A MODERN MARKETER'S GUIDE TO SWEETER SUCCESS, WITHOUT COOKIES

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WHERE ARE WE WITH COOKIE-BASED MARKETING?

Google just recently announced an extension of cookies until late 2024. This is a shame for marketers because the cookie crutch will encourage digital advertisers to remain with a privacy-invasive, poor-performing, and anachronistic approach. This note will explain why advertisers should move quickly to a superior, emerging targeting approach that respects privacy and drives additional, unexpected customers.

And while conversations are all around "cookieless" – let's not forget one of the biggest reasons cookies are going away – **consumers want privacy.**

It's Marketing 101 and has been for decades: **demographics are an indispensable tool.**

Marketers strive to identify their target markets, then reach them through the most effective and efficient advertising media mix. This was all true well before the advent of the Internet, although the Internet added a targeting capability that comes with a **ton of baggage: cookies.**

We have come to rely on cookies for so long, that we have convinced – if not hypnotized ourselves into believing – that they are both a necessary and effective marketing tool. Which is why there is so much hand-wringing about what the industry will do once they are discarded on the ash heap of technologies that have negative unexpected consequences.

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A cookie is nothing more than a method of drawing inferences – "guessing" in fact - at traditional definitions of gender and age through its role as a historical database of browsing history.

The foundational assumption of cookies is that once a marketer has a reference point for gender and age – and it is just that, **a reference point, not hard data** – the person can be reduced to a historical dataset, with past behavior being relied upon to predict future intent.

As a result, aggressive cookie placement and tracking strategies are **inaccurate, ineffective, and problematic** in other ways.

- The basis of a cookie is that a sentient being can be reduced to a historical data set. That may be true for Data in Star Trek, but most **humans experience changing emotions, needs, circumstances, and personas.** Expecting past behavior to predict future behavior as the foundation of marketing tactics is devoid of imagination.

- Further, and ironically, despite broad adoption, **cookie-based targeting has never been very accurate.** That's because tracking user's Internet behavior to categorize them into a target-able persona or demographic is inherently flawed, as it makes assumptions about the user based on their Internet behavior (e.g., cookies assume that a person visiting a make-up site must be a traditionally defined female). In other words, its very surveillance methodology infuriates people and is the Achilles heel of the cookie.

- Funnel-based thinking is somewhat old. So old in fact that the original funnel proposition was created in 1898. Using the funnel for re-targeting combined with simple demographic approaches is a cut-and-paste marketing approach from ages ago. To properly realize the immense power of real-time signals, marketers will need to **forego old-school thinking** with modern technology capabilities.

- Click-through and engagement rates of standard cookie-based ads are **not very impressive** – with brands thinking result rates under 0.10% are normal.

- **Brands get damaged by re-targeting.** Some believe the entire privacy debate, now encompassing legislative bodies worldwide, was instigated by the thoughtless over frequency of re-targeting & the consumer perception that brands were "following them".

Despite all these serious limitations, marketers have been nearly irrevocably wedded to cookies and demographic marketing. It is all about **fear of failure.** If a campaign does not reach the requisite KPIs, fingers will point. Blame is evaded if a media buyer has used traditional demo targeting techniques, including cookies. I perceived to have checked a box, providing some level of blame insulation.

A PARADIGM SHIFT

The cookie excuse is soon to be vanquished; however, marketers must find new solutions.

Undertone's SORT™ is that solution and should be in every marketer's tool chest. To employ an overly used term, it is in fact a paradigm shift.

SORT™ is a completely anonymous solution, relying on zero personally identifiable information (PII) and zero cookies. And yet, by every engagement measure, targeting using Undertone's SORT™ approach vastly exceeds engagement KPIs, **often twice to thrice typical click-through** and other measures. How can this be happening?

Let's first explore what SORT™ is. SORT™ is the acronym for *Smart Optimization of Responsive Traits.* Rather than target a specific demographic, which cannot be done without invasive cookies – and as we demonstrated is an imperfect solution at best – **SORT™ uses real-time signals** that stem from user, environmental and proprietary attributes.

