

# Cookies an insightful tool or an unnecessary annoyance - Epi...

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## SUMMARY KEYWORDS

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## SPEAKERS

Scott Finnie, Natalie Drucker, Gillian Nugent

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### S Scott Finnie 00:04

Welcome to today's episode of the FinTech feed. If you haven't tuned in before the series focuses on hot topics in Fintech and specifically how technology is impacting the long term savings market. It's brought to you by Hymans Robertson, an independent financial consultancy. I'm Scott Finnie, Co-Head of Digital Strategy here at Hymans. We've talked about advice in several episodes so far. But today we're moving gears a bit to look at digital marketing and in particular internet cookies. I'm delighted that we're joined today by Natalie Drucker, she is Global Head of Digital and Analytics and Marketing Operations at ThoughtWorks, a global digital consultancy. And we're also joined by one of my colleagues here at Hymans, Gillian Nugent, who is Digital Marketing Lead here. Welcome to you both. And Natalie, thank you very much for joining us. Natalie, maybe we can start with you and give us a quick summary of your background.

### N Natalie Drucker 00:53

Thanks, guys. Very excited to be part of today's episode, because the focus is on the customer. Most people are surprised that as part of my job, I look after the digital analytics team, so people think that I pretty much work with technology systems, but most of the work that I do is focused on the customer as the starting point. So how do we do ethical marketing? How do we do human centred-marketing and relationship building? And that kind of takes me to the topic of today's episode, which is the internet cookie, and we're going to talk about how the Internet cookie can either make or break customer experience.

### S Scott Finnie 01:31

Great, thanks, Natalie. And we also have one of my colleagues, Gillian here. So Gillian, would you like to introduce yourself as well?

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**Gillian Nugent 01:37**

Yes, of course, Thanks Scott. So, I'm the Digital Marketing Lead at Hymans Robertson, I work across all of our business units, and cookies and privacy are something I'm really quite passionate about. Although I must confess, that's not always been the case but I'm really delighted to be with Natalie here today to discuss this topic. I think it's really interesting.

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**Scott Finnie 01:52**

Right, Okay. Well, we've talked about cookies, let's get started. Natalie, what are they and why do we need them?

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**Natalie Drucker 01:57**

That's a very good question. So maybe I'll have to do a little bit on history. So if we go back in time, about 20 years ago, the Internet didn't really have a very good memory, it wasn't really able to remember interactions of users across pages. So let me give you an example because I guess it's a little bit vague. So let's say if I were to try and add items to my shopping cart, then the website wouldn't be able to remember this activity of adding items to a shopping cart, across pages. So what the internet cookie did is provide the website and memory they were lacking. So they were able to remember what users does across pages as they browse the site. And I guess the essential cookie that was invented 20 years back is still in use today. And it's called an essential cookie. So these types of cookies are powering the websites that we use today. Without these cookies, websites simply break so users will not be able to kind of get through pages and get simple activities done. But as you can imagine, like every technology it gets hacked very quickly. For cookie technology, it took just two years for the advertisers to hack to original cookie technology, and start sharing user information across websites. So that kind of gives us the classic example of you search something, let's say for a holiday on Google and then you kind of have advertisements for you across the internet for weeks. But then in addition to the advertisers, we also have the martech vendors that kind of jumped in and embraced this technology to really power the entire martech stack that companies use today. So if you kind of look at any company, the entire marketing stack is relying on on cookies to remember details about users. And these type of cookies are now referred to as optional cookies. Because these type of cookie is not really required for any website to function. It's really an optional thing that happens on top of the essential cookie. So hopefully, that has given you a good overview of what these cookies are all about.

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**Scott Finnie 04:05**

Brilliant. Thanks, Natalie. So you talk there about let's say the hacking of cookies or the unintended consequences of them moving from something which is very user-centric, enabling users and moving into something that users may either not want or maybe not even know or realise what's happening other than observing those adverts that miraculously pop up when we move from site to site. That sort of leads us to, I guess, probably the, the most visceral experience of cookies for most people will be the cookie pop up banner that most of us are used to seeing. It's an annoyance. So why do they exist?

