

The State of Publishing:

Monetizing inventory
without third-party cookies

 LiveRamp | **DIGIDAY**



Rebuilding for a transparent, open internet

It's more important than ever for publishers to take control of monetizing their inventory. By the end of 2021, Google's Chrome browser — the lifeblood of targeting, representing 60 percent of web browser traffic — will no longer support third-party cookies. Brands too are

looking for privacy-compliant ways of continuing to target their chosen demographic and provide experiences that consumers have come to expect.

Add to this the impact of the global pandemic and there are turbulent times ahead for

publishers — but also some concrete opportunities to engender trust, grow their audience and take a key role in rebuilding a better open internet with transparency at the core.

From June to July 2020, we surveyed the Digiday

audience to uncover the sentiment and strategies for life beyond third-party cookies. This state of the industry report combines our findings with expert interviews from the buy- and sell-side.



In this report, you will find insights, advice and information about the following topics:

- [The impact of diminishing third-party cookies on publishers' revenue mix and how the current pandemic affected plans for post-cookie monetization](#)
- [Opportunities and challenges for publishers in first-party data and authenticated audiences](#)
- [Direct buys and the changing relationships between publishers and advertisers](#)

The impact of diminishing third-party cookies on publishers' revenue mix

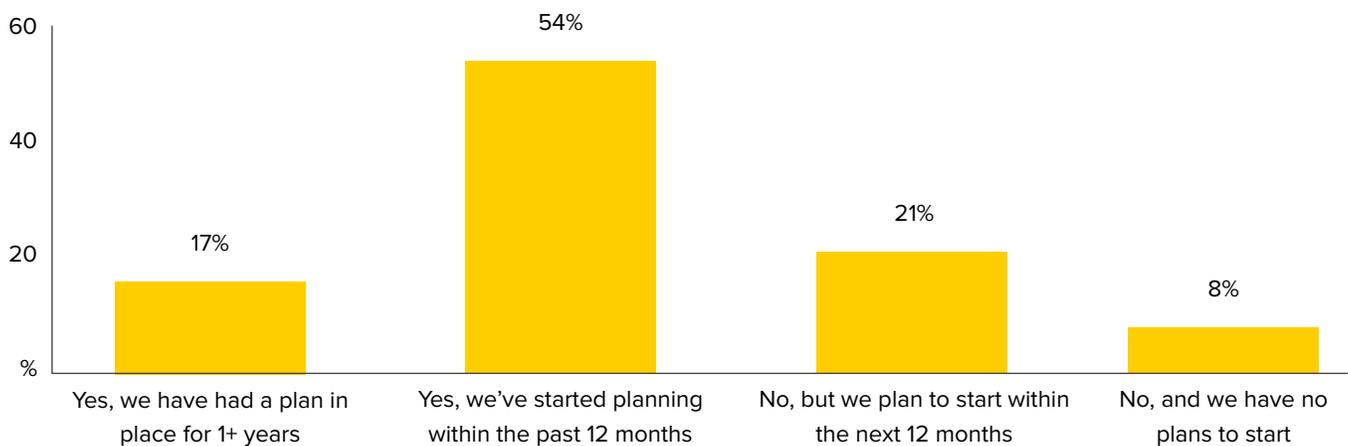
There is no doubt that browser changes in favor of user privacy have prompted a reaction from the industry. As third-party cookies are deprecated, publishers and

brands are taking action, both internally and externally, by building direct relationships with advertisers and bringing in new technology and partners. Our research,

surveying 52 global publishers — from traditional news publishers to community sites — shows that 71 percent have already started planning for a future without cookies

and 100 percent say that transacting on first-party data will play an important role in building post-cookies strategies.

The majority of publishers have started to plan for the demise of third-party cookies



Q: Have you started planning for a post-cookie ad industry, e.g., looking at first-party data and identity?

Industry experts are mostly positive about the future of a post-cookie industry and are building for a new future. But some worry about holes left by third-party cookies and the initial short-term challenges.

Bedir Aydemir, head of audience and data, commercial, at News UK, says the diminishing of third-party cookies, “doesn’t just affect one thing, like retargeting or segmenting, it affects dozens of functions that allow the web to operate as it currently does.” He says: “The industry has to accept that some of the holes left by the demise of the cookie may not be filled, especially in the short term, and the way we trade, target and measure will likely be disrupted until we comfortably adapt to the new ways of working.”

However, Aydemir does see opportunities for premium publishers. He says: “When it comes to third-party cookies, we believe in two things: One, the strategies that buyers will need

to deploy in the short term, including contextual targeting or leveraging first-party data, will benefit quality publishers most; two, the concept of targeting a user absolutely anywhere based on past behaviors will become harder to do, and so money will shift out of the murky long tail of the web and towards higher quality, trusted environments.”

