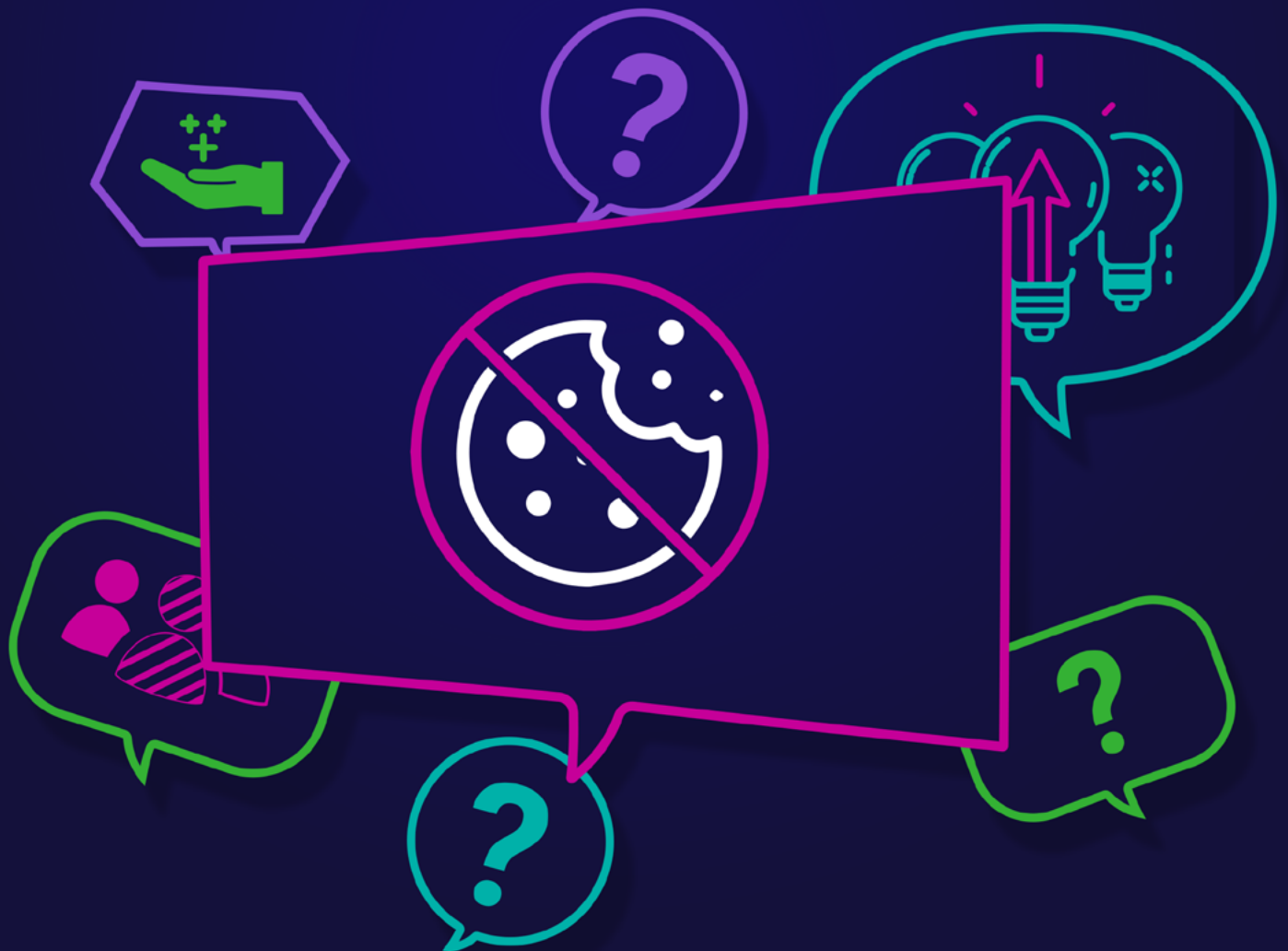**DV** | **PUBLISHER** SUITE

Post-cookie Questions:

What Publishers and Advertisers Are Thinking About the New Digital Advertising Era

THE WORLD OF ONLINE ADVERTISING IS APPROACHING A VITAL TURNING POINT

Behavioral targeting supported by third-party cookies is slowly losing the dominance that it once held over the ecosystem. Technology platforms, regulators and users have come to understand (sometimes begrudgingly) that a privacy-conscious future is not only inevitable, but also necessary, to promote trust in the ecosystem. Despite this, a recent survey conducted by IAB Europe cited that 40 percent of respondents felt their company wasn't prepared for cookie deprecation.

