

MARCH | 2021

Who Ate My Cookie?

MARKETING IN A PRIVACY FIRST WORLD.



dentsu

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MARKETING
— CLOUD —
Insights

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INTRODUCTION

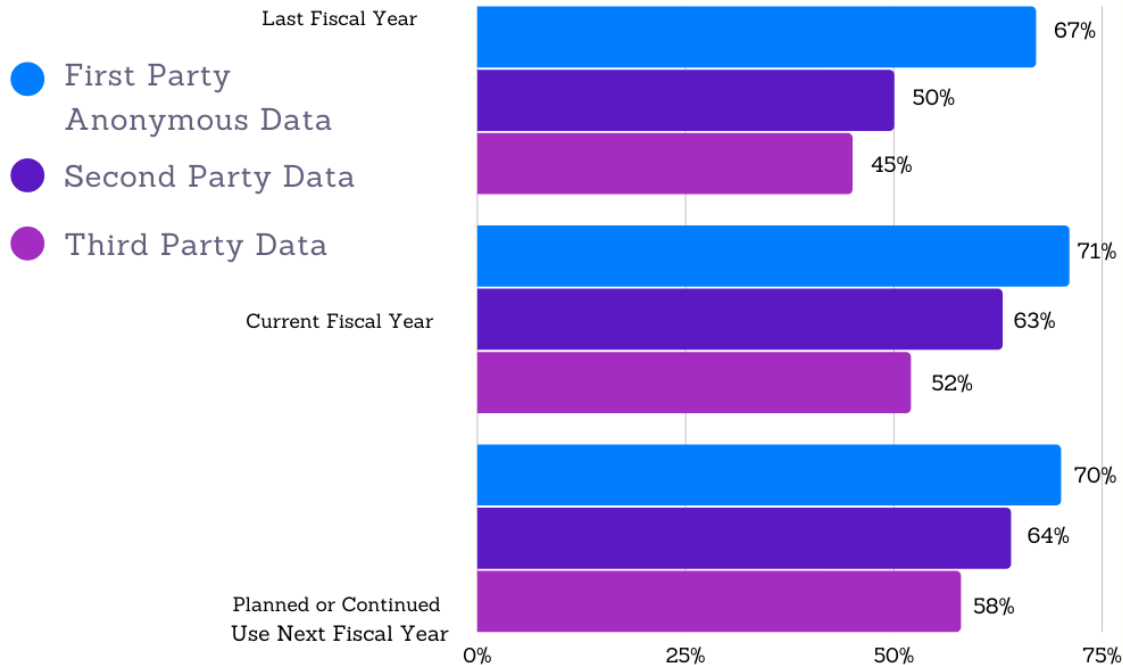
Cookies have for long been the cornerstone of digital marketing ever since its inception in 1994. These little files dropped onto a person's computer helped the complex web of the internet understand who was visiting a site and how frequently they were. This has formed the basis of digital advertising and has been the fundamental backbone of the realm of AdTech and MarTech.

By now, I'm sure you've unearthed the importance of this piece of code. It's also likely you would have heard of the "cookie apocalypse" or a "cookieless future" that has sent the entire world of marketing in a tizzy with Google and Apple's announcement dispelling the death of third-party cookies and introducing guidelines on identity-based targeting.

A study by Salesforce in 2020 shows how advertisers are still heavily reliant on third party data, most of which is collected using 3rd party cookies. With the impending death of cookies and new privacy-led initiatives, walled gardens like Google, Apple, Facebook and Amazon will continue to further impose their dominance on the online advertising ecosystem as they control the largest first-party audience sets.

With third party cookies on its way out, marketers and publishers need to derive novel ways to approach audience identity, ad targeting and attribution.

PERCENTAGE OF GLOBAL ADVERTISERS USING OR PLANNING TO USE ONLINE DATA.



Salesforce 2020

In its final year before the deprecation of the third-party cookie and with the impending new privacy-first policies, advertisers need to develop strong first party data fortresses, data clean rooms and novel ways to stitch together audience intelligent to drive better customer engagement. These steps will not eliminate but will endeavour to mitigate the impact of a cookieless & privacy-driven world and enhance brand-audience interaction.

- Gautam Mehra
Chief Data & Product Strategy Officer (Asia Pacific)
& CEO dentsu Programmatic



The Move Towards A Privacy-Led Ecosystem

With its ability to ensure user digital identity is maintained as people traverse the world wide web, third party cookies had in many ways cemented itself as a foundation of the digital marketing ecosystem.

As users of the internet have become increasingly aware of the fact that their digital activities create a stream of data, a movement of privacy has swept consumers around the world, forcing the digital marketing ecosystem to rethink the way they amass audience information to serve ads, whilst delivering user convenience.

Broadly there are 4 main reasons for evolving towards a privacy-led ecosystem:

1. Security

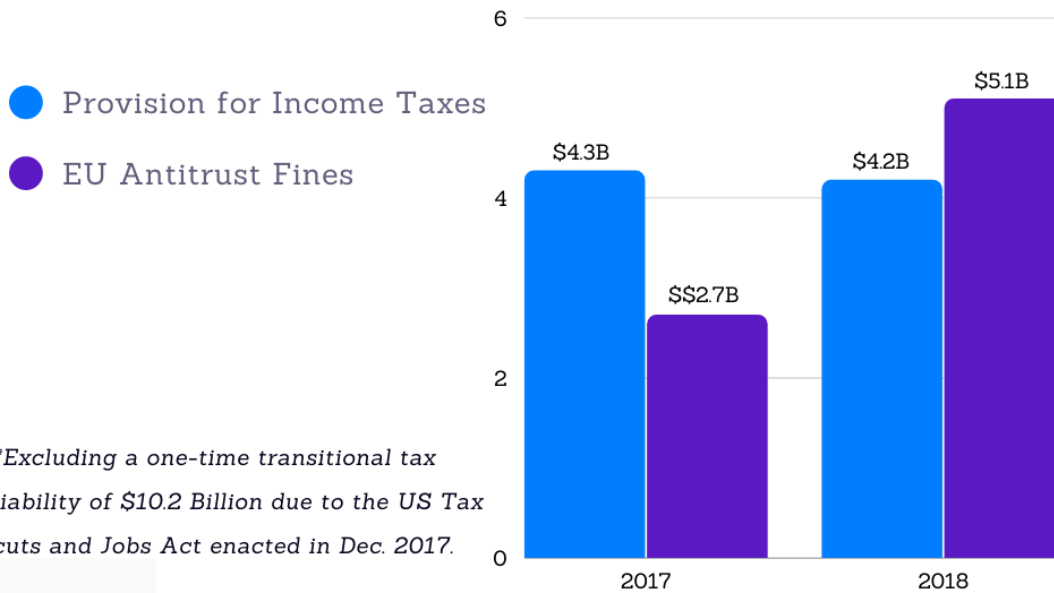
It's no secret that cookies are the not the most secure form of cross-site tracking, which allows for tracking user behaviour across the internet. There was a demand in the ecosystem for a viable & secure alternative solution. However, until recently, privacy was not a major focus in the AdTech space.

