THE STATE OF DIGITAL IDENTITY 2024

ID5.io

EXECUTIVE SUMMARY

2024 was predicted to be a year that the advertising industry wouldn't forget. In January the industry saw Google remove third-party cookies for **34.5 million users** or 1% of Chrome's 3.45 billion global users. The long-awaited dawn of the cookieless era was finally coming into view.

However, after much criticism and in the midst of several antitrust cases, on July 22, 2024, Anthony Chavez, vice-president of Privacy Sandbox, announced in a blog post that the tech giant would make a u-turn on its proposed cookie removal initiative.

Now instead of Google turning cookies on or off for all Chrome users, the decision would be left in the hands of users.

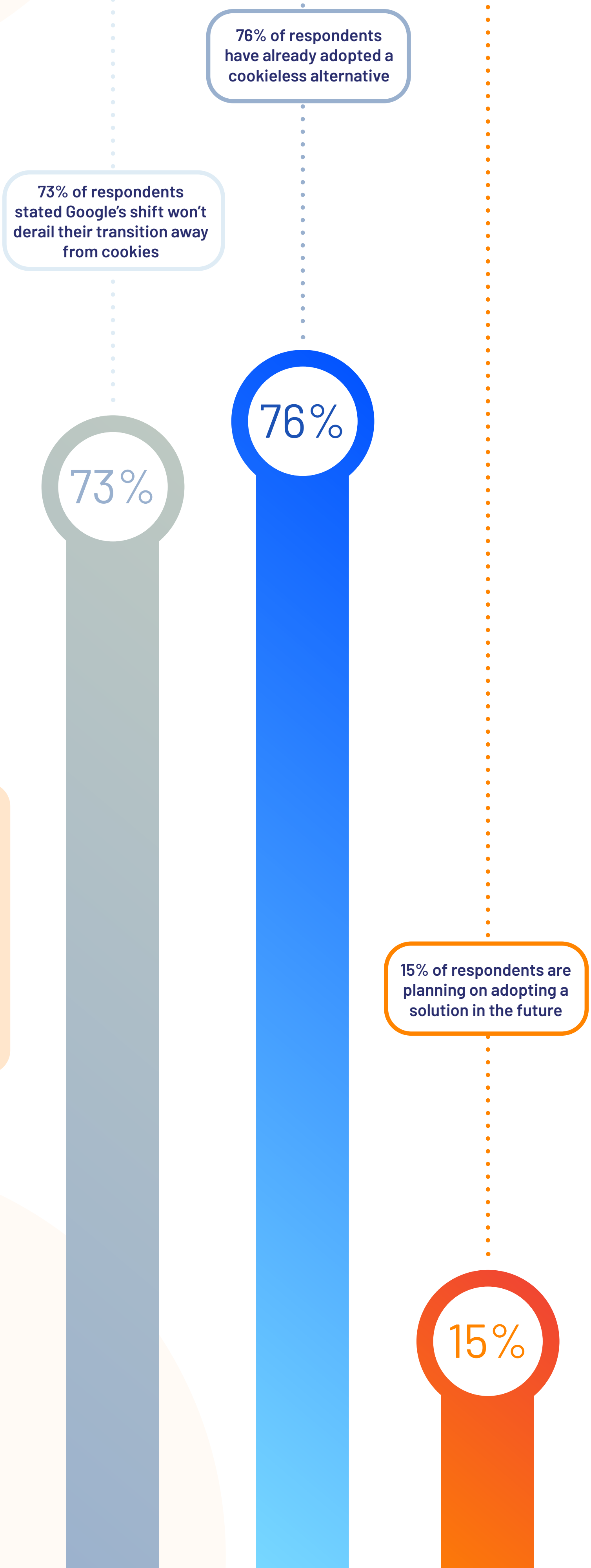
What initially appeared to be the end of the industry's turbulent and confusing four-year-long cookie removal journey actually turned out to be an extension of the cookieless saga.

According to the **2024 State of Digital Identity survey results**, the majority of respondents believe that Google's decision to reverse its plans was due to poor **Privacy Sandbox results (63%) and the ongoing investigation by the CMA (60%).**

According to a study by Criteo, **publisher revenues could decline by 60% if third-party cookies were phased out and the current Privacy Sandbox framework was the only alternative available.** The study also found that Privacy Sandbox usage caused a median increase in ad rendering latency by over 100%, negatively affecting user experience with slower page loads, reduced viewability, and lower click-through rates. This increased latency would further diminish ad revenue potential for publishers. Another study from Index Exchange, found that Privacy Sandbox testing failed to provide data on attribution or measurement.

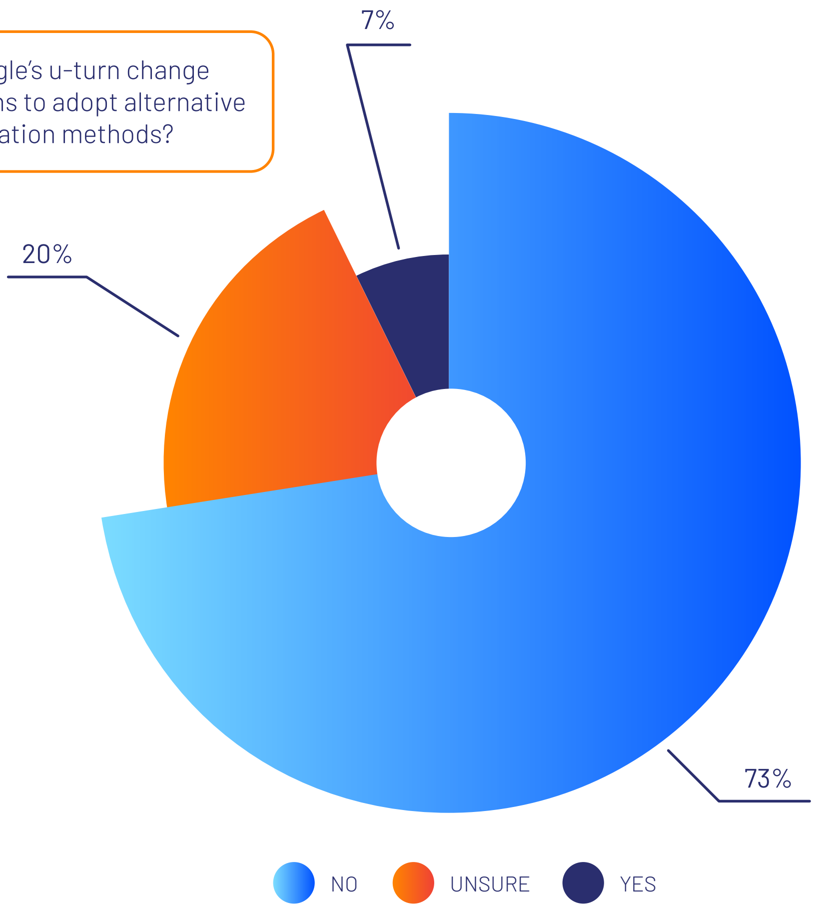
While Google has yet to reveal further details about the new cookieless user experience, including the proposed timeline or methodology, one thing is certain, the cookieless train has already left the station.

Almost 75% of respondents stated that Google's shift won't derail their transition away from cookies, which shouldn't be too surprising as **76% of respondents have already adopted a cookieless alternative** with a further **15% planning on adopting a solution in the future.**

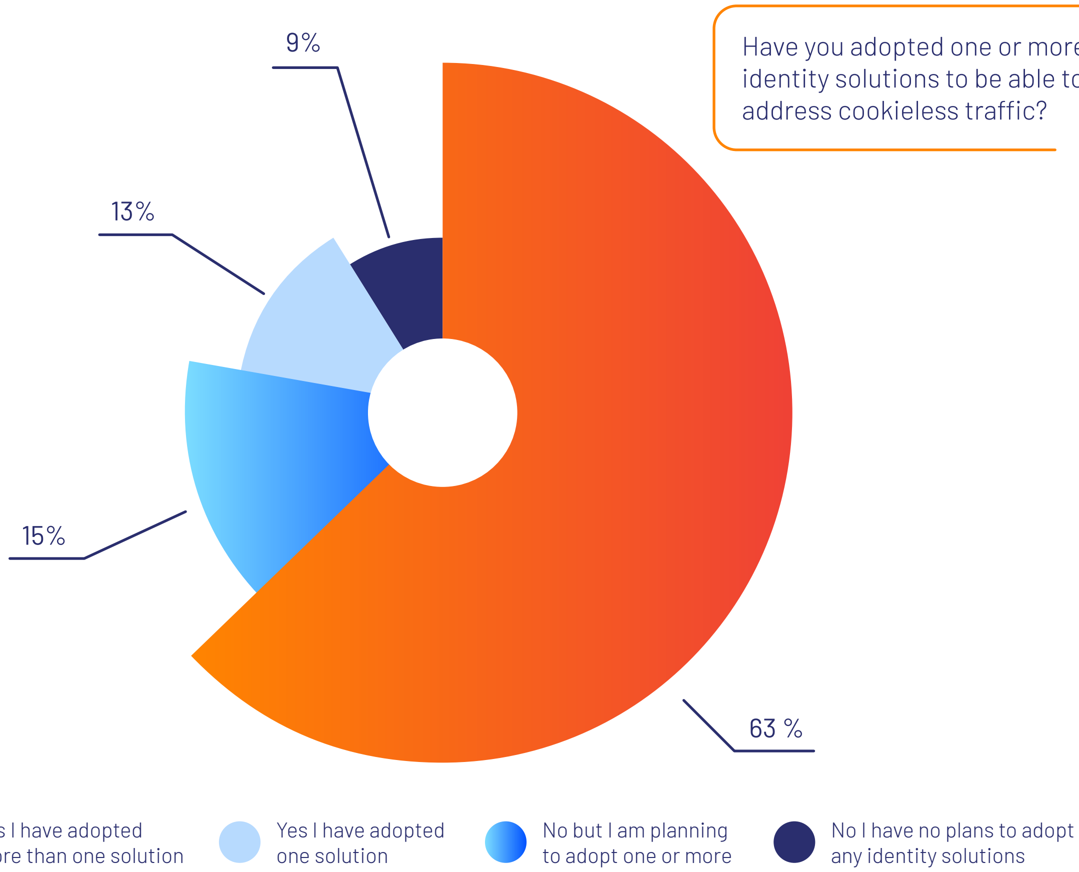


> *"The third-party cookie is an antiquated piece of technology no longer fit for the requirements of modern advertising. It's only a question of fine tuning what the replacements look like. The solutions (especially first-party IDs) are already here, ready, and delivering superior results."*
>
> ***Alex Berger, Senior Product Manager, Adform***

Will Google's u-turn change your plans to adopt alternative identification methods?



Have you adopted one or more identity solutions to be able to address cookieless traffic?

