

The Cookieless World

A Guide for the New
Era of Digital Marketing

8 July 2021



The Big Picture

Cookies have been the backbone of the open internet, but the clock is ticking on third-party cookies, and we need to plan for the disruption tomorrow by rethinking data strategies today.

The end of support of third-party cookies by the most popular web browsers - and the rise of other types of tracking prevention - impact organisations across three key dimensions. This, coupled with the emergence of privacy legislation around the world, leads to a significant and long-term change in the digital marketing ecosystem.

First, it transforms the conditions of data management, making the notions of user consent and positive value exchange key considerations for organisations. Then, it modifies how brands engage with people online, limiting some of the most widespread digital marketing tactics, such as retargeting. Finally, it changes how brands measure performance, making the path to conversion murkier.

Some alternative routes are already known, such as the importance of nurturing first-party data sources. Others are still in development, such as Google's Federated Learning of Cohorts (FLoCs), each with different potentials for scale, levels of investment needed, and infrastructure requirements.

For most brands, business continuation and growth are not likely to come from a single alternative, but from a blend of alternatives unique to their needs. In many instances, we believe it will likely be based on a combination of first-party data relationships, partnerships with walled gardens, non-audience-based targeting solutions such as contextual targeting, and hybrid measurement models.

Although this evolution of the cookies landscape has triggered legitimate concerns around the potential consequences on advertising efficiency and on market dynamics, we should all welcome any change promoting user privacy as a collective, meaningful progress.

As you transition to a new marketing model, the media brands of dentsu are at your side to navigate this shifting landscape. As global pioneers and leaders in search marketing, we have extensive experience in developing advanced digital marketing strategies that do not rely on cookies. Today, we are building upon this expertise, working closely with technology partners and publishers, to build new solutions that address your business needs while respecting your consumers' privacy.

This report is for general information only, the contents of this report are not intended to be legal advice and should not be used as a substitute for legal or other professional advice.

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Introduction

The Beginning of a New Era

The Beginning of A New Era

The global demand for privacy is one of the most consequential consumer dynamics at play today.

Across the globe, 91% of consumers are concerned about the amount of data that companies can collect about them,¹ and 42% have taken steps to reduce the amount of data they share online.²

In light of this desire for increased privacy, most technology platforms have recently implemented or announced restrictions around data collection and user tracking through their web browsers and operating systems.

For brands and the advertising industry, the magnitude of this evolution is massive.

On the short term, it is undoubtedly a source of conundrums for many marketers and publishers. Processes, ways of workings, legal compliance efforts, technology stacks, customer data strategies – even business models – must be reviewed and rethought to limit business disruption.

Yet, in the long term, it offers a unique opportunity to (re)build trust between brands and consumers around the data issue. Success will hinge on increasing efforts to educate audiences (67% of consumers declare they have little to no understanding about how their data is being used³) and defining a right value exchange that works for all (only 15% of consumers feel they are getting a good value from granting access to their data⁴).

In the midst of sensationalist headlines, technical solutions still being worked out, and a lack of shared standards to get behind, it is normal for marketers to feel lost and nervous. In a recent marketer survey we conducted, 60% of respondents declared they are not familiar with tracking prevention or are unsure about the consequences on their business, showing that this fast-changing landscape is not fully understood yet.⁵

In this new dentsu definitive guide for global marketers, *The Cookieless World*, we rise above unique market perspectives and cut through the ambient noise to help you focus on what you should know today and investigate tomorrow to be ready in 2023, when the world will become cookieless.

Rohan Philips

Global Product Officer, Media, dentsu international

The Cookieless World

What Is Happening?

User Consent Changes Everything

What Is Happening? User Consent Changes Everything

When it comes to data privacy, user consent has been one of the forces driving the many regulatory and technological evolutions in recent years. Today, one person out of two (52%) believes it is important that organisations gain their active consent to use their personal data to provide them with more relevant online ads.⁶

User consent is at the core of privacy regulations

Since the introduction of the influential European Union’s General Data Protection Regulation (GDPR),⁷ new laws, draft laws, and updates to existing laws have emerged across the globe. Although each national law comes with

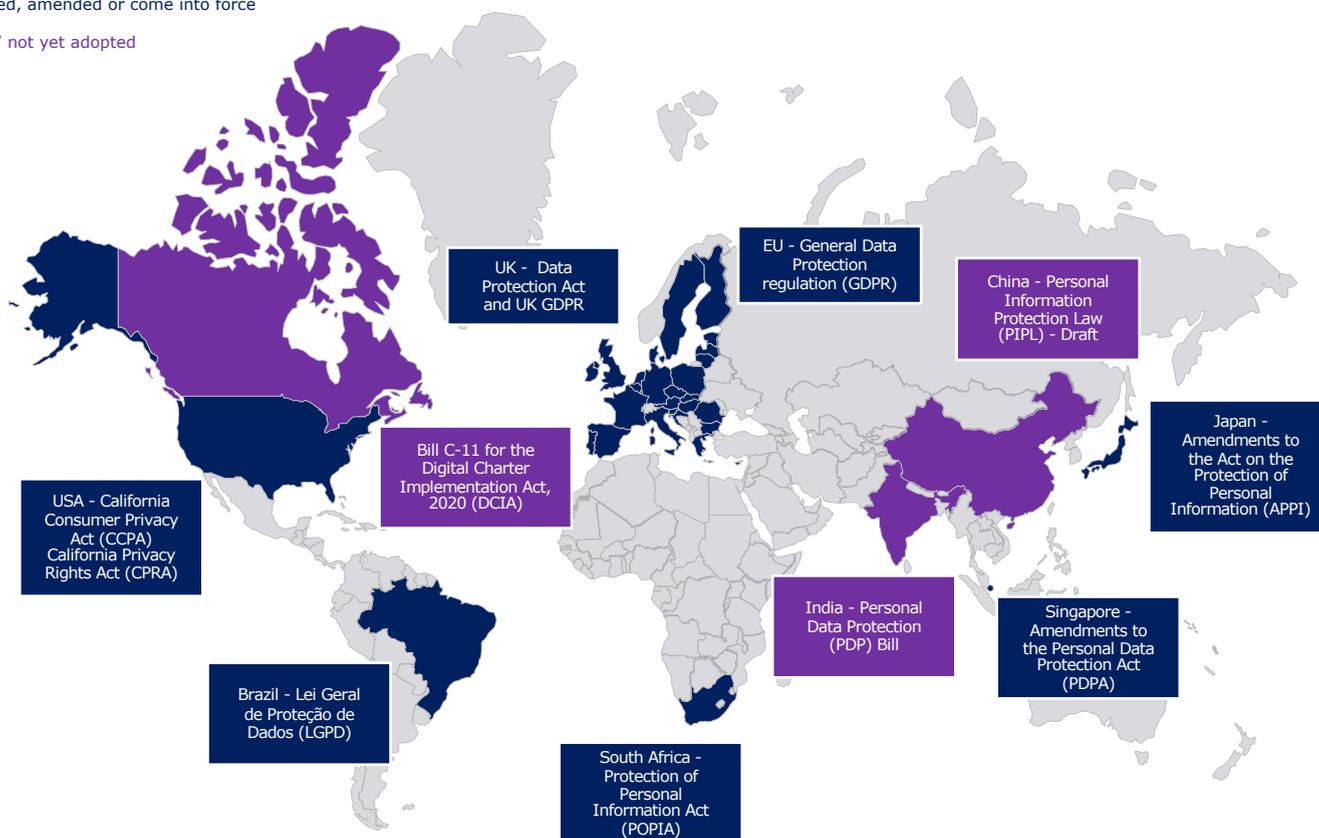
its own set of rules, field of application, and potential sanctions, many emphasise user consent as one of the lawful bases for processing personal data and define new data rights for individuals (e.g., right to be informed, right to access, right to object).

We believe more markets will update their existing regulatory frameworks or introduce new frameworks to further protect the privacy of people in the future. Thus, it is particularly important for businesses operating across markets to understand what these regulations specifically mean for their daily operations, from collecting data to transferring it between regions to answering individuals’ requests and more.

Non-exhaustive map of data privacy regulations adopted, amended, drafted, or come into force since 2018 (as of May 4, 2021)

adopted, amended or come into force

draft / not yet adopted



User consent shapes the technological evolutions

The second domain that has been quickly changing through the influence of the user consent principle is technology.

