THE FUTURE OF ADTECH WITHOUT 3RD PARTY COOKIES

THIS REPORT WILL DEEP DIVE INTO THE CURRENT DYNAMICS AT PLAY AND FUTURE IMPLICATONS OF RECENT CHANGES IN DATA COLLECTION LEGAILITIES & TARGETING AUDIENCE SEGMENTS

EXECUTIVE SUMMARY

For decades, the goal of any business organization is to understand their audience. Their aspirations, how they behave and interact with brands. In pursuit of this somewhere along the course consumer privacy got compromised. On the flip side of where consumers would benefit from customized experiences and tailored messaging, a tremendous amount of data was being shuffled between data aggregators.

Privacy concerns over political as well as commercial reasons have led the tech giants to make stringent policies to protect consumer data.

How will marketers respond to new data protection policies? With no more 3rd party cookies being allowed on google browsers from 2022, there has been a lot of speculation on its implications - which this paper will explore.

It is time for brands to start preparing for these changes and start building and enriching the best form of data they can ever have - **FIRST PARTY DATA**

1ST party data is the way to go.

BUILD, SEGMENT & APPLY

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CURRENT SCENARIO

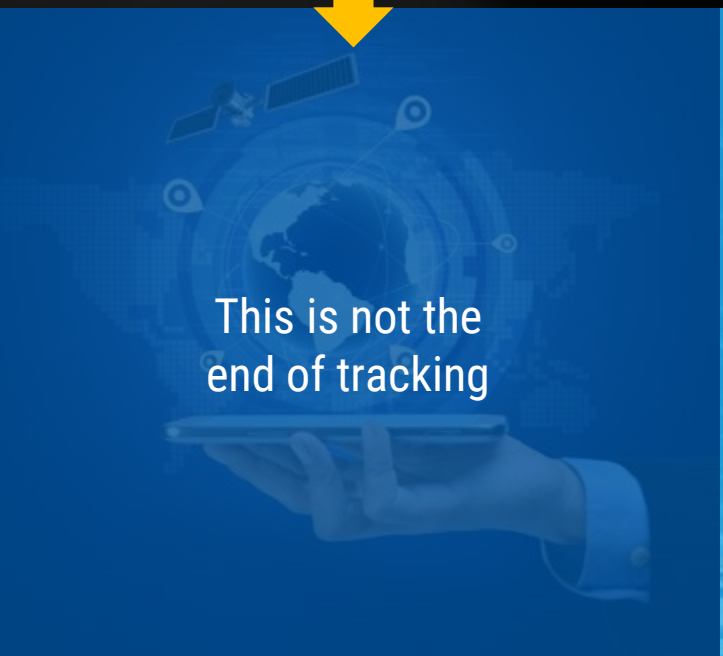
Google's highly opposed announcement to the advertising industry of the stop to using third party cookies in early 2020 has led to a series of speculations and concerns over targeting valuable audience segments. However, prior to Google's announcement Safari & Firefox had already ditched the 3rd party tracking technology.

The misconception that it is the end of 3rd party cookies and sophisticated targeting technologies is far from the truth.

New technologies are already surfacing and developing. Moreover, the need for true end-user consent to process personal data will persist long after third party cookies and the technologies replacing them.

This may alter the landscape for digital advertising which currently relies extensively on third-party cookie data for personalisation. Businesses need to prepare and adapt to changes in personalisation solutions.

HOWEVER



This is not the end of tracking

Third-party cookies are far from the only technology used today for persistent and pervasive tracking of users across the Internet, and it won't be the last either.

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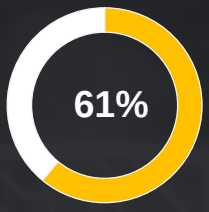
THE CONSUMER
MINDSET & PARADOX

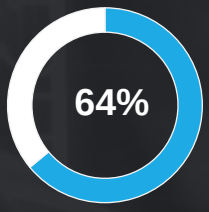
Privacy concerns are growing:

Data and privacy are now rarely out of the headlines. Headline stories about compromised personal data, and the steps companies take to address it, have become the new normal. Given that, you'd expect that internet users have become more concerned about their privacy online in the past few years – and you'd be right.

But this growth has come from a general unease with loss of privacy online, not specifically from how businesses handle their data.

