

USER FRIENDLY



Redefining the future of digital advertising

Host: Hanish Patel, User Friendly host and Digital Transformation leader, Deloitte Consulting LLP

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Hanish Patel:

Today's advertising landscape is evolving rapidly, from increasingly personalized ads and a continued shift towards digital, to influencers, user-generated content, and the growth of e-commerce. The question is not about if advertising will change, but how fast will it?

Hanish Patel:

On today's episode, we'll explore the current state of advertising and what we might expect for the future. Joining me for this discussion is Patrick Harris, VP of Global Agency Development at Facebook, and Heather Rangel, Tech, Media and Telecom leader for Deloitte Global Tax and Legal.

Hanish Patel:

Patrick, Heather, real pleasure to have you on and welcome to the show.

Heather Rangel:

Great to be here.

Patrick Harris:

Thank you for having me. Appreciate it.

Hanish Patel:

Absolute pleasure. I'm looking forward to this one. And I'd really like to kick off the episode by asking you, to the both of you actually, what comes to your mind when you think about advertising today?

Heather Rangel:

Well, for me, ads have become something not to skip over. I feel, as consumers, since the time of VCRs and DVRs, we've been just getting more efficient at finding ways to get over the ads and get to the content we want to consume. But nowadays, ads have become part of the experience for us. And in that shift, ads really have to be brought to life right at the very intersection between humans and technology, which is being redefined as we speak.

Hanish Patel:

Patrick, your thoughts?

Patrick Harris:

I would add, in almost the 20 years that I've been working in the digital advertising business, we've seen a few periods where you have these tectonic shifts that really happen within our ecosystem. And if I look back and reflect on what we were all doing in the year 2000, do all of you guys remember Y2K and what the web looked like then? And we were creating this new supply chain for how the digital ads and digital ads economy was going to evolve. And then, if you fast forwarded to 2010 to 2012, you really saw the rise of mobile social beginning to take shape. And there was a whole new language that we had to learn as advertisers, as marketers, as platforms.

Patrick Harris:

And I think if you look at where we are today in 2020, we have this really unique opportunity where there is a tremendous amount of digital transformation going on, and it's not just talk of digital transformation, it is real transformation of business. And this notion of privacy and personalization are really coming to the forefront. And I think it's helping reshape how consumers use technology, but ultimately, how businesses

can attract consumers to their products and services. And I think advertising in general is really a force multiplier and a force for good, for both people as well as businesses.

Hanish Patel:

Patrick, as you were saying that, you had me on a trip down memory lane in terms of where it was in 2000, and then the shift to mobile. And I think about, Heather, what you said about experience, and it drives me to where I'd like to go next actually is, you guys talked about us getting more and more used to it and a part of the experience. I mean, I certainly think we, as consumers, are much more in tune with advertising. And I think, frankly, actually increasingly expect more clear added value when we're exposed to it and want our ads to be that much more relevant or more entertaining.

Hanish Patel:

And when you think about it from that respect, to that end, how can advertisers actually best plan to even address these demands, as you kind of talked about that shift from where we were, say, 20 years ago to where we are now? And, Heather, as you're talking about the experience and being part of the experience, as an advertiser, how do you plan for that?

Heather Rangel:

I mean, advertisers can be as creative as they want, but if they're not serving me up something at the right time, in the right place, at best, it will be ignored. And at worst, it will annoy me. Right? So I think what we're seeing is really moving from this place of personalization to personal agency. And as we move more towards that place where I can have more control and more of a voice into what appeals to me and let the advertisers dial it up from there. That's what we're talking about here and that's where that experience really comes to life for us.

Heather Rangel:

What we want to avoid in all of this shifting and chaotic landscape, especially around regulations, which isn't going to stabilize anytime soon for dozens of reasons,



is accidentally preventing really helpful ads from getting to the very people who need them. We don't want ambiguity and regulations to imperil content that's really intended to help the very communities that these regulations are meant to protect. So we have to avoid, be careful to avoid the unintended consequences of actions optimized just for one thing that doesn't contemplate the potential impact on the other parts of the system. And that's when the beauty of this whole ecosystem will really come to life for us.

Patrick Harris:

I agree, Heather, and one of the things I would add is, the formula for success for clients and for advertisers, it really hasn't changed. I think the same best practices will always hold true, which is having really clear business objectives, having great creative quality that's accretive to what consumers expect to see in different environments, whether they're on their mobile device, whether they're watching TV, whether they're traveling again, like I hope we all are someday in the near future and looking at that ad on the subway, and really about reducing friction.

