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How Digital Marketing will be Disrupted in the Next 12 Months

Perspective

July 2020

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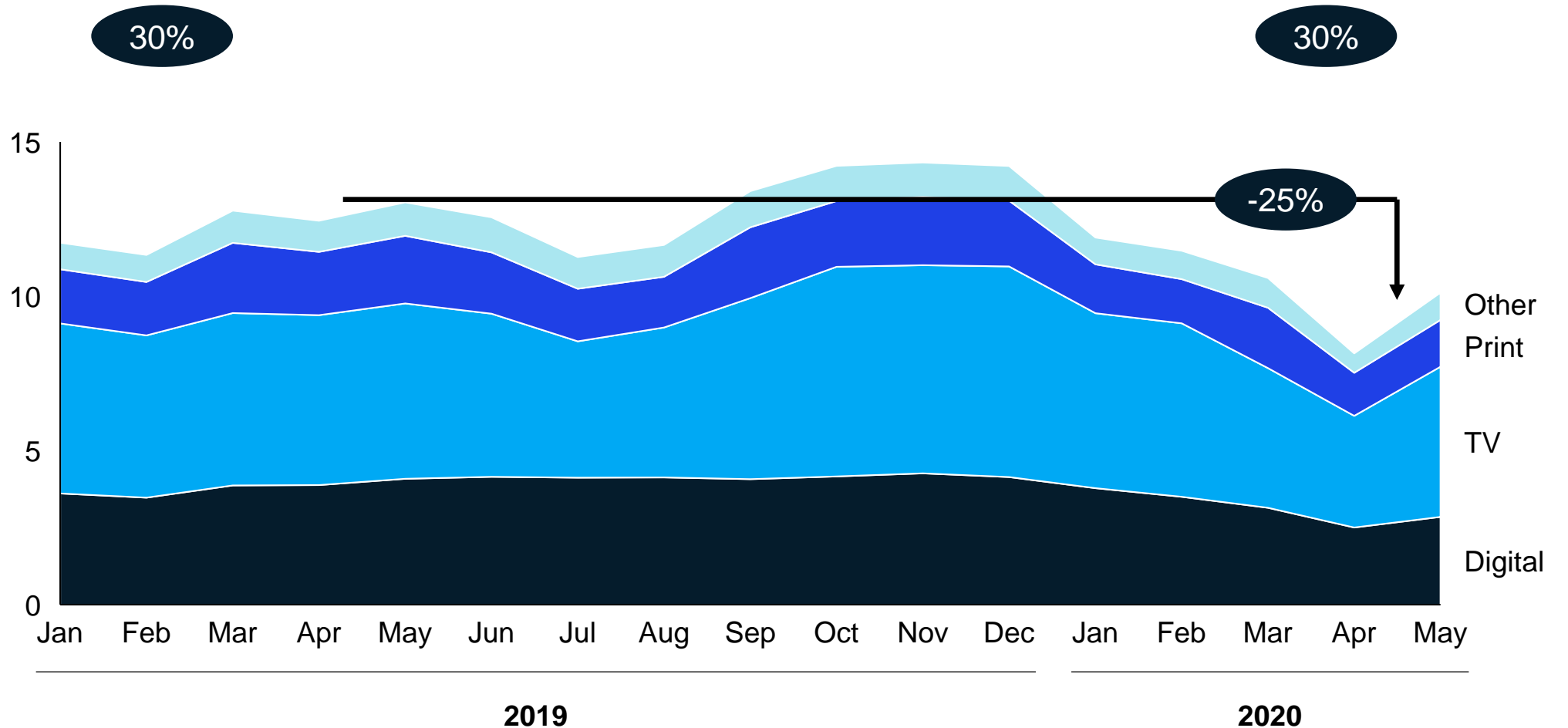
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**Call for
Action**

State of digital marketing – first time it’s not “up” anymore. 25% down y-o-y, share stagnating. More to come...

