



Thriving in a privacy-centric ad-sales ecosystem

Lessons from conversations with leading European publishers and broadcasters

Executive Summary



Context – A gradual move towards a more privacy-centric digital ad sales ecosystem

Over the past few years, online users have become increasingly aware of the use and value of the data they share online, including in advertising.

According to Google & Euroconsumers research, 69% of them expressed the view that the amount of personal data collected online makes it difficult to protect their privacy. Similarly with 81% of consumers reporting some form of action due to data privacy concerns in the past year, according to recent [Deloitte research](#), privacy has become a major focal point.

With GDPR and ePrivacy legislation, regulators around Europe are sharpening this focus further, harmonising approaches across privacy, competition and AI law.

For a few years, the advertising ecosystem has also witnessed the gradual deprecation of the third-party cookie, which has been a foundation of digital ad sales and marketing for the past two decades. Working in partnership with the broader web ecosystem, Google's Privacy Sandbox and other initiatives like [PRAM](#) and [SWAN](#) (to name but a few) are actively working on replacing third-party cookies with privacy-preserving alternatives. These efforts to support publishers' primary source of funding are paving the way towards this privacy-first digital advertising future.

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Report overview

Google commissioned Deloitte to produce a research report aimed at *better understanding how publishers and broadcasters (together “publishers”) can thrive in a privacy-centric digital ad sales ecosystem.*

Based on conversations with over 30 of Europe’s leading publishers and broadcasters, this report aims to:



Provide a high-level overview of recent privacy-related changes and their impact on publishers



Share lessons from leading publishers on how to achieve ad sales success in an increasingly privacy-centric digital ecosystem



Provide a framework to help publishers define their strategy at a time of great uncertainty



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Key messages

Our conversations identified that *failure to find replacement solutions to third-party cookies would likely lead to a drop of up to $\frac{2}{3}$ in yield on open-market programmatic trading.*

Thankfully, publishers we spoke to mentioned that, whether through trials or long-term experience, they had evidence proving that their *existing first-party solutions could mitigate most of this impact.*

Though it must be noted that our research focused on leaders in the market with the ability to invest in such solutions, this finding is hugely encouraging and should serve as a catalyst for investment.

Given the strong digital revenue growth many publishers delivered over the past few years, our research highlights how, above all else, *the use of first-party data allows publishers to continue benefiting from and building on the digital transformation of their business.*

Free of the shortcomings of third-party cookies, first-party data can serve as the foundation of all key digital publisher activities: editorial, commercial and general management.



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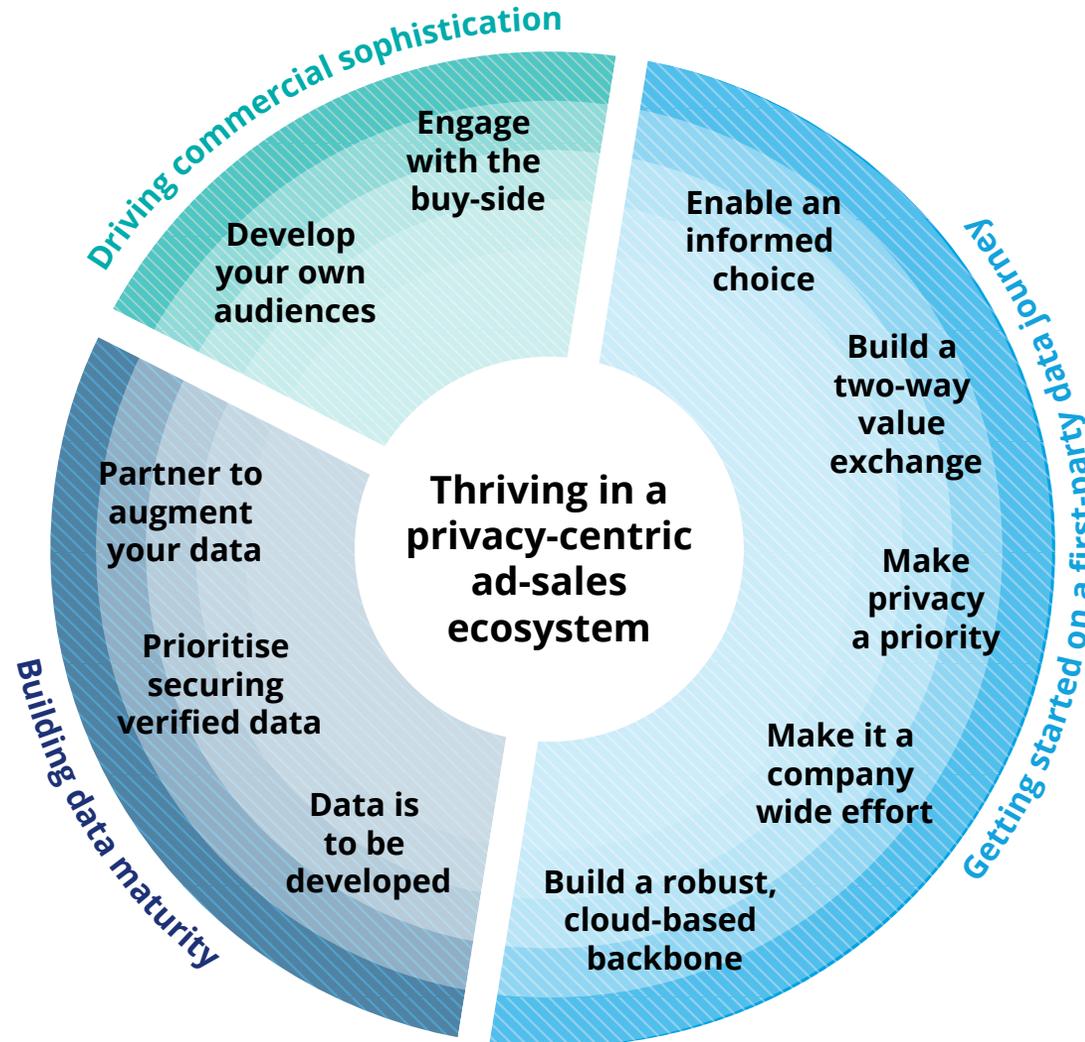
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Key messages

