



A Guide for Advertisers

HOW TO PREPARE FOR THE COOKIELESS FUTURE



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INTRODUCTION

Marketers have long relied on cookies. These small pieces of code — dropped on a browser using a piece of JavaScript — anonymously identify users and enable marketers to track their activity and engagement over time.

This type of tracking helps provide critical data. If you serve an ad to an individual and see that they come to a site with the same cookie ID within the browser, you can match the IDs and analyze the success of your campaign. Maybe you retargeted all shoppers on a site who abandoned their shopping carts with ads encouraging them to checkout. If you see that the person came back to the site and made a purchase after seeing the ad, you can track success metrics from the retargeting campaign and use those insights to inform future strategies.

As much as marketers love and have long relied on cookies for hyper-targeted campaigns, the industry is moving toward a cookieless future. Browsers like Safari and Firefox are already a step ahead, as they aren't reliant, whereas Google, the largest internet browser from a user standpoint, will do away with third-party cookies in 2023, solidifying cookies as obsolete.

As advertisers are faced with the evolution of data-driven marketing, this [whitepaper](#) outlines future-proof tactics and solutions you can leverage to prepare for the coming changes.

IDENTIFIER TYPES 101

The primary types of identifiers are first-party cookies, third-party cookies, the iOS Identifier for Advertisers (IDFA), and Google Advertising ID (AAID). Before jumping into these identifier classifications, let's review what each one entails.

FIRST-PARTY COOKIES

First-party cookies are dropped directly from the website domain a consumer is visiting. They allow website owners to track visitors, compile analytics, remember user preferences, and perform other useful functions that help provide a good user experience. These first-party cookies will not be affected by Google's upcoming changes.

THIRD-PARTY COOKIES

Third-party cookies use code from vendors or domains (such as The Trade Desk pixel or MediaMath pixel), rather than from the site being visited. Only the vendor who drops the cookie can read these cookies. Often, third-party cookies are used for cross-site tracking, retargeting, ad-serving, and other forms of segmentation.

IDFA & AAID

IDFA and AAID are device identifiers that Apple and Android, respectively, use to note and track a user's device without revealing personally identifiable information.

While AAIDs remain viable for now (Google plans to remove them in near future), IDFAs are basically "dead" as users have to opt-into every app when using Apple devices.

It's important to note that a cookie is an identifier for every consumer — per browser, per device. Because most people have multiple browsers and devices, each consumer likely has multiple cookies representing them at any given time. When advertisers target a cookie, they target one browser on one device for one consumer.

As for mobile IDs, IDFA and AAID, they offered one clear advantage beyond that of cookies: they were, or in the case of Android users, are consistent and unified. There is one mobile ID per consumer, so advertisers don't have to overcome the challenge of browser- or device-specific cookies that are changed and deleted frequently.

SO, WHAT IS THE COOKIELESS FUTURE?

The phrase “cookieless future” has gained media traction, ever since Google announced their plan to remove third-party cookies in 2021. But this has been a burgeoning topic in the advertising space for some time.

When Europe established the Global Data Protection Regulation in 2018, marketers felt the first tectonic shift in prioritizing consumer privacy. Later, in July 2020, the California Consumer Privacy Act continued this momentum. Soon, we saw browsers like Safari and Firefox implement enhanced tracking prevention.

Why all this change? In recent years, consumers have been more vocal about the collection and use of their personal data. They want a customized experience to a point — but not at the risk of subjecting their data to potential breaches. In most cases, this means they expect to have the power to “opt-out” or say “no” to cookie tracking.

As a result of this trend toward prioritizing privacy, two major companies stepped in to acknowledge the shift: Google and Apple.



WHAT'S GOING ON WITH APPLE & GOOGLE?

GOOGLE

Google's domination of the web browser and digital ad markets is well-established as the company accounts for 25% of North American internet traffic and \$149 billion in ad revenue in 2021 just in the U.S. So, it will come as no surprise that Google's announcement of its elimination of third-party cookies has sent a shockwave through the digital advertising world.

Once they remove third-party cookies, Google's massive footprint will enable Google to continue to identify users and show personalized ads without the need for cookies or device IDs, increasing its ability to dominate the ad tech ecosystem in a "walled garden." Only Facebook and Amazon arguably have large enough footprints to compete.

