

The background of the entire page is a blurred image of a crowd of people, overlaid with a semi-transparent digital grid pattern. The colors are primarily blue and purple, with some greenish-yellow highlights at the bottom left.

IDENTITY

vs.

PRIVACY:

Digital Advertising in a Cookieless World

A report by **Basis**[®]
Technologies

The countdown clock on third-party cookies is about to strike midnight. Is the advertising industry prepared?

Signal loss is having a significant impact on digital advertising, with third-party cookie deprecation, frequency capping, and attribution concerns as regulatory bodies, browser developers, operating system owners, and consumers increase their focus on user data.

The Interactive Advertising Bureau (IAB) estimates that signal loss stemming from existing third-party cookie deprecation in Safari and Firefox and Apple's App Tracking Transparency (ATT) has already curbed advertisers' ability to target and track 50-60% of internet users¹.

But the biggest hammer is about to drop, as Google intends to deprecate third-party cookies in its wildly popular Chrome browser by the end of 2024, ushering in a new age of cookieless advertising where alternative identity solutions are critical to digital advertising success.

On the brink of this type of transformational moment, how is the advertising industry preparing (or not preparing) for increased signal loss and a cookieless world? And how do marketers and advertisers feel about privacy and its place in the larger identity conversation?

For this report, Basis surveyed over 200 marketing and advertising professionals from top agencies, brands, non-profits, and publishers to see how they are reacting to signal loss and gauge their feelings about privacy and user data as we head into a pivotal year for the advertising industry.

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Advertisers Are Still Unprepared for a Cookieless World

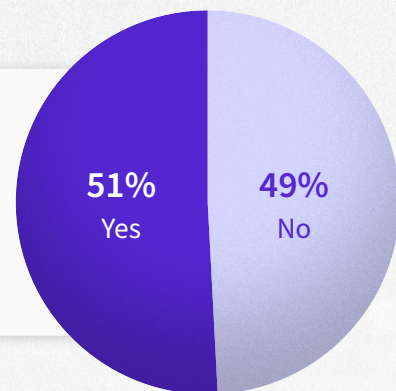
Despite years of warnings, increasingly widespread signal loss, the emergence of new identifiers, and Google's repeated vows to deprecate third-party cookies in Chrome by the end of 2024, a significant number of digital advertisers remain unprepared for a world without cookies and are still in search of satisfying addressability and measurement solutions.

Entering 2024, nearly half of all marketers and advertisers say they do not feel their organization is prepared to succeed in a cookieless world.

With 2024 shaping up to be the year when the "cookieless future" turns into the "cookieless present", feet-dragging advertisers will need to stop looking for that one perfect identity solution and embrace a balanced mix of replacements from the myriad of options available to ensure business continuity and minimize impact on effective cross-channel marketing efforts.

As of today, do you feel you and your organization are fully prepared to succeed in a cookieless world?

204 respondents



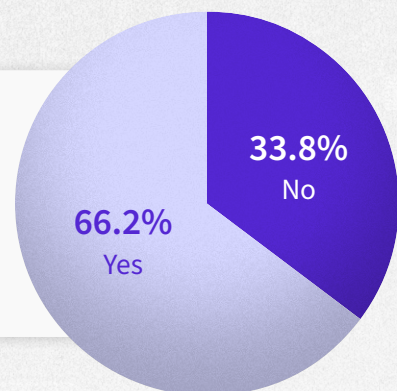
Cookieless Preparedness

While signal loss has become increasingly widespread over the past 3-5 years, Google's promised deprecation of third-party cookies in its popular Chrome web browser is seen as their defacto "death knell". But less than a year away from Google's promised 2024 deadline, a sizable portion advertisers remain unprepared.

More than one-third of marketers and advertisers (33.8%) say they do not believe they will be able to confidently reach target audiences if Google follows through on its plans.

If Google follows through on its promise to deprecate third-party cookies in 2024, do you believe you will be able to confidently reach target audiences?