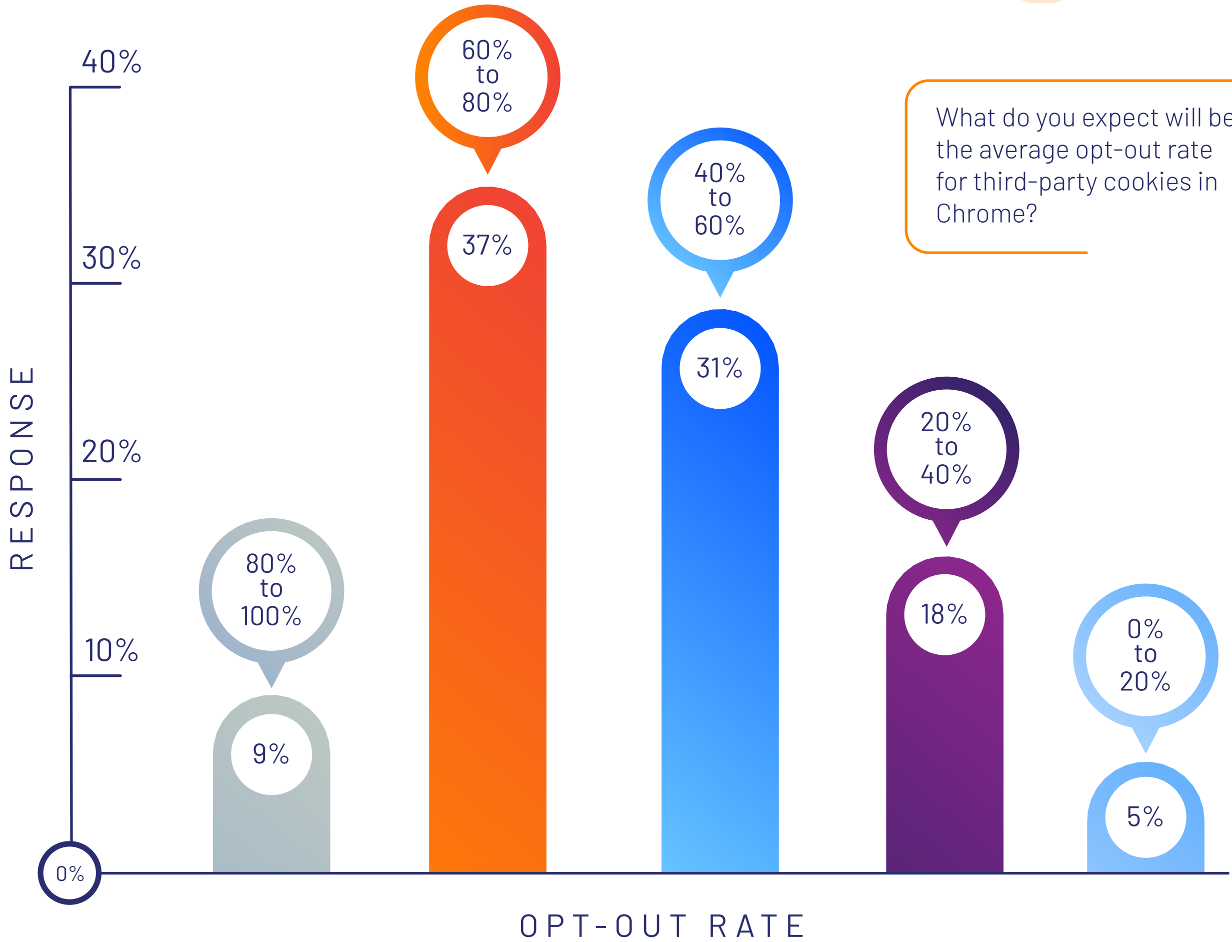


However, it's not only industry members turning their back on the cookie. Survey respondents believe that Chrome cookie opt-out rates may be even higher than Apple's App Tracking Transparency (ATT) on iOS.

"Today's consumers expect to be valued across every interaction they have with a brand regardless of the channel. While the industry predicts that opt-out rates will reach 80%, the fact is that multi-channel personalized experiences cannot be achieved through third-party cookies alone. Now more than ever, there is an inherent desire for brands to build trusted quality connections with their target audience. Fortunately, privacy-centric personalization on any marketing channel is achievable, with the right audience data based on compliant signals including alternative IDs."

Kristina Prokop, Co-Founder of Eyeota and General Manager of Digital Marketing Solutions at Dun & Bradstreet.

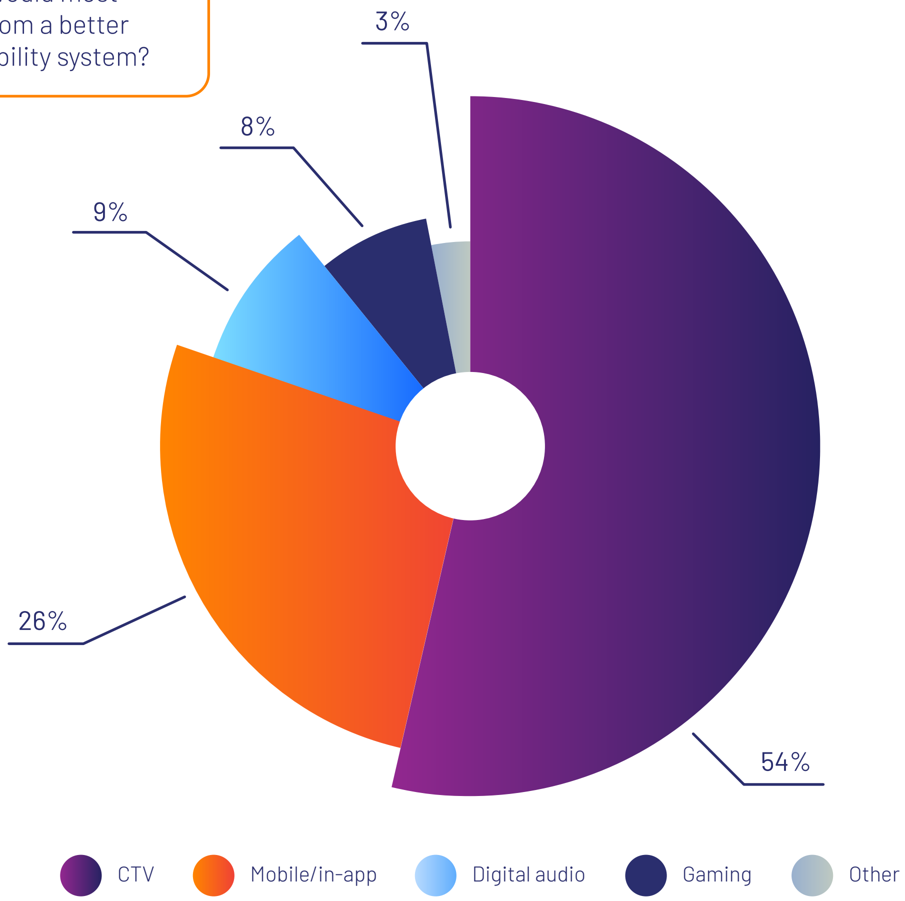
What do you expect will be the average opt-out rate for third-party cookies in Chrome?



38% of respondents believe that opt-out rates will be higher than ATT at a 60 - 80% opt-out rate and 31% of respondents believe that the opt-out rate will be 40 - 60%. This could be the result of an increasingly conscious consumer base as well as the cookie removal conversation spilling over into mainstream media over the past four years.

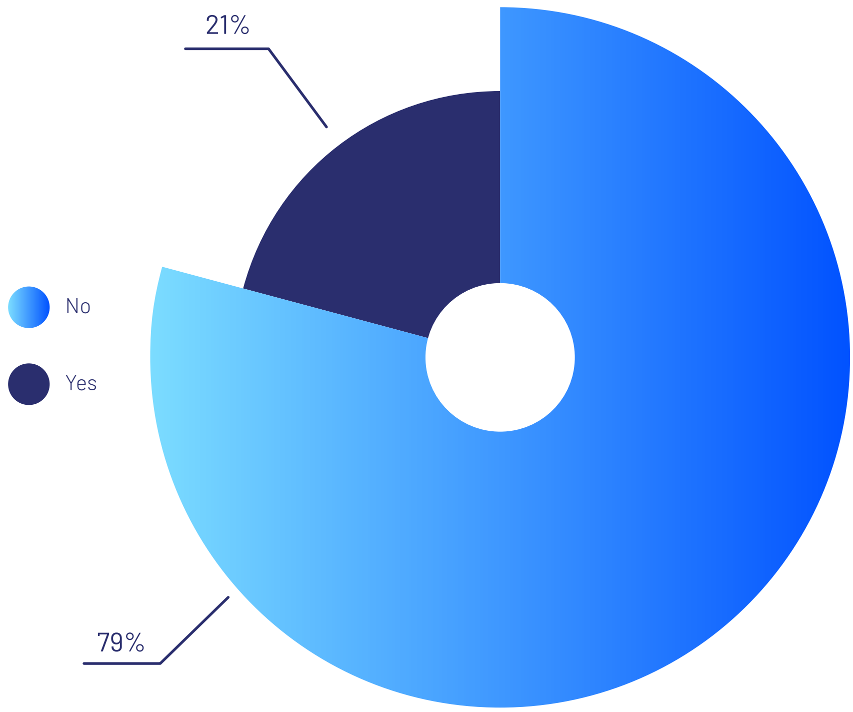
It's not all about browsers though. While it's true cookies in Chrome have been the talk of the town, the conversation is shifting to new channels, like CTV, mobile, audio, and gaming.

Outside of the web, which channel would most benefit from a better addressability system?



In 2024 everyone is talking about CTV advertising - from Netflix offering an ad-supported plan to Amazon, and the rise of FAST channels. CTV is a channel that's unaffected by cookie removal and signal loss but has proven to have limitations in this new and rapidly growing space.

Do you believe that the current identification system in CTV gives transparency and control over their data?



Almost

80%

of respondents believe CTV can use support when it comes to addressability.

It also appears that the industry thinks CTV users have less transparency and control over their data now, than this time last year. **In 2023, 66% of respondents** believe that CTV environments did not give users transparency or control over their data. **In 2024 this percentage increased to almost 80% of respondents.** This could be due to the rapid growth seen in this space. According to an eMarketer report, CTV is the fastest-growing ad channel in the US, with spending expected to **increase by 13.3%**, crossing **$30 billion** in 2025.

