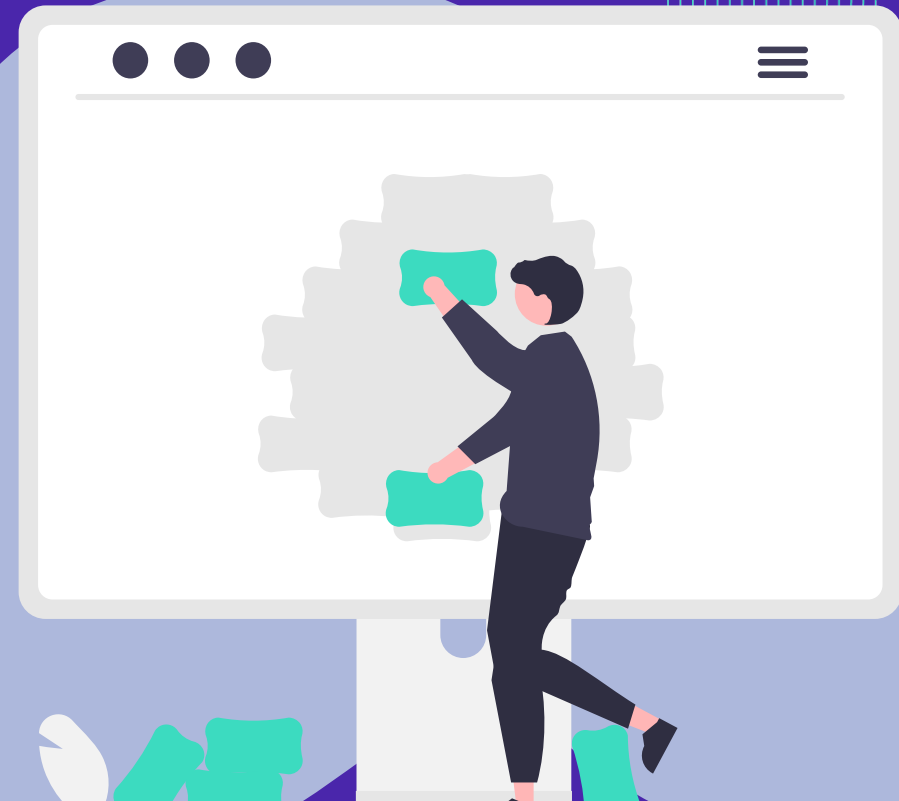# Programmatic **advertising** in a world without third party cookies

After a challenging decade for the media industry, the imminent demise of third-party cookies is yet another rupture that forces both publishers and advertisers to rethink the way they buy and sell advertising space.

Not an easy industry to navigate

It's no secret that the media industry has faced ongoing challenges over the last two decades, and in the last couple of years in particular.

The pandemic really supercharged a number of existing, ongoing trends: online audience numbers have shot up, print publishing has struggled, leading to marketing budgets being siphoned away from traditional channels, and redirected towards digital.

Indeed, eMarketer dug into it and discovered that, even though overall media ad spend nosedived in 2020, digital ad spend grew 12.7% worldwide. Analysts predict that digital ad sales will claim almost 70% worldwide media ad spend by the end of 2025.

Even setting advertising aside, the public's trust in media has also been in a nosedive, leaving publishers having to work overtime to secure their position as trusted mass communication channels through which news, entertainment, education, data, and promotional messages are disseminated.

So generating the revenue streams necessary to support the overall operation requires a solid understanding of the state of the media ad sales landscape, and how to take advantage of it.

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Programmatic today

Over the past few years, the explosive growth of programmatic has been staggering, and showing no sign of slowing down. Predictions suggest that over 90% of all digital display ad spending will be transacted programmatically in 2022, an 18.9% year-on-year increase amounting to $115 billion, with further double digit growth into 2023.

