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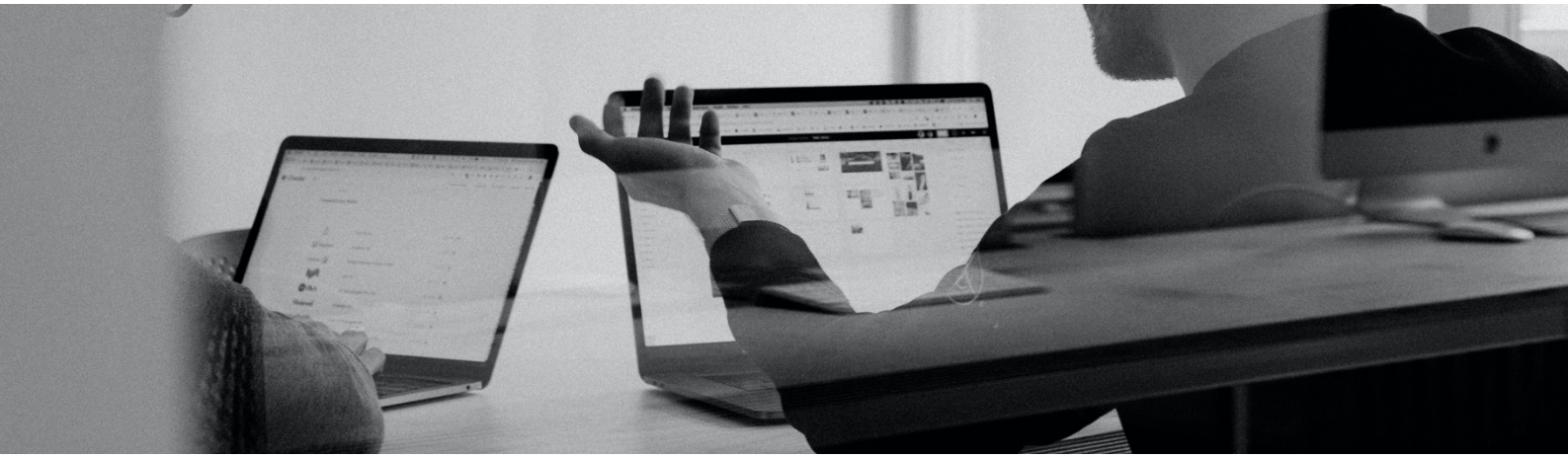
How to Evolve your Creative & Media Strategies to Thrive in the Cookieless World

SECTION 1

Introduction



Cookies have long been the cornerstone of audience targeting in the digital advertising space. But time is running out for this privacy-invading technique as leading web browser Google Chrome will be phasing out third-party cookies, joining the likes of other major browser makers like Safari and Firefox. The future of the Internet seeks to uphold privacy protection without impacting the efficacy of paid advertising. These impending changes will shake up the entire industry and are already creating radical shifts to ad tracking methods.

Google announced in late June 2021 that it would delay plans to scrap third-party cookies from its Chrome browser until late 2023. The first stage will begin in late 2022 once testing is complete and APIs are launched in Chrome. Stage two will commence mid-2023 and last for three months concluding in late 2023.

With this delay, publishers and advertisers across the industry will have more time to scale privacy-conscious approaches that provide sustainable benefits, more time to build up their first-party data, and then to migrate their services.

According to Adobe's 2021 Digital Trends Report,

1| Only 37% of companies are "very prepared" for a cookieless world

2| Many leaders are taking a "wait-and-see" approach, which often leads to last-minute, short-term fixes instead of a long-term business strategy

3| With 63% of organizations still unprepared, there is a huge opportunity for winning brands to get ahead and differentiate themselves with the right first-party data investments

Moreover, the pandemic has caused many companies to cut back on budgets, so the extra 1-year recovery time is a lifeline to get ready for new adtech/martech. This is important to avoid jeopardizing the business model of many advertisers which use third-party cookies to learn about a visitor's overall online behaviour.
The purpose of this whitepaper is to share our point of view on driving digital marketing performance in the cookieless world, including the future of how Dynamic Creative Optimisation would function under post-cookie conditions.

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SECTION 2

The Concept of Internet Cookies

Cookies are small pieces of code that are dropped in the user's browser when he/she visits a website. They usually contain at least two pieces of information – a site name and unique user ID – but they may also capture other details such as website configuration (e.g. language preferences), login details, or products added to a basket.

First-Party Cookies

First-party cookies are cookies that are dropped, stored and owned by the website domain that the user visits. These cookies are used by the website owner to collect browsing data, remember user preferences and provide personalised experiences. First-party cookies will not be blocked or phased out by Google Chrome or other browser providers like Safari or Firefox.

Third-Party Cookies

Third-party cookies are created and stored by organisations other than the one that the user is visiting. These cookies are also dropped by domain owners when websites are visited but are widely shared within advertising networks. They are mainly used for cross-site ad tracking, wider audience profiling and targeting, and wider personalisation in advertising (especially when prospecting for new users).

