The Post Cookie Future

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Author:
Marketing Automation for Dummies (Wiley 2013)
Context Marketing Revolution (HBR 2020)

What are Cookies?

Cookies were invented by Internet pioneer **Lou Montulli** in 1994, when he was working for the brand-new Netscape. Netscape was trying to help web sites become viable commercial enterprises.

Use Case of Cookies

- **Personalization**
- **Ad Targeting**
- **Reporting**

The Big Issue is "Surveillance Capitalism"

This is a highly technical and complex issue. Government will most likely over regulate due to lack of understanding.

If Zuckerberg's interview with congress didn't teach us they have no clue about technology, or even the basic facts of how the internet works we must assume cookies and internet privacy is going to be the same.

Timeline of Regulation
Self Regulation & Governmental Regulations

| 1994	2017	2018	2019	2022
Cookies are created by Lou	Safari unveils ITP protocol to limit use of 3rd party cookies past 1 day, purged after 30 automatically	The EU rolls out GDPR mandating privacy on the internet	Firefox ends supporting the 3rd party cookie	Google ends use of 3rd party cookies.

California passes into law CCPA

What's Next?

What marketers, platforms, and
privacy advocates are working on

There are no answers yet...but ideas are in progress

W3C has a working group that is focused on this topic.

Google has created "Sandbox" which is an open conversation with working groups to test ideas.

Github has a few groups, like Web Incubator
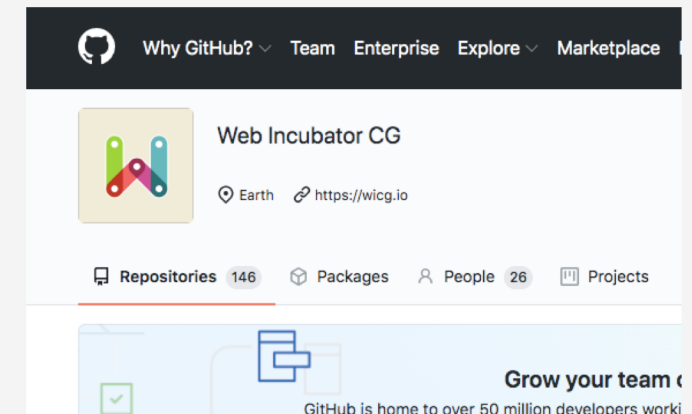
So far, these forums are dominated by highly credentialed, privacy-focused software engineers and not advertising boosters.

Platforms find new ways to target while providing privacy

FLOC's

"Federated Learning of Cohorts" (FloC) to group together people with similar browsing habits into small cohorts.

'In a simple scenario, a retailer might notice high-end suit buyers tend toward flock "22H8," while sale-priced sweat-suiters lean to "17C9."

API's

Would allow advertisers to attach a unique ID to each and every ad impression. API would place that on a table, and when user visits brand site API conversion to the same table allowing for connection.

TURTLEDOVE

(Two Uncorrelated Requests, Then Locally-Executed Decision On Victory)

