

# Preparing for the cookie-less future.

Taking control of first-party data.



# Executive summary by Adobe

By early 2022, all major web browsers will have phased out third-party tracking cookies to respect the growing call for customer data privacy. For most marketers, this paradigm shift presents enormous challenges as they reimagine their strategies for customer acquisition.

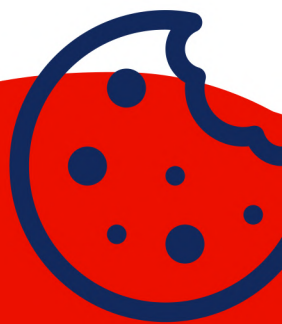
Yet third-party cookies are inherently problematic, from limited targeting capabilities to inaccurate attribution. Their loss presents an opportunity to provide a smaller group of high-value customers with higher-caliber and increasingly personalised experiences - in other words, to replace indiscriminate targeting with real value at every step of the customer journey. Through first- and second-party data pools, strategic data partnerships, contextual advertising, and real-time technology, you can develop stronger relationships with both new and existing customers to drive business growth.

Not only can you survive without the third-party cookie - you can thrive in a completely new digital marketing world where customer relationships are built on a foundation of real-time engagement and trust.

“ **There won't be a silver bullet that will solve for the evolution past third-party cookies. It's going to be a collaborative effort with multiple pillars of the advertising community coming together.** ”

**Mike Ragusa**

Senior Expert Solutions Consultant, Adobe



# Introduction

Following increased concerns by the public on the topic of internet privacy, cookies are now deemed too invasive and obscure from the customer's perspective.

The intention is to usher a new era where customers will enjoy greater control over what they share online and have a more transparent relationship with business and publishers alike.

- In 2023, Google will block the use of third-party cookies in Chrome, joining other major browsers like Firefox and Safari.
- Ending support for third-party cookies will hence have a strong impact on the whole ad ecosystem: consumers, advertisers and publishers.
- It's time to take this opportunity to reimagine a more personalised, human online experience combined with greater control, transparency and respect for privacy.
- To manage the change, focus should be on:
  - Capitalising on first-party data.
  - Realising and implementing an identity strategy.
  - Adopting a holistic strategy based on building a data-driven connected tech stack.





# What are cookies?

Cookies are text files that are placed in the user's machine by their browser when visiting a website and allow the recording of configurations, connection information, or preferences. There are two types of cookies, with different use cases: the first-party cookie, and the third-party cookie. Only the third-party cookies will disappear.



## FIRST-PARTY COOKIES

First-party cookies are created and/ or used by the visited website and thus incorporate its domain name. They are used to collect analytical data, store key information (e.g. items added to the shopping cart, user preferences, language settings, etc.) and perform many other functions that contribute to an **optimised user experience. No other web server can directly access the first-party cookies placed by a site.**

First-party cookies remain a valuable (though often underutilised) element of brands' first-party customer data.

## THIRD-PARTY COOKIES

Third-party cookies are placed by sites other than the one that the user is directly interacting with, most typically when an advertisement is displayed on the page but also through the use of invisible tracking pixels and other means. They are used for **sharing user's information between different sites, retargeting and tracking user behaviour across any site** where the third-party server places ads.

Third-party cookies will be phased out by Google on its Chrome browser by 2023, and have already been blocked by default within other browsers such as Safari and Firefox.

