The death of the cookie, and why the future of identity is A Good Thing

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SIX things you need to know:

/ 1 After years of stability and the basis of audience insight and targeting, **third party cookies are becoming obsolete.** Following steps from Apple, Google, Microsoft, Samsung and others, over 90% of global browsers are expected to reject third party cookies by default by 2022.

/ 2 It's important to note in the case of both Apple iOS and Google Chrome, the technology of advertising IDs and third party cookies are not disappearing altogether. Each is simply changing from a model of tracking by default, to one of transparency - **getting the user's permission first.**

/ 3 The industry is re-architecting itself around new standards for data ethics and at m/SIX we see this as an opportunity to reconfirm our belief that **transparency** and **privacy** should underpin any consumer data usage.

/ 4 We welcome these changes as we have long recommended a **first-party-first approach to data**, building resilience alongside our clients' marketing, CRM, IT and data stakeholders.

/ 5 For marketers prioritising higher quality owned data - collected voluntarily and transparently - means a **better foundation** for all marketing, to both current and future customer

/ 6 Our strategic toolkit for **planning**, **activation** and **measurement** has been cookieless by design for some time, but there is a 'mosaic' of solutions that we have been testing. Data clean rooms provide secure data matching between media outlets and advertisers, without transmitting any personal data and identity graphs take the idea of independent clean room providers a step further by effectively joining up userbases across publishers and brands.

Here Dylan Mouratsing, m/SIX's Global Head of Audience Planning takes you through the detail:

What's really happening?

Addressable advertising is the long-established practice of placing ads in digital media based on knowledge of who is seeing them, in real-time. It is valuable for publishers to know advertisers' customers from strangers, and to know which of their audiences are in the market for a given product in a given moment. These audience insights have caused the worlds of marketing, digital, data, and automation to converge, powered by the premium brands are willing to pay for increased business results.

By definition, addressable advertising needs an 'address' to function. This can be someone's logged in email address or phone number, or anonymous (but still individual) identifiers kept within their web browser or mobile device. These identifiers can then be aggregated into audiences for current and predicted interests, and capture what they did or did not buy, and even be used to match across devices and databases.
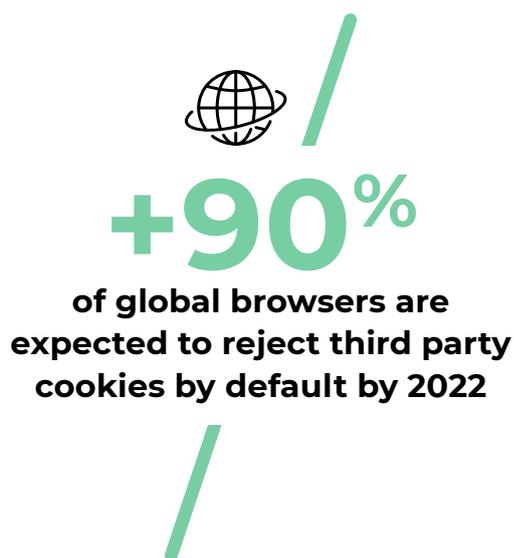
These anonymous identifiers - driven by cookies set by third parties, and mobile device IDs - are changing in 2021-2022, after years of relative stability. After steps from Apple, Google, Microsoft, Samsung and others, over 90% of global browsers used are expected to reject third party cookies by default by 2022.

This means we need to re-engineer simple but valuable use cases, like making sure a customer that's just signed up to a new broadband contract doesn't see ads for the same offer the next day. It also affects more advanced uses, like a watchmaker being able to locate the people in a lifestyle publisher's audience who are specifically in the market for a new watch.

+90%
of global browsers are expected to reject third party cookies by default by 2022

At its most advanced, and its most contentious, third party data means knitting together a multitude of lifestyle and behaviour traits from disparate data sources, that are combined into detailed, 360-degree pictures of individuals. These profiles can even increasingly predict future behaviour.

Separately but with similar urgency, is an imminent software update for Apple devices, that will make tracking across apps opt-in rather than opt-out. After the update was planned for the end of 2020, implementation was delayed after industry backlash, including swift and vocal response from Facebook.

