

Solution Guide

THE GREAT MARKETING ROI RESET

Measuring Business Outcomes Without Cookie-based Metrics



INTRODUCTION

Marketers are in the C-suite hot seat like never before.

Companies are increasingly tying the role of marketing directly to real business outcomes, putting Chief Marketing Officers (CMOs) under immense pressure to perform and be held accountable for overall business growth.

That burden became much heavier with the push for consumer protection and privacy rights in the last few years. Most notably, the [California Consumer Privacy Act \(CCPA\)](#) passed in 2018, placed the onus squarely on companies, requiring them to explain their privacy practices to consumers and allow for more consumer control of what personal information is collected and shared.

These types of regulations, as well as a deprecation of third-party cookies and trackers on internet browsers and smartphone operating systems, are driving marketers to re-evaluate and restructure how they measure and attribute the success of marketing initiatives. Cookies are out. Outcomes are in. Metrics that rely on first-party data provided by the consumer—and the contextual targeting that data enables—will become the CMO's beacon for substantive business transformation.

But the value exchange is now more important than ever. Consumers are still open to advertising, but it must serve them as well as the brand.

While the path forward is coming into sharper focus, the journey requires new directions in thinking. The crucial first step is a shift in mindset from predefined metrics to measurable outcomes. What does that transformation entail? What are the challenges? What opportunities does it open up?

In this CMO Club Solution Guide, we uncover where marketers find themselves on the spectrum of preparedness for a post-cookies landscape and what leading CMOs are doing to navigate the new outcome-focused paradigm of **The Great Marketing ROI Reset**.



ACKNOWLEDGMENTS

A special thank-you to the CMOs and senior marketing leaders who provided their insights for this research.

Mark Bietz

Chief Marketing Officer
FUN.COM

Terry Haley

Chief Marketing Officer,
Head of Product Development
PAMPERED CHEF

JoAnn Herold

Chief Marketing Officer
HONEY BAKED HAM CO.

Heather Malenshek

Senior Vice President,
Chief Marketing Officer
LAND O'LAKES, INC.

Andrew Rebhun

Vice President/Digital Officer
EL POLLO LOCO

Michelle Snyder

Vice President,
Brand and Communications
COMCAST

EXECUTIVE SUMMARY

Outcome-based Performance Defines Success

The push for consumer privacy is precipitating major changes in the marketing universe. Marketers are no longer able to track and target customers and personalize messages in ways they have been for the last two decades. Digital media success can no longer be measured against indirect proxies via third-party data. The time has come to redefine performance and activate a ROI reset.

Brands that were using third-party data heavily must rethink how they identify and connect with consumers. This requires marketers to approach investment and measurement in new and different ways. Cookie based targeting strategies are out and so with it should go dated metrics like click-through rates (CTR) and cost per click (CPC).

The focus is now on *outcomes*. Integrating a greater number of data inputs, including first party data, increases a marketer's ability to develop custom KPIs that ladder up to outcomes or create digital proxies that better represent outcomes.

There are upsides to this new world order. While some marketing organizations have been early adopters of this shift, others are lagging in resources, systems and support to move in this direction. This gives all players a chance to reset, but those who fail to act will be left behind.

To gain insight on where brands lie along the continuum of an ROI reset, The CMO Club, in thought leadership with Xaxis, recently surveyed 45 CMOs across a mix of B2B and B2C organizations and industries.

This research also includes 1:1 interviews with CMOs and senior marketers from leading brands such as Comcast, El Pollo Loco, Fun.com, Honey Baked Ham Co., Land O'Lakes, Inc. and Pampered Chef to identify how marketers are elevating first-party data and contextual targeting to strengthen connections with consumers and are proving success without cookie-based metrics.

KEY FINDINGS



Brands are bracing for impact.

Among CMOs surveyed, **84% anticipate additional consumer privacy requirements will have a “moderate to significant impact”** on their ability to target customers across; 80% anticipate their ability to target customers across channels will be most impacted.



Marketers are increasing investment in measurable, attributable channels.

