NetElixir™

Preparing for a
Cookieless World

Your Guide to Succeeding in the Cookieless Future

Data-Driven Insights and Continuous Innovation

At NetElixir, we approach customer acquisition and retention at a holistic level, where each digital channel becomes just one more additional tactic within your brand's e-commerce growth strategy.

With the loss of third-party cookies, the standard methods of collecting, distributing, and using customer data will change, as will the means of how effective marketing campaigns are personalized and created.

By sticking to the tenements of data-driven insights, careful analysis, and continuous innovation, we can continue to provide customers with rewarding and engaging experiences that further brand goals while maintaining customer's privacy.

And while we cannot fully know what the future holds, we can prepare today to be agile enough to succeed tomorrow. Thriving in the cookieless world relies on active communication between partners, tech experts, and digital marketers as we navigate the changing digital landscape together. NetElixir will be here to continually provide insight and advice into each new development within the e-commerce world to help you succeed.

What is the Cookieless World?

Understanding First- & Third-Party Cookies

So, what are the main differences between first- and third-party cookies?

First-party cookies generally help provide a better user experience as they enable the browser to remember specific user information, such as what items have been added to the shopping cart, usernames and passwords, and language preferences. A website plants a first-party cookie to identify a user on their website and collects data directly from the user. These cookies are generated by the host domain and the site that the user is directly interacting with during their visit.

Third-party cookies helped create and bolster a robust advertising ecosystem that made the web open and accessible to marketers. They are loaded by third-party servers (such as ad servers) on websites and are accessible on any site that loads those servers' code. Data about the user's browsing activity is shared amongst other websites, which could be used in retargeting campaigns.

Users have been increasingly more concerned over how their data is shared. The demand for greater privacy means a rise in transparency, choice, and control over how an individual's data is used. To adhere to stricter privacy measures, there will be limitations in websites' ability to track every move of their visitors and customers — which is why the third-party cookie is beginning to crumble.

What Does the Cookieless World Mean for Marketers?

How Prepared Are You?

It's time to start preparing for the cookieless world now to make the transition easier. IAB Tech Lab conducted a sample survey with 200+ SMBs to understand their readiness plan and have been surprised to see that less than 3% of SMBs have started to prepare, 17% are aware but have not started, and a massive 80% are not even aware of how the third-party cookie deprecation may impact their business and digital marketing efforts.

Many of the current digital marketing practices have to evolve and adapt to thrive in the cookieless future, such as how we create and target audience segments, conversion measurement, cross-channel targeting, ad personalization, and more. It is important to have supplemental tracking and measuring systems in place before third-party cookies are fully phased out.

Some of the trends that NetElixir forecasts gaining traction in the impending cookieless world are:

- Contextual targeting will dominate the audience space.

- First-party data and strong relationships with customers will help brands thrive, especially DTC brands that already have a strong customer loyalty base.

- Performance marketing will have to give leeway to equity-based marketing.

- A robust, full-funnel approach will drive the most sustainable growth, as specific channels won't be successful if they work in silos.

- Ad platforms with strong first-party data and closed-loop attribution will see more investments.

- Advertising features and technologies that are powered by machine learning will greatly automate the current best practices.

- Walled garden solutions will create issues for small players, but there may be lobbies and actions taken against those walled gardens.

How Google Analytics 4 (GA4) Can Help You Succeed in the Cookieless World

GA4 Enables Event-Based Tracking & Audience Creation

GA4 is the most recent version of Google Analytics and focuses on cross-platform tracking with event-based data collection. GA4 is already aligned to the heightened privacy expectations. It has built-in compliance to address regulatory developments such as GDPR, CCPA, etc., so you don't have to worry about compromising customers' privacy.

What makes GA4 different from Universal Analytics is that the platform's tracking is completely event-based, while Universal Analytics is session-based. Google Analytics 4 categorizes different events to provide more detailed information about every activity a user takes.

Currently, third-party cookies are the prerequisite for conversion measurement and attribution. In the cookieless future, GA4 will:

- Offer a more in depth audience list and integration system for a more complete look at the customer journey and better ads targeting

- Use conversion modeling powered by machine learning to bridge any gaps when a subset of conversion cannot be fully tracked without those third-party cookies.

- Use advanced machine learning to track cross-device and cross-platform user journeys.

