



Beyond the Cookie

Identity Solution Adoption & Testing
Among Marketers & Publishers

LOTAME GLOBAL SURVEY REPORT PART 2
OCTOBER 2021





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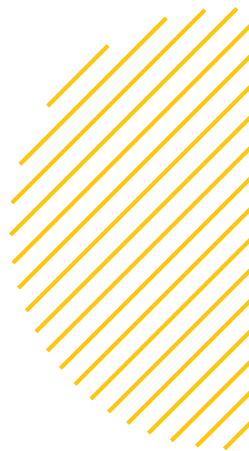


INTRODUCTION

It's fair to say that 2021 came in like a lion. The digital advertising industry was still on the defense as it grappled with the persistence of a global pandemic, rising data privacy concerns and Google Chrome's phaseout of third-party cookies only a year away. By June, Google shook the industry again by revealing another delay to deprecating third-party cookies to 2023. With a reprieve in sight, did marketers and publishers relax their cookieless strategies or step on the gas?

Lotame set out to take the industry's temperature on all things cookieless. In part one of our research conducted in February 2021 — "[Beyond the Cookie: The Future of Advertising for Marketers & Publishers](#)" — we asked and answered what kept marketers and publishers up at night; how investments will pivot; and what the future should look like. As 2021 comes to a close, we asked again, "How are marketers and publishers faring against the roars of another year of profound industry change?"

Part two of our global survey, "[Beyond the Cookie: Identity Solution Adoption & Testing Among Marketers and Publishers](#)" surveyed nearly 1,400 industry professionals in seven major markets, now including Latin America. We sought to understand **1) the impact of the loss of third-party cookies on business 2) drivers and barriers to identity solution selection and 3) timelines for implementing identity solutions**. Once again, results showed similar trends region to region, indicating marketers and publishers face the same challenges. With more breathing room to test and iterate on their cookieless strategies, how are they tackling the identity challenge, today and tomorrow? Read on for the surprising results.





KEY RESULTS

PART 1

THE IMPACT OF THE LOSS OF THIRD-PARTY COOKIES

The digital advertising industry is preparing for a long goodbye to third-party cookies. Although the third-party cookie has come to signify all the ills of digital advertising, many ecosystem players depend heavily on this technology. Marketers will need new ways to target, personalize, optimize, and measure in the cookie's absence. Publishers will need a plan B for the billions in lost programmatic ad revenue. McKinsey **estimates** \$10 billion is at risk for U.S. publishers alone.





METHODOLOGY

Lotame commissioned industry research into the adoption, pace and progress of identity solutions among marketers and publishers to address the post-cookie digital advertising landscape.

The global online survey was conducted by Upwave, the brand intelligence platform based in San Francisco. Upwave surveyed nearly 1,400 industry professionals, marketers and publishers, across 7 global markets in September 2021: Australia, Colombia, India, Mexico, Singapore, UK and the U.S.

The survey asked key questions tailored to marketers and publishers and joint questions, to look at:

- **The impact of the loss of third-party cookies**
- **Drivers and barriers to identity solution selection**
- **Timelines for implementing identity solutions**

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INSIGHT: **IMPACT**

The impact of the loss of third-party cookies will certainly be widespread and variable. How are marketers and publishers sizing up the challenges?

Nearly all industry professionals foresee an impact to their business due to the loss of third-party cookies.

TOP 3 BIGGEST IMPACTS ON BUSINESS

MARKETERS

- 1 Reduced targeting opportunities
- 2 Loss of personalization
- 3 Decrease in revenue

PUBLISHERS

- 1 More competition among publishers to demonstrate unique value
- 2 Reduced workforce due to revenue loss
- 3 Significant loss of programmatic revenue

How will the loss of third-party cookies impact your business? Select all that apply.

Neither side of the table offers a rosy view of what's in store when Google sunsets third-party cookies. For marketers, engaging consumers in a cookieless world via targeting (49%) and personalization (44%) will need to be reimagined to make up for declining revenue (41%). Similar fears are at root among

publishers with differentiation ranking top with 41%. Failure to demonstrate that unique value will have a domino effect on revenue for publishers in the form of workforce reduction (40%) and loss of programmatic dollars (33%).