In the next 12 months, CMOs indicate they will **increase spend allocation in earned media (64%), video (63%), and partnerships (63%)**. But measurement is key: 89% agree/strongly agree that the ability to measure the impact of a given marketing channel affects the likelihood that they will use that channel.



All marketers need the same muscle.

In the cookie-depleted world, marketers are on a fervent quest for first-party data. A full **89% agree that it is “important” to “very important” to move away from third-party sources** to data sources that accommodate increased privacy requirements. Regardless of a company’s size, industry or market share, the muscle all players need to flex is building direct relationships with consumers as a means to developing a cache of valuable first-party data.



Improving the omnichannel view.

Marketers are on the right track with a 360-view, but there is room to grow: 57% of respondents say they use modeling and measurement across teams and channels to share data and measure performance; **only 20% cite 360-degree measurement across all channels** and structured coordination across teams. Sharing information across departments, organizations and strategies is a necessary—and actionable—shift for CMOs to make *now*.

NEW PRIVACY LAWS SET THE COURSE FOR THE FUTURE

When California state lawmakers passed the [CCPA](#) in 2018, they put the keys to privacy in the hands of individuals. The country's most comprehensive privacy law to date effectively gives consumers more control over what and how much of their personal information businesses can collect, use and share.

According to the [State of California Office of the Attorney General](#), this landmark law secures new privacy rights for California consumers, including:

- The right to know about the personal information a business collects about them and how it is used and shared;
- The right to delete personal information collected from them (with some exceptions);
- The right to opt-out of the sale of their personal information; and
- The right to non-discrimination for exercising their CCPA rights.
- Businesses are required to give consumers certain notices explaining their privacy practices. The CCPA applies to many businesses, including data brokers.

Similar legislation is bound to follow this bellwether state and some leading brands are even calling for [federal privacy legislation](#). While a federal law is still in the works on Capitol Hill, CMOs are bracing for impact. When asked what level of impact they anticipate additional consumer privacy requirements will have on their ability to target customers across channels, a combined 84% of CMOs surveyed said “moderate” to “significant Impact.”

“ Without the use of third-party data as we've known it, we're going to have to learn to use the data we own to make predictions. ”



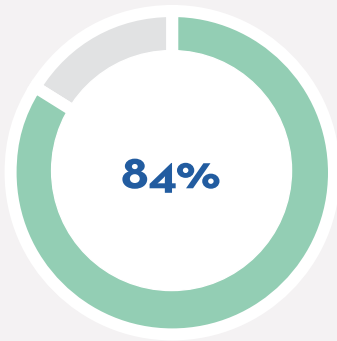
MARK BIETZ
Chief Marketing Officer
FUN.COM



Anticipated impacts

For El Pollo Loco, CCPA compliance is a top priority. Andrew Rebhun, the brand’s vice president/digital officer, states, “We have to be 100 percent CCPA-compliant and have data privacy protection in place. It not only protects consumers, but our company, too.”

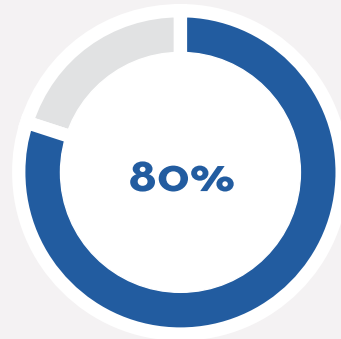
Marketers surveyed agree on the impact and where it will leave a mark. Eighty-four percent anticipate a “moderate” to “significant impact” with the ability to target customers across channels expecting to take the biggest hit (see Figure 1), cited by 80% of respondents (see Figure 2).



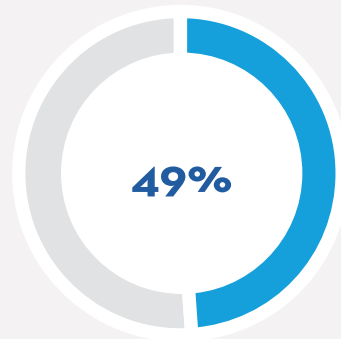
anticipate a “moderate” to “significant impact” additional consumer privacy requirements will have on your ability to target customers across channels

Figure One

Which of the following do you anticipate will be most impacted by additional consumer privacy requirements?



