

Cookieless Identities

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PREPARING FOR A COOKIELESS WORLD

01 A COOKIELESS WORLD
02 SOLVING FOR IDENTITY

Preparing for a Cookieless World



Privacy continues to be a top priority in consumers' minds, especially as the lion's share of brand interactivity takes place within the digital ecosystem. Major adtech platforms have communicated plans for systemic shifts in adjusting tracking and measurement, requiring advertisers to keep pace with changes.



Cookie-based targeting, the backbone of open-web campaigns, will end by Q3 2023 with Chrome no longer allowing tracking cookies. This impacts all marketers as Google's Chrome browser makes up most of all web traffic across all devices.



Facebook, Apple, and Google are all taking measures to build up their walled gardens even higher, constructed upon the signals they obtain from users while logged into their platforms. These signals are becoming the replacement for the open data marketplace, which is currently informed by tracking cookies on the open web.

Consumers Opting Out

An overwhelming majority of iOS users, iPhone and iPad, are concerned about being tracked online. This customer set can be used as a proxy for consumers, as they make up over half of device usage in the US.

Since iOS 14.5 (April 2021), when users open an app they have been asked explicitly whether they give permission for companies to track them across other apps and websites. This is Apple's *App Tracking Transparency*, or ATT.

According to a survey carried out in 2021, when asked for their stance on Apple's new privacy measures, 65% of iOS users responded favorably, with less than a quarter thought the new policies were 'taking it too far.'



Industry Implications

Tech companies like Google, Facebook, Amazon, and Walmart rely on platform usage to gather insight into their unique audiences. Opting out of cross-app tracking (in iOS' ATT) largely does not impact their scale for use in advertising campaigns.

Publication groups that focus on key verticals, content or editorial environments are also largely unaffected by these changes. Advertisers are still seeking out key contextual plays and rely on environment to decide impressions, and cookies are less important in these cases.

Traditional brick-and-mortar organizations like Best Buy, Kroger, CVS, and Walmart are building out, or adding to, media networks that leverage their own 1st party data.

Publishers, platforms & retailers that leverage user data will continue to see success in a cookieless future.

Advertiser Implications

Marketers Can Look Internally and Externally for Data

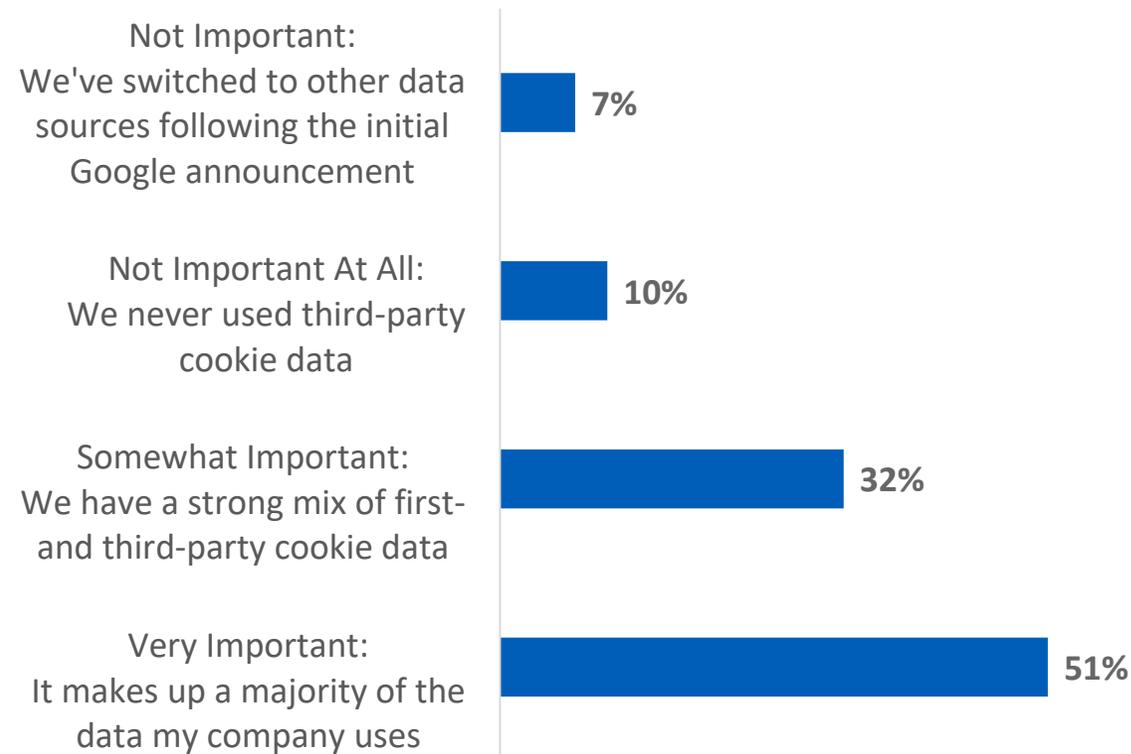
Marketers remain reliant on 3rd party cookies for targeting and impression decisioning on the open web. Among senior marketers, half of respondents note cookies make up a core data strategy.