While the full implications of this substantial shift—and what solutions will arise to replace third-party cookies—are yet to be fully understood, advertisers and publishers have much to consider. Advertisers are tasked with replicating the scale and efficiency that third-party cookies enable. Publishers are looking for ways to leverage their first-party data, and work with buyers as industry targeting and measurement strategies inevitably change. Digital advertising relies on a foundation of trust and transparency between buyers and sellers. That makes it crucial for publishers and advertisers to come together and actively shape how the industry evolves.

From its unique vantage point and client base, DoubleVerify (DV) has been working closely with brands, agencies and publishers to understand and adapt to challenges that arise from privacy regulation, cookie deprecation, targeting and measurement in the years to come.

This report is based on a survey of 300 publishers and 300 advertisers from across the globe. The findings highlight the challenges and opportunities that face each of them moving forward.* As the entire industry waits to see what the next era of digital advertising will look like, DV hopes that this data can serve as a resource for teams in their long-term planning and decision making.

> **Technology platforms, regulators and users have come to understand that a privacy-conscious future is not only inevitable, but also necessary, to promote trust in the ecosystem.**
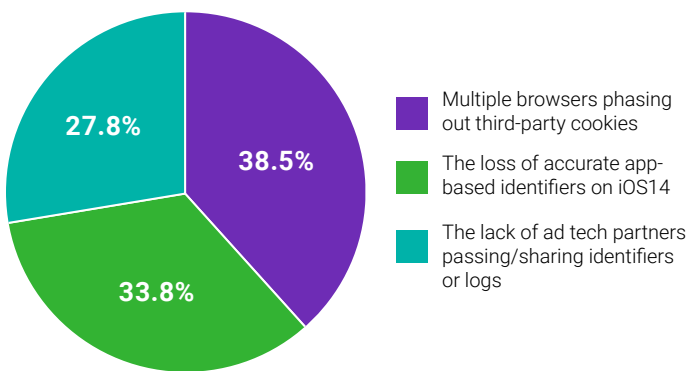
UP CLOSE:
THE IMPACT OF COOKIE DEPRECATION

There is little doubt that cookie deprecation is top of mind for most advertisers and publishers, and the implications on how media is bought, sold and valued are substantial. In fact, DV learned that 85 percent of publishers ranked cookie deprecation 3 or higher on a 5-point scale. Furthermore, nearly 40 percent of advertisers ranked the phasing out of third-party cookies as their number one concern relative to targeting and measurement. Notably, this concern ranked even higher than the loss of accurate app-based identifiers present in Apple's iOS 14 update.

ADVERTISER

Thoughts On the Impact of Recent Privacy Changes

Which of these recent privacy changes will have the greatest impact on advertising targeting and measurement?

- 27.8%
- 38.5%
- 33.8%

- Multiple browsers phasing out third-party cookies
- The loss of accurate app-based identifiers on iOS14
- The lack of ad tech partners passing/sharing identifiers or logs

As programmatic media buying proliferated, cookie-based behavioral targeting enabled advertisers to scale their campaigns, delivering ads to hyper-targeted audiences and fueling performance. With so many brands utilizing this form of targeting, the cookie-less future has the potential to transform the status quo. The advertisers in our survey agreed. They reported that the greatest concern for them is the ability to effectively target audiences, with nearly 40 percent of respondents flagging it as a critical issue.

