**Prepare for a cookie-less future in advertising and e-commerce**

A cookie is a sweet baked treat. A **cookie** is also a small file saved on computers to store user preferences and other information. This reading describes how cookies have traditionally been used in advertising and e-commerce, and how they have also caused concerns about user privacy. You have learned that a future in marketing will rely on real-time and predictive analytics, autonomous campaigns, and artificial intelligence. What’s also certain is marketers will need to prepare for a cookie-less future as users feel more strongly about protecting their privacy. Some browsers have already implemented limitations, and many browsers have plans to phase-out the use of certain types of cookies.

**How cookies are used**

First developed in 1994, cookies were created to save user’s settings on websites. They can be used to monitor how visitors arrive and how they interact with a site. Cookies were initially vendor-specific and helped companies track the status of user sessions in the early days of e-commerce. Over time, cookies provided benefits to marketing and analytics as well.

**Remarketing**

**Remarketing** is the process of using ads or follow-up emails to engage with a potential customer who has visited a website but didn’t make a purchase. The user information saved in cookies on browsers allows businesses to engage with these users for remarketing.

**Analytics tools**

Cookies keep a record of user session and device information. Cookies enable tools like Google Analytics to collect session start and traffic source information. Events configured in Google Analytics for website or mobile app monitoring summarize and report this information. Conversion counts in Google Ads also rely on cookies to determine which ads or product lists users engage with.

**Third-party data collection**

As mentioned previously, cookies were originally designed to be domain or website specific. In other words, user data stored in a cookie was meant for use on a specific website only. A cookie set by the website owner is called a first-party cookie and uses the website’s domain.

However, third-party cookies used in advertising can collect and track more information about users. **Third-party cookies** aren’t developed by a website’s owner but are distributed by third-party tools. They use a third-party advertiser’s domain instead of the website’s domain. A third-party can deliver a cookie to users by displaying a banner ad. Because a banner ad persists across multiple sites users browse, that cookie continues to collect information. This information might not be anonymous and can be sold by the third-parties collecting the information. These third-party cookies are a major cause of concern about privacy. Some third-parties are capable of delivering literally hundreds of cookies upon a user’s first visit, and the majority of these are used to track their behaviors.

**Alternatives to cookies**

Advertising and e-commerce will need to evolve to operate in a cookie-less world. Technologists are rising to the cookie privacy challenge by developing alternatives. Interest-based advertising and new methods for website remarketing are under development as alternatives to cookies.

**Interest-based advertising (IBA)**

**Interest-based advertising**, or **IBA**, relies on generalized browsing behaviors instead of on the browsing behaviors of specific individuals for the targeting of ads.

**Federated Learning of Cohorts**, or **FLoC**, is one proposal that presumes that a browser can group people together when they have similar browsing characteristics without using a unique identifier per browser. Advertisers can then observe the browsing behaviors of users in a cohort instead of by their individual activities. Ads could be customized based on which cohort a person is part of.

Programming mechanisms are still being developed. You will most likely read about other proposals to implement IBA until a working solution is widely adopted.

**Trusted servers for website remarketing**

For website remarketing, marketers must be able to create and manage preferred audiences without the use of third-party cookies. While many options are being discussed, an alternative could be a trusted server that is allowed to store certain information for a campaign bidding process.

**Key takeaways**

Cookies will give way to new solutions. In advertising and e-commerce, these solutions must allow marketers to selectively engage with users while still maintaining their right to privacy. Creativity and automation will help marketing organizations transition to a cookie-less future.

**Resources for more information**

Refer to the links below to continue learning about the topics described in this reading:

* [How Website Cookies Affect Your Data Privacy](https://www.dbswebsite.com/blog/website-cookies-and-data-privacy/): Blog article describes different types of cookies and how they are used
* [Building a Privacy-First Future for Web Advertising](https://blog.google/products/ads-commerce/2021-01-privacy-sandbox/): Blog article describes technology advances for cookie-less browsing
* [Federated Learning of Cohorts (FLoC)](https://github.com/WICG/floc): FLoC primer on GitHub