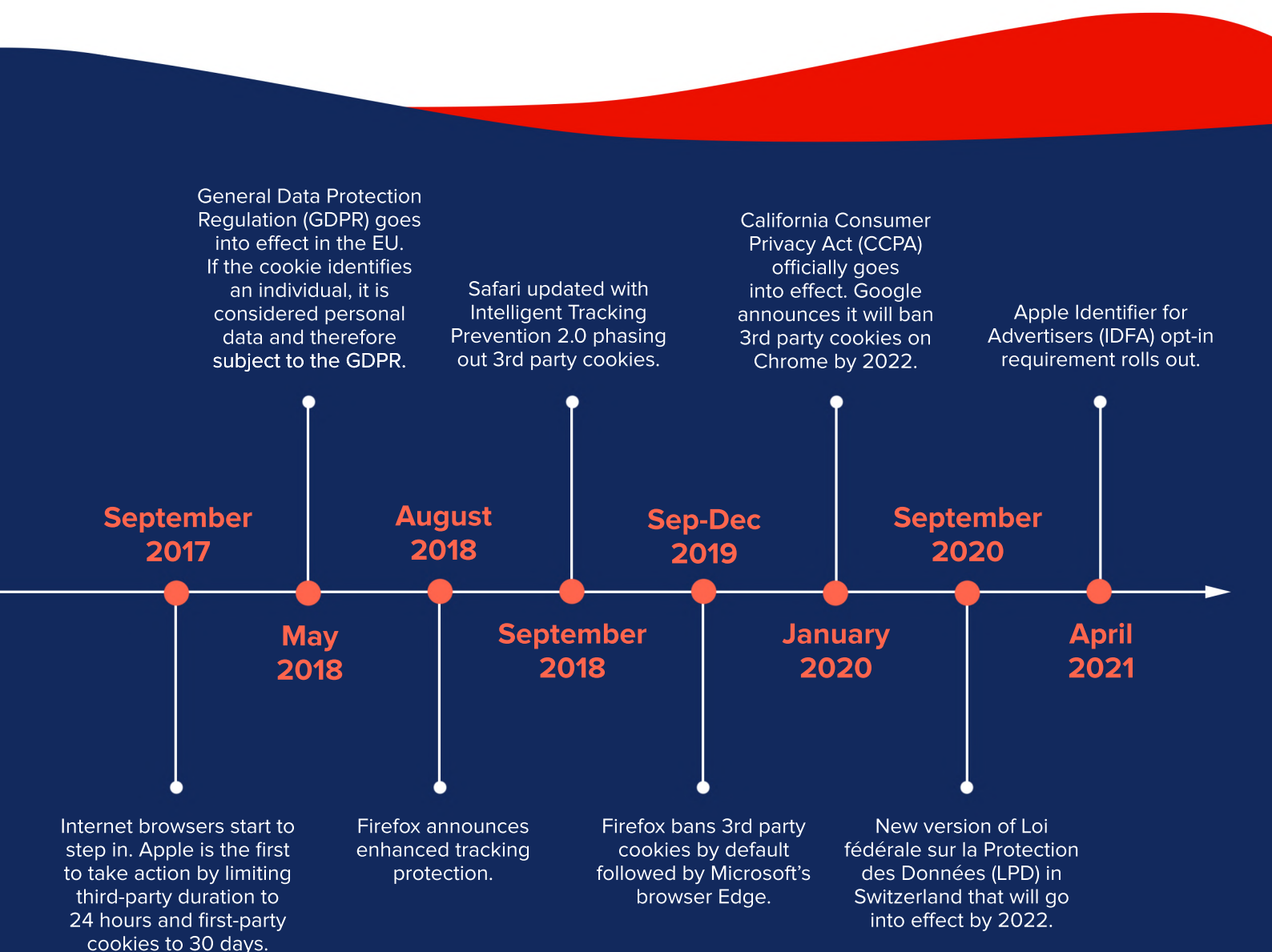


# The end of 3rd party cookies

In January 2020, Google announced its plans **to phase out support for third-party cookies in Chrome (accounting for more than 65% of the global internet browser market share) by 2022**. In June 2021, it postponed the shift to 2023, giving companies and publishers more time to adapt. This means that from 2023 onwards all major browsers (Google Chrome, Firefox, Safari) will have blocked the use of third-party cookies.

It will be, therefore, impossible to collect this data, essential for example for retargeting, thus making the digital advertising ecosystem more complex. Companies need to prepare and adapt to the evolution of personalisation solutions.

For marketers, the death of third-party cookies comes as no surprise. In fact, they have been going through phases and regulations since the last decade.



# Why are cookies disappearing?

## What are the impacts?

As explained previously, no one can question the usefulness of third-party cookies in the ad ecosystem, but their image has deteriorated over time with the general public. Users have no visibility about which companies are processing their data. This usually leads to two direct consequences:

**Users feel invaded** by hyper-targeted and persistent messages from organisations they don't even know.

**Users use ad blockers**, which ultimately threatens both the success of online advertising and the business model of publishers who depend on advertising revenues.

Ending support for third-party cookies will hence have a strong impact on the whole ad ecosystem:

### Who?



#### Consumers

More control and transparency over the data they share.  
Less personalised web experience outside a specific brand's website.



#### Publishers

Decrease of revenue collected via 3rd party data providers partnership.  
Need new strategies for revenue generation from the large audience data.



#### Advertisers

Decrease of 3rd party audiences.  
Need new strategies for prospecting.  
Need new ways of collecting and segmenting audience.



#### Technology

Strategy to be revised for: DSP and DMP vendors for audience planning.  
Ad tech and ad buying solutions for performance tracking and targeting.



