

A close-up photograph of several chocolate chip cookies on a white plate with a colorful floral pattern. The plate is resting on a wooden surface. The background is softly blurred, showing more cookies and some crumbs. A semi-transparent dark overlay with a fine dot pattern covers the entire image, serving as a background for the text.

PERSOSA

Closing the Consumer Experience Gap with connected journeys.

THAT'S THE WAY THE COOKIE CRUMBLES

THE END OF 3RD PARTY
COOKIES AND WHAT IT MEANS
TO THE DIGITAL MARKETING
LANDSCAPE

In the words of the universally beloved Sesame Street character Cookie Monster, “Me love cookies!”. While he wasn’t referring to the digital kind, the sentiment is definitely shared by digital marketers who rely on them for audience building and ad targeting. In this white paper we explore the different types of cookies, how they work, and what options there are to maintain identity resolution without 3rd party cookies.

In 2022, Google will be following Apple’s lead and ending support for 3rd party cookies. This shift will wipe out what is currently the foundation of so many marketing and data platforms. [Google’s research](#) predicts that the average publisher revenue will decrease by **52%**, with the median per publisher decreasing by **64%**.

This is likely to be a once-in-a-lifetime event, that will determine winners and losers in the digital marketing space. This means that companies must take action now to prevent major losses when 2022 arrives. Those that don’t prepare for life without 3rd party cookies will likely fall behind more innovative companies. So now is the time to understand how cookies work and what options are available to ensure that your business prospers through this major market shift.

HOW COOKIES SHAPED THE WORLD OF DATA TRACKING

The term cookie is actually short for “[magic cookie](#),” which is a packet of data that is passed back and forth with the intention of providing context or information about an action or event. In June, 1994, a computer programmer had the idea of using the cookie technology that was already used in computer programming in web communications.

The goal was to find a way to track partial transaction states without requiring the server to have to track the user data. By the end of 1994, Netscape had rolled out the first version of their web enabled cookies that could track if a user had already visited a site.

Since then, web communications cookies have evolved far beyond the original purpose of simply tracking a user’s transaction rate or visitor status. There are a wide variety of types of cookies now that track different types or user data, as well as different cookie structures. With each new iteration, we develop new ways to track and capture data about our users.

Some of the incredible benefits we’ve seen as a result of cookie technology include:

- ▶ More informed consumer data
- ▶ Personalized marketing experiences
- ▶ User customizations

THE RISE OF DATA PRIVACY CONCERNS

When cookies were first released in 1994 the web users didn't know that anything was tracking their online activity. In 1996, an article was written about them, resulting in swift cries about the privacy concerns.

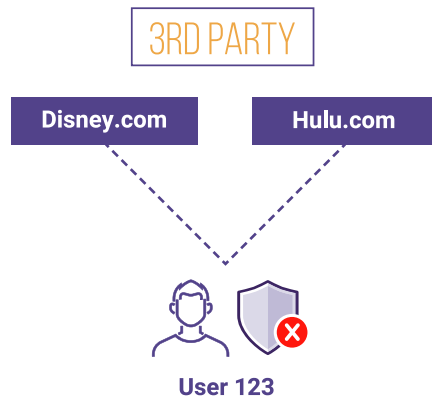
As the technology has evolved, so has the demand for more transparency around the data that organizations are capturing and retaining about users. Unfortunately, these two objectives in most ways are diametrically opposed. This has created tension that resulted in legal action such as the GDPR and CCPA, forcing organizations to be more transparent about what data they're capturing and how they're using it.

Fast forward to today, and the demand for better privacy regulation has finally won out. The world of technology is now bracing for what data resolution will look like when 3rd party cookies finally go away in 2022.

UNDERSTANDING THE DIFFERENCE IN 1ST AND 3RD PARTY COOKIES

The difference between 1st and 3rd party cookies is that 1st party cookies are set within the current domain a user is visiting and 3rd party cookies are set by other domains the user is not directly visiting.

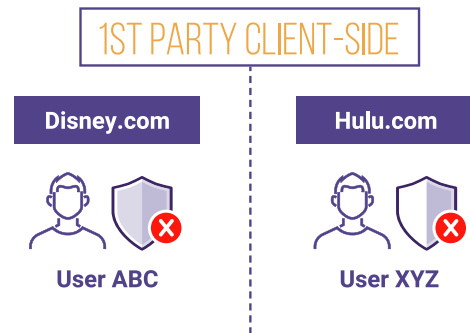
The problem with 3rd party cookies is that they allow other websites to collect, store and use user data across any website without the user ever knowing.



3RD PARTY COOKIES

3rd party cookie technology has been the foundation of many important marketing tools and platforms. Solutions like Facebook, which works by having a 3rd party cookie that can track users activity across the web, even if they're not currently viewing Facebook.com.