- Automatically surface relevant insights around your consumer behaviors through machine learning. For example, GA4 can show a rise in demand for a certain category based on a change in new customers' activity.

- Monitor web, mobile, and app analytics under one dashboard.

In short, GA4 offers better tracking, ad targeting, and customer analysis that will help marketers prepare for the future.

NetElixir can take care of the complete technical implementation of GA4 across standard e-commerce platforms. Additionally, NetElixir can help you with:

- Customizing the tracking pixels for more advanced tracking.

- Upgrading your tracking pixels to GTM or global site tag prerequisite for GA4.

- Data validation and other setup-related maintenance checks after the implementation.

- Establishing some best practices around reporting, insights, audiences, and events over time.

Solutions for the Cookieless World

A Look at Available Alternatives

While standard digital marketing practices will be disrupted with the deprecation of third-party cookies, there are alternative solutions available and in development to assist your marketing efforts.

Google, Amazon, and Facebook, among others, are working to develop tracking methods of their own that adhere to stricter privacy standards and consolidate consumer information within their platforms.

Topics API

Google had initially proposed a cohort-based solution that would place users with similar browsing histories together into one group or cohort. In early 2022, based on user feedback, Google replaced cohorts with topics.

Topics API offers a more transparent solution that categorizes a user's browsing history into various topics. These topics are then shared with advertisers across participating sites in order to display relevant ads. Ads are related to three randomly selected topics from a user's five most searched topics of the week. Topics are refreshed every three weeks so one late night search binge won't forever haunt ad suggestions.

To better protect privacy and user preference, individuals will have the option to remove select topics or turn off the feature entirely. According to Google, about 5% of searches will display a randomly generated topic from the full set of their 300+ range to further protect a user's identity.

The functionality of Topics is similar to some of the existing audience types that Google's algorithm already creates for in-market and affinity audiences.

More Solutions for the Cookieless World

Available Alternatives Continued

Google Privacy Sandbox

The Google Privacy Sandbox is the fundamental solution that Google Chrome is pushing in the wake of third-party cookie deprecation. This solution was first introduced in 2019 and is a collaboration from different tech experts and industry bodies, as well as Facebook and Apple, as part of the World Wide Web Consortium. The goal is to develop a platform that uses new privacy-friendly methods that don't rely on unique IDs or individual cross-site tracking.

A key principle of the Google Privacy Sandbox is that everything is stored within the browser, not an advertiser. Advertisers can deliver ads based on interest and interest is determined by the browser. The Sandbox introduces some privacy-preserving APIs, so that some data will still be shared (such as behavior and trends), but not in a way that compromises the individual's data.

Conversion Modeling

Conversion modeling will be used extensively going forward, as it is already partly in use in Google Ads and Google Analytics. This solution uses machine learning to fill in the gaps of conversions that cannot be observed. It has previously been used to track information like offline conversions and will continue to be developed to identify gaps in attribution. The algorithm feeds on observable data and historical trends to validate and inform its measurement analysis.

How Privacy Measures Are Changing

Users Are Taking Control of Their Data

We are already seeing brands and browsers preparing for the cookieless world.

Apple's iOS 14.5 update, named App Tracking Transparency (ATT), now gives users the option to disallow an app to track them across other apps and websites on their mobile devices. Giving users the ability to opt into data tracking, if they so desire, is at the heart of new privacy regulations that give users more control over how their data can be used.

Users can learn about some of the data that is collected by an app on each product page in the App Store and if that data is linked to their identity or device. For brands, this means you must provide information about your privacy practices to submit any new apps or updates. If you use third-party codes, you will need to describe what data is collected, how it is used, and whether the data tracks users, according to Apple's App Store. You will need to include a description of what the collected data will be used for so the user fully understands what will be shared. The key is transparency.

An Omnichannel Journey

While social media platforms like Meta, Instagram, and Snapchat felt the biggest hit from Apple's privacy updates, measurement tactics have improved since the end of 2021 compared to the initial rollout. Because off-platform targeting is no longer an option, many advertisers are doubling down on platforms that offer better solutions, such as search engines and marketplaces. These solutions include closed-loop attribution on marketplaces, hashed PII data, and advanced conversion tracking.

This is not to say that advertising on social media is defunct. Measurement issues and signal losses have mostly impacted social advertisers who rely on performance KPIs more than branding. Because some consumers experience over 500 digital touchpoints before making a purchase, social media plays a large role in that journey. Marketers have to consider their omnichannel strategy; it's not an either/or choice between channels, but a this and that strategy to meet customers where they are and where they expect their favorite brands to be.

