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MEDIA IMPACT REPORT

Google's Reversal on Cookie Deprecation Should Drive Further Innovation

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Google's Reversal on Cookie Deprecation Should Drive Further Innovation

By David Nyurenberg, Digital Video Product & Innovation Director

In late July, Google announced it will no longer sunset third-party cookies, despite years of assurances to the advertising industry and government regulators that this change was imminent. This reversal was unexpected for some and unsurprising for others, and has significant implications, underscoring the need for innovation and development of new solutions within the industry. To fully grasp the gravity of this shift, it's essential to consider the context, the consequences, and the way forward.

Google Pivots to User Choice

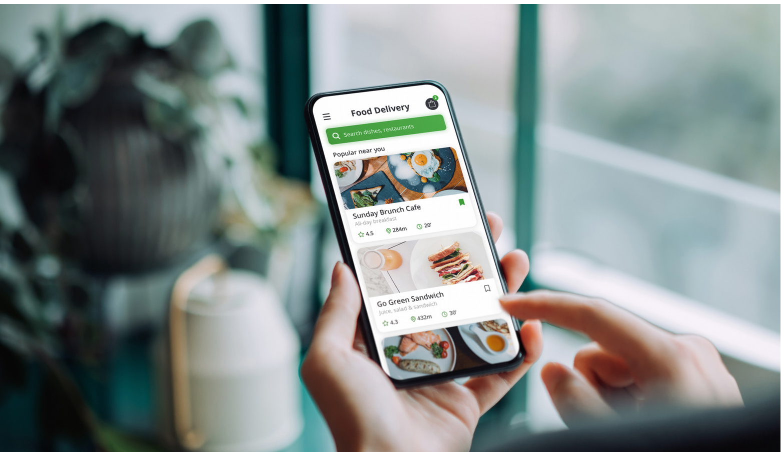
In a blog post by Anthony Chavez, VP of Privacy Sandbox, Google outlined a new approach: "Instead of deprecating third-party cookies, we would introduce a new experience in Chrome that lets people make an informed choice that applies across their web browsing, and they'd be able to adjust that choice at any time."

This marks the end of a journey that began in January 2020 when Google announced its intention to deprecate third-party cookies within two years. Along the way, the timeline was repeatedly extended, and the Privacy Sandbox was introduced as a potential alternative.

The decision not to proceed with cookie deprecation is not a simple cessation but rather a pivot towards user choice. However, the specifics of this new user experience remain unclear. Will it involve an education campaign or merely a consent management style pop-up that users might ignore? What will the regulator's stance be on this approach? These unanswered questions add to the uncertainty.

Push to Move Beyond Cookies

Google's shift significantly impacts the industry's innovation trajectory. Over the past few years, substantial resources have been invested in developing cookie-free solutions. Vendors have worked on minimizing reliance on third-party cookies, publishers have been testing Privacy Sandbox, identity providers have prepared for a cookieless future, and buyers have sought new tracking and attribution methods.



While this development might appear to throw these efforts into limbo, it actually reinforces the need for continued innovation. Companies must persist in developing these new technologies rather than revert to outdated methods. Google's history of unreliability in relation to their cookie-related promises highlights the danger of relying too heavily on one company's direction. The industry must recognize the importance of developing independent solutions that do not hinge on the whims of a single entity.

The industry has long acknowledged that third-party cookies are flawed. Initially designed for simpler use cases, they have been stretched beyond their limits, resulting in inefficiencies and privacy concerns. The push to move beyond cookies has led to the development of more sophisticated and privacy-compliant technologies, such as universal IDs, data clean rooms, and contextual advertising. Google's reversal threatens to slow this progress, but it should instead be seen as a catalyst for the industry to double down on its innovative efforts.

Navigating the Path Forward

Google's decision has broader implications beyond immediate industry frustrations. It impacts the narrative around privacy and data handling on the web. Google must balance industry feedback with regulatory demands from multiple jurisdictions, often with conflicting requirements. The consent mechanism's design and implementation will significantly influence whether users opt-in or opt-out of cookie tracking.

Despite the setback, the industry must not lose momentum in developing cookie alternatives. Companies need to continue building strategies around first-party data and identity solutions that prioritize privacy and consumer choice. The uncertainty around cookies should be seen as a driver to innovate and build more robust, privacy-compliant solutions.

