Consumers’ Growing Privacy Concerns

In recent years, consumers have become more aware of the personal data they share when browsing the internet and how little insight and control they have over how companies collect, exchange and store this data.

How Internet Browsers Are Responding

To calm these data privacy concerns, legislators stepped in, and internet browsers continue to take steps to protect consumer privacy:

- **2017**: Apple launched Safari’s intelligent tracking prevention (ITP), and subsequent updates, to restrict advertisers from using behavioral targeting to track users’ web activity, mainly across the mobile web.
- **2018**: Mozilla started blocking third-party cookies by default in the Firefox browser.
- **2020**: In January, Google announced plans to phase out third-party cookies within the next two years in its Chrome browser.
- **2021**: In June, Apple announced plans to limit how its IDFA is used. (IDFA, identifier for advertisers, is a unique random number assigned to a user’s device that advertisers use to target and track users and customize advertising within iOS device apps.)
- **2022**: Apple said it will require advertisers to get user permission to use the IDFA with iOS 14 — its mobile operating system for iPhones and iPads.

With 66% of the world’s browser share, how will Chrome dropping third-party cookies majorly disrupt the ad tech industry?

Source: StatCounter, September 2020
Where Ad Tech Is Headed

We’re headed toward a cookieless future, and in many cases, this cookie-free world already exists.

Google’s announcement to end third-party cookies means “the default future state of digital media will be 100% anonymous, non-addressable to third-party vendors that support advertising-funded media and services today.”

— Interactive Advertising Bureau (IAB)
In a Cookieless World, What Would Change?

The likely impacts of getting rid of third-party cookies run deep. The entire ad tech industry will have to face these impacts as we navigate how users decide to control their data and how browsers make privacy control and cookie changes.

Cookieless Targeting Impacts

- Content Availability
- Site Measurement
- Media Measurement
- Tactic Scalability
Cookieless Targeting Impacts

Content Availability
Publishers will lose insight on site visitors, making it difficult for them to sell their inventory to advertisers. They may be forced to make hard decisions around what content is freely available and what content is available with a login or behind a paywall so they can track user behavior and content consumption on their sites.

Large publishers, such as The New York Times, will have immense power because they will know their audience. Users will log in to their sites because they see the value in providing some personal info for access to excellent content. But smaller publishers, without a login capability or a good reason to log in, will not and may feel the financial effects.

Media Measurement
Multitouch attribution, view-through impressions and post-impression activity will cease to exist without a unified tracking solution. Without the ability to track users with cookies, publishers won’t be able to tie site actions to ad exposure.

Measurement models will likely move toward incrementality and lift studies and revert to last-click or last-ad-seen models. It’s important advertisers look at overall lift versus last-touch models due to duplicate conversion counting and lack of accountability for all ads along the customer journey.

Site Measurement
Site measurement may not break everywhere; what publishers and site owners will be able to see will vary across browsers. (For instance, Google Chrome will offer analytics unavailable in Apple Safari.)

Inconsistent and skewed site metrics may force publishers and site owners to make decisions on incomplete info, which is neither strategic nor sustainable.

Tactic Scalability
Data-related tactics will likely see a decline in available inventory on the open exchange (at least at first). This will require media experts or traders to allocate budget to more contextual and site-related buys.

Targeting scale may also be influenced as the industry moves away from data management platform (DMP) audiences and relies primarily on first- and second-party data.
The Problem With Cookies

“I think of cookies as consent by hostage. Consumers don’t give consent through trust but because they have little choice if they want to access content. Cookies were never intended to be the foundation of targeted advertising. As more media evolve, we need a new solution.”

— AMANDA MARTIN
EVP, Enterprise Partnerships at Goodway Group
Steps for Innovating a True Solution for Identity

1. The ad tech industry must solve this technical problem: storing identity in a way that is woven into the user experience and can be used across publishers.

2. The identity companies need to convert to an identity solution from their current cookie and device identity frameworks. Today’s shared identity players talk a big game, but, ultimately, they rely heavily on cookies and identities that aren’t promised to be around in the future.

