85 SIXTY

TL;DR: Google's Cookie Decision Does Not Change Strategy for Success

June 2024

Third-Party Cookies Live On...
for now

Google has reversed its decision to phase out third-party cookies in Chrome. Instead, they will introduce a "new experience," allowing users to choose whether to continue using third-party cookies during their web browsing.

Implications:
- The anticipated major changes in cookie usage will not occur as initially expected with Google's planned phase-out of third-party cookies.
- Limited information is available about Google's "new experience," making it difficult to assess potential impacts.
- 35%^ of web browsing happens on Safari and Firefox, which already block third-party cookies by default; this update does not change their policies.
- 40%* of Chrome users have already opted out of cookie tracking through current privacy settings.
- Ongoing developments in laws and regulations will continue to enhance online privacy protection.

85SIXTY

Differing Perspectives on Impact

Google

Positive Step Towards a More Private Web

- - - - - - - - - - - - - - - - -

- **Privacy Sandbox Initiative:** Google asserts that its Privacy Sandbox will replace invasive tracking methods with privacy-first technologies.
- **Sustaining Free Content:** By allowing targeted advertising to continue, Google ensures that free content on the internet remains viable.
- **Enhanced Privacy Features:** Introduction of IP blocking capabilities for incognito browsing to enhance user privacy.

Privacy Advocates

Concerns Over True Privacy

- - - - - - - - - - - - - - - - -

- **Incomplete Cookie Elimination:** Critics argue that the Privacy Sandbox still enables tracking, albeit in a less intrusive manner.
- **Centralized Control:** Concerns over Google's dominant role in user data tracking through Chrome.
- **Lack of Transparency:** Fears that users may not fully understand the extent of tracking or how to opt-out of these features.
- **Opt-out of Sandbox:** Recommend users actively opt-out of Google's Privacy Sandbox features to protect their privacy.

Ad Tech Industry

Mixed Reactions

- - - - - - - - - - - - - - - - -

- **Balancing Act:** Some view Privacy Sandbox as a promising middle ground that addresses both user privacy and the need for targeted advertising.
- **Adoption of New Methods:** The industry sees potential in adapting to cookieless technologies for effective ad targeting.
- **Uncertainty and Risk:** Concerns remain about the efficacy of these new methods compared to traditional third-party cookies, which could impact revenue for publishers and advertisers.

85SIXTY

Effectiveness of Third-Party Cookies Still Impacted

Google Chrome's opt-in Privacy Sandbox approach is poised to render third-party cookies ineffective, similar to Apple's App Tracking Transparency (ATT), by shifting the focus from cross-site tracking to more privacy-preserving technologies.

User Consent

Users must opt-in at a browser level to enable third-party cookies, similar to Apple's requirement for explicit consent for tracking. Thus, the number of users being tracked drastically reduces.

Granular Control

The opt-in model gives users more control over their data and its use, leading to fewer users agreeing to cross-site tracking and more reliance on contextual and first-party data.

Regulatory Compliance

This approach aligns with increasing regulatory demands for user privacy, pushing the Ad Tech industry to adapt to privacy-compliant practices and technologies.

Phasing Out Third-Party Cookies

With Chrome's dominant market share, the opt-in requirement will accelerate the decline in third-party cookie usage, similar to how ATT has impacted mobile app tracking.

85SIXTY

Existing Issues Remain with Targeting & Attribution

The ongoing third-party cookie deprecation by Safari and Firefox has significantly complicated targeting and attribution. The recent introduction of Google's Privacy Sandbox update further exacerbates the situation, adding another layer of complexity to the existing challenges.

Limited Visibility

Challenges in User Journey Tracking: Third-party cookie blocking in Safari and Firefox significantly limits advertisers' ability to track user journeys, hindering campaign measurement and optimization.

Fragmented Data

Obstacles in Cross-Platform Integration: The absence of third-party cookies results in fragmented data across platforms, making it difficult to obtain a unified and complete view of customer journeys.

Targeting Bias

Skew towards Chrome Users: With several targeting tactics reliant on third-party cookies, they end up heavily targeting Chrome users, as Safari & Firefox block third-party party cookies by default.

Inaccurate Measurement

Struggles with Attribution Models: Ineffective workarounds and attribution models lead to incorrect conversion attribution and wasted ad spend without accurate user data.

85SIXTY

Customer Journey - Online to In-Store Purchase

Alex is a typical customer who was influenced by an ad on Facebook by "Acme" and ended up making a purchase in store.

❌ User and/or data tracking breakage point

While scrolling Facebook on Safari, Alex sees a Facebook ad for Acme because Facebook leveraged AI-driven advertising to engage with her.

When Alex clicks on the ad, Safari strips her user IDs from the URLs she clicks on, increasing the risk of data loss.

Two weeks later, when Alex subscribes to Acme, she becomes a "known" customer to Acme and Acme begins to collect and store personally identifiable information on Alex to build her customer profile.

Now when Alex returns to the Acme website, Acme personalizes the experience for Alex based on the first-party data Acme previously collected.

Alex makes a purchase and provides her email address which enables Acme to link Alex's past web behavior to this transaction for a more complete customer profile.

| Facebook Ad | Click to Site ❌ | Website Visit | ❌ Newsletter Sign-up | Email Open and Click | Website Visit ❌ | Go into Store | In-store Purchase |

As Alex browses, she remains anonymous to Acme and her third-party data is retained by Safari for 7 days.

Alex receives personalized emails from Acme using the data they collected on Alex since she became a known user.

A week later, Alex visits Acme's brick and mortar location but Alex is anonymous to Acme while shopping in store because Acme is unable to link her to her previous online behaviors.