#### Measurement

Many measurement methodologies using 3rd party cookies to be revised: Campaign effectiveness measures, multi touch attribution, digital and crossmedia brand lift.



#### Channels

Strong impact on:  
Display – Programmatic advertisement relying on 3rd party cookies.  
Search & Social using 3rd party cookies for retargeting.

### What?

# Ready for the cookie-less era.

**“At least 50% of publishers are worried about the potential impact of the disappearance of third-party cookies (but also of IDFA or Device IDs\*\*) on their advertising revenue.**

As the phase-out of third-party cookies is planned by 2023, this leads to the following questions: How can I use the available data (e.g. first-party) to deliver personalised experiences? What are the replacement technology or technologies for third-party cookies?

In fact, as of now there is no consensus yet - a recent study\* showed that 77% of publishers admit they don't fully understand the implications of all industry initiatives: 49% say they understand the impact but are unclear on new solutions, 18% have some awareness of the issues but aren't aware of how their business will be impacted, and 10% have limited to no knowledge on the cookieless future.

Google's new proposed solution, introduced as part of their “Privacy Sandbox” initiative, is based on what they call the “Federated Learning of Cohorts (FLoC)”: instead of being tracked individually, users will be grouped in cohorts with similar characteristics (accordingly to their browsing history, as collected by the Google Chrome internet browser).

In early 2022, Google launched a new proposal, Topics, as a successor to FLoC. When a web user visits a website using Topics, the web browser will decide on three topics that might interest the user based on their browsing history in the past three weeks, and deliver relevant ads within those three topics.

In Chrome, Google plans to allow users to control what topics to see, remove individual topics, and disable the feature altogether.

\* Teads study conducted between March 23 to April 14, 2021 over 451 respondents

\*\* IDFA (Identifier For Advertisers): random device identifier assigned by Apple to a user's device. Advertisers use this to track data so they can deliver customised advertising. The IDFA is used for tracking and identifying a user without revealing personal information.





# How to manage the change now?

The answer isn't simply to fill the gap and find new ways to do the same things. It's time to take this opportunity to reimagine a more personalised, human online experience combined with greater control, transparency and respect for privacy.

Organisations need to evolve, adapt, and develop migration plans and longterm strategies to continue to drive growth using next generation audience platforms, identity solutions, and innovative measurement approaches.

What we must remember is that above all:

- First-party data will become essential.
- Identification, in the genuine sense of the word, is THE exchange value on the Internet. Hence, identity resolution is a critical component of an organisation's marketing technology capability.
- Driving value from data with enhanced customer engagement will require a data driven strategy and a connected tech stack.

## Top 3 areas of focus



1

### 1st party data

Capitalise on your data assets in order to enrich your knowledge of your customers and refine your targeting process.



2

### Identity strategy

Implement a foundation rooted in first-party person-based identity to enable personalised experiences across channels.



3

### Connect to Technology

Make use of omnichannel marketing and real-time CDP to customise highly-personal customer journey.





## First and foremost - **take control of your first-party data**

It is important to take control of your first-party data. In order to be successful in this realm, brands need to adopt a precise, careful and thorough implementation of data capturing mechanisms to ensure robust data is available as granular input for targeting and personalization of users who have already engaged with your brand.

Getting there means investing in the right consent management solutions and in an advanced customer data platform that together allow you to manage and leverage the consent of your customers and prospects while developing a fully contextualised and connected understanding of customer data.

By deploying those tools in combination with first-party cookies and non-cookie identifiers, you can begin to elevate the human experience for customers through personalisation of advertising, website experiences and permission-based channels.

However, many organisations struggle to get the right value from their heavy investments as the data needed to leverage these capabilities to their full potential is often siloed. The aggregation of first-party data is critical to building direct relationships with consumers and driving value with enhanced customer engagement.



**“First-Party data will reign  
supreme for marketers.”**

Forbes “Marketing Trends for 2021”

**“36% of execs said improving  
the quantity and quality of  
their first-party data was  
critical for their brands.”**



# It's time to build a **strong identity strategy**

Customers are now engaging with brands through more channels and via more platforms than ever. As a result, collecting and managing identity across these touchpoints, in an era where 3rd party cookies and devices IDs are depreciated is a prerequisite for onward delivery of cross-channel, joined-up and personalised experiences while at the same time future-proofing your media targeting efforts.

To be successful, organisations need to understand if they are collecting and fully exploiting all identity signals across their enterprise and business/ trading partners. They must also include consumer data privacy regulations and best practices as part of their identity resolution strategy to ensure compliance.