In 2023, Google Chrome will finally phase out third-party cookies, joining the likes of other major browser providers. This will have the most significant impact because Google Chrome takes up over 70% market shares in Asia*.

* StatCounter: Browser Market Share in Asia, Apr 2020 - Apr 2021

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Expectations and Preparations in a Cookieless World

When thinking about a third-party cookieless world, it is important to remember that while cookies have been a consistent part of online advertising for a long time, they are not indispensable.

Being cookieless has these two implications:

1| Firstly, the need for a transition towards privacy-centric and sustainable methods of gathering user data; and

2| Secondly, time to transition to non-intrusive personalization technology which prioritizes user experience and trust in web publishers and digital advertisers

A holistic and collaborative approach is needed to prepare for a world without third-party cookies. For instance, Google Privacy Sandbox is an initiative that invites the web community to collaborate on developing privacy-first alternatives to third-party cookies.

Current Approach with Third-Party Cookies	Alternative Approach with Google Privacy Sandbox
Show Audience-Based Ads Advertisers can use third-party cookies to track a person visiting a website to determine what that person is interested in.	**Show Interest-Based Ads (Google Topics API)** A web browser (Chrome, to be specific) will label each website with a high-level topic. Users will then be assigned to these interest topics, based on which websites they have visited. Advertisers can then target these users based on a variety of topics.
Engage Past Site Visitors Advertisers can use third-party cookies to reach a specific audience, including past visitors to its website.	**Advertise to large groups specific to a business** When a person visits an advertiser's website, the website can tag people's browsers when they take an action that's valuable to the advertiser. Then, when that person visit other websites with ad space, the browser helps inform what ad might appear without exposing people's browsing activity in the process.
Measure Conversion From Ads Advertisers can use third-party cookies to match a conversion that happens on a website with an ad that was clicked or viewed on the website.	**Report that a purchase happened, not who made it** A web browser will match a conversion that happens on an advertiser's website with an ad that was clicked or viewed on the website. The browser will not report information in a way that exposes people's identities. It will aggregate data and limit the amount of information shared about each conversation.

Extracted from: "The future of privacy — and how you can prepare" - Think with Google, July 2021.

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SECTION 3

Modern Marketing Techniques for the Cookieless Era: Focus on Privacy-centricity and Creative Technology

Advertisers and publishers must know the best practices they can adopt for their transition to a new internet landscape that is fast putting the premium on consumer privacy. We present a three-pronged approach that brands can follow to continue driving campaign performance in the post-cookie world:

3-Pronged Approach in a Post-cookie World

Who?	Where?	What?
Who should you target? Building your 1st Party Data	Where your ads should appear? Curating your own brand network of sites	What content should you deliver? Delivering Creatives Impact

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First Pronged Approach: Targeting the Right Audience

As the shift toward cookieless targeting occurs, advertisers will need to rely on cookieless tactics to segment and target audiences so that they can continue to provide them a personalized experience and leverage data that helps inform future decision-making. It is critical for advertisers and publishers to understand the key alternatives to third-party cookies and grasp the methods of using them.

Listed below are the two effective ways to sustain accurate audience targeting:

- Google FLEDGE or the "First Locally-Executed Decision over Groups Experiment"
- First-party Data Targeting Methods
  - Hashed Email/Login
  - Cookie-based

Google's Interest-Based Targeting

Google recommends advertisers to adopt interest-based targeting, or grouping people based on their common browsing behaviour as an alternative to third-party cookies.
Here are two Google Privacy Sandbox tactics that advertisers can utilise to replace third-party cookies:

1| **Topics API (Replacing FLoC)** proposes a new way for brands to reach people with relevant ads by grouping people with similar interests. This approach effectively hides individuals "in the crowd" and uses on-device processing to keep a person's web history private on the browser. Each user is assigned with up to 5 topics (out of 350 available topics) based on their browsing behaviour. For e.g., if a user visited a car review website in the past week, he/she will be assigned the "Automotive/Car" topic in the Chrome browser.

When the same user visits a participating site, Topics picks three topics, one topic from each of the past three weeks, to share with the site and its advertising partners for targeting purposes.