APPLE

In a similar but different vein, Apple has a major stronghold on a different area of massive consumer content consumption: the smartphone market. The average American spends 5.4 hours on their phone, and as of first-quarter 2021, 47% of those smartphone users were using iPhones.

In spring 2021, the company announced it would require apps to ask users for permission to collect and share data on Apple devices, and since then, 62% of people are opting out of apps tracking their behavior.

Because it has become so mobile-centric, how the world adjusts to the lack of identifiers on Apple devices may provide a template for advertising on mobile devices in the cookieless future while also offering clues for how to execute desktop advertising once targeting becomes more challenging there.

If there is a single takeaway for marketers, it's that relying heavily on IDFA and other third-party data identifiers will no longer be helpful — in fact, it'll be harmful. That said, these seismic shifts will create an opportunity for advertisers to use first-party data and other cookieless solutions in innovative, foundational ways.



WHAT'S AT STAKE?

DATA EVERYWHERE, BUT NOT A DROP TO DRINK

For those that have relied on third-party cookies, there will be little to no personalization available, given Google and Apple's announcements. Once third-party cookies go away, those that haven't done some of this early learning will be faced with more competition and the need to make major time-sensitive decisions, leading to wasted media spend, missed opportunities, and a hampered competitive edge.

However, it's not all grim. Brands are sitting on mountains of customer data, and most have yet to tap into it. Once brands learn how to properly tap into their first-party data applications, they'll be better equipped for more customized and more ethical consumer interactions — and possibly even a quicker sales funnel, as the brand interactions will be increasingly data-driven. That's why one of the key steps to prepare for the cookieless future is establishing a unified tech stack.



KEY FUTURE-PROOF TACTICS

THE FUTURE IS NOW

The cookieless reality is coming, regardless of whether advertisers are ready for it. Even though Google has delayed the removal of third-party cookies a few times, the plan is still set in stone. While it's nerve-racking to think about the changes and challenges the industry will face as a result, there is a silver lining: Data capabilities and targeting will improve.

Scale might suffer for a bit as advertisers and vendors make the transition, but accuracy will be better. It's the age-old exchange of quality versus quantity. Focusing on clear communication, options, and value, you can keep quality (the most important of the two) top of mind and offer personalized, relevant, and powerful marketing not rooted in cookies.



1. PRIORITIZE FIRST-PARTY DATA

WHY FIRST-PARTY DATA COMES FIRST

Maybe a customer has subscribed to your newsletter, downloaded a piece of content, signed up for exclusive promotions, placed an order, or created an account to save their cart. This is invaluable data for you to leverage. Additionally, if you have a sales team, think of the database of contacts they're emailing and interacting with. All these actions and interactions provide you with data that is extremely valuable. However, it's only as valuable as the tools you use to organize it and implement it to move consumers down the funnel.

Our top recommended tactic for securing and increasing your first-party data is performance marketing. Performance marketing helps brands acquire customers, generate leads, and build their CRMs. Performance marketing campaigns can run across virtually all digital channels including:

- Display
- Social
- Influencer
- Search
- Connected TV
- Email
- Native
- Coupon Sites
- Affiliate (includes blogs, deal sites, coupon sites, and loyalty sites)

Additionally, performance marketing is a great tool for advertisers because you only pay as you go, once an action is taken.



DIGILANT TIP

Leverage your first-party data to find your audience across multiple channels for optimal awareness and exposure. For additional scale, utilize first-party data to create a look-a-like audience* to reach new prospects.

*typically requires a first-party audience of 10,000

2. CONSIDER WALLED GARDENS

THE ALLURE OF WALLED GARDENS

Walled gardens can be your brand's secret weapon for leveraging data. A walled garden is a closed ecosystem in which all operations are controlled by the ecosystem operator. The provider doesn't share information, technology, and data with third parties creating a closed platform that works as an enclosed network. This gives providers control over everything that occurs on their digital property, provides better data protection, and creates exclusive audience insights.

For example, consider Apple's App Store and Google's Play Store. While users have access to millions of apps, they can't access those that don't meet Apple or Google's standards. This eliminates possible buggy or dangerous apps that do not adhere to their guidelines.