This report focuses on the use of first-party data in driving ad sales growth, starting with key lessons from industry leaders outlined below.

These lessons are relevant to publishers at all stages of their first-party journey. As outlined below, we would, however, recommend that less advanced publishers focus on getting the development of the right mindset, capabilities and approach before going on to tackle data maturity and commercial sophistication.



Lessons from Industry leaders

Getting started on your first-party data journey

01

Enable an informed choice

80% of users grant publishers permission to capture and utilise their data. In seeking this approval, best-in-class publishers are primarily focused on helping users make an informed choice in the clearest, most transparent way possible and without impacting their experience. Consent management platforms also help them automate this increasingly complex task.

02

Build a two-way value exchange

Consciously or unconsciously, users trade-off the value of what is being offered to them and the cost of accessing it. The more a publisher asks of them (e.g. permissions, login, payment), the more they will need to offer in exchange. *Failure to remember this will lead either to poor access to first-party data, or worse, to customers feeling the trade-off is unfair, which can undermine trust and impact Customer Lifetime Value.*

03

Make privacy a priority

With 72% of respondents to our survey sharing that *changing privacy legislation was their main concern in capturing value from first-party data*, many of them are leading privacy efforts from the top of the organisation. These efforts take many forms: installing better data governance, rolling out privacy-first processes, installing privacy tools or auditing suppliers. Regardless of approach, privacy should sit at the top of any publisher's strategic agenda.



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Lessons from Industry leaders

Getting started on your first-party data journey

04

Make it a company wide effort

With top publishers investing approximately *5% of their revenue in data-fuelled growth*, it has never been more important to *capture the benefits of first-party data across the entire company*. To do so, publishers should:

- Choose the role they want first-party data to play, in line with company strategy and objectives
- Establish a clear rationale for investment and involvement by the relevant parts of the organisation
- Prioritise hiring, deploying and retaining the right technical and commercial talent as well as multi-skilled connectors who can bring together data, technical, ad sales and editorial teams
- Democratise access to data to break down silos and enable a single conversation fueled by a common understanding of the customer

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Build a robust, cloud-based backbone

Publishers should *favor reliability over creativity in designing their ad tech infrastructure*.

They should also be disciplined in the way they experiment with new systems. With *90% of publisher systems now sitting in the cloud*, a key choice facing publishers is whether to consolidate all customer data in a single Customer Data Platform. Such platforms can help deliver new insights, effectiveness and efficiency, but require investment.



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Lessons from Industry leaders

Building Data Maturity

01

Start thinking of data as something to be developed

In today's marketing world, *data is no longer just a static source of insight to be queried, it is a living asset that can be developed over time, leveraging a combination of machine learning and human judgement.* Adapting to this new reality requires a shift in both mindset and capabilities.

02

Prioritise securing verified data

Verified data, which can be matched to a specific individual, is of great value in ad sales. All the companies we spoke to therefore made it a priority to access it whenever possible. Acquired in a privacy-preserving way through sign-on, new products or cross-site content propositions, it should sit prominently on any publisher's roadmap. The key challenge is to decide the best approach to doing so, in line with strategy and the value exchange principle highlighted above.