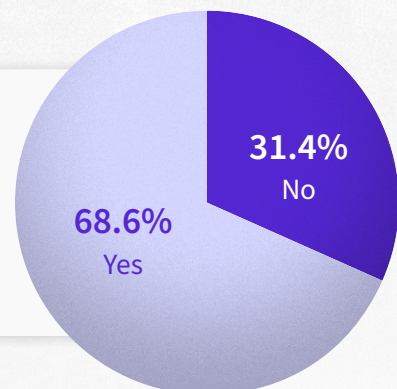
204 respondents



Perhaps not coincidentally, the percentage of marketing and advertising professionals whose organizations have implemented new targeting or measurement solutions within the last year (68.6%) is nearly identical to those who feel confident in their targeting capabilities post-Google cookie deprecation (66.2%), showing the benefits of starting to implement new identity solutions—however unfamiliar or imperfect they may seem.

Has your organization implemented any new targeting or measurement solutions within the last year to overcome signal loss in digital advertising?

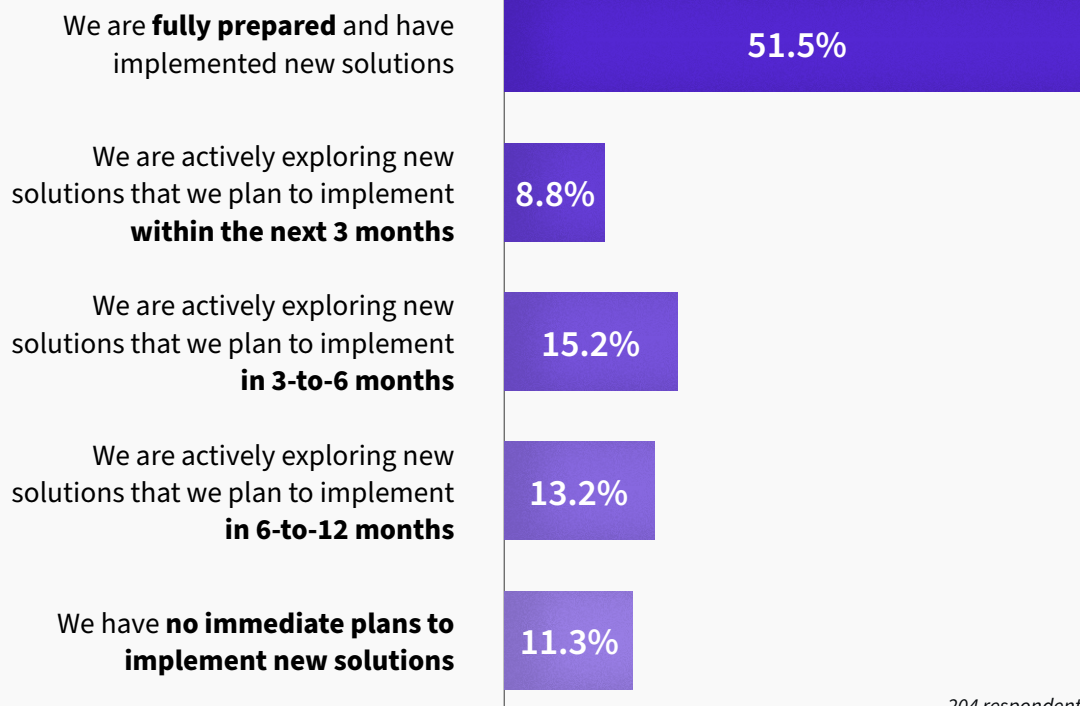
204 respondents



A Growing Sense of Urgency

Entering 2024, nearly half of advertisers say they are still not yet ready for advertising without cookies. Only about half (51%) of marketers and advertisers say they are fully prepared for cookieless advertising and have implemented new solutions to accommodate the new digital reality. Another 8.8% of respondents say are actively exploring new solutions that they plan to implement within the next three months, 15.2% within the next 3-6 months, and 13.2% in 6-12 months—right up against Google's deadline. Perhaps most surprisingly, 11.3% of marketing and advertising professionals say they have no current plans whatsoever to implement new solutions.

What is the current state of your cookieless advertising preparedness?

