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Future-proofed marketing: how brands intend to reach addressable audiences beyond the walled gardens

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The future of addressability

With the upcoming deprecation of third-party cookies on the market-leading Chrome browser, the global marketing industry is already hard at work on alternative methods to target, serve and measure advertising campaigns.

But how advanced are those plans, and how likely are they to deliver the results that advertisers need or the privacy-compliant yet relevant advertising that consumers are demanding?

One early trend in response to restrictions on signals has been an over-investment of ad budgets focused on the major 'walled gardens'. As such, reaching addressable audiences beyond the walled gardens and on the open web (where consumers are spending more time than ever) represents a major untapped opportunity for many advertisers.

LiveRamp recently commissioned original research (conducted by Censuswide) to investigate the readiness of marketers for life without cookies. We sought to explore the alternative methods of targeting and attribution being considered by advertisers and their agencies.

Our key takeaways? Brand advertisers are finally preparing in earnest for the cookieless future, but those preparations are far from complete. Among the alternative solutions being considered, addressability underpinned by first-party data is high on the agenda. Advertisers are looking to

publishers to provide privacy-compliant ID solutions, allowing brands to address the current over-investment in the walled gardens and direct more budget to the open web. Finally, internal digital marketing teams are under serious pressure to deliver and many would welcome the support of external partners to navigate this extraordinary time.

In this report, prepared in association with New Digital Age, we present the full findings of our research, alongside contemporary market insights from a range of ad industry leaders, including senior executives from Boots UK, Mediacom, Dentsu UK, Boden, tails.com, Dunnhumby, Spark Foundry, Matterkind and the IAB UK.

At LiveRamp, we believe that marketers who successfully implement 'people-based' activation and measurement solutions, which leverage privacy-compliant, first-party data, and which provide insight across all omnichannel marketing activities, will be best able to stay connected with their high-value audiences.

We hope this special report offers you some valuable insights into the future of addressability for your own organisation.

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"There are considerable benefits to making the shift to cookieless solutions sooner rather than later. It's estimated that 50% of the internet is already cookieless."

- Travis Clinger, SVP Activations and Addressability, LiveRamp

Privacy, personalisation and performance in a post-cookie world

For the past couple of years, brand marketers have been wrestling with the complex issues surrounding the impending deprecation of third-party cookies on Chrome and its potential impacts on the effectiveness of digital advertising.

On the one hand, brand advertisers increasingly wish to respect the privacy of consumers and move away from intrusive methods of online tracking. On the other, marketers also recognise the power of targeted, relevant advertising. Consumers want to see relevant advertising, but they are rightfully concerned about having transparency and control over how their data is collected and used.

Travis Clinger, SVP Activations and Addressability, LiveRamp, commented: "For a long time, consumers have been feeling like their privacy hasn't been respected by online marketers, leading to the rise of ad blockers and people 'opting out' of online tracking. The value exchange has been lost. The problem for marketers is that if advertising isn't relevant, it's far less effective at generating results.

"If legacy signals are going away, then there needs to be a solution that enables publishers and advertisers to be able to authenticate their traffic - establishing a trusted value exchange with the consumer, and enabling personalised advertising experiences outside of the walled gardens."

In July 2022, Google delayed its deprecation of third-party cookies on Chrome for the third time, until 2024. Previous delays have slowed the momentum of advertisers and their agencies in their exploration of alternative targeting and attribution solutions. Any similar stalling of progress this time round, however, would be a mistake, said LiveRamp's Clinger:

"There are considerable benefits to making the shift to cookieless solutions sooner rather than later. 50% of the internet is already cookieless: Safari, Firefox, and Microsoft Edge are all cookieless, as is CTV, digital Out–of-Home and mobile in-app advertising."

With this in mind, we asked our survey sample if they thought the deprecation of third-party cookies on Chrome would actually happen this time, as scheduled. An overwhelming majority (92.4%) believe that Google will stick to the latest deadline, with only 4.8% believing that it will be extended yet again.

Q1. Google has again delayed its deprecation of third-party cookies on Chrome until 2024. Do you think it will actually happen then?

Don't Know
2.8%

No
4.8%

Yes
92.4%
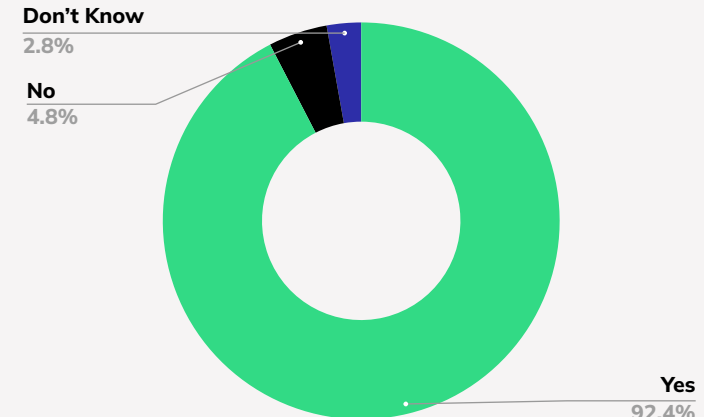
This suggests that the vast majority of respondents are taking the latest deadline seriously and are focused on formulating their response to the challenges of a cookieless future.

