Michael asks, "What's your opinion on digital ads today? Are they worthwhile or is the market too saturated now?" Well that's a great question, Michael. And one that I'll answer for you on today's episode of Banking on Digital Growth.

Greetings and hello. Thank you for tuning into the 31st episode of the Banking on Digital Growth Podcast, where I, James Robert Lay, your digital anthropologist think through the research we continue to do here. Research that is rooted at the center of marketing sells, technology, and here's the wild card, human behavior in a digital world. And we do this research with one primary goal in mind: to provide you with clarity through education and insights, practical insights that guide you forward along your digital growth journey, and really empower you to generate 10 times more loans and deposits by simplifying digital marketing and sales strategies. Here's why. Because in today's ever growing, confusing digital world, simplicity, simplicity is the path forward to escape complexity and chaos.

Today's episode is part of the Inside Digital Growth Series, where I want to help you to escape that complexity and chaos by answering a question from Michael, who is an AVP of marketing for a financial brand in the Midwest. Once again, Michael asks, "What's your opinion on digital ads today? Are they worthwhile or is the market too saturated now?" Thanks again for the great question, Michael. And it's one that I've been thinking deeply about for the last 12 to 18 months as the digital ad game is really being disrupted and turned upside down on multiple fronts right now. In fact, going back three years, I had predicted the demise of digital ads thanks to, at that time, was really two things: ad bots and ad were going to destroy ad buys. But what has got me thinking more about digital ad disruption today is the recent changes coming from Google's ad policies that will be going into effect on October 19th, 2020, which is right around the time that we're going to be publishing this podcast.

So for some context of what's going on and to get everyone up to speed before I share my perspective on digital ads, and really if even ads are still worth investing into in today's saturated market. Google's, up to this point, Google's personalized advertising has targeted users with more relevant content. And as a result, they've improved the experience for people while increasing ROI for advertisers. And as a result, what does Google gain? Money. A whole lot of money, but here's the thing. This new ad policy that's coming out in October, 2020 is going to add restrictions that are important for financial brands to be aware of when it comes to targeting. According to Google and I quote, "In effort to improve inclusivity for users disproportionately affected by societal biases, housing, employment and credit cards, are services that can no longer be targeted to audiences based upon five things. Number one, gender. Number two, age. Number three, parental status. Number four, marital status. And then number five, zip code."

Now for the past 10 years, Google's ad policies have prevented brands from targeting people based upon their identity, their beliefs, their sexuality. And in reality, I'm not surprised at all by Google's new ad policy updates. Once again, three years ago, I had predicted the devise of ads because of the rise of ad bots and ad blockers were already starting to destroy ad buys. But what I did not see at the time was the fight that we're seeing right now for consumer privacy and the control of personal data, becoming a really big part of this narrative that has been further driven by increasing government regulations. So for some context, many of the ad policies that we're seeing and have seen over the last 12 months, those changes, and we'll probably continue to see, go back to 2016. It was a ProPublica report where ProPublica found that Facebook was allowing the placement of housing ads that excluded certain ethnic affinities.

Then in March of 2019, the Department of Housing and Urban Development charged Facebook with housing discrimination. And when they did this, they put Google and Twitter on alert and some of these other big major digital ad platforms. Why is it important to understand this part of the narrative, even at a high level? What difference does this make to you as a financial brand marketing or leadership team member? Here's why. These government regulations threaten the profits of the biggest technology players: Facebook and Google, even Amazon, as their profits are closely tied to ad revenue. So it all comes down to that one thing. It all comes down to money. In addition to these recent policy changes from Google and Facebook was last year, financial brand marketing and leadership teams must be aware of what I had talked about before and predicted three years ago. It's that rise in ad fraud and rise in ad blockers.