Conversely, publishers reported that cookie deprecation will be beneficial for their bottom line. Nearly two thirds (64 percent) of publishers believe that their revenue will increase due to the change, with another 27 percent saying that their revenue won't be affected. While confidence is high, publishers will be tasked with overhauling data and operations to adapt to new targeting strategies and recognize the coming revenue opportunities.

ADVERTISER

Level of Concern: Cookie Deprecation

How concerned are you about the impact of cookie deprecation and other privacy-related changes on your overall business?

1 being no concern and 5 being very concerning

- 1: 3.3%
- 2: 11.7%
- 3: 36.2%
- 4: 23.8%
- 5: 25.1%
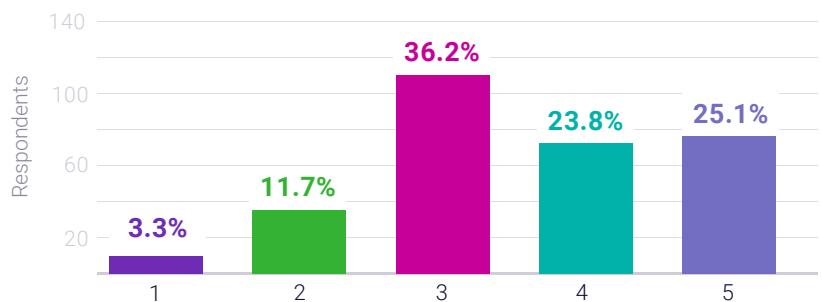
PRIVATE MARKETPLACES AND PROGRAMMATIC
GUARANTEED GAIN FAVOR

While sentiment is mixed on prospects heading into a world without third-party cookies, there is some interesting alignment between buyers and sellers on what they think will be successful in a new era. Nearly 45 percent of advertisers believe that private marketplaces (PMP) and programmatic guaranteed (PG) offerings hold the most promise in replacing cookie-dependent solutions. Publishers agree, with over 45 percent of respondents highlighting the increased potential for successful PMP and PG deals.
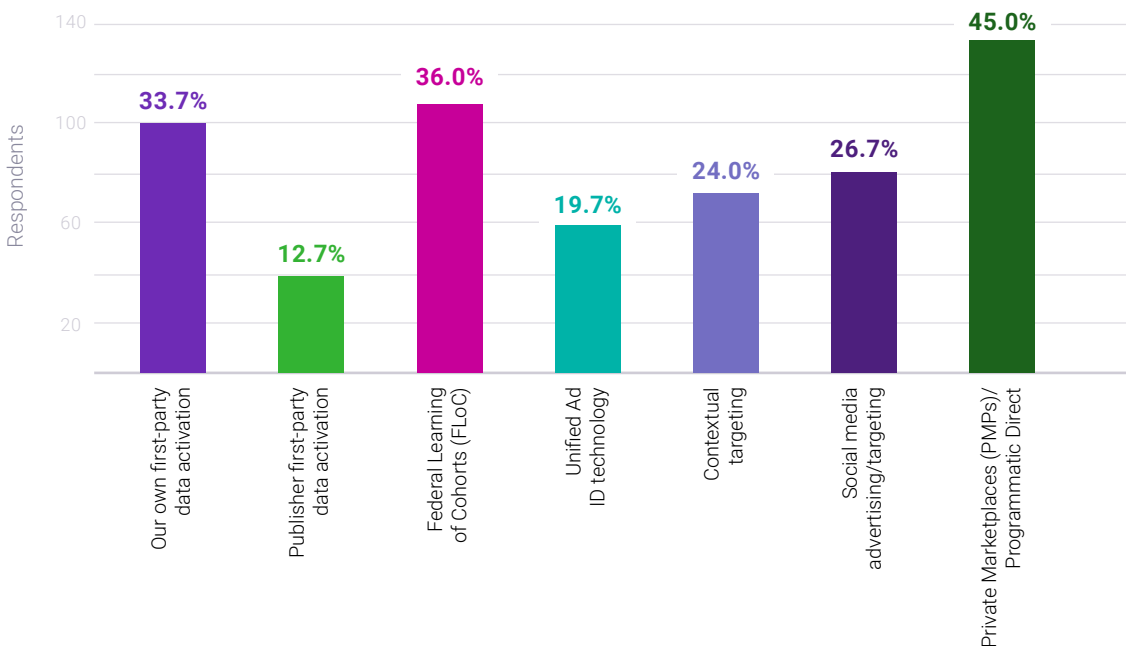
Deals like PMPs and PGs require buyers and sellers to work together more closely to deliver well-targeted and highly performant digital ads. These forms of programmatic deals have historically been a strong revenue stream for publishers; the prospect of additional media dollars flowing to these types of deals is likely driving publisher optimism around cookie deprecation. An overwhelming 88 percent of surveyed publishers believe that direct relationships will become more important once cookies are sunset.

