QUERYCLICK

Performance Marketing Trends in Online Retail

Navigating a changing landscape in 2022 and beyond.



2022

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Executive Summary

2020 and 2021 changed everything in retail.

Online sales grew by 36% in the UK. And retailers had to adapt to a new landscape. Investing more time in top of funnel strategies to reduce CPAs as well as facing more pressure to understand which channels were driving true value. But what's next for retailers and retail marketers in particular?

That is the question we set out to answer in this part of our ongoing survey series.

So, what did we find? At an outline level we found the **majority of retail marketers (75%) exploring new channels in response to a continued upsurge in online retail sales opportunities post pandemic.** They did so in the face of heightened competition – not only from their category peers, – but increasingly from online marketplaces and social platforms which both have colossal audience reach.

Video has clearly become a crucial part of their digital marketing armoury, with 67% of respondents adding it to their mix and 41% indicating that they were seeing increased ROI from the channel. Alongside there has also been an increase in the use of programmatic with 48% adding it in to their post pandemic mix. However, perhaps one of the more interesting developments is the continued emergence of TikTok as a serious marketing channel. 38% of CMOs have indicated that they are incorporating it in their media plans - and with daily users in Europe at the 100 million mark the potential audience figures are significant. Gen Zers, in particular, love it and are not only using it for fashion advice



75% of retail marketers are exploring new channels in response to the pandemic

Download our previous survey:

'The Value of Attribution in UK Retail'





and content but also to actively source retail products.

Interestingly our survey uncovered the fact that retailers have lost business in both the Gen Z (54%) and Millennial segments (35%) during the pandemic. So, it may well be that retailers see increasing use of social platforms like TikTok as the route to dragging back some of that spend in the near future.

A truly staggering 88% of respondents are also struggling to compete with the challenge they are increasingly facing from online marketplaces like Amazon, Ebay and Etsy.

Turning our attention to retailer efforts to take a bigger slice of the increase in online retail search it is clear that page speed optimization is a priority, with 82% identifying it as a core part of their marketing strategy. Although it is also clear that budget is a limiting factor here for many of those surveyed.

It looks like our efforts to clarify the position on the role of Voice Search identified a bit of a holding pattern, with only 22% stating that it was an explicit part of their existing strategy. But a more significant majority suggest that it remains an area for optimization in the next 5 years. What did come through strongly was the successful use of audience data to enhance SEO performance – an area where we heartily concur – with 65% of Performance Marketing Directors utilising it.



88% of respondents are struggling to complete with the challenge from online marketplaces

On the paid social front it's clear, and perhaps no real big surprise, that **60% of respondents have seen a marked decline in the performance and effectiveness of paid ads since the iOS 14.5 update.** So, retailers who were struggling to gain an accurate picture of the "true" impact of paid social activity anyway are now wrestling with a whole new raft of issues from huge increases in CPMs (as high as 44%) and loss of control over audience targeting.

Finally, and we will let you read the detail on this in the survey itself, the spectre of the removal of 3rd party cookies looms large in the background in this survey. It is heartening to see that 62% of respondents feel they have a strategy in place to meet the challenge. But as we reiterate a few times in the survey the 3rd party cookie issue is not something that can be viewed in isolation. Any solution to the problem it creates has to be part of a wider approach that addresses the need to break down increasingly impenetrable AdTech silo data, repair the "broken" and disconnected data generated by these 3rd party cookies themselves and to provide a true and accurate picture of the effectiveness of your retail marketing. Right across the customer journey.

And effective attribution sits firmly at the centre of any solution – in the form of attribution technology. A fact not lost on our respondents **with 80% agreeing on the importance of attribution as a discrete part of the Martech stack.**

We hope you find these, and the rest of the survey results, useful.

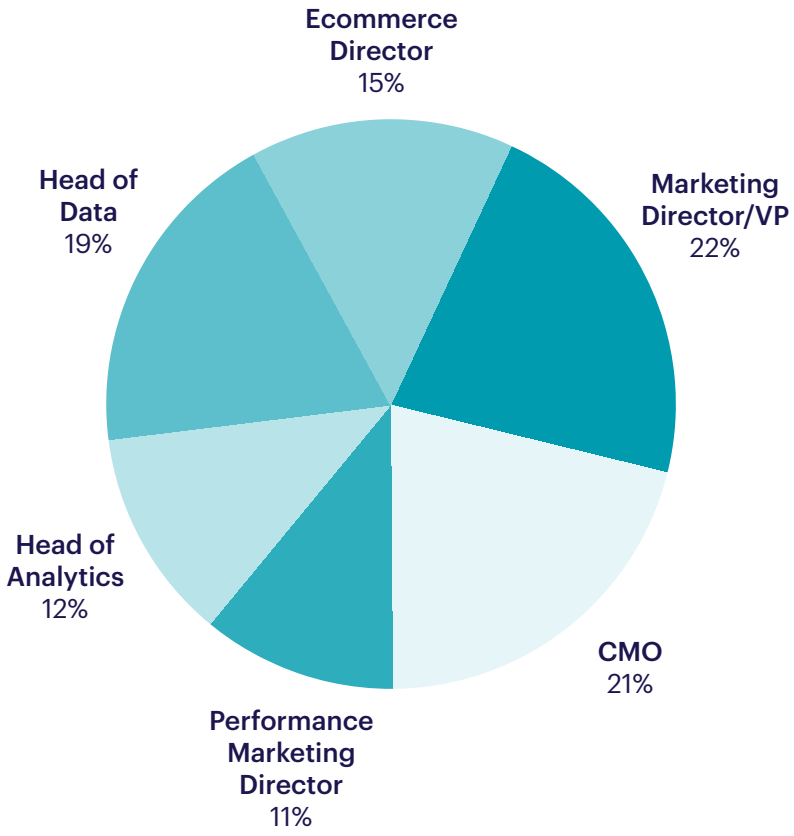
Chris Liversidge
CEO, QueryClick



The Survey

Respondents

Our 154 respondents were CMOs, Marketing Directors/ VPs, Ecommerce Directors/VPs, Head of Data, Head of Analytics or Performance Marketing Directors. These job functions were selected to ensure that responses came from experienced people who are involved in the decision-making process when it comes to digital marketing investments.



Respondent employers/organisations

Respondents were digital marketers in online retailers. All had a minimum spend of £500,000 per annum on digital marketing.

CENSUSWIDE
THE SURVEY CONSULTANTS

QUERYCLICK

Methodology

The survey was carried out on behalf of QueryClick by independent survey consultants, Censuswide, in September 2021. Respondents were sourced by Censuswide according to the parameters shown above, with responses collected online.

Post Pandemic Trends

In this first part of the survey, we dig into the impact that the pandemic has had on retail marketing strategy in terms of audience targeting, new channels explored, impact on business and marketing ROI, the effect of competition from online marketplaces and identifying challenges in 2022 and beyond.

#1

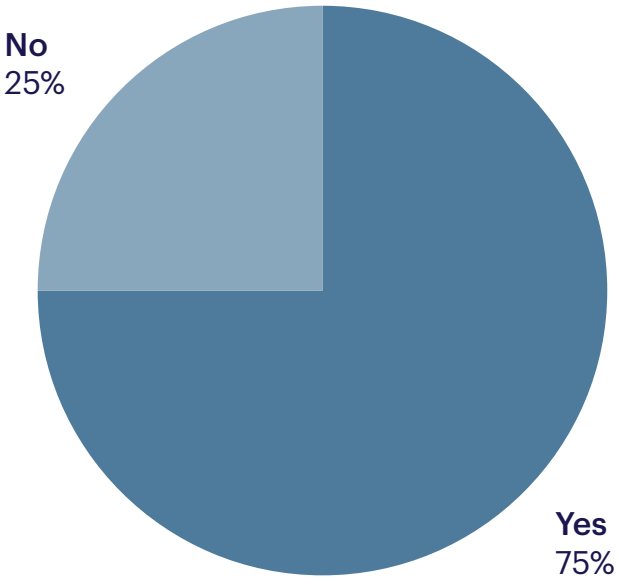
We asked...

Since the pandemic, have you added any new channels to your strategy? And what have you added?

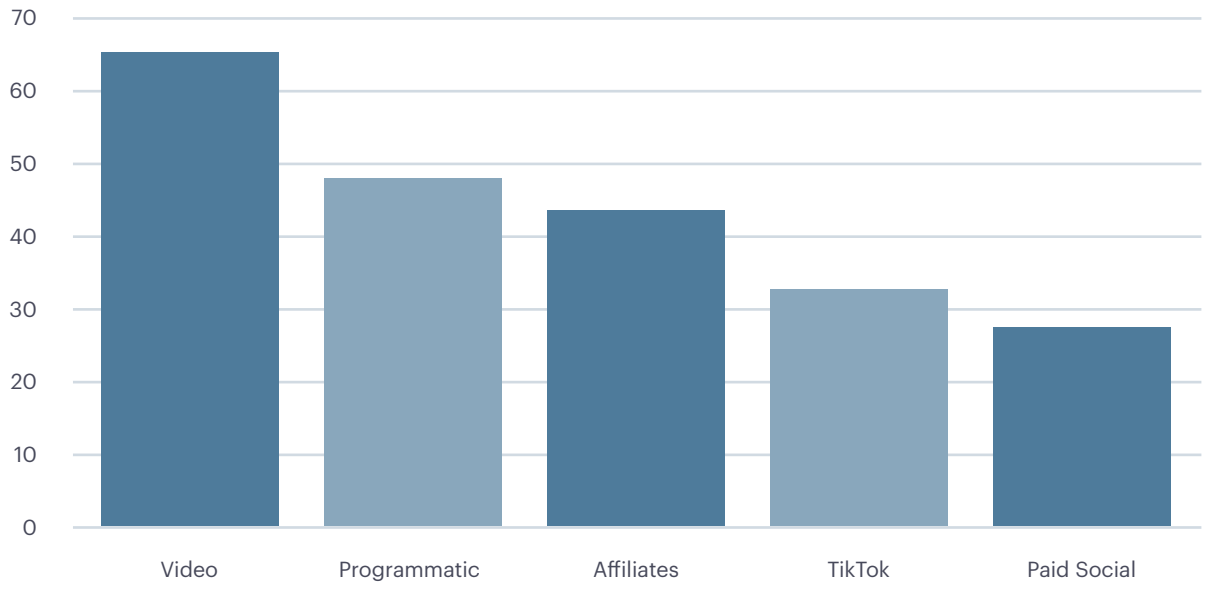
The answer to this initial survey question – perhaps not unsurprisingly given the seismic shifts that have taken place during the pandemic - is a resounding 'yes', right across the board and across marketing job titles and budgets.

With **75% of marketers indicating they have added channels during the pandemic.**

So where exactly have retailers focused in terms of adding new channels? And what are the headline trends here?



Q1a. What new channels have you added to your strategy?



Video is king

Video has clearly become a crucial part of the digital strategy mix and it features as the top channel "add" in our survey with **67% of respondents saying they had added it to their strategy.**

According to TotalRetail consumers are watching 50 per cent more hours of video than they were before the pandemic and the reality for retailers is that buyers are increasingly coming to expect video content as part of their buying journey. And, more and more, retailers are tapping into this to boost engagement, increase sales and deliver effective ROI.

Explainers, how to's and product reviews are key ways to drive brand engagement. But with the impending loss of 3rd party cookies contextual based video ads also provide the ability to deliver "in the moment" highly relevant, conversion-focused content to consumers who are showing a strong predisposition to buy.



67% of retail marketers have added video to their digital strategy mix

So it can have a marked impact at the low end of the funnel too.

Programmatic is on the up

48% have added Programmatic into their channel mix post-pandemic, with the channel getting more exposure at senior level with **61% of CMOs incorporating it into their strategy.** This is likely also partly driven by the adoption of Video and the challenges encountered by Facebook advertisers looking for alternative ecosystems for their existing creative messaging.

Programmatic is a much more valid platform for video today than it was a year ago, for context the addressable households via programmatic TV in the US rose to nearly 50% in October, while in advanced EMEA markets like the UK that figure is now 78% as reported by Advanced TV. Meaning that the majority of households now can be targeted at CPMs that are roughly half the cost compared to traditional TV buys according to iAB figures.



The continued emergence of TikTok

It is also clear from the findings that TikTok is an emerging channel that is gaining increasing prominence with **38% of CMOs incorporating it as a new channel into their digital strategy.**

And what has been an initially Chinese phenomenon has become increasingly popular in both Europe and the US – growing to over 1.65 billion users and 100million daily user mark in the Europe.

The reality is that Gen Zers love it and it is becoming their first port of call for fashion advice and increasingly to source purchases. Brands like Gap, Burberry and Abercrombie and Fitch are increasingly using the platform to both determine trends and drive sales, capitalizing on easily searchable hashtags and the power of influencer accounts to drive not only brand awareness but also hard retail sales.

TikTok provides a highly attractive package that combines reach, creativity, localisation – and crucially a low-cost approach. And the latter might explain why TikTok adoption jumps up to 48% when we consider marketers at the slightly lower end of the budget scale.

Perhaps we will see a further rise in adoption of TikTok amongst brands through 2022, both in the paid ad space and through UGC content. In a recent study conducted by Neuroinsight, TikTok content was shown to have a 44% stronger emotional valence; that is, the propensity for a user to take an in-the-moment action compared to other social media platforms. The study also showed that content had a 15% higher engagement rate than other typical social media platform.

This is part of a wider **social commerce sales of $36.62bn in the US in 2021** according to Emarketer, but which are truly dwarfed by **$351.6bn in China** this year.