Ad fraud. Ad fraud is the digital advertising industry's dirty little secret. No one wants to talk about it. Platforms don't want to talk about it. The ad networks and ad exchanges. They don't want to talk about it. Digital ad agencies don't want to talk about it, but here's the question. Why? Once again, like before with government regulations, there are billions and billions and billions of dollars at play. According to payments.com, "The global digital ad market is expected to be valued at $225 billion by 2020." That's one fourth of a trillion. "So it's no wonder fraudsters are trying to steal a piece of the pie," payments.com continues. Advertisers, and this is important to pay attention. "Advertisers will lose a projective 5.8 billion to 42 billion to fraudsters this year alone."

Now we can overlay those insights with other sources, for example, emarketer.com found that even though fraud detection is difficult to track and it is, but we've been able to identify it multiple times for financial brands in our program. Advertisers are still estimated to lose billions in 2020 alone. Now the challenges of ad fraud and I could do a few very deep level podcasts just around that subject matter alone are further compounded by the continued rise in ad blockers. Ad blockers, being a subject that I'm going to come back to here in a moment. Because to top all of this off, we have what is called the coming cookiepocalypse. Now bear with me for a moment because I'm just going to get slightly technical for contextual purposes about what's going on at the macro level. Because it is important to understand how the pending cookiepocalypse will indeed impact your financial brand's future digital growth potential.

In January, 2020, Google made a big announcement when they shared that they're phasing out third party cookies over the next two years. And no I'm not talking about chocolate chip or macadamia nut. I'm talking about internet cookies, because with Google's phasing out of third party cookies, cookies being used to help track browser data. The consumer data, consumer data with Google will now be centralized and only accessible when Chrome determines a consumer does not want to be tracked anonymously. But who doesn't want to be anonymous on the internet? So what does this mean for financial brands? It's exactly what I predicted three years ago. Digital ads are going to be even less effective and the cookiepocalypse is going to change the entire ad landscape for the exchanges, for ad agencies. And most importantly for your financial brand. And here's why. Cookies are used by web browsers, and it is the cookies that empower your financial brand to save data about what people are doing on your website.

Third party cookies are also placed by advertisers and a website can use a variety of different third party cookies to collect information on consumers' digital activity. And with Google phasing out third party cookies the consumer data, once again will only be accessible and centralized whenever Chrome determines a person does not want to be anonymous. What this decision means for financial brands is that it will render digital ads and ad targeting even more less effective. Now the coming Google cookiepocalypse doesn't come as a surprise and it actually follows trends from other browsers like Safari. Because Safari is shipping with native ad blockers installed. In 2017, Apple's native browser, which is Safari, they introduced what's called ITP and that's Intelligent Tracking Protection, and also cookie time limits. Then in September, 2019, Firefox introduced what's called ETP or Enhanced Tracking Protection that blocks third party cookies. So in essence, Google was late to the game to prevent third party cookie tracking.

But of course there's a reason for this delay. Once again, there's that word, money. Those billions and billions and billions of dollars I talked about before. Now, when Apple released ITP through Safari, they didn't really receive much flack at all, if any, because at the time Safari had a much smaller share of the browser market and Safari's ITP actually aligns with Apple's mission of protecting users' data. And so now Apple is once again, applying their mission of protecting users' data with an upcoming iOS 14 update that will further prevent companies like Google and Facebook and others from collecting your digital ad identifier. Which without having someone's permission, because now going forward, apps will begin to prompt, apps on the iPhone will begin to prompt if someone wants to have their digital behavior tracked. Once again, who wants to be tracked on the internet?

The most important thing to note in this big tech showdown is that Apple's revenue model is not tied to or is dependent on digital ads. See, that's the biggest difference between Apple when comparing them say to a Facebook or a Google or even an Amazon. Because their ad, or their revenue models, Google Facebook, Amazon are in fact based on their ad models. So consider this too. Google owns almost 60% of the market share with Chrome. And when it comes to Google phasing out third party cookies, my bet is Google is doing this for their own good, not for the good of brands and not even really for the good of consumers, even though it's positioned that way. Because they're doing this play because they know that they're going to be able to drive ad revenue away from Facebook ads and more revenue into Google's paid search model.