ADVERTISER

Cookie-Replacement Possibilities With the Most Promise

Which solutions does your organization believe holds the greatest promise in replacing cookie-dependent solutions?

Choose up to 3

Bar chart — Respondents (y-axis):
- Our own first-party data activation: 33.7%
- Publisher first-party data activation: 12.7%
- Federal Learning of Cohorts (FLoC): 36.0%
- Unified Ad ID technology: 19.7%
- Contextual targeting: 24.0%
- Social media advertising/targeting: 26.7%
- Private Marketplaces (PMPs)/Programmatic Direct: 45.0%

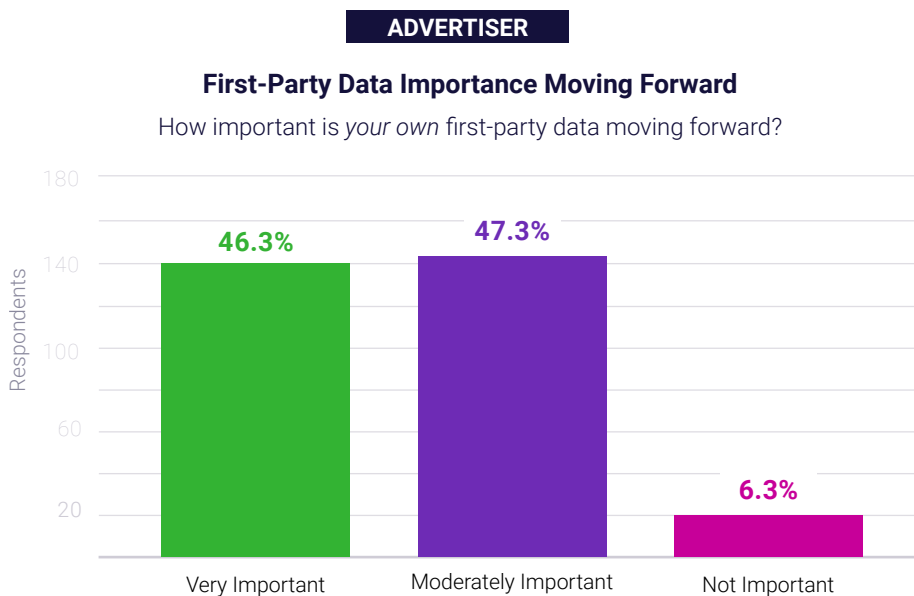# TRUST IN FIRST-PARTY DATA
TAKES CENTER STAGE

First-party data will be central to success in a post-cookie world. Questions surrounding how to leverage first-party data at scale have given the industry another dose of uncertainty. In fact, the survey uncovered a lack of trust between advertisers and publishers relative to their respective first-party data.

Advertisers Prefer to Utilize Their Own First-Party Data

While advertisers rank their own first-party data as the third-most promising replacement for third-party cookies (34 percent), they were most skeptical about publishers' first-party data, with less than 13 percent of respondents citing it as a promising replacement for cookies. Interestingly, advertiser interest in first-party publisher data is still sky high, with 76 percent of them claiming they will only directly partner with publishers who offer it.

76%

of advertisers claim they will only directly partner with publishers who offer first-party data offerings

ADVERTISER

First-Party Data Importance Moving Forward

How important is *your own* first-party data moving forward?