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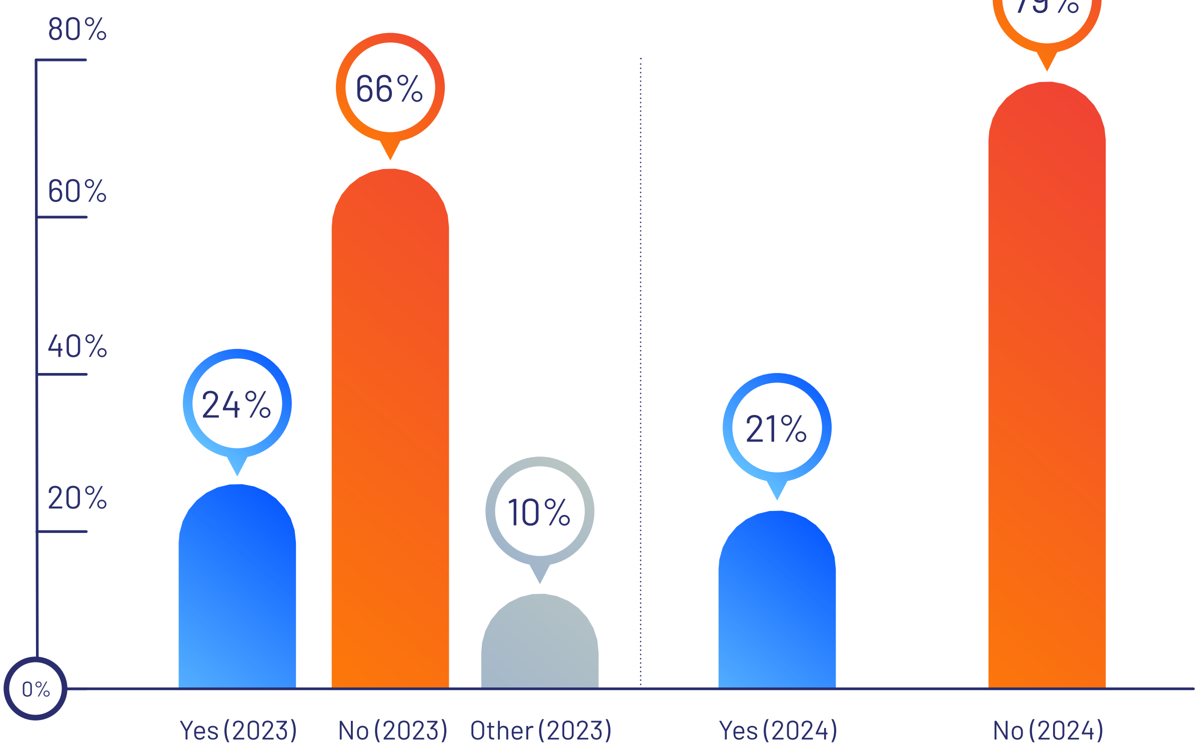
Do you believe that the current identification system in CTV gives users transparency and control over their data?

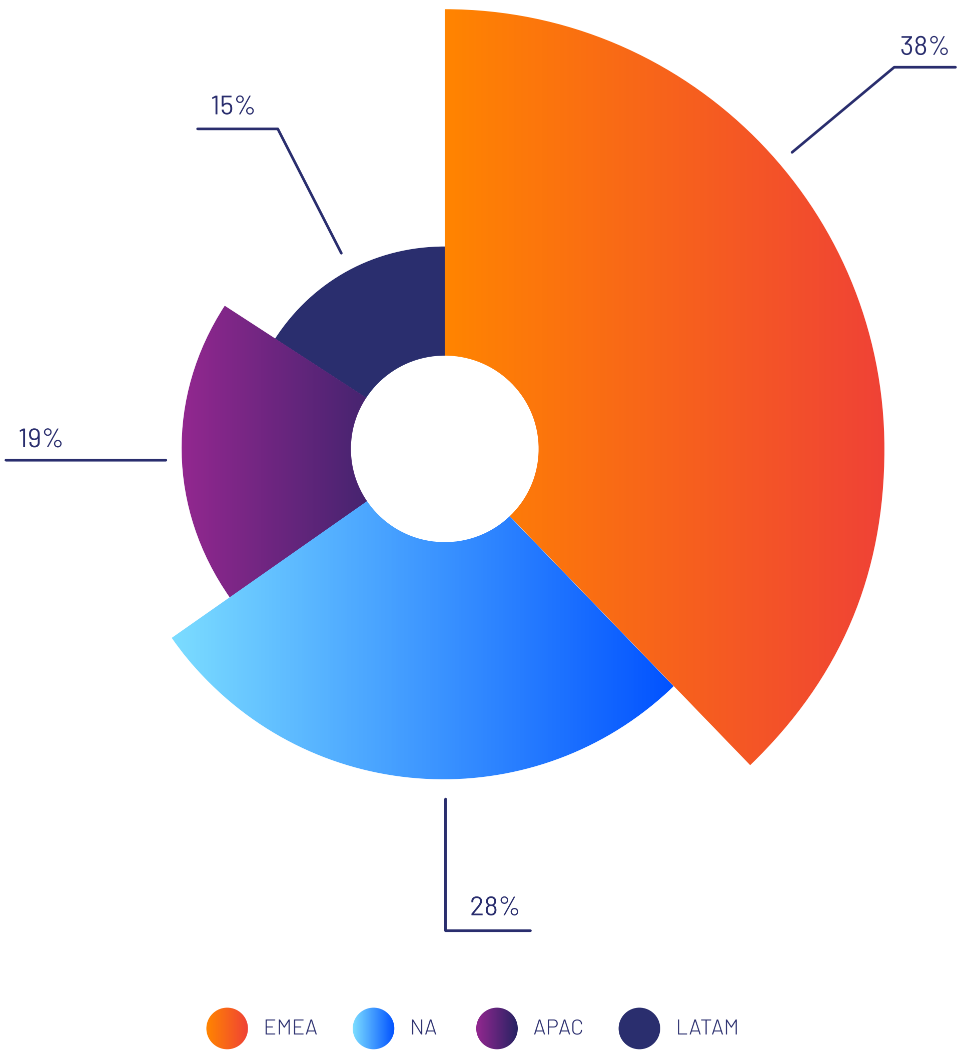


2024 will be remembered as a pivotal year for the ad tech industry, just not quite in the ways expected. This was the year the industry decided to carve out its own cookieless path once and for all, paving a future that is less reliant on decisions of monopolistic players. It will also be remembered as the year the industry became aware that addressability limitations are not restricted to the web.

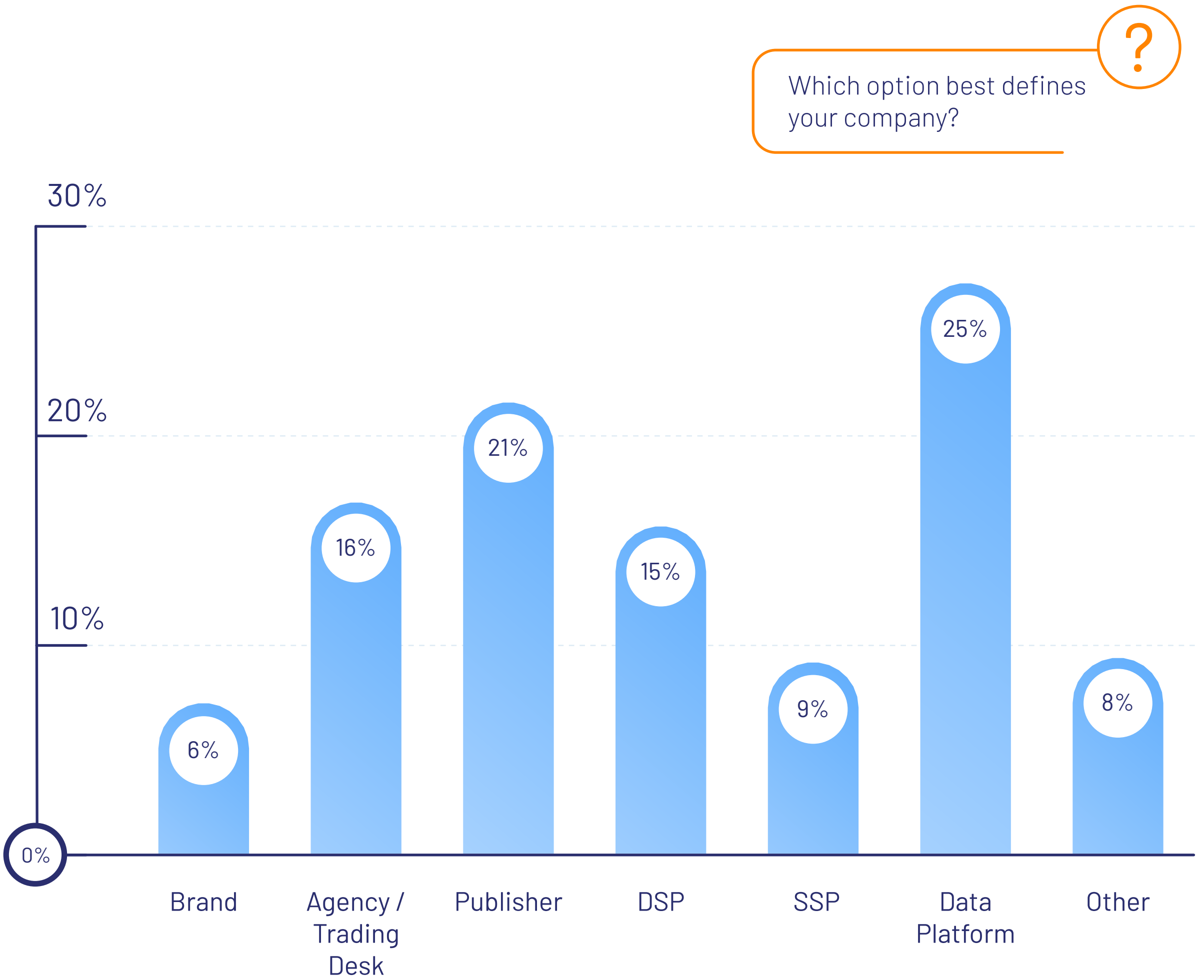
METHODOLOGY

ID5 analyzed the answers of **202 participants** who took part in the State of Digital Identity survey throughout July and August 2024. The respondents were from around the world with 38% of the respondents from EMEA, 28% from North America, 16% from LATAM, and 19% from APAC.

In which market does your business operate



The sample provided insights from across the industry, including **advertisers (22%), publishers (20%), ad tech platforms (49%)** and **"other" (9%)**. The survey results present a comprehensive picture of the advertising landscape by including not just geographic diversity, but also varied industry viewpoints.