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**Natalie Drucker 04:42**

That's another very good question. So as I mentioned before, nearly every company today uses cookies and use them extensively and the amount of information that companies now have about that user, about customers - thanks to these cookies - it's just huge. Companies really hold a lot of information about users. At the beginning, in the early days of the Internet, advertising was really the only business model and monetising user data was only business model. And therefore, no one really did anything about it. Because, you know, the internet had to prove itself to prove the value. But now 20 years later, we know that the internet is a thing, the internet is here to stay. And there are many viable business models that the internet is powering. So when the legislator woke up and started saying, well, we want to take responsibility and make sure that our users and customers are protected. And mainly legislators in Europe in the UK, came up with the with cookie laws. And in addition to that, the GDPR, which most people aren't familiar about, and try to put together a framework for protecting users to ensure that the user has the power to decide what companies can track and store about them. The challenge is that most users don't really know anything about cookies, some, some people care, but most don't know and probably don't care too much. And the framework that the legislator has created with these consent popups, that ask them to either accept or reject cookies, just adds to the cognitive load of the user when they come to a website. So the thing is, when these users don't know anything about cookies, they don't understand what the cookies are doing and the information is being tracked about them, then the user just usually tries to get rid of this popup as quickly as possible, because it just adds to the cognitive load, and they can't access the content that they needed. So it is a disruption to the user experience. For most users perspective, I guess, at ThoughtWorks, we deal with a very technical persona. So a lot, actually a big chunk of our audience, they are aware of cookies, and we can see them really going in and rejecting cookies and managing their preferences. But for most brands, this probably won't be the case. So most users just don't know much about what these mean.

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**Scott Finnie 07:10**

Yeah, I want to come back to that sort of accepting and rejecting in a bit but Gillian, from a marketing point of view, then if we pick up on what Natalie said, naively, we might then think, well, if cookie banners are an encumbrance, or an irritation to to users, why bother in the first place? Why do we have them? You know, why do websites even think about putting up a cookie banner?

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**Gillian Nugent 07:30**

Yeah, I mean, I think one of the challenges is, I think as marketers, we've got greedy with digital marketers got used to having all this data for last 20 years, we like to tell ourselves that we use it all to kind of tailor experiences of customer. And the reality is we probably only use a small portion of that data. But actually when the GDPR come in and the other legislation that Natalie talks about marketers just went into a panic, you know, we've had this data for 20 years, what are we going to do? If we put up banners people are going to accept them, we're going to lose all the tracking that we have, all of the data, all the information. And I think especially in the digital marketing realm, digital marketing is still measurable. Compared to

probably direct marketing, you know, 20 years ago, we'd send out brochures, we're not necessarily sure how people would engage with them, couldn't track visits to websites, or orders, all of that kind of thing. So we have become really greedy. And actually, when the this legislation came in, rather than taking a step back and thinking actually, is this the right thing to do, we've all panicked and implemented these giant cookie consent mechanisms, many of them not put together in the best possible way, and probably not in a very ethical way. And so ultimately, that's been our solution to this problem. But as Natalie says that, you know, it's adding cognitive load to people visiting the website are not useful, most of the average users are just going to click the big shiny green button to accept all and continue on their journey to do whatever it is that they want to do. And I think that's what's happened. The Industry has responded to this legislation in a way that's probably not in the best interest of the users.

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Natalie Drucker 08:51

We still have quite a few business models that are monetizing users data, especially the media and publishers, for example, for them, it's a must, that users will accept the cookies, otherwise, they can't sell the data of these users. So clearly, we have two businesses that just haven't adjusted because we have the martech stack, all based on cookies. And we have our KPIs all related to data that can be tracked by cookies, as Gillian mentioned. And then we have kind of the flip side of that, which is the businesses that this is their business model, therefore, they kind of tried to hang on to it. And then we use in kind of these dark patterns and trying to lead the user to do something they haven't intended to do to just click accept and ensure that they get to follow and track the user.

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Scott Finnie 09:36

So the patterns thing is really interesting. But before we go to that, so Gillian it was interesting what you were saying, paraphrasing, we had this kind of almost reaction, in a sense, of we're so used to having all this data we can't do without the data therefore, you know, we need to kind of almost compensate for GDPR rather than maybe working with the spirit of what he was trying to say. So Natalie, what are we actually trying to achieve by all of these tracking cookies? As opposed to the the functional ones that you mentioned earlier on.