Ability to target customers across channels



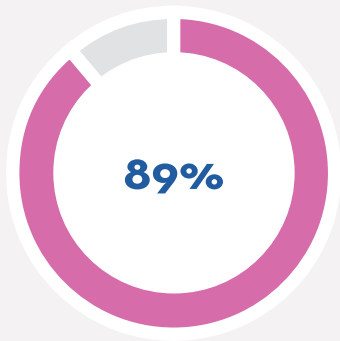
Ability to personalize customer experience

Figure Two

Finding new parties

CMOs recognize that data gathered outside of cookie-fed third-party sources are important. First-party data curated by brands directly from consumers is imperative because it drives present and future decision-making, allows marketers to pivot quickly, and helps them keep a pulse on their most valuable customers.

Over the next 12 months, how important will it be to move away from data sources with strong privacy concerns (i.e., third-party data providers) to data sources that accommodate increased privacy requirements (i.e., first-party data)?



“important” to “very important”

Marketers are also preparing to mitigate the impacts with increased investments in *all* data sources, with first-party data sources leading the pack (See Figure 3).

As it evolves, increased privacy requirements are proving to benefit not only consumers, but brands as well.

In the next 12 months, CMOs are increasing strategic investment in the following types of digital data sources:

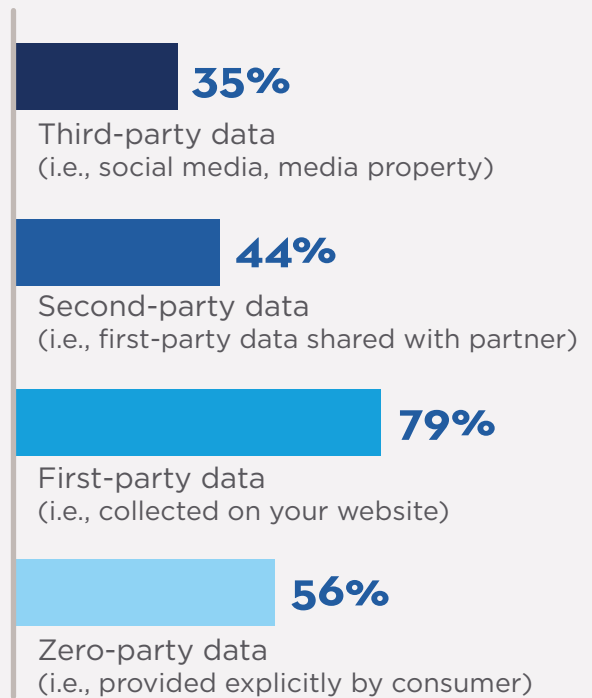


Figure Three

“Protecting the privacy of users is a great thing for the industry and society as a whole,” notes Mark Bietz, chief marketing officer with Fun.com. He also sees it as forcing companies to gain a better understanding of their customer. “As marketers, we now have to work harder to find segments within our own CRM to deliver targeted and personalized messaging to the right audience.” He adds, “If we know we’re getting traction in a channel that heavily protects consumer privacy, then strategically we are going to want to get good at that channel.”

SHIFTING INVESTMENTS IN CHANNELS

To be clear, third-party data will remain a tool in the marketers' toolkit. But it won't be the primary force it once was. Big tech partners, such as Google and Facebook, will still enable brands to find their audience and certain campaigns on those channels can be set on autopilot as before.

Brands must first understand how this will affect their ability to deliver customer experiences. Survey respondents anticipate the greatest decrease in their ability to target customers (59%) and ability to personalize experiences (52%). See Figure 4.

In the next 12 months indicate how you anticipate additional consumer privacy requirements will increase, decrease or have no change in your ability to deliver customer experiences.