US ad spend, USD bn

Share of digital



**Major changes
are happening
across three
key areas**



**Customer
Trends**



**Regulatory
Changes**



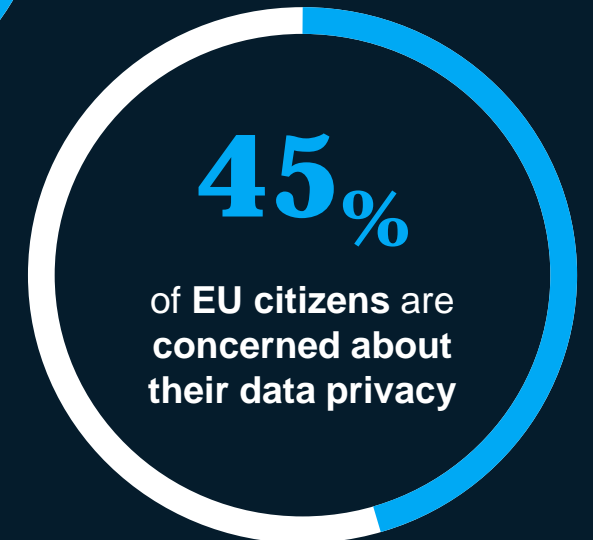
**Technological
Trends**

1. Customer expect personalized experiences, but are concerned about usage of their personal data

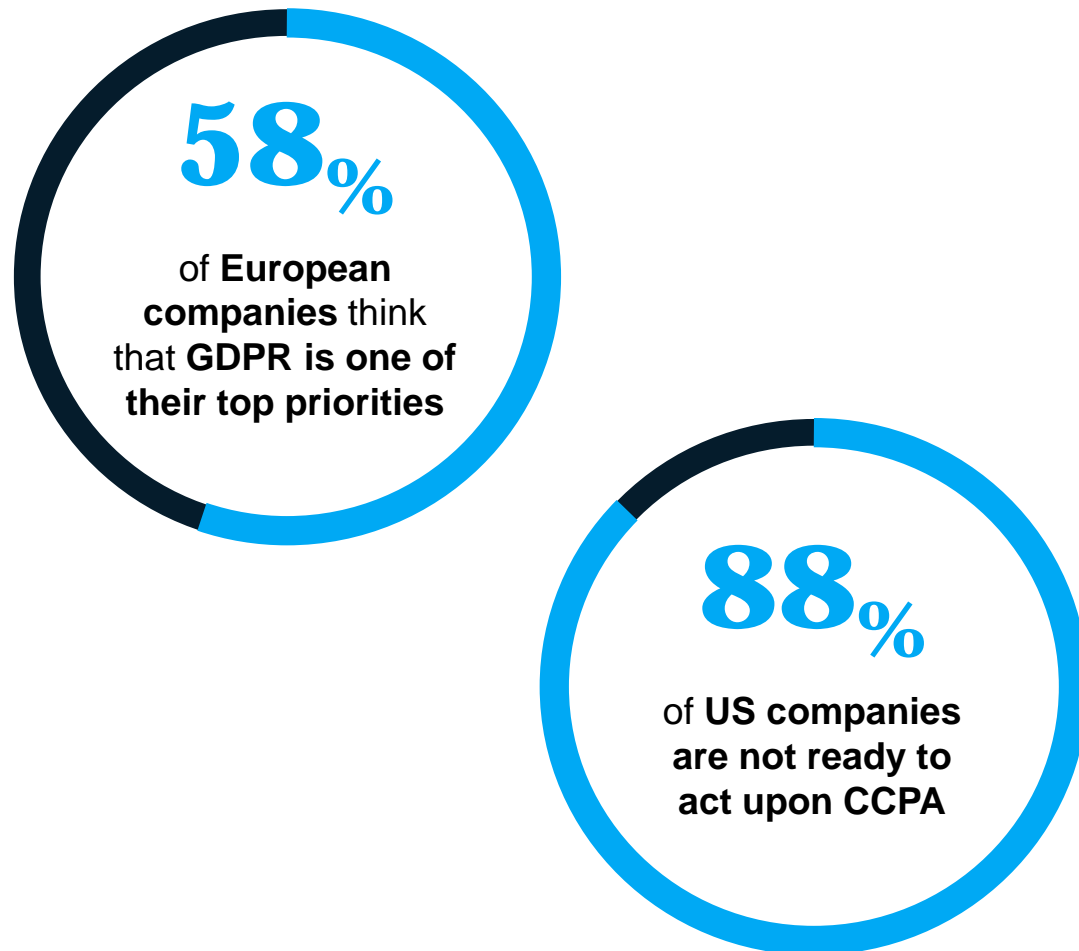
Customers increasingly expect relevant and personalized experiences