William McMahon, Head of AdTech at global media agency Spark Foundry, argued that the industry as a whole seems to be moving away from third-party cookies organically, albeit slowly. He said: "Google has been a little bit cautious in their release of updates, but there's good reasons for that. It's a complicated transition that they're trying to make. The issue, however, is that a lot of suppliers and advertisers need information from Google in order to make their own updates.
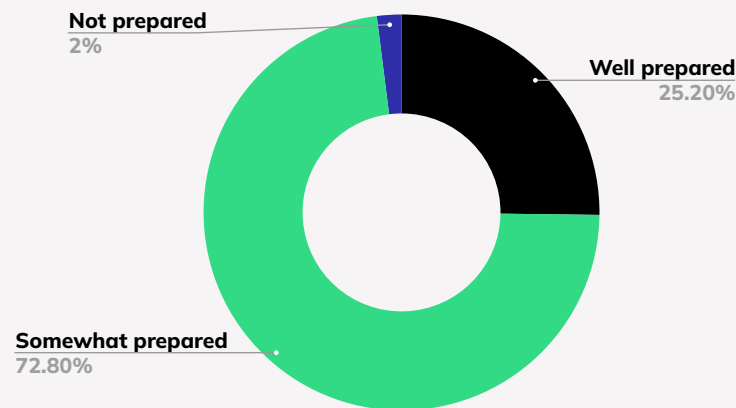
"Any time there's a delay, it's tempting for cookie deprecation to be kicked to the bottom of marketers' priority list, especially at economically turbulent times like these. I can't blame clients for relaxing a little following the latest delay, but at the same time, it's important to keep momentum up. This time round, while alternatives to cookies may have dropped down the priority list by a couple of places, it's still being seen as important".

We asked our survey participants whether they thought that their own organisation was prepared for the final withdrawal of third-party cookies. In response, 25.2% state that their organisation is 'well prepared,' while the vast majority of those surveyed (72.8%) say that they are 'somewhat prepared.' Only 2% admit to being 'not prepared'.

Q2. In your opinion, to what degree is your organisation prepared for the final withdrawal of third-party cookies?

Not prepared
2%

Well prepared
25.20%

Somewhat prepared
72.80%

Based on these findings, almost three quarters of organisations are only partially prepared for the potential issues associated with third-party cookie deprecation. But what do they think the main challenges will be?

Of our survey respondents, 60% named 'Reaching audiences at scale' to be the single biggest challenge, followed by 'Frequency capping' (55.6%). 'Identity/addressability' also ranked highly with 51.2% of respondents, while 'Measurement' was singled out as a post-cookie challenge by almost half (49.6%).

Q3. What, if any, will be the main challenges currently affecting your digital advertising strategy as a result of third-party cookie deprecation?

| | Reaching audiences at scale | Frequency capping | Identity/ addressability | Measurements | No challenges |
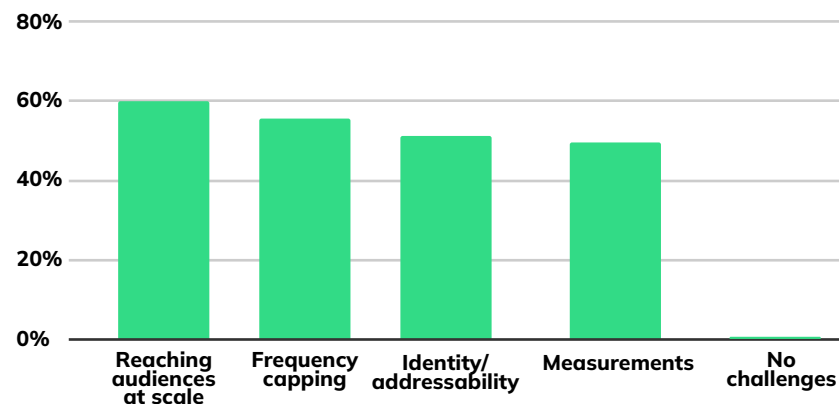
Chloe Nichols, Head of Adtech at the IAB UK commented: "Over the past decade, deterministic identifiers, such as third-party cookies and Apple's IDFAs, have played a major role in one-to-one matching and become a key part of how the targeting and measurement of digital advertising works. With those identifiers now being deprecated, we're seeing a big shift away to other targeting solutions, and more testing around alternative forms of attribution and measurement."

Owain Wilson, Managing Partner, Head of Data Practice, Media-Com UK, said: "Measurement is likely to be a major challenge for many, as clients are very focused on short-term performance at the moment, and third-party cookies lend themselves very well to short-term performance measurement.

"Some of the industry is still looking for a single solution to enabling a cookieless future, but the reality is that's not going to happen. Rather than look for a direct replacement for cookies, we should be asking how we can better identify, target and measure audiences in a way that respects the privacy of individual consumers."

