ET BRANDEQUITY.com

THE COOKIELESS FUTURE

FEARS, OPPORTUNITIES & THE WAY FORWARD.

REPORT BY

aroscop

SEPTEMBER 2020

CONTENT

Third Party cookies are fading away. After Mozilla & Safari, Chrome will also be getting rid of these cookies in the near future. This has been done keeping in mind the Privacy & Regulatory initiatives around the globe with end consumers' interests at the center. Third party cookies capture user generated data while they surf the internet and are crucial in targeting & advertising them through the entire buying cycle.

Marketers, media planners & advertisers have relied on 3rd party cookies for years to control the way their ads are delivered with relevant messages to the desired user (consumer) groups. Most cross-device and cross-platform advertising is made possible by these 3rd party cookies.

This does not affect the advertisers (brands & agencies) alone. Other important players in the advertising ecosystem - Publishers & Technology Providers, will be affected too.

GREY AREA

So what happens post these changes?

Are there alternatives available?

Is the era of ad relevancy over?

Will only the walled gardens survive?

SUMMARY

We asked the industry leaders about what they believe and how prepared they are for the changes to come. We surveyed over 450 marketers, advertisers, publishers and technology providers in the programmatic advertising space. This report is an analysis of the responses.

Fears, Opportunities & the Way Forward - The CookieLess Future

The report intends to gauge the mood of the industry, what the stakeholders fear the most & when they are seeking alternatives. The report also talks about the possible alternatives that may help the stakeholders fill in the gap left by 3rd party cookies.

This report will help you evaluate your stance & preparedness viz-a-viz other players in the industry.

RESEARCH METHODOLOGY

SAMPLE SIZE:
450 Industry Leaders in Advertising, Marketing and (Online) Publishing domains

MEDIUM

Online Survey

CHANNEL

Email Databases (ETBrandEquity, AFAQs, Aroscop)

Social Media & Individual Networks

DURATION

1st September - 21st September

3 WEEKS

VERTICALS

Brands: Organizations that use programmatic advertising to market their own products and services

Agencies: Organizations that help other organizations (Brands) advertise their products and services

Technology Providers: Tech Organizations that are part of the Programmatic Ecosystem (DSPs, SSPs, AdExchanges, AdNetworks, AdTraders and other AdTech Platform Providers)

Publishers: Online content aggregators or creators that provide digital ad spaces or inventory for advertising

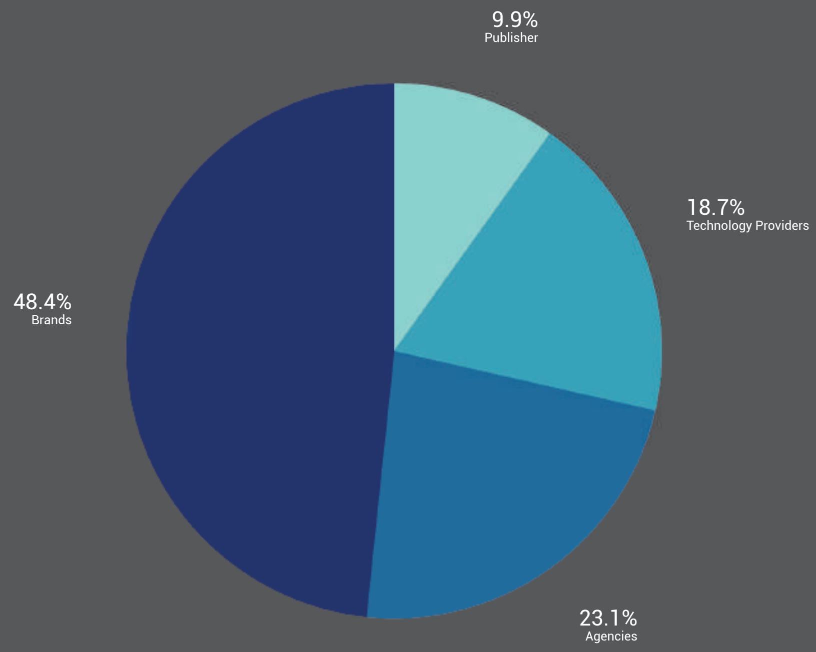
Due to rounding, not all percentage totals in this report equal 100%

CLASSIFICATION OF RESPONDENTS

Aroscop reached out to key decision makers across the media supply chain. We wanted to get perspectives from all stakeholders that may be impacted by the disruptions anticipated due to the departure of third party cookies.

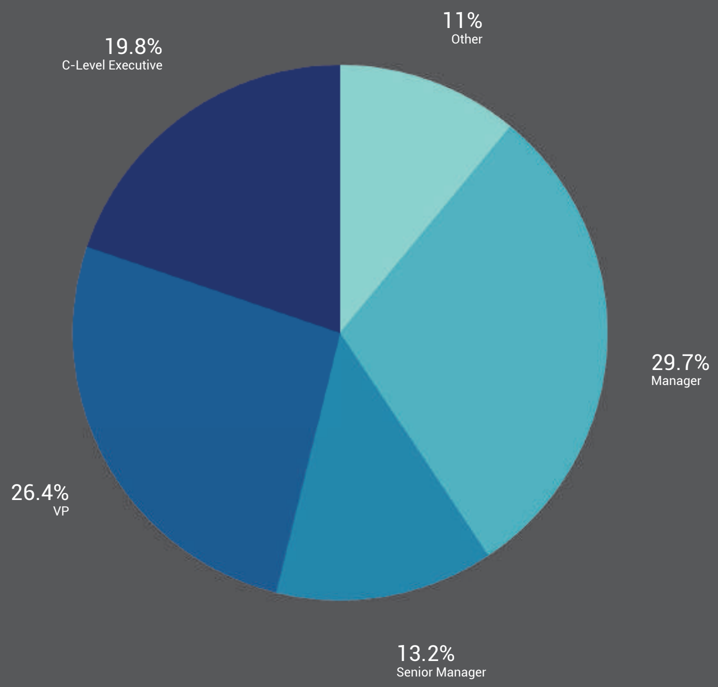
Distribution of Respondents
It was a proportionate mix of leaders representing all key verticals in the industry - Brands, Agencies, Publishers (App & Web) & Technology Providers.

Agencies & Brands make up over 71% of all survey respondents. Technology Providers & Online Publishers comprised 19% & 10% of the respondents respectively.



Among the respondents,
20% were C-level executives,
26 % were VPs & media heads
13% were senior brand & media managers.

Overall, close to 60% of the respondents were key media decision makers for their organizations.



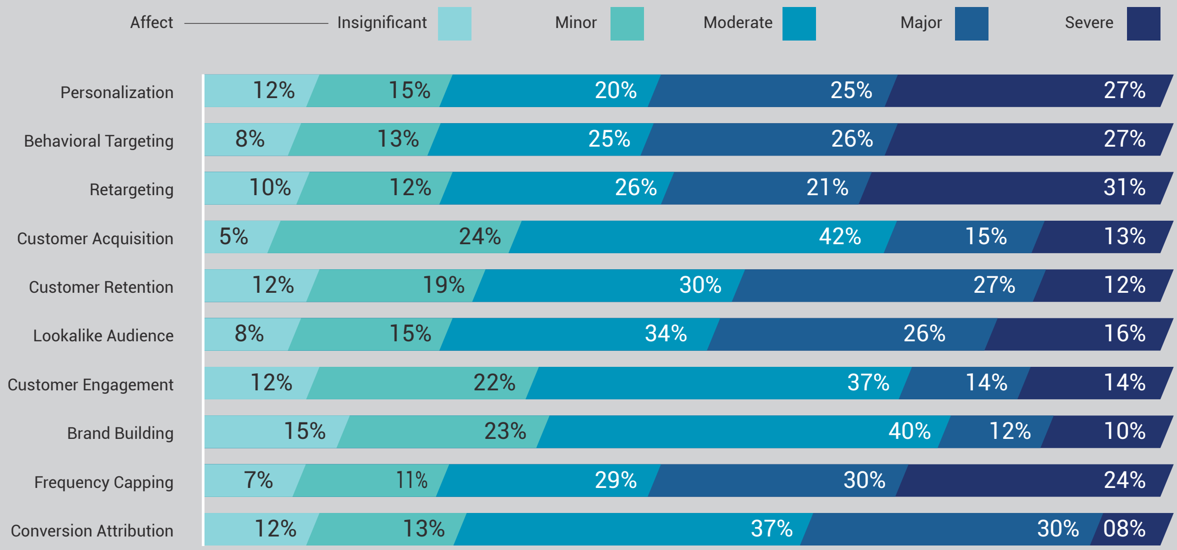
The report aims to uncover the key challenges the programmatic advertising industry anticipates after the third party cookies are gone and how prepared are the key stakeholders in the ecosystem.

