

October 2022



BEYOND **THE** COOKIE

Next-Generation Customer Acquisition & Retention for Marketers and Publishers

Lotame Global Survey Report Part 3

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INTRODUCTION

What a(nother) long, strange year it's been. The digital advertising industry had a bad case of whiplash from the constant jolt of good/bad news about its past, present and future. From the promise of the metaverse to NFTs; Apple's disdain for, then embrace of, the ads industry; government antitrust suits and consumer privacy legislation; and yet another Google delay of third-party cookie deprecation to 2024 — depending on who you asked and when, advertising was either doomed or saved.

Doomsayers be damned: digital ad spending worldwide is healthy and growing. Estimated to reach \$602.25 billion in 2022, the industry is still in the throes of "historic expansion," per [eMarketer](#). The wild growth of 2021 shows some signs of normalizing as macroeconomic factors like inflation, supply chain issues, and the war in Ukraine are having a recessionary impact on digital advertising as a whole.

How are marketers and publishers adjusting their customer acquisition and retention strategies in light of these changes? Part three of our research — "Beyond the Cookie: Next-Generation Customer Acquisition & Retention for Marketers and Publishers" — set out to answer just that. We asked leaders about **identity's role in their cookieless future; what they're adding and removing from the next-gen tech stack; and where they plan to invest today and in the future**. The last report in the series also looks in the rearview at how far marketer and publisher attitudes and actions have come. The results certainly surprise in a few cases.

To catch up on previous results in this series, see:

[Part One, Beyond the Cookie: The Future of Advertising for Marketers and Publishers \(February 2021\)](#)

[Part Two, Beyond the Cookie: Identity Solution Adoption & Testing Among Marketers and Publishers \(October 2021\)](#)

METHODOLOGY

Lotame commissioned industry research into how marketers and publishers are addressing customer acquisition and retention in the runup to a post-cookie digital advertising landscape.

The global online survey was conducted by PureSpectrum, market research and insights platform. PureSpectrum surveyed more than 1,400 industry professionals, marketers and publishers, across 7 global markets in September 2022: 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:

- **Identity's role in their cookieless future**
- **Building a next-gen tech stack**
- **Advertising investment today and tomorrow**



Key Results Part 1

IDENTITY'S ROLE IN THEIR COOKIELESS FUTURE

Oops, Google did it again. Halfway through the year, Google announced a second postponement to the deprecation of third-party cookies until 2024. Marketers and publishers got yet another reprieve to solving for customer acquisition and retention in a cookieless future. For identity's early adopters and avid testers, the delay amounted to a nothingburger. As the [IAB](#) astutely pointed out, we're living in a cookieless world as ~50-60% of signal fidelity has already been lost thanks to Apple's Safari and Firefox's Mozilla cookie-blocking measures. In fact, both marketers and publishers feel a greater sense of urgency — double than they did in 2021 — to test and select identity solutions. Where do they stand on identity in light of cookie challenges today and to come?

Urgency to test and select identity solutions has doubled among marketers and publishers.

Tides Have Turned

What a difference a year makes. In 2021, half of marketers and publishers were glad to have the extra time to prepare for third-party cookie deprecation after Google's announced delay. Moreover, publishers were skeptical of Google's motives at the time. Fast forward a year and 6 in 7 marketers and publishers believe Google will sunset third-party cookies eventually, whether it's in 2024 or beyond. Further, a majority (47%) believes the deferment is due to changes in privacy legislation.