Programmatic has taken the industry by storm, promising more automation during the booking process, ease of buying and a more connected end-to-end process, allowing for accurate targeting with a high degree of relevance and context.
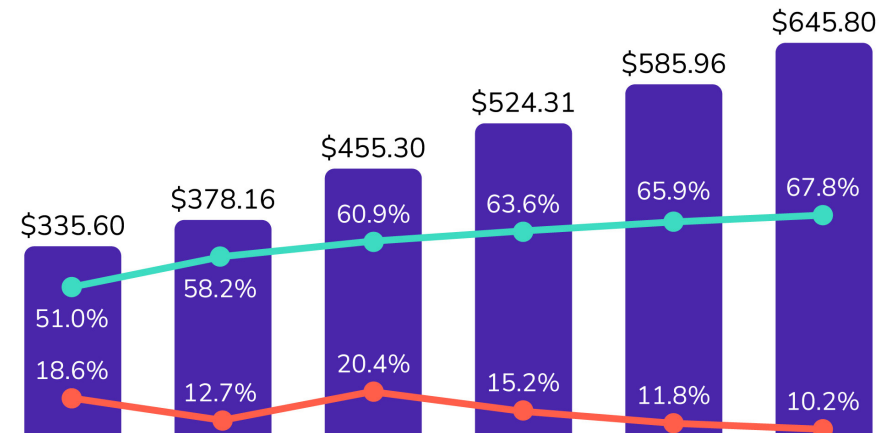
Marketers are able to identify audiences and target them with a higher level of confidence thanks to the access to accurate datasets. With the help of programmatic, advertisers gain access to valuable inventory at scale, allowing them to connect with mass audiences in premium environments.

In return, the industry has witnessed improvements in processes, technology, and DSP, SSP and publishers' strategies.

However the surge in privacy concerns has forced the advertising industry to enter a new phase of innovation. These recent changes, mainly the demise of cookies, has shifted the focus towards creating an ecosystem that still maintains access to audiences, but preserves consumer privacy.

Global Digital Ad Spend, 2019-2024

Figures in billions, % change, and % of total media ad spending*

Year value	% of total	% change
$335.60	51.0%	18.6%
$378.16	58.2%	12.7%
$455.30	60.9%	20.4%
$524.31	63.6%	15.2%
$585.96	65.9%	11.8%
$645.80	67.8%	10.2%

Source: eMarketer, March 2021

* includes advertising that appears on desktop and laptop computers as well as mobile phones, tablets, and other internet-connected devices, and includes all the various formats of advertising on those platforms; excludes SMS, MMS, and P2P messaging-based advertising

The Cookie's crumbled

Whether you are on a diet or not, the constant reminders of - and pleas to consent to - cookies are an annoyance we all became quietly resigned to in recent years.

But not for much longer. Firefox has been stating its intentions to block third-party cookies by default as long ago as February 2013, while Safari implemented full third-party cookie blocking in March 2020.

Finally, when Google Chrome announced their intentions of phasing them out by late 2023, the writing was on the wall: these three browsers between them constitute over 85% of all browser usage (Chrome 67.56%, Firefox 7.93%, Safari 9.67%*) - with third-party cookies blocked on all three, they'll be as good as gone.

The move away from third-party cookies has largely been driven by growing public concern over internet privacy, which accelerated in the wake of various debacles including the Facebook-Cambridge Analytica scandal.

Although they have been identified as a significant privacy threat since way back in 1997, as recently as 2019, 81% of surveyed Americans said they believe they have little or no control over data the government (84%) or private companies (81%) collect about them.

In the EU, one of the goals of 2018's GDPR regulation was to enhance individuals' control and rights over their personal data, while in Asia, which accounts for approximately 50% of all Internet users, privacy regulations in various countries are also picking up steam.

While all of this is good news for the average citizen, it is bittersweet news for advertisers, and media sales vendors, who have been major beneficiaries of third-party cookies for the better part of the last two decades, thanks to its ability to provide deep consumer insights with high targeting and accuracy.

So, with the online advertising space being built on the foundations of third-party cookies, different strategies are now required, raising the questions of what is going to replace it, and how programmatic will play in this new landscape?

Stats accurate as of September 2021
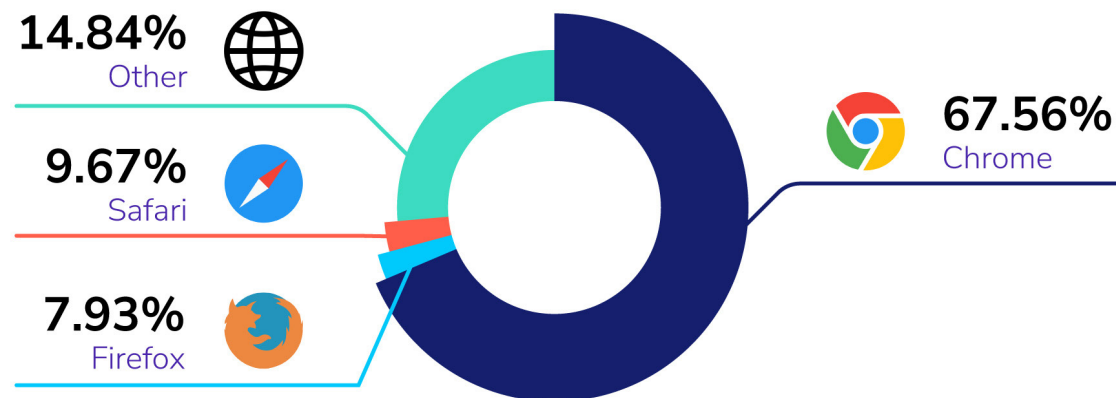
14.84%
Other