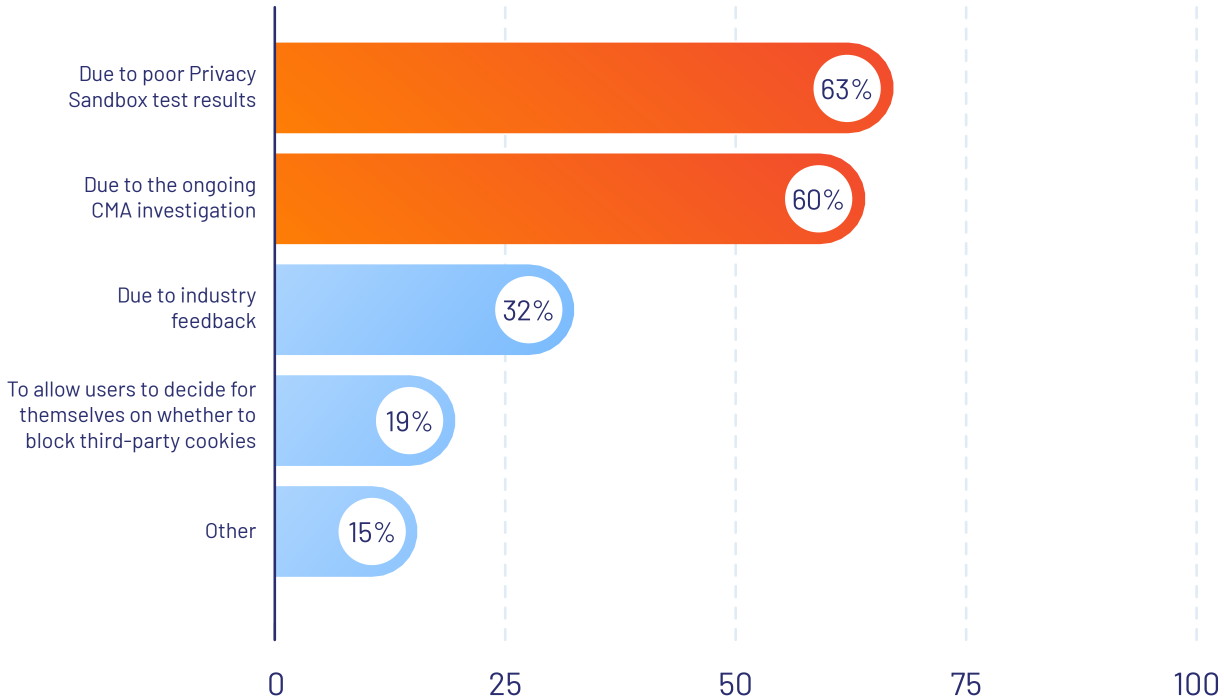
The survey was launched in July prior to Google throwing the industry a major curveball with its third-party cookie U-turn announcement. **Within 24 hours of the announcement, ID5 adjusted the survey questions to reflect the industry's new circumstances and relaunched the survey.** The survey was sent via email to ID5's database contacts and further promoted through ID5's social media channels and advertising partnerships.

The questions sought to understand why Google decided to change course, how this change would impact industry players, and gauge how the industry believed this change would manifest itself. In addition to this the survey was used to measure the industry's adoption and use of identity solutions and provide a better understanding of challenges faced in other channels like CTV, audio, gaming, and mobile.

INDUSTRY OVERVIEW

While we have some clarity surrounding Chrome Cookie removal, the sudden shift has left many lingering questions. So we turned to the industry to fill in some of the gaps and better understand how advertisers, publishers and tech platforms are preparing for this existential change.

Why did Google choose to make a u-turn on its plans for cookie depreciation?
[Select all that apply]



Survey respondents were asked to select the reasons they believe Google revered its plans for cookie removal, with the option to select multiple answers. According to the survey results, the industry believes Google's reversal decision was a direct result of poor **Privacy Sandbox test results (63% of respondents)** and the ongoing **CMA investigation (60% of respondents).**

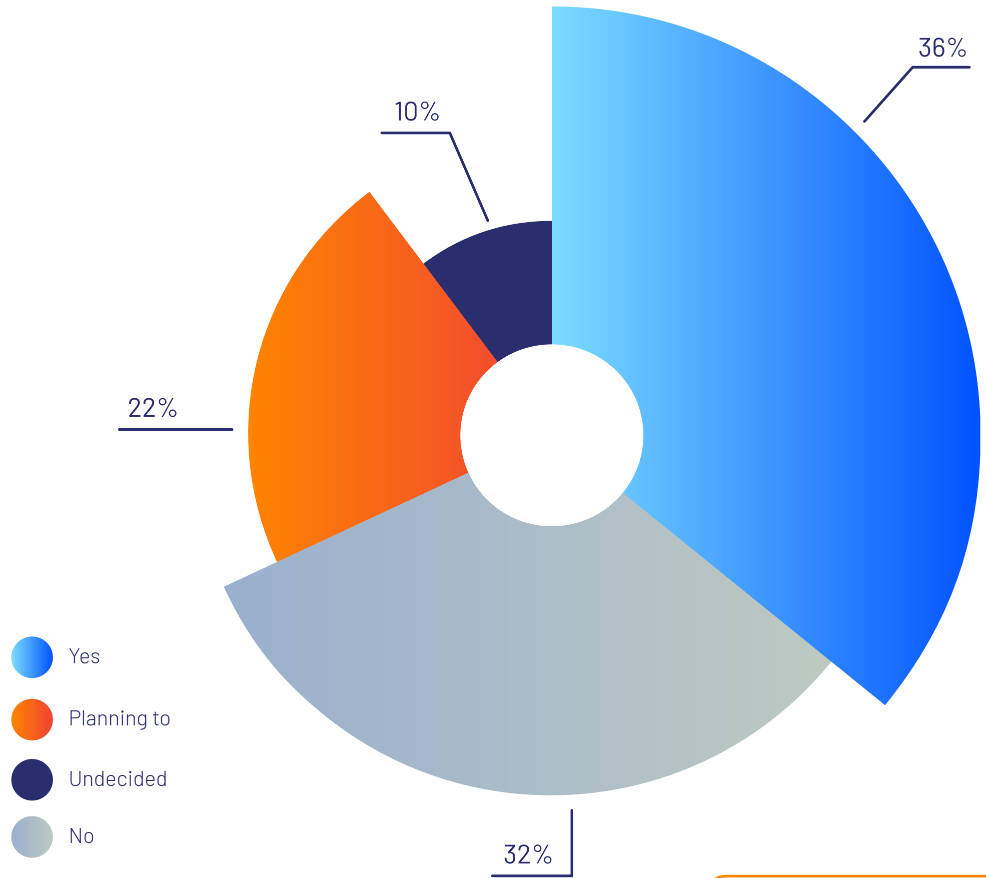
"I believe that Google's decision to delay removing third-party cookies highlights the challenge of balancing privacy, innovation, and regulation. As the Privacy Sandbox tests fall short and regulatory pressures increase, this delay gives the industry time to rethink its approach. Moving forward, we must focus on gathering first-party data, using identity solutions, SDA, data clean rooms, and embracing contextual advertising as a strong alternative to cookies. These strategies will help maintain effective, privacy-conscious advertising while addressing both business needs and consumer concerns."

Olga Zharuk, Chief Product Officer, Teqblaze

Over the course of 2024 it became increasingly clear that Google's proposed replacement wasn't ready to support the industry in its transition from cookies as it faced intense scrutiny from industry players and regulatory authorities. **Test results found that the new solution negatively impacted CTR, and publisher monetization, and hindered the user experience due to slow ad rendering.**

But the pressure didn't stop there, as **the UK Competition and Markets Authority** served as a referee stepping in to ensure fair competition in digital advertising. As part of the investigation, Google committed to delaying the complete removal of third-party cookies from Chrome until it received the CMA's stamp of approval that the Privacy Sandbox was ready to support the transition from cookies in a way that didn't hinder competition.

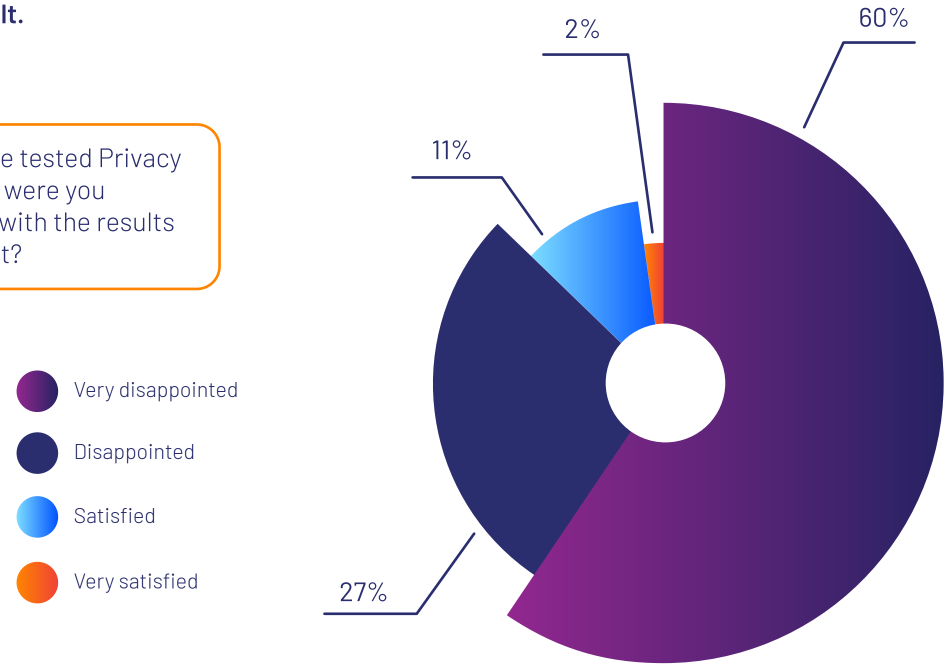
By putting cookie removal into the users' hands Google may have tried to circumvent the investigation and attempted to regain autonomy in the development of Privacy Sandbox. However, this has not been the case and **the CMA announced in September 2024 that it still had concerns about Google's revised approach.**



Has your company tested the Privacy Sandbox?

Digging deeper into the Privacy Sandbox results, we found that **36% of survey respondents have tested Privacy Sandbox,** and of that subset, **71% were disappointed or very disappointed with the test result.**

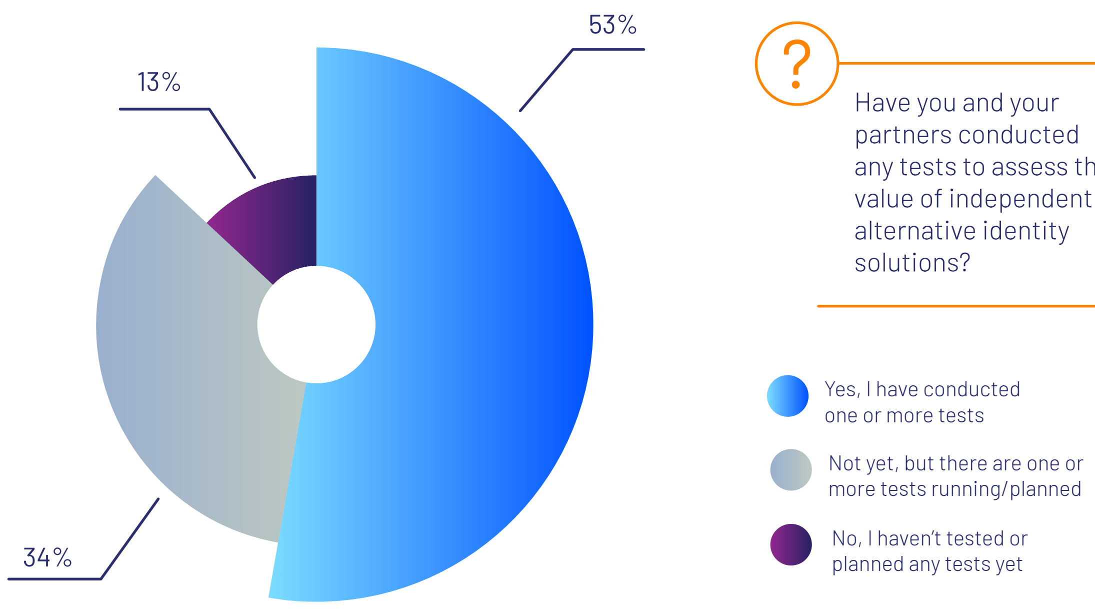
If you have tested Privacy Sandbox, were you satisfied with the results of the test?



