KNOW YOUR AUDIENCE

Converting Anonymous Users
in a Cookie-Free World

braze Ogilvy Verticul

Contents

INTRODUCTION

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When Google announced in 2020 that it planned to phase out third-party cookies in its industry leading Chrome browser, the news had an immediate ripple effect across the larger AdTech and MarTech ecosystem.

In particular, the move, which followed similar steps from competing browsers like Apple's Safari and Mozilla's Firefox, raised alarm bells for technology vendors and consumer brands alike due to the widespread dependence on third-party data to power relevant customer experiences.

And while the deprecation has been moved out twice since it was announced (first from 2022 to 2023, and then to 2024), it's fair to say that the impact of the decision has been significant and lasting, forcing marketers to significantly rethink how they understand and reach consumers online. But there's a silver lining: This shift has the potential to actually strengthen customer relationships, but only for brands with the right strategy.

In our role as data-driven marketing and customer experience (CX) practitioners, we've partnered with leading customer engagement platform Braze to develop a set of field-proven rules for marketers that can help them adjust and thrive in today's fast-changing landscape by leveraging their most economically valuable asset—customer data.

Using exclusive data gathered by Braze, we'll walk you through the information you need to not just survive in tomorrow's cookieless world, but to be well-positioned to beat your competitors by:

— Focusing on zero- and first-party data
— Understanding your known and anonymous users and the differences between them
— Embracing a thoughtful, human-first approach to customer engagement.

Change can be hard. But it also brings with it major opportunities. Make sure you're in a position to take advantage of them.

UNDERSTANDING THE NEW DATA PLAYING FIELD

How the Decline of Third-Party Cookies is Shifting Marketing Strategies

Why was Google's announcement such a thunderclap in the marketing space? After all, third-party cookie data is not considered high-value information (and is usually unable to support truly relevant personalization), and its value had already been weakened in some parts of the world where new privacy laws (e.g. GDPR, CCPA) began to require brands to allow users to opt out of this kind of tracking. In short, it was due to two factors:

— Google Chrome's market share in the global browser market (~65% as January 2023) was and is enormous, making it an easy way to collect information with limited effort
— Third-party cookies were one of the earliest sources of digital customer data and made it easy for web publishers to monetize their audience and for AdTech firms to offer up retargeting opportunities to advertisers

It's been clear for a while now that the old anything-goes data collection that was seen in the early days of the web and mobile booms couldn't last forever. In addition to new, tougher data privacy laws, we've seen tech giants like Apple taking steps to give users more control over their data and how it's used via a growing suite privacy-centric features like Sign-In with Apple, higher-friction location tracking, iCloud Private Relay, and Mail Privacy Protection (MPP). At the same time, consumers have been growing more focused on the topic; in 2020, the same year as Google's announcement, 82% of US adults surveyed said it was "very important" that their data was kept private.

However, inertia and a sense that this sort of tracking was normal and "good enough" led many brands to continue on with strategies that no longer served them or their customers. But when Google announced that they planned to cut off this easy source of cheap, low-quality data, it forced marketers to take action. For most, that meant beginning to look beyond third-party data to other types of information.

Google's Change Comes with Rising Costs

While the decline of third-party data has the potential to undermine many marketers' existing strategies, there's also a literal cost.

+14%

Rise in Google's CPC YoY as of April 2022

+61%

Rise in Facebook's CPM YoY as of April 2022

+185%

Rise in TikTok CPM YoY as of April 2022

Source: **The Drum**

ZERO- AND FIRST-PARTY DATA VS. THIRD-PARTY DATA

While third-party information has long received the bulk of the attention in the marketing world, both zero-party and first-party data have been around since the dawn of the internet.

First-party cookies were supported by browsers as early as 1994, and other forms of first-party data collection are built into the infrastructure of modern mobile apps and other digital properties. Certain types of first-party data can often be collected without permission, but doing so is usually a strategic error; brands that personalize communications or experiences with data that users didn't consent to share are likely to come off as creepy or untrustworthy. For first-party data collection, the best practice here is to prime users before collecting data, especially if it's sensitive in nature.

Zero-party data has been around even longer than that—anyone who's ever filled out a survey or questionnaire has voluntarily shared some of their zero-party data. However, while the concept may be as old as the written word, this naming convention was first popularized by Forrester in 2021.