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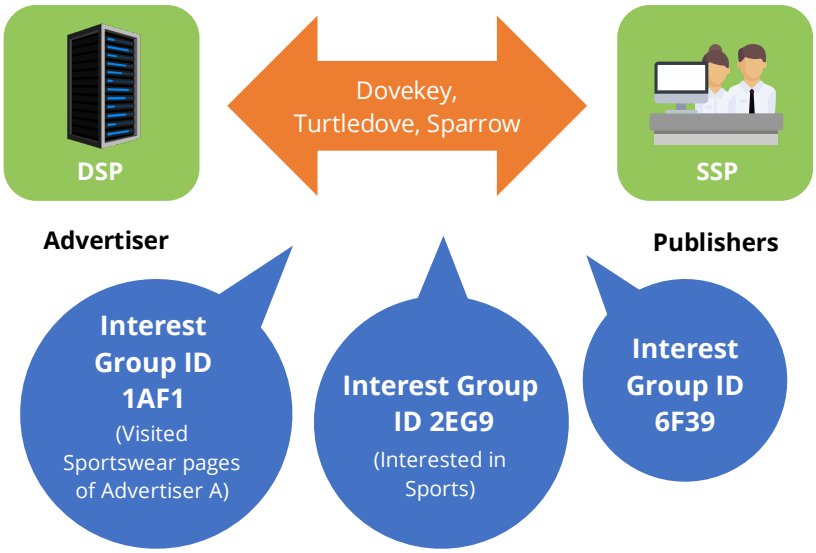
2| **Two Uncorrelated Requests, Then Locally-Executed Decision on Victory (TURTLEDOVE)** is for targeting users based on interest (or retargeting) groups created by the advertiser. It offers advertisers a way to retarget audiences while approaching user privacy.



Strengths	Weaknesses
Google Chrome takes up over 70% market share. Advertisers can reach more customers when using Google's Interest Group or Topics targeting in the cookieless environment.	At this point of writing, Google's Interest Group or Topics targeting is only available for testing in late 2022 trial.
Provides continuity for advertisers who are currently using the Google Marketing Stack (Google Ads, DV360), which will make the transition easier.	Google's Interest Group or Topics targeting only works for Google Chrome users. Advertisers might miss out on almost 30% of the market using other browsers.

"Interest targeting will become the new norm. It's important to use tech to scale up on creative personalization to drive performance."

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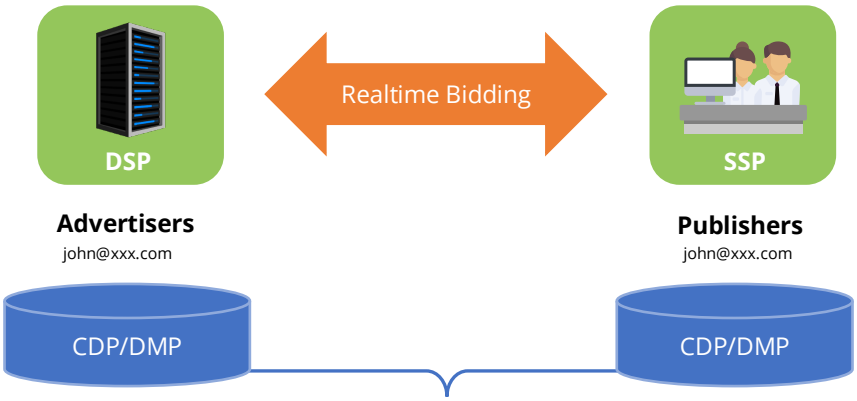
First-party data

Customer information is the lifeblood of any business. By collecting first-party data, companies can learn more about their current audience's interests, preferences, characteristics and behaviours. They can then use this information to predict future customer behaviour, improve their targeting, enhance their marketing campaigns and personalize their content.

First-party data is highly relevant to businesses because it comes straight from their target audience. It gives them insights into how their actual customers and site visitors behave and what their preferences are. With first-party data, businesses don't have to guess about what their audience likes because they have the information directly from the source. The following are two first-party data targeting methods that advertisers can use:

1| Hashed Email/Login

Hashing takes a piece of data, like an email address, and converts it to a 32-character hexadecimal string. Every time this email address is run through the hashing algorithm, the same result is delivered. What that means is that your email address, a unique value, is converted to a unique hash string through this process. Originally used as a security feature, the email hash is now a useful identifier that works across every marketing channel.
Using login information or hashed (anonymised) email addresses can track unique identities. One example will be Unified ID 2.0 initiated by The Trade Desk (TTD).



Unified ID 2.0

Strengths	Weaknesses
First-party data (hashed email/login) can help brands and advertisers use a deterministic approach based on specific user data (vs. probabilistic inferences).	At the point of writing, using First-party data (hashed email/login) like UID 2.0 is still in beta testing and requires Customer Data Platform (CDP) or Data Management Platform (DMP).
Brands and advertisers can gain significant control for clients who own the data which implies higher quality.	First-party data (hashed email/login) has a limited scalability and not all users will leave opt-in emails.

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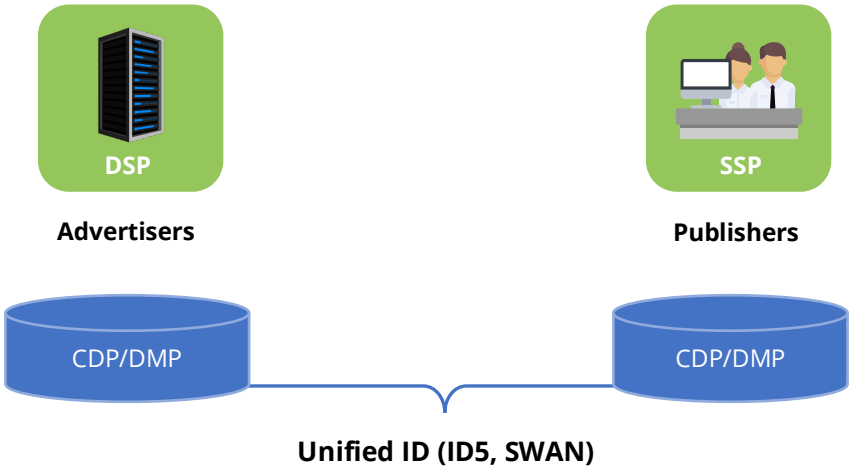
2| Cookie-based

