**Deloitte.**
Digital

# Losing third-party cookies means lost revenue. For everyone.

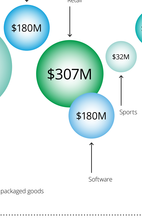
Most digital campaign strategies are in part dependent on the use of third-party data, platforms or cookies, which as we all know will no longer be broadly supported by major browsers as of 2023. That move means using third-party cookies to relay the vital data signals that digital ad strategies rely on won't be viable for long.

Marketing leaders are rightly anxious. In our recent study of executives who lead US brands,[1] 77% were somewhat, moderately or extremely concerned about the technology changes surrounding third-party cookies. That study, which was conducted to better understand readiness among brands, was then accompanied by an analysis of projected revenue risk across industry sectors[2] (see chart below).

For the survey itself, we posed questions that ranged from demand-side platform (DSP) use to data ownership to raw digital spend. We then took that data and applied a revenue risk calculation. Our projection of the risk posed by third-party cookie deprecation? Across the companies surveyed, average risk projections ranged from around $91 million to $203 million of revenue per year, with some companies risking upward of $300 million in revenue, each.

That's clearly significant, and it doesn't even factor in other collateral impacts such as lost data collection, the inability to continue multitouch attribution (MTA) measurement, loss of reach and frequency optimization, and the inability to track and optimize ad content effectively.

## Average spend and revenue risked across all sectors

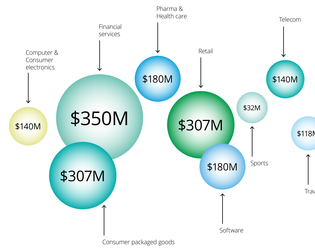



*To calculate risk for study participants, we used their stated budgets and the most recently available Nielsen benchmark of 2.63:1 for Return on Ad Spend (ROAS)[3] for digital display advertising.*

## Calculate the impact on your brand: **Revenue risk factors**

The chart at right shows projected revenue risked by sector. Our numbers used open rates to determine probable ad spend by company in each sector and multiplied that by the benchmark ROAS. To see how your brand stacks up, multiply your total digital ad spend by the ROAS of $2.63. However, keep in mind that in a world without third-party cookies, *impact can be less about what you spend and more on how you spend it.* Simple formulas can give you an idea of risk, but to truly understand your specific revenue risk and how to address it, you need to consider the four factors outlined below.

### Revenue risked by sector




## Digital ad dependency

Risk factor

Using the benchmark calculation outlined above, it appears that brands with the biggest digital ad spends are risking the most revenue. That's broadly true; but other factors such as channel mix and data ownership are as or more indicative of individual risk. So, when calculating your brand's revenue risk, you need to go beyond spend to consider what percentage of your advertising spend is third-party cookie-reliant and what percentage of your overall marketing spend that represents. Obviously, if digital advertising is a chief driver of conversions and sales, there's greater revenue risk than if you deploy it as a support medium.

You also need to account for other ways you rely on third-party cookies. For example, if they're vital to tracking or optimizing ad performance or generating customer data insights for use in other channels, that can elevate both risk and urgency because it impacts your ROAS directly and impedes your brand's overall customer experience.

Annual digital ad spend stated by respondents

**60%**
of respondents spend at least half of their media budgets on digital advertising.

### Questions to ask yourself:

**Spend**
What percentage of my overall advertising and marketing spend is in digital *and* is dependent on third-party cookie data and technologies?

**Exposure**
What percentage of my brand's overall ad impressions does digital constitute?

**Dependency**
How are the third-party tags on our owned sites being used to inform and measure digital campaigns? How and where are we using third-party platforms (data management platforms, DSPs)?

## Digital mix

Risk factor

Most brands in our survey deploy DSPs to orchestrate campaigns. That means those brands are de facto reliant on third-party cookies because that's how DSPs orchestrate buys. Audiences are built based on third-party signals and ads are served accordingly across various channels. That's how signal data gleaned from Google can inform buys on sites in other browsers or in a prospect's Facebook timeline. The more your brand uses programmatic buying and DSPs, the more likely it is that third-party technologies are determining your digital mix. But this is about more than just cross-channel buying.

Third-party cookies are essential for measurement, too. Without third-party tracking pixels, DSPs can't monitor reach and frequency, which can mean underserving and overcharging. They can't track performance, which means you can waste impressions serving ads that get no clicks. Sans third-party cookies, they can't personalize ads by geography, gender or age across channels. In short, if your cross-channel and programmatic buys rely on third parties, then third-party cookies are critical to the revenue your ads generate. Hence the risk factor of 9.

**77%**
Percentage of respondents who use demand side platforms for programmatic buying.

**4+**
Average number of demand side platforms used by respondents for programmatic buying.

### Questions to ask yourself:

**Third parties**
How many DSPs and DMPs are we using to orchestrate cross-channel and programmatic buying right now?

**Exposure**
What percentage of my brand's overall ad impressions are dependent on third-party signals, and how would losing those impressions impact overall results?

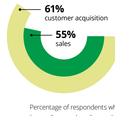
**Dependency**
How is the performance of our campaigns and our overall spend triggered by third-party data, i.e., frequency tracking, content optimization, cross-channel orchestration, etc.?

