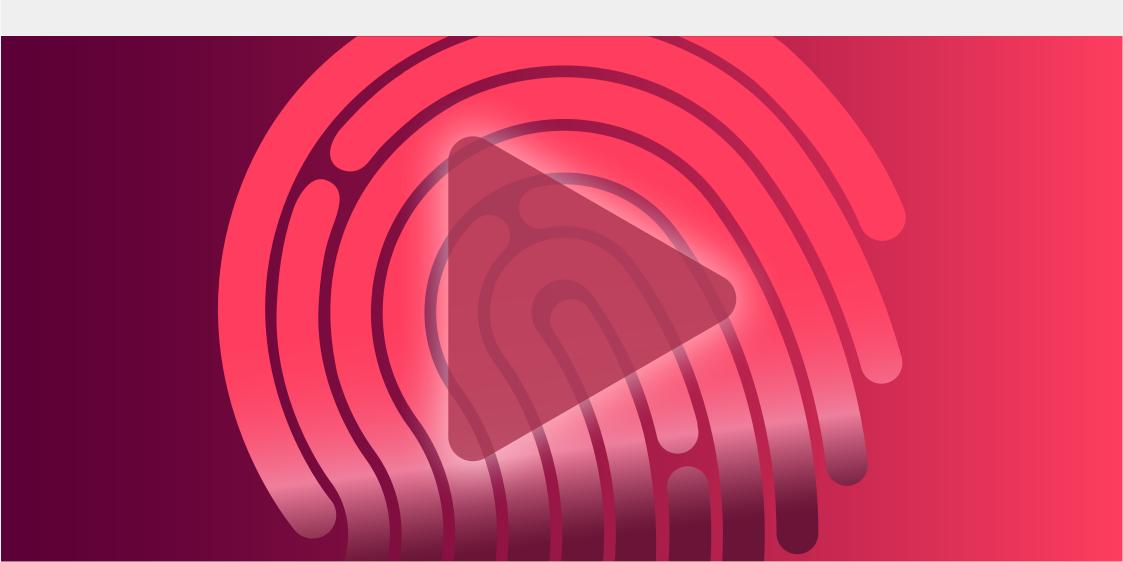


Insights Into the Future of Regulations, ID Solutions and Their Effect on Video





# Table of Contents

**Executive Summary** 

P.03

Privacy in the 2020s

P.04-P.06

Which ID Solution Will Win?

P.07 - P.08

The Future is Contextual

P.09-P.10

User
Experience
Takes Center
Stage

P.11

Sources

P.12

About [primis]

P.13



# **Executive Summary**

As we enter 2020, the internet is at a historic crossroads with several enormous shifts happening in the digital publishing industry.

Some of these trends are quite alarming. Internet browsers are initiating ITPs that will effectively kill the 3rd party cookie, a long time crutch for the ad tech industry. Also, federal and state regulations like GDPR and CCPA are forcing publishers to invest in costly operational changes.

On the other hand, there are also some very promising trends on the horizon. Contextual technology has advanced encouragingly and ID solutions are popping up to fill the void that 3rd party cookies have left behind.

In 2020, users are finally taking control of their online experience, whether by electing representatives that are committed to enacting laws that will defend their rights to privacy or supporting tech platforms that are taking user sentiment to heart and removing personal targeting capabilities.

In this white paper, you will gain valuable insights into recent privacy trends that are affecting publishers and how they will evolve over the coming decade.





# Privacy in the 2020s

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- 3 unctad.org/en/Pages/DTL/ STI\_and\_ICTs/ICT4D-Legislation/eCom-Data-Protection-Laws.aspx
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  iab-urges-congress-topass-federal-privacy-legislationto-protect-consumers-avoidpatchwork-of-state-laws/

# A constant barrage of news over data breaches and misuse of personally identifiable information has dramatically increased consumer awareness of privacy issues.

In light of this, 78% of consumers report that they have changed their online behavior<sup>1</sup>. Consumers have awakened to the risks of sharing personal information online and governments are paying attention.

