



# THIRD-PARTY COOKIES

## The Pannos Guide to Third-Party Cookies and Their Inevitable Demise



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# THIRD-PARTY COOKIES

## A Pannos Guide

Unless you have been hiding under a rock over the last decade or so, you've experienced what most internet users have become used to. You'll be browsing the web for a pair of shoes you are interested in, or maybe a gift for your friend's birthday. Not long after you ditch that effort, you begin to notice ads following you around the web. The root of this experience is from the third-party cookie. This tiny piece of code has had a major impact on technology and the way advertisers market products online.

### What's a cookie?

Sometimes also referred to as a pixel, a "cookie" is a piece of code websites place on visitors' browsers to learn about their behavior and collect it for advertising and reporting purposes.

### Third-Party Cookie

Third-party cookies are owned by someone other than the site a person is visiting, and are most often used for remarketing/retargeting and for digital advertising campaigns. Third-party cookies, such as those from Facebook, Twitter or LinkedIn, allow you to remarket to users directly on those platforms that have visited your website. This is an aid to marketers, as it allows for personalized messaging based upon visitor behavior on your website, leading to higher conversion rates.

- **Examples: Facebook Pixel, ad tags**

### First-Party Cookie

First party cookies enable you to collect data on your website visitors for your own use like what is in a visitors shopping cart. These are going to stay and are the most important to leverage. Along with that, Google, and others, are actively working to develop alternatives for cookies.

- **Examples: Google Analytics**

**Web cookies: Different flavors**

	FIRST-PARTY COOKIES	THIRD-PARTY COOKIES
WHO HOSTS	The domain you're visiting	Ad servers, social media sites, commenting aggregators, live-chat pop-ups, etc.
WHERE TRACKED	The domain you're visiting and, in rare instances, other sites	Users across many domains
MAIN PURPOSE	Smoother site access	Enabling adware
WHAT THEY DO	Remember logins, preferences, shopping cart items, etc.	Retarget prospective customers as they move from site to site

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### Is your FI ready for the loss of the third-party cookie?

With the death of the third-party cookie coming up, it's causing a lot of upheaval and some slight panic as marketers, and the industry at large, scramble to adjust. For financial institutions, it feels like there's a collective holding of breath and just hoping things can continue as they are. Unfortunately, that's not likely to happen. Most FIs we speak to are incredibly siloed internally, where departments don't have access to each other's data or strategy except through formal reports. Worse yet, many institutions don't have a Marketing Customer Information File (MCIF) or Customer Relationship Management (CRM) tool. The death of the third-party will make internal collaboration and data sharing a necessity to an FI's overall continued growth. This

means that marketing and sales should easily be able to see things such as which customers have what accounts, length of relationship and what the hiccups are to the application process. Conversely, marketing and sales should also share with retail and operations what efforts lead to the most conversions, what content is most engaged with and changes in consumer expectations.

### Wait – What's Going On?

Did all of this go over your head? You're not alone – though this is major news, only those heavy in the industry really understand what's happening and the impact, so let's break it down and go over some key terms.

No one particular event or moment caused the slow death of the third-party cookie. Third-party cookies are going away as consumer concerns over data privacy have come into the spotlight. Tech giants have shut them down in response – unfortunately, no one in the industry has yet come to a consensus as to what will replace the third-party cookie. So while we wait for Google, Apple and the like to figure it out, there are real steps financial marketers need to take now to revamp their marketing and forge a new path forward.

Two important pieces of legislation are playing a role in the inevitable demise of the third-party cookie. General Data Protection Regulation, or GDPR, is the legal framework that was adopted by the European Union in 2016 and took effect in May of 2018. GDPR sets the guidelines for the collection and processing of personal information from visitors who live in the EU and is applied regardless of where a website is based and must be taken notice of by all sites attracting visitors from the EU even if they do not specifically market goods or services to European residents.

This legislation features aspects that intend to reduce the collection of data from companies and create a more transparent process for users. Cookies are subject to GDPR compliance because they are used to identify users and are considered personal data. This helps to explain why companies have begun to post "Accept Cookies" pop-up bars on their websites over the last few years.

California introduced equivalent legislation, the California Consumer Privacy Act, or CCPA, that took effect in 2020. CCPA, like GDPR, is a comprehensive law that gives residents of the state the right to opt-out of their information being sold, and in some cases, the right to have data that was collected deleted entirely. More states across the US are looking to pass similar laws.



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### First-Party Cookies and Customer Data

To jump right into it, yes, you need to be using your customer data for marketing purposes. Yes, there is a way to do this in a compliant and regulatory-friendly manner. Yes, these conversations will be difficult internally.

First-party cookies and collecting data as simple (yet powerful and paramount) as emails is going to be a differentiator. The FIs that can successfully collect and leverage emails will be the ones who will likely see higher conversion rates and better attract Gen Y and Gen Z. Why? Because, though third-party cookies are going away, consumers still expect a very personalized experience online, and this can't happen without tracking them on some level.



Fortunately, there are content management systems (CMS) that have CRMs built in that enables for website personalization while collecting behavior data that would provide incredible opportunities to cross-sell - all of which is first-party.

Personalizing your website doesn't have to be as intense as the Amazon experience, it could simply be showing mortgage content to users who have previously engaged with the mortgage section of your site. This helps not only the marketing team, but also your lenders, customer service and retail teams.

### End the Silo

As former bank marketers, we've seen first-hand the walls that departments can put up, being very protective of their data and their customers. But to thrive and really adopt a digital mindset, all departments - Retail, Business, Marketing, Customer Service, Operations - need to work together. It is imperative for everyone to have access to what your customers or members are up to; that way everyone can see that "hey, we have a bunch of checking customers looking at mortgage... let's have MLOs reach out or send a timely newsletter with information on the mortgage process" - how would you know that otherwise? That is a major missed opportunity to deepen the relationship, or even lose customers as they find that information elsewhere.

### What About Compliance and Regulations?

As with all data, as long as your customers opt-in to email communication and you've provided clear information regarding your use of cookies on the website (with information as to how to opt out), there is nothing against you using it. You likely already have thorough due diligence and vendor management policies and practices in place, so ensure your CRM and CMS (and all technology) is properly vetted and up to date. Once those standards are met, you have the foundation in place to hit the ground running. Then it's time to build out your customer journey and - dare I say - marketing automation workflows? That's a topic for another time but can't happen without first-party data. The pace of change is exceptionally fast, and with this major change, you really can't wait for the giants to figure it out. It's time for FIs to catch up and use the data you already have.