

No cookies? No worries! A new golden age for #adtech?

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Data protection regulations (primarily contained in the GDPR, as everyone will know...) have been making it harder for companies to collect and store users' personal information without transparency and robust data security standards and policies in place.

At a more operational level, browsers are taking a stance against cookie-based tracking - for example, Safari and Firefox block the use of third-party cookies, and Google gives users the option to choose who can/cannot track them. It's no surprise then that cookie-enabled technology is being called into question.

What brings in the most money?

Last year, the Wall Street Journal reported on a study conducted by the University of Minnesota, University of California and Carnegie Mellon University. The study looked at the correlation between cookie-based targeting and publisher revenue by tracking millions of ad transactions at "a large U.S. media company" over the course of a week. The results: cookie-enabled ads ended up bringing in only 4% more revenue for publishers than ads shown to users that didn't rely on tracking technologies¹.

If that is the case, is there still a justification for using intrusive ad technology when revenues could be generated using other less intrusive means while maintaining profitability? Earlier this year, Wired reported on a case study regarding increases in advertising revenues in the absence of cookie-enabled technology².

The Netherlands' public service broadcaster (NPO) took the approach of a strict interpretation of data protection law and asked visitors to opt in/opt out of the use of cookies. Wired reported that the company found the ads presented to users who opted out of cookies brought in as much (or more) revenue as the ads where users had opted in. This has led the NPO to abandon cookies entirely and rely on a tracking-free ad server instead.

Contextual advertising - what is it?

What the NPO now use is a form of contextual advertising, an alternative to behavioural targeting, which works by analysing the content on the webpage where the advertisement is being served and finding a good contextual match - it does not target the user but rather the type of content the user is consuming (for example, in crude terms, if you are reading a running blog you are very likely to be a runner and therefore also interested in the latest running shoes).

Contextual advertising is making a comeback and whilst it may not be a panacea to all advertising ills (or indeed, free from data protection compliance risks), it appears to be a viable alternative to cookie-enabled technology (there are of course other types of non-behavioural advertising avenues, but these are beyond the scope of this note).

Naysayers may argue that direct contextual advertising increases the risk of brand damage (for example, media brands may not want a branded advertisement on a news story related to them, as this may indicate bias) which makes contextual advertising less targeted. However, thanks to technology, modern contextual advertising offers more control, i.e. advertisers can have access to custom-built content screens that help protect them from being associated with inappropriate content. This in turn allows brands to move away from 'brand safety' and into 'brand suitability' territory.

What next?

Technology has changed the way we consume content beyond words on a page (or a screen) and capabilities have extended over the years to audio, video, images, and much more across different devices, platforms and online/offline environments. At the same time, the methods used to track advertising profitability (for example, click-through rates) may no longer give the full picture of how profitable certain advertising is (as most of the time we consume content at an unconscious level across multiple channels). Regardless, advertising needs to keep up with the pace: if cookie-enabled technology no longer delivers, something else will.

If you have any specific queries or wish to discuss anything covered in this update, please contact Tim Ryan or your usual DACB contact.

¹Reported by Wall Street Journal [here](#)

²Reported by Wired [here](#)

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