While these two types of data have some key differences from each other, the thing they have in common is important: If you're collecting this data thoughtfully, your marketing organization can have confidence that you're working with information that users chose to share, supporting better, more human personalization and closer relationships over the long haul.

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Zero-Party Data

Information shared directly by consumers; this often includes message channel subscriptions and survey responses, among other data types.

1st

First-Party Data

Information gathered by brands directly from their digital properties with expressed user consent; this often includes data on product preferences, browsing behavior, etc.

3rd

Third-Party Data

Information collected by parties without a direct relationship with their (and often without their permission); for instance, user browsing data gathered from a web publisher's site by an outside AdTech vendor.

KNOW YOUR AUDIENCE

PRIORITIZING A 360-DEGREE VIEW OF THE CUSTOMER

But for all the major changes that marketers have had to contend with over the past decade, their north star has remained remarkably consistent: Namely, they're looking to use data to create a 360-degree view of each individual customer, supporting nuanced message targeting and triggering, dynamic, in-the-moment personalization, and stronger brand customer/ brand relationships over the long haul.

As noted above, third-party cookie data was always a less-than-complete option for building a targeted, timely, loyalty-building customer engagement program; after all, knowing what type of devices a customer uses, their IP address, or their general location isn't enough for most marketers to actually serve up the kinds of personalized experiences customers care about. But by focusing so much attention on this one source of data to the exclusion of all others, the marketing space led a lot of brands to spin their wheels unnecessarily, rather than investing in the kind of data collection that would really support their goals.

The Upshot?
Rather than throwing a wrench in this process, the move away from third-party data has actually created opportunities to make that 360-degree customer view a reality. In the next section, we'll walk through how this new approach can open up a massive opportunity when it comes to the biggest part of your audience —that is, anonymous users.

Paid Media Isn't Going Anywhere— But It Needs to Play Well with Others

While the shape of the digital advertising world is undeniably shifting in light of all of these recent privacy changes, most brands will still need to leverage digital ads to some degree as they work to build and retain their online audiences.

To make the most of these channels going forward, brands need to explore how they can tie their ad strategy with owned channels (e.g. email, SMS) powered by first-party data. By leveraging tools that can sync information from those owned channels, brands can:

— Use first-party data to deliver personalized ads to audiences based on real-time customer behavior, activity, segmentation, and lifecycle stage
— Extend the reach of and expand upon cross-channel customer engagement campaigns associated with owned channels
— Create lookalike audiences based on your highly engaged customers who can be retargeted strategically as needed

STAYING COMPETITIVE WITH AN INNOVATIVE, DATA-DRIVEN APPROACH

Know Your Audience–All of Your Audience: Known vs. Anonymous Users

Traditionally, when marketers complain that they're not able to reach all of their customers, they're talking about challenges that come with push notification or email opt-outs or the scourge of lasping users. But the truth is, most brands actually have a much larger number of reachable users that they aren't currently speaking to— users that they may not even be aware of.

That's because when marketers talk about "customers" or "users," they're nearly always talking about what are called "known users"; that is, users who have proactively created an account or otherwise shared their identity with a brand. These users are generally brands' most invested, most loyal customers and are a major part of their long-term success—but they're also a comparatively small part of most companies' total reachable audience.

That means that marketers who find a way to use zero- and first-party data to understand and then engage even small chunks of their audience of anonymous users have a powerful way to boost revenue and retention, expand their loyal audience, and gain a competitive advantage over other brands.

Known Users

These users are individuals who have shared identifying information with a given brand—for instance, by creating an account with the company.

Anonymous Users

These users are individuals who take action on websites without logging in, opt to "continue as guest," or who haven't been given an official identifier, but nonetheless engage with a given brand.

ANONYMOUS USERS: CONNECTING THE DOTS... AND SEIZING THE OPPORTUNITY

What causes some individuals to remain anonymous to the brands they're engaging with? At the core, the issue is that there's a gap between when the typical customer journey begins and when traditional marketing tools are set up to capture information about users.

Think about when an individual first engages with a brand. They click on an ad or come across a company's website or app via search, social media, or word of mouth. The moment they land on that website or download that app, they become a user—but that's not when CRM efforts usually kick in. Customer data collection and customer relationship management strategies are typically initiated later in the process, after a user creates a login and signs into their account.