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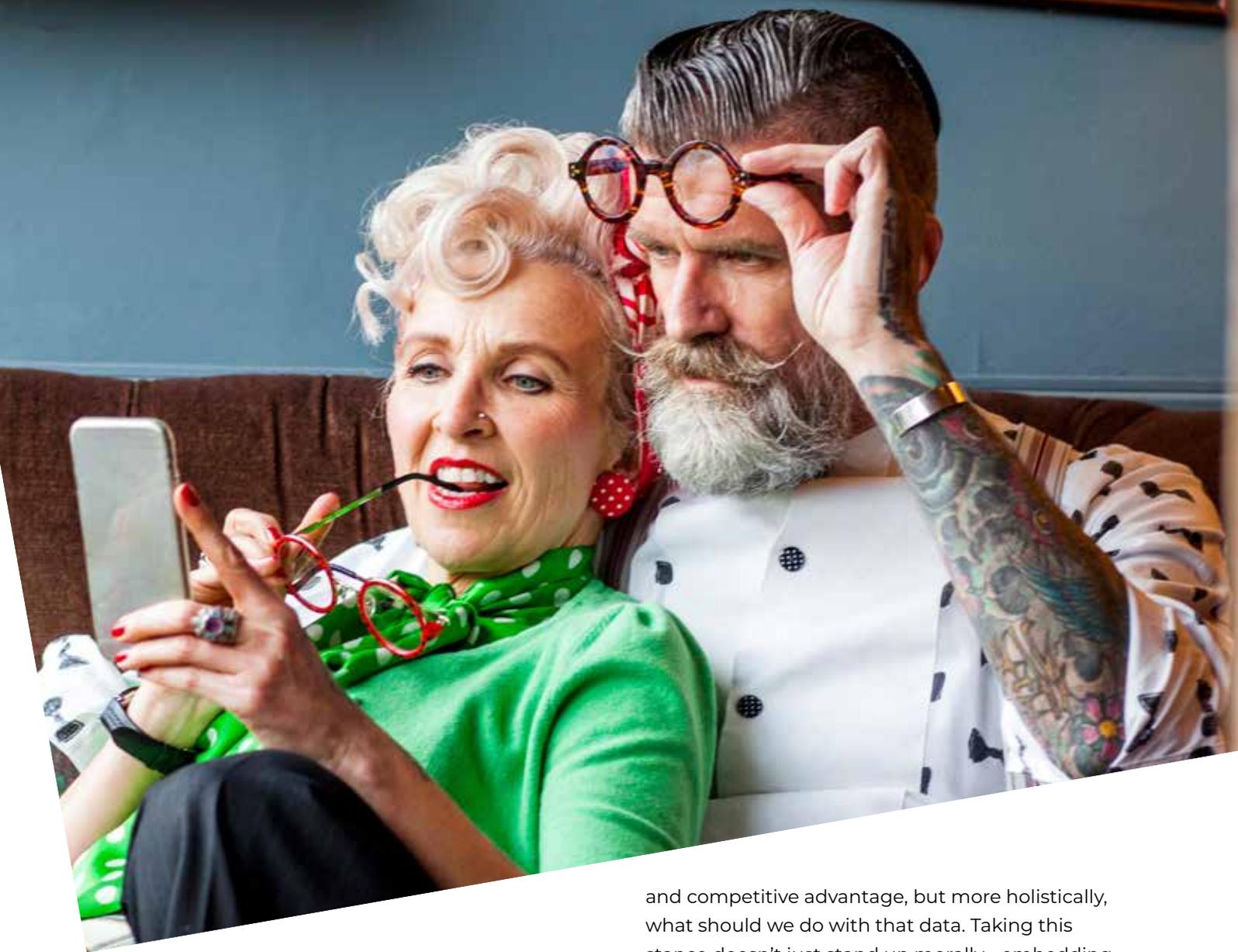
Who is (and isn't) affected?

It's important to note in the case of both Apple iOS and Google Chrome, the technology of advertising IDs and third party cookies are not disappearing altogether. Each is simply changing from a model of tracking by default, to one of transparency - getting user's permission first. In both cases, however, it is widely predicted that there will be little to no uptake when these permissions are requested from users, so we, alongside the industry, are building alternative solutions.