So in summary, we have some foundational context of all of the challenges and they are some technological challenges driving this, impacting the digital ad space for financial brands. And once again, brief review, three major things happening at the macro level.

Number one, government regulations forcing changes and around how you can target audiences on platforms like Google and Facebook.

Number two, the rise of ad blockers and bot traffic further destroying the ability to effectively target and place ads.

And then number three, once again, the coming cookiepocalypse, and it's not chocolate chip or macadamia nut, as Google phases out third party cookies within the browsers.

So the big question is where do you go from here as a financial brand marketer or a leadership team member, thinking about your future digital growth strategies? When it comes to digital ad policies, it's going to become even more increasingly difficult for financial brand marketing teams specifically to keep up with all of these ongoing changes with ad policies and only managing those changes, managing digital ads strategies internally, the placement, the budgets, those will be the ones who are most likely to be internally aware of all of these changes. Because oftentimes when you log into the ad account of whether it be Facebook or Google, you're typically notified of those changes. So that's why the biggest challenge here, when the ad policy changes, the ad strategy must change.

But what if you're not managing your ad accounts internally. See financial brand marketing teams are already stretched so thin and I'm understanding and empathetic of the fact that many just don't simply have the time to stop, to learn, to apply those learnings going forward. And as a result, they end up in the circle of chaos, they feel confused, they feel frustrated, they feel overwhelmed. And this is why number one, investment and ongoing training must become a central piece for a marketing team's growth strategy because of all the exponential changes that are occurring and will continue to occur throughout all different channels and mediums of digital.

And number two, and just as closely important to just ongoing training and education, a financial brands that marketing team's AQ. Their adaptability quotient will be a competitive advantage as they are going to have to quickly pivot and to quickly transform strategies and even habits based upon the training and education that they receive.

Furthermore, and this comes back to, are you managing your ad accounts internally or are you sourcing them to a third party? There is a level of risk for many small to midsize asset financial brands who are relying on third party digital ad agencies to manage the implementation of ad strategies because as those ad rules will continue to change, the big question here is will the digital ad agencies provide recommendations on the next best steps forward? Or are they going to just simply await the orders from their financial brand clients?

So when we look at what are the risks here, you can go and you can read the policy from Google. But a couple of things to note and really the most important thing to note and most troubling, unlike others, is the fact that Google shares, "Accounts may be suspended if we find violations of our policies or the terms and conditions within that policy." And that's from Google. So just like with Facebook, the policy changes from Google, it's becoming very crystal clear who has all the power and the control in the digital space. And it's not financial brands. All audience types, coming back to this upcoming policy that's taking place in October, 2020, all audience types are going to be negatively impacted by this update. So for example, financial brands will no longer be able to use in market audiences like they once were able to, to reach people who might be close to completing a purchase for a home or a car, using age or zip code.

And this will also impact the credit category as well because financial brands that use the Google Ad network to generate awareness and traffic and leads for auto loans, for credit cards, for homes, those are the three, typically the three biggest revenue drivers for interest income on the consumer side of a financial brand. So what can you do about all of this? Where can you go from here?

Two quick thoughts. Number one, ensure you are not in violation of Google's new ad policy. Once again, targeting around gender, age, parental status, marital status, zip code, on any of your current or active campaigns. And if you're not managing this internally, be sure to go and talk with your digital ad agency. Take a proactive step because once again, Google has the potential to ban accounts that are in violation of these policies. That's like cutting off of a whole nother area of revenue growth.

Number two, prevent any potential problems or flagging or possible suspensions, be sure that as you go and you talk with your ad agencies or you talk with your internal teams, start thinking about the future. And that's why I want to come back to Michael's question. "What's your opinion on digital ads?" Michael asks. "Are they still worthwhile or is the market too saturated?" Let's look towards the future. It's time to look beyond digital ads, as digital ads are really just a hangover from traditional broadcast marketing forced into a digital medium, utilizing direct response marketing strategies.

