Preparing for the End of Third-Party Cookies

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It's almost the end of an era in advertising. Google has started phasing out third-party cookies, beginning with 1% of Chrome users in January 2024. It plans to do the same for all users by the second half of the year through the Privacy Sandbox initiative.

To recall, Google's Privacy Sandbox is a set of proposals for creating new standards for online privacy. The core idea is to develop methods for websites and advertisers to access user information for things like advertising and content recommendations without compromising user privacy. Among its key goals? Phasing out third-party cookies.

While Firefox and Safari have already banned third-party cookies since 2013, Google's announcement had a more significant impact since Chrome has a 66% Internet browser market share.

Third-Party versus First-Party Cookies: What's the Difference?

Not all cookies are going away with the phaseout of third-party cookies. In fact, ever since Google announced its plan to make third-party cookies obsolete in 2020, advertisers and website publishers began talking about first-party cookies.

But, how do third-party and first-party cookies differ? Below are some differences.

- **Owner:** The primary distinction between first-party and third-party cookies lies in the entity that collects the data. Third-party cookies are usually obtained via web elements, such as plug-ins that originate from providers or sites other than the one a user visits. These cookies

gather information about website visitors, including their browsing behavior, search history, and product interactions, and transmit this data to a third party. In contrast, first-party cookies are directly collected by the websites' users visit via the data they enter during signup, for example (i.e., first and last names, job title, email address, etc.), along with their site preferences.
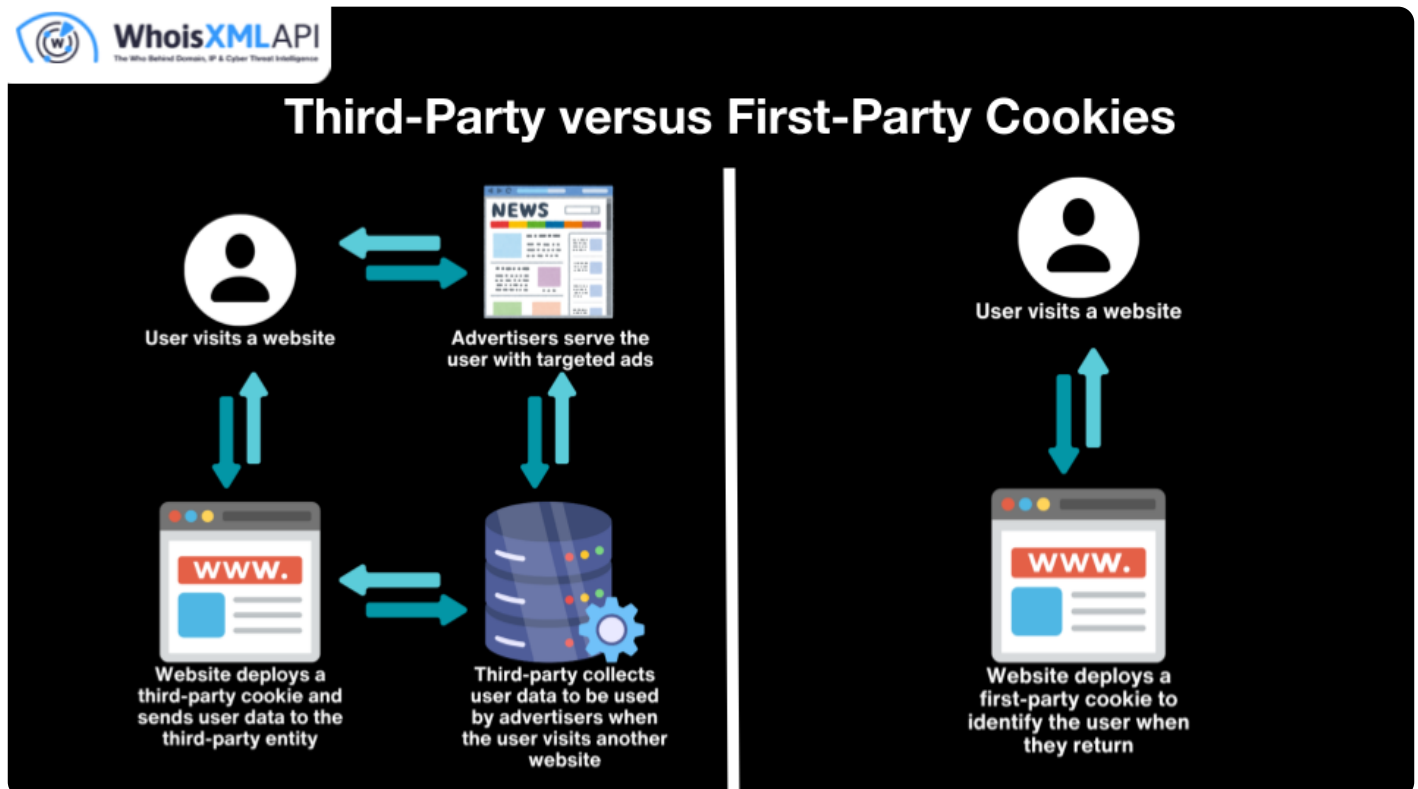
- **Purpose:** Third-party cookies are primarily used for advertising, allowing advertisers to track and analyze users' browsing habits across different websites. First-party cookies are typically used for the users' and collecting websites' benefit, such as remembering login information, shopping cart contents, and language preferences or using said information to better plan segmentation.

