Practice papers

Planning for a cookie-less future: How browser and mobile privacy changes will impact marketing, targeting and analytics

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Abstract   Recent and impending changes to the way that browsers and mobile platforms handle third-party cookies and ad IDs will have a profound impact on the digital advertising ecosystem. This paper examines these changes in the context of the development of the ad-tech and digital media industry, and concludes that while these developments may benefit users by protecting them from intrusive third-party tracking and targeting, they risk further consolidating power with the three dominant companies in the sector, namely Google, Facebook and Amazon, and advertisers and marketers will have to work hard to ensure they do not become over-dependent on these suppliers. At the same time, the changes offer an opportunity to move back to a better equilibrium between advertising and the content that it appears alongside, driving value for both advertisers and consumers.

KEYWORDS: privacy, cookies, ad-tech, Google, Facebook, Apple

INTRODUCTION

The current model of digital advertising, which has been the primary model for most of the past 20 years, relies heavily on a complex distributed ecosystem of third-party services providing ad delivery, targeting, tracking and measurement. At the heart of this ecosystem is the cookie (and its mobile-app counterpart, the ad ID) — a persistent identifier that enables advertisers, publishers and ad-tech companies to track individuals as they use the internet. Despite the reporting and consent requirements introduced by recent laws such as the General Data Protection Regulation (GDPR) and California Consumer Privacy Act 2018, it is almost impossible for individuals to understand and control the use of third-party cookies to capture detailed information about their online activities.

A BRIEF HISTORY OF DIGITAL ADVERTISING AND USER DATA

In the early 2000s, many advertisers and publishers interacted directly or via media

agencies. Large advertisers that could afford to hire the services of a media agency were able to buy advertising inventory from multiple publishers and manage ad delivery across these sources through the use of advertiser ad platforms such as DoubleClick and Atlas. Publishers, in turn, hired specialist ad sales and operations teams to service their clients' needs, and implemented publisher ad platforms (many provided by the same companies, like DoubleClick) to manage their ad supply across multiple sources of demand, and optimise monetisation.

In the late 2000s, Google's search advertising platform opened up digital advertising to small advertisers, and publishers looked for a way to leverage this. These smaller advertisers could not afford to implement their own advertiser ad platform or build direct relationships with publishers; nor could the publishers afford to service thousands of small advertisers directly. Ad networks (such as Atlas's DrivePM network) sprung up to fill this gap: by acting as an intermediary between publishers and advertisers, they were able to aggregate supply and slice it into segments in order to match advertisers to inventory, across multiple sites. Over the next few years, advertising networks morphed into demand-side platforms (DSPs), which offered real-time bidding on ad inventory based upon the individual that was seeing the ad — known as programmatic advertising.

While all this was happening, two other important developments were taking place. First, having acquired DoubleClick in 2007, Google started to build out a comprehensive ad platform that combined tools for advertisers and publishers with its growing network of third-party ad inventory. Google AdSense (launched in 2003) enabled publishers to provide ad inventory for Google to monetise by indexing the content of the publisher's site and using the content as synthetic 'keywords' to select targeted advertisements from Google's advertisers.

The second important development was the emergence of Facebook's advertising business.

Facebook leveraged the very rich data that users shared about themselves to enable advertisers to buy highly user-targeted ads, reaching only the users they want to reach. Initially these advertisements would only run on Facebook itself (much as advertising through Google's AdWords started out solely on google.com) but in 2014 Facebook launched the Facebook Audience Network.[1] Much like AdSense, the Audience Network allows third-party publishers (particularly mobile app developers) to monetise their properties by making inventory available for advertisers who are buying through Facebook.

Collectively, these new models of ad buying and selling — DSPs, Google and Facebook — created a highly user-focused model of ad targeting, selection and measurement, relying heavily upon the passing of user data to third-party services, and, most importantly, on being able to set and retrieve a persistent user identifier.

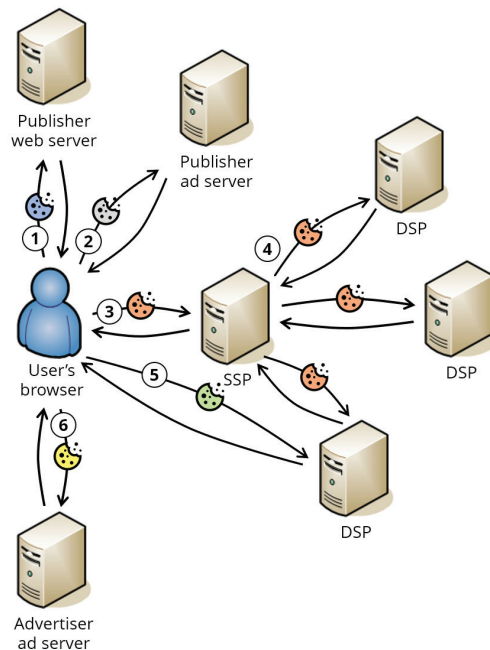Figure 1 shows some of the complex data and cookie flows involved in a typical programmatic ad call.

Figure 1: Flow of cookies in a typical programmatic advertisement delivery setup