Worry about how companies use personal data is still high, it hasn't budged even as various scandals and new laws have emerged.





"I am concerned about the internet eroding my personal privacy"

"I worry about how my personal data is being used by companies"

37%

I'm now more selective with online data sharing

37%

I'm now more concerned about my personal information online

31%

I am now aware that my data has an actual monetary value

The Privacy Paradox:

Consumers will disclose their concerns about privacy in the abstract, but their actual behaviour can be quite different. Just as consumers appear to have become more privacy-conscious in recent years, they've also expressed more desire for the very products and services that require personal data to function effectively.

Consumers have become more used to, and expectant of, services that predict what they should buy, watch, or listen to. They've become more aware of the scale of their data footprint online, and yet they want more of the same services which are generated through that very data.

28% Manage data selection

25% Don't think and just click accept

18% Do not visit a website if opt in is forced

16% Not sure what it is and just click accept

8% Can't recall seeing it

5% Other

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MEMBERS OF THE COOKIE FAMILY

1ST Party Data

First party data is the information you collect directly from your audience or customers. It includes:

- ✓ Data from behaviours, actions or interestsdemonstrated across your website(s) or app(s)
- ✓ Data you have in your CRM
- ✓ Subscription data
- ✓ Social data

It can also include non-online information such as completed surveys, customer feedback and other customer information stored in your CRM database.

2ND Party Data

Is essentially someone else's first party data. The seller collects data straight from their audience, and it all comes from one source. You can feel confident in its accuracy.
Second party data is similar to first party data, but it comes from a source other than your own audience. It could include data from many of the same sources first party data comes from, such as:

- ✓ Activity on websites
- ✓ Mobile app usage
- ✓ Social media
- ✓ Customer surveys

3RD Party Data

Third party data is data that you buy from outside sources that are not the original collectors of that data. Instead, you buy it from large data aggregators that pull it from various other platforms and websites where it was generated. These aggregators pay publishers and other data owners for their 1st party data.. The aggregators then collect it into one large data set and sell it as 3rd party data. Many different companies sell this kind of data, and it is accessible through many different avenues.

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MORE ABOUT COOKIES

Simple text files:

3rd Party cookies are simply text files that store data about user's web experience on different websites. They allow data to flow between web pages. They enhance user experience on websites based on their preferences and exposure to advertisements. They are created and controlled by domains other than the one the user is currently visiting.

Third-party cookies… one common example.

Let's say earlier in the week you looked up some vacation rentals in Cancun. You browsed a few websites, admired the photos of the sunsets and sandy beaches, but ultimately decided to wait another year before planning your vacation. A few days go by and suddenly it seems like you are seeing ads for Cancun vacations on many of the websites you visit.
Is it a mere coincidence? Not really.

The reason you are now seeing these ads on vacationing in Cancun is that your web browser stored a third-party cookie and is using this information to send you targeted advertising.

Endless possibilities:

Third-parties create third-party cookies so that their external technologies can access the user's data within, while that user is on one or more brands' websites.
This is what has traditionally made cross-site tracking, retargeting, and ad-serving techniques possible.

Trail of crumbs:

Most web users don't realize that a browser window with multiple tabs open constitutes a single "session". As you move from tab to tab, you are unwittingly relaying information about your web visit history to other websites and parties. And, closing the web browser doesn't always eliminate the cookies your computer stores following the session. Depending on the browser you use, you may have to activate this manually.

OTHER ALTERNATIVES?

Even when 3rd party cookie data fades away in 2022, alternative currently present models will still be present. Their usage and application may not be the same and its adoption would be a key aspect for data aggregators and advertisers to invest into.

- Local Storage
- IndexedDB
- Web SQL

This is evident as we have seen that even though Safari and Firefox have blocked 3rd party cookies, trackers have found ways to track users in more or less the same way, however these methods may not be the perfect replacement for cookie data.

Google Privacy Sandbox

During its course to phase out of 3rd party cookies, google has a larger strategic direction in place with its implementation of a privacy sandbox with open standards for tracking users while protecting their privacy. This would be done via new browser API's such as "**TRUST TOKENS**". Google Privacy Sandbox would be a series of initiatives to develop a set of open standards to fundamentally enhance privacy on the web.