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Natalie Drucker 10:03

Yeah, so that takes us to the definition. Well, the martech industry that emerged and the whole digital marketing, as a profession as a field, what we can do with these martech tools is all of these cookies. So it starts with tracking a user anonymously. So just follow someone's behaviour, let's say on the internet, once they fill in some sort of a form and they identify themselves, then we can match the the user to all the historical activity, then what the cookie allows us to do is to continue to track this user, even if they don't authenticate onto a site again, and again and again. And we continue to enjoy that rich data. And then we can also report of course, on that engagement. And then we can target these users with either personalised messages on our own properties on on the companies property, or target them externally, when when they go and browse the web, this is again now becoming more difficult because there are these third party cookies, you've probably heard about them that they are going away, so it's becoming harder. But still, if you have a user that you know, and you have

preferences for them, there are ways to retarget them without using third party cookies, unethically. So the cookie allows us to do a lot. If I had to look at our entire martech stack and how we operate today. If we kind of take cookies away, it's gonna be very, very hard to do marketing as we do it today. So it does require us to kind of go back and think in terms of what is our strategy, what is our go-to-market, then create a new experience. But it's very hard for companies to do that, because we're still in kind of today, this is the technology and cookies are at the heart of it.

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Gillian Nugent 11:51

So then if I was to paraphrase, just to test it, then I think I'm picking up Gillian on what you were saying. In essence, the model here is we hear about personalisation that this idea that broadly, the more we can track someone, the more we can see their habits, understand what they're doing, where they're doing it across the internet, the more we can try and build a profile of them, and then try and match that to their interests, and then use that for targeting purposes. Usually advertises not necessarily, but primarily advertising. I guess there's an argument here that says, Well, that's good, isn't it? So that if I'm going to see adverts, if that's part of the the economics of the web, isn't it better that I see adverts that are more relevant to me? And I assume that would be part of the argument of the big advertising networks? So, so why, why wouldn't we want that? Gillian? I don't know. What's your thoughts on that? I guess that's part of the marketing. Think back to your point earlier on. So yeah, I would agree, I think, you know, for marketers being able to do that kind of tracking where someone visits the website and then be able to pop up ads or serve them to another locations for marketers, they think, Oh, that's great. Customers have visited the site. This is, you know, really well thought out and targeted, we're hitting the right customers. (A) - Some people don't want that they don't want to be tracked across sites. And I think actually, there's been a real step change in the last few years, people are more aware of data privacy, and how valuable their own data is, and they just don't want to be targeted like that. There also an issue that people don't always get it right. And you've seen examples where buying an engagement ring from a jewellery site. And his wife went onto the same computer later that day, and she got targeted ads for engagement rings, which kind of gave the game away, he obviously did not want to purchase to be tracked. So I think, you know, marketers might say actually, this is really helpful for customers and helps us understand them. We can do personalization better, but actually, that's not always what customers want. And I think, you know, to Natalie's point, you need to go back to what who your customers are, what their customer journey is, and make sure that you're doing it properly and doing it right.

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Natalie Drucker 13:49

I would like to add to that, that the past 10 years in the Martech industry have been about and that's what the vendors are advertising as well about extreme personalisation, the marketing of one, building rich customer profiles, but some brands clearly do a very good job. So if you look at like the Netflix of the world, a Netflix without personalisation, and curation would probably suck. But most brands will not have the capability of Netflix and probably don't have the use case of Netflix. So in my career, I have seen very few brands that are able to use the rich customer data that they collect and a nurture to provide value back to their users to their customers. And since we're talking about financial services and wealth management, I lived across four countries and then a customer of several large banks and wealth management

firms. I can recall even a lot examples when I was targeted with advice or sort of an offer that was useful for me as a person and my career objectives. So where I find value in let's say Wealth Management Advisory is from my wealth management advisor. So we kind of have that relationship. And that's where we can discuss my goals for the family and for life in terms of building my my wealth. In terms of big companies, when I accepted cookies on, on websites or my account, I cannot recall a simple example, when there was any piece of value there. So the point I guess, is that a lot of brands, they use these technologies to try and justify the value of marketing internally, rather than provide value back to the user. And there's still merit and it's still important to be able to show the value of marketing internally. But the question is, do you need to collect so much do you need to have such I would say, a robust martech stack to be able to do that. And I think that's the balance that we need to strike. Yeah, that sort of paints a little picture, doesn't it maybe, or maybe a triangle where, on the one hand, we have firms who have, you know, legitimate, valuable needs in understanding their clients and prospects and wanting to do the right things for them. We've got the, let's see the marketing moment, or the digital marketing momentum that the sort of cookie and the adtech industry has sort of spawned, which is pushing that message that says, the more personalisation you can give, the better for some definition of better. And then Gillian, to your point, we've got the push back, if you like, from consumers and saying, well hang on a second, I'm increasingly aware of the consequences of that tracking, and I'm not sure I'm okay with this. So maybe that's a good point to come back, because there's some tensions in there, particularly between the consumer being tracked, and the desire to do the tracking. So you mentioned dark patterns, earlier on, Natalie, it feels like the sort of emanate from that tension, but maybe you could expand a little bit on what they are.

