

RESEARCH REPORT

Preparing for a world beyond third-party cookies

The marketer's perspective

Epsilon[®]



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Introduction

Third-party cookies (3PCs) live to see another day—but they're still not here to stay.

Google's will-they-won't-they approach to deprecating third-party cookies has kept the topic at the top of the news cycle, especially in 2024: After taking the first step in January by removing 3PCs from 1% of Chrome browsers globally, Google announced recently they are not unilaterally getting rid of third-party cookies on Chrome. Instead, they are going to invite users to make an "informed choice that applies across their web browsing" (making it highly likely they will ask users to opt-in to tracking).

We've all been operating with limits on third-party cookies for a while—Safari, Firefox and Edge all opted to get rid of 3PCs in the past five years, meaning a large portion of web activity in the U.S. has actually been on browsers that don't accept them. Google's Chrome is just the last holdout among top browsers.

While Google's pivot may feel like a major change for marketers, we think the opposite—it doesn't really change anything. If users are asked to opt-in, we expect rates to be well under 10% for Chrome. Signal loss is still going to occur.

So, it remains important to understand how marketers across industries feel about deprecation—even if the third-party cookie technically lives to see another day.

To get first-hand marketer sentiment on the issue, Epsilon conducted a survey to find out: How do marketers feel about these changes? And what are they doing (or have done) to prepare? This report includes the top findings from our Q1 2024 research, as well as a comparison to how marketers felt about some of the same topics in 2020.

We also explore key insights by industry, including consumer packaged goods, financial services, restaurants, retail and travel. Read on to see how your colleagues responded to third-party cookie deprecation, and how we think marketers should continue to prepare despite the announcement.



Methodology

In partnership with Phronesis Partners Inc., Epsilon conducted an online survey of 257 U.S. marketers who are key decision-makers or influencers for digital advertising in their organizations across the retail, financial services, CPG, restaurant and travel industries. The survey ran February 21-March 4, 2024. Respondents were screened to be at least “somewhat familiar” with the deprecation of third-party cookies.

Please note that in charts, percentages may not total 100% due to rounding.

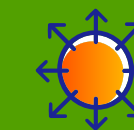
What’s a third-party cookie?

As the name implies, third-party cookies are created and placed by third parties other than the website you are visiting directly. Some common uses include:



Cross-site tracking:

Collecting browsing data from numerous sources (websites) that details your activity



Ad-serving:

making decisions regarding the ads that appear on a website, deciding when to serve these ads, and collecting data (and reporting said data including impressions and clicks) in an effort to educate advertisers on consumer insights and ad performance



Retargeting:

Using search activity to retarget visitors with visual or text ads based on the products and services for which they’ve shown interest



Person-level measurement:

Identifying when a transaction or another conversion type (page visit, log-in, etc.) occurs

Key findings

We surveyed hundreds of mid-to-large enterprise marketers to understand their views and preparations around Google's best-laid plans to eliminate third-party cookies (3PCs) in the name of consumer privacy. Here are the key themes that stood out:

- 1 Confidence gaps and concerns persist.**
Marketers understand the expected impact of cookie deprecation, but the majority are not prepared for it and continue to worry about what's next.
- 2 Feelings towards Google are mixed.**
Most marketers feel negative emotions towards Google's moves, but they're not walking away from the platform.
- 3 First-party data remains supreme.**
The top marketer focus is on getting their owned data in order.
- 4 Partners are critical, but confidence in them is low.**
Marketers are leaning on agency partners and vendors to help, but most aren't confident in their solutions.
- 5 Media mix management becomes more important.**
Marketers are exploring shifting channels and tactics, rather than reducing budgets.



Confidence gaps and concerns persist.

Marketers understand the expected impact of cookie deprecation, but the majority are not prepared for it and continue to worry about what's next.

Marketers are skeptical about Google's changes, and for good reason: Sixty-nine percent noted a decrease in their ability to reach consumers on their Apple devices since the deprecation of the IDFA. As a result, 64% say that digital advertising will take a step backwards in terms of personalization and proving effectiveness.

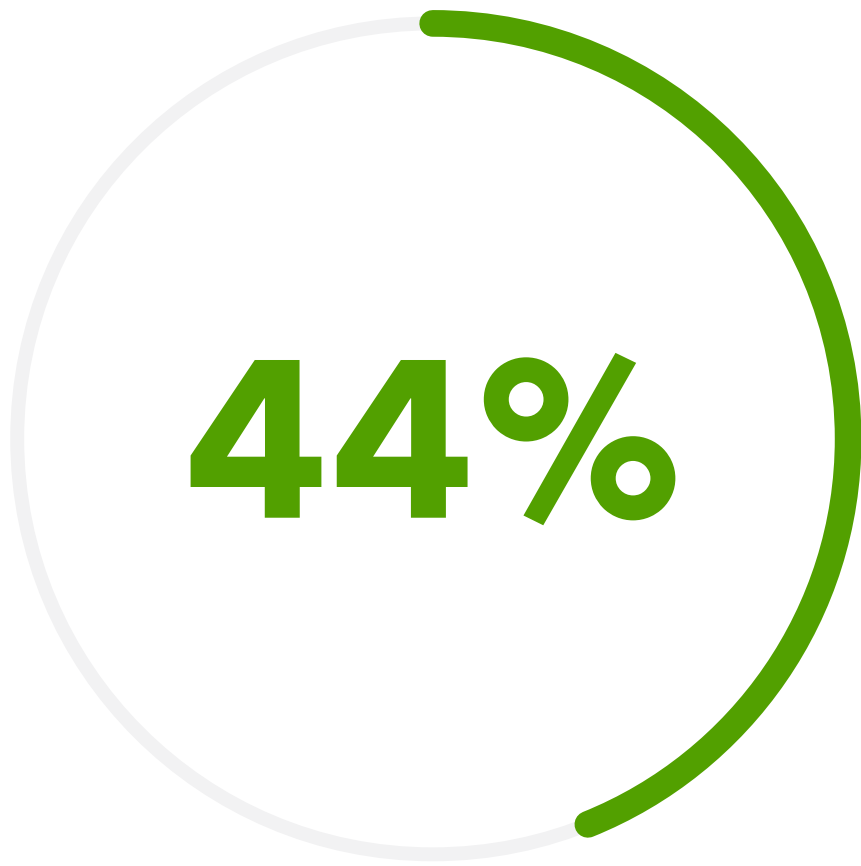
An even larger portion (73%) are specifically concerned about the potential loss of the ability to do "people-based advertising." Despite understanding cookie deprecation's implications, 75% of marketers still rely on them (down 7% from 2020), and fewer than half of marketers feel "very prepared" for the changes (down 4% from 2020).



of marketers say that digital advertising will take a step backwards



are moderately concerned to very concerned with the potential loss of the ability to do "people-based" advertising



are "very prepared" for the challenge

Feelings towards Google are mixed.

Most marketers feel negative emotions towards Google’s moves.

Most (25%) are disappointed with the move; more than one-third of respondents feel frustrated and helpless. Approximately 19% feel indifferent, which represents a 46% decrease from 2020. This shift from indifference to more negative emotions could signal the impending changes are finally sinking in.

Forty percent of respondents believe the changes aim to protect consumer privacy, while 31% think the policy represents a response to pressure from regulators. The remaining 29% say Google seek to benefit their own business platforms.

Also, 58% of marketers think Google’s initiative will not help end consumers. When asked why, more than half say they expect little to no improvement in consumers’ ability to control the use of personal data.

Most marketers are negative to move, with

78%

holding mixed negative views

25%

disappointed

21%

frustrated

17%

helpless

16%

confused

10%

overwhelmed

Marketers’ perception of Google because of their plan to deprecate 3PCs

34%

negative

15%

positive

40%

stayed same

11%

indifferent

First-party data remains supreme.

Top marketer focus is on getting their owned data in order.

As we saw in 2020, advertisers are employing a combination of strategies to combat cookie deprecation, primarily focused on expanding first-party data and establishing a customer data platform (CDP)—two sides of the same coin.

From the responses, it's clear that marketers understand the power of data and are doubling down on what they can control. They're embracing technology that can help get their data in order (like a CDP) and are pursuing identity strategies that help augment their existing first-party data.



of marketers say they're focusing on expanding their first-party data strategies



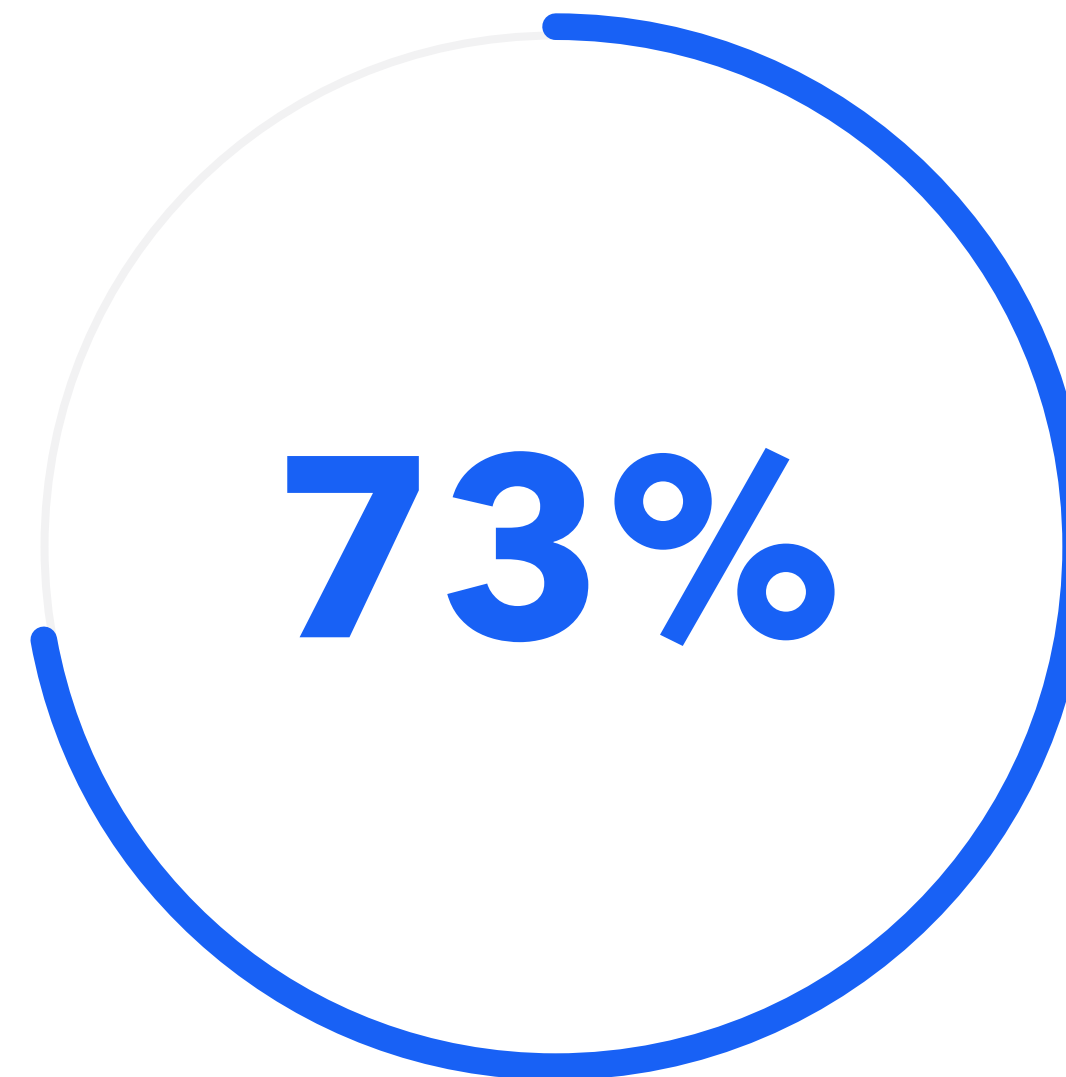
(59%) are focusing on building out a CDP

Partners are critical, but confidence in them is low.