- **Data control:** The third party generally controls all the information third-party cookies collect, while the owner of the site visited controls first-party data.

- **Privacy:** Third-party cookies are considered more intrusive than first-party cookies since they follow users across the different websites they visit, building a profile of their interests and online behavior. In addition, first-party cookies are generally covered by a website's privacy policy, which explains what information gets collected and how it is used. Third-party cookies, however, are often placed without website visitors' direct knowledge or consent. They can come from various advertisers or data providers, making it difficult to understand how user information gets used and by whom.

Data privacy matters led web browsers, including Chrome, to phase out support for third-party cookies. It is expected to strongly influence how online advertising and website analytics are conducted.

Softening the Blow

A future without third-party cookies may seem bleak for many businesses as advertisers are expected to lose their ability to track users across the web. As a result, website publishers may also be concerned about a decline in revenue from ad sales.

Planning for the end of third-party cookies can minimize adverse effects and help advertisers, marketing platform developers, and website publishers prepare.

Build and Strengthen First-Party Data Relationships

Customer demand for more control over their personal information, supported by recent privacy regulations, will require businesses to adapt their data collection strategies. For one, they will need to build stronger relationships with users to collect valuable first-party data.

One way for businesses to collect customer data directly is through their website or app. By providing valuable content or experiences, businesses can encourage customers to share their information. For example, a company may offer discounts or exclusive content in exchange for a customer's email address, one of the most valuable first-party data users directly provide. In fact, when Google first announced the new policy on third-party cookies, 23% of marketing experts

planned to invest in email marketing software.

Focus on Contextual Advertising

Contextual advertising is an ad-targeting strategy based on webpage content rather than user profile. It offers a unique approach suitable for third-party cookie-less advertising as it focuses on the content users currently engage with rather than their browsing history or personal information.

Imagine someone reading an article about home network security. Contextual advertising would allow an ad for antivirus software to get displayed alongside the article, offering a relevant product directly if the user is interested.

This approach can be significantly effective as it increases the chances of reaching users genuinely interested in the product or service advertised. In fact, a study of dozens of ad campaigns revealed that contextual advertising resulted in 70% more attention for skippable ads.

Leverage Location-Based Marketing

While third-party cookies allow organizations to create highly detailed user profiles based on their browsing history, location data offers a different kind of targeting option. It allows businesses to target users based on their physical locations, which is relevant for many marketing campaigns.

For instance, location-targeted advertising enables organizations to display online ads to users based on their location. Location data can also aid in strategic content targeting, helping marketers tailor website content to be more relevant for local users. That is crucial in local search engine optimization (SEO), one of the marketing channels multilocation brands invest in.

How WhoisXML API Can Help

For years, WhoisXML API has been providing data and solutions that expand visibility over critical aspects of the Internet, enabling organizations to gain a deeper understanding of their online ecosystem and user interactions. Below are some examples of offerings that can help with the transition away from third-party cookies.

- **Email verification:** Obtaining the correct and active email addresses of potential customers is among the first steps toward building a solid relationship with them. That requires automated and in-depth email validation that goes beyond checking for typos and syntax errors. WhoisXML API's Email Verification API checks if an email address is disposable, branded, valid, and existing. It helps ensure the email addresses users provide can actually receive emails.

- **Website categorization:** One method of implementing contextual advertising is web categorization, the process of analyzing the content of a website and assigning it specific categories. It helps ensure advertisements are displayed on websites relevant to the products or services advertised and avoid being associated with or displayed on sites with inappropriate content.

