



PREPARING FOR A PRIVACY-FOCUSED WORLD

**THE FUTURE OF CUSTOMER DATA IN
MARKETING & ADVERTISING**

LOCATION3

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ABOUT LOCATION3

Location3 is the digital agency that delivers enterprise strategy with local activation. We create omnichannel strategies that engage your target audience, demonstrate the value of your brand and convert loyal customers, with a focus on franchise systems and multi-unit brands.

Our marketing platform, LOCALACT, also gives franchisees the technology and tools they need to advertise their businesses online and understand marketing performance across channels like Google, Facebook, Bing, Yelp and more.

Our approach of "People + Platform" combines both in-house digital marketing experts and best-in-class technology to drive maximum efficiency and performance. LOCALACT also provides dedicated support for franchisees as they seek to convert more customers in their local markets.

Our strategic offering includes:

- Enterprise Strategy, Consulting & MarTech Integration
- Media Buying & Planning
- Connected TV Advertising
- Digital Video, Audio & Display Advertising
- Paid Search (Pay-Per-Click) Marketing
- Social Media Marketing
- Search Engine Optimization & Content Marketing
- Business Listings & Location Data Management
- Data Science & Marketing Attribution

We can help you grow your customers and revenue, starting today.



Location3.com

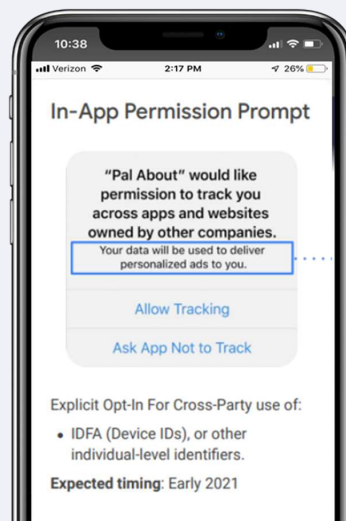
INTRODUCTION

Privacy is becoming an increasing focus not only for consumers but also for digital marketers. Tech giants such as Apple and Google have recently taken firm positions on privacy with decisions to remove tracking from their platforms – Apple with their iOS 14.5 IDFA update in April 2021 and Google with their decision to deprecate third-party cookies from their Chrome browser in 2023. Safari and Firefox have already eliminated third-party cookies from their browsers. On top of this, regulations such as GDPR and CCPA indicate that the writing is truly on the wall when it comes to the direction things are headed in terms of privacy.

As a brand whose business growth depends on digital advertising, you may have some trepidation around all these changes. Location3 is here to help you navigate these turbulent times with solutions that are grounded in a deep understanding of what the future of digital marketing looks like in a privacy-centric world.

Facebook Advertising After iOS 14.5 Update

With Apple's IDFA changes and their decision to allow consumers the choice to opt out of being tracked on websites, we have seen retargeting lists being affected because **anyone on an iOS device who has opted out of tracking is no longer being added to website visitor lists.**