Its main moves are to separate data about behavioral intent (what the user wants) and context (where the user is now); and to run the ad auction inside the browser itself.
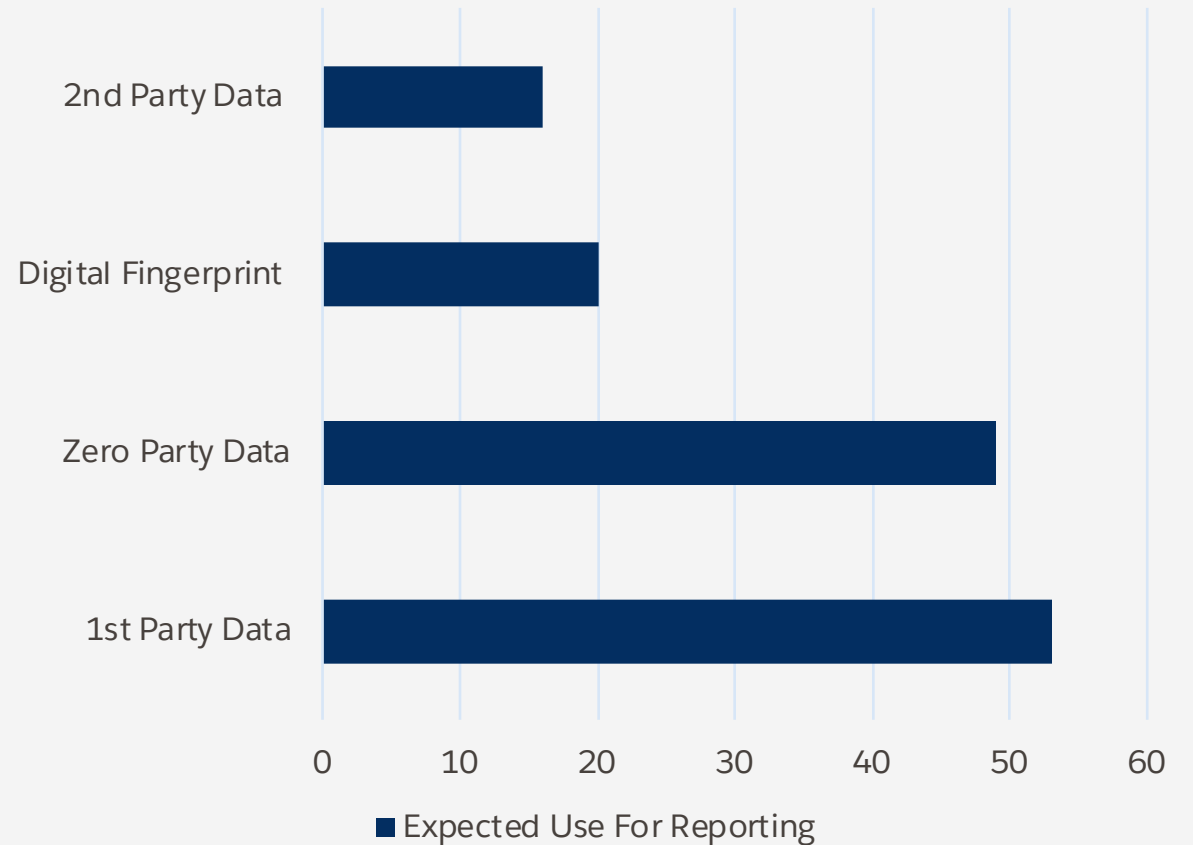
Reporting in Post Cookie World

80% of marketers believe the "industry" will solve the issue for them and create a better alternative.
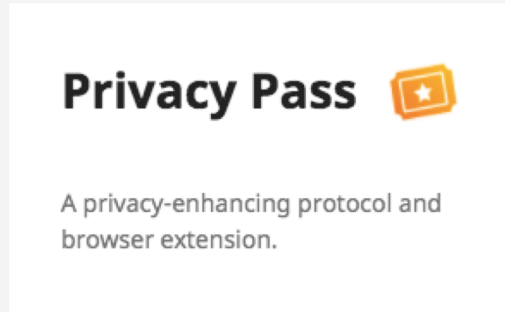
Benchmarking Data

- 34% of marketers with a good understanding of the crackdown agreed that they have a robust measurement system in place for a post third-party cookie world.

- Only 13% of marketers without a good understanding of the situation have a solution in place.

Best Methods for Connecting the Dots

Horizontal bar chart titled "Best Methods for Connecting the Dots" with x-axis labeled 0 to 60. Categories from top: 2nd Party Data (~16), Digital Fingerprint (~20), Zero Party Data (~49), 1st Party Data (~53). Legend: Expected Use For Reporting.

Possible Future: Consumers Own Their Data and Rent it to Businesses

Customer Centric Ideas:

There are a variety of customer centric solutions being tested. These all focus on the basic premise that the consumer owns the data, and the brand is given access to it in exchange for a value.

- These would require a mass adoption by consumers to be effective.

- Digital wallets may prove to be the key technology needed to drive this idea forward.