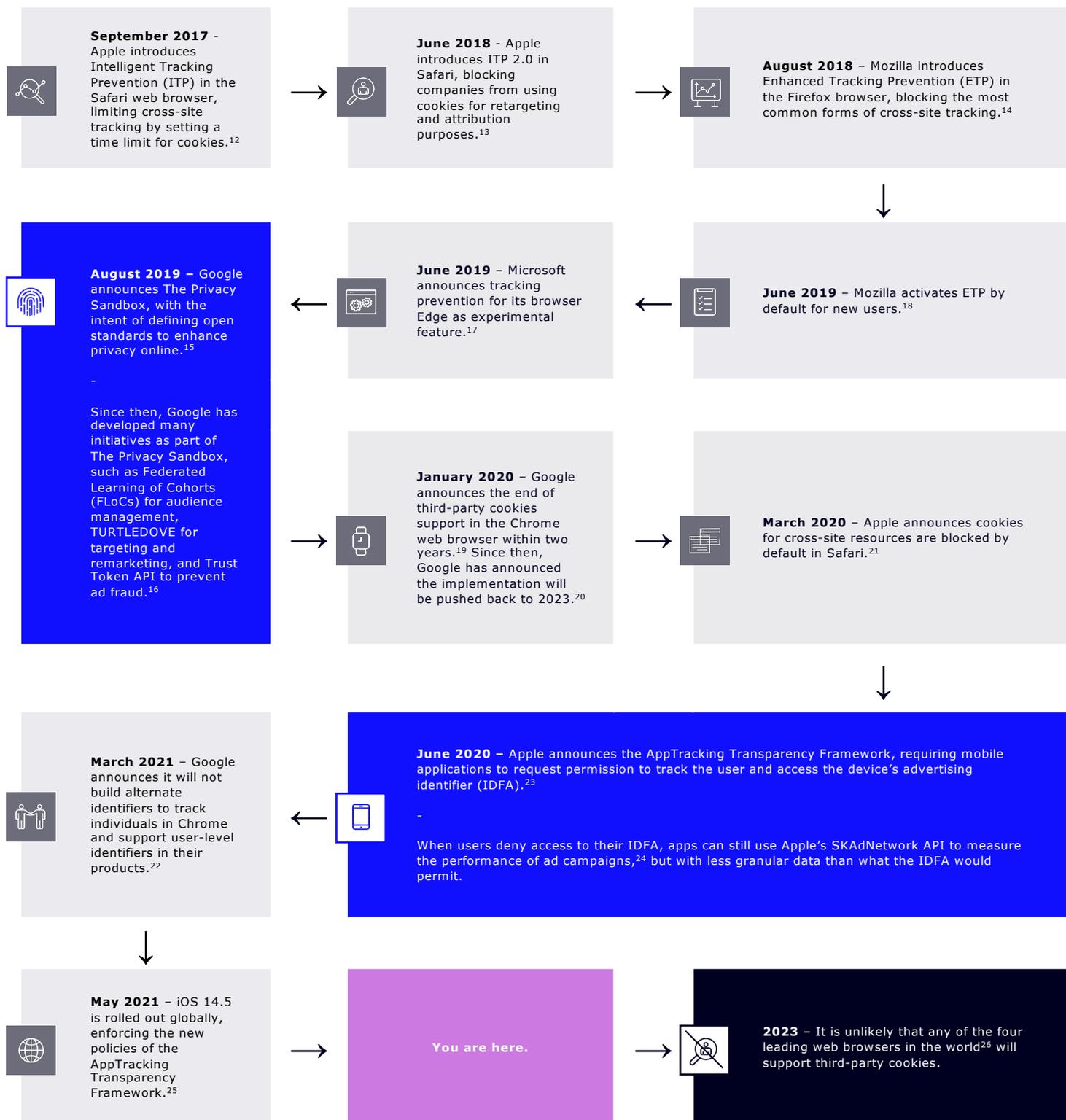
For many years, tech platforms approached consent to tracking as an implicit and default choice for users. This status quo started to change in 2017 when Apple introduced Intelligent Tracking Prevention to limit cross-site tracking.⁸ Since then, limitations on tracking technology have increased - even extending beyond web browsers and cookies - and the philosophy behind tracking defaults has pivoted from opt-out consent (i.e.,

assume consent unless action is taken to opt-out) to opt-in consent (i.e., assume no consent unless active step taken to consent).

Google, for which advertising represents a significant share of revenues,⁹ has criticised browsers unilaterally blocking third-party cookies, pointing out it destabilised the business model of many ad-supported websites. However, it announced that Chrome, the world's most popular web browser,¹⁰ would also stop supporting third-party cookies by the end of 2023, as Google plans to work with the web community to develop more private alternatives suitable for advertising purposes.¹¹



The path to the cookieless world: 5 years of growing tracking restrictions



While this report is intended as a guide for global marketers and focuses on the key implications of the deprecation of third-party cookies across regions, it is important to recognise that the impact of these regulatory and technological evolutions around privacy will not be identical everywhere. Regional legal frameworks, market dynamics (e.g., market share of iOS vs. Android operating systems), and technology usage (e.g., mobile penetration) will all be critical influences in how each market experiences the tracking prevention revolution.

The Cookieless World

What Is Happening?

The Consequences at a Glance

What Is Happening?

The Consequences at a Glance

The impact stemming from the loss of third-party cookies will be felt across every aspect of the digital marketing ecosystem. It's important to understand the nuances of how this change will impact users, advertisers, platforms, and publishers.

The Impact on Consumers

Emails around privacy / cookie policy updates, explosion of cookie banners, providing cookie preference settings to users, tracking prompts on mobile... privacy has never been so noticeable for consumers as it is today. It is therefore not surprising that searches for "online privacy" have grown by more than 50% year over year.²⁷

In response, brands should figure out how they can take ownership of the privacy story. Some leading brands are not positioning privacy as merely a part of the story, but as the core of their selling proposition. For example, Apple has taken a strong stand for privacy,²⁸ and Neeva is a new subscription-based search engine built around the theory that individuals will pay a recurring fee in order to access a privacy-first experience.²⁹ While few advertisers will be able to lean into this issue as heavily as those two brands, it is important to build a consumer-facing privacy story through transparent, proactive, and clear communications in order to nurture trust and encourage consumers to share more first-party data whilst ensuring compliance with applicable legal requirements.



The Impact on Brands

The end of third-party cookies will lead to fewer opportunities for ad personalisation, especially for acquisition-focused campaigns. Therefore, it will be important to adjust strategies, prioritising those that interact with the ads and inviting them to take the next step (and share data which can be used for future personalisation). It will also be imperative to continue investing in creativity that will catch user attention.

The loss of cross-platform frequency capping will lead to overserving or customers feeling like ads are following them around the internet when a brand's marketing campaign includes too many separate platforms. Brands will have to balance leveraging multiple platforms for expanded reach against oversaturating individuals or groups, and they should plan to replace cross-audience frequency measurement with other solutions that indirectly monitor frequency impact, such as surveys or pulsing campaigns that can identify the points of diminishing return.

It is also critical that brands understand how their marketing KPIs will be affected. For example, without third-party cookies, most display/programmatic view-through conversion data will disappear, but that does not mean consumers have stopped converting after seeing banner ads. Additionally, without third-party cookies, popular methodologies to understand advertising incrementality, like A/B testing, audience holdouts, and uplift studies will likely diminish. This does not mean advertising value is lost. Advertisers must look to more durable methods, like intra-platform solutions and consumer identity, to obtain these measures of effectiveness. By understanding the specific impacts to measurement as isolated from other changes, brands can use the data still available to deliver accurate estimates of metrics that are no longer tracked—and should use the next year to establish their own benchmarks.

What Is Happening? The Consequences at a Glance

The Impact on Platforms and Publishers

The platforms that are strongest positioned to move into the cookieless future are those that own both ad inventory and their own first-party data. Every platform that owns only half of that equation is currently working with partners to fill the gap and strengthen their position in the advertising ecosystem.

Google, who is driving this change, is very well positioned, based on their diversified assets and massive first-party data, despite the initial criticism of their FLoC

solution.³⁰ Similarly, Facebook, Amazon and others are going to have less of an impact on their owned and operated properties (that mostly rely on signed-in users) but are likely going to see a material impact on their ad networks (that use third-party cookies).

Smaller platforms are building integrations across the ad ecosystem in order to maintain the value of their assets. Many are collaborating to develop a common identity solution to make their data and inventory interoperable.

High-level overview of digital marketing initiatives impacted by the end of third-party cookies	
Data management	<p>High impact</p> <ul style="list-style-type: none"> • Initiatives leveraging third party data providers • Data Management Platforms (DMPs) <p>No / low / medium impact</p> <ul style="list-style-type: none"> • Campaigns leveraging first-party data and second-party data • Customer Data Platforms (CDPs) using first-party data • Site analytics (configuration tweaks may be needed, for instance to automatically adjust tracking and wider cookie usage according to consent or to properly embed social pixels)
Audience activation	<p>High impact</p> <ul style="list-style-type: none"> • Behavioural targeting and display retargeting • Reach and frequency management • Dynamic, rule-based bidding • Site personalisation based on DMP-based third-party cookies <p>No / low / medium impact</p> <ul style="list-style-type: none"> • Contextual targeting • Custom audiences / customer match logic (based on clients' own first-party data) • Search (outside RLSA/retargeting limits) • Social and Email (outside retargeting limits) • Site personalisation based on first-party IDs • Addressable advertising (in the context of clients' own first-party data)
Performance measurement	<p>High impact</p> <ul style="list-style-type: none"> • Post view attribution • Granular audience reporting • Cross-channel reporting • Multi-Touch Attribution (MTA) • AB testing and brand uplift studies (outside logged-in environments) <p>No / low / medium impact</p> <ul style="list-style-type: none"> • Post click attribution • Media reporting (CTR, viewability) • Media-Mix Modelling (MMM) • Ad Verification delivery reports (viewability, brand safety) • AB testing and brand uplift studies (within logged-in environments)

What Is Happening? The Consequences at a Glance

Collaboration is Paramount

Collaboration will be the key to launching effective post-cookie solutions. Measurement platforms will have to collaborate with brands in order to ensure clear understanding of which estimates reflect ongoing consumer behavior and which show truly incremental increases. The platforms themselves will forge new alliances in order to deliver effective, focused solutions for advertisers that deliver the benefits of cookie targeting in new ways. And finally, all players will have a key role in providing ongoing education to consumers in order to build trust and demonstrate the benefits that will encourage them to share more first-party data.

