

FUTURE OF MARKETING

Did Covid Kill the Techlash?

Future of Marketing Study 2021

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This paper presents the findings from American Marketing Association-New York's 2021 Future of Marketing Survey among consumers and marketing executives on marketing technology and techlash. Following up on AMA-NY's prior Future of Marketing Study in 2019, the full study also will explore trends in consumer and marketer attitudes towards post-Covid marketing, corporate purpose, and B2B marketing in subsequent releases.

EXECUTIVE SUMMARY

- Growing consumer acceptance of new marketing technology has shifted the balance of consumer opinion and points to further adoption in homes as well.
- There are also consistent patterns to the shifts in favorability, greatest among better educated, higher income, and younger consumers.
- Marketers recognize the same trends in consumer acceptance of martech, but are even more bullish on the new technologies.
- However, Americans remain just as acutely aware of the negatives of martech as in 2019. The techlash has not gone away.
- On the key privacy issue of data collection, the techlash has had an impact: majorities of consumers would limit it to email, age, and name, and marketers largely agree.
- Consumer and marketer views on consent for data use also show many similarities. In fact, marketers are even more cautious than buyers in several respects – with the important exception of sharing data with other firms.
- The impact of the privacy debate is evident in the willingness most consumers have demonstrated to refuse forms of data sharing.
- Consumers want a better idea of what they are agreeing when they click on the terms and conditions of company apps.
- There is strong evidence in the survey that firms that violate consumer expectations on privacy or mislead consumers will receive tangible punishment in the form of lost sales.
- Marketers are getting the message: they recognize that companies that respect their customers' privacy have a competitive advantage.

FINDINGS

The results are clear: the worldwide reverberations of COVID and lockdowns have sharply increased acceptance of digital shopping, payments, and marketing technologies (martech). Stuck at home and socially distanced, consumers came to use and appreciate more and more the effect technologies that seem to make their lives easier. Marketers are accelerating their application of the new technologies.

However growing acceptance of digital marketing technologies does not mean that concerns about martech have disappeared.

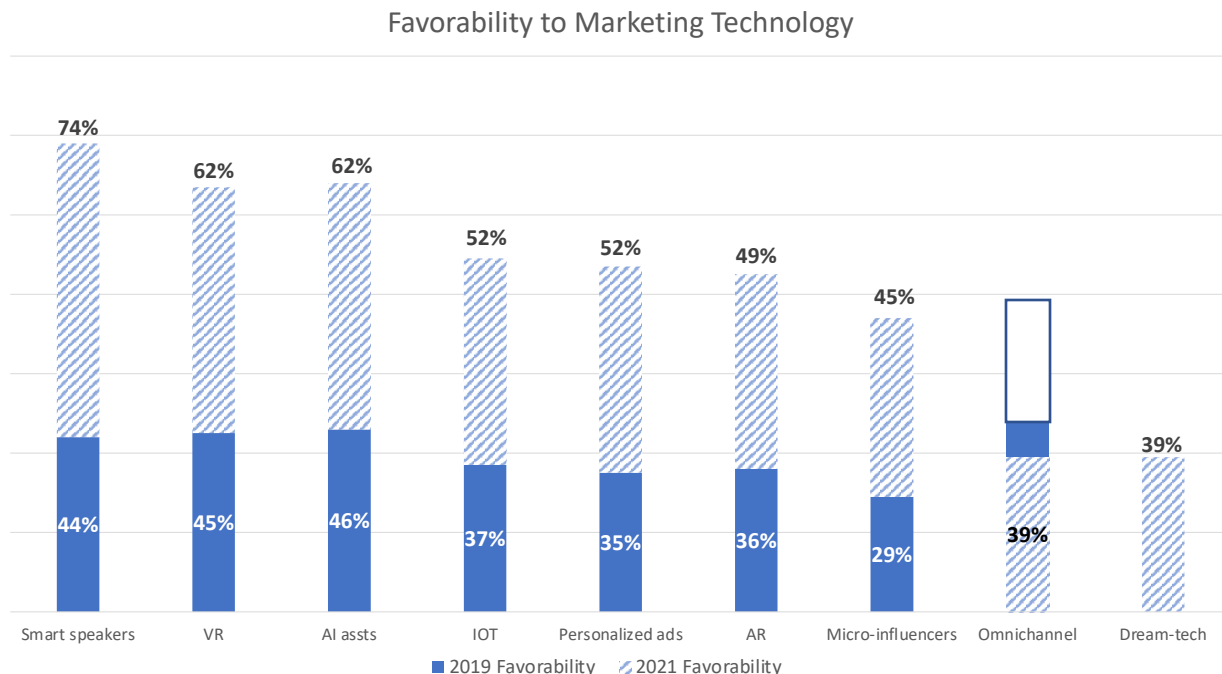
The techlash remains serious. It is manifest in continuing widespread unease about aspects of marketing technology, as well as a desire to limit data collection by brands and a willingness to enforce those boundaries in the marketplace. Marketers are listening, too, and show awareness that concern for privacy is becoming a bottom-line issue.

