



Future-proofing ad sales growth through first-party data

Lessons from conversations with leading publishers, commerce players and telcos across the Americas

Contents

Chapter 01

Context

03

Chapter 02

Setting up for first-party success

12

Chapter 03

Connecting to the buy side

22

Chapter 04

Winning through first-party data

33

Chapter 05

The time is now

39



01

02

03

04

05

Chapter 01

Context



01

02

03

04

05

Context

The journey towards a more private Internet

According to [Deloitte research](#), **more than 40%** of US consumers **don't trust online services to protect their data**. Over the past few years, online users have similarly become increasingly aware of the use and value of their data online, including in advertising.

The growing concern for privacy has led to a steady increase in regulatory focus over the past fifty years, but it is the unrelenting rise of the Internet that has helped bring the issue towards the top of many governments' agenda.

Regulation, such as the California Consumer Protection Act (CCPA) and Brazil's Lei Geral de Proteção de Dados (or General Data Protection Law, commonly known as LGPD) aims to give consumers the right to:

- know about the personal information a business collects about them and how it is used and shared
- delete personal information collected from them (with some exceptions)
- opt-out of the sale of their personal information; and
- non-discrimination for exercising the regulation

Set at the national (or in the US, state) level, this legislative drive is yet to align across the Americas, which, much to the ecosystem's lament, makes compliance complex.

Legislation is likely to continue evolving across the continents for years to come, starting with the Canada Privacy Protection Act (CPPA) which will soon come into force, as well as in the United States, where privacy regulation will likely continue to evolve in line with CCPA. The leaders we spoke to expect these changes to bring the Americas more closely in line with Europe's General Data Protection Regulation (GDPR) or even go beyond it.



01

02

03

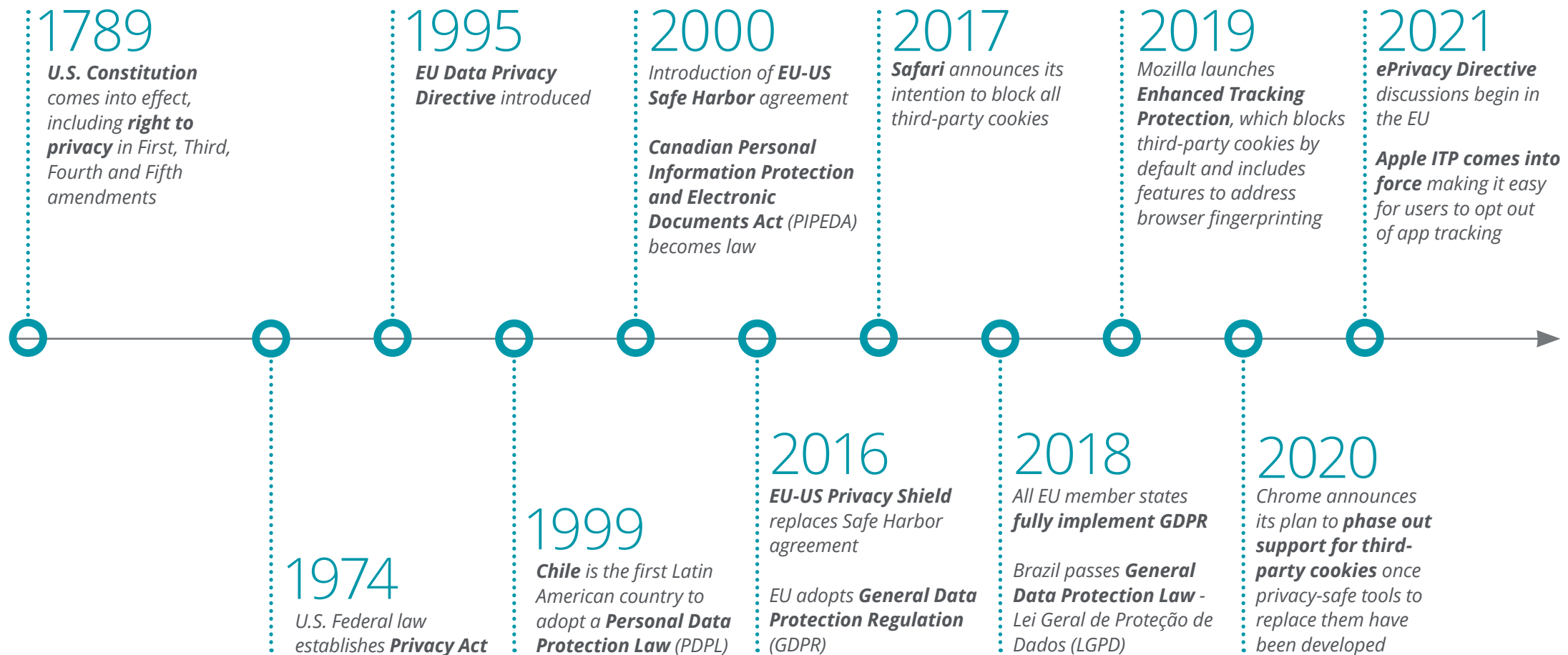
04

05

Context

The journey towards a more private Internet

Image 1 - A brief history of privacy regulation and product developments in the Americas and Europe



01

02

03

04

05

Context

The journey towards a more private Internet

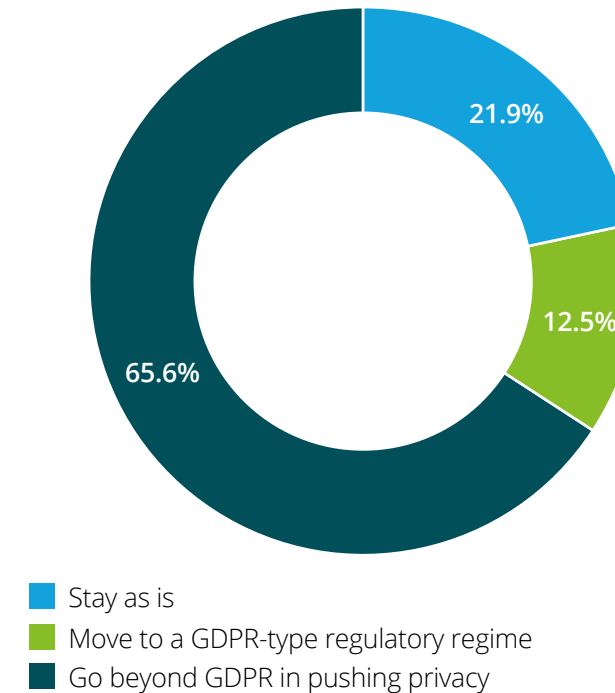
More recently, concerns about privacy have also led to announcements by major digital platforms to put more control in the hands of the customer and to withdraw their support of third-party cookies on most browsers.

Together, these consumer, regulatory and platform changes could have profound implications for the way advertising is bought and sold across the Americas.

They have, in particular, encouraged large publishers, broadcasters (together “publishers”, unless stated), marketplaces, retailers and e-commerce players (together “commerce players”, unless stated) and telecoms operators to make more of the data they gather through their direct relationship with customers, also known as first-party data. As we spoke to all these players in their capacity as publishers, we will refer to them and their peers as “sell-side players” in this report.

In light of the value these players can create from collecting and leveraging such data, Google commissioned Deloitte to investigate how they are making the most of this opportunity.

How do you think your regulatory regime will evolve in coming years?¹



1. Unless noted, all quantitative findings in this report were gathered through Deloitte's survey of media, commerce and telecommunications players (2021)



01

02

03

04

05

Context

Embracing a privacy-centric future

Building on [Deloitte's 2019 research on data maturity in publishing](#) and its [research into European publisher responses to recent privacy changes](#), this report, based on one-to-one interviews and a survey comprised of 30 multiple choice questions asking 35 large publishers, commerce players and telcos from the US, Canada and Latin America about their use of first-party data in ad sales as well as their views on recent privacy changes and their impact on the ad sales ecosystem, aims to:

- Articulate **how large sell-side players view recent privacy changes**
- Share how these market leaders have captured, stored and built on their first-party data to **create a strong foundation for their ad sales efforts**

The report and the move towards removing support for third-party cookies should also encourage to those who, despite having access to such data, have not yet prioritized the use of first-party data in their ad sales operations, to focus on this opportunity.

