



Plain **Talk**

What the end of the cookie means for CPG marketers



The data economy has celebrated the wonders of cookies ever since they were invented in 1994. Cookies have given businesses new types of insight into the behavior of a previously anonymous online audience. They opened up new opportunities for marketers to engage customers and boost conversions with hyper-personalized experiences.

There was also a darker side, however. **Cookies transferred a disproportionate amount of power over personal data from users to businesses.** Some of these companies have abused this position, paying little regard to the privacy and integrity of the data at their disposal. At times, data usage and storage practices have placed users at significant risk.

Even if bad behavior only came from a few rotten apples, the lack of responsible stewardship led to increased concerns over data privacy. The result? Cookies are now widely scorned by skeptical users, regulators, and anyone else concerned about their dwindling control over personal data.



The data privacy movement has gained more and more traction in recent years. Governments and regulators are slowly tightening the reins on companies that have enjoyed an incredible amount of data-led good fortune.

The European Union's **Global Data Protection Regulation (GDPR)** sent shockwaves across the world in 2018 when it introduced restrictions on how organizations collected online user data. Others, like the **California Consumer Privacy Act**, have followed suit.

But what really rattled the apple cart were the voluntary controls announced by tech leaders.





Apple, for instance, has already blocked cross-site tracking using third-party cookies by default across all of its platforms.

Others, including **Brave** and **Mozilla**, have taken a similar stance.

Google has started to tread this path, too. The global tech giant plans to fully “phase out support for third-party cookies in Chrome” by 2022.

This certainly sounds alarm bells on the bleak future that awaits the once-invincible http cookie.

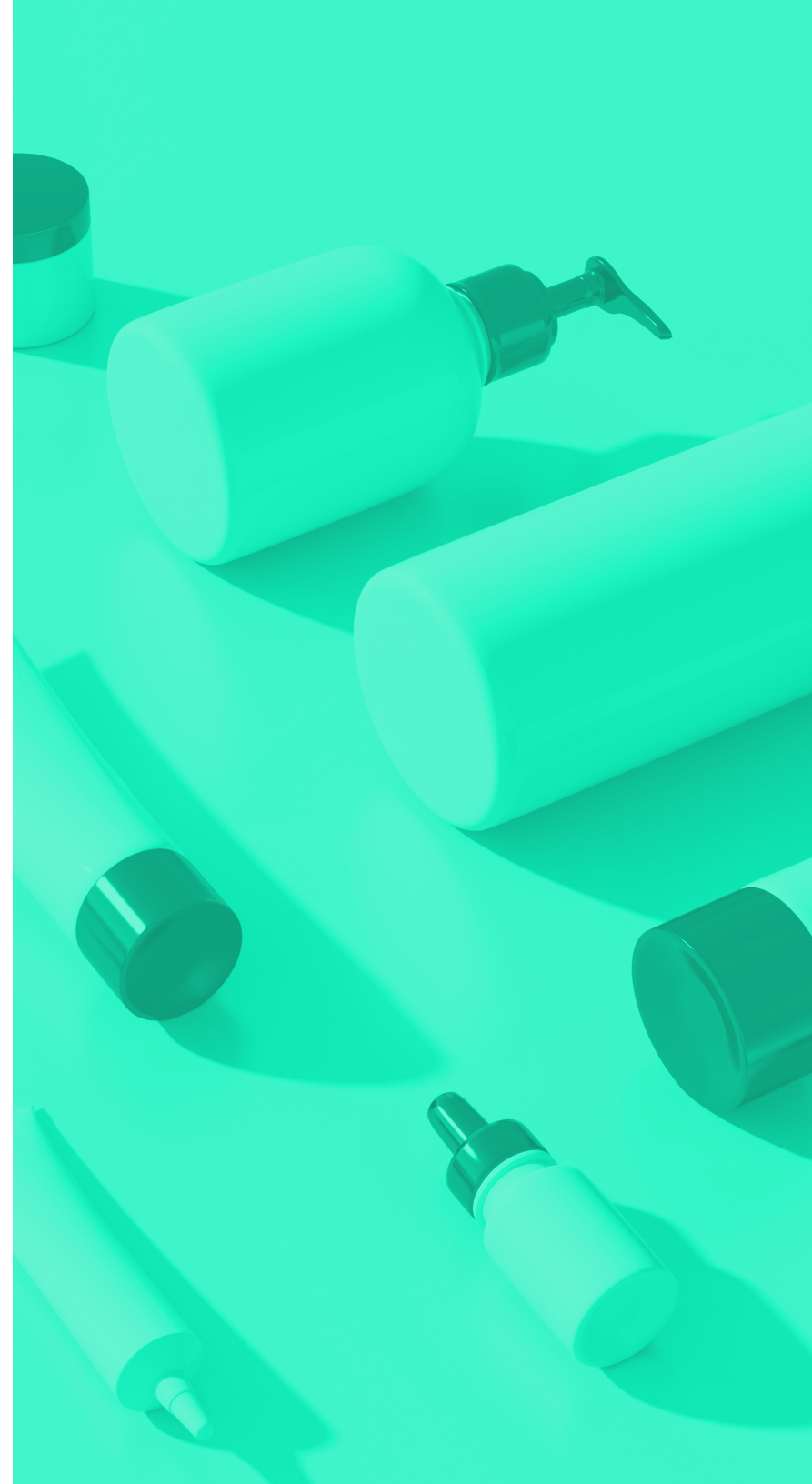
The end of the cookie has begun, and it’s only a matter of time before cookies end up in the history books.