9.67%
Safari

7.93%
Firefox

67.56%
Chrome

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The Future of Programmatic:
First, Second and Zero Party Data

The demise of cookies has forced publishers to re-assess the quality of data they're getting and transition away from big data towards deep data - size matters but what you do with it matters more.

According to a 2021 IAB Europe report, most decision makers have cited better use of data as the main accelerator for programmatic investments in 2021. Ahead of the cookie-free future, advertisers now need to get information about the people they are advertising to from different sources.

First Party Data

With 90% of surveyed publishers currently using first-party data, it is safe to say that it is the reigning king, as it is all about customer interactions.

Taking control of first-party data is essential if a company wants to be able to monetize data and deepen their engagement with consumers, without violating any privacy concerns. Kantar Research found that 82% of advertisers in Europe feel that they should be using first-party data.

90% **Surveyed publishers use first-part data**
IAB, 2021

As DSPs, CDPs, DMPs, marketers and publishers are now relying on first-party data to enrich their customer knowledge, it raises the question of what their first-party audience strategy looks like?
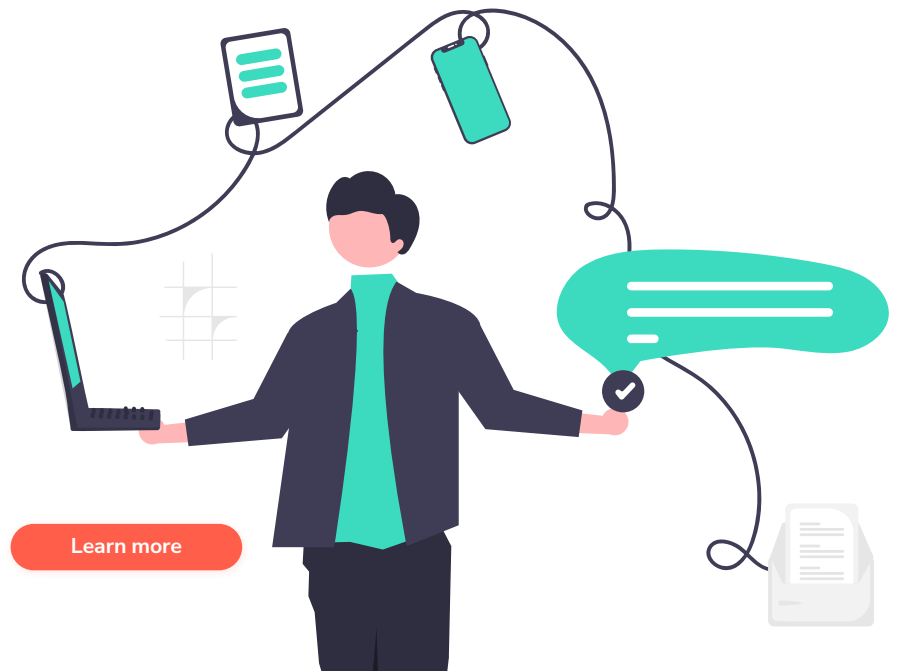
Advertisers need to look at obtaining first-party data as a value exchange that requires transparency. Customers not only want something in return for the information they are about to share, but also want to know the reasons behind the need for their data. This sort of value exchange is becoming increasingly common with enterprises offering newsletters and access to premium content to attain access to a customer's email, phone number, purchase and support history.

The notion of "**one sort of first-party data wins the race**" has become outdated. It is of extreme importance for publishers to take a holistic approach and offer a variety of strategies to gather first-party data. The benefit publishers receive from newsletters, emails and user-content surveys is critical to build up a first-party asset understanding that is of high value and relevance.

A solid newsletter approach allows for the understanding of the types of content your audience likes to consume as well as the time of the day.