Marketers are leaning on agency partners and vendors to help, but most aren't confident in their solutions.

Although 3PC deprecation has been on the horizon for nearly four years, three-quarters of marketers still rely on them. The majority are working with agency partners and vendors, however, most are not very confident that their partners will be able to find a viable solution to replace these key identifiers.

Factors that influence marketers' confidence in vendors' preparedness include the introduction of new offerings and proactive communication about changes in preparedness.



of marketers say they're working with agency partners & vendors



Are not very confident their partners will be able to find a viable solution to replace these key identifiers

KEY FINDINGS

Media mix management becomes more important.

Marketers are exploring shifting channels, partners and tactics, rather than reducing budgets.

Eighty-five percent expect their digital advertising budgets to remain unaffected. Most participants (61%) are planning to maintain their digital advertising spend, but will shift their marketing efforts to other channels and partners to reduce their dependence on 3PCs.



We plan to reduce spend on digital advertising



We will keep overall digital advertising spend the same but invest more in tactics not reliant on third-party cookies

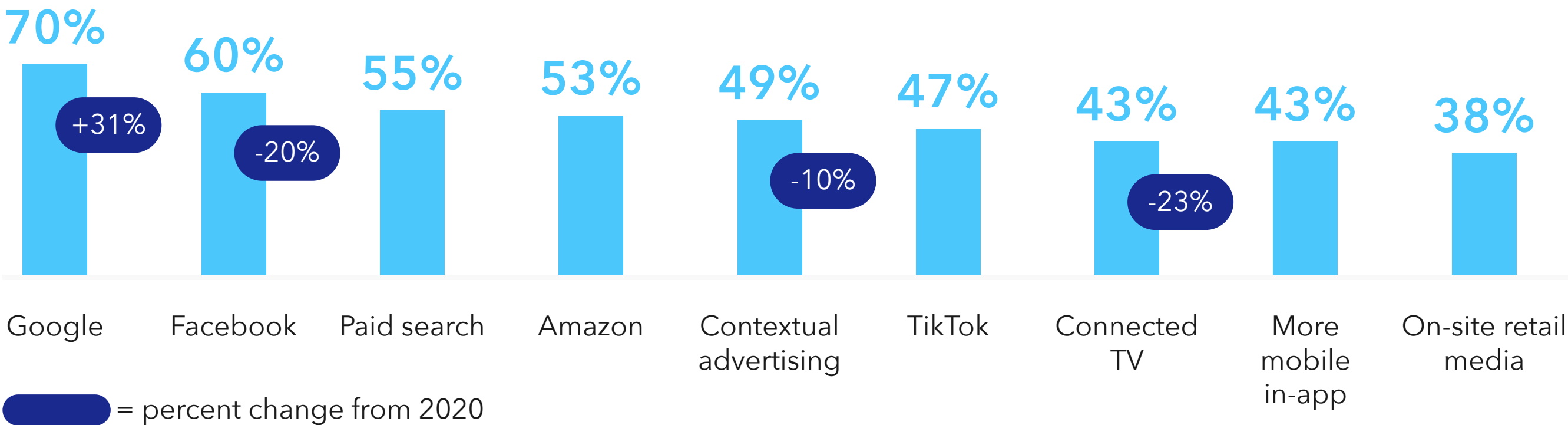


No change to our digital advertising spend



Don't know/ Not sure

Marketers are shifting budget to:



A closer look

How marketers across industries are responding to identifier deprecation

In the last section, we covered holistic key findings and found that more than half of marketers are not feeling prepared—and most lack confidence in their vendors to drive performance without cookies.

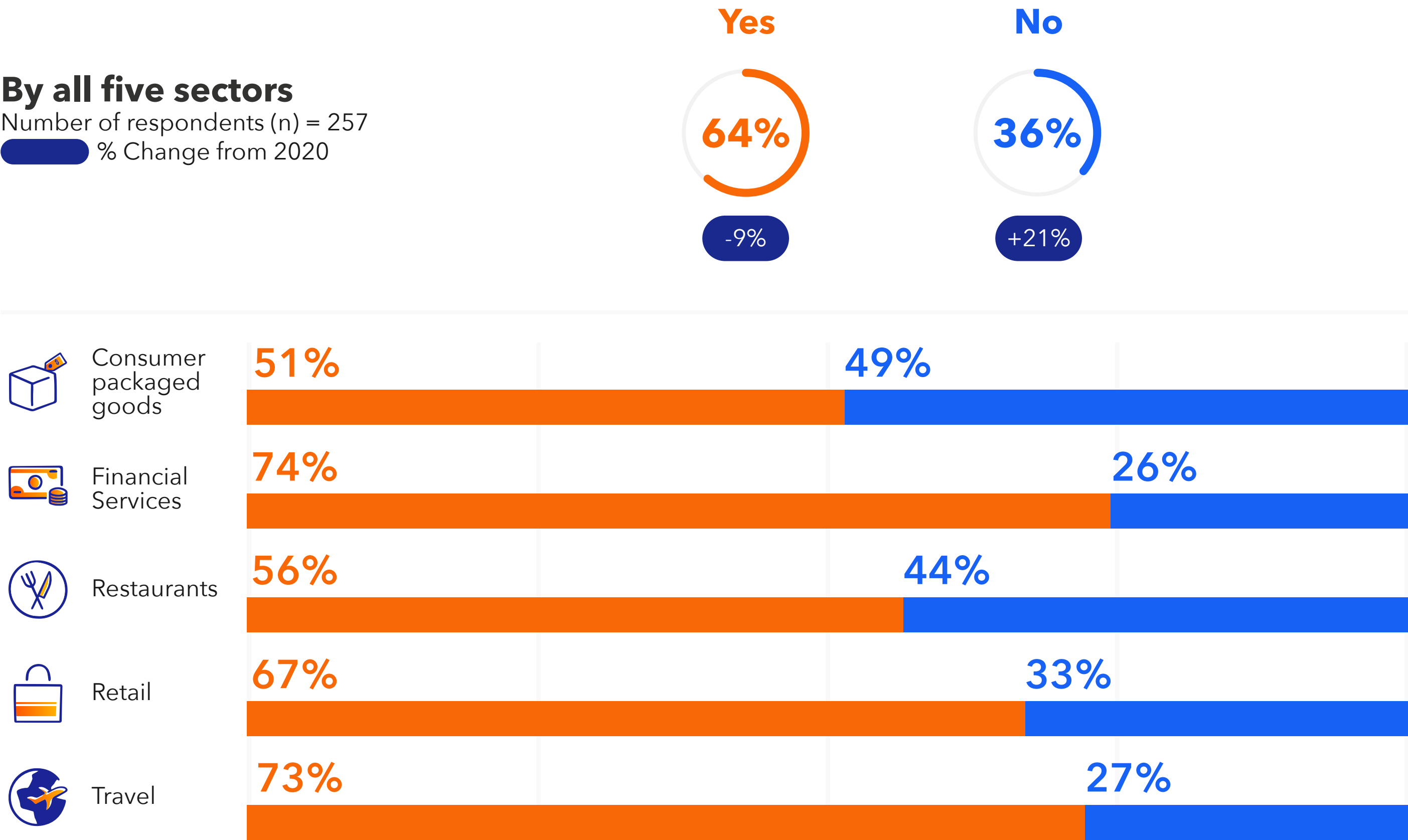
Now, let's take a closer look at each of the responses to understand how marketers across five key industries—retail, consumer package goods (CPG), financial services, restaurants and travel—are dealing with the change.



Marketers say the industry is heading in the wrong direction.

A majority of marketers (64%) believe digital advertising will take a step backward as a result of these changes, making it more difficult to personalize ads and prove marketing effectiveness. This sentiment is down slightly from 2020 (a 9% change), meaning that more marketers—albeit, a small amount—feel there are more sufficient alternatives than there were four years ago. This sentiment was strongest in the travel and finance sectors.

Do you think that digital advertising will take a step backwards in terms of personalizing advertising and proving marketing effectiveness as a result of these changes?



Marketers say the industry is heading in the wrong direction.



Retail

Retail marketers have historically relied on cookie data to serve personalized ads, which likely contributes to the fact that 63% of them feel the industry is headed in the wrong direction. Retailers are reliant on 3PCs because of the crowded nature of the market. High customer churn rates push marketers to continuously invest in prospecting and win-back programs—which often use 3PCs to target on the open web. The cycle continues.

Interestingly enough, retailers are better positioned than most to face the headwinds of 3PC deprecation. For decades, savvy retail marketers have launched loyalty programs and focused on collecting first-party data, which is invaluable today. And because retailers other than only largest enterprises (like Amazon, Walmart and Target) have been able to build up their first-party data, they're able to monetize it.

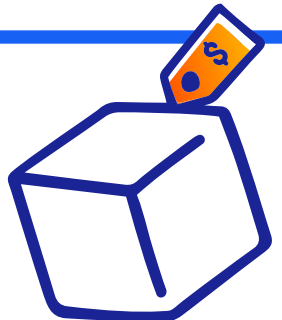


Travel

Most travel marketers remain steadfast in their opinion that third-party cookie deprecation is bad for the industry. In fact, travel was the only sector to have an increase in respondents answering 'yes, I think the industry is headed in the wrong direction' in 2024 compared to 2020.

