ZION & ZION

Navigating the New Normal:
A Strategic Guide to
Trust-Based Marketing

Table of Contents

INTRODUCTION

Brands are faced with navigating the complexities of consumer privacy while harnessing the power of first-party data to drive marketing strategies. As digital life intertwines more deeply with consumer behavior, traditional "spray and pray" marketing tactics falter, making way for a privacy-first approach that prioritizes trust and loyalty. We explore how brands can adapt to this shift by focusing on customer experience, leveraging first-party data ethically, and building a marketing strategy that aligns with the modern consumer's expectations for transparency and relevance. The goal is to guide marketers towards sustainable practices that foster consumer trust, ensuring long-term loyalty and brand success in the evolving digital marketplace.

The Evolution of Digital Marketing, From Broad Reach to Big Data

In the pre-internet era, marketing strategies were straightforward, leveraging broad media channels like print, radio, TV and outdoor advertising to reach consumers. These methods relied heavily on the context in which ads were placed, with customer feedback limited to immediate social circles.

The advent of the internet revolutionized advertising, offering dynamic ways for brands to integrate into consumers' increasingly digital lives. This digital landscape allowed for unprecedented accountability, with every online action traceable and easily analyzed. The introduction of cookies transformed the online shopping experience, laying the groundwork for personalized advertising campaigns based on individual behavior.

Advertising budgets started shifting towards "new media," favoring platforms and publishers that could draw large audiences. These emerging leaders quickly realized the value of the data they could collect, not only from their own sites but also from user activities across other websites. Google, for instance, offered free analytics tools for tracking visitor data. Meanwhile, Facebook required businesses and website owners who wanted to integrate its social feed features into their sites to embed simple code snippets. This requirement not only facilitated enhanced user engagement but also enabled Facebook to quietly harvest data from these external websites, enhancing their own advertising efforts. Independent firms such as Criteo, Quantcast, Adroll, and Rocketfuel emerged, offering highly sophisticated targeted advertising services based on data collected from third-party websites.

It was not long before a thriving digital advertising ecosystem evolved. Brokerage companies emerged, collecting information from various sources, including online transactions, social media, and public records. They often compelled people to volunteer information through polls, contests, or quizzes, without clearly disclosing their information would be sold.

The emergence of programmatic advertising technology revolutionized the industry by introducing a cost-per-acquisition (CPA) model. This model tied advertising costs more closely to specific actions, ranging from sales in e-commerce to form submissions or other key performance indicators (KPIs) in various industries. Rather than billing purely based on performance, the CPA model allowed marketers to optimize their advertising spend for these predefined actions, thereby offering a more targeted return on investment.

The shift towards digital advertising intensified, with digital channels surpassing half of the total advertising spend by the late 2010s. This growth was partly driven by increased investments in social media and a broad spectrum of e-commerce advertising, including platforms like Amazon, Google Shopping, and other direct-to-consumer strategies. By 2023, digital advertising expenditure reached $601.8 billion, representing 67% of total media budgets.[1]

In response to these changes, brands began to invest in new technologies to leverage the vast amounts of digital data for advertising and insights. This included the adoption of email marketing, web analytics software, customer relationship management systems and data management platforms. These technologies integrated to form a comprehensive system capable of tracking customer interactions and engagement to form in-depth insights.

1 Oberlo, Digital Ad Spend (2021–2027)

Privacy Laws and Consumer Concerns Transform Digital Marketing

By the late 2010's the digital marketing industry advanced rapidly under the belief that its increasingly sophisticated capabilities were powered by anonymous data, even as the insights about their audience's lives and intentions grew more personal. However, concerns over privacy intrusions and threats to human rights eventually led to significant reforms in privacy legislation, notably with the European Union's adoption of the General Data Protection Regulation (GDPR) in 2018. A key aspect of the GDPR was its expanded definition of personal data to include online identifiers like IP addresses and cookies, which, while not directly identifying individuals on their own, could be linked with other data points to do so.

This legislation had profound implications, particularly for companies engaging in digital advertising in Europe. It not only required companies to obtain consent before collecting digital data for advertising,[2] but it rendered previously collected data potentially unlawfully held without explicit user agreement. The industry faced a crisis as it grappled with these new requirements. The situation was further inflamed by high-profile incidents such as the Cambridge Analytica scandal, which heightened public awareness and concern over digital data harvesting practices. The negative publicity led to increased public wariness, likening some advertising practices to invasive behaviors like online stalking.