2. Regulations

Over the last few years, countries across the globe have enforced laws to protect the citizens' digital privacy & data. Major companies like Google have been heavily fined for violating users' privacy and/or wrongful use of data. In fact, in 2018, Google paid more amount in fines than in taxes.

GOOGLE PAID MORE FINES THAN TAXES IN 2018.

Alphabet's income tax compared to fines imposed by the European Commission.



*Excluding a one-time transitional tax liability of \$10.2 Billion due to the US Tax cuts and Jobs Act enacted in Dec. 2017.

statista

3. Gaps in Perception

Cookies are a harmless file stored in your computer's browser. However, of late, they have become internet's public enemy no.1. Cookies help publishers improve the user experience as well as provide targeted audiences to advertisers. These audiences result in higher paying advertisements that in turn provide funds for publishers to create more meaningful content. The industry was unable to clearly explain this symbiotic relationship that exists between advertisers, AdTech vendors & publishers. In the end, quality content is never free.

4. *Walled Gardens*

The sudden shift towards a more privacy-first ecosystem has been brought about primarily by Google and Apple. Arguably these are also the biggest walled gardens in online advertising. With their heavy reliance on accounts, subscriptions, and purchases, over the last few years, they have dominated the overall market share. However, in an age to bring more user control of personally identifiable information, BigTech has played a dominant role in taking a wrap on their knuckles in defence of their stances to provide a more secure web for all.

TIMELINE OF PRIVACY FOCUSED CHANGES

January, 2013

Firefox & Safari blacklist many 3rd party cookies by default

April, 2016

GDPR law is adopted by the EU

September, 2017

Apple releases ITP 1

March, 2018

Apple releases ITP 1.1

May, 2018

GDPR is enforced

June, 2018

Apple releases ITP 2

June, 2018

CCPA passed by the state of California

October, 2018

Firefox releases Enhance Tracking Protecting (ETP)

January, 2019

Firefox announces ETP V2

February, 2019

Apple releases ITP 2.1

April, 2019

Apple releases ITP 2.2



August, 2019

Google announces a new initiative - Privacy Sandbox

September, 2019

Apple releases ITP 2.3

January, 2020

CCPA takes effect

January, 2020

Google announces that they will stop support of 3rd party cookies by 2022

March, 2020

Apple's Safari fully blocks third-party cookies by default

June, 2020

Apple announces major changes to how IDFA is accessed

January, 2021

Apple announces ATT will be mandatory in iOS 14

March, 2021

Google makes it clear that will not support user-level identifiers in any of its ad products





Stance Taken By Tech Giants: Google

In Aug 2019, Google announced the *Privacy Sandbox initiative*. It aimed to create a privacy-first web ecosystem while facilitating the existing symbiotic relationship between publishers & advertisers. For this purpose they have created/proposed various APIs to solve for various requirements.

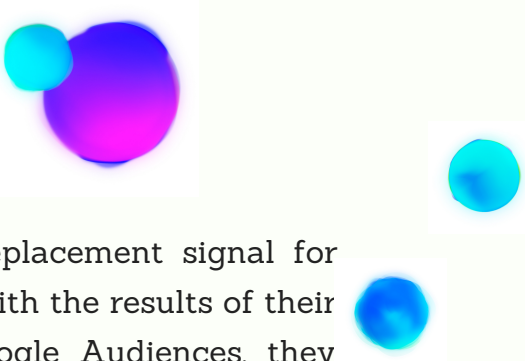
Moving ahead with their decision for a privacy led ecosystem, in January 2020, Google, announced that Chrome would block all 3rd party cookies by 2022. Although many in the industry are cynical of the reasons behind this change, there is consensus that Google is pushing forward with their decision for a cookie less and privacy led web.

Additionally, on 3rd March 2020, Google mentioned in a *blog post* that it will not use any solutions that track users at an individual level in any of their ad products.

Key Areas of Focus for Privacy Sandbox

1. Interest Based Targeting

Federated Learning of Cohorts (FLoC) proposes a new way for organizations to reach people with relevant content and ads by clustering large groups of 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.



Google believes FLoC can provide an effective replacement signal for third-party cookies. They recently announced that with the results of their testing FLoC to reach in-market and affinity Google Audiences, they anticipate at least a 95% effectiveness when compared to cookie-based advertising. This looks promising; however, the industry as a whole is yet to test this new cohort-based targeting.

2. Audience creation

The Privacy Sandbox also includes proposals for audience creation & deployment based on brand's own data, without the use of third-party cookies. One such proposal is called FLEDGE that expands on a previous Chrome proposal (called TURTLEDOVE) and considers the industry feedback they've heard, including the idea of using a "trusted server".

3. Conversion measurement

One of the biggest challenges in a post cookie era, would be accurately tracking conversions. Chrome has proposed several solutions within the Privacy Sandbox framework that would allow marketers and partners to measure campaign performance without third-party cookies.

The proposed APIs report conversions in a way that protects user privacy by using methods like aggregating information, adding noise, and limiting the data that gets sent from a device. Further, Google will use conversion modelling with the use of machine learning to provide conversions across its ad suite in a privacy secure way.