Respondents

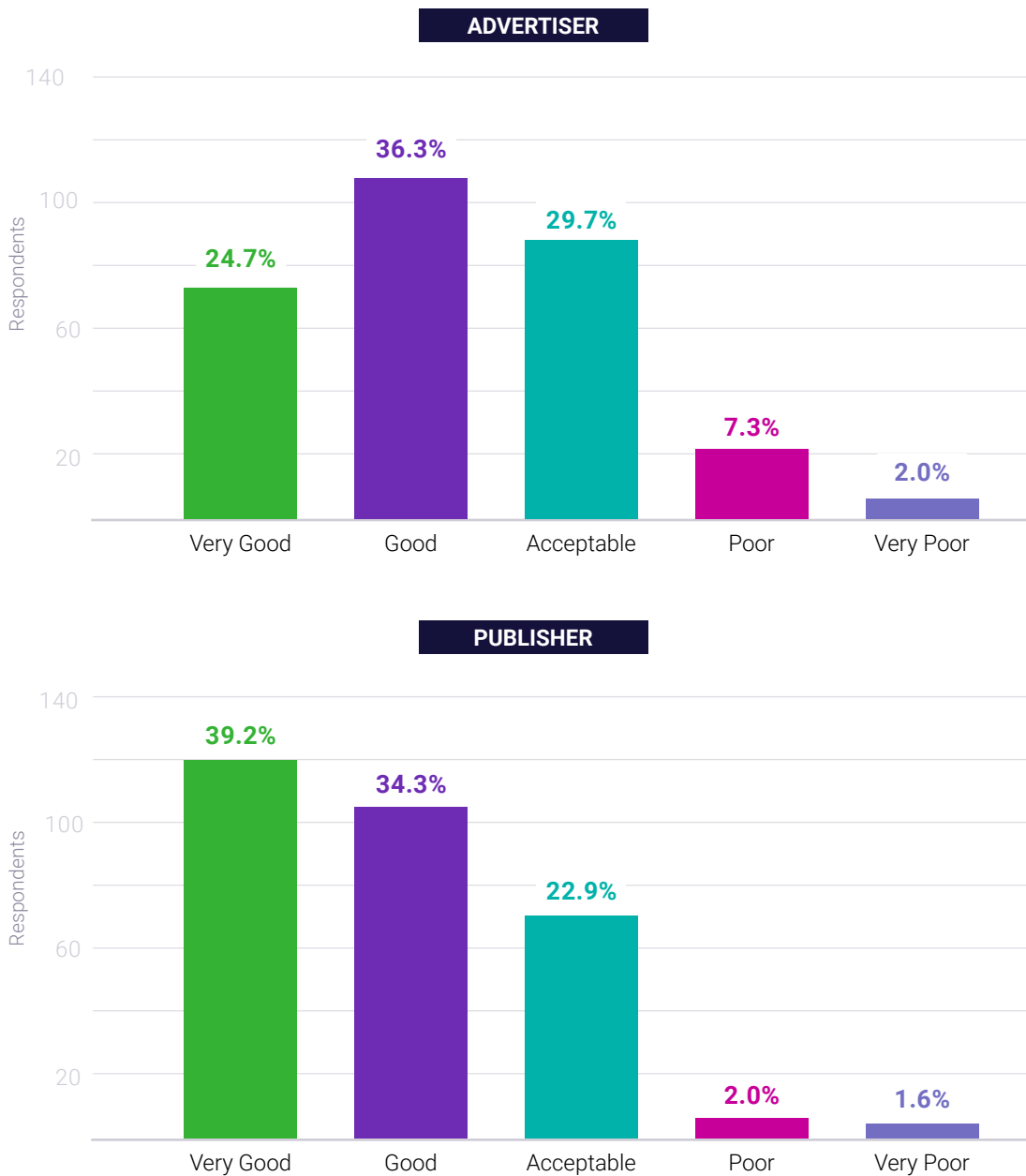|	
46.3%	Very Important
47.3%	Moderately Important
6.3%	Not Important

Advertisers certainly plan on utilizing their own first-party data, with 94 percent of respondents considering it either moderately or very important. They are very confident in their ability to gather and maintain accurate data, with only 9 percent of advertisers saying that their organization's data collection and management is either poor or very poor.