Targeting a user will become harder to do but there’s room for innovation, publisher panels and second-party data partnerships, according to Aydemir. “When it comes to measurement, the industry hasn’t even begun to understand how ‘accurate’ things like cohort analysis can be,” he says. “I suspect we will have to think of more innovative ways to prove targeting and attribution, and we may see publisher panels and second-party data partnerships step up to fill this space.”



“ I think the industry is still in denial about the sheer volume of functions that are powered by third-party cookies. ”

— Bedir Aydemir, head of audience and data, commercial at News UK

Current and post-cookie revenue mix

Our research shows some diversification of revenue, post-cookies, as publishers move towards subscription and contextual advertising, with data-driven and programmatic advertising holding steady. For the majority of publishers, events currently make up less than a

quarter of revenue, and many expect this to continue post-cookies. Additionally, the future of events as a revenue stream for publishers will remain uncertain while the world continues to deal with the COVID-19 outbreak.

What's going up and what's staying down:

Subscriptions and e-commerce are on the up

More publishers expect to rely on subscription revenue after cookies are gone. In our survey, 25 percent of publishers say between 26–50 percent of their revenue is currently from subscriptions and 35 percent expect between 26–50 percent of their revenue to come from subscriptions post-cookies.

The percentage points of publishers turning to e-commerce revenue will rise: 10 percent say between 26–50 percent of their revenue is currently from e-commerce; 17 percent expect between 26–50 percent of their revenue will come from e-commerce going forward.

Programmatic is holding steady

Publishers' use of programmatic technology will remain at about current levels. In our survey, 69 percent of publishers say up to half of their

revenue is currently from data-driven programmatic advertising and 71 percent expect up to half of their revenue to come from this method, post-cookies.

Events expectations remain low

There is no sign of an imminent return to in-person business and networking in our results. That is, 85 percent of publishers say between 0–25 percent

of their revenue is currently from events and 80 percent expect their event mix to stay within 0–25 percent, post-cookies.

How the pandemic has impacted plans for post-cookie monetization

Some publishers were less affected by the pandemic than others. In many cases, it more or less accelerated existing strategies for registration walls or subscription programs.

“The pandemic proved the value readers place on our quality journalism and the importance of our subscriber-first strategy in future-proofing the success of our business,” says Camilla Child, head of commercial data strategy at The

Telegraph. “The huge demand we have seen for our journalism from subscribers, and engagement, has meant that we now only use first-party data for our commercial solutions.

“I wouldn’t say that the pandemic has necessarily changed what we’ve been doing,” she continues, “as much as accelerated conversations that were already underway.”

Damon Reeve, CEO at The Ozone Project — an advertising and audience platform owned and operated by news publishers — echoes the conversation around acceleration.

He says the pandemic has, “brought forward discussions with partners and advertisers who have used the time to bring forward structural changes to their own businesses, and [they’re] wanting to implement changes sooner.”

Going cookie-less: In-house versus partners

When it comes to monetization strategies, publishers are looking to both galvanize inside teams and also seek outside help. The research shows a fairly even split between in-house efforts (52 percent) and partnerships (46 percent) — with 2 percent saying they don’t know whether they will prioritize either way.

Child, at The Telegraph, says there’s no one-size-fits-all option for data. The publisher went through a test-and-learn process during its journey from registrations to subscriptions, and hearing from different teams and partners was hugely beneficial.

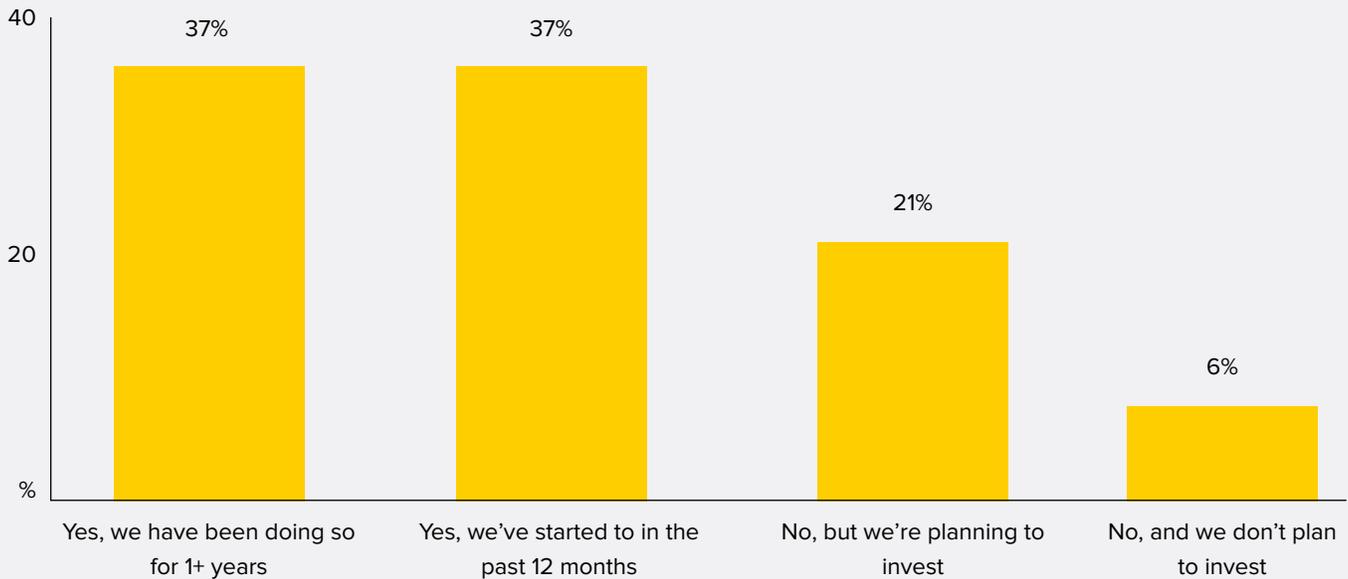
“There’s lots of different facets,” says Child, “so you need input from multiple different teams and stakeholders, whether that’s the analytics team, adtech, technology, all of those different participants, it’s really important.”