This could be related to the fact that some travel brands struggle with maintaining direct relationships—and therefore, first-party data—with customers who don't book directly from their site, so they often rely on cookies.

CPG



More CPG marketers think the industry is headed in the right direction in 2024 than they did in 2020. This could be influenced by the fact that, because CPG marketers struggle to acquire first-party data on their customers, they often rely on their agency partners or vendors, which can create a lack of understanding around the true impact of 3PC deprecation on their marketing efforts.

Financial Services



Due to the nature of the industry, financial services marketers find themselves well positioned with their access to first-party data (no one is giving a fake email to their bank!). So why do they feel so strongly that the industry is headed in the wrong direction?

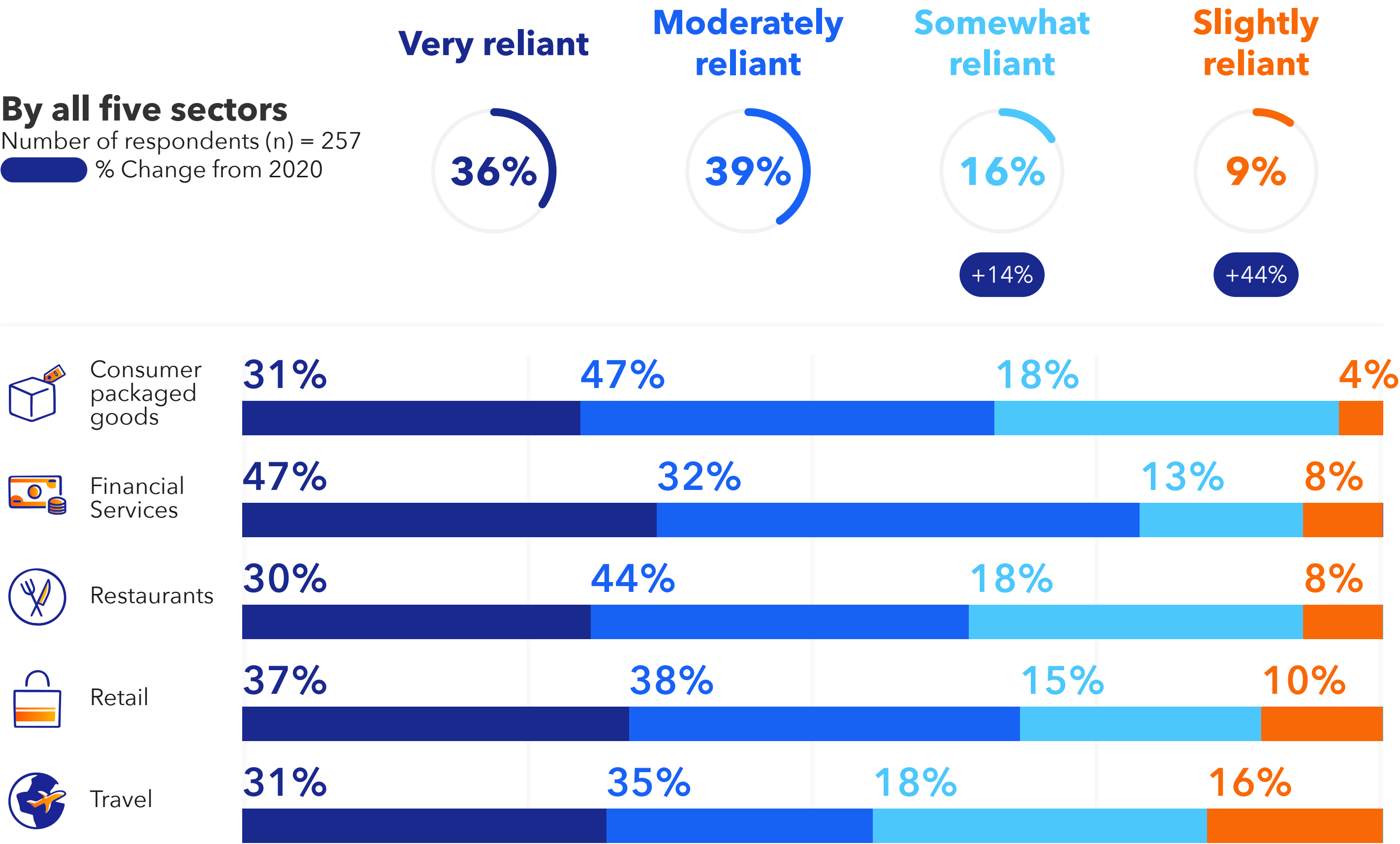
While it may be easy to talk to people on owned channels, the loss of identifiers makes it difficult for marketers to reach customers and prospects across the open web. Not to mention, financial services marketers operate in a complex system with high levels of regulation—so it makes sense why there's hesitancy towards the change.

Marketers depend on 3PCs.

About 75% of marketers across all five industries are moderately to very reliant on 3PCs—which is only a 7% decrease from 2020. It’s interesting to note that, while we found most marketers are still moderately to very reliant on 3PCs, the majority (69%) do think that Google will deprecate 3PCs by the end of Q4 2024 as expected. Since this question was asked, Google announced they are pushing back the timeline to Q1 2025.

The financial services industry is the most reliant sector, with nearly half of the respondents stating that they rely heavily on 3PCs. About one-third of respondents from the remaining four surveyed sectors claim they are highly reliant on 3PCs.

How reliant are your digital advertising efforts on 3PCs?



Marketers depend on 3PCs.

Retail

Retail is the only sector to see a slight increase in respondents answering they're "very reliant" on third-party cookies in 2024 compared to 2020. The effects of the COVID-19 likely played into this uptick. In the blink of an eye, almost all shopping was done online. Retailers were quickly reminded that they needed a strong digital presence to be able to reach customers online with relevant advertising (which is where the heavy reliance on 3PCs come into play).

As we discussed earlier, there's been a lot of back-and-forth from Google on when they would actually deprecate Chrome's third-party cookies, which likely contributed to 75% of retail marketers noting they're still "very reliant" or "somewhat reliant" on third-party cookies in 2024. Why scramble to find a solution to something you weren't sure was really going to happen?

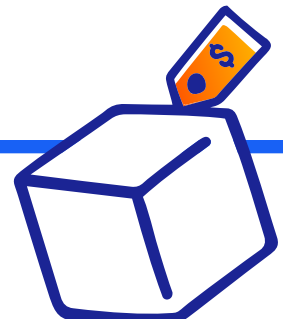


Travel

Travel had the highest percentage of marketers that indicated their brand is only "slightly reliant" on 3PCs compared to other industries (16%). This is likely because some travel brands have decent access to first-party data through online travel agencies (OTAs), like Kayak, Orbitz and Priceline. But travel brands struggle to get a full view of guests who don't book directly, so they must rely on cookies. Airlines and loyalty programs help connect the dots, but hotels in particular have a hard time converting guests into repeat visitors—and it's more difficult to identify non-loyalty members.

CPG

Many CPGs have turned to retail media networks to find and reach new audiences. They're also leaning heavily into spending on social, because they view the view the strategy as less reliant, and therefore less impacted, by 3PCs.



Financial Services

On the flip side, financial services had the highest number of marketers indicating they're "very reliant" on 3PCs (47%). Financial services marketers are often hyper-specific in their marketing, which requires them to have a solid understanding of the consumer before they engage. While they may have a good amount of first-party data, they struggle with the ability to actually reach the right consumers across the open web. Cue the third-party cookie!

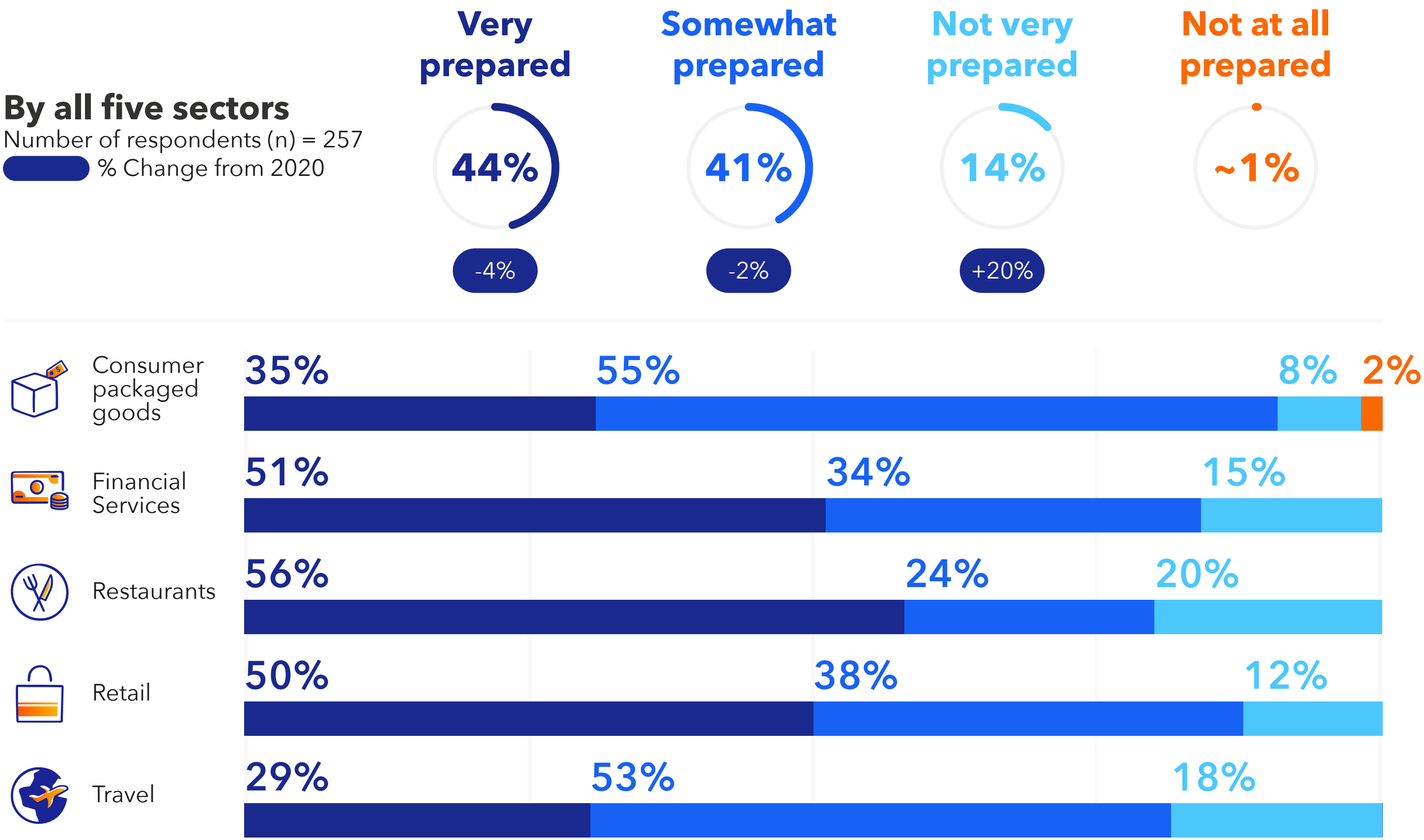


Fewer than half of marketers feel “very prepared” for 3PC deprecation.

