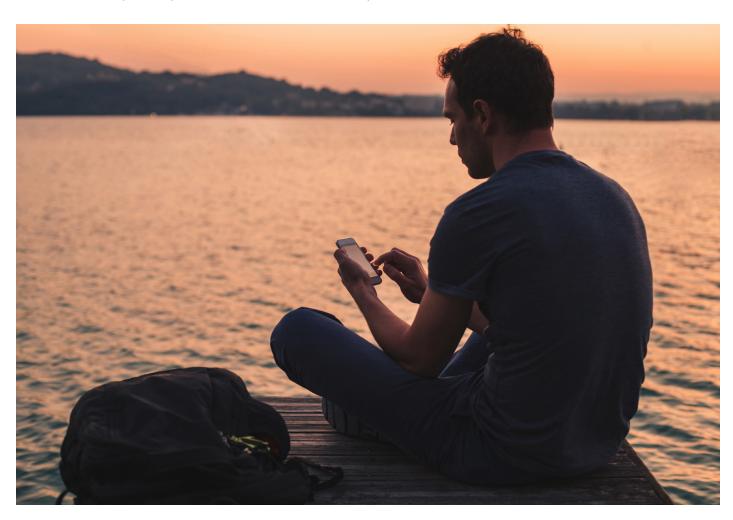
One successful campaign, as one travel marketer explained, "was the promotion of three-day city passes at a discount." The ability, he said, to drill down into specific data segments and promote more personalized offers, helped to drive their recovery. Not only does this have the advantage of being fairly low cost, it also offers "some really good kinds of engagement and uplift". As Covid-19 restrictions continue to lift around the world, the company plans to automate this approach and scale it up across all destinations.

Retailers' loyalty cards offer another deep source of information, not only with respect to transactions but also via categories of membership.

As a retailer's marketing director explained, they can also help to build trust: "Collecting all those different data points to give you a product recommendation at the end really is quite useful because customers want to get the best product."

Surveys were also hailed as being a relatively clean, easy and cost-effective way to collect data. Meanwhile, although it is still early days, social media continues to be explored further as a way to collect more data.

Measuring personalization and the challenge of content

Collecting good data and developing spot-on personalization is not easy. Laying out the problems, one head of sales and marketing at the London forum explained there may be "a lot of technologies out there for many kinds of control groups and testing, but I don't think we've got a reliable framework for measuring the efficacy of personalization…" Looking at all the resources that go into it, and understanding whether the incremental gains are worth it, he added that this "is an area that a lot of people are struggling with".

Most major companies are working along similar strategic lines. Summarizing this, one senior director of strategy attending the London roundtable listed "… product recommendations, banner optimization, ad retargeting, email, email personalization, email segmentation," as a way to be "pretty pervasive".

The gaps, in his view, came down to content. Again, there are many tools that do a really good job of managing segments and creating audiences. However, they don't necessarily take into account how much resource is required to localize and "to have different content or treatment for each and every one of these segments". When launching a product into more than one market, for example, there are multiple considerations – different languages and currencies, as well cultural complexities. "You don't just need the data, you need the content to go with it," he stressed.

Devising measurement strategies raises its own challenges, especially if purchases are infrequent or subscription based, as a head of customer marketing and loyalty pointed out: "… when there's a subscription element to your business and if you're looking at how to get long-term repeatable value, purchase alone doesn't happen frequently enough to be your guiding principle". In such cases, the solution could be to look at purchase first, and engagement second.

Conclusion

The Reuters Events Strategic Marketing Forum and the roundtables that followed were a clear indication that marketing leaders from the world's biggest companies are alert to the challenges ahead. Some, given the nature of their business, are further ahead than others. However, whatever stage they are at, or whatever model for collecting and using data, whether it is first-party, second-party or third-party data, or a mix, ultimately this will form the foundation for future customer relationships. How to select which data to use, to retain existing customers and win new ones while optimizing personalization, to do better by existing customers while winning new ones, is where the competitive battle lines will be drawn. It will also depend on strong alliances, partnerships and a more open discussion between the advertising and marketing technology camps.

Now, it is time to move the debate beyond about whether there will be a "third-party cookie apocalypse". As one delegated summarized: "Let's stop talking about third-party cookies going away, and the importance of first-party data because everyone gets it". Now is the time to get on with it, and to innovate beyond it.

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