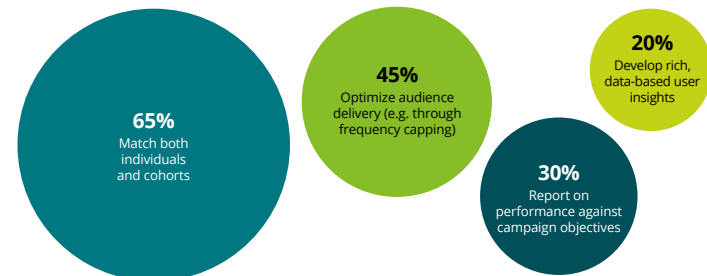
It hopes to present a balanced view of the current situation by bringing together voices from major markets in the Americas, focusing primarily on large sell-side players with the ability to capture substantial first-party data.

Impact on digital ad sales

By providing a primary source of insight into consumers and their journey across the Internet, third-party cookies have played a central role at every step of the programmatic journey.

The withdrawal of support for third-party cookies, driven by a desire to preserve privacy, will therefore influence a company's ability to gain insight into customer behavior outside of its own platforms and, in so doing, impact all major activities that make digital ad sales possible.

What do you expect not to be able to do in a privacy centric ad sales ecosystem? (Check all that apply)



01

02

03

04

05

Context

Embracing a privacy-centric future

At the same time, confident in the ecosystem's ability to respond, **only 32% of the leaders we spoke to believed that the changes would make programmatic less attractive, while 12% thought it would become even more attractive.**

To quote a large US telco: *"If anything, privacy makes programmatic more attractive. The idea of data-driven matching is here to stay. Companies will continue to innovate and figure it out."*

Based on the large number of respondents reporting a shift to programmatic guaranteed and private marketplaces, it seems fair to state that the ecosystem could indeed evolve significantly over the next few years.

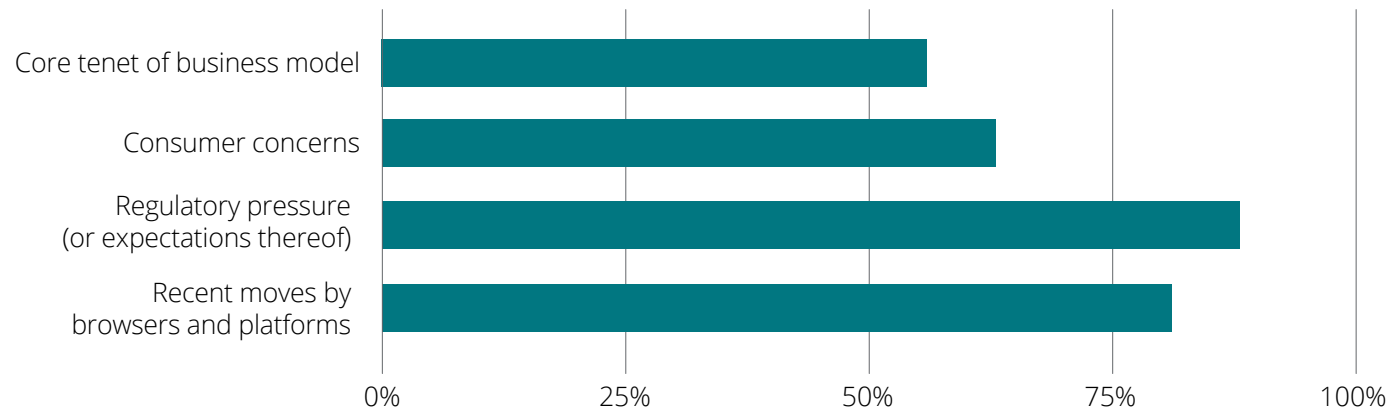
Close to 70% of respondents believe privacy will leave programmatic at least as attractive as it is today

Welcoming "long-overdue" privacy changes

Given the potential operational complexities stemming from recent moves, it may come as a surprise that virtually all leaders we spoke to were strongly supportive of recent privacy-centric changes, with **60% of respondents expressing the view that privacy changes are long overdue and an additional 32% stating that they are coming at the right time.**

Over 90% of respondents viewed privacy changes as either overdue or coming at the right time

Where is the pressure coming from that is leading you to focus on privacy?



01

02

03

04

05

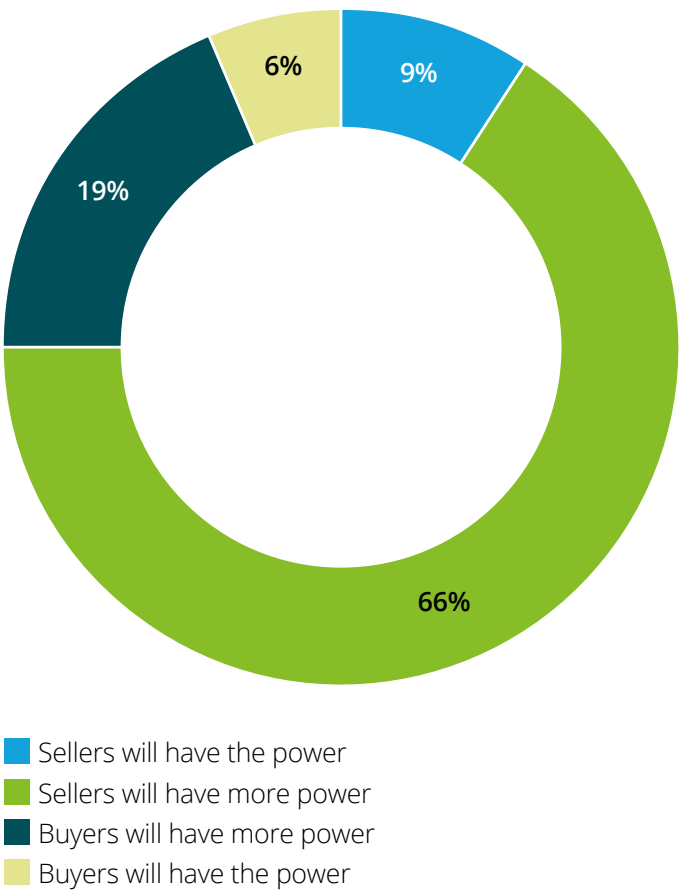
Context

Embracing a privacy-centric future

Driven by a mix of commitment to consumer privacy and a reaction to regulatory and platform changes, most respondents described privacy as essential.

This support for privacy and confident outlook can, in part, be explained by the fact that 66% of respondents believed that privacy would create more balance in programmatic advertising, by shifting power back towards the sell side in an ecosystem where the buy side is currently perceived as carrying more weight.

Who do you think will have more power in a privacy-centric ad sales ecosystem?



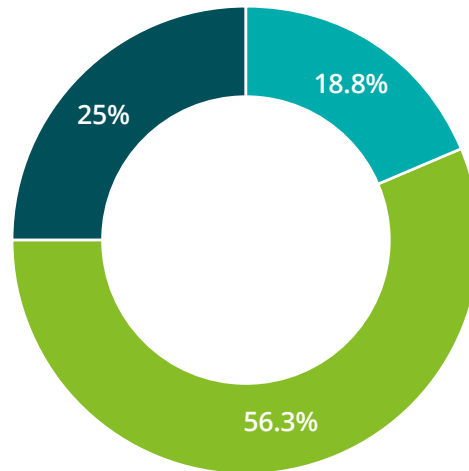
Context

Embracing a privacy-centric future

This willingness to embrace privacy also stems from **our respondents' confidence in their ability to source the data they will need to thrive.**

Over 80% of respondents claimed at least a certain degree of confidence in their ability to source the data they will need to thrive in a privacy-centric ad sales ecosystem

Do you believe that your first-party data will allow you to fully mitigate the impact of the deprecation of the third-party cookie?



