Ad Tech’s Response to Privacy Pushback and New Regulations Leans Toward a Post-Cookie World

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In February, Google will begin implementing the seismic changes to how it treats cookies in its browser, first announced in May, as part of its Chrome 80 rollout. And while this does not go as far as Apple’s prohibition of third-party cookies, some argue that it signifies the end of an era.

Add to this the coming California Consumer Privacy Act, slated to begin on Jan. 1, plus the EU’s General Data Protection Regulations, both of which require companies to gain tacit, if not overt, consent from users to track their online behaviors, and it is clear that the writing is on the wall for cookies.

For the last 25 years, advertisers have relied on cookies to track and target consumers, but the industry must adapt—specifically, b-to-b ad-tech companies’ use of third-party cookies. Given that forecasted opt-out rates under the terms of CCPA are nearing 90%, it’s clear that a reboot is needed.

A ‘flimsy connective tissue’

According to Ana Milicevic, principal at Sparrow Advisers, cookies are a “flimsy connective tissue” the media industry has been “overloading on for the past 25 years.”

“Part of the challenge with cookies is that there is/was no standard on what can (and should) be stored in a cookie. We’ve seen everything from sensitive PII to very creatively

interpreted interests based on browsing behavior, so when there's no standard, over time, worst practices seem to naturally emerge," she said.

The result has been a "dreadful" consumer experience, predominantly due to media buyers' emphasis on cost savings, one where media owners regularly run the risk of data leakage by permitting multiple third-party cookies on their sites without knowing which companies are collecting behavioral data.

Greg Paull, principal at media consultancy R3 Worldwide, believes a reboot is necessary given the rise of empowered consumers. "Marketers with an overreliance on cookie-based targeting will find their data pools shrinking," he added.

Florian Kahlert, co-CEO of market research firm Helixa, said the post-cookie world also means marketers will have to question how they use mar tech such as data management platforms given how they track a path to purchase. "It is possible to obtain approvals, but requesting approvals creates tension in the path to purchase," he continued.

Reverting to type

However, for some, the demise of the cookie is an opportunity as the media marketplace swings back toward context-based buying instead of using cookies to chase audiences across the

internet, often at bargain-basement prices.

News Corp. svp and global head of programmatic Chris Guenther said Apple's rollout of intelligent tracking prevention in its Safari browser, for example, has played into the hands of publishers equipped with sophisticated first-party data strategies, meaning advertisers will have to revert to context-based buying.

Guenther explained how this has helped spur his outfit's News IQ initiative, which uses the publishers' first-party audience data to help advertisers target an addressable audience of more than 140 million users across its mastheads.

"The position we take as a publisher is to acknowledge that we have that relationship with the end user and the trust to come to our properties," he said.

The cat-and-mouse game between developers attempting to bypass Apple's cookie prohibition has (in part) led to Google's upcoming "fingerprinting" (hacks developers used to continue tracking Safari users) crackdown.

Many observers, such as Ian Johnson, chief product officer at IPG's data outfit, Kinesso, believe such workaround tactics are part of the reason the platform providers such as Apple and Google have adopted such a hardline strategy toward privacy.

"What Apple and Google are talking about is third-party cookies, that will be gone … but first-party cookies [which are not as heavily penalized by the latest changes and can be set by a publisher] are critical, so we've really focused on that," added Guenther.

Ensuring compliance

Johnson described how such conduct has also forced Kinesso to comprehensively vet its ad-tech supply chain to ensure CCPA

and GDPR compliance. This includes working with the various advertiser ID consortia such as the Advertising ID Consortium, DigiTrust and the Universal ID program to demonstrate that they offer adequate privacy protection in how they deploy their software.

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Pages: 1 2

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