First-party data is the foundation of post-cookie success for all elements of the advertising ecosystem—it will become the most valuable currency in the digital marketing space. Brands should look for new ways to utilize their own CRM data to reach current customers, and the platforms that can successfully merge this CRM data with their own first-party assets to create lookalike audiences will be the ones who most successfully navigate the shift to an advertising ecosystem without third-party cookies.



The Cookieless World

Data Management

**More Than Just
Technology**

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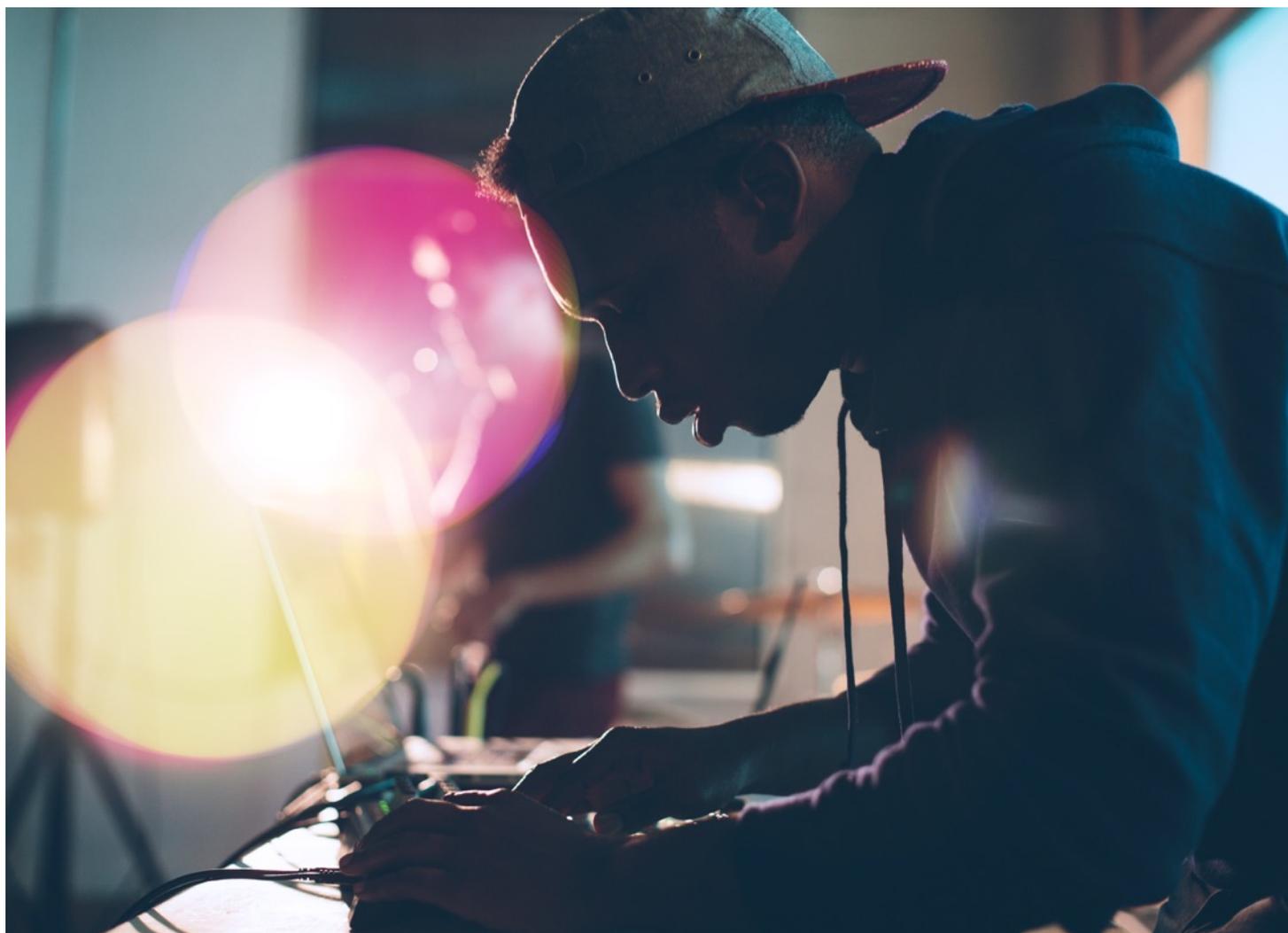
Data Management More Than Just Technology

When we think about data management, we can be tempted to jump to the question “*How do we do it?*” which leads to a conversation around technology. Although this conversation is necessary, it is not sufficient to build a solid strategy. *Why* we collect the data (i.e., the specific purpose of this data in both the pursuit of business objectives and the improvement of consumer experience), and *What* data we collect (i.e., what data is really useful) are critical.

The answers to the *Why* and *What* questions directly influence the *How*. They enlighten our tech investment decisions (e.g., infrastructure, partnerships) by helping refine our needs. We also know that people can decline to share their data or even game the system when they

deem the reasons for data collection are not legitimate: 88% of them have already either refused to give or provided false personal information.³¹ Additionally, sitting on data that has no potential for activation because it does not address a specific objective or it does not contain valid user information increases costs without contributing to growth and profits.

The transition to a cookieless world is the perfect time for brands to ensure they define clear answers to the *Why*, *What* and *How* of their data management strategy.



Data Management More Than Just Technology

Three considerations for efficient data management

1. Define the right value exchange

Finding the right balance in the data value exchange is no easy feat. According to the [dentsu Digital Society Index](#), a third of people (32%) globally have opted out of receiving personalised ads in the last 12 months.³⁴

Additional research shows that marketers generally tend to overestimate the value of the benefits they provide. Half (49%) believe they offer a fair exchange to consumers for the value of their data,³⁵ while only 37% of consumers agree.³⁶

However, as illustrated in the opposite table, marketers tend to underestimate consumers' motivations to share their data. Interestingly, only 9% of marketers believe helping a company improve products or services is an incentive for consumers, while 44% of consumers believe so.

These disconnections can create a perceived imbalance in the value exchange, which can result in distrust from consumers or missed opportunities for brands. For that reason, it is important for brands to develop a clear understanding of the specific factors influencing their audiences' attitudes and behaviours around privacy, and to build upon these insights to adjust the value exchange they propose to consumers.

Use Case #1:

Invest in research to understand your perceived value exchange

User surveys and interviews can help you appreciate how audiences see your brand regarding privacy issues and to understand their expectations when sharing data with you. These insights are useful to define the best approaches for which your audiences would see an interest in logging in your website (e.g., rewards, gamification, product registration) – and, as a result, to build and nurture robust sources of first-party data.

In exchange of what incentive would your consumers/you be willing to share their/your personal data with your/a brand?

(% of respondents agreeing)



	Marketers ³²	Consumers ³³
Personalised rewards or discounts for frequently bought items or services	52%	57%
Personalised pricing (% off, money back)	47%	57%
Personalised recommendations	40%	35%
More personalised customer service	35%	40%
Free access to a service	22%	54%
Free samples of products or services	19%	56%
Personalised alerts and notifications	17%	34%
Free or upgraded shipping options	16%	51%
Free access to content	15%	47%
Expedited purchasing/checkout options	14%	39%
Access to purchase history	9%	31%
Automated reordering of frequent purchases	9%	30%
To help a company improve products / services	9%	44%
Service or appointment notifications	7%	36%
Automatic and recurring payments	6%	42%

Use Case #2:

Tap into media consumption to identify opportunities for data partnerships

An in-depth analysis of your audiences' media consumption can help you identify relevant publishers to partner with to access complementary data. We expect these second-party data partnerships to increase as companies look to build comprehensive portraits of their consumers while decreasing their reliance on third-party data sources.

Data Management More Than Just Technology

2. Invest in user education and transparent communications

With two thirds of consumers (67%) having little to no understanding about how their data is used by companies,³⁷ brands that proactively reach out to customers about how they approach privacy can help alleviate concerns, explain the value they deliver in exchange for data, and seize the opportunity to differentiate from the competition by positioning themselves as trusted partners.

Use Case #1:

Explaining privacy / cookie policies

As only 22% of consumers declare they always read privacy policies,³⁸ regularly educating your customers about your privacy practices in clear and concise language can demonstrate greater attention to consumer privacy needs compared to competitors only reaching out sporadically and in legal jargon when they update their policies or when a data breach happens.



For example, this might include providing information in layers (with the most valuable information being provided in the initial layers), just-in-time notices, or using icons that convey important information (e.g., a bar graph icon in front of a description of analytics cookies).

Use Case #2:

Making the case for opt-in

iOS 14.5 has officially been launched by Apple. After installing the update, an iPhone user opening an app is shown a popup notification asking the user to explicitly opt in to data tracking.

Apple authorises application developers to explain to users why they would like permission to track before the prompt is shown. We encourage brands to make the most of this opportunity to explain the value they can provide in exchange for collecting data.

However, there are strict guidelines to follow, and any incentive scheme or tactic to trick users into allowing tracking is against the App Store Review Guidelines³⁹ and should be avoided.

This is an excellent example of why proactively building trust is more important than ever—the brands that have been building this trust with consumers prior to launch are in a more advantageous position than those only addressing the issue after the update went live.