In a cookieless world, marketers will need to take stock of the information they already have within applicable databases to understand what actionable data segments, or records, are readily available. These records will ultimately inform the best targeting solution moving forward, but it's not the only solution.

Publishers of offline/online content are a trove of data points that are actionable for compliance-friendly targeting. Relying on context will help deliver appropriate impressions to key audiences, at the right time.

Cookie Reliance is Ubiquitous

Degree of Reliance on 3rd Party Cookies



Different Flavors of Cookie

Cookies are simply a small code stored on a computer's browser when a user visits a website, but there are different kinds. Since these terms are frequently used interchangeably, it's important to note what is changing:



BROWSING COOKIES

- Improve web browsing experiences - remember login credentials, preferences, and other customization functions
- **NO CHANGE**



TRACKING COOKIES

- Browsing behaviors are used for targeting users across other websites
- **NO LONGER WILL FUNCTION**

Examples:

- **Most websites will continue tracking with their own cookie, “browsing cookies”** (i.e. login credentials)
- **Google will continue to collect data from users on their owned properties;** these are unique, proprietary non-cookie-based tracking (i.e. Gmail, Google Maps, YouTube)
- **Chrome browser will no longer allow 3rd party data to be collected via tracking cookies** (i.e. browsing behavior applied across the web)

Cookieless Implications by Data Source Type

3rd Party Data

Data purchased from outside sources which are not the original collectors of the data



Aggregated signals from the open marketplace

Significant Impact

2nd Party Data

1st party data purchased directly from the entity which collected the data



Google, Facebook, Amazon
Smart Devices + Household IDs

Minimal Impact

1st Party Data

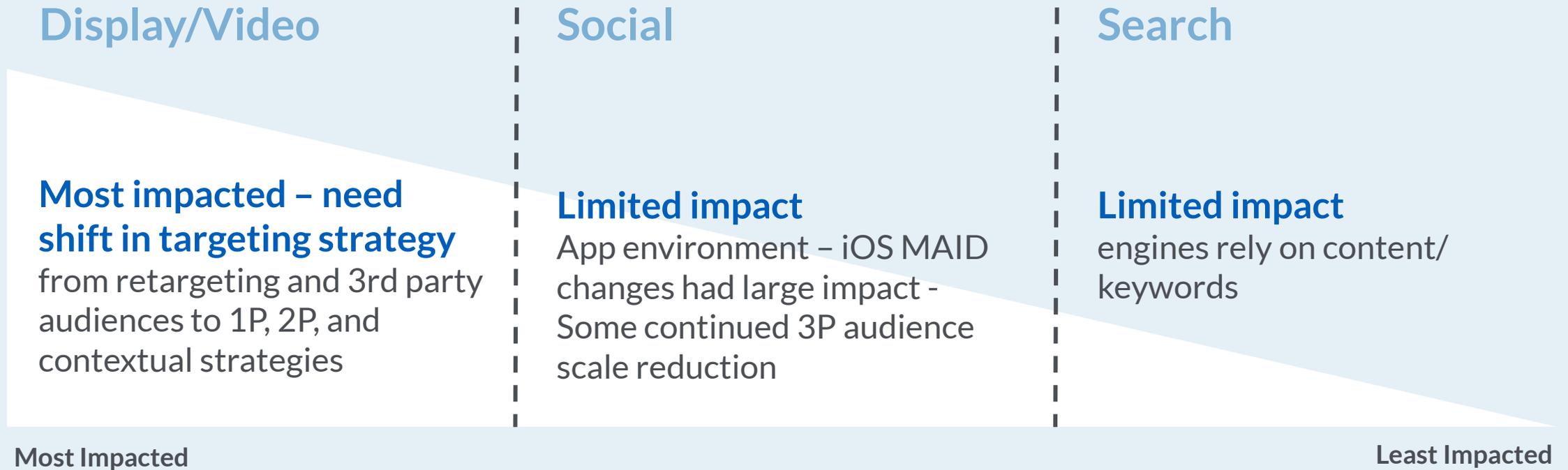
Information collected directly on an audience or customer set



Client CRM/CDP

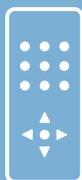
Minimal Impact

Marketers will feel a pinch in targetability, but mostly in open-web display and video.