85SIXTY

6

Customer Journey - Online Only Experience

Steve is an outdoor enthusiast who starts engaging with "EverTrail" by navigating directly to their website in his browser online.

❌ User and/or data tracking breakage point

Steve visits the EverTrail website from his laptop on Chrome and third-party cookies start tracking him as an anonymous user.

While browsing on Chrome, Steve sees an EverTrail ad triggered by his previous EverTrail browsing behaviors captured by third-party cookies.

Steve visits EverTrail from his phone and his browsing behavior is tied to a new anonymous ID because there is nothing linking his previous online website visits to this additional device he owns.

Steve makes a purchase from his phone and now EverTrail can start building a known customer profile on Steve, but only based on his phone browsing behaviors and purchases.

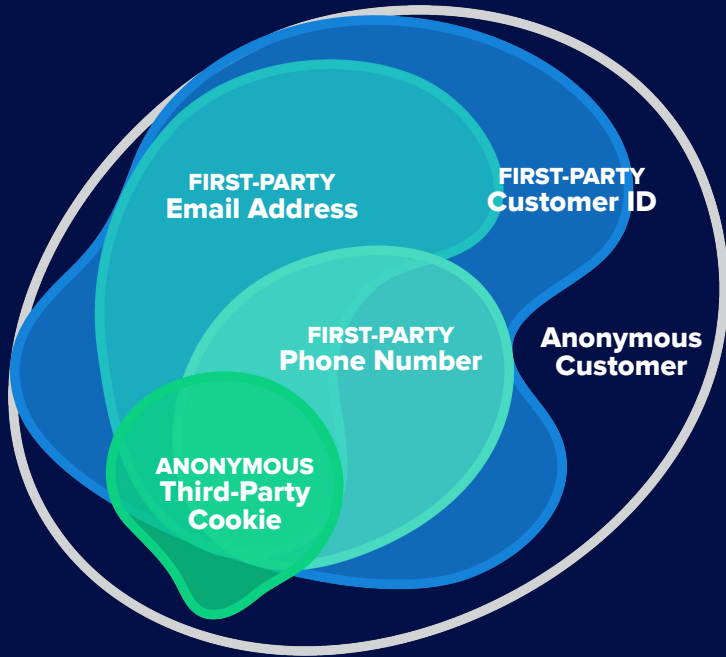| Website Visit on computer	Google Search	Retargeting Display Ad	Website Return Visit and Abandons	❌ Visits website on phone	Add to Cart on phone	❌ Makes Purchase on phone

Later on, Steve Google searches "hiking gear" on Chrome and Google uses third-party cookies to personalize the search results for him.

Steve returns to the EverTrail website but remains anonymous to EverTrail because he has yet to provide any personally identifiable information.

85SIXTY

7

Customer ID Blind Spots

Full Customer Base

FIRST-PARTY
Email Address

FIRST-PARTY
Customer ID

FIRST-PARTY
Phone Number

Anonymous
Customer

ANONYMOUS
Third-Party
Cookie

A robust first-party data strategy is crucial for maximizing the capture of information used to identify users, which can then be leveraged for matching with third-party vendors to enhance targeting.

While achieving complete coverage of your customer base with first-party IDs may be challenging, it's important to recognize that third-party cookies have a diminishing reach and are losing effectiveness over time.

85SIXTY

Approach Should Not Change

It's important for brands to future-proof data collection and tracking efforts by prioritizing and adopting first-party and cookieless solutions. This will safeguard against the depreciation of third party cookies, privacy regulations and potential browser restrictions.

Focus on First-party Data
Collecting and leveraging data directly from your own websites and apps will be crucial. This will enable the ability build customer profiles and lists that can be used to enhance customer targeting and create personalized brand experiences.

Implement ID Solutions
Ensure a unique and consistent identity for each visitor throughout the user attribution window. This enhances matching with third-party vendors and remains effective despite ad blockers and browser restrictions.

Evolve Paid Media Targeting Tactics
Focus on contextual targeting because you will be able to target based on the content of the page rather than relying on user behavior stored against a third-party cookie.

Invest in Cookieless Measurement Solutions
Be transparent about data collection and usage. Offer users control over their information with easier access to modify or opt-out of data collection. Building trust encourages voluntary data sharing.

85SIXTY

Navigating Change & Uncertainty With 85SIXTY

85SIXTY is equipped to guide you through the evolving landscape of regulations, technological shifts, and media execution strategies. We're here to decipher current laws, anticipate future adjustments, and identify impactful solutions for forthcoming challenges. We specialize in the collection & activation of your customer data in a way that respects privacy, allows consent, but also allows you to continue to make use of this data to drive business results.

Our mission is to provide our clients with digital solutions using the right blend of consumer journey strategy, technology, and execution to deliver highly-relevant experiences throughout the customer lifecycle, ensuring optimal outcomes for both our clients and their audiences.

Our Capabilities

- MarTech Discovery and RFP Support
- MarTech Management and Utilization
- Use Case Development
- First-Party Data Strategy
- Server-Side Implementation

- CDP Implementation and Enablement
- Data and Analytics
- Analytics Implementation
- Strategic Planning and Media Buying
- Data Collection & Activation Strategy

85SIXTY

Who We Are

We're an extension of your in-house Team
Enabling Progress to meet milestones and solve challenges

We're the right size
Flexible and adaptable to the needs of the organization

We're focused on both short-term and long term value
Driving launch objectives with scaling in mind

We're experienced
Over 15 years of MarTech implementations & platform management

85SIXTY

Thank You

Want to discuss further?
Want to know how 85SIXTY can help you?

──────────

Reach out to:
Alex Klein - Vice President, Consumer Engagement
alex@85sixty.com

85SIXTY