Side Effects

There are multiple future possibilities
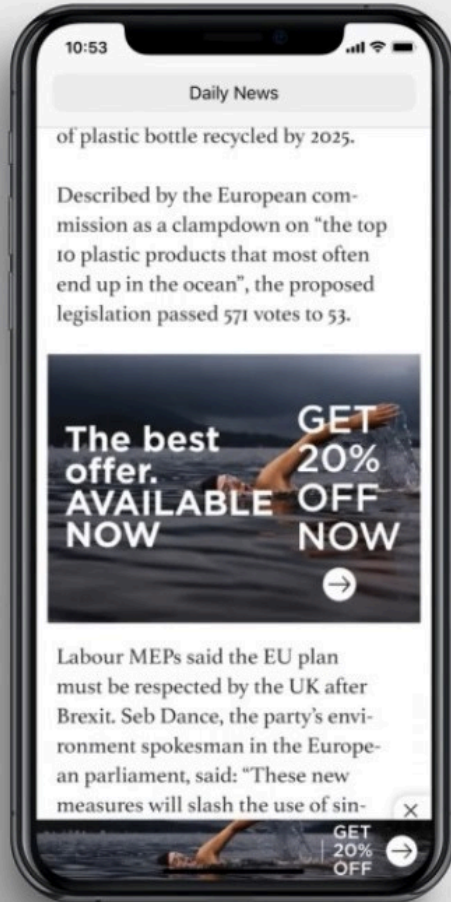
Reading today

Reading with Scroll

Consumers pay for content removing ads altogether

New services such as SCROLL, are allowing customers to block ads by paying for the content via micro payments.

This option removes ads all together and marketers must shift to rely on public relations, and native content over programmatic ads.

**This may have a large effect if brands like Amazon/Netflix purchase companies like Scroll to enhance the value of an existing subscription service.

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Walled Gardens Gain In Value

First party data collected with in a network, combined with an ad server creates a unique opportunity for walled gardens to not only allow for hyper targeted advertising based on a large set of first party data, but also for reporting when those products are purchased through those channels.

New Gardens: All media properties will focus more on first party data allowing the to create their own walled gardens increasing their value to advertisers.

Esisting Gardens: Amazon is expected to grow more than 470% over the next five years, outpacing the growth rates of both Google and Facebook in that period, and making it one of Amazon's fastest-growing and most profitable business segments.

Media Properties Increase In Value

Media properties have seen a massive decline in revenue. The power shifted away from the media first to the ad networks, this will reverse that change.

When ad networks lose their core value (stalking across the web) media properties will regain their value. They will become walled gardens as they will have the data, and a network to monetize it on.

What To Do Today?

Here are three easy things you can begin to embrace

Gain More 1st Party Data

The brands that will succeed are those that understand it is the consumer's data, and the brand is just renting it. Here are three ways to ensure you are building consumers' trust with your use of their data.

76%
of Consumers Trust Brands That

89%
of Consumers Trust Brands That

92%
of Consumers Trust Brands That

Explaining is Good
Explain how you plan to use personal data and how you plan to protect it.

Transparency is Better
Be transparent about what do with consumer data. You must show that you are creating value with it in ways that the consumer expects.

Ownership is Best
Brands that allow their customers easy access to their data–and the ability to control it–build the deepest consumer trust.

Greater Reliance on Human-to-Human Efforts

Some of the best-performing marketing channels are human to human. Expect to see marketers putting more emphasis on these networks to help them scale their reach into new markets. **This trend underscores the need for marketing to focus on creating networks to scale their reach, rather than ad systems.**

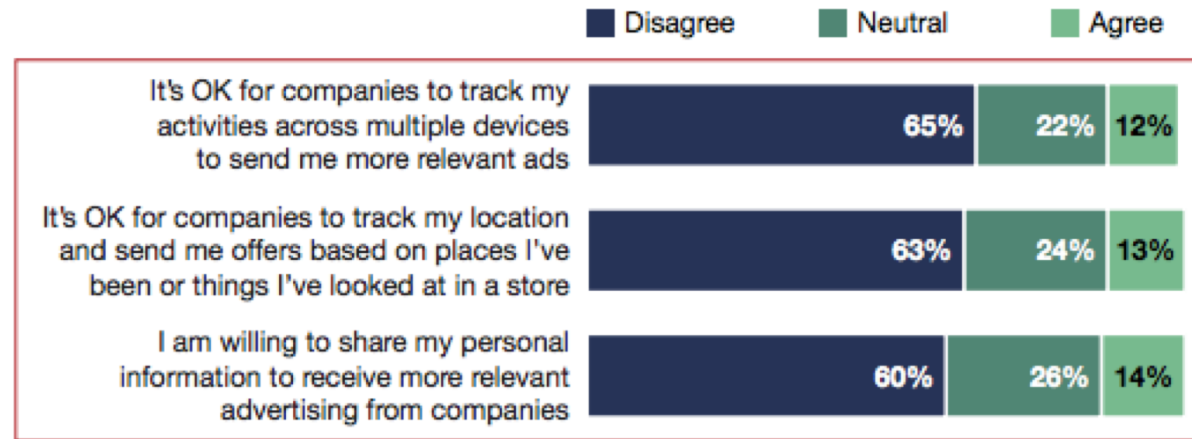| Most Valuable Channels by Customer Journey Stage					
Brand Building	Lead Generation	Customer Acquisition	Upselling	Customer Retention	Customer Advocacy
① Website	N/A Influencer ⇄	Customer communities ⇄	Website	⇄ Customer communities	⇄ Customer communities
② N/A Influencer ⇄	Social publishing/ advertising ↑1	Social publishing/ advertising ⇄	Email	⇄ Email	⇄ Website

