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Beyond the Cookie: A Guide to Third Party Cookie Deprecation

March 2023



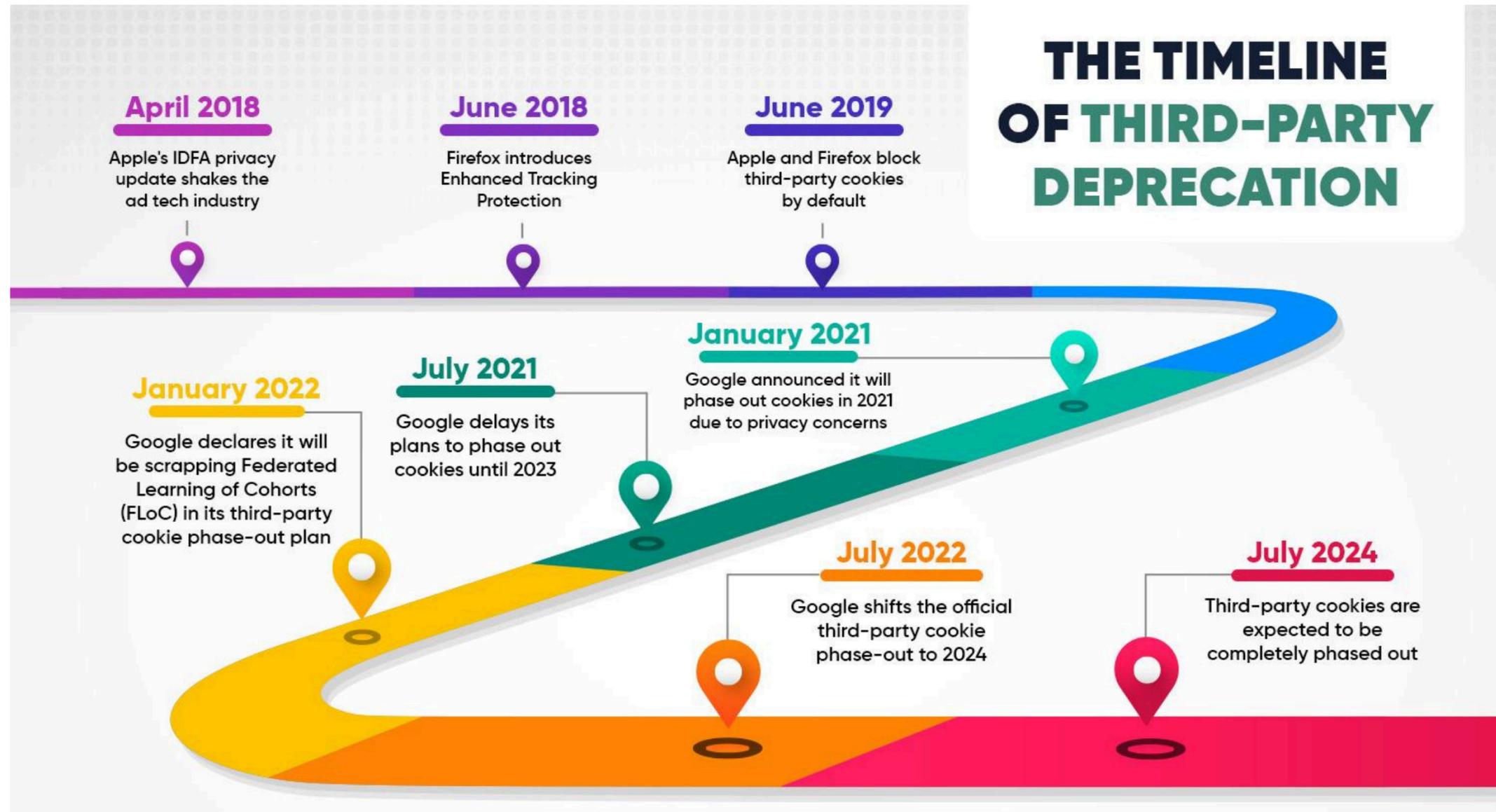
Intro

Thanks to privacy concerns and the rise of mobile web browsing and its associated tracking challenges, third party cookie deprecation has been top of mind in the industry for several years now. But it's been a slow decline.