Growing consumer acceptance of new marketing technology has shifted the balance of consumer opinion and points to further adoption in homes as well.

The top martech product in our survey, smart speakers like Amazon Alexa and Google Home, has grown by 30 points in favorability in America since 2019, to 74% from 44%. At the same time, smart speaker adoption grew to 50%, or only 16 points. These data suggest that people have grown less distrustful of these always-on devices and point to potential for further adoption.

In fact, across the board consumer favorability of novel marketing technologies (including Internet of Things (IoT), personalization ads, augmented reality (AR), virtual reality (VR), artificial intelligence (AI) AI assistants, and omnichannel shopping as well as smart speakers) increased by 16 points on average from our 2019 survey. Where two years ago not one was viewed favorably by a majority of US consumers, now five are seen positively by majorities and all have pluralities in favor.

- Personalized ads have surged to 54% acceptance from 35% (+19)
- IoT-connected devices in the home are seen favorably by 53%, up from 37% (+16)
- AI assistants are liked by 60%, improving by 14 points from 2019's 45%
- VR headsets enjoy 61% favorable, compared to 42% (+19).
- AR devices have 49% favorable, versus 36% in the earlier study (+13).
- Micro-influencers are viewed favorably by 44%, against 29% earlier (+15)
- Omnichannel experiences are the only item to see a slight decline in favorability, to 39% from 41% (-2).



There is one type of martech that leaves consumers unsure: dream-tech, playing ads right before people sleep to influence their dreams. This is seen favorably by 38%, opposed by 32%, and three in ten are uncertain what they think of it.

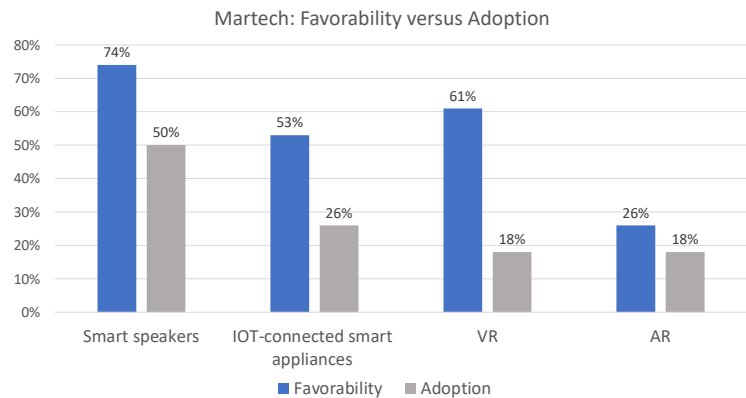
Still, the substantial uncertainty that registered in our earlier study with high proportions of “don’t knows” for most types of digital marketing has been resolved in favor of martech. Not only has favorability increased substantially for all but one; unfavorable views have declined, by an average of 14%, for every item, except, once more, omnichannel (+1).