At Rain the Growth Agency, we tackle cookie-related challenges by employing custom algorithm activation that leverages privacy-compliant data sources to drive targeted and efficient media strategies. Our algorithms optimize against metadata signals in log files and utilize non-user level data sources, such as client business data, third-party measurement data like brand lift studies, and third-party measured outcome data. We pair this with independent outcome measurement tools from partners like iSpot, InnovidXP, and Extreme Reach, providing us with cookie-proofed signals to optimize campaigns effectively. By focusing on these advanced solutions, we empower brands to achieve their goals in a future where third-party cookies are no longer the cornerstone of targeting and measurement.

While Google's announcement is frustrating, it also presents an opportunity. By continuing to innovate and focusing on privacy-first approaches, the industry can move beyond the flawed cookie and build a more sustainable future.

WNBA Inks Historic Media Deal

By Mark Brown, Chief Investment Officer

Fresh off their highest-rated ever All-Star Game broadcast, the WNBA has closed a record-setting media rights deal that will carry them into the next decade. On July 24th, the WNBA announced a new media rights agreement that has been estimated to be worth $2.2 billion over 11 years. The rights will be shared across Disney (ESPN), NBCUniversal and Amazon.

If those partners and contract length sound familiar to NBA followers, they should. The NBA owns the WNBA, and they negotiated both leagues' media rights in tandem. The NBA deal was approved by the NBA's board of governors earlier in July and totals approximately $76 billion over 11 years and includes coverage on the same partners: Disney, NBCUniversal and Amazon. Warner Bros. Discovery (whose TNT network is a long-time NBA broadcaster) argued that they have rights to match the Amazon offer, but the NBA rejected Warner Bros.'s proposal. Warner Bros. Discovery filed a suit against the NBA over the dispute, so there may still be a chance they retain some rights to NBA and WNBA games.

Assuming the current agreements hold, the deal skyrockets the WNBA rights valuation past their previous media rights package. At an average of $200 million per year, the new deal is already four times the previous contract. However, the new deal leaves room for the WNBA to add more media partners—projected to bring in an additional $60 million annually—giving the new contract a likely multiple of five times their current rights package. Before the beginning of the season, WNBA Commissioner Cathy Englebert had said her goal was to at least double the league's rights fees, and this deal shatters that goal.

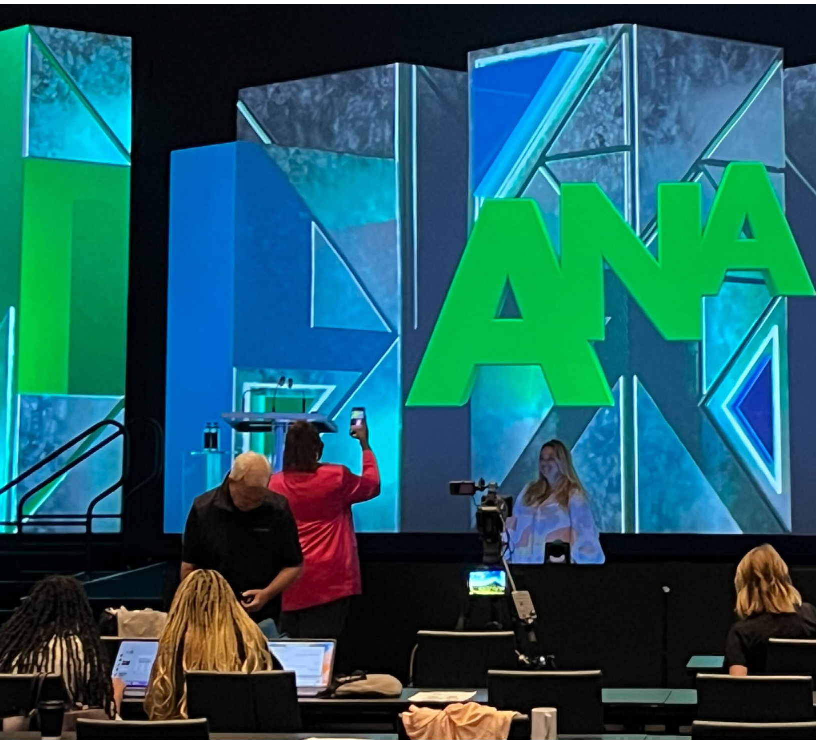
The new contract will include some changes to the WNBA coverage landscape:

- Current WNBA broadcast partners are Disney, ION, CBS, and Amazon, but only Disney and Amazon are included in the new 11-year package, with NBCU as the new player.
- The WNBA is expected to bring in up to two additional partners, and ION is rumored to be one of them. ION currently broadcasts both the WNBA and the NWSL, so retaining the WNBA would bolster their goal of being a destination for women's sports.
- Currently there is no word as to whether CBS will be bidding for the other position or if the league will have another new media partner for the 2026 season.
- With more streaming services scrambling to get live sports rights, it is always possible that another streamer (Netflix?) will be the final partner in the mix.