3. The new identity solutions will need to be tested in court or explicitly approved by lawmakers. Lawyers can review and debate the letter of the law ad nauseum, but until a case goes to court and case law is created, all guesses are just that.

The first two steps will be largely done in 2020.

The final step will take three to five years in the United States and perhaps slightly less time in Europe due to its head start with General Data Protection Regulation (GDPR), digital privacy legislation that helps EU citizens have more control over their personal data.
Current and Proposed Cookieless Solutions

The cookie may be crumbling, but targeted advertising is here to stay. The good news is there are potential viable solutions to supplement the cookie loss. With these future identity solutions, brands will still be able to retarget privacy-safe groups, benefit from aggregated campaign measurement and develop sophisticated targeting strategies.

Examples:
- LiveRamp’s Authenticated Traffic Solution (ATS)
- The Trade Desk’s Unified ID 2.0
- Google Privacy Sandbox
- Oracle-Owned Grapeshot
- Permutive
- Google Ads Data Hub
- Habu Full View Automation
Which Identity Solution Should You Choose?

One identity solution will not end up ruling them all. Advertisers will have to piece together multiple identity solutions to effectively connect, target and measure their marketing efforts. The puzzle should include the big walled gardens, Google, Facebook and Amazon, where little will change but also the open internet's identity solutions, which will require regulation and unification. The goal of going cookieless is to determine the right identity solutions that will improve the ad tech ecosystem for consumers, advertisers and publishers alike.

Cookieless Solutions Explained

Authenticated Traffic
- Allows publishers to maintain a direct, trusted relationship with users through a consumer-provided, consented identifier, and in turn enables advertisers to do the same
- Give advertisers the ability to place ads based on a webpage's content, keywords, meaning and tone and select websites where their advertising will run (based on standardized contextual and site content categories)
- Tell advertisers their users' device type, operating system, browser, make, model, etc., to know where their ad dollars are going; let advertisers group users by a common characteristic and analyze behavior and performance
- Offer the promise of overlapping an advertiser's first-party data with aggregated — not customer-level — data across the open internet and walled gardens
How Brands Can Succeed in a Cookieless World

Like any industry or technology in transition, 2020 to 2022 will be awkward for marketers since they will still be relying on old technologies (cookies) while vetting and operationalizing new ones. **What should you do as a brand right now to stay on top of these changes?**

1. **Prioritize Your First-Party Data**
2. **Identify and Optimize for Contextual Signals**
3. **Develop a Nimble Measurement Mentality and Set Realistic Expectations**
4. **Embrace Regulatory Compliance and Be Prepared for More**
5. **Work With a Trusted Digital Marketing Partner**

**Are you putting your audience first?** Build a smarter data strategy in minutes.
Brands have been pushed into reinventing their audience targeting strategies with first-party customer relationship management (CRM) data. Activate, grow, clean and segment your CRM data to produce personalized, sophisticated marketing strategies. Connect and engage with your audience by building look-alikes, conquering in search to win market share and suppressing already converted audiences. Keep your focus on personalization and the customer experience. Consumers will continue to value personalization and will favor brands that provide content and experiences tailored to them.

The challenge becomes reaching consumers persistently across channels once third-party cookies are out of the picture. Identity solutions will be pivotal as brands strive to provide a value exchange that allows them to feature logins or collect consent as often as possible. In the meantime, work to clean up and maximize your first-party data to help your personalization efforts down the road.

**Where Does First-Party Data Come From?**
- Your website (i.e., browsing, shopping cart and purchase history)
- Your CRM platform
- Your subscriptions
- Your mobile web and apps
- Your social media data

**What Can You Discover From First-Party Data?**
- Understand who’s interacting with your brand and the type of person interested in or using your product or service.
- Segment your first-party data based on your unique business needs.
- Personalize creatives, offers and all messaging, such as with dynamic display advertising, to foster deeper relationships with current and potential customers.
- Run programmatic advertising campaigns more efficiently and effectively with greater success.