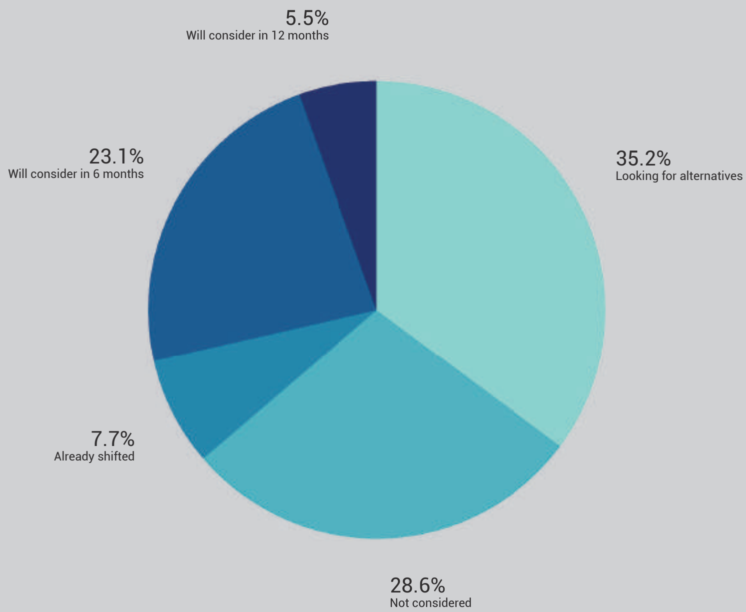
Here are their concerns

The top four advertising strategies that will be affected by fading away of the 3rd party cookies according to the respondents were **Frequency Capping, Personalization, Behavioral Targeting & Retargeting.**

A majority (more than 50%) of all respondents believe that these four will have Major to Severe affect by the changes to come.

The **study suggests that Brand Building would be least affected** by the changes to come. Only 22% of respondents think that the cookieless world may have any major or severe impact on creating a great brand.





Their Preparedness

When asked about their efforts to look for alternative solutions, 8% of the respondents said they have already shifted to solutions available in the market while 35% are looking for alternatives. More than 56% of respondents will be evaluating existing solutions after 6 months or later.

TAKEAWAYS
FROM THE REPORT

1

Most of the respondents predict that Frequency Capping, Personalization, Behavioural Targeting and Retargeting will be most affected in the post-cookie era. Other advertising strategies won't go unaffected as well.

2

Only 8% of the respondents say that they have shifted to alternate solutions and 35% say they are actively looking out. The remaining 57% have deferred it for the next six months or more.

3

Among the brands, 13% are already employing their first party data while 64% will be doing so in the next six months. 66% of the agencies believe that their clients will be employing their 1st party data to create better advertising campaigns in the next 6 months. 67% of the Publishers will be creating 1st party based advertising solutions in the next six months.

4

Advertising agencies and technology providers state the loss of clients, profits and inability to acquire new clients as the top fears in the future without the 3rd party cookies.

5

41% of the agencies and 30% of the technology providers agree (or strongly agree) that the existing solutions are at par with the 3rd party cookies in delivering the expected results towards the advertising strategies.

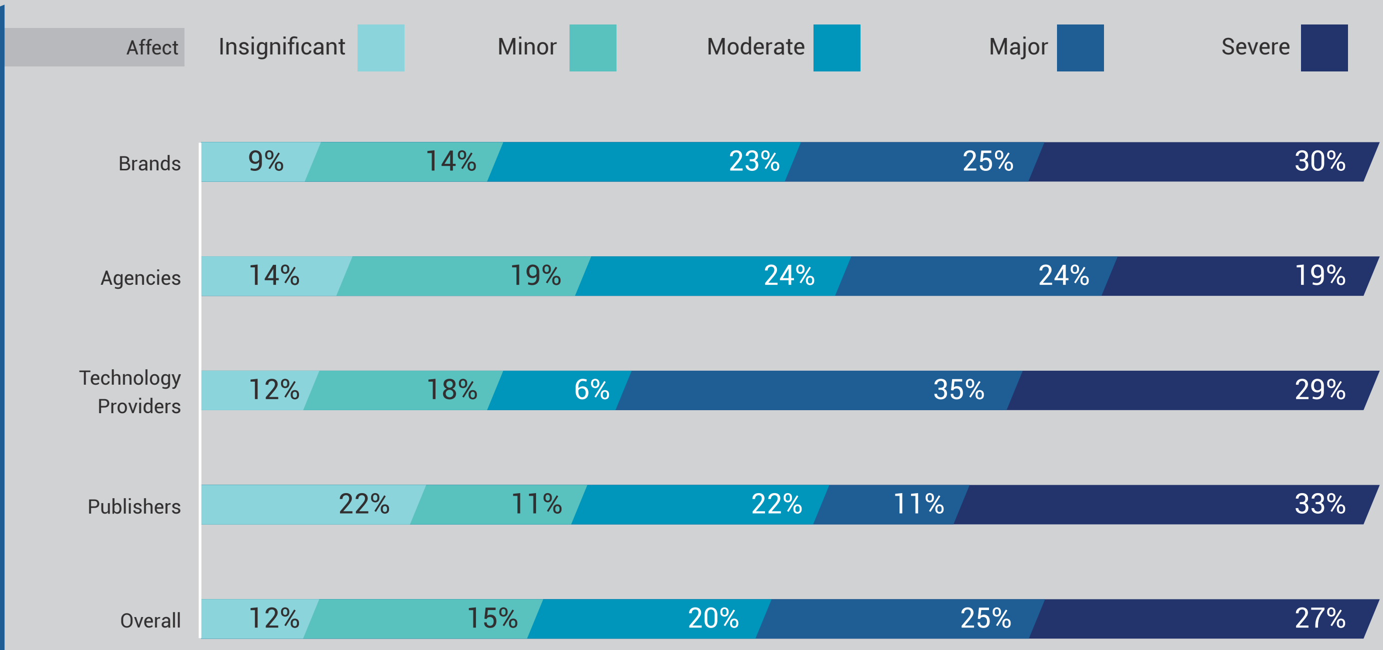
THE CHALLENGES AHEAD

What advertising strategies the experts believe will change and by how much

1. PERSONALIZATION

From auto-filling the user's form by extracting details from each website visit to delivering personalized content based on their search behaviour, advertisers relied on 3rd party cookies to personalize the experience for users. Personalization was the secret weapon that differentiated the best brands from the rest.
Does this mean advertisers & marketers have to let go of personalization?

52% of all respondents believe Personalization will be majorly or severely affected after the 3rd party cookies are gone.



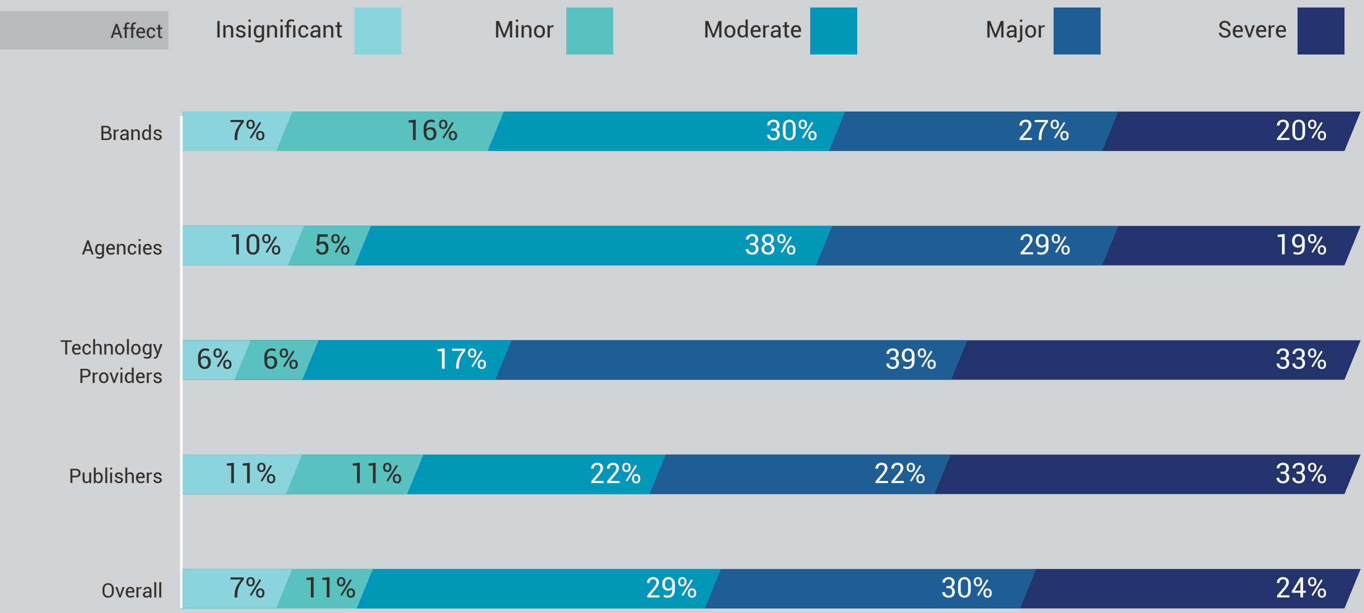
Over 55% of Brands believe that Personalization in marketing messages & offers will have a major to severe impact due to fading away of the 3rd party cookies, while 64% of the Technology Providers have the same view.

A majority of Publishers (55%) & Agencies (57%) believe that after the 3rd party cookies are gone, the impact would be less than major.

2. FREQUENCY CAPPING

Frequency capping restricts the number of times a specific ad is shown to a user. Advertisers manage the ads shown across websites by tapping a user ID. This user ID is available through third-party cookies, which determines if the ad should be delivered. Cookies play a critical role in frequency capping as it also keeps track of the impression count, essential for frequency capping. Without third-party cookies, advertisers could have a tough time managing the frequency of ads being displayed to a particular prospect across various websites.

