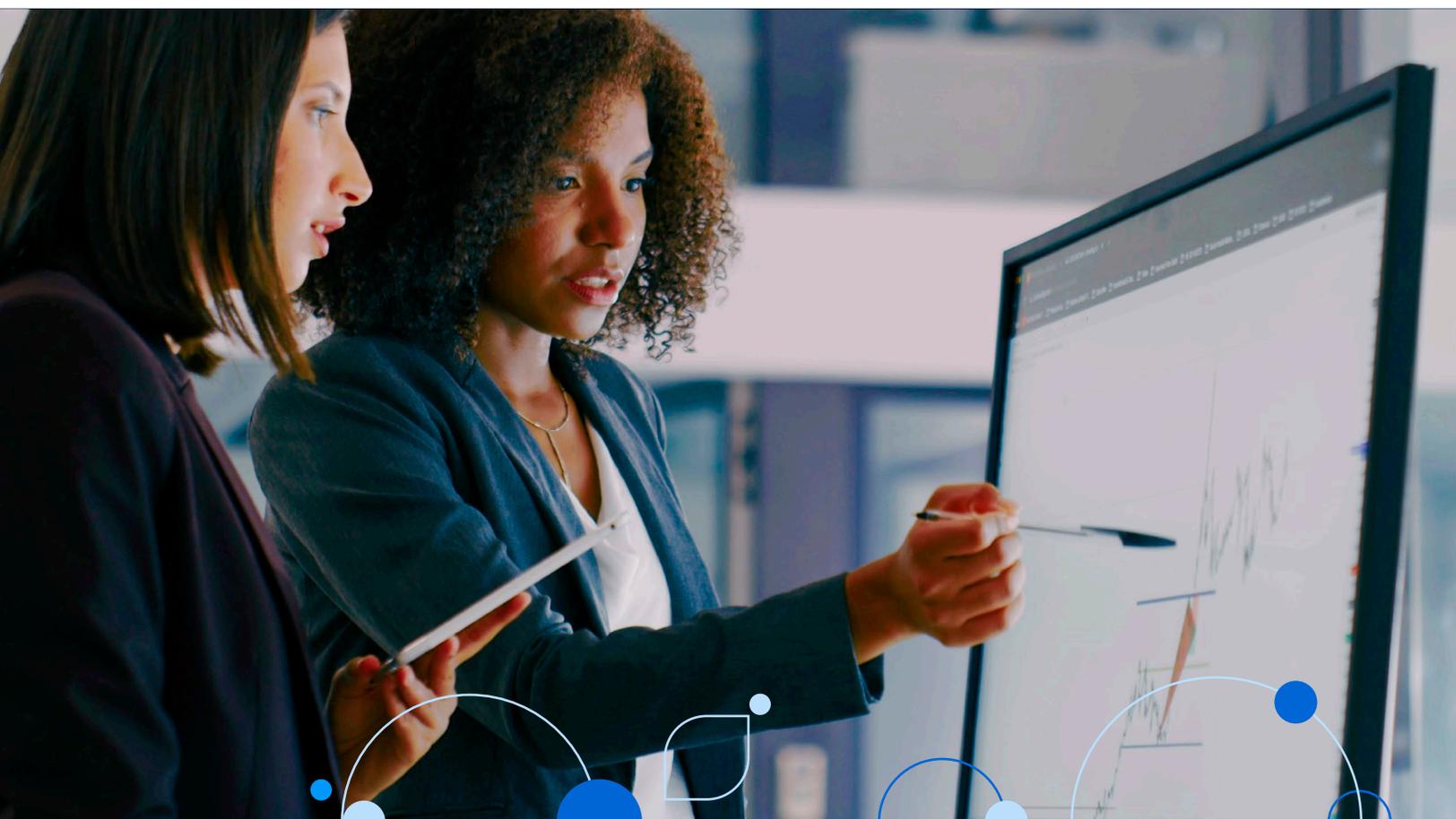


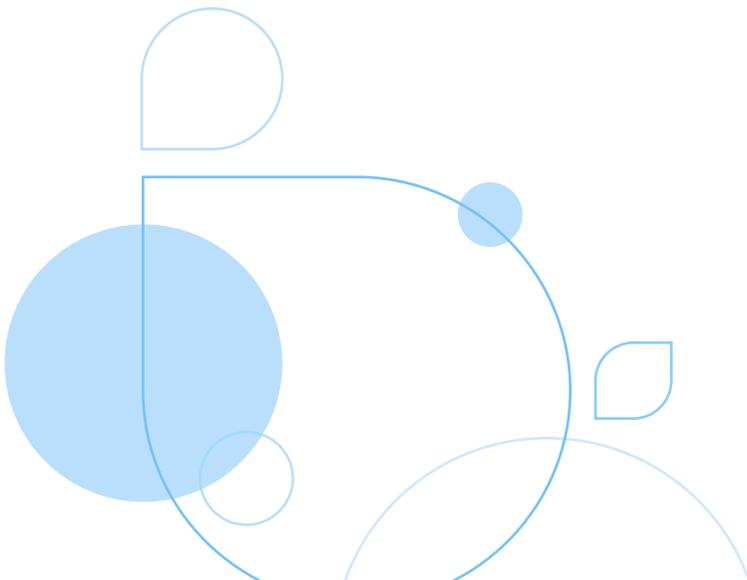
Where does marketing stop and advertising begin?

Navigating the new world of MadTech



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Data deprecation is here: What does it mean for marketing brands?

We have all seen the news that data deprecation is imminent. The ways that organizations collect, manage and activate customer data are all about to change. One of the main drivers behind this impending shift is Google's announcement that it will phase out the use of third-party cookies. Removing third-party cookies from the Google Chrome browser is being done for various reasons, but the main driver is Google's commitment to consumer data privacy and digital trust.

The demise of third-party cookies will undoubtedly present a huge challenge for organizations when accessing the data needed for marketing and advertising purposes. Data deprecation leads to many new considerations for brands, including how to:

- Manage zero- to third-party data.
- Derive insight from merged marketing and advertising use cases.
- Activate and monetize zero- to second-party data.

And while data deprecation might make things tough on brands as they navigate a world without cookies, most organizations are taking a proactive stance. A recent survey by Forrester Consulting, *The Data Deprecation Challenge and the Promise of Zero-Party Data*, shows that 99% of respondents are actively responding to data deprecation concerns.

What are cookies and how do they pose privacy concerns?

Digital cookies have long been a topic of controversy in high-tech circles. They first appeared in 1994 as part of the Netscape Navigator web browser and were invented by Netscape developer Lou Montulli. According to PC Magazine, a cookie is a small text file created by a website and stored in the user's computer temporarily for that session or permanently in storage. Cookies are a way for the website to recognize a user and track their preferences (such as items added to the cart, buttons clicked, content downloaded, page visit history, etc.). They can also track names, addresses and credit card numbers.

While there are many different types of cookies, the third-party cookie (also known as the "tracking cookie") takes center stage in the controversy over consumer privacy. Third-party cookies can compile long-term records on individuals' browsing histories. In essence, these cookies can "follow a user around the internet."