#2

We asked...

Which of the channels, if any, are you seeing increased ROI from?



Video	Programmatic	Affiliates	TikTok	Paid Social
41%	33%	32%	26%	16%

In some ways adding the new channels is easy. But the real test of their impact comes in how they help to drive your marketing ROI and effectiveness.

Once again, video is top of the charts in our survey with **41% of respondents indicating they have observed an increased ROI from video activity.** At face value this is welcome news, and perhaps not surprising, if we take into account the stellar rise of TikTok – which we touched on earlier - and YouTube having had double digit YoY search growth.

Video is the most cost effective new market for many advertisers as it remains relatively un-saturated compared to the inventory available, meaning the auction cost of an impression is relatively low compared to more mature channels like Search, or the high cost of new social entrants like TikTok. Advertisers often realise the ROI value from video by measuring the overall uplift using simple econometric or A/B testing - in effect pushing new video content live with the expectation that increased activity will be captured in other channels - and particularly through increased retargeting reach - and allow conversion further down the customer engagement path.

While video remains a growth market for auctions it will remain a cheap way to drive new customer acquisition, however as saturation begins to increase over the course of 2022 and particularly 2023 as 3rd party cookies are phased out and more prospecting spend looks for a home, those auction costs will reach similar levels of saturation to existing channels and the need for attribution to unbundle and understand the comparative effectiveness of the video ad will increase.

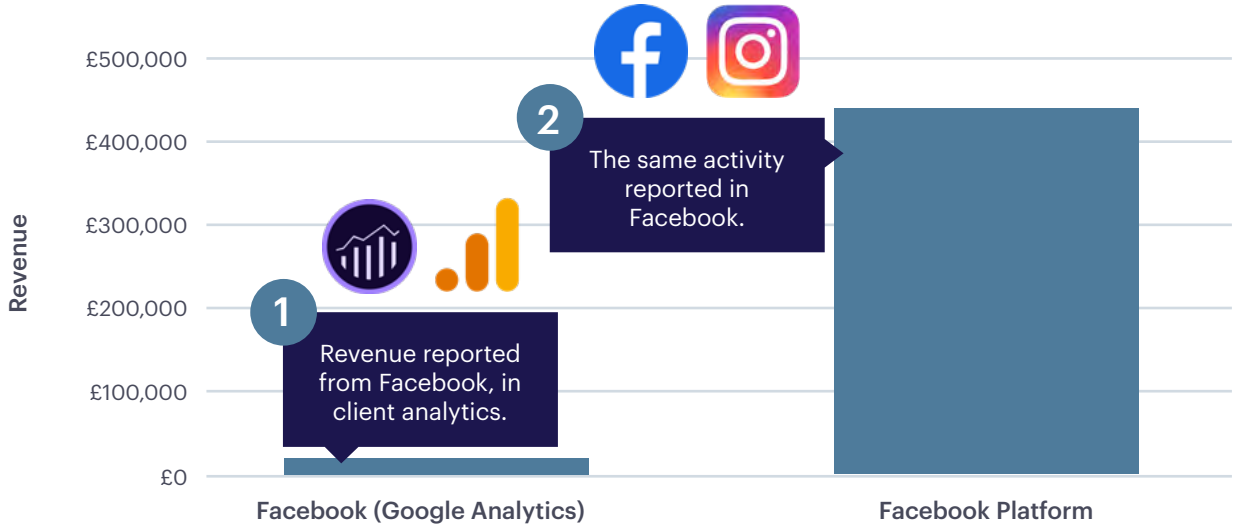


In contrast to video **only 16% of respondents observed an increased ROI from the investment they are making in paid social channels.** This is a figure that resonates strongly with us and we see a number of underlying causes.

Firstly, there is the practical issue around how social channels report performance back to you using their own measurement systems. Take the live client example below where Google Analytics (GA 360 in this case) is showing attributed revenue at a fraction of what Facebook is reporting for the same time period.

Only 16% of respondents observed an increased ROI from social channels

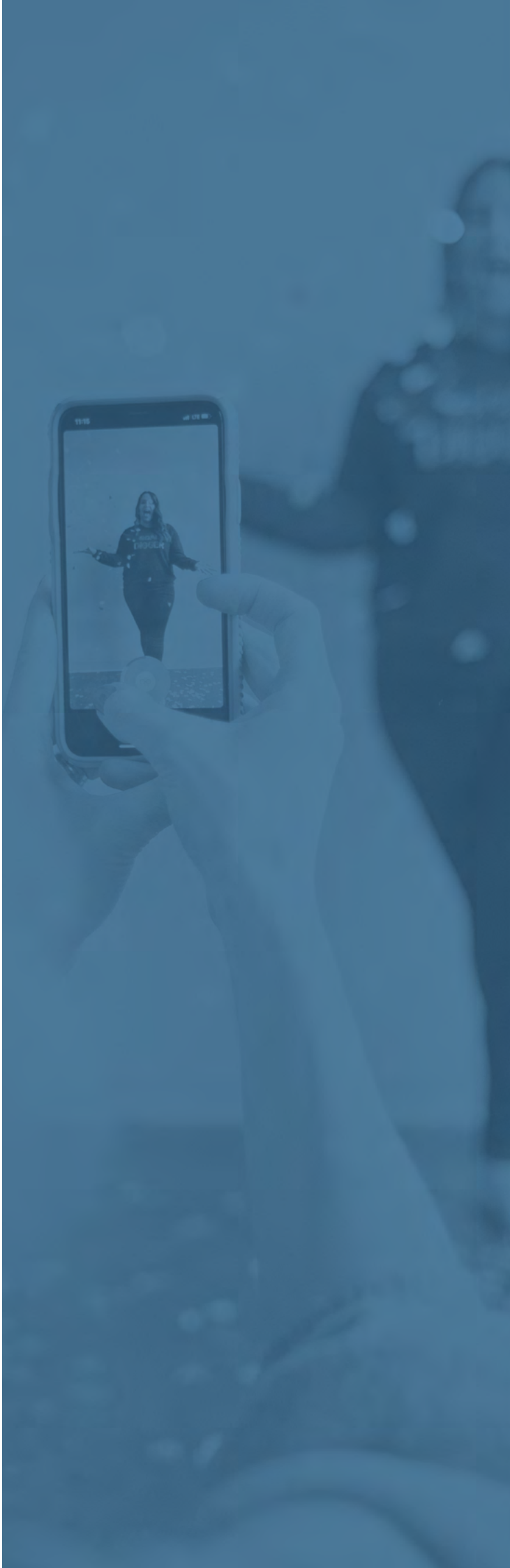
Facebook Revenue Reporting Comparison



So accurate attribution is at the heart of the issue but we are also aware that senior marketers are struggling with the impact of iOS 14 updates. For “live” context here, we have seen an average decline of volume on Facebook ads of around 2/3rds for our clients which is also driving up CPAs.

The statistic that **32% of marketers have observed an increased ROI from Affiliate partners** is an interesting one. Quite a bit of the coverage on affiliate marketing and the impact of the pandemic has suggested that Affiliate revenues were down during the pandemic. Due to retrenching commission levels and surges in online search (which reduces the need for Affiliates in your marketing mix). But the picture on affiliates has been mixed depending on sector and product sets so this may reflect sectors that have done well during the pandemic.

25% of those surveyed are also indicating they have seen an increased ROI from TikTok, particularly amongst CMOs (34%). This is interesting and contrasts sharply with a recent Kantar study which showed that senior marketers found TikTok to be one of the least trustworthy of ad platforms but – at the same time - the most innovative.



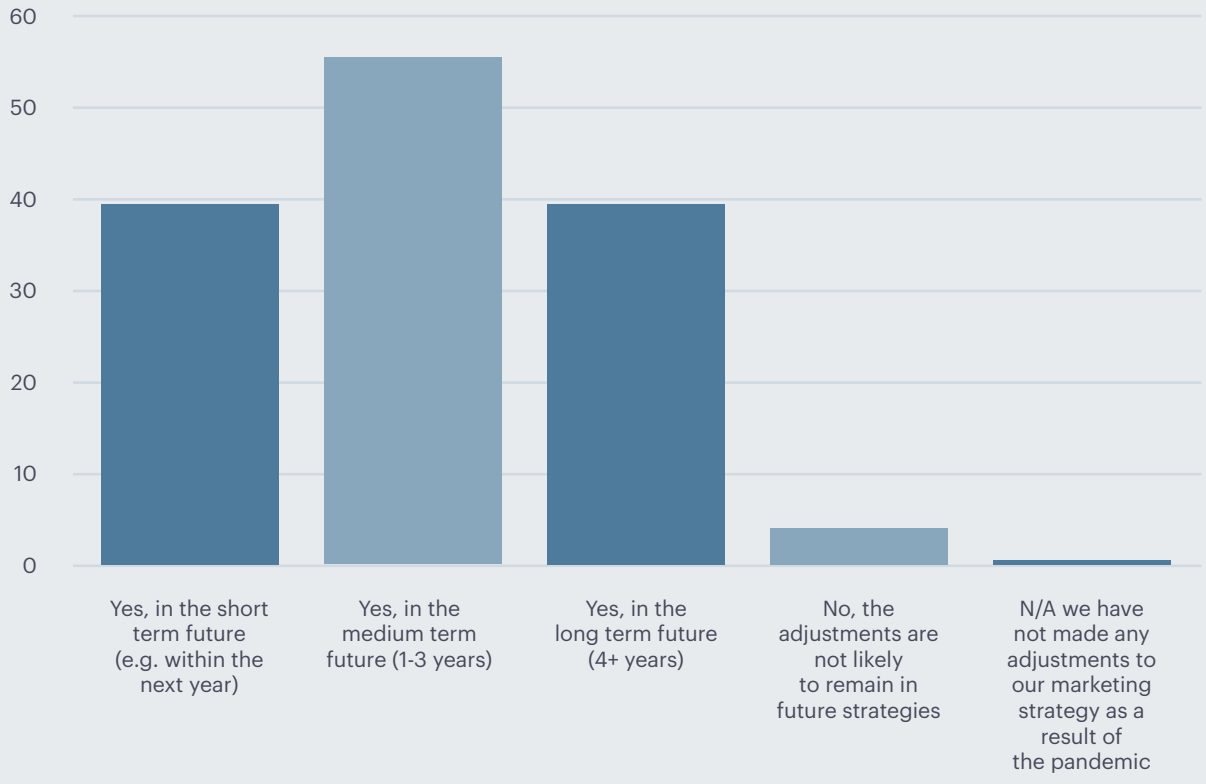
#3

We asked...

Are the adjustments made to your marketing strategy as a result of the pandemic likely to remain in future strategies?

Given that there are some channels that have been difficult to generate improved performance on this probably reflects how painful AdTech siloing is for marketers today. With a really marked loss of audience on Facebook due to the dramatic effects of the iOS 14.5 update – which has caused CPAs to dramatically hike upwards – and Google typically being already saturated – retail marketers have acknowledged that they NEED to expand into new channels and ad formats to gain performance going forwards. And maintain the momentum on that in future.

Which is accurately reflected in only 4.5% claiming their changes are likely to be temporary.





#4

We asked...

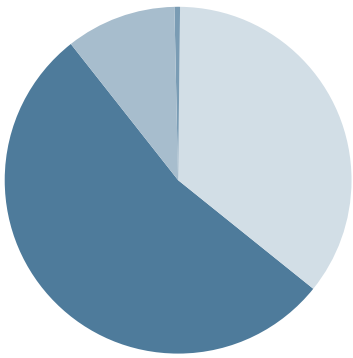
Have you seen more or less business from the following demographics since the pandemic?

A decline in younger customers - **most strikingly Gen Z with 54% indicating a decline in revenues from this segment** - is a result to strike fear into the hearts of retail brand marketers. As they know the high cost of direct acquisition where their brand is perceived as just one of many options and not part of the consumer's own perception of quality.

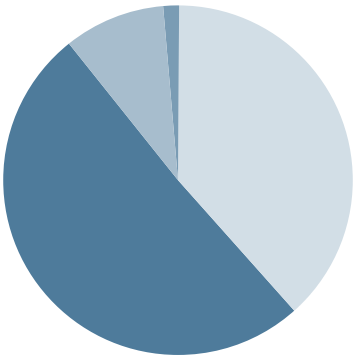
But this is followed relatively closely by a **45% reporting a reduction in revenues from Millennials too.**



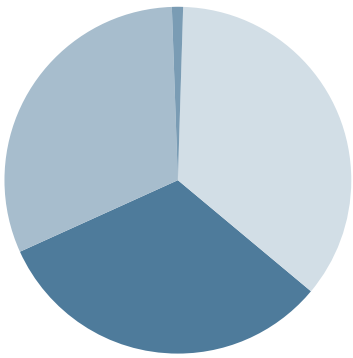
54% of retailers saw a decline in revenues from the Gen Z audience



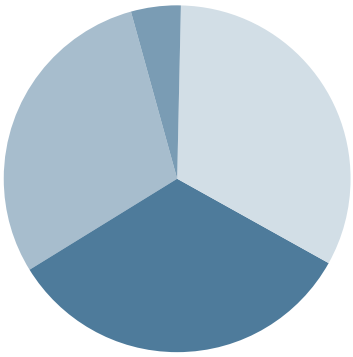
Gen Z
(16-23)



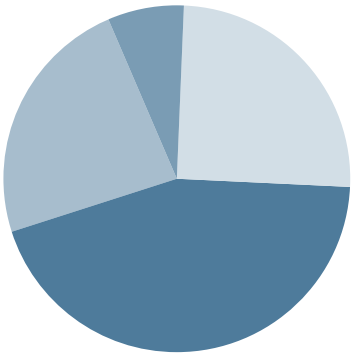
Millennials
(24-42)



Gen X
(43-54)



Boomers
(55-73)



Silent Generation
(74+)

More | Less | Neither more nor less | N/A we don't see business from these demographics

These are marked figures – and much steeper than reductions in spend of 27% (Gen Z) and 35% (Millennials) that were uncovered in similar research by emarketer on the impact of the pandemic on spend across segments.