Brands should be able to recognize customer preferences, past behaviors, and – ideally – current intentions

At the same time, customers are more concerned about usage of their personal data and demand more transparency, choice, and control



2. GDPR has made it more challenging to comply with data privacy regulations while keep offering personalized experiences



GDPR has strengthened customer rights with respect to their personal data and requires explicit user consent for data collection and usage

GDPR is complementing existing laws like the UWG; which has been interactions with customers for a long time

GDPR so far failed to establish a unified EU data privacy landscape: There is various, sometimes deviating guidance from local data protection authorities

The exact scope of the ePrivacy Regulation is still unclear but **it will likely aim to further strengthen the customer position** in this regard

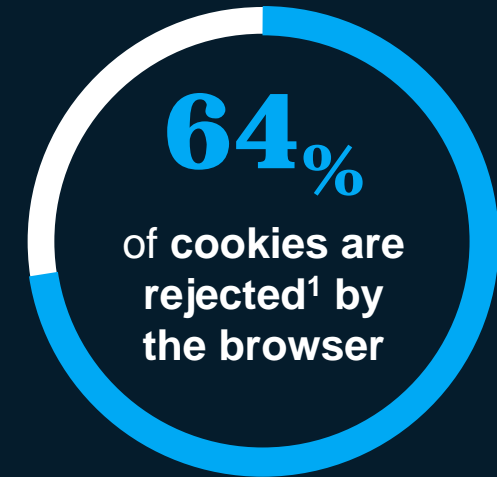
3. Web browsers are enacting new privacy rules and technical limitations

Firefox and Safari browsers prevent majority of cookie-based cross-site user tracking, such as 3rd party cookies, device identifiers

In addition, more and more browsers impose **increasing limitations on 1st party cookie usage** e.g. limited storage periods

Google's Chrome browser has increased customer transparency and control on cookies – Google plans to fade out of 3rd party cookies over the next two years

This comes in addition to existing **ad blocking** options for users



A post-cookie world is clearly on the horizon and marketers need to get ready.

~ Ryan Storrar, SVP at Essence

1. Cookie rejection occurs when a browser either blocks a cookie at the time of the ad impression/site visit or deletes the cookie after the fact

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In the "New Normal", five core use cases of Digital Marketing will become more difficult to leverage