Perceived Motivations to Google's Cookie Delay Among Marketers and Publishers

47%

Privacy legislation changes

33%

Failure to gain consensus / support around alternative Google options

38%

Marketer / publisher calls for more time

30%

Antitrust pressure

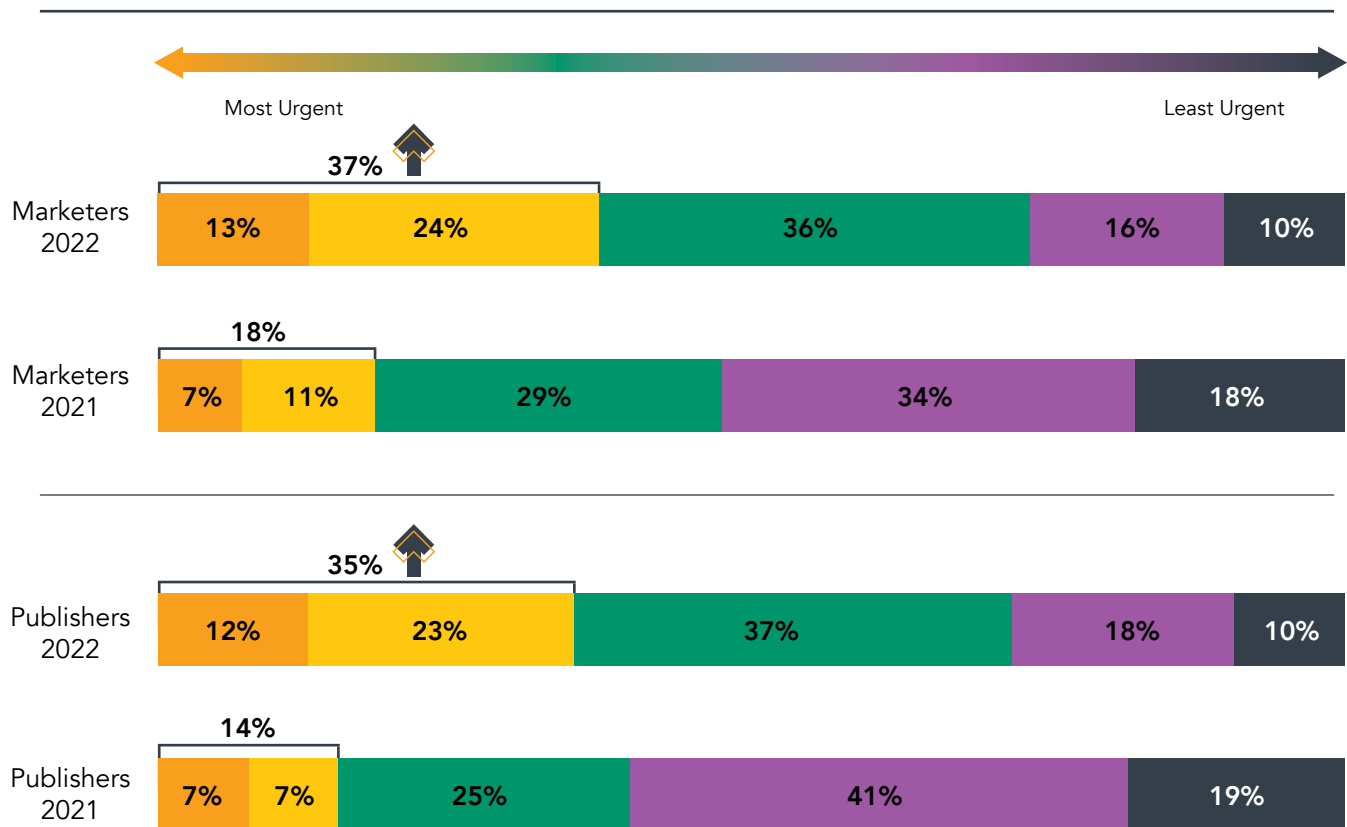
Source: Lotame, Beyond the Cookie 3 research, 2022

You Say It's Urgent

Identity is now an urgent priority among both marketers and publishers. In early 2021, identity (58%) topped marketers' must-have investments while more than half of publishers (53%) were looking for an identity solution. Three quarters later that urgency had waned for both groups, seemingly following Google's first cookie delay.

A year later, the mood has shifted considerably. Marketers and publishers are finally feeling the heat of a cookieless world's approach. Notably, publishers have caught up with marketers on the level of urgency.

Double Trouble: Selecting Identity Solutions Now an Urgent Priority

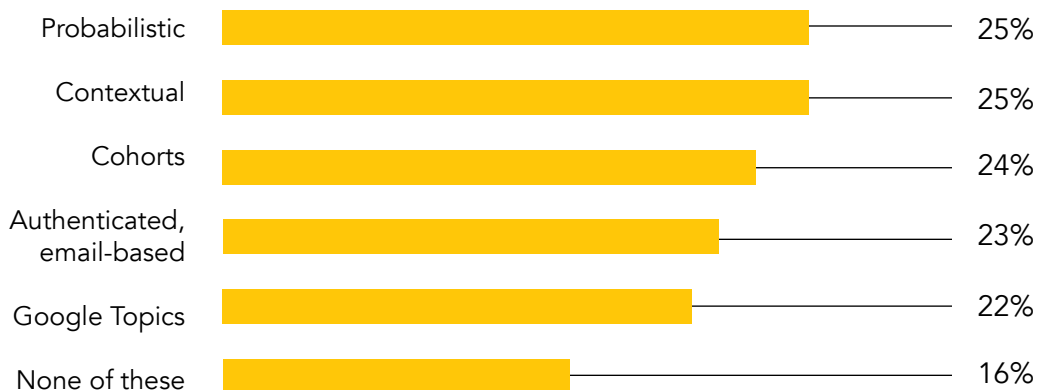


Source: Lotame, Beyond the Cookie 3 research, 2022

Playing the Identity Field

A test and learn approach is intrinsic to marketing so it's no surprise that marketers want to keep their options open when it comes to identity solutions. They remained fairly consistent in that receptiveness to multiple identity solutions and the need for interoperability across our three-part survey. In 2021, 3 in 4 marketers said they were keen to test new or further partners in the future. A year later, those who haven't committed to an identity solution show near even interest in exploring every identity option.

Appetite for Identity Solution Testing Among Marketers and Publishers



Source: Lotame, Beyond the Cookie 3 research, 2022

Similarly, those using / testing identity solutions are playing the field. Google Topics, the newest offering in the space, currently holds the largest share while other solutions in-market longer such as contextual and authenticated have shown near flat growth. Use of probabilistic or predictive solutions, however, has grown 50% YOY — showing a larger jump than any other identity category.

Industry embraces probabilistic identity solutions with a 50% increase in use/testing YOY.