4. Ad fraud prevention

The health of the ad-supported web depends on companies being able to recognize actual visitors from fraudulent traffic. Chrome opened the Trust Token API for testing in July 2020 to help verify authentic traffic without exposing people's identities in the process.

5. *Anti-fingerprinting*

Google also mentioned that one of the goals of the Privacy Sandbox is developing technology to protect people from obscure or hidden techniques that share data about individual users and allow them to be tracked in a covert manner. For example, using a device's IP address to identify someone without their knowledge or ability to opt out.

Google Preparing for iOS 14

With the release of iOS 14.5 later this year, Apple's ATT (App Tracking Transparency) policies go into effect. To ensure least impact, Google has asked developers to upgrade to version 7.64 of the Google Mobile Ads SDK and encouraged app advertisers to upgrade to the latest version of Google Analytics for Firebase for new features like SKAdNetwork support.

Additionally, when Apple's policy goes into effect, Google will no longer use information that falls under ATT for their iOS apps that currently use it for advertising purposes. As such, no ATT prompt will appear on their O&O apps, in line with Apple's guidance.

Stance Taken By Tech Giants: Apple

Apple has always been on the forefront of enabling a privacy driven ecosystem. Early 2013, Apple's browser Safari was one of the first to blacklist 3rd party cookies by default.

On 5th June 2017, Apple announced that it will be releasing a new privacy feature called Intelligent Tracking Prevention (ITP) with the release of Safari 12 and OS 11.

Over the past few years, Apple has taken a strong stance on protecting the privacy of its customers by introducing various iterations of the ITP feature.

In June 2020, they announced major changes on how Identity for Advertisers (IDFA), a unique ID used by iOS to track users, is accessed by ad networks & measurement.

Six months later, it introduced App Tracking Transparency, which will be released alongside iOS 14.5 and will make it mandatory for apps to seek consent from the user to share their IDFA with 3rd parties.

This is a major shift and experts are unsure of the opt-in percentages and consequent impact that it will bring to the app ecosystem. Further, many people believe that Google will soon follow suit with their Google

Introducing SKAdNetwork

SKAdNetwork is a framework developed by Apple in 2018 to measure the conversion rates of app installs. The version 2 of the framework was released alongside the launch of iOS 14 in September 2020.

It provides a way for marketers to measure the success of their campaigns, while protecting end-user privacy. SKAdNetwork offers a clear, compliant alternative to IDFA-based attributions. In other words, app developers using only SKAdNetwork for tracking events would not need to get consent from their users.

Limitations with SKAdNetwork

- Measures mostly installs
- No measurement of view-through and deferred click-through conversions
- Postback delay of at least 24 hours or longer
- Shares event data in aggregate, with no granular data accessible at the user level
- Campaigns limited to only 100 campaigns
- The event conversion values mentioned are unsigned, meaning that app developers will not be able to verify whether the event took place, which can lead to ad fraud
- No re-engagement attribution support

Further, as reported by AppsFlyer during their testing, on average about 32% of non-organic installs are wrongly categorized as organic installs by SKAdNetwork.

Stance Taken By Tech Giants: Facebook

Facebook Inc. is also moving towards a privacy-secure environment across various products like Facebook, Instagram & WhatsApp. However, Facebook has a large pool of data of logged in users and as a result will continue to be in a strong position once cookies are deprecated.

Further, in preparation for a cookieless world, where IDFAs are also harder to come by, Facebook is increasingly employing methodologies beyond regular pixel tracking. Facebook enhanced what used to be called its Server-to-Server API into the Conversion API that lets ad buyers send offline and web events from their server directly to Facebook. This allows them to track what people do across multiple devices after they click on an ad without having to rely on cookies or browser-based pixels.

Facebook's stance on Apple's ATT policy

Facebook has categorically condemned Apple's new privacy policy, stating that "Apple's new iOS 14 policy will have a harmful impact on many small businesses".

In response to these changes, Facebook has asked developers to –

1. Update to version 8.1 or above, if use Facebook SDK for iOS, or you won't be able to create iOS 14 app install campaigns. Apps that use Facebook Login need to update to version 9 or above to support the Limited Login mode.

2. Configure your event configuration schema for Apple's SKAdNetwork in Events Manager to measure and optimize for app events (app event optimization), value (value optimization) and mobile app installs with app events.

Limitations with Ad Campaigns on Facebook

The following limitations are expected across Facebook's Ads Manager, ads reporting and the Ads Insights API -

- No. of campaigns: Each app will be limited to 9 iOS 14 campaigns at once. Each campaign is limited to five ad sets of the same optimization type.
- Delayed reporting: Real-time reporting will not be supported, and data may be delayed up to three days. For iOS 14 app install campaigns, conversion events will be reported based on the time that they are reported to Facebook by the SKAdNetwork API and not the time they occur. Web conversion events will be reported based on the time the conversions occur and not the time of the associated ad impressions.
- Estimated results: For iOS 14 app install campaigns, the SKAdNetwork API will report results to Facebook, aggregated at the campaign level. Statistical modelling may be used to account for results at the ad set and ad levels. For web conversion events, statistical modelling may be used to account for conversions from iOS 14 users.
- No breakdowns: For both app and web conversions, delivery and action breakdowns, such as age, gender, region and placement will not be supported.

-
- Changes to attribution window settings: Once Apple enforces their iOS 14 requirements, the attribution window for all new or active ad campaigns will be set at the ad set level, rather than at the account level. Additionally, the default for all new or active ad campaigns (other than iOS 14 app install campaigns) will be set at a 7-day click attribution window. iOS 14 app install campaigns will report based on the attribution window provided by Apple's SKAdNetwork API.

Proposed Tech Solutions

To prepare for the eventual demise of the cookies, many AdTech players are conceptualizing & implementing new approaches that can provide the same flexibility of cookies while ensuring that user privacy is maintained. We have listed down few of the most talked about solutions in the market today.

ID Graph Based Solutions

There are many different ID graph based solutions in the market today. These solutions use multiple data points like customer ID, email address, device ID, etc. to stitch together a profile of a user that can be later used for various tasks including ad targeting.

