

How cookie deprecation affects targeting and identity on IP addresses, retail media, and media mix modeling

Article

The impact of third-party cookie deprecation goes beyond changes to ad targeting and tracking. As the industry moves away from these identifiers, new challenges and trends have cropped up: IP addresses may be more difficult to access, retail media as an addressable channel is growing, and there's greater focus on frequent media mix modeling (MMM) adjustments.

1. Challenges using IP addresses

"We're seeing IP masking from some of the larger ad players," Bruce Biegel, senior managing partner at the Winterberry Group, said during our Tech-Talk Webinar, "[Future-Proofing Your Media Plan: Addressability for Cookie Loss and Beyond](#)." Google, for example, is testing a new IP Protection feature, proposed to launch before 2025, which restricts access to Chrome users' IP addresses from third parties.

"I don't think IPs will deprecate like cookies did, but we may see restrictions on what you can do with them as a PII [personally identifiable information] indicator," Biegel said.

IP addresses are considered PII in Europe under GDPR, so Biegel is watching the region closely for a glimpse into how privacy regulations could follow suit in North America. In the US, only select states such as California recognize IP addresses as PII.

Virtual private networks (VPNs) are also a boon for those looking to hide their IP data. Last year, VPN users worldwide made up nearly a third of internet users, accounting for 1.6 billion people, according to an February 2023 data from Surfshark.

2. The rise of retail media

The growth of [retail media](#) shows how marketers and brands want a more direct connection with their consumers, said Mike Treon, programmatic strategy lead at PMG. As privacy compliance becomes more scrutinized, we'll lean more on channels that provide secure identity pathways, such as retail media and [connected TV](#), he added.

More than 8 in 10 (84%) US marketers say they are more likely to invest in retail media because of third-party cookie deprecation, per a survey by LiveIntent.

US retail media ad spend will grow 28.5% YoY in 2024, reaching \$59.61 billion and claiming 19.4% of overall digital ad spending, according to our October 2023 forecast.

3. Resurgence of MMM

“We're definitely seeing a very big resurgence in MMM, shorter-term MMM, and geo-match market testing where first-party data can fuel what's working,” Treon said.

Refreshing MMM was once a bi-annual focus for Biegel, but now with cookie deprecation becoming a reality, his team is adjusting monthly to have timely insights without being dependent on the volume of data available.

More than half (53%) of US brands and agencies will be somewhat or significantly more focused on MMM this year, per November 2023 data from the Interactive Advertising Bureau.

[Watch the full webinar.](#)

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