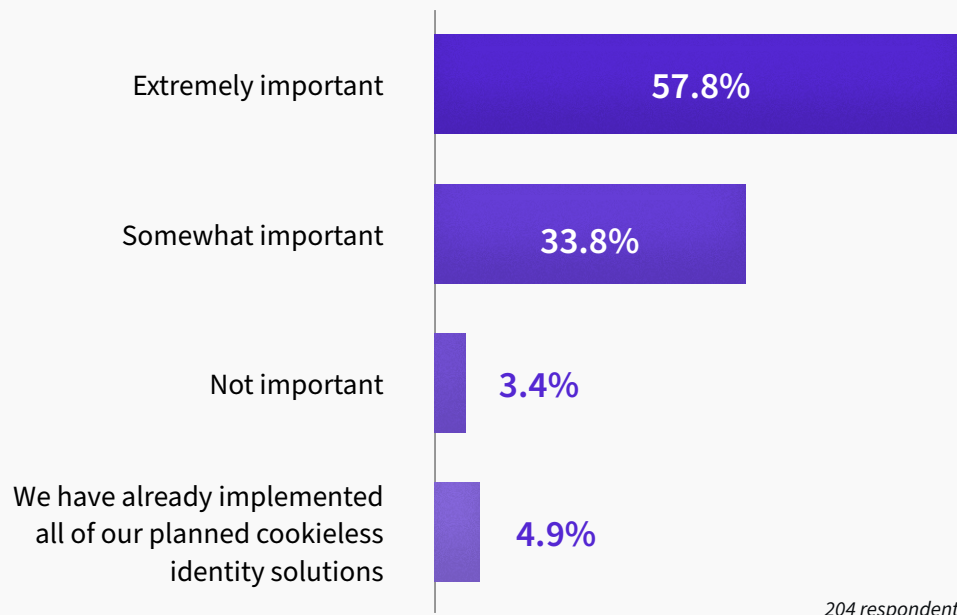


204 respondents

A Growing Sense of Urgency

Looking ahead, there appears to be a growing sense of urgency among marketing and advertising professionals around the need to embrace new cookieless identity solutions before it's too late. Over 90% of advertisers say it is important to their organization to implement new identity solutions within the next six months, with more than half (57.8%) calling that need “extremely important”.

How important is it to you and your organization to implement new identity solutions within the next 6 months?