Another example is social media sites such as Facebook, Instagram, and TikTok. When web content is shared on these platforms, rather than redirecting users to those sites, the webpage is opened in the app itself. The user is then less likely to leave the app; instead, they will continue browsing within the platform once they're done reading the article or shared piece of content.



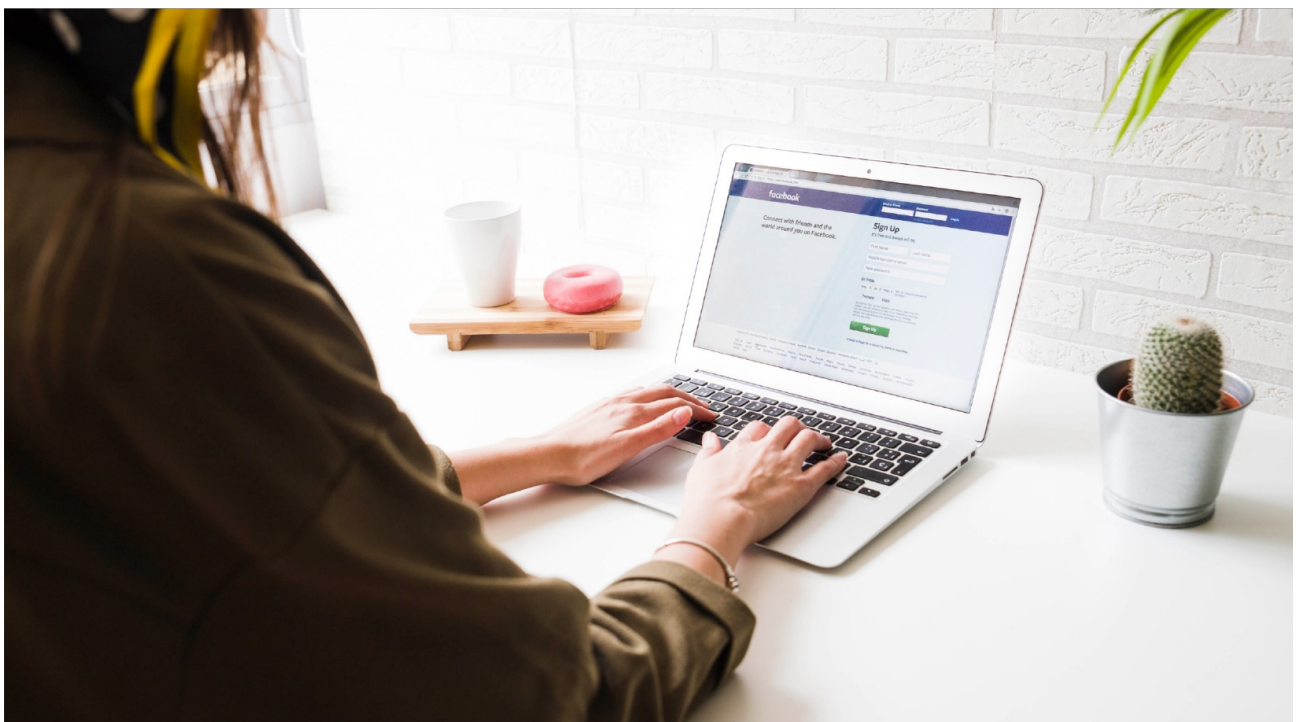
DIGILANT TIP

Enlist the help from our team of platform and audience experts to help you navigate the walled garden ecosystems.

Digilant can determine the best platforms to leverage using research, expertise, and past campaign performance to reach campaign goals.

Advertising platforms like Google, Facebook, Apple, and Amazon are also strong examples. They collect data from consumers and shoppers that advertisers can then use within the platform to better target audiences. These are environments that control a user's access to content and services by directing their navigation to particular areas — walled gardens. Although walled gardens don't always prevent users from navigating outside the walls, they do make it more difficult and less appealing than staying within the environment.

Walled gardens give advertisers great access to behavioral data, cross-device attribution and tracking, and top-notch security measures, making them well-positioned for the cookieless future. Why? In essence, they don't need cookie data because they already have so much quality, deterministic first-party data.



3. INVEST IN CONTEXTUAL TARGETING

THE RESURGENCE OF CONTEXTUAL TARGETING

We've also seen a surge of interest by marketers in contextual targeting. This targeting puts users' preferences and the user experience at the forefront and solves all the problems that arose due to the invasive nature of cookie-based targeting.