And the ability to follow anyone anywhere led to many of the consumer privacy laws we have today. These laws were created to protect consumers, just as removing the third-party cookie in favor of [Google Topics](#) was done to protect consumer browsing data. A simple example of consumer privacy law is informed consent, where websites must now ask for permission to use cookies.

A recent survey by Forrester Consulting shows that **99%** of respondents are actively responding to data deprecation concerns.

The Data Deprecation Challenge and the Promise of Zero-Party Data
Forrester Consulting

Today's landscape: Increased privacy regulations and digital media consumption

Leading analyst firm Gartner predicts that by the end of 2024, 75% of the world's population will have its personal data covered under modern privacy regulations. The most well-known law is the EU's General Data Protection Regulation (GDPR), which imposes regulations on digital data collection, processing, privacy, storage and security. GDPR fines now tally in the billions of dollars, with the largest being levied against Amazon in 2021 for \$823 million. With GDPR becoming the comprehensive baseline EU law of sorts, other country-based and regional laws have been created to try and match its power and efficacy.

The need for increased consumer data privacy (and thus data deprecation) has converged with other global factors, resulting in the current state of marketing and advertising – not only within organizations but in connected homes worldwide. The COVID-19 pandemic combined with “the great resignation” increased in-home media viewership. With the newest 5G wireless network technology for phones becoming more readily available worldwide, streaming media content is easier and faster. And global inflation resulting in shrinking household budgets has put a damper on destination travel.

A perfect storm leads to MadTech

These global factors show a clear, indirect byproduct: increased digital media consumption. We see this increased digital media consumption coming through in the popularity of streaming television apps, digital ad spending, in-game advertising efforts, and the development of ecosystems like the metaverse. And as these digital media and technology platforms multiply and devices converge, data will become harder to access, hard to connect and less granular.