The basic principles of these solutions are -

- **Data collection:** A company send its customer IDs/first-party IDs to the ID graph. These first-party IDs could be taken from websites, mobile apps, and customer data platforms.
- **Matching customer IDs with existing IDs in the graph:** The company's first-party IDs is then matched with all the other IDs in the graph, applying a combination of deterministic and probabilistic matching.
- **Activation of data for cross-device activities:** The company can now identify their customers across different devices and channels, and use it for ad targeting, personalization, and attribution.

Companies that provide ID graph-based solutions use cookie data heavily to improve the match rate, using deterministic methodologies, between businesses' owned data and their own data. With the absence of third-party cookies, they will be forced to use other data points and a more probabilistic approach.

Key players in this space

1. LiveRamp

Companies can upload their offline and online data to LiveRamp and utilize its ID graph IdentityLink to distinguish users across different devices and channels, allowing them to power behavioural targeting, retargeting, and cross-device attribution.

2. Tapad

The Tapad Graph allows marketers to run cross-device ad targeting, personalization, and attribution by recognizing users on an individual and household level and creating a single customer view. In February 2021, Tapad released a new product called Switchboard, which aims to provide interoperability to all the cookieless IDs (e.g. first-party cookies, mobile IDs, and CTV IDs) that will replace third-party cookies.

3. Neustar

The Fabric ID is a pseudonymized token that is generated by an email address or phone number. Once the ID has been created, it can then be passed from the publisher to Neustar's advertising clients in the same way IDs are in third-party cookies.

Hurdles for ID based Solutions

On 3rd March 2021, Google announced that it will not support alternate identifiers for cross-site tracking in its ad stack. This represents another step in a gradual move away from tracking technologies based on questionable user consent. Amid regulations on data use in Europe and U.S. states including California, the company has transitioned away from targeting technologies that merely replace third-party cookies with other forms of identity such as email addresses or fingerprinting techniques that piece together identity.

As the cat and mouse game continues, AdTech companies are moving from one identification method to another, and it won't be long until tech giants like Apple and/or Google make some change to their web browsers or operating systems to prevent these identification methods completely.

TTD's Unified ID 2.0 Solution

A prominent solution for a cookie-less world that is being explored is Unified ID 2.0, which is based on the principles stated by IAB's Tech Lab. Unified ID 2.0 is a collective industry effort, *originally spearheaded by The Trade Desk*, to create an email-based alternative to third-party cookies.

With the collaboration of leading industry partners across the ecosystem they have developed an open-source ID framework. Built from hashed and encrypted email addresses, this ID will remain open and ubiquitous while introducing significant upgrades to consumer privacy and transparency.

The 4-part solution:

- Open ID – Hashed & encrypted. Cannot be converted back into email address. Can work with existing email IDs that the entity already stores.
- SSO Consent – A free & ubiquitous SSO that operates across the open internet.
- Control for Consumers – Simple controls based on a clearer understanding of data use.
- Framework for Publishers.

In February 2021, TTD announced that Prebid would operate this initiative. Prebid is an industry body that consists of hundreds of AdTech companies. They oversee the Prebid server & Prebid.js wrapper which are open-source server & wrapper respectively that facilitate server-to-server header bidding.

Besides managing UID 2.0's infrastructure, Prebid will also handle the email encryption and decryption process and essentially guarantee that the IDs are functioning properly.

Server-to-server Integrations

Server-to-Server (S2S) Integration is an integration that allows two servers to directly communicate to each other. Meaning a server at the advertiser's end can send marketing signals to publishers like Facebook, Google, Instagram, LinkedIn, etc. as well as other AdTech partners without the need of cookies.

To enable S2S tracking, a unique ID is assigned to a visitor who interacts on a webpage/app by clicking on a specific link, filling a form, or other actions. This unique ID is stored on a private server and it can be matched later if the user linked to the same ID interacts again on the same website/app with a 'trackable event'. The information stored in the private server can then be sent to publishers' servers.

The major drawback with S2S integrations is the complications involved in setting it up. Some allege the process increases tech debt over time because server-to-server connections needs to be created with each entity – publisher, marketing or measurement platform, at a time. However, S2S is a viable option that offers the ability to connect multiple sources back to a centralized platform.

Immediate Impact On Advertising

The new policies by Google and Apple will have drastic effects, especially in the initial days. Solutions heavily reliant on cookies like 3rd party data activation, retargeting, etc. will be heavily impacted. This in turn, we predict, will decrease the ROI that marketers currently see with their digital ad spends.

Further, advertisers will be in the dark with respect to the marketing activities within the Google & Apple ecosystems as they get lesser details about their campaigns. The accuracy of the reporting provided by their adv products will be another major area of concern.

THIS TABLE SHOWS THE POSSIBILITY OF SPECIFIC DIGITAL MARKETING TASKS WITH THE PROPOSED CHANGES:

ACTIVITIES	Present	Post Changes
CREATE CAMPAIGNS USING 1ST PARTY DATA	✓	✓
CREATE CAMPAIGNS USING 2ND PARTY DATA	✓	✓
CREATE CAMPAIGNS USING 3RD PARTY DATA	✓	✗
BEHAVIOURAL TARGETING WITH GRANULAR AUDIENCE SEGMENTS	✓	✗
CONTEXTUAL TARGETING	✓	✓
ATTRIBUTE CONVERSION TO VIEW THROUGHES	✓	✗
ATTRIBUTE CONVERSION TO CLICK THROUGHES	✓	✓
GET GRANULAR LEVEL REPORTS ON CONVERSIONS & AUDIENCE	✓	✗
REAL TIME RETARGETING CAMPAIGNS	✓	✗
DYNAMIC CREATIVE OPTIMIZATION	✓	✗