However, there are also indications that spend is bouncing back with suggestions that both Gen Zers and Millennials are now spending at 125% of their pre-COVID-19 levels.



#5

We asked...

You said you have seen more business from some age demographics. How, if at all, has this impacted your business?

A really significant **59% of respondents have indicated that they have seen an increase in first time customers since 2020**. A figure that jumps up to 81% when you specifically ask CMOs.

53% also indicate that they are exploring more channels as a direct result and a further 36% say that they are seeing an increase in repeat customers.

It is clear that exploring new channels has paid off with improvement in new customer acquisition. This also potentially reflects the wider trend of openness to new brands created by the pandemic across all demographics.

A great example of creative thinking around this was in the Chinese travel industry in 2020. With hotel and flight bookings falling off a cliff due to people's inability to travel the industry refocused its entire efforts. Firstly, it focused on Millennial and Gen Z customers since the pandemic had less health impact on them – using emerging social platforms and livestream and short video to engage the demographic. Secondly, the entire industry refocused itself around the needs of Staycationers – using livestreams on WeChat - as no one was able to travel.

As a result of this focus, despite a reduction in international travel of 70% in the early stages of the global pandemic, Shenzhen & Zhengzhou hotel occupancy rates went from 25% to 60% in just 6 weeks, driven by this hyper-local targeting strategy through social channels in particular.

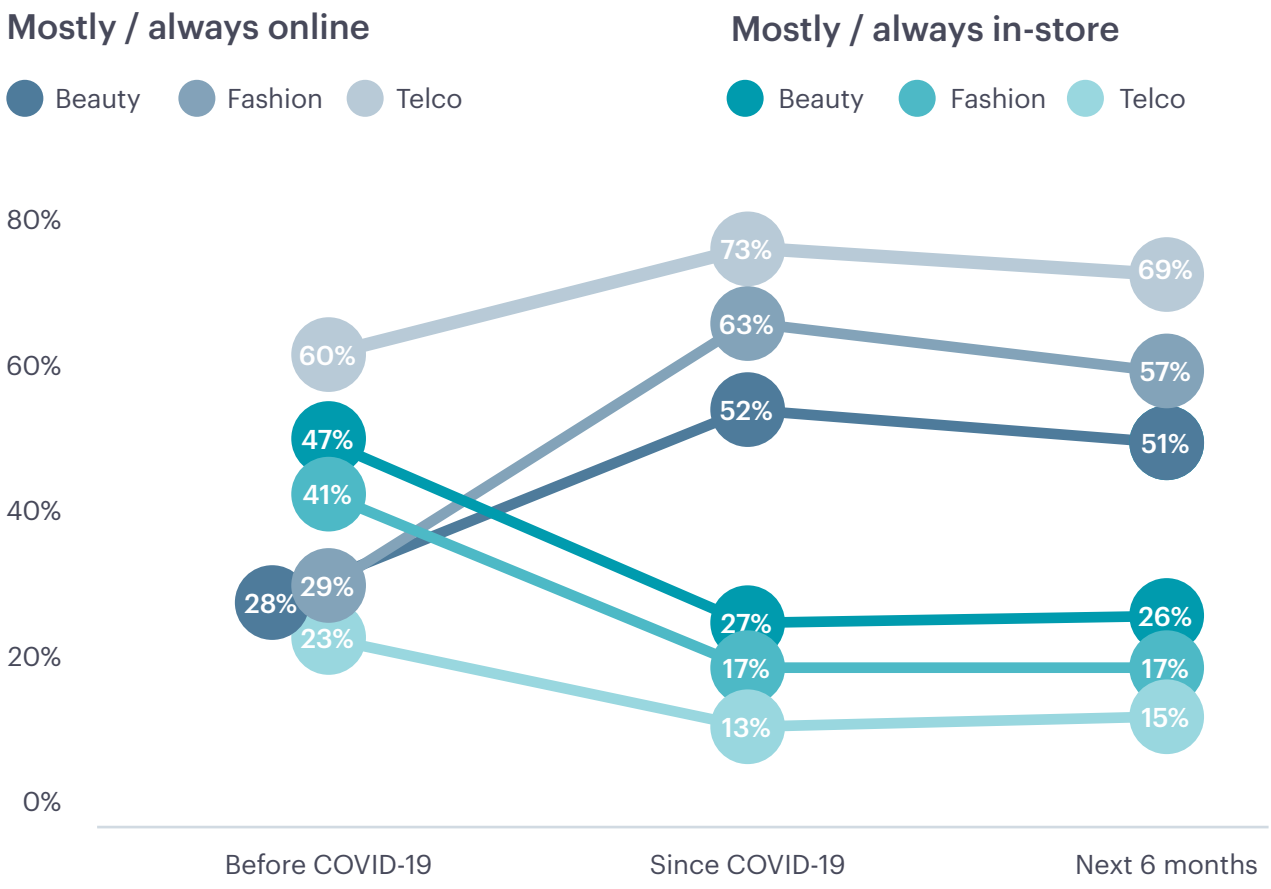
For retailers who have previously relied on older demographics for footfall and in-store purchases, a re-evaluation may be necessary in terms of how the physical store can complement, rather than compete with, online. For example, providing a destination to 'experience' and be entertained.

The pandemic is not the only reason people are choosing to shop online.

While the pandemic has been a significant driver in these cross-generational changes in shopping behaviour, it is far from the only one.

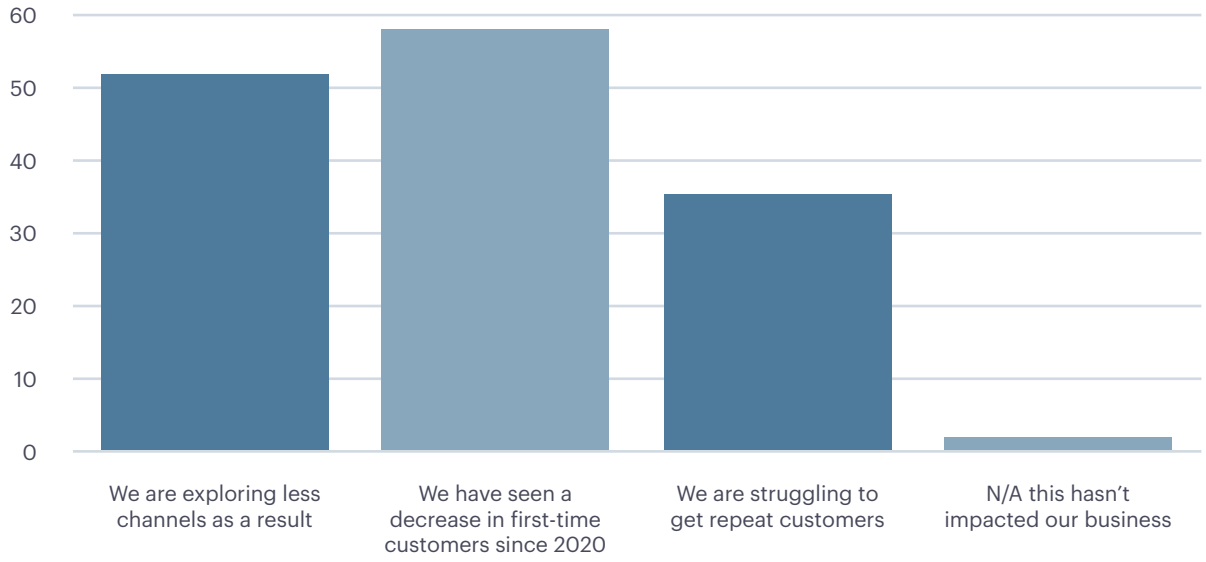
For example, in the beauty sector, COVID-19 is only the fifth most important reason 18- to 34-year-olds are choosing to shop more online. In older segments, it is one of a number of key drivers.

% shopping or expecting to shop via online vs in-store

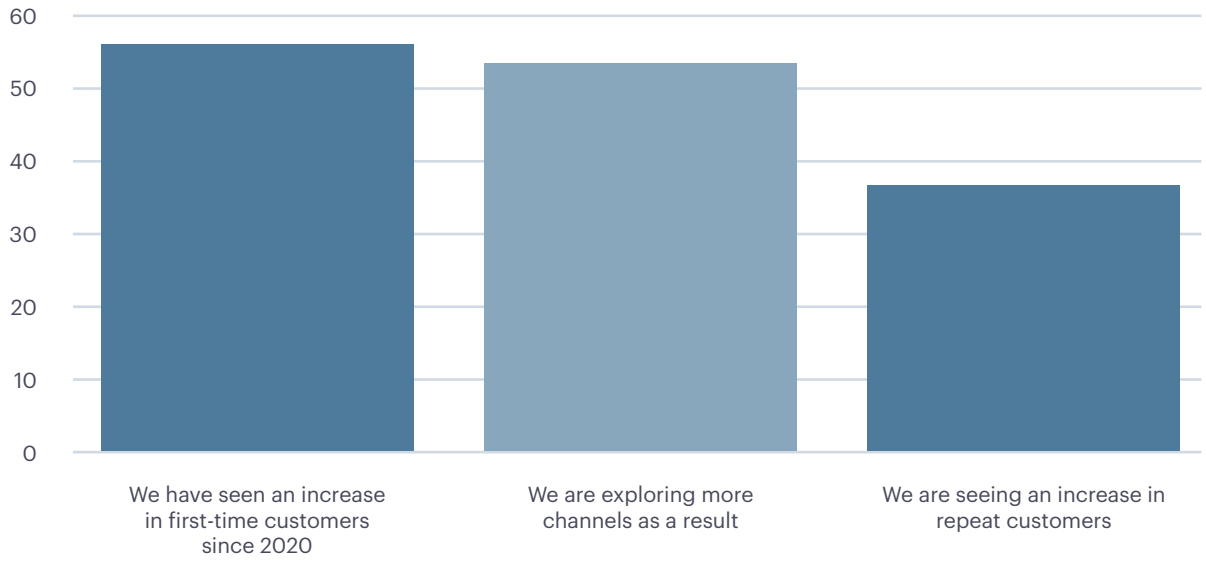


Source: https://www.thinkwithgoogle.com/intl/en-gb/consumer-insights/consumer-trends/pandemic-consumer-behaviour-changes/

This is a key learning about the potential of digital that needs to be a key part of future planning for brands looking to maintain new customer acquisition as we move into the 'new normal' and post-pandemic behaviours in many markets.



The graph below shows – for those that have seen a decline – how it has specifically hit home in their business. And it is in **new customer acquisition that retailers are being hit hardest with 59% highlighting this as an issue** – closely followed by 51% saying that they are exploring less channels as a result.



#6

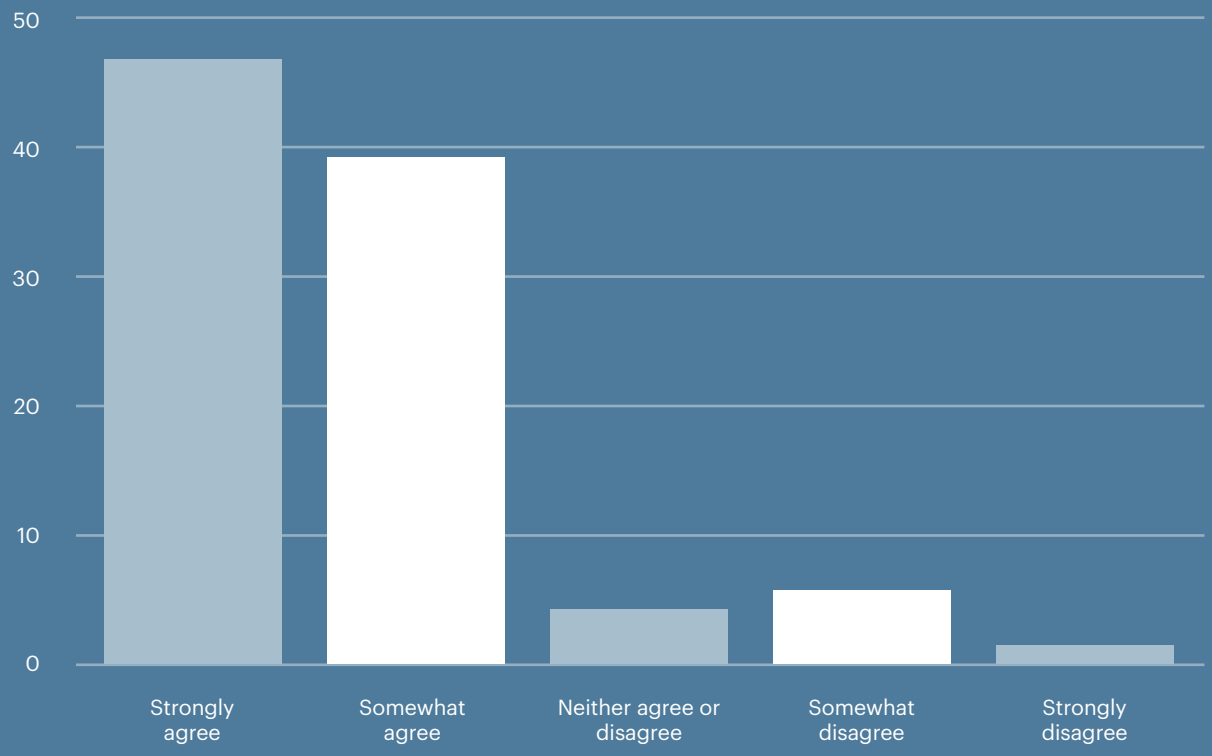
We asked...