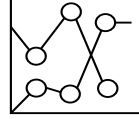
Audience Targeting

Addressing users based on demo and online behavior



Re-targeting

Addressing users off-site based on customer data



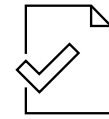
Content Personalization

Tailoring of website content based on customer data



Measurement and Attribution

Understanding customer journeys beyond last click



Ad verification

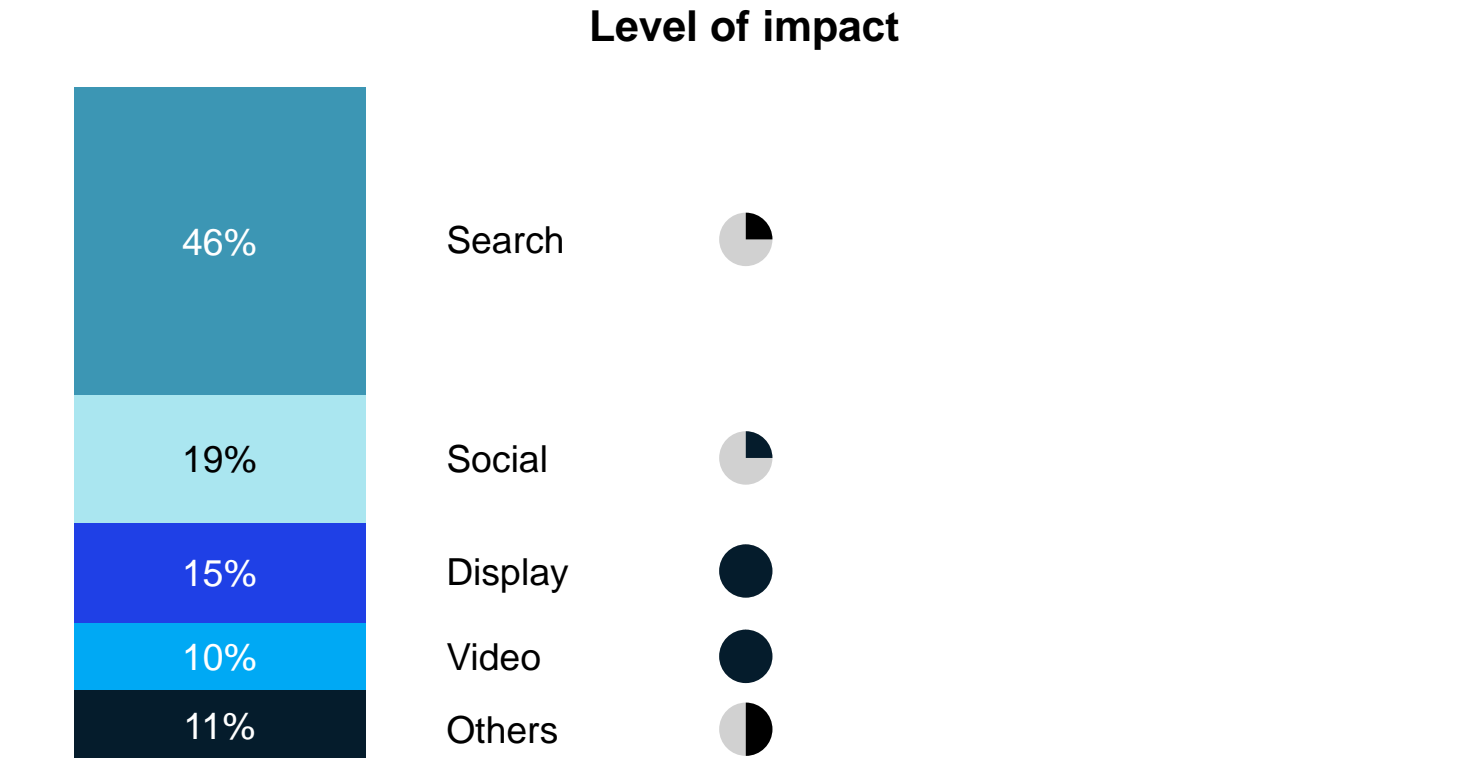
Ensuring that ads appear on intended websites

>25% of paid media will experience decreased productivity

● Low ● Medium ● High

Digital Ad Spend in Germany and level of impact

By Channel



Source: Statista, data for 2020

>25% of Digital Ad Spend will be negatively affected

Retargeting share of Display and Video impacted the most

Prospecting Display and Video campaigns also impacted through limitations in targeting