- Yes, absolutely
- Mostly, I will need to supplement with other data/efforts
- No, not even close



01

02

03

04

05

Context

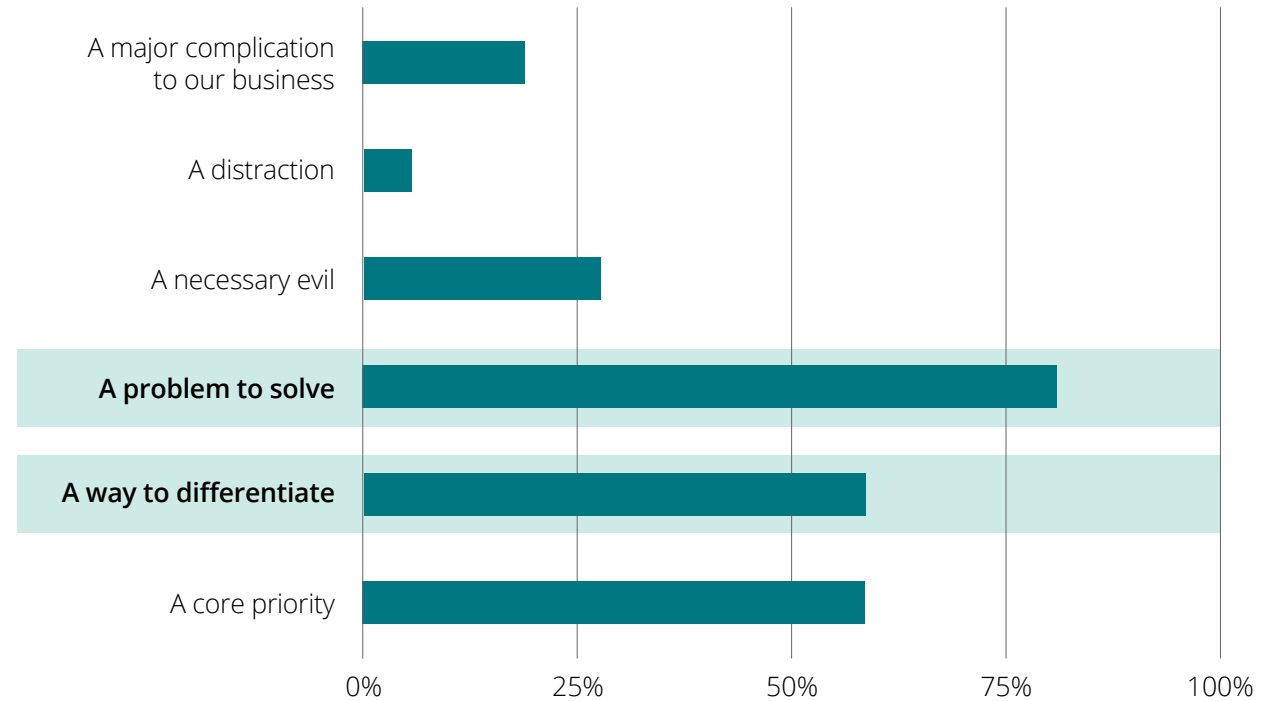
Embracing a privacy-centric future

This, in turn, is leading these large sell-side players to face changes head on by improving the performance of their ad sales operations and/or fueling broader strategic ambitions.

Viewing this “new normal” as a mix of a problem to solve and an opportunity to differentiate, they have been investing in new capabilities, experimenting at scale and evolving their approach to ad sales, putting first-party data at the core of their business.

70% of respondents believe that first-party data will provide significant advantage

What is your perspective on the increased focus on privacy (check all that apply)



01

02

03

04

05

Chapter 02

Setting up for first-party success



01

02

03

04

05

Setting up for first-party success

Collecting first-party data in a meaningful way

Not all players are created equal in their efforts to build a first-party data advantage.

Leading the pack amongst sectors we surveyed are commerce players who, through their trading relationship and loyalty programs, have access to significant first-party data from primarily logged-in users. Similarly, telcos have access to data on every mobile phone (i.e. Device ID data, including app usage), router and set-top box running on their network, authenticated first-party data on their multiple apps as well as financial and demographic information through their billing relationship.

Next come those whose content is directly relevant to a particular vertical. This includes publishers focused on auto, health or lifestyle. The data they collect on their sites (e.g. types of content consumed, brands explored) is of particular interest to advertisers seeking to target those interested in those verticals.

Finally, come broad-based publishers (e.g. news, entertainment, weather) who, despite having attracted significant traffic to their site, do not always have vertical-specific data.

As one such multi-title publisher put it: *"We are aware that people do not come to our sites to purchase a particular set of goods and services (e.g. cars) and that a lot of the premium publisher dollars are captured by those that are able to claim intent and power that kind of matching."*

Thankfully, our research has allowed us to identify key moves that will help enhance access to first-party data regardless of a company's starting point.

At the root of all these tactics is the focus on setting the right value exchange with the customer, which was stressed by virtually all the players we spoke to. To quote a large US publisher: *"We can't just collect their information or say 'Come visit our site and sign over your data!'" We need to re-legitimize the value exchange and improve the quality of signals gathered from direct interactions with users."*

"We all agree that there has to be something in it for the user."

- Large US publisher



01

02

03

04

05

Setting up for first-party success

Collecting first-party data in a meaningful way

Naturally, the first way to collect more first-party data is to achieve excellence in delivering what users have always looked to publishers for: access to the most relevant, compelling content possible. This, in turn, can drive dwell time and engagement, allowing for more data collection and better signals from every customer touch point. As a US multi-site publisher put it: *"What has always made us great is the content, not being a tech company."*

At the same time, in an age when users are time-constrained and content is abundantly available, **the right technological solutions are required to make the most relevant content easily discoverable.**

Driving data collection on core sites through enhanced content discovery

Case Study 1

Looking to find a solution that did not rely on having to know anything about the customer, a large auto publisher was able to meet this goal by **optimizing its UX** to allow users to find the most relevant content, whether specific types of cars or specific brands, as quickly as possible. Core to this experience are buttons that allow users to self-direct down an increasingly granular set of choices at all levels of its sites.

Case Study 2

Taking a more technologically advanced approach, a global online publisher has invested heavily in its **editorial system**, which collects billions of data points allowing it to gain insights into and focus on *"conversations that matter"*, before driving recommendations through *"stack rank algorithms that serve up the best content across its sites."*

Case Study 3

A large global entertainment group has been using a single identifier across all its sites to allow users to get access to content and services that are most relevant to them, the moment they land on any of its properties.