First-party cookies are created by the website that a user is visiting. They are often used for keeping users logged in and remember things like shopping cart info. Instead of using third-party cookies, advertisers can store first-data cookies on their owned client brand domain. Advertisers and publishers can also use a probabilistic approach to identify users (e.g., Fingerprinting) and activate these first-party data using universal IDs such as ID5.



Strengths	Weaknesses
Scalability is one of Cookie-based first-party data's best assets.	Cookie-based first-party data requires implementation of DMP.
First-party cookies have longevity so advertisers and brands have the opportunity to utilise it for a long time.	This is a probabilistic approach (e.g., using Fingerprinting) which may have its own privacy concerns.

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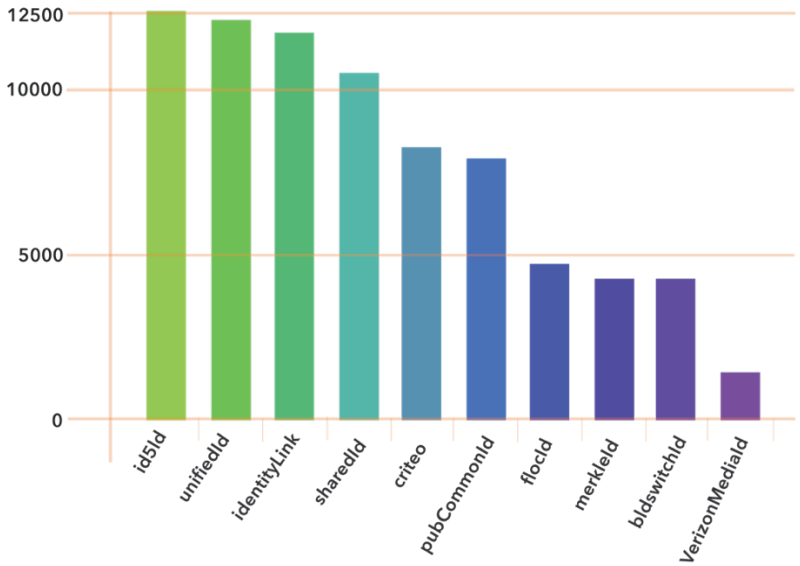
Universal ID adoption at Publishers Sites Using Prebid

The adoption of Universal ID solutions by Publishers-side is important for the whole industry to able to continue to use a common identifier for targeting and attribution in a privacy-first manner. Below is the adoption of universal ID across the different publisher sites. id5Id, unifiedID, and identityLink are among the top universal IDs that got adoption across publishers.

Identifer usage



Source: https://sincera.org/

With more than a year to the deprecation of cookies on Chrome, these usage numbers continue on a rising trend.

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Second Pronged Approach: Finding the Perfect Place for Ads Online

In an environment constrained by new privacy regulations, advertisers need to build deeper relationships with major customer platforms, like Google, Facebook and Amazon. These platforms provide the best endemic data sets. Determining and pursuing these channels will allow advertisers to continue to innovate and provide targeted, engaging ads to the right audiences.

In terms of media planning and programmatic advertising, site lists should be given high priority in the future especially in the cookieless world. Here are a few ways to create a quality site list:

1. Curate a selection based on past records of ad performance on various websites. Other factors to consider include brand safety, fraud-free and high viewability on these domains.

2. Tap on publishers that allow audience targeting within their own content network(s). This is essentially the publisher's first party data that they gather directly from their own audience. It may include data from activity on websites, apps/social media, in-store purchase history, survey responses and more, all of which can be leveraged to determine suitability of audiences for advertisers to target.

3. Contextual targeting is a strategy that places ads within the most appropriate circumstances that create a setting for the advertising proposition to be fully understood. For example, selecting Sports or Health & Wellness websites to place ads for active wear. Contextual targeting does not require third party cookies as it does not target the user directly in any way.

4. Leverage on private marketplace (PMP) deals where quality publishers make their premium inventory available directly to select buyers. PMPs combine the efficiency of programmatic with the exclusivity of direct deals.

"Curate your preferred site list based on past performance and brand safety, so as to sustain exposure in quality environments."

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Third Pronged Approach:
Delivering Creative Content and New Targeting Methods

The importance of creative messaging in advertising is very evident in the digital world as competition between businesses and brands continues to increase. Creativity is defined as "the use of imagination or original ideas to create something". In the advertising world, it is what brings meaning to brand messaging. Brands and advertisers often think technology itself is the most important part in the adtech world, but without creative there is no way to create meaningful connections with your customers.