Whether it’s in-house or external, publishers have a raft of technology and partners for specific parts of the journey, from data management platforms for subscriber journeys to identity solutions for direct advertiser relationships — and our research shows that many publishers are in investment and innovation mode.

“ You need input from multiple different teams and stakeholders. ”

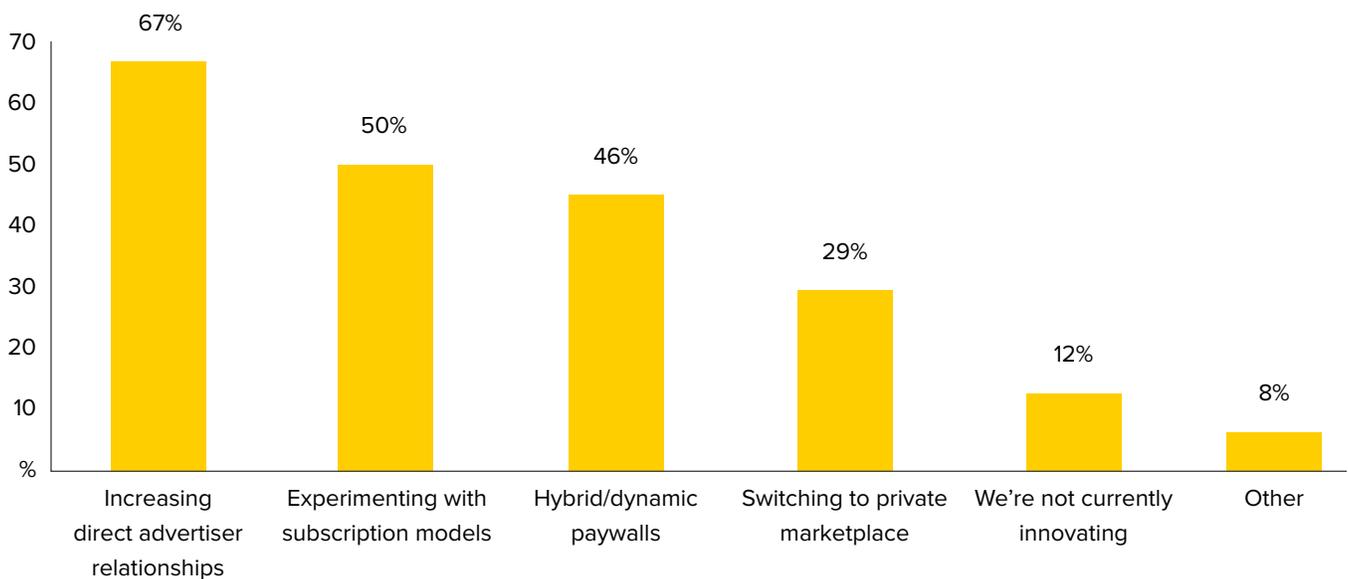
— Camilla Child, head of commercial data strategy, The Telegraph

Publishers are either planning to invest or are already investing in post-cookie monetization technology



Q: Are you investing in new advertising technology to monetize in a post-cookies world?

Innovation in monetization centers on direct relationships and subscriptions



Q: Have you started planning for a post-cookie ad industry, e.g., looking at first-party data and identity?

Interview: Browser Perspective

Q

What are some of the short-term and long-term challenges faced by publishers in a post-cookie world?

Q

What have you seen in terms of wider industry reactions and approaches?

Q

What are your thoughts on how browser changes impact consumer awareness of how their data is being used?