03

Partner to augment your data

It is possible to share data with other organisations without compromising privacy. Above and beyond the techniques recommended by GDPR, publishers are using a wide range of Privacy Enhancing Technologies ("PETs") to do so. Publishers we spoke to were exploring two technologies, in particular:

- 1. Clean Rooms:** Secure, isolated platforms that link anonymised marketing and advertising data from multiple parties, which Gartner and others have recommended as a core pillar of privacy-preserving strategies
- 2. Identifiers:** Allowing publishers to either collect or match data across multiple companies. Based on our research, these appear more controversial in terms of attractiveness to consumers, support from leading platforms and compliance with the spirit of recent privacy developments



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Lessons from Industry leaders

Driving Commercial Sophistication

01

Develop your own audiences

Campaigns leveraging bespoke audiences based on first-party data can help generate yield that is *15x higher than those without audiences*. The sophistication of these efforts varies greatly across players, implying this is a significant source of differentiation. At the same time, multiple leading players cautioned against over-engineering segmentation, targeting and analytical solutions. Publishers should match their level of sophistication with the size of the commercial opportunity and the depth of their data and analytics capabilities.

02

Engage with the buy-side

Many respondents echoed recent [IAB Europe research](#) showing that 40% of marketers were not ready for upcoming changes. In that context, now is a perfect time to enter into a conversation with agencies and, where relevant, brands, with the aim to:

- Gauge readiness for a privacy-centric ad sales future
- Create a culture of collaboration with the buy-side
- Increase the quality of first-party data-based solutions
- Drive the speed at which they are developed
- Ensure that these solutions will work for all relevant parties
- Increase the odds of a risk-free transition to a world without third-party cookies

Publishers who engaged in such a dialogue about first-party data-based products reported its key role in helping them:

- **Access new budgets and customers**, especially to advertisers who demanded accuracy and reliability
- **Start new conversations** with existing customers
- Secure **longer and more sizable commitments from the buy-side**

This, in turn, de-risked their earnings and gave them confidence to invest.



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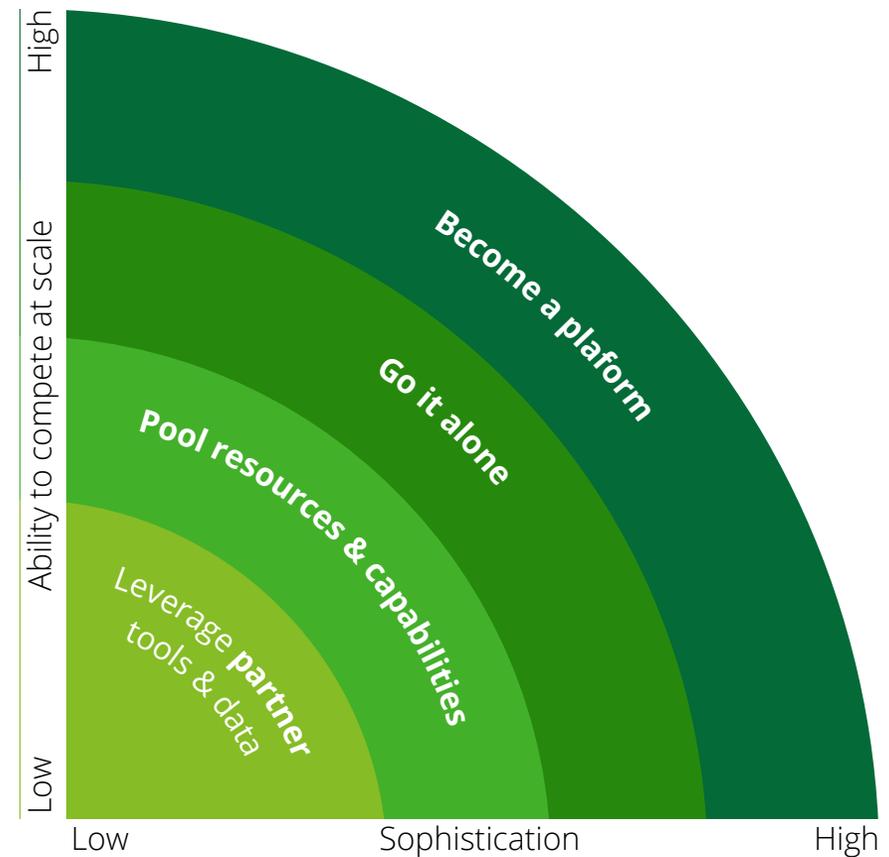
Four paths to success

Our research also highlighted the breadth of publisher strategies around Europe. This diversity, driven by differences in regulatory interpretation, competitive position and/or internal realities serves as a powerful reminder of the need to *align a company's strategy to a publisher's unique context*.

