

The CPG Advertiser's Guide to CX in a Cookieless World

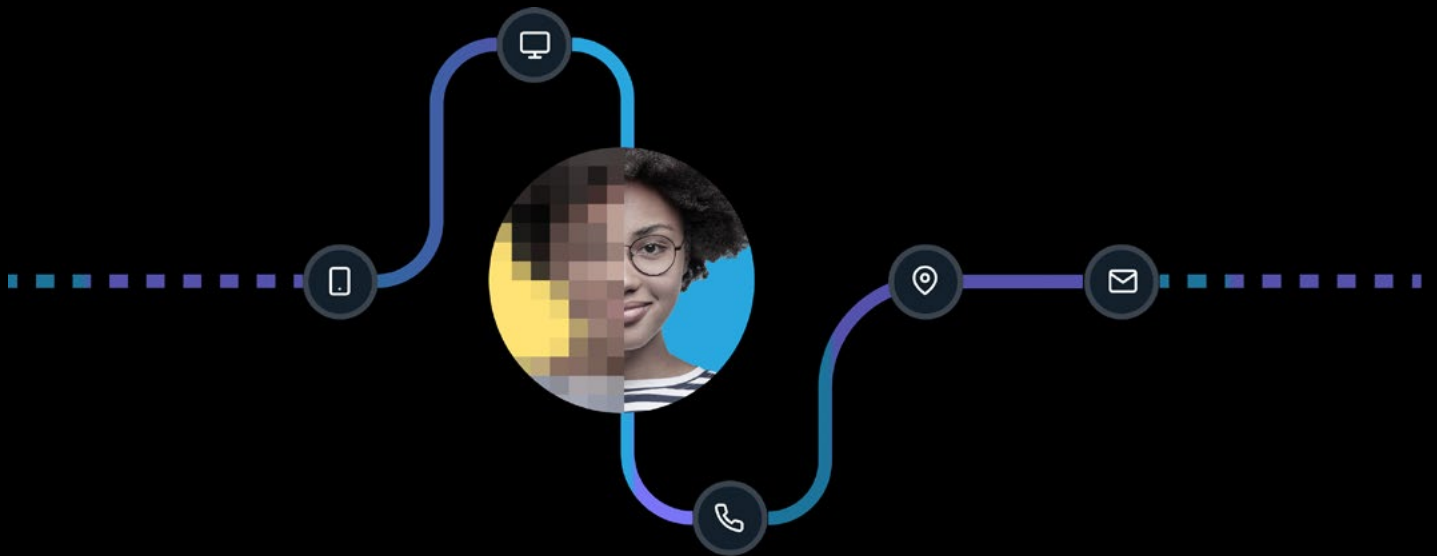


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Understanding Your **1st-Party Data Maturity** in the Cookieless Future

Not all industries are created equal when it comes to first-party data maturity.