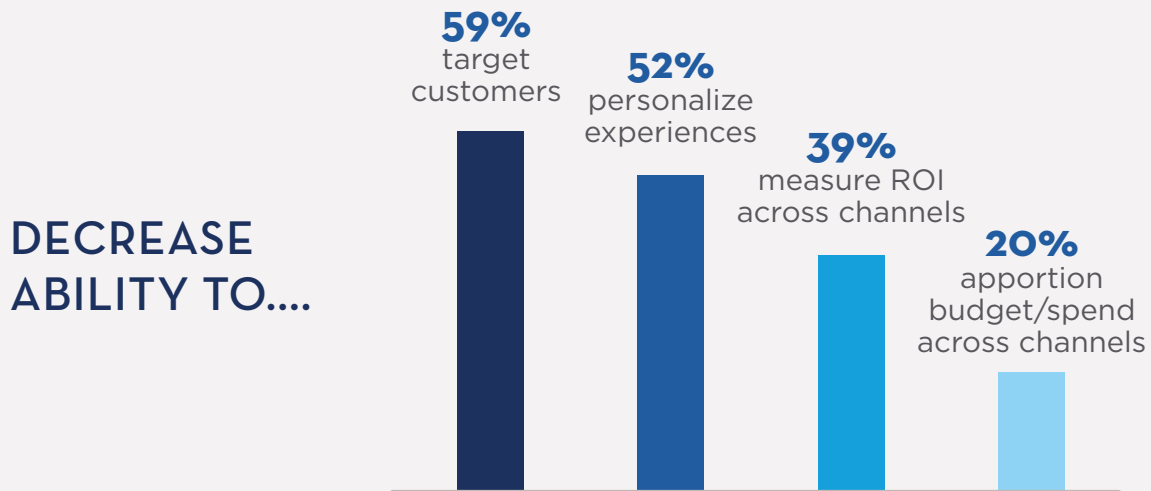


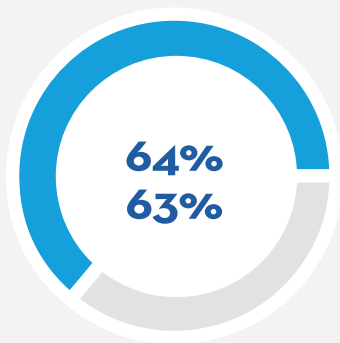
Figure Four

This is leading to shifting investments in channels to generate business outcomes. CMOs anticipate increased spend allocation in earned media (64%), video (63%), and partnerships (63%), while 20% plan to decrease spending on traditional out-of-home (OOH) (i.e., billboards, posters, transit placards, etc.), and 72% expect no change in investment in digital out-of-home (DOOH) (i.e., from billboards to gas stations, to supermarkets, etc.). See Figure 5.

Shutdowns during the COVID-19 pandemic in 2020 could have precipitated the decrease in traditional OOH. At the same time, with the steadily rising use of DOOH/programmatic, brands now can further connect with consumers by experimenting with channel, frequency and dynamic messaging as they increases their own digitalization efforts.

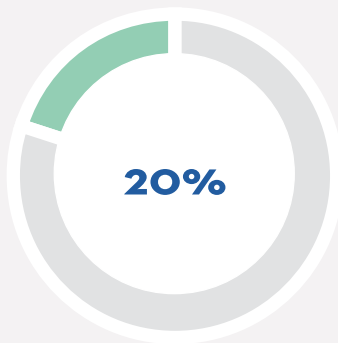
In the next 12 months indicate whether you are increasing, decreasing or making no change in spend allocation in the following marketing channels:

INCREASE



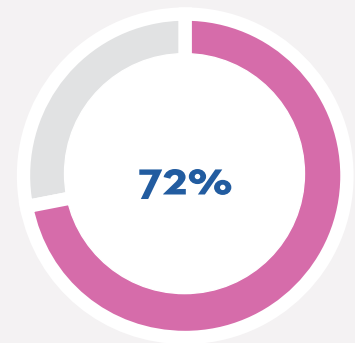
64% Earned media
(i.e., content marketing,
SEO, PR)
63% Video
(i.e., ads served via
YouTube preroll, etc.)
63% Partnerships

DECREASE



Traditional out-of-home
(i.e., billboards, posters,
transit placards, etc.)