Software Reviews GOLD MEDAL 2022 Configure, Price, Quote

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The Future of Programmatic:
First, Second and Zero Party Data

Second Party Data

The fall of third-party cookies also leaves space for second-party data, which is essential to businesses trying to rebuild muscles weakened by the loss of cookies, and likely to come to the forefront in the near future.

In the privacy era that we live in, second-party cookies are proving to be valuable. Second-party data shared between trusted partners within dedicated environments, where the set of permissions and rights between each of the parties is clearly defined, with a third-party provider managing the environment.

With 49% of businesses viewing second-party data as a high priority, businesses are equipped with the necessary intelligence to reach prospective customers, allowing campaigns to go further with no questions around quality. Second-party data allows marketers to attain data they otherwise would be unable to get from their own first-party data, gaining a holistic view of customers across devices and channels.

49% **Businesses view second-party data as a high priority** - Merkle, 2021

Often viewed as an energy booster in marketing efforts, 77% of marketers that reported highest returns on their data-related investments are currently leveraging second-party data.

Zero Party Data

Of all the data publishers can get their hands on, zero-party data is particularly valuable. The term was coined in 2018 by Forrester Research, who describe it as "that which a customer intentionally and proactively shares with a brand. It can include preference center data, purchase intentions, personal context, and how the individual wants the brand to recognize [them]."

77% **Percentage of CMOs investing more in zero-party data sources** - SheerID, 2021

We're talking things like sign up data and survey responses, which is only intrinsically valuable if it is not anonymous. Merkle Survey found that 76% of consumers were willing to take a short survey to enhance their online experience, understanding the value of their own data. As data is assuming a central role in facilitating efficient online transactions, 77% of CMOs are investing more in zero-party data sources to acquire and retain customers - zero-party data is gold.

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Getting the best out of programmatic and your customers

First- second- and zero-party data are critical to any business' programmatic strategy. But with many companies allocating limited programmatic budgets to their marketing departments, understanding how to squeeze the best dollars out of that strategy is also crucial.

Programmatic is not a "set it and forget it" medium; with the shrinking of marketing budgets, competition over advertising revenue is more intense, and publishers need to steadily innovate to make themselves as attractive as possible.

1) Optimize your product suite and customer experience

Think of yourself as being the **marketing agency for your customer**, rather than merely providing them with your inventory. The more you diversify your suite of products, the more of a **360° customer view** you get of how they're marketing their business.

This includes selling into email, newsletters, video, search, social, branded content, or partnering with advertisers to create premium offerings. If you don't have that mix of product offerings, then you're doing your customer - and yourself - a disservice.

Additionally, by being a single source of truth for your customers and giving them visibility of campaign performance and forecasts, you are placing your customers at the center of operations.

Organizationally, this helps you to sell your portfolio to them more effectively right now and indicates where to focus in the future. Tools that let you build campaigns and show you where to optimize, whether it's in your inventory, product mix, creative, testing or channels, enable you to maximize your revenue.

That mixture of broad product offering and actionable insights enhances the customer experience you provide, leading to reduced customer churn.

2) Implement contextual targeting

In a digital ecosystem full of unknowns, publishers are aware that their high-quality content and engaged audiences need to be monetized accordingly.

Proving itself an effective substitute for third-party data targeting, contextual targeting, used in conjunction with automation, places suitable ads in relevant places, targeting specific audiences based on where they are now, rather than where they have been.

Contextual targeting allows marketers to avoid content and environments that are unsuitable for them, and to target their campaigns to their goals.

With 44% of consumers saying that they've tried a new brand because it was advertised next to relevant content, offering contextual targeting in your advertising is a key way to monetize your audience.

Contextual targeting has the power to evolve, as publishers and advertisers work together to learn how to combine the right contextual insights with the right first-party data. Those insights will make it easier for you to sell inventory, as well as foster stronger relationships with your advertisers.

In addition to that, brand favorability is valuable for publishers and advertisers as it has a direct impact on inventory and its value. Publishers want to attract the best advertisers by highlighting the unique offerings of their inventory and by offering premium inventory that is contextually relevant, allowing them to generate a greater return.

Through leveraging first-party data to find out what content users are consuming, contextual advertising has a halo effect on consumers, increasing brand favorability by 22%.

Learn more

3) Make use of programmatic guaranteed advertising

With buyer behavior evolving and advertising processes becoming digital, advertisers and publishers are looking for ways to streamline their processes, increase revenues and drive a holistic allocation of budgets.

Programmatic guaranteed advertising brings the power of automation to direct sales. Incorporating guaranteed terms and audience targeting, PG benefits both publishers and advertisers.