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Scott Finnie 15:55

Yeah, so that path is they are taking advantage of a typical user behaviour, and then trying to lead the user to do something they didn't intend to do. With cookies - clearly as we said, marketing teams are very nervous about losing user data and kind of having to change everything that we do behind the scenes. So these types of companies will try and lead the user to accept the cookies at all costs, for example, create a gate to enter the site. So make all the background dark and force the user to engage with the consent pop up, otherwise, they cannot look into the site. So this, for example, I would consider to be one of the dark patterns that we see. Right? Okay, that's helpful. So dark patterns, then summarising are really a consequence of a mismatch or a misalignment of objectives from the cookie user's perspective, trying to capture as much data as possible, from the end consumers point of view, some reticence to being tracked, and therefore, trying to skew that to saying you said it was okay to track you and therefore, I'm collecting your data. So that then gets back to, or touches on measurement. Gillian, you mentioned this earlier on as digital marketers, I mean, what is it we're actually trying to measure? You know, what value are we getting from those cookies?

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Gillian Nugent 18:20

That's a really good point, Scott, I think we've become really reliant on gathering lots of data. And actually, we're probably either not utilising a lot of it or not necessarily having the skills to utilise a lot of it. So I think it's, you know, a principle of GDPR, for example, is data minimization. So I think what Natalie's kind of touched on already is actually really thinking about your kind of user journeys. I mean, a lot of us are reliant on our martech stack, the whole

infrastructure is set up around cookies. And actually, now we've got this legislation coming in that we need to potentially move away from that and user's preferences are changing - they don't want us to do that. I think for marketers, and for businesses, it is about thinking about actually, what do we really need to measure? It's not just about the internal measurement, but what is the valuable measurement that allows us to understand that we're doing the job we need to do for our customers, and does our technology and our stack do that? I think it's going to be a big change. For years and years and years, we have had those similar KPIs. We've relied on cookies to help us measure those. I think we're gonna have to move away from all of that. And I think there's a big question around the ethics of what we're doing as well, when we talk about these dark patterns. We're kind of still trying to gather that data, regardless of the situation. And I think we all as marketers in the business and the industry in general, really just need to take a step back, look at what we're doing and think "Is this realistic?", Do we need to do something slightly different? And I think people will probably have to do this a different phases, because some people might have just invested in new marketing technology. And that's a very expensive investment. And that probably still relies around some of these KPIs and measurements they've set up. Some might take some companies longer to move away from it, but I think others will be early adopters and recognise that this cookie tracking isn't in people's best interest. And we've seen this already people like GitHub have got rid of all non essential cookies on their website, so don't serve people cookie banners. And I think we'll start to see more of that.

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Scott Finnie 20:05

Natalie, from your point of view, then with the clients that you see, what's your sense of that movement, then is that momentum that's building are we sort of in the early days of that, how do you see it? What's the current state?

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Natalie Drucker 20:17

Yeah, I think it's really depends on on the industry. So if we look at B2C e-commerce, for example, it's critical in e-commerce to track the follow. So you want to remove friction from from the funnel and make sure it's easy for consumers for users to to get to the end, without too many interruptions, AB testing in this type of industry is really, really critical to kind of following the user anonymously to understand general movement. Also, I guess, for kind of overall brand perspective we invest in Thoughtworks a lot of content development. So for us to just know, anonymous user data to understand consumption trends helps us to know which type of formats work, which type of topics work, so there's still kind of benefit in, in tracking users anonymously and their behaviour. But then it's good to kind of focus on the topic of value, which, which Gillian has mentioned, just before. Because we, I guess, over the past 10 years in in martech, digital marketing, really focused on tracking the user anonymously without getting the feedback, without defining for them and hearing from them what do they see as value. So what I recommend, especially for businesses in in the B2B space or services space, for example, where it's more of a high touch, I would say, type of engagement, it's really important to invest in understanding the users understand the key segments and understand how the segment's define value. We then for example, can look at the financial services space or wealth management, advisory, considering this topic of the of the episode today. So we could potentially look at a segment that may be gets value from seminars, so they would like to learn how can they become better investors, even though they have a Wealth Manager that

