

Programmatic digital display advertising is having an identity crisis

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Advertisers, publishers, and their partners are now confronting changes to the infrastructure of platforms and devices that will have significant effects on how they do business. That includes the changes Apple has announced about what marketers can do with the Identifier for Advertisers (IDFA), as well as Google's planned deprecation of third-party cookies in Chrome by early 2022. Apple's change to the IDFA is rumored to go into effect around March 2021 and will require users to opt in on a per-app basis for cross-channel tracking.

The experts we spoke with in December 2020 about these changes were more optimistic than many in the industry had been earlier last year. Several pointed to the amount of collaboration going on among independent players in the industry to innovate new solutions for identity resolution, targeting, and measurement. "It looks like everything is just continuing as normal, but under the surface, every business is swimming frantically and preparing things they're not ready to announce yet," said John Goulding, US head of strategy at programmatic partner MiQ. "I'm expecting a lot of big unveils especially in H2 in terms of solutions for the current market."

It's important for marketers to understand that those solutions won't be "a replacement for the cookie"—and that's not necessarily a bad thing. But digital advertising and programmatic buying will change in fundamental ways. Most of the people we spoke with agreed that the market for web impressions would split into two or three buckets.

Tom Kershaw, CTO of Magnite, outlined them for us:

- The most valuable and highest-performing set of impressions will be from logged-in users, that is, people with an identity attached and who consent to its use.
- There will be a second, larger tier of impressions within seller-created segments, where publishers and supply-side platforms (SSPs) enrich non-logged-in impressions with first-, second-, or third-party data.
- The third bucket of impressions will be those where the only targeting available will be the anonymized browser-based capabilities currently being developed at the World Wide Web Consortium (W3C).

"The only drama is over what percentage of web monetization exists in each of those three tiers," Kershaw said.

The situation on the iOS side differs because Apple will soon require each app to ask users if they would like to opt in to sharing the IDFA. Without an explicit opt-in to share an IDFA, app developers and advertisers won't be allowed to do any type of user-level cross-channel tracking.

According to a September 2020 survey from AppsFlyer and the Mobile Marketing Association (MMA), most mobile marketers worldwide expected the IDFA changes to negatively affect everything from targeting and impression verification, to frequency capping, conversion measurement, and multitouch attribution.

Expected Impact of Apple's Planned Changes to Identifier for Advertisers (IDFA) on Select Marketing Capabilities According to Mobile Marketers Worldwide, Sep 2020

% of respondents

	Very negative	Somewhat negative
Audience targeting/suppression/remarketing	34%	40%
Cross-device measurement	31%	40%
Multitouch attribution	31%	31%
Conversion measurement	20%	46%
Contextual targeting	17%	26%
Frequency capping	17%	42%
Impression measurement and verification	17%	39%
Dynamic creative optimization	15%	44%

Source: AppsFlyer and Mobile Marketing Association (MMA), "Apple, IDFA and iOS14: New Challenges, New Opportunities for Marketers," Nov 17, 2020

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US marketers and agencies polled by Advertiser Perceptions, also in September, expected campaign reporting and optimization to be most affected by the cookie deprecation specifically. The survey also found advertisers expect a number of measurement and research techniques to become more important in a cookieless world, including sales-lift research, ad effectiveness research, and media mix modeling.

Types of Ad Measurement and/or Research that Will Become More Important in a Cookieless World According to US Marketers and Agencies, Sep 2020

% of respondents

Sales-lift research	44%
Ad effectiveness research	39%
Media mix modeling	38%
Cross-platform multitouch attribution	36%
Internal analytics	35%
Verification analytics	34%
Last-click attribution	33%
External analytics	31%
Location/geobased attribution	31%

Note: n=302

Source: Advertiser Perceptions, "Identity: Are we headed toward resolution, revolution or regression?" Oct 19, 2020

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It's critical for advertisers to start testing approaches to targeting these types of users and measuring results now—while the traditional signals are still available for them to make comparisons. And remember that some of these buckets of impressions already exist to test with, for example, on Safari and Firefox.

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Report by Nicole Perrin Jan 11, 2021

US Programmatic Digital Display Advertising Outlook 2021