Because the ads are placed by matching and analyzing the user's intent, they have a higher chance of influencing the user and driving engagement. In fact, a study by [Wishpond](#) found that click-through rates of contextual retargeting ads have a 10x higher CTR than typical display ads.

The accuracy in contextual targeting comes from a variety of machine learning and artificial intelligence tools that go beyond just keyword matching and ensure the deepest, most accurate coverage. For example:

Text and image analysis tools scan text, images, video, and audio to understand the full context of a webpage.

Brand safety tools can be incorporated to ensure inappropriate content is avoided.

Media lookalike tools, like the one we offer at Digilant, let advertisers use first-party data to build lookalike audiences and reach the consumers that are most likely to buy based on other consumers.

Real-time creative optimization shows the most contextually relevant ads (products and services that are highlighted) within the webpage in real time.

Here's how best to implement a strategy based on contextual targeting.

1. Choose the best ad tech.

The ad tech you choose will play a major role in your contextual targeting efforts. Because platforms are powered by machine learning and artificial intelligence, they can better understand the sentiment, imagery, audio, and website content beyond simple keyword targeting. This makes for more effective contextual targeting. Prioritize finding a partner or suite of partners that digests as much of the web page's content as possible.

2. Keep relevancy at the forefront.

Remember that the appeal of contextual targeting is that it's contextually relevant to consumers, so keep that in mind when creating and strategizing ads. Keep ads relevant to the context (consider implementing dynamic creative optimization if budget permits) and remember to prioritize quality over quantity. You don't need to cast a wide net but rather find the most relevant audience possible.



DIGILANT TIP

If you aren't already, begin testing contextual tactics to your targeting strategy. Allocating anywhere from 5-15% of your budget will allow you to quickly test and learn contextual tactics. Additionally, it will help inform how you approach the growing number of cookieless targeting and identity solutions before third-party cookies go away for good.

4. DIVERSIFY MEDIA BUYS WITH OTT/CTV & DIGITAL AUDIO

STREAMING SERVICES ARE OVER-THE-TOP

Advertising on over-the-top (OTT) and connected TV (CTV) platforms and on digital audio platforms has become a huge priority and an incredible opportunity, as these platforms inherently don't rely on third-party cookies. More U.S. households use streaming platforms than traditional forms of television like cable or satellite, and advertisers are reaching consumers there often and effectively. At the end of last year, the U.S. alone had over 121 million paid audio subscribers, and ad spend on this channel is expected to reach nearly \$7 billion.

Many newer streaming platforms don't require a subscription; rather, they show traditional pre-roll, mid-roll, and post-roll ads in exchange for free content to the consumer. Where OTT and digital audio advertising on ad-supported platforms stands out is the relevance it offers because of the way each uses data — no cookies needed. Consumers want ads that are less disruptive and more specific to their individual interests and behaviors. When it comes to video streaming on ad-supported platforms, 60% of consumers who viewed relevant ads reported enjoying the viewing experience, indicating that they remained pleasantly engaged with the ad. And because audio advertisements are positioned in contextually targeted and hyper-relevant environments, they engage users more effectively, too.



DIGILANT TIP

If your brand hasn't started to test OTT/CTV, now is the time. Not only is the environment not dependent on cookies, OTT/CTV capabilities are continuing to evolve to reach your audience effectively. Digilant's expert team of strategists can develop a media plan with recommended OTT/CTV publishers based on audience and campaign goals.

By diversifying OTT and digital audio buys across platforms, brands can connect with consumers on a personal level at the time and place that offers the best chance of engagement and conversion. If you're considering taking this approach, do the following:

1. Find a partner to guide you through the OTT terrain.

The streaming industry is already bursting at the seams. A partner that knows this space, especially one that has established negotiated rates with OTT players, can help you build strategies to tap into streaming audiences across numerous devices most effectively.

2. Get creative with your creative.

Before we know it, more advertisers will be jumping in to take advantage of the digital streaming world. Those that have a strong grasp on what works and doesn't within this space will be better positioned to test and try new ad formats. Interstitial and sequential ads used in conjunction with short and long spots often seen on linear TV offer great opportunities for OTT experimentation. This is a clear use case for why testing and trying new things now will put advertisers in a better position once cookies are removed in the future. In a less time-sensitive situation, you're able to test different formats to see what drives the most engagement with your viewers.