Use Case #3:

Improving user experience for privacy

A good user experience builds the trust needed for users to opt in and consent to marketing activities. Low consent rates are not necessarily due to a perceived lack of value in the exchange proposed by the brand, they could also be simply due to a poor user experience.

So long as first-party cookies exist, so will cookie notifications - and cookie pop-up and banners are not created equally. These notifications should not be treated as afterthoughts and should be carefully handled by both legal and UX teams to ensure consent is properly collected and that the user choices are presently clearly and compliantly with legal requirements.

Data Management More Than Just Technology

3. Adapt your technology infrastructure

The third key consideration for efficient data management is selecting and optimising the right piece of technology. The perfect out-of-the-box stack does not exist – it is all about each organisation's needs, objectives, and operational capabilities. Many technology suppliers offer interesting solutions to support a cookieless future, such as Salesforce or Adobe. As a matter of simplicity, we will use Google's solutions, which are prevalent among many organisations, as an illustration of how to reduce immediate reliance on third-party cookies.

Fundamental #1: **Evolve your current tag setup**

It is important that your tag setup is able to measure conversions even without third-party cookies. This means shifting to first-party cookies and identifiers, whether client-side or server-side. Client-side tagging solutions (i.e., living on the browser) are the easiest ones to implement on the short term, as this can be done through a tag management platform (e.g., Google Tag Manager). On the long term, server-side tagging solutions (i.e., living in the cloud) offer more durability and control, as you can leverage and customise them across partners. However, they require significantly more time and financial investment.

Fundamental #2: **Ensure you can differentiate tracking according to user consent**

If you are not already using a Consent Management Platform, this addition to your tech stack is worth considering to help your organisation process user content on-site in a compliant way. You also need to configure your tags to automatically adjust tracking for activation and performance measurement according to the user's consent or withheld consent:

- For users who consent, first-party cookies can be used to track the user journey and conversions.

- For users who do not consent, tracking cannot be deployed, and conversions must be modelled. To do so, several solutions are available to you. For instance, Google Analytics can integrate with IAB Europe's Transparency and Consent Framework v2.0 to adjust tags. Another available option is to use Google's Consent Mode to pass consent signals across the Google stack (e.g., Google Display & Video 360).

You also need to remember that many privacy laws around the world require that once a user has consented to the use of cookies, they have the right to withdraw that consent. Consequently, you need to ensure that your chosen Consent Management Platform (or equivalent solution) allows users to easily withdraw consent or indicate their cookie preferences. In practice, for example, this may be achieved by having a "cookie" or "privacy" icon that continuously hovers at the bottom of a user's screen, which if clicked takes the user to a cookie preference window where the user can toggle specific cookies "on" or "off".

Fundamental #3: **Implement the foundational technology to prevent gaps**

Google also offers many solutions to prevent gaps in measurement. Enhanced Conversions use hashed first-party customer data rather than relying on cookies or IDFAs. Conversion modelling through Consent Mode uses machine learning to model non-consenting conversions based on observable data. Google Analytics 4's Enhanced measurement can also track engagements which were once difficult to monitor (e.g., video plays and exit link clicks). When using Google, we recommend marketers experiment with the different features offered by the platform - even when only available in beta - and to upgrade to Google Analytics 4 to maximise the full potential of their Google partnership.



The Cookieless World

Audience Activation

**Start with
First-party Data**

dentsu

Audience Activation: Start with First-party Data

For many years, cookies have been an essential component of digital marketing activations.

Cookies have allowed brands to leverage powerful tactics across their media plans, from retargeting user profiles based on interactions (e.g., site visit, click on banner, abandoned cart) to extending their audiences through lookalike modelling. The open and standardised nature of cookies has also enabled many MarTech players to thrive, creating a large choice of solutions for advertisers.

Although the current deprecation of third-party cookies undeniably disrupts how brands engage with audiences online, alternatives are emerging.

Dentsu's global leadership in search marketing has enabled us to develop a unique understanding of successful cookieless activation use cases over the years. We can uniquely apply these insights to all other forms of digital marketing going forward.



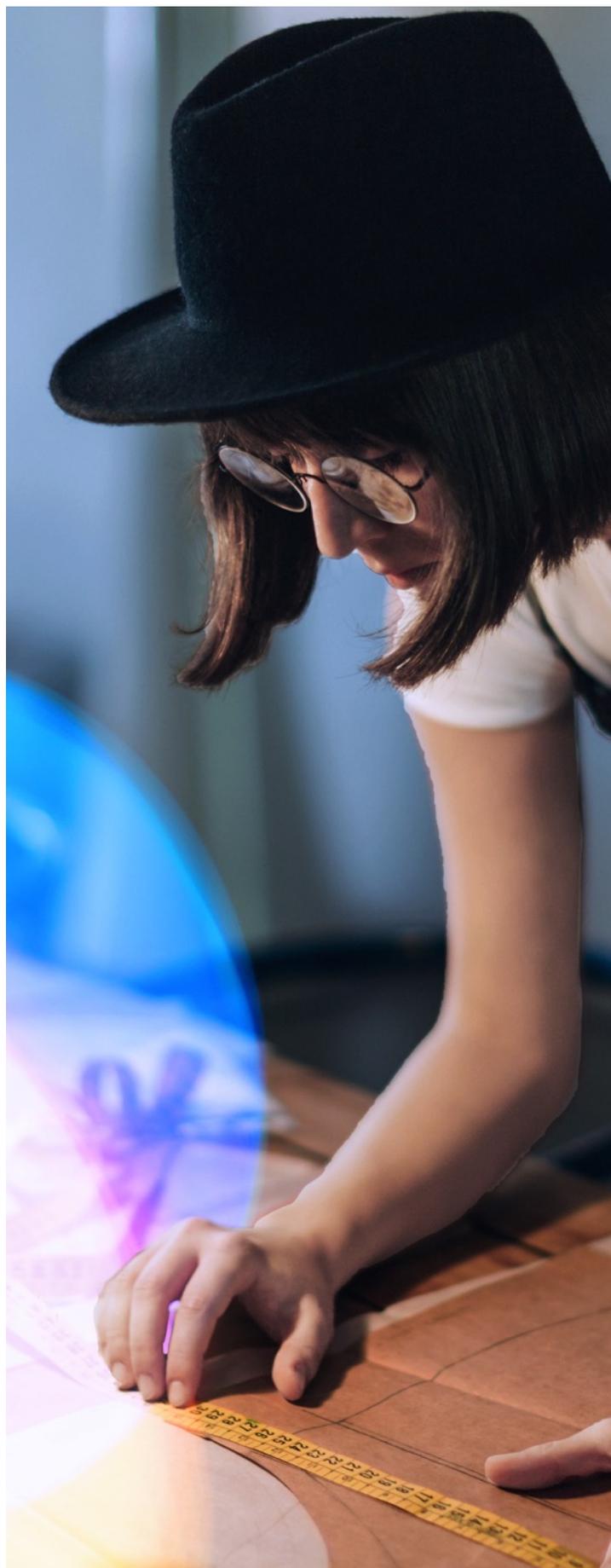
Audience Activation: Start with First-party Data

Cookieless audience-driven targeting solutions

The end of third-party cookies does not mean the end of audience-based targeting. Tech platforms, publishers and marketing solutions providers are actively developing cookieless audience-based options.

Closed ecosystems: Large platforms like Facebook and Amazon control the digital experience for users and brands in closed ecosystems, wherein they use exclusive audience data on signed-in users to personalise ads. For advertisers, these ecosystems are appealing because they offer a means to tap into this accurate and unique user data, and even match advertiser first-party data with tech platforms to enhance personalisation and targeting. In a cookieless world, it seems the large tech platforms will continue to thrive in the marketplace, while smaller publishers and platforms may lose their influence.

Publisher first-party data: While platforms like Facebook and Amazon identify users via Personal Identifiable Information (PII) such as email address, most alternative publisher platforms still rely on cookie-based technology to identify users and monetise their advertising inventory. As they are now trying to move away from their cookie dependency, many pivot from an open access approach to a partially or totally locked environment (i.e., asking the user to log in to start browsing the website). For users, this pivot represents a major user experience evolution (unlike closed ecosystems where the experience is generally frictionless or expected), and it is yet to see whether people who log in to their favourite social and shopping platforms will be equally willing to log in to their local newspaper website. If they do, this will open new doors for data partnerships between publishers and advertisers.



Audience Activation: Start with First-party Data

Unique and Shared Identity Solutions (IDs):

Unlike publishers, many advertisers have already invested in CRM solutions to secure relevant customer information. Their challenge now is to connect this information to identify users across environments - without relying on cookies. This need for a shared ID solution stems from each CRM solution acting in a silo: even if it could be possible to rely on hashed user lists (e.g., phone number), those solutions assume that the same user is using the same phone number to access both environments. To avoid any possible data loss during this exchange, advertisers have started conversations with publishers about setting up trusted second-party data exchange.

These direct partnerships with publishers provide an appealing method to sync exposure data to client's first-party data and maintain many of today's relevancy standards for activation and closed loop measurement. Additionally, direct partnerships present an interesting avenue for advertisers to create value beyond the large tech platforms. Many progressive advertisers have established syncs with platforms such as Roku and Pinterest and niche publisher communities relevant to their brands. It is expected more advertisers and publishers will continue to invest in infrastructure to support expansion of the second-party data economy, however, an inherent consideration advertisers must begin to take into account is the scalability and operational costs to strike, maintain and operate direct relationships.