That's one big reason that nearly 79% of users are anonymous. And as a result, only a handful of these users—the lion's share of individuals that are aware of and engaging with a brand— receive any kind of marketing outreach. By our count, only 20% receive some sort of branded messaging. That, needless to say, is a massive opportunity for brands who embrace it.

79%
of users are anonymous users

21%
of users are known users

80%
of anonymous users are not being engaged by brands

Source: Braze Customer Engagement Review Data
(See Methodology on page 24)

ANONYMOUS USERS: MEDIA AND ENTERTAINMENT SPOTLIGHT

One vertical with a particularly large number of anonymous users? Media and entertainment brands. 49% of the industry's mobile users and 81% of web users are anonymous and an astonishing 98% of those users aren't being messaged, pointing to a massive opportunity for brands in the space who take their anonymous users seriously.

Curious what it looks like when a brand does rise to that opportunity? A streaming brand (and Braze customer) that was monetizing their audience via ads was interested in understanding what the impact would be if they messaged their anonymous user base. An analysis projected that using Braze to message their ~40 million monthly anonymous web visitors would yield an uplift of $3.9 million in additional revenue.

Anonymous Users in Media and Entertainment

49% ANONYMOUS
81% ANONYMOUS

mobile users   **web users**

98% of anonymous users aren't being messages
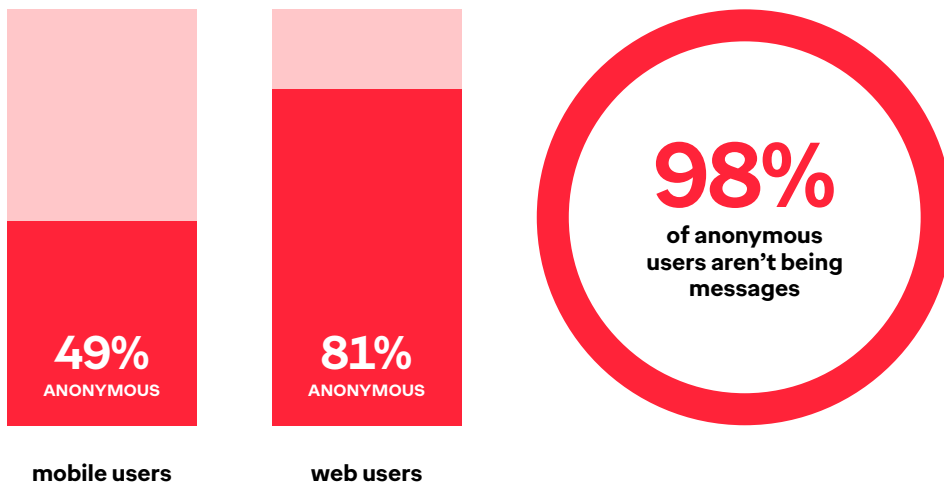
Source: Braze Anonymous Streaming Data (See Methodology on page 24)

ANONYMOUS USERS: HOW TO IDENTIFY THEM

Once you've decided to take action to better understand and reach your audience of anonymous users, the question becomes how to do that effectively. The good news is that just as customer engagement strategies and customer lifecycle campaigns can deepen relationships among new, loyal, and lapsing users, similar technologies and approaches can be used to better reach and foster connections with unknown users, too.

Leverage Your App or Website to Gather First-Party Data

For brands that are leveraging a best-in-class customer engagement platform, they should have the ability to use the solution's mobile or web SDK to seamlessly collect information about their anonymous users, including browsing or purchase data. This data can then be used to understand what percentage of your audience is currently anonymous and what potential upside you could see from engaging with them.

Use Surveys to Gather Zero-Party Data

Because anonymous users are likely less engaged with your brand—and because you should be communicating any data that you're collecting to your audience—leveraging zero-party data (via in-app or web polls, surveys, or other voluntary collection tools) is a smart, consent-forward way to enrich your understanding of your anonymous audience. However, be thoughtful about what you ask: Marketers should only gather information when they have a clear picture of how they're going to use it. Consider asking for information on users' messaging or product preferences so that you can provide more value in future communications without coming off as creepy.

ANONYMOUS USERS: ASSESSING THE IMPACT

Marketers who take steps to leverage zero- and first-party data to identify and understand their anonymous users can drive significant value. Known users are generally more valuable to brands, so when marketers message anonymous users, they don't just drive a higher rate of account creation—they can drive a higher rate of account creation, setting themselves up for more long-term value for the user and the brand alike.