GDPR in the European Union and CCPA in the United States are just the beginning of what we'll see in privacy legislation moving forward. In the U.S., Massachusetts, New Jersey, and Pennsylvania have already passed additional privacy regulations. Nine more states have bills under consideration <sup>2</sup>. Globally, **58% of countries have adopted some sort of online privacy rules and another 10% have regulations under consideration**, according to the United Nations <sup>3</sup>.

## **A Privacy Patchwork**

This has created a very difficult patchwork of laws and regulations for publishers to follow. Each has its unique technical framework that publishers will have to use. As more laws are passed, this will lead to confusion and likely a loss of revenue for publications that aren't up to speed.

The IAB and others continue to lobby for federal legislation to pre-empt state-by-state rules in the United States <sup>4</sup>. While this would help bring about some uniformity to privacy rules, it's likely that U.S. rules will differ from EU regulations. This patchwork approach to privacy will cause havoc for publishers and put even more power into the hands of the big platforms. To maintain compliance, platforms can make global changes at scale while publishers will have to make piecemeal changes that are time consuming and expensive.

At some point in the future, there must be consolidation to create a global framework that works for everyone, including consumers.

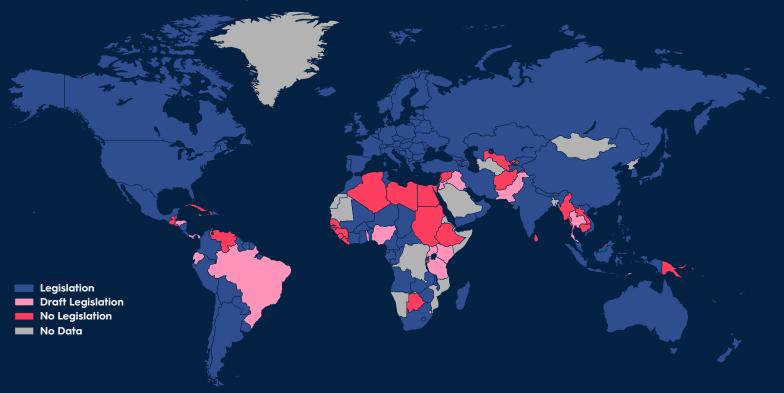
In 2021, we predict it's still going to be a bit of a mess with a patchwork of laws and regulations. By 2025, we believe regulators, consumers, and the industry will settle on an acceptable global framework to protect privacy and industry. 74%
Share less information online



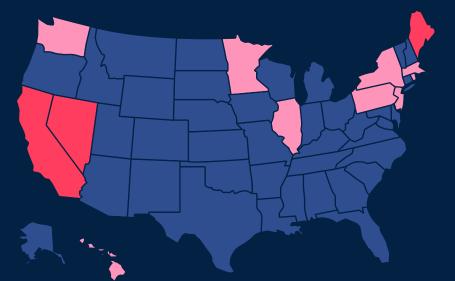


# Privacy in the 2020s

## Data Protection and Privacy Legislation Worldwide <sup>3</sup>



## State Comprehensive-Privacy Law Comparison <sup>2</sup>



#### In Committee / Cross Committee

Hawaii New York

Illinois Pennsylvania

Massachusetts Rhode Island

Minnesota Washington

New Jersey

#### **Signed**

Californi Maine



# Privacy in the 2020s

- 5 www.complianceweek.com/ gdpr/what-we-can-learnfrom-the-biggest-gdpr-fines-sofar/27431.article
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## **What Can Publishers Do Now?**

Initially, these changes have the potential to negatively impact revenue for publishers. While we expect the digital ad industry to adapt and even out over time, publishers could be in for a bit of a rough ride if they aren't tuned in.

It's going to be crucial for all businesses that have an online presence to stay on top of the changing rules and regulations. To mitigate the impact, publishers will have to adapt to implement the latest framework.

The risk of not adapting is too great to ignore. In addition to the loss of revenue from advertising, there are substantial fines and penalties to consider <sup>5</sup>.