While this interesting approach could be valuable in the mid/long term, it is susceptible to the same privacy compliance issues currently encountered by the use of second-party data (i.e., appropriate user consents need to be obtained by the party that collected the data, in order for that data to then be shared with another "unknown" party for its marketing activities). Some of these solutions therefore seem to be more advertising-centric than user-privacy focused, which presents the risk of simply recreating the issues around cookies in a new form. It is thus crucial to keep users at the centre and build the solution around their expectations and preferences.

Beyond Google

While Google has a privileged position in a cookieless future, some industries (e.g., alcohol, gambling, healthcare) are not allowed to advertise on Google platforms. With the end of third-party cookies, one of their biggest challenges becomes how to comply with requirements around user age verification.

Unique and Shared IDs could be a solution to build ID graphs around users, and ultimately address these audiences.

However, they still face significant challenges for adoption: consumer attitude towards tracking, publisher adoption, local legal compliance, and standardisation (there are over 80 ID solutions in development with limited traction) - all key elements to drive scalable and sustainable usage.

Google Privacy Sandbox solutions like Federated Learning of Cohorts (FLoC): Part of Google's Privacy Sandbox, an attempt to open source potential third-party cookie alternatives on the web, FLoC is gaining traction and being tested. Simply put, Google proposes to switch from cookie-based advertising to in-browser interest-based advertising. This approach "hides the individual 'in the crowd' and uses on-device processing to keep its web history private on the browser."⁴⁰ Interestingly, a user may only appear on one cohort. For advertisers, although FLoC could represent an interesting alternative once available in their final version, the accuracy of the user's intent in the audience is yet to be demonstrated (some members of the cohort may be exposed to messages that won't necessarily be related to their own preferences). On the user side, concerns around third-party cookie privacy issues being replaced by other privacy issues have already emerged.⁴¹

Audience Activation: Start with First-party Data

Other cookieless solutions

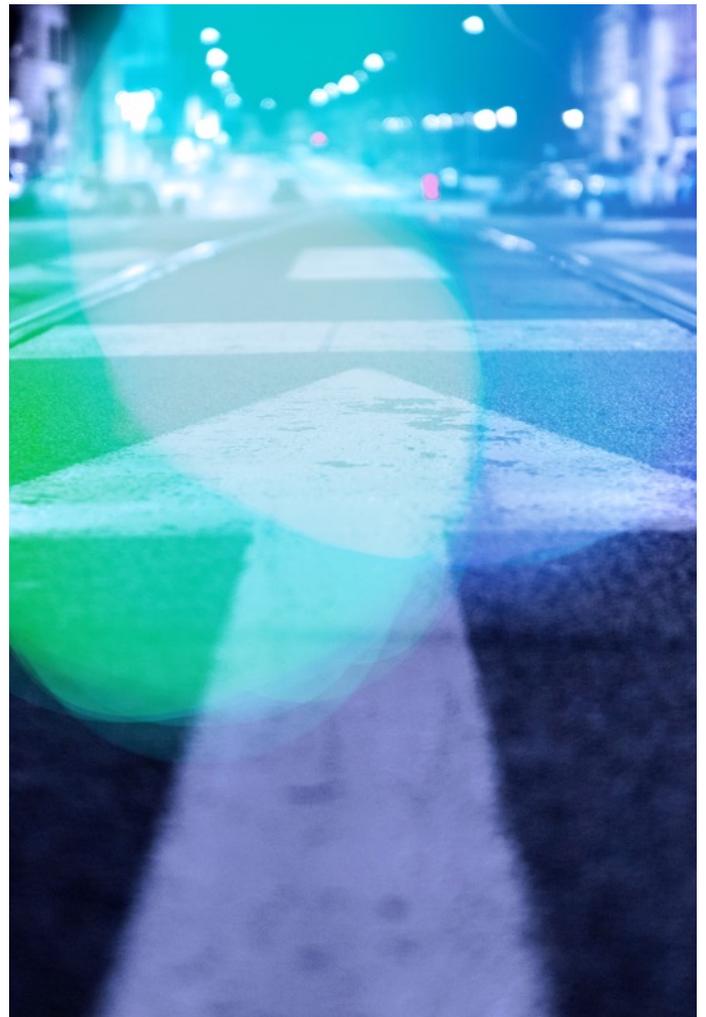
Audience-driven approaches are not the only way to be relevant to users, and approaches that don't depend on behavioural tracking see a regain of interest, such as contextual targeting.

Contextual Targeting. Focusing on the type of content people consume rather than a specific audience type is nothing new. The concept of Google Search is by nature, contextual. However, more broadly across wider ecosystems like display and programmatic tactics, as the Natural Language Processing technology powering contextual targeting becomes more sophisticated, new applications emerge, from fuelling strategic thinking to informing content development, to ultimately activating.

- **Awareness campaign use case:** Contextual targeting is a great option to position - or avoid positioning - your product in a specific context. For instance, to promote a new pair of running shoes, you may consider targeting all users browsing running/sport/health content, or to exclude users browsing content related to a player sponsored by a competitor.
- **Dynamic Content Optimisation use case:** Context can also be used to adapt the creative. For instance, an airline company can adapt the destination featured in a banner depending on the on-page editorial content surrounding the ad, or on external factors (e.g., promoting sunny destinations on a rainy day).

Contextual targeting has many benefits for advertisers across display and programmatic: message receptiveness, brand suitability, and advanced targeting opportunities. Contextual targeting is particularly critical in light of the increasing scale challenge faced by marketers. Third-party cookies enabled broad scale, particularly in programmatic channels. With that data no longer available, marketers will likely see a marked decline in the scale they can achieve if they rely only on options such as first-party data. Contextual targeting can fill the void and enable marketers to continue running scaled programmatic campaigns.

On the flip side, contextual targeting isn't a panacea for privacy: with the page acting as a proxy for the user, sensitive content should be approached very carefully before serving any ad. Supplement Ad Verification can help ensuring the accuracy and quality of the distribution.



Audience Activation: First thing: First-Party Data



The alternatives to third-party cookies described above are not the only ones available. However, every alternative to date with no exception presents a trade-off between scale, granularity, and technical viability (e.g., server-to-server tracking is a technically viable option but requires tremendous efforts to set up).

For brands, it means that effective audience activation will require a combination of different options on the short term. We recommend three actions to find the right blend of options for your brand.

- **First**, monitor and test alternatives as they appear to appreciate how they serve your marketing goals.
- **Second**, invest in nurturing first party data, as this is the key for all ID-based solutions and ultimately for increasing lifetime value.
- **Third**, use contextual to address user motivation and relevance as a way to drive new user visits to your web properties.

The Cookieless World

Performance Measurement

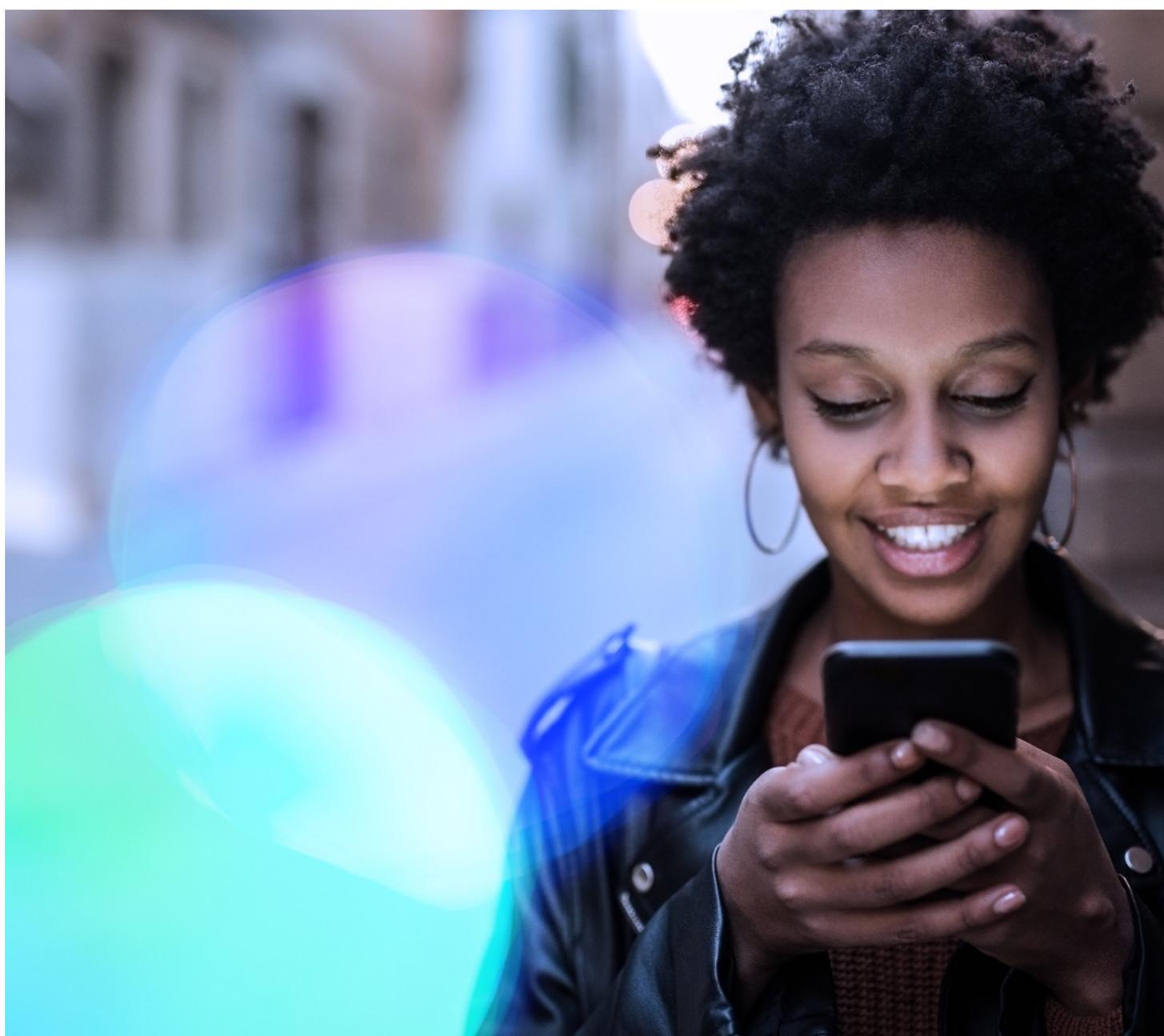
**The Need for a
Hybrid Model**

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Performance Measurement: The Need for a Hybrid Model