Frequency capping is one such strategy that could drastically change in the times to come. A majority (54%) of all respondents expect some major or severe impact on frequency capping while advertising. Only 18% believe that the changes will be minor or insignificant.



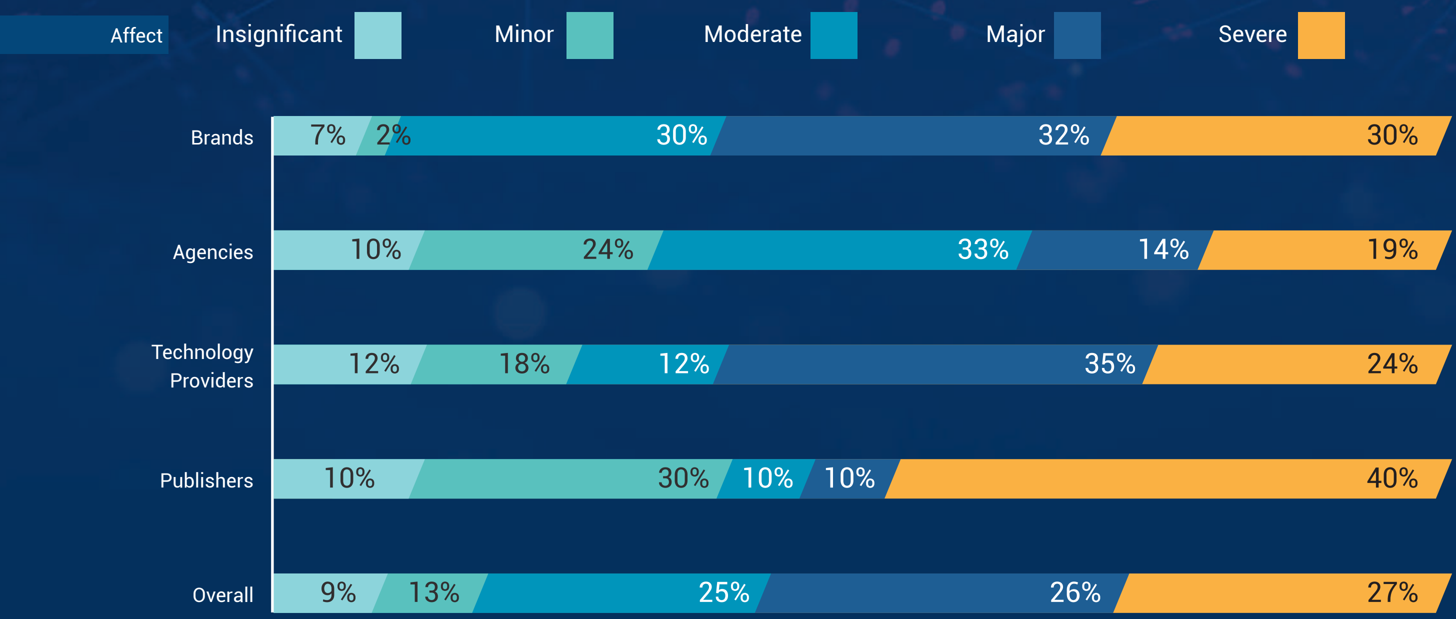
Technology providers look most worried when it comes to frequency capping. 72% of them expect the way frequency capping is achieved in the current times is going to change forever in the cookie-less world.

3. BEHAVIOURAL TARGETING

Behavioural targeting enables brands to advertise relevant content to relevant audiences. The right audience is identified based on their browsing behaviour. Advertisers collect user data such as pages visited, search terms used, ads and content clicked, and other such details from third-party cookies. In a cookie-less future, behavioural targeting will struggle to exist. Therefore, advertisers must prepare themselves to find alternate methods to target and track audiences. Of course, this was anyway something that advertisers had to seriously figure out given the strict implementation of GDPR and CCPA regulations.

Let's see what our respondents think about this.

53% of all respondents foresee Behavioral Targeting to be majorly or severely affected after the 3rd party cookies are gone. Only 9% think that these changes will be insignificant.



62% of the Brands believe that Behavioural targeting will be impacted majorly to severely, while only 33% of Agencies think the same way.

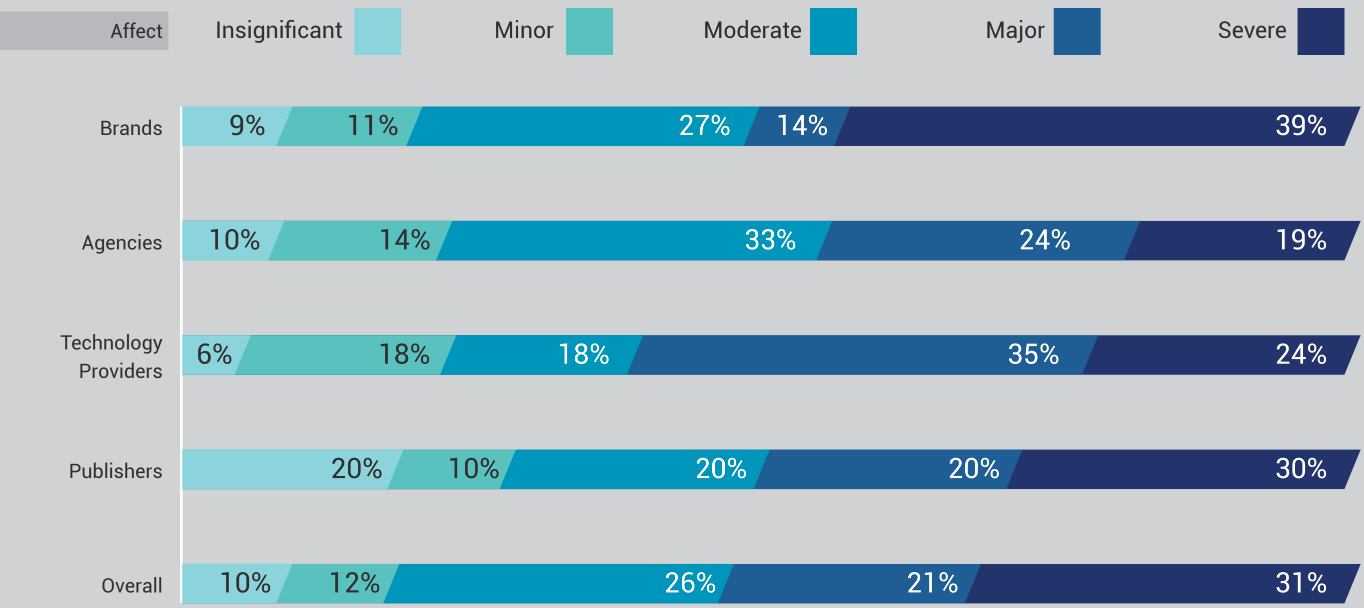
At the same time, 59% of the Tech Providers predict that the impact on Behavioral Targeting will be more than moderate.

Publishers are divided. 50% of respondents representing publishers believe that behavioral targeting may be majorly & severely while the other half thinks that the impact would be moderate, minor or even insignificant

4. RETARGETING

Retargeting and remarketing were the proverbial ace in the hole for advertisers to use when other strategies failed. The lore was that over 70% of consumers could be converted using retargeting, while Google remarketing campaigns had the potential to increase these conversion rates by 161%. Both of these approaches rely on third-party cookies to collect data about the visitors who had previously shown interest in the brand and tailor the ads to nudge them towards making a decision. With no third-party cookies to enable that, advertisers will have to rely on alternatives such as first-market cookies to provide the same experience to users and to improve conversions.

52% of all respondents believe that Retargeting as a strategy will be majorly or severely hit in the cookieless world. Only 10% believe that these changes will be insignificant.



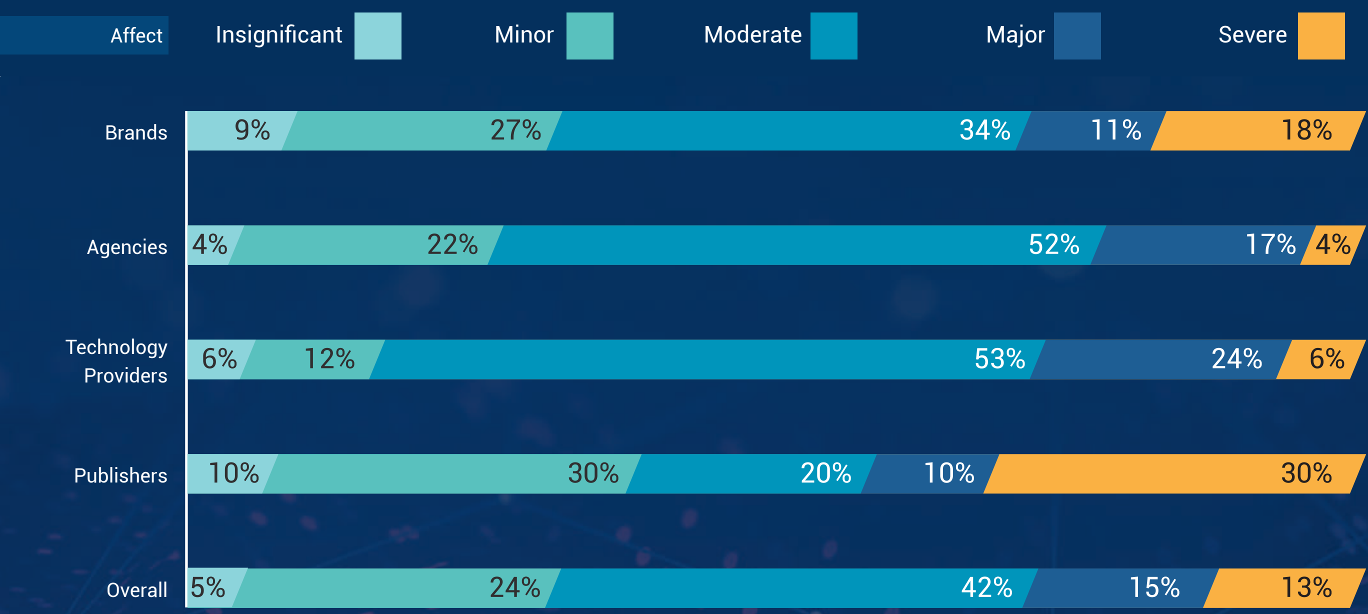
53% of respondents representing Brands and Agencies foresee major to severe impact on Retargeting practices while 59% of Technology Providers have the same view,

Majority (57%) of the participant agencies believe that the impact on Retargeting will be moderate or less.

