Birds of a Feather FLoC... Away From Cookies
03.08.21
BACKGROUND

As you may remember, in January 2020, Google announced that Chrome was going to stop third-party cookie tracking by the end of 2021 as a response to the call for increased privacy. At that time, they did not provide a lot of detail on what would replace cookies, but vowed to work with the industry to come up with a solution.

Over the last year, the industry has been working on potential solutions, workarounds and alternatives to the deprecation of the cookie, including other individual identifiers like email address, UID 2.0, etc. Last week, Google took another step in clarifying what it believes the post-cookie digital tracking world looks like, at least within the Google ecosystem. What’s clear now is that they don’t believe any type of tracking or identification at the individual level is feasible in the long term and, as a result, they won’t be introducing or supporting any direct replacement for the cookie. They have gone all in on cohorts, or groups, of people who look and behave similarly, as a replacement for a lot of the functionality that we currently rely on cookies for: audience building, targeting and measurement.
ALTERNATIVE SOLUTIONS

Google, with an apparent love of all things avian, has come up with a number of potential solutions they say will enable some of that functionality, like audience segmentation through FLoCs and retargeting through FLEDGE. At this point, we don’t know enough to have a clear picture of how these will work, but we plan to start testing them when Google opens them up in Q2.

However, if we really think about it, FLoCs resemble the way we’ve always planned, bought and measured media: looking at people’s traits, behaviors and interests and grouping them together with other like-minded individuals. FLoCs themselves acknowledge the importance of media’s context and content and of creating a meaningful experience for the consumer to drive conversion.

We also believe this is a chance to test partners outside of the Google ecosystem. Some in the industry are saying that this announcement ties one of Google’s hands behind its back and leaves the door open for other Ad and MarTech companies to create a competitive advantage. Whether that’s alternative DSPs and ad servers or new identity solutions like ID5 and LiveRamp ATS, it’s incumbent upon us to test these other solutions to determine the best options for delivering on business and media goals in what will be a very fragmented landscape. Some call it flexibility, others optionality, but whatever we call it, we believe it’s the winning approach to best serve our clients.

FLoC stands for Federated Learning of Cohorts and it is Google’s way of aggregating individuals into similar behavioral and demographic attributes. These cohorts, or groups, are then made available to advertisers for targeting in the Google environment.

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From an agency perspective, our goal is to be as flexible and adaptable as possible. Because of all of the changes in the last 18 months, the industry is in a frenzy trying to predict and build on what they think is going to come next. That’s why at Havas Media Group, we have taken a rent and build, not buy, approach. We’re experts at media planning and we need to be able to flex into the best environment, data source or tech partner with which to do this. Agencies and clients need to accept that volatility and change are the new normal, at least for the next few years, and to make sure that whatever we build will be able to roll with the changes that come, whether they be from Google, Apple or anyone else in the ecosystem.

In addition to this agility, these industry changes are forcing us to reimagine how we’re currently working and look back at the foundational principles of marketing, media and measurement. We believe that marketers with a strong product will win out, and the media experience, Mx – doing media planning well, being thoughtful about how you use data and technology and making sure you create the best media experience for consumers – will be the key to success for advertisers.

Of course, we, like many others, have thoughts on what we think clients should do to prepare for these changes and, like Google and others, we believe that first-party data will be critically important. It’s also important to make the distinction between first- and third-party cookies – first party being the direct relationship with the consumer – because these browser changes will only impact the third-party cookie. We urge clients to think about their first-party data strategy and how they can build a direct relationship with their consumers. That’s also why we invested in building our Converged platform with privacy- and business-compliant first-party data at the core. We even went a step further to integrate data from social listening and panel partners, as well to help round out and enhance the data we’re getting from third-party partners. Those third- party partners will likely need to evolve their business models and data collection methodologies in the coming months to remain compliant. And this combination of data sources is critical to ensure we have robust audience insights and media strategies.

OPPORTUNITIES
Additionally, when it comes to measurement, we know that this announcement will continue to increase measurement fragmentation – this, however, is an opportunity to take a critical eye to how we might begin to solve some of the challenges that persisted historically with the digital measurement ecosystem. We have the chance to better leverage panels and model-based measurement solutions which are opt-in and privacy-compliant, and to have a strong data set to start with because it puts the control in the hands of the consumer. But let’s also look to evolve and consider how we start to build attention measurement into our systems and to truly gauge cause and effect with a focus on causal incrementality measurement.

We’re still in the early days on this, and we have more questions than answers. But if we take a step back and think objectively, a lot of us will agree that the cookie is flawed. While it was built with good intentions around making the internet easier to use and more relevant for consumers, it was not built with privacy or security in mind. As challenging as this time is for advertisers, publishers and agencies, we believe this is actually a moment of huge opportunity for us to rethink and work through some of the things that are wrong with the broader digital ecosystem and to get back to the fundamental business of marketing and media in a way that is meaningful and trustworthy for consumers.
THANK YOU