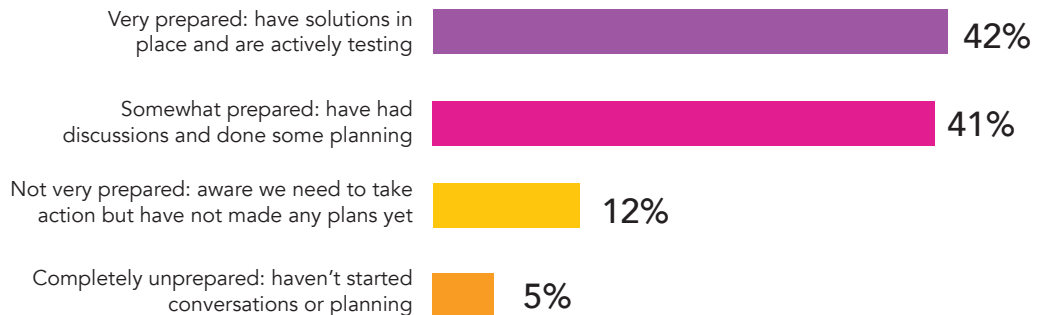
Among marketers who predict a decrease in revenue, more than half cite losses of 10-25% across regions.



INSIGHT: PREPAREDNESS

With so much at stake, how prepared do marketers and publishers feel for a post-cookie world? Less than a quarter admit to being *unprepared*, but how ready are the rest?

4 in 5 industry professionals feel at least somewhat prepared for a cookieless world.



Publishers (47%) lead marketers (39%) in preparedness with solutions in place or actively testing.

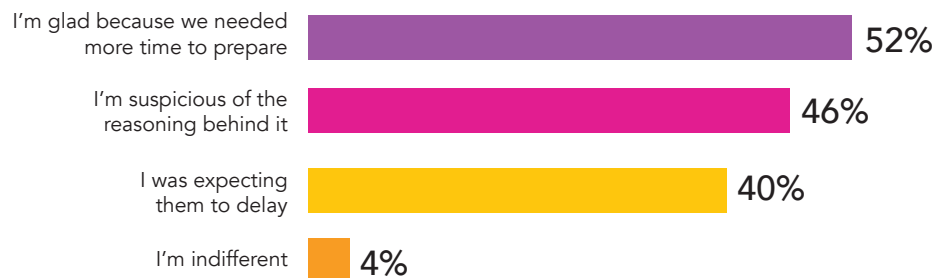
What's behind publisher preparedness? As we reported in part one "[Behind the Cookie: The Future of Advertising for Marketers & Publishers](#)," 53% of publishers were actively looking for a solution to address the loss of third-party tracking, while 25% already had an identity solution in place. Nine months later, publishers seem to have held to that commitment to seek out cookieless solutions in order to appease marketers and future proof their own businesses.



INSIGHT: RELIEF OR SKEPTICISM?

Although third-party cookies have been long gone from Safari and Firefox, Google has delayed deprecation yet again. Did the industry breathe a collective sigh of relief or suspect an ulterior motive at play?

Half of marketers and publishers are glad of the extra time to prepare afforded by Google's cookie delay.



Feeling déjà vu? As Lotame CEO Andy Monfried wrote in a recent [op-ed](#), the delay was a prudent decision as setting arbitrary deadlines does more harm than good. But, there may be underlying reasons behind this reprieve, namely affording Google more time to test its Federated Learning of Cohorts (FLoC) offering or develop "a single-lane identity solution." Both marketers and publishers raised eyebrows according to our findings, with 46% citing suspicions around Google's delay. Only time will tell what Google has up its sleeve.

Publishers (50%) are more skeptical than marketers of the motives behind Google's third-party cookie deprecation delay.