YOY Change in Using / Testing Identity Solutions Among Marketers and Publishers

	October 2021	September 2022
Probabilistic	28%	42%
Cohorts	33%	42%
Contextual	52%	54%
Authenticated, email-based	63%	67%
Google Topics	–	71%

Source: Lotame, Beyond the Cookie 3 research, 2022

EMAIL SOLUTIONS LEAVE MARKETERS FEELING MEH

While a large percentage of marketers and publishers are using authenticated, email-based solutions, they're anything but satisfied. Among marketers and publishers:

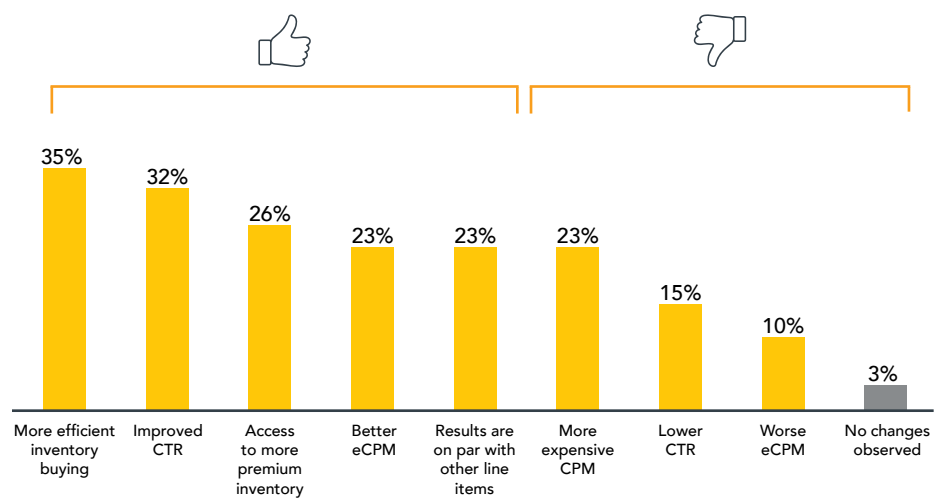
- **30%** see limits in scale with email authentication.
- **30%** are unable to prospect / acquire new customers based on email alone.
- **58%** state email-based identity solutions still use third-party cookies.

All of the above should give marketers pause when considering not only a preferred method for customer acquisition but also which can accurately measure success in cookieless environments.

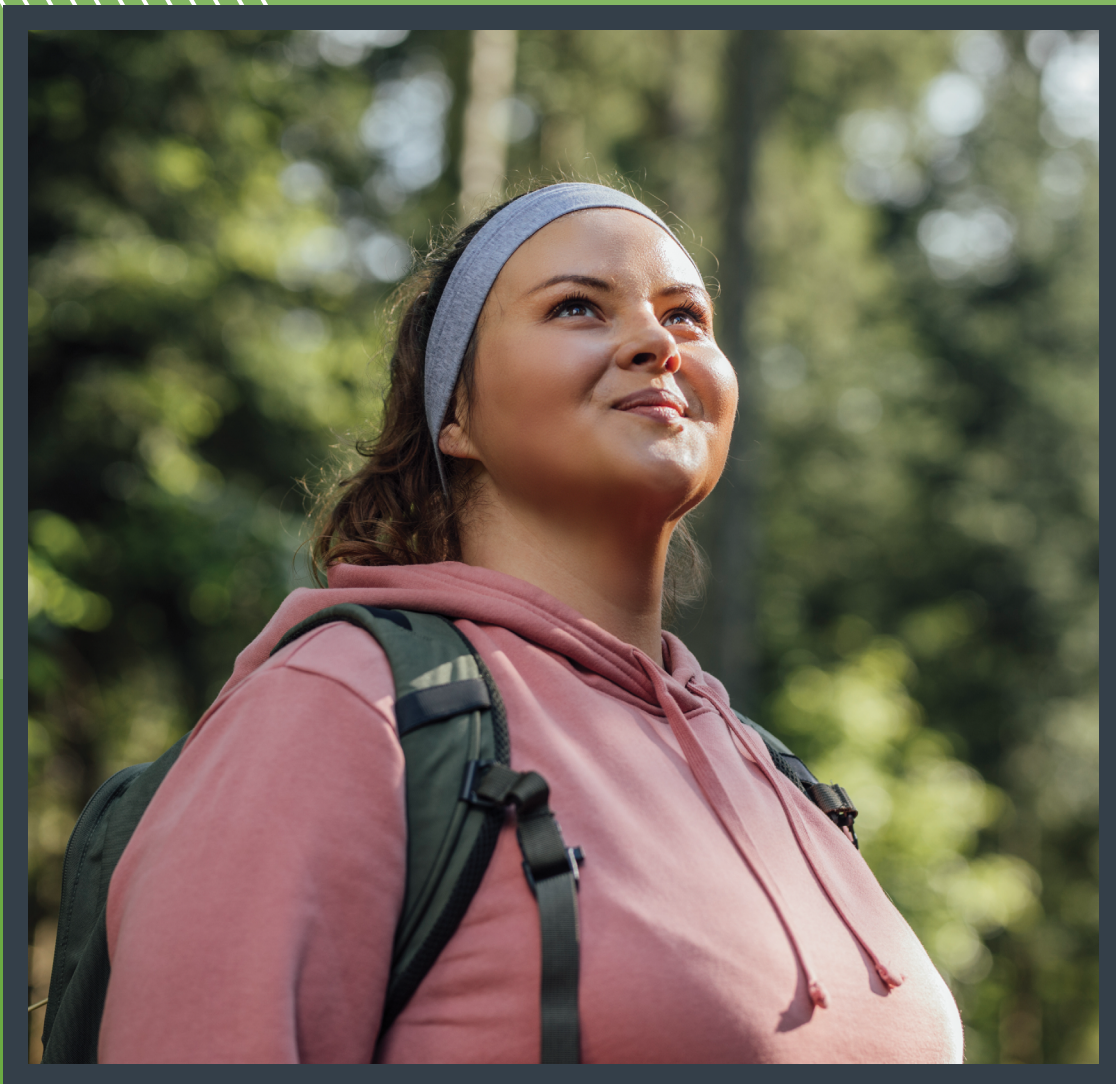
Glass Half Full of Identity

On the whole, marketers have had a positive experience with identity solutions to date. Almost all see far more positive changes from using them. More than a third (35%) cited more efficient buying of inventory while over a quarter (26%) have seen greater access to more premium real estate. An equal amount are split on CPMs favorability.