5. CUSTOMER ACQUISITION

The sales cycle has become lengthier for both B2B and B2C companies. Acquiring customers is no longer about cold emails and offers. Advertisers have to guide the customers through an entire buyer's journey with relevant content across various platforms. To do it effectively, advertisers use cookies to collect customer information, build profiles, and personalize communication-based on their activities.

Overall, only 28% of the survey respondents see any major or severe impact on customer (Consumer/User) acquisition in the coming future.



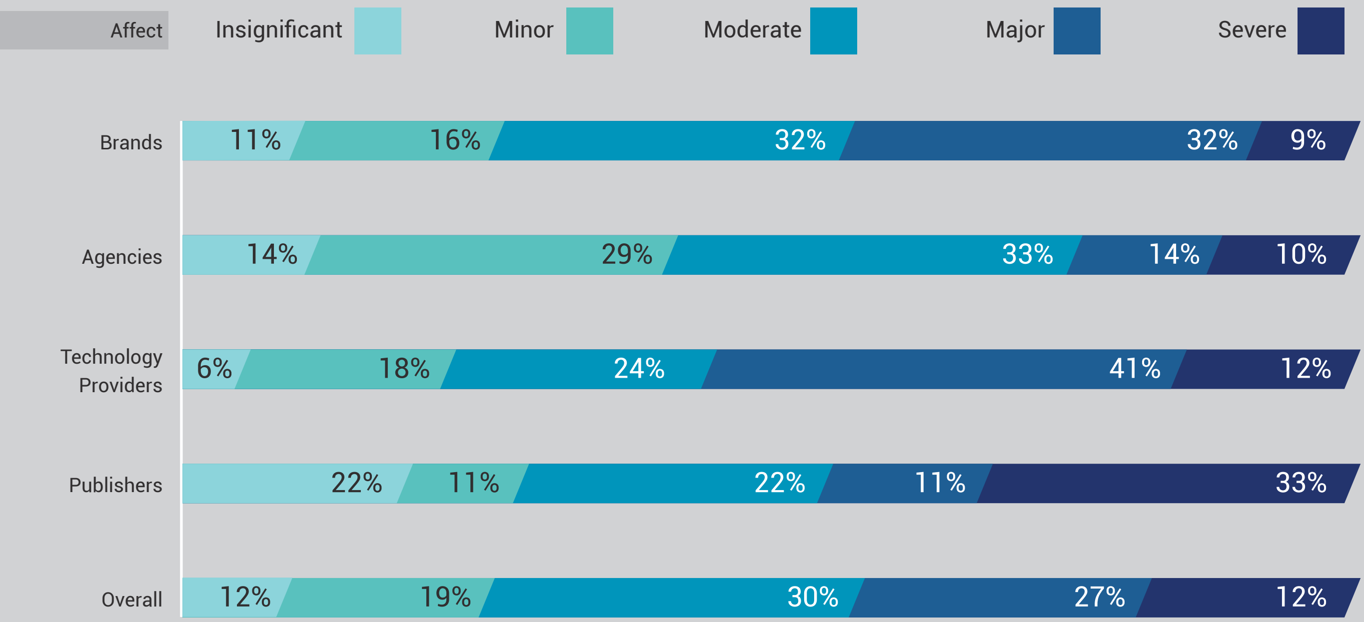
Brands, Agencies and Technology Providers are confident that phasing out of the 3rd party cookies won't affect Customer(consumer/user) Acquisition drastically. 70% of brands, 78% of agencies, and 71% of tech providers don't think the effect would be major or severe.

40% Publishers expect major to severe impact on customer acquisition strategies in the post-cookies world.

6. CUSTOMER RETENTION

Once a customer is onboarded, cookies store the personal information of the customer. This helps in personalizing the experience of the customer. They are provided relevant offers and suggestions based on their needs and interaction with the brand. For example, if the data reveals that a customer has added a product to the cart and forgot to checkout, they are automatically reminded about the pending purchase. Although customer retention is possible even without cookies, the enriched strategy where the entire experience is personalized will have to be revisited by the advertisers.

Even though most respondents believed that customer (consumer/user) acquisition won't be affected much in the post cookie world, 39% of them believe customer (consumer/user) retention would be impacted in a major or severe way.

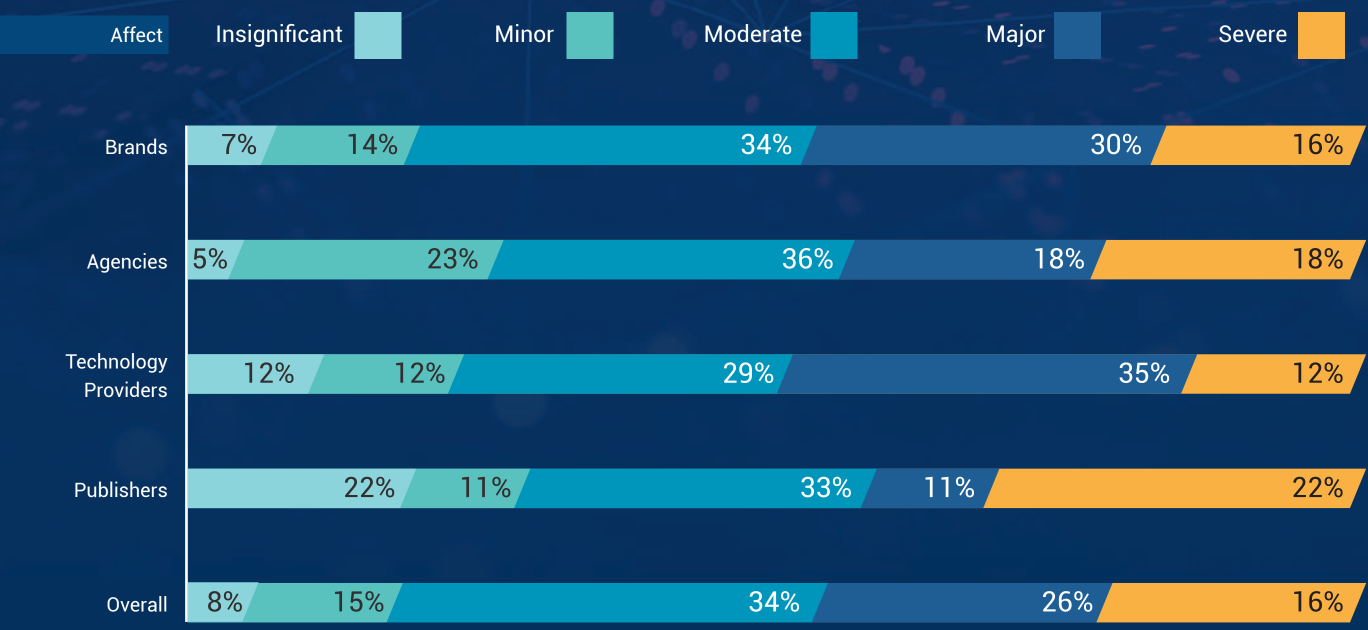


41% of Brands, 53% of Technology Providers and 34% of Publishers believe that customer (consumer/user) retention would have a serious impact when 3rd party cookies are not employed for user tracking & identification.

Agencies on the other hand, are a little hopeful. 76% of them believe the changes to come won't have any major effects on customer (consumer/user) retention strategies.

7. FINDING LOOKALIKE AUDIENCES

Advertisers have been building look-alike audiences to reach more prospects and to improve conversions. These look-alike audiences are those who like or follow competitor brands or have an interest in the industry. For example, if the advertiser is creating a strategy for a responsible fashion brand, they will target people who follow topics or pages related to ecology, reusable products, etc. Advertisers use cookies to pull out information about such users to target them with ads for creating brand awareness and for retargeting in case a prospect has visited the brand's page. Without the help of cookies, advertisers may have a tough time extracting information about relevant look-alike audiences.