PART 2

DRIVERS & BARRIERS TO IDENTITY SOLUTION SELECTION

With 80 identity solutions in the market today (and counting), industry professionals may very well feel overwhelmed and confused. From media companies to DSPs, agency holding companies to TV manufacturers, tech vendors and more are throwing their hat in the identity ring — and, for good reason. Identity is big business for digital advertising. [Research and Markets](#) reports that the global market for digital identity solutions is projected to grow to US\$49.5 Billion by 2026, up from US\$23.3 Billion in 2021.

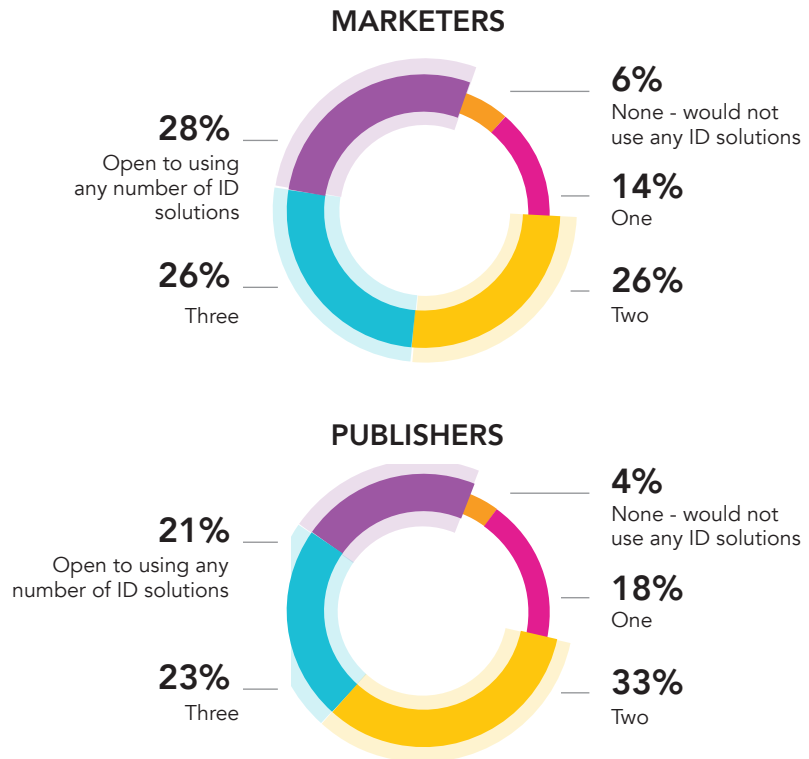
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INSIGHT: SELECTION

How do you solve a problem like identity selection? For marketers and publishers, the choice(s) is simple.

4 in 5 industry professionals are open to using multiple identity solutions.



What is the optimal number of ID solutions to test and have at your disposal? / What is the optimal number of ID modules for a publisher to implement?

We've seen an uptick in openness to an identity portfolio approach since our last report in February. Earlier this year, 3 in 5 marketers agreed multiple identity solutions would be needed, with interoperability as a key requirement. With a diversity of solutions available, industry professionals have options and