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There will be plenty of changes within the data marketplace, but “better” data continues to be plentiful through the signals that are unaffected by a cookieless ecosystem.



Devices such as smart TVs are still sources of truth for targetability on the household and user level. Ad verification and brand safety tools do not rely on cookies to function and will be unchanged for optimization and measurement.



There is an upfront cost for data warehousing and management, but it can pay off significantly when leveraged correctly in marketing. Customer Relationship Management (CRM) or Customer Data Platforms (CDPs) to house and support the activation of data will allow for effective targeting and measuring of response.



Marketers need to develop relationships with customers that are clear in how their personal information is used in authentic marketing experiences. A value exchange (providing information for a reward) is a technique that can impact the volume of data.

Device, Geography & Environments

Standard non-cookie-based targeting will remain available, including geolocation, dayparts, sites, browsers, and devices



Brand Safety, Viewability & Fraud

Campaign verification tools will remain fully intact for optimization and measurement

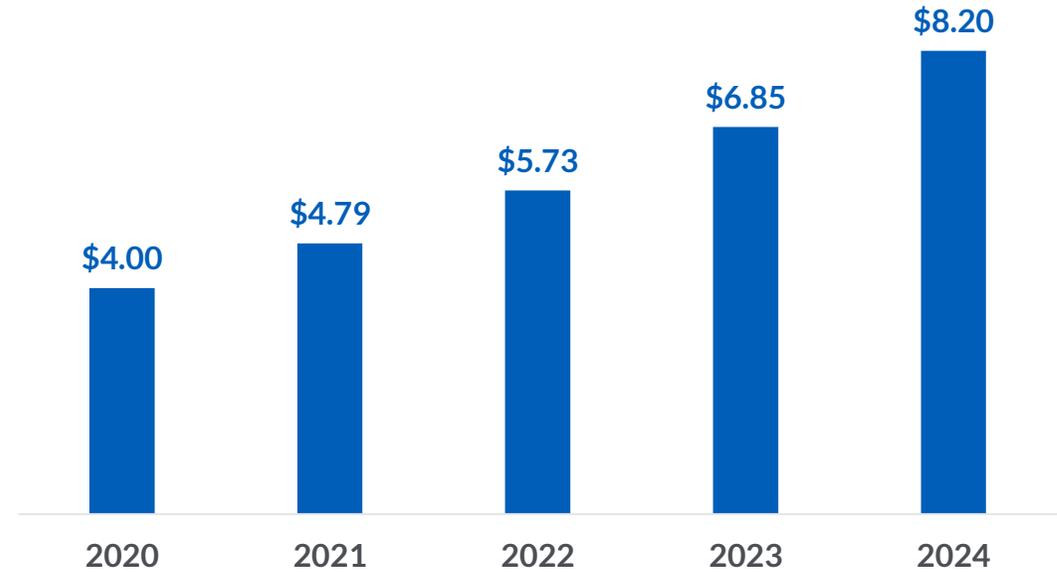
Everybody is Organizing

Identity solutions allow for marketers to activate their own data (1st Party) in various tools.

These tools come at a cost to enterprise and human capital for organizations but are becoming (if not are already) table stakes for the marketing world. Investments made in standardizing data structure across internal/external systems can set an organization up for success long into the future.

Ready-baked industry solutions are largely in beta but are plentiful. The Trade Desk’s UID2 is an open-source framework built in collaboration with companies like Oracle, Nielsen, and ComScore. This tool uses hashed email addresses to match users based on 1st party data lists. As of 2022, UID2 has a scale of 247MM people with 1.56B linkages to digital devices. This tool comes at no cost to advertisers.

Identity Solutions Spending in US 2020-2024, in Billions



Note: The spend is forecasted to increase to \$8.2 billion by 2024. In Europe, where privacy laws have driven large changes, the expenditure on identity solutions will increase from 2.6 to 4.1 billion euros in the same period ('21 - '24).

