



COOKIELESS TRACKING: OPPORTUNITIES IN A NEW ERA



Jon Claydon - July 2021

WHAT ARE COOKIES?

Cookies are a part of the backbone of web activity, specifically in the way that websites and users interact with each other and with the various websites that users are visiting. Cookies are pieces of code that live within the web browser and track user behaviour.

It's important to know that there are two types of cookies. One type is known as first-party cookies, which are cookies that are used by websites where users must log into the site in order to be tracked. For example, after the first time you log into Facebook, you don't have to re-enter your password every single time you go back—that's due to a first-party cookie recognising you. The cookie is able to tell you've been there before and have correctly entered your credentials in the past, so you're automatically let back in.

And then there are third-party cookies, which are primarily used to track user engagement across various websites, which is how a lot of online advertising is able to track consumer behaviour. Historically, these kinds of cookies have been used in affiliate marketing to track how users are making a transaction on an advertiser's website by clicking on an affiliate link.

For example, if an advertiser places a pixel—a simple line of JavaScript or an image—on the confirmation page of their website, it will look to see if a cookie is present in the user's web browser from the specific affiliate technology that the advertiser is using to track their affiliate marketing campaigns. If that cookie is present, it will record the information and send it back to the affiliate technology to confirm that the consumer clicked on an affiliate link from affiliate "X", and then converted in some way—whether through a purchase, a submitted lead, or some other desired action.

WHY ARE THIRD-PARTY COOKIES GOING AWAY?

Things are changing in the world of third-party cookies due to an increased demand for consumer privacy. We're seeing a radical shift in the way that large online entities are considering privacy and reacting to it, which has led to a rise in regulation.

A lot of the major web browsers have already made changes to affect third-party cookies, such as Safari and Firefox. Both of these web browsers now default to restrict or severely limit third-party cookies and their ability to track users. The intention behind this change was to protect consumer privacy. Google originally announced that in 2022 they will be making large shifts in the way that they handle third-party cookies, which will result in most of them being blocked.



While Google has recently announced the delay of their third-party cookie tracking changes until 2023, giving advertisers a little additional breathing room to deploy new strategies, the clock is still ticking. Eventually all advertisers and ad-tech providers will need to have solid plans in place for the demise of third-party cookies.

We've recently seen this play out in the mobile ecosystem. Apple just released iOS 14.5, which has made sweeping modifications to user privacy via app tracking functionality. Essentially, Apple has restricted apps from using the unique identifier that every mobile device has. If a user has updated their iPhone to iOS 14.5, they'll be given a prompt that asks whether they want to allow the app to track their activity, thus giving them the option to opt out.

Here is what we're seeing from the early data on these privacy changes:

- ▶ Only 4% of users are actually opting in to allow apps to track their online activity.
- ▶ People don't want to be tracked broadly across the web in a perceivable way.
- ▶ Browsers and online commerce will continue to honour this sentiment by restricting or banning third-party cookies from tracking on the web.
- ▶ According to GlobalStats, Chrome has a 65% market share worldwide, which means Google's cookie tracking policies will have a widespread affect.

As we're moving into in a much more consumer-friendly privacy world that's driven by policy changes, it's important for the affiliate marketing industry to adapt to this broad consumer sentiment.

HOW CAN ADVERTISERS ADAPT TO A COOKIELESS FUTURE?

While third-party cookies are going away, first-party cookies are still very much alive and well. Because they're a cookie that the website itself is placing on a user's web browser or keeping on their own server, it allows commerce and activity to continue.

From an affiliate perspective, it is still possible to track transactions and activities from affiliates using first-party cookies, as opposed to third-party cookies. There are a couple of ways in which this can be done.



UNIVERSAL TRACKING TAG

All the major affiliate technologies have this function now. It's a piece of JavaScript that lives across every page on an advertiser's website, and it can drop a first-party cookie (instead of a third-party cookie) when an affiliate refers traffic to that website.

It's the same process as what would happen using a third-party tracker. The consumer would be on a site, they would add items to the cart and checkout, and that first-party cookie would be read by the affiliate tracking technology that is installed on the advertiser's website. It would record that and send it back to the associated affiliate technology platform. We already see this across many of our clients today for how they're tracking affiliate activity.

SERVER-TO-SERVER TRACKING

In this form of tracking, the advertiser records information that's passed to them through a query string. When a user is on the affiliate website and they click on a link, that link will go to the advertiser's website and there will be data passed through the actual URL of the link that's being sent to them. The advertiser will record that information on their own servers, and they will be able to see that it came from affiliate "X", because it will have parameters in the string. Then, the advertiser can send the data back in a server call to the affiliate technology once the transaction has taken place. The affiliate technology will record which affiliate it came from, the dollar value of the order, and the consumer that actually clicked on the link.

AFFILIATE MARKETING: A STRONG MARKETING CHANNEL CHOICE

Although there will be a lot of changes going forward—and we may not know all of what Google will implement with their cookie tracking adjustments—we can still be flexible in the way that we track in affiliate marketing. We're nimble and able to track in a lot of different ways that still meet consumer demand for privacy.

We don't see a high possibility of things being disrupted in our affiliate marketing industry by these changes, as most affiliate technologies have the ability to structure tracking around first-party cookies in place of third-party cookies.



However, many advertisers have not updated their tracking protocols to these new standards. It's vital for brands still relying on legacy third-party cookie tracking technology to update their integrations with their various affiliate technology platforms, thus making sure that they're able to track affiliate links successfully once these changes roll out.

Thanks to affiliate marketing being a channel that is outcome-based, the industry will have a much easier time measuring the success of its campaigns than some other marketing channels. Subsequently, if you're a brand looking to have tight measurement on KPIs relative to your advertising campaigns, affiliate will be one of the channels in which you can be absolutely assured that when you're paying for a transaction, you know that it originated from that affiliate, and subsequently know the return on investment (ROI). Whereas if you're doing some sort of broad programmatic or retargeting campaign, it will be much harder to directly measure the impact and ROI from your campaigns with the new cookie restrictions.

Contact our team to learn more about our approach to affiliate programme management.

ABOUT ACCELERATION PARTNERS



Founded in 2007, Acceleration Partners is the recognized leader in partnership marketing and a five-time International Performance Marketing Award (IPMA) winner in the "Best Performance Marketing Agency" category. Acceleration Partners manages programs in 40 countries for more than 170 brands including Target, GoToMeeting, Noom, ButcherBox, and Betterment. Acceleration Partners' fully-remote global staff of 300+ maintains a singular focus on delivering exceptional outcomes; and delivers deep and data-driven expertise in all key partnership marketing tactics, including affiliate, influencer, content, mass media, and B2B partner marketing. In addition, Acceleration Partners has received awards for its performance and exceptional culture, including "Best Agency" and "Best Team in Performance Marketing" ("Performance Marketing Awards"), US Changemakers ("PerformancelN"), "Best Workplaces" (Inc.), "Best Places to Work" (Glassdoor), and "Most Committed to Work-Life Balance" (Digiday).

CONNECT WITH US

marketing@accelerationpartners.com

www.accelerationpartners.com