For example, I do A, I place digital ad and then I expect to get B, a loan or a deposit. Sure, direct response. And I see a lot of this conversation happening at the leadership level because there's just a lack of awareness and understanding of the changes that have happened at the consumer level when it comes to marketing and sales. Because yes, back in the day, direct response might have worked before the internet, before the rise of the empowered consumer, but we know it, you know it because you are one, consumers are empowered, consumers are educated, consumers are informed and they're buying journeys for loans and deposit products have become much more complex than just having two points on the buying journey. Broadcast marketing ad driving traffic into physical branch location. And then somebody gets the loan or opens up the checking account.

In fact, digital consumer journeys are made up of micro journeys that a consumer has to navigate through. And we think just the micro journey of the consideration stage of loan. There's a lot of complexity tied into that. Furthermore, when we think about digital ads and when we review digital ad strategies, they are often rooted in the narcissistic marketing model that I write about in my book, Banking on Digital Growth, where all a financial brand wants to do is just push product. And the problem is pushing product down people's throats, it's one that I provide a prescription and a cure to in episode number 13 of this podcast, titled High Pressure Marketing And Sales Strategies Simply Don't Pay. And I talked through the alternative solutions to pushing products down people's throats with a simple mantra. Help first and sell second.

This is why I predict that email, and also organic SEO is about to go through their second golden age as ad challenges will continue to increase in the years to come. And all of the environmental changes that we're seeing within the digital ad space, it really creates a tremendous opportunity for financial brands to break free from that narcissistic direct response marketing, and start to collaborate with consumers, to collaborate with people. Yes, with all of the digital ad changes we've seen and will continue to see, whether that be from government regulations to add bots, to ad blockers, to the pending cookie apocalypse. Perhaps the days of pushing and promoting commoditized products, once again, that flawed idea held over from the legacy days of broadcast and direct response marketing, those days might just finally be over.

And that's why now. Now is the time for financial brand marketing for leadership teams to confidently commit to helping first and selling second. In this digital world, the path forward for financial brand marketing teams specifically is rooted in transforming marketing departments to operate more like content and media departments. Content will drive organic search while the email, another content initiative, more specifically email marketing automation strategies will be used for hyper targeting purposes, just like ads, but through a different context, through a different medium. And the good news here with email is that email is an asset, your financial brand owns while ads are leased from someone else's digital property and real estate. They control the game. This is why email must be viewed going forward as a strategic asset, where we start to place a monetary value on your financial brand's email database, and you split that database up into really three distinct buckets.

And I'll unpack some more of this thinking on a future podcast, specifically around email marketing, because I've been getting some questions about that. But if we look at those three buckets, you have your actively engaged email accounts, those that have an account with you. You have your unengaged emails, but they have an account with you but they're not actively engaged or opening up your emails or clicking on your emails. And then you have your prospective database, where that to me is a tremendous opportunity to collect emails and we would call them these marketing qualified leads to begin to build relationships with these people and use their digital activity to help serve them the right content, the right message at the right time for the right product in there own buying journey.

So when we think about the email database being an asset, the same is also true for content, specifically strategic evergreen content pieces that can create exponential value through organic search and particularly over an extended period of time. But, and here's the big but, because this is important. Viewing email and content as a valuable strategic asset, one that goes far beyond traditional digital ads, this will only happen when a commitment from the top empowers marketing teams to create space and time to build those digital assets, those audiences, those communities that their financial brand owns. Not third parties like Facebook and Google, and then also empower their digital sales teams to use the content that their marketing teams are producing and use those sales teams as a medium to share and distribute that content with their own personal social networks.

See just like marketing is being transformed, so too, digital sales or really sales for that matter is also being transformed. And there's such a tremendous opportunity for marketing and sales teams to start aligning more closely together and creating value together. As always, if you have a question like Michael, I want to hear from you because I want to help you. Just go to www.goaskjr.com, submit your question and I will answer it for you on a future podcast episode. And remember the only bad question is the question that goes unasked. Until next time, be well, do good and wash your hands.