Wilson added: "Whether it's due to privacy concerns, new regulations, or constraints introduced by tech platforms, it's becoming much harder to find addressable individuals online. This heightens the importance of advertisers utilising their first-party data as a unique competitive advantage. Nobody else has that data, so the question becomes how to utilise that successfully, at scale, and then apply it across all media channels."
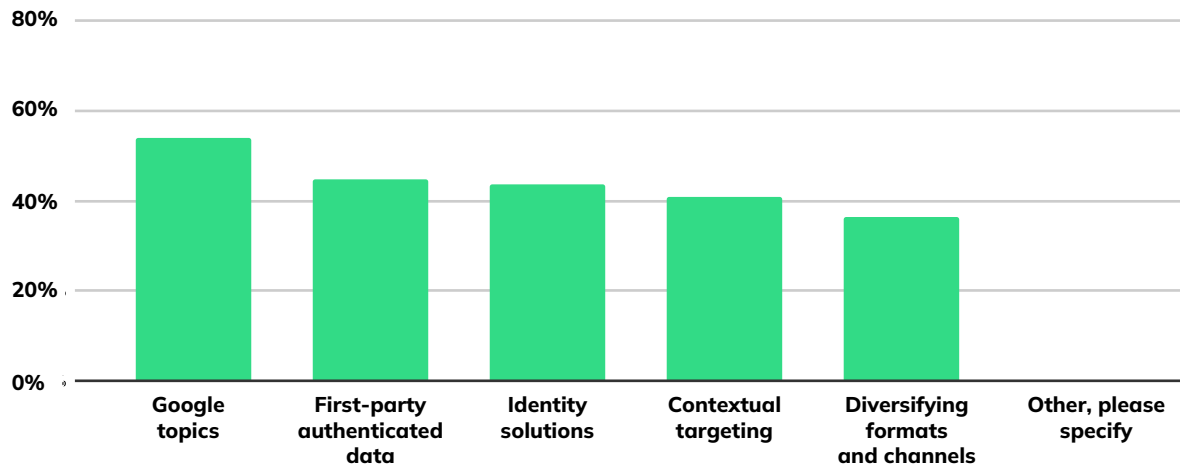
"As cookies go away... first-party data is going to be absolutely key: how to build and maintain first-party data, how to activate it, how to enrich it, across the owned and paid landscape."

- Maddie Armitage, Chief Data Officer at Dentsu UK

Future-proofing addressability with first-party data

When asked what solutions, if any, they are planning to implement to alleviate the impacts of third-party cookie deprecation, Google's Topics proposals came out on top among our survey sample, being named by 54% of respondents. 'First-party authenticated data' came next (with 44.8%), followed by 'Identity solutions' (43.6%). Contextual targeting was part of the plans for 40.8% of those surveyed, while 36.4% are looking at diversifying their media spending across a wider range of channels and formats, e.g. Connected TV and Digital Out of Home.

Q4. What solutions, if any, are you looking to implement to combat the loss of third-party cookies?
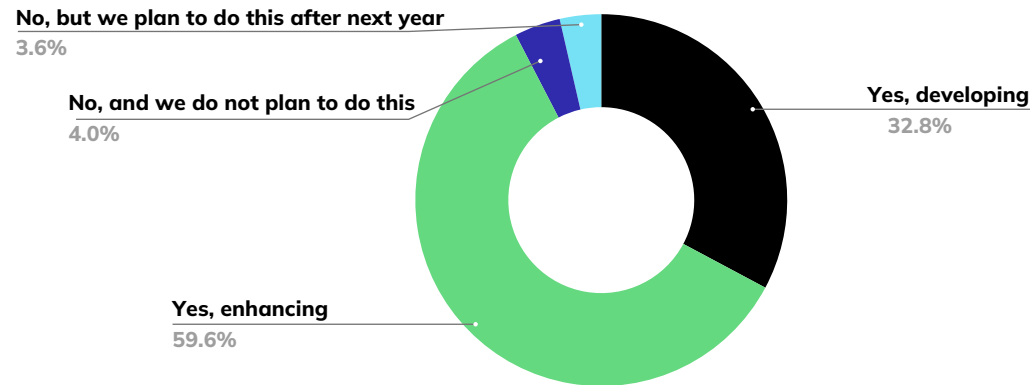
Maddie Armitage, Chief Data Officer at Dentsu UK, commented: "As cookies go away, brands need to think about different measurement approaches to understand the effectiveness of their marketing. There isn't a silver bullet solution to this. We're advising our clients to have a plan that's very open to a mix of approaches.

"One thing that's already clear, though, is that first-party data is going to be absolutely key: how to build and maintain first-party data, how to activate it, how to enrich it, across the owned and paid landscape. Clients want to know how to access and leverage the data they need to drive insights for more informed, data-led media planning."

