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Navigating the Cookieless Future with Adobe

Get Your Data Deprecation Plan Together

NAVIGATING THE COOKIELESS FUTURE WITH ADOBE

In 2022, Google Chrome browser will be deprecating third-party cookies, making them obsolete. This means that by the end of 2021, anyone with a stake in online advertising or digital media monetization should understand what this change will mean for their business and take advantage of the new opportunity to reinvent their relationships with their customers.

Many marketers haven't taken steps to revise their data programs because the challenge's seeming scale daunts them. For those who have, there isn't a playbook for how to move forward. This is new a journey for all involved.

However, Adobe sees this as an opportunity for marketers to build a data management model framed around consumer-trusted, customer-controlled ID resolution. We are here as partners as we continue to transition towards an industry built on first-party data and consumer trust. In this document, we highlight a report by Forrester Research, "Get Your Data Deprecation Plan Together," which highlights how companies can take tangible next steps to prepare for the future both technologically and organizationally.

IN THIS DOCUMENT

- **Invest in a first-partymarketing stack:** The ubiquity of the third-party cookie had historically enabledmarketers to build a stack of solutions that accommodated third party data. Analysts have supported the notion of starting small to test out scenarios with first-party assets, but as we move toward a first-party future, it is critical for brands to have a technology partner that can help them centralize, enrich, govern, and scale their first-party data. We recommend starting small, understanding your first party data assets and testing out some scenarios while the third-party cookie still exists.

- **Innovate in consumer-first experiences:** Studies show that overwhelmingly, consumers want personalized experiences. With less profile data but the same demand for personalized content, brands must restructure their existing customer experiences around millisecond-paced decisions, that align each individual with the right message and the right moment.

- **Build deeper publisher relationships:** In a world of data deprecation, brands will work in more depth with fewer publishers, and publishers with high-quality content and strong authentication will thrive. These publishers are blending content, data, commerce, and advertising to help power the next generation of customer acquisition. Thus, it's critical to develop that dynamic of enriched relationship between publishers/advertisers to thrive.

- **Develop people and process, alongside technology:** With the abundance of people-based, firstparty data,the role of digital marketers—like traders, analytics teams, and media planners— must evolve to be more collaborative.

Adobe Experience Platform has the tools and programs to help marketers more easily navigate the shift to a first-party web, and the power and intelligence to seamlessly integrate both ad tech and martech into the process as it evolves. We hope that this report help you prepare for your first steps into a cookieless future, and as always, we remain committed to helping teams build and scale their best customer experiences.

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Get Your Data Deprecation Plan Together

Adapt By Prioritizing Privacy, First-Party Data, And New Marketing Approaches

by Tina Moffett, Fatemeh Khatibloo, Joanna O'Connell, Joe Stanhope, and Stephanie Liu
February 1, 2021

Why Read This Report

Data deprecation hampers many popular marketing tactics by restricting the consumer, audience, and marketing performance data B2C marketers track and access. In this report, Forrester defines data deprecation, why it's happening, and how marketers need to adapt to survive and thrive.

Key Takeaways

Data Deprecation Impedes Current Marketing Practices
Privacy regulations, consumer actions, browser restrictions and walled gardens limit marketer access to consumer data and cripple current marketing approaches.

Marketers Must Act Now To Manage Data Deprecation
As data deprecates, marketers must embrace new marketing approaches to data, measurement, privacy, targeting, and digital ad buying practices.

Get Your Data Deprecation Plan Together

Adapt By Prioritizing Privacy, First-Party Data, And New Marketing Approaches

by Tina Moffett, Fatemeh Khatibloo, Joanna O'Connell, Joe Stanhope, and Stephanie Liu
with Emily Collins, David Novitzky, Chahiti Asarpota, and Christine Turley

February 1, 2021

Data Deprecation Stunts Today's Marketing Approaches

Marketing and advertising are on a wild ride thanks to four major forces: 1) restrictive privacy laws; 2) browser and operating system restrictions on data collection; 3) consumer adoption of privacy tools and privacy-protecting behaviors; and 4) ever-taller and ubiquitous walled gardens of customer data like Amazon, Facebook, and Google (see Figure 1). These forces — which Forrester collectively calls data deprecation — make it difficult for marketers and advertisers to collect and activate consumer data at scale and will only get more pronounced over the next year. B2C marketers must prioritize their response to data deprecation because it will:

› **Threaten most forms of online behavioral advertising.** Online behavioral advertising (OBA) relies on third-party cookies to track a consumer's digital behaviors as indicators of intent, interest, and future action.[1] As more desktop and mobile browsers put the kibosh on third-party cookies and Apple limits customer identifiers such as device IDs for tracking purposes, data is becoming scarce. The only data advertisers will have access to for OBA will be their own first-party cookie data and their publishers' partners' data when contracted directly or through second-party (2P) marketplaces.[2] This blow to a hugely popular targeting method will force advertisers to seek alternative approaches like segment-level targeting and contextual advertising.[3]

› **Reset the digital media buying ecosystem.** The imminent death of the third-party cookie will break the primary communication mechanism used by advertising technology (adtech) players, from data management platforms (DMPs) to demand-side platforms (DSPs) to ad servers. And real-time bidding (RTB), a common application of programmatic buying, is currently in the privacy crosshairs over data leakage concerns.[4] The adtech ecosystem now must consider how to build a sustainable, privacy-friendly ad industry. So far, there isn't a cure-all solution. Many hold up identity infrastructure as the industry's best option, but managing consumer privacy and consent will be difficult across such a complex ecosystem. And brands that are used to massive audience-based buys will run into scalability issues. Solutions like Google's Privacy Sandbox — while oriented around consumer privacy protection — will further strengthen giants like Google's advertising dominance.[5]

› **Limit most forms of digital and mobile measurement.** Many advertisers create digital attribution models based on third-party cookies. Impending cookie deprecation and walled gardens severely impact the insights marketers can use to calculate marketing efficacy and build accurate marketing plans. Apple's IDFA restriction limits access to a key device ID that helps advertisers understand app downloads and mobile ad exposure.[6] To comply with privacy laws, Amazon, Facebook, and Google already forbid advertisers from extracting tactic-level marketing performance data for campaign measurement models, limiting insights on cross-platform, publisher, or browser performance.[7]

› **Make identity resolution harder.** Identity resolution frameworks rely on a range of pseudonymous and known identifiers to assemble a precise and scaled view of consumers. The practical elimination of third-party cookies and Apple device IDs will significantly reduce the availability of keys that identity resolution systems use to map and connect the complex network of signals comprised by devices, locations, and people.[8] The net effect will be splintered or duplicated consumer identities due to the inability to link fragments of consumer identity and behavior. For example, identity resolution systems will now struggle to match a consumer's offline identity to mobile devices, unknowingly creating multiple views of the same consumer demarcated by device.

FIGURE 1 Four Forces Drive Data Deprecation


Consumer actions
Consumers continue to opt out of third-party tracking and data storing.
- Ad blockers
- Do not track
- Clearing browsing history

Browser and operating system restrictions
Third-party cookie restrictions, changes to mobile ad IDs, and the rise of privacy-first browsers impact identity-based marketing strategies.
- Apple ITP
- Firefox ETP
- MAID restrictions

Data deprecation
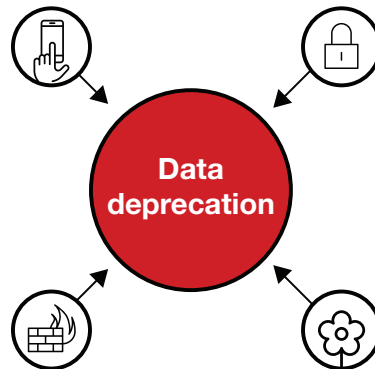
Privacy regulations
Regulations impact advertisers' ability to track and store data.
- GDPR
- LGPD
- CPRA
- ePrivacy

Walled gardens
These closed ecosystems restrict data extraction and tracking, which impacts insights access and marketing planning capabilities.
- Amazon
- Facebook
- Google
- Retail media groups (e.g., Target and CVS)

MARKETERS FACE A DILEMMA OF THEIR OWN MAKING

Data deprecation is not an overnight phenomenon — the forces behind it have been building for years. As the Facebook/Cambridge Analytica data leak highlighted the scale of the consumer data ecosystem, advertisers were still doubling down on hypertargeting and cross-site tracking.[9] When the European Union's General Data Protection Regulation (GDPR) came into effect, North American firms insisted its impact on North American marketing would be minimal. And as consumer digital footprints expanded, marketers took full advantage of any and all data in the name of "hyperpersonalization." Specifically, marketers:

› **Compromise the quality of site experiences for data access.** The wild west of tagging, cookies, and tracking pixels let advertisers and their partners easily track a consumer's every move. Today, the average brand has between 50 to 150 third-party tags on its website that capture consumers' data for analytics, retargeting, or to understand consumer site journeys.[10] In addition, each of these tags adds site code that slows down page load times, leaving consumers with depleted bandwidth — especially on mobile devices — and bad brand experiences.