To keep users shopping (and thus sharing information) within a specific app, social platforms are driving new marketplace-like e-commerce solutions. Social commerce is a burgeoning branch of e-commerce, with an expected sales growth to $45.74B in 2022 per eMarketer.

Now is the time to plan out how to better diversify advertising and revenue-generating strategies so you are not solely reliant on third-party data to reach and attract customers. As always, NetElixir will continue to share our latest updates, trends, and insights with you to stay ahead in the ever-evolving digital landscape and keep you current on the recent developments.

Grow Your Business Responsibly With Relevant, Data-Driven Insights

Meet and Understand Your High-Value Customers

At NetElixir, we have developed an Analytics and Insights Solution that unites our proprietary customer analytics platform LXRInsights, Google Analytics, and Power BI to empower data-driven decisions that take the guesswork out of your next step.

The goal is to create a cohesive synergy between all the different digital platforms within our ecosystem to help you make more strategic and impactful investments into what matters most.

LXRInsights is NetElixir's proprietary customer analytics platform that offers a holistic approach to guide marketing investments and business decisions by delivering game-changing insights about your high-value customers. The platform can help our clients correctly match customer behaviors to the actual customer by using first-party identifiers, like email addresses. Additionally, we can provide more accurate attributions of various channels along the customer journey with first-party customer id tracking. LXRInsights will work to fill in the gaps from other open web solutions, such as universal identifiers and device fingerprinting, for holistic insights into your high-value customers.

We prioritize high-value customers because they are more likely to spend 3X more with your brand. Based on our data, we can create more efficient retargeting campaigns because our platform integrates with and provides downstream platforms with hashed email ids for more accurate targeting.

LXRInsights allows users to push different audience lists to an integrated downstream marketing platform. From there, we can better determine which campaigns on which channels are most effective for converting more high-value customers, or other customers within your audience lists. These insights will help you better meet your customers where they want to be met with the content they want.

Overall, NetElixir aims to create an omnichannel customer profile to better understand what value is being added from each channel to help you allocate your marketing dollars more responsibly and effectively.

To see how it works, request your demo of LXRInsights at lxrinsights.com.

Helping Brands Thrive in the Cookieless World

Your New Digital Marketing Approach

It is crucial to start preparing for the cookieless world now and phase out our reliance on third-party data to succeed once the cookies are gone. Brands will need to undergo a fundamental transformation where you rely heavily on first-party data and build strong relationships with your customers and prospects.

On one hand, increased online demand creates enormous opportunities for newer or smaller brands to gain market share. On the other hand, however, brands need to work hard to retain their existing customers. Building strong relationships and encouraging your customers to continually engage through email newsletters, social media, and loyalty programs will go a long way in building out your first-party data collection and management.

Marketing should take on an equity-based, full-funnel approach.

• Higher-funnel brand awareness campaigns will help generate interest by helping consumers get to know the brands they may want to engage with.

• Middle-funnel branding should be centered around activating the relevant channels, features, and tools that can influence purchasing intent.

• Bottom-funnel solutions should continue to focus on meaningful actions between your brand and prospect.

• Overall, your omnichannel strategy starts with your customer and understanding what channels they are already active on to meet them there

A consistent brand experience across all funnel stages and all channels is important. For customers to submit any information, they need to trust the brand.

Within NetElixir, our future-forward approach to driving overall business growth is to:

1. Use analytics to make data-driven decisions.
2. Gather relevant information across channels.
3. Determine actionable cross-channel synergies, based on first-party data to determine the strengths and weaknesses of each channel to the end goal.
4. Break down the synergies into channel-specific best practices.

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NetElixir™

Empowering
E-commerce Growth

Through Empathy, Insights & Innovation

NetElixir is an independent growth marketing agency for leading retail, DTC, and B2B brands. We have been driving profitable growth for e-commerce businesses since 2004, by combining a high-tech and high-touch approach to digital marketing. Leveraging our AI-powered customer intelligence platform, LXRInsights, we predictably identify, engage, and win high-value customers through targeted demand generation campaigns on search, social, programmatic display, and retail media channels. Our strategic insights empower brands to humanize their customer relationships and draw the line between invasive and inventive marketing.

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