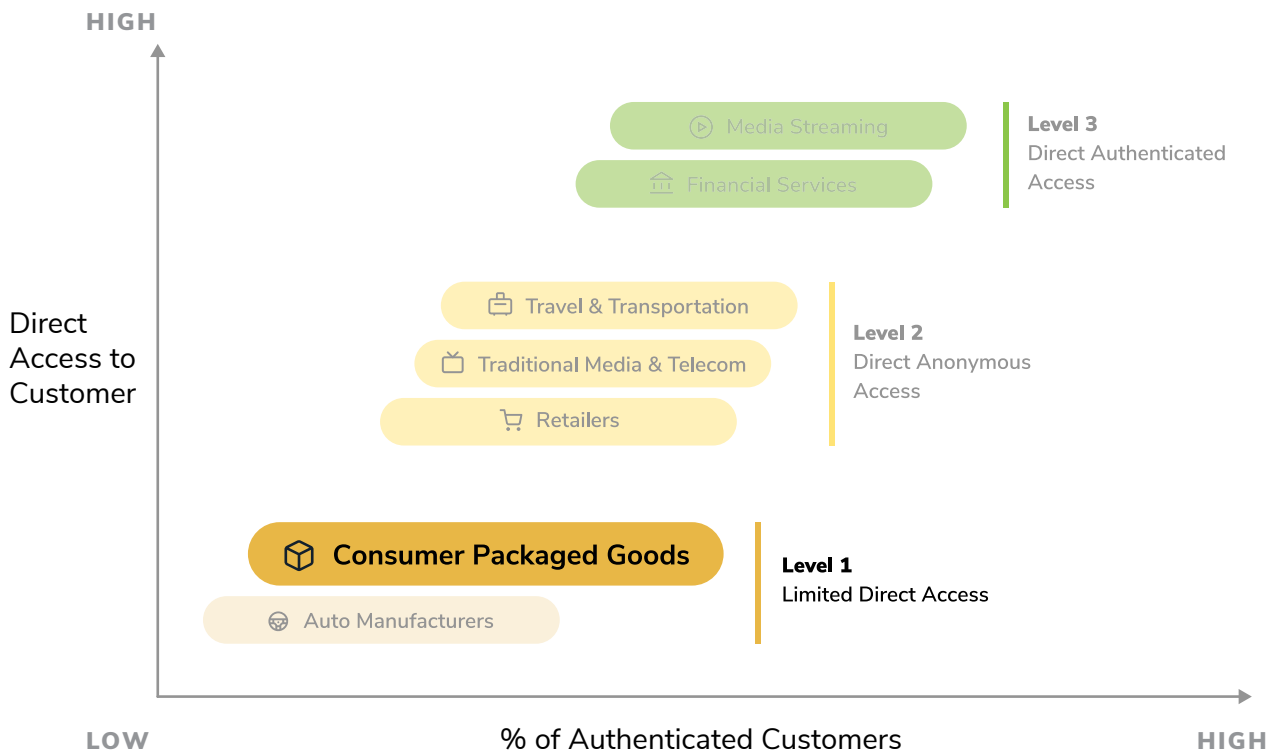
While some have direct access to large amounts of first-party customer data due to their operating model and how they interact with customers, others have little or no access. Because of this, certain industries will be more impacted by third-party cookie deprecation than others.

With the death of third-party cookies, marketers will have to overcome new barriers to start running and attributing the effectiveness of online ads. They will need to implement new strategies to collect and manage first-party data, which is the truest form of customer data and the only way to really understand who your customers are.

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This guide will help you navigate the death of the third-party cookie based on your organization's specific prospecting and conversion use cases, but first understand where you fall in terms of first-party data maturity — the answer will influence what steps you need to take to prepare.

Industry 1st-Party Maturity Model



LEVEL 1 - LIMITED DIRECT ACCESS

Because some industries - such as CPG and automotive manufacturing – are significantly removed from the end customer, they have a low level of direct digital traffic and when they do, most of this is unauthenticated. While unlocking new sources of customer data was previously a secondary notion for these industries, doubling down on building long-lasting relationships will now be essential for identifying and targeting consumers moving forward.

LEVEL 2 - DIRECT ANONYMOUS ACCESS

Some industries – including travel, traditional media and retail – have substantial levels of direct digital traffic. However, much of this traffic remains unknown. The primary goal for these industries is transforming unknown customers into known ones by adopting tactics that encourage consumers to provide identifying information, such as loyalty or rewards programs.

LEVEL 3 - DIRECT AUTHENTICATED ACCESS

Industries with built-in strategies for collecting and authenticating digital traffic – such as subscription-based media and financial services – are well-positioned to succeed in the post-cookie future. These industries are already less reliant on third-party cookies and will need to focus on maximizing the value of their first-party data to support customer retention and loyalty.

Your Cookieless Future Starts Now

CPG brands have long relied on third-party cookies for insights into consumer behavior, whether for customer insights or to inform paid media campaigns. But today's consumers demand to know how their data is collected, used and shared. Global governments have responded by enacting increasingly strict privacy laws. And in the face of negative public perception and ongoing regulation, technology companies have taken circumstances to their logical conclusion: getting rid of third-party cookies completely.