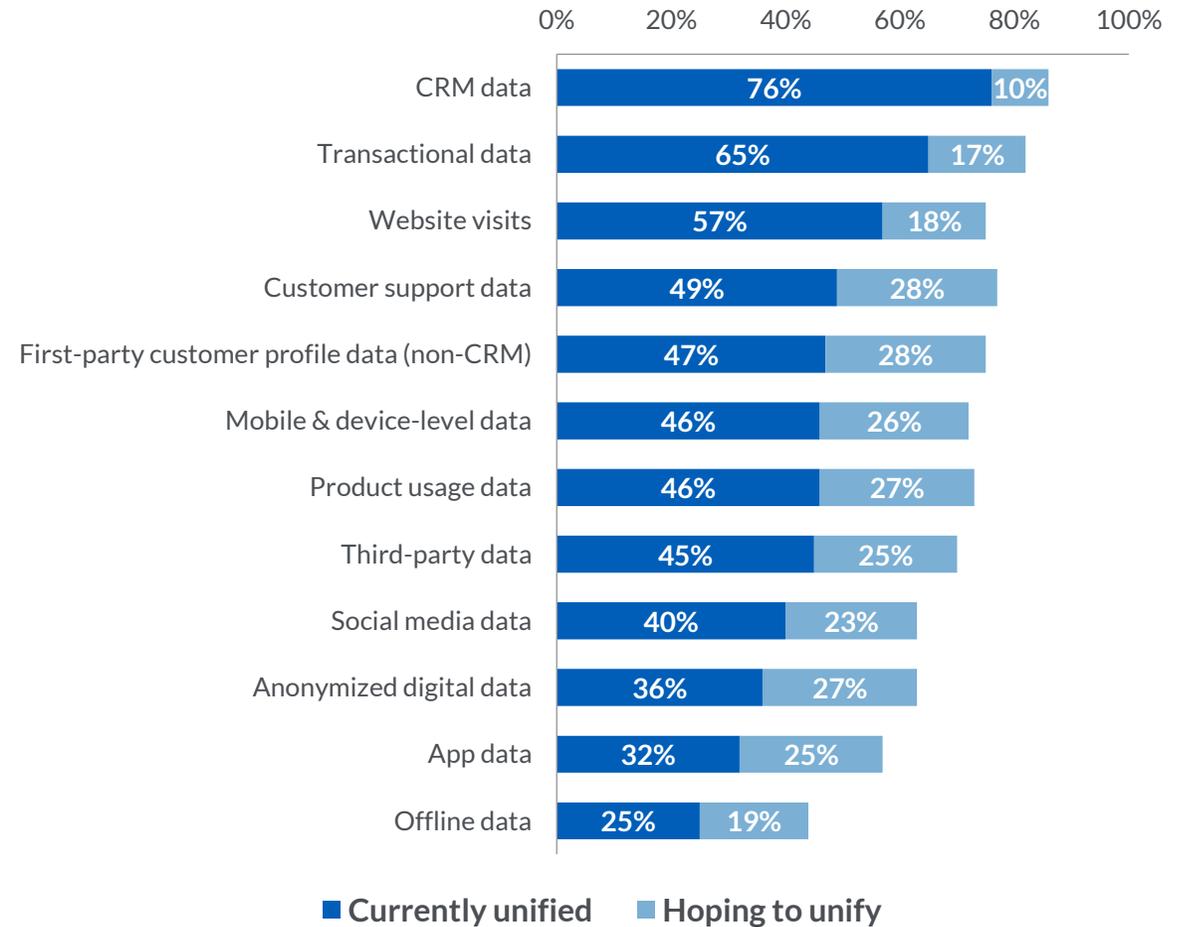
1st Party in Use

The ability to leverage 1st party data by an organization is only limited to the viability of the data set (structure + volume of records) and the creativity of the use (activation). Marketers can use this information to specifically target those in a customer base with key messaging, remove them after they convert, or re-message them with key exposures to upsell.

Data unification within an organization can be a monumental task, but integration of these records will support authenticity in customer engagement.

One of the axioms that comes to mind when deploying this information is the adage that people don't hate advertising, they hate irrelevant, bad ads. Using this information can help marketers continue the quest to get the right message to the right person at the right time.