Marketers Give Identity Solutions the Thumbs Up in a Number of Areas



Source: Lotame, Beyond the Cookie 3 research, 2022



Key Results Part 2

BUILDING A NEXT-GEN TECH STACK

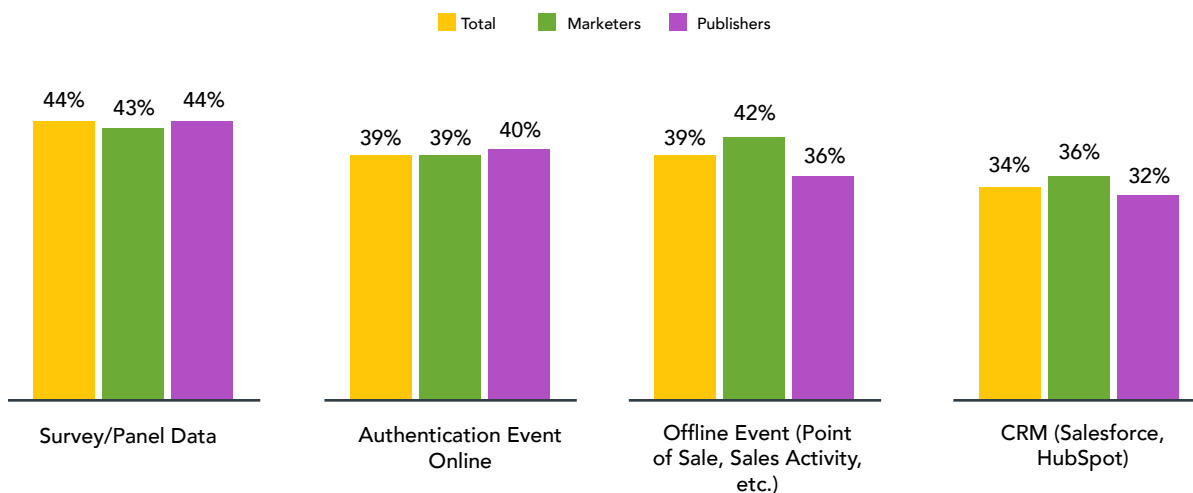
How does the tech stack stack up to acquisition and retention goals post-cookies? Data is clearly key to marketer and publisher plans. [The CMO Council](#) found that nearly four in five marketing leaders say data, analytics and insight are very important to winning and retaining customers. Further, 91% of marketers in that same study cite direct access to customer data as a competitive advantage.

Doubling Down on Data

A number of factors have influenced marketers and publishers' drive to collect customer data. The pandemic's acceleration of digital transformation contributed mightily, in addition to the impending third-party cookie's demise and rising consumer expectations around the value exchange. Per [McKinsey](#), 71% of consumers expect personalized interactions from companies they share data with. Even more (76%) are frustrated when companies fall short in this respect.

If first-party data is gold, both marketers and publishers are rushing to collect it as loyalty is available for the taking. Both groups are capturing customer data in a variety of places, with survey / panel data as the leading source, followed by authentication, offline events (e.g., point of sale) and CRM.

Customer Data Comes From a Range of Sources



Source: Lotame, Beyond the Cookie 3 research, 2022

The State of Customer Data Platforms (CDPs)

Seizing on the fervor to collect first-party data, customer data platforms (CDPs) have grown in popularity over recent years. Whether building in-house or buying, more than 2 in 5 (44%) marketers and publishers currently use a CDP as part of their marketing stack. An equal amount (45%) plan to build or buy the capabilities in a year or more. Personalization tops the reasons for using a CDP among current adopters.

Marketers are more likely to use a CDP for customer experience while publishers favor data consolidation.

Use Cases for a CDP Among Marketers and Publishers

44%

Customer experience: personalization using customer data

40%

Customer acquisition: identifying prospects via modeling and segmentation

42%

Data consolidation: unifying customer data

36%

Data science: extracting insights from customer data

Source: Lotame, Beyond the Cookie 3 research, 2022

As an “unsettled market” per [Gartner](#), CDPs will no doubt improve with customer use and feedback. To date, our research found 61% of marketers and publishers are very satisfied with their investment in a CDP while the remaining two in five see room for improvement. As the IAB explains, the prioritization of capturing known first-party data at the exclusion of unknown (not logged-in) first-party audiences is not only a “missed opportunity” but leaves “potentially rich data on the table.”

“ While many in the industry have prioritized capturing first-party data across known (logged-in) users, companies need to pay equal attention to unknown (not logged-in) audiences in order to achieve scale.”