NO CHANGE



Digital out-of-home
(i.e., digital ooh from
billboards to gas stations,
to supermarkets, etc.)

Figure Five

Streaming TV, video and programmatic audio

For brands building out their digital capabilities, the ROI reset means investing in new channels, such as subscription video and music on demand, as well as formerly traditional channels-turned programmatic, such as audio and video.

With every channel, except traditional TV, now programmatic, marketers have access to outlets that deliver efficiency, frequency capping, and real-time optimizations—key benefits that enable centralized planning, activation, measurement and insights across channels. Thus, marketers can and should be trying new channels—and doing so programmatically.

“A la carte consumption has forever changed the landscape of how people watch and listen to content,” observes Rebhun. “And it will continue to grow.”

Companies are also using new channels to help build on traditional ones, like national TV advertising. JoAnn Herold, chief marketing officer for Honey Baked Ham Co., says, “We’re using digital channels to further our national TV campaign and build under-served markets. We went into it on trust: let’s do this and see what happens.”

Go where your audience is

Perhaps the best rationale to pursue new channels comes down to Marketing 101: go where your audience is. Subscription channels, for example, are ready-made for some brands. “Streaming channels are super valuable if you’re targeting a digital-savvy generation, have a lifestyle product, or when targeting is critical,” states Terry Haley, chief marketing officer, head of product development, with Pampered Chef. “These channels give you the ability to target, measure, and strip out waste.”

“If more data is available to make better choices, better business plans and strategic recommendations grounded in data, then emerging channels absolutely have a strategic advantage.”



MICHELLE SNYDER
Vice President, Brand and Communications
COMCAST

NAVIGATING THE NEW AND UNKNOWN

Without the sole guidance of third-party data, marketers must look beyond tried-and-true channels and metrics. That means looking at tactics not currently being used and experimenting with new and unproven solutions, like contextual targeting, to navigate this new landscape in a quest to drive outcomes.

With each new pivot, though, marketers are placing more weight on measurability as a means to address accountability. Having visibility into how a new channel or mix performs is critical.

“For many years, marketing was all about the creative and the fun,” observes Michelle Snyder, vice president, brand and communications, for Comcast. “But with the volume and availability of data we have today, marketers have to demonstrate the impact that marketing has on the business. I wouldn’t invest in something if I didn’t know how it was performing.”

CMOs surveyed overwhelmingly agree. In fact, 89% agree/strongly agree that the ability to measure the impact of a given marketing channel affects the likelihood that they will use that channel. See Figure 6.

**Rate your agreement with the following statement:
The ability to measure the impact of a given marketing channel
affects the likelihood that we will use that channel
in our marketing efforts.**

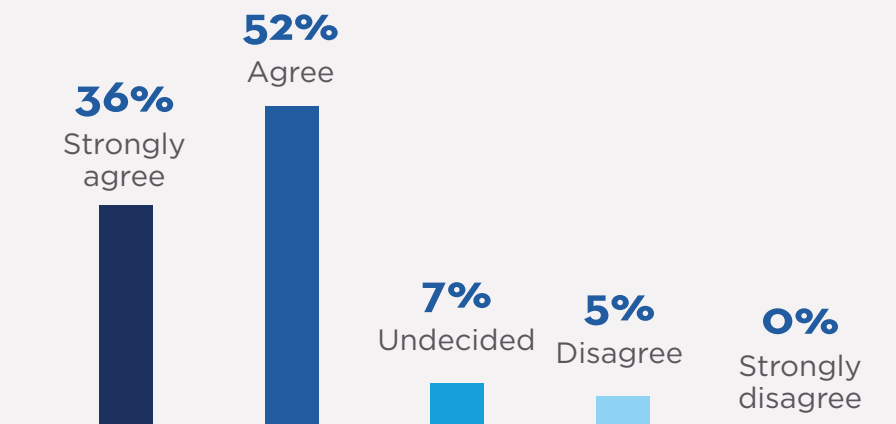


Figure Six

Test and learn

“We don’t invest unless we see at least a glimmer of attribution and value from that channel,” states Bietz. To justify a new or unproven channel or initiative, he says they use incremental testing. “We take something away for a while and see what happens,” he explains. “As long as we see some traffic and our full marketing mix cost isn’t getting out of control, then it’s a channel we would continue to invest in.”