Patrick Harris:

I think the biggest change we see today though, and where more personalized ads I think can be a real benefit and aid for consumers, is that there's a really high-quality bar to make ads and experiences feel as good as the recommendations that you might get from a friend or from a family member, from a colleague. And so, I think the burden on advertisers today is really about to delight consumers, help consumers discover new products and services that will make their lives better or serve a need that's unmet today, and doing it in a way that's authentic and real for people.

Patrick Harris:

And I think in many ways, the shift that I see and the tectonic shift that we talked about from the year 2000 to today is that I think the role that advertising will continue to play to help reignite the global economy as we're coming out of one of the worst health

epidemics that we've ever faced, along with a global economic crisis, and ads as a force for good and ads as a force to help unlock new economic opportunity for businesses of all sizes, I think is really critical. But at the end of the day, again, like I said at the top, the same is always going to hold true. It's about having great and clear business objectives, really awesome creative that stands out, and helping people find these unmet needs that so many of us have as consumers.

Hanish Patel:

Heather, you talked about the getting it sort of stage where it's not having regulation impair the experience. And you also there, Patrick, touched upon the delightful experience and how a good advertising experience is there. I remember reading quite recently about your Good Ideas Deserve to Be Found. Is that really the hammer to the nail, so to speak, in terms of what you're both talking about?

Patrick Harris:

Well, the changes in the tech ecosystem, and along with all the laws and the regulatory headwinds, I think you're seeing all of these things accelerate, whether it's CCPA that came out of California, there's been multiple directives, the GDPR privacy in Europe, the browser changes that we're seeing, and some of the changes from the mobile operating systems, like iOS 14. And all of these issues are really hard to disentangle. I'm particularly concerned about the ability to use data to inform advertising and the massive impact it can really have on the digital ecosystem.

Patrick Harris:

And I think in a lot of ways, a lot of us welcome increased oversight and regulation, but I think we have to have smart regulation about what the new rules of the road are, common taxonomies for things like harmful content and different standards that many platforms should abide by. And again, I think of this assault on advertising not as a force for good, I think it's bad. I think in a lot of ways, having an open and free internet that is ad supported really helps not only businesses, but helps all people.

Patrick Harris:

And if all of a sudden, we live in a world where the best content and the best information is only available to those that can afford it via a subscription service, then I think then we're missing an opportunity. We're missing a big opportunity, especially as we think about nine billion people on the planet by 2030 and bringing the right set of information, the right set of resources, and the right amount of technology to people. Fundamentally, I believe an ad-supported and an open internet is fundamentally good for people and good for the world.

Heather Rangel:

I have to jump in there and just say I totally agree. As someone who, I spent all of my time operating in and around the consumer internet, for anyone trying to make sense of what's going on or create point of views on how to regulate or operate it, my biggest advice is always, comes back to one word and that is humility. These are really complex challenges, and we all benefit a great deal from the digital marketing ecosystem that we're a part of today, all of us.

Heather Rangel:

So we need to find ways to—strong middle solutions that weigh out the pros and cons, as I was mentioning before, and avoiding those unintended consequences. Advertising with great creative and personal agency for consumers is possible. And it's a wonderful thing for all of us in the capital markets upon which we all depend, small businesses, big corporations, consumers. So I believe in that positive future as well.

Patrick Harris:

And, Hanish, can I go back to a topic, because you referenced the Good Ideas Deserve to Be Found campaign from Facebook. I'd love to just share a personal anecdote and a story. So like many families in America, my family has subscribed to one major trend that has come out of the pandemic, which is we have acquired our very first pandemic puppy. There is a puppy in the Harris household, like so many other families around the country, where we've got our first puppy at home.

Patrick Harris:

And it's really interesting. A friend of ours, right before the holidays, had sent us, me and my two daughters and my wife, this care package from a company that essentially puts the face of your dog onto socks. And this friend thought, "Wow, this would be a really great stocking stuffer for the Harris family." And it's this company called PupSocks and the URL is actually GoPupSocks.com. But it goes back to this notion of delight and discover and this personalization, and having something that's playful, having something that's meaningful, and helping a company like GoPupSocks really build a business around a new and emerging trend that is being subscribed to by so many families around the country.

Patrick Harris:

And it's a small example, but it's one that is just so amazing to me, because I think back 10 years ago, 15 years ago, 20 years ago, could a company like PupSocks.com actually go and compete with so many other companies that might be in the pet care space? And so, this notion of discovery and being able to delight consumers, I think there's, in many ways, no better time to start a company or to be an advertiser.