Despite having four years to adapt and plan, marketers are less prepared for 3PC deprecation today than they were in 2020. Fifty-five percent of marketers are either “somewhat prepared,” “not very prepared” or “not prepared at all.” The 44% who report being very prepared decreased slightly (4% change) from 2020.

Restaurants, financial services and retail marketers appear most ready for the proposed changes, while the travel sector seems least ready, with three-tenths of respondents as very prepared.

How would you describe your organization’s current preparedness in adapting your digital advertising strategy (specifically display and video) to account for the deprecation of 3PCs?



Fewer than half of marketers feel “very prepared” for 3PC deprecation.

Retail



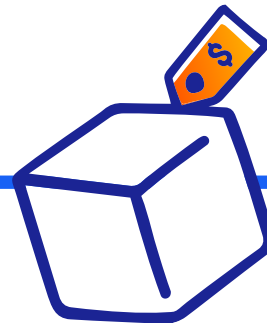
2024 showed a whopping 92% increase in more retail marketers feeling “very prepared” for cookie deprecation than in 2020. This is likely because retail marketers began doubling down on their first-party data strategies and investing in loyalty programs to strengthen their customer profiles. It’s also probable that retailers began working with partners and vendors that touted a solution to 3PC deprecation, which increased confidence in their preparedness.

Travel



While retailers became more confident in their readiness for 3PC deprecation, travel brands became more wary. 2024 showed a 55% decrease in the number of marketers feeling “very prepared” for cookie deprecation. Again, this shift could be attributed to confusion around 3PC deprecation: when (or if) it was going to happen, what would be the impact to travel brands, etc. Now that it’s here, marketers are less confident in their solutions.

CPG



Less CPG marketers are feeling “very prepared” for cookie deprecation in 2024 than in 2020. Similar to travel marketers, now that 3PC deprecation is here, they have a better understanding of what is needed to weather the cookie deprecation storm and are feeling less confident in their solutions.

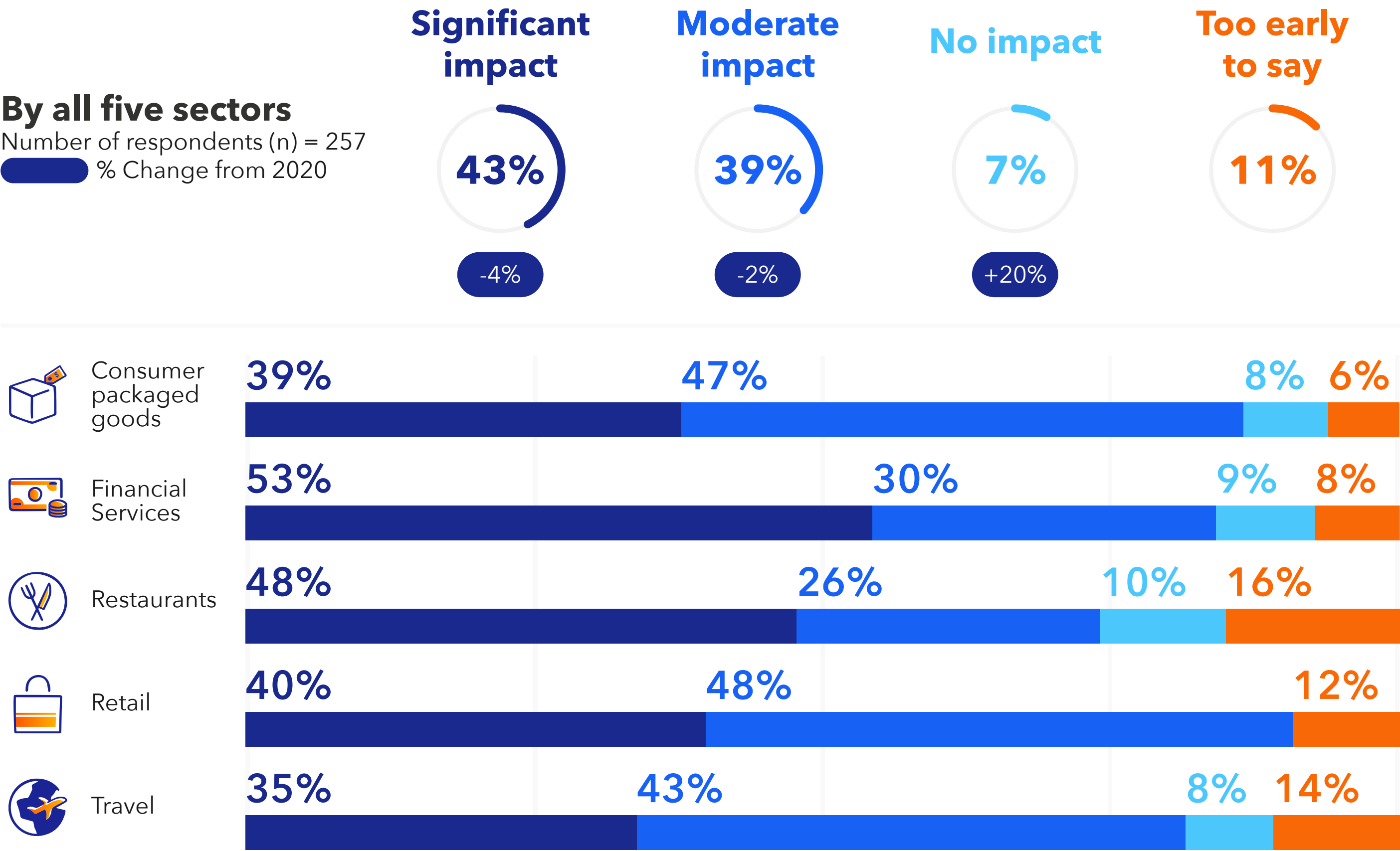
As we mentioned, reliance on partners/vendors to augment their customer data likely contributes to more CPG marketers feeling less prepared.

Marketers say Google's changes will impact their digital advertising efforts.

Eighty-two percent of the overall respondents feel that 3PC changes will have a moderate to significant impact on their digital advertising efforts. This closely aligns to the 83% response we saw in 2020.

Financial services (53%) and restaurant companies (48%) expect the most significant impact from 3PC changes.

How much do you expect these changes will impact your digital advertising?



Marketers say Google's changes will impact their digital advertising efforts.



Travel

Travel marketers think that 3PC deprecation will have the least amount of impact on their digital advertising compared to other industries. Some of these large travel brands have data from a loyalty program or app, so they may feel better positioned than most to withstand headwinds.

Financial Services

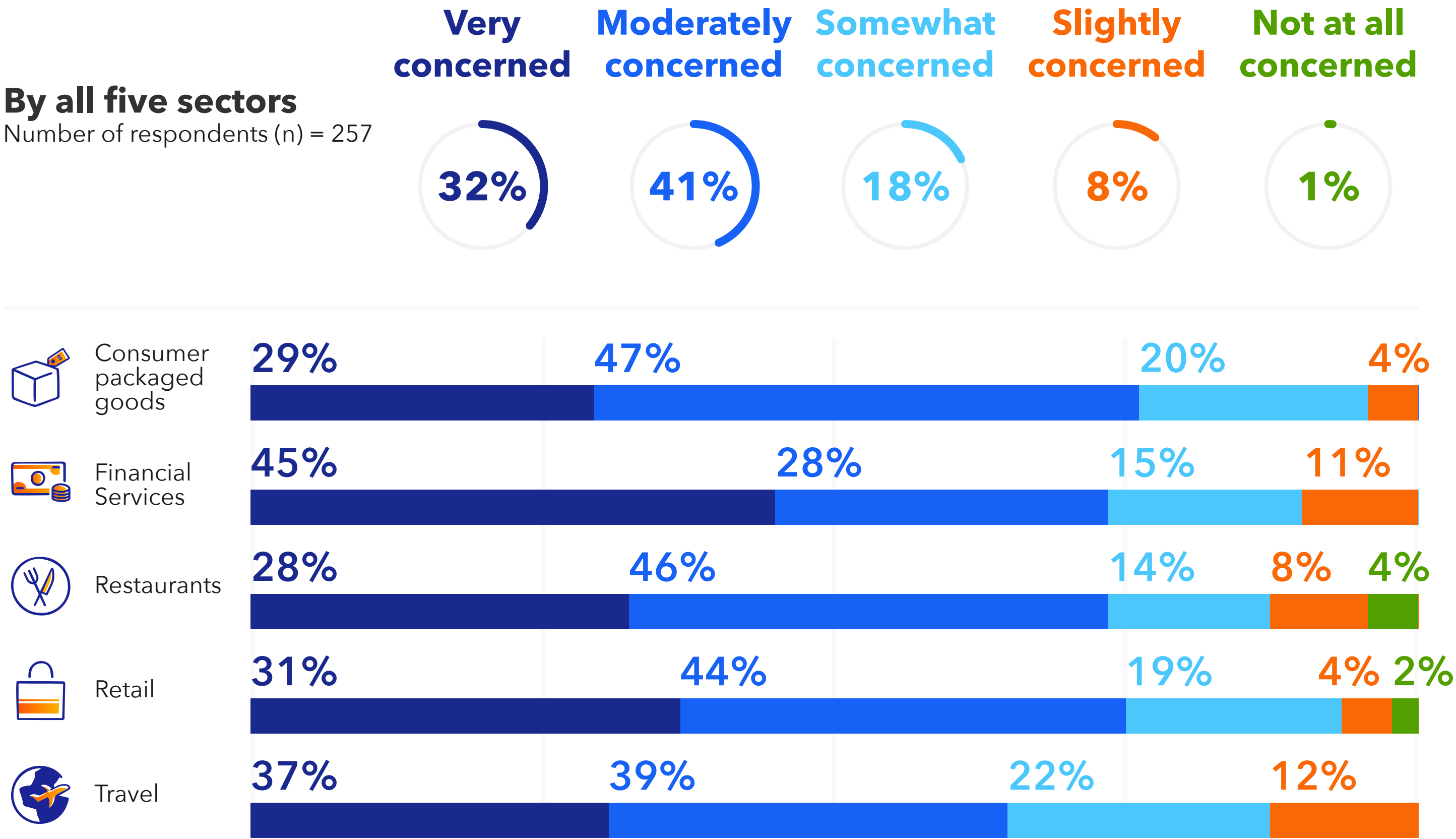
Over half (53%) of all financial services marketers feel like cookie deprecation will have a significant impact on their digital advertising. The loss of third-party cookies ultimately means the loss of accessibility for financial services marketers (more on that in the next section).



