

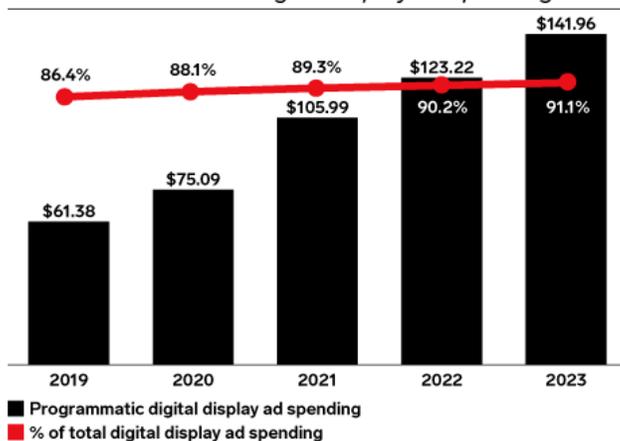
Navigating the chaos of identity resolution

Article

Identity resolution is in a state of flux in the US advertising industry, with third-party cookies and mobile IDs being ushered out in the name of consumer privacy. **Apple's** mid-2021 implementation of its **AppTrackingTransparency (ATT)** framework and **Google's** planned deprecation of cookies in its market-leading **Chrome** browser are forcing advertisers to rethink how they target and measure ads. This is a gradually unfolding process, with new approaches evolving as practitioners adapt to the changes.

US Programmatic Digital Display Ad Spending, 2019-2023

billions and % of total digital display ad spending



Note: digital display ads transacted or fulfilled via automation, including everything from publisher-erected APIs to more standardized real-time bidding (RTB) technology; includes native ads and ads on social networks like Facebook and Twitter; includes advertising that appears on desktop/laptop computers, mobile phones, tablets, and other internet-connected devices
Source: eMarketer, Nov 2021

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eMarketer | InsiderIntelligence.com

With US programmatic display ad spending estimated to top **\$123 billion** in 2022, a lot is at stake in the transition from widespread desktop and mobile identifiers to a more privacy-focused mindset. **Meta, Snap, Twitter, and YouTube** collectively lost an estimated **\$9.85 billion** in the second half of 2021 because of ATT, according to Lotame data cited by the Financial Times. Meta said it expects to lose another **\$10 billion** in 2022 from the ripple effects of Apple's privacy reset.

More restrictions on identifiers are likely in the next two years, with Google planning to phase out both Chrome cookies and mobile identifiers in its Android operating system in that time frame. In addition, IP addresses, which are used to track connected TV viewership, may also be at risk for deprecation if privacy advocates prevail. And the threat of more privacy-centric US government regulation continues to loom over the ad industry.

This dynamic state of identity resolution has created a bonanza for tech firms that provide ID services. In April 2021, Prohaska Consulting and MMA Global estimated there were about 80 such companies in the market. Experts interviewed by Insider Intelligence consider this number to be unsustainable and expect a wave of consolidation in the next few years. This may already be happening, as evidenced by recent high-profile acquisitions involving **Magnite, Digital Turbine, Microsoft, Twitter, and AppLovin**, to cite a few prominent examples.

Because changes in the identifier landscape will unfold gradually, marketers, publishers, and ad tech intermediaries have time to come up with alternatives. Some companies that are trying to stay ahead of the curve are adopting industry initiatives that stress compatibility across platforms. These include The Trade Desk's open-source Unified ID 2.0 (UID2), whose code is hosted by the Interactive Advertising Bureau (IAB), and LiveRamp's RampID. **Yahoo**, Google, and others have also advanced interoperable, privacy-first alternatives to cookies and mobile identifiers.

In addition to industry-based solutions, some companies are doubling down on collecting and harnessing first-party data. That approach is most suitable for agencies, brand marketers, media companies, and retailers that have the scale, technical capabilities, and expertise to manage their programmatic ad businesses.

While much about the future of ID resolution is uncertain, what's clear is that the next couple of years will usher in a period of intense experimentation, with marketers, publishers, and ad tech vendors seeking new ways to identify audiences while respecting their privacy.

Read the full report.

Report by Paul Verna Mar 28, 2022

Identity Resolution 2022