An effective way to be noticed in the midst of advertising "noise" is to be compelling. And the most compelling ads are the ones that grab and maintain the audience's attention. A study by The Nielsen Company revealed that the creative message is the dominating factor to determine a sale, at 47% contribution by advertising element.

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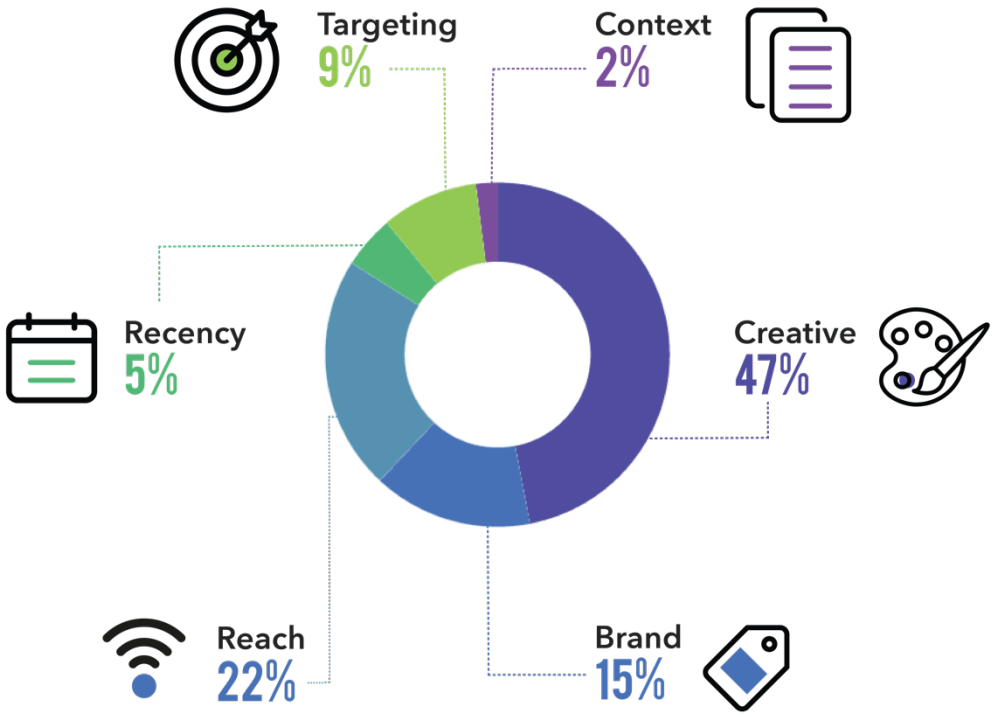
Percent Sales Contribution by Advertising Element



Nearly 500 campaigns across all media platforms
Source: Nielsen Catalina Solutions © 2017; Period 2016-Q1 2017

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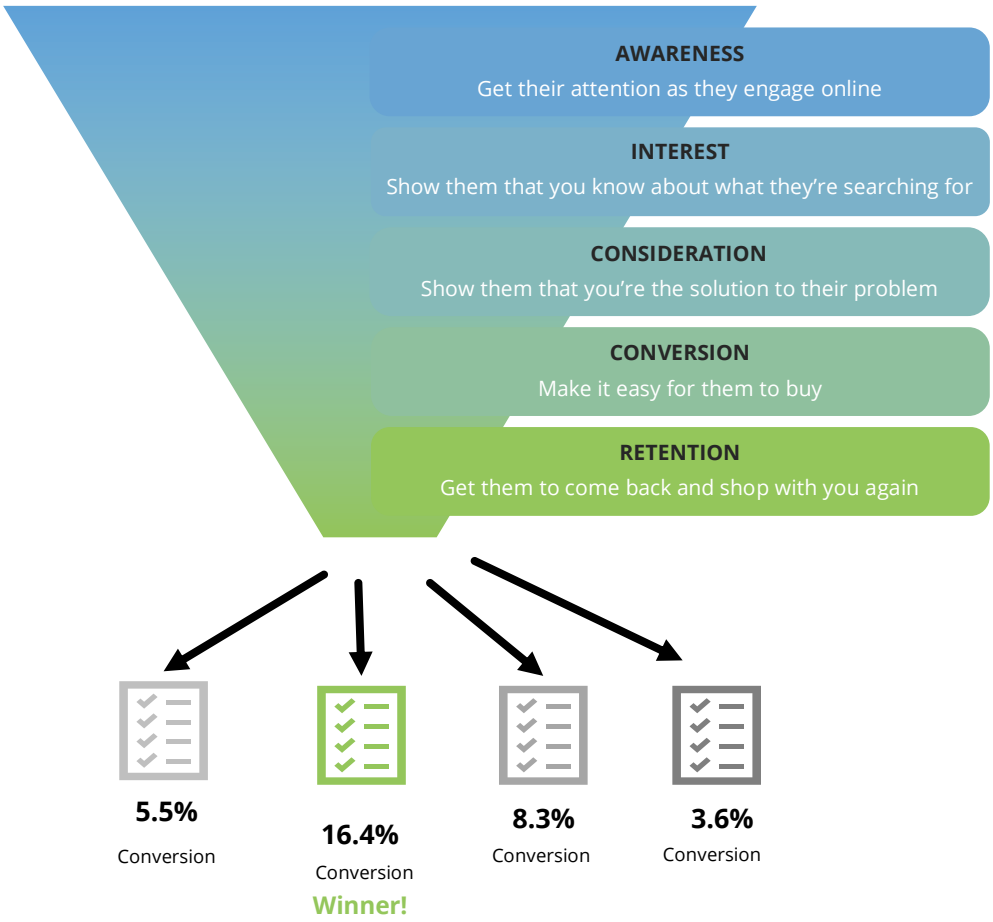
With the audience targeting (and retargeting) capabilities that exist today, advertisers should consider a creative strategy that prioritizes relevance of messaging when reaching out to online audience groups. In fact, these are two simple ways to deliver creative impact in advertising:

1| Advertisers should define which creative format works best for different stages and/or audiences

2| Advertisers should leverage on martech tools to scale up on variants (as testing and optimisation is key on AI platforms)

The graphs below shows the online marketing funnel and how differentiated messaging and variant testing come into play along the funnel journey.



By leveraging technology for creatives management, advertisers can achieve:

- Simplified and structured creative setup to correspond to the media targeting strategy
- Rich and interactive creative formats that drive higher response rates
- Automation that develops creatives at scale and speed

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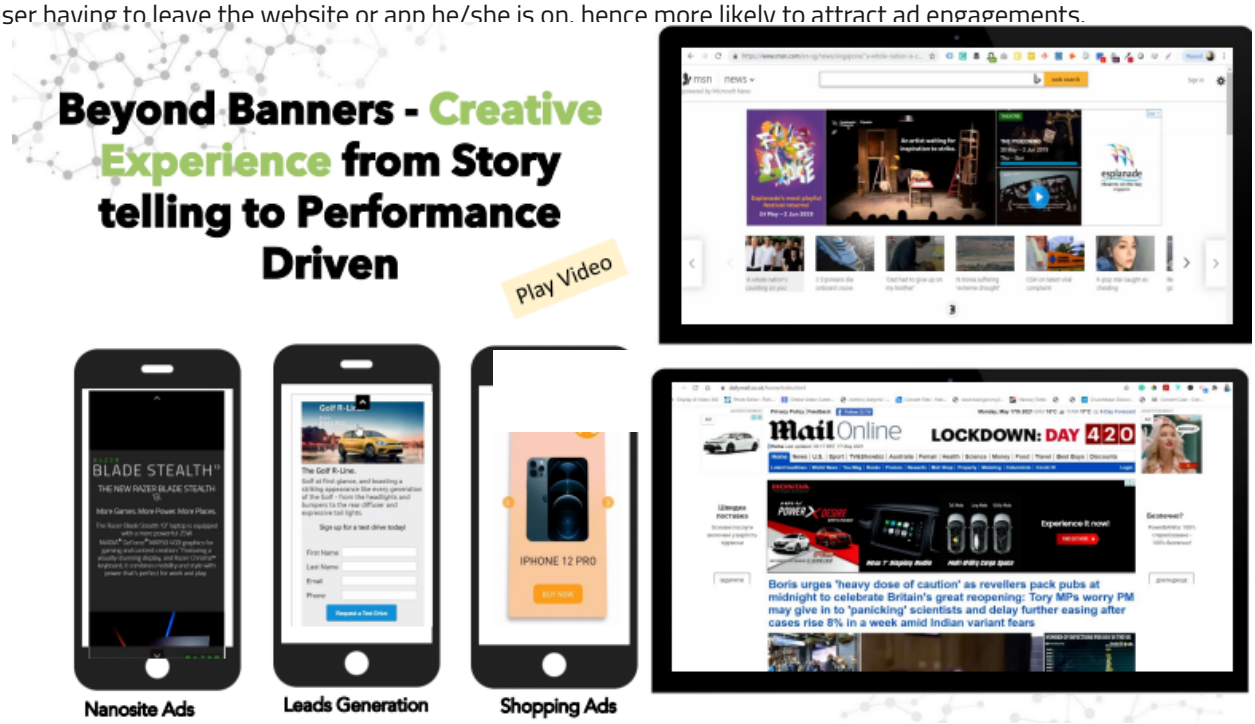
Beyond Banners - Creative Experiences from Storytelling to Driving Performance

Advertising tech solutions offer rich media interactive ad formats for a multitude of scenarios such as to amplify marketing videos, showcase a range of products, or even capture customer leads directly on the banner ads. Such formats could come with rotating panels or scrollable interfaces to fully maximize the banner space and are optimized for both mobile and desktop. They help to comprehensively deliver the marketing message without the user having to leave the website or app he/she is on, hence more likely to attract ad engagements.