Hanish Patel:

That's a great story there, Patrick. And actually, talking about no better time, let's actually talk about the world we're living in right now and the onset of pandemic. I mean, we all relied more on e-commerce, certainly through this period, and we've been doing more so. And we've used social media a lot more to connect. And in many cases, a number of us probably dipped our toe into broadcasting our own content.

Hanish Patel:

With this as a bit of a backdrop, what do you guys think that the future of ads will look like in the context of the world of influencers and user-generated content?

Heather Rangel:

Well, what I'm seeing on our side is incredibly exciting and creative 360-degree marketing campaigns that have not been able to exist before, that really bring

power to the voices of the influencers. If you look at, for example, some of what the amazing women of the WNBA have been able to do with their voices last year by way of the platforms like Instagram that they use so heavily, now how do we turn that brand and influence into sustenance for them? That influence and the influence of small, independent creators and voices has platform now that we've never seen before. And I'm so excited to see how this will generate opportunities for wealth that haven't existed before and agency for those who haven't had it before, similar to what Patrick was saying about PupSocks.

Heather Rangel:

And by the way, I will have you know, I am a PupSocks owner. I have my cat on mine and each member of my family has their favorite animal in the household on their socks. They're a wonderful thing.

Patrick Harris:

Amazing. I'll have to see those socks, Heather. And, Hanish, I tend to agree. I think so many of these social platforms have really given rise and given individuals an incredibly powerful tool and a voice. And that growth of independent influencers and content creators historically had been done through things like branded content.

Patrick Harris:

What we're seeing is that monetization in many ways in this space has lagged behind the distribution. And with this, I think the creators and the influence of creators will only continue to get stronger, and I think it'll only be more important to some of these emerging brands as well. And so, this is an area where I feel really good about where Instagram and Facebook are heading, because we've really pioneered something that we're calling discovery commerce that really empowers brands of all sizes to connect with consumers in really meaningful ways.

Patrick Harris:

And when you power the machine learning, the creative, the customer experience, and when you see these things come together to help people find companies like the

GoPupSocks that we talked about, I think it's really, really powerful. And so, being able to serve roughly 200 million businesses and almost 10 million advertisers on the Facebook platform and across our family of apps and services, improving those free paid tools and democratizing the way that you give people the power, no matter what size your business is, I think that's really inspiring and I think it's really empowering.

Hanish Patel:

Thank you for that. With that in mind, I actually want to flip to a slightly different topic, and I want to talk about cookies, and I'm not just talking here about the chocolate chip variety, right? It's more so about what I'd like to get both your perspective on, is we're hearing more and more about the dawn of the cookie-less era in digital advertising, right, and talked a lot about some of those platforms. Firstly, for our listeners, I would love a quick primer on what cookie-less means and what we can expect as a consumer. And then to follow on from that, how are brands actually going to shift in response to this change?

Patrick Harris:

Yeah, I think the way that we see it is I think that there will be a continued investment by so many ecosystem partners in technology to really enable relevant advertising, while supporting the free and open web, like we talked about. And so, building more tools that support, really, privacy, protective, personalized advertising, and then collaborating across the industry. Again, it goes back to these rules of the road and what common taxonomies are we going to all operate from? It will really help us move forward in the way that we serve people in business. And again, I think it comes back to this theme that personalization and privacy don't necessarily need to be at odds.

Patrick Harris:

But I do think there is a higher burden of responsibility that people just don't want to be tracked all over the web anymore. And I think getting down to the fact that you want advertising to be very personalized, you want it to be relevant, but doing it in a way that honors, that makes sure that

consumers understand that you are there first and foremost to protect their privacy, is a reason why I think you're seeing some of the cookie-less future trends emerging from so many players in the industry at the moment.

Heather Rangel:

And Deloitte published a great paper on a cookie-less future that maybe we can put in the podcast notes. What we're really talking to our clients about is looking at this future and making some decisions, serious decisions around what digital marketing skills you need to now bring in-house, how to get your AdTech and MarTech stack really dialed in to meeting at the moment of the possibilities now in this space that didn't exist before.

Heather Rangel:

And most importantly, really leaning in with your advertising spend to these more closed digital marketing ecosystems like Facebook, because these are the companies that know how to bring these things to life and have the power to do that. And so, if you get your stack plugged in at the right level and you get the right capabilities in-house, this is where you're going to get the most on your advertising spend. So leaning into those ecosystems is our message to the market.