› **Ignore consumers' privacy concerns.** More than half of US online adults have concerns about their privacy and companies' data collection activities.[11] And they're taking action to protect themselves: Today, 85% of US online adults say they use at least one tool to protect their privacy or security.[12] But marketers' traditional response has been to disregard consumers' privacy preferences and limit transparency — for example, displaying a pop-up that asks consumers to disable their ad blocker, or ignoring users' "do not track" setting, which was intended to signal that a user doesn't want to see targeted advertising.[13]

› **Prioritize the promises of hypertargeting over data ethics.** The Economist declared in 2017 that "the world's most valuable resource is no longer oil, but data."[14] Marketers fully bought into this, capturing as much consumer data as possible to derive intent and behaviors. But they completely neglected data ethics, creating creepy and even harmful experiences. Multiple sites have been caught using NaviStone, a technology that logs IP addresses and captures what consumers type into a form before they hit submit. While the tech enables marketers to retarget prospects, it also creates an experience that consumers have equated to wiretapping.[15]

Pivot Now To Thrive In A Data-Deprived World

Data deprecation will dramatically shift or even derail common, well-adopted approaches to acquiring and retaining customers. Now marketers need to adapt their practices with transparency and choice, value to the customer, and relationship depth in mind (see Figure 2). To lead in this new era and help shape a sustainable future, marketers must:

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› **Embed Privacy by Design (PbD) principles in their marketing approach.** Rather than make privacy an afterthought (or neglect it altogether), marketers must proactively think about consumers' privacy and how to protect it.[16] PbD is legally required under the GDPR, but all marketers should apply its principles across the organization and adopt a "just because we can, doesn't mean we should" mindset. In other words, just because you have the technology to manipulate customer data for a specific purpose doesn't mean you have legal clearance — nor the approval of your prospects and customers — to do so.

› **Build out zero- and first-party data assets.** As inferred data gets harder to acquire, brands should prioritize their owned data assets and direct relationships with consumers. This includes collecting first-party transactional data as well as zero-party data — information that consumers volunteer about their preferences and interests, usually in exchange for a benefit or perk. Brands can use first- and zero-party data instead of trying to infer things like behaviors, context, and intent through sketchy tracking mechanisms. But, keeping in mind PbD, make sure any data collection is consent-based and transparent about how the data will be used.

› **Explore alternative digital media buying practices and ecosystems.** Brands that rely on open, unfettered programmatic buying via current RTB protocols can't depend on the industry to fix the RTB data leakage problem.[17] Look to build out direct publisher relationships — whether through traditional buys or through programmatic pipes — where the line of tech between you and your publishers is as clear, clean, and direct as possible. Interrogate existing identity, adtech, and media partnerships for clarity on process, intermediary players, impression hops, and data leakage points or injections. And be mindful that the forces affecting digital advertising will be similar in tomorrow's TV advertising: As streaming TV gets more popular, apply the same strategy to your audience-based targeting approaches, media buying, and measurement to avoid digital media's mistakes.

› **Test alternative targeting approaches.** The writing is on the wall for DMPs reliant on third-party cookies.[18] But marketers still have good, privacy-safe data options left for prospect targeting and retargeting efforts. Tap into publishers' second-party data to build lookalike models for audience targeting.[19] And adopt alternative targeting approaches like zero- and first-party data-driven lookalike models, segment-based audiences, or contextual targeting methods to connect relevant ads to a specific audience.

› **Expand their marketing analytics strategy.** Gone are the days of using cookie-based marketing attribution models to measure ad efficacy. But marketers don't have to regress back to elementary measurement approaches like last-touch or heuristic measurement models. Use customer identity data that maps out ad exposure across the journey as a foundation for people-based measurement. Alternatively, use campaign-specific data, like impressions, in your advanced measurement models. For a more strategic view of performance, use aggregated channel cost and performance data in your marketing mix models to see incremental effects of channels and platforms, including Amazon, Facebook, and Google.

› **Rethink identity.** Marketers must assess the impact of each data deprecation dimension on their current identity resolution strategy and begin working with partners to understand their options for offsetting the loss of critical identity keys. The most likely scenario is that firms will need to adapt identity resolution processes to leverage a range of new data sources such as first-party data and new matching techniques to reconstruct a precise, scaled, and compliant identity graph. Rather than rely on the reduced effectiveness of commercial solutions, large marketing organizations will opt to build and house their own customized identity graphs and data processing systems to maximize control in the new environment.

FIGURE 2 Adopt The Customer Intimacy Framework To Build Your Data-Driven Marketing Strategy

Transparency and choice
Be transparent about how you use customers' data and give them meaningful choice to opt in or out.

Value
Ensure the customer gets value from the interaction.

Relationship
Develop appropriate relationships across the stages of the customer lifecycle.