Since CPG companies are typically far removed from their end customers, they'll need to explore innovative ways to access the customer data that fuels personalized, impactful customer experiences. Walled gardens and retail media networks will be an option, but in order to develop effective, comprehensive and sustainable strategies, CPG brands must build their own robust first-party data pipelines that enable them to scale their CRM database and deliver the exceptional CX modern consumers demand.

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But these changes are an opportunity, not a threat. They're a chance for CPG companies to take back control of their customer data and deliver better customer experiences.

Nobody can predict exactly what the post-cookie future will look like, but the writing is on the wall: Now is the time to bridge the gap between unknown and known customer journeys to provide superior CX and drive business growth.

Use this guide to understand how the death of the cookie will impact your customer prospecting and conversion use cases, what you can do to prepare and your next steps for providing the truly personalized, impactful experiences your customers want.

Prospecting Use Cases

Third-party cookie deprecation will impact how you target new customers who haven't visited your website. Explore the use cases below to understand your options.

Prospecting via Cookie-Based Audiences

 NO LONGER VIABLE WITHOUT THIRD-PARTY COOKIES

WHAT IT IS

Using third-party cookies to segment and target consumers on programmatic paid media channels.

HOW IT WORKS

Advertisers purchase ads on third-party websites using taxonomy shared by data management platforms (DMP) and demand-side platforms (DSP).

TAKEAWAY

After third-party cookies are phased out, the only alternative for leveraging anonymous data will be fingerprinting — a technique that allows advertisers to monitor and identify devices based on their technical information. However, Apple has already [rejected applications that collect data for fingerprinting](#), and it's reasonable to assume other tech companies and governments will renounce them as well.

Prospecting via Walled Gardens

 VIABLE WITHOUT THIRD-PARTY COOKIES BUT HAS RISKS

WHAT IT IS

Using a closed platform that is controlled by the ecosystem owner to identify and target consumers.

HOW IT WORKS

Advertisers purchase ads based on first-party data provided by walled gardens to build targeted or lookalike audiences.


TAKEAWAY

Dependence on walled gardens will likely become more popular after the deprecation of third-party cookies, but they're not a silver bullet for advertisers' challenges.

Walled gardens themselves are being impacted by evolving privacy changes, such as Apple's updates to Identifier for Advertisers access and App Tracking Transparency. These developments have limited the data many walled gardens — such as Facebook and Google — have access to, potentially [costing them tens of billions of dollars](#) in advertising revenue over the next year and driving up the average price per ad.

While walled gardens will continue to be used in the future, rising prices mean they won't be a sustainable solution.

Prospecting via Contextual Advertising

 VIABLE WITHOUT THIRD-PARTY COOKIES BUT HAS RISKS

WHAT IT IS

Targeting consumers based on the environment – such as content they're viewing – instead of their individual characteristics or behaviors.

HOW IT WORKS

Advertisers purchase ads based on keywords or topics created via publisher taxonomy.

TAKEAWAY

Since contextual advertising doesn't rely on customer identities, it's likely to see a surge in interest after third-party cookies are gone. But questions remain about its performance and return on investment.

In addition to issues related to taxonomy and overall personalization quality, advertisers have said [contextual advertising is unlikely to meet campaign viewership goals](#) due to scalability challenges.

Prospecting via 2nd-Party Data Sharing

 VIABLE WITHOUT THIRD-PARTY COOKIES

WHAT IT IS

Sharing first-party customer data with other brands to identify and target consumers.

HOW IT WORKS

Advertisers provide their first-party customer data to brands and receive the same in return, enabling them to identify and target high-value customers.

TAKEAWAY

Second-party data sharing will be the closest advertisers can get to accessing unknown audiences to execute campaigns once third-party cookies have disappeared.

However, data-sharing relationships require consent from customers, legal agreements between brands and technical solutions that enable each brand involved to protect their customer records – all of which make one-off agreements difficult to scale.

