

# Cookies are dead, and so are your targeting strategies. Now what?

Advertisers in the UK will have spent £27.7B on digital ads by the end of 2021. Globally, this number will reach a whopping \$455B, which is a 20% increase compared to the year before according to the latest study by eMarketer.

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With more people stuck in their homes due to the COVID-19 pandemic, this growth in digital ad spend comes as no surprise. People spend more time scrolling through the depths of the internet, and advertisers have adapted to this new situation. Money follows people, and people are online.

However, along with this increase in global ad spend, there comes a significant decrease in user data that's available to advertisers. Privacy protection regulations, such as GDPR in the EU or CCPA in the US, have forced tech giants – Google, Facebook, and Apple – to react accordingly and introduce user data protection measures. Their response? To kill the cookies.

## New moves

Cookies – text files with small pieces of data that get downloaded onto your computer when you visit a website – are used to identify your computer and contain information, such as a site name and a unique user ID. For years, cookies have been advertisers' allies in creating effective and personalised ads and monitoring campaign performance.

Google announced that it will remove third-party cookies from Chrome by 2023 as part of their 'Privacy Sandbox' initiative. This rather controversial decision wasn't taken lightly by many, including the UK Competition and Markets Authority (CMA) that called Google out, seeing this as an excuse to gain even more unilateral control over user data and reduce ad spend transparency.

For digital advertisers, the removal of cookies is just the beginning of a much larger issue – a total puzzlement about their ad performance and how their money is being spent.

Currently, if your digital ad performance drops, both Facebook and Google would recommend you increase your ad spend by as much as 80-120%. With the removal of third-party cookies, advertisers would lose their last chance to validate whether their ad budget was spent on the right audience and whether increasing ad spend would render the desired results.

That's what CMA has concluded in their latest market study. "By restricting independent verification of their own inventory, Facebook and Google have engineered a degree of opacity into the buying and selling of their own advertising inventory," the study states. "Advertisers feel that they have no choice but to rely on the information provided by Google and Facebook."

For this reason, there's an urgent need for a privacy-friendly compromise.

## What's the alternative to cookies?

One of the alternatives to cookies could be location scoring for digital ads that would combine digital signals – such as clicks, impressions, and conversions – with real-world variables like geography, demographics or traffic.

For example, by using geo-mapping and geospatial analytics, a single digital campaign that would usually target a large geographical area would get split and target many smaller areas instead. Each of the targeted areas would produce its own performance results while holding its own score based on real-world variables.

Such an approach could allow advertisers to access ad performance data, validate their ad spend, and optimise their campaigns accordingly. In other words, this might be the way to solve the lack of transparency that advertisers are to face in the post-cookies era.

In early 2021, Boston Consulting Group's research forecasted that geospatial data are about to play a central role in enabling new value propositions in different industries. This includes the advertising industry, when location intelligence might become an essential element for personalising customer

engagement both online and offline.

With more advertisers relying on digital ads, new innovations in data analytics – and particular location intelligence – are a must. Those advertisers who will first realise the opportunities that such solutions provide will have a significant advantage over others.

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