James Trott, Head of Strategy and Product at Matterkind explained how they approach the issue of first-party data with their clients: "In the first instance, we have to evaluate what kinds of first-party data the clients will have access to. Do they have first-party data? Is it structured? Is it organised? If not, should they invest in a customer data platform to help with that? Do they need to build in ways to capture more first-party data in up-coming campaigns? We support our clients through the process by following a privacy-first planning framework."

Jamie MacNaughton, Head of Digital at tails.com, which provides tailor-made, advanced nutrition for dogs, outlined the importance of first-party and zero-party data to his business's operating model. He said: "We've gathered lots of information from our clients in order to provide our personalised service, which gives us a really interesting starting point compared to many businesses. We then use that data to ensure consistency of messaging. If our customers share information with us, we need to remember that and act upon it with intelligence and consistency at each consumer touchpoint to give our customers a better experience. We also use our first-party and zero-party data for clarity around targeting and the segmentation of our audience."

With the value of first-party data at a premium for marketers, we asked our survey sample if their own organisation has been working on their own first-party data strategy over the past 12 months.

Of the respondent group, 32.8% confirmed they are 'enhancing' their first-party data strategy, suggesting that a strategy had been in place for more than 12 months. However, the majority (59.6%) are still 'developing' their strategy, meaning this is still very much a work-in-progress for most organisations.

Of those remaining, 3.6% say that, while they don't currently have a first-party data strategy, they plan to develop one in 2024, and 4% currently have no first-party data strategy and no plans to develop one in the future.

Q5. Has your organisation been developing or enhancing its first-party data strategy over the past 12 months?

No, but we plan to do this after next year
3.6%

No, and we do not plan to do this
4.0%

Yes, developing
32.8%

Yes, enhancing
59.6%

Ollie Shayer, Omni-Media Direct at Boots, commented: "We have a really strong, longstanding first-party data heritage, through our Advantage Card loyalty programme. We take the privacy element of that very seriously. We've been working with partners like LiveRamp to enable and utilise our first-party data in the best way, while reducing our reliance on things like third-party cookies, as a lot of the market has already gone cookieless. We've basically spent the last 12 months connecting to media partners through different identity spaces, whether that's our integration into walled gardens or testing with different forms of identifiers on the open web."

However, as William McMahon of Spark Foundry noted, Boots' experience is not typical of most organisations. He said: "If you're a major retailer, obviously you'll have loads of first-party data and know how important it is. On the other hand, FMCG brands don't typically hold a lot of first-party data. For those brands, the future is going to be more about leveraging data partnerships that allow you to leverage second-party or third-party data in intelligent and privacy-compliant ways."

"There's currently a significant mismatch between the investment into the walled gardens, and the time spent there by audiences. This is an opportunity for the open internet, but for the open internet to take advantage of this, it must have two things: addressability and ease of activation."

- Max Parris, Senior Director, Product Management, Identity and Addressability, LiveRamp

Addressability beyond the walled gardens

"Being able to deliver targeted and relevant advertising to the individual across platforms, without the need for legacy signals, is a valuable thing for marketers right now," said Max Parris, Senior Director, Product Management, Identity and Addressability at LiveRamp."As a result, brands have invested heavily in advertising on the walled gardens, such as Facebook and Amazon. However, we know that consumers actually spend more time on the open web than in the walled gardens. This means there's currently a significant mismatch between the investment into the walled gardens, and the time spent there by audiences. This is an opportunity for the open internet, but for the open internet to take advantage of this, it must have two things: addressability and ease of activation. These are two keys to the success of the walled gardens. It's very easy to activate on the walled gardens and it's often 100% addressable."

William McMahon of Spark Foundry believes that the 'time spent' argument may not be enough to coax many advertisers away from the comfortable confines of the walled gardens. "It's not just about time, it's about the business model of the big social media platforms," he explained. "Firstly, they are very easy to use with great self-service tools for advertisers of any size. Secondly, social channels can offer a massive amount of content because the majority of it is user generated and therefore free for the platform."

"In recent years, marketers have been happy to chase a high volume of digital impressions, which tends to direct you to the cheaper end of the inventory spectrum. More recently, though, clients have started to recognise viewability, essentially the quality and true value of each impression, as an important part of the conversation. Hopefully, in

the near future, more advertisers will acknowledge that the quality content of premium publishers is worth paying more for than less expensive inventory on the social platforms."

We asked our survey sample what percentage of their digital ad budget is currently being spent outside of the walled gardens and on the open web. The most common response (given by 25.6% of respondents) is 31-40% of budget, while one-in-five are spending 20% of their budget outside of the walled gardens, and 15.2% are directing 50-60% of their media spend to the open web.