Trust token API & FLoC

One of Google's initiatives is to replace third-party cookies in Chrome with so-called **Trust Tokens**. Google's **Trust Token API** would replace third-party cookies in Chrome with non-personalized, cryptographically signed tokens to authenticate a user.

Websites can "spend" trust tokens to determine whether a user is real or a bot, i.e. ensuring a much greater level of certainty for advertisers when reidentifying users, but also ensuring a greater level of privacy for the individual user, who will not be tracked down to the level of detail of cookies described above that can be extremely privacy-infringing.

The **Trust Token API** would allow websites and advertisers to only know about users to a certain level and block attempts to know users on an individual level, unlike Google's third-party cookies today.

Google's Privacy Sandbox initiatives focus on

How to deliver ads to large groups of people without collecting/ identifying data from users' browsers.

- How to enable conversion measurements for advertisers without individual user tracking across the web.
- How to detect and prevent fraud on ads, e.g. bots clicking on ads instead of real users.
- How to let websites collect user data from browser API's that maintain the anonymity of individual users.


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THE RULES OF THE NEW GAME

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#1

BUILD & AMPLIFY YOUR OWN DATA

#2

IMPROVE FIRST PARTY DATA COLLECTION

#3

INVEST IN YOUR CRM SYSTEM

#4

SEGMENT DATA BASED ON YOUR PRODUCT POTFOLIO

#5

START EARLY AS BUILDING, SIGNIFICANT AND ROBUST DATA REQUIRES DATA POINT VOLUMES

A precise, careful and thorough implementation of data capturing mechanisms will ensure robust data is available as granular input for targeting and personalisation of users who have already engaged with your brand.

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WHY IS FIRST PARTY DATA SO IMPORTANT?

Personalized advertisement

You can also use first party data to personalize the content or ads you show to a particular user. The data you collect on a visitor to your website will give you improved insights into their interests and needs, allowing you to serve content to them that feels personalized.

Say, for instance, you have various promoted videos on different topics that want to share with potential customers as part of an inbound marketing strategy. By looking at data about the content your audience has viewed in the past, you can determine users' interests and send them videos about science, sports, music, fashion, nature, health or whatever areas their interests lie in.

Audience Insights

Even if your audience is relatively small, first party data can give you valuable insights. You can analyse your data for traits that your customers have in common and build out that initial audience to include new customers who also have those characteristics.

You can expand your audience, improve your insights and grow your business.

Predict future patterns

The 1st party data's accuracy and relevance allow you to predict future patterns, such as audience behaviour, with confidence. If you're a marketer and your data reveals, for instance, that a particular user has been visiting webpages about buying basketball shoes and placed a pair in their shopping cart, you can infer they may buy basketball shoes in the future.

Conversely, if your audience seldom clicks on banner ads but frequently engages with video ads, you know they prefer video ads and would likely continue to prefer them in the future. This knowledge allows you to choose ads that appeal more to your audience.

Accuracy

First party data is highly valuable because of its quality. Because you collect it directly from the source, you know it's accurate, and because it comes straight from your audience, you know it's relevant to your business.

Privacy concerns

Another benefit of 1st party data is that privacy concerns surrounding it stay minimal because you know exactly where it came from and, as the marketer who collected it from your audience, you own it. Because of the high quality of first party data, there are many options for how marketers can use 1st party data.

"With data collection, 'the sooner the better' is always the best answer."

Marissa Mayer

Former President and CEO of Yahoo!