## Third-party data reliance

Risk factor

On average, the brands we surveyed tap 45 or more third-party data sources. That's not surprising. Third-party data fuels advertising across the web, today. It guides when, where, why and how ads run. It triggers which ads are served to whom and how ads are personalized. It shows marketers what's working, what isn't, and how campaigns should evolve. Ask CMOs to prove the worth of their campaigns, and the first thing most point to? Third-party data. As fuels go, it's like sugar. And with third-party cookies coming off the table the risk of a sugar crash is high.

Data ownership is a more sustainable path. That starts with a customer data platform (CDP), which enables you to control data, manage customer privacy, gain audience insights and orchestrate campaigns. Once you've mastered first-party data and CDPs, you can create your own audiences—not only to target directly, but also as models for the audiences to buy within giant digital publisher "walled gardens" and across browsers and networks. Moreover, having first-party data gives you the freedom to use it outside advertising to elevate customer experiences on commerce sites, in service centers and via email. Bottom line: The sooner you become self-reliant for the data you use, the sooner you reduce your revenue risk.




Percentage of respondents who rely equally, more heavily or solely on third-party data for customer acquisition and sales.

**45+**
Average number of third-party data sources or audiences relied on per brand across digital advertising.

### Questions to ask yourself:

**CDP**
Do you have a CDP in place? What percentage of its capabilities are you using? Is staff appropriately trained?

**Data quality**
How good is the first-party data you have? What types of privacy safeguards are in place? What of that data is most important to the performance of your advertising?

**Dependency**
What percentage of the data you use now is outside your control? To what degree are you relying on others (like DSPs or agency partners) to provide measurement data?

## Digital strategy

Risk factor

Most brands use multitouch attribution (MTA) to analyze effectiveness. Indeed, MTA measurement influences how campaigns are optimized for spend, content, channel, tactic, frequency and more. It's how DSPs and networks track the serves, impressions, engagements, clicks and conversions they report to advertisers. MTA is useful, but it's also heavily reliant on third-party cookies, meaning your reliance on MTA measurement data correlates directly to your revenue risk from third-party tech disruption. Second, from a strategy standpoint, it's also important to look at how you use third-party cookies practically. For example, if retargeting to abandoned shopping cart customers is an effective strategy for you, you need to come up with an alternative—fast. Once third-party cookies are gone, you won't be able to use retargeting pixels to track customers across platforms and channels anymore.

These MTA and cart examples are two of many that make the case for rethinking digital marketing from the strategy up. But where to start? Top brands are prioritizing comprehensive third-party assessments—a comprehensive audit of owned and third-party systems to see where third-party tech is generating the highest ROAS for them. From there, they're able to develop a road map to address critical areas first and adopt new strategies quickly, so their revenues don't crumble as third-party cookies do.

Percentage of respondents who rely moderately, heavily or solely on these strategies for digital ad performance.

**59%**
Percentage of respondents who have not audited internal and external systems for reliance on third-party cookies.

### Questions to ask yourself:

**Spend**
What is the link between third-party cookies and revenue generation? Where is it greatest? Where is it irrelevant?

**Exposure**
What percentage of my ad strategy is driven by information from third parties? How dependent is my ad performance on third-party crutches like retargeting?

**Dependency**
When was my last, comprehensive audit? Did it include all the DSPs and systems orchestrating my campaigns and driving my strategies?

# Don't let your ad performance crumble.

## Contact Deloitte Digital about a third-party cookie audit.

Deloitte Digital's custom, third-party cookie assessment uses a proprietary, market-based formula to calculate how the loss of data from third-party cookies may impact revenue. The audit includes a look at the mar- / ad-tech stack, third-party data usage, measurement, tagging, and media plan and strategies your digital advertising relies on now. Most important, it helps create a road map for the changes you need to make now to lessen your dependency on third-party cookies and technology before the 2023 deprecation deadline. This assessment will also help you with the data loss you're already experiencing from browser signal deprecation and manufacturer privacy updates.

**Request a consult, today >**


**ABOUT DELOITTE**

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"), its network of member firms, and their related entities. DTTL and each of its member firms are legally separate and independent entities. DTTL (also referred to as "Deloitte Global") does not provide services to clients. In the United States, Deloitte refers to one or more of the US member firms of DTTL, their related entities that operate using the "Deloitte" name in the United States and their respective affiliates. Certain services may not be available to attest clients under the rules and regulations of public accounting. Please see www.deloitte.com/about to learn more about our global network of member firms.

This publication contains general information only and Deloitte is not, by means of this publication, rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. This publication is not a substitute for such professional advice or services, nor should it be used as a basis for any decision or action that may affect your business. Before making any decision or taking any action that may affect your business, you should consult a qualified professional advisor. Deloitte shall not be responsible for any loss sustained by any person who relies on this publication.

Copyright © 2021 Deloitte Development LLC.
All rights reserved.


1. Deloitte-owned research survey of 100 marketing executives leading top US brands across nine sectors, conducted between May–June 2021.
2. Sector calculation is based on the open (nonnegotiated) rates for common digital channels and placements for banner advertising. These figures exclude YouTube, ConnectedTV, streaming audio, Search Engine Marketing, and other social channels besides Facebook and Twitter.
3. Nielsen, "Benchmarking return on ad spend: Media type and brand size matter," Nielsen Insights, June 24, 2016, https://www.nielsen.com/us/en/insights/article/2016/benchmarking-return-on-ad-spend-media-type-brand-size-matter/.