

The demise of the third-party cookie and the rise of first-party data

How marketers can prepare for the future



The future is first party.

Content

The demise of the third party cookie	3
A short history of the cookie	4
Debunking myths around the digital cookie	5
1. Third-party cookies were the pinnacle of accuracy	5
2. Digital advertising will decline	5
The path forward: drive better customer experiences with first-party data	6
1. Add a Customer Data Platform (CDP) into your marketing mix	7
2. Become a purveyor of personalized experiences	8
3. Elevate your customer communications	9
4. Win with authenticated experiences	10

The demise of the third party cookie

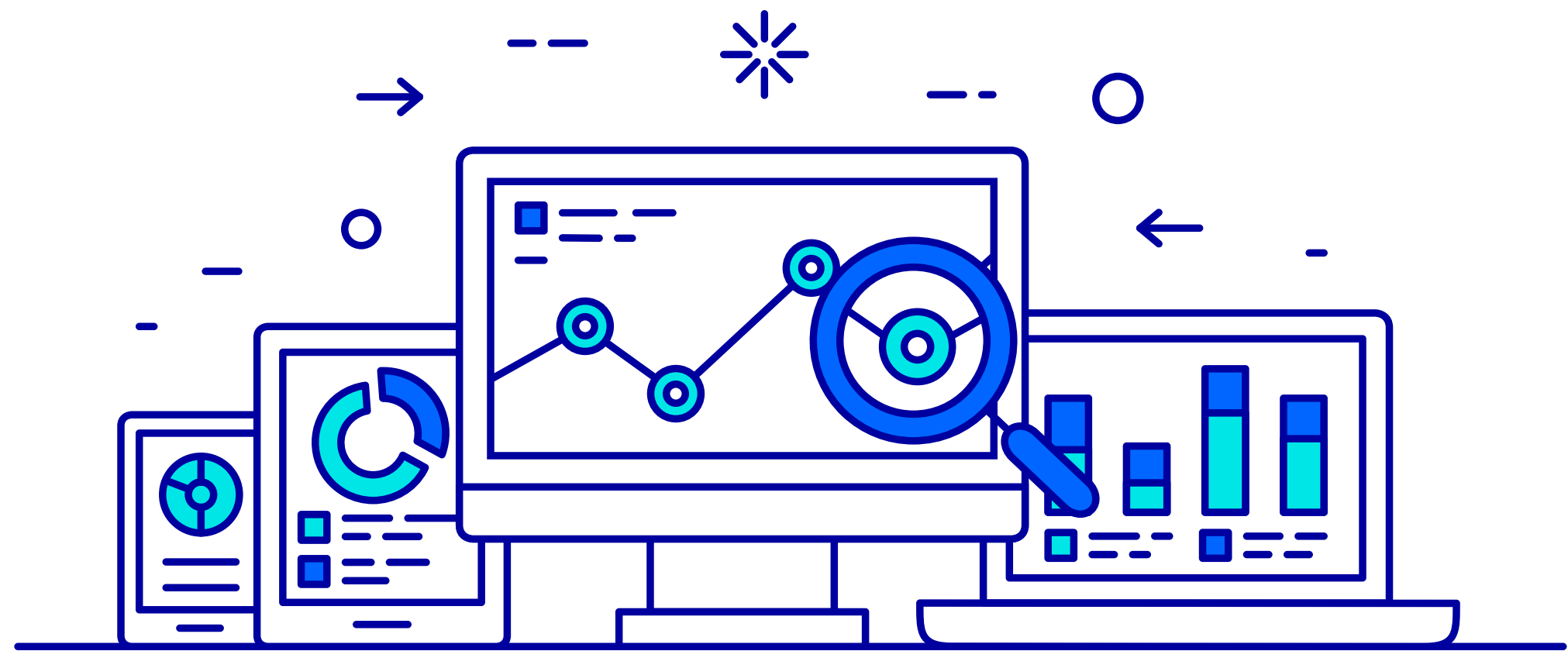
Brands have leveraged cookies for years to track website data, better target their ads and content and improve customer experiences. However, there is a about to be a dramatic shift in the types of cookies browsers will allow. Websites will only be able to use the first-party variety going forward. Google intends to phase out third-party cookies on its Chrome browser in 2023, joining the ranks of Apple's Safari and Mozilla's Firefox.

Amid an industry reckoning around privacy, organizations worldwide are re-thinking their data collection strategies to increase conversions. Nearly half (49%) of all US digital media professionals polled by Integral Ad Science in October 2020 cited third-party cookie deprecation as one of their top three industry challenges. Marketers have had four years to prepare for this point, but are they ready?



A short history of the cookie

The cookie was invented in 1994 by Lou Montulli, an engineer at Netscape looking to improve the memory of websites. He hoped to create something to help websites remember users that could not be used for cross-site tracking. However, by the mid-1990's, ad-tech firms had figured out how to employ cookies to track users across the web. A multi-billion-dollar digital advertising business was born.



Debunking myths around the digital cookie

1. Third-party cookies were the pinnacle of accuracy

The reality is that third-party cookies always painted an incomplete picture. Clearing the cache, sharing a browser with family members and ad blockers all decreased their effectiveness. Marketers became reliant on third-party cookies because they were a quick and easy way to target campaigns.