There are also consistent patterns to the shifts in favorability, greatest among better educated, higher income, and younger consumers.

For the most popular innovation, smart speakers, positive reactions are up 27 points among the primary educated to 60%, 37 points among the secondary educated to 70%, and 46 points among university grads to 81%. This is particularly noteworthy because it reverses the pattern in our prior study, where the better-educated and better-off were the most skeptical; those with the most buying power are now the most accepting. Less surprisingly, favorability also increased more among younger and middle-aged consumers, those aged 18-54, rising by 31 points to 81%, compared to those over 55, among whom the increase was 23 points to 55%. Similar patterns are evident for the other innovations in the study.

Racial and ethnic differences in views of martech are also evident: Black and Hispanic consumers are consistently more favorable than whites. For instance, again regarding smart speakers, 85% of Hispanic consumers have favorable views as do 81% of Blacks, compared to 70% among whites. The same pattern was present in our 2019 data.

However, there is a disconnect between favorable opinions of these technologies and adoption. While 74% of consumers have favorable views of smart speakers, just 50% have them in their homes. (That is, however, substantially up from 2019, when just 34% had devices like Amazon's Alexa in their homes.) Likewise, smart appliances are in only 26% of homes, despite a majority favorable to IoT-connected devices. Only 18% of consumers own AR or VR rigs, even though they are viewed favorably by much larger numbers.



All these devices are much more common in middle- and upper-income households than in poorer ones. This is consistent with the favorability numbers, but may also be a consequence of costs that are still prohibitive for many consumers. However, this data points to considerable further potential growth, as economies of scale bring prices down and the technologies become even more widely familiar and accepted.

Marketers recognize the same trends in consumer acceptance of martech, but are even more bullish on the new technologies.

Marketers' expectations that they will increase usage of marketing technologies are also substantially higher than in our 2019 survey – on average, 20 points higher. Three-fourths or more plan to deploy more of every martech item tested by 2024. These include AR (80%, +36 points), VR (also 80%, +34 points), AI assistants (78%, +28), personalization (77%, +15), smart speakers (76%, +30), micro-influencers (76%, +19), IOT devices (75%, +25), and omnichannel (75%, +29). Even dream-tech gets a startling vote of confidence, with a curious 77% declaring they will deploy more in the next three years.

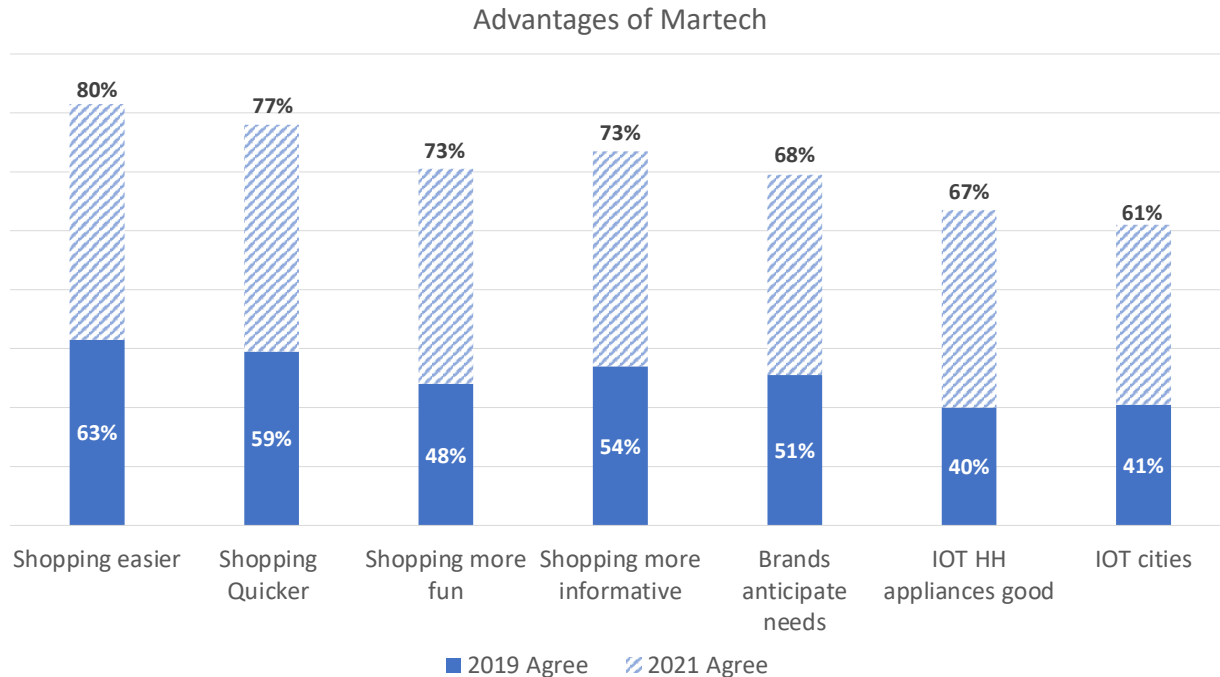
After 18 months of quarantines, lockdowns, and social distancing, consumers are more aware of the ways that martech can make their lives easier