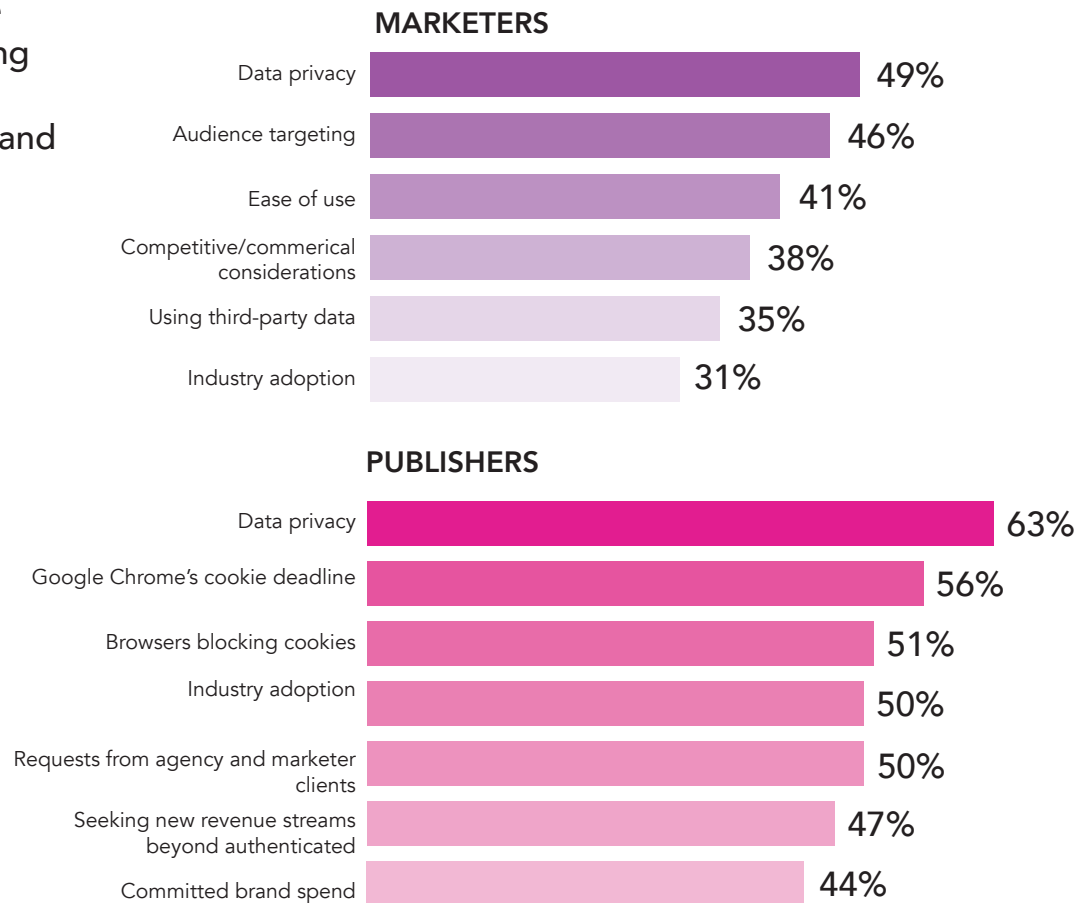
opportunities to test which mix of solutions work best for their business. From authenticated to probabilistic, a variety of identity solutions offer professionals the widest coverage or scale, alongside the ability to meet their various goals, whether prospecting or converting existing customers.

1 in 5 industry professionals are open to testing and/or implementing any number of ID solutions or modules.

INSIGHT: KEY DRIVERS

Perhaps inspired by the European Union's General Data Protection Regulation, 16 countries have adopted data privacy laws. In the U.S., no federal privacy law exists but seven states have proposed similar legislation to the California Consumer Privacy Act (CCPA). With a complicated and fragmented privacy landscape, it's no surprise what's keeping industry professionals up at night.

Data privacy is the key driver to testing identity solutions among marketers and publishers.



What are the driving forces for selecting an identity solution to test? Select all that apply.

Privacy compliance is a main concern across channels for one out of five marketers per Gartner research. Understandably marketers and publishers have a lot to lose when it comes to data privacy. Consumers are more aware of their choices and

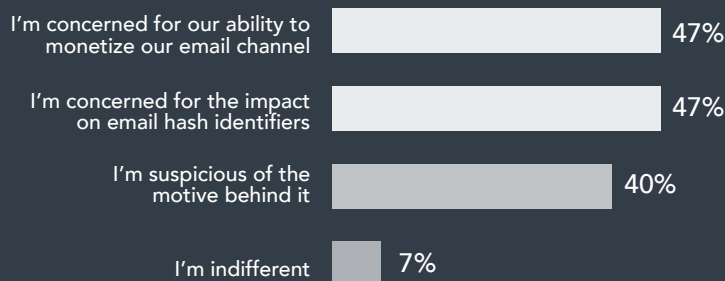
increasingly less forgiving when a brand misuses information about them with 8 out of 10 "willing to abandon a brand" if their data is used unknowingly. In addition to reputational risks, businesses can face data privacy fines and other penalties.