While browsers such as Safari and Firefox have already blocked third-party cookies, Google Chrome has delayed its phase out twice. This is considerable because Chrome is the preferred browser of more than 60% of global web users. Now, they are set to disappear by the second half of 2024.



Where are we now?



Source: Silverpush

Let's take a step back... What are cookies anyway?

A cookie is a tiny piece of software code that gets downloaded onto your computer when you visit a website. This tiny file, also known as a packet, contains data that allows the website to identify your computer upon subsequent visits.

Website cookies are used for core website functions such as shopping carts, remembering login details, and preferred language and location settings, etc. But, these are examples of first-party cookies. Third-party cookies are completely different.

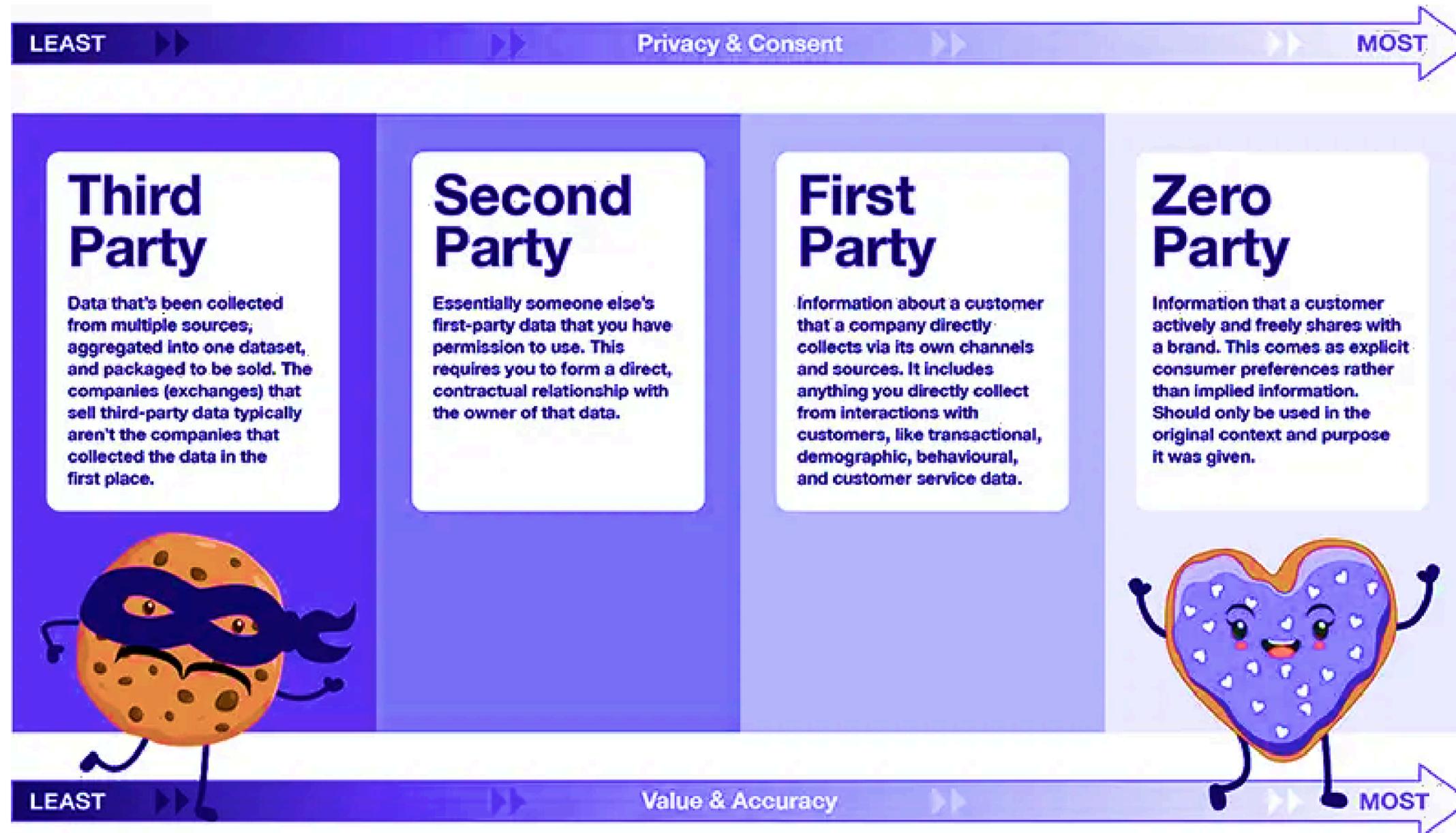




What do third-party cookies do?