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SECTION 4

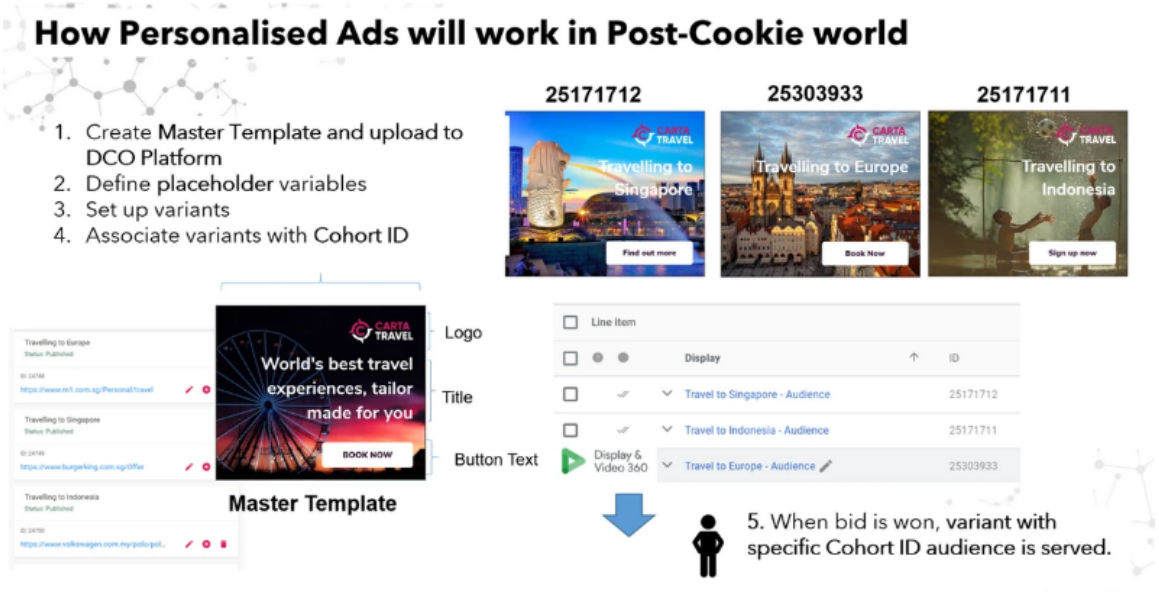
Personalised Advertising in the Cookieless World - How Dynamic Creative Optimisation Will Continue to Thrive

Dynamic Creative Optimisation (DCO) is an advertising technology and practice that automates the development of different components within a digital ad. These components are typically programmed to be hyper-personalised based on different data sources such as user behaviour history (i.e. which sections the user had visited on the advertiser website), location information, external data (such as weather), or other contextual data.

This section will shed some light on how DCO would function under post-cookie conditions. The underlying technology and data that power some of the current scenarios will require some changes.

Personalisation using prospecting audience segments – One common myth is that with the demise of third-party cookies, the ability to build Look-alike Audiences or 3rd Party Audience targeting will be gone. This is far from the truth. One example of how audience targeting will continue is through Google Privacy Sandbox's FLEDGE and TURTLEDOVE, that allow Adtech companies to build Interest Groups.

Therefore the same creative personalization approach will be available through DCO adtech providers, which will get the data signals (usually a Segment ID or Line Item ID) from DSPs via macros, and then ad-serve different dynamic variants based on Interest Group. Below is a simple illustration of how 16ersonalization of ads will work by using one master template to generate different ad variants based on different audience interest groups.



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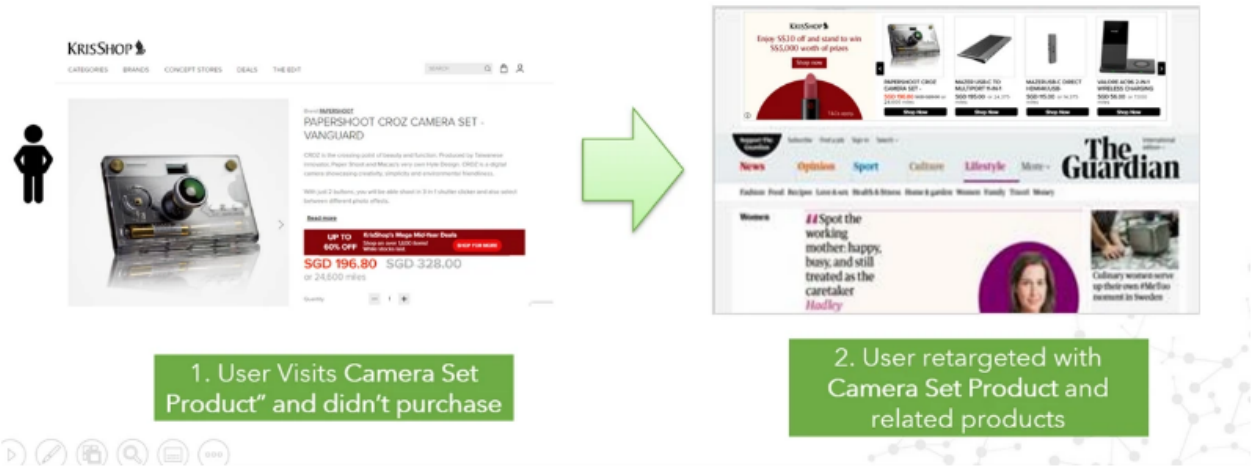
Personalisation using Dynamic Retargeting – One of the common use cases for DCO is dynamic retargeting to show product ads based on the user's behaviour on advertiser website, such as last-browsed products, or added-to-cart products. For example, if User A visited an ecommerce site and browsed a selection of cameras but did not purchase, he/she will be re-targeted with ads showing the same camera models or similar electronic products.