Patrick Harris:

And I think we'll continue to see a big push by the platforms, including ours, to continue to invest in transparency and control. We know that this is critical, and those foundations and those principles are just core for all of us that really need to make sure that we're putting privacy at the top. And so, recognizing that transparency and control aren't always enough. Being able to make sure, again, we've got the right set of rules, we've got common ways of making sure we're protecting people's information, but getting advertisers the ability to grow their businesses and publishers and so forth, I think is a really important part of the journey that we're going to be on for this next decade.

Hanish Patel:

Fantastic. And actually, as you're talking about the next decade, let's just talk about the future, right? And to the both of you, what excites you about the future of advertising?

Heather Rangel:

Well, I'll say, again, I have great excitement and positive feelings about what we'll see in the future here, especially as we continue to navigate this chaotic regulatory landscape. We're getting better and better at that. We've already seen great progress. A few weeks ago, I think, we saw the Digital Safety and Trust Partnership announced, where we have the likes of Facebook collaborating on some global standards that's going to make this easier for not only big players, but smaller players to understand how to operate in a way that balances consumer safety and consumer needs. This is all really positive progress.

Heather Rangel:

Even at Deloitte, we're reorganizing ourselves, how we address and help the market in this place, really looking at things from a global point of view versus one country at a time. And we're very excited about the kind of progress we're making there and our ability to help serve and shape the market. So I would end again with, this is doable and this is great for all of us. And as long as we put our swords down and work towards collaboration, which is exactly what's happening, we'll just make an even better experience for consumers that is safe and trustworthy.

Patrick Harris:

Agreed. I am more bullish and more excited about our industry than I've ever been, and maybe I'm in just a bit of a reflective mood today. And looking back, when you think about the types of companies and the industries that were born in 1999 and 2000 after the first dot com crash, some of the companies that were born out of the global recession and the housing crisis in 2008. Unfortunately, we've all been living through a period and a moment of history over the last

year, again, with a global health crisis and pandemic, with a global economic recession. And yet, at the same time, I know this moment, it doesn't always feel like there's some tremendous moment of reinvention going on, but if you look around and you look throughout history, it's these moments that tend to be the pivotal moments when entire new industries and entirely new businesses are born.

Patrick Harris:

And so, when I look at the creator and influence space, when I look at the short form video space, when I look at commerce just being more important than ever, helping businesses grow their business presence online and helping partners really bring the capabilities and the competencies to the ecosystems that unlock business growth and unlock global GDP, I just think the role that advertising plays in people's lives and in products and services as a way to help be a continued catalyst to really drive economic opportunity, that's something that is really inspiring to me.

Patrick Harris:

And so, I tend to think as an eternal optimist that the next decade will be better than the previous one or the one before that. But I think that there is so much to be excited about, not only regarding the trends that we're seeing today, but just knowing that there are these transformational shifts in computing power, in the devices that we carry, and in the way that we act and collaborate as global citizens around the world. I just think there's never been a better time to be an entrepreneur, to be a partner, or frankly, to be an advertiser.

Hanish Patel:

Thank you both for that. I mean, just listen to how you're articulating what the future could look like, it's certainly very exciting. And when I think about some of the things that you started up front with, the tectonic shifts that have taken place and how customers are becoming more and more, and consumers more in tune with advertising, and, Heather, you touched upon the

maximizing experience, but still adhering to the elements of regulation in place and the overall desire for personalized and relevant advertising, but at the same time, protecting privacy, it's a lot for advertisers and brands to think about as they engage with consumers. But what you guys have highlighted certainly shows that there's a real positive light at the end of this tunnel, so to speak, as we're moving, hopefully, outside of this pandemic world in the direction we're going in.

Hanish Patel:

And with that, I want to ask you guys if there's any final thoughts that you want to leave our listeners with as they're looking at what they're doing as businesses, or even as consumers and interacting with advertising on a regular basis.

Heather Rangel:

My personal mission is for consumers and business leaders to educate yourselves. And I know that it's easy to ask that. It's almost from a place of privilege that you can do that. Not everybody has time to learn the ins and outs of this ecosystem when you're trying to work two jobs and get food on the table. And so, then that responsibility comes back to the businesses to make it easier for consumers to understand.

Heather Rangel:

But for all of us, as digital citizens, get yourself as educated as possible as to how the system works. Allow yourself to see the balance of the incredible goodness that comes from this. I think we will open our eyes to that more and more as we start to look at digital platforms and public health progress that we'll make in the next year here.