Marshall Erwin

senior director of trust and security at Mozilla

A

Publishers recognize there are some uncomfortable changes that come from blocking third-party cookies, removing their ability to do behavioral targeting on a fine-grained segmented basis. But they also tell us a new system — that's somewhat disruptive — would be healthier for them in the long-term. Third-party cookie-based tracking fuels ad fraud and allows other parties to monetize a publisher's audience, to the publisher's detriment.

A

While some publishers take a better approach, we expect some parts of the industry to explore more opaque forms of cross-site tracking, like using fingerprinting. Ultimately, this just doubles down on a broken approach, one that already doesn't work for users or publishers. These techniques are worse for publishers because they are less reliable. And they are worse for users because they are entirely non-transparent, and there is no setting for users to exercise control.

A

We know that third-party cookie-based tracking is too opaque for users to understand. It happens on a website without users ever knowing. So while users might object to this tracking, they aren't in a position to do something about it. That is why default-on anti-tracking features are so important.

Publishers, first-party data and authenticated audiences: Opportunities and challenges

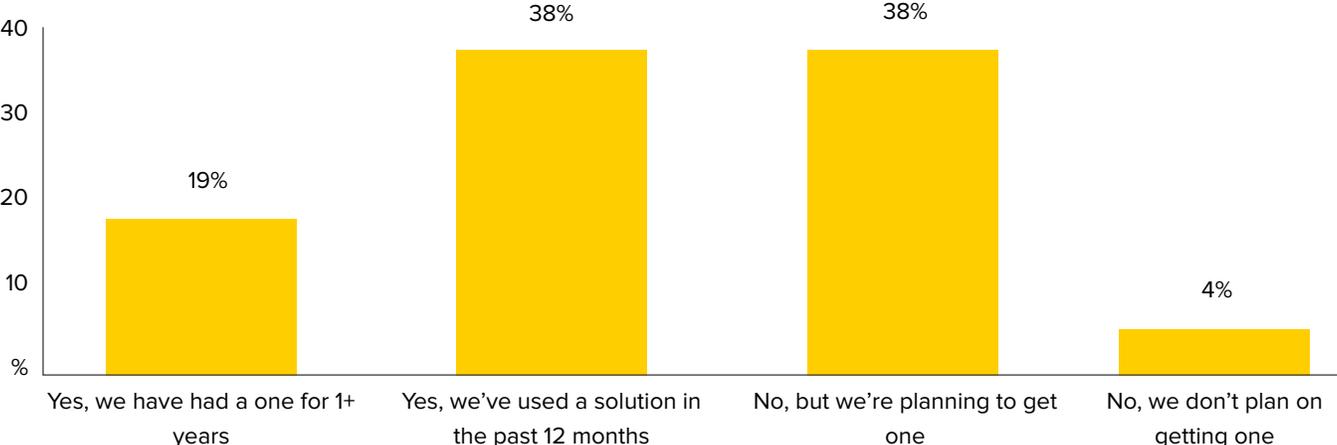
A digital ecosystem that does not rely on third-party cookies is approaching, and the ability to track users will diminish unless alternative identity and authentication strategies are

put in place. Our research shows that over a third (38 percent) of publishers will not have an identity solution that will continue to work post-cookies and

only a small percentage of publishers' traffic is currently authenticated. This means over a third of publishers will experience critical blind spots relative to user