The end of third-party cookies greatly affects cross-channel attribution – a widespread way to measure the performance of digital campaigns that relies mostly on cookies to link media touchpoints to conversion. Only the last-click model is not impacted, but most savvy marketers have already abandoned this skewed approach.

This new context doesn't mean that brands cannot use attribution anymore, but instead that they should use it alongside complementary measurement solutions as part of a hybrid model.



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Let's review the most viable options available to marketers, and how they can work together.

1. Platform-specific solutions

Although they are siloed by nature, platform-specific solutions are useful for fast-moving campaign optimisation.

In-platform attribution is a good way to apply data-driven attribution models to your digital campaigns. Through the tags deployed on their website (e.g., Adobe Analytics), many brands already have the building blocks to use in-platform attribution and only need a data audit and some platform configuration to ensure the accuracy of the data collected. Depending on the media mix, it is also possible to start calibrating between different attribution solutions (e.g., Facebook Attribution) to get a better understanding of the respective performance of channels.

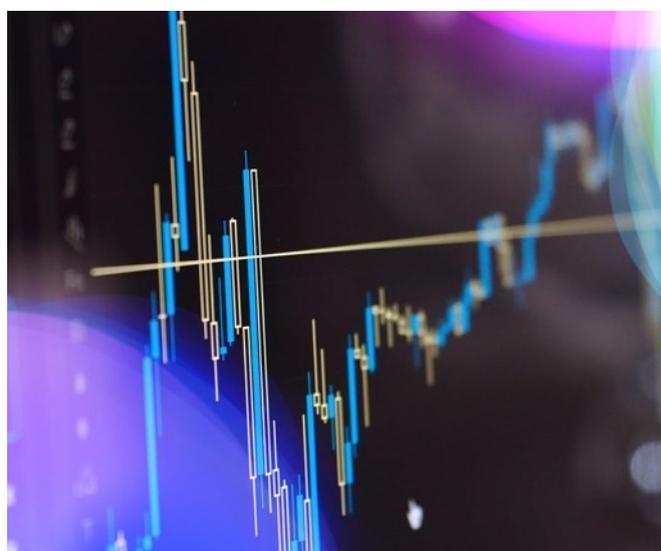
Focus on Facebook Attribution

Facebook's Attribution tool gives advertisers the insights they need to understand campaign effectiveness and measure their marketing efforts.

By tracking users logged into their Facebook profiles, Attribution captures a broad view of individual consumer journeys across devices, platforms and channels. The tool offers marketers the flexibility to utilise various attribution models to assign conversion credit to marketing touch points throughout the funnel as it follows and measures consumer journeys to conversion events captured both online and offline.

Of note, Facebook's data-driven attribution model provides estimated incrementality of Facebook ads. By understanding the estimated impact of media exposure, advertisers gain a richer understanding of the true value of Facebook ads and can make better informed investment decisions with the tech platform.

Data clean rooms are another solution to build insights, wherein multiple parties can combine data without revealing user-level information. For instance, brands can use Google's Ads Data Hub to merge their first-party data with Google's ad exposure data or to run queries on the ad exposure data itself. Use cases include running viewability, frequency capping, and reach custom requests. Brands with sufficiently strong relationships with the walled gardens are also able to build their own data clean rooms. In some markets, dentsu is already providing clients access to data clean rooms.



2. Incrementality testing

This approach aims to understand the incremental performance of a specific digital marketing tactic (e.g., the role of creative or targeting). To provide statistically significant results, incrementality testing should be approached methodically. There are foundational elements to get right (e.g., a cross-channel naming convention to easily switch off/on different tactics and targeting types). There are also process elements to figure out (e.g., how tests run concurrently, or sequentially, without skewing the results). Finally, there are functional elements to ensure the results of tests are stored properly, shared consistently with the different regions and teams.

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3. Media Mix Modelling (MMM)

Media Mix Modelling examines the direct relationship between marketing investment and outcome, whilst accounting for the conversions which would have occurred anyway (e.g., through brand equity) and other external factors. Traditional MMM provides a robust aggregated understanding of the marketing impact across online and offline activity. However, there are shortcomings to measuring digital marketing through traditional MMM alone. Firstly, comprehensive MMMs typically involve modelling data from multiple different sources. This lengthy process is often only conducted quarterly or annually, which doesn't allow for agile marketing spend optimisation. Secondly, the huge disparity between traditional media and digital media spends means the model cannot look at digital in enough granularity to make the output useful.

However, digital-first MMM-style tools are valuable.

Typically, these tools sacrifice the volume and types of data used to understand how media affects sales, but in narrowing this data down to the easy-to-access or automated data streams, these tools can run far more frequently (monthly or weekly). The second benefit of this approach is that by choosing a sub-set of data, you can deterministically or probabilistically predict into the future. These tools go beyond measurement and into helping with decision-making on what channels to invest in to drive additional sales.

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A hybrid measurement model

A successful hybrid model, making the most of the different measurement approaches, requires two important considerations.

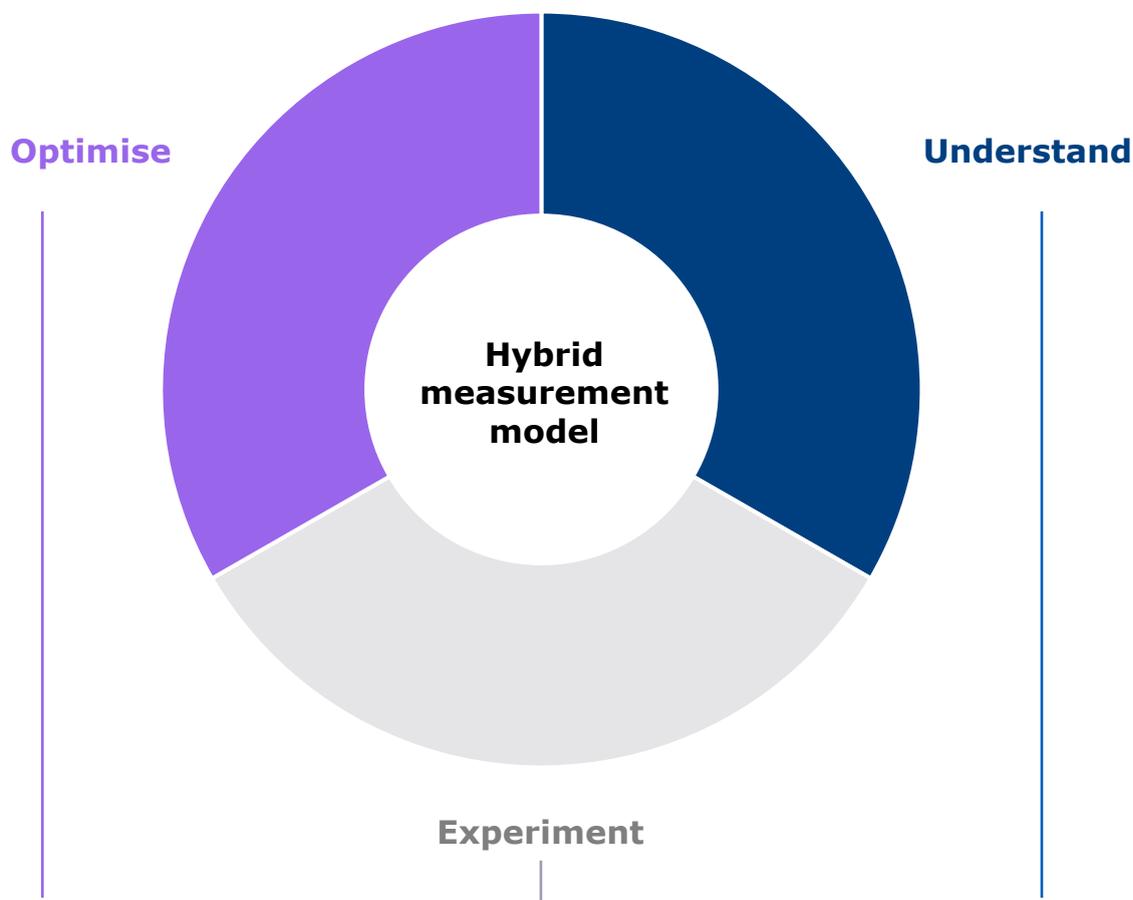
First, the need for a clear KPI framework. This framework should be simple and consistent, not an endless list of media metrics. When measuring brand and performance together, the framework should be more nuanced and allow for the incorporation of upper-funnel media metrics within optimisation strategies without losing sight of the ultimate objective. Ideally, the framework incorporates customer retention and loyalty – linking media metrics to customer-centric metrics like lifetime value.