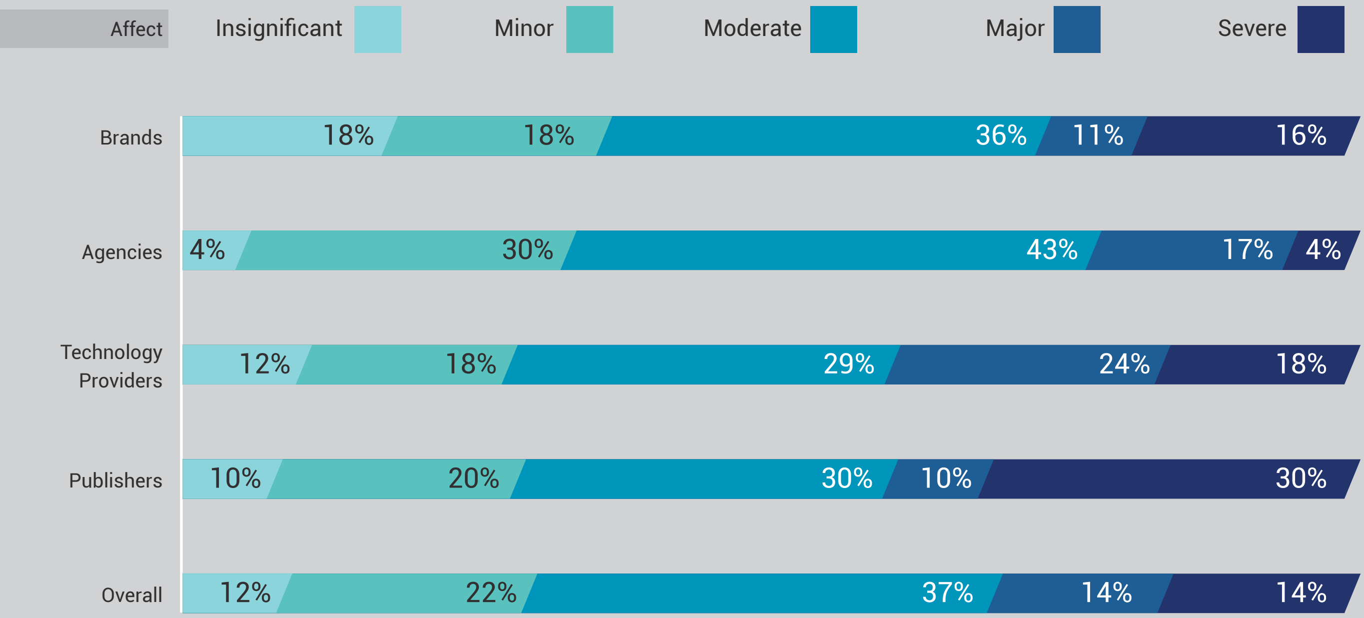


42% of all respondents are of the opinion that finding lookalike audiences will become difficult in future. 46% of the Brands and 47% of Adtech organizations (Technology Providers) are of the same opinion.

8. CUSTOMER ENGAGEMENT

To ensure continuous engagement, advertisers have to personalize their communication to suit the interests of the customer. Sometimes they have to track the customer's behaviour to know if there are pain points that the customer experiences and proactively address them. To do that they need data and the ubiquitous cookie is one of the sources that provide that data. Obviously, customer engagement is not dependent on cookies alone. Brands can also receive data for customer engagement through various methods such as customer reviews, surveys, and social media listening. Yet third party cookies play an important role in engaging with customers across the internet using programmatic advertising.

Customer engagement is not the top concern among the industry leaders, with respect to the departure of third party cookies. Only 28% of all respondents say that it would have any major or severe impact in the coming months.

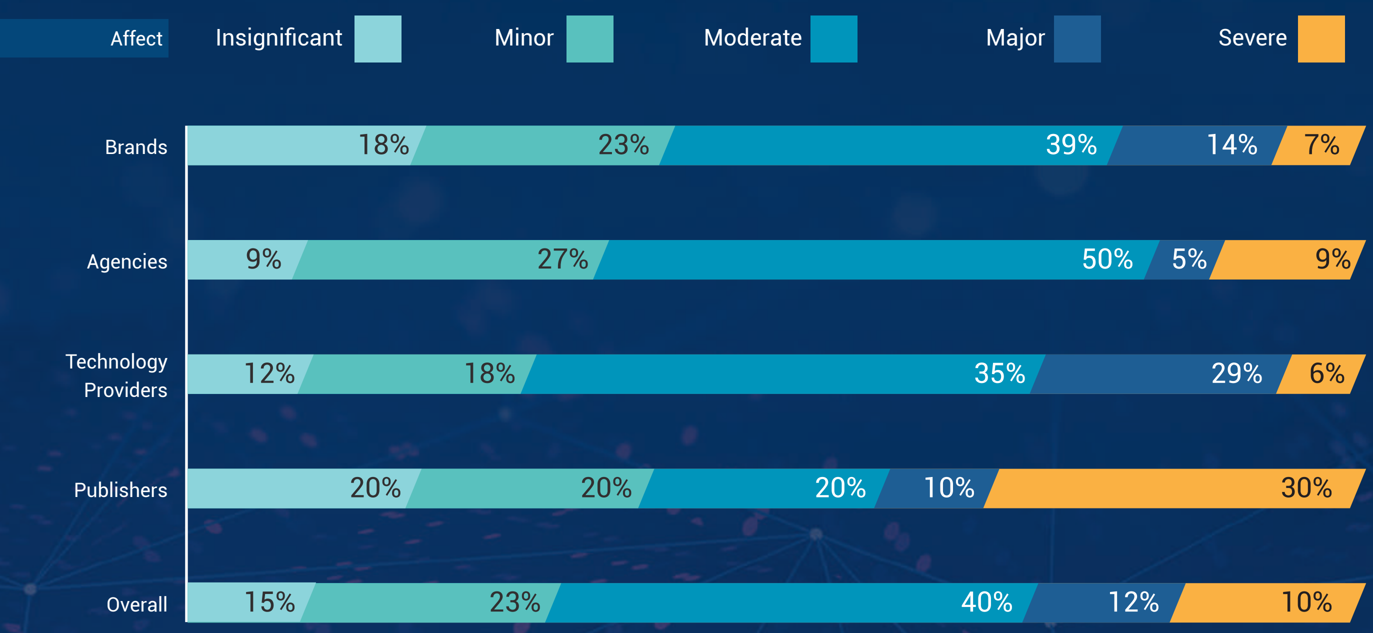


Brands and agencies are also less worried about the effect on customer engagement. Tech providers and publishers differ with this opinion though. 40% of Publishers and 42% of tech providers are expecting major or severe impact on customer engagement strategies in the post-cookie era.

9. BRAND BUILDING

An online brand building exercise requires the advertiser to execute multiple campaigns such as for brand awareness, consideration, retargeting, purchase, etc. Each of these campaigns requires data, and again it's cookies that advertisers depend on to create an effective marketing campaign. From building lookalike audiences to reach more target prospects to personalizing remarketing ads, it's the data from cookies that have aided advertisers in brand building. Without third-party cookies, the existing strategy of brand building may shift completely.

Similar to customer engagement, brand building strategies are supposedly safe in the future. Only 22% of all respondents suggested that brand building may see any major or severe changes due to departure of 3rd party cookies. Yet, most agencies (50%) are expecting some moderate changes in brand building.

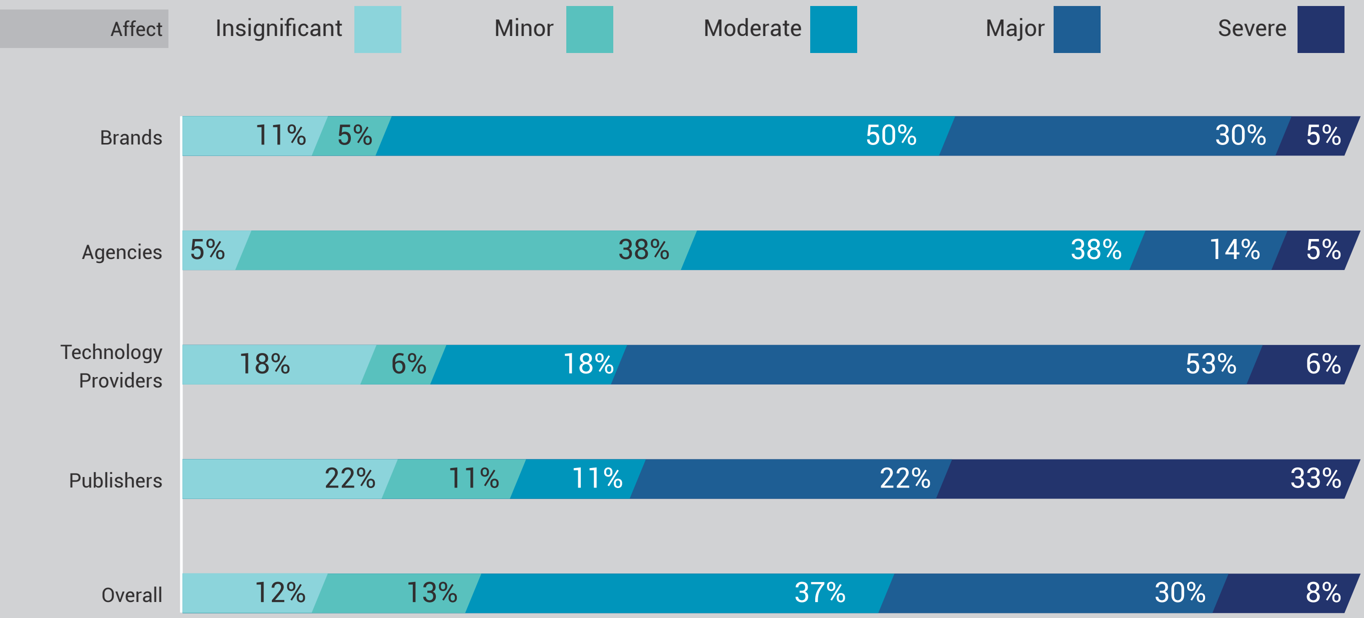


Again, Publishers and Tech Providers have a different take on this. 40% of the publishers and 35% of tech providers see some major or severe changes coming to brand building strategies.