Increased use of digital purchasing and payments has also meant increased familiarity for consumers with the benefits of marketing technology. Consumers now are much likelier to agree with the upsides of martech than in 2019 – by an average of 20 points per item. This especially applies to statements about online shopping being easier, quicker, and more personalized—clearly effects of pandemic-related online shopping. But every benefit tested enjoyed a substantial majority who agreed, compared to more muted positive sentiment two years ago.

- Some 78% say martech makes shopping easier, up 25 points on 2019.
- Shopping is quicker online, say 75% (+16 points)

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- Shopping has become more informative as a result (75%, +16), and more enjoyable too (73%, +18).
- Brands are seen as better anticipating consumer needs with martech by 68% (+21).



Even the Internet of Things gets a vote of confidence, unlike in our 2019 poll. Two in three (66%) say IoT home devices will improve their lives (+24 points), and 61% say IoT-connected devices will improve municipal services (also +24).

Along with greater familiarity, the perceived benefits of marketing technology undoubtedly underlie the improved favorability of martech among consumers.

However, Americans remain just as acutely aware of the negatives of martech as in 2019. The techlash has not gone away.

Indeed, in some respects concerns have grown about martech as consumers have experienced it over the past two years. The view that it will make shopping lose the human touch is voiced by 76%, up 2 points. Fears that advertising will become less creative and fun are cited by 54% (+7 points).

The belief that the growth of online commerce will promote isolation and depression is expressed by 68%, up 3 points. (The poll was before the recent controversy about Facebook-owned research supporting such claims, which may have boosted the numbers.)