As this perfect storm developed over the past several years, it reignited a topic of conversation that started back in 2015. “MadTech,” which merges marketing technology (MarTech) with advertising technology (AdTech), was coined by David Raab, founder of the Customer Data Platform (CDP) Institute. **MadTech** business cases rely on the targeted, contextual personalization that marketing technologies provide, combined with the massive data pools within advertising technologies.

As brands collect more data through advertising outlets (over-the-top and streaming services) and channels (AR/VR, in-game and in-app) and merge it with marketing customer journeys, MadTech business cases will become more strategic – and increase in size and complexity.

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Examples of MadTech business cases

- Suppressing advertising across channels to a consumer based on marketing engagement or conversion.
- Presenting the correct advertising imagery and copy based on nonbranded sites using marketing analytics data.
- Merging advertising data with marketing to build more holistic audiences for targeting and internal monetization.

Strategic action No. 1: Double down on first-party data strategies

As data depreciation nears and the quality and availability of third-party data diminishes, organizations must gain solid control of their customer data assets. This includes not only zero- to second-party data, but third-party data that is purchased and not legally or illegally aggregated. The general rule of thumb is the lower the number, the more valuable the data.

- **Zero-party data** is volunteered to an organization by a customer or prospect. It often comes in the form of surveys or questionnaires.
- **First-party data** is collected during interactions with a customer or prospect.
- **Second-party data** is shared with an organization from another company, which contractually allows its use.
- **Third-party data** is aggregated data sourced from public and nonpublic sources that the customer or prospect may not have permitted an organization to use.

Looking at these data types, we know that zero- and second-party data is difficult to obtain. Third-party data is not always reliable and will become harder to come by in the future. Many third-party data assets will come through purchase. Therefore, organizations must make first-party data the “center of their MadTech universe.” While many brands know first-party data is vital, many have difficulty connecting the dots. Futurum, in its *Experience 2030* research report in partnership with SAS, found that 82% of brands believe winning in customer experience is directly tied to the ability to capture and analyze real-time data. In reality, only 22% of brands can accomplish this due to myriad factors, with legacy systems, data silos and channel silos as the most significant ones.

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*Experience 2030:
The Future of Customer
Experience Is ... Now!*
Futurum Research



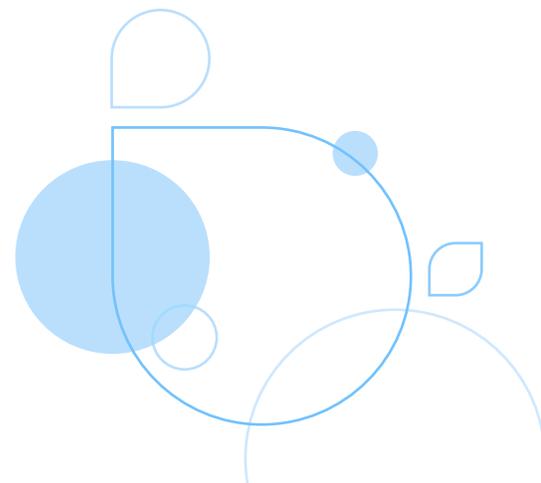
Figure 1: Brands should take three strategic actions when preparing for MadTech.

A best-in-class CDP is the data strategy cornerstone

As brands modernize technology, systems and develop solid first-party data strategies, they are turning to customer data platforms (CDPs). There are four main components found in best-in-class CDPs:

- **Data Ingestion.** Brands must be able to collect data from across channels, devices and points in time to develop a complete customer view. This collection must be granular, including information down to the mouse over and form field. It must include standard first-party data attributes and customer and prospect behavioral data. And organizations must be able to collect this data across virtually any branded technology platform such as CRM, mobile apps, contact centers and other devices. Second- and third-party data assets such as demographic or psychographic data should also be supported. Collecting zero- and first-party data will often involve a “value exchange,” whereby a brand offers something of value (rewards, discounts, special services, etc.) in exchange for this valuable data. If an organization isn’t considering how to execute this value exchange to collect and ingest data, now is the time to begin.
- **Identity Management.** Once the data is collected, what’s done with it? Identity management and resolution involve creating a system or processes to join new data with existing customer profile data. The data should be joined in real time, with deterministic matching applied. Online and offline profile data should be able to be appended and joined, with the ability to control how to append, delete and merge customer identities.
- **Audience Segmentation.** Customers often are grouped into audiences when executing MadTech business cases. These audiences are comprised of both on-site and cloud data sources and should be dynamically updated with digital customer activity as it streams into the CDP. Audience creation should go beyond simple segmentation and include advanced modeling, clustering and targeting capabilities – as well as marketing and advertising data sources. Being able to use auto-generated insights against these audiences is a plus.
- **Customer Journey Activation.** Finally, the ability to provision and activate data for MadTech business cases is required. The audience segments created should support omnichannel journey orchestration activities. Additionally, the customer data platform should provide a real-time record of when events are sent and received into third-party applications, such as the contact center. Activation into applications within the broader MadTech ecosystem – such as decisioning engines, content management systems, digital commerce, and advertising and display media solutions – should also be supported. Understanding the results of customer journey activations should also be supported with techniques such as multitouch attribution and other customer journey insight.

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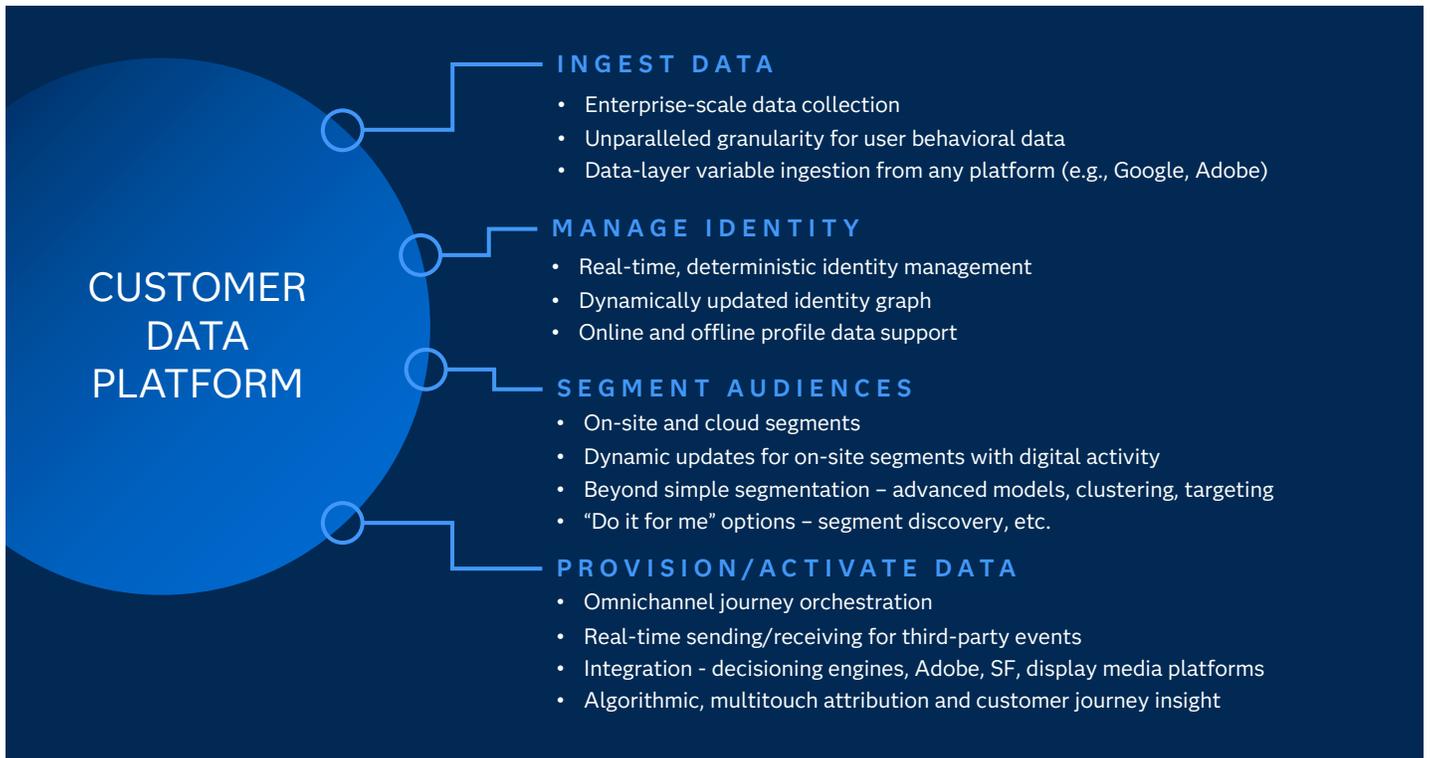


Figure 2. A customer data platform has four key components when building a successful first-party data strategy.