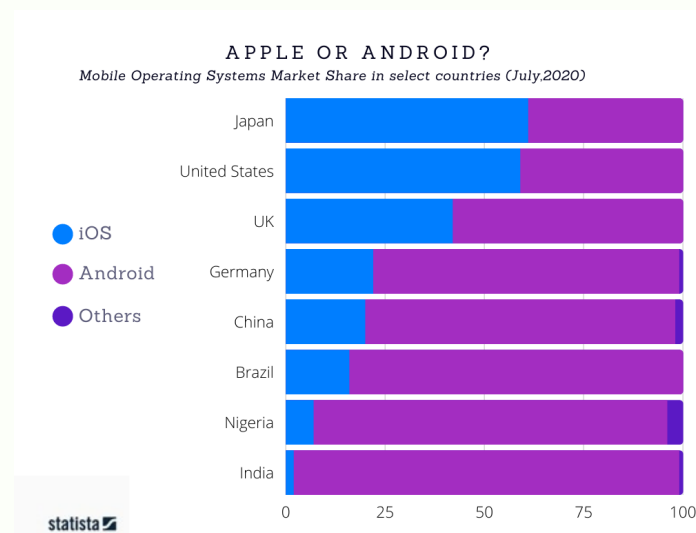
Region Specific Impact

The United States of America

America has the lion's share of the digital market. And as a result, the effects of the privacy-first policies will be damaging for its growth rate of digital ad spend.

However, the region is also leading the testing of new viable alternatives to 3rd party cookies including cohort-based solutions that do not record individual level data. Most brands have also invested heavily in creating their own secure Customer Data Platforms. This puts the country in a prime position to bounce back from the initial negative impact of the new privacy policies.

Additionally, the U.S. leads in iOS users as well and about 60% of mobile users are on iPhones. This means that Apple's new ATT policy will have dramatic impact on app campaigns for the region. Marketers will need to invest in solutions to better track post-install events (in-app events like sign-ups, purchases, etc.) as relying only on Apple's SKAdNetwork will be counter-intuitive.



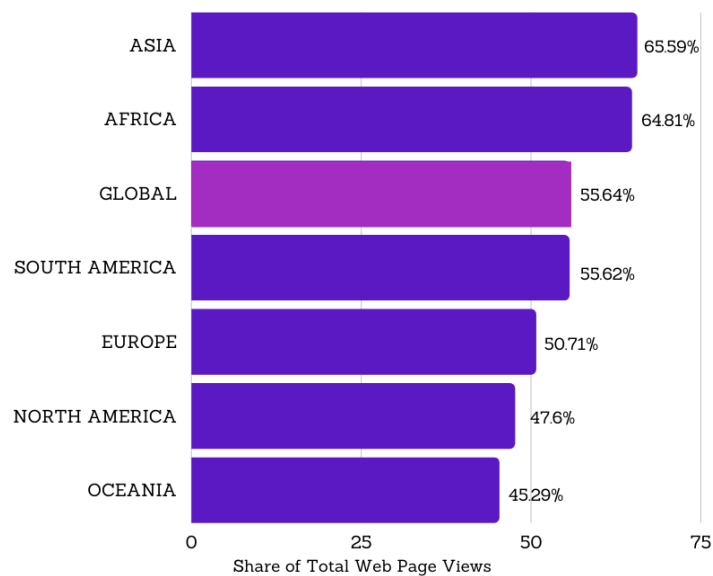
Asia Pacific Region

APAC is a very diverse region not only in culture but also in the different privacy guidelines governing each country. People have varying views on what kind of data is okay to be shared with AdTech companies. This has led to reliance on third-party data for activation of digital campaigns. It also has the highest growth rate in digital ad spend and predicted to increase exponentially in the next 5 years.

With the new browser & OS policies, the growth rate of APAC will be impeded. A research by Google/BCG in 2020 stated that while 87% of APAC brands think first-party data is important to impactful marketing, more than half believe they're below average or average at using it. Brands in APAC are still figuring out the best way to connect their first-party data to tangible marketing outcomes. Very few players are beta testing solutions currently available in the market.

A major advantage that APAC has is the fact that it is a mobile-first region. Further, Android has a much larger market share than iOS in most countries in the region. Meaning that the immediate impact resulting from the deprecation of 3rd party cookie and the introduction of Apple's ATT policy should be lesser than that of the other markets.

Regional Mobile Internet Traffic as Percentage of the Total Web Traffic in January 2021



statista

India

Like their APAC counterparts, most of the internet in India is accessed through mobile phones and is dominated by Android users. Although this would mean minimal impact of the new privacy-led polices on digital ad spend, most brands in India have not built out solutions to collect & make use of their rich first-party data. Data that will be of most importance in the future of advertising.

Based on a survey, of 450 industry leaders in the Indian digital marketing ecosystem, by Aroscop & Economic Times, only close to 8% responded to have already shifted to alternative solutions to 3rd party cookies.

While 35% are on the lookout for alternatives, the majority (57%) of the respondents are not currently weighing any existing solutions to address the upcoming challenges.

Brands in India will need to soon start evaluating different technologies that map their data with publishers and vendors in the AdTech space, so that they can be better prepared for the privacy-secure future.

Industry Speak



"People shouldn't have to accept being tracked across the web in order to get the benefits of relevant advertising. And advertisers don't need to track individual consumers across the web to get the performance benefits of digital advertising"



"We believe that this is a simple matter of standing up for our users. Users should know when their data is being collected and shared across other apps and websites — and they should have the choice to allow that or not. App Tracking Transparency in iOS 14 does not require Facebook to change its approach to tracking users and creating targeted advertising, it simply requires they give users a choice."



"We disagree: personalization doesn't have to come at the expense of privacy. We can do both, and we can do both well. We've built products that lead the industry in transparency and offer settings and controls to help people manage their privacy. Our products and data policies remain the best resources to understand our data practices."



Giovanni Tricarico
Country Manager,
India, MediaMath

As the advertising industry prepares for a future in which the third-party cookie is no longer an option, the availability of an identity solution that addresses the challenges of a complex ad tech ecosystem, evolving regulatory changes, and growing demand from consumers to control their data is critical. MediaMath has approached the identity challenge by integrating multiple common IDs that guarantee our clients the addressability and measurement they have come to expect with the 3P cookie.

