iX POV

Google 3rd Party Cookie Phase-out

Breaking up with cookies doesn't have to leave you heart broken.
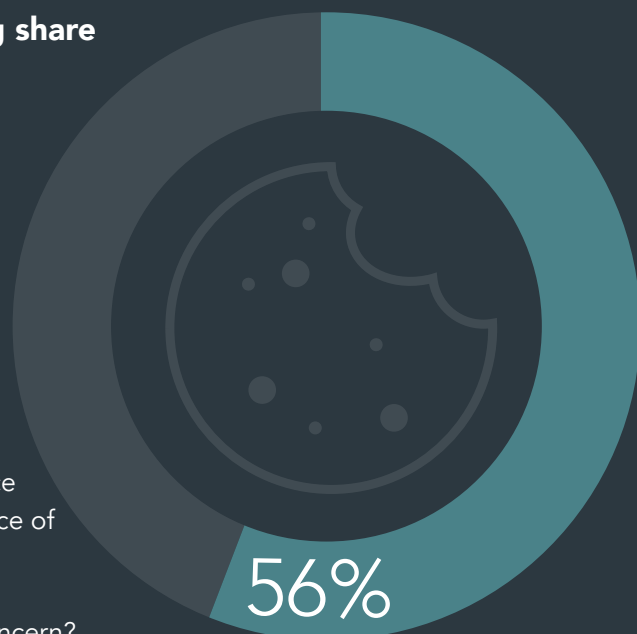
iCrossing

In December 2019, Google Chrome had a leading share of the web browser market – over 56%.

In January 2020, Google announced that within two years, it will phase out third-party cookies. Thoughts immediately fled to old headlines around how German publishers saw almost a 40% drop in bidding activity when Firefox (the market leading browser in this market) enabled enhanced tracking protection (ETP).

So it's no wonder concern is rife.

In an advertising landscape where cookies are crumbling, reliance on first-party data is likely to increase, heightening the importance of collecting it through a value exchange.

But what does this mean for your business? Is there cause for concern? And should you start to make changes to the way you operate?

56%

Google

In this report, a taskforce of specialists across iCrossing demystify information shared by Google and contributors to Google Privacy Sandbox and share their collective point of view on what steps you should be taking at this stage of the shift.

As this is an evolving topic, over the next 17 months and beyond, iCrossing will continue to share our thoughts from a cross-disciplinary perspective, to help you navigate and manage this transition.

Krishan Gandhi
Director of data strategy
& analytics

We are all in this together, but what does this cookie break-up mean for my business?

For large enterprise businesses – particularly in retail or finance where customer activity is frequent, we'd expect that first-party data collection is not a new ambition, having collected data through compelling value exchange for several years. If this is the case, being able to connect this data to a data management platform (DMP) will allow for valuable audience segmentation, alleviating many concerns of the cookie phase-out.

The impact is likely to be greater for small to medium-sized enterprises, and industries where first-party data collection is difficult or slow (i.e. pharma and travel). For these businesses, being unable to collect first-party data at scale has led to reliance on third-party data through cookie use.

In either scenario, we recommend that you conduct a full audit of cookies used across your websites in order to obtain a clearer understanding of which tools/technologies you currently that might be at risk of being blocked at the end of this transition.

What does a world without cookies mean for performance?

Head of Paid Media, Lottie Namakando, explains the difficulty of predicting impact on performance at this stage.

" In theory, the consequences for paid channels could be huge – particularly when it comes to programmatic buying. However, with audience being such a big focus in Google's own ad business, I'd be surprised if it limited access in a way that negatively impacted paid strategies "

"I think Google will explore other ways of providing valuable data which can help businesses target users and grow in other ways – all whilst protecting user data. I suspect Google will devise methods of making aggregated audience data available to advertisers, allowing the continuation of these types of targeting – albeit with a different level of accuracy or insight. Our reliance and demand for first-party data sources will become an even more important part of our strategic planning".