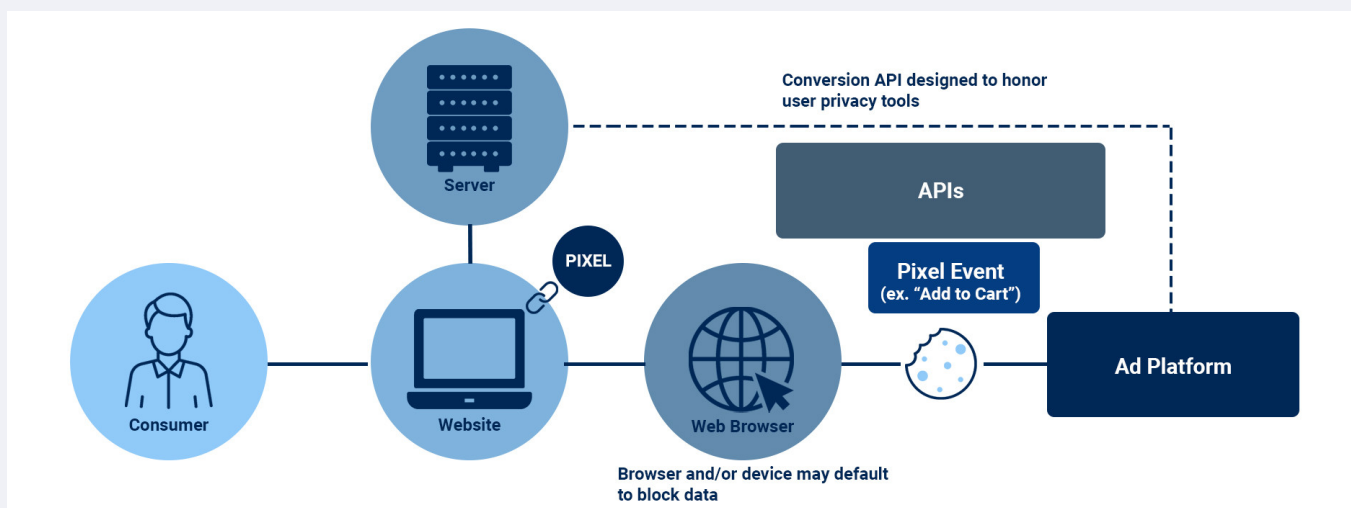
However, we also know that there is a large contingent of Android users who continue to be part of those retargeting lists as well as the iOS users who opted in to tracking.

To compensate for the shrinkage of retargeting audiences due to opted-out users, we have placed a strong focus on the following to restore the size of our retargeting pools and give Facebook the larger audiences that its machine learning algorithm thrives on:

- Increasing retargeting lookback windows
- Leveraging customer lists and email subscriber lists
- Leveraging call center data
 - Customer list and call center data is made available to us via the enterprise CRM. We have processes in place that allow us to transfer this information from the enterprise CRM to our advertising platforms in a secure and privacy-compliant manner
- Using Facebook Sources - Facebook Sources include video views (retargeting anyone who watched one of our Facebook videos by percentage viewed), lead ad form activity, post and ad engagement on both Facebook and Instagram

All of these audiences are warm audiences that can and should be nurtured with lower-funnel messaging and have proven very effective as alternatives to “website visitor” audiences. It’s also important to remember that the IDFA changes only apply to mobile users. Desktop users are not affected until the Chrome cookie tracking is fully phased out in 2023, when we will see further loss of audience data on desktop.

To counter the general loss of conversion data reported by the Facebook pixel after the IDFA changes, we are recommending our partners work with us to deploy a CAPI (Conversion API) integration. This is a server-to server approach that directly sends conversion data directly from your website to Facebook for better attribution .



Advertising After Third-Party Cookies Disappear

Third-party cookies provide a lot of data about visitors, including demographics, interests and browsing behavior. We use this data to tailor ads to focus on audiences who are most likely to buy our products or services. However, with third-party cookies being phased out, we will need to find alternative ways to obtain this data in a privacy compliant way.

What will be impacted?

The following marketing tactics will not be possible after third-party cookies go away:

- Behavioral targeting - includes things like brand affinity and in-market status.
- Retargeting - following users around the web who have visited your website
 - Retargeting tactics like RLSA that use your first-party data will not be impacted
- Lookalike targeting - targeting audiences that exhibit similar traits to those who have visited your own website
- Frequency capping - limiting the number of times an ad is shown to the same user in a given time period
- View-through attribution – used mostly for display and video ads where you can understand audiences who have viewed your ad (not clicked on it)

It's important to note that other ways to collect identity data and achieve some of the above will be available after third-party cookies disappear (covered below in **What Will Replace Cookies?**).

The Problem with Third-Party Cookies

While marketers have historically relied on third-party cookies for audience targeting and to track users across multiple websites, the truth is that they have always been inherently problematic. They cannot be kept in synch across AdTech platforms, or maintained across different devices, so there is a level of inaccuracy when using them to personalize ads.

People rarely use a single device, so cookies have not been very effective for tracking individuals (people-based marketing) and the data they have provided is quite messy. On top of that, consumers have the ability to clear their browser of cookies or block them altogether and have not hesitated to do so because of the 'creep' factor involved in being followed around the web with messaging that is often irrelevant or outdated.

