

MARKETING

How marketers should look beyond third-party cookies with Google Chrome phaseout

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Google headquarters in Mountain View, California

By AN AMERICAN MARKETER COLUMNIST

By **Sherene Hilal**

Google this month starts phasing out third-party cookies on Chrome, which represents the last major chunk of the Internet that is trackable with this technology.

Despite the fact that cookies have been eroding for years, most retailers still rely heavily on cookies because Chrome has been a major holdout and third-party cookies are the most cost-effective way to reach new customers.

With Chrome finally closing the book on cookies, retailers must find effective alternatives to compete.

While they will not go away overnight, the first phase eliminating cookies for 1 percent of audiences is the right time for retailers to adopt better strategies. A total phaseout is only months away.

Leaders across all retail functions must focus on two critical metrics:

Paid channel ROI

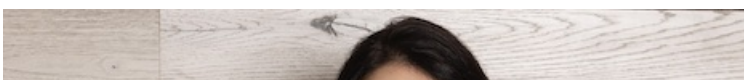
Start looking at trends in cost of customer acquisition to determine what the near-term impact to revenue will be given the loss of reach to 30 million Chrome users with third-party cookies in this first phase.

For some retailers the 1 percent drop in reach may not be visible, but looking at the data every week will give all executives the information they need to respond.

Getting used to looking at this metric is critical to determine how quickly retailers need to shift as Google ups the percentage going forward.

Note that paid channel ROI has been eroding for a few years. Retailers could start to see that rate of erosion increase, which is a leading indicator of challenges ahead.

Shifting to customer spend metrics such as lifetime value will put in perspective how much a retailer is spending versus how much they earn per shopper on search.





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Identification rate

A retailer's identification rate is its lifeblood and is a leading indicator in customer movement and overall lifetime value.

ID rate enables retailers to move shoppers to first-time purchasers, one-time buyers into repeat customers, and moving retained customers to becoming more loyal.

Every leader should know what percentage of digital shoppers are identified on site, not just those who are logged in.

If a retailer relies on third-party cookies, their ID rate will erode considerably as cookies go away. It is critical for retailers to build out an identification strategy that can withstand cookie deprecation.

By focusing on ID rate, retailers also get an understanding of how robust their customer data file is and what they need to identify as many shoppers as possible without using third-party cookies such as access to an identity network and on-site customer signals.

The ability to maintain reach and relevance with shoppers and customers will be a byproduct of a retailer's cookie-less ID capabilities.

WITHOUT RELIABLE COOKIE-LESS identification, what has been considered a marketing problem is quickly going to become an enterprise-wide fire.

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