APPLE'S RIGHT TO PRIVACY

Apple has long been lauded for its proactive defense of consumer privacy. Along with Firefox, Apple took an early stance on blocking third-party cookies in the name of protecting consumer privacy. Unlike Google, Apple has resisted industry pressure to collaborate on solutions that keep the global open web free, fair and competitive. But Apple's brand and reputation remain pristine among consumers. With Apple's recent news around its [iCloud Privacy Relay](#) feature, we were curious how industry professionals viewed these moves to obfuscate IP addresses and browsing activity.

Not surprisingly, industry professionals have significant concerns about Apple's motives and the impact on their businesses.

What is your reaction to Apple Privacy Relay? (Multi-selection)



Publisher concerns outweigh marketers on both the impact to email hash identifiers and their suspicions around Apple's motives. The IAB Tech Lab [expressed](#) similar dismay, "Apple's closed approach is predictable, but it's not too late for Apple to sit down at standards tables—actively

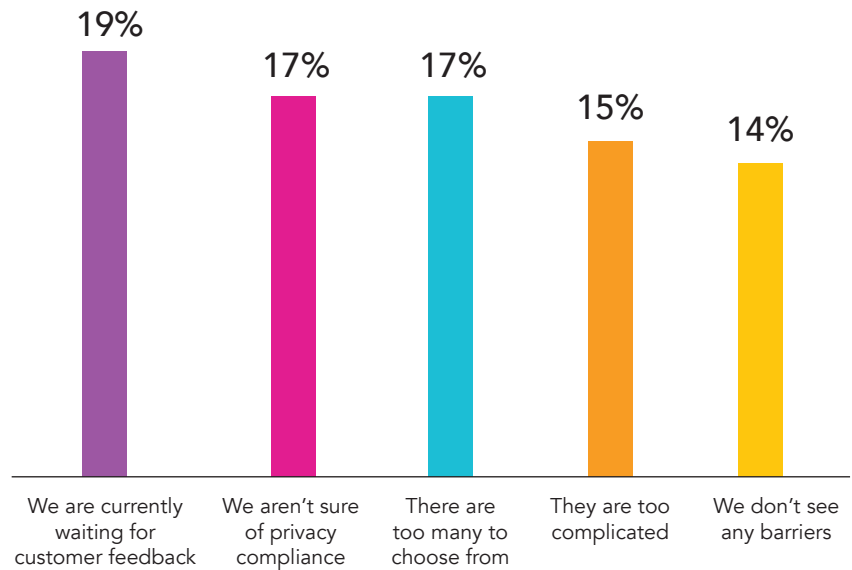
and in good faith—where a diverse set of stakeholders aim to enhance privacy and data protection in ways that recognize the legitimacy of the efficiencies marketers seek and competitive monetization content producers need to grow." Your move, Apple.



INSIGHT: BARRIERS

The stakes are high as we approach a fully cookieless world, as marketers and publishers are well aware. As an innovative and agile industry, change is inevitable. Industry professionals have questions about identity solutions, but no one barrier popped as a major obstacle among marketers and publishers.

There is no standout barrier to implementing identity solutions.