Search and Social less affected than other channels

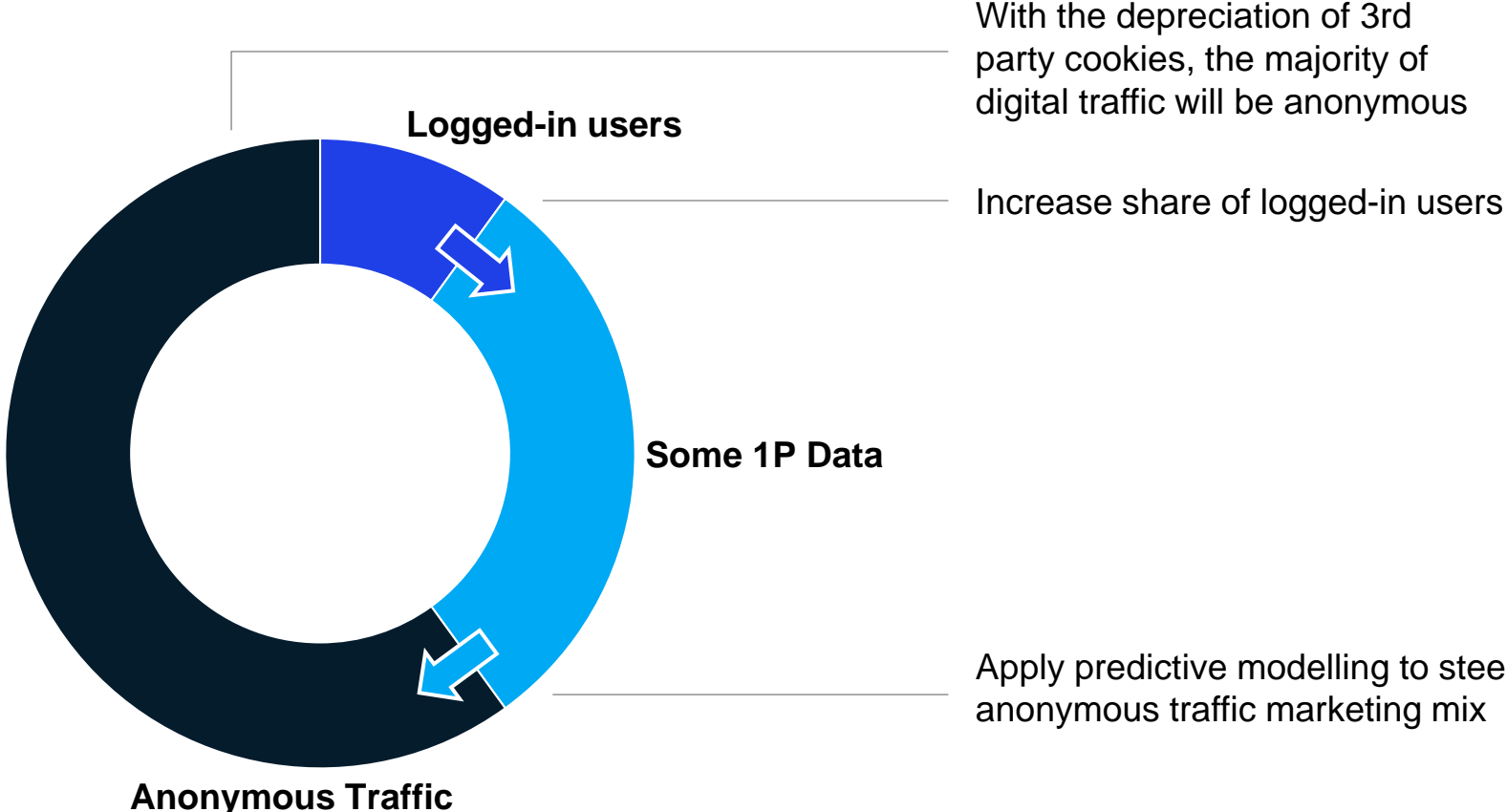
We expect further accelerating shift to "walled garden" platforms

The New Normal: The battle for prospects takes place in a large, and largely anonymous space

Illustrative

Digital Traffic

By user type



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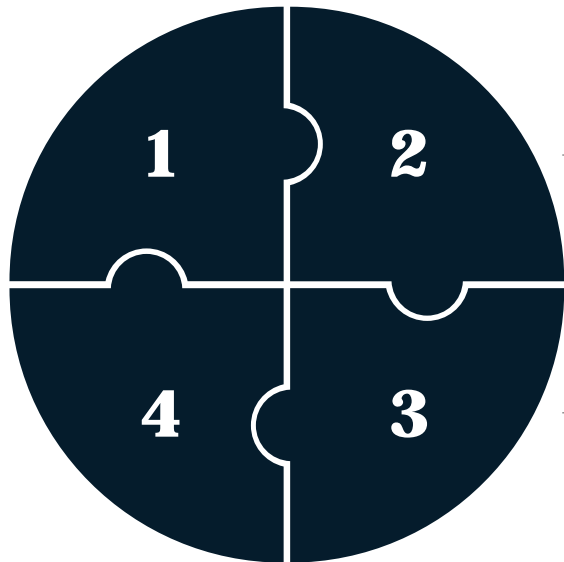
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Four key pillars to adapt your Digital Marketing approach to the New Normal



360° Customer Data

Build up, stitch together, and enrich 1P data sets to establish a granular 360 view on your customers

Advanced Analytics

Leverage AA and predictive modeling to "fill in the blanks" and suggest the best content, messaging, targeting, action based on the available data

Partner Ecosystem

Leverage external partners to complement data sets, customer insights, and executional capabilities

Agile Operating Model

Adopt an iterative test&learn approach to gradually optimize campaign performance while systematically exploring the anonymous traffic areas

Compliant Privacy Framework – Protect customer data, manage consent, and enable customer choice

Q&A



Sascha Hertli

Partner

McKinsey & Company

sascha_hertli@mckinsey.com