To what extent do you agree or disagree with the following statements:

(a) We're finding it difficult to compete with online marketplaces - e.g. Amazon/eBay/Etsy

In a lot of ways, the results on the graph below tell their own story visually, with a staggering **88% struggling to compete with the challenge they are facing from online marketplaces.** And 65% of Performance Marketing Directors strongly agreeing that this is the case.

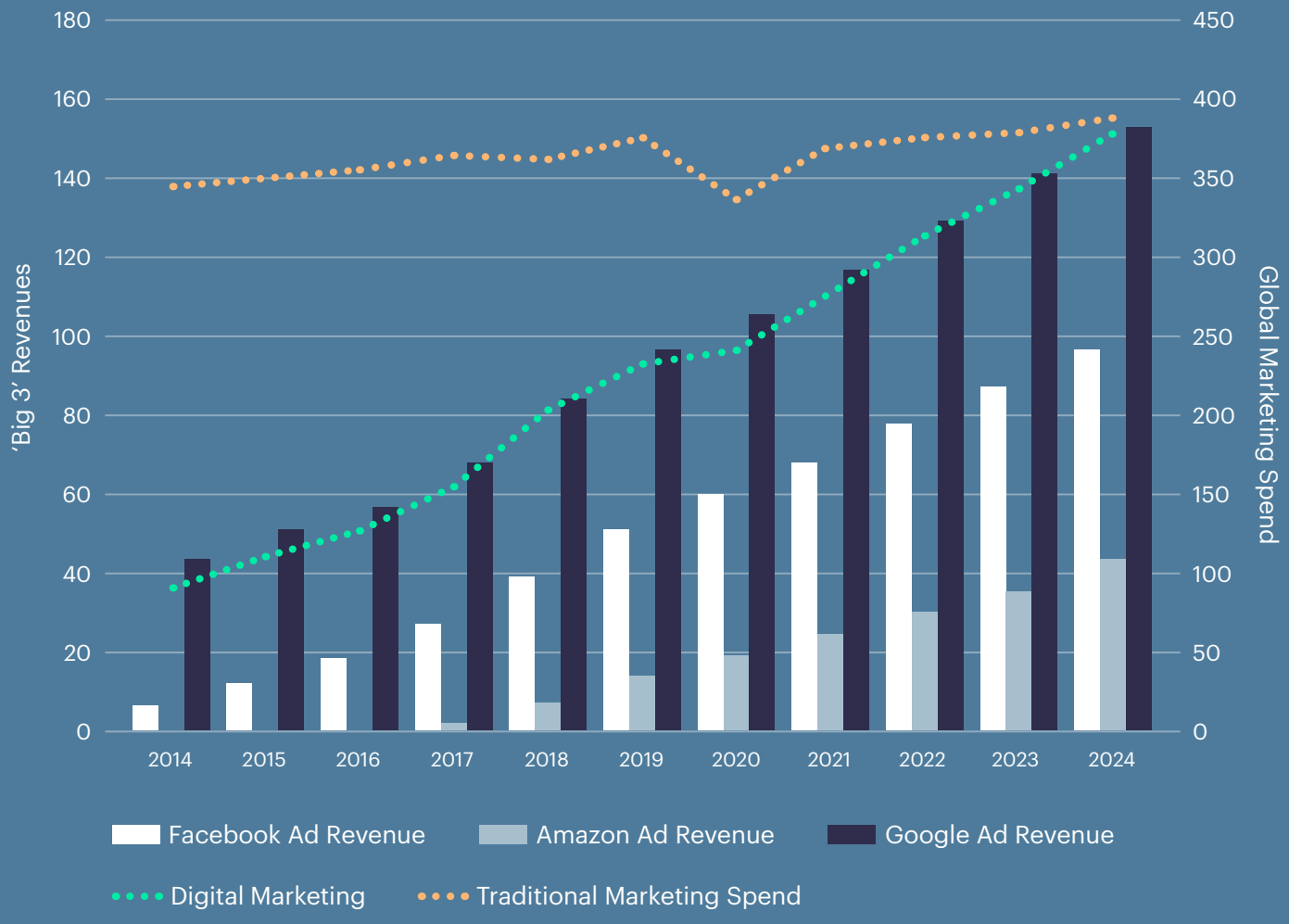
In fact, the harsh reality for many retailers is that the serious competition no longer comes from their peers – but from online marketplaces like Amazon, Ebay and Etsy. Shopify also exists as an existential threat for larger retailers as it enables small brands to compete directly with major digital properties on a level playing field for digital shopping and fulfilment.



The impact of COVID-19 and the digital drive that it fuelled contains some harsh lessons for retailers, some of whom have been slow to react. The Mastercard Spending Pulse data for the last quarter of 2020 highlighted that – as you might have expected due to the pandemic – department store sales were down 10.2% while at the same time ecommerce sales were up a whopping 49%. However, for physical retailers their ecommerce sales showed only 3% uplift in the period. Which means the gap of 46% went somewhere else for their online bargains – including the online marketplaces.

The rise of Amazon as the third great AdTech silo over the last three or four years is significant – as the graph on the right shows. Expect to see this pain increase as market-share cascades to levels similar to Google and Facebook, fracturing many retailers' abilities to control their product positioning or new customer acquisition optimisation. In truth Amazon has really only just begun. And as its AdTech division is the highest margin segment of its revenues, there is nothing but incentive to push ever harder at the expense of retailers' D2C efforts.

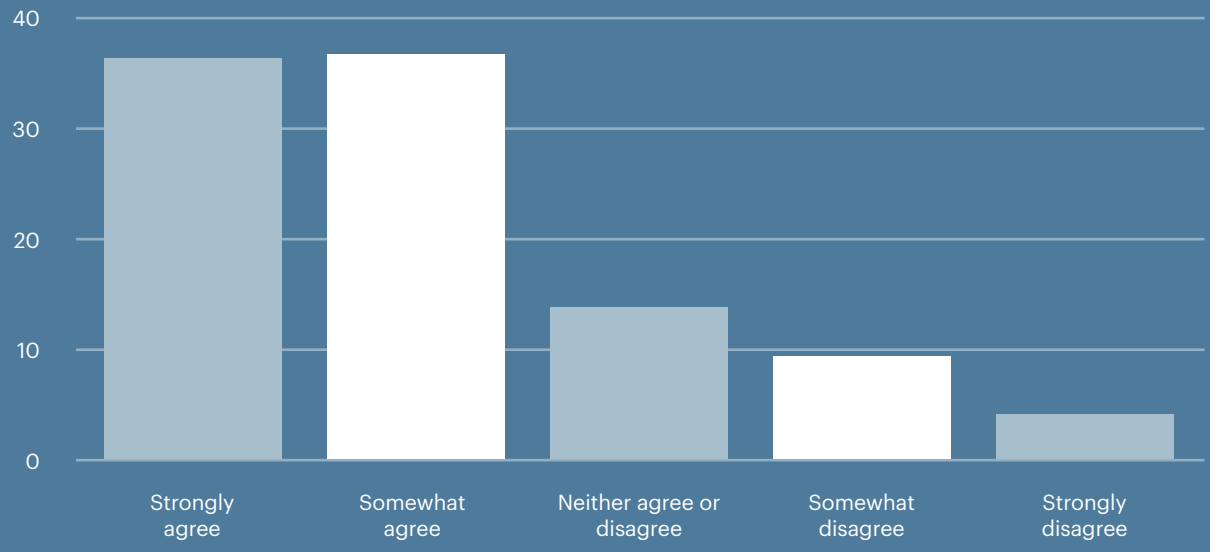
Global Digital Media Spend & 'Big 3' Adtech (£BN)



(b) We plan to use marketplaces (e.g. Amazon/eBay/Etsy)

And there is ample evidence that there is a very real "if you can't beat them, join them" mentality amongst retailers.

73% of retailers admitting that using marketplaces was part of their strategy – a number that catapults up to 91% when you talk to retail CMOs.



And there is also evidence that retailers have the appetite to create their own marketplaces with retailers like Boohoo planning to operate the Debenhams brand as a digital department store where products are sourced and delivered by 3rd parties. It's a strategy that other high profile brands like Marks and Spencer and Next are also exploring.

The reality is that using marketplaces is not without its risks for retailers– as you open yourself up to potential reputational and product quality issues, increasing customer service complexities and margin erosion. But it opens up hyper-growth opportunities and potential audience sizes that simply don't exist for single brand retailers. And with research from Wunderman Thompson pointing to the fact **that 72% of global shoppers are saying that online shopping saved the day in 2020** - and a projected 73% seeing ecommerce retailing being important to them in 2021 and beyond – it is hard to see a slowdown in momentum any time soon.

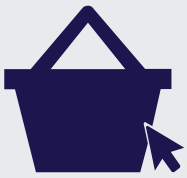


91% of CMOs say that online marketplaces are part of their strategy

#7

We asked...

What challenge(s) are you most concerned about for 2022 and beyond?



60%

agree that 2022 will see an increased focus on ensuring their eCommerce experience – a figure that rises to 78% for eCommerce Directors. The reality for many retailers is that they didn't secure enough of the upside in online retail sales during the pandemic and need to claw this back in the new retail normal.

53%



are concerned about continuing rising paid media costs.

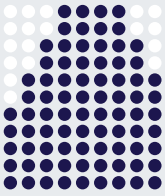
Perhaps not surprising given that, social CPMs are now significantly higher. Not to mention, 50% of respondents revealed that they cannot confidently or accurately communicate the ROI from Paid Social channels.

47%



of retail CMOs flagged the removal of cookies as a hot button (although Ecommerce Directors and Analytics Heads seem less concerned at 17% and 16% respectively).

It's clear that having a solution for the problem is non-negotiable. Combatting rising paid media costs through accurate attribution, 1st party data and budget re-deployment is key here.



30% & 32%

of eCommerce Directors and Analytics Heads are specifically highlighting the issue of media spend saturation and the direct impact that this is having on CPAs.

69%



of retail CMOs have concerns about customer experience.

The pandemic has created a dramatic change in the retail landscape and left traditional retailers scrambling to keep up. Evidence suggests that the huge shift to eCommerce will continue.

And with increased pressure from direct competitors as well as social platforms and online marketplaces retailers have their work cut out to compete, making customer experience is vital.

	Job Role					
	CMO		Marketing Director/VP		Ecommerce Director	
	%	Count	%	Count	%	Count
Increased focus on ecommerce	59.38%	19	52.94%	18	78.26%	18
Rising paid media costs	46.88%	15	50.00%	17	56.52%	13
Customer experience	68.75%	22	50.00%	17	39.13%	9
Removal of cookies	46.88%	15	35.29%	12	17.39%	4
Higher CPAs due to media spend saturation	18.75%	6	14.71%	5	30.43%	7
Other, please specify	0.00%	0	0.00%	0	0.00%	0
There are no more challenges that we are most concerned about for 2022 and beyond	0.00%	0	0.00%	0	0.00%	0

	Job Role					
	Head of Data		Head of Analytics		Performance Marketing	
	%	Count	%	Count	%	Count
Increased focus on ecommerce	65.52%	19	47.37%	9	58.82%	10
Rising paid media costs	55.17%	16	42.11%	8	76.47%	13
Customer experience	48.28%	14	57.89%	11	41.18%	7
Removal of cookies	27.59%	8	15.79%	3	29.41%	5
Higher CPAs due to media spend saturation	13.79%	4	31.58%	6	11.76%	2
Other, please specify	0.00%	0	0.00%	0	0.00%	0
There are no more challenges that we are most concerned about for 2022 and beyond	0.00%	0	0.00%	0	0.00%	0

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Trends in SEO & Social

In this second part of the survey, we take a look at trends in SEO including page speed optimization, voice search, using audience data to inform SEO content strategy, impact of iOS14 on paid social and social selling.

#8

We asked...

To what extent do you agree or disagree with the following statements:

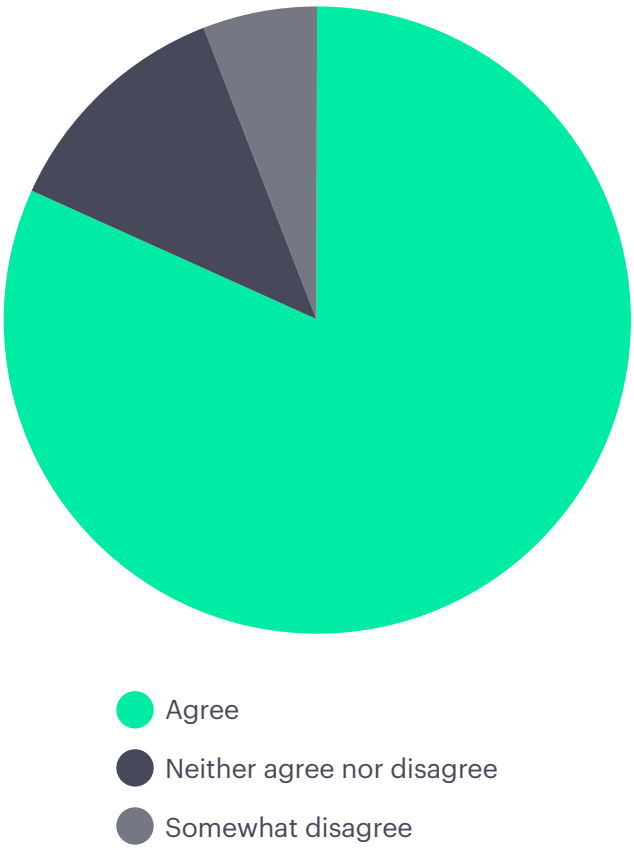
(a) Page speed optimisation is a core part of my marketing strategy

An overwhelming **82% of respondents agree that Page Speed is a core part of their marketing approach**. For us this is a strong sign that speed concerns previously limited to technical SEO have gone mainstream.