Marketers are concerned with the potential loss of their ability to do “people-based” advertising.

Seventy-three percent of marketers are concerned (moderately to very) with the potential loss of the ability to do ‘people-based’ advertising. This aligns closely to the finding that 69% of respondents report that their ability to reach consumers on their Apple devices decreased since Apple deprecated their identifier for advertisers (IDFA) in 2021.

Google’s deprecation of 3PC in their browser (Chrome) has the potential to eliminate marketers’ ability to deliver personalized advertising at an individual level on the Open Web. How concerned are you with the potential loss of the ability to do ‘people-based’ advertising?



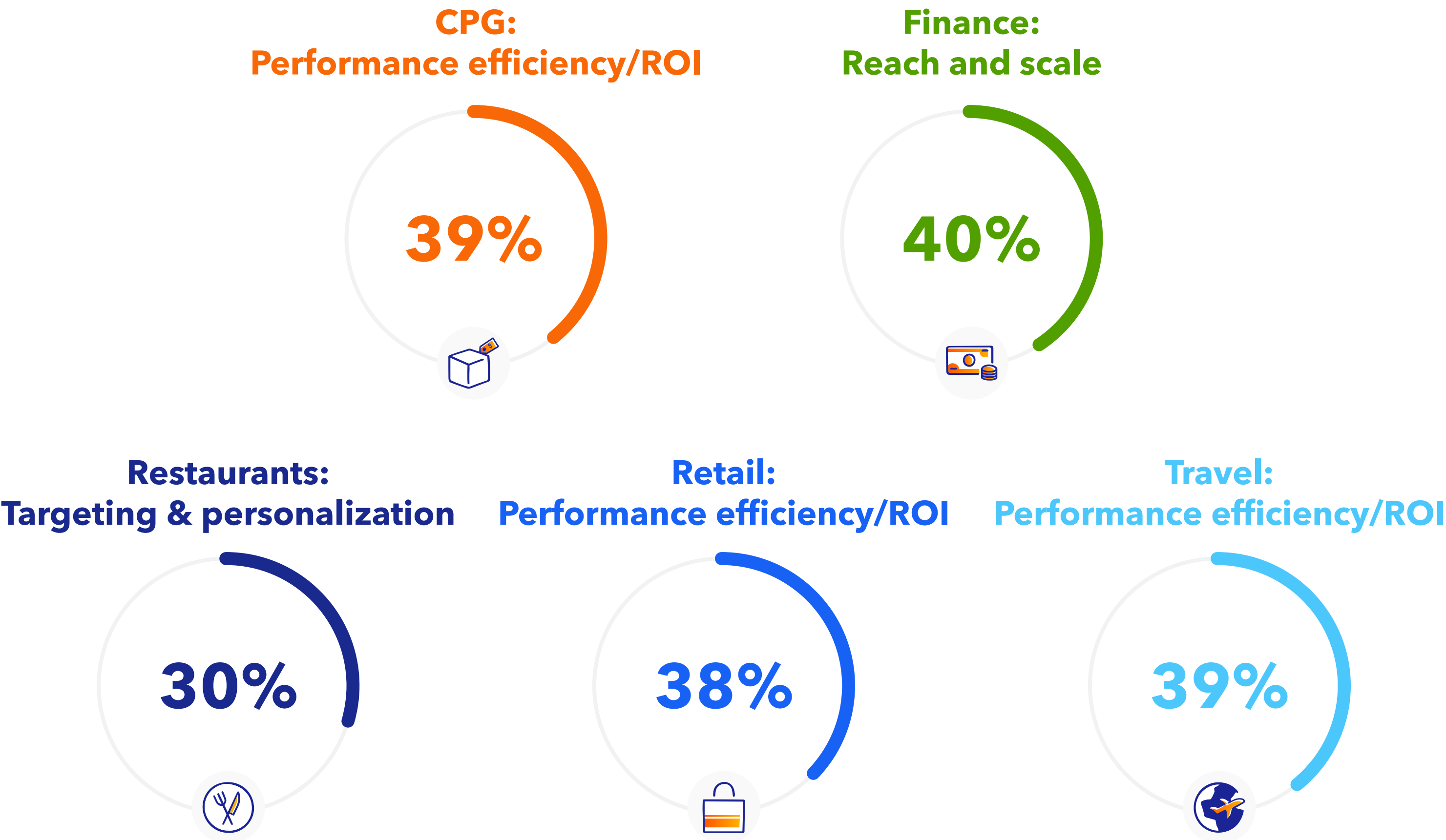
Brands fear a loss of personalization and performance efficiency.

Approximately two-thirds of marketers across industries say their two biggest concerns about limited 3PCs are: difficulty optimizing performance and demonstrating ROI (34%) and targeting and personalization (31%).

Without 3PCs, marketers who depend on them lose the ability to understand consumers and adapt campaigns midflight, which often results in a less desirable customer experience and increased marketing waste.

The financial services and travel are the only industries to favor reach and scale more than targeting and personalization.

What are your top concerns related to the limited availability of 3PCs in the future?



Brands fear a loss of personalization and performance efficiency.

Retail Performance efficiency & ROI



Because of the pandemic, disruptive supply chain issues and economic strain, retail marketers have had to work overtime to prove the impact of their marketing spend. They've been preparing for 3PC deprecation, but now need to prove that their marketing is working to justify already tight budgets. Unfortunately, 3PC measurement capabilities often fall short, and retailers are left guessing.

Financial Services Reach and scale



These brands typically rely on partners to create holistic customer views outside their owned interactions—but many of those same partners will struggle to find the brand's ideal audiences without 3PIDs. This could mean less reach and missing the mark with key customers and prospects at scale. Even though they have the first-party data, 3PC deprecation can hinder their ability to use it to reach customers at scale.

Restaurants Targeting and personalization



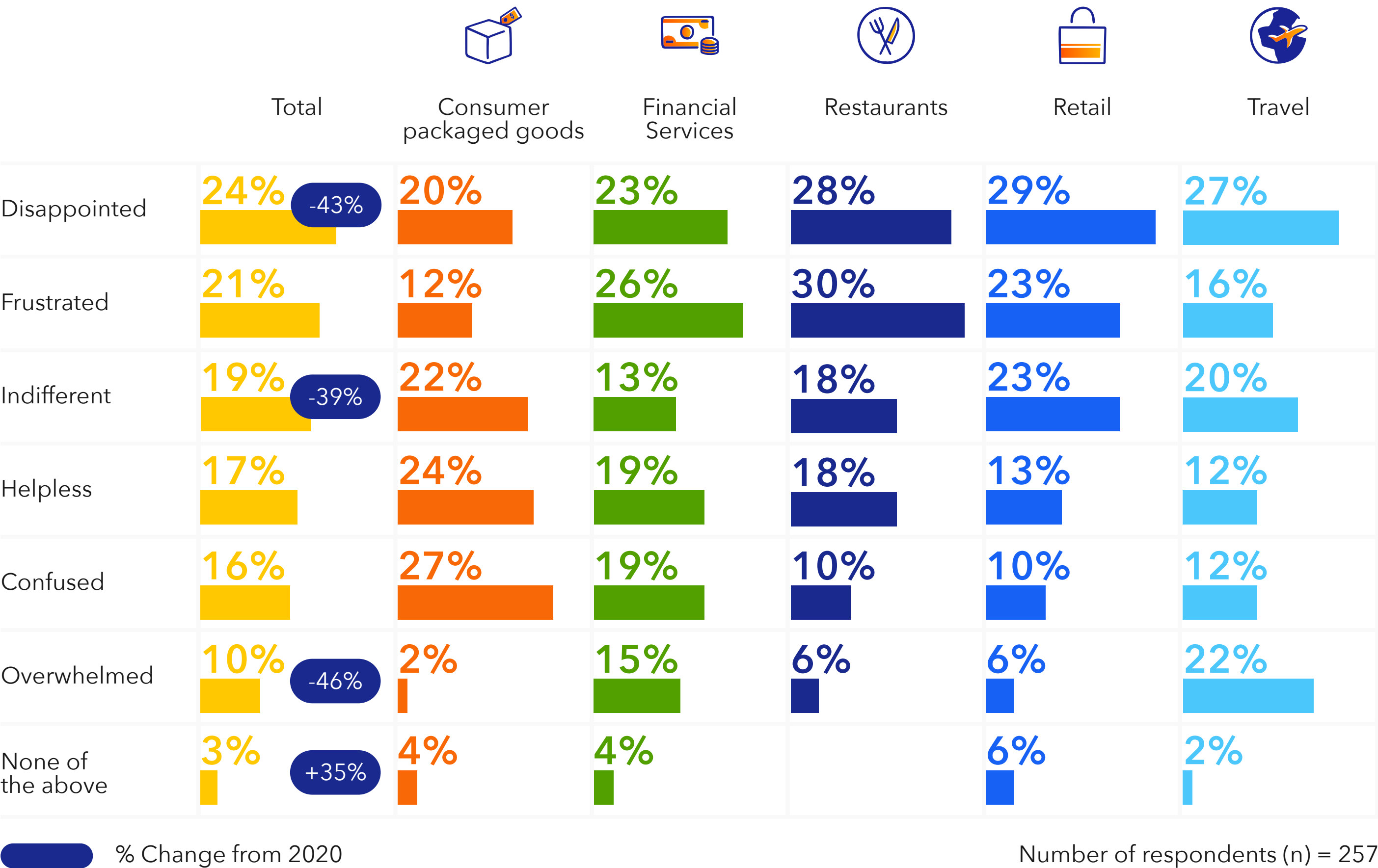
The pandemic clearly posed a unique set of challenges for the restaurant industry, but it also gave them an opportunity. COVID pushed restaurants to embrace the digital customer experience—mainly app usage—which gave them the ability to collect more first-party data than they could in the past. Now that they have it, restaurant marketers are trying to leverage the data for more advanced personalization capabilities.