## **Your identity strategy should allow you to:**

- Understand the current state of identity, technology, operating environment, and vision.
- Provide a detailed assessment of your current state and drive actionable plans for a target identity solution.
- Allow you to connect with your target audiences across multiple channels in a unified approach.



## **The Merkle** identity solution approach

### **Data Ingestion & Management**

Proper data collection and management make up the critical first steps in any Identity Solution. Suitable data quality standards and compliance must be met before anything else can happen.

- Consent collection
- Comprehensive data collection
- Data standardisation
- Privacy-safe storage
- Data hygiene
- Pseudonymisation, Anonymisation

### **Identity Resolution**

Once data standards have been accounted for, the process to match and link together Identifiers across systems, devices and touchpoints is next. The result is a unified profile of an individual.

- Deterministic Matching
- Probabilistic Matching
- Confidence Scoring
- Data and ID Priority
- Besting
- Identity Graph (Private Graph)

### **Access & Enablement**

The resulting profile that is stored in an Identity Graph must be made accessible to other systems and capabilities to enable the many uses of Identity. Timely and wideranging access is key to success.

- Real-time services (Graph API)
- Batch data export and distribution
- Server to server integrations
- User interface (view, edit)
- Governance capabilities
- Embedded activation features





## Connect to the latest technology

# update your data management platforms

Platform solutions that worked in the era of the third-party cookie won't serve you in the new marketing landscape. For example, over time a data management platform (DMP) will be phased out as a result of industry changes.

The difference will be obvious when a first-time visitor comes to your site.

"There will potentially be a degradation of the first page experience," Klein says. "Businesses may not be able to recognise customers when they hit their first web page, so that could be a less personalised experience. But once customers start navigating to the rest of the website, businesses with the right technology can read those signals in real time and deliver an even better experience."

They can also use the valuable first-party data they're collecting for a variety of marketing and advertising purposes across every channel.

To do this, marketers need two things:

- **A customer data platform (CDP)**  
CDPs are built specifically for complete data management across sources and types, and the best CDPs have consumer trust and scalability at their core. By assimilating all user data into individual profiles, you'll get a full view of customers that you can use at the top and middle of the sales funnel, from acquisition and prospecting to retargeting and growing lifetime value.
- **Real-time capabilities**  
With contemporary technology, you can capture important data points as they happen - customer behaviour, purchases, service inquiries, and more.

"The machinery that you build as an organisation at scale should be able to keep up with your customers' interests," says Asa Whillock, director of product operations and strategy at Adobe.

"Just like your favorite barista at your coffee shop should be able to keep up with the kinds of things that you're interested in without needing your name, your email, your phone number, and your Social Security number."



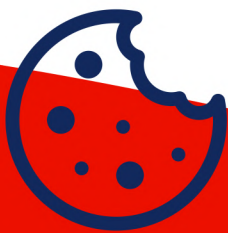


## Develop a strategy for lifetime value.

Meaningful relationships with customers drive business growth, and technology has made it possible to build those relationships at scale through personalisation and high-touch customer experiences. Still, success has always been measured by the value you offer your customers - and that won't change in a cookieless world.

The hard truth of the new paradigm is that you may not be able to reach the same number of customers you could before. The third-party cookie was primarily about quantity. The new reality shifts the focus back to value - but the value you offer over a lifetime of engagement with dedicated customers, not the value you offer to as many customers as you can acquire.

You must plan to invest in your existing customers in a way you didn't before.



“

**Look at your existing customer base. Make sure to respond to any attrition signals, and send them on a journey toward repeat business."**

”

**Asa Whillock**

Director of Product Operations and Strategy, Adobe



# What does our expert think?



## **Nathan Petralia**

General Manager, Merkle Hong Kong

*Nathan Petralia of Merkle Hong Kong discusses how brands can adopt new technologies and data strategies to create meaningful relationships with customers.*

The third-party cookie transition is a wake-up call to brands to evaluate how much they rely on third-party data. Brands that do not have a comprehensive first-party data acquisition strategy should consider starting from this angle first. Start by auditing your identity and data strategy and the technology that supports those initiatives. Review how much you know about your current users, and how this data is used for your media strategy.


Based on the above findings, consider what technology will help. Investing in a CDP (Customer Data Platform) to handle identity challenges and store first-party data should no doubt be at the top of your must-haves. Besides owning your first-party data, added advantages of a CDP will be the smarter segmentation and more advanced personalization capabilities, vastly more effective targeting for ad campaigns on paid media, and the invaluable 360-degree view you are building of your customers based on all the data points you use to connect user interactions.