How We Are Preparing

Even though Google has delayed phasing out of third-party cookies to the second half of 2023, here are just some of the tactics we are deploying to prepare our partners well in advance of this paradigm shift:

- Placing a firm emphasis on collecting and enriching first-party data in a PII compliant manner
 - While it is important for brands to have a consent management strategy, some of the privacy best practices when collecting first-party data are:
 - Only capturing data that will be valuable to both the brand and the consumer – a two-way value exchange
 - Laying out clear conditions of how the consumer's data will be used and how they can manage their consent settings
- Connecting our partners' first-party data platforms with AdTech platforms
- Prioritizing the use of features such as Customer Match, Audience Expansion, Global Site Tag, Enhanced Conversions and GA4 as well as value-based smart bidding like tROAS or Maximize Conversion Value within Google Marketing Platform
- Contextual targeting
- Relinquishing our reliance on third-party data and understanding how to leverage the new identity frameworks

What Will Replace Cookies?

New types of identity frameworks are being developed using a smarter approach to identity and identifiers. Here are two of the most promising ones:

- **Google's Privacy Sandbox** – FloC (Federated Learning of Cohorts) for interest-based ads and FLEDGE (First Locally-Executed Decision over Groups Experiment) for cookie-less remarketing. Google's solution will apply to the Chrome browser and aggregate audiences into anonymous cohorts that will be retargetable. So, while the messaging can still be targeted specifically to their known preferences, there's a kind of "safety in numbers" effect. The individual is anonymized within the wider cohort.
- **Unified ID 2.0** – developed under partnerships between big companies such as The Trade Desk, LiveRamp, Oracle, Nielsen, Neustar and many others, UID 2.0 will work by having users log into publisher sites or apps and hashing (anonymizing) the information which essentially creates an identifier similar to a consent-based cookie. This will rely on the cooperation of a large pool of publishers to gain scale and momentum. Google has announced that it will not support this type of alternative identifier in its suite of products.

The Role of Technology & Automation

Technology and automation will help brands unlock the ability to do people-based marketing by creating a single view of the customer across devices and channels. Platforms such as CDP (Customer Data Platform) are going to be key in tying together all the information about a consumer – purchase data, email engagement, device information and real-time website activities as well as offline activities. This will then give us a rich, consent-managed source of first-party data on which to base our advertising audiences. In addition, as mentioned previously, connecting CRM and CDP to AdTech platforms will allow us to activate audience-specific campaigns based on cookie-less audience targeting.

The Future

We're excited about the shift towards a more privacy-safe landscape because we see all of the opportunities it brings to our partners in being able to deliver truly remarkable, ethical and effective marketing programs that win the hearts and minds of consumers! To that end we, as an agency, are committed to staying on the cutting edge and believe that leveraging a combination of Prep and Tech, as outlined above, will empower us to seamlessly move with the times and continue to deliver best-in-class marketing solutions to our partners!

ABOUT THE AUTHOR

Vera Shafiq

Senior Director of Digital Strategy

I started my career as a computer programmer writing search algorithms before Google was even a thing and launched a boutique digital marketing agency in 2004 which I grew over 12 years to be a leading provider of build-your-own-websites, hosting, SEO and social media marketing.

Since then, I've helped businesses large and small, in a variety of verticals (home services, luxury real estate, healthcare, insurance, e-commerce) unlock growth with data-driven marketing strategies. In today's fast-moving digital world, you have to have your finger on the pulse of the latest evolutions, advancements and innovations. Future-proofing any business depends on this. I was raised in London, UK but have lived in Tampa, FL for the past 26 years with my husband and 2 kids (grown adults now!). I'm a foodie, wine-lover and travel enthusiast – India, Thailand, Dubai, Oman, Italy, France and Spain being some of the countries I've visited. I enjoy cooking, especially desserts, and am told I make a mean Tiramisu! I also host a weekly podcast on digital marketing, business and technology called the Vera Shafiq Podcast!



My Mission Statement:

"I believe passionately in winning hearts and minds with bold, honest, respectful marketing. By always seeking new and innovative ways to build deeper connections with consumers, I strive to help businesses of all sizes unlock accelerated and sustainable growth."

SOURCES

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