Marketers are less than thrilled with Google.

Some marketers have a more negative perception of Google (34%) as a result of 3PC deprecation. About 78% have mixed emotions towards the planned elimination, fearing adverse business effects. Most are disappointed with the move; more than one-third respondents feel frustrated and helpless.

It's interesting to note that less marketers are feeling indifferent about Google's plans (19%), a 46% decrease from 2020. Take retail, for example: In 2020, 40% of retail marketers felt indifferent about Google and Apple's actions, compared to about one-third of marketers in general. But in 2024, only 23% of retail marketers feel indifferent about the changes. Over the years, marketers have shifted more of their attention to the matter and have a stronger opinion than before.

How do you feel about the actions/plans by Google to deprecate 3PCs?



Marketers are less than thrilled with Google.



Most marketers doubt these moves will benefit consumers.

The impending 3PC changes were intended to help consumers, but marketers aren't confident that this goal will be met: Approximately 58% of respondents do not believe the measures taken by Google will benefit people.

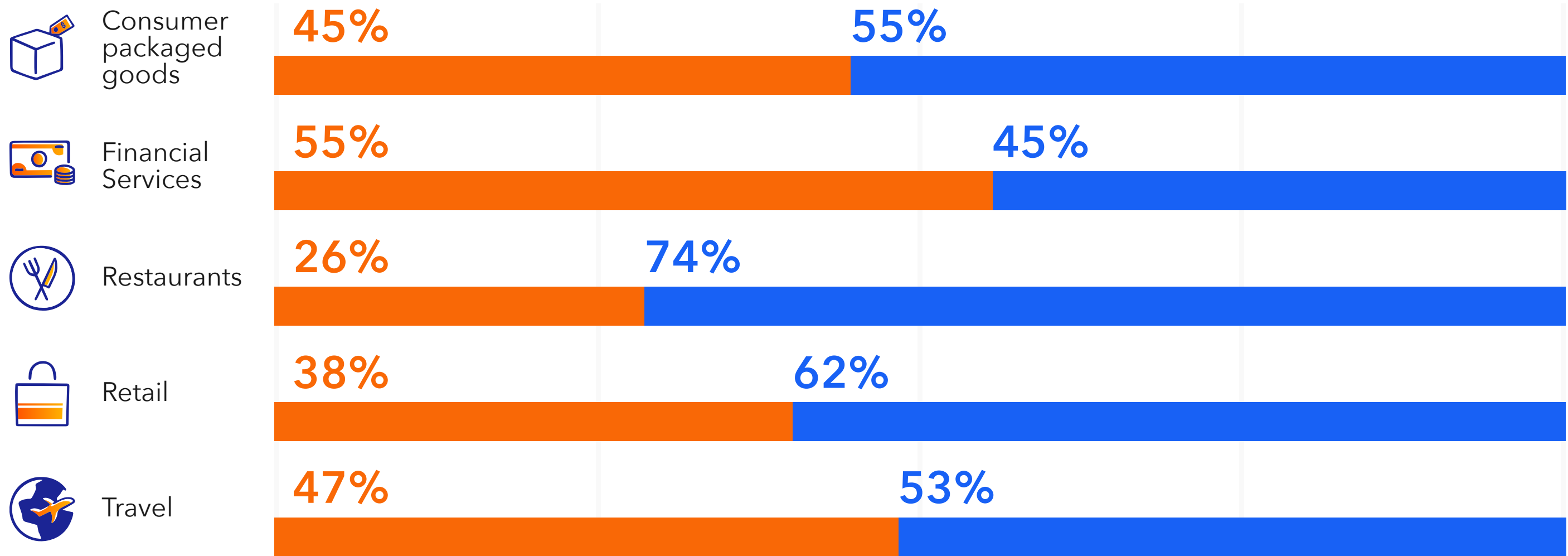
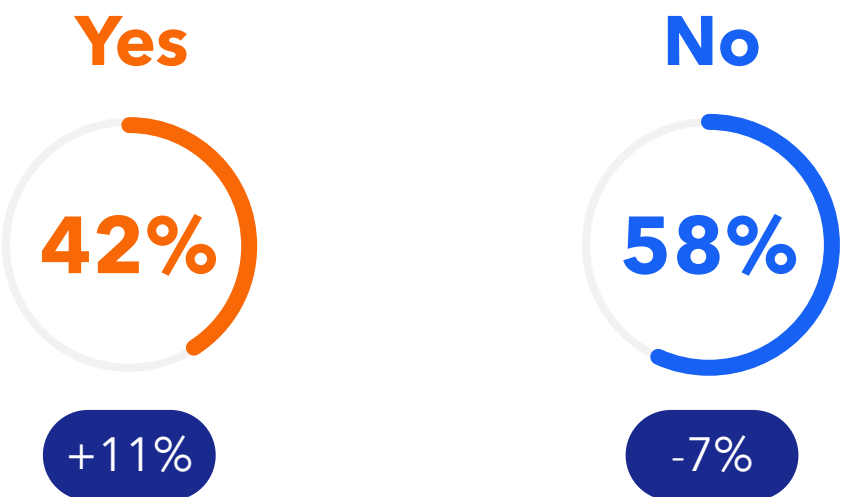
When asked why, top reason cited were:

- 54% expect little to no improvement in consumers' ability to control the use of their own personal data
- 48% think consumers will receive a less personalized experience
- 48% think privacy concerns will persist

While most marketers in four of the five industries say that the move will not help consumers, a slight majority of marketers in the financial services industry do expect these initiatives to achieve their target.

Do you think these changes help the end-consumer?

By all five sectors
Number of respondents (n) = 257
% Change from 2020

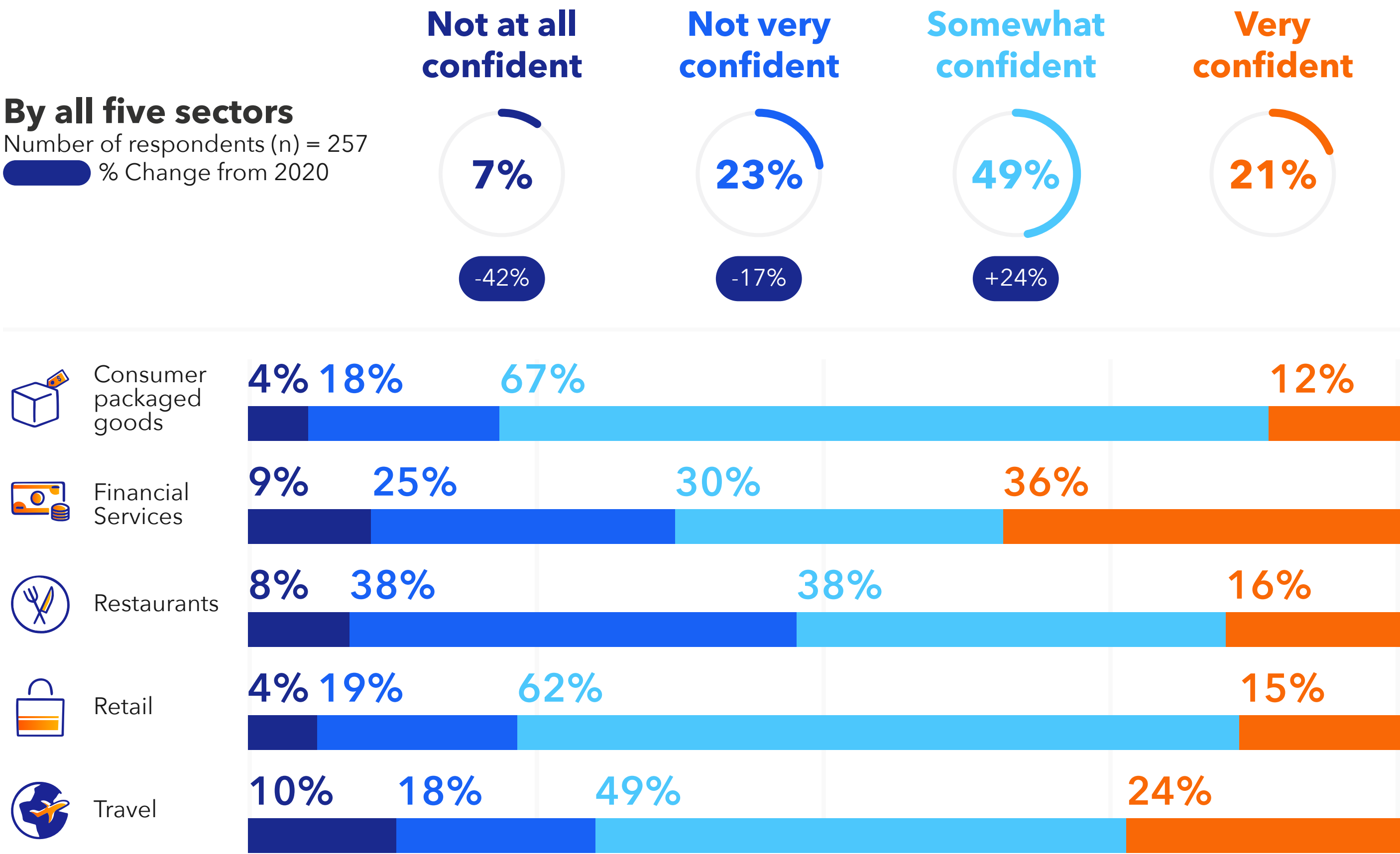


Marketers are leaning on partners, but most aren't confident in their solutions.

Most marketers (73%) are working with partners to solve for 3PC deprecation– but almost 80% are not confident in these partners' ability to find a solution for the changes. Influencing factors on confidence level include the introduction of new offerings, proactive communication and first-party relationships with customers.

Sentiment among financial services marketers is more split than the other industries, with more being "not very" or "somewhat confident", while 36% are "very confident." Travel marketers have the highest number (10%) of feeling "not at all confident" in their partners.

How confident are you that your vendor(s) will be able to come up with viable solutions to replace these key identifiers (third-party cookies and MAIDs)?

