Beyond the Cookie: What the Future of Advertising Should Look Like

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Summary

Lotame commissioned global industry research into the challenges facing marketers and publishers in addressing the post-cookie digital advertising landscape. The "Beyond the Cookie: The Future of Advertising for Marketers and Publishers" survey report informs, inspires, and educates both sides of the table on what each one needs, wants, and hopes for the future of our industry.

Digital advertising faced a string of serious challenges as a result of the disruption from the global pandemic. From Google's FloC (Federated Learning of Cohorts) third-party cookie alternative announcement and mounting privacy regulations to rapidly changing consumer habits, confusion has reigned.

To understand how marketers and publishers were faring amidst so much uncertainty, it was essential to uncover the direction marketers and digital publishers were really taking to tackle these challenges. Lotame set out to find out the answers to some of these burning questions, such as what's keeping them up at night; how will they pivot investments; and what should the future of digital advertising look like?

As a result of all these challenges, marketers and publishers have been hyper-focused on ever-changing consumer habits and have had to reassess their first-party data assets. The findings from the UK and global research indicate that for marketers their primary concern is the inaccuracy of their data profiles post-COVID. Furthermore, 60% of UK marketers remain unsure or unconvinced publisher first-party data can fill the void.

What is keeping marketers and publishers up at night?

Both marketers and publishers stand to lose a great deal with the demise of third-party cookies. On top of not being able to address a sizable chunk of their audience, publishers are taxed with proving ROI and accuracy to marketers.

The research indicates that publishers believe contextual targeting can replace audience targeting and a marketer's need for measurement and analysis; however, marketers don't share this view – showing a disconnect between the two sides. Of the UK marketers surveyed, three-quarters (75%) believe that while contextual targeting is a useful tactic to ensure advertising relevance without relying on third-party cookies, it alone cannot replace audience targeting – including one in eight (12%) having zero confidence.

By contrast, two-thirds (66%) of UK publishers are confident that contextual targeting can offer an effective cookie alternative. And yet, almost half (49%) say they are looking for a further solution to cover the potential loss of third-party tracking – with 15% using more contextual and intent data while they search for a longer-term solution.

Enriching assets with supplemental data

Despite the lean towards contextual targeting, an overwhelming 95% of publishers, both globally and in the UK, reported using supplemental data to enrich their first-party data assets. At present, UK publishers are tapping into a variety of sources to accomplish this, including survey and panel data (49%), marketer data (41%), third-party data from reputable vendors (24%), and second-party data from other publishers (20%). Additionally, almost a quarter (24%) responded that they are looking for help in finding quality data partners to augment their first-party data offering.

As the deadline to retire third-party cookies edges closer, marketers and publishers are looking to collaborate to ensure second- and third-party data is robust and coming from reputable sources to enable advertising that is relevant, responsible, and resilient.

These findings question the narrative that data enrichment is dead and indicate that second- and third-party data still hold considerable clout; which is understandable if there is concern that first-party data in isolation has not scaled or captured the complete story of ever-changing consumer habits.

What does the future hold for a cookieless open web?

In the face of losing third-party tracking tools, many marketers are looking for other ways to improve their top and middle funnel audience-based strategies with people-based connections. And although relatively guarded on the third-party cookie sunset, most confirmed they have been planning and preparing behind the scenes. Publishers too have been exploring their options and investing time and resources into making their inventory and audiences more attractive and easier to buy.

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The demise of the cookie marks a seismic industry shift. It presents an opportunity to change the way marketers and publishers work together and build something that is not just evolutionary but revolutionary – including the resulting technology and its interoperability. Where there is demand, there is always innovation. Despite all the challenges, the future is bright for digital advertising.

Here are the key UK marketer findings:

- Almost all marketers have at least some concerns over their first-party data assets, with the accuracy of their profiles post-COVID the key issue
- Three in four marketers believe that contextual targeting alone is not a sufficient replacement for audience targeting
- Two-thirds of marketers see the future of identity embracing multiple solutions
- Two-thirds of companies have or plan to use identity graph solutions to map audiences
- Over half (51%) of marketers and publishers are actively searching for an identity partner

Key UK publisher findings include:

- Almost all (95%) publishers reported using supplemental data to enrich their first-party data assets
- A third of publishers (27%) are unsure if contextual targeting can replace audience targeting, and half (49%) are looking for a solution to cover the potential loss of third-party tracking
- One in four publishers are looking for help in finding quality data to enrich their first-party data, while 49% are currently using survey and panel data
- Two in three publishers have confidence in their company’s privacy strategy and protection of consumer choices

Global findings are available for download here.