Today it is fair to say that performance – and in particular mobile performance - is front and centre for consideration in web optimisation strategies. Partly driven by Google's switch to mobile-first indexing in March 2021 but also fuelled by the explosion in mobile search that happened during the COVID pandemic.

And meeting Google's strenuous new algorithm requirements for page speed has a knock-on benefit for channels outside of SEO. With increases in speed reducing bounce rates and – according to Deloitte's research on luxury retail and travel sector websites - every **0.1s improvement increases revenue by up to 18%**.

Google's focus in this area has driven improvement here. The reality is that many sites continue to suffer from poor



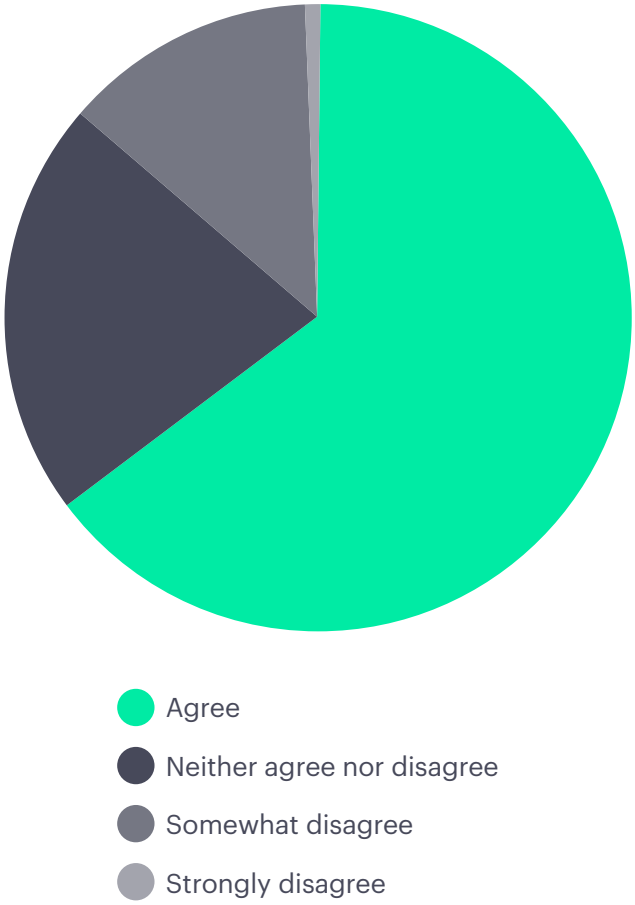
speeds – and this may well be reflected in the fact that **40% of CMOs indicate that they don't focus on page speed at all** - particularly on mobile. Which means they are unable to rank in the top three positions for organic search, cutting off the bulk of organic traffic and demanding expensive paid media spending to replace it.

(b) I understand the benefits of improving page speed but don't have the resource

We can also see **that 65% of respondents agree that budget is the limiting factor** for enabling page speed optimization.

Which suggests that while marketing may be clear on its importance, the wider business is still dragging its feet in terms of funding the technical changes required for improvement. Here at QueryClick, we find that business change led prioritisation can unlock this challenge and enable provision of support to allow significant SEO performance.

For example, QueryClick led the technical specification for the EE web platform, making a forecast impact business case for each relevant aspect of the platform specification and sitting in each sprint. QC also managed the two-year migration process of T-Mobile UK and Orange UK to the new platform. Despite being a brand new domain - ee.co.uk which would typically make ranking strongly for competitive terms a significant challenge, on completion of the migration, and with page load speeds that were best in class in the telecoms sector, on completion of the migration process EE dominated the rankings for the most important terms for the sector, and have been consistently able to rank top for the new iPhone launches each year.





65% of respondents see budget as a limiting factor in improving page speed

On completion of the migration Organic Search revenue was up £65 million year on year, proving the impact of high-quality technical implementation for SEO performance.

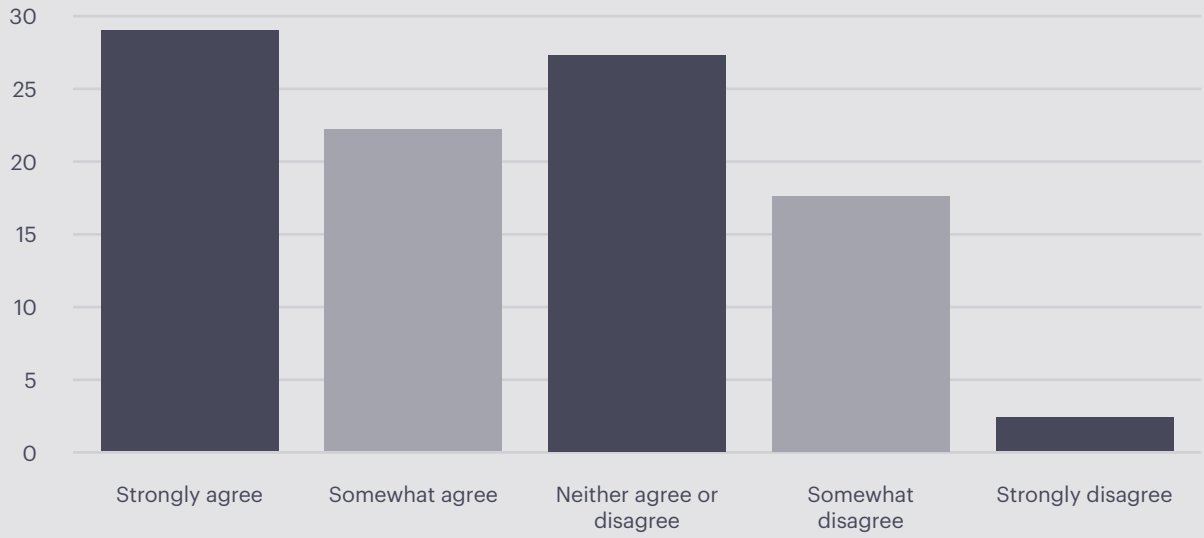
#9

We asked...

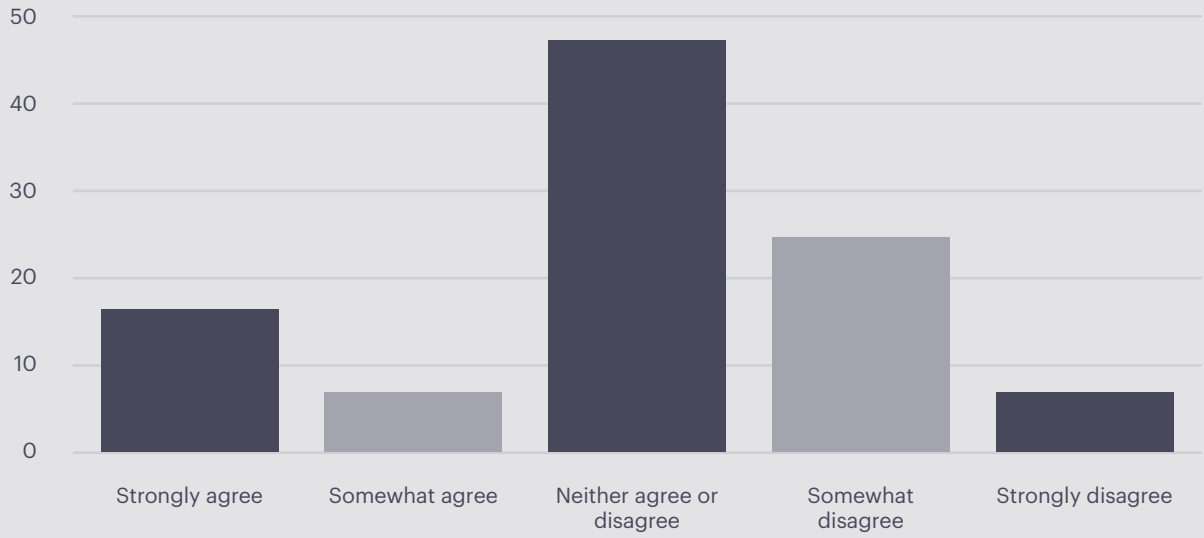
To what extent do you agree or disagree with the following statements:

Voice Search is already a part of our strategy

Based on the survey results it seems pretty clear that Voice Search rumbles on as a concern for the majority of respondents, with only **20% stating it is not part of their existing strategy**.



However, the future of voice is certainly under scrutiny with only 22% claiming it as an area for active optimisation over the next 5 years. And that is despite **87% of respondents also refusing to disagree** with the idea that voice is not of interest to them.



Voice optimisation has been with us for nearly a decade now. With early optimisation focusing on simply ensuring use of rich media enabled content in supporting the answering of simple questions as part of early search and smartphone functionality. Today there is a much more nuanced and varied range of optimisation techniques that relate to optimising for voice which are aimed at creating what many retailers are referring to as "frictionless retail" – including:

- **geo-location optimisation**
- **local result optimisation (with research suggesting that mobile voice-related searches are 3x more likely to be local based than text)**
- **and bricks and mortar listing optimization.**



As well as recommendation optimisation all feeding into a centralized view of optimisation for hands free engagement with queries made on our smart devices today.

Although Microsoft's 2019 Microsoft Voice Report suggested that as many as 40% of respondents had tried to make a purchase using their voice they also pointed out that "voice itself is not the next big disruptor. There is an even bigger disruption on the horizon: Conversational AI and its impact on consumer behaviour". So, everything from website chat bots to messaging apps and home assistants.

While still perhaps on the periphery of mainstream focus – and perhaps needing to overcome some core challenges around trust as highlighted by PWC – we believe voice still has an important part to play in a robust optimisation campaign and it can drive excellent returns for brands that engage with the technical richness required to excel in this area.

#10

We asked...

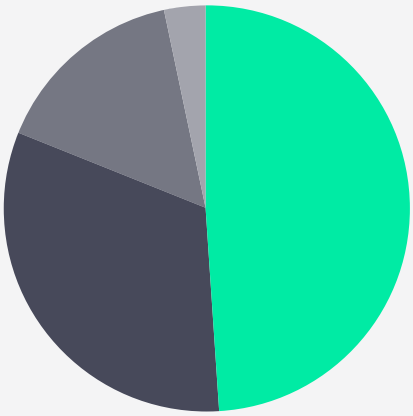
A number of questions about using audience data to inform SEO content strategy

Audience is the key to future optimisation success in our view here at QueryClick. And it is heartening to see that brands agree.

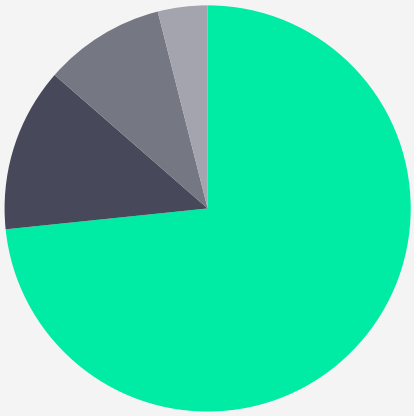
A spotlight has been thrown on audience data with the high profile conversations around 3rd party cookies. And, in particular, the ticking clock that their removal has started and the quest to find new and better ways to understand 1st party audience and customer data.

However, the use of audience data for organic SEO optimisation is often a difficult challenge to overcome, and a roadmap for rebuilding strategy around customer acquisition is the key for success.