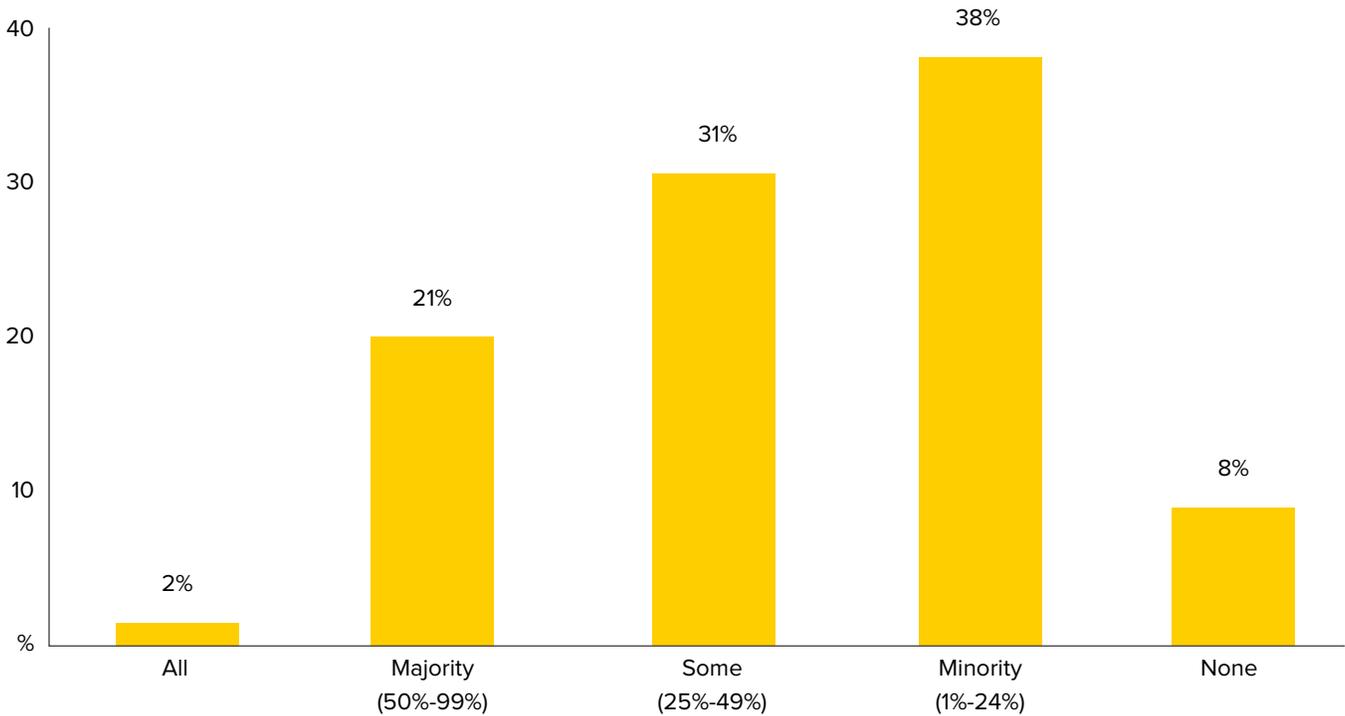
behavior and engagement unless they prioritize an alternative identity solution or authentication strategy.

Over a third of publishers don't have an identity solution that will work post-cookies



Q: Do you have an identity solution that will continue to work in a post-cookie world?

A third of publishers have only a small amount of authenticated traffic



Q: What percentage of your traffic is authenticated?

The absence of near-term solutions for a post-cookies world shows there's work to be done for many, but it is also the case that a significant amount of retooling is already underway. For example, 42 percent of publishers currently have the resources operationally or commercially to invest in an authentication strategy and are actively implementing it. Meanwhile a further 44 percent have the resources and are planning to look at authentication. Only 13 percent say they don't have the resources at all.

“ With the focus going from tracking-by-default to privacy-by-default, we want to be part of an ecosystem built on consumer trust. ”

— Eugene Faynberg, vice president, ad operations, Slickdeals

"[Diminishing] cookies lit the fire and gave us a sense of urgency around finding a solution and future-proofing the business," says Eugene Faynberg, vice president, ad operations, at Slickdeals. "That's been part of our core ethos since we started. As we provide value to users, we're helping them find deals with trusted retailers." Faynberg acknowledges that some post-cookie strategies are going to be "really challenging" to accomplish, but, he says, "step one is to authenticate traffic."

He continues: "For us, there's a clear value in being authenticated and having a log-in to Slickdeals, and so I think the challenge is to continue building on top of that. We need to build products that help bring people in and give them some benefit for logging in — and that's really about building products for users."

In June 2020, Slickdeals implemented the LiveRamp Authenticated Traffic Solution and while Faynberg says it's early days, the publisher sees it as part of its future. He says: "Slickdeals has an authenticated audience, and we see the opportunity to enable addressability without the use of a third-party cookie."

Chris Moore, head of strategic partnerships at Publishers Clearing House, also says there are good opportunities out there for publishers already playing in this space — for example, The New York Times opening up its COVID-19 content at no charge for people who are willing to sign up for an account.

Moore adds, however: "That works for readers of the New York Times, and in today's divided media landscape, that only covers a specific cross-section of

consumers."

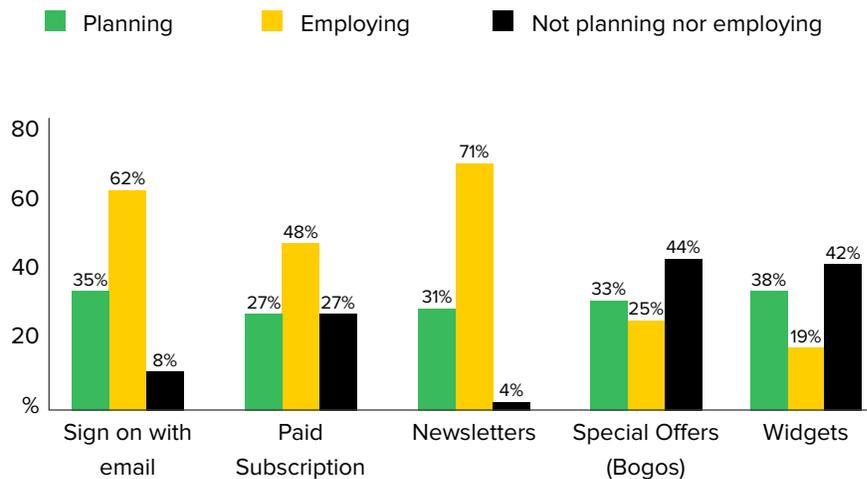
When it comes to authenticated audiences, he says: "For everyone aside from The New York Times, I think it's tougher, but ultimately it comes down to log-ins and direct relationships."