This renewed focus on transparency is driven by a shift in bias among leading marketers, agencies and media, in favour of consumer privacy and data ethics, rather than being purely a technology-driven issue. Rather than just what could we do with consumer data to continue to drive performance and competitive advantage, but more holistically, what should we do with that data. Taking this stance doesn't just stand up morally - embedding a best practice, ethics-led approach to data strategy is far more resilient to any future technical and legal changes.

Cookies and device IDs as a whole are not disappearing, just the ability of third party companies to use them by default. Cookies and IDs created as part of the 'first party' relationship between a person and a business are unaffected and remain critical. In other words, the cookies that enable a paying subscriber to remain logged in will be unaffected, or, for instance, banks and shops to remember favourite devices, preferences and save shopping baskets.

These first party data relationships also include the logged-in customer relationships built up into the billions by tech titans like Google, Facebook and Amazon. These extend across all of their own respective sites, devices and apps - each known as walled gardens as a result. It is media outside of these walled gardens that is most affected by the end of third party cookies.

The win-win-win we have built with our client and publisher partners

We believe that focusing on overcoming short term changes misses the opportunity to make gains for all involved.

Firstly, we firmly believe that any incremental use of consumer data needs to be repaid back to the individual - pure conversion optimisation potential is no longer enough. Whether someone signs up, opts in, or becomes a customer, that person deserves meaningful gains in return that makes that action worthwhile.

A futureproof approach to consumer identity makes more of the data opportunity when people give permission. And if they don't give their permission, we seek to market effectively while respecting the right to remain anonymous.

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Second, for marketing departments prioritising higher quality owned data - collected voluntarily and transparently - means a better foundation for all marketing, to both current and future customers. Less reliance on third party data from cookies and IDs tips the balance towards a stronger owned data ecosystem, allowing a more robust basis to create reliable real-time optimisation, segmentation and prediction. It also enables more independence from agencies and walled garden platforms. Deeper, actionable analysis on better owned data translates into more opportunities to surprise and delight customers and prospects, with better ROI measurement throughout. Just as third party data dependence is a risk for many, a first-party-first approach is an asset or even a source of competitive advantage in its own right.

Finally, when consumers and brands win in this evolved marketplace, publishers and platforms benefit from wholeheartedly taking part in that marketplace too. The same principles - of valuing volunteered information, and respecting anonymity - pay off for the media vendor space in different ways. Building up signed-in, authenticated relationships with their audiences makes media brands' viewers, readers and listeners even more valuable, as the provenance and auditability is indispensable to advertisers. At the same time, when users of a media brand choose not to log in, we expect the renewed flourish of tech vendors enabling better use of other contextual cues to continue to grow.

Now that we've established what each side of the market demands, and the technical and policy hurdles we need to overcome, what are the building blocks of the next-generation identity ecosystem we have assembled?

Identity building blocks that meet these needs

Collecting and using richer first-party data within a single advertiser or within a single media brand are valuable pools on their own. However, new technologies are needed for publishers and brands to communicate audience data to enable the open programmatic ecosystem, without legacy tracking techniques.

While some industry standards are still being ratified, the component parts of the new programmatic ecosystem are far clearer than they were even a few months ago. It is also possible to plan, activate and measure almost entirely within large platform walled gardens, albeit with some limitations.

Beyond these platforms, emerging components we have evaluated all pass our test of a renewed focus on data transparency (how is my data being used?) and data ethics (should my data be used in this way?). The guiding principle is any increased use of consumer data beyond essential needs to be balanced by increased value to the consumer - through relevancy or through new experiences not possible by other means.

One front running technology to enable this is the data clean room. Clean rooms provide secure data matching between media outlets and advertisers, without transmitting any personal data. Independent, pure play options as well as owned solutions exist - we have evaluated each type extensively in all key markets, from the full gamut of vendors.

Clean rooms match opted-in personal data on a bespoke basis, so the behaviour of a signed-in user in one environment (I am reading about buying new electric cars) can be used when the same person signs in on another platform (a pre-roll ad is shown for a new electric vehicle instead of a generic, untargeted ad). Crucially, people's personal data is never passed from one organisation to another in raw form, only the fact that there is a match between one person in both data sets alongside limited specific, anonymous traits of interest to the advertiser. Behind the scenes in that example, both publisher and advertiser need to use the same clean room provider, and come to commercial terms agreeable on both sides.