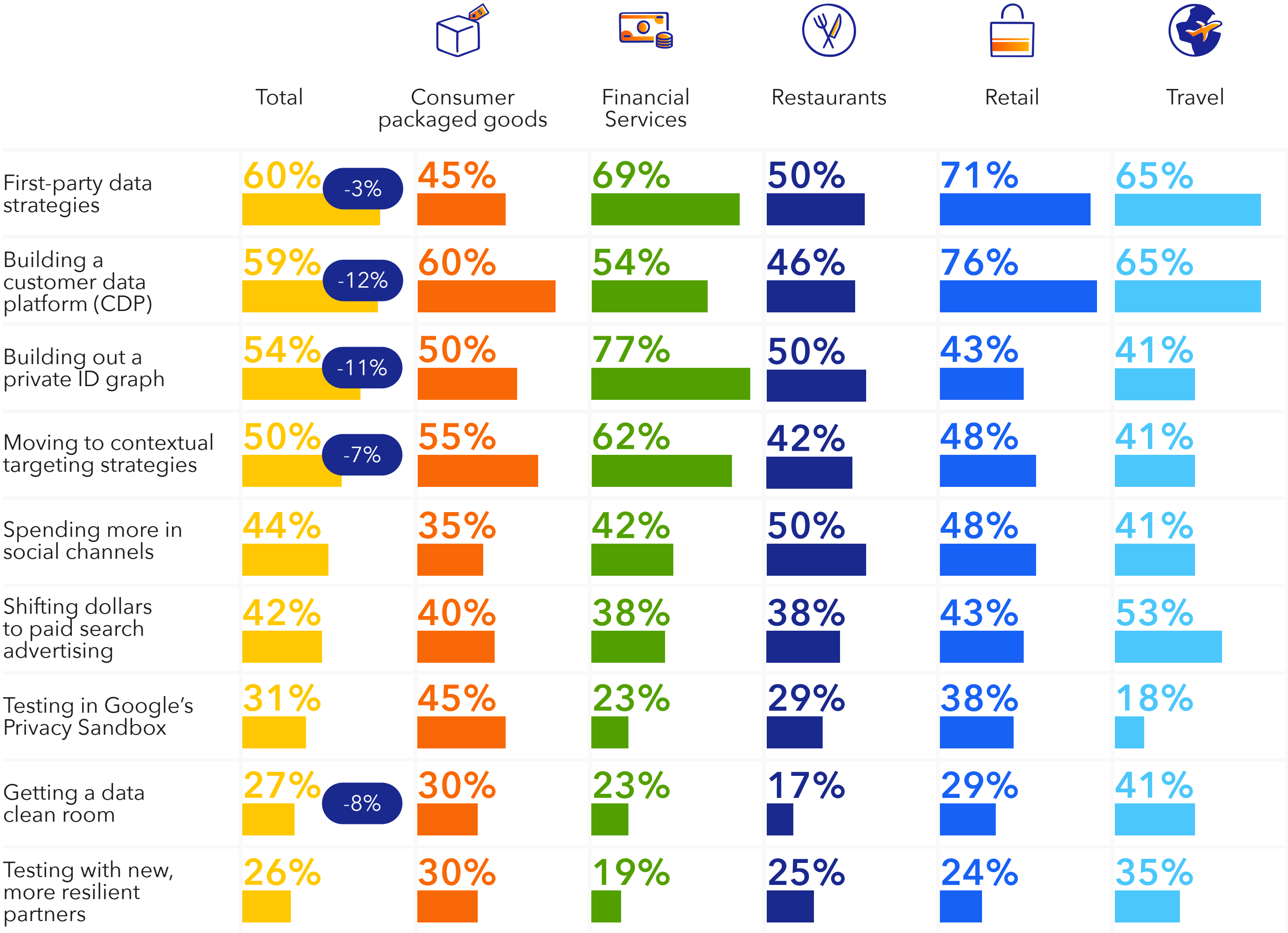


Key initiatives to mitigate effects include first-party data strategies and building a CDP.

Ninety-nine percent of respondents across industries are actively working to better position their brands. Most are trying to strengthen their first-party data strategies (just less than two-thirds), followed by building a customer data platform (CDP) and building out a private ID graph.

First-party data strategies are the most popular strategy for the financial services, retail and travel sectors, while CDPs are widely favored in the retail industry. Respondents in the restaurant industry equally choose to adopt first-party strategies, create private ID graphs and spend on social channels. Financial services marketers also prefer to create private ID graphs (more than three-quarters).

What steps are being taken to address these impacts?



% Change from 2020

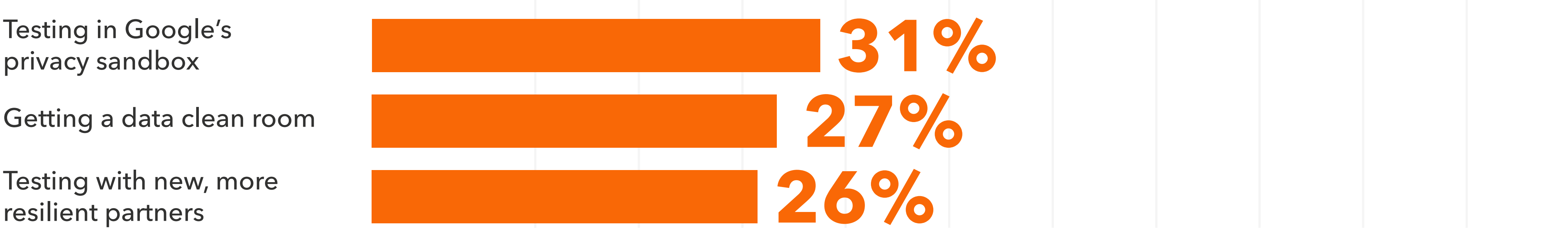
Number of respondents (n) = 257

Key initiatives to mitigate effects include first-party data strategies and building a CDP.

Top 3 options



Bottom 3 options



Key initiatives to mitigate effects include first-party data strategies and building a CDP.

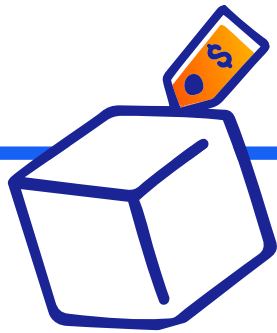
Retail

Retailers know the power of first-party data, and have been working on collecting more for years. In 2020, 78% of retail marketers said they were trying to build out an ID graph. In 2024, this sentiment has shifted, and now 76% say they are working on building a CDP to solve for 3PC deprecation. Strong first-party data fuels CDPs, so the shift in priority from 2020 to 2024 makes sense. An integrated CDP can aggregate data across systems and enrich customer data, which is beneficial for retail marketers that have access to data from loyalty programs.



CPG

With the lack of first-party data, it's interesting that 60% of CPG marketers are building a CDP to prepare for cookie deprecation. The second most popular option is contextual targeting strategies.



Travel

Travel marketers are equally choosing to build CDPs and expand their first-party data strategies.



Financial Services

Because financial services have such pristine first-party data, building out their own ID graph is a logical step to maintain a persistent connection with customers—but that alone will not solve for identifier deprecation. Plus, it's incredibly challenging to do without the right partner.

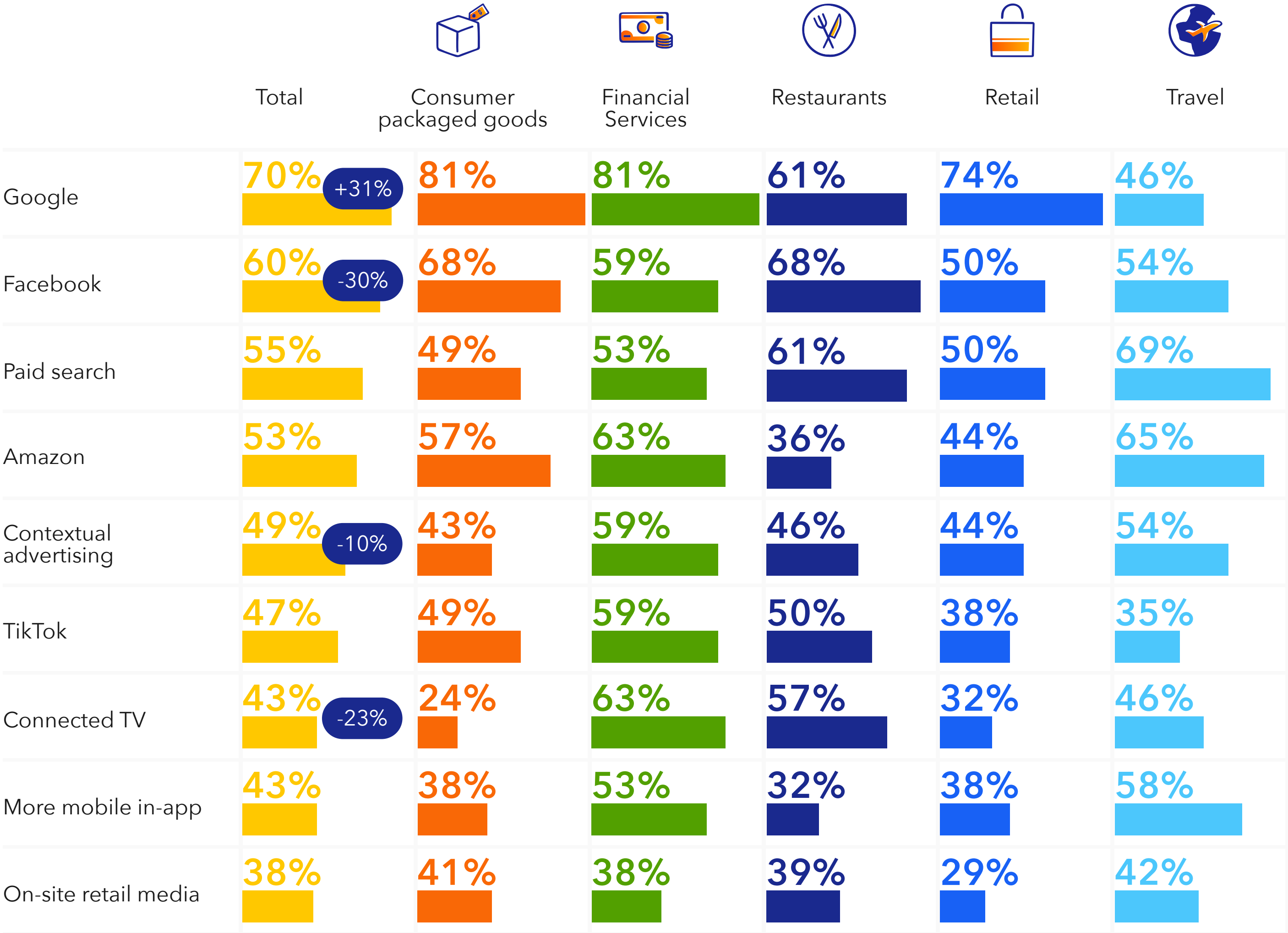


Most marketers don't plan on changing their ad budgets, but many will shift more dollars to other tactics.