01

02

03

04

05

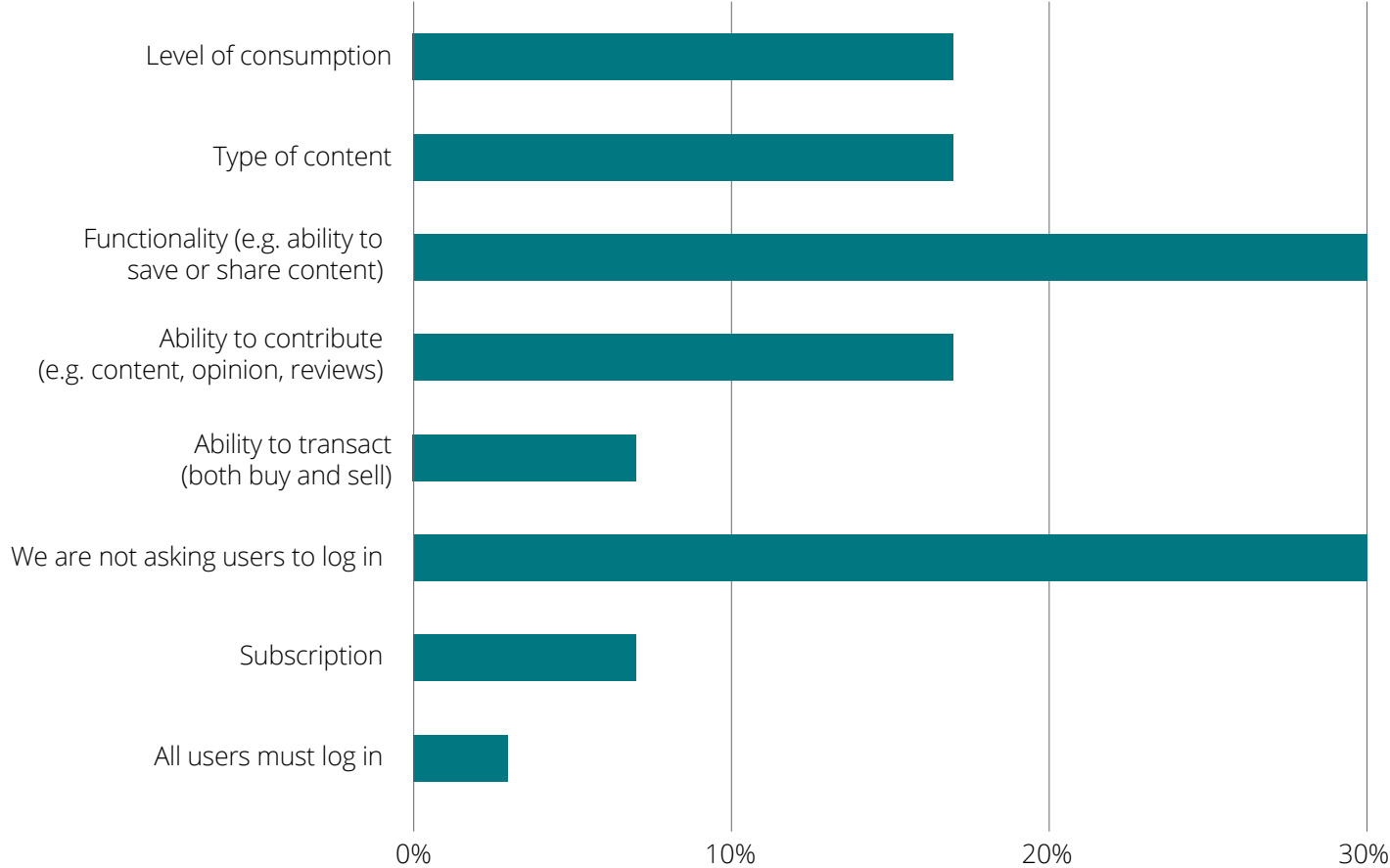
Setting up for first-party success

Collecting first-party data in a meaningful way

Across sectors, most players we spoke to also made verifying or authenticating data a priority. Without negatively impacting customer experience, they seek to **encourage customers to login in exchange for some kind of additional content or functionality**. Tactics vary greatly across respondents and should align to company strategy for each segment, geography and channel (e.g. app vs. web), but our research was able to identify a few themes.

By and large, login gates tend to be set based on type of content (e.g. long-form video and bonus features like editorials, games, special interest sections or even a virtual garage to store your favorite cars), level of consumption (e.g. number of pieces of content per month) or functionality-based login gates (e.g. sharing or saving content, writing a review or buying/selling a product).

On what basis are you asking users to log in? (Check all that apply)



Setting up for first-party success

Collecting first-party data in a meaningful way

Finally, some players went so far as to create or acquire entirely new businesses that allow them to fill gaps in their data. A great example of this ambitious approach was shared with us by a large Latin American multimedia publisher.

Loyalty programs, which in other geographies are becoming an increasing part of the media and telco landscape, were also highlighted as a great source of data and a great way to remind users of the benefits of their decision to hear from publishers. Finally, despite its rich loyalty program, a large US retailer credited its wealth of first-party data to the launch of its credit card product.

These examples illustrate how **creativity and innovation, especially when anchored in existing areas of strength, can transform first-party data efforts** and build competitive advantage in a privacy-centric world.

Creativity and first-party data in Latin America

In 2017, a leading Latin American multimedia player launched its D2C strategy aimed at creating a single view of its millions of customers across its online and offline platforms. Combining the power of its OTT platform and its TV audience's desire to interact with its rich content, it encouraged logged-in users to participate in polls in its digital environment throughout its programming.

As a result of this strategy, tens of millions of its users have now registered and signed up to its first-party identifier. Building on this strong foundation, the company has set its sights on driving deeper engagement, personalization and connection with its users to drive advertising and subscription revenues. Leveraging its access to talent and production capability, it also creates digital shoppable content around some of its lifestyle brands. For example, it worked with the winner of one of its main reality TV shows to create a shopping channel around fashion, which allows viewers to purchase items in its digital environment. The reality show was a huge success, including for the talent whose followership increased from thousands at the start of the program to many millions by the end of it. A perfect marriage of first-party data sourcing, influencer marketing and talent development.

Armed with this wealth of first-party data, it is now actively working on eliminating any remaining dependence on third-party data sources.



01

02

03

04

05

Setting up for first-party success

Storing, organizing and analyzing data



The rise of CDPs and first-party identifiers

Customer Data Platforms

Coming hand-in-hand with the need to capture a large amount of data through a direct relationship with customers is the question of how best to store it, prepare it and develop it.

In that context, many of the leaders we spoke to reported a clear shift both in terms of external offerings and of their own strategies.

Having relied on third-party hosted Data Management Platforms (DMP) to fuel and report on their digital advertising efforts, they have noticed the proliferation of external Customer Data Platforms (CDP); cloud-based platforms that can be used to store data capable of powering a much broader set of customer-facing efforts, performance management and decision-making. Multiple respondents even forecast that these platforms would replace DMPs as the data backbone of ad sales efforts.

CDPs vs. DMPs

	CDP	DMP
Ownership & management	In-house or third-party	Third-party
Data source	First, second and third-party data	Anonymized third-party data
Use cases	All relevant company activities, especially sales and marketing	Advertising and lookalike modeling only
Activation	All relevant channels (e.g. DSP, CRM)	Primarily through DSP
Data silos	Potential to unify data architecture	Keep separate advertising data repository
Data storage	Long term	Up to 90 days



Setting up for first-party success

Storing, organizing and analyzing data

Some of the largest, most sophisticated players we spoke to mentioned that privacy had cemented in their mind the value of controlling more of their first-party data.

Turning away from third-party solutions, these players have invested significantly in building and leveraging owned and operated Customer Data Platforms.

While demanding significant financial commitment and access to the data & analytics teams necessary to build and operate them, these internally-developed solutions have, in their opinion, some significant advantages, especially in allowing them to:

- 01.** Craft a more holistic data strategy powering multiple parts of their business in a way that truly fits their company's context and strategy
- 02.** Integrate data sources while minimizing system integrations and handovers
- 03.** Retain a long-lasting control over who use first-party data and, in so doing, retain control of their destiny
- 04.** Make better use of first-party data through the use of machine learning
- 05.** Create data monetization opportunities

“The DMP, as we have traditionally known it, is becoming obsolete.” - **Large US publisher**



01

02

03

04

05

Setting up for first-party success

Storing, organizing and analyzing data

As a global multimedia conglomerate put it:
“Why would I give anyone that much control over my business? If a third-party controls my CDP, they hold the keys to the Kingdom!”

First-party identifiers

For some players, the evolution of data management has centered on the creation of **first-party identifiers across all of their sites and platforms**.

These identifiers can enable these highly-sophisticated players to gain more insight from every customer touchpoint, while integrating and improving customer experience across their properties.

These privacy-preserving tools also help them make more of their scale in ad sales, driving yield and opening up opportunities for collaboration with the buy side, including data sharing, joint insight development and audience matching.

“I think that it has almost become a necessity to own the relationship with the customer, own your consumer data platform and own the ways that you connect with third parties.” -

Large US publisher

Whether players choose to “create a moat” around their data or are willing to work with others to drive data sophistication, one conclusion is clear: sophistication in data management is increasing dramatically in line with the evolution of the ad sales ecosystem. Status quo is simply not an option.



01

02

03

04

05

Setting up for first-party success

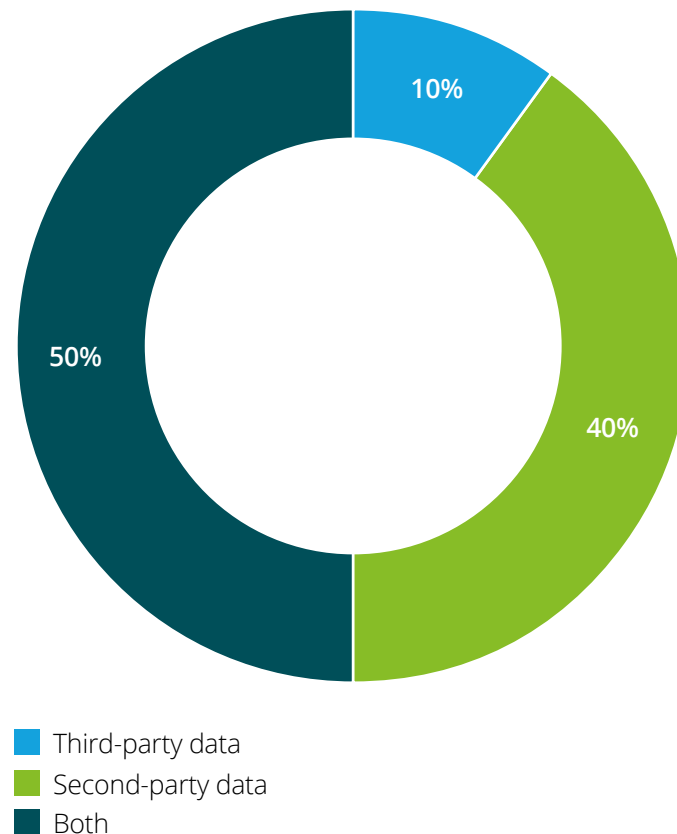
Augmenting first-party data

While advances in data capture and data management are encouraging and showing clear signs that large players are preparing for a privacy-centric world, they also hide an important reality: **first-party data may, on its own, not be enough.**

To address this point, **38% of respondents expect to have to source consumer data from third parties, directly** (through what is called second-party data) **or indirectly** through intermediaries, to supplement their own first-party data.