How the cookie dilemma is affecting CPG marketers

While third-party cookie abandonment will rock virtually every industry, marketers in consumer packaged goods (CPG), in particular, must scramble to prepare for a cookie-free world.

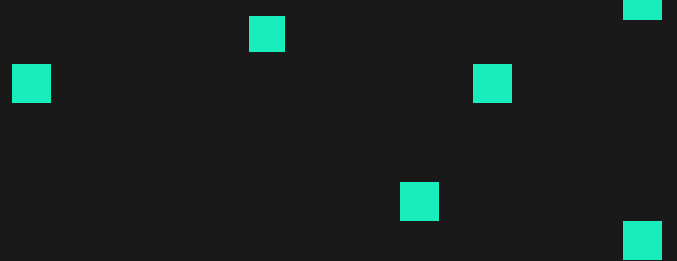
For years, CPG brands have heavily relied on third-party cookies to understand customer behavior. These tiny text files provided access to vast stores of data that extended beyond brand-owned platforms. **Many marketers counted on this data to create the personalized experiences that modern customers demand.**



From content to ads to product offers, customizing the user experience has become a critical strategy for CPG marketers. Data is the ammunition they need, and the cookie dilemma may disrupt it all.

Companies are now in a pickle. They will have to tread the fine line between maintaining customer privacy and providing personalized experiences in a world where consumers and shareholders demand engagement, conversions, and ROI.





Do you know how third-party cookie deprecation impacts your business?

We now know that the days are numbered for the third-party cookie. But what does this actually mean for CPG brands in the real world?





No more **retargeting**

Retargeting is a powerful tool in digital marketing. It allows CPGs to engage with visitors who have left brand-owned digital platforms without making a purchase. By using retargeting tactics, marketers can significantly improve conversions and campaign ROI. All this is powered by third-party cookies. Without them, retargeting loses its might.



No more **attribution**

The customer purchasing journey across various marketing touchpoints provides essential insight to CPG marketers. Tracking this trail is pivotal to improve campaign efficacy, increase ad spend ROI, and better personalize the customer experience. And third-party cookies are what enable marketing attribution by capturing insightful data at each touchpoint. Needless to say, the end of third-party cookies might spell the end of attribution.





Only first-party targeting available in walled gardens

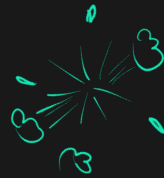
Traditionally, CPGs have relied on a collaborative digital ad ecosystem driven, to a large part, by third-party data. But the death of third-party cookies will upset this ecosystem. It stands to transfer more power to walled gardens, like Google, that already command an extraordinary amount of power. Now, their walls are getting higher. They are increasingly dictating the rules of the game. Third-party cookies are out, and only first-party targeting will be allowed.



The obliteration of third-party audiences

Third-party audiences are crucial, particularly for top-of-funnel CPG activations. They allow marketers to discover new customers on a scale that can make first-party audiences look minuscule. But when third-party cookies retire, the third-party audience groups built by using this valuable data will also begin to disappear. As in the other areas, this will pose a massive challenge for CPG brands.





What does it all mean?

All these looming developments point to one outcome: **dramatic disruption to the prevailing marketing tactics that today's CPGs use to improve customer experience, boost engagement, and increase conversions.** This will upend the digital ad ecosystem and marketing strategies that have delivered results for CPG brands for years.

The world as we know it is about to change.



Is this a new beginning for CPG brands?

The end of third-party cookies will spell trouble for CPG marketers that have been binging on cookies for years. But its impact will extend to customers, too.

No more will they discover ads and products so well tailored to their current interests. **This means, once the cookies crumble, customers may need to exert more effort to find personalized product offers, promotional deals, and content.** After all, it was customer demand that gave rise to these hyper-personalized experiences, pushing marketers to search for new and better customization tools and techniques.

For a CPG marketer, it makes complete sense to start experimenting with alternative solutions. They need to get creative if they hope to fill the void that third-party cookies will soon leave behind — for the sake of their own brands and their customers.