DV

The First-Party Data Advantages for Publishers

Publishers are more optimistic overall than advertisers when it comes to their own first-party data. Forty percent of publishers consider their own first-party data to be the most promising cookie replacement. Many premium publishers have been collecting first-party data for years through user subscriptions and other strategies, giving them the early data advantage as both sides of the industry take steps to limit reliance on third-party tracking.

Data Quality Differences Between Advertisers and Publishers

Rate the quality of your own organization's first-party data collection and management

ADVERTISER

Very Good	Good	Acceptable	Poor	Very Poor
24.7%	36.3%	29.7%	7.3%	2.0%

PUBLISHER

Very Good	Good	Acceptable	Poor	Very Poor
39.2%	34.3%	22.9%	2.0%	1.6%

Similar to buyers, publishers are skeptical of advertiser first-party data. Just 18 percent of publishers cited advertiser first-party data in their top-3 replacements for cookie dependence. Publishers also feel that they are successfully positioned for the future. Only 4 percent of respondents cited experiencing poor or very poor first-party data collection and management.

Despite the misalignment surrounding first-party data activation, both buyers and sellers believe in the promise of first-party data and the opportunities it may bring. The trend may expand based on new publisher practices. More than four out of every five surveyed (82 percent) are investing in subscriptions and other strategies to capture more actionable first-party data.

## The Need for Objective Measurement to Build Trust

Advertisers are seeing first-party publisher data more than ever, with 64 percent of those involved in RFP processes saying that there is increased use of first-party data capabilities in publisher pitches. With advertisers more interested in solutions that do not rely on third-party cookies, publishers have the opportunity to be proactive with offerings that package their first-party data.

Advertisers want to place their ad spend with those that can empirically measure and demonstrate the actionability and quality of their data. This fact extends beyond first-party data to other forms of inventory quality data. By leveraging the same trusted verification data used by advertisers, publishers can prove that their inventory is fraud-free, viewable and brand suitable. From pitch decks to campaign wrap-ups, a foundation built on trusted quality and contextual data can be paired with first-party data as a privacy friendly way to fill the role previously filled by third-party cookies.

ADVERTISER

Publisher Use of First-Party Data in Sales Pitches According to Advertisers

True of False: More publishers are including their first-party data capabilities and programs in their pitch request responses

- True
- False
- I am not directly involved with the RFP process

15.3%
20.7%
64.0%
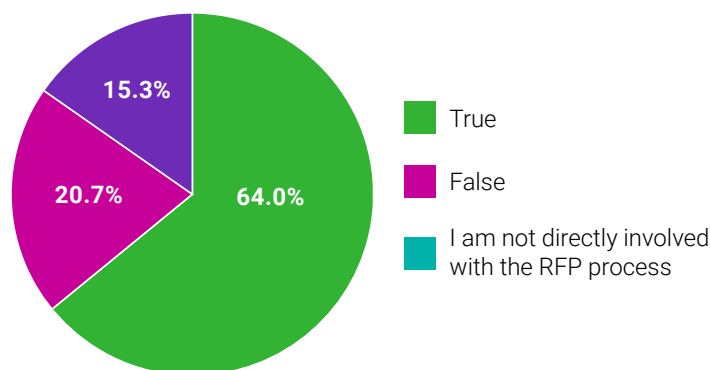
CONTEXTUAL TARGETING:
WHAT'S OLD IS NEW AGAIN

One targeting solution that has recently regained prominence is contextual targeting. By analyzing the content of a page and delivering relevant ads based on that data, advertisers are able to reach highly-relevant audiences in a privacy-safe way.