Context Takes Center Stage

Marketers: A sizeable shift in marketing execution to focus on the context of each moment.

Publication: Will focus on selling ads on the context of the content as It turns out that targeted ads can raise revenue by only around 4% per ad. Context may be more profitable in the long run.

"How strongly do you agree or disagree with each of the following statements about advertising and data exchange?"

■ Disagree ■ Neutral ■ Agree

It's OK for companies to track my activities across multiple devices to send me more relevant ads — 65% | 22% | 12%

It's OK for companies to track my location and send me offers based on places I've been or things I've looked at in a store — 63% | 24% | 13%

I am willing to share my personal information to receive more relevant advertising from companies — 60% | 26% | 14%

Consumers: They don't hate ads, They had ads out of *Context*: If you ask, "How do you feel about ads" you get two answers.

1) They are bad
2) They love the ones which lead them to buy something they enjoy.

NPO Turned Off Cookies All together

NPO – The Netherlands version of the BBC has gone away from cookie based ad sales, and focused on context based ad sales.

Their ads cost less, but due to cutting out the middle men in the process they are now more profitable. **62% more profitable.**
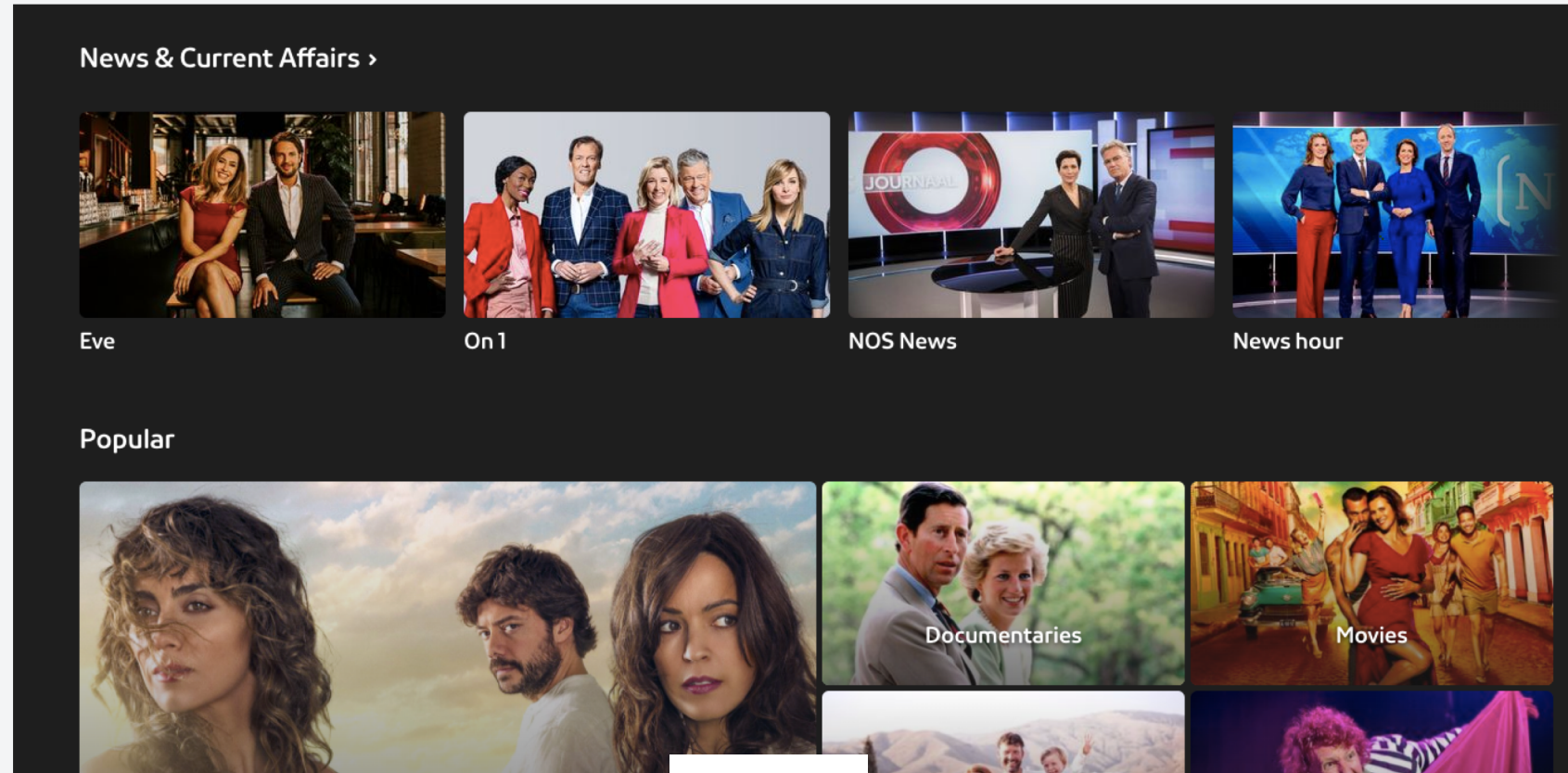
Conclusions