Based on our interviews, this additional data can primarily help publishers offer insights and audiences that are particularly relevant to advertisers in specific verticals to which they are not directly exposed.

What kind of data do you expect to acquire?



“There are things that, even as big as we are, we are just never going to know, like “is my user in the market for a car”?”

- Global multimedia conglomerate



01

02

03

04

05

Setting up for first-party success

Augmenting first-party data

Augmenting data in telco and publishing

A couple of years ago, a US telco hired a small team of data and analytics experts from leading digital businesses, with a clear mandate to challenge the status quo. In so doing, it realized that through Device ID, network and app data, it had access to first-party data that few players could match. This gave it confidence to organically and inorganically build its audience data capabilities, augmenting its broadband data with data from third-party data partners to create a differentiated and scalable data set that underpins its platform.

Meanwhile, many of the publishers we spoke to resorted to third-party data to fill gaps in their first-party data sets such as purchase intent, transactional or behavioral data. Leveraging sophisticated data science teams, they are increasingly turning away from third-party DMPs towards buying third-party data and merging this data with their own rich first-party data sets organized around first-party identifiers, using machine learning. Sophisticated algorithms then turn this data into insights and cohorts that allow them to sell ad inventory at a significant premium.

Armed with the combined power of first, second and third-party data, market leaders are now tackling what is probably the biggest challenge facing the sell side in a privacy-centric ad sales world: How to connect both sides of the ecosystem in efficient, scalable ways that will allow an open, diverse Internet to prevail.

“Third-party cookies are going away, but third-party data is here to stay”

- Large US publisher



01

02

03

04

05

Chapter 03

Connecting to the buy side



01

02

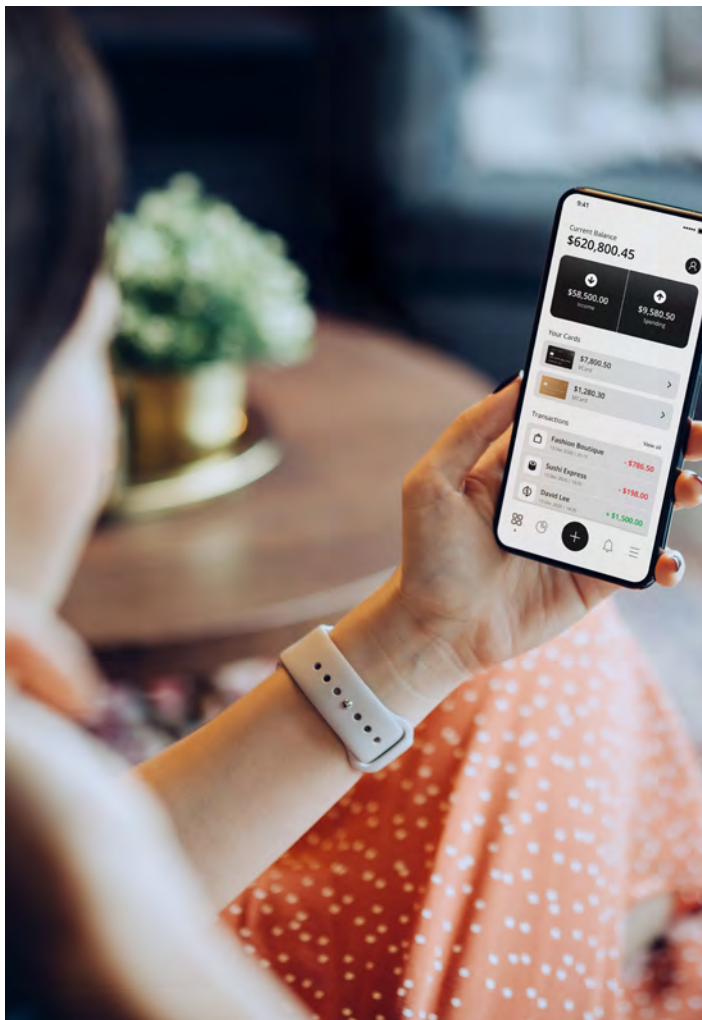
03

04

05

Connecting to the buy side

Myriad solutions...and more to come



Historically, third-party cookies have provided an easy, albeit imperfect, way to link the audiences made available by the sell side to help meet buy-side campaign objectives.

Thankfully, even without going into emerging technologies that are currently being developed, many solutions are already available to those wishing to replace third-party cookies before it is too late.

As it stands, no single solution appears likely to address this challenge for all parties, as **the suitability of a particular solution typically depends on a company's unique context, driven by five considerations:**

- 01.** The degree to which a company has access to plentiful relevant first-party data
- 02.** The level of sophistication of a company's data management efforts
- 03.** Whether a company's ad sales efforts are focused on enabling individual or cohort matching
- 04.** Whether a company believes sharing encrypted personal identifiers is in line with privacy
- 05.** Its willingness to trust a third party with its first-party data



01

02

03

04

05

Connecting to the buy side

Myriad solutions...and more to come

The table below summarizes how each type of solution works and how it can perform against these five considerations.

		 How it works	 Type of matching	 Sharing personal identifier	 Data capabilities required	 Give control of 1P data to third-party
First-party data-based solutions	Ad exchange-based	Publisher creates custom audiences based on consumer attributes and makes them available for purchase through an exchange	Cohort	⊗	Medium	⊗
	Clean rooms	Publisher and advertiser both provide identifiers into a clean room to identify a set of users that meet advertiser needs	Cohort & Individual	⊙	High	⊗
		Clean room provides report that can be used to create a more relevant audience to trade				
	First-party identifiers	Publisher creates encrypted identifiers that are specific to its site(s) and shares it through its ad exchange, selecting with whom this ID can be shared	Cohort & Individual	⊗	Medium	⊗
Third-party solutions	Third-party audiences	Buy side and sell side send attribute data to an SSP or ad exchange provider, which is used by the provider to build pre-defined audiences to trade	Cohort	⊗	Low	⊗
	Third-party ID graphs	Third-party player creates a “unified” identifier based on hashed email or phone number provided by both buy side and sell side, who are then allowed to use this ID to trade. Third party needs to “see” data to create identifier	Individual	⊙	Medium	⊙

Connecting to the buy side

No “one stop shop” solution

In talking to our respondents, it also became clear that each technology faces its own unique set of challenges, which it may not always be able to overcome.

		 Challenge	 Solvable?	 Implications
First-party data-based solutions	Ad exchange-based	- Custom sell-side audiences may not match buy-side campaign objectives - Taxonomy needs to align across ad exchanges to ensure sufficient reach	Partially	Likely to form a core part of the solution for those <u>not</u> willing to share hashed personal identifiers
	Clean rooms	- Requires significant data management maturity - Need to partner with several clean room vendors (each with its own technology) to ensure a meaningful buy-side coverage	Partially	Likely to be used by large, sophisticated players on a few key accounts
	First-party identifiers	- Matching first-party identifiers to an individual or cohort usually requires additional information - First-party identifiers can be created using both consented and authenticated/verified data, which creates the risk of multiple first-party identifiers per user, including across app and web	Partially	Likely to form a core part of the solution for those <u>not</u> willing to share hashed personal identifiers
Third-party solutions	Third-party audiences	Requirement to keep platform complexity under control will limit number of trading audiences provider can make available	No	Likely to serve as add-on for larger players and solution of last resort for others
	Third-party ID graphs	- Scaling and management of complexity will require the rise of a few dominant players, who will need to be carefully governed/regulated - The more private the solution, the less precise/more probabilistic it becomes - Strategic dependence on third-party	No	Likely to form a core part of the solution for those with the willingness to share hashed personal identifiers

Connecting to the buy side

Sharing hashed personal information – a difficult choice

It will be interesting to see whether some of the solutions currently being developed will succeed in addressing some of the gaps highlighted above.