At the same time, two major factors stand out in determining the suitability of a particular strategy:

- The **sophistication** of a publisher's data and digital ad sales capabilities
- Publisher's **ability to compete at scale**

Four paths to success emerge from this framework, with publishers sometimes combining multiple approaches to maximise value creation and hedge against uncertainty:



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Four paths to success

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Leverage partner tools & data

Suitable for players missing the scaled audience, investment capacity and/or access to sufficient first-party data. This path sees these players leverage the commercial, data and system capabilities of leading players and alliances to monetise their audience.

02

Pool resources & capabilities

Enabling publishers to share the investment burden and gain access to advanced data, commercial and technical capabilities, in an effort to achieve scale in buy-side dialogues. This approach is becoming increasingly popular across Europe.

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Go it alone

Common to most of the large, premium publishers we spoke to, this path requires a high-level of sophistication and ability to continue investing over the long term.

04

Become a platform

Available only to the most sophisticated players with the ability to invest in the relevant capabilities. This approach opens new sources of revenue through the provision of ad sales, creative and data services to a broader set of smaller players.

In choosing the right path, the hardest decision seems to be whether to try to win on one's own or to form a partnership. Indeed, our discussions with publishers quickly revealed a lack of consensus on the value of collaborative initiatives.



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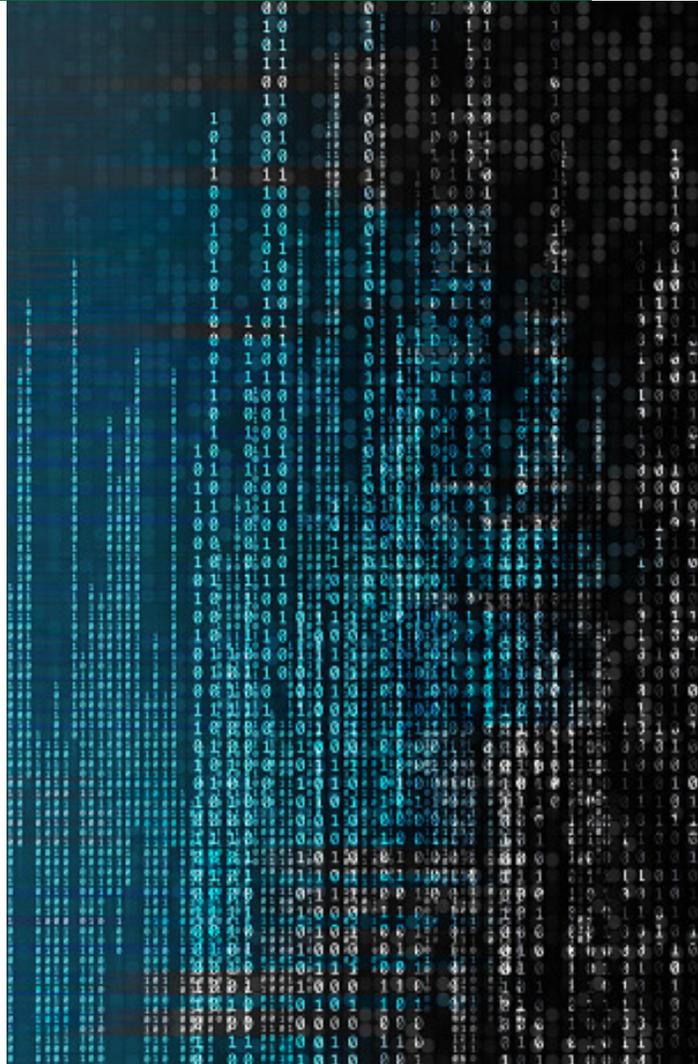
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Where to next?



We are at the beginning of a fundamental evolution in the digital ad sales ecosystem, with much yet to be decided, including in the use of first-party data. This being said, there are a few things we would see as likely to ensue.

- *Regulation will get more stringent and complex*
- *This new legislation will not usher the end of targeted advertising, which will simply evolve to absorb regulatory change*
- *Publishers and technology vendors will continue to innovate and experiment with collaboration to learn, source capabilities, share the burden of investment or develop ecosystem-wide solutions through privacy-first environments*

Finally, publishers leveraging first-party and second-party data effectively will be able to offer a better, broader set of products to advertisers. This will allow them to invest in differentiating content that will help them broaden their audience and/or deepen their relationship with it. Their efforts will also settle user unease around privacy and help build a more private web.



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Contributors

Authors

Patrick Ugeux

Associate Partner, Media & Telecoms
Deloitte
London
Email: pugeux@deloitte.co.uk

Ivana Bartoletti

Director, Privacy and AI
Deloitte
London

Lucy Mitchell

Monitor Deloitte
London

Advisors

Ed Shedd

North South Europe
TMT Industry Leader
Monitor Deloitte
London
Email: eshedd@deloitte.co.uk

Nick Seeber

Partner, Risk Advisory
Deloitte
London
Email: nseeber@deloitte.co.uk



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