Moore points out the value of: "direct relationships with the brand, from the brands and the publisher, but also from the publisher to the user, because there has to be some sort of value exchange that the end user is seeing from the publisher in order to give up some sort of information. And for the user to be educated enough to understand, 'Okay, I'm giving them my email, but I'm going to have a better experience as a result.'"

Methods of authentication

As authenticating audiences becomes more pertinent, the mechanic that is used will need to adapt too — avoiding consumer fatigue resulting from being asked for data using the same method over and over. The majority of publishers are currently employing newsletters to authenticate their audiences but are planning to widen their approach to widgets and special offers.

Publishers are innovating with authentication methods



Q: How do you plan on authenticating your audience and which authentication strategies are you employing? (Select all that apply)

Interview: Publisher Perspective

Q

What impact will diminishing third-party cookies have on publishers' revenue mix and has the current pandemic affected plans for post-cookie monetization?

Q

How will this affect direct brand-to-publisher relationships?

Q

With first-party data, should publishers be open about how it's being used?

Harmony Murphy

head of UK advertising sales at eBay

A

Third-party cookies have been an incredibly powerful tool for marketers over the past 20 years — and are still very useful today. But they aren't the be all and end all of ad targeting. The death of the cookie provides an opportunity for brands and publishers to explore more sophisticated dynamic methods of targeting and prioritize quality over quantity. But there are still many questions about how the diminishing cookie will impact the industry on a wider scale, and there's no clear industry guidance yet. It's likely that certain groups, such as smaller publishers or ad networks, could struggle without scale or access to quality first-party data.

A

First-party publisher data is incredibly powerful. It provides an in-depth understanding of consumer behavior, spanning all touchpoints from consideration to conversion. As a marketplace, for instance, we have rich insights into shopping behavior — providing us with a much more holistic view of our users. This richness of data allows publishers like us to detect everything from people's passions and preferences to their life stages. As advertisers become increasingly hungry for this kind of insight, and more brands recognize the value of this first-party publisher data offering, we're likely to see a greater shift towards the private marketplace and direct deals.

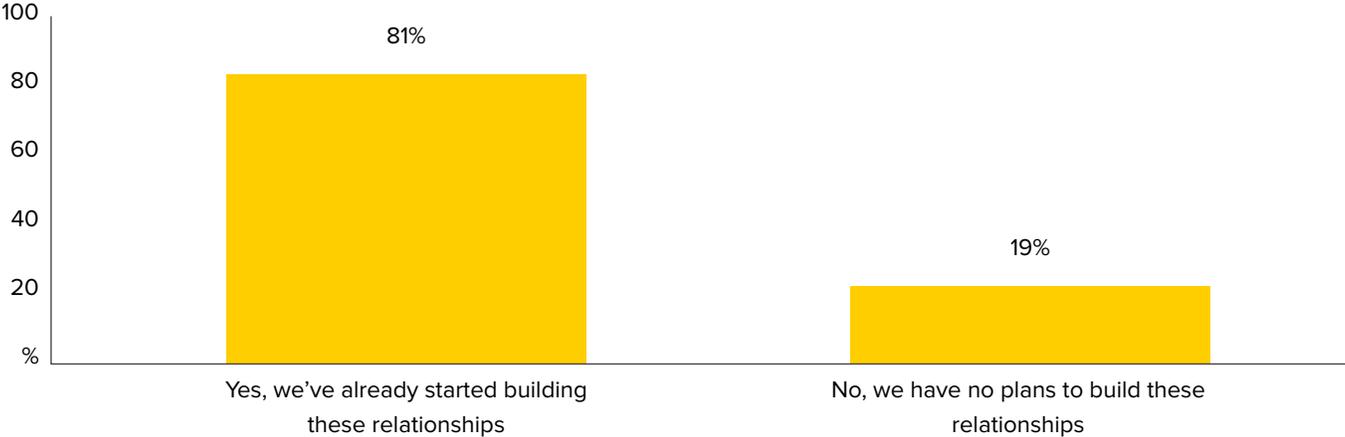
A

Transparency is extremely important as it goes hand-in-hand with trust. Today, companies should, as a rule of thumb, incorporate a "privacy note" section within their online platform that clearly highlights what consumer data is being collected and how, if and when they can opt-in. They can even go a step further, giving details around data security and consumer rights. Publishers could do more to highlight the benefits of that data collection. What specific areas of the consumer experience will be enriched? Will they see micro-targeted messages or personalized offers and discounts? By painting a clearer picture, consumers will develop an even greater appreciation of the data-value exchange.