What's the future look like?
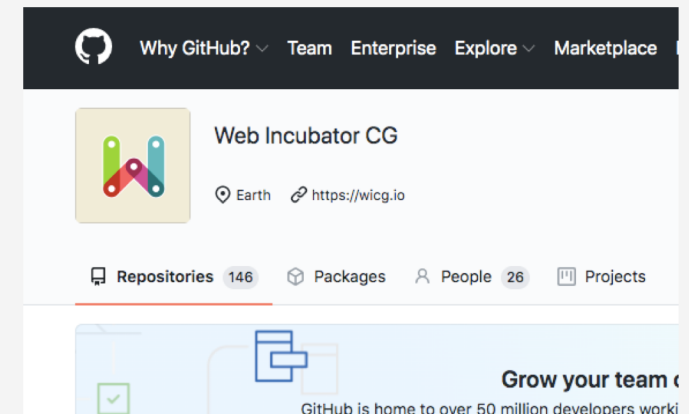
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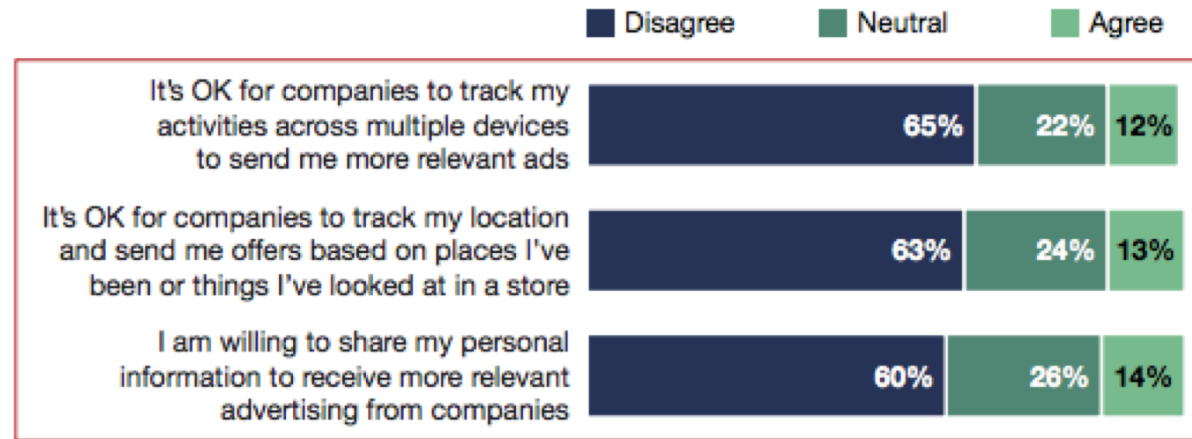| Most Valuable Channels by Customer Journey Stage										
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