The SSOT (single source of truth) architecture is crucial to ensuring data quality. No matter what tech solution you plan to onboard, data should not sit in siloes to be interpreted by different brand teams in diverse ways. All data should flow - ideally via a middleware - to your CDP and be used to provide customers, segments, and lookalikes with a more relevant and personalised digital experience.

As such, it is important to take this opportunity to update your data and technology strategy and go deeper with customers than second and third-party have ever been able to. DMPs (Data Management Platforms) and third-party cookies were great to get the word out to as many people as possible, but eventually, to be successful, businesses must also sustain and grow customer relationships. It is imperative to have the mindset and tools in place to track and convert every unknown visitor into a customer with a buying history and keep having them come back for more.

To ensure customers are willing to share data, make sure they have a compelling reason for doing so. Things like first buyer's discounts for signing up to the website, adding time-limited vouchers for newsletter sign-ups, supplying loyalty points for site interactions such as a brand survey, product rebates, free samples, and so on, are highly effective methods of enticing customers to share more data, and at the same time educate customers and draw them deeper into the brand ecosystem.

Finally, no matter where you get your data, the most important thing is to use this data to amplify the effectiveness of your brand personalization in as many interaction points as possible and to 'close the loop' on your marketing efforts.





# Building a customer-first data strategy



## Create a 360° user profile

Brands need to track users along the customer journey and incentivise them to identify themselves and share more information to enrich the user profiles. By integrating first-party data through identity resolution capabilities, brands have a summarised and unified view of all data available about a customer.



## Use prediction capabilities for segmentation

The prediction of consumer behaviour enables targeted addressing of the relevant and interested target group. Brands need to enhance the existing architecture with prediction capabilities to further automate segmentation.