By agreeing campaign details prior to launch, publishers can provide the seller an exact number of impressions from the target audience for a predetermined price.

Each party is guaranteeing a result to the other party. Publishers are able to sell premium inventories at a fair price without risking security, and advertisers get a fixed number of impressions by accessing premium inventories.

Reports show that the usage of programmatic guaranteed ad buys is 58% of programmatic display spending, and is forecast to reach 80% in the near future. The desirability lies in the ability to lock in revenue for all parties, publishers and advertisers, involved.

According to Google, publishers save 57% more time with programmatic guaranteed advertising and experience a better return on ad inventory. Publishers have a level of confidence knowing that they are showing better ads and providing a better experience for the end-user.

Using an automated workflow, programmatic guaranteed advertising provides direct exposure to the buyers' target audience, while simultaneously limiting the amount of work for publishers in selling ad inventory.

Publishers realize a greater return on their time, and are able to lock in revenues through buyers' willingness to pay a premium to achieve the desired amount of exposure to their target audience.

With this level of certainty for both publishers and advertisers, campaigns bought in this way see improvements in cost per view, click through rate, audience reach and cost per click.

Diversified product offerings, actionable campaign insights, contextual targeting and programmatic guaranteed are all key ingredients to optimizing your programmatic strategy. But the final cherry on top to enhance the user experience is making that all available through a self-service portal.
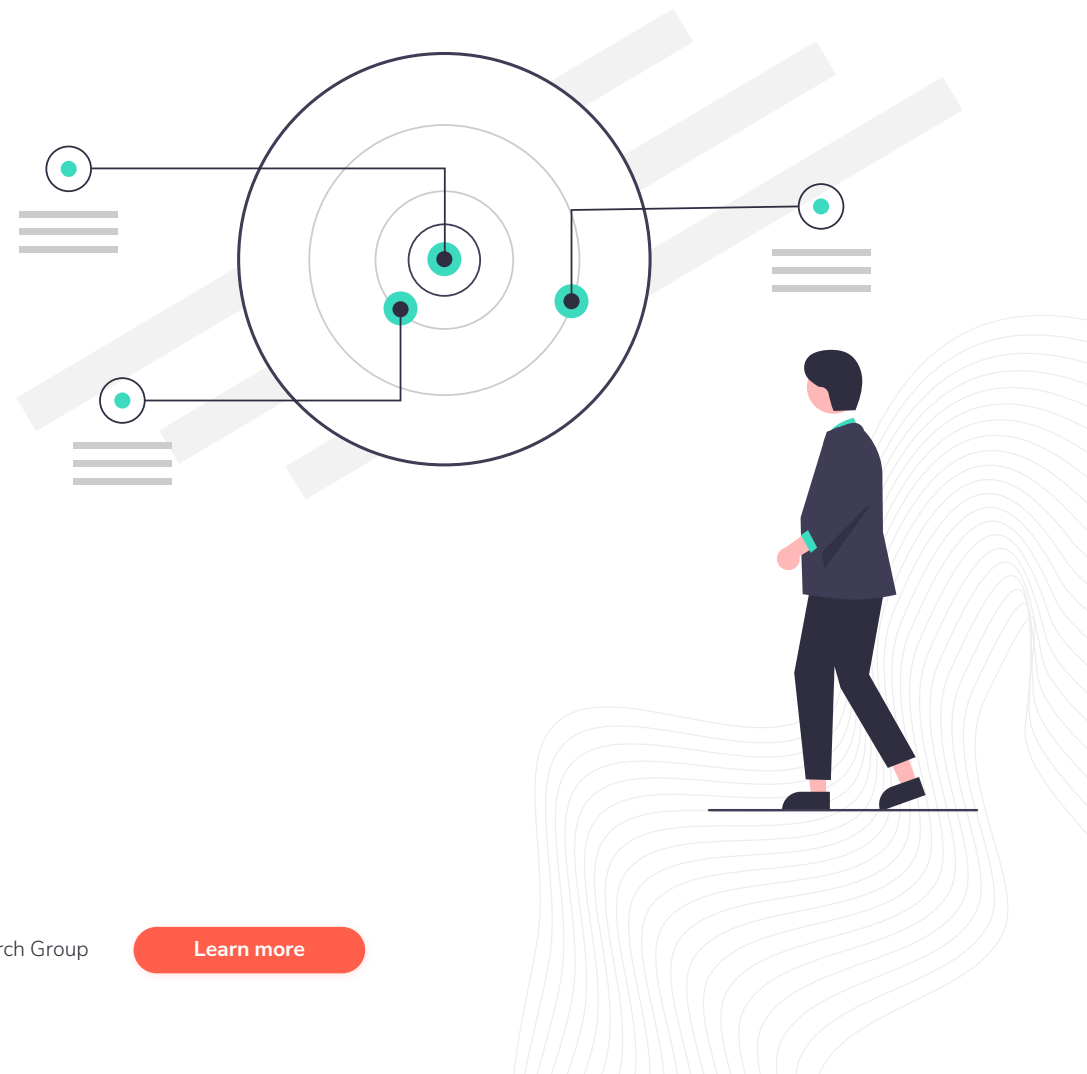
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Self Serve is the Future