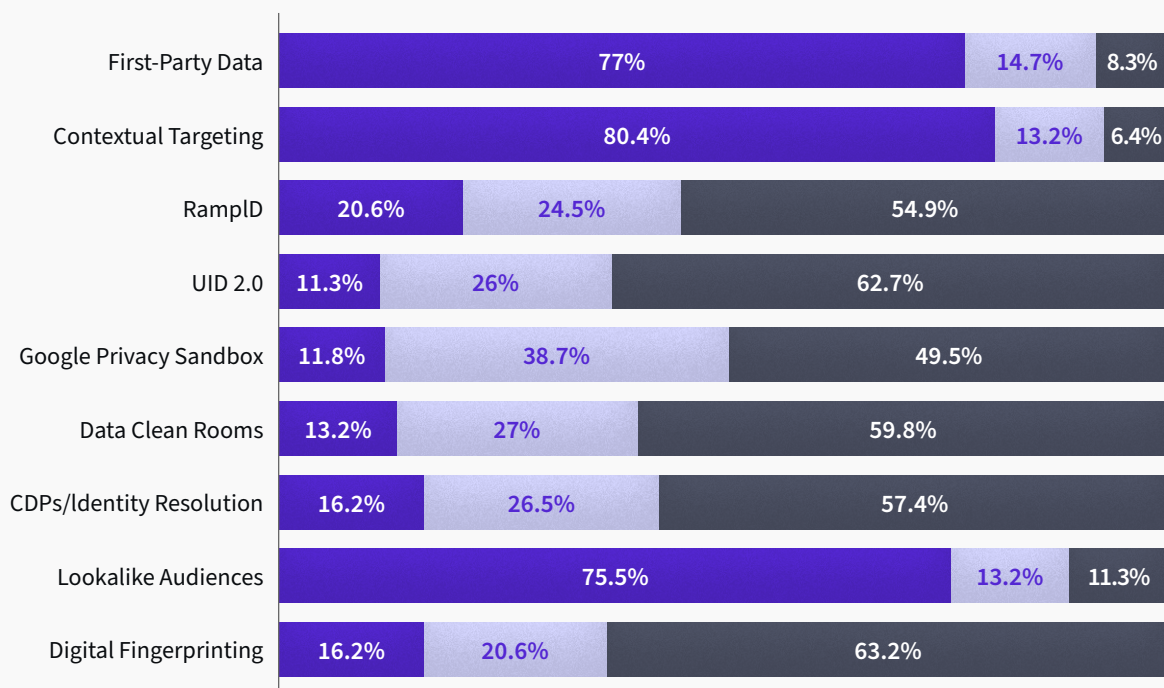
Top Cookieless Identity Solutions

With cookies on their way out, what replacement identity solutions are emerging as the top choices among digital advertisers?

Contextual targeting (80.4%), first-party data (77.0%) and lookalike audiences (75.5%) are far and away the most popular solutions that industry professionals say they are already using, with no other alternatives even topping 25% adoption to date. Meanwhile, Google's Privacy Sandbox (38.7%), CDPs/identity resolution (26.5%), and data clean rooms (27.0%) are the three options survey respondents appear most keen on adopting in the coming year. Lastly, marketers and advertisers point to digital fingerprinting (63.2%) and UID 2.0 (62.7%) as their least favorite options, saying they have no intention of using them at this time.

Taken all together, the industry appears to still be divided on the best path forward—even in the short term—setting the stage for a potentially frantic and uncertain environment, particularly among those advertisers who leave implementation to the last minute.

Of the following cookieless solutions, which have you already begun using, plan to begin using within the next 12 months, or are not intending to use at this time?



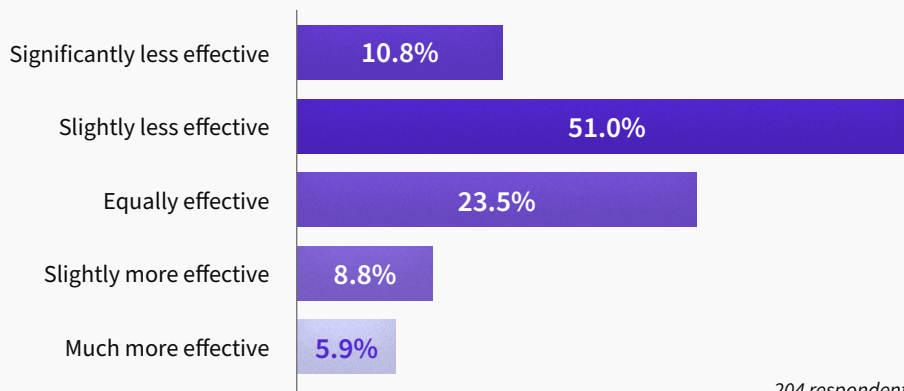
204 respondents

■ Already Using ■ Plan to Begin Using Within Next 12 Months ■ Not Intending to Use at This Time

Digital Advertising Effectiveness Post-Cookies

Nearly two-thirds (61.8%) of respondents said they believe digital advertising will be less effective in a world without third-party cookies, showcasing the fear that has likely driven much of the industry's timidity and "head in the sand"-like approach to adopting alternate identifiers.