Q6. On average, what percentage of your digital ad budget is currently being spent on the open web i.e. publishers that aren't walled gardens like Facebook/Meta, Google and Amazon?
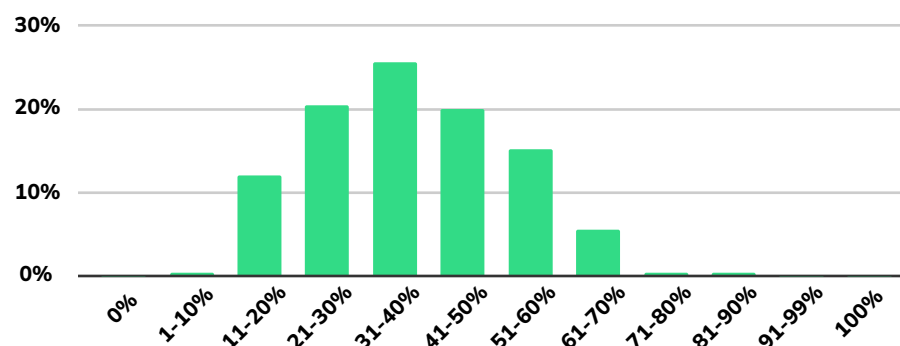
James Trott of Matterkind commented: "It's fair to say that walled gardens still command a significant portion of budget allocation. Privacy regulations like GDPR effectively bolstered the big platforms with respect to what can be achieved with data. However there have been some notable changes to the landscape recently, therefore we have been recommending that all investment is looked at and reviewed to ensure there is no over-reliance on any one platform and long term efforts are futureproofed.

"We believe that a competitive, innovative, open internet is important, and that we should be supporting quality, independent publishers wherever we can. The open internet has a role to play in any digital media plan and walled-garden investment should be considered within this context."

Jamie Irving at Boden agrees there is risk in over-dependance on any one partner or platform: "It's very, very dangerous to have your growth tied to that of another body, especially one that may, potentially, have an interest in not always giving you the best advice or the right information for your own circumstances."

Interestingly, when our survey sample was asked if they anticipate spending more, less or about the same amount on advertising solutions on the open web, a sizable majority (72.4%) state that they anticipate spending more. By contrast, only 14.8% respondents indicate that they plan to spend less on the open web, while 12.4% don't know either way.

Q7. In 12 months time, do you anticipate spending more, less or about the same on advertising solutions on the open web?

Don't know
0.4%

About the same budget
12.4%

Less
14.8%

More
72.4%
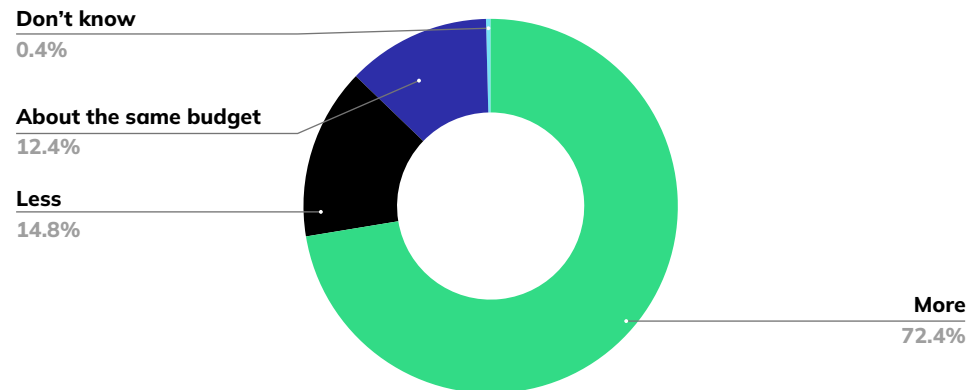
Maddie Armitage at Dentsu confirmed she was seeing this trend away from investment in walled gardens in practice: "In terms of digital spending, the majority is still through walled gardens. Clients are obviously guided by performance and these environments to offer a scale, ease, and depth of targeting using their first-party data. However, we're also seeing that clients want to democratise their media and support publishers and partners as well. The landscape is also changing and, in many ways, it's fragmenting. It's no longer simply a question of 'the walled gardens versus the open web.' We now need to consider all addressable digital media, including channels like VOD, connected TV, digital out of home (OOH), and digital audio.

"Sustainability, diversity and inclusion are all hot topics for brands right now. Outside of the walled gardens, there are now marketplaces popping up that are focused on more sustainable advertising or particular demographics that aren't being catered for elsewhere. There's a breadth and depth of audience available via the open web and we want to make sure that our clients have all of these options open to them."

"There's not going to be a silver bullet to cookieless marketing, so brands should make sure they are committed to continuous testing and learning."

- Owain Wilson, Managing Partner, Head of Data Practice, MediaCom UK

"As an industry, marketers are embracing a return to old school insights and focused media planning based on first-party data signals."

- Jamie MacNaughton, Head of Digital Marketing, tails.com

Data-led decision making and 'people-based' marketing

Jamie MacNaughton of tails.com believes the marketing industry is in a state of flux at the moment. "I think 'people-based marketing' is going to be a big focus for advertisers and brands like mine over the next couple of years. As an industry, marketers are embracing a return to old school insights and focused media planning based on first-party data signals."