Direct buys and the changing relationship between publishers and advertisers

The signs are positive that a closer relationship between the buy-side and sell-side is emerging — giving publishers more power and brands more transparency. But as we noted in the authentication section, there's work that needs to be done for both parties to truly take advantage of this relationship, and advertisers are still swayed towards programmatic buys.

The majority of publishers are building direct-to-advertiser relationships



Q: Are you actively looking to build direct-to-advertiser relationships in the wake of diminishing third-party cookies?

Our research, which included a survey of 55 advertisers — of brands and agencies — shows that 73 percent of the respondents are working with publishers directly, excluding the walled gardens, and 81 percent of publishers have already started building direct-to-advertiser relationships. This signals a closer relationship between the two.

However, when asked to split their buys between direct and programmatic, advertisers say it's 64 percent programmatic and 36 percent direct. Advertisers are still showing a penchant for programmatic.

There is an opportunity for more direct relationships between the buy- and sell-side, lessening the impact of the duopoly's ability to channel spend away

from other players. Additionally, many cite data as a source of empowerment for publishers and a source of value for brands.

"As third-party data disappears with cookies and GDPR compliance, publisher audience knowledge is now being seen as a viable data source for segmentation and targeting and deeper insights in audience and brand engagement," says Damon Reeve, CEO at The Ozone Project.

Premium publishers generally have richer data to draw on and therefore can create more valuable segmentation for brands seeking new audiences and prospecting.

Reeve says: "Premium publishers are also investing heavily in registration and subscription strategies, resulting in verified user data that can be used in segmentation and matching with advertiser audiences for remarketing — and that creates a lot more value for both brands and publishers."

It's not just premium publishers that will benefit from a first-party or authentication strategy.

Moore at PCH says it's about "teaming up for the betterment of the open web." He says: "There's a solution coming within pre-bid that will hopefully empower many, but ultimately it comes down to log-ins and direct relationships."

Could direct relationships cause silos?

Daniel Chapman, managing director, products and solutions, at Havas Media Group, says that while direct relationships may be appealing, they could also result in siloed brand communications.

"I completely understand why a brand would want to do this," he says. "Critically, however, this should not be done outside of consultation with all agency partners, as to do this in a silo does not consider the broader comms approach, the interrelationship and co-efficiencies between channels and their impact on the performance of these direct digital publisher relationships."

"The last few months have definitely been a wake-up call, showing that businesses need to be more agile," Chapman continues. "Media agencies allow for that agility: we deliver it through our scale."

And he gives the following example: "If overnight a new competitor launches or a brand needs to pivot to a new target audience, only having just a few direct publisher data agreements versus the scaled spectrum of data partners an agency would have, this could lead to serious underperformance of a brand's digital activity, as new audiences don't make up the current publishing data partner list."

“ The last few months have definitely been a wake-up call, showing that businesses need to be more agile. ”

— Daniel Chapman, managing director, products and solutions, Havas Media Group

Interview: Agency Perspective

Q

What is your perspective on diminishing third-party cookies?

Q

Why do you think publishers could be the big winners in a post-cookies world?

Q

What about measurement and targeting concerns?

Fraser Donaldson

head of marketing science and technology at PHD
Global Business

A

The destruction of the hapless third-party cookie should be seen in the right context; the cookie is just a construct for data connectivity between partners. It's the method of transfer not what is being transferred, so while there will be seismic changes in the way we operate, the fundamentals of data-driven marketing will remain consistent. First-party data will remain critical, direct relationships with customers and consumers will be even more valuable than ever before, meaning publishers could be the big winners as the data focus shifts to their data sets. As with all changes, whoever adapts best to this ever-changing landscape will benefit the most.

A

For a long time, data utilization has sat within the buyer's and advertiser's purview. This change will provide an opportunity for publishers to take a leading role in delivering data-driven marketing, driving value and effectiveness and potentially more revenue from their own data sets.

A

If we look at the big advertising channels, namely audiovisual, we see that digital measurement will still be very comfortable, in both scale and accuracy. Making sure that all measurement is on a level playing field will be an interesting development, as we're so used to seeing players in this area having access to similar tools — namely, the third-party cookie. How these partners leverage their natural positions will be critical to shaping how the future looks in this area.

The work starts now for the future of targeting

The short-term pains of cookie deprecation will give way to long-term gains for publishers and brands.

Our research shows movement in positive directions, from investment in the technology that helps manage the journey to having the resources to implement post-cookies monetization strategies.