Lottie's advice is to firstly understand how the changes will impact your performance marketing by reviewing your existing data relationships. Brands must then look at adapting strategic planning and tactical execution, tuning in to the new ways Google makes data available to agencies and businesses. And to understand the mechanisms behind the data gathering. That'll be key to getting meaningful insights from the new data packets.

Lottie Namakando
Head of paid media

What methods will we likely have to use in the future?

Solutions at present (seven months into the two-year window) are primitive, but we can see that Google's Privacy Sandbox is likely to include a number of proposals. At this stage it is yet to be determined whether businesses will have the choice of which method to utilise, or if only one of these will become the recommended solution.

Google's Privacy Sandbox?

Google's Privacy Sandbox proposes a range of new browser Application Programming Interfaces (APIs) that are designed to make the web more private and secure for users, while also supporting publishers. The privacy standards will allow advertisers to continue tracking clicks and conversions for relevant, targeted ads, all without the use of third-party cookies.

These APIs aim to put privacy and consent back in the hands of users by allowing them to explicitly state which data the browser should and should not share.

The Privacy Sandbox project's mission is to "Create a thriving web ecosystem that is respectful of users and private by default."

(Source: The Chromium Projects The Privacy Sandbox)

Here's a quick overview of some current Privacy Sandbox proposals

Federated Learning of Cohorts (FLoC)
Enables interest-based targeting by using information about an individual's general browsing history (and thus, general interests).

Two Uncorrelated Requests, Then Locally-Executed Decision On Victory (TURTLE-DOV)
Allows advertisers to serve ads based on an interest, but the browser, not the advertiser, holds the information about what the advertiser thinks a person is interested in. Interests cannot be combined with other information about the person e.g. who they are or what page they're visiting.

**Click Through Conversion Measurement Event-Level API**
This is a potential new web platform feature which allows for measuring and reporting ad click conversions in a privacy-preserving way.

Aggregated Reporting API
A new Web Platform API that allows for collapsing information across multiple sites into a single, privacy-preserving report. Use cases include view-through conversion, brand, lift, and reach measurement.

In late April 2020, Google announced in-market tests for some of these proposals. These small-scale, real-world experiments are conducted by exchanges and bidders to see what effect increased user privacy and decreased data sharing has on performance. Another step towards the post-cookie internet, but a positive sign business impact of these solutions is being considered.
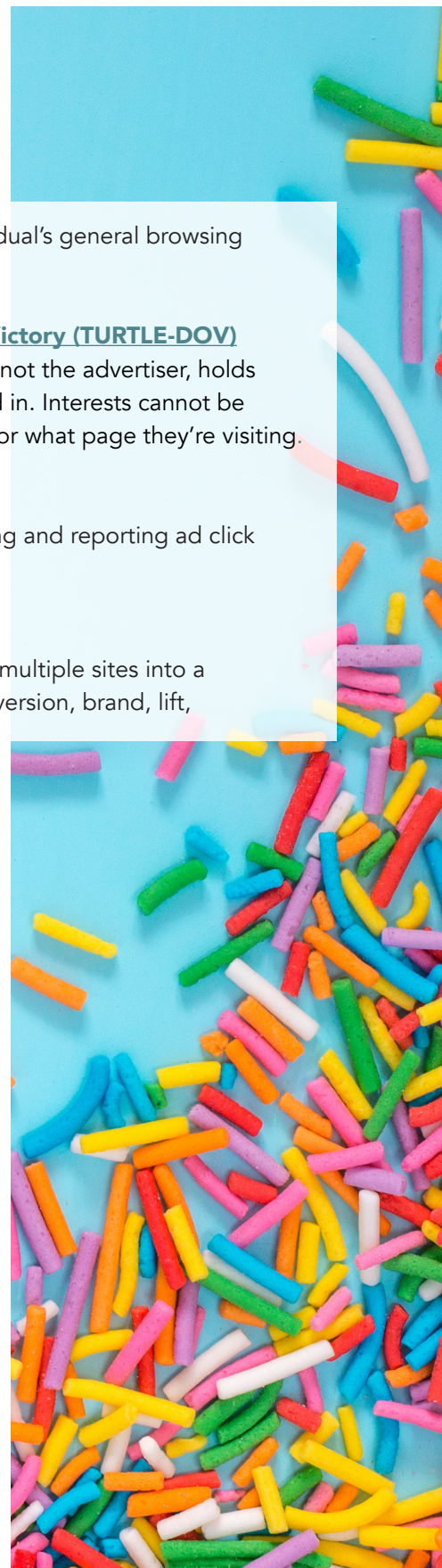
Will this cookie break-up affect research tools?