- Third-party cookies track and share user information between multiple websites and are most commonly used by the digital advertising industry to help serve more relevant ads to users. They enable brands and vendors to create user profiles based on their online behavior and activities, including third-party cookies set by companies the user hasn't even heard of or interacted with. In a privacy-focused world, a new alternative must be found.
- Furthermore, third-party cookies are becoming increasingly inefficient and ineffective for advertisers to target users and track performance. Users are now spread across so many connected devices, using them interchangeably and cookies are unable to bridge this gap. This means it is very hard to track the full customer journey. It also means users don't enjoy a seamless experience with incorrect or out-of-date cookie data being fed to advertisers.

The difference between data types



Source: Silverpush



Why is Google taking so long?

In 2019, Google announced its Privacy Sandbox, with a focus on developing the Federated Cohort of Learnings (FLoC). FLoC was designed to group people that shared the same browsing interest into cohorts, which then be shared with advertisers, anonymizing the user in the process.

However, FLoC didn't work out as well as planned, so it evolved into Google Topics, which involves the individual's Chrome browser monitoring their weekly usage before determining a handful of topics that represent their top interests for three weeks.

Still, Google's Privacy Sandbox product director, Vinay Goel, said *"While there's considerable progress with this initiative, it's become clear that more time is needed across the ecosystem to get this right."* And this sentiment has apparently been shared by developers, publishers, marketers, and regulators as well.

With 60% of users using Chrome as their browser, Google has a lot riding on this transition. Moving away from third-party cookies before there is a viable alternative would not be good for their bottom line.

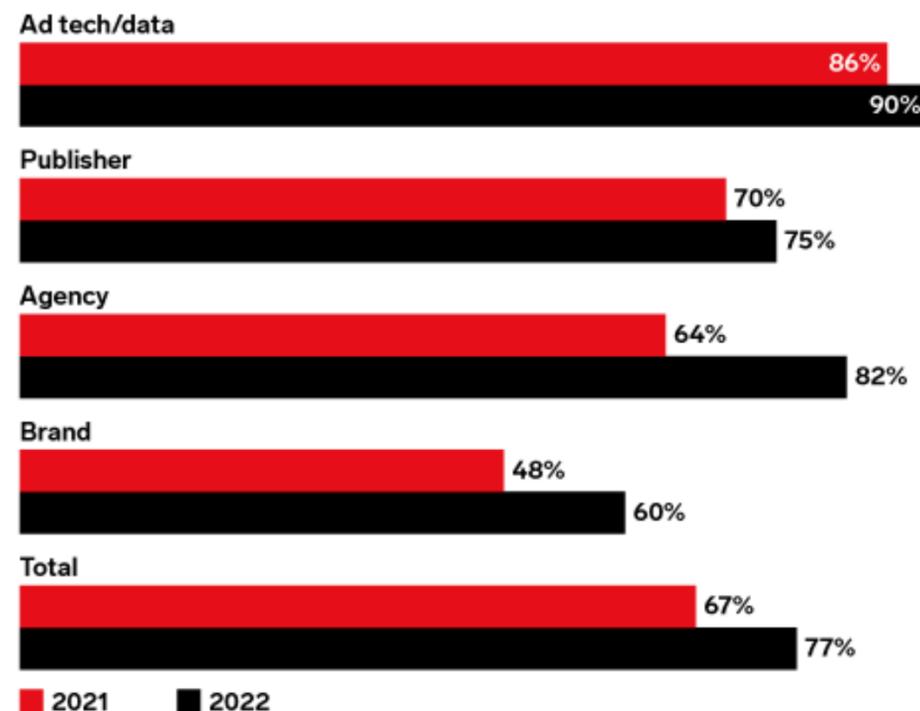
Even though there is still time before third-party cookies are completely gone, advertisers shouldn't relax too much.

Are you prepared?

Not everyone is ready yet, but companies from all sides have been exploring their options.