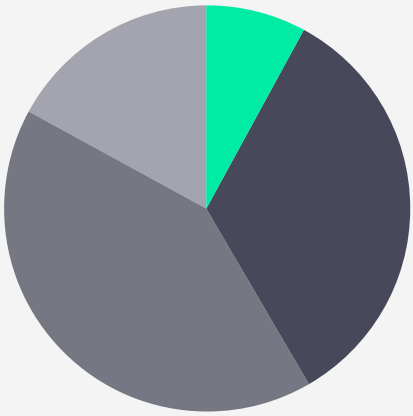
We utilise audience data to inform our SEO content strategy



We **plan to utilise** audience data to inform our SEO content strategy



We don't believe audience data impacts SEO content strategies, therefore **we won't use it**



Agree | Neither agree nor disagree | Somewhat disagree | Strongly disagree

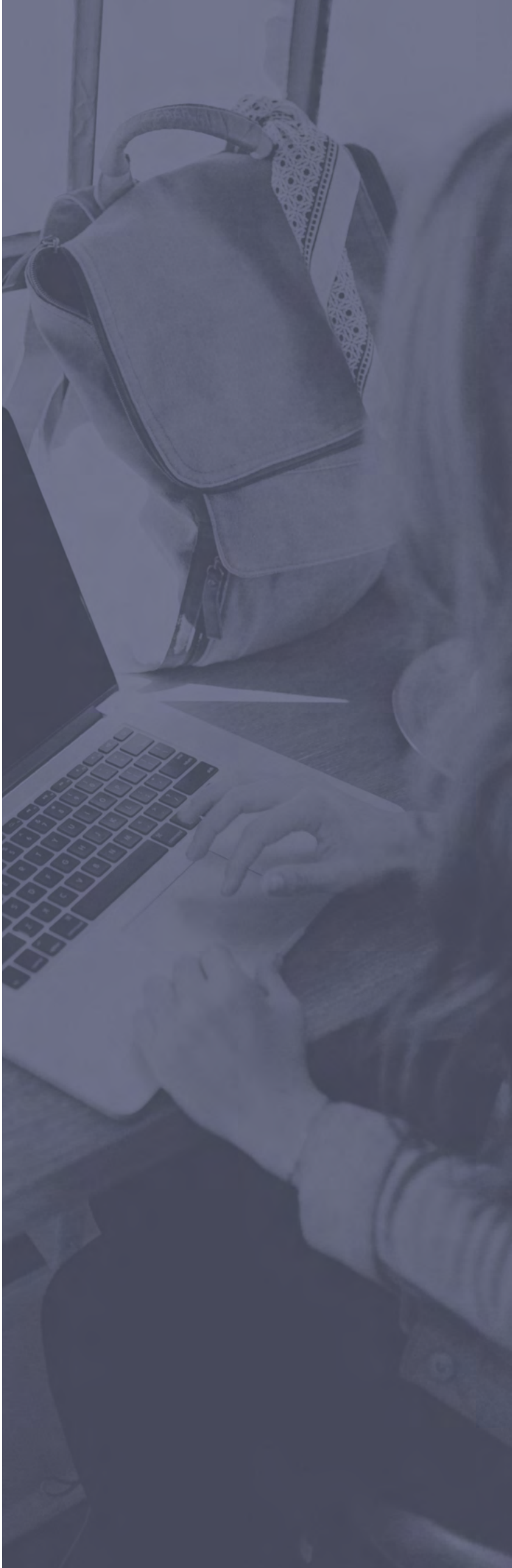
49% of respondents actively use audience data today – a figure that jumps up markedly to 65% amongst Performance Marketers – but that leaves the majority playing catch up. While 28% expect to bring audience data to the table in the future, what is truly remarkable is that 33% firmly do not.

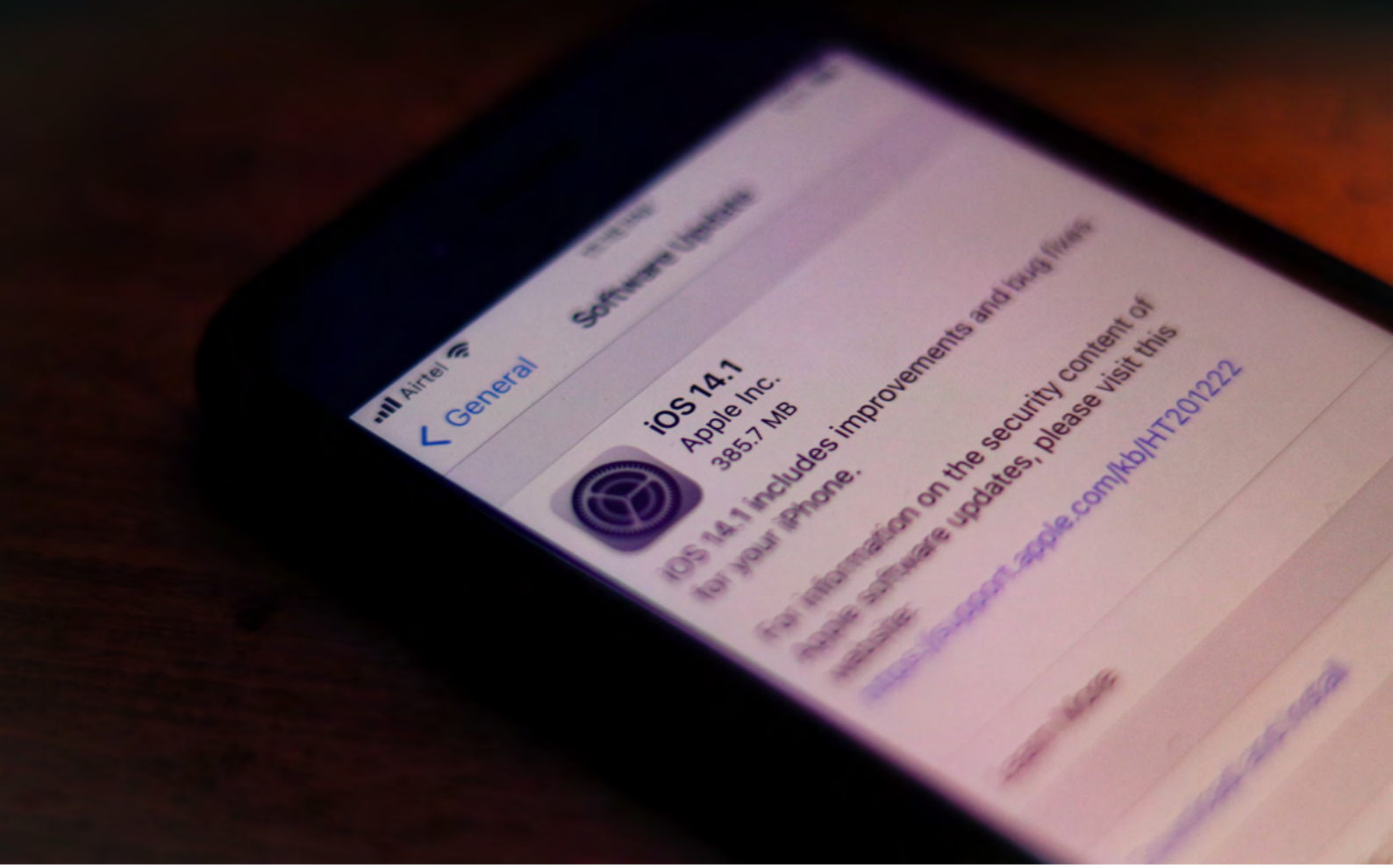
Given that **audience-led optimisation can allow for CPA reductions of up to 87%**; it seems clear that brands who fail to engage with audience-first optimisation strategies will struggle to compete in the new optimisation landscape we now operate in.

Since only 8% of respondents actually believe that audience data is no of value to SEO strategies, it can only be speculated that the reason for this lack of buy-in comes from a misunderstanding of how SEO can be optimised in today.



65% of Performance Marketing Directors use audience data to inform their SEO content strategy





#11

We asked...

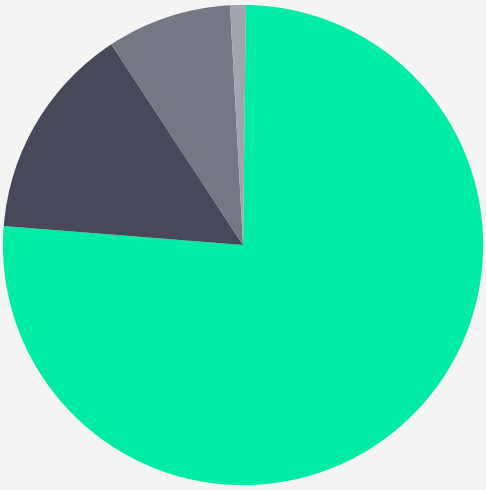
A number of questions about investment in paid social and the impact of iOS 14

It is clear that the changes around iOS14 are being felt far and wide.

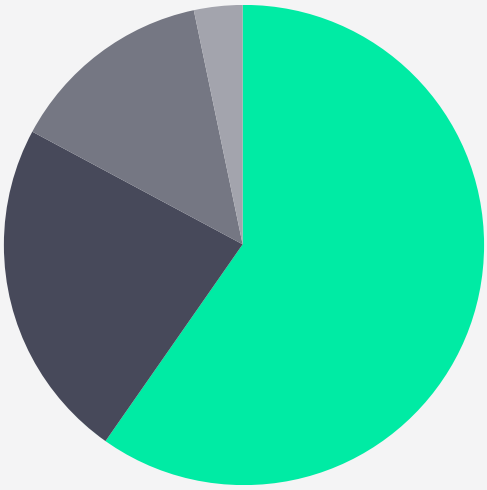
In fact, **60% of respondents agree that they've seen a marked decline in performance and effectiveness of ads across Facebook since iOS 14**. This is despite of 76% of respondents saying they have invested more in paid social.

From serious reductions in audience sizes, to drops in volume, to delayed reporting, to estimated results and a lack of breakdown in results to enable ad targeting. Plus, limitations in attribution window settings. Bloomberg really weren't overstating things when they said that advertisers were panicking about the impact on paid social – due in part to the fact that users were **giving apps the right to track them just 25% of the time after the update.**

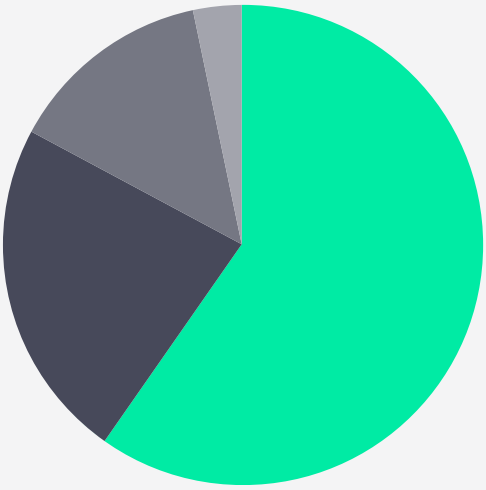
We've **invested more in paid social** and other paid channels



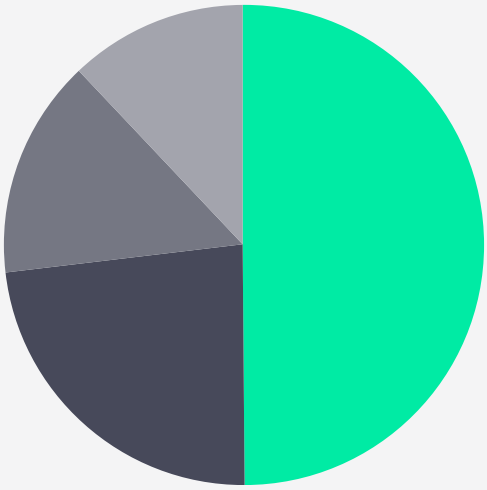
We've **seen a decline in effectiveness** of our ads since iOS14



We plan to change our media budget as a result of **changes to iOS14 and removal of cookies**



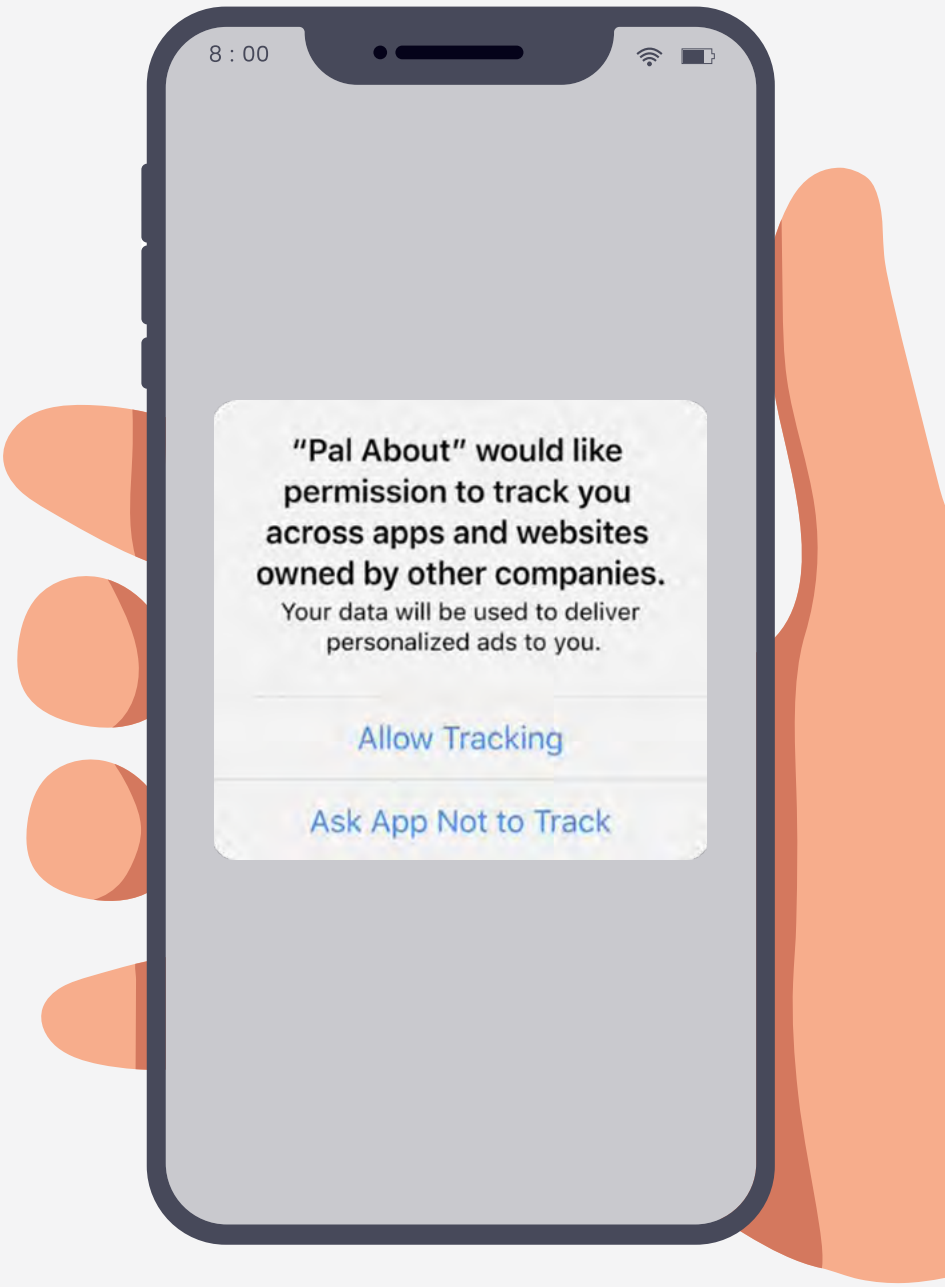
Communicating the ROI of Paid Social activity **is becoming increasingly hard**



Agree | Neither agree nor disagree | Somewhat disagree | Strongly disagree

The iOS 14 issue is tapping into a rich vein of concern from users around privacy with recent research mirroring findings that as many as 83% of consumers expect to have control over how their data is used by a business. Couple this with the impending changes around 3rd party cookies and you have a perfect effectiveness and measurement storm.