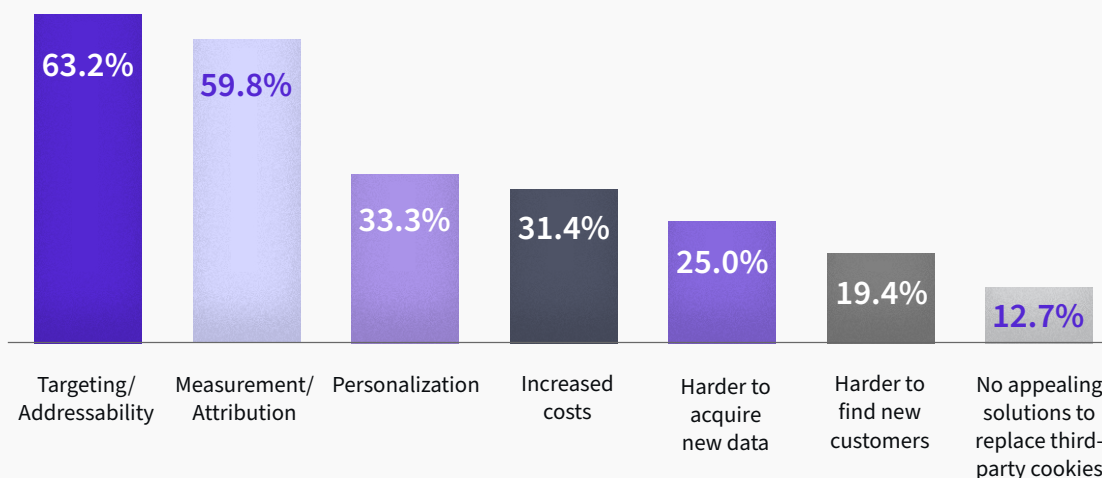
In a world without third-party cookies, I believe that digital advertising will be...



204 respondents

As for what is driving those concerns, respondents pointed to targeting/addressability (63.2%) and measurement/attribution (59.8%) as the top challenges advertisers are facing in a cookieless world. More difficulties around personalization (33.3%) and increased costs (31.4%) are also top of mind.

What do you believe will be the biggest challenges for advertisers in a cookieless world?



204 respondents - Respondents selected up to three choices

The Privacy/Identity Conundrum

While marketers and advertisers have slowly but surely begun to accept the fate of third-party cookies and adopted new solutions, the digital advertising industry appears to be approaching the identity crisis in a fundamentally short-sighted manner.

On the aggregate, our data indicates that marketers and advertisers seem to be searching for a path wherein they maintain unlimited and unfettered access to user data, regardless of how users themselves feel (or of whether they are even capable of understanding how their personal data fuels the entire digital advertising ecosystem.) These advertisers appear to be looking at consumer and regulatory demand for increased data privacy as something to circumvent (or to overcome) in the pursuit of more accurate ad targeting and measurement. In reality, however, it is users' demand for increased control over their personal data that prompted the cookie crisis in the first place—and, consequently, it is that privacy question that should be driving all subsequent considerations around alternative identifiers.

As long as that disconnect between user desire and brand behavior exists, advertisers will merely be kicking the can down the road and remain in perpetual search of a perfect addressability and measurability solution that inherently cannot exist without conscious and willing user consent.

This disconnect between identity and privacy—and, in turn, between problem and solution—is illustrated by digital advertisers' responses in this survey.

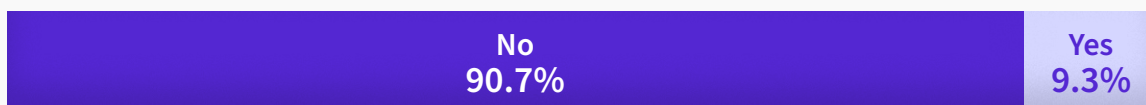
Do Users Understand Their Data Rights?

Privacy and identity are intrinsically connected, with concerns about the former prompting advertising crises around the latter.

Though digital advertising powers the modern internet, there is a substantial (if not outright troubling) lack of knowledge among users around how their personal data fuels that digital ecosystem. This mystery, and users' discomfort with their lack of control over their own data, have combined to usher in the current era of third-party cookie deprecation and signal loss.

Marketers and advertisers appear to overwhelmingly recognize this issue, with 90.7% industry professionals saying they believe most people outside the advertising industry do not understand how their data is used for digital advertising.

Do you believe most people outside the advertising industry understand how their data is used for digital advertising?