Important as these technical complexities may be, our conversations tended to veer towards non-technical considerations and, as such, were in sharp contrast to an ecosystem-wide debate that often centers on regulation, technology and commercial sophistication.

In particular, the sharing of hashed personal information, like emails and phone numbers, to enable matching appeared to be a highly emotive topic.

On average, it is fair to say that most people we spoke to questioned whether such a practice was in line with the spirit of recent privacy changes.



Connecting to the buy side

Sharing hashed personal information – a difficult choice



As a large US publisher put it: *"Philosophically, we would love to be in a position where we do not propagate or share any level of ID and hashed email."*

Some even forecast that any solution based on it would be obsolete within a few years. To quote a large US telco: *"Technologies using email or phone numbers are just not the way the Internet transacts. I think that the viability of email hashing will disappear overnight."*

At the same time, the commercial pressure under which even large players are finding themselves is leading many to experiment with such technologies and to quote buy-side demands as a potential reason for continued use.

"As publishers, we cannot afford to take sides", said a large North American marketplace.

Meanwhile, a North-American commerce player stated that it "would have to consider adopting a larger number of solutions [its] key advertisers turn to" and a telco admitted to "feeling good about whatever marketers feel is valuable" at the same time warning that "the devil is in the detail about how the data is shared!"

Indeed, when asked what they were currently doing, the leaders we spoke to displayed a wide range of approaches.

This tension between commitment to privacy and commercial imperatives is unlikely to go away any time soon.



01

02

03

04

05

Connecting to the buy side

Trust - an important driver of strategy



As we are already seeing across the technology sector, **trust is an important driver of adoption of a particular solution.**

At the operational level, before they can trust it, players we spoke to seemed to feel the need to test the **quality** of a solution.

Unfortunately, with myriad different third-party ID graphs currently in development and many more other solutions under way, no one player will be in a position to test all solutions. As a large US publisher explained: *"If each of my major clients uses a different vendor or solution, I won't be able to test their quality until I run a campaign!"*

More to the point, the barriers to trust go far beyond the realm of quality, with the reluctance to trust seemingly driven by four main drivers.

First, as we saw with CDPs, sell-side players have a **desire to retain control of their destiny**, which some expressed as incompatible with handing over control of first-party data exploitation: *"I may not have much authenticated first-party data, but if you take my data and that of many other players, you very quickly get to a huge audience and the ability to claim that you can now target the very audience I am seeking to monetize."*



01

02

03

04

05

Connecting to the buy side

Trust - an important driver of strategy

This sentiment seems particularly strong in relation to ad tech players, potentially due to their technical sophistication, while **collaboration within sector seems more of a possibility.**

"We are becoming increasingly open to data sharing, but I am not sure we would be comfortable selling data to a demand-side platform. We could work in consortium with other players in our sector though", said a large retailer.

Second, comes the **concern that such vendors may, over time, use this first-party data for other means**, including in other parts of their business.

Third, is the desire to retain **control over the drivers of customer trust** or as a respondent put it: *"We can only retain their trust if the customers who are giving us their information trust that we're using it in the right way. At every step in our process, we are making sure that collection methods meet customer expectations and that we're only using their information in ways that are absolutely necessary."*

Similarly, a large US publisher was hoping a third-party would develop a solution that would make it possible for a publisher to "tick a box" to select who gets to use its data and for what purpose, while opting to limit the use of a particular technology to private market transactions in the meantime. These opinions echo [recent research by Google and Ipsos](#) into customer views on how to best to manage marketing activity in a privacy-safe way.

Fourth, was the desire to **work with parties that share the same values**, especially when it comes to privacy. As a large US publisher articulated, almost apologetically: *"I know this feels a little bit elitist, but we would only really work with what we call "the clean Internet."*

While fully understandable, **this difficulty to trust or to decide whom to trust is, unfortunately, likely to lead to a proliferation of approaches and a stubbornly complex ad tech landscape.**

Developing your own conscience

To cut through these challenging ethical and commercial challenges, a leading US news publisher turned to one of its reporters to review and challenge the group's approach to privacy and targeted advertising. De facto becoming the "conscience of the organization", this individual played a key role in aligning the publisher's external stance and its internal approach to privacy in advertising. More importantly, the deep expertise and credibility he brought to discussions allowed the internal teams to win over stakeholders and expedite progress towards their vision of privacy-centric future.



01

02

03

04

05

Connecting to the buy side

Four sell-side personas



Based on the above, it will come as little surprise that **our research could not find a consensus on which technology will dominate a privacy-centric world.**

As a result, most of the market leaders we spoke to were experimenting with multiple solutions, applying them to many different use cases.

While approaches ranged from “wait and see” to “we’ll try everything”, our research did highlight **four sell-side personas**, each with its own set of technological solutions, based on **two key drivers**: whether a player seeks to match individuals and the degree to which it was willing or needing to rely on third-party solutions.

Four personas highlighted by our research

- 01.** Third-party audience users
- 02.** Privacy-first cohort chasers
- 03.** Privacy-conscious matchers
- 04.** Third-party cookie replacers

There is no consensus on which technology will come to dominate a privacy-centric ecosystem



01

02

03

04

05

Connecting to the buy side

Four sell-side personas

	 Strategy	 Adopter characteristics	 Preferred Technologies
Third-party audience users	Source access to “ready-made” audiences available on third-party systems/platforms	• Low confidence in ability to achieve cohort matching through first-party data, either because of data and analytics capabilities or access to data • Some unwillingness to share hashed personal data with third parties	• Third-party audiences and third-party ID graphs
Privacy-first cohort chasers	Reach cohorts by leveraging first-party data	• Strong access to first-party data • Dedication to privacy, including by avoiding individual matching and by not sharing hashed personal data • Desire to retain control of first-party data	• All first-party-data based technologies
Privacy-conscious matchers	Leveraging strong access to data to match individual profiles without sharing personal identifiers with third parties	• Strong access to first-party data • Some unwillingness to share hashed personal data • Dedicated to individual matching • Desire to retain control of first-party data	• All first-party-data based technologies
Third-party cookie replacers	Perpetuate third-party cookie-based strategies	• Willing or needing to trust third-parties with first-party data, including with hashed personal data • Dedicated to individual matching • For many, this strategy is followed in conjunction with cohort matching	• Third-Party ID graphs



01

02

03

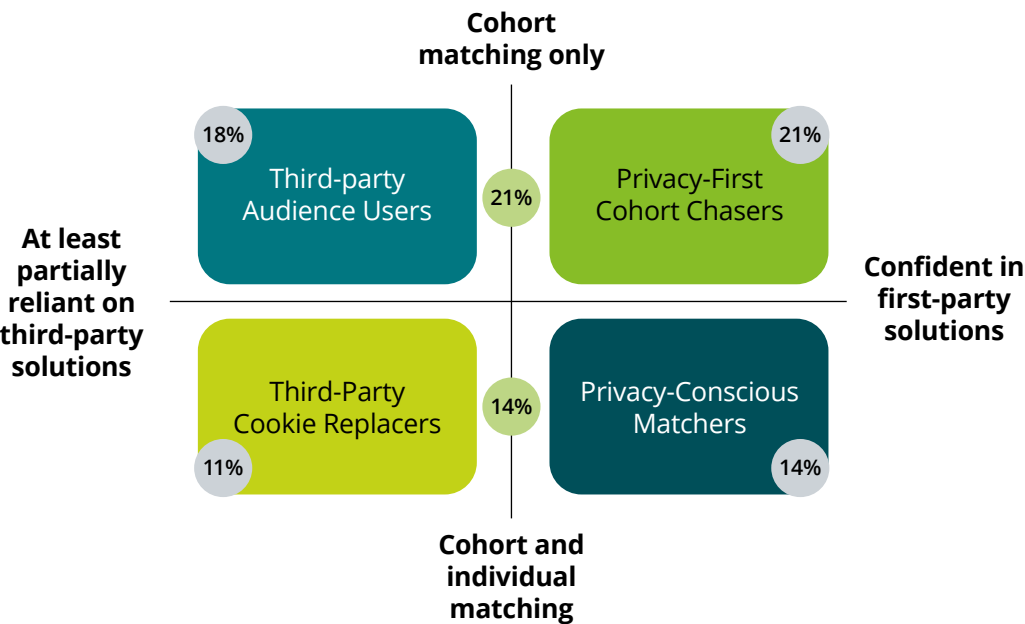
04

05

Connecting to the buy side

Four sell-side personas

In line with our findings about both interpretation of privacy and the lack of a clear technology standard, we found that our respondents were quite evenly split across personas.