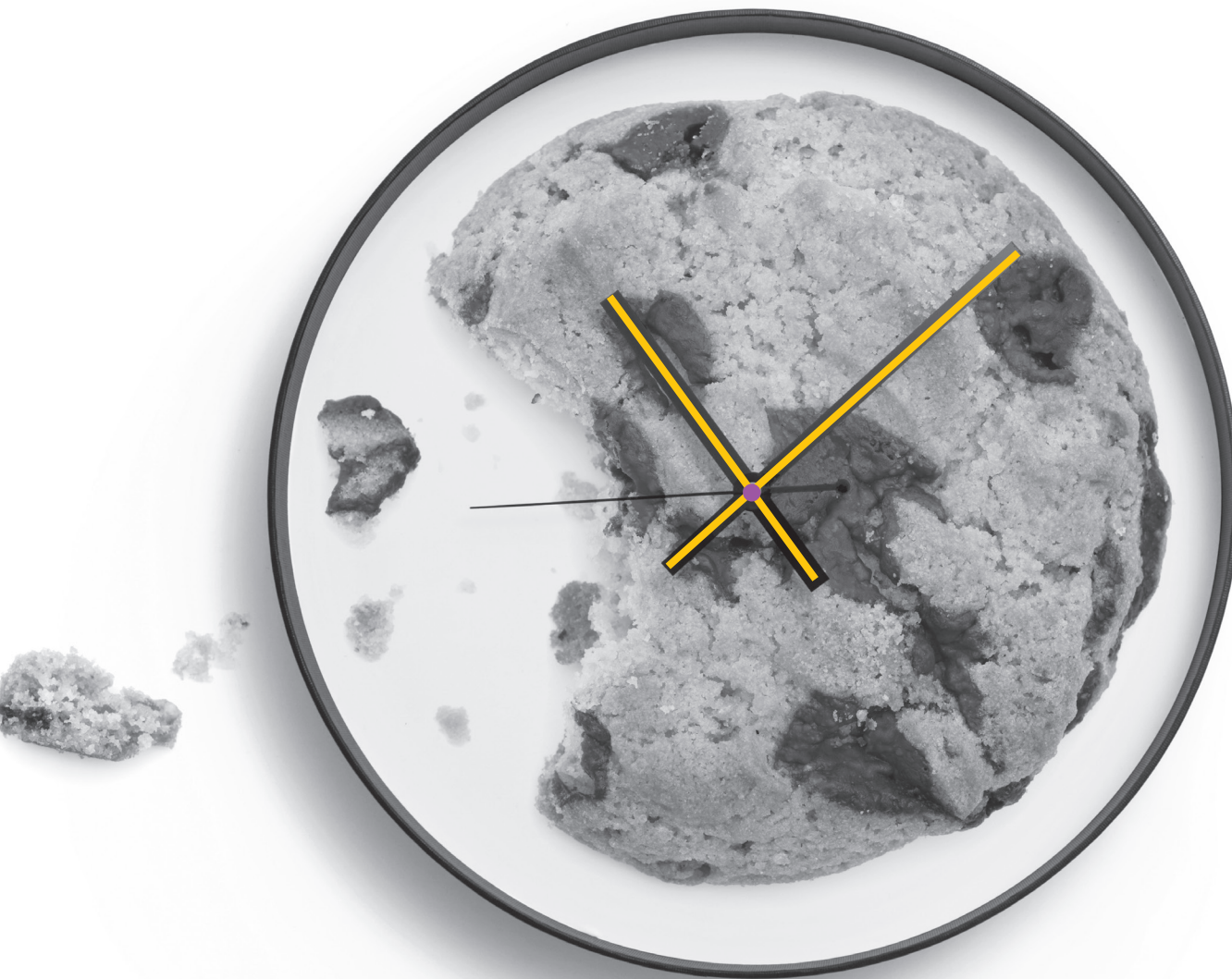


What are the barriers to you implementing identity solutions? Select all that apply.

REGIONAL DIFFERENCES

Top 3 most important criteria to selecting an identity solution among marketers and publishers

| | AUSTRALIA | COLOMBIA | INDIA | MEXICO | SINGAPORE | UK | U.S. |
|--------------------------------|-----------|----------|-------|--------|-----------|----|------|
| Data privacy | | 1 | 1 | 1 | 1 | 2 | 1 |
| Omnichannel attribution | 3 | | | | 2 | 3 | 2 |
| Ease of implementation | 1 | | | 3 | | | 3 |
| Tracking spend | | | | | | | |
| Brand-safe, high-quality media | | 3 | 2 | | 3 | 1 | |
| Targeting accuracy | 2 | 2 | 3 | 2 | | | |