There is some debate about whether ads using third-party cookies add value. However, [a University of British Columbia paper published in 2016](#) found that under the right circumstances, people are 2.7% more likely to make a purchase when ads use cookie tracking.

2. Digital advertising will decline

This is highly unlikely. Nearly 60% of the global population accesses the internet, translating into approximately 4.66 billion current users, according to the website [Statista](#). [EMarketer projects](#) that digital ad spending will reach \$524.31 billion in 2022.



The path forward: drive better customer experiences with first-party data

The future of marketing depends on creating experiences that revolve around customers. By 2025, [Gartner predicts](#) that 40% of physical experience-based businesses will improve financial results and outperform competitors by extending into virtual paid experiences. Now is the time for organizations to invest in the collection, management, governance and quality of first-party data.

First-party data collected directly from customers is the most reliable way to identify an audience. It can help businesses understand how prospects and customers engage with a brand, their journey to purchase and the best way to reach them.

In a [January 2021 survey](#), 42% of US data professionals planned to increase spending on the use of first-party data in response to the demise of third-party cookies. But can marketing leaders make that happen? Here is a primer on getting started:



The path forward

1. Add a Customer Data Platform (CDP) into your marketing mix

CDPs are becoming an indispensable tool in the modern martech stack. In an [August 2020 Advertiser Perceptions study](#), 89% of US marketing tech decision-makers reported that CDPs led to significant or some improvement on online sales, with 92% also citing significant or some improvement in ROI.

[OpenText™ Experience CDP](#) enables brands to create a single view of their customers by centralizing data from disparate sources. It helps marketers improve personalization and increase conversion rates through improved targeting and segmentation. Integrated with Google Marketing audiences, Experience CDP gathers valuable segment and audience data in real-time –

allowing businesses to deliver the right interaction at the right time, in the right place and the right context. Using a CDP helps marketers create re-targeting campaigns to help activate customer segments for continuous engagements across web, email and SMS. It also provides enhanced customer acquisition analytics, allowing marketers to understand ROI across campaigns and unify cross-channel efforts.

Experience CDP integrates with OpenText™ TeamSite™ and OpenText™ Exstream™ to provide a cohesive experience while continuously enriching customer profiles.



The path forward

2. Become a purveyor of personalized experiences

Marketers often miss the mark in creating truly personalized experiences.

According to [Salesforce](#), 52% of customers expect personalized offers and 66% expect companies to understand their unique needs, yet 66% still feel they are treated like numbers. [Statista](#) reports that 90% of US consumers find marketing personalization very or somewhat appealing.

However, marketers often find their personalization efforts coming up short. A [2019 Infogroup survey](#) found that 93% of US internet users reported they were not receiving relevant marketing communications and almost 90% were annoyed by irrelevant messaging. Interestingly, 44% of respondents said they would switch to other brands that did a better job with personalizing content.

An Enterprise CMS such as [OpenText TeamSite](#) helps create personalized content for [targeted audiences](#). In addition to serving up different content based on a referring site, businesses can easily create highly personalized experiences for known users. Providing customers with tailored offers can help boost overall conversion rates.

Using a CDP creates opportunities to elevate the customer experience with point in time personalization. Tap into machine learning to generate individual user attributes such as lifetime value (LTV), customer acquisition value (CAC), propensity scores and churn risk. These values can then be used to create highly personalized customer communications and support, offering the right message, at the right time and in the right context.



The path forward

3. Elevate your customer communications

Email marketing pays off. Real-time welcome emails see 10 times higher transaction and revenue per email than batched welcome mailings.* Marketers are building on their email marketing programs, experimenting with enhanced personalization, testing, measurement and acquisition. But with inboxes growing more crowded, is SMS marketing the next frontier?

Global SMS business traffic rose from 3.2 trillion messages in 2019 to 3.5 trillion messages in 2020, according to [Juniper Research](#). Consumers rate appointment reminders, a shipping or delivery status update and a booking confirmation, change or cancellation as the most valuable text messages received from businesses.

Managing omnichannel communications can quickly become complex. Customer communication management software such as [OpenText Exstream](#) can help transform

regular messages into highly-personalized, engaging experiences across all digital and print channels. Exstream enables businesses to reach customers through their preferred channel and on their preferred device.

With a pre-built integration to Exstream, OpenText™ Notifications supports all communication channels including email, SMS, push, voice and fax in a single solution to help personalize and deliver messages to individuals via their preferred channel.

Customer communications are vital in a cookie-less world. Brands need to earn trust and an integrated approach to marketing and communications is crucial to success.

* experian.com/assets/marketing-services/reports/welcome-best-practices-guide.pdf



The path forward

4. Win with authenticated experiences

Take personalization to the next level by providing ultra-custom digital experiences for known users. Are there templates available that solve an analytics challenge? Engaging webcasts with highly sought-after industry experts? Can business solve a customer challenge or pain point via log in? For example, entice them to sign in to register their products to help manage warranties. Or provide new customers with targeted offers based on a recent purchase and create targeted campaigns to win

new business with related products based on the stage of their journey. OpenText TeamSite can help build and manage authenticated portals for customers to provide even more value.

Choosing a platform that helps you make data-driven decisions is the most important step forward. [OpenText Experience Platform](#) will enable your brand to confidently say goodbye to third-party cookies and unlock customer data.



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