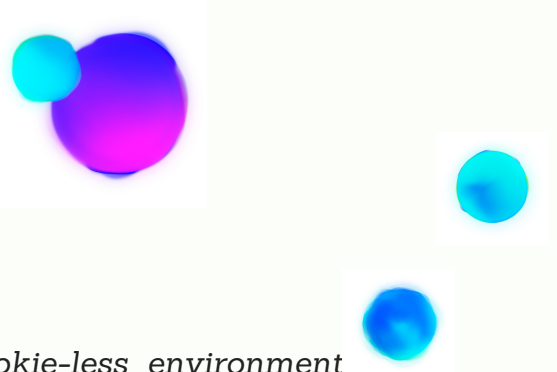
This open approach mitigates and future-proofs against any market, regulatory or technical risk, and we look forward to partnering further with Dentsu and its clients across the world in providing market-leading solutions to ensure a frictionless transition for a cookieless world”



Vishal Parekh
Director Monetisation
India, Verizon Media

Amidst growing privacy concerns in India and across the world, emerging solutions will have to be built on the foundation of consumer-first values. At the same time, new identity solutions will have to strike the right balance between factors like privacy, usefulness, relevance, and monetization-- this will ensure the sustainability of the “Free Web” that consumers everywhere know and expect.

Verizon Media is taking steps to ensure it can continue to support publishers, advertisers, technology partners, and consumers in browsers with reduced cookie functionality.”



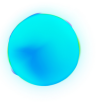
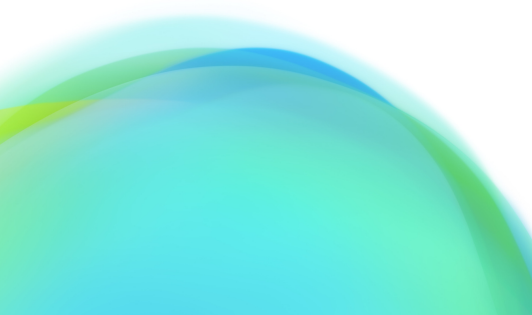
Salil Shanker
COO, Amnet India

The paradigm shift towards a cookie-less environment has been in motion when Safari restricted the use of third-party identifiers in March 2019, and since then Amnet is working towards a framework to deliver campaigns in a new privacy-first environment for our clients. Our approach is in-line with our brands of keeping the consumers at the fore-front and evolving their experience online with relevant brand connect. There won't be only one solution replacing the deprecation of third-party identifiers but an amalgamation of different approaches. We will be enabling and incorporating the best solution that fits our clients' needs."



Anubhav Sonthalia
CEO, Merkle Sokrati

The digital environment we live in today is wrought with challenges due to the third-party cookie. What the demise of the third party promotes is finally a shift towards strengthening how agencies and marketers forge strong publisher partnerships, enhance and build their first party data and orchestrate better customer experience management."





Ramesh Dorairajan
Senior General Manager,
Network Management (PVBU)
& Head - EVBU (Commercial),
Tata Motors

“While brands tend to use the data provided by third party cookies cautiously and without any infringement for targeted marketing, individual privacy on the internet is the talk of the hour. Instead of seeing the phasing out of 3rd party cookies as a setback, we would like to see this step as a positive change for the future, as digital privacy concerns may compromise the future of the Free Web.”

This will enable us to put more emphasis on bringing together our legacy data systems to provide a better understanding of our consumers and focus on creating clean data rooms and leveraging solutions like Consumer Data Hubs. Our marketing strategy has always been customised and has taken the shape of the requirement, which is something we will still continue as no one plan fits all.”



Umesh Krishna K
Director Marketing,
Swiggy

The need to evolve beyond the third-party cookie that drove the advertising industry here has spurred much innovation. This has put an impetus on building our first-party data and will prove to be a fillip to bringing together our existing data systems. These efforts will be a step further in building a unified customer view for better brand-audience relationships.”



Shray Choudhary
Data Protection Officer,
dentsu Data Science

“With third-party cookies out of the picture, consumers will have greater control of their data and better oversight of how their data is being used. The primary source of user data will shift to opt-in, consent-based, or login-based data such as social media profiles.”

Due to privacy-focused laws like GDPR, CCPA, and the upcoming PDPB in India, the focus has now shifted towards the protection of consumer data. Dentsu is taking the consumer-first approach and has implemented OneTrust, which is a Privacy Management system that helps in keeping a track of all such activities.”



Abhinav Bhasin
Vice President Asia Pacific,
Dentsu Data Sciences

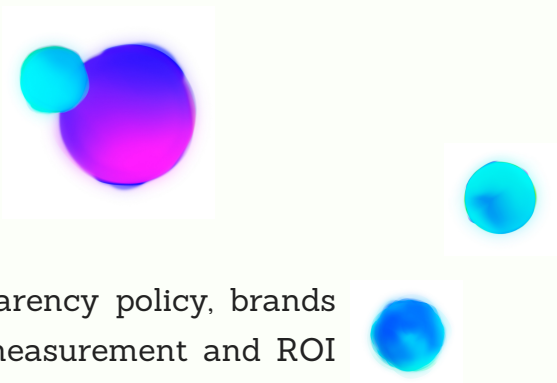
“It has become mission critical now, more than ever before, for companies to bring together legacy data systems to foster seamless understanding of audiences and their engagement to drive relevant cross-channel customer experiences.”

A privacy first ecosystem offers a rethink of the entire digital marketing ecosystem to enable marketers to build the right ecosystem partnerships linked to a strong identity foundation based on user consent. This would establish and sustain trusted customer relationships and would spur the right kind of innovation in the field.”