In DV's survey, both advertisers and publishers indicated a willingness to revisit the well-understood targeting approach due to cookie deprecation. In fact, 95 percent of advertisers surveyed are planning on using contextual targeting in 2022 for either some or most of their ad buys. The feeling is echoed by publishers, with over 90 percent saying that contextual targeting capabilities will be either moderately or very important in 2022. In addition, 89 percent of publishers ranked the value of granular contextual data as a 3 or more on a 5-point scale.

90%
of advertisers are planning on using contextual targeting in 2022 for either some or most of their ad buys

ADVERTISER
### Contextual Adoption Plans for Advertisers In 2022

How much are you planning on relying on contextual targeting in your media strategy in 2022? Contextual targeting will be part of:

Most of our buys	48.7%
Some of our buys	46.3%
None of our buys	5.0%

Respondents
20   60   100   160
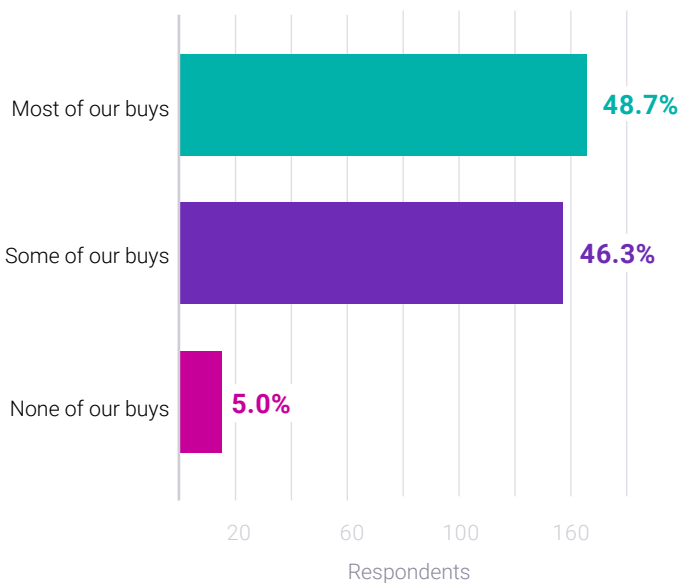
PUBLISHER
Publisher Importance of Contextual Targeting in 2022

How important will your contextual targeting capabilities be for your business in 2022?

- Very Important — 60.5%
- Moderately Important — 31.4%
- Not Important — 8.2%
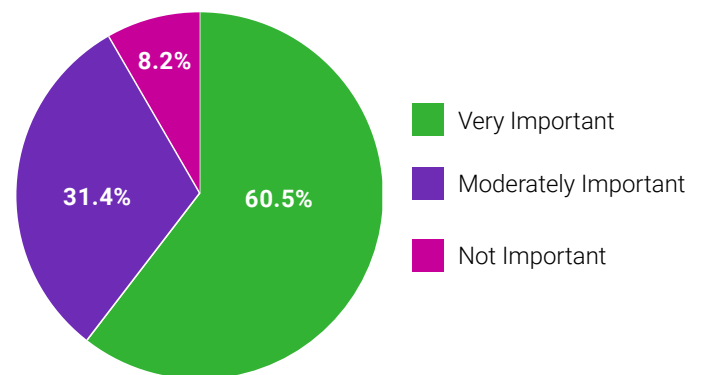
Going forward, contextual targeting will be beneficial for advertisers and publishers as a way to safely and efficiently reach engaged audiences. Last year, DoubleVerify launched its Custom Contextual solution for programmatic advertisers, which has been expanded to publishers with the launch of Custom Contextual for DV Publisher Suite this year. These solutions enable publishers and advertisers to deliver privacy-safe, cookie-free targeting that does not rely on personal information. It aligns ads with relevant content in order to maximize user engagement, create experiences and drive conversions.