Bietz adds, “Our team has been sounding the alarm within our organization about the shift from third-party data and that marketing costs might increase. But we have specific scenarios that we have ready to test.”

Taking chances

Some marketers identify exceptions. Heather Malenshek, senior vice president, chief marketing officer, with Land O’Lakes, Inc. notes, “It depends on the metric.

There might be cases where we’re driving good engagement with the brand, but there is no hard sales metric attribution. It could still be a very valid reason to move forward.”

She also cautions, “It is dangerous to judge a channel in isolation. You have to look at multi-touch attribution across the consumer path to understand what is driving conversion.”

Indeed, each channel has a role to play, yet not all have the same KPI. Understanding what the function of channels employed and how they work together to deliver outcomes is more critical than ever.

“ I wouldn’t put a lion’s share of investment towards any marketing effort if I didn’t have insights into analytics. ”



ANDREW REBHUN
Vice President/Digital Officer
EL POLLO LOCO

SHORING UP RESOURCES FOR OMNICHANNEL INSIGHTS

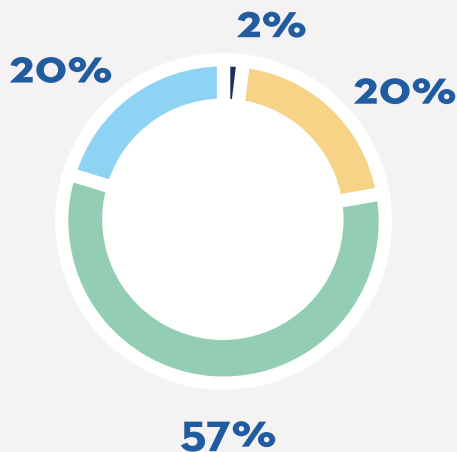
An outcome-based future will depend largely on a marketing organization having a robust ability to measure performance and the interrelationship between channels. This omnichannel view allows brands to gain a deeper understanding of their data and become more agile.

But this infrastructure doesn't happen overnight, nor is it without greater

investment. That is why brands fall within an omnichannel bell curve—from just starting to build an ecosystem at one end to having a sophisticated, robust system at the other end.

When asked how their data is shared and performance is measured across teams and channels, 57% cite modeling and measurement across channels, but the

Indicate how your data is shared and performance is measured across teams and channels:



- Data is primarily siloed, with little sharing or coordination across teams/channels
- Some coordination across teams/channels, but very little automation
- Modeling and measurement across channels, but process is ad-hoc, manual and not in real time
- 360-degree measurement across all channels and structured coordination across teams

Figure Seven

process is ad-hoc, manual and not in real time; 20% percent fall on either side of that. See Figure 7.

Marketers have set their sights on omnichannel, but there are major hurdles to overcome. Primarily acquiring highly sought-after analytics talent, making a major upfront investment in the right system(s), and even getting buy-in from the executive team.

“Legacy systems don’t talk to each other,” observes Malenshek, “and the answer to that tends to be expensive.” Snyder concurs, “We have a good handle on what success looks like, but it’s a big investment to get there.”

“ Understanding what combination of channels and strategies work and show ROI is expensive up front, but an omnichannel approach is the right thing to do and will pay for itself in the long-run. ”



HEATHER MALENSHEK
Senior Vice President,
Chief Marketing Officer
LAND O'LAKES, INC.

CASE STUDY



EL POLLO LOCO

Driving outcomes with smarter systems

El Pollo Loco is poised to move past cookie-filled marketing metrics. The brand's CMO, Andrew Rebhun, says, "As marketers migrate to a cookie-less future, it is going to be more difficult to conquest and to reach certain customers outside of their ecosystem. It will require a substantially greater investment. But building first-party data is critical. Without it, you'll be left behind."