PART 3

TIMELINES FOR IMPLEMENTING IDENTITY SOLUTIONS

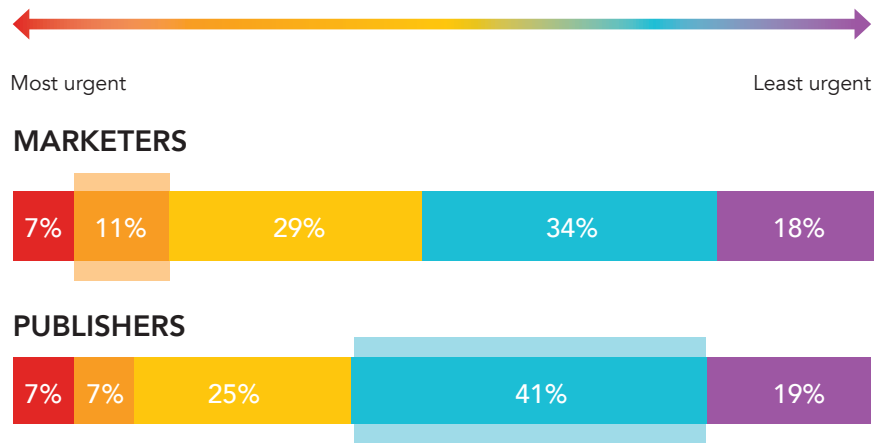
Industry professionals seemingly have the luxury of more time on their side to test cookieless solutions. With so much collective relief expressed over Google's delay, are marketers and publishers taking advantage of that extra time?



INSIGHT: URGENCY

Although the 2023 cookie expiration may feel far off, the clock is ticking. Marketers and publishers have a prime opportunity to test a cookieless approach against the effectiveness of cookies today, a.k.a. using Safari and Firefox as a proxy for the future. Is the fire still lit to test and learn?

Marketers feel a slightly greater sense of urgency to test and implement identity solutions but it's not a top priority.



What level of urgency does your business place on testing and selecting identity solutions that preserve your business model in a cookieless future? Rank from 1 (most urgent) to 5 (least urgent).

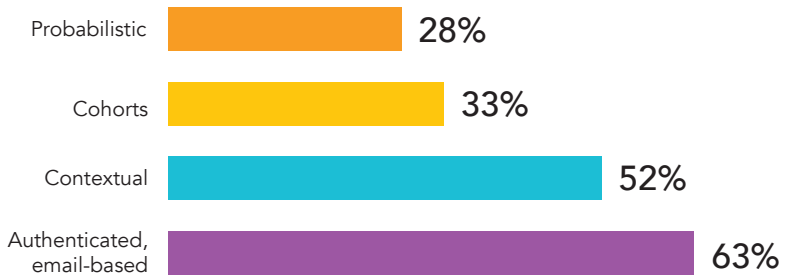
Despite repeated industry-wide calls to test and prepare, it appears that industry professionals may have taken their foot off the gas. This finding tracks with [Digiday's](#) recent reporting that "testing will wane 'till they're [marketers] backed into a corner again."

INSIGHT: EARLY ADOPTION

Despite the tamping down of urgency, testing and adoption continues. Industry professionals are creatures of comfort and habit when it comes to early identity selection.

What's old is new again with early identity solution selection.

Currently testing or planning to test in the next 6 months to a year:

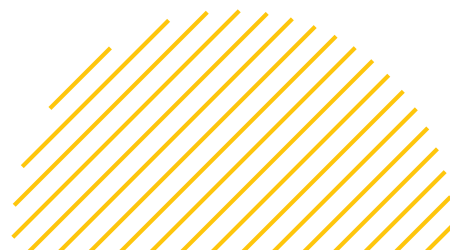


What type(s) of identity solutions are you testing or planning to test in the next six months to a year?