It's interesting to note that more marketers are shifting spend to Google in the wake of 3PC deprecation. At the same time, more than half of marketers are shifting spend to other walled gardens like Facebook and Amazon due to the large amounts of authenticated (i.e. logged-in) users. However, consumers spend 76% of their time browsing outside of walled gardens, which is a huge miss for marketers looking to reach their customers across the open web.

Paid search is attractive because it allows marketers to capitalize on a consumer's show of intent—and no cookies are needed. However, paid search is reactive and requires waiting for a consumer to search for your brand, which can make it difficult to drive demand.

What channels/partners do you plan to shift your spend to?



% Change from 2020

Number of respondents (n) = 257

Moving forward without 3PCs

How to move forward (instead of back)

Google's announcement may feel like momentary relief for some marketers—but it doesn't change anything. While information about the pivot is limited, third-party deprecation is happening and may well accelerate with this new change.

For marketers who want to successfully personalize and drive performance without needing third-party cookies, first-party data of brands and website publishers (due to their direct relationships with consumers). With a solution that maximizes this data, marketers can continue to deliver and measure personalized ads online—no 3PCs necessary.



Marketers' common strategies

Building a customer data platform (CDP)

59%

of marketers are taking this step

Advantage:

Can drive more effective marketing through a single customer view

Disadvantage:

Many CDPs are not built to solve enterprise-level activation

Most brands store their data across multiple locations, making it difficult to achieve a consolidated, single source of customer truth that's necessary to create a comprehensive marketing strategy. CDPs are appealing because they can help marketers align, enrich and analyze their first-party data.

However, few CDPs were designed for enterprise marketers who especially need to manage and access data at scale. This is because many CDPs are not built with a strong foundation of identity resolution, data management services or rich intelligence—[all critical features for enterprise-level CDPs](#). Without a connection to stable IDs outside the customer data itself, CDPs can't activate media or measure outcomes on both paid and owned channels. While a [digitally-enabled CDP](#) can serve as the right bridge to activation, the wrong CDP may only be a bandage on a bigger problem or a ship drifting out to sea (revisit).

Marketers' common strategies

Getting a data clean room

27%

of marketers are taking this step

Advantage:

Privacy-safe way to gain insights and build audiences, even without third-party identifiers

Disadvantage:

A clean room is only as good as the data within it

The number of marketers considering a data clean room in 2024 has surprisingly decreased about 4% since 2020, which is perhaps a nod to a common misconception that it can be difficult to extract ROI from a clean room. Like CDPs, the core capabilities of a solid clean room matter immensely—but the wrong clean room can feel [clunky, complicated, and redundant](#).

However, an effective clean room can make a real difference in a brand’s marketing capabilities. A clean room provider with deprecation-resistant identity resolution at the core of their platform can help marketers better understand their customers and ultimately target more effectively. That way, regardless of how much first-party data a brand may have, it’s still possible to identify their best customers, build custom audiences and effectively activate on those segments. Another thing to watch for? Whether or not a clean room was built natively for marketers and planners (rather than only for data scientists).

Marketers' common strategies

Building a private ID graph

54%

of marketers are taking this step

Advantage:

Creates new monetization opportunities

Disadvantage:

Highly complex and requires massive scale to do it alone

Marketers who would like to build out a private ID graph have great intentions, but very few companies (other than the very largest) are able to do it right. To be effective, a private ID graph needs identifiers that can reach consumers offline, within a brand's owned ecosystem and on the open web (any online property, website or app not owned by a major tech company such as Facebook, Amazon or Google). Research shows that U.S. consumers spend about [76% of their time on the open web](#), so private ID graphs without digital identifiers could be missing a huge opportunity to reach consumers when 3PCs are deprecated.

Virtually no brands have the scale and reach to fully understand an individual's digital identity by themselves. So, it's more than a little troubling that more than half said they're pursuing it. We hope these marketers aren't going it alone and are instead working with a qualified partner to tap into an existing deprecation-proofed ID graph.

Marketers' common strategies

Spending more in walled gardens

at least

70%

of marketers are taking this step

Advantage:

Personalization can continue within walled gardens

Disadvantage:

Minimal performance transparency; already over-concentrated

It's not surprising that many marketers are moving their spend into walled gardens like Google (70%), Facebook (60%), Amazon (53%) and TikTok (47%). These platforms have massive amounts of authenticated (i.e. logged-in) users, meaning they have huge reach, scale, and targeting capabilities without any external identifiers. There's no doubt that continuing to invest ad dollars in these platforms is a safe idea.

However, investing more in them is a poor choice. As noted earlier, consumers spend 76% of their browsing time outside of walled gardens. Not reaching your buyers on the open web is a major missed opportunity to build a conversation and influence decisions. Furthermore, ad spending is already over-concentrated in walled gardens. [Approximately 70% of U.S. programmatic display ad spending in 2023](#) was in walled gardens. That's a huge percentage for only 24% of consumers' time.

Another problem is the lack of true performance transparency that most of these platforms offer. It can be almost impossible to tie person-level data back to a brand's CRM database, which would allow the brand to independently audit the platform's campaign performance.

Marketers' common strategies

Contextual targeting

50%

of marketers are taking this step

Advantage:
Doesn't require 3PCs

Disadvantage:
A step back from person-level advertising

Contextual advertising is appealing because it's an intelligent proxy for a consumer's interest when there isn't a better signal. It's actually what digital advertising was based on before 3PCs rose to prominence—so it makes sense, then, that people would return to it. But while some consumers may be in-market when reading or viewing a given piece of content, most are not. This means contextual advertising based purely on content, domain or keyword is very wasteful compared to person-level, optimized media.

For marketers considering contextual solutions, look for ones that take first-party signals into account. The more the strategy is informed by a brand's most-valuable customers, the less likely it is to be wasteful.

Marketers' common strategies

Connected TV (CTV) advertising

43%

of marketers are considering it

Advantage:

Doesn't require 3PCs

Disadvantage:

Individual-level reach is challenging; relies on IP addresses

Like contextual, CTV advertising does not rely on 3PCs. In fact, the vast majority of CTV inventory is by nature authenticated by the platforms they run on. This means the tactic is basically untouched by Google's deprecation plans, while also increasingly grabbing consumers' time spent with media (U.S. viewers spend [1 hours and 57 minutes a day](#) consuming CTV content).

CTV is largely at the household level, not the individual-level, creating more inefficiency and waste than identity-driven programmatic display. This makes the tactic a great upper-funnel complement, but not a full strategy in itself. Furthermore, CTV uses IP addresses to support household identity. While IP addresses are currently available in the bid stream, they may be deprecated over time as well.

Marketers' common strategies

Paid search

42%

of marketers are taking this step

Advantage:
Inherently aligned with intent

Disadvantage:
Reactive tactic

With a limited amount of 3PCs, tying online behavioral, psychographic and intent data to an individual becomes much more difficult. Paid search allows marketers to capitalize on a consumer's obvious show of intent. The individual is raising their hand that they're interested in either an exact product or a related topic—and no cookies are needed to talk to them.

At the same time, paid search is also highly reactive as it requires waiting for a consumer to search for your brand or service. There's little ability to drive demand or introduce an entirely new concept, the way you can with other forms of ad media.

If all these approaches have downsides, what should marketers do?

For marketers who want to successfully personalize and drive performance without needing third-party cookies, first-party data provides the path forward—specifically, the first-party data of brands and website publishers (due to their direct relationships with consumers).

With a solution that maximizes this data, marketers can continue to deliver and measure personalized ads online—no 3PCs necessary.



Marketers' best path forward

Maximize your collection and activation of first-party data

Because data from 3PCs has always been and will remain unreliable despite Google's announcement, marketers need to increase their first-party customer interactions and the data they collect from them. And they must ensure that data is fully usable and complete by auditing, cleansing and de-duping.

As always, data privacy should be at the forefront, and any exchange of data should be rooted in creating value for the consumer. Be clear about what data you're collecting and how you'll use it, and only collect what's actually necessary for your marketing goals.

The good news? This was marketers' number one most common strategy selected in our survey (60%) to mitigate 3PC dependency.



Look for an ID solution based on first-party publisher data

How can marketers deliver and measure person-based ads across the open web—not just within walled gardens? The most viable option is to choose solutions that not only have deprecation-proof identity natively integrated, but also capture consented first-party data from publishers.

Many publishers collect data from their users in exchange for content. Scaled and linked to a strong identity graph, this data can be used to identify consumers and personalize ads without 3PCs. This is a highly effective solution when it comes from an experienced vendor with scalable technology. However, not all these solutions are built from the same cloth—and it's important to dig into exactly what signals they're using. For example, email addresses aren't persistent, but name and address usually are.

It's time to future-proof your digital media strategy.

There is a world in which your brand can thrive with or without cookies. The key is future-proofing your digital media strategy to ensure you can deliver to customers what they want: privacy and personalization.

Epsilon saw the flaws of 3PCs long ago. Since 2012, we've [invested in solutions](#) that do not need (and will never need) 3PCs to deliver and measure personalized advertising at scale. Here's how it works: Epsilon's people-based [CORE ID](#) is anchored to deterministic data elements, making it not only reliable in finding the right consumers, but stable against regulatory shifts. Our data is privacy-centric and pseudonymized before it enters the digital ecosystem, keeping consumer information safe. And by working with [17,000+ publisher partners](#) who have developed trusted first-party relationships with their audiences, we can identify site visitors without 3PCs and provide transparent measurement at scale.

The proof is in our existing performance on Safari and with Apple users. Today, marketers using [Epsilon Digital](#) are already reaching and measuring 1:1 ads on Safari and iOS (environments that do not have 3PCs). Currently, 33% of the impressions Epsilon Digital serves worldwide go to identified (and valuable) Apple users.



Learn more
about how Epsilon can help you
succeed without 3PCs.



Epsilon is a global advertising and marketing technology company positioned at the center of Publicis Groupe. We connect advertisers with consumers to drive performance while respecting and protecting consumer privacy and client data. Epsilon accelerates clients' ability to harness the power of their first-party data in order to enhance, activate and measure campaigns with confidence. We believe in an open, privacy-first advertising ecosystem. Over decades, we've built the industry's most comprehensive identity graph to give brands, agencies and publishers the ability to reach real consumers across all channels and the open web. For more information, **[visit epsilon.com](https://epsilon.com)**.