Data Unified with CDPs in the US



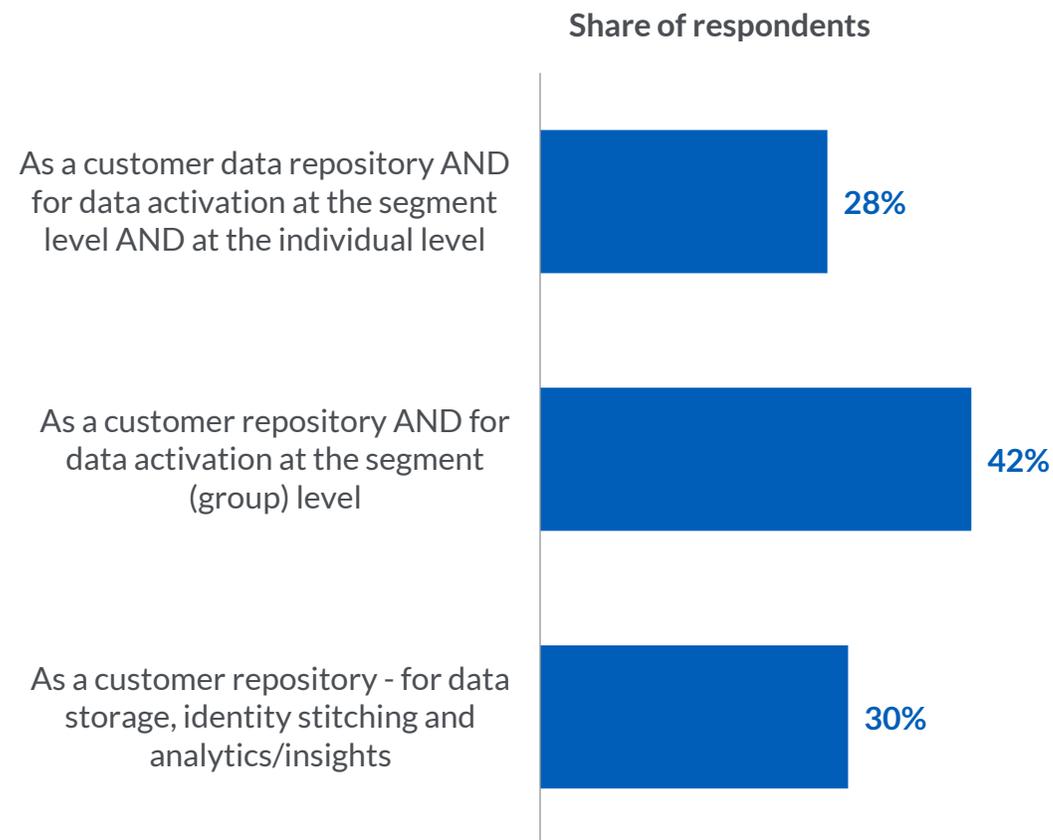
A Value Exchange to Build Better Relationships

Effectively built CDPs can be used to not only manage current data points, but also support marketers' use of the records for future initiatives. Use cases of CDPs can support identification of key customer segments, or service key goals of an organization by targeting high value customers and targets.

Advertisers can create effective value exchanges through incentives for sharing personal data. A reward frequently seen for B2C efforts are free shipping for providing contact data, like an email or phone number.

B2B marketers can provide value through relevant, targeted content (white papers/newsletters) gated via contact information. Obtaining business email addresses can unlock communication opportunities for inbound sales across any industry.

Leading Ways to use a Customer Data Platform (CDP) According to Marketing Professionals



Safely Obtaining, Housing & Activating

Advertisers need to be mindful of how personal information is stored and activated. Be transparent with a specific privacy policy on-site, readily available for consumers.

Marketers need to be good shepherds of this information by encrypting this data and developing disaster communication plans in the instance of a data breach.



Quick Tips for Privacy & Data Safety

- ✓ Clearly define “ideal” data to be collected and stored. House only what you need:
 - **Relevant:** Name, Address
 - **Irrelevant:** Credit Card Numbers
- ✓ Encrypt user data for added security
- ✓ Implement “Disaster Plan” and approach to mitigate fallout from hacking threats

About us



Harmelin Media specializes in strategic media solutions and has more than 39 years of experience helping clients navigate a rapidly changing media landscape across digital, traditional and lifestyle forms. The firm has grown with a diverse client roster including many Fortune 500 companies across an array of industries and is now one of the largest independent media service firms in the United States.

Harmelin's expertise is in managing the massive data sets that our clients and campaigns generate to develop strategic, channel-agnostic recommendations that generate business results and positive return on investment. We accomplish this while maintaining a long-term business focus, providing superior customer service and operating with 100% transparency in our operations. Our approach has resulted in unprecedented retention rates with both employees and clients.

Harmelin's current media billings exceed \$800 million across all digital and traditional channels on a local, national and international basis. We are a Google Premier Partner, Meta Business Partner and proud member of the ANA.

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