Jamie Irving at Boden agrees that the shift to people-based marketing means not looking at customers as cookies anymore: "Now, we actually truly know them, and we're developing a closer relationship with them. Or, alternatively, we accept that we don't know them yet. In those instances, we try to understand as much as we can about their cohort and the context of the user, rather than the context of the page they're looking at. This lets us approach those 'unknown' audiences with empathy in a meaningful way."

Travis Clinger of LiveRamp commented: "People-based marketing is fulfilling the promise of digital advertising: reaching real people in the right place at the right time. Marketers are already doing this by onboarding their first-party data to Facebook and Google. Now LiveRamp is bringing people-based value to the open web, as well as the walled gardens, including emerging channels such as CTV and digital OOH. This people-based approach should deliver a more level playing field across the whole ecosystem."

Clinger added: "The opportunities are there for marketers but leveraging them requires proactivity from brands and agencies to adopt addressability strategies and to start testing."

We asked our survey sample, on average, what percentage of their marketing spend is already related to identity/addressability? The largest concentration of respondents, 23.6%, currently spend between 21-30% of their budget on addressable media while 21.6% of those surveyed currently spend between 31-40%. At present, only 10% of respondents spend more than 50% of their marketing budget on addressable media.

Q8. In 12 months time, do you anticipate spending more, less or about the same on advertising solutions on the open web?
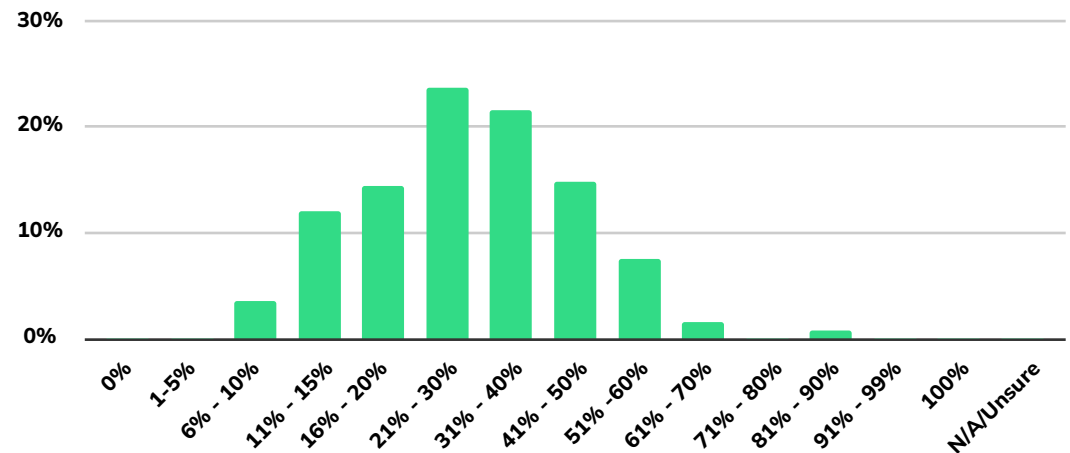
Regarding the role of the publishing community in promoting innovative targeting, attribution and measurement solutions, we asked our survey sample how important it is to them for publishers to offer ID solutions, either directly or through a partner organisation. An overwhelming majority of respondents believe that it is either 'important' (64.8%) or 'very important' (24.8%) for publishers to offer ID solutions to advertisers.

Q9. How important, if at all, is it to you for publishers to offer ID solutions, either directly or through a partner?

Not too important
2.0%

Neither important nor unimportant
8.0%

Very important
24.8%

Important
64.8%
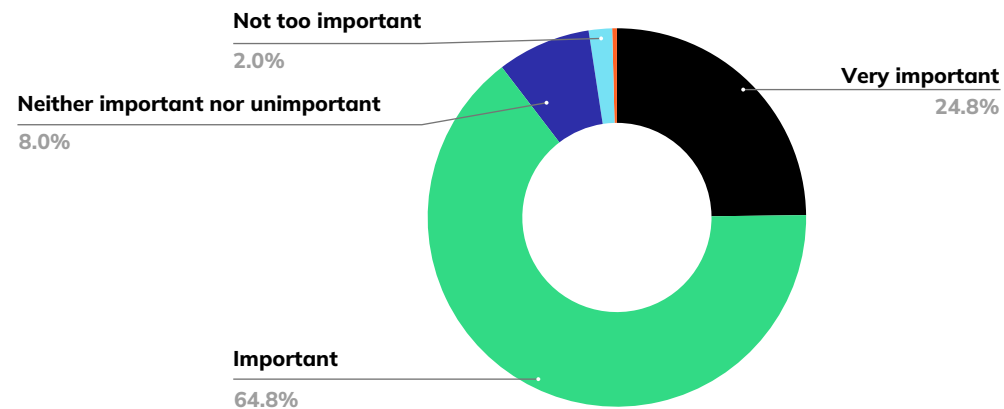
James Trott of Matterkind said: "We partner with LiveRamp to deliver 'people-based marketing.' As part of IPG, we have our own data assets which we've integrated with other third-party data sources, such as Comscore. That allows us to build very rich people-based audiences, which we can then model it use to find 'lookalikes' at scale in a privacy compliant way.