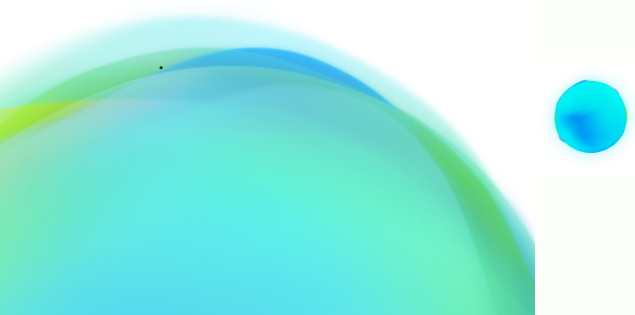
What We Should Do

For Advertisers

- **First-party data:** When the new polices are enforced, data is going to be the most valuable currency in the digital space. We recommend brands to invest in a privacy-first customer data platform (CDP) that can securely connect, without the need of third-party cookies, to data partners and other AdTech vendors. Also, start integrating your current cookie data with customer's hashed PII (personally identifiable information) data.
- **Building connections:** Marketers should look at partnerships with publishers and technology providers that can enrich their customer data and/or help chart out ROI-driven marketing outcomes.
- **No granular data:** As Google & Apple implement their polices, the breakdowns available on reporting in their respective ad platforms will be reduced. Marketers should be prepared for this by using alternative conversion tracking solutions like those offered by partners like Appsflyer, Singular, etc.
- **Re-birth of Contextual:** As cookies get blocked by all browsers, strategies that relied on behavioural or interest targeting will take a massive hit. Although solutions like Google's FLoC look promising, the accuracy of the user's intent in the audience set will be questionable. We believe this should give rise again to contextual targeting that analyses the content of the webpage and is not dependant on cross-site behavioural tracking.

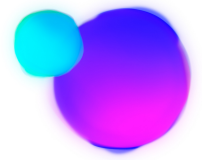
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- **iOS Campaigns:** With the Apple's App Transparency policy, brands advertising on iOS will need to rethink their measurement and ROI strategies. Facebook & Google will rely on Apple's SKAdNetwork API for attribution of installs and in-app events. However, as mentioned earlier, this will result in many limitations in reporting and understanding your performing audience

For Publishers

- **First-party data:** Similar to advertisers, we recommend publishers to also look at collecting first-party data regarding their visitors. Developing a Single-Sign On (SSO) system will help websites/apps to identify users & collect personally indefinable information at an ID level
 - **Importance of consent:** Make use of a consent management process that clearly defines the data being recorded by your site/app and its use cases. Also, provide an easy mechanism for users to opt-out from tracking.
 - **Building connections:** Publishers should also look at direct partnerships with brands and technology providers that can securely use their first-party data to provide targeted ads to their users, thereby improving on the revenue (RPMs) from their advertisements.
 - **iOS Campaigns:** Once ATT is enforced; app developers will now have to get an opt-in from users to use their IDFA for in-app tracking. Facebook & Google have asked developers to update to their latest SDKs that support Apple's SKAdNetwork framework. Additionally, note that SKAdNetwork requires publishers to list supported ad networks in their 'info.plist'.
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For Technology Partners

- **Privacy by Design:** Irrespective of where an entity lies in the digital marketing spectrum, companies should all focus on developing systems with a 'privacy by design' mindset. This will help future-proof systems against ever evolving privacy focused regulations.
- **User consent:** As users become more conscious regarding their data online, technology providers collate and provide readily accessible details regarding their data collection process. In addition, they should also provide an easy means for a user to opt-out from data sharing.
- **Innovation:** As the internet moves towards a cookie less & privacy secure future, the industry anticipates many new changes on the way we advertise on the open web. Changes also bring out innovations in the market, and we feel it is the ideal time for technology providers to test fresh approaches like edge computing solutions to new & existing problems.



The Dentsu Marketing Cloud

The Dentsu Marketing Cloud (DMC) is a unified analytics and marketing ecosystem that fosters an end-to-end environment to understand audiences and plan, execute and optimise marketing endeavours in a single environment and deployed in 32+ dentsu markets across 1500+ clients across industries.

Built with a privacy focused worldwide web in mind, our fundamental approach has been in sync with Google's narrative that groups of people with common interests could replace individual identifiers. We therefore built an ecosystem to help brands understand and connect with their audience cohorts without an emphasis on one-to-one enrichment, but in many-to-many enhancement and targeting processes.

Technologies such as the Dentsu Marketing Cloud will power our data-driven marketing efforts and enable advertisers to garner more control over their audiences and campaign performances and will drive the future of customer experience management in a post third-party cookie environment.

Audience Insights

The Dentsu Marketing Cloud insights engine – DMC Explore, includes for proposals on how marketers can derive cross platform audience insights based on a psychographic and behavioural understanding of audience cohorts across platforms. Advertisers can ingest their privacy compliant and hashed first party audiences to understand, scale and ultimately deploy on audience cohorts without the use of third-party cookies. One such example is when advertisers want to understand audiences who have met a certain marketing goal of the advertiser for better audience engagement and remarketing.





Over the last three years, advertisers have used DMC Explore to expand their audiences to better reach, engagement, discover new audiences and drive down cost per new customer acquisition. Being GDPR compliant, DMC has promoted the use of deciphering cohorts of audiences by “secret matches of audience cohorts” across platforms powered by its neural net. Empowered by deep level connections to digital marketing ecosystems, DMC has also proved to advertisers the ability to retain control over marketing insights and has enabled them to use this to drive better decisions that have led to better campaign efficiencies whilst driving effectiveness.

Cohort-Based Audience Activation

Built with a privacy focused world in mind, four years ago, the Dentsu Marketing Cloud proposed a way for brands to connect and engage with their audiences based on clustering audience groups with relevant interests and behavioural signals derived from cohorts within large ecosystems such as Facebook and Google, to determine audiences most engaged with a brand or product or interest-based classification.

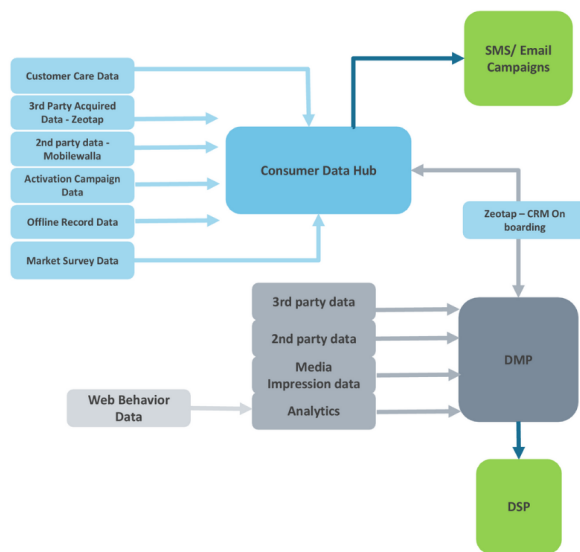
For over five thousand client campaigns across varied spend levels and advertising objectives, the DMC has delivered an average efficiency improvement of 25%.