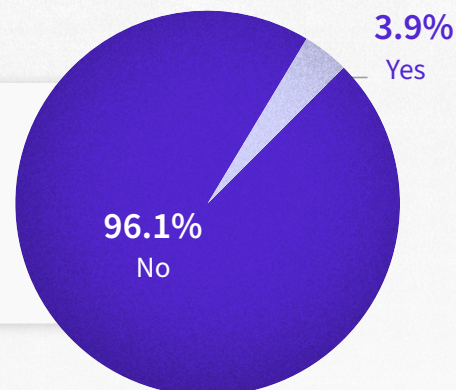


204 respondents

Additionally, nearly all respondents (96.1%) say they do not believe most people outside the advertising industry fully understand their data privacy rights.

Do you believe most people outside the advertising industry fully understand their data privacy rights?

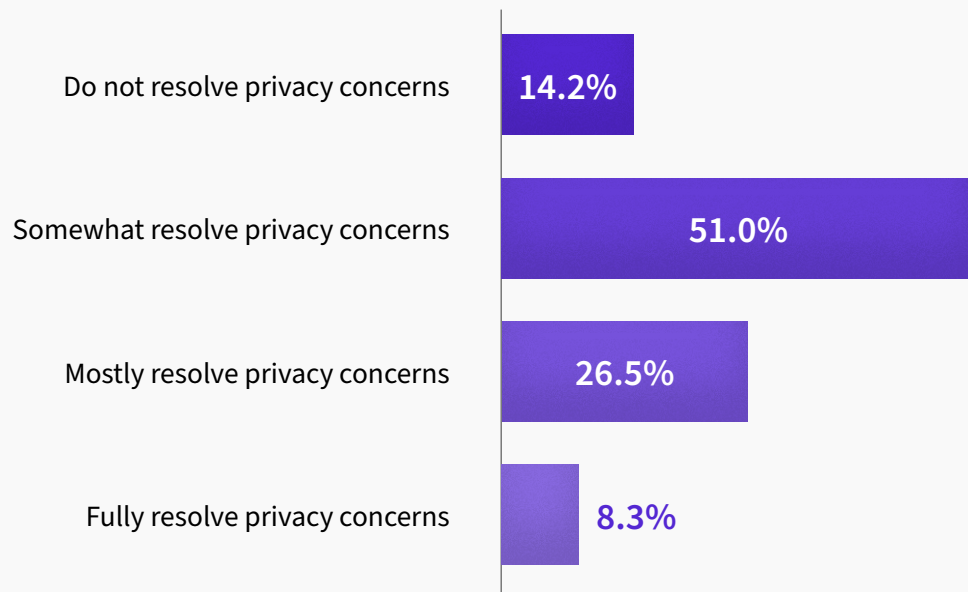
204 respondents



Privacy Concerns Remain Unresolved

86% of US consumers have said they are concerned about data privacy², a sentiment that has driven increased regulation of the digital advertising industry and fueled third-party cookie deprecation and other contributors to signal loss. But despite this, an overwhelming majority of marketers and advertisers say they believe the current slate of cookieless identity solutions fail to sufficiently address consumer and regulatory concerns around data privacy: 91.7% believe these solutions fail to fully resolve privacy concerns, with 51% saying the solutions only somewhat resolve those concerns and 14.2% saying they do not resolve privacy concerns at all. This indicates that the current batch of alternative solutions, though perhaps improvements over third-party cookies, are ultimately short-term fixes rather than long-term solutions.

Do you believe the current slate of cookieless identity solutions sufficiently address consumer and regulatory concerns around data privacy?

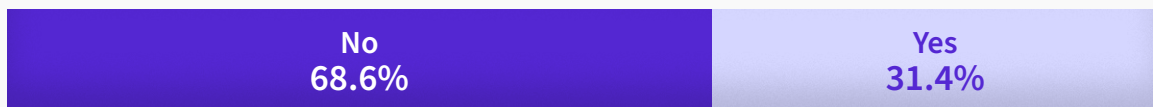


204 respondents

Advertisers and Data Privacy

Even marketers and advertisers themselves—whose work is often directly rated to (and shaped by) expertly gathering and leveraging user data—have concerns about their own data privacy, with more than two-thirds of industry professionals (68.6%) saying they do not feel they have control over their own data privacy rights, and many also failing to utilize the limited levers at their disposal to exercise that control.