Interestingly, when isolating the results based on organization type, we saw drastically different levels of satisfaction. **The survey found that SSPs and publishers were most disappointed with the results.** When looking at Index Exchange's first phase of Privacy Sandbox testing that involved 100 publishers, across thousands of domains, and 10 DSPs, it observed a **33% decline in CPMs on impressions** enabled by Privacy Sandbox compared to impressions tied to third-party cookies. This is **compared to a 36% decrease in impressions** when Privacy Sandbox or third-party cookies were not enabled.

The industry has also been busy testing other alternatives as well and is satisfied with those results. **87% of the respondents have either already tested or have planned on testing an independent alternative solution.** 75% of those who have tested are very satisfied or satisfied with those results.

Have you and your partners conducted any tests to assess the value of independent alternative identity solutions?



One of the biggest question marks surrounding Chrome's new user experience is when it will actually go into effect. When it comes to the timeline, **80% of respondents believe that the new opt-out interface will be unveiled in 1H 2025.** Giving Google more or less three quarters to implement the changes.

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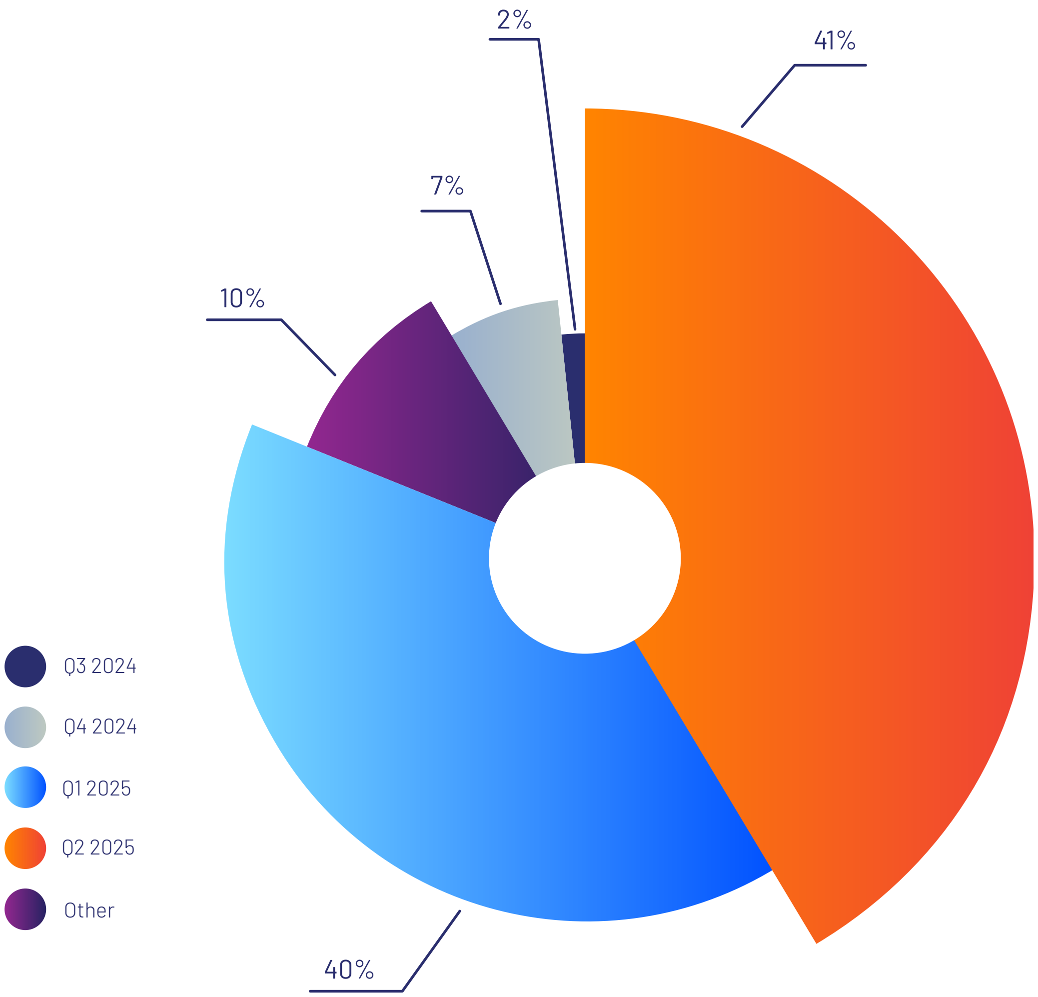
When do you think Google will introduce its new user experience in Chrome, enabling users to opt out of third-party cookies?



With the industry's belief that Chrome's cookieless future will become a reality in 1H 2025 and the majority having already adopted an alternative, it begs the question what types of identity solutions is the industry turning to? We asked our audience what solutions they are using to address cookieless traffic, allowing them to select all that applied. **85% of respondents stated they had adopted a universal ID to do so,** making universal IDs the most widely adopted solution for cookieless addressability, followed by PMPs / Deal IDs with first-party data.

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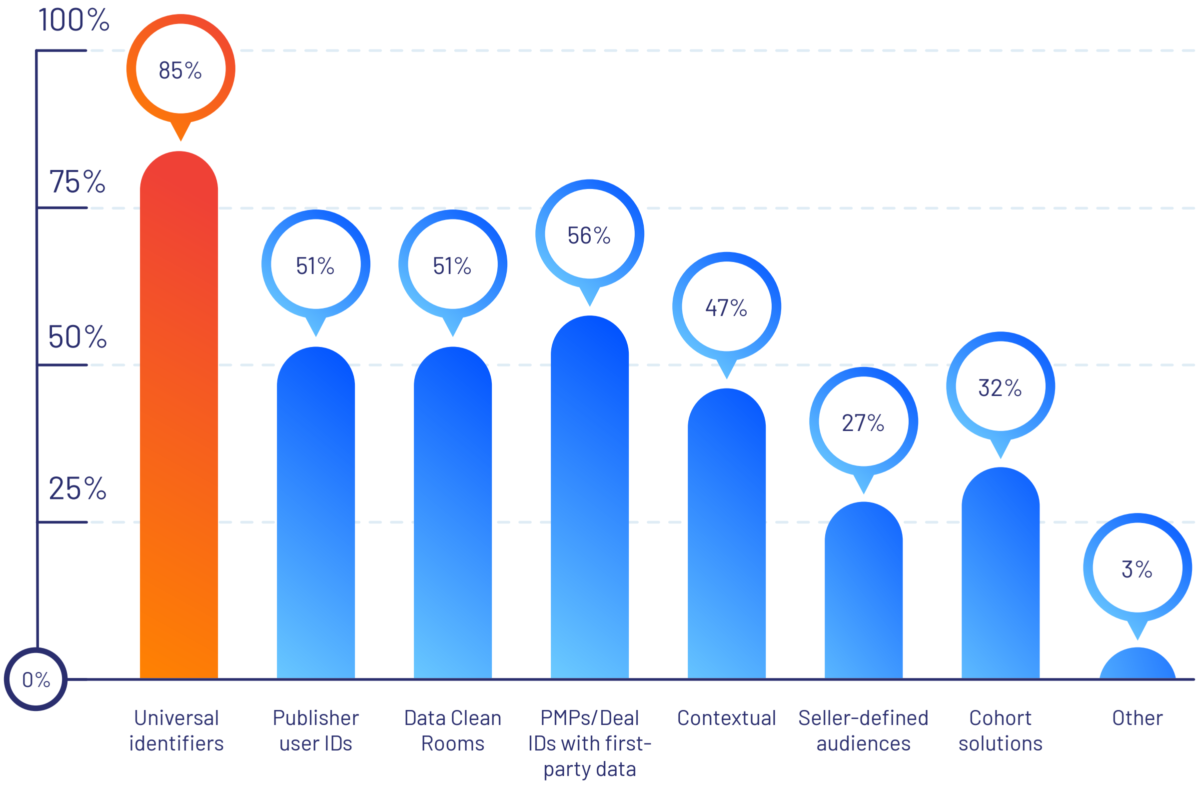
What are the strategies or solutions that you or your clients are favoring to address cookieless traffic?
[Select all that apply]

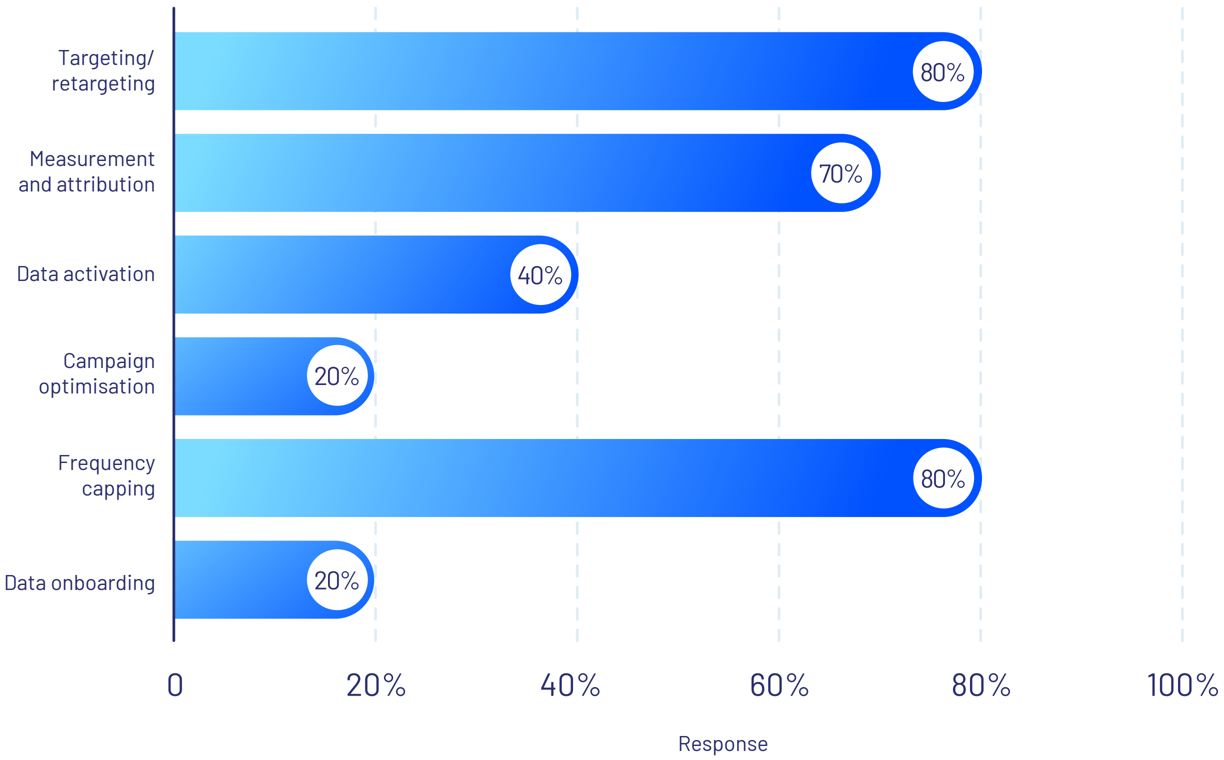


Of the groups surveyed, adoption rates for cookieless solutions were highest amongst DSPs, SSPs, publishers, and data platforms.