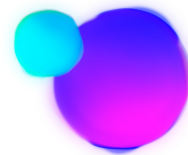
Encouraged by our observations and learnings over the course of four years, we promote the use of advertising to cohorts and are convinced on the value that this solution provides to our clients across the spectrum and geography.

Key Deployments

Dentsu is currently working with many of our clients to build a complete 360 privacy-first customer data platform that improves their marketing outcomes. Below is a snapshot of the solution we developed for one of our largest FMCG client.

OBJECTIVES	Owning Customer Data. Increasing Media Efficiencies.
APPROACH	Set up Customer Data Hub to manage 1st party PII & Non PII data. Set up Adobe DMP to manage customer cookie data. Set up Adobe analytics to understand detailed customer behavior. Integrated DMP cookie with PII data from CDH to build the unknown to known customer journey.
SCOPE	Set up the whole Adobe AEM & CDM stack on 29 foods and personal care brands. Set up e-commerce website monitoring analytics.
BUSINESS OUTCOMES	Reduced dependencies on third part cookies for media targeting ingested 30MM 2nd party data. 15+MM golden records created in CDH. These were PII data of customers used to build cohorts on their SKU preference, media habits, channel affinity. 32- MM digital audience pool created in Adobe DMP. This was cookie pool build for retargeting. 23% increased efficiency in digital media spends.





Conclusion

The digital era was meant to bring about certainty, reliance and transparency in marketing measurement and audience understanding in an effort to empower marketers to optimise their marketing investments and to achieve the holy grail of marketing – delivering the right message to the right audience at the right time in a privacy centric way.

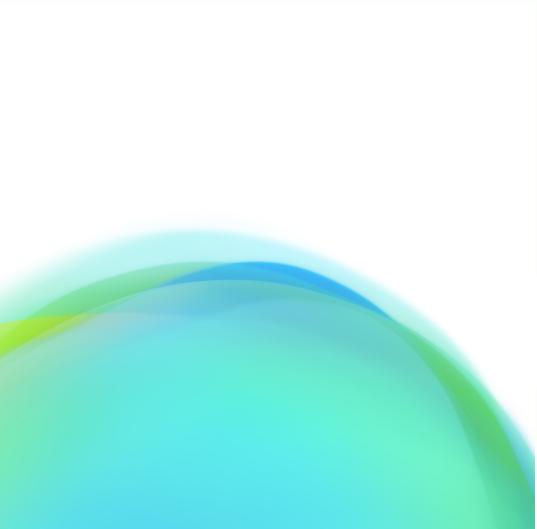
As the internet moves towards a cookieless & privacy first future, we anticipate many new changes in the way we advertise on the open web. Changes also bring out innovations in the market. At present, we believe the AdTech space will primarily shift to two camps – one focused on building solutions based on cohorts and the other based on unique IDs. Each having its pros & cons.

While there continue to be a lot of rapid changes and uncertainty, in the long run, this will enable us to have better control. As a group, Dentsu is committed to investing and building future ready technologies such as the Dentsu Marketing Cloud and is globally the largest partner of Salesforce, a Facebook Marketing Partner (Ad-Tech) and an Adobe Platinum Partner. We continue to expand our partnerships and strategies to deliver total customer experiences and drive better performance, evaluation and measurement to fuel future growth for our client partners around the world.





Thank you.





The Team



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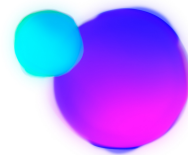


Shelley Sam
Director, Product Solutions, Dentsu Data Sciences



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Appendix

Dentsu Marketing Cloud Insights

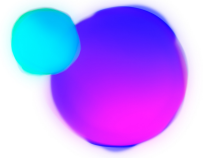
The Dentsu Marketing Cloud (DMC) Insights offers an expertise-led model to assist Dentsu Data Sciences' research & insights, consulting and practice teams in delivering differentiated values to our clients.

The Dentsu Marketing Cloud is an ecosystem designed to power up your marketing activities in a data-driven way. It is an ecosystem by built 100% by Dentsu employees for Dentsu employees to deliver excellence at scale right from insights to activation, measurement and optimization..

It brings together a slew of Dentsu proprietary ecosystems like the Facebook Marketing Partner (Ad -Tech) Badged DAN Data Labs Product Suite, DAN Explore and other proprietary mar -tech and advanced analytics solutions such as the Dentsu Pixel, the DAN DSP and others, to help clients to plan, buy, measure, analyze and optimize campaigns and establish greater control of their data in one place.

It is developed and operated by dentsu International India's Data Sciences Division based in Mumbai, India and is used in over 32 countries of Dentsu globally.





Appendix

dentsu International

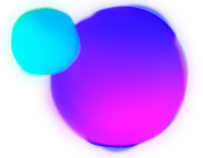
dentsu International is 'Innovating the Way Brands Are Built' for its clients, through its best-in-class expertise and capabilities in media, digital and creative communications services.

With consumers more connected, through a range of devices, the era of media convergence is presenting many opportunities as well as a new and complex media ecosystem. From identifying who the consumers are, to how they make their decisions,

dentsu International makes the best use of today's media mix to bring to life the right communication strategy and deliver the best results for clients.

In addition to the dentsu branded agencies, dentsu international's presence in India comprises the global network brands Carat, iProspect, Isobar, Posterscope, Vizeum, MKTG, Amnet and mcgarrybowen. The network also includes the locally-acquired brands Milestone Brandcom, WATConsult, Fountainhead MKTG, the Perfect Relations Group, mcgarrybowen India, Fractal Ink Design Studio Linked by Isobar, SVG Columbus and Merkle Sokrati.





Special Thanks

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