Heather Rangel:

So yeah, my final thoughts are, get yourself educated as best you can, and to all the businesses out there, do the best you can at helping make that process easy for consumers.

Patrick Harris:

I love that, Heather, and I would say, personally speaking, be brave, be bold. I think that there is no better time and there's no better opportunity than taking some informed and calculated risks and using these new surfaces, using new platforms, experimenting with these different ad products and solutions that can help drive your business.

Patrick Harris:

And a question I ask myself all the time, and potentially I'm dating myself here, but I ask myself, what would your 25-year-old self do? And so, back in 2000, when I was 25 years old, asking yourself what you would do differently. And I think organizations and leaders need to really pressure test themselves in asking them that question, really working with their teams who understand the technology, who understand where the market is going and where marketing is going, and just being brave.

Patrick Harris:

And I've seen some great examples of being brave recently. One of the clients that we have, L'Oreal, did this really incredibly brave execution in Malaysia during the middle of the pandemic, where they hosted this live 12-hour virtual beauty festival for almost eight of their brands, where they brought in a bunch of products, they showcased some of their talent. They had influencers there, special guests. They attracted almost two million beauty customers during that 12-hour broadcast, but the most important thing that they did is they increased their daily sales by almost four X by just being brave, by doing something a little bit different, by using things like Facebook Live, and moving people over into Facebook Messenger and some of the conversational commerce opportunities.

Patrick Harris:

And this isn't meant to be a sales pitch and I hope the listeners don't take it that way, but if you just look at the array of tools that are available to anybody, the largest FMCG brands in the world, to the largest

automotive companies in the world, to the smallest of small and medium-sized businesses that are out there, it's incredible what we can do with the power of an iPhone or an Android device in our hand. And I just encourage folks to be brave, to be bold and think about what your 25-year-old self would do.

Heather Rangel:

I love that, Patrick. Thinking about aging yourself, as we were preparing to do this podcast, I thought back, what's been the most impactful advertisement I've ever seen or my favorite? And I thought, oh, that's going to make me sound old, because I thought of the first commercial I ever remember seeing on TV. And that was 1979, the Coca-Cola commercial where Mean Joe Green throws a jersey to the kid and says, "Hey, kid. Catch." This was a phenomenal commercial and game changing for the NFL and Coca-Cola relationship. And so, I just love how you brought out the hard facts of the increased sales of that effort by L'Oreal.

Patrick Harris:

No, absolutely. And I can't let you share your favorite without sharing my favorite, Heather. And so, I'll probably date myself as well, but as somebody who is classic Generation X, who loves sports, in particular basketball, and has a high affinity for eighties and nineties hip hop and culture, I think the thing that has always stuck with me and an ad I love the most, it came out of 1989 and it was featuring Spike Lee and Michael Jordan. And it's got to be the shoes. Right? If you think about that ad.

Patrick Harris:

I remember as a kid, I had this unbelievable seven-foot poster in my room of Michael Jordan and he's palming Mars Blackmon, the character played by Spike Lee's head, and holding him up. It almost looks like a giant Instagram story, to use an analogy for today. And it said under Michael Jordan's name, Best on Earth. And underneath Spike Lee's Mars Blackmon character, it said, Best on Mars.

Patrick Harris:

But you think about that type of execution and it's still timely and relevant today. It transcended culture, right? You think about the role that sports plays now in the way that brands are able to bring products to market. And you think about just these types of ads that have transcended business, have transcended culture, and endure and live on. And so, if you haven't seen it for a while, go to your favorite video platform and just type in, It's got to be the shoes. It's still an awesome spot, shot in black and white, classic Spike Lee, 1989.

Heather Rangel:

Will do.

Patrick Harris:

I love that piece of work.

Heather Rangel:

Will do.

Hanish Patel:

That is brilliant. And thank you both for sharing those personal moments in terms of what your favorite adverts are. And it just made me think that when asked that question earlier about how we as consumers want ads to be more relevant and entertaining, I forgot probably one of the most important parts is memorable, right? If you guys are stretching back a number of years to remember those ads, they've got to be memorable, right? And that's where it's really impactful.

Hanish Patel:

So I can't close better than that, right, with you guys telling your stories about ads. So all I can say is real, real big thank you to the both of you for joining me on the pod. Really insightful thoughts around where we have been around advertising, what's happening right now and the evolution since the pandemic, and what the future actually looks like for brands and advertising on different platforms, and what we as consumers can expect going forward. So with that, a real big thank you to the both of you. And until next time, happy listening.

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