The promising post-cookie world

30-second summary:

- Google’s market-leading Chrome browser utilizes a signed-in Google account, and Facebook requires personal logins to access its ubiquitous platform.
- Marketers who wanted to reach consumers efficiently outside of the walled gardens have long relied on the third-party tracking cookie.
- Now Google has announced that they will phase out third-party tracking cookies in Chrome, and the industry has been in a panic.
- VP of Ad Operations at Octopus Interactive shares a fresh perspective and potential of a post-cookie world.

Facebook and Google cemented their dominance in the digital advertising world by virtue of their unique personal identifiers. Google’s market-leading Chrome browser utilizes a signed-in Google account, and Facebook requires personal logins to access its ubiquitous platform. Marketers who wanted to reach consumers efficiently outside of the walled gardens have long relied on the third-party tracking cookie. By tracking individual users across their browsing activity, an entire ecosystem has arisen that has reached an equilibrium, balancing the needs of publishers, advertisers, and the tech providers that exist between them.

Now Google has announced that they will phase out third-party tracking cookies in Chrome, and the industry has been in a panic. Indeed, many companies will have to adjust their

business models wholesale in order to adapt to this new reality and privacy concerns.

The future, however, need not look bleak for advertisers and publishers. While some stakeholders will lose tracking and attribution features they've grown accustomed to, a return to the first principles of marketing will be good for consumers, publishers, advertisers, and the larger digital ecosystem.

The return of context

In the short term, giant companies like Google and Facebook will continue to control true identity. Some workarounds already are coming into practice, relying on things like grouping cohorts to reach the right consumers with the right message. Targeting advertising according to groups of cohorts that share similar characteristics is one way to deliver some performance, but it doesn't allow for things like frequency capping in order to increase scale and efficiency.

Instead, advertisers and publishers will need to work together to return to first principles like contextual advertising. By targeting advertising based on the actual content it's published next to, consumers are more likely to see relevant ads, and resourceful publishers can monetize accordingly. For a long time, contextual targeting has been treated as an add-on feature in the industry, and advertisers and publishers need to prepare for a future in which context is a great deal more important.

From a higher level, contextual advertising also makes philosophical sense. Advertisers have known an entire generation of consumers as numbers and attributes. A thoughtful return to contextual advertising means that the industry will need to consider the whole person, rather than a collection of abstractions. While this may be challenging for many advertisers who have grown accustomed to performance and efficiency, it also represents an opportunity to build brands

and relationships.

Keep calm, carry on

In light of these developments, some in the digital advertising industry are rightfully anxious about the uncertain future. If there's one thing that 2020 has taught us, however, it's that nothing can be truly taken for granted, and the old platitude holds that change is the only thing that remains constant.

To those who are worried, I would urge calm and reflection. There's too much money and too many smart people in our industry for us to give it all up wholesale. It's a virtual certainty that the advertising industry will find a way to move forward – outside of the walled gardens and without the helpful tracking cookie.

Part of the solution will require finding efficiencies in places other than the media spend. More thoughtful creative and more deliberate targeting will result, leading to a better customer experience. New channels like addressable CTV will fill some of the gaps, and things like Digital Out of Home (DOOH) are poised to gain ground. Measurement and engagement proxies like viewability and video completion rates will become more important.

In the end, the digital ad industry will be forced to move away from the one-to-one goal that we've fixated on for too long. Our entire industry will become smarter and better as a consequence. There will be some struggles along the way, but the future of digital marketing outside of the walled gardens has every reason to appear bright.

Ryan Bricklemyer is VP of Ad Operations and Product Development at Octopus Interactive.

More about:

The promising post-cookie world