Second, the need for a testing mindset and rigor. It is key to establish a clear testing roadmap for the next twelve months, accounting for the volume, the nature and the location of tests. Additionally, whilst in-platform attribution, data clean rooms, and MMM all have their limitations, they are useful cues to inform the direction and prioritisation of testing and should be leveraged to build the roadmap.

It is undeniable that the end of third-party cookies introduces new challenges to marketing performance measurement. However, robust measurement can still be achieved with structure and planning. In fact, the greater emphasis on testing is arguably more likely to give you a truer understanding of incremental performance than before.



Performance Measurement: The Need for a Hybrid Model



In-platform attribution

What: Fast-moving data-driven attribution from platforms to optimise in the moment

Use cases:

- Understanding the role of each touchpoint throughout the consumer journey
- Identifying the digital activities that contribute to increased revenue
- Optimising ongoing media activations

When: ongoing

Incrementality Testing

What: Structured Test and Learn for true performance lift of channels and tactics

Use cases:

- Measuring the incremental causal impact from new marketing tactics (e.g., channels, budget, ad creative)
- Calibrating attribution models across different platforms for a connected view of performance effectiveness

When: ongoing/monthly

Media Mix Modelling

What: Statistical analysis of key market drivers to forecast market demand

Use cases:

- Understanding the importance of media, price, seasonality and competition in driving sales
- Defining the investment needed to achieve business goals
- Allocating budget across media/geo/brand

When: quarterly or annually (traditional MMM)
weekly or monthly (digital-first MMM-style)

The Cookieless World

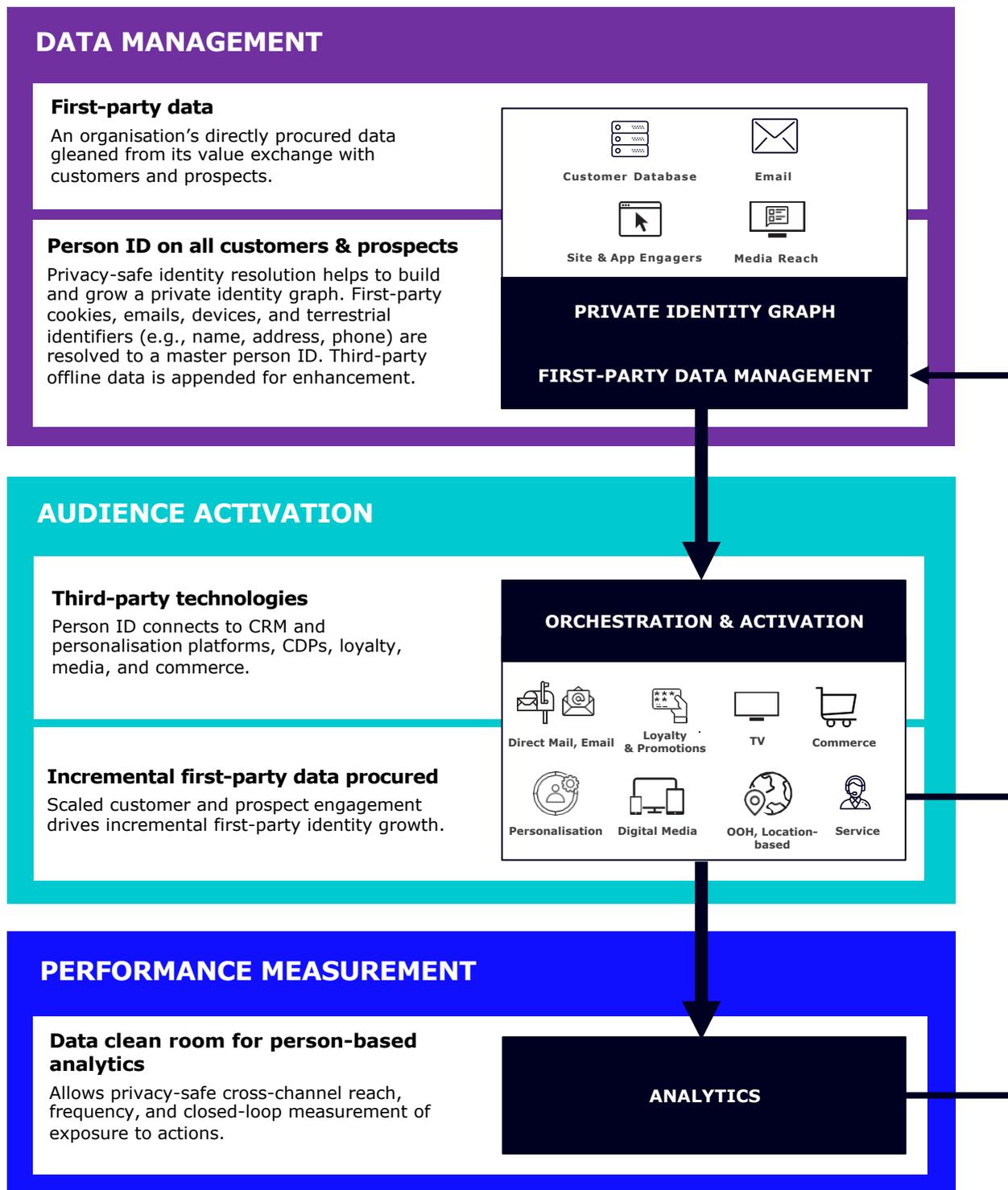
An Illustration

**Bringing
Everything
Together in a
Privacy-safe Tech
Stack**

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Bringing Everything Together in a Privacy-safe Tech Stack: An Illustration

Example of a first-party data-driven tech stack powered by a private identity graph



Adapted from Merkle's 2021 Customer Experience Imperatives - The formula for customer experience transformation⁴²

The Cookieless World

The Path Forward

Preparing for the Deprecation of Third-party Cookies

The Path Forward

Preparing for the Deprecation of Third-Party Cookies

The pace at which your organisation will fully transition to a cookieless marketing model will vary according to the markets you operate, the velocity of technological advancements, and your own data maturity.

However, there are four steps that we believe are essential for every organisation for a successful transition.

Invest in first-party data

While the contours of the cookieless future are still undefined, we believe first-party data will be an important part of it.

Therefore, we recommend brands reinforce their efforts in that field. It encompasses compliance considerations to ensure data is collected and processed according to legal requirements. It involves reassessing the value consumers truly get when sharing data with you. It also requires revising or updating the technology infrastructure in place to manage this data. Finally, it calls for building an internal culture where media and customer experience departments work together to nurture this first-party data.

Review your dependence to third-party cookies

We recommend brands monitor current practices and document each place third-party cookies are used across their advertising initiatives.

We also recommend brands review all partners and note which use third-party data, which exclusively use first-party data, and which use a mix of data sources.

In addition, brands should interrogate every component of the brand's current analytics stack—not just the tools and platforms, but also the individual reports used by the marketing teams—to understand which are dependent on third-party cookie data. Remember to examine the brand's owned properties as well, such as personalisation tools used to customise content on-site or in emails.

Ensure all teams across brand, agency, analytics, and all other stakeholders clearly understand which components of current practices and solutions are reliant on third-party data, in whole or in part.

Evaluate and implement

We recommend brands collaborate with their partners to carefully evaluate the results of the tests, comparing the various solutions to each other and to the cookie-based platforms they will replace. This will enable them to align with the partners that deliver the most impactful results and that have the most potential for scale while also establishing new benchmarks.

Test to get ahead of the changes

The technology landscape is changing fast, with new ad tracking limitations and cookie replacement solutions constantly being introduced.

In that context, the recent decision by Google to push back the end of support of third-party cookies in Chrome to 2023⁴³ should not be interpreted as a reason to postpone the cookieless conversation.

Other influential players are moving forward with their own timelines and agenda on privacy. For instance, Apple has introduced a new series of privacy features as part of iOS 15 that should be available to users in fall 2021.⁴⁴

This is why it is critical to get ahead with testing alternatives to third-party cookies. We recommend brands' data and technology teams work closely with their agencies and partners to stay abreast with the various tests.