When a person lands on a page in Undertone's network, SORT™ clustering technology **analyzes all cookieless traits in real-time,** and based on the combination of attributes seen, SORT™ will match the person into one of our predefined *SmartGroups.*

The groups are not based on traditional demographics or psychographics but, are predictive collections of anonymous users who are known to react to certain ad stimuli similarly, **all algorithmically driven.**

This allows us to predict their mindset and serve them the most relevant ad. Like any machine learning, the algorithms only get smarter with more interactions.

Thus, a marketer can reasonably infer that their ad was seen by the audience they aimed for, but also be pleasantly surprised they found additional purchasers who were interested in the advertisement but, would have been excluded from traditional marketing targeting techniques.

Even though the conventional box was not checked, **higher performance was seen,** which is the true desired outcome for any brand.

Finally, brands often demand that publishers provide safe havens for their advertisements. We all know about brand safety. **But when will brands also demand *user safety?*** It seems incongruent to protect the brand from being associated with something on a publisher's site but have little regard for their customers privacy at the same time.

EXAMPLES WHERE DEMOGRAPHIC MARKETING MISSED THE MARK: CASE STUDIES

FORD MUSTANG:

One of the most known target marketing misses is the famous original Ford Mustang. In the 1960's, Ford did a great deal of research & sensed the younger demographic was going to need a new car. Ford's research indicated they could design a car for this segment as no manufacturer had an entry that would satisfy the emerging need — an affordable and stylish car. While Ford put forth a strategy to design a car to entice these young buyers (i.e., 16-21), ultimately, they were **surprised at who ended up buying the car.**

While some young people did buy the car- there was also significant interest from older audiences & families. The average age of the buyer was almost 10 years older than what Ford had predicted, at 31. Additionally, 16% of the buyers were between the ages of 45–54. And age wasn't the only surprising element — while the Mustang was designed for lower income brackets, over 15% of buyers had what was considered a high income.[1]

LUCKY CHARMS:

A more recent example of this is Lucky Charms — a breakfast cereal containing colorful marshmallows shaped as good luck charms. In 2012, after 48-years of directing marketing towards kids, Lucky Charms made a decision to shift their marketing strategy to the actual consumers of the cereal: adults.

When looking at their consumer data, **Lucky Charms realized that 45% of cereal consumption was coming from adults[2], an audience they weren't speaking to at all** with marketing. Lucky for them, they saw this marketing miss as an opportunity to expand their efforts & start directing efforts to ALL types of consumers. In addition to maintaining marketing efforts towards kids, in 2012 Lucky Charms launched an adult marketing campaign complete with TV spots & a Facebook page, that connected with an adult audience by focusing on nostalgia.

The **moral of both stories** is that despite research as to who your demographic buyer could be — **brands can have much larger and different audiences than expected.** By focusing on demographics (or a single personal identifier) as a targeting strategy in your campaigns — you could be missing the people who want to buy your product. Dynamic marketing approaches change as your consumers do, allowing you to reach ALL interested audiences with messaging they will be receptive to.

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[1] Source:

https://media.ford.com/content/dam/fordmedia/North%20America/US/2013/09/17/The_Mustang_Story.pdf

[2] Source:

https://adage.com/article/news/lucky-charms-finds-gold-adult-fans/238551

LET'S ACCELERATE THE INEVITABLE AND DO THE RIGHT THING

Cookie deprecation is driving a mindset shift.

SORT™ is accelerating that mindset shift and can address all the pitfalls of antiquated cookie-based methods:

- Complete privacy-compliant targeting solution that does not collect PII & adheres to all industry regulations — **100% anonymous**

- Provides **privacy & performance,** while outperforming traditional cookie-based methods across all KPIs up to 2X (certified by Neutronian)

- Inclusive vs. Exclusive approach to targeting **(ex: no pre-determined bias)** identifies MORE of your audience

- Scalable across our full publisher network, **all browsers, devices and ad formats,** including Safari and Firefox where cookies are currently banned

- All targeting is based on real-time data signals and the specific combination of attributes present in the moment someone lands on a page in our network (ie: **human-based vs. being just a data set)**

- **No integration/opt-ins needed** from the consumer, brand or publisher

- Consumers will know their privacy is safe because **all advertisements will showcase a SORT™ shield**

Brands need to be proactive about next-generation targeting now. **Privacy-first solutions such as SORT™,** maximize sales through modern marketing targeting techniques and find new customers, all while **respecting privacy.**