To stay at the front of the pack and generate outcome-based performance, the brand has turned to a customer data platform (CDP) that collects and connects data through an application programming interface (API) and software development kit (SDK). This enables the marketing organization to manage quality data and drive customer actions better. "It gives us

a much better opportunity to modernize the data structure. We gain insights into consumer behavior such as online product searches, open email, abandoned cart, social media interaction, and so on, which allows us to monetize the business a lot quicker."

This smarter, omnichannel view helps ensure El Pollo Loco fully understands consumers in the funnel. "We're placing strategic investment in our loyalty program as the cornerstone of the way we go to market," states Rebhun. "If someone opts-in to email or follows us on social media, then we have an idea of understating their purchase power and their customer lifetime value.

"As it gets harder and harder to use third-party data and track customers, we are confident that investing in our own channels is the way to go. Those are our most loyal customers and the data we curate gives us an easier path to follow them and understand overall user behavior."

CASE STUDY



FUN.COM

Maximizing owned data

Fun.com is in an enviable position. The brand has plenty of first-party data to play with. In spite of dwindling third-party data, CMO Mark Bietz, states, “We have enough first-party data to create a personalized experience. There is a lot more to take action on though.”

That stems from an outcome-focused brand culture. “We are performance marketers through and through,” explains Bietz. “We lean into brand with performance as our foundation.”

Adapting to changes in the declining availability of third-party data, Fun.com is able to call upon their own historic modeled data to predict performance on different platforms. Bietz says the marketing organization supplements that data with their web analytics program, as well as inputs on where customers heard about them and what influenced their purchase decision. “We bring all those elements together and look at overall marketing outcomes, such as blended acquisition costs.”

NEXT STEPS

Preparing for a Marketing ROI Reset

Consumer privacy requirements and diminishing cookie-based data have launched an industry-wide push for a marketing ROI reset. One might say it is long overdue. Whether a marketing organization takes baby steps or a complete overhaul, the end goal is the same: to achieve business outcomes without relying on cookie-based targeting.

Being able to attribute sales to marketing initiatives will serve to prove marketing's vital and measurable role in overall business growth. Here are six steps marketers can take now before the cookie crumbles:



Gather intel.

Understand and analyze what is making the current campaign successful across multiple data sets. Explore currently underutilized data sets, such as temporal trends, site analytics, and brand measurement tools to identify lifts and drivers of media success.



Employ geo-targeting strategies.

Determine your current pockets of success. Build an understanding of performance relative to the retailer and location, including local insights, and testing in under-performing markets.



Test and learn on a small scale.

Take a contextual approach to new tactics such as keywords and content category-based sets to turn current insights into future tests.



Partner with publishers to target audiences.

Tap into their data sources to curate similar audiences, develop strategies, and understand the scale and reach.



Explore the current state of your first-party data.

Evaluate them across various business units and to prioritize strategies as you move forward.

ABOUT THE THOUGHT LEADERS



The CMO Club

The CMO Club is a community for heads of marketing to come together, share ideas, be inspired, and solve their toughest challenges in an exclusive, candid, and trusted environment. Tailored exclusively for top marketing executives, the club prides itself on being the most innovative and engaged community of senior marketing leaders in the world. Membership is 650+ CMOs strong and growing, representing both B2B and B2C brands, with Chapters in over 30 cities across the globe. Fueled by dynamic peer-to-peer problem-solving, inspirational and educational events, and insights into the latest marketing trends and cutting-edge innovation, the CMO Club is the place to be for the world's top marketing executives. For more details, please visit www.thecmoclub.com.



Xaxis

Xaxis is the outcome media company.

Xaxis combines innovative AI technology, advanced omnichannel solutions, data-driven creative, and worldwide programmatic expertise to transform digital media investments into real business outcomes.

Founded in 2011, we make advertising more valuable for brands and their customers across 47 markets globally.