But with Google's deadline looming and iOS 14 on its way — with the attendant promise that it will prevent tracking and device IDs — the clock is ticking for publishers.

The time for reaction is over, and with many publishers not yet having an identity solution that will work post-cookies, the time for action is now.



“ First-party data will remain critical ... publishers could be the big winners as the data focus shifts to their data sets. ”

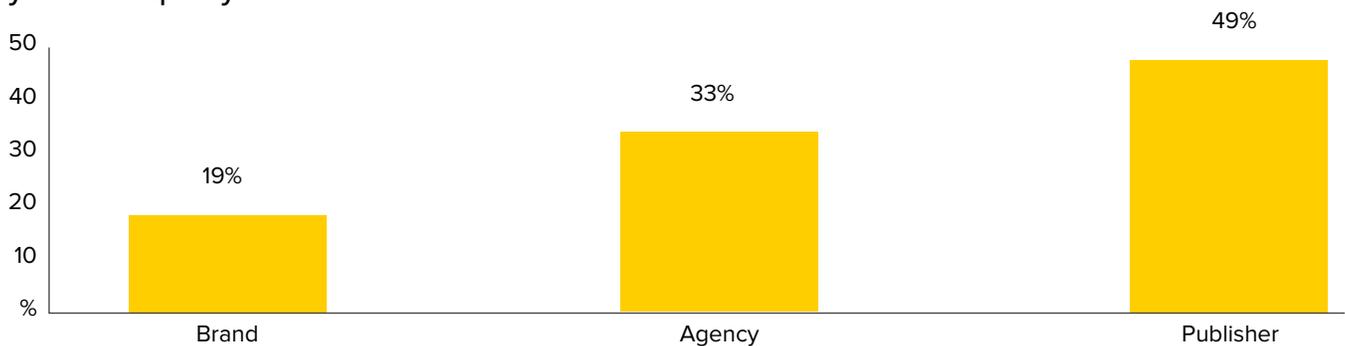
— Fraser Donaldson, head of marketing science and technology, PHD Global Business

Methodology

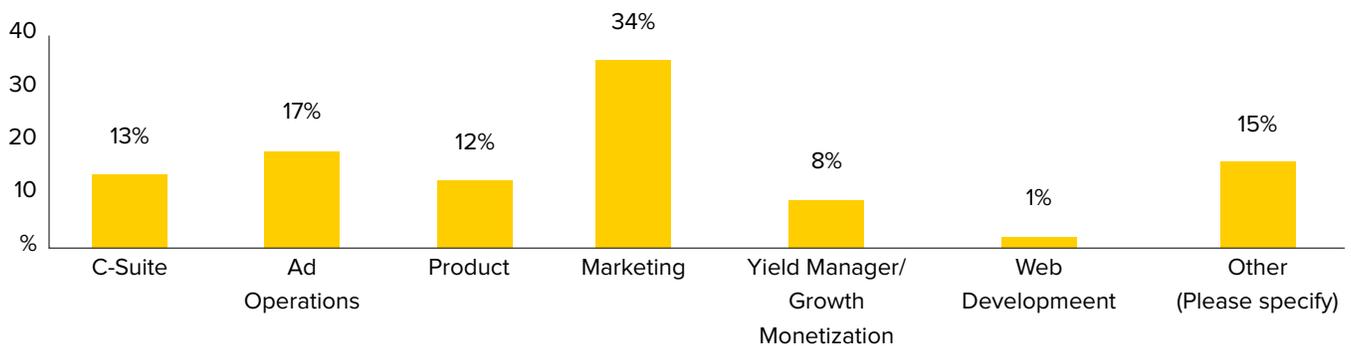
We surveyed the Digiday audience in June and July 2020, and conducted qualitative interviews with buy and sell-side experts, to create this research-led report looking at the sentiment and strategies for life beyond third-party cookies.

The survey respondents were made up of the following:

Which of the following describes your company?



Which of the following describes your role with the organization?



The interviews were conducted with:

Bedir Aydemir, head of audience and data, commercial at News UK

Fraser Donaldson, head of marketing science and technology at PHD Global Business

Chris Moore, head of strategic partnerships at Publishers Clearing House

Daniel Chapman, managing director, products and solutions at Havas Media Group

Marshall Erwin, senior director of trust and security at Mozilla

Harmony Murphy, head of UK advertising sales at eBay

Camilla Child, head of commercial data strategy at The Telegraph

Eugene Faynberg, vice president, ad operations at Slickdeals

Damon Reeve, CEO at The Ozone Project

About Us

As the leading data connectivity platform powered by core identity capabilities and an unparalleled network, LiveRamp enables companies and their partners to better connect, control, and activate data to transform customer experiences and generate more valuable business outcomes. LiveRamp's fully interoperable and neutral infrastructure delivers end-to-end addressability for the world's top brands, agencies, and publishers.