In response, a significant portion of internet users began adopting measures to prevent companies from further exploiting their data. By 2023, 42.7% of internet users worldwide (38.8% in US) were using adblocking software to prevent the capture of their data through cookies and other tracking technologies.[3] Niche privacy-preserving products such as the Brave web browser which blocks third-party cookies, and DuckDuckGo, a search engine that doesn't track users, have also seen a surge in market share.[4]

2 *in fact in most countries the law requires explicit consent to be derived for data to be collected*
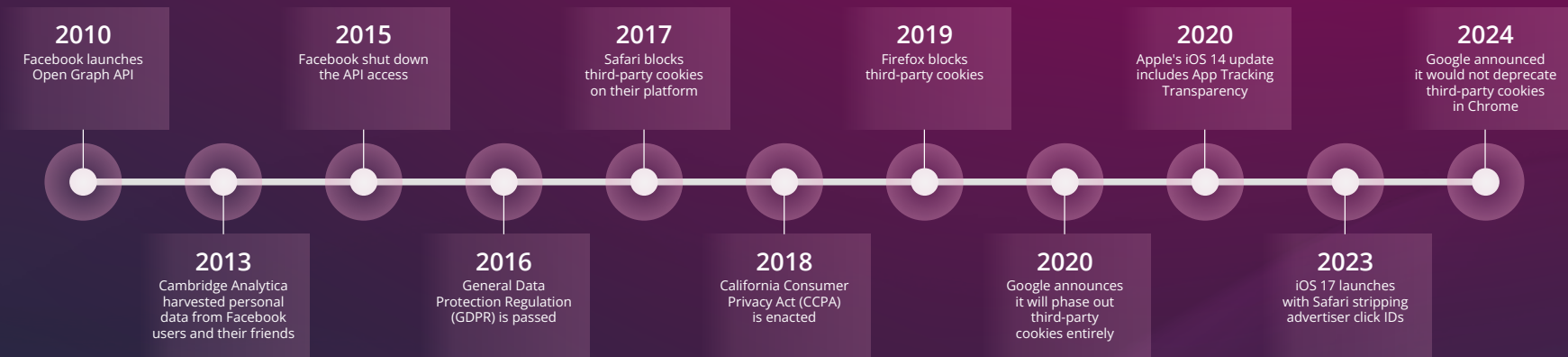3 *MarketSplash*
4 *The Drum, Privacy-centric search engines DuckDuckGo and Brave are spiking, per new study*
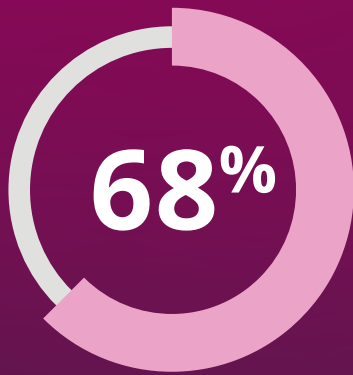
The tech industry also responded to legislative changes and public sentiment by introducing privacy-protecting features in web browsers, such as Safari's Intelligent Tracking Prevention and Firefox's Enhanced Tracking Protection, which block third party cookies by default. As a direct consequence of these developments, the AdTech industry has been struggling to reset itself to accommodate enhanced obligations around transparency, lawfulness, and security of the processing of digital data.[5]

This shift in the regulatory landscape compelled marketers worldwide to reconsider how they engage with consumers, especially in terms of gaining consent for data collection. In the United States, the introduction of the California Consumer Privacy Act (CCPA) in 2020 further emphasized the growing importance of data privacy. Similar to GDPR, the CCPA grants consumers rights over their personal information and imposes stringent requirements on businesses to disclose data collection practices and honor consumer requests regarding their data.

5 Clearcode, The Impact of Privacy Laws on AdTech

2010
Facebook launches Open Graph API

2013
Cambridge Analytica harvested personal data from Facebook users and their friends

2015
Facebook shut down the API access

2016
General Data Protection Regulation (GDPR) is passed

2017
Safari blocks third-party cookies on their platform

2018
California Consumer Privacy Act (CCPA) is enacted

2019
Firefox blocks third-party cookies

2020
Google announces it will phase out third-party cookies entirely

2020
Apple's iOS 14 update includes App Tracking Transparency

2023
iOS 17 launches with Safari stripping advertiser click IDs

2024
Google announced it would not deprecate third-party cookies in Chrome

68%

68% of older consumers have a strong preference for concise language in cookie consent forms*

* Zion & Zion 2024

In light of these regulations, creating consent forms that respect consumer preferences has become critical. A recent study conducted by the Zion & Zion research team uncovered some interesting preferences related to consumers consenting to share their personal information. The survey highlighted a significant preference among older consumers for concise language in cookie consent forms, with 68% expressing a strong preference for clarity, compared to only 40-46% of younger consumers. Additionally, older consumers are more likely to read cookie information thoroughly, confirming the need for clear and concise communication to ensure informed consent.