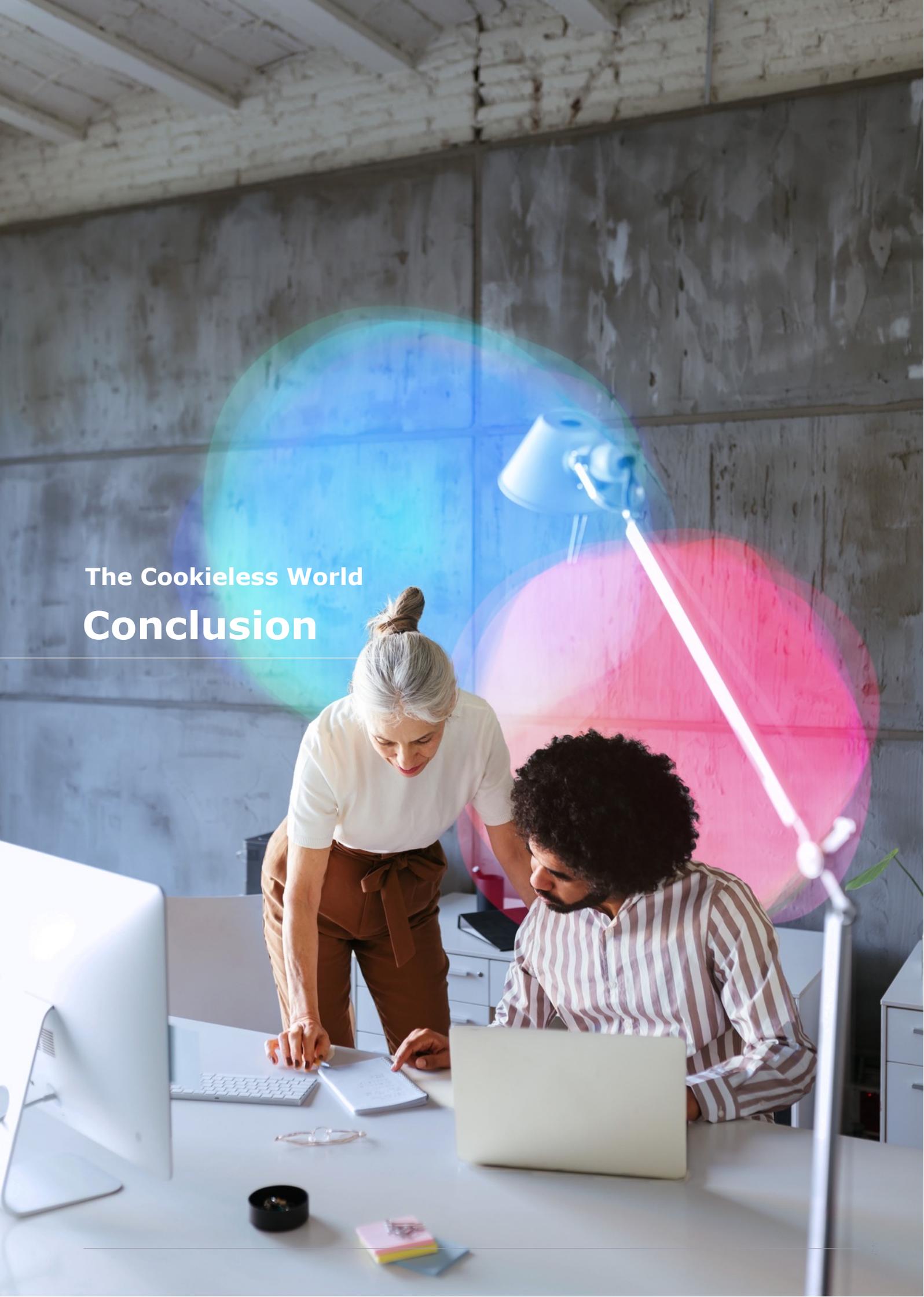
As you go through this preparation period, the checklist on the next page will help you make sure you cover the critical questions for your organisation.

The Path Forward

Preparing for the Deprecation of Third-party Cookies

BUSINESS ACTIVITY	CONSIDERATIONS	KEY QUESTIONS
DATA MANAGEMENT	Consumer focus Evaluate your data value exchange.	<ul style="list-style-type: none"> What is the real consumer perception of our value exchange? How does the data we collect improve the customer experience? Do we communicate clearly to consumers on privacy matters? Do we appropriately collect any necessary consumer consents to use cookies? Do we provide required information to consumers on our use of cookies?
	Business focus Understand the place of data in your marketing.	<ul style="list-style-type: none"> Why do we collect data? For what specific business purposes? Which types of data that we currently collect are critical? How do we use data across our marketing initiatives?
	Media focus Measure your reliance on third-party cookies.	<ul style="list-style-type: none"> How much of the current investment is focused on audiences? On remarketing tactics and strategies? On similar audiences? On third-party audiences? What data do our current media partners use? How much do we rely on our own vs. media partners data for activation?
	Data focus Develop alternative data sources to third-party cookies.	<ul style="list-style-type: none"> What can we do to nurture our existing first-party data sets? Is our current cookie data integrated with customer hashed personally identifiable information? Which are the most relevant partnerships for securing access to quality second-party data?
	Technology focus Define use cases to drive technology investments.	<ul style="list-style-type: none"> Have we optimised our current tech stack? Is our stack future-proofed? (e.g., can our CDP connect with AdTech vendors without third-party cookies?) Are clean rooms adapted to our needs?
AUDIENCE ACTIVATION	Test and learn focus Test your partner's cookieless alternatives.	<ul style="list-style-type: none"> Are we making the most of the transition period to fully test the different alternatives available? (e.g., individual browser solutions, closed ecosystems, direct publisher ecosystems) Is an ID better than contextual for us? What is the pricing model? Which can we scale easily?
	Media focus Reassess your non-audience-based targeting strategy.	<ul style="list-style-type: none"> Do we leverage contextual targeting to its full potential? Are we using context signals to optimise our creatives? What safeguards (e.g., ad verification) do we have in place to protect our brand?
PERFORMANCE MEASUREMENT	Business focus Review your KPIs.	<ul style="list-style-type: none"> What KPIs are affected by changes and what are the ones we should focus on in the future? What do the KPI trends tell us about the impact to date? What gaps can we currently observe between walled gardens' reporting solutions and our existing measurement tools?
	Data focus Evaluate your measurement mix.	<ul style="list-style-type: none"> What are our current sources of truth to measure performance? Have we explored solutions beyond attribution such as incrementality testing and media mix modelling?
	Process focus Build a robust testing roadmap.	<ul style="list-style-type: none"> Do we have the right expertise to build a rigorous and actionable testing programme? (i.e., to obtain statistically valid results to inform investment decisions) Do we have the right resources in place to quickly pivot our audience activation based on learnings from tests?



A woman with grey hair in a bun, wearing a white short-sleeved shirt and brown trousers with a large bow at the waist, is leaning over a man. The man has dark curly hair and a beard, wearing a brown and white striped long-sleeved shirt. He is sitting at a white desk with a laptop open in front of him. On the desk, there is a keyboard, a notebook, a pair of glasses, a small black container, and a stack of colorful sticky notes. To the left, a large white computer monitor is visible. In the background, there is a desk lamp with a white shade and a silver base. The wall behind them is made of grey concrete panels. Two large, semi-transparent circular overlays are present: a blue one on the left and a pink one on the right. The overall scene is a modern office environment.

The Cookieless World Conclusion

Conclusion

As 87% of people now believe data privacy is a right, not a privilege,⁴⁵ we, as marketers, should do better to address their growing concerns around how their information is collected and used. It is not only a matter of legal compliance, but also a matter of trust.

In that context, although the recent evolution in the cookies landscape has triggered legitimate concerns around the potential consequences on advertising efficiency and on market dynamics, we should all welcome any change promoting user privacy as a collective, meaningful progress.

Of course, these changes come with their own set of challenges and uncertainties, and the industry will probably have to make do with less - but better - data.

As we have seen in this report:

- The leading web browsers are moving away from third-party cookies, creating a fresh paradigm for the digital marketing industry. In 2023, we consider using third-party cookies for advertising purposes should be a relic of the past. Apple is going even further, requiring apps to explicitly obtain consent to keep tracking users.⁴⁶
- Some digital marketing activities are impacted, such as data management, audience activation, and performance measurement.
- Marketers must reconsider how they manage data. This means questioning their current value exchange, improving communications around data privacy, and revisiting their technology needs.
- To keep engaging consumers, marketers should investigate the possibilities offered by contextual targeting and cookieless audience targeting alternatives such as persistent IDs.
- To measure future performance, marketers will have to combine multiple techniques, from in-platform attribution to incrementality measurement to media mix modelling. A solid testing roadmap will be more important than ever.

There is no silver bullet for this evolution, instead, each brand must develop its unique combination of responses. It is fine if your organisation has not figured out the best option yet. You are not running behind as there is still time to adapt – but you should not wait any longer to plan your transition to a new model.

We expect discussions around privacy and identity to stay at the forefront of the debate even after we have pivoted to the cookieless world.

This is why at dentsu we constantly monitor the martech landscape and are committed to working alongside our clients and partners to imagine and implement solutions that work for all. As a global leader in search marketing, we have implemented advanced cookieless strategies for the world's largest brands for the last 10+ years. We are using this know-how to help our clients not only thrive in a world free of third-party cookies but do so with speed.

Digital advertising has always been one of the most dynamic and exciting marketing spaces - and we are confident the best is yet to come.

Go beyond the global report

To learn more about what the end of third-party cookies specifically means for your business and how you can best prepare today, contact your dentsu client partner or [Rohan Philips](#), Global Product Officer, Media, dentsu international.

Credits

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About dentsu international

Part of dentsu, dentsu international is made up of six leadership brands - Carat, dentsu X, iProspect, Isobar, dentsumcgarrybowen and Merkle, all of which are supported by its specialist divisions and scaled services. Dentsu International helps clients to win, keep and grow their best customers and achieve meaningful progress for their businesses. With best-in-class services and solutions in media, customer experience management (CXM), and creative, dentsu international operates in over 145 markets worldwide with more than 45,000 dedicated specialists.

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