The onus for solving the challenges associated with third-party cookie removal seems to fall on the shoulders of publishers and tech platforms, with **60% of brands believing that it is the responsibility of tech platforms to solve identity challenges.**

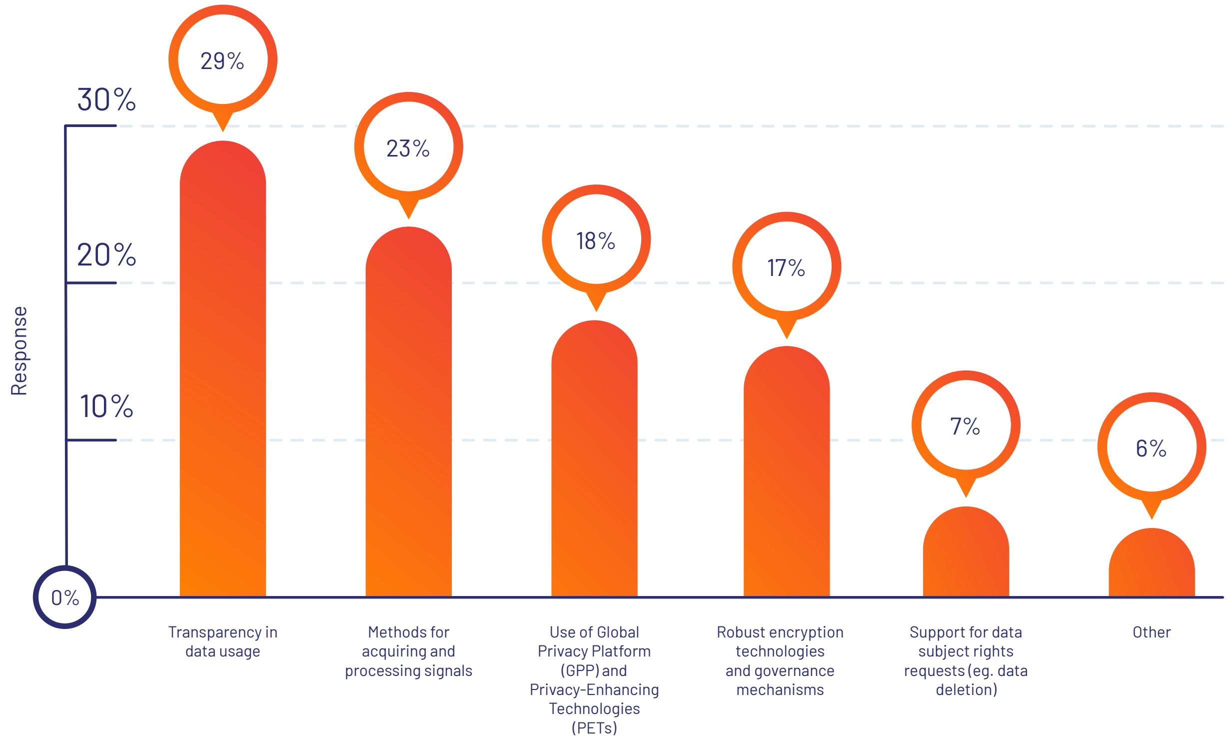
Fortunately, **80% of advertisers surveyed believe that their tech partners are fully prepared or have included necessary measures in their roadmap.**

What are the most important use cases that cookieless solutions solve?
[Brands were asked to select all that apply]



When it comes to use cases, the most important areas where brands seek cookieless solutions are **targeting/retargeting, frequency capping, and measurement.** While having solutions that solve major advertising use cases is crucial, a solution's ability to protect people's data and comply with privacy regulations is vital for differentiation.

What characteristic matters the most when evaluating an identity solution from a privacy standpoint?



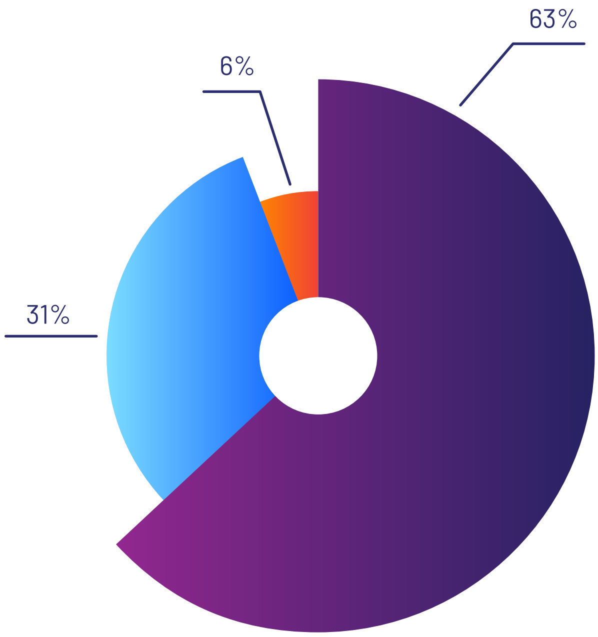
When asked about the most important characteristic to consider when evaluating an identity solution from a privacy standpoint, survey respondents indicated that they prefer tools that provide transparency in data usage. There are many reasons why transparency in data usage would matter to an organization adopting an identity solution, including **regulatory compliance, minimizing risk, managing brand reputation, and building consumer trust.**

The second most important characteristic is the methods for acquiring and processing signals. Signals can be collected from publishers directly or from bid stream data without publisher consent. The source of the signals directly relates to the quality of the data. When signals are collected lawfully, the quality tends to be higher. **Signal acquisition and processing are directly linked to the scalability, accuracy, effectiveness, and reliability of a solution.**

"We can't expect consumers to log into every single site they visit across the open web. Both publishers and marketers need to include inferred identification as part of a monetization and targeting strategy. ID5 successfully unites both authenticated and non-authenticated audiences with its privacy-friendly identifier."

Claude Spasevski, SVP, Retail Media and Data, Equativ

When it comes to signals or ID components, the industry finds to be the most effective when building a universal ID solution, **63% of respondents want the best of both worlds and believe that a combination of deterministic and probabilistic signals is the most effective.**

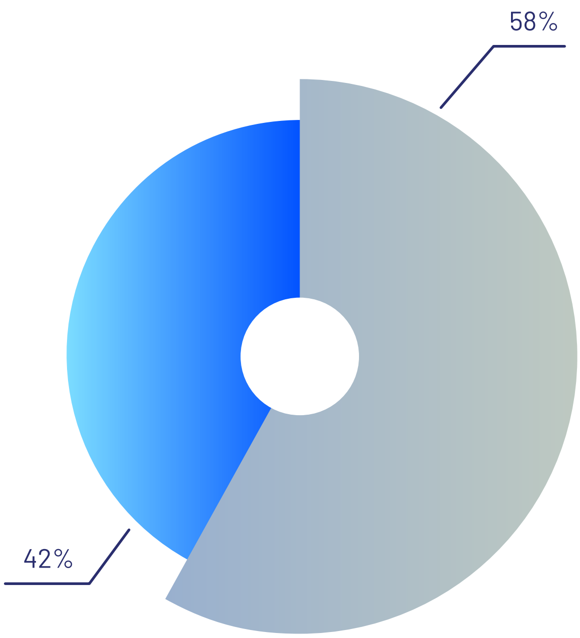


[Publishers]
Which signals or ID components do you find most effective for building a universal identifier solution?

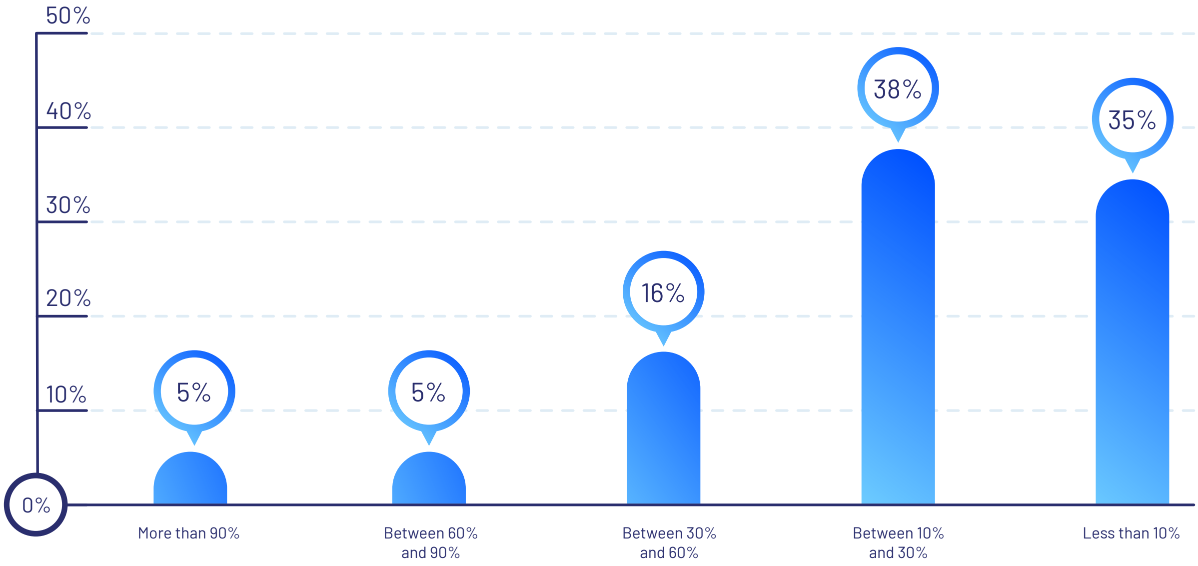
Another thing to consider when relying on first-party data strategies is that not all publishers have access to authenticated users. Almost **60% of publishers** shared that the percentage of logged or authenticated users hasn't increased since 2023. In fact the number of **the majority of publishers surveyed stated that they only have between 10 - 30% of logged users.**

[Publishers]
Has this percentage increased since last year?