10. CONVERSION ATTRIBUTION

In conversion attribution, the advertisers analyse which touchpoints or marketing channels should be credited for a conversion. Third-party cookies are used to measure impressions, views, clicks, page visits, etc. Advertisers worry that without third-party cookies, they may not be able to identify the channel or touchpoint that must be credited for the conversion. Limited visibility about what leads to conversions will impact channel selection and ad spend strategies.

In the survey, it's evident that most industry leaders fear that this facet of advertising will have long lasting effects due to the 3rd party cookies fading away. 38% believe the effects will be major or severe in nature.

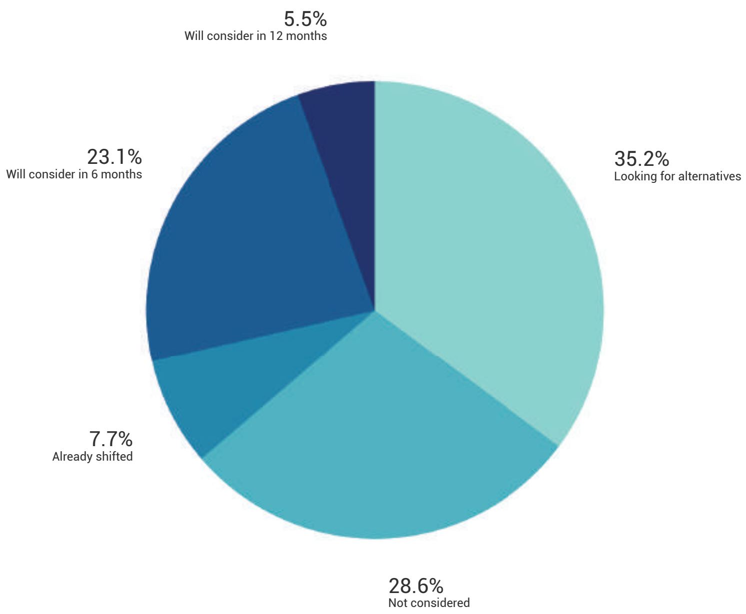


Among the respondents, Tech Providers and Publishers seem to be worried more than brands & agencies. While 59% of Tech providers believe that the attribution will be impacted majorly or severely, 55% of the publishers have the same opinion

INDUSTRY
READINESS

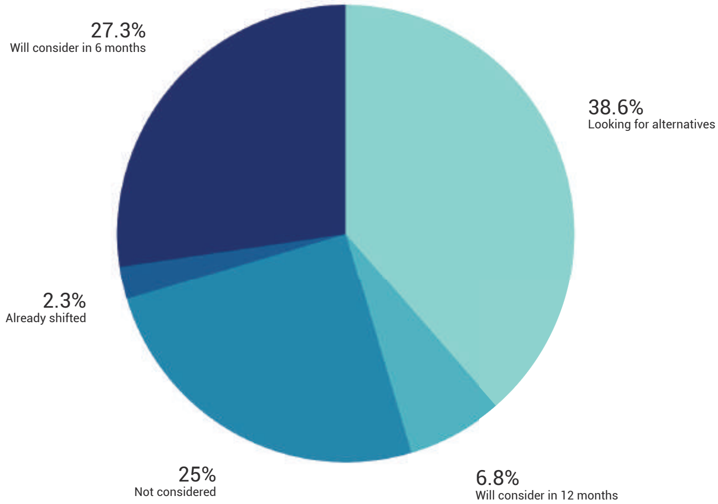
Despite the fears and expected challenges that all stakeholders anticipate to face in a cookieless world, only close to 8% have already shifted to alternative solutions. While 35% are on the lookout for alternatives, the majority (57%) of the respondents are not currently weighing any existing solutions to address the upcoming challenges.

WHEN ARE YOU PLANNING TO LOOK FOR ALTERNATIVES TO THIRD PARTY COOKIES



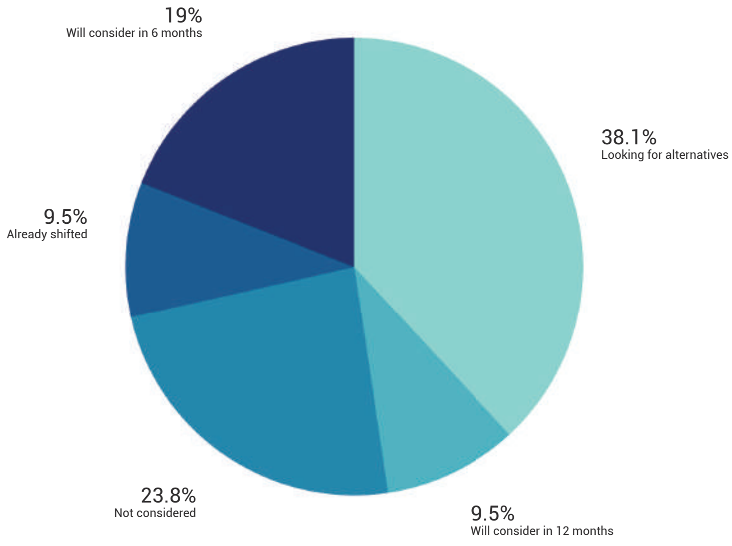
Brands

Brands seem to be the least prepared among all. Only 2% of them have already made the shift to alternate solutions to 3rd party cookies. 39% are actively looking for such options while the rest have deferred it for now.



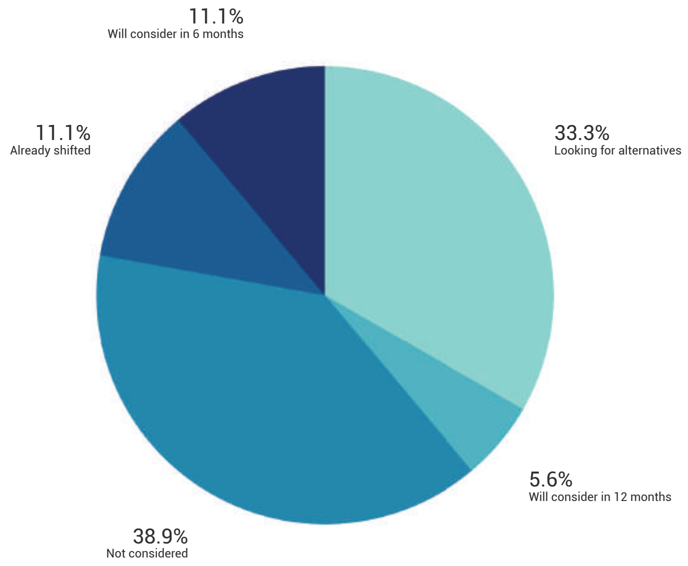
Agencies

Agencies seem to be slightly better prepared than brands with 9.5% of them already shifted to alternative solutions. 38% are on the lookout of alternatives that suit their needs.



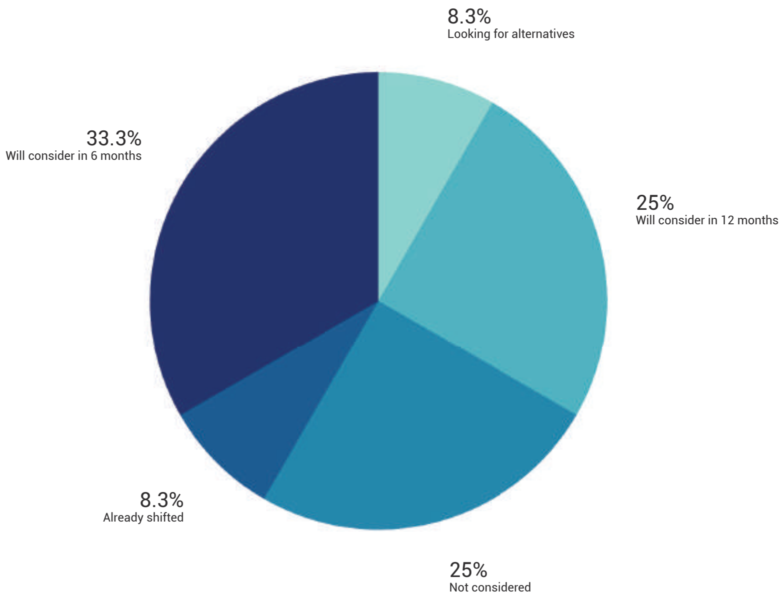
Technology Providers

Tech Providers or the AdTech players in the Industry are the best prepared in the ecosystem. 11% said that they have already shifted to alternates of the 3rd party cookies to counter the impacts after these cookies are gone. 33% are actively looking for alternatives while the rest have deferred it for at least 6 months.



Publishers

8% of the Publishers have already shifted to present solutions in the market and another 8% are on the lookout for suitable solutions. Rest have deferred it for another 6 months or more.



INDUSTRY PLAN

How does the industry plan to employ their 1st party data?