In evaluating privacy regulations, adopt the strictest approach under your most conservative interpretation. This increases your compliance and can help to make your case if there's ever an inquiry. This strict adherence will also prevent you from having to make multiple changes as new legislation passes. While each may have unique attributes, you'll have already complied with the broad framework underpinning your platform.

## **Browsers Speed Up Change With ITP**

Complying with evolving privacy laws can be difficult for publishers, but the regulations themselves are a relatively small roadblock for the ad tech industry. The real game changer in the space is the sunset of third-party cookies and the growth of ITP (Intelligent Tracking Protection) that prevents cross-site tracking in browsers such as Safari, Firefox, and Chrome <sup>6</sup>. While these optout controls are user driven now, they will likely become standard for all browsers in the near future.

Google Chrome, the world's most popular browser, has already instituted stricter controls on privacy and cross-site tracking <sup>7</sup>. **It shouldn't come as a surprise if Chrome eliminates the use of cookies completely by the end of 2020**. This would be a major blow to ad tech and publishers and a big hit to digital ad revenue. In the short-term, it may even drive advertisers to walled gardens that have first-party access to massive amounts of data.

The death of 3rd party cookies is threatening to send the industry back to the early 90s, with the end of personal targeting, not even for small things like frequency capping. This regression might happen because DSPs, SSPs, Exchanges and others are relying solely on 3rd party cookies to sync their users across the internet. This could put even more power in the hands of the big platforms, who already control the majority of ad dollars being spent online <sup>8</sup>.



# Which ID Solution Will Win?

# The ability for advertisers to target consumers to deliver relevant ads and content is changing rapidly. Consumers have woken up to privacy concerns. Lawmakers are acting. Browsers are kicking out third-party cookies and cross-site tracking.

One thing that hasn't changed is how advertising works. When you deliver the right message to the right consumer at the right time, your effectiveness goes up significantly. To continue to deliver these messages effectively, the industry needs to reduce its dependency on cookies.

Being able to identify consumers accurately online is crucial for advertisers to reach consumers more efficiently and publishers to monetize their inventory. As the industry shakes out, there will be competing solutions for how to target consumers. Many will fail and only a few will succeed and gain dominance.

We're already seeing the emergence of ID solutions that can help publishers to mitigate the damage of the deprecation of cookies through some form of universal identification that works across platforms, publishers, DSPs, SSPs, and DMPs.

These are just a few of the many solutions that have emerged for effectively identifying consumers online. As the industry evolves, we're starting to see some consolidation, such as recent announcements about the Advertising ID Consortium 9. Still, adoption and standardization continue to be problematic. It's likely to be some time before a consensus forms.

Which solution survives these industry changes is unknown. TTD is one of the biggest today and has a significant reach, but at least for now, it is based on cookies. That will have to change over time.

Many of the ID solutions plan to use email sign-ins that publishers will need to implement. Others will cookiesync through platform tools, such as Facebook APIs. What's clear is that the solution that prevails will have to unite most of the publishers, forcing them to work together as they will rely on first-party cookies and opt-in user consent.

### **ID Solutions**

Name	Company	Non-Cookie Technique	Notable Partners	Pool Size	Prebid Support
Unified ID	The Trade Desk (TTD)	3rd Party Cookies Until Impending Update	Index Exchange, SpotX, OpenX, Lotame	Leader	<b>~</b>
DigiTrust ID	IAB Tech Lab	Redirects	SpotX, OpenX, SOVRN, gumgum	Large	<b>~</b>
IdentityLink	LiveRamp	Authentication	Facebook, Verizon Media, Google Ads	Large	<b>/</b>
Universal ID	ID5	Coming Soon	Adform, AppNexus, BidSwitch	Growing	<b>~</b>

9 www.emarketer.com/content/ us-digital-ad-spending-willsurpass-traditional-in-2019



# Which ID Solution Will Win?

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#### The Impact on Publishers

There will be one significant upside from all of these changes. Approximately 35% of users aren't synced currently throughout the advertising trail. That leads to revenue loss, as it's difficult to identify and target these consumers through programmatic ad buys. Better cross