Key Findings

Anonymous users are coming back more often and brands have on average 3.69 sessions to convert a customer. Anonymous users who receive one message had a 23% increase in total number of sessions and if they received more than one message that led to a 64% increase in sessions.

Messaged anonymous users stick around longer. The average user lifetime of anonymous users messaged by one channel increased by 39% and the average user lifetime of anonymous users messaged by two channels increased by 44%.

Companies are starting to message anonymous users on more channels. Anonymous users who receive messages on more than two channels increased 62% from 2021 to 2022

Source: Braze Customer Engagement Review Data (See Methodology on page 24)

PLAYING TO WIN

3 Key Strategies for Building a Competitive Edge with Anonymous Users

The core element of a successful anonymous user strategy is surprisingly simple: Focus on the customers you already have. By building sustainable relationships with an audience that's already engaging but not fully sold on your brand, you can amplify ROI and even set yourself up for more successful acquisition down the road via lookalike audiences. Here are three key strategies to keep in mind as you get underway.
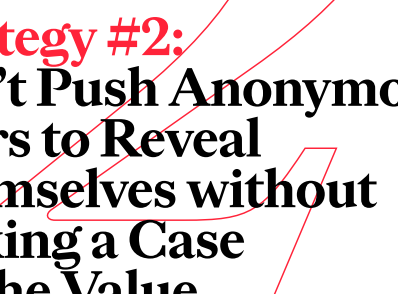
Strategy #1:
Message Your Anonymous Users

While this strategy may seem self-explanatory to some, the fact is that this is a powerful way to foster stronger relationships and increase business value—and, even more notably, it's something that the vast majority of marketers just aren't doing. So even if you need to start small, it's important to start; otherwise, your brand could be leaving money on the table.

— A simple in-product-only messaging strategy (e.g. via in-app messages or Content Cards) led to a 13X increase in overall engagement for streaming brands
— Anonymous users in the streaming space saw a 43% increased likelihood to be a repeat viewer and 2X more sessions when they were messaged

Source: Braze Anonymous Streaming Data (See Methodology on page 24)

Strategy #2:
Don't Push Anonymous Users to Reveal Themselves without Making a Case for the Value

While the ultimate goal for most anonymous user programs is to understand, engage, and then convert anonymous users into known ones, it's a mistake to treat that process lightly. While some anonymous users might be anonymous simply because they aren't aware of the option to identify themselves, some are likely on the fence about sharing more information with your brand.

To maximize the odds that they do convert:

— Make sure you're taking steps to help new users experience your brand's value before prompting them to register or create an account. Consider using in-app messages, Content Cards or other low-touch channels to highlight the benefits of your brand, rather than relying on an email capture that populates a minute into their first visit.
— Embrace a test-and-learn approach. Not every anonymous user will be open to identifying themselves, but with the right strategy and a customer engagement solution that can support nuanced, ongoing message testing, you can optimize your outreach to make the most of this opportunity.
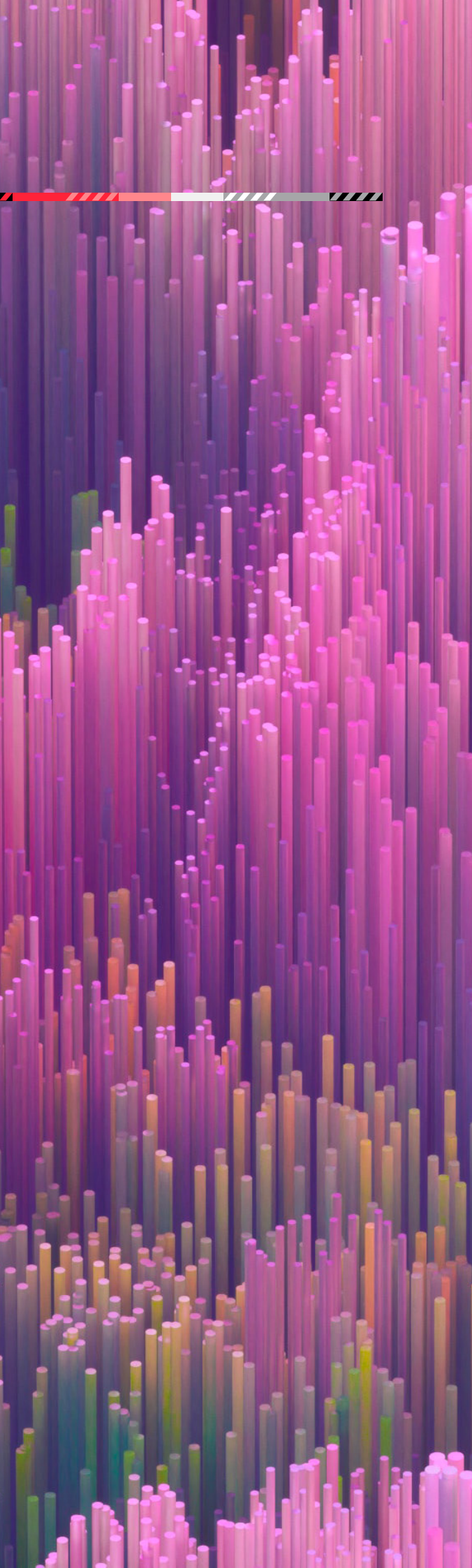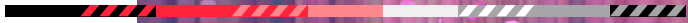
Strategy #3:
Use Zero-Party Data to Up Your Personalization Game