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We would like to thank the individuals from the following companies who generously gave their time during the research for this report.

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Permutive

QueryClick

Salesforce

Related Research Documents

The Future of Advertising Is Imminent Upheaval — And You're Not Ready For It

Modern Privacy Laws Change The Paradigm For Marketing And Advertising

Endnotes

[1] Source: Sophie C. Boerman, Sanne Kruikemeier, and Frederik J. Zuiderveen Borgesius, "Online Behavioral Advertising: A Literature Review and Research Agenda," Journal of Advertising, June 29, 2017 (https://www.tandfonline.com/doi/full/10.1080/00913367.2017.1339368).

[2] See the Forrester report "How Data Deprecation Diminishes DMPs And What To Do About It."

[3] See the Forrester report "The Future Of Advertising Is Imminent Upheaval — And You're Not Ready For It."

[4] Source: "Update report into adtech and real time bidding," Information Commissioner's Office, June 20, 2019 (https://ico.org.uk/media/about-the-ico/documents/2615156/adtech-real-time-bidding-report-201906-dl191220.pdf).

[5] Source: Justin Schuh, "Building a more private web," Google Blog, August 22, 2019 (https://www.blog.google/products/chrome/building-a-more-private-web/).

[6] IDFA = ID for advertising. Source: "Marketers Face Further Data Deprecation Challenges In Addition To The Death Of The Third-Party Cookie," Forrester (https://www.forrester.com/fn/2Nt7oBoGsaaN3WA63c7PxH).

[7] Source: Alison Weissbrot, "Google Sharply Limits DoubleClick ID Use, Citing GDPR," AdExchanger, April 27, 2018 (https://www.adexchanger.com/platforms/google-sharply-limits-doubleclick-id-use-citing-gdpr/).

[8] See the Forrester report "Q&A: What Marketers Need To Know About Consumer Identity Graphs."

[9] As news about the Facebook/Cambridge Analytica data leak broke, advertisers were still doubling down on hypertargeting and cross-site tracking.

[10] Source: "Tag Management 101," Signal (https://signal.co/resources/tag-management-101/).

[11] In 2020, 59% of US online adults said they're concerned that their online behavior could be tracked, and only 22% said they feel safe sharing information online. Source: Forrester Analytics Consumer Technographics® Benchmark Survey, Part 2, 2020.

[12] For example, 42% of US online adults clear their internet browsing histories, 26% block information sharing through their device settings, and 21% use an ad-blocking browser plug-in. Source: Forrester Analytics Consumer Technographics Benchmark Survey, Part 2, 2020.

[13] Do Not Track was eventually declared dead because while the setting existed in browsers, very few websites respected it. But there are new rumblings of a resurrection. Source: Glenn Fleishman, "How the tragic death of Do Not Track ruined the web for everyone," Fast Company, March 17, 2019 (https://www.fastcompany.com/90308068/how-the-tragic-death-of-do-not-track-ruined-the-web-for-everyone) and Gilad Edelman, "'Do Not Track' Is Back, and This Time It Might Work," WIRED, October 7, 2020 (https://www.wired.com/story/global-privacy-control-launches-do-not-track-is-back/).

[14] Source: "The world's most valuable resource is no longer oil, but data," The Economist, May 6, 2017 (https://www.economist.com/leaders/2017/05/06/the-worlds-most-valuable-resource-is-no-longer-oil-but-data).

[15] NaviStone has faced multiple lawsuits, including one in California for illegal wiretapping. Source: Wendy Davis, "Marketing Tech Company NaviStone Must Face 'Eavesdropping' Claims," MediaPost, October 24, 2019 (https://www.mediapost.com/publications/article/342433/marketing-tech-company-navistone-must-face-eavesd.html).

[16] Privacy by Design (PbD) is a framework that ensures that organizations proactively embed privacy and data protection through the entire product development process, from design to use and disposal of the product. Source: "Privacy by Design - The 7 Foundational Principles," The International Association of Privacy Professionals (https://iapp.org/resources/article/privacy-by-design-the-7-foundational-principles/).

[17] Source: Simon McDougall, "Blog: Adtech - the reform of real time bidding has started and will continue," The Information Commissioner's Office, January 17, 2020 (https://ico.org.uk/about-the-ico/news-and-events/blog-adtech-the-reform-of-real-time-bidding-has-started/).

[18] See the Forrester report "How Data Deprecation Diminishes DMPs And What To Do About It."

[19] Companies like Acxiom and Epsilon offer robust data services that support first-party data growth as well as third-party data assets with privacy in mind. To learn more about consumer data marketing services, see the Forrester report "Now Tech: Consumer Data Marketing Services, Q3 2020."

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