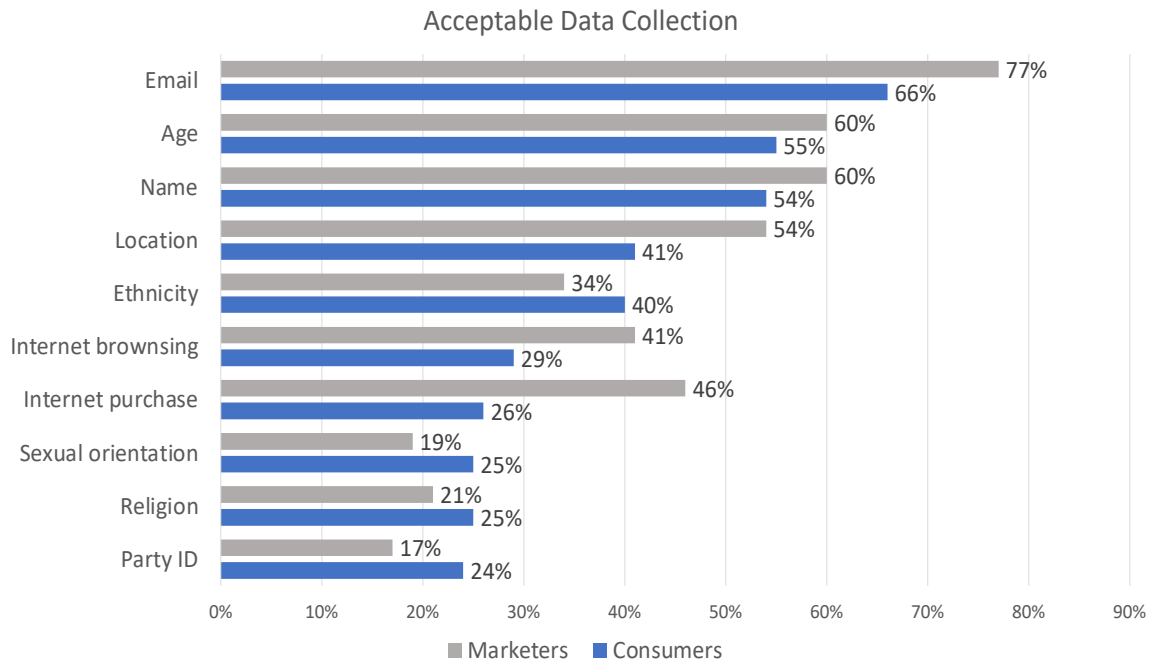
The poll found small declines in the other martech negatives, but large majorities of consumers -- more than seven in ten -- are still worried by them. Some 73% worry that martech use will mean customers lose privacy, down 7 points. Fully 76% are concerned that consumers will feel under constant surveillance (-2 points). Even more, 77%, say falsehoods, hackers, and bots will spread misinformation, though agreement with this view is down 8%.

On the key privacy issue of data collection, the techlash has had an impact: majorities of consumers would limit it to email, age, and name, and marketers largely agree.

The only types of data collection by marketers that more than half of consumers accept are email address (66%), age (55%), and name (54%). Collection of consumer locations is accepted by 42% and ethnicity by 40%. Other types of data collection were accepted by fewer than three in ten: internet browsing history (29%), internet purchase history (26%), religion (25%), sexual orientation (25%), and party identification (24%).

There is a considerable degree of agreement among marketers on acceptable data collection, following the extensive debate on the topic in recent years. Majorities support collecting data on the three items that more than half of consumers do, email (77%), age (60%), and name (60%). Almost all the data types that are accepted only by minorities of consumers are also backed by under half of marketers: ethnicity (34%), browsing history (41%), purchasing (46%), religion (21%), sexual orientation (19%), and party ID (17%). There are four items where marketers are less likely than consumers to say collection is acceptable: ethnicity (where the proportion of marketers calling it acceptable is 6 points lower), religion (-4 points among marketers), religion (-6 points), and partisanship (-7%).

The principal exception to this alignment among buyers and sellers on data collection concerns consumers' location: 54% of marketers want to collect it, but just 42% of consumers are willing to part with it. The other notable differences concerned digital browsing history, where marketers are 12 points likelier to favor collection, and purchase history, where they are 20 points more likely to do so.

