

THE POWER OF PRINT

Handwriting on the Digital Wall: The Rise of Data Privacy Laws

Worldwide, data privacy regulation is a growing challenge for digital marketers, making it increasingly difficult to precisely target and personalize messaging. Print avoids these pitfalls while continuing to deliver the highest ROI of any marketing medium.¹

75%

Of the world's population projected to be covered by data privacy laws by year-end 2024, up 10% year over year²

As U.S. marketers struggle to address the increasing, state-by-state patchwork of data privacy laws,³ consumer trust in mail-delivered print (82%) and engagement rate remain strong.⁴

96%

Consumer engagement rate of direct mail (vs email marketing: 3%)⁵

Momentum for enactment and enforcement of data privacy laws is growing. Europe is leading the way, but the United States is not far behind. Last year, data privacy laws covered just 18% of the U.S. population—a figure expected to grow to 29% by the end of 2024.⁶

CONSUMER AWARENESS IS ON THE UPSWING

Today, 73% of consumers are more concerned about their data privacy, which is up from what it was a few years ago.⁷ And they expect their data to be kept safe—94% of organizations are

now saying they believe customers won't buy from them if they believe their data is not secure.⁸

An increasing number of consumers are exercising their Data Subject Access Rights (DSAR) by requesting to access, delete, change, transfer or opt out of the personal data that has been collected and stored about them—a legal requirement in the EU and California.

In 2022, 24% of consumers in California requested a DSAR. In 2023, this number grew to 28%.⁹ With an estimated cost of around \$1,400 per request, this is a huge challenge for most companies.¹⁰ Other states are looking at California's DSAR model as a potential data privacy solution.

DATA PRIVACY REGULATION IN THE EU AND CANADA

The European Union's regulatory focus on protecting consumer privacy started with the General Data Protection Regulation (GDPR), passed in 2018. Companies handling the data of European citizens must comply with this law or they'll be fined, even if they're operating outside the EU. Regulators have fined Meta, TikTok and X more than \$3 billion for violations since GDPR went into effect.¹¹

The EU's Digital Markets Act (DMA) designated the world's largest online platforms as gatekeepers with "walled gardens,"¹² aiming to prevent them from abusing their enormous market power. "Walled garden" is a term for the practice of forcing advertisers to use a tech company's closed ecosystem to target users, buy, personalize and transmit their ads.

The Digital Services Act, or DSA, compels social platforms in the EU to dedicate more resources to eliminate misinformation and hate speech, and bans targeted online ads based on someone's ethnicity, religion or sexual orientation.¹³

In Canada, the Digital Charter Implementation Act could be passed this year, bringing the Consumer Privacy Protection Act (CPPA) into effect and helping address the expansion of AI applications, with a strong focus on consumer data privacy.¹⁴

U.S. DATA PRIVACY REGULATION: DECENTRALIZED BUT GROWING

In the U.S., a steadily increasing number of states are taking legislative action. Seven state-level data privacy laws took effect in 2023 with new ones coming in at least five more states in 2024, signaling a move from industry self-regulation to government enforcement.

Meanwhile, Congress is considering federal legislation that would prohibit companies that take in \$20 billion or more in digital ad revenue—think Google, Meta and Amazon—from owning digital advertising tech and marketplaces¹⁵ and require companies with more than \$5 billion in digital advertising revenue to provide greater transparency on data collection.¹⁶

Increased data privacy regulation is challenging advertisers at the exact time consumer fatigue is making precise targeting and personalization more critical than ever in digital marketing.

The increased pace of regulation is expected to have a trickle-down effect on third parties that rely on big tech platforms for targeted audience data and revenue.¹⁷

POTENTIAL U.S. RESTRICTIONS ON BEHAVIORAL ADVERTISING

In April of this year, federal lawmakers shared a draft of a new privacy bill, called the American Privacy Rights Act of 2024, that could restrict marketers' ability to serve ads to consumers targeted based on individual and device-linked data.¹⁸

— Source 1, 4, 5: "New Data Proves Direct Mail Marketing ROI Is Higher than Digital Marketing Channels," PDC Graphics, Mar 22, 2023
 — Source 2: Gartner News Release, May 31, 2022
 — Source 3, 6: "Expectations for Digital Advertising Data Privacy in 2024," thenaia.org, Jan 2024
 — Source 7: SAS, 2024
 — Source 8: Cisco, 2024
 — Source 9, 11: "Five Data Privacy Trends To Watch In 2024," Forbes, Jan 29, 2024
 — Source 10: "Data Subject Access Request (DSAR)—All You Need to Know," Securiti, Dec 12, 2023
 — Source 12, 13, 15, 16: "Digital Advertising Regulation in 2024: What Marketers Need to Know," Basis Technologies, Jan 29, 2024

The law would require companies to allow consumers to opt out of targeted advertising and prohibit them from transferring sensitive consumer data for targeted ads without explicit consent—this would present a major challenge to digital advertising targeting and effectiveness.

IMPACT ON THE DIGITAL ADVERTISING INDUSTRY

It's clear that consumers want more control over their personal data as part of the advertising process, and lawmakers increasingly are providing it.

One impact digital advertisers expect is "signal loss," a term for the diminishing ability of digital ads to influence important activities such as purchase events. Deloitte Digital found that companies across many industries could lose an average of \$91 million to \$203 million in annual revenue due to signal loss.¹⁹

To address this challenge, 90% of ad buyers are shifting tactics, allocating ad budgets increasingly to channels that can leverage first-party (self-generated) data.²⁰

MAIL-DELIVERED PRINT LARGELY UNAFFECTED, WITH CONTINUED ADVANTAGES

Consumer digital marketing fatigue²¹ is making personalization and relevance more critical than ever, right when they're becoming difficult to achieve with the slow death of cookies²² and increasing data privacy regulation.

Direct mail and catalog marketing are much less affected by this dual challenge, while delivering higher attention duration and establishing deeper connections that last far longer than increasingly beleaguered digital media.²³

Communication and technology trends come and go. But research continues to show the enduring effectiveness of mail-delivered print—today as always, print belongs in the media mix.

— Source 14, 17: "Data Privacy Regulation in 2024: What We're Watching," UserCentrics, Jan 3, 2024
 — Source 18: "New Privacy Bill Would Restrict Behavioral Advertising," MediaPost, Apr 8, 2024
 — Source 19: "A Model Approach to Improving Marketing Metrics, Part 2," Deloitte Digital, Sep 2022
 — Source 20: "Advertising Budgets Are Shifting Due to Privacy Legislation, Signal Loss, IAB Finds," MarketingDive, Mar 14, 2024
 — Source 21: "15 Marketing Trends To Watch In 2024," Forbes, Jan 4, 2024
 — Source 22: "Cookie Deprecation: What to Know About the Cookieless Future," Simutis, David
 — Source 23: "The Time We spend with Mail," A JICMAIL Attention Study, Jun 2023



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