These challenges will presumably delay these types of arrangements, but they're likely to accelerate as more advertisers recognize the value of launching such partnerships.

Prospecting via Customer Database Licensing

 VIABLE WITHOUT THIRD-PARTY COOKIES

WHAT IT IS

Using non-cookie-based data provided by third parties to identify and target consumers.

HOW IT WORKS

Advertisers purchase customer databases from third-party providers that are based on offline personally identifiable information.

TAKEAWAY

Because customer database licensing doesn't rely on third-party cookie data, advertisers will be able to leverage it the same way they do today. However, as with walled gardens, this is a costly strategy that results in advertisers relying on third parties instead of their own customer data.

While customer database licensing can be a short-term fix for brands with insufficient authenticated data – or a complement to an existing first-party data strategy – it's not a comprehensive solution.

Reimagining Prospecting for a Post-Cookie World

Suggested next steps for CPG companies include:

1. EXPLORE MULTIPLE OPTIONS

There are numerous alternatives to using third-party cookies for prospecting, and as these alternatives continue to evolve in terms of execution and cost, it's important to weigh all your options. There will not be a one-to-one replacement for current use cases built on third-party cookie data, so you will likely need to adopt multiple alternatives and invest in technology that supports flexibility as your needs change.

2. REPLACE OBSOLETE TECHNOLOGY

Until Google officially eliminates third-party cookies — which is currently slated for 2023 — you can continue using them. Yet their impending demise — along with current policy changes being implemented by tech companies such as Apple — means it's essential to start migrating or adjusting current use cases using technology that will work in the future. Specifically, if you currently use a DMP, replace it with a platform that will support both current and eventual identity frameworks.

3. REDUCE RELIANCE ON WALLED GARDENS

The growing cost of leveraging walled gardens is unsustainable. By implementing new technology that supports the collection of authenticated customer data — and enables business users to access and take action on it — you can limit or avoid your dependence on walled gardens following third-party cookie deprecation.

4. CREATE DATA SHARING PARTNERSHIPS

By creating multiple second-party data sharing partnerships with other brands, you can expand your access to high-quality first-party data and scale up your customer data strategy. As establishing these partnerships can be complicated and time-consuming, start these conversations immediately.

“[T]he cookie data that fuels [DMPs] is disappearing.”

Gartner. “The Data Management Platform Endgame”

Conversion Use Cases

Third-party cookie deprecation will impact how you target prospects who have visited your website and left without taking a desired action. Explore the use cases below to understand your options.

Offsite Retargeting

 VIABLE WITHOUT THIRD-PARTY COOKIES BUT REQUIRES CHANGES

WHAT IT IS

Retargeting website visitors who didn't convert on paid media channels.

HOW IT WORKS


Advertisers use a DMP to push audiences built from third-party cookies directly to DSP or programmatic ad tools.

TAKEAWAY

The ability to retarget consumers is arguably advertisers' most-pressing concern regarding third-party cookie deprecation. As these consumers have demonstrated some level of intent, they're typically more likely to convert than net new prospects, and at a lower cost.

Since DMPs use third-party cookies as their primary identifiers, advertisers will need to invest in identifier-agnostic technology that can bridge the gap between soon-to-be-gone anonymous identifiers and the known identifiers that will eventually take their place.

Offsite Suppression

 VIABLE WITHOUT THIRD-PARTY COOKIES

WHAT IT IS

Programmatically removing specific audiences from paid media advertising to reduce wasted spend and customer acquisition costs.

HOW IT WORKS

Advertisers use a customer data platform (CDP), DMP or customer relationship management and onboarding tool to push audiences composed of converted customers to publishers in order to suppress them from advertising campaigns.

TAKEAWAY

Because offsite suppression doesn't depend on third-party cookies, advertisers can continue to execute on this use case in the future – but not with a DMP. Because DMPs rely on third-party cookies to share audiences – and are now [being discontinued due to third-party cookie deprecation](#) – they won't be suitable for suppressing specific audience segments in the future.