supports them? So then this type of person would probably expect some sort of an event series, and maybe this type of person likes to come to an event physically to learn. So then we can say, okay, how can we track that, so we can then track attendances at the event. And then that doesn't need any cookie, because we have now a measurement framework that records what provides value, I would say, outside of kind of this whole Martech stack. So the point is that if we understand the key segments, we understand the points of value, then we can create a framework to measure things. And also, I would say, there's more focus back on qualitative feedback. And it's not just about tracking kind of, that online behaviour, a lot of brands probably don't put enough emphasis there and if there is, let's say, a relationship between a wealth advisor and a customer, the advisor would hold a lot of information about their customer, and maybe there is no feedback loop. So how do we look at the specifics of a particular business, and use the people on the field to bring that information back into operations team, into management so we can kind of make better decisions for the marketing team in terms of content in terms of programmes that we put together. So just a slightly different way to look at measurement, because we have options, and maybe especially looking back to more of traditional marketing where things were done back in the day, because back in the day, there was a lot of emphasis on focus groups and research and today it seems like a lot of companies spend less there and more of the digital tracking. So maybe we just need to shift the balance a little bit.

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Scott Finnie 23:53

Yeah that's quite a nice idea and almost a little bit of a back to the future of getting - Gillian to use the word tht you used as well - value. So the value of the marketing is really trying to understand better, as you were saying, Natalie. Maybe just to wrap up then, Gillian, any final thoughts from you? Where do you see things going?

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Gillian Nugent 24:11

I see things going in the direction Natalie is talking about, I think Natalie refers to human-centric marketing. And I think it needs to be about the people and not the technology, I think will take a while for people to get there. But I definitely think there's going to be a movement towards more ethical marketing practices, like Natalie says, just really just understanding your customers, and just less reliance on maybe some of the technology that we've kind of gotten used to, and I can already see that even within Hymans. You know, three years ago, the discussions we're having a very, very different from the discussions that we're having now, because GDPR has been implemented, we realised that actually, you know, I don't think you know, we're in the B2B space. We never really did any of this invasive, third party cookies, but we do want to be really ethical and everything that we do, and I can see those conversations coming up. And you know, we still have some of our marketing technology systems and tools, there will be maybe a slower process to move away from some of those, but what we're trying to do is minimise the data that we're getting and use the data that we have really, really well. And we have implemented cookie pop ups, because that is at the moment the only solution we have. But we are looking at alternative solutions around that around the way we do tracking, and just trying to be really ethical and everything that we do, because you know, customers are really important to us. And, you know, we don't want to misuse anyone's data. And there was a point as well, just about that data minimization, you know, you're putting yourself at risk when you gather loads of data. And I think organisations need to be aware of that. And the penalties



under GDPR are really quite heavy. So just only gathering what we need always reviewing your processes, putting the customers at the heart of everything that you do. And that's kind of the direction that we're trying to move in.

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Scott Finnie 25:40

Great. Thanks, Gillian. Natalie, any final thoughts from you?

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Natalie Drucker 25:43

Yeah. So you asked earlier about what companies are doing and what we're seeing in terms of cookies implementation, if that works, we lost at about 25% acceptance rate for cookies across our website, which is quite, quite low. And I think we are now internally, this is a topic that keeps coming up the cookieless future, the cookieless world, and what do we need to do differently? I think maybe it took us some time. But we are getting to a point that the data, we have so much less data, that there's no other choice now. And I think now we're at a point that things are starting to change. And it gives us an opportunity to focus on customer value on ethical marketing. Because I think the world of digital marketing and martech probably didn't go in the most ethical direction probably didn't go in the most user friendly way, or experiences that are for the user and help create value. So it does give us an opportunity to discuss this with our marketing teams, and bring back the conversation to what marketing is all about, which is creating a good user experience and by that grow company value.

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Scott Finnie 26:53

Great. Okay, I think we should probably wrap up there. I just like to say Natalie, thank you very much indeed for joining us. That was fascinating. Gillian, thanks too, for joining us. It was great to get our own perspective on it. We hope you enjoyed this episode of the FinTech feed. Don't forget you can follow the podcast series through your smartphone via Apple podcasts, Amazon, Spotify, or wherever you get your podcasts so you never miss an episode. Please don't hesitate to get in touch with any comments. You can find out more about this episode, including show notes and further reading by visiting [hymans.co.uk/podcasts](https://hymans.co.uk/podcasts), then please leave us a review. Let us know what you think of the FinTech feed and if there are any other topics that you'd like us to cover. Thanks for listening