According to a Digiday article, audience authentication is top priority for publishers **only 5% of publishers have more than 90% logged users; this number is down 10% from 15% of publishers in 2023.** This means that most publishers have limited access to authenticated or logged traffic and this isn't for lack of trying.



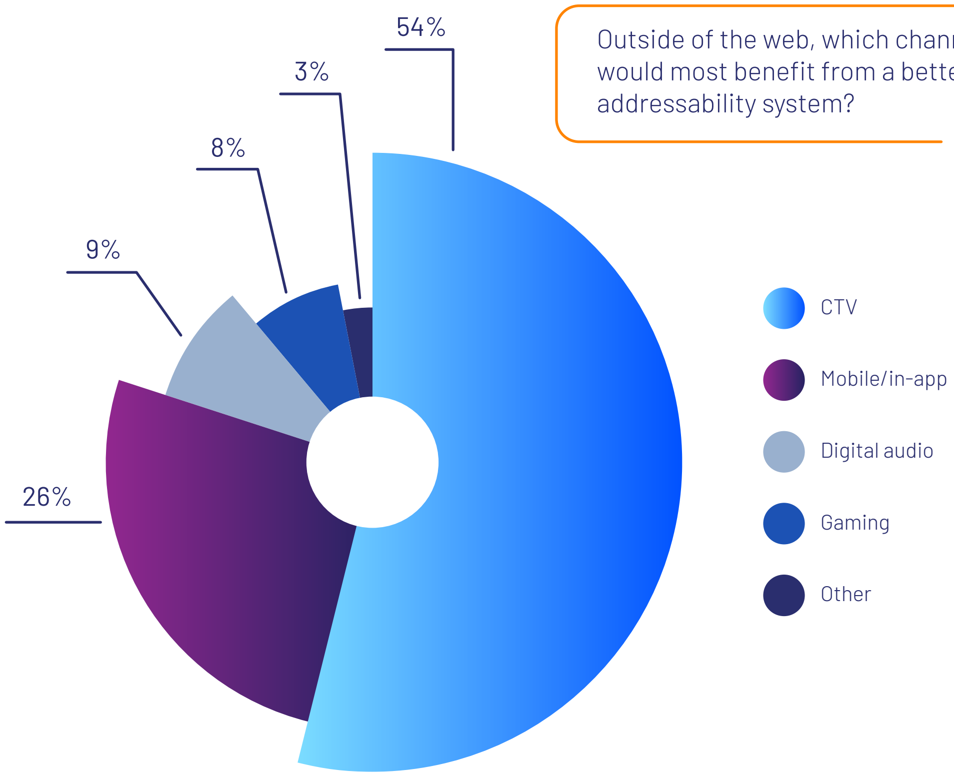
[Publishers]
What percentage of users are logged in / registered on your website?



But identity is not just a browser concern, the industry has realized that it affects every single digital environment. According to our survey respondents, **the channel that most needs a better addressability framework is CTV,** followed by mobile/In-app and digital audio.

As one of the fastest-growing advertising channels, it should come as no surprise that the industry is seeking out ways to monetize CTV. According to eMarketer's March 2024 forecast, CTV is projected to grow 18.8% and reach a total of $28.75 billion in 2024.

Outside of the web, which channel would most benefit from a better addressability system?



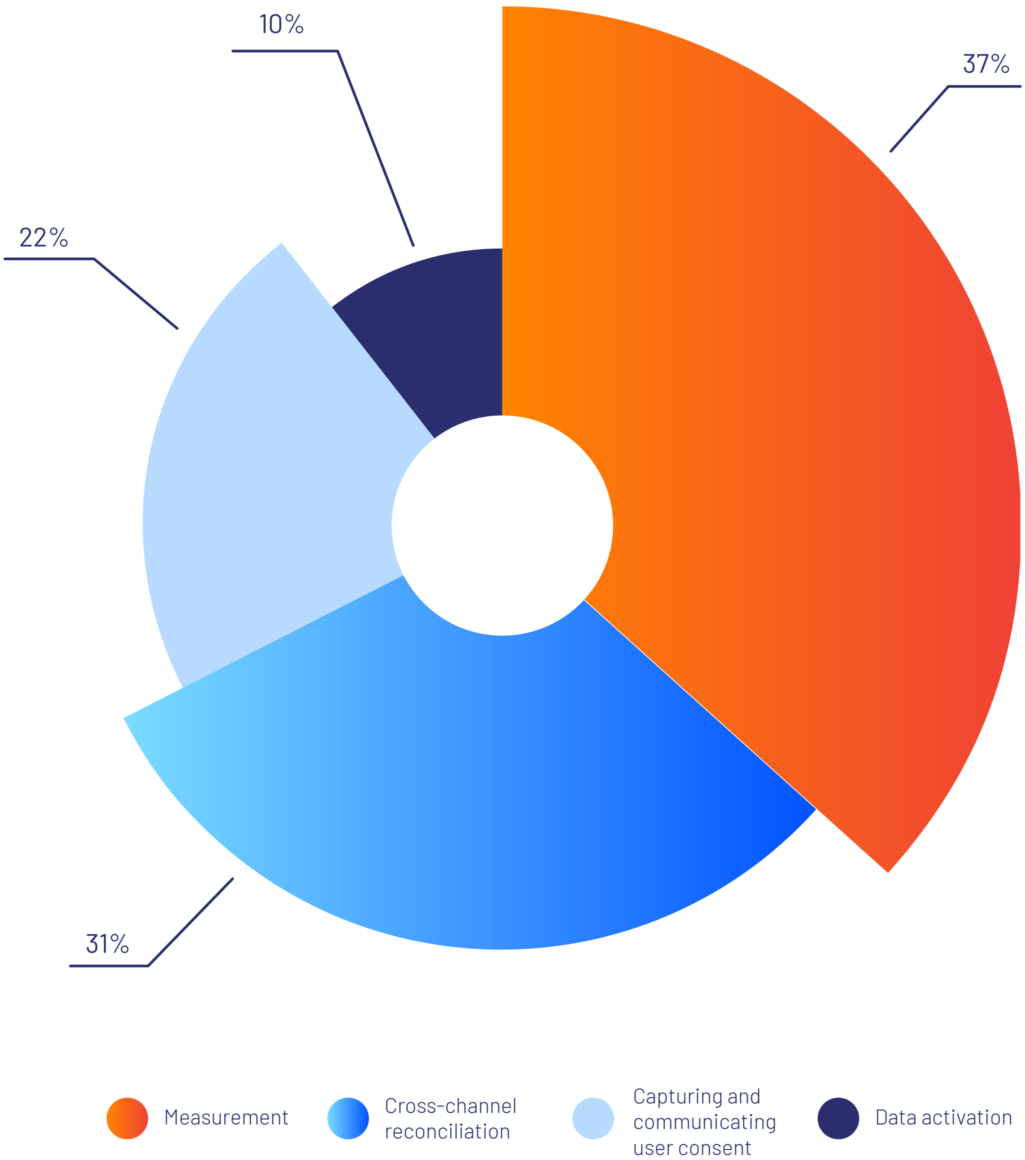
> *"At Adsmovil, we recognize that cookies are already declining in effectiveness, even before Google's full phase-out. This shift profoundly impacts the ecosystem, with over 50% of impressions now lacking signals, which limits accurate user identification and impacts campaign performance. ID5's solution is essential, as it addresses the core promise of advertising: ensuring reach and frequency."*
>
> ***Alberto Pardo, CEO & Founder, Adsmovil***

But growth doesn't come without pains. What exactly are the obstacles the industry is facing in the CTV space?

Survey respondents cited measurement as the biggest challenge in maximizing CTV's potential, followed by capturing consent, data activation, and then cross-channel reconciliation.

As an already cookieless channel, the industry will need to seek out next-generation addressability solutions to overcome these hurdles to effectively monetize the CTV space.

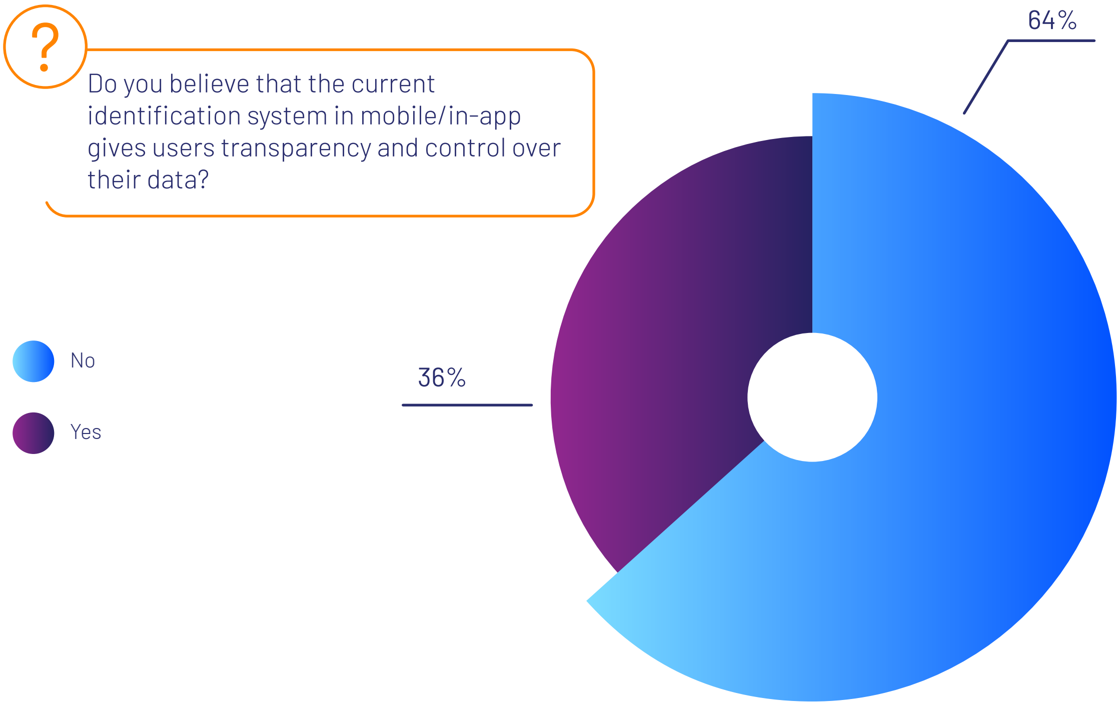
When it comes to adressability, what are the biggest challenges in CTV?



