A World Without Cookies

A Guide for B2D and B2B Tech Marketers

stackoverflow
ADVERTISING

Introduction

Online marketing has relied on third-party cookies for more than two decades to target consumers with messages and encourage them to buy products. Cookies are the foundation of behavioral targeting, account-based marketing, programmatic advertising and attribution strategies that have helped online advertising evolve into a multibillion-dollar industry.

As consumers demand increased privacy over their personal data, the major browser companies have announced and enacted plans to phase out cookies. Now, marketers need to find new, innovative ways to reach consumers online. This presents some tough challenges and some exciting opportunities.

Our guide will explore how the cookie has evolved and shaped online advertising and what a cookie-less internet might look like in the future.

What's the Big Deal About Cookies?

What are Cookies?

A cookie is a string of text sent from a web server and stored on a user's browser. The browser sends the cookie back to the server the next time the user visits that page. There are two types of cookies:

First-party cookies: Websites use first-party cookies to collect data on their own visitors. This can include information provided at login, as well as the user's browsing behavior and site preferences.

Third-party cookies: The advertising ecosystem has relied on the third-party cookie for more than 20 years. These cookies track users' activities on other websites across the internet. Advertisers leverage that data to target and serve relevant advertising.

Why are they called "cookies?"

It's widely believed that Netscape programmer, Lou Montulli, coined the term "cookies." It's derived from "magic cookies," used by Unix programmers to describe a packet of data that a program receives and sends back unchanged, similar to being wrapped like a fortune cookie.

Regulating the Cookie

As consumers have demanded more control over their online privacy, governments have responded by imposing regulations such as California Consumer Privacy Act (CCPA) and others in the U.S. and General Data Protection Regulation (GDPR) in Europe. GDPR treats cookies as personal information and requires businesses to inform visitors about cookies and tracking technologies on their websites.

Nearly half of U.S. consumers feel they have little to no control over their personal data.

Source: <u>2019 Deloitte US Consumer Survey on personal data and privacy</u>

The Cookie Crumbles

Some major browsers have already blocked third-party cookies.

Apple: In 2017, <u>Apple released Intelligent Tracking Prevention 2.0</u> and announced that it would begin blocking third-party cookies on its Safari browser. Adtech companies subsequently developed new ways to circumvent the ban and Apple has continued to release updates to eliminate workarounds.

Mozilla: In 2019, Mozilla released its <u>Enhanced Tracking Protection program</u>, which blocks third-party cookies and trackers from following users of its Firefox browser. Such controls were previously optional, and Mozilla has now made them a default part of the Firefox browser.

Google: In January 2020, Google announced its intention to block third-party cookies in Chrome web browsers by 2022 via its <u>Privacy Sandbox</u> initiative. Since <u>Google enjoys more than 58% of browser market share</u>, the announcement caused many in the advertising industry to declare the death of the cookie.

"We believe that in order to truly protect people, we need to establish a new standard that puts people's privacy first."

Dave Camp — SVP, Firefox

Some B2B Marketing Strategies May Crumble Without Cookies

In many ways, the cookie has fueled the internet's evolution over the past two decades and given rise to some reliable, successful B2B marketing strategies. We're yet to see the full impact over the loss of the cookie, but the following tactics will face tough challenges.

Remarketing and behavioral targeting: This has been the bread and butter of digital marketing. Without third-party cookies, marketers will lose the ability to build cookie-based audiences. They'll no longer be able to serve ads across the internet to users who have visited their websites or serve ads based on someone's browsing behavior.

Account-based marketing: Marketers have relied on the third-party cookie to target very specific attributes within a group of prospective customers. Without cookies, narrowing that audience to a specific persona based on demographic or firmographic targeting will likely become more challenging.

Programmatic Advertising: As advertisers pressured their technology partners for high-quality scale, ad tech companies delivered programmatic advertising. This method relies on third-party cookies to collect anonymized user data, segment audiences and serve personalized, targeted content at scale. When the browser blocks cookies, this highly lucrative and popular strategy will no longer work. Adtech companies that have built demand-side platforms (DSPs) or data management platforms (DMPs) will be most affected by this change. DMPs rely on cookies to collect anonymized user data and segment audiences. Publishers may also suffer because they will lose the ability to find and scale those audiences.

Attribution: Marketers constantly debate which touchpoint attribution model (i.e. first click, last click, etc.) can take credit for generating revenue. Those discussions will subside without a third-party cookie to track view-through conversions and activity across multiple digital touchpoints.