Example of Dynamic Retargeting:



How Will Dynamic Retargeting Work in the Post-cookie World?

The following are the two essential ways dynamic retargeting will work in a cookieless environment:

1| Using Google Privacy Sandbox to form a "product-level TURTLEDOVE"

A proposal by RTB House whereby when a particular user joins an interest group, advertisers may choose to supply a list of products that would be the most relevant to the user. For example, the advertiser may choose to supply "camera products" or "electronic products" if the user is grouped under "Interest in camera products".

2| Using 1st Party Cookies

Audience targeting using server-side cookies or 1st Party cookies are still possible. Once web visitors opt-in and give consent to be targeted using their first-party data, they can be identified across different publisher websites through a common ID or Universal ID. Personalised product ads can then be shown using a probabilistic approach based on browser setting, IP address (at this time of writing, Apple has blocked advertisers from accessing the IP Address of users through Privacy Relay), device environment such as OS version, screen resolution setting, etc. (a.k.a Fingerprinting).

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Personalisation using contextual or external data

In this approach, the data source for personalisation will be coming from external data sources or APIs such as Weather, Time of Day, Day of Week, specific events or even data such as social sentiment. Data from these external sources have least implication on consumer privacy and will be least impacted by the deprecation of cookies. Some common scenarios:

- **Time of Day:** showing Breakfast Set ads in the morning and Dinner Set ads in the evening
- **Day of Week:** showing specific weekend promotions
- **Sports Match Scores:** showing the latest game scores of UEFA Champions League
- **Contextual / Keyword Personalisation:** Showing sports-related creatives on Sports News, and business-related creatives on Business News sections

Key Takeaways

As we transition to the cookieless world, advertisers and publishers must embark on a series of testing campaigns to evaluate what works for them. This three-pronged approach can help advertisers sustain their digital marketing operations in the future.

Dynamic Creatives Optimisation (DCO) in particular, will continue to be an important part of digital advertising. 3rd Party Cookies may be gone, but there are still many ways that creative message decisioning can be made, either through business rules or through machine learning. Advertisers should start planning a creative optimization strategy that prioritizes test and learn, using creative variant testing as the lever to level up on digital advertising performance.

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Preparing for the Transition

The following are key considerations for each stakeholder in the ecosystem:

Brands

Reinforce capacity to build up your first-party database and implement systems to collect and classify data, aiming to build relationships with a progressive understanding of customer needs and behaviours.

Advertisers

Address, target, and understand audiences through groups of people, and be more open than ever to test and learn. Advertisers must understand the effectiveness and ROI of their advertising efforts, through methodologies such as media mix modelling and multi-touch attribution.

Publishers or Tech Vendors

Offer new contextual targeting options, rethink partnerships with other platforms to build open alternative identification methodologies and find new ways to monetize inventory. Below are some solutions that can be used in a cookieless world.

- Topics, FLEDGE, and TURTLEDOVE (Google Privacy Sandbox)
- Contextual Targeting
- Universal ID such as Login/hashed email as first-party data
- Probabilistic Device Recognition

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How Adzymic Can Help

Adzymic is a dynamic creative management platform which helps brands to simplify the creative management process and transform display advertising into high-performing ad formats. Our adtech platform is already well-equipped for a cookieless internet, which will aid advertisers in transitioning over to the new operating model.

Visually Captivating Ads	Smart Tag Technology	Works with all DSPS
Over 50 formats to generate ads at scale and speed, multiple variants to optimize on AI platform.	Adzymic Smart Tag powers DCO campaigns with website user behaviour tracking and real-time ad generation (no manual feed maintenance).	Letting you place ads on all major Demand Side Platforms (DSPs) and leading Ad Servers.

To learn more about how we can help drive greater campaign success with our future-ready solution, contact us today.

About Adzymic

Adzymic is a dynamic creative adtech company that transforms display advertising into high-performing ad formats. With our proprietary technology, content-rich and visually captivating display ads can be developed at scale and speed. We seek to simplify the creative management process for brands and media agencies to create, serve and optimize display campaigns.

Find out more at www.adzymic.co/
Contact us at info@adzymic.co

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