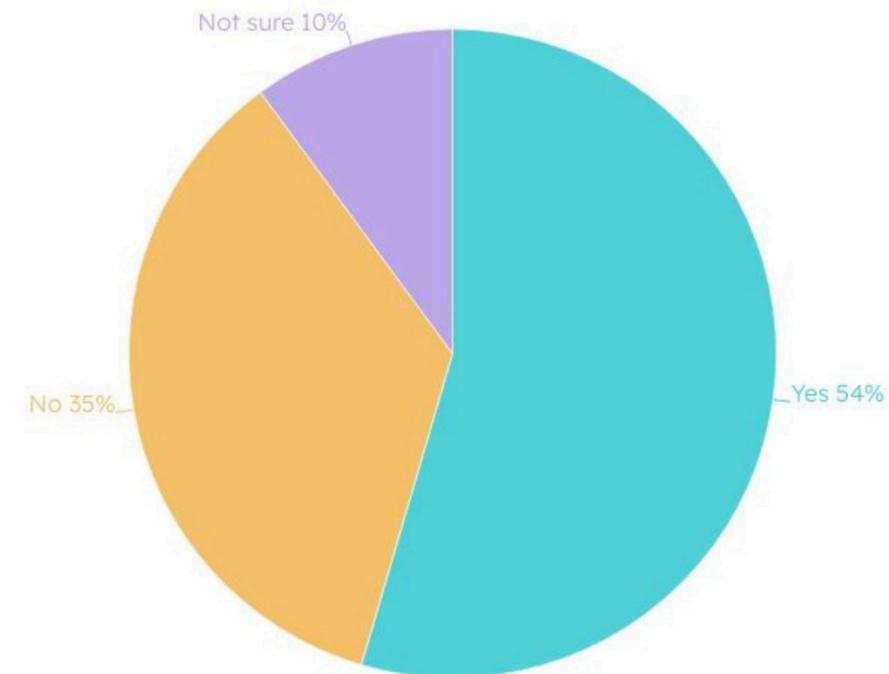
US Data Leaders Who Were Somewhat/Very Prepared for the Loss of Third-Party Cookies/IDs, by Company Type, 2021 & 2022

% of respondents in each group



Note: 2021 n=203; 2022 n=204; top two responses
 Source: Interactive Advertising Bureau (IAB), "State of Data Report" conducted by Ipsos, Feb 8, 2022

Is your company actively exploring alternate targeting solutions to third-party cookies?



Source: HubSpot

What are some other options?

Alternatives to third-party cookies





Alternatives

Many ideas are circulating as to what could replace third-party cookies, but the following are strong options:

First Party Data Collection – Many marketers are already committed to beefing up first-party data collection. It is more accurate and reliable, allowing for a more-targeted user experience. First-party data is a win-win for both parties. Users won't have to risk their privacy for convenience, and marketers can get back to the basics – connecting consumers with the products and services they actually want.

Zero Party Data Collection – This is data that is actively shared by a user to a website. Consumers agree to give information to the website so that they can have a more personalized experience on the site. Surveys, polls and multi-step forms all help collect this kind of data. It is a reliable source of data as it comes directly from the customers. With concerns about privacy, asking consumers about for their information upfront also creates a level of trust and transparency.



More alternatives

Universal ID – Frameworks like Unified ID (UID 2.0), developed by The Trade Desk, promote establishing a unique user ID for every internet user. The solution preserves advertisers' ability to provide relevant, targeted advertising but with more controls available to the user. It uses single sign-on to collect a user's email address – and one-time consent – when they visit a website or app that supports UID 2.0. Though the industry is on board, a universal ID requires users to hand over their email addresses, which is not always easy to do.