A couple of key observations emerge from this analysis:

- 01.** Due in part to a concern for privacy, the majority of respondents are focused on cohort matching, rather than individual matching
- 02.** Consistent with our observations on the ability to source first-party data, even large sophisticated players expect to resort to third-party solutions
- 03.** Those dedicated to enabling individual matching are more likely to try to replace third-party cookies with ID graphs, even if that means sharing encrypted personal data with a third party

Most importantly, **first-party data opens up a wide range of options for sell-side players to connect to the buy side** (e.g. exchange-based, first-party identifiers, clean rooms), giving them the ability to adapt their approach to advertiser demands and potentially build significant competitive advantage in driving profitable revenue growth.



01

02

03

04

05

Chapter 04

Winning through first-party data



01

02

03

04

05

Winning through first-party data

Building and matching audiences more accurately

Keeping in mind that the benefits of first-party data reach far beyond advertising into marketing and management decision-making, our research identified four ways leading players are leveraging first-party data to keep and build on their competitive position in ad sales.

As mentioned above, first-party data allows publishers to expose unique audiences to advertisers and their agencies in many different ways.

Pushing the boundaries of audience matching

Leveraging its cross-site first-party identifier, a global, highly sophisticated multimedia player has leveraged its deep, multi-faceted relationship with its customers to create unique audiences that it augments using vertical-specific third-party data. Combining this data with its high-quality, video-rich content, it has been able to trade inventory at a premium for some time.

Using a mix of the first-party data-based technologies described above, it is highly focused on ensuring that it finds an efficient, privacy-safe and scalable way to make these audiences available to advertisers with minimal intervention from intermediaries.

As part of these efforts, it is partnering with an ad tech provider to create a “**blind join**”. Using its partner’s technology across both buy and sell side, this approach sees them match buy-side first-party data (e.g. CRM lists) with sell-side data (e.g. viewing behavior, identifiers) **without either party seeing any of the data and without data ever changing hands**.



01

02

03

04

05

Winning through first-party data

Building and matching audiences more accurately

Thankfully, **relevance in ad sales does not necessarily require matching individuals or the kind of data science horsepower in our example.** Many respondents we spoke to were much more focused on leveraging first-party data and machine learning to build unique cohorts based on the content users consume on their sites.

Going beyond the traditional research-based approach to contextual advertising, these players aim to turn insights into audiences they can sell. Anchored in their core strength in content, this approach partially makes up for their lack of transactional or intent data by creating unique audiences that are highly relevant to a particular vertical.

This approach is most relevant to publishers focused on vertical-specific content, who can leverage first-party data to further enhance relevance and become a “must buy” for their target verticals.

This being said, it is equally relevant to more generalist publishers, provided they can draw on a broad range of content to create a rich picture of the customer and a broad palette of audiences that meet the needs of advertisers across multiple verticals.



Winning through first-party data

Standing out through a premium ad sales offer

Building on this foundation, telcos and publishers are similarly turning first-party data into insights, campaign optimization and reporting that differentiates them in the eye of the customer.

Differentiating through insights, reporting and campaign optimization

Akin to the leading US telco we mentioned earlier, a global online publisher that has never relied on third-party data has been leveraging its first-party data to develop a suite of services that has helped it stand out in the minds of its advertising customers.

Leveraging machine learning, its approach is focused on helping advertisers identify attractive hidden segments based on the content they consume across the publisher's broad offering. In so doing, it goes well beyond metadata-based genre-tagging and identifies "*key conversations that matter*" to come up with unique insights. Most importantly, it then **turns these insights into a suite of services spanning campaign optimization, effectiveness research and data sharing.**

This approach also led it to **change the way it goes to market**, bringing data scientists and researchers into a data-led dialogue with advertisers and agencies that is both more intimate and more relevant to the people in the room. This conversation has helped this broad-based publisher stand out as a partner in the buy side's effort to make more of its data. It has also enabled it to secure 60-70% of its programmatic ad sales efforts on a programmatic guaranteed basis or through a private marketplace.

Having had a lot of success with entertainment, retail and commerce verticals, it is now broadening its offer to other verticals where it feels it can add value.



01

02

03

04

05

Winning through first-party data

Building a more direct relationship with the buy side

Going hand-in-hand with this increased commercial sophistication, **more than 60% of the players we surveyed described a move away from open-market programmatic to more direct forms of trading** in an effort to drive yield and capture more share of wallet in ways smaller players will find difficult to match.

To quote one of our most advanced respondents: *"I would be much more concerned as a programmatic ad tech vendor than I am as a large scale publisher, because everything that they've been doing for years has been at arm's length from the end consumer. I, on the other hand, have a direct relationship with the end consumer. In a privacy-centric world, this means that you may not be able to buy a particular audience through an aggregator anymore, but you will still be able to buy it directly from a large sell-side player and we'll be happy to sell it to you."*

Well progressed with this strategy, several of the players we spoke to reported 60-80% of ad sales transacted on a programmatic guaranteed basis (PG) or through private marketplaces (PMP).

It goes without saying that **first-party data and the ability to match audiences at scale using some of the tools and techniques highlighted above is key to these efforts.**

Still, as explained by a US telco that has been very innovative in this space: *"For advertisers, the key going forward is to work with somebody who has a viable relationship with the consumer versus somebody who's building or focused on system integration, because those systems may not be around in another 6, 12 or 18 months."*

This, in no small way, explains our respondents' positive perspective on recent changes. At the same time, some publishers urged caution before relying solely on first-party data.

"Do not move off the open market until you have convinced yourself and advertisers that your first-party data is valuable enough to make up for lost revenue"

- Large US publisher



01

02

03

04

05

Winning through first-party data

Finding new sources of revenue

Finally, first-party data can serve as the foundation for entirely new businesses, especially for players who benefit from an inherent advantage in capturing first-party data: telcos and commerce players.

Based on the above, it seems the case for leveraging first-party data in advertising could not be clearer for those players able to gain access to it. Unfortunately, we spoke to multiple parties who, whether due to a belief in the sustainability of tried and tested approaches, like contextual advertising, or due to an inability to secure internal support for investment, reported being “late to the party”. Though many are trying to make up for lost time, it therefore feels warranted to stress the importance of prioritizing the collection and use of first-party data in ad sales.

Commerce players and telcos playing a bigger role across the advertising funnel

As is widely known, commerce players are playing an increasing role across the digital ad sales ecosystem, especially towards the “bottom of the funnel”, close to the point of purchase.

Aided by a requirement to log in to purchase, trade or review products and services, these retail media outlets are able to capture a large amount of relevant, verified first-party data, which they can use to create unique audiences or, as a Canadian marketplace put it, “*provide intent in context, in real time, happening now, not 30 days ago*”. In a mere 18 months, these efforts have allowed a large US retailer to triple advertising revenue, implying these new media players may be here to stay.

Meanwhile, armed with a similarly high level of first-party data, a Canadian telco has focused on building on the strength of its pay TV business to create a compelling Addressable TV business that allows advertisers to engage with a tightly defined audience using a combination of first, second and third-party data. Believing that bottom of funnel needs will be best served by large search, social media and commerce players, it has focused on helping advertisers deliver powerful, video-based brand campaigns.

Combining demographic, location and media consumption data from its set-top box to create attractive audiences, measure attribution and report on campaigns, it has had great success attracting advertisers to its advertising platform. Building on this success, it is now looking at ways to leverage its access to browser data...subject to regulatory approval, of course!



01

02

03

04

05

Chapter 05

The time is now



01

02

03

04

05

The time is now

Google's decision to delay the withdrawal of its support of third-party cookies in Chrome until the second half of 2023 has given publishers who are yet to progress their first-party efforts an opportunity to catch up.