**How Will Going Cookieless Affect Data Professionals’ Data Use in North America?**

- Increase spending/emphasis on use of first-party data **60%**
- Increase interest in third-party identity resolution solutions **38%**
- Increase efforts to build second-party data relationships **36%**
- Increase focus on developing custom/in-house identity resolution solutions **36%**
- Engage with third-party industry groups to build identity resolution solutions **36%**
- Increase spending/emphasis on contextual advertising **34%**
- Increase testing/investment in new solutions **32%**

Source: Winterberry Group, July 2020
Identify and Optimize for Contextual Signals

Move away from audience targeting altogether with timeless contextual targeting. Over the coming months, identify and optimize toward the contextual signals (keywords, video meta descriptions, audio transcripts, comments and more) that highlight your brand message.

To figure out what contextual signals work best for your ads, put your customers and prospects at the heart of your ad strategy. Experiment and use A/B testing on your ad campaigns to improve campaign efficiency within even the first few weeks. Small changes will pay back steadily day after day for incremental gains that can drive the greatest impact for your brand and customers and lead to a big swing in ROI over the long term.

Most Popular Targeting Formats for US Companies, June 2018

<table>
<thead>
<tr>
<th>Targeting Format</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Contextual Targeting</td>
<td>49%</td>
</tr>
<tr>
<td>Demographic Targeting</td>
<td>46%</td>
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<tr>
<td>Geolocation Targeting</td>
<td>44%</td>
</tr>
<tr>
<td>Behavioral Targeting</td>
<td>25%</td>
</tr>
</tbody>
</table>

Nearly 50% of US companies say contextual targeting is the most widely used of all targeting formats.

Source: The Drum, September 2018

Did You Know?

Before buying audiences, marketers bought context, which means they would match their ad campaign topics and keywords to relevant sites with the same or similar content.

Do you want to lift your measurement strategy to the next level?
The need to measure and optimize will not disappear with the cookie. Resetting and managing expectations among marketers may be required. The ideal solution will likely differ brand to brand.

However, it’s expected that offline identity will begin to play a much larger role as linking online activity to known offline identifiers could bridge the gap in current analytics lost post-cookies. It will be important for marketers to be open to new solutions and flexible when setting tactic and metric expectations moving forward. The act of connecting offline data to online is called “data onboarding,” or “connectivity.” By de-identifying personal identifiable information (PII) in both offline and online data sets, data vendors can connect the dots and protect the individual’s privacy and a brand’s integrity at the same time.
The California Consumer Privacy Act (CCPA) received buzz when it went into effect in early 2020, but it’s likely not the last time individual states decide to issue their own laws around consumer privacy.

CCPA has set a strong blueprint as the most comprehensive privacy law to date in the U.S., but marketers will need to remain agile while keeping up with any future regulations that impact their media executions and adjust accordingly.

What Is the CCPA?

The CCPA gives consumers more control over the personal information that businesses collect about them:

- The right to know about the personal information a business collects about them and how it is used and shared;
- The right to delete personal information collected from them (with some exceptions);
- The right to opt-out of the sale of their personal information; and
- The right to non-discrimination for exercising their CCPA rights.

Businesses are required to give consumers certain notices explaining their privacy practices. The CCPA applies to many businesses, including data brokers.

Source: State of California Department of Justice, Office of the Attorney General
Brands will still be able to collect first-party opt-in data and use it for marketing purposes. A trustworthy advertising partner can vet and recommend the best data partners to leverage identity solutions and create the biggest reach and impact when cookies are no longer an option.

Questions to ask when selecting a new partner. Are they ...

- experienced?
- knowledgeable?
- research- and data-driven?
- media savvy?
- easy to work with?
Goodway Group prides itself on engaging on the cutting edge of industry developments and solutions and promises to do the same when exploring an exciting future pertaining to identity. We have an entire department dedicated to mapping the path to a cookieless future.

While you prepare to say goodbye to cookies, count on us to help you make the most of your data and help you recognize and reach your customers everywhere with the largest, most addressable audience in the industry.

Ready To Go Cookieless?

Prepare for your cookieless future today.

Contact Us

Award-Winning Honestly Smart Digital Marketing Partner

THE ADEXCHANGER AWARDS
Finalist 2019-2020

The Drum Digital Advertising Awards US
Winner 2016-2017, 2020
Highly Commended 2018

GLOBAL SEARCH AWARDS
SILVER

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