In an unusual move, the deal is also reported to contain some protection for the league if their audience continues to grow and the rights become undervalued. The media partners have agreed to revisit the rights package after three years with good faith talks that could lead to an even higher valuation. Given the astronomical growth that the WNBA has seen this year (a.k.a., the "Caitlin Clark effect") it is quite possible that those renegotiations will be necessary.

ANA Digital & Social Media Conference Recap

By Ryan Gilbert, Vice President, Digital Media, & David Gelt, Director, Paid Search & YouTube



Rain the Growth Agency was on-hand for the ANA 2024 Digital & Social Media conference in Los Angeles, California. The conference covered many topics while generally focusing on how to unlock brand growth through digital and social media. Two relevant themes that continually came up throughout the week from brand marketers, adtech experts and publishers were the growth and impact of influencers and content creators, and connected TV (CTV).

Building an Influencer Strategy for Growth

According to Gabe Alonso, Vice President of Integrated Marketing & Experiences at El Pollo Loco, more than ever before, consumers look to creators and influencers for guidance. Based on research from Edelman Trust Barometer and Mintel, 61% of U.S. consumers follow influencers. 63% trust those creators more than the brands themselves. Those are powerful findings. To reinforce them, consider that 82% of consumers have purchased or considered purchasing a product after seeing an influencer post about it.

So how does a brand build an influencer strategy that propels their business forward?

According to Manscaped's CMO Marcelo Kertesz, "Culture is a mess today. It's everything everywhere all at once, which makes it very difficult to cut through as a brand."

Content creators allow brands to tap into things like consumer trust and purchase consideration, but also other factors like cultural relevance and trends that spur engagement. Creators make it possible for brands to create meaningful impact with consumers in a way that other paid channels cannot achieve.

There are many factors to consider when getting started, as discussed during the event:

- Should a brand engage micro vs. macro influencers?
- What is the measurement strategy for influencers and how does it align to broader measurement goals?
- Are brand exclusivity rights gained in the partnership?
- How are brand/creator relationships forged?

Influencer strategies require resources and attention to detail to be executed effectively. Aligning to creator profile categories and building a stringent briefing process can create structure for creator programs. Working with an experienced digital agency can help you identify and engage in creator opportunities that allow for added impact.

Creator programs can also add value in unforeseen ways. They can quickly alleviate media production costs when the content is utilized directly by the brand. Creators can also spur transactions directly in the likes of TikTok Shops and Meta when enabled.

These programs should at minimum be considered by all brands given the multitude of entry points to create added impact in the social platforms that consumers spend so much time in already.

CTV Impact and Growth

CTV, or connected television, continues to not only see continued growth and investment, it also continues to drive outsized impact on brand awareness and purchase intent. According to Lumen TVision, CTV carries the highest average attentive seconds as measured across all available media channels.

CTV plans can be developed for both brand and performance outcomes – and Rain the Growth Agency has proven success for both paths, coupled or decoupled.

The vast majority of CTV is being activated via programmatic platforms. ANA's CEO Bob Liodice, and Group EVP, Bill Duggan, shared their thoughts on programmatic trends and considerations:

- According to their research, 84% of all non-search digital placements are being activated programmatically today, and CTV isn't an outlier. It's critical to get programmatic right if brands expect to win in the CTV space.
- Programmatic activation presents pitfalls that must be considered. Those include open web activations, non-working media costs (data fees, measurability, loss of media productivity), plus other factors like data quality and strategy.
- In 2024, brand campaigns are still tapping into an average of more 44,000 sites to reach its end audience. Open marketplaces are often over-utilized and MFA sites are too widely available as inventory sources for brands.
- When advertisers work with agency teams, they should have a well-defined point of view on ad quality and price relative to desired media outcomes. Their strategy should align on measurability, technology capabilities and log-level data for performance analysis and optimization.

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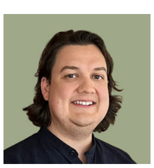

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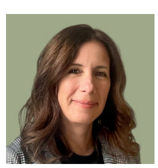

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