First-Party Data and Trust Drive a New Era of Marketing

As public skepticism grew due to negative media attention and the unsatisfactory experiences often associated with targeted advertising, marketing leaders acknowledged the need for a pivotal change in their advertising strategies to maintain audience trust and goodwill.

As marketers adapted to privacy regulations and embraced first-party data, the challenge shifted from mere compliance to leveraging this data to build deeper relationships. Trust became a pivotal factor, guiding brands to innovate loyalty strategies that respect consumer privacy while enhancing engagement. This was not just a compliance measure but a strategic move to cultivate lasting loyalty in a privacy-conscious market.

"If we don't tackle [the issue of trust] head on and right now, it will be an increasing challenge to all of us in the industry."
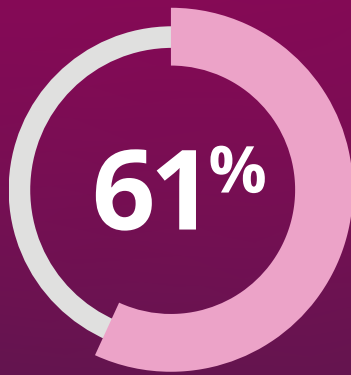
– Keith Weed, Unilever [6]

"Ideally we will… create an entirely new media supply chain for our industry that creates greater value and trust for the consumers we serve."

– Marc Pritchard, P&G [7]

6 MarketingWeek, Keith Weed: Great advertising is the best way to build trust
7 WARC, P&G seeks media supply chain transformation

61%

61% of marketers from high growth brands are shifting to a first party data strategy.[11]

The Boston Consulting Group[8] highlighted the repercussions businesses face due to poor data management, emphasizing the necessity for transparent and consumer-friendly practices. They pointed out that they risk further erosion of consumer confidence and financial losses if changes aren't made. This perspective is echoed by industry organizations such as the Data and Marketing Association, which stresses the importance of treating personal data not merely as a commercial asset, but as sensitive information entrusted to companies by their customers.[9]

The widespread sentiment was that in order to respect privacy laws and regain consumer trust, marketing strategies must now prioritize the responsible use of first-party data. A survey revealed that 94% of marketers recognize the importance of privacy in marketing measurement strategy,[10] and another survey of 1,000 marketers from high growth brands found that 61% are shifting to a first party data strategy.[11]

8 Boston Consulting Group, Bridging The Trust Gap in Personal Data
9 DMA, Rebuilding Consumer Trust After Cambridge Analytica
10 Econsultancy Future of Marketing Report
11 Deloitte, Meeting Customers in a Cookieless World

This shift led to an increased investment in "walled-garden" publishers and social platforms offering contextually targeted advertising, with publishers developing first-party data solutions such as probabilistic audience modeling. However, adopting a privacy-focused first-party data strategy requires a more profound transformation than merely reallocating digital advertising budgets. The era of "spray and pray" advertising, which relied on third-party data, was coming to an end due to the limited inventory available, which raised acquisition costs and posed potential reputational risks for brands continuing with such tactics.

Transformation within the industry, underscored by a deeper understanding of privacy and customer data ethics, also influenced how brands approached growth strategies. As the cost of new customer acquisition rose due to stricter privacy regulations and the inefficiencies of broad-spectrum advertising strategies, there was a shift towards maximizing the value of existing customer bases. Brands found it increasingly viable to focus on deepening relationships with their current customers rather than expending resources on the uncertain pursuit of new ones. This strategic pivot not only aligned with the necessity to use data responsibly but also enhanced customer trust and loyalty, which became critical foundations of sustainable revenue growth.

