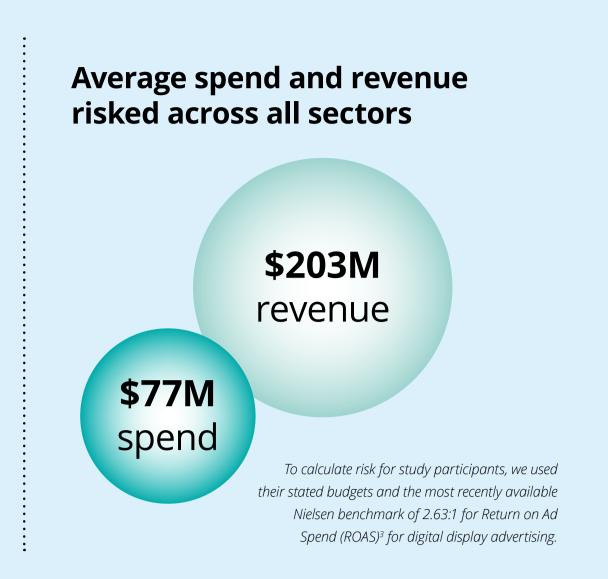
Most digital campaign strategies are in part dependent on the use of third-party data, platforms or cookies, which as we all know will no longer be broadly supported by major browsers as of 2023. That move means using third-party cookies to relay the vital data signals that digital ad strategies rely 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 sectors² (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.

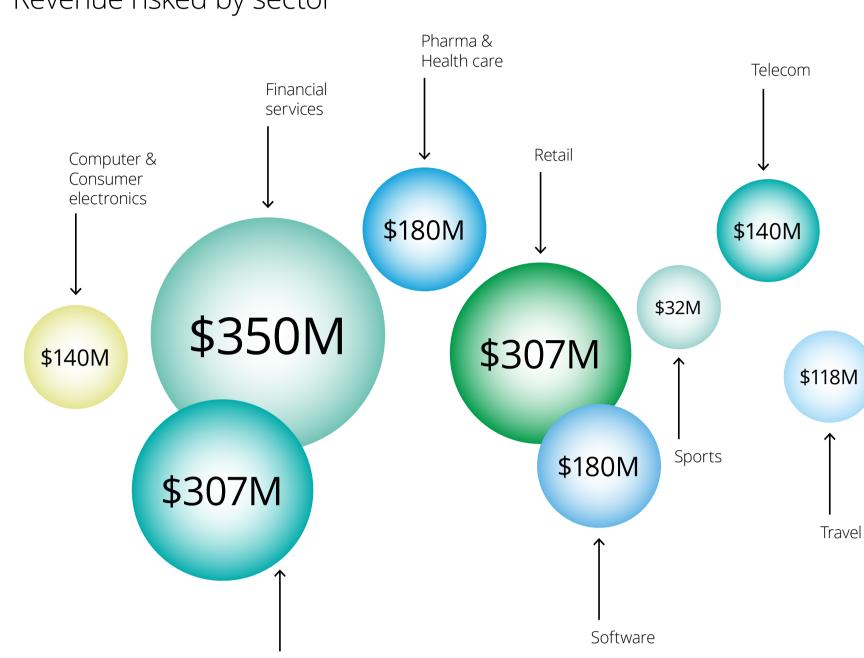
That's clearly significant, and it doesn't even factor in other collateral impacts such as lost data collection, the inability to continue multitouch attribution (MTA) measurement, loss of reach and frequency optimization, and the inability to track and optimize ad content effectively.



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

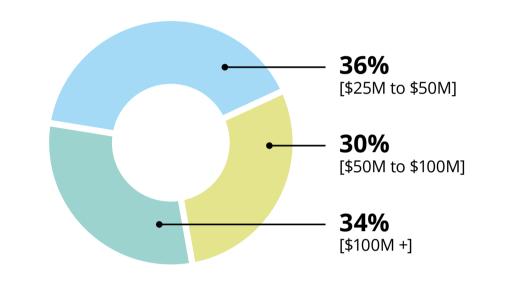
Risk factor • • • • • • • • • • •

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 cookiereliant 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 thirdparty 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

Consumer packaged goods



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

Questions to ask yourself:

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

ad impressions does

digital constitute?

Dependency How are the third-party tags on our owned sites being used to inform

Spend

my brand's overall

and measure digital campaigns? How and where are we using thirdparty 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.

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

those impressions impact

overall results?

brand's overall ad impressions are dependent on third-party signals, and how would losing

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 thirdparty 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.

61% customer acquisition 55% sales

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

Percentage of respondents who

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

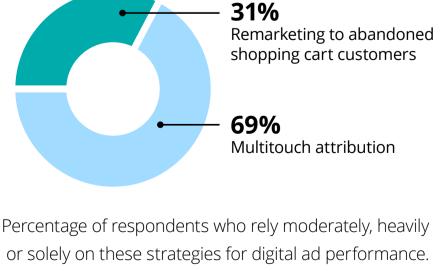
you use now is outside your control? To what degree are you relying on others (like DSPs or agency partners) to provide measurement data?

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 thirdparty 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.

revenues don't crumble as third-party cookies do.



Percentage of respondents who have not audited internal and external systems for reliance on

Questions to ask yourself: **Exposure** Spend

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

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,

third-party cookies.

comprehensive audit? Did it include all the DSPs and systems orchestrating my campaigns and driving my

From there, they're able to develop a road map to address critical areas first and adopt new strategies quickly, so their

strategies?

Recommended reading on cookieless

What the end of third-party cookies means for advertisers.

Goodbye third-party cookies. Hello human experience.

(2-min. read)

(10-min. read)

Stay connected

Explore Deloitte Digital offerings

Follow Deloitte Digital on Twitter

Copyright © 2021 Deloitte Development LLC.

All rights reserved.

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.

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.

and placements for banner advertising. These figures exclude YouTube, ConnectedTV, streaming audio, Search Engine Marketing, and other social This publication contains general information only and Deloitte is not, by means of this publication, channels besides Facebook and Twitter. rendering accounting, business, financial, investment, legal, tax, or other professional advice or services. 3. Nielsen, "Benchmarking return on ad spend: Media This publication is not a substitute for such professional advice or services, nor should it be used as a type and brand size matter," Nielsen Insights, June basis for any decision or action that may affect your business. Before making any decision or taking any

SOURCES

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

media-type-brand-size-matter/.

24, 2016, https://www.nielsen.com/us/en/insights/

article/2016/benchmarking-return-on-ad-spend-