First Party data becomes even more crucial in advertising, and marketing in general, in a post 3rd party cookie world. It will play the key role in rolling out programmatic campaigns in future.

We asked brands, were they planning to employ first party data to improve their marketing & advertising initiatives in the next 6 months?
14% said they are already employing their first party data to create successful campaigns.
64% said they will be doing it in the next 6 months.

To gauge the other side of the advertising supply chain, we asked Publishers if they would be rolling out 1st party based advertising solutions in the next 6 months?
11% have already packaged such an advertising solution while 66% will be doing so in the next 6 months.

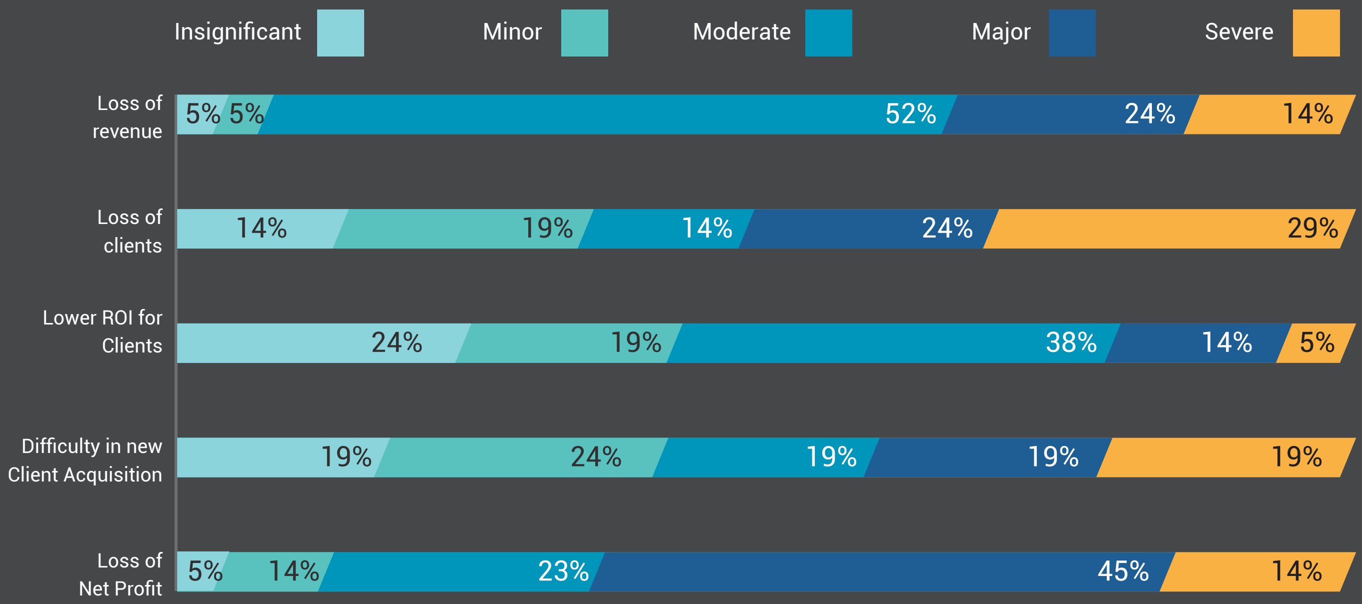
We asked agencies whether their clients are exploring the use 1st party data as an alternative to or in sync with 3rd party cookies to win at different advertising strategies.
67% said that their clients are actively exploring such a solution.

Business challenges to come for the Intermediaries

The survey also covered the key challenges that the advertising agencies and technology providers (adtech players) will be facing after the departure of the third party cookies.

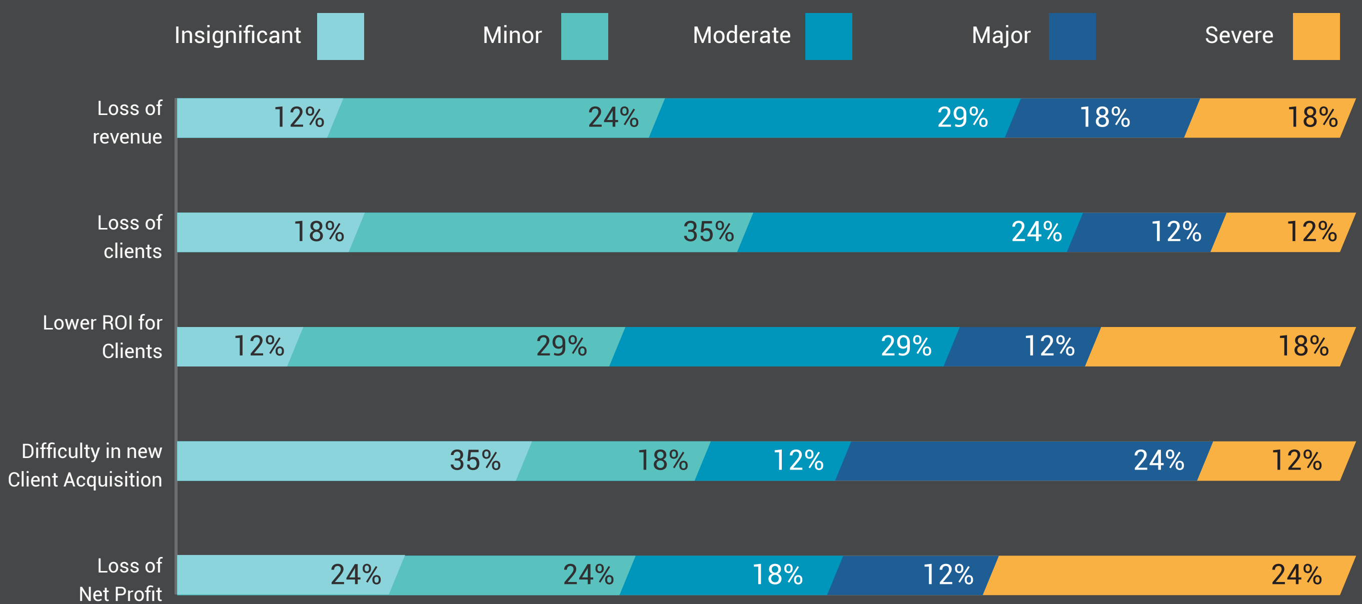
AGENCIES

Agencies fear that their Net Profits, Clientele and new Client Acquisition will be most impacted in the future. They are still hopeful of generating ROIs for their clients 81% believe that it would have moderate or lesser effect.



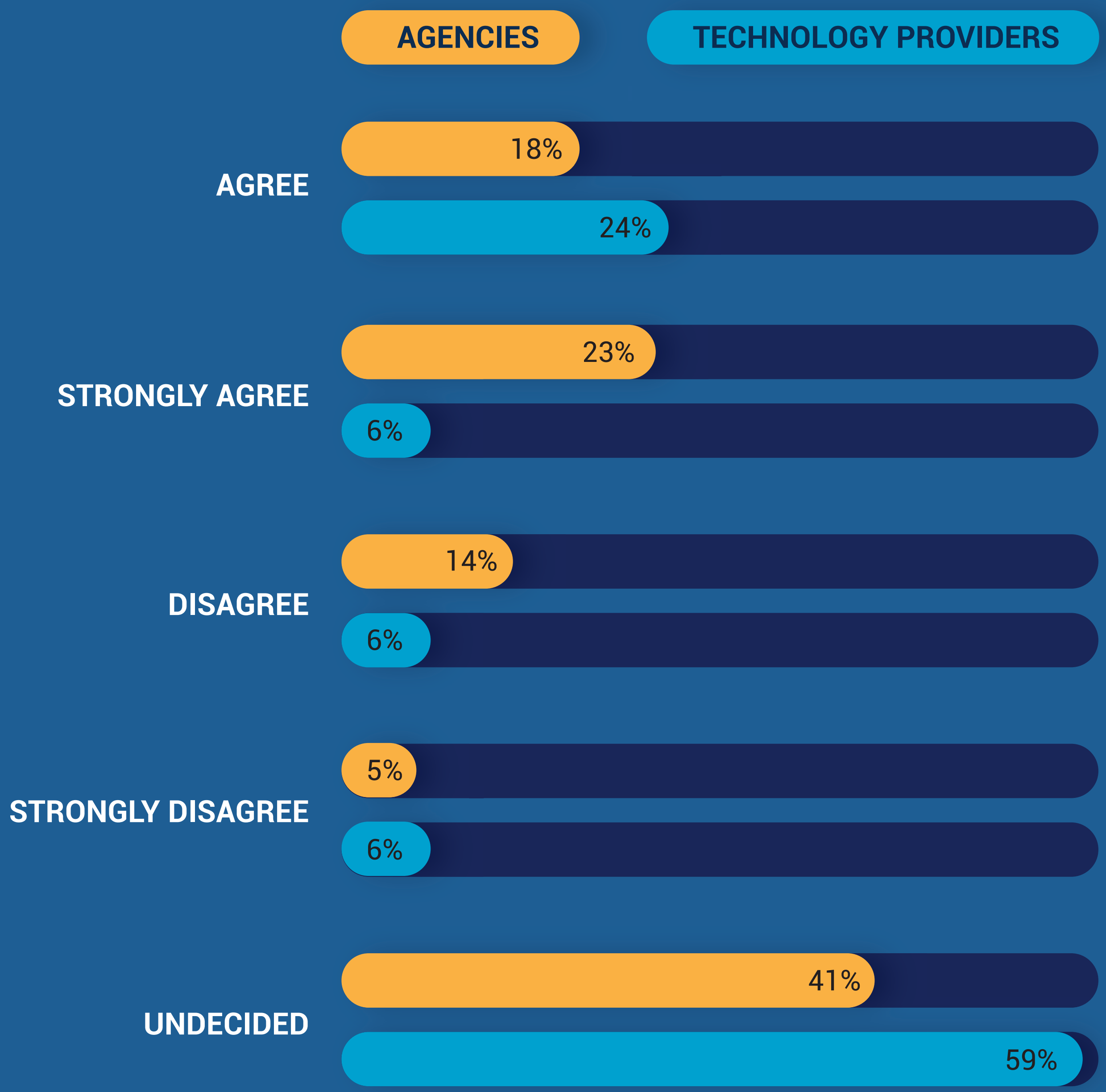
TECHNOLOGY PROVIDERS

For the technology providers acquiring new clients and maintaining steady revenue and profit margins are the biggest fear in the cookieless era. They, like the agencies, are somewhat hopeful of generating constant ROIs for their clients.