Will CPGs lose their grip on data insights? Highly unlikely.

Why? Well, some familiar companies are already on their way to finding viable solutions. Google's **Federated Learning of Cohorts (FLoCs)** technology, for example, focuses on segregating users into cohorts with similar profiles. This aims to protect individual anonymity and provide brands with access to segmented audiences.



Meanwhile, CPG marketers also need to adopt a proactive stance in search of alternative routes to access insightful customer data. The following are just some of the interesting areas to keep an eye on:



High-quality first-party data should become a priority in a post-third-party cookie world.

First-party data acquisition strategies, like sign-ins, will be pivotal to gain consent-based data insights. Brands may also need to reward users to take part in their data-collecting efforts.



Customer data platforms (CDPs) will play a central role in collating and making sense of first-party data.

By combining data science and machine learning, these platforms could deliver remarkable results for CPGs. Our Lytics CDP, for instance, has positioned the iconic footwear company Dr. Martens to achieve a 60% higher conversion rate in a single campaign.



Collaborations are also important, especially to leverage second-party data. Stricter regulations on data sharing are imminent. But building healthy collaborations will be critical to restoring balance in the digital ad ecosystem.



Contextual advertising could support first-party data strategies and may become an essential tool for CPGs in a cookie-less world.



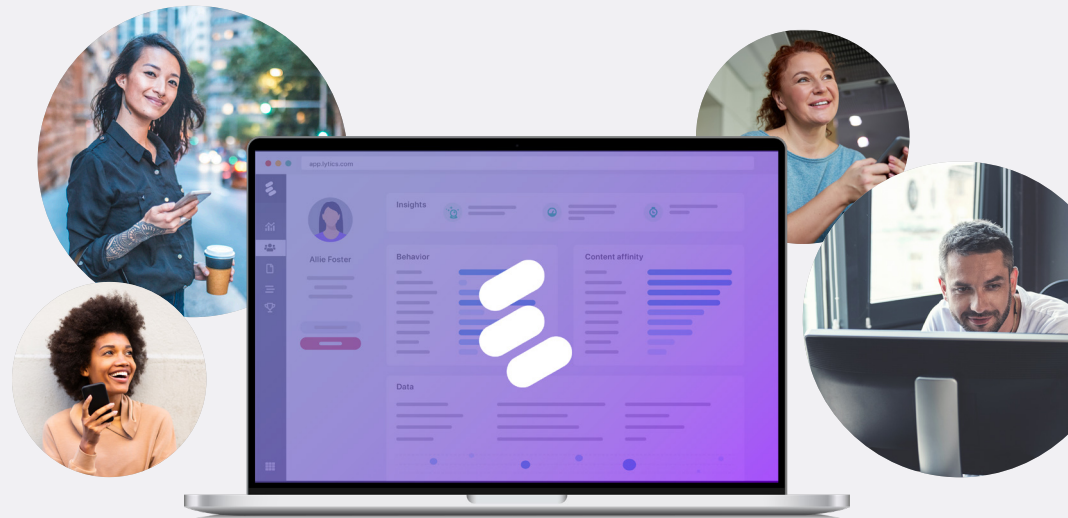
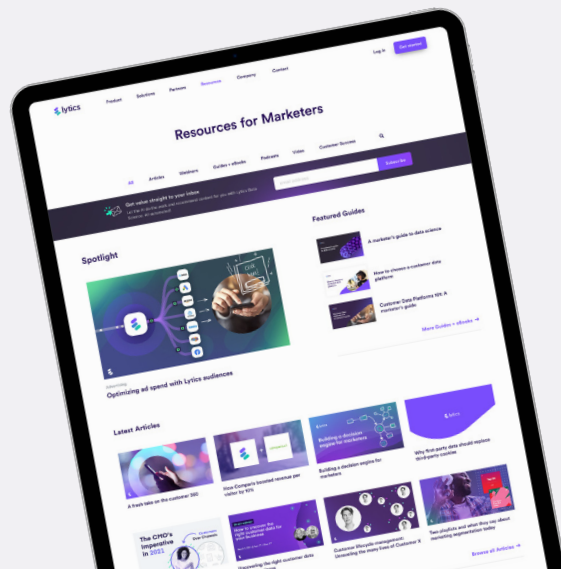
Preparing for a cookie-free world

Providing customers with the power to say no is certainly a remarkable shift in the evolution of digital data privacy. While it may be very troubling to established companies, this is ultimately something that many key stakeholders, including customers and regulators, want to see in the digital world.

The question for CPG brands is whether the death of third-party cookies will only represent doom and gloom or present a new opportunity to innovate?

The answer, it seems, will be in the hands of marketers and defined by actions they take in the months and years ahead.





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