Older entrants into the identity space, email and context have an adoption advantage. As familiar concepts, marketers and publishers may perceive them as less of a risk in testing. However comfortable these old tactics may be, they're not without real challenges. Scale remains a persistent issue with authenticated solutions. Recently, publishers and agency executives have voiced concerns about email's privacy concerns as "a much larger red flag." Lack of

standardization among context presents differentiation problems for publishers with similar content offerings. Context also fails to solve for marketer use cases such as frequency capping and attribution and a 360 view of the individual. Newer, innovative solutions such as probabilistic have gained ground, however, as they offer a non-PII, privacy-first approach to addressability. Publishers are leaning in more toward probabilistic than marketers at this early stage.

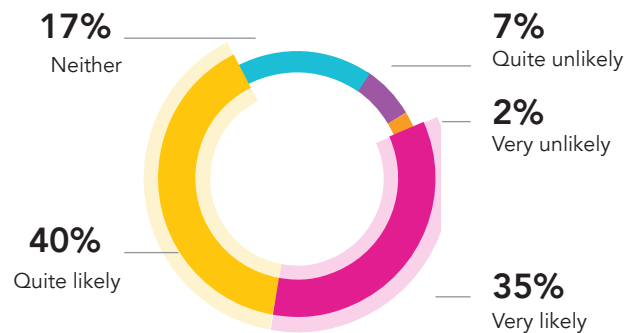
Publishers appear more open to testing different types of identity solutions, presumably to capture the most revenue possible.



INSIGHT: FUTURE PLANS

The appetite for testing still exists, although it's been pushed off. Presumably industry professionals want to continue to reap the rewards of cookie-based targeting, but they do have their sights set on the future. In fact, half of marketers currently work with an identity partner.

3 in 4 marketers are keen to test new or further partners in the near future.



Do you currently work with an identity partner? / How likely are you to test a new or additional identity partner in the next 6 months to a year?





CONCLUSION

The roars of 2021 have become more muted as the year has progressed. Consumers are forever changed by the global pandemic but have proven resilient in adopting new habits the world over. The explosive **growth** of Connected TV (CTV) — a cookieless environment — will only continue to eat away at linear TV's share. The shift to digital spending has accelerated rapidly and shows no signs of slowing, according to **PwC's June 2021 Global Consumer Pulse Survey**. Marketers and publishers, too, have proven flexible in the face of enormous change in their personal and professional lives. A cookieless future is closer on the horizon and whether or not the industry "feels prepared," the end result is inevitable. Digital advertising is changing, and identity solutions will be part of that new future. Addressability and connectivity are at greatest threat in the post-cookie world. **Testing identity solutions** now can not only soften the blow of a cookieless landscape but future proof businesses ability to connect with consumers in meaningful and respectful ways.

KEY TAKEAWAYS

1. Nearly all industry professionals foresee an impact to their business due to the loss of third-party cookies.
2. 4 in 5 industry professionals feel at least somewhat prepared for a cookieless world.
3. Half of marketers and publishers are glad of the extra time to prepare afforded by Google's cookie delay.
4. 4 in 5 industry professionals are open to using multiple identity solutions.
5. Data privacy is the key driver to testing identity solutions among marketers and publishers.
6. There is no standout barrier to implementing identity solutions.
7. Marketers feel a slightly greater sense of urgency to test and implement identity solutions but it's not a top priority.
8. What's old is new again with early identity solution selection.
9. Half of marketers currently work with an identity partner.
10. 3 in 4 marketers are keen to test new or further partners in the near future.

START TESTING TODAY WITH LOTAME PANORAMA ID

Now is the perfect time to start or continue testing identity solutions, as you're able to compare cookie vs. cookieless environments. Lotame Panorama ID is a global people-based, privacy-compliant identity solution for the open web. Built from multiple inputs (web, mobile, CTV, and customer-specific IDs), our probabilistic ID is freely accessible to and interoperable across the cookie-challenged web, all domains, devices, and platforms globally. Privacy-first user identification for a cookieless world is here — and it works! Ask us for case studies.

To learn more, visit lotame.com/panorama/id or email PanoramaID@lotame.com to get started.

ABOUT LOTAME

Powering Data Connectivity For All

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