BRANDS
Data stewardship and transparency

Value Exchange

CUSTOMERS
Trust and permission to use data
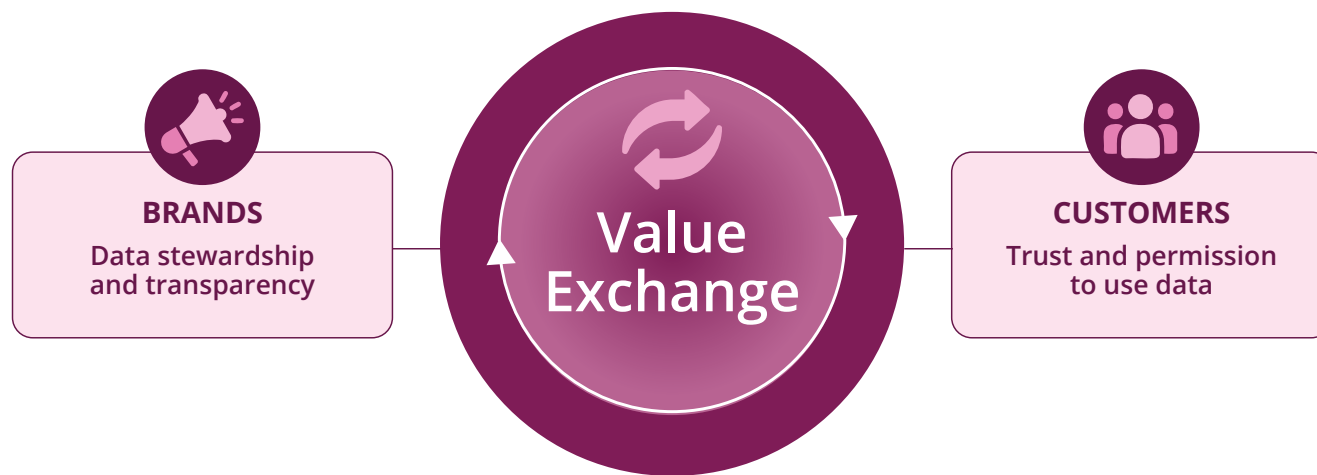
Integrating Data Privacy into Loyalty Strategies

To successfully navigate this new landscape, brands were forced to align their loyalty-building efforts with their data privacy strategies. By leveraging first-party data ethically, brands could create personalized experiences that resonate with consumers while respecting their privacy preferences. This approach not only complied with regulations like GDPR and CCPA but also fostered a deeper sense of trust and loyalty among consumers who want to feel their personal information is handled with care.

Fostering customer loyalty became more difficult than ever before. When cookies were plentiful and brands effectively pursued low-cost campaigns to secure a first-time purchase, loyalty schemes proliferated, especially those offering points-based reward. These schemes encouraged consumers to accumulate points with each purchase, with rewards being unlocked as certain thresholds were met. Initially digital advancements complemented these loyalty mechanisms well, as the development of apps and NFC technology allowed people to easily collect, check and redeem points via their smartphones.[12][13]

However, just as inexpensive, tactical advertising drove short-term purchases through immediate offers, these loyalty schemes were quick to join and equally quick to abandon. When every competitor offered a similar reward mechanism, such as coffee chains with their points programs, consumer loyalty became fleeting. Purchases were often directed towards the option offering the next available reward, or items that were on sale or came with additional points. Essentially, loyalty became a chase for the best deal, resulting in a loyalty that was shallow, ephemeral, and transient.[14]

Due to increased privacy concerns and regulations, brands needed to find new ways to engage customers meaningfully without relying on intrusive data collection. As a result, gamification emerged as the next evolution in customer engagement strategies. Unlike traditional loyalty programs that often promote short-term gains, gamification introduced elements such as challenges, levels, and badges, to create a more engaging and continuous interaction with the brand. This method proved particularly effective among younger audiences, who were looking for more than just transactional benefits. Our study revealed that while 56% of consumers over 60 show no interest in gamification, only 27-32% of younger age groups share this disinterest. This marks a significant shift in how brands can cultivate deeper, more resilient loyalty by aligning their strategies with the interactive habits and preferences of modern consumers.

12 Digital Marketing Institute, The Enduring Power of Customer Loyalty Schemes
13 McKinsey, Customer Loyalty: The New Generation
14 Phys.org, Shifting Loyalty: How customer Behavior Changes When Retail Rewards Programs Go Mobile

By leveraging first-party data obtained through transparent and consensual means, brands could personalize these gamified experiences to better suit individual preferences, enhancing engagement while adhering to privacy standards.