Personalization—it's no longer a nice-to-have. [71% of consumers expect personalized interactions from brands](#), posing a risk to marketers who don't find ways to customize the experiences they're serving up. The same is true for anonymous users. By taking advantage of zero-party data to gain a better understanding of your anonymous users, you can provide them with more relevant, human brand experiences, even if you don't know their name or location. That's the power of zero-party data.
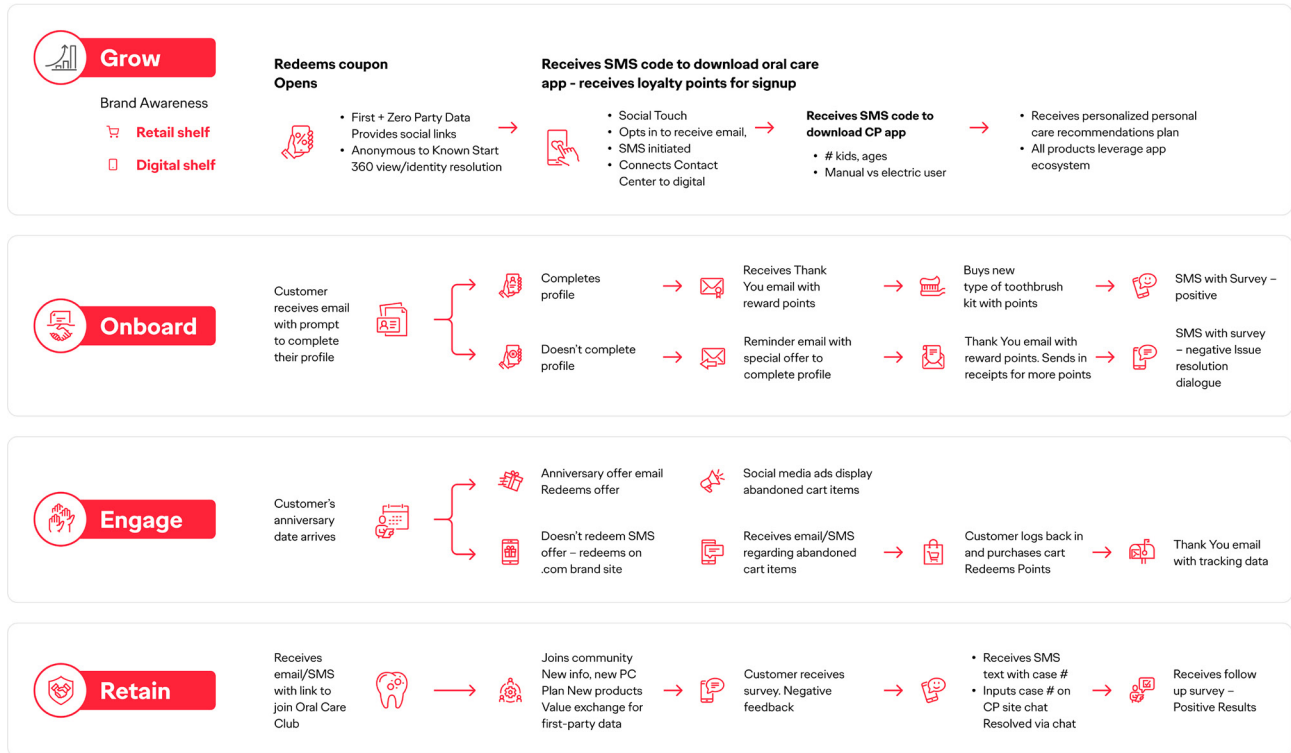
BRINGING IT ALL TOGETHER

What a Best-In-Class Anonymous
User Program Can Look Like

To dramatize what's possible with a thoughtful, coordinated approach to embracing zero- and first-party data and prioritizing engagement of anonymous users, let's take a look at a leading oral care brand that integrates these strategies seamlessly into their customer engagement efforts.