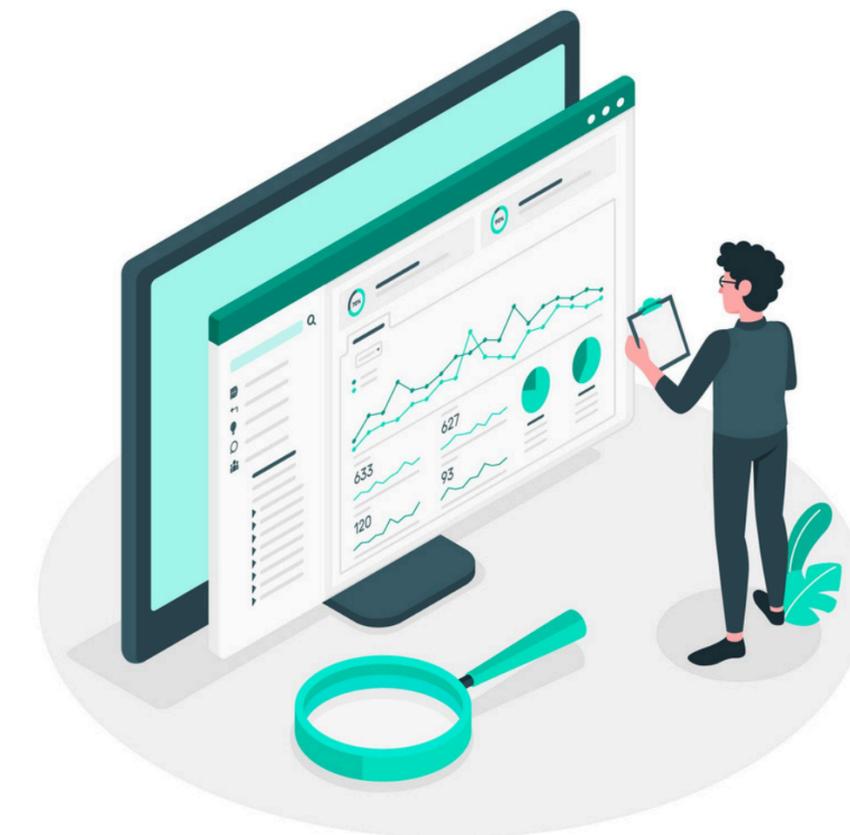
Google's Privacy-Centric Developments – In 2019, Google unveiled the Privacy Sandbox, their initiative to meet rising consumer expectations for more privacy on the web. As mentioned earlier, one of their first tracking methods, FLoC, was disintegrated and Topics was born. Though not released to the public yet, Google Topics API shows promise. In a nutshell, it will categorize the sites people visit into various cohorts, or topics. Those categories are then used to show relevant ads. Users can also control which topics they are associated with. Another in-browser API is FLEDGE, which helps in retargeting known audiences.



Even more alternatives

Contextual Advertising - Contextual advertising places ads based on the page content through keyword and topic-based targeting instead of behavioral tracking. Users get to see ads that are relevant to the content they're consuming without giving up any privacy. Contextual targeting gives marketers more control over where their ads appear, ensuring that those sites align with their brand values. Of course, contextual advertising does have a narrower reach — your target audience will only see your ads if they visit a site with related content.