For brands that are serious about customer retention, the challenge is relentless. Google processes 8.6 billion search queries a day, which represents three to four per individual.[15] People habitually use search engines to instantly access information online which presents a dual challenge to brand loyalty:

- Even when a customer is not actively considering switching brands, competitors can seize the moment by inserting themselves into a user's research journey with timely offers. These offers can trigger an impulsive decision to switch brands, even if the initial intent was merely exploratory.

- A customer experiencing even slight discontent with a brand may initiate a search for alternatives. Momentary frustration or unmet expectation can lead to a swift departure from a brand that might otherwise have been preferred.

Digital life also transformed social interactions, with people valuing instant feedback from friends, communities and influencers over branded content. For example, a study by Forbes found that 81% of consumers' purchasing choices were affected by their friends' posts on social media, [16] and another by Hubspot found that 71% are more likely to purchase products and services based on social media referrals. [17] In this environment, if someone is tempted to switch brands, competitors can facilitate this switch instantly, capitalizing on impulsive decisions before second thoughts arise.

15 SEO.AI, How Many People Use Google?
16 Forbes, Is Social Media the Biggest Influencer of Buying Decisions?
17 Hubspot, 71% are more likely to purchase products and services based on social media referrals

Aligning Loyalty Strategies with Data Privacy Principles

As brands navigate evolving privacy regulations and expectations, they must ensure that their loyalty strategies are not only engaging but also compliant with data privacy regulations. By utilizing first-party data responsibly, brands can create personalized experiences that respect consumer privacy. This includes transparent communication about data usage, obtaining explicit consent, and providing value in exchange for data, which together build trust and reinforce loyalty.

In a world where digital platforms and social media hold power, brands face unprecedented challenges in securing and sustaining customer loyalty. Yet, despite these obstacles and constant temptations to switch brands, loyalty remains achievable. Brands must reevaluate what drives loyalty and understand what truly makes customers stay.

The answer is rooted in empathy. Brands must recognize the integral role they play in their customers' lives, understand the nature of the relationship that the customer seeks, and embody the same values as that of the customer.

To put this approach into action, brands can implement the following strategies.

1   PRIORITIZE EASE OF ENGAGEMENT

Metro Bank in the UK revolutionized the banking experience by challenging the conventional image of banks as stiff and rigid. They transformed traditional banking services by ensuring their branches were open seven days a week, providing round-the-clock live support, and offering instant services such as on-the-spot debit card printing. Focusing on customer experience, they redesigned their branches with open layouts to resemble stores and catered to pet owners by offering treats and water bowls for dogs.

2   BE PRESENT IN KEY MOMENTS

Great brands anticipate moments of heightened importance to their customers, including crisis situations where their products or services become crucial. Apple, for example, introduced a feature allowing its Maps app to be used offline, ensuring users can navigate without a signal, like when hiking in remote areas. Similarly, Ford enhanced vehicle safety by installing an SOS button that automatically connects to emergency services after an accident, even without a mobile phone or Wi-Fi connection, demonstrating a proactive approach to customer care and safety.

3   SHOW APPRECIATION FOR YOUR CUSTOMER'S LOYALTY

Engage with customers in ways that aren't solely focused on making a sale. For example, during the Covid lockdown, retailer John Lewis offered customers a series of free webinars. These webinars were designed to assist people in coping with the challenges of being confined at home, covering topics such as improving sleep, enhancing posture, and offering nutritional advice, thereby providing value beyond their immediate commercial interests.

4   DON'T ALIENATE EXISTING CUSTOMERS IN PURSUIT OF NEW ONES

AB Inbev, the parent company of Bud Light, experienced a significant backlash and boycott in the US following a collaboration with transgender influencer Dylan Mulvaney. The campaign unintentionally alienated a substantial segment of their consumer base, leading to a sharp decline of more than 10% in Bud Light sales and directly contributed to a 28% drop in the company's quarterly profits.[18]

18 BBC, Bud Light boycott over trans influencer Dylan Mulvaney hits beer giant's sales

5 ## DEMONSTRATE SHARED VALUES

Dove, a personal care brand under Unilever, launched its "Real Beauty" campaign, acknowledging that many women feel disconnected from the unrealistic beauty standards prevalent in traditional media. The campaign showcased real women of diverse ages, body types, and ethnicities, aiming to authentically address self-esteem and body image challenges that many women face but are often left unspoken.

6 ## EXCEED EXPECTATIONS WITH PROACTIVE GESTURES

Brands can significantly boost loyalty with small, timely gestures that go beyond what's expected. For instance, Airbnb's response to a guest's tweet about a missing pizza cutter by sending a new one exemplifies exceeding expectations.