Taking the same idea a step further, but more in common with the previous third party cookie/ID driven world, new solutions have emerged that aim to match up authenticated, signed-in users to their own identifiers.

When these IDs are pooled across buy and sell sides of the media market, these are known as identity graphs.

Identity graphs takes the idea of independent clean room providers a step further by effectively joining up userbases across publishers and brands. As a result of their scale, they have more potential for independent measurement and data providers to operate within them.

Firms such as LiveRamp and TheTradeDesk have scrambled to install their own identifier alongside private databases, while some markets have forged ahead with their own solutions, such as Germany's NetID initiative.

Instead of brands and publishers facilitating data exchanges directly with one another, identity graphs aim to be a single resource to which organisations add their targeting, measurement and media options. If they are installed widely and are common within enough brands, survey providers, buying exchanges and publishers, that they become effective replacements for third party cookie driven media buying.

Delivering scale and accuracy without identity

While clean rooms and identity graphs enable programmatic buying based on new forms of identity, we also need to think about the other half of our equation - marketing effectively while respecting people's right to anonymity where they don't opt in. We have piloted and are working with anonymous solutions that achieve similar campaign delivery through totally different means.

The Privacy Sandbox solutions that Google proposed to the IAB were designed to allow specific marketing needs to continue without relying on third party cookies. For instance, Federated Learning of Cohorts means audience traits can be captured by new machine learning capabilities built-in to the browser. Crucially, these are only matched to people in their thousands, instead of individually - allowing media to continue to transact, but a big win for consumer privacy. We are piloting this technology with Google on behalf of our clients from March 2021, when it is available to test campaigns among users of the latest Chrome update.

Sitting between the worlds of rich authenticated data and the long tail of anonymous content consumption, is synthetic audiences.

This approach effectively meld a small known core data set - for instance, people paid for wide access to their data by a marketing research company - with broader anonymous pools of people according to their browsing behaviour. Through sophisticated data science, it's possible to get near the best of both worlds. Synthetic data allows us to use the rich-but-small data insights to target widely and sharply at the same time, all while respecting differential privacy data consent and transparency.

How m/SIX is responding

The industry is re-architecting itself around new standards for data ethics - implementing new technologies to deliver media via identity and anonymity. We welcome these changes as we have long recommended a first-party-first approach to data, building resilience alongside our clients' marketing, CRM, IT and data stakeholders.

Our tactical activation and outcomes have changed to take advantage of new capabilities in the market, often building them in partnership with the biggest players to innovate together.

However, our strategic toolkit for planning, activation and measurement has been cookieless by design for some time. It emphasises flexibility and independence from any single platform or identity graph.

Going further than technical mitigation, and aiming for best practice, is the only way to ensure activation strategy exceeds future policy and legal thresholds. For instance, now that greater data usage is more closely matched with increased permissions from the consumer, there's an even greater focus on overall value and necessity of any data usage, beyond pure ROI back to the marketer.

Using this moment as an opportunity to reconfirm our belief that transparency and privacy should underpin any consumer data usage, every m/SIX employee that plans or activates using consumer data is trained and active in our Data Ethics Compass web app. This comprehensive tool makes explicit the policy themes that have always been built into our data strategy, by asking straightforward, plain English questions around planned data usage. Where clients have particular policies around data governance and ethics, those are incorporated into tailored versions of the tool for use alongside their m/SIX team.

Conclusion

There is no single solution that will provide the future path for transacting and measuring digital campaigns beyond third party tracking. Instead, we believe a combination of solutions have emerged that will co-exist, borne of the need to maximise value back to opted-in consumers, while respecting the right to anonymity of those that opt out.

The technologies we have tested in recent months sit alongside long held policies and tools development that meet these needs and enable all parties to thrive better than ever before.

This selection of a 'mosaic' of solutions, and how to deploy them to meet marketing objectives, requires a codified, ethics-led data strategy. This can only be created on an advertiser specific basis, jointly created by the marketer, agency, publisher and platform players working together. The solutions that balance the need to monetise quality content and deliver business results, leaning into innovation while above all respecting people, will be those that have the most secure future.