NextGen Data-Driven, End-to-End Customer Experience

Grow

Brand Awareness
- Retail shelf
- Digital shelf

Redeems coupon Opens
- First + Zero Party Data Provides social links
- Anonymous to Known Start 360 view/identity resolution

Receives SMS code to download oral care app - receives loyalty points for signup
- Social Touch
- Opts in to receive email,
- SMS initiated
- Connects Contact Center to digital

Receives SMS code to download CP app
- # kids, ages
- Manual vs electric user

- Receives personalized personal care recommendations plan
- All products leverage app ecosystem

Onboard

Customer receives email with prompt to complete their profile

Completes profile

Doesn't complete profile

Receives Thank You email with reward points

Reminder email with special offer to complete profile

Buys new type of toothbrush kit with points

Thank You email with reward points. Sends in receipts for more points

SMS with Survey – positive

SMS with survey – negative Issue resolution dialogue

Engage

Customer's anniversary date arrives

Anniversary offer email Redeems offer

Doesn't redeem SMS offer – redeems on .com brand site

Social media ads display abandoned cart items

Receives email/SMS regarding abandoned cart items

Customer logs back in and purchases cart Redeems Points

Thank You email with tracking data

Retain

Receives email/SMS with link to join Oral Care Club

Joins community New info, new PC Plan New products Value exchange for first-party data

Customer receives survey. Negative feedback

- Receives SMS text with case #
- Inputs case # on CP site chat Resolved via chat

Receives follow up survey – Positive Results

In anticipation of Google's deprecation of third-party cookies, the brand has reduced its reliance on these sorts of cookies through thoughtful zero- and first-party data collection, among other data sources.

What does that look like? The company uses loyalty points and discounts to encourage anonymous users to voluntarily share key information (e.g. age, toothbrush and toothpaste preferences, any special oral care needs) then uses that information to provide personalized experiences that make the case for the sharing of additional data. By taking this approach, the brand builds trust every step of the way through permission-based data-gathering and by delivering on the promise of personalization and user value that they committed to.

Their strategy also accelerates the anonymous-to-known-user conversion cycle by sharing compelling messaging and collecting relevant data at each touch point, allowing for more targeted oral care recommendations while also increasing revenue per time unit and, accordingly, revenue productivity.

CONCLUSION

The shifting data and privacy landscape has put many marketers on the defensive—but there's actually a lot of reasons to be optimistic about what comes next. By leaning into a consent-driven zero- and first-party data collection strategy and working to engage and build relationships with their anonymous audiences, brands can boost ROI, generate stronger retention, and set themselves up for long-term competitive success.

METHODOLOGY

KNOW YOUR AUDIENCE OGILVY BUSINESS UNIT

1. Anonymous Streaming Data
For the Anonymous Streaming data, over 120 Braze customers were included and have been anonymised and aggregated. These statistics span March 2022–May 2022. The raw data has been cleaned using volume and company count checks so that no one brand or group of brands is over-represented

2. 2023 Customer Engagement Review Data
For this data, which was collected in connection with the 2023 Global Customer Engagement Review, Braze pulled anonymized and aggregated behavioral data from 775+ brands across our US, APAC, and EU clusters to analyze app activity, message engagement, and purchasing trends by industry. These statistics span January 1–December 31, 2022 and include data from over 8.5 billion user profiles and 53 sub-industries. The raw data has been cleaned using volume and company count checks so that no one brand or group of brands is over-represented. For all purchase- and messaging-related stats, only brands tracking the relevant information have been included so as not to skew the analysis. All uplift figures greater than 100% are rounded to the nearest decimal point, and all uplift figures below 100% are rounded to the nearest whole percent. When comparing two rounded numbers, percent change metrics are calculated as the difference between the two numbers after rounding.

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