"We're currently looking at around ten potential alternatives to third-party cookie based targeting that you can put on a sliding scale with accuracy and precision at one end (which is first-party data) and scale at the other (such as contextual advertising). The roadmaps that we recommend to our clients will consider their business objectives and their target audience, before testing those alternatives to understand what gives you the best performance."

However, Owain Wilson of MediaCom UK believes many brands have still to start testing alternative addressability and measure-ment solutions in any meaningful way. He said: "So far, among our clients, we have seen an inconsistent approach to testing. Some clients have got a comprehensive testing plan in place, others much more ad hoc. There's not going to be a silver bullet to cookie-less marketing, so brands should make sure they are committed to continuous testing and learning. Over time, that will provide you with a much better view of the partners you want to work with and platforms that you want to use."

"Now, more than ever, there needs to be a push on testing and trialling the solutions needed to navigate the cookieless future."

- Chloe Nicholls, Head of Ad Tech, IAB UK

Partnerships make people-based marketing possible

Chloe Nichols of the IAB hopes that brands, agencies and publishers use the time available to them wisely and prepare for the changes that are happening in digital advertising: "Now, more than ever, there needs to be a push on testing and trialling the solutions needed to navigate the cookieless future. From a brand marketer point of view, why wouldn't you be trialling new solutions right now?"

When asked if they feel confident about their own knowledge of ID solutions and addressability, 94% of survey respondents stated that they feel confident to some degree. Interestingly, however, when given the choice only 24.4% said they are 'very confident' while the majority (70.4%) opted for the more cautious response of simply 'confident'

Q10. How confident, if at all, do you feel you are about your knowledge of ID solutions/addressability?

Not confident at all
0.4%

Neutral
4.4%

Very confident
24.4%

Confident
70.4%
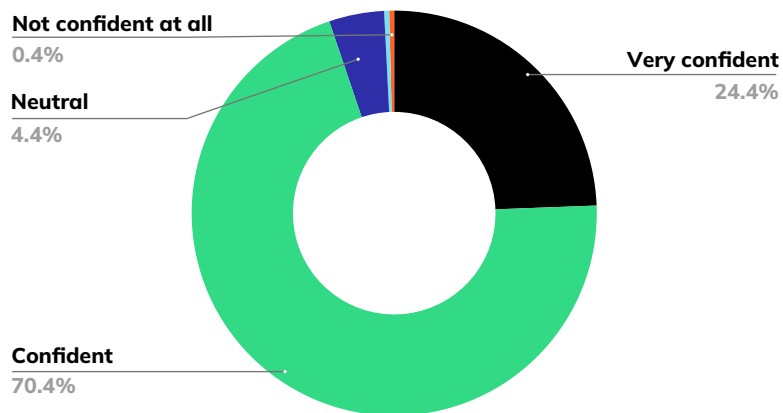
These findings suggest that three-quarters of respondents feel they could benefit from some external support and expertise in tackling the challenges of post-cookie addressability.

However, according to our survey, 48.4% of respondents will rely most heavily on their own internal team to solve issues around first-party data, ID solutions and addressability. 19.6% told us they will rely most on publishers, while 19.6% will turn to agency partners and, at present, only 10.8% will depend most on ad tech partners.

Q11. Who, if anyone, are you relying on most to solve first-party data / ID solutions / addressability? Select one

AdTech partners/companies
10.8%

Agency partners/companies
19.6%

Internal team
48.4%

Publishers
21.2%
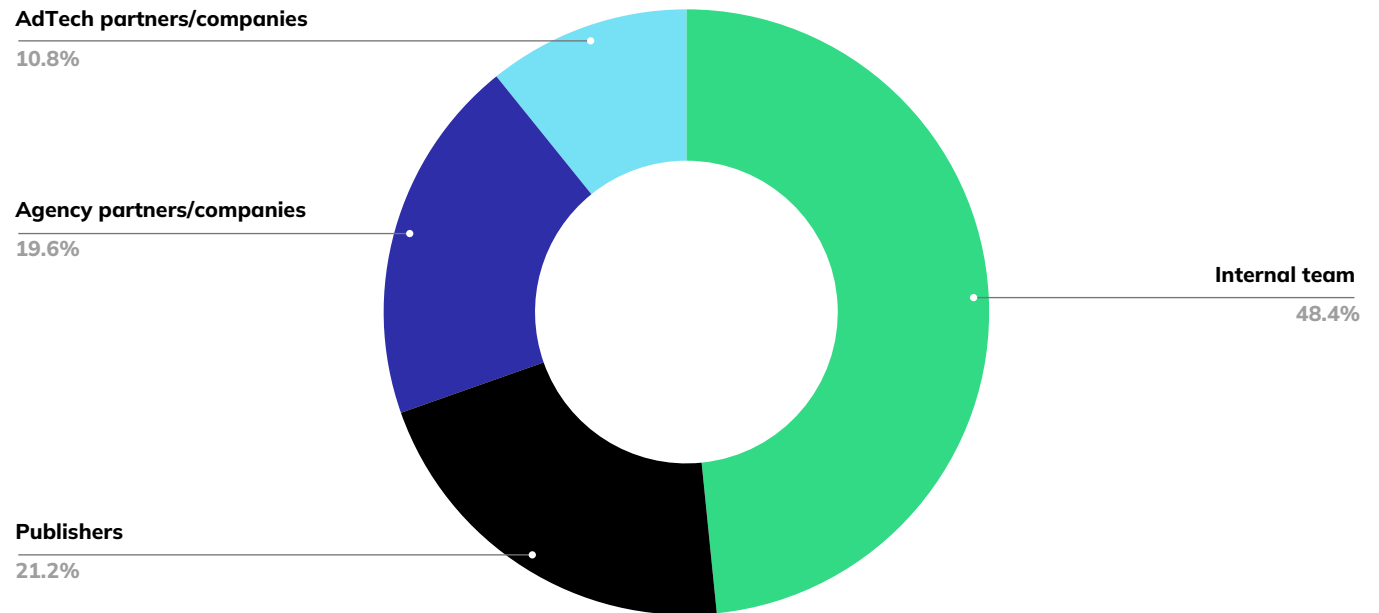
Based on the various challenges in the contemporary digital advertising marketplace, brands need to address multiple, complex issues. They want to connect different data sources to better understand customer journeys and collaborate safely and securely with partner organisations. In addition, they need to measure campaign effectiveness both through walled gardens and across the open web and reach audiences across a wider range of different channels than ever before.