– IAB State of Data

Do the (Tech) Shuffle

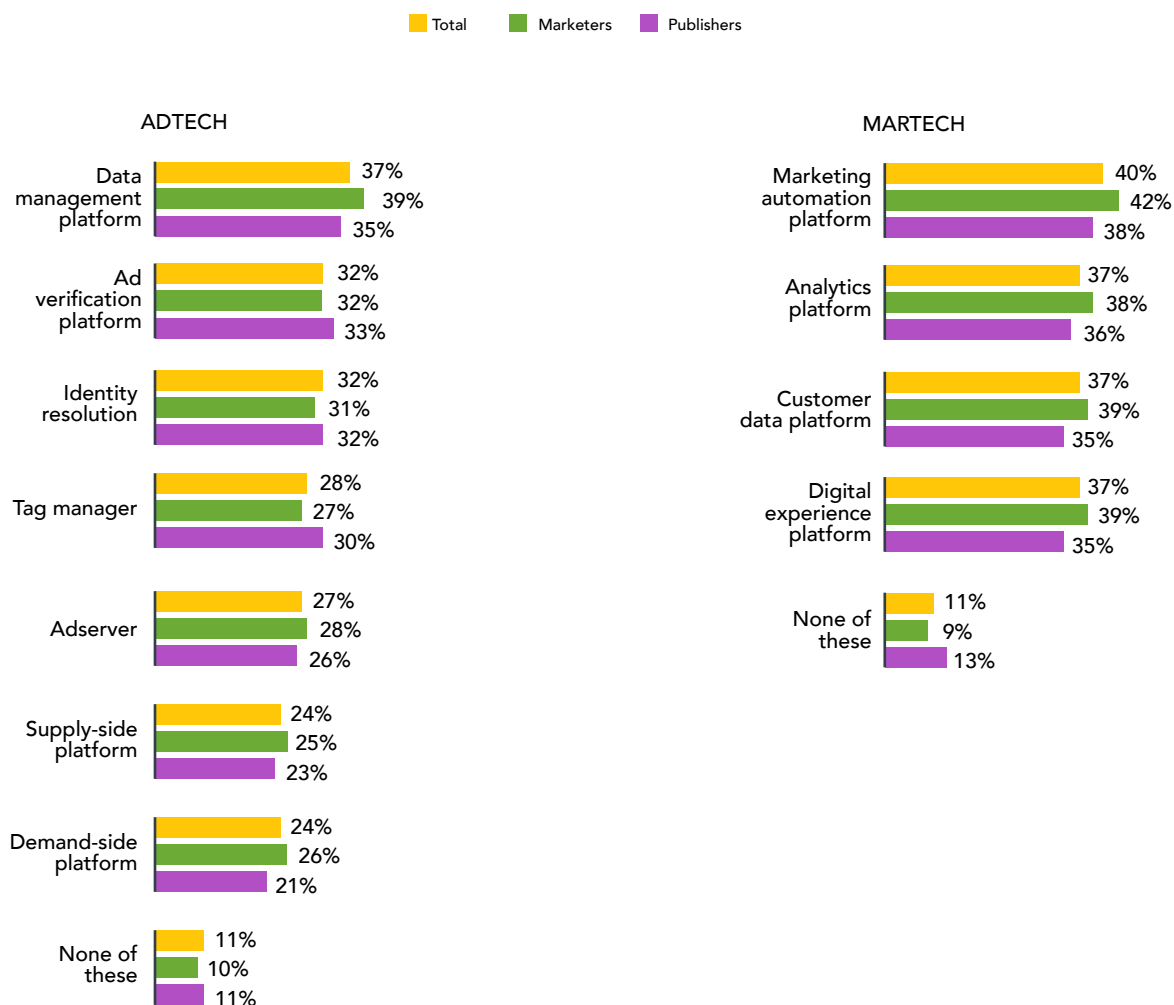
Marketers and publishers don't have endless resources — human and monetary — to invest in new technology. So what gives, in terms of the makeup of their tech stacks moving into the future?

Across the adtech and martech tech stacks,, there is most interest in data management and marketing automation. Despite numerous prognosticators declaring the data management platform dead, a portion of marketers and publishers are keen to adopt the technology. As [Digiday](#) points out, “The decline of Salesforce, Adobe and Oracle’s prototypical data management solutions” highlights the need for the “traditional” DMP to evolve beyond just data management to enrichment.

“ When people say the ‘DMP is dead’ that’s not that coming through discussions we’re having with clients who plan to continue to work with those technologies as they try to reconcile tracking and privacy,” said Miles Pritchard, managing partner of data management solutions at OMD EMEA. “What marketers are ultimately looking for with these technologies hasn’t changed.”

– Digiday “What is the fate of DMPs in a post-cookie world.”