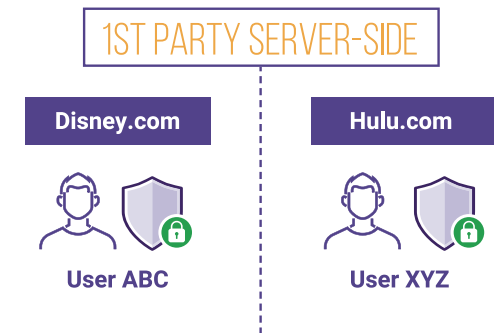
- ▶ 3rd party platforms can collect and store user data across any website
- ▶ Poses serious privacy concerns
- ▶ Safari no longer supports 3rd party cookies
- ▶ **Chrome will no longer support 3rd party cookies in 2022**



1ST PARTY COOKIES CLIENT-SIDE

The most commonly used form of 1st party cookies is to set them via a script that runs within the user's browser when visiting a website, which makes it vulnerable to other scripts that are running on the website.

- ▶ Limited lifespan in Safari (7 days)
- ▶ Can be exposed to other on-page scripts
- ▶ Often sent in the headers of requests that don't need to see cookie data



1ST PARTY COOKIES SERVER-SIDE

The second type of 1st party cookie requires more setup, but allows for better, more secure communication between a website and users' browsers.

- ▶ Compatible with all browsers
- ▶ Data not shared with 3rd parties
- ▶ No maximum lifespan
- ▶ Can be made secure (when HTTPS in use)
- ▶ Can be hidden from on-page scripts
- ▶ Can send only with requests that require the cookie data

WHY GOING “COOKIELESS” IS THE WRONG APPROACH

IN THE ADVENT OF 3RD PARTY COOKIES GOING AWAY IN CHROME, MANY COMPANIES ARE PROPOSING A “COOKIELESS” APPROACH TO USER TRACKING. THESE SOLUTIONS REQUIRE A SERVER-SIDE MECHANISM FOR TRACKING USERS, EACH WITH ITS OWN SHORTCOMINGS:

FINGERPRINTING

“Fingerprinting” a user means using a combination of a user’s browser information (e.g., IP address, user agent, feature flags) to make a best guess of who is a unique user. This method is not 100% effective and, in fact, browsers are already investing effort into making it more difficult, if not altogether impossible, to accurately fingerprint users (for example, obfuscating the user agent).

PROBABILISTIC ALGORITHMS

Another approach is to use an algorithm (perhaps AI) to make a best guess of who users are and which traffic is coming from the same users. Again, these are not 100% accurate and include technology that isn’t necessarily available and ready to use tomorrow.

Both of these solutions have one key limitation in common: they waste the technical capabilities available when cookies are used in a privacy-focused way. Cookieless alternatives have no real technical advantage, with the main advantage coming from being part of the public shift away from 3rd party cookies. We see this approach as unnecessary, an over-reaction to the movement in the industry that limits the resolution of companies’ identity data.

While the identity resolution space will need to continue to evolve how to securely track and manage user data, it’s important that we don’t dismiss server-side 1st party cookies entirely. Apple and other technology leaders have come out and said that 1st party cookies are beneficial and that they’ll remain a core part of the way we manage consumer data. This technology is universally allowed and the most accurate way to track returning users.

HOW PERSOSA SOLVES FOR THE END OF 3RD PARTY COOKIES

Persosa's Identity Network takes a hybrid approach. Our tracking code uses server-side 1st party cookies by default (allowed in all browsers) to track users. Where available, this data is also written to a 3rd party cookie so that the user may still be tracked across domains in browsers that support it.

In addition, Persosa is the first company to propose and deploy a solution to tracking users across domains using a privacy-focused opt-in network. This network relies on explicit user consent to track users across multiple websites using 1st party cookies only. This makes Persosa the only solution that addresses all of the security and technical needs of the next generation of data tracking.

| | 3RD PARTY COOKIES | 1ST PARTY COOKIES CLIENT-SIDE | 1ST PARTY COOKIES SERVER-SIDE | PERSOSA |
|-----------------------|---|--|---|---|
| CROSS-DOMAIN TRACKING |  |  |  |  |
| PRIVATE & SECURE |  |  |  |  |
| BROWSER COMPATIBILITY |  |  |  |  |
| FUTURE PROOF |  |  |  |  |

 PROVIDES EFFECTIVE SOLUTION  PROVIDES PARTIAL SOLUTION  DOES NOT PROVIDE SOLUTION

PERSOSA

Contact us to learn more about how Persosa can help you prepare for a world without 3rd party cookies.

Visit persosa.com or contact us at (877) 488-8502.