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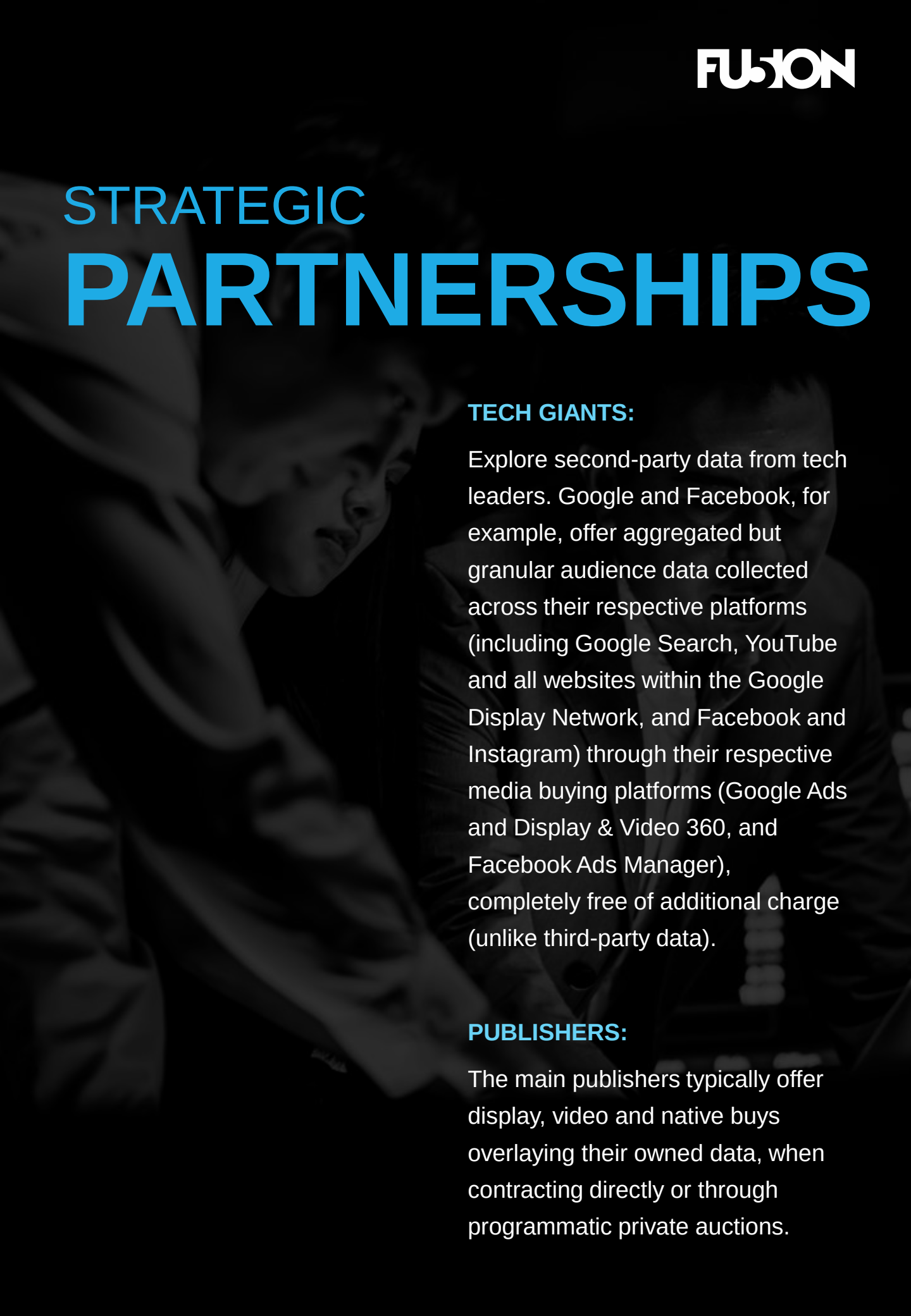
STRATEGIC PARTNERSHIPS



TECH GIANTS:

Explore second-party data from tech leaders. Google and Facebook, for example, offer aggregated but granular audience data collected across their respective platforms (including Google Search, YouTube and all websites within the Google Display Network, and Facebook and Instagram) through their respective media buying platforms (Google Ads and Display & Video 360, and Facebook Ads Manager), completely free of additional charge (unlike third-party data).

PUBLISHERS:

The main publishers typically offer display, video and native buys overlaying their owned data, when contracting directly or through programmatic private auctions.

Implement best-in-class cookie consent management solutions

This will ensure that there are no legal data collection issues that your brand might face, as consent policies are getting tighter, it is crucial to ensure consent management solutions are well crafted.

Generating customer trust

Consumers need to understand what will be collected and how it will be used. This needs to be clearly outlined on all owned assets .

Clearly communicating this information to your customers will build brand trust and increase affinity

THANK YOU

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REFERENCES:
Google ending third-party cookies in Chrome, cookiebot.com
How the cookie crumbled, Marketing in cookie less world, Deloitte
Google's 'trust tokens' are here to take cookies down a peg, the verge.com
googles-privacy-sandbox, digiday.com
1st Party Data, 2nd Party Data, 3rd Party Data: What Does It All Mean?, Lotame.com