55% are concerned about the effectiveness of their spend on Facebook post-iOS 14 and plan to change their budgets. And it is worth pointing out that this issue comes hard on the heels of what is arguably one that is just as big – which is the difficulty of getting a true picture of the impact of your Facebook related spend. It is something we touched on earlier in the research but it's worth re-iterating here – in some ways the iOS14 issue and the removal of 3rd party cookies is masking the real issue. **Which is that many retail marketers can't properly assess the true impact of campaigns on paid social.**

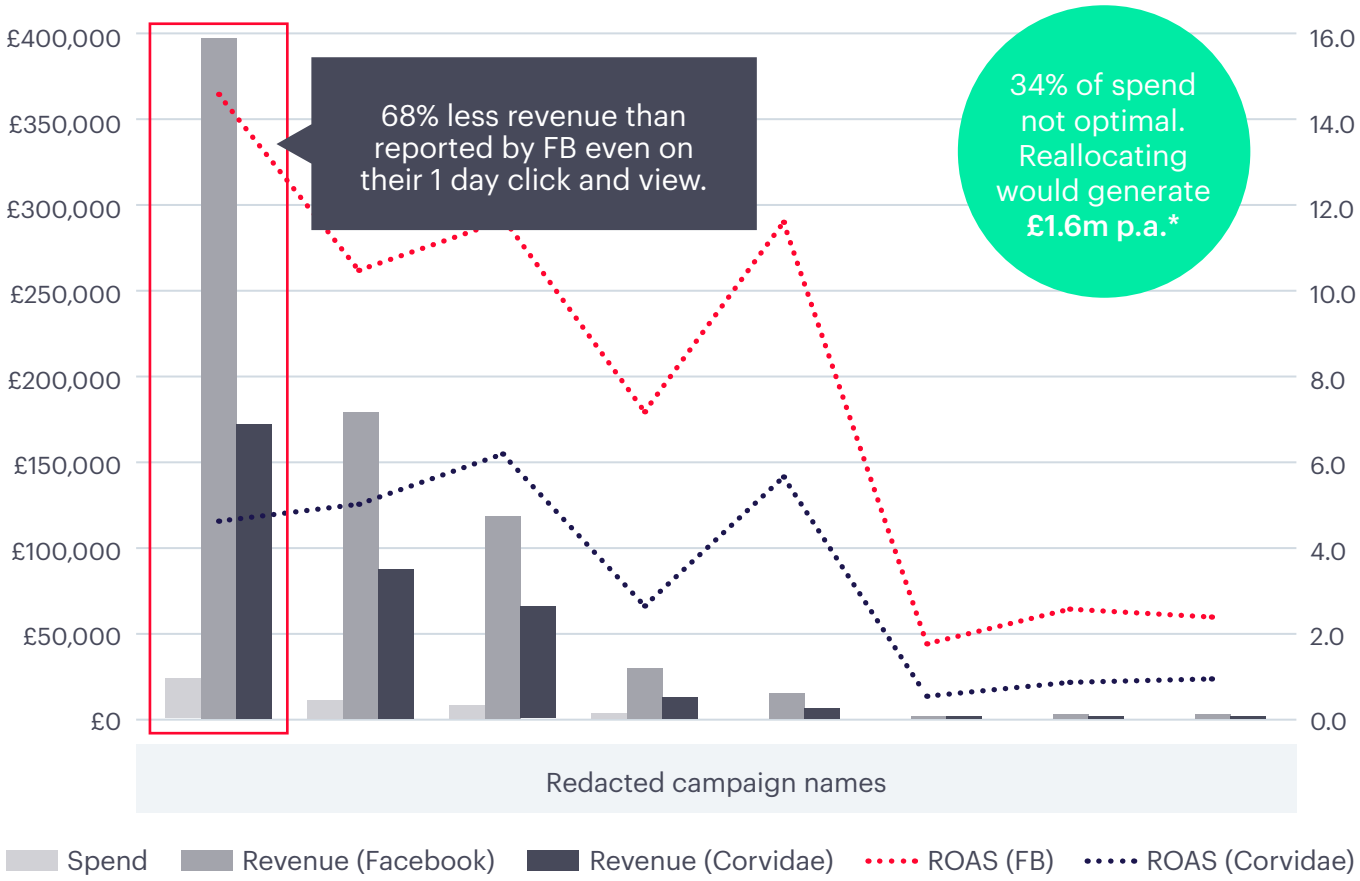




Take the client example below which is based on our work with a well-known online clothes retailer in the UK. In this case not only were **Facebook reporting 68% more revenue than was properly attributed by our Corvidae platform**. But an incredible **34% of spend was not optimal** and Corvidae was able to identify that **re-allocating it would generate an additional £1.6m p.a.**

So, perhaps there is nothing surprising in the fact that **50% are not confident in being able to accurately communicate the ROI from Paid Social channels.**

Revenue & ROAS Comparison



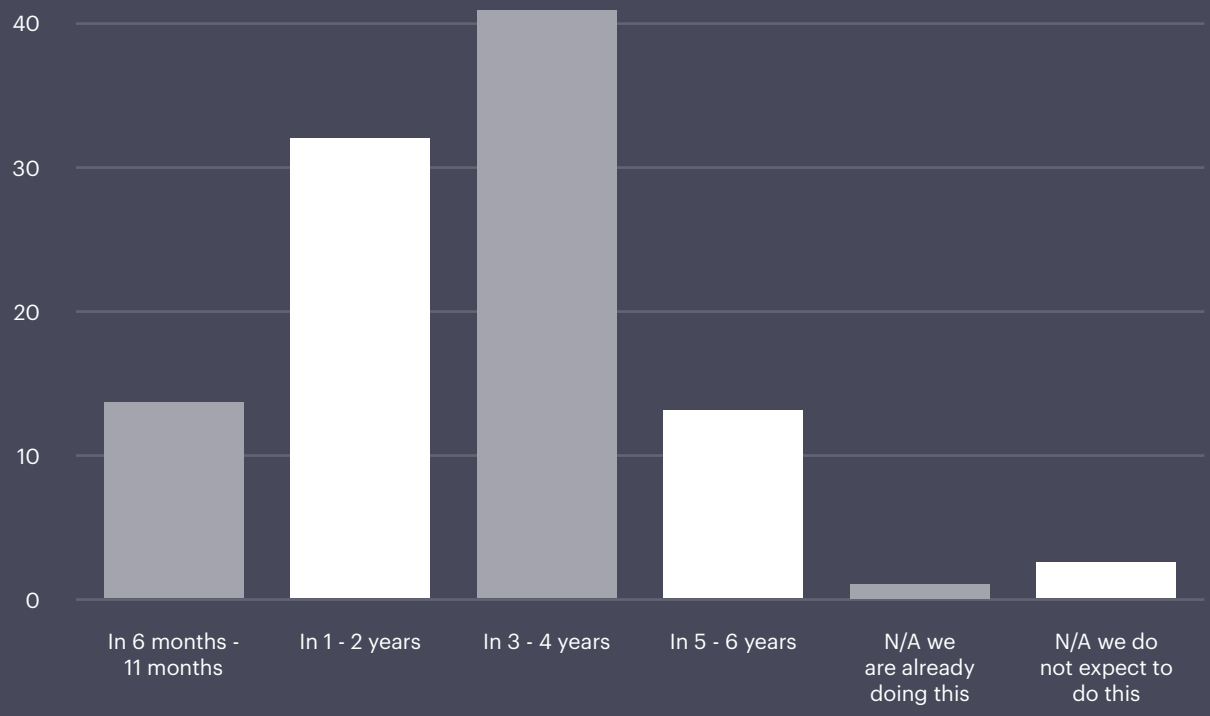
#12

We asked...

When, if ever, do you expect to sell through social channels?

Selling direct in social media - though a powerful trend in agency circles - is struggling to get traction with many retailers.

Based on our findings it looks like this one is on the horizon only for the bulk of retailers, with **72% indicating that it is in the pipeline at some point in the next 1-4 years.** This figure increases to 82% amongst Performance Marketing Directors.



Likely due to a combination of concerns over further breaking their ownership of customer conversion, management of more shopping feeds for optimisation, co-ordination on pricing and stock - and, also, the overwhelming challenge with iOS 14.5 and its reverberation around the profitability of social channels.





82% of Performance Marketing Directors plan to sell through social channels

However, there is also the likelihood that this issue will be forced for retailers by the competitive effect of social networks dipping into social selling themselves. Recent testing of ecommerce features in the European market by TikTok and similar ventures across Facebook, Instagram and Snapchat would suggest that the platforms themselves are moving in to eat some of the retailer's lunch.

We would expect to see Social Shopping get stronger for retailers as some of the issues that are currently holding it back become trivial. Including automated feed management (already available), more accurate attribution (again already available - assuming you are using Corvidae of course!), and better campaign bid strategies which better leverage 1st party data.

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Death of the 3rd Party Cookie

In this third and final, part of the survey, we consider the impact of the removal of 3rd party cookies, whether retailer expect a positive or negative response to the situation and the importance of attribution in the MarTech stack as a result.

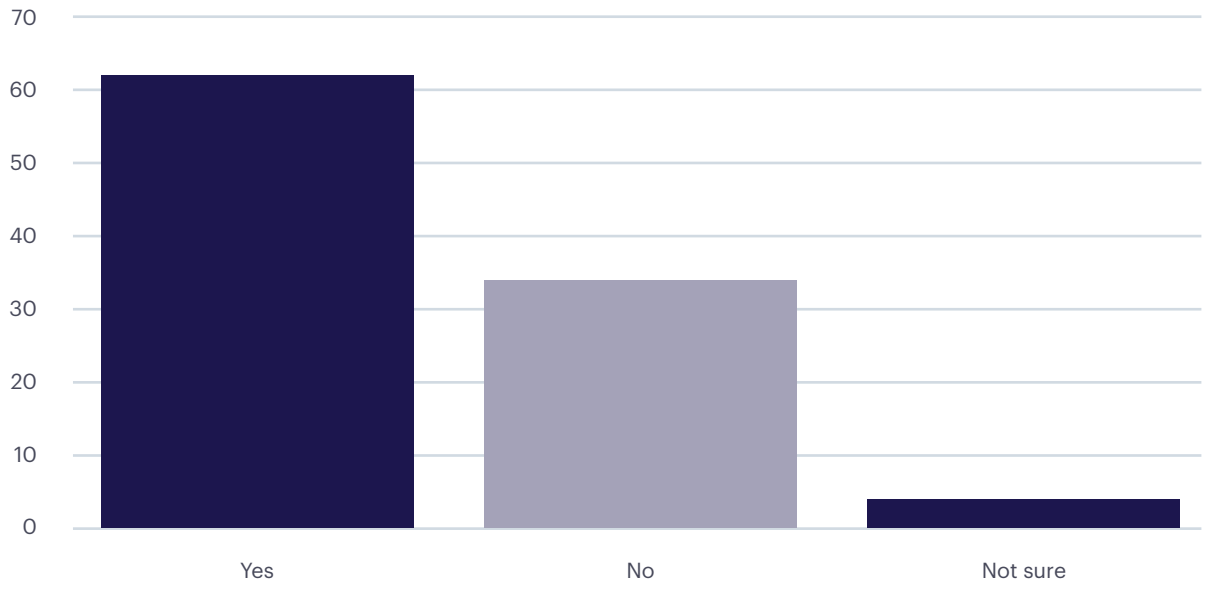
#13

We asked...

Do you have a strategy in place for the removal of third-party cookies?

Cookies have been a part of the digital landscape for an eternity (or at least in the digital marketing sense). You could argue that the death of the 3rd party cookie itself started when Firefox announced back in 2019 that it would block them by default for users of its web browser.

But it was confirmation by Google that it would begin phasing out 3rd party cookies from Chrome browsers by the end of 2022 - and the recent changes by Apple around iOS 14 - that have really given



the change unstoppable momentum.

It is heartening to see that **62% of respondents say that they have a strategy in place for the removal of cookies** but it's actually a stat that doesn't chime with our experience with clients and in the marketplace.

Engaging with CMOs on a regular basis, the main theme we hear is for a replacement strategy is an acceptance that aspects of marketing that require 3rd party cookies to activate will be removed from their mix and replaced with alternative systems that they expect to see from Google - who had proposed FloC - Federated Learning of Cohorts - though Google themselves have recently advised that they acknowledge that FloC would not be workable from a competitions regulatory perspective or compliant with GDPR in the EU and have suggested that the marketplace should look to propose another solution - which is deemed as unlikely to be achieved in any near timeframe by experts in web standards and legal compliance.