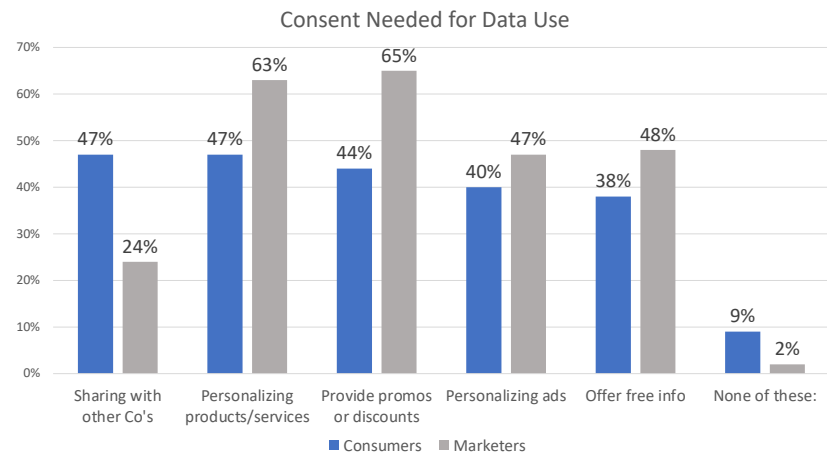


The most important divide among consumers on this issue is generational, but in an unexpected way: the youngest Americans are also the most privacy-sensitive. Among Generation Z (18-25 year olds), acceptance of these collection measures averages 32%, the lowest of any generation. It is 6 points below the corresponding figure for Millennials (26-50), 11 points below that for Generation Z (41-55), 4 points that for Baby Boomers (56-75), and 15 points lower than for the Silent Generation (76+). Differences by income, education, or race are minor. Even with these generational differences, moreover, it is worth keeping in mind that the average proportion of every generation supporting data collection of all types is under 50%.

Consumer and marketer views on consent for data use also show many similarities. In fact, marketers are even more cautious than buyers in several respects – with the important exception of sharing data with other firms.

Interestingly, minorities of consumers say their consent should be required for various types of data use – but almost all want it for at least one, reflecting differences among consumers themselves. The proportions saying prior consent is needed are 47% for data sharing with other companies or personalizing products and services, 44% for providing promotions or discounts, 40% for personalizing ads, and 38% for offering free information. Where this gets tricky, however, is that 86% say they want to require prior consent for at least one of these applications. This shows that American consumers disagree over where prior consent should be required.

Perhaps in consequence, marketers, for their part, are more likely than consumers to consider consent necessary for several types of data use – except, crucially, sharing among firms. A majority thinks consent is needed to provide promos (65%, 21 points more than among consumers), and the same is true for personalizing products and services (63%, +16 points compared to consumers). Nearly half the sellers in the poll say the same for offering free info (48%, 10 more than among consumers) and personalizing ads (47%, +7 points).



The biggest difference, however, is found on the very sensitive topic of sharing buyers' information with other companies. Just 24% of marketers think consent should be required for this, fully 23 points below the comparable figure among consumers. The significance of this topic to consumers is underlined by the fact that the majority – 51% -- would not offer their data to a firm even if offered a price for it. Only 42% said they would be willing to do so.

The impact of the privacy debate is evident in the willingness most consumers have demonstrated to refuse forms of data sharing.

Around two in five have chosen either to refuse cookies on a website (45%) or installed an ad blocker (43%) due to privacy concerns. Large numbers have taken even stronger measures, with worries about data sharing leading 37% to delete an app and 23% to drop a social media account. The warning for marketers in this data is a sharp one: fully 70% of American consumers have chosen to take at least one of these steps. The risk of overstepping the bounds of consumer tolerance on privacy is very real for firms.

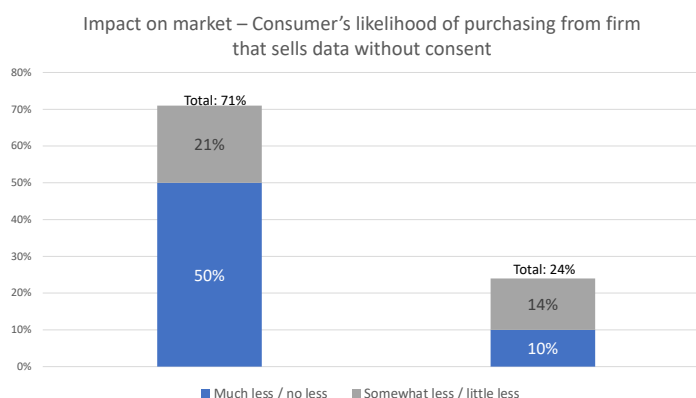
Again generational concerns are visible here, with the youngest most active to protect privacy. Fully 81% of Gen Z have taken at least one of these steps. This compares to 74% among Millennials, 63% among Gen Xers, 67% among Boomers, and 57% among the Silent Generation. (There are few differences by education, income, or race.) Still what is striking is that a substantial majority of every generation already has acted to protect their online privacy. Moreover, as digital natives come to form a growing share of the population, privacy concerns are likely to grow.