Strategic action No. 2: Use customer understanding and enterprise decisioning

As brands consider how to merge marketing and advertising business cases, organizations will realize several benefits. These include things like:

- A more holistic understanding of the customer across the organization.
- Greater control over marketing and advertising processes.
- Insights to feed continuous, iterative engagement planning.

Customer understanding

Creating a customer data platform with data from marketing, advertising and other departments within the organization develops an unparalleled level of customer understanding. When customer data is ingested, sourced and layered into a CDP – from all departments within an organization – using advanced analytics becomes much easier. Performing analytics against a comprehensive customer profile versus a siloed, channel-specific or departmental customer profile makes more sense. Techniques like omnichannel attribution, enterprise real-time decisioning, forecasting and analytical optimization are easier to perform.

When brands have holistic metrics on the customer, they can understand CX-related metrics like net promoter score, customer-specific metrics such as individual conversion propensity by channel, and data-backed business decisions become much easier to make. The result of holistic customer understanding is twofold: improved customer experience and increased operational efficiencies.

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Control

Viewing customer engagement from a merged MadTech perspective enables brands to think about executing hybrid business cases that couldn't be done in the past – due to the lack of control over all marketing and advertising activities. As the popularity of in-house advertising agencies continues to rise and data deprecation nears, now is the perfect time for brands to take back full control of their data collection, usage and advertising processes – and merge them with existing marketing processes. Regaining control will have significant positive impacts on organizations, including:

- **Enhanced trust between brand and consumer.** Consumers will respond positively if brands are transparent about the data they are collecting and what they are using it for. Improved consumer trust has a direct link to overall loyalty.
- **Improved engagement.** Brands that create interactions based on marketing and advertising customer preference data will undoubtedly deliver more relevant, contextual engagements.
- **Bolstered business metrics.** Better engagements will result in improved business metrics, such as increased conversion propensities, higher retention rates, better resource utilization, customer lifetime value increases and customer volume growth.

Continual improvement

Once organizations understand their customer base and have control of their processes and business cases, refinement and iterative improvement can occur. Taking insight from deeper customer knowledge and finely tuned processes allows brands to create better tactical and strategic plans. And setting plans with a marketing resource management (MRM) style solution before audience creation and customer journey activation is a recipe for success. With insights feeding engagement planning and activation across marketing and advertising channels, orchestration and measurement become easier and more seamless to perform.

Strategic action No. 3: Embrace data-driven omnichannel customer journey activation and measurement

Once an organization has a solid first-party data strategy and can derive insight for better customer understanding and process control, activating insights to move the business forward becomes easy! Looking to the future, it's obvious that marketing and advertising are on a collision course. Marketing hyper-personalization and the notion of on-demand relevance require a need for interactive content. Digital advertising relies on the integration of marketing technologies to achieve end-channel delivery – whether in-stream (think over the top or OTT), in-app or in-game. Therefore, AdTech needs the contextual targeting that MarTech provides, while MarTech needs the massive consumer data pools and content that AdTech offers.

As organizations look toward the future, they should place a proactive lens on alternatives to Big Tech. Consumers today are seeking relevant relationships with brands. As data deprecation occurs, a “data grab” will certainly happen. Brands will be reliant on zero- to second-party data. As a result, they will make a concerted effort to create their own “data fiefdoms.” This involves the continued creation of “walled gardens” by Big Tech companies, which are closed data ecosystems. The sites consumers interact with most – whether for web browsing, mobile phone usage or social media engagement – are collecting their data and placing it in these walled gardens.

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As data becomes more valuable, they will find new and inventive ways to monetize this consumer data. However, consumers want choice and control when it comes to their data usage. Brands with the correct data management, advertising and marketing technologies and processes in place – to facilitate a tangible value exchange between brand and consumer – will be ahead of the game when regaining consumer trust.

We have already talked about a few simple business cases that will be exaggerated with the future of MadTech, including ad suppression, off-site targeting and holistic audience creation. But what other engagement opportunities does MadTech bring about?