3. Make "blended" buys.

CTV advertising can be more expensive than other digital ad formats, but it's still more effective and offers better returns than traditional TV buys. Ideally, an OTT strategy is executed as part of an omnichannel strategy under one roof, giving you the ability to run ads on OTT, display, desktop, social, and other channels simultaneously to capture audience attention throughout their omnichannel consumer journey.

5. PREPARE FOR MEASUREMENT CHANGES

MARKETING MIX MODELING MAKES A RETURN

One of the most famous quotes in advertising comes from John Wanamaker, who said “Half the money I spend on advertising is wasted; the trouble is I don’t know which half.” With the emergence of advanced measurement solutions, answering the elusive question around what is and isn’t working in advertising has become easier in recent years. Now, as we approach a world without cookies, advertisers are rethinking measurement and starting to revisit approaches to measurement that have been around for decades, like marketing mix modeling (MMM). In a cookieless world, MMM can help advertisers quantify the impact of marketing and advertising programs, including those programs that have been considered “immeasurable,” on sales, by using an aggregate measurement model vs. a user-level attribution model that requires third-party cookie data (ex. impressions, clicks).

MMM requires two to three years of aggregate data that spans across a variety of data inputs, including sales data, media investments data, seasonality data, demographic data, competitor data, and beyond. The ability to plug-in non-media data like seasonality, weather, and economic data gives marketers a reality check on just how much factors like COVID-19 or peak holiday shopping days impact or contribute to the bottom-line.



DIGILANT TIP

Find an advertising partner that is committed to staying lockstep with the evolving media landscape and bringing only the very best identity, inventory, and targeting solutions to the table for clients. With Diligent you benefit from our far-reaching network of premium partners and our institutional knowledge to future proof your media strategy without sacrificing your budget.

Together, expansive data inputs fuel MMM's statistical analysis to provide marketers and advertisers the following benefits:

1. A strong understanding of the marketing programs that are driving the highest return on investment (ROI).
2. An actionable framework that shows how programs are working together to drive sales.
3. Predictive insights that can inform long-term planning across marketing programs.

Categories like consumer-packaged goods (CPG) have long been reaping the benefits of MMM as a single source of truth. Today, marketers across all categories can begin to reap those same benefits thanks to the vast volume of cookieless online and offline data and advanced analytics tools.

MORE CHANGES...

Changes within Google Analytics

Google announced that its legacy Google Analytics platform will be phased out, and a new version, Google Analytics 4 (GA4), will become its primary analytics platform in 2023. GA4 is designed with consumer privacy at its core. Below are the three things you need to know: GA4 gives users a more complete view of the customer journey across platforms and channels with an event-based measurement model that doesn't require third-party cookies.

- GA4 uses data-driven attribution to assign credit to more than simply the last click, allowing marketers to see how various initiatives influence conversions.
- GA4 will also no longer store IP addresses. This protects consumer data and helps brands comply with privacy laws.

Retargeting

Retargeting as we know it will go away with third-party cookies. In the future, retargeting will require first party data in the form of a unique ID (ex. email address) or device ID to serve retargeting ads to consumers.

INTO THE COOKIELESS FUTURE

The shift toward stronger privacy protection is just the beginning of a wave of new standards and regulations in advertising. But at Digilant, we're stacking the odds in our favor and in our clients' favor through investments in capabilities, technologies, and partnerships (e.g., LiveRamp, Google, Facebook, MediaMath, The Trade Desk) that rely less on cookies and more on viable alternatives that are as effective as they are efficient.

ABOUT DIGILANT

As an agnostic media partner that believes in the combined power of data-driven technology, consumer insights, and smart people. Digilant is well-positioned to help advertisers, media buyers, and brands build future-proof digital advertising plans. We work across a full suite of industry-leading vendors atop our analytic expertise and top-tier service to ensure that our clients are equipped with the best media strategies and plans to reach their target audiences and goals

Interested in learning more about future-proof advertising solutions to ensure your brand is prepared for the removal of third-party cookies? We're ready to talk.

LET'S TALK

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