Adopting New Technologies in the Next Six Months to a Year

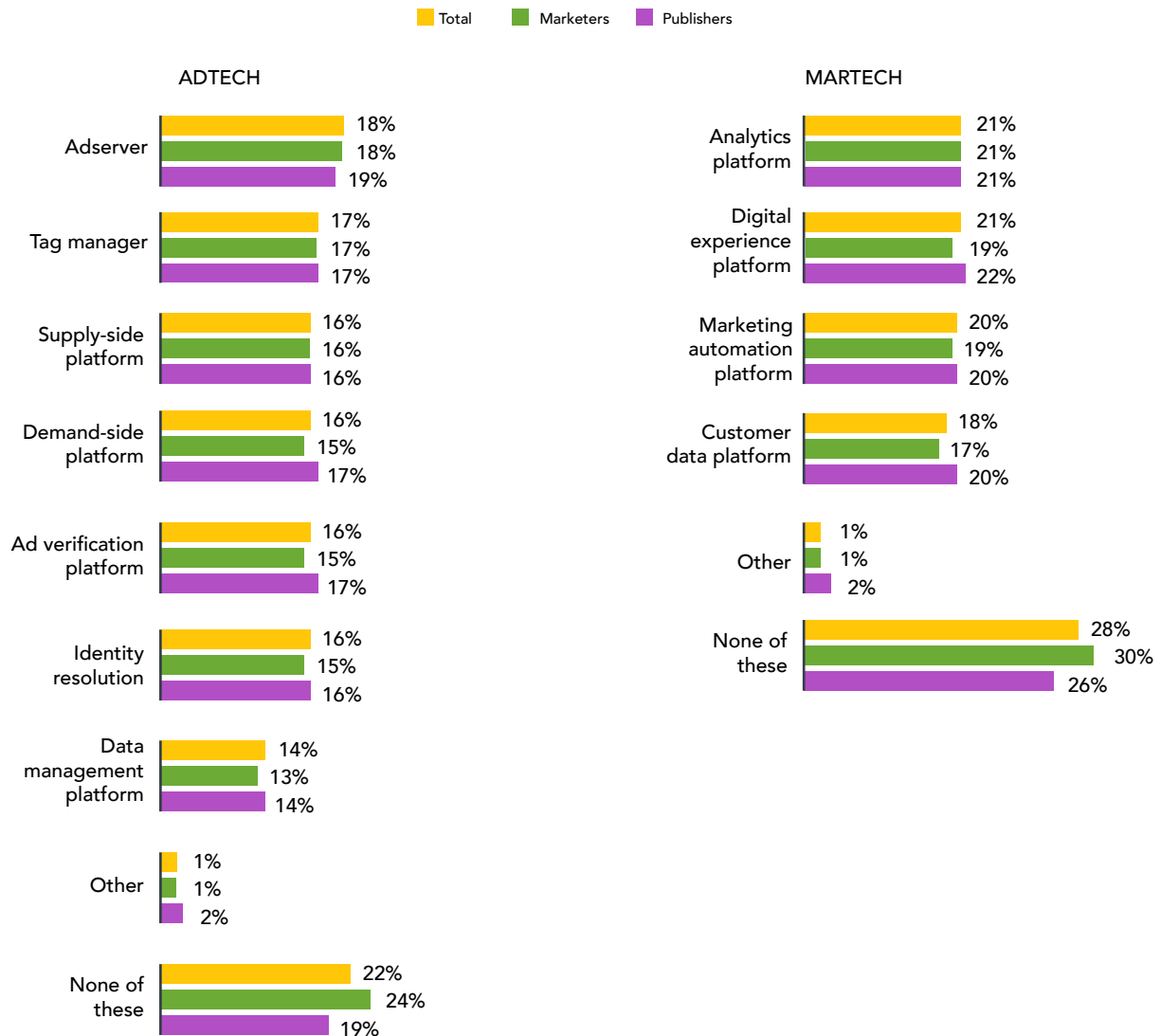


Source: Lotame, Beyond the Cookie 3 research, 2022

The data management platform tops the list of adtech technologies marketers and publishers plan to adopt.

Similarly, data management platforms and CDPs are the least likely adtech and martech technologies that marketers and publishers plan to retire. Martech platforms may suffer more budgetary cuts than adtech as both groups seek cost efficiencies ahead of rumors of a global recession.

Retiring Technologies in the Next Six Months to a Year



Source: Lotame, Beyond the Cookie 3 research, 2022

Clean Rooms: In or Out?

Clean room hype is out, confusion is in, per [Digiday](#). The new technology may be working out the kinks but we found marketers and publishers have similar views on the use cases of clean rooms, with better customer experience topping the list.

How Marketers and Publishers Are Using Clean Rooms Today

- 1 Better customer experience
- 2 Privacy-safe data marketplace for insights or targetable audiences 1 to many
- 3 Allow two different companies to use data collaboration for insights/customer intelligence
- 4 Allow two different companies to discover targetable audiences
- 5 Measurement and attribution with walled gardens

Source: Lotame, Beyond the Cookie 3 research, 2022

Publishers (48%) are more likely to be using clean rooms currently compared to marketers (37%) who have mixed feelings. Both identify a range of challenges for clean rooms to overcome.

Clean Room Obstacles to Overcome Among Current Users

Clean Room Challenges	Marketers	Publishers
Privacy	49%	45%
Budget	41%	37%
Staleness of emails	31%	34%
Scale of authenticated / declared IDs	31%	31%
Lack of partner overlap	25%	28%
Unproven technology	21%	23%
No challenges	2%	2%

Source: Lotame, Beyond the Cookie 3 research, 2022

While “Privacy” was the top challenge for both groups currently using clean rooms, “Budget” is a main barrier for marketers (58%) who don’t plan to use the tech.

Won’t Use Clean Rooms for These Reasons

Clean Room Challenges	Marketers	Publishers
Budget	58%	35%
Privacy	19%	29%
Unproven Technology	18%	21%
Staleness of emails	8%	6%
Other	7%	14%
Scale of authenticated/declared IDs	5%	7%
Lack of partner overlap	5%	8%

Source: Lotame, Beyond the Cookie 3 research, 2022



Key Results Part 3

ADVERTISING INVESTMENT TODAY AND TOMORROW

Is a recession inevitable, imminent, unavoidable? [The World Central Bank](#) recognizes the precariousness of the present circumstances based on historical analysis but policymakers could avert recession in 2023 through a variety of measures. Regardless of the outcome, marketers have been hinting at a tightening of belts. As [Digiday](#) points out, “[budget] flexibility is going to be key to how much advertising contracts.” Marketers may very well be in a “wait and see” period similar to the beginning of the pandemic in 2020 but wait too long and the competition can swoop up market share and customers.