When cookies are removed, the data that strategy and planning tools such as Comscore, SimilarWeb, Brandwatch and Global Web Index provide will not be affected. SimilarWeb doesn't use cookies to collect site performance and behavioural data; Comscore has already successfully shifted its data-collection efforts following GDPR; Global Web Index is based on survey data; and Brandwatch has proprietary firehose access to platforms unaffected by cookies.

But what about tools that track passive audience behaviour? They'll need to focus on the development of new ways to understand cross-domain and cross-platform behaviour without tying this to an individual. Privacy Sandbox and data exchange approaches will need validation and bias correction.

Strategy and Planning director, Maria Bain, explains the impact on the value of data.

"The removal of cookie data will no doubt make it harder to track users and changes in online behaviour over time, but as third-party data decreases, there will be an increase in the use of first-party data tools. We expect an increase in the value of first-party data for both advertisers and publishers, alongside a decrease in third-party audience data sourced through data brokers and partners who do not have a direct relationship with users."

Publishers' first-party DMPs are going to come into their own and be more valuable than ever post-cookie phase-out. At iCrossing, for example, the Hearst DMP allows us to better understand audience psychographics and interests, through a unique and in-depth audience tool.

Maria Bain
Strategy and planning director

How do you start to prepare your business?

Our intention is that through engaging with this report, you are one step closer to preparing for the phase-out of third-party cookies in 2021. To set you up for an amicable cookie break up, we recommend every digital business takes the following three actions:

1. Understand your existing relationships with data. Don't shy from asking those who "own" these relationships questions about how data that you use is collected.

2. Conduct an audit on your site so you are aware of which cookies and pixels are in use or unknowingly still present.

3. Review first party data collection strategies or activate the first party data you have already collected in more strategic ways.

To discuss any of the currently proposed solutions and their viability for your business, or to find out how we can help with either cookie auditing and/or first-party data collection strategies, please contact Krishan Gandhi, director of data strategy and analytics at results@icrossing.co.uk

Krishan Gandhi
Director of data strategy and analytics

Krishan is an expert in MarTech stack evaluations and advanced analytics consultancy. He's provided digital data strategy for AmEx, Fidelity, Barclays, Pfizer, Golfbreaks, and the Welsh Government.

Lottie Namakando
Head of paid media

Lottie leads the paid media team with a background in particular in PPC, display, YouTube and Paid Social, advising clients in FMCG, finance, luxury and travel sectors. She uses her expertise to drive results for clients such as Fidelity, Hearst and Nature's Best.

**Maria Bain**
Strategy and planning director

Maria has worked in both planning and strategy for over six years producing award winning multichannel campaigns across organic and paid social media for leading brands including Fidelity, Asda and Pfizer.

Stephanie Fabb
Head of data and analytics

Steph leads the data & analytics team and gets clients like Fidelity, Virgin Experience Day and Forevermark excited to unlock the power of data. The team expertise includes data & measurement strategy, web analytics, data consultancy, data science, business intelligence, customer experience optimization, technology & automation and helps clients across the financial, luxury, pharma, travel and FMCG sectors.
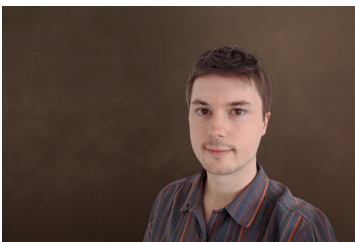
Alistair Johnstone
Data and analytics consultant

Alistair is a marketing analytics specialist. He's developed advanced data and analytics solutions for Virgin Experience Days, Golf Breaks, Forevermark and Direct Line.

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