When asked about the efficacy of the existing solutions that will replace the 3rd party cookies in the coming times, both agencies and tech providers seem to be predominantly undecided.
41% of the agencies and 30% of the technology providers believe the existing solutions are at par with the 3rd party cookies in delivering the expected results towards the advertising strategies.

CAN THE ALTERNATIVE TOOLS & SOLUTIONS AVAILABLE IN THE MARKET FILL IN THE GAP LEFT BY 3RD PARTY COOKIES?



POTENTIAL SOLUTIONS IN A COOKIELESS WORLD

CONTEXTUAL TARGETING AND ADVERTISING

The penetration of smartphones and fast internet connection has empowered customers to research the products they need and the competitors who offer it before making a purchase. According to a study, 81% of customers go online to research a product before purchasing it at a store. During the process of research, they visit multiple unbiased websites to get the right information. For example, the customer would visit various business websites to get information about insurance options, or they might research about different Bluetooth headsets on technology review websites. Their objective is to be well-informed before ordering or visiting a store to purchase.

In a third-party cookie world, these websites collect the user's information and use it to show highly targeted ads to them. However, in the absence of cookies, advertisers will have to rely on contextual targeting instead of behavior targeting and work towards displaying contextual ads. The objective of a contextual ad is to understand the relevance of the content on a website and show ads related to it. So, if the website is about financial planning, a contextual ad could be about general insurance, or if it is a health website, then health insurance could make for an excellent contextual ad.

For a contextual ad to deliver impact, Google has to first understand the broad topic and keywords apt for the ad. For example, if it's insurance, then the broad topic could be finance, and keywords could be general insurance, health insurance, term insurance, and personal insurance. This helps Google shortlist the websites from its Google Display Network, where it would work well. Google analyses the pages in its network to find out if it matches the keyword and topic of the product and places the ad automatically. To that extent, the contextual form of advertising is easier to implement, cost-effective, and complies with GDPR. Most importantly, this level of personalization does not seem intrusive to customers like sometimes conventional behavioral advertising does.

THE AROSCOP SOLUTION

Aroscop's Micro Audience Propensity Segments (MAPS) provides a unique solution to contextual targeting. We work with Publishers to create micro segments of their users based on niche content themes and help advertisers target these micro segments with precision using our proprietary technology.

PRIVATE MARKETPLACE ADVERTISING

With the third-party cookies gone, advertisers have to rely on first-party cookies that publishers control on their websites. This has led to publishers developing their own walled gardens to provide authenticated data to advertising. A walled garden essentially means that every time a customer visits the publisher's website to research a product, they would leave behind a rich amount of their data to help advertisers target high-intent customers. Considering the scarcity of rich data, an arrangement like this will work well for everyone – the advertisers, the publishers, and customers. This form of advertising is called private marketplace (PMP) advertising. PMP advertising was popularized when Amazon started its demand-side platform to enable advertisers to buy display, audio, and video ads on and off Amazon. Today, almost every publisher is planning to do it. Take TripAdvisor, for instance. It offers a suite of advertising tools and services to tourism companies to reach their target audience. Similarly, Jio ads help advertisers to reach millions of customers through their mobile internet ad network. It displays the brand's graphic and text ads on thousands of mobile websites, which helps them gain traction on their website.

PMP advertising acts as a digital marketplace where advertisers can buy premium ad space for their advertisements. Unlike an open marketplace, PMPs are invite-only platforms. Advertisers get the first access to the publisher's inventory before it becomes public to an open marketplace. Considering the high-intent of the customers visiting these websites, advertisers working with brands can ensure that their content reaches the right person and optimally plan their ad spend. The benefit of PMP advertising is that advertisers can be assured of data quality. This helps them safeguard their brand from ad fraud too. For publishers with a steady stream of visitors, this is the right time to build a private marketplace to improve revenue flow and consolidate their position as a market leader.

THE AROSCOP SOLUTION

Aroscop’s Whitelabel solution enables advertising agencies and brands to create their own customized adtech platform and onboard other advertisers and publishers to create a Private Marketplace. This Private marketplace can enable programmatic advertising in a controlled environment where 3rd party cookies are not required at all.

AUTHENTICATED IDENTITY RESOLUTION SERVICES

Ever since the GDPR and CCPA rules have come to being, advertisers cannot rely on third-party cookies alone for advertising. They have started to reach out to publishers for authenticated user data. Although publishers give the opt-in option to its users to accept cookies, they also have to be careful about sharing the data with the advertisers. After all, they cannot trade the trust of their users for ad revenue. That's where signed on user data comes to play. Users have to use their email IDs to log in to the publisher's website to access high-quality content. Based on the content the user engages with, the publisher can connect the data points, which advertisers can use to show relevant ads. Advertisers can also leverage identity resolution tools such as LiveRamp to transform consumer data into person-based identifiers, which can be used to create personalized ads for customers across the various stages of the customer's journey.

THE AROSCOP SOLUTION

Advertisers can on-board their first party data or integrate 3rd party identity resolution platforms (like LiveRamp) with ease on Aroscop and run programmatic ads that can negate the impact due to disappearance of the 3rd party cookies and create more relevancy for the audiences.

FINGERPRINTING OR PROBABILISTIC MATCHING

Advertisers have started to use the fingerprinting technique to identify people who have interacted with their ads. It essentially means that when a customer interacts with the ad, a fingerprint is created containing their device details, location details, and other relevant information that's important to advertisers. For example, when users interact with a mobile ad, they are taken to playstore using a tracking URL. Once the user installs the app, the SDK evaluates if the user's fingerprint is visible in the app's install base. If it is visible, the install is attributed to the user. Some SDKs go to a granular level and even measure battery levels to measure the campaign's effectiveness. Sometimes a customer might use multiple devices over the customer journey. Hence, to track their journey and attribute conversions to the right device, advertisers use probabilistic IDs. Probabilistic IDs use various data such as the location, age, gender, and other customer traits to match them across different devices. This data is then used to analyze user behavior and build their cross-platform profiles. This cross-platform profile tells the advertiser which device must be attributed for conversion, enabling them to make informed advertising decisions and budgets. In a cookieless world, advertisers will have to smartly use these alternatives to identify conversion attributions, optimize budgets, and improve campaign outcomes.

CUSTOMER DATA PLATFORMS

One of the notable concerns that advertisers have about a cookieless future is the inability to hyper-personalize content for customers based on their behavior. That's where Customer Data Platforms (CDP) can come to rescue. A CDP provides a unified view of the customer's data, which it receives from various sources. It gives advertisers a 360-degree view of the customer's profile to understand their behavior and personalize the experience for them across all channels. CDP's need has grown so much that a study predicted the market to grow to $10.3 billion by 2025. That works out to a CAGR of a whopping 34%. While most companies use a third-party CDP solution, companies like Adobe have built one in-house. The biggest advantage of CDP is that advertisers do not have to spend time collecting data from various websites using third-party cookies. They automatically receive all the data from multiple systems, which is then cleansed and validated to get an in-depth understanding of the customer. So, instead of spending time collecting third-party data, advertisers can spend that time evaluating customer behavior based on that data, segment them based on various parameters, nurture them through each stage of the customer journey by personalizing the communication and then finally build intent maps to serve ads with high intent for conversions.

THE AROSCOP SOLUTION

Aroscop's data science capabilities and the Data Management Platform can be utilised to onboard your data from multiple sources (your own 1st party data, data from your partners i.e. 2nd party data or 3rd party data i.e. data from other aggregators) to create more targeted and meaningful programmatic campaigns.

The changing consumer and digital landscape has compelled advertisers to think of new ways of advertising online. At Aroscop, we offer advertisers a complete set of capabilities that they can leverage to create and manage high-targeted omni-channel campaigns. We are the industry's most flexible and transparent ad-trade platform that gives advertisers the most control of their campaigns. We combine advanced RTB technology, analytics, machine learning, and AI to make advertising more transparent and streamlined. The platform provides brands, agencies, and marketers more significant control over their campaigns smartly to drive unprecedented transparency and ease of use. Our omnichannel campaign management capabilities include execution, creative management, targeting, and reporting in one technology ecosystem. Our solutions are tailor-made for both brands and agencies.

To know more, visit our website
www.aroscop.com