Global ad spend is expected to rise 8.3% in 2022, but slow to 2.6% in 2023, per [Warc research](#).

Budgeting Headaches Continue

Google’s hemming and hawing around third-party cookie deprecation will work in its favor. More than a third (37%) of marketers plan to invest more in walled gardens in the next year. That figure is up from 18% in February 2021 when only 18% said they’d invest more in walled gardens. But marketers are less than thrilled about their choices it seems.

How Walled Gardens Fit Into Marketer Acquisition and Retention Strategies

37%

Plan to invest more in walled gardens once third-party cookies go away

31%

Constrained to using walled gardens for acquisition

36%

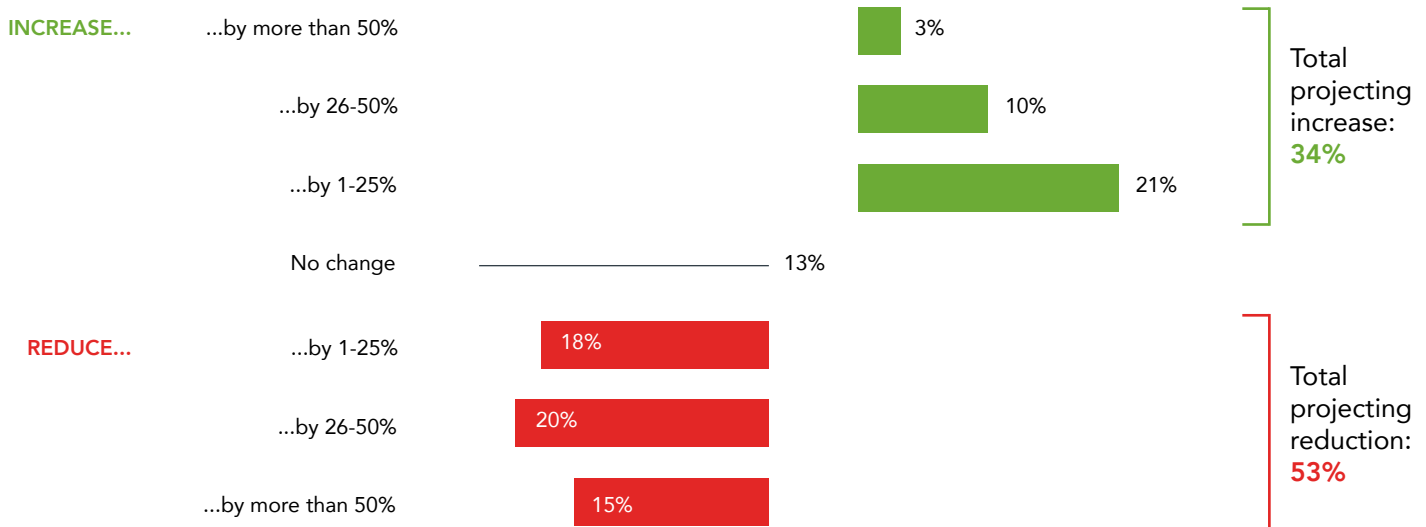
Concerned about business growth if business is unable to target outside walled gardens

Source: Lotame, Beyond the Cookie 3 research, 2022

Google and other walled gardens win while publishers lose? Early signs indicate yes and yes. Marketers are more likely to predict a reduction in programmatic spend a year from now, while a little over a third (34%) project an increase.

Marketer Projections for Programmatic Spend in a Year

Projections for programmatic spend a year from now



Source: Lotame, Beyond the Cookie 3 research, 2022

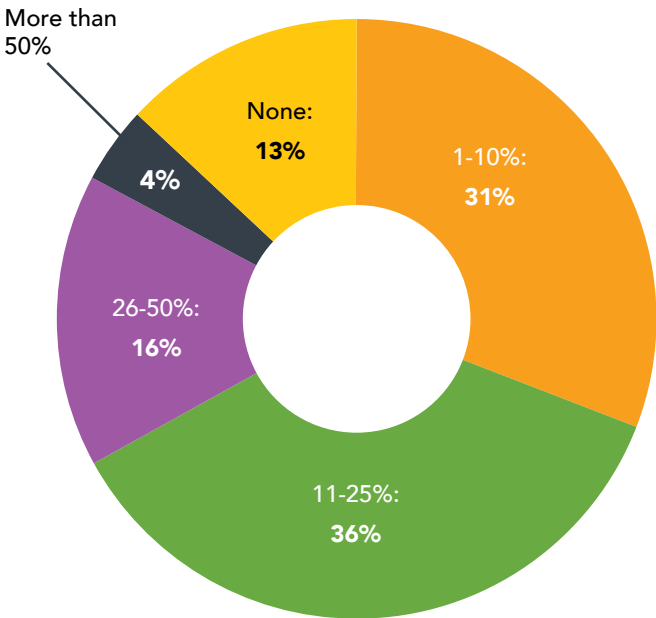
A Bright Spot: CTV

One of the fastest growing channels in digital, CTV, shows no signs of slowing down. eMarketer's [estimates](#) for the channel have consistently been exceeded, with the pandemic offering more inventory than ever and a strong boost in viewership. Globally CTV ad spend is projected to top \$20 billion in 2022, tacking on another 23% increase over the prior year's 28% jump. [Double-digit growth](#) will continue through 2026.