The rapid rise of retail media networks

Retail media networks, a form of second-party ad networks, refer to a collection of digital channels (website, mobile app, video portal, etc.) that a retail company owns. The retail company then offers advertising space to third-party businesses. For example, a home improvement warehouse may offer ad space to a tool manufacturer. The tool manufacturer places advertising across the warehouse's digital properties – and gets comprehensive data from visitor interactions. This data would inform future marketing decisions – such as new product development, packaging, assortment ranging and campaign effectiveness. This began in the retail industry but will likely move into almost every industry.

This MadTech business case allows brands to market and advertise to consumers throughout their buying journey in somewhat of a self-contained environment. It creates a new revenue stream for retailers by selling ad space, allowing them to keep prices low since they subsidize product costs with advertising dollars. Retail media can benefit shoppers with relevant, on-site advertising, potentially aiding and informing purchase decisions.

Internal and external data monetization

As brands start to collect and manage their marketing and advertising data within a single repository, a natural next step becomes thinking about how to monetize their data. However, monetization can occur from both an internal and external perspective. Internal monetization involves using collected data from one part of the business (e.g., risk or fraud) for other purposes (e.g., marketing or advertising). Internal data monetization results in more relevant customer interactions. External monetization is the most familiar business case, where data is shared and/or sold for a profit to external parties. Organizations with a shared MadTech data model, analytics for insight, and the ability to package and distribute data rapidly into useful data sets will look to monetize their data assets in the future.

AVOD and SVOD supported business models

Streaming services have been in the headlines recently, notably, CNN+ shutting down after unexpectedly low subscriber acquisition and Netflix's stock price dropping 40% with subscriber counts decreasing. With the convergence of global factors noted earlier and a plethora of subscription channel choices, households are tightening their belts – and media companies are facing the first-ever slowdown in demand for subscription services. Media companies want to drive subscriber growth and retention while maintaining a lower price with ad-supported business models. Both AVOD (advertising video on demand) and SVOD (subscription video on demand) models serve advertising content during the stream, with no-charge AVOD models naturally serving more content than SVOD models.

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As devices and channels converge, while technology platforms multiply, the lines will blur between what is defined as marketing-related content and what is advertising content.

As devices and channels converge, while technology platforms multiply, the lines will blur between what is defined as marketing-related content and what is advertising content. This creates the need for a MadTech-style software solution to take ad content from an AdTech solution and serve it at contextual, targeted periods as MarTech solutions do.

How SAS® can help

SAS® Customer Intelligence 360 delivers purpose-built, intelligent marketing and advertising solutions that help organizations implement MadTech.

From a marketing point of view, SAS delivers a customer data platform, marketing operations management solutions and customer journey activation technologies that integrate with the first-party ad serving technologies to streamline the entire customer engagement process – from advertising through marketing engagement and conversion.

From an advertising point of view, SAS offers an independent first-party ad server with a fully integrated sales workflow for retargeting and personalization, advanced ad management for optimized placements and advanced reporting for better insight. It allows organizations to scale advertising efforts while adopting an open monetization framework for ad inventory that will benefit the organizational bottom line.

MadTech in action

SAS helps the UK's largest commercial broadcaster manage its entire advertising process by providing a core advertising platform. The SAS solution manages and delivers video advertising into live and on-demand streaming television media. Because of many years of success using SAS, this broadcaster launched a new streaming service in fall 2022 with more than 15,000 hours of content. SAS will deliver all the advertising into this content. With massive consumer data volumes available, this broadcaster will look to offer new, exciting advertising opportunities for more granular MadTech-style targeting across live/FAST/VOD channels.

SAS works with a Tier 1 US/UK bank to monetize audience data through a partner portal, where bank partners can book offers and next-best-offer-style personalization engagements. To maintain a competitive advantage using data and analytics, the bank will combine owned data with PSD2 style "open banking" data to serve interactions that strengthen one-to-one customer relationships while protecting the personal information of individuals in compliance with GDPR. The volumes pushed through the MadTech-style solution from SAS are impressive, with 2 billion multichannel personalized offers served to current and potential customers. The solution is increasing uplift by 60%, speeding offer deployment times from one week down to one to two days, and has resulted in 110 million pounds (US\$130 million) in new business. This equates to 25 times higher ROI over the next five years.

Learn more

Visit our [customer intelligence](#) and [advertising](#) websites to explore how SAS can help you prepare for the future with **MadTech**.

Looking for more information on preparing for a future without cookies? Read [Navigating the Digital World Without Third-Party Cookies](#).

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