At the same time, with respondents reporting years spent in dialogue with internal stakeholders, selecting and procuring the right capabilities and developing the right use cases for their data, **2023 can hardly be considered very far away.**

If you have not done so, we therefore strongly encourage you to **get up to speed with and keep abreast of both technological and legal developments impacting privacy and first-party data.**

“Educate yourself on audiences, audience-selling and programmatic, rather than just contextual selling on site.”
- Large US retailer

Even if you currently find yourself at an impasse, take solace in the fact that investment in marketing and advertising technology has surged in recent years. Even ignoring M&A and organic **investment by major players, investment in marketing and advertising technology innovation exceeded \$7.8bn in Q1 2021 alone**, according to [ExchangeWire's Investment Report](#).

A new solution that fits your needs may just be around the corner.



01

02

03

04

05



To make sense of fast evolving ad tech and legal landscapes, **half of respondents reported partnering more closely with technology providers to help their efforts to seize opportunities brought about by privacy.**

50% of respondents reported partnering more closely with technology providers to seize the opportunities brought about by privacy.

As you progress on your first-party journey, expect to be exposed to many different views of what privacy means or what to do with your first-party data. In line with the leaders we spoke to, it may therefore help to **experiment with multiple approaches.**

At the same time, given the growing number of solutions available today and the many use cases for first-party data to drive marketing, ad sales and decision-making, **craft a strategy that focuses on the most important drivers of long-term value for your business and is able to flex with changes in the market.**

Looking back on the various stories shared above, it is encouraging to see leaders **make clear, bold choices in leveraging their first-party data:** focusing on app data, launching their own CDPs, building their own identifiers, creating entirely new businesses or focusing on commercial excellence at the expense of other, less fruitful pursuits.



01

02

03

04

05

The time is now

It was similarly impressive to see them **accept limitations**, like the couple of large publishers who, with less than 10% of users logging in, realized that their ability to drive logins would likely continue to be constrained, leading them to focus on other sources of first-party data and uses for it.

Most inspiring was the way they were willing to **turn their back on solutions that were alluring quick fixes, but would conflict with their view of what privacy is all about, or undermine their competitive advantage in the medium term.**

Finally, as you develop your first-party data strategy, it may be helpful to inform your thinking by **studying bid requests shared by the buy-side to determine what data matters most to your customers.**

Exceeding customer expectations by “decorating bid requests” and de-averaging inventory

In any business, it is essential to understand what the customer really wants. *“In programmatic ad sales, the buyer happens to be a machine and the sellers key value pairs.”* Fuelled by this insight, a US sports broadcaster set about driving yield by **analyzing bid requests in detail, identifying data gaps and filling them at the right level of granularity.**

Similarly, realizing that *“Not all inventory is created equal”*, a large US publisher worked with one of its demand-side platforms to see what bid requests looked like across all supply-side platforms to **establish which ad units performed better and answering bid requests accordingly.**

Using these tried and tested techniques can not only help improve performance, it can more importantly help identify, at a more granular level, gaps in first-party data across various supply-side platforms and how to prioritize both supply-side platforms and data capture.



01

02

03

04

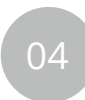
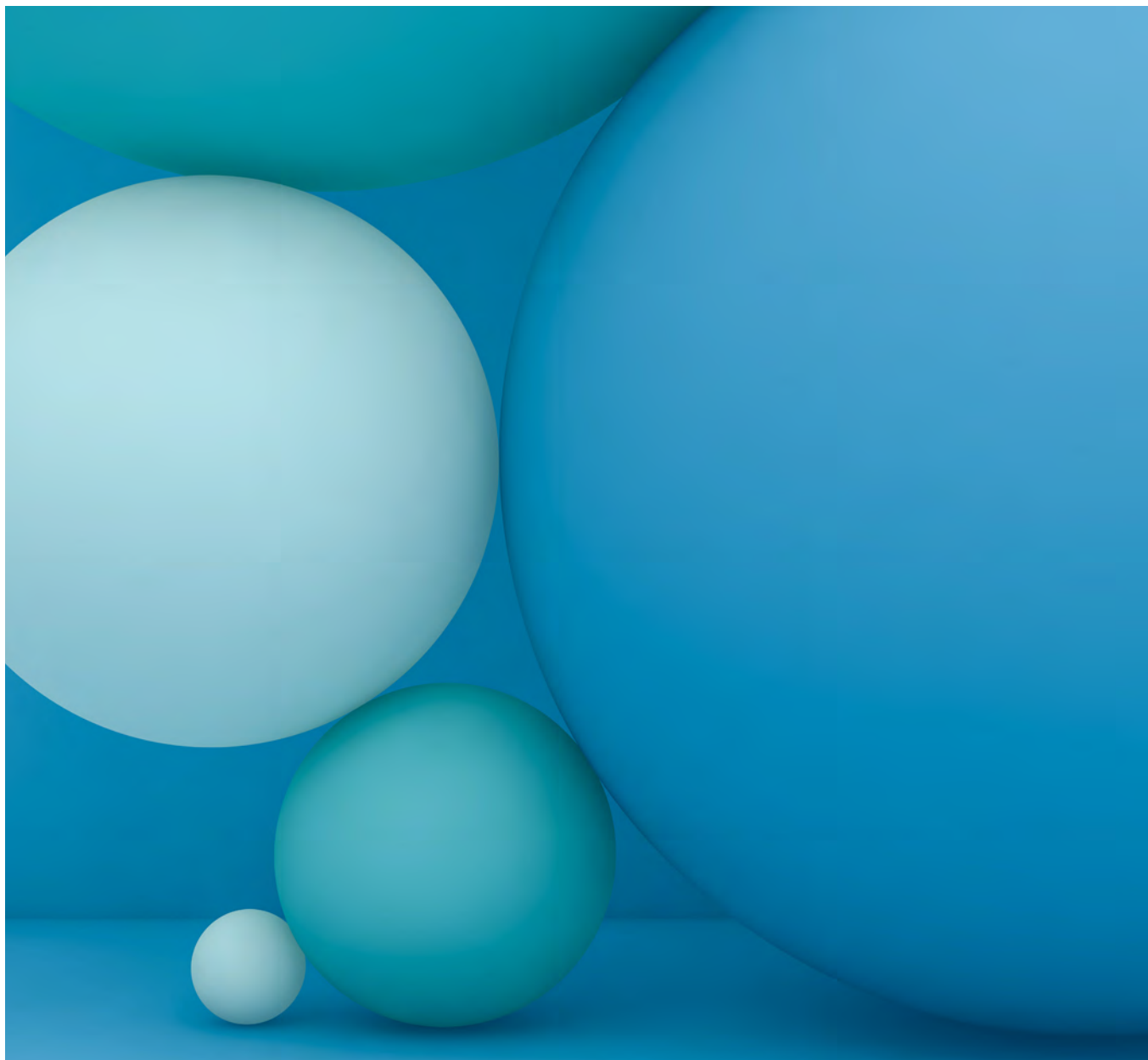
05

The time is now

For those more progressed on the journey, **now is clearly not the time to stand still** either. With multiple respondents claiming to be *"disappointed that [the withdrawal of support of third-party cookies in Chrome] was pushed out, as [it] felt like a great opportunity"* to them, it is clear that some players are well positioned to move beyond technological experimentation and turn their eye towards gathering ever larger treasure troves of first-party data and use it to create a closer, more direct relationship with the buy side and ad tech players alike.

The combination of these efforts should allow them to build an ever-growing competitive advantage in a privacy-centric era, potentially even "crowding out" the competition through the depth of their integration with the buy side.

As the adage goes, "with great change comes great opportunity"... and the time to seize it is now.



Contributors

Lead Author

Patrick Ugeux

*Associate Partner, Media & Telecoms
Deloitte
London*

Email: pugeux@deloitte.co.uk

Advisors

Ed Shedd

*North West Europe
TMT Industry Leader
Monitor Deloitte
London*

Email: eshedd@deloitte.co.uk

Nick Seeber

*Partner, Risk Advisory
Deloitte
London*

Email: nseeber@deloitte.co.uk



01

02

03

04

05



Important notice

This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee (“DTTL”). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please [click here](#) to learn more about our global network of member firms.

© 2021 Deloitte LLP. All rights reserved.

Designed and produced by 368 at Deloitte. J20980