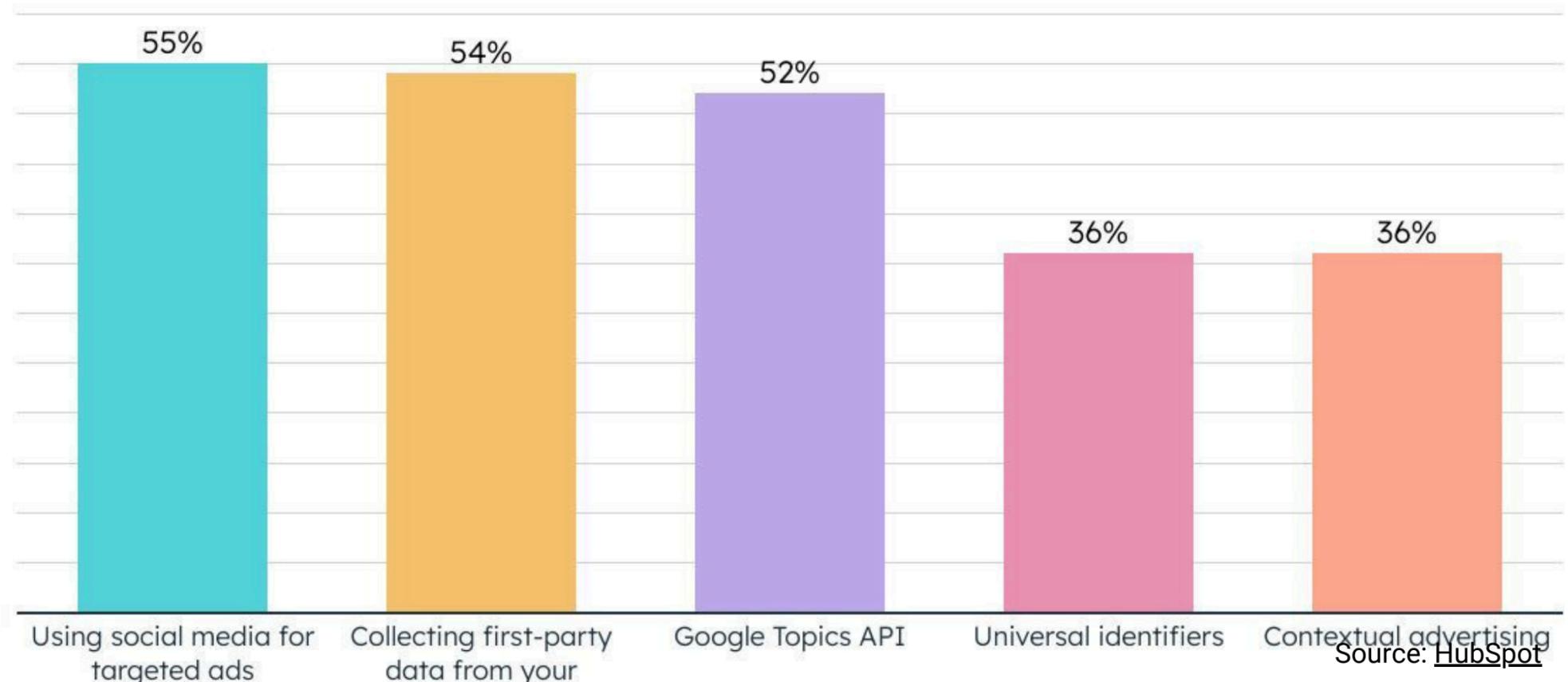
Walled Gardens - These are closed ecosystems that allow companies to collect and use data from users within the ecosystem — examples include Google, Facebook and Amazon. By controlling the data that flows in and out of the ecosystem, companies can maintain a high degree of certainty about the identity and behavior of users.



What has been working so far?

54% of marketers say their company is exploring alternative targeting solutions, and more than half of those are looking into using social media for targeted ads as a replacement for third-party cookies. Social media offers advanced targeting tools to get your ads in front of your target audience. With the rise in popularity of social shopping, tapping into platforms like Instagram is a powerful way to reach consumers - especially Gen Z and Millennials.

Which alternate targeting solutions is your company exploring?



Source: HubSpot

The US is behind

A recent study from Adform and Dynata shows, despite 75% of companies globally acknowledging that the deprecation of third party cookies will impact their business, over 78% of marketers don't have a tested solution in place. In addition, only 29% globally have adopted a first-party ID solution. In Europe, however, publisher adoption of first-party IDs is nearing third-party cookie volumes. Adform says the introduction of its ID solution is already generating results. The percentage of publishers passing first party IDs is 100% in Denmark, followed closely by 93% in the UK, 90% in Spain, and remaining well above 60% in other European countries. In the US, the number is below 20%.





What can you try now?

Although, many of the alternatives are still under development or in testing phases, there are some tried and true cookies-less methods to try now.

Social Media Marketing - With 4.62 billion social media users, advertising on social media is an ample alternative to third-party cookies. Many social media sites allow you to target your audience based on their demographics and online behavior. This means you can reach the right audience with the correct ad.

Email Marketing - This is another great way to target your audience with personalized ads. Using email analytics, you can understand how your customers engage with your emails, so you can segment your email lists into different categories such as location, purchasing habits or gender. Through segmentation, you can target your customers with the right email.



Conclusion

With Google's pushback to 2024, and some believing this deadline will be pushed again, it does give a businesses a little more time and breathing room to figure out their strategy for the end of third-party cookies. But that doesn't mean you should sleep on it. Now is the time to act to find the right way forward.

For advertisers and marketers, it is important to remember that there is no one-size-fits-all strategy. Teams that hope to achieve success will probably implement a wide range of solutions, including first-party data, cohort-based advertising, and Universal ID, as well as walled gardens. And let's not forget social media and email marketing.

One thing is for certain though: Brands that prioritize getting to know their customers, building trust, and collecting data transparently, will be best positioned for success.

Contacts



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A stylized lightbulb icon with a glowing blue and purple outline, positioned between the letters 'R' and 'O' in the word 'GROUP'. The lightbulb has a filament-like structure inside and a base with a small red and blue detail.