7 ## ALWAYS PUT THE CUSTOMER FIRST

To ensure customer-first practices, brands should avoid overly rigid operational procedures, such as demanding customers be home for deliveries, using chatbots as the first line of customer service resolution, or complicating subscription cancellations. Successful experiences, whether through exceeding expectations or avoiding negative service practices, build trust. This trust differentiates genuine loyalty from incentivized schemes, focusing on what customers truly value. Brands that cultivate loyalty through trust effectively shield themselves from competitive pressures.

Trusted brands have a loyal customer base less swayed by competitors, more attentive to the brand's messaging, less driven to seek validation elsewhere, and more tolerant of price changes. This loyalty transforms customers into passionate ambassadors, symbolizing trust in the brand's quality, service, and integrity, as seen with brands like Apple, Nike, Mercedes, and Coca Cola.

Emphasize Trust and Data to Build Long-Term Loyalty

With a marketplace overflowing with options, trust has become a crucial asset, turning customer loyalty into a tangible return on investment. As privacy concerns rise, trust is essential not only for loyalty but also for regulatory compliance and ethical engagement. When customers genuinely trust a brand, their loyalty is less easily swayed by competitors' enticements.

This loyalty manifests in repeat purchases, a diminished sensitivity to price fluctuations, and an inclination towards brand advocacy. The lifetime value of loyal customers signifies sustained revenue, reduced costs associated with acquiring new customers, and a reinforced brand reputation. Ultimately, the trust cultivated with customers propels the brand towards enduring financial success, underlining that while trust is intangible, its effects are significantly measurable.

Building loyalty today requires more than transactional interactions, it's about establishing a bond rooted in both trust and responsible data practices. The era where loyalty could be purchased through tactical reward schemes has given way to a more nuanced understanding, that trust is earned through consistent, authentic engagement. This engagement must align with customers' needs and expectations, fostering a relationship where trust is continually nurtured and valued.

60%
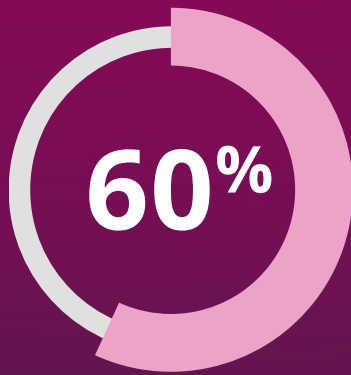
Consumers' are 58-60% more willing to share personal information when brand trust is high.*

* Zion & Zion 2024

Our study highlights the critical role that trust plays in consumers' willingness to share personal information, revealing that regardless of age, Consumers are 58-60% more willing to share personal information when brand trust is high. This not only solidifies loyalty but also enhances the effectiveness of personalized marketing efforts, proving that trust is the cornerstone of both privacy practices and stronger customer relationships.

Central to this relational approach is the unparalleled customer experience. Each touchpoint, from initial discovery through to post-purchase support, must be characterized by relevance, convenience, personalization, and empathy. Brands that consistently exceed customer expectations in these areas are not just conducting transactions; they are building a foundation for lasting loyalty by respecting consumer privacy and ensuring transparency in data practices.

Underpinning this customer-centric approach is the strategic utilization of data. In the era of first-party data ascendancy, accurately leveraging customer insights is paramount. Essential to this effort is the ethical utilization of first-party data, which has become indispensable in the era of privacy-first marketing. Data illuminates customer preferences, behaviors, and needs, guiding personalized marketing strategies and product recommendations. Intelligent data use ensures that brands can deliver the right experience at the right moment, enhancing customer satisfaction, trust and loyalty.

Privacy Concerns and Need for Transparency Make Customer-Centric Marketing Imperative

The shift towards trust-based marketing necessitates a re-evaluation of traditional loyalty mechanisms, emphasizing the significance of authentic engagement, exemplary customer experiences, and strategic data use. As this paper explored, the convergence of privacy laws and consumer expectations around data ethics is reshaping the marketing landscape, requiring brands to adopt both transparency and integrity in every interaction. Navigating the new normal in the digital marketplace requires brands to prioritize transparency, integrity, and a deep commitment to understanding and meeting customer needs. By doing so, brands not only foster enduring loyalty but also secure a position of strength and respect in the evolving landscape of digital commerce. Every interation must align with customers' needs and expectations, fostering a relationship where trust is continually nurtured and valued.