The solution is automating audience creation within a CDP that can then integrate with publishers. If advertisers and publishers both use CDPs to support offsite suppressions, they can then facilitate direct data sharing.

Website Personalization

 VIABLE WITHOUT THIRD-PARTY COOKIES BUT REQUIRES CHANGES

WHAT IT IS

Personalizing website experiences for new and repeat visitors.

HOW IT WORKS

Advertisers use a DMP to create audiences based on third-party cookies that are then pushed to and managed by a web personalization engine.

TAKEAWAY

Website personalization will still be possible after third-party cookies are gone, but it will need to be powered by new data sources.

Without third-party cookies, advertisers will lack the digital behavior data they've relied on to personalize their sites for unauthenticated users during their first visit. Advertisers may use contextual data to personalize first visits, then leverage session data from the first page a consumer interacts with to inform site experience during that visit.

Ideally, advertisers will collect authenticated first-party data during this time to more effectively personalize subsequent visits. However, limited-time behavioral profiles based on visitors' previous interactions can be built and managed within a CDP, then pushed to a web personalization engine.

Reimagining Conversion for a Post-Cookie World

Suggested next steps for CPG companies include:

1. FOCUS ON FUTURE-PROOFING

Maximize short-term value and give yourself the flexibility you need to adapt to upcoming changes by replacing outdated technology with comprehensive solutions that support both third-party cookies and whichever identifiers will replace them moving forward.

2. START AUTHENTICATING

All signs point to authenticated customer data being advertisers' most important data source in the future. Start testing different user authentication solutions, evaluating how they perform at different points in website visits and along the customer journey. Gathering and democratizing first-party data will enable you to continue executing on your retargeting strategies.

3. SCALE DATA REQUESTS INTELLIGENTLY

While contextual advertising will allow you to personalize website visits to a degree, collecting authenticated first-party data will be the best way to deliver highly-relevant customer experiences. Request consent to collect user data that will help you create more comprehensive customer profiles and use progressive profiling techniques that gather different customer details over time to avoid friction throughout the customer journey.

4. PROTECT COST SAVINGS

Offsite suppression is highly valuable for reducing customer acquisition costs by ensuring advertising budget isn't wasted on inappropriate audiences. If you're currently using DMP technology to accomplish this, invest in a CDP to ensure you can continue maximizing your cost savings.

“Advertisers should experiment with different combinations of first-party data, updates to data management approaches, investments in technology and data partnerships.”

Prioritize Your Needs

Third-party cookie deprecation isn't just a massive disruption to digital advertising — it's one of the biggest changes modern businesses have ever faced. And while change is scary, failing to prepare is much worse.

Major transformations within the advertising technology space are already well underway. DMPs — once advertisers' primary source for digital ad targeting and measurement — [are being retired by vendors](#).

Some companies are promising a single, one-size-fits-all solution to the challenges ahead, but the truth is implementing and optimizing new operating models will require testing new tactics and tools as market dynamics and your needs evolve.

Remember that great change also brings great opportunity. The death of the cookie is a chance to take back control of your customer data and give consumers what they've been demanding for so long: Personalized, impactful and authentic customer experiences.

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No matter how your organization will be impacted by the death of the cookie, one thing is certain: The time to act is now. Start by understanding what adjustments you'll need to make and focus on the best ways to move forward for your unique business needs.



[Contact ActionIQ](#) for a consultation with one of our expert team members to understand your options regarding third-party cookie deprecation and how to select the best approach for your business.



About ActionIQ

ActionIQ is at the center of a data-driven revolution that is changing the way brands think about customer experience, digital transformation and the value of customer data as a core corporate asset. We concentrate on solving enterprise data challenges so that teams are empowered to create authentic customer experiences across all brand touchpoints. ActionIQ helps enterprise companies by connecting their first-party customer data, providing an easy-to-use interface for business users to access customer insights and enabling customer experience orchestration across channels. We are helping brands like The New York Times, Pandora Media, The Hartford, Shopify, American Eagle Outfitters and others grow customer satisfaction and revenue.

