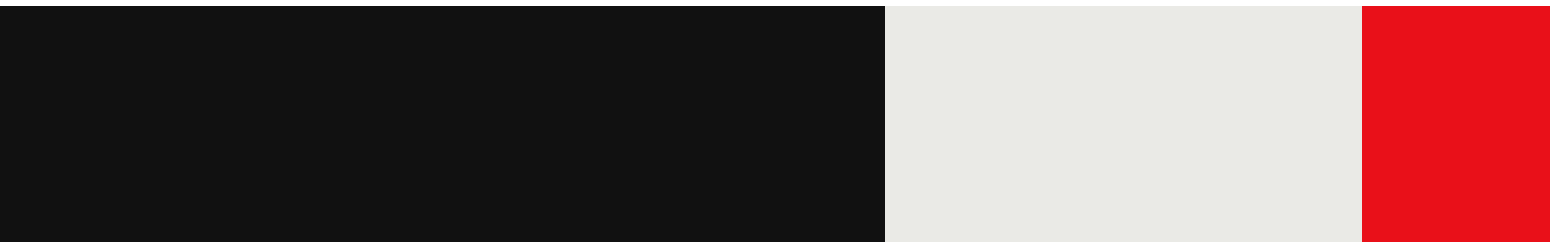# The costs of ID resolution are rising

Article

Tying multiple online, offline, and device IDs to a single person was always complex and costly, even when third-party cookies and mobile identifiers were commonly accepted tools. As legacy identifiers continue to erode, the costs to target and track users' digital activity have only risen.

- **Spending on US identity solution has been steadily growing over the last five years.** Expenditures will reach $10.4 billion by end of 2023—a 13% increase over 2022 and more than triple the 2018 total, per Winterberry Group data shared with us. Driving these increases

are digital channel expansion, rising demand for first-party data relationships, and adoption of costly technologies, such as DCRs.

- **Privacy-preserving technologies cost hundreds of thousands of dollars a year.** Brands, publishers, and agencies spent an average of $433,000 on identity solutions in 2022, according to the Interactive Advertising Bureau's (IAB's) State of Data 2023 report. Spending on DCRs averaged $376,000, and spending on related technologies such as customer data platforms, data management platforms, and consent management platforms ranged from $377,000 to $437,000.

- **There are environmental costs as well.** Ad-supported publisher sites used an average of 14.84 approved cookies and 62.44 unauthorized ones, per a November 2022 study of over 63,000 domains by identity provider ID5 and data management solution Sincera. This gap means ad tech companies are dropping cookies on publisher sites without the publisher's knowledge, and those cookies need to be synced through a practice known as "piggybacking." This is an "unnecessarily energy-intensive process" that hinders the ad industry's push to reduce its carbon emissions, according to the study.

US Identity Solutions and Services Spending, 2018-2023
billions

Year	Spending
2018	$3.0
2019	$3.7
2020	$4.7
2021	$6.7
2022	$9.2
2023	$10.4
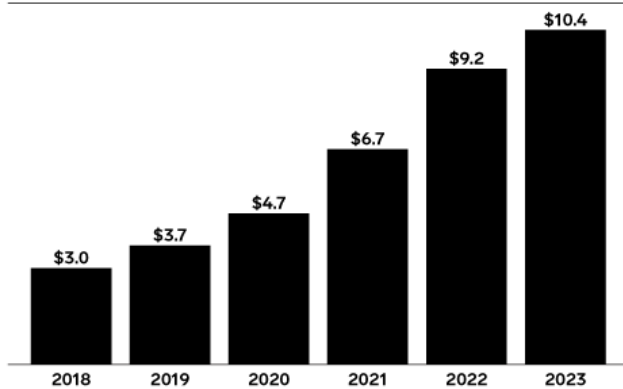
Note: includes ID resolution platforms, data, and services (first- and second-party database management platforms, data hygiene and processing, 3P graph, and enrichment data)
Source: Winterberry Group, Feb 26, 2023

280551   eMarketer | InsiderIntelligence.com

As the cost of identity solutions escalates, so does the share of US programmatic digital display ad spending that goes to programmatic direct channels and private marketplaces. This indicates, as advertisers prepare for the cookieless future, they are increasingly forging direct partnerships with publishers that have first-party consumer data and honing their own

first-party data strategies while partnering with ad tech vendors and publishers that can activate off of that data.

Report by Paul Verna Mar 29, 2023

ID Resolution H1 2023