The other thread we observe is a lack of solutions to effectively 'activate' 1st party data when 3rd party is removed. A replacement of 3rd party strategy entirely is in effect required to be sure of a robust solution before the end of 2022. At QueryClick we have a clear and robust strategy for activating 1st party data and building a new customer acquisition pipeline effectively - and in a tailored way - that uses no cookies at all - including no 1st party cookies, which undermine the quality of web analytics data in Adobe and GA360 and GA4, making them accurate only 20% of the time in our data quality studies.

An acceptance that 3rd party data has long had issues with effectiveness in the long tail of content that exists in the web is required to build these new, forward thinking strategies - for example, the industry has known since 2019 that 3rd party data has to be premium inventory to have **any incremental value at all** - essentially incrementality from 3rd party data comes with data that is 2.5x the cost of the display ad placement, or 1.5x the cost of a video placement.

	Display Ad Costs		Video Ad Costs	
	Targeting	No Targeting	Targeting	No Targeting
Publisher	1.36	1.36	11	11
SSP Exchange*	0.13		1.09	
3rd Party Data Costs	1.33		1.33	
Ad Serving & Verification	0.2	0.2	0.2	0.2
SUM Sell Side Costs	3.02	1.56	13.62	11.2
DSP*	0.44		2	
Trading Desk / Execution*	0.45		2.04	
SUM Digital Ads Costs	3.92	1.56	17.67	11.2
Agency of Record*	0.27	0.11	1.24	0.78
Final Costs Advertiser	4.2	1.67	18.9	11.98
Final Ratio to No Targeting	**2.51**		**1.58**	

For us there are 5 key tips for surviving the 3rd party cookie "apocalypse" as follows:



#1 

Context is king, so wherever possible you should using contextual targeting (if you are not already!), and consider building private marketplace deals with select publications rather than using 3rd party cookies.

#2 

Maximize the value of 1st party audiences and data – as Forbes point out it's actually preferable if you can lay your hands on it!

#3 

Analyse and rebuild your broken cookie data – because it is pretty well documented they actually do a pretty poor job of tracking cross-device, complex customer journeys anyway. With up to 80% of your data being incorrectly attributed.

#4 

Solve your attribution issue as an urgent priority – the problem runs wider and deeper than 3rd party cookies with AdTech silos and issues with platform measurement muddying the waters.

#5 

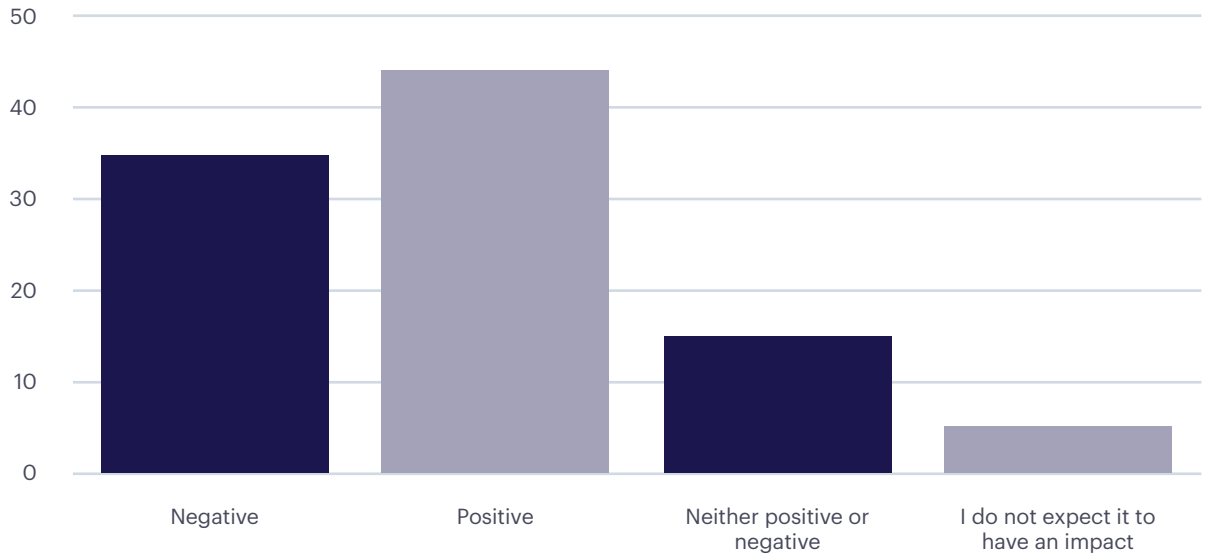
Don't leave any of this too late – if you are in the 34% of respondents that say they don't have a strategy in place (which incidentally rises to 53% for both Ecommerce Directors and Heads of Analytics) then you might want to place it on your priority list.

#14

We asked...

Do you expect the removal of third-party cookies to have a negative or positive impact on your business?

The core of the response to this question is interesting with **34% indicating that the impact of removing 3rd party cookies is likely to be a negative one.**



That could be for a range of reasons from a lack of preparedness for the change itself, to an over reliance on cookies in the marketing mix, to a straight lack of understanding of the implications themselves.

But we are firmly in the camp of the 44% that think that change will have a positive outcome for them – in fact joint research by LiveRamp and Censuswide (who also worked with us on this study) suggests that as many as 78% of UK Senior Marketers believe removing cookies will have a positive impact on Advertising strategies. We also see it as a great opportunity to break free of the shackles of a mechanism that has consistently shown to be not fit for purpose.

And our work with clients would tend to bear out the benefits.

In this example – for a leading UK food and clothing retailer – QueryClick was able to use its Corvidae platform and take existing Google 360 data and effectively rebuild it to repair the broken sessions caused by the inefficiencies in 3rd party cookies. And **adjust the level of attributable spend from £4.1m to £13.6m in the process.**



44% of retail marketers think that the removal of 3rd party cookies will have a positive impact on their business

Daily Attributable Data (i.e. Repaired Broken Sessions and Enhanced Cross Device)

Your web analytics data is up to 80% wrong.

Due to Google and Adobe being very poor at joining sessions across devices.

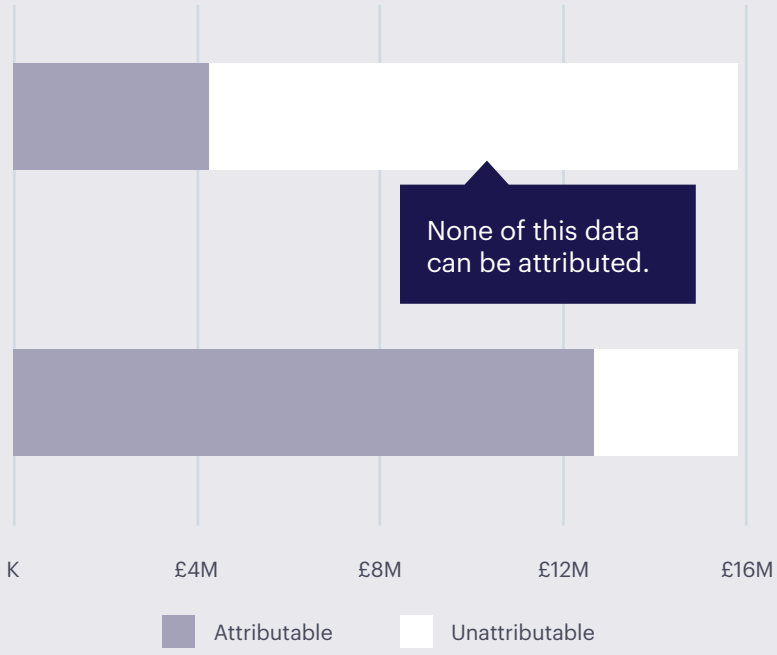
Analytics 360

Used by **~84% of all websites.**

CORVIDAE

TESCO

Data from QueryClick's Case Study Deployment of Corvidae for Tesco, the UK's largest retailer by turnover.



So, rebuilding your core data was always foundational. In truth, the removal of 3rd party cookies is just highlighting an issue we have been working on for clients for a number of years now!

#15

We asked...

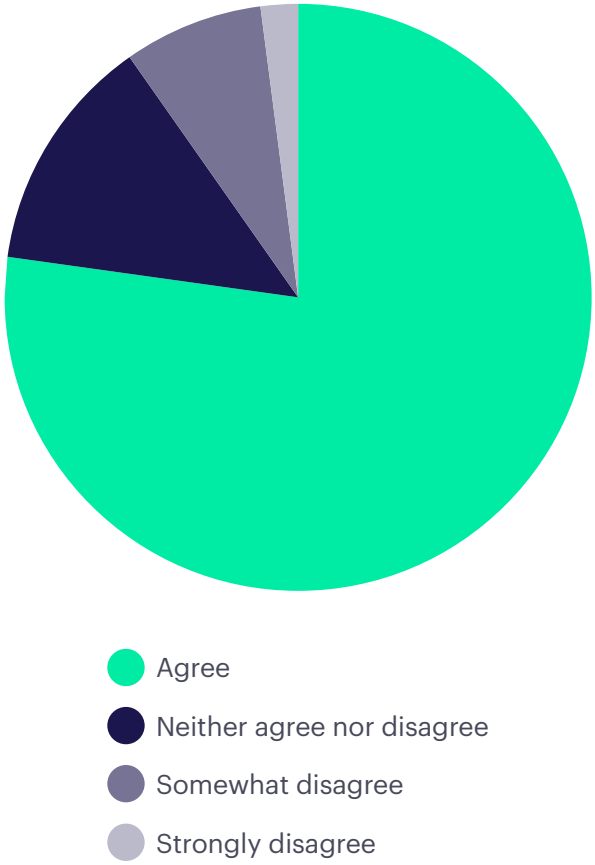
To what extent do you agree or disagree with the following statements:

Attribution will become a key part of our Martech stack after the removal of third-party cookies?

The overwhelmingly positive response to this question – with **almost 80% respondents agreeing the importance of attribution in the MarTech stack** – is heartening. And a validation that perhaps attribution is beginning to take its place within digital marketing infrastructure.

When we ran our previous survey, The Value of Attribution in Retail, in June 2021 we also got a resounding 98% of respondents indicating that they would buy a standalone attribution solution as part of their Martech stack.

We touched on it in question 14 but it's worth re-iterating the point here. In a world where ad spend is increasingly focused on a narrow tranche of media platforms – namely Facebook, Google and to a lesser extent Amazon – with all the attendant issues of AdTech siloes, walled gardens and proprietary measurement systems. And some of the most commonly used analytics packages including Google 360 and Adobe continue to rely for analysis on broken and poorly tracked 3rd party cookie data. The need for effective attribution – and one single attribution platform to cut through the noise and inefficiencies - has never been more marked.





98% of respondents indicated they would buy a standalone attribution solution as part of their MarTech stack

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Closing Thoughts

This survey proves that 2021 was a year of radical change for retail marketers in almost all areas.

It is also clear that 2022 will continue the trend of radical rebuilding of strategy and technology stacks. For QueryClick, our investment in unique, globally patented AI technology to provide radically improved accuracy for zero-cookie digital measurement and attribution has paid off. It has been enormously rewarding to see our Corvidae technology become an essential tool for basic optimisation effectiveness rather than - as it was in 2020 - simply a 'nice to have' to drive incremental gain.

From the results, and performance measurement of zero-cookie optimisation, a clear picture is emerging. **Brands which invest heavily in emerging growth channels with lower overall auction volumes at the point of conversion - principally Video and Programmatic - will benefit from substantially lower overall CPAs, and faster pound-for-pound new customer acquisition than others.**

Paid Search and Social have reached saturation during the pandemic, locking up media spend in unprofitable activity that can now only be untangled from genuinely incremental spend with accurate attribution.



For brands investing in attribution, video will be a key channel. From our experience, video delivered natively, and via Programmatic using zero-cookie measurement, using hyper-growth strategies and robust, tailored brand messaging **will outperform traditional prospecting activity by 4:1.**

Brands which embrace the new digital world and new digital measurement systems, and new strategies will reap the rewards. By allowing digital to take the lead in media planning mixes and brand development in a harmony with performance optimisation that was out of reach until very recently.

It's an exciting time to be a marketer, I hope you feel it too!

Chris Liversidge
CEO & Founder



Scott Donnelly
Digital Strategy Director

While many acknowledge that page speed is a key part of their strategy, getting the changes implemented to improve it can be a challenge.

Businesses should focus on **shifting some technical budget to improving page speed as it will bring advantages to many aspects of their business** – from organic and paid search to overall customer experience and conversion performance.

Using audience data to inform SEO strategy is only going to become more important. As the discipline continues to develop and become even more user centric, understanding what your audiences want, what motivates them and what their values are will become more important in the content you create.

Unsurprisingly the pandemic has put significant strain on marketers' paid budgets, while they have also had to deal with iOS 14.5 privacy changes, fluctuating demand, logistics issues and the removal of cookies - leading to more scrutiny over where budget will receive the best ROI across channels.

During the pandemic we have observed a divergence of paid channel marketing activity, with marketers **re-allocating budget away from the traditional into new advertising opportunities such as TikTok and YouTube.**

I would expect that during 2022, we will perhaps see more scrutiny over ROI coming from traditional paid social channels such as Facebook, and a shift towards higher funnel activity such as TikTok ads and YouTube.

Accurate attribution is key for marketers in 2022 to understand the true ROI generated from these channels, and to understand where opportunity and budget wastage exists.



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