Consumers want a better idea of what they are agreeing when they click on the terms and conditions of company apps.

Some 58% claim to have read at least one of these in full, a claim that may be somewhat exaggerated. More significant, however is the finding that nearly three-fourths (74%) say they would read comprehensible one-page summaries of the terms. More than one in three (36%) say they would do so often if given the chance.

There is strong evidence in the survey that firms that violate consumer expectations on privacy or mislead consumers will receive tangible punishment in the form of lost sales.

A large majority of consumers, 71%, say they are less likely to buy from a firm that sells their data without consent. This includes 50% who say they are much less likely to do so. Here the generational difference works in the opposite direction. Intensity is greatest among the age 41-plus group, where majorities say they are much less likely to buy, while among those under 40 years old, less than



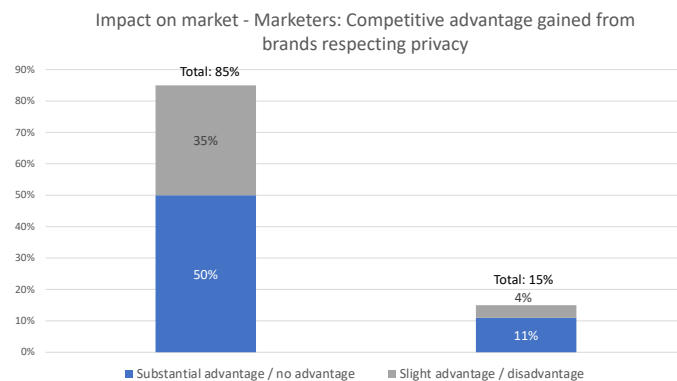
two in five say this. White consumers are also more likely to say this (56%) compared to Blacks (42%) or Hispanics (41%). But it should be emphasized that large majorities in every category say they are at least somewhat less likely to buy from a firm that sells their data without consent. This is a boundary that firms ignore at their peril – and a potential opportunity for brands with more restrained data sale practices.

Misleading practices regarding influencer marketing also represent a vulnerability for firms. Some 41% of American consumers follow at least one social media influencers. This is particularly frequent among men (48%), Gen Z and Millennials (64% and 56% respectively), and those with incomes over \$125,000 (58%) or in urban areas over 3 million (61%). However, if they learned that the influencer they followed was paid to advertise or use products, 70% would be less likely to trust them, and 27% a lot less likely. The loss of trust would be greatest among who most frequently follow such people – among Gen Z (83% less likely) and Millennials (70%), high-income people (83%), and big city residents (74%),

Marketers are getting the message: they recognize that companies that respect their customers' privacy have a competitive advantage.

Marketers were asked whether respecting customer privacy by collecting less data, requesting permission for uses, not selling their data, and/or offering a price for it could be a competitive advantage. Some 85% of marketers polled say that respecting consumer privacy would be a competitive advantage, and 50% say this would be a substantial advantage.

Only 11% say this would be no advantage at all and just 1% a disadvantage. These figures hold, roughly, for every type of marketer, firm, and market.



Methodology: The 2021 Future of Marketing survey involved online surveys of 506 consumers and 411 marketers around the United States, conducted by Toluna and Charney Research in August 2021. The 2019 survey, conducted by YouGov and Charney, included 500 marketers and 500 consumers.