- **IP geolocation:** Contextual advertising can become more powerful for brick-and-mortar businesses when website categorization is supplemented with IP geolocation data. Advertisers can target users based on their physical locations in addition to the content they're viewing. This hyper-targeting based on both context and location can significantly increase the relevance of ads for users. For example, ads for a local IT service provider in Glenmont can be displayed to users reading an article about cybersecurity (i.e., webpage categorized as Information and Network Security).
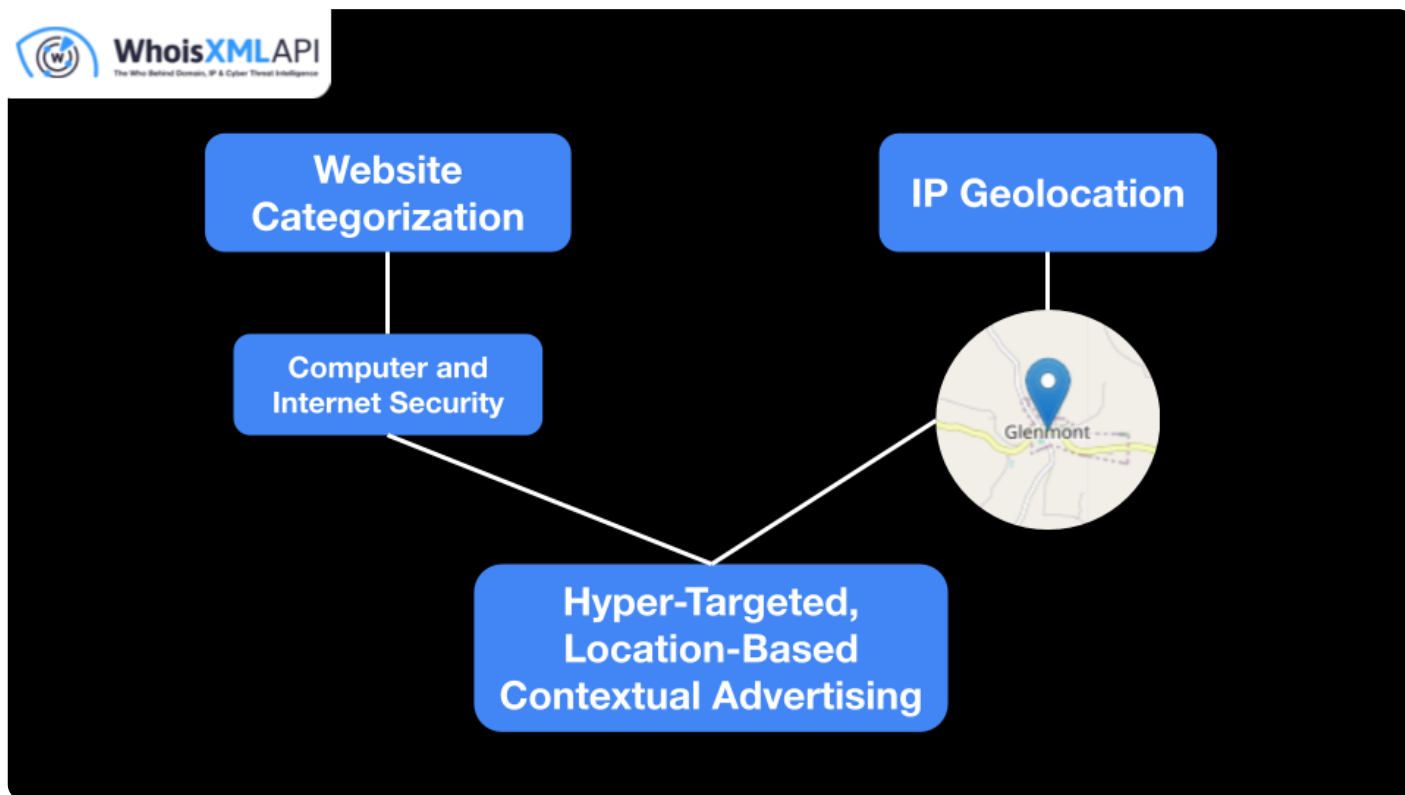
Conclusion

While first-party data requires fresh thinking and significantly departs from third-party cookies' logic, it represents the future of targeted advertising in a privacy-conscious world.

Strategically utilizing IP geolocation, website categorization, and email verification, alongside strong user privacy practices can help advertisers, marketing platform developers, and website publishers continue to deliver relevant and effective advertising campaigns.

Learn how WhoisXML API tools can help you prepare for the impending third-party cookie phaseout. Contact us now.