Do you feel you have control of your own data privacy rights?

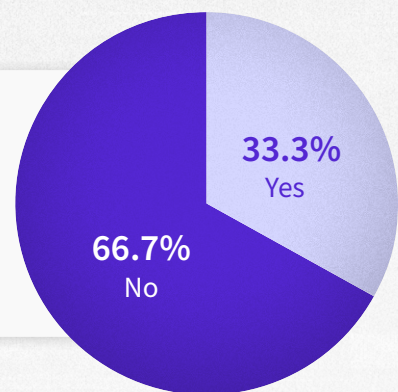


204 respondents

How Marketers and Advertisers Manage their Data Privacy

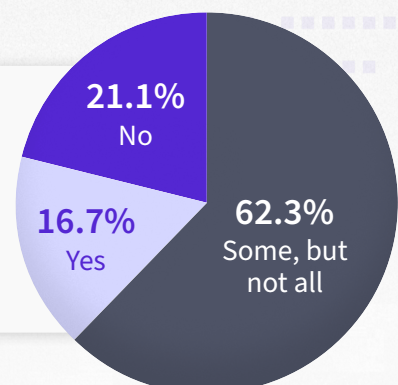
Do you block third-party cookies in your web browser, and/or automatically delete third-party cookies within one month or less?

204 respondents



Do you give apps permission to track you on your phone for advertising purposes?

204 respondents

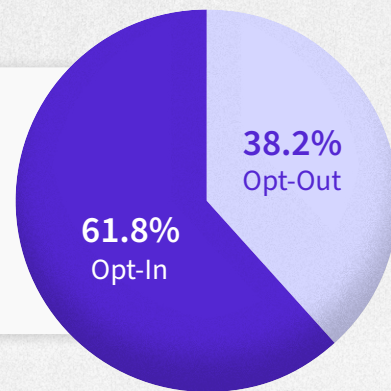


User Data Usage and Regulation

When it comes to privacy-minded solutions extending beyond cookies, marketers and advertisers appear open to evolving from the status quo. Most respondents (61.8%) say the industry should adopt an opt-in-based approach to data consent, while 38.2% support sticking with the opt-out based approach that is currently the standard across the US.

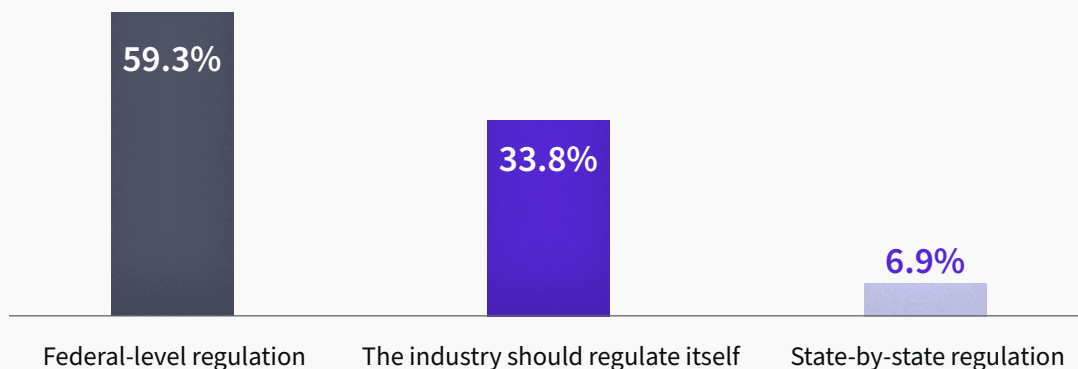
What do you believe should be the industry standard on the usage of user data?

204 respondents



From a regulatory standpoint, advertisers seem to agree that they want someone to set a universal data privacy standard that the industry can adhere to, but most lack faith in the industry's ability to determine and enforce those regulations on its own. A strong majority of marketers and advertisers (59.3%) say they would like to see federal-level regulation of data privacy in the US. Just a third of respondents (33.8%) said they believe the industry should regulate itself. Meanwhile, almost no one likes the current system of state-by-state regulation, with just 6.9% saying they prefer the status quo.