Marketers are following the eyeballs. Today, a majority of marketers spend up to 25% of their ad budgets on CTV. When asked what would convince them to invest more in the channel, nearly half (47%) chose higher quality targeting data.

Majority of marketers spend up to 25% on CTV. Higher quality targeting data would entice them to spend more.

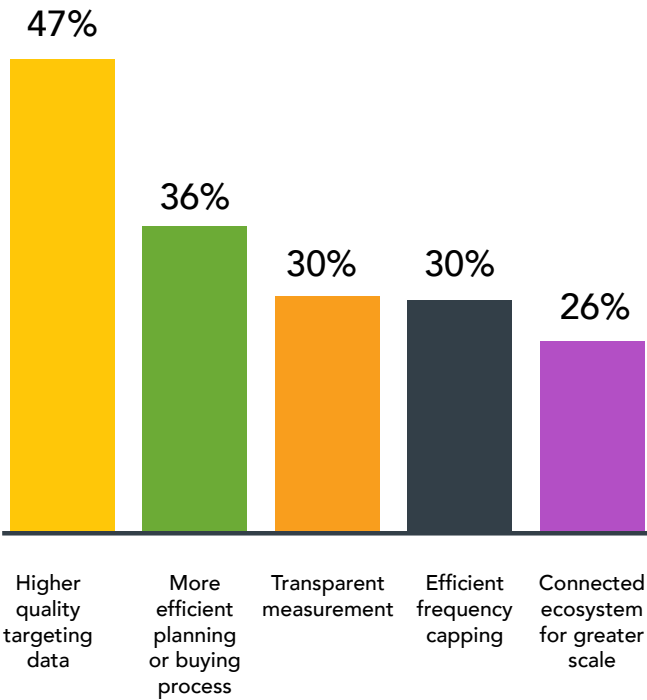
Marketer Investment in CTV Today



Source: Lotame, Beyond the Cookie 3 research, 2022

Majority of marketers spend up to 25% on CTV today.

For More CTV \$, Marketers Want



Source: Lotame, Beyond the Cookie 3 research, 2022

CONCLUSION

Life beyond the cookie is in sharper focus today than when we launched our first research study. And yet, the industry continues to grow and pivot to meet a nonstop cycle of changes and challenges. Over the course of “Beyond the Cookie,” the industry made it loud and clear that identity solutions will play a leading role in customer acquisition and content monetization. A mix of solutions is proving to be the favored approach with predictive identifiers like Lotame Panorama ID™ seeing marked increases in use and testing over others. Alongside the focus on identity, customer data has long been ready for its spotlight, and CDPs seized on that opportunity to collect known customers. First-party data is king but its limitations are real for customer acquisition. Hence the rise in interest in adopting data management technology for enrichment and collection of unknown data. These technologies work together well in accomplishing marketer’s full funnel goals for customer acquisition and retention. Despite murmurings of programmatic spend pullback, digital advertising’s flexibility and resilience will no doubt keep things interesting — and unpredictable — next year and years to come.

KEY TAKEAWAYS

1. Both marketers and publishers feel a greater sense of urgency to test and select identity solutions than they did a year ago.
2. Six in seven industry leaders believe Google will retire third-party cookies eventually.
3. Use / testing of probabilistic identity solutions grew 50% YOY.
4. A third of marketers see limits in scale with email authentication or do not see it as a key prospecting tool.
5. Marketers are more likely to use a CDP for customer experience while publishers favor data consolidation or unifying customer data.
6. In the “unsettled CDP market,” two-fifths of marketers and publishers see room for improvement with their investment, while most are happy thus far.
7. The data management platform tops the list of adtech technologies marketers and publishers plan to adopt as the inherent value of enrichment remains core to data strategies for customer acquisition and retention.
8. Publishers are more likely to use clean rooms than marketers, but both cite privacy as a top concern.
9. More than a third of marketers plan to invest more in walled gardens but they are concerned about business growth from acquisition and prospecting activities.
10. Majority of marketers spend up to 25% on CTV. Higher quality targeting data would entice them to spend more.

ABOUT LOTAME

Lotame delivers flexible data solutions to future proof connectivity and drive performance across all screens. Marketers, publishers and platforms rely on our innovative and interoperable solutions, powered by our identity platform, to onboard, enrich and address audiences. Lotame is headquartered in the United States and serves global clients in North America, Latin America, Europe, Middle East, Africa and Asia Pacific.

Learn more. Visit lotame.com to get started.

Accelerate Your Customer Data

Spherical, powered by Lotame, can quickly drive the most value from your investment in customer data for personalization and prospecting in a cookieless world.

- Build Customer Intelligence
- Scale Customer Acquisition
- Activate Personalized Advertising

Request a demo of Spherical's composable and interoperable solutions at hellospherical.com.

Win in a Cookieless Future Today

See for yourself how *Technical Innovation of the Year* winner Lotame Panorama ID™ is driving measurable results for marketers and publishers around the world. Integrated with Amazon Publisher Services Connections Marketplace (APS CxM) and Google Ad Manager (GAM) Secure Signals (f.k.a. Google ESP), it couldn't be easier or more beneficial to seize a cookieless future right now.

- Lower Advertising Costs and Increase Efficiency
- Expand Reach and Improve Engagement
- Grow CPMs and Yield Across Cookie-Restricted Inventory

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