To help tackle these multiple challenges, many organisations are turning to LiveRamp for expert support.

Natalie Collins at Dunnhumby said: "We're roughly 15 months into a measurement partnership with LiveRamp. This alliance enables platforms, publishers and brands to measure their campaigns based on actual consumer behaviour happening in Tesco's stores and online sites. Giving marketers the opportunity to close the loop between advertising exposure and customer behaviour to understand the true incremental impact of campaigns and the drivers to optimise and maximise performance. It's a compelling proposition that, together, we've been able to bring to market."

Ollie Shayer of Boots commented: "We have a very close partnership with LiveRamp. We've really challenged them on some of the things we would want to do and LiveRamp, in turn, has helped us to identify areas where we weren't doing enough. I value that in our relationship. Together, we're looking at opportunities in addressability, but also in the measurement space. Rather than measuring customers' online activity in isolation, we're thinking much more holistically, across online activity and offline activity. This approach has been game changing for us."

Maddie Armitage at Dentsu explained why LiveRamp is a strong partner for her organisation. She said: "We're working with them at the moment, particularly around their clean room capabilities. For us, the identity solution that we're building together is going to be absolutely critical for us in the cookieless future. It enables us to enrich our first-party data, then activate it in a privacy-compliant way directly with our publishing partners. That not only helps to provide the scale we need, it also allows us to effectively measure and report on that."

Owain Wilson at Mediacom added: "We have quite a few clients working with LiveRamp at the moment. LiveRamp is an important partner in helping our clients realise the full value of their first-party data and enabling them to connect their data with key end-platforms in a privacy-secure manner."

Time for action

Our survey established that while the vast majority of brand advertisers are already making preparations for the cookieless future, many still have a long way to go to formulate a future-proofed, privacy-compliant addressability strategy.

Authenticated first-party data looks set to be a core component of brand marketers' playbook, allowing them to invest in direct collaborations with a wider range of publishers. Privacy-compliant first-party data being is seen as the key to unlock the untapped potential of the open web and enhance the effectiveness of media investments in the walled gardens.

The numerous challenges associated with the shift to 'people-first' marketing mean that many internal digital marketing teams would welcome the support of an expert partner to help them navigate the best path to the future.

LiveRamp is already a trusted partner to many of the world's leading publishers, agencies and brands. Our Authenticated Traffic Solution (ATS) will be a key tool in facilitating closer relationships between brands and publishers. ATS leverages LiveRamp's unique privacy-friendly, people-first identifier Ramp ID to encourage new, more direct collaborations and innovative pack-

ages of ads that use permissioned, authenticated audience data to enhance relevance and engagement. ATS also allows marketers to integrate with Facebook's Conversions API (CAPI) and optimise campaign performance while protecting consumer data and future-proofing against evolving privacy and browser policies.

With media budgets diversifying to include emerging channels, it is imperative that addressable data is being activated across all routes to your customer, from the walled gardens to the open web, including mobile, search, Connected TV and digital OOH.

By enabling advertisers to reach real people, not devices, LiveRamp's end-to-end addressability solution allows advertisers to leverage targeting and measurement for more efficient programmatic investments in a post-cookie world.

We make it easy for publishers and brands to integrate with LiveRamp and open up their first-party data without compromising consumers' data privacy.

Our expert team is on standby to help offer the advice and support your need to leverage the power of first-party data and the future of addressability.

Why wait? Get in touch today.

info@liveramp.uk
https://liveramp.uk/contact/

/L

Special thanks