PUBLISHER

Value Publishers Find in Granular Contextual Data
Please rank 1-5 the value of granular contextual data for your organization
1 being not valuable and 5 being extremely valuable
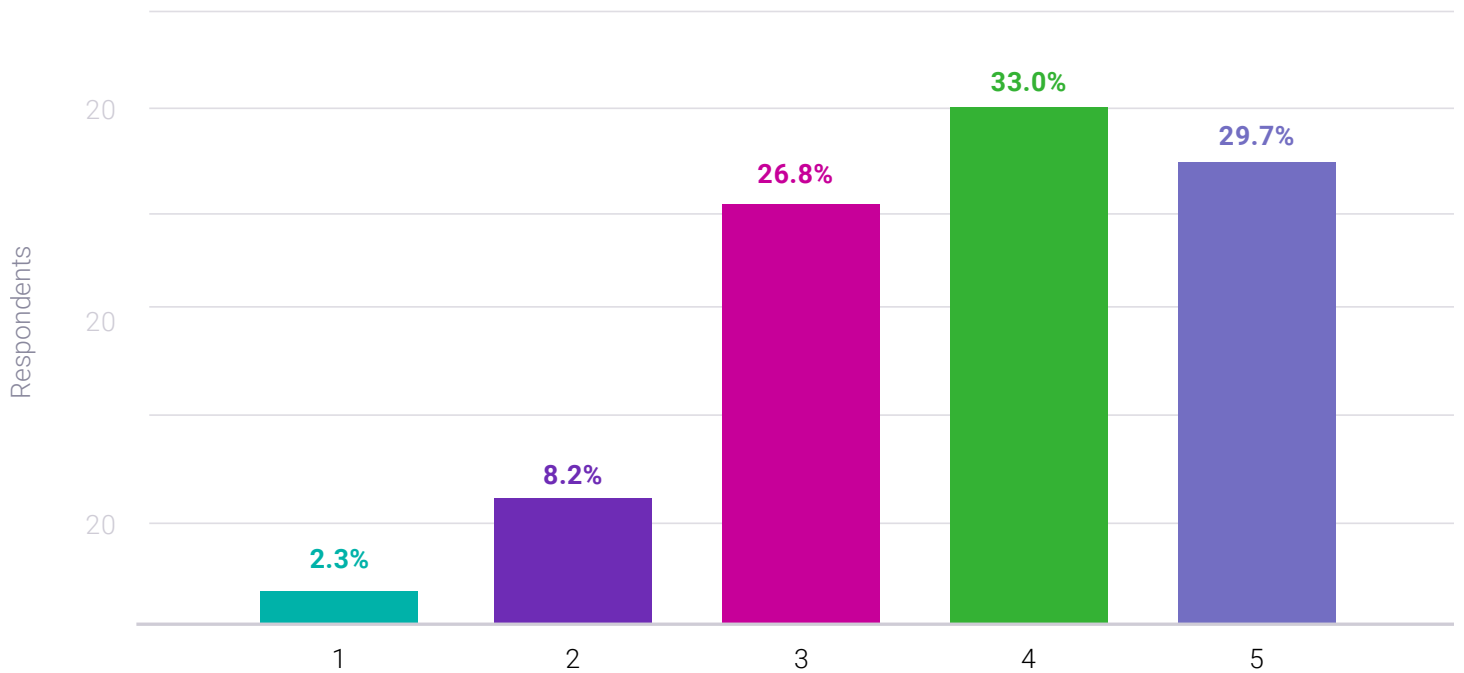
KEY TAKEAWAYS FOR PUBLISHERS

Both advertisers and publishers are expecting their **first-party data to reign supreme**
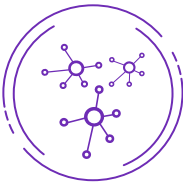
Expect more direct deals, PMPs and PGs that drive **performance without reliance on third-party cookies**

Contextual targeting is back - for advertisers and publishers alike

With increased collaboration comes the **need for transparency and trusted measurement data**

Holistic use of contextual, first-party and media quality data will be required of publishers working with a diverse set of advertisers

Note on Methodology:

* Unless otherwise cited, the data presented in this report is made up of an independent survey of over 600 individuals that work for both publishers and advertisers. For publishers, the respondents were responsible for or supportive of the generation of advertising revenue. For advertisers, the respondents were responsible for digital advertising spend.