With 2023 forecast to be a seismic year for digital advertising, companies are now looking for alternative solutions to serve their customers, who, in our consumer-empowered age, demand **speed**, **convenience** and **personalization**.

During the pandemic, we saw a shift in consumer preference from "get it done by someone else" to "do it yourself", with 40% of consumers expressing a preference for self-service over human contact.

The same applies to the worlds of publishing and advertising. The programmatic capabilities of self-serve ensures advertisers are able to put their ads in front of the right audiences in the right medium.

Gartner Future of Sales 2025 report predicts that by 2025 80% of B2B sales interactions between suppliers and buyers will occur via digital channels.

Self-serve tools enable publishers to streamline processes by removing manual steps and replacing them with effective automated platforms. Publishers are able to seamlessly and autonomously distribute print and online adverts at a given time and place, and retain a greater share of revenue by removing intermediaries involved in a traditional programmatic advertising supply chain.

60% **Thanks to self-service, an estimated 60% of brands had taken their programmatic advertising in house by 2022** - Match2One, 2022

It's the sense of control and independence that is desirable, particularly when working with smaller marketing budgets; according to recent research by Kantar, 78% of advertisers now want more control over their ad spend.

Transparency and control are at the forefront of self-serve advertising, allowing for real-time tracking and optimization of campaigns. In this arrangement, third-party professionals do not need to be involved to take care of campaigns. Furthermore, publishers have greater control over their ad sales as they can see what inventory has been sold.

Self-serve has a major role to play in the post-cookie digital ad landscape, and there's no time like the present for companies to bring programmatic in house and self serve.

Traditionally programmatic advertising is held for larger budgets, but thanks to the rapid rise of self-service tools, even smaller publishers have increased access to the technology. SMB publishers are particularly vulnerable to the challenges posed by the current landscape, but with the use of self-serve, they are rewarded with a more direct and clear understanding of their customers' needs and preferences and how to elevate their experiences for long-term loyalty.

The ability to come in and do self-serve is extremely valuable when trying to expand your business. You're basically handing over some of the keys to your advertisers or whoever is using the self-serve platform to execute deals. With less human contact, publishers will be able to deal with a number of smaller advertisers and won't need to communicate with them as frequently in order to acquire advertising slots.

The self-service growth momentum is not expected to slow down. A 2021 B2B Buying Disconnect Study found that 87% of B2B buyers desire self-service as an option in their advertising purchase experience. And with the speed and power of this automated self-serve process, employees no longer experience time inefficiencies and bureaucratic systems, and can dedicate their time to other value added activities.

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Conclusion

As we said at the beginning of this ebook, the media industry has been faced with fresh and significant challenges in the past couple of years.

Ongoing digitization trends have accelerated, advertisers are working with less budget, and public concerns about privacy have been a driver behind the demise of third party cookies.

In order to remain competitive in this brave new world, media ad publishers need to evolve their strategies and be ready to implement new approaches to generating ad revenue.

Key capabilities that publishers - both large and small - require to thrive in 2022 onwards include:

Ability to bring new products to market quickly

To meet the needs of your advertising customers, your product offering needs to be extensive and expandable.

Excellent customer experience

With your customer base at risk of churning, you need to make the process of purchasing, delivering, optimizing and analyzing campaigns as user friendly as possible.

Providing a self-serve option

Not only does offering customers a self-serve option play into the current DIY ethos, but it also streamlines your operations.

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CloudSense is a **global leader in Ad Sales and Subscriber Sales platforms**. Ambitious publishers rely on CloudSense to optimize their sales and order management processes and deliver **greater value** to customers.

To learn more about how CloudSense's media solutions can help your business, speak to one of our experts today.

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