In a Post-Cookie World, What's Next?

As Google's cookie deprecation deadline approaches, there is no shortage of ideas around what will replace cookies. Here are a few proposals we've seen from across the industry.

Expect New Adtech and Martech

We're already starting to hear about new projects that will provide alternatives to the third-party cookie. This is bound to be the subject of many articles, white papers and panel discussions between now and 2022.

When Google made their announcement, they introduced Privacy Sandbox with the intention to build new technology that will replace the third-party cookie over the next two years. Privacy Sandbox includes web browser APIs designed to maintain privacy while still delivering the ability for advertisers to target and measure campaign effectiveness.

"After initial dialogue with the web community, we are confident that with continued iteration and feedback, privacy-preserving and open-standard mechanisms like the Privacy Sandbox can sustain a healthy, ad-supported web in a way that will render third-party cookies obsolete."

Google Chromium Blog, January 14, 2020

Increased Focus on First-Party Data

Larger publishers have already started to build their own data marketplaces using first-party data. This consent/privacy-driven advertising ecosystem will likely be adopted by publishers of all sizes working to build, engage and monetize their audiences.

Walled Gardens: For B2B marketers, Google and Facebook are the largest walled gardens and LinkedIn is moving into this category as well. These platforms require password-protected logins that can provide data and insights into users across devices and properties. Google has access to more data than all of these companies, gathering engagement and purchase information from an entire ecosystem of properties including Search, Gmail, YouTube, Drive, Photos, Chrome and its voice-activated Google Assistant.

More publishers might begin to create their own walled gardens. They may put some or all their content behind a login or paywall which could have an impact on advertising strategy and available solutions.

First-Party Data Analytics: Advertisers should take a closer look at their own first-party data from websites, CRM, social media channels and other sources. Closely analyzing this data may provide deeper insight into which strategies and tactics impact the buyers' journey so that marketers can sharpen messaging across these channels.

DSPs Will Have to Pivot: Of course, this first-party data won't be available to DSPs and advertisers may consider more direct or programmatic guaranteed deals.

Contextual Advertising and Targeting

Contextual targeting ensures ads are relevant to the user because it's based on the content around it. Contextual ads have the ability to reach the right user, with the right content, at the right moment while minimizing the "creepiness" often found with retargeting and other tactics that leverage third-party cookies.

Content, Creative and Customer Experience Will Win

Content must be tied to context. Advertisers will have to be more cognizant of key points in the customer journey to add more value. Creative will need to be engaging and focus on target audiences to really resonate with readers and impact their decisions.

Stack Overflow: Because Context Matters in B2D and B2B Tech Marketing

Stack Overflow recently surveyed developers about their content preferences and nearly 40 percent of respondents said that ad relevance is most important to them. That's why contextual targeting is so important to us. By targeting advertising based on the content our users are consuming, we can deliver relevant advertising.

With Stack Overflow Advertising, you can reach more than 100 million developers and technologists on a brand-safe platform.

We Have a Unique Way to Tag Content

Our Topic Tags categorize content to ensure ads are contextually relevant. Every question on Stack Overflow must have one and can have up to five Topic Tags which match the content. Currently, we have more than 60,000 Topic Tags active on the site. We use these tags to contextually target your ads, ensuring you reach the right person, with the right message, at the right moment.

User Privacy is Our Top Priority

We understand the technical community is already highly skeptical of marketing and advertising. We continually work to ensure the privacy of our users. This means limiting the data that is shared on our users for advertising purposes. By leveraging contextual insights, we're able to deliver the relevant ad experience they want in a way that builds trust with our community.

We Know Developers

We've been a second screen to the technology community for more than 10 years. Whether you need to increase brand awareness or drive free trials of a technology or service, you can rely on Stack Overflow Advertising to tailor a media plan that meets your marketing and business goals.

Conclusion

The third-party cookie is disappearing, but online advertising is here to stay. While it's unlikely that ad spend or traffic will decline, budgets will shift as marketers find new ways to attract and connect with consumers.

Adtech and martech innovations are already clearing a new path to reaching consumers that is less invasive of their privacy. As AI and other machine learning technologies continue to evolve, contextual targeting is poised to become an essential part of the B2B marketing playbook. With contextual targeting, content strategy and production will become more important than ever. The right content offer will need to be presented at the right moment to drive awareness and engagement.

In the months leading up to the end of the cookie era, savvy marketers can start shifting resources and gearing up now by experimenting with new, cookie-less strategies and increasing their focus on producing and distributing relevant content.