What kind of regulatory approach would you like to see around data privacy in the US?

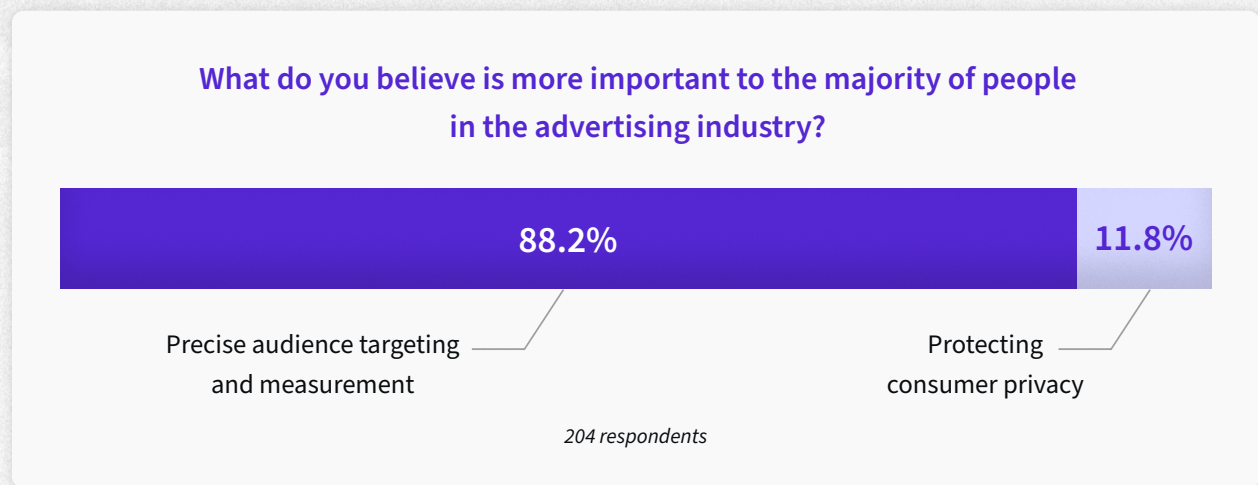


204 respondents

Advertisers' Priorities

In order to achieve long-term stability, advertisers should make the users' demand for control of their personal data the North Star of any new identity solution. But industry professionals appear to be more focused on maintaining the status quo than working toward a more sustainable future.

An overwhelming 88.2% of marketers and advertisers say they believe precise audience targeting and measurement is more important to the advertising industry than protecting consumer privacy, which netted just 11.8%.



This admission is, perhaps, unsurprising. But until advertisers recognize users' demands for increased privacy and data ownership as their top identity priority, the industry will continue to settle for half-measures that fail to adequately satisfy regulators or consumers and that will inevitably generate new identity-related headaches in the years ahead.



Conclusion

When it comes to accepting and embracing the cookieless future, the advertising industry still has some work left to do.

In the short term, marketers will need to form a consensus around the core set of solutions that will ultimately replace cookies, and advertisers who've been slow to adopt cookie alternatives will need to take swift and decisive action on implementing new solutions before it's too late in order to avoid any unnecessary negative impact on business continuity.

But this is only a starting point.

Based on the results of this survey, it appears the advertising industry is still fixated on what it feels like it's losing—namely, third party cookie-based targeting and measurement—and on finding ways to work around these challenges rather than on addressing the root source of the issues head on. This attitude has resulted in delayed adoption of new identifiers and privacy-friendly identity solutions as marketers search for that one illusive “perfect” replacement for third-party cookies, rather than investing in new and innovative ideas that grant users greater control of their own data and set advertisers up for stronger, more trust-based relationships with consumers and the general public.

Without embracing a more consumer- and privacy-centric mindset, the advertising industry appears set to doom itself to a perpetual cycle of incremental changes that inevitably must be deprecated, costly battles with privacy-minded users and regulators, and frustrating search and investment processes built around short-term patches rather than long-term solutions.



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