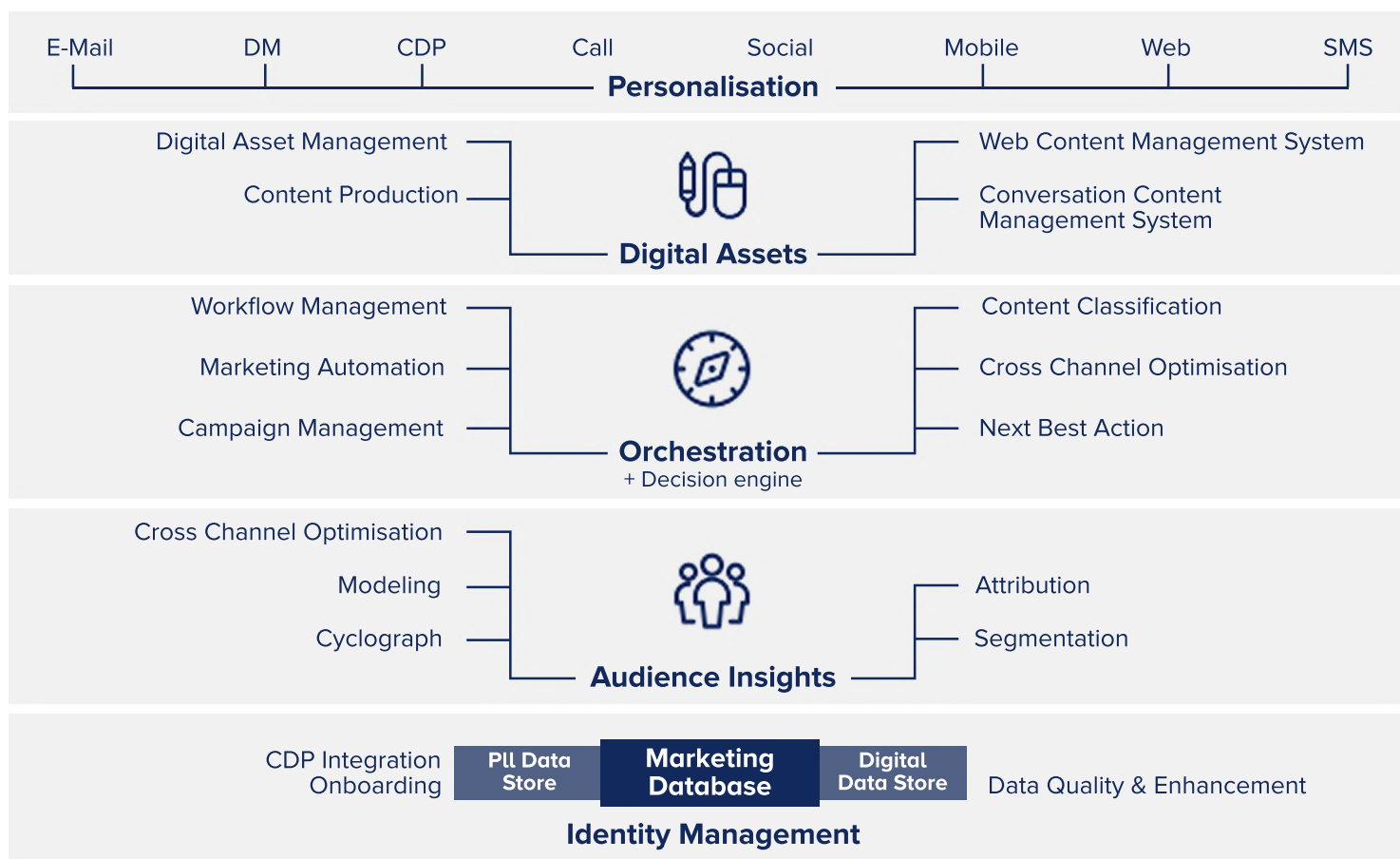


## Build an experience around the customer

To create a personal customer experience that is contextually relevant and personally informed, brands need to take all engagement across channels and media into consideration when determining the next primal move to make with a consumer.



## Merkle's blueprint for a marketing-driven architecture



# Adobe and Merkle are here to help.

Adobe's four pillars of cookie-less customer acquisition:

| Gain more data  |   | Do more with your data   |   |
|---|---|--|---|
| <b>Get smart with Customer Journey Analytics</b>  | <b>Pave the path to authentication with real-time personalization</b>   | <b>Activate your first-party data with Customer Journey Management</b>   | <b>Expand your audience, acquire new customers, and get true insights with bias-free advertising</b>  |
| <p>Get the full picture of how customers move through your sales funnel across every channel - online and off.</p> <p>With all your data stitched together in one place, you'll gain entirely new metrics and dimensions that automatically populate into Analysis Workspace, where you can gain incredible insights into your customer journeys.</p> | <p>Personalize the customer journey in real-time.</p> <p>By responding to every data signal in milliseconds, Adobe Target helps you create unique paths that lead customers toward a deeper relationship with your business - on their terms.</p> | <p>Put your first-party data to work with cohesive, real-time, customer-led experiences.</p> <p>With tools such as Journey Orchestration, you have the scale, speed, and intelligence to automate unique journeys across all owned channels.</p> <p>Offer value faster, reduce attrition, and increase lifetime value by providing customers with the best experience in every moment.</p> | <p>Connect with customers outside your domains - even within walled gardens, via second-party data partnerships.</p> <p>Deliver targeted experiences and set up ad suppression for existing customers; use look-alike modeling to reach new audiences. Get unbiased performance analysis via Attribution AI to understand your impact across every channel and segment.</p> |

## Adobe products

|  |  |  |  |
|--|--|--|--|
| <a href="#">Adobe Analytics</a>                        | <a href="#">Adobe Analytics</a>  | <a href="#">Adobe Audience Manager</a>                 | <a href="#">Adobe Audience Manager</a>                 |
| <a href="#">Adobe Experience Platform</a>              | <a href="#">Adobe Experience Platform</a>  | <a href="#">Adobe Experience Platform</a>              | <a href="#">Adobe Experience Platform</a>              |
| <a href="#">Adobe Real-Time Customer Data Platform</a> | <a href="#">Adobe Target</a><br><a href="#">Adobe Real-Time Customer Data Platform</a> | <a href="#">Adobe Real-Time Customer Data Platform</a> | <a href="#">Adobe Real-Time Customer Data Platform</a> |

# Partner with Merkle to get started on your cookie-less future roadmap



## Discovery & vision



## Impact & readiness assessment



## Recommendations & action plan

### Objectives

Develop a clear understanding of business requirements and pain points, processes, architecture, data flows and vision.

Define a desired state, quick wins and identify key gaps vs. current state.

Define key recommendations and plan for implementing the initiatives.

### Deliverables

- Stakeholder interviews
- Assessment summary
- Detailed analysis assessment
- Gap analysis
- Identified quick wins / immediate reduction opportunities
- Detailed opportunity list
- Action plans
- Roadmap
- Integration and activation summary



# Contact us

Do you have questions or require more information?

Don't hesitate to contact us directly via email:

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