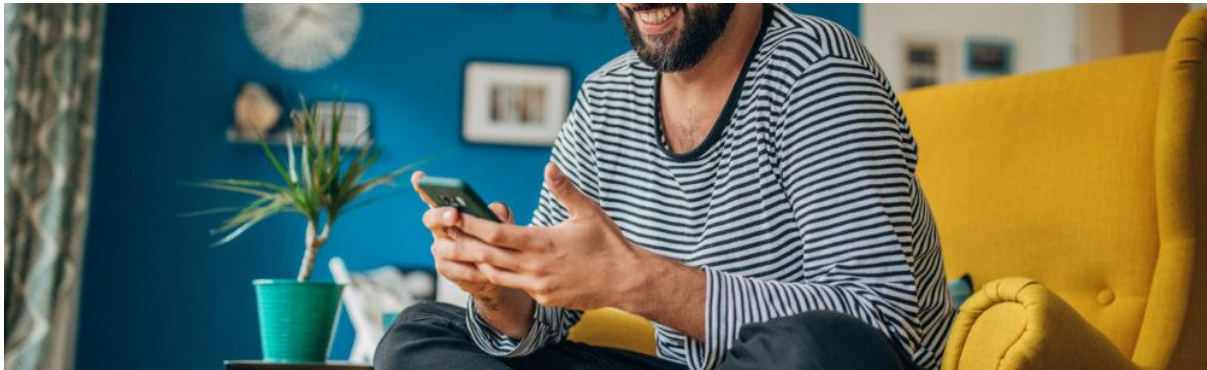


IAB State of Data Initiative 2021



Assessing Digital Advertising's Preparedness for the Loss of Third-Party Cookies and Identifiers

In two parallel studies as part of IAB Programmatic+Data Centre's State of Data initiative, it was revealed that the industry's perceived sense of readiness around the loss of third-party cookies and identifiers does not align with its concerns for future ad tracking, targeting, retargeting, or data investment. Investment in first-party data is publishers' best hope to head off \$10B in lost revenue and advertisers' best hope to retain addressability.

The **IAB Programmatic+Data Center** commissioned Ipsos to conduct this **quantitative study**, entitled "Assessing Perceived vs. Actual Preparedness for the Post Third-Party Cookie and Identifier Tracking Ecosystem." This survey of more than 200 data decision-makers within brands, publishers, ad tech, agencies, and data companies reveals:

- 67% of data leaders report that their organizations are prepared for the impending loss of third-party cookies and identifiers.
- Yet, a staggering percentage of the industry shares concerns regarding future limitations for targeting (45%) as well as for ad campaign measurement (41%)—both tasks essential to conducting business-as-usual. This flies against their sense of readiness. All companies need to understand that they will need to make significant adjustments to their approaches to measurement and attribution.
- Additionally, the industry continues to spend heavily on third-party audience data (growing 3.3% to \$12.3B in 2020) further indicating a lack of understanding of the changes to come. Even among those who do understand that the third-party data they continue to invest in will be lost, finding alternatives is an imposing challenge due to years of dependency on that data.

"Sound the alarm bell. Brace for impact. IAB State of Data reveals that the majority of the digital media ecosystem believes they're ready for what's next. Many are wrong, with no solutions to the most pressing challenges their businesses will face when third-party identifiers go away."

- **Orchid Richardson, Senior Vice President, Programmatic+Data Center, IAB**

Download: Assessing Perceived vs Actual Preparedness for the Post-Third-Party Cookie and Identifier Tracking Ecosystem

Another part of the IAB State of Data initiative, **McKinsey conducted a qualitative study** that interviewed nearly 30 key data leaders from brands, publishers, agencies, and ad tech and data companies to better understand how companies will adapt and address the impending loss of third-party cookies and identifiers.

“The Demise of Third-Party Cookies and Identifiers: What it Means for Digital Advertising in the US,” found that:

- Publishers will have to replace up to \$10 billion in ad revenue with a combination of first-party data—gathered through a combination of paywalls and required registrations—and updated contextual targeting and probabilistic audience modelling.
- Advertisers will need to build new data strategies that rely on first-party data or cooperate with walled gardens.
- The end of third-party cookies and identifiers will test the capabilities and preparation of advertisers, publishers, and data platform companies. By focusing on offering value to consumers and audiences, as well as testing and learning to discover the most effective ways to continue reaching audiences, the nimblest publishers and advertisers and the largest data platform companies can thrive.

McKinsey would like to thank the Interactive Advertising Bureau (IAB), for initiating this study as part of the IAB State of Data initiative for 2021. As with all McKinsey research, this work is independent, reflects our own views, and has not been influenced by any business, government, or other institution.

“When viewed together, the insights from these two reports point to one very clear next step: First-party data is the answer. If you don’t have it, get it, and if you can’t collect it yourself or have enough collected to thrive, then partner up.”

- **Orchid Richardson, Senior Vice President, Programmatic+Data Center, IAB**

Download: The Demise of Third-Party Cookies and Identifiers: What it Means for Digital Advertising in the US