Let's take a look at another channel facing its own identity crisis: mobile. Signal loss in mobile is driven by factors like the removal of Mobile Advertising IDs (MAID) and updates, such as ATT and iOS 18, which reduce targeting accuracy and complicate campaign measurement.

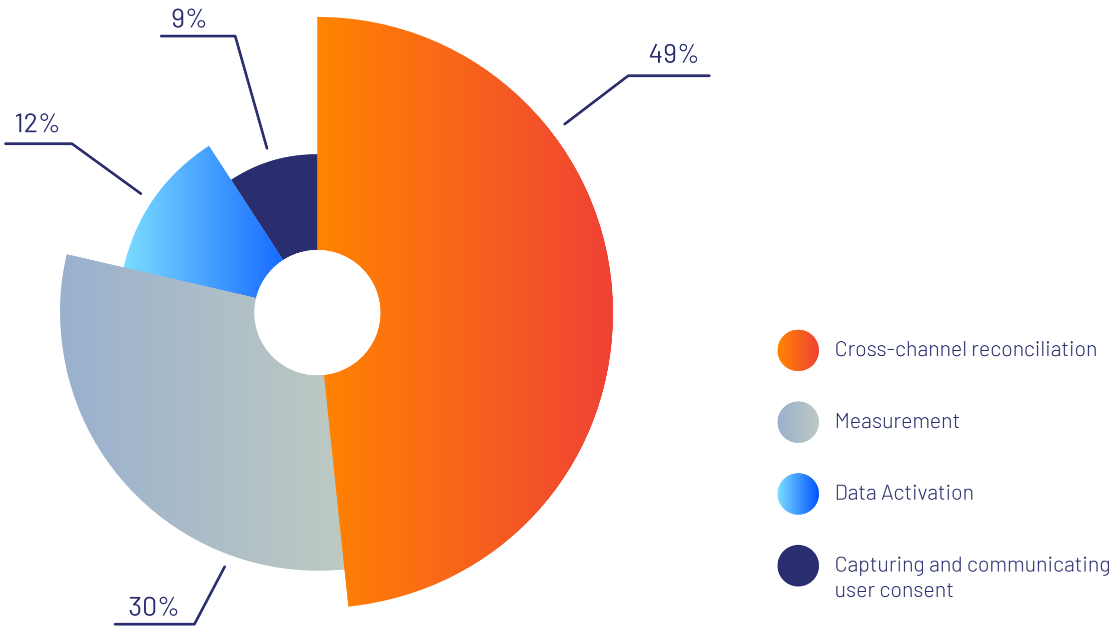
The perceived addressability challenges in this space are slightly lower when compared to CTV, with only **64% of respondents believing mobile is ineffective** when it comes to providing users with transparency and control.

? Do you believe that the current identification system in mobile/in-app gives users transparency and control over their data?



The greatest challenges in the mobile space are cross-channel reconciliation, data activation, measurement, and capturing consent.

? When it comes to addressability, what are the biggest challenges in mobile/in-app?



"The growth of digital audio is supported by a distributed environment, consisting of both publisher-controlled players and third-party platforms. While data signals from third-party outlets are often limited, those from publisher-controlled environments are comparable to any other channels. ID5 plays a key role in bridging this gap, ensuring that ad tech not built with audio at its core can still perform effectively. The challenge now is for ad tech to embrace the diversity of channels, rather than focusing on the unique characteristics of audio alone."

Benjamin Masse, Chief Product Officer, Triton

While digital audio and gaming may not be as high a priority as CTV and mobile are at the moment, they are still on the industry's radar.

83% of respondents believe that the current identification system in digital audio doesn't provide users transparency and control over their data. Survey respondents identified capturing and communicating user consent as the biggest challenge, followed by measurement and data activation.

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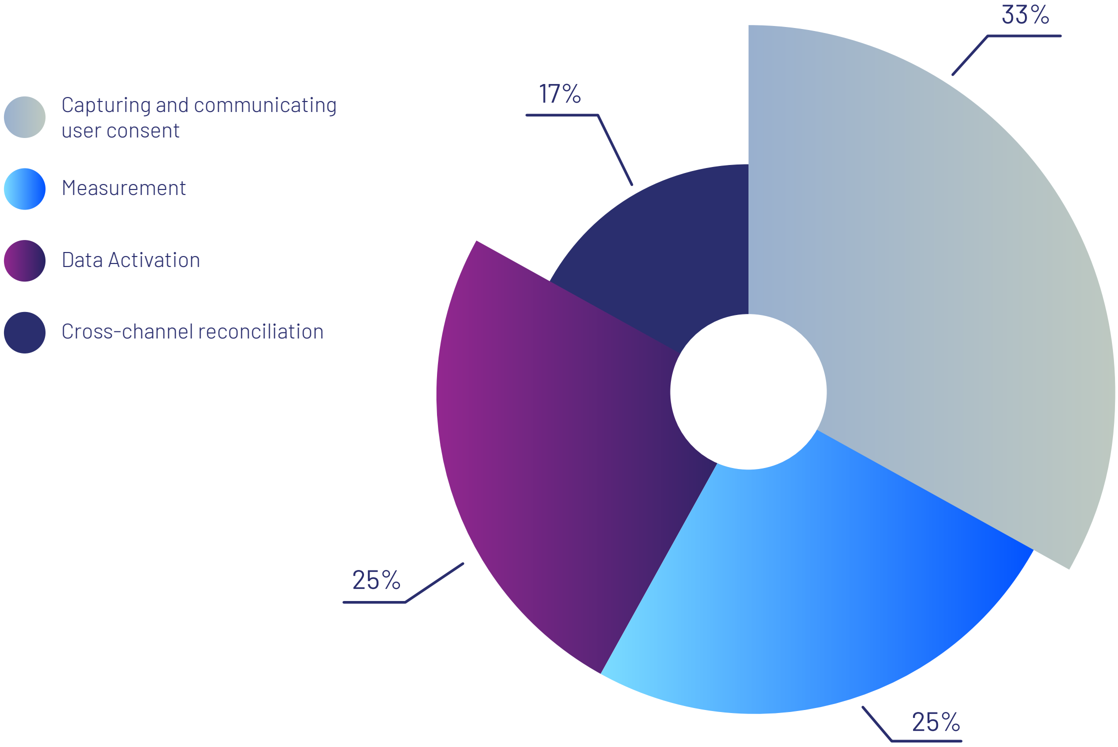
When it comes to addressability, what are the biggest challenges in digital audio?



Shifting over to gaming, the outlook is even bleaker with almost 90% of respondents stating that the current identification system in gaming doesn't provide users transparency and control over their data. **More brands are incorporating gaming into their marketing strategies, with gaming accounting for over $184 billion worldwide annually.**

When asked what the biggest challenge is when it comes to addressability in gaming, respondents seem to be evenly split, with the measurement and consent capture coming in joint first and data activation and cross-channel reconciliation not far behind

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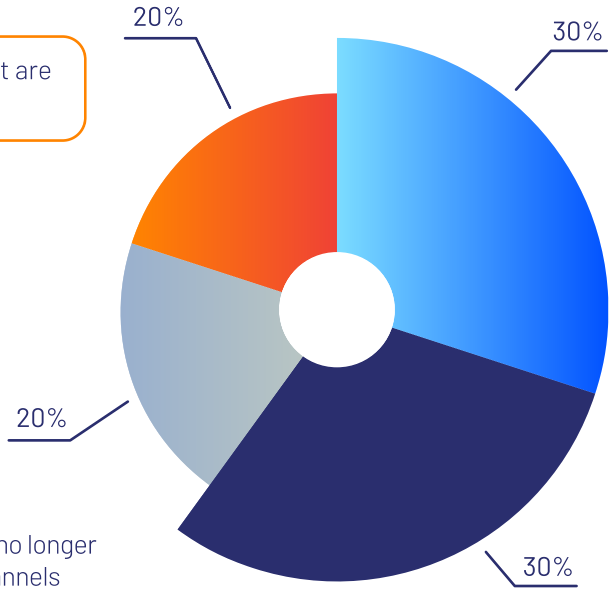
When it comes to addressability, what are the biggest challenges in gaming?

- Capturing and communicating user consent
- Measurement
- Data Activation
- Cross-channel reconciliation



Needless to say, addressability challenges are no longer limited to browsers and cookie removal. All channels have their own unique barriers, **fortunately, there are identity solutions available today to help the industry overcome them.**

"Almost 90% of respondents stated that the current identification system in gaming doesn't provide users transparency and control over their data. Anzu is working hard to change this by partnering with leading CMPs and identity providers. Our goal is to help the gaming ecosystem solve this issue, giving users more transparency and control while also making them more addressable for advertisers and measurement providers in a privacy-safe way."

Ben Fenster, Co-Founder and Chief Product Officer, Anzu

CONCLUSION

As of October 2024, when this report was written, there are still numerous questions hanging over the ad tech industry's heads when it comes to Chrome cookie reversal. **Questions such as when will the change take place? What will the new experience look like? What will the opt-out rate be?**

However, the industry has yet again proven to be **resilient and adaptable** in the face of change and turbulence.

After four years of waiting for Google to make up its mind, this year the industry decided to take matters into its own hands.

Thus begins the industry's transition away from cookies on its own terms, as the majority of players **(73% to be exact!)** have resolved to continue down the cookieless path with or without the presence of cookies in Chrome. It also appears identity solutions, particularly **universal IDs,** will serve as a sturdy foundation for the industry to build the new cookieless future.

As the industry moves beyond cookies it is setting its sights on maximizing new channels like **CTV, mobile, audio, and gaming.** Out of these CTV appears to be the industry's main point of focus. However, there are several obstacles, including **measurement, cross-channel reconciliation, and consent capture,** that must be overcome before it catches up to the more established web advertising. That being said, all of these channels struggle when it comes to providing users with transparency and collecting consent.

As we move into **2025** the industry can move forward with a newfound sense of confidence as it takes the future of digital advertising into its own hands.

ID5 would like to extend our sincere thanks to our industry sponsors for promoting this survey across their extensive networks, helping us gather comprehensive insights from across the industry.

ABOUT ID5

ID5 was created to improve online advertising for consumers, media owners, and advertisers, with the ultimate goal of helping publishers grow sustainable revenue. ID5 provides the advertising ecosystem with a transparent, scalable, and privacy-compliant identity infrastructure. Its solutions enable user recognition across media properties and devices, bringing addressability across all digital advertising channels. This enables media owners to better monetize their audiences, advertisers to run effective and measurable campaigns, and platforms to maximize the value of data and inventory for their customers. Created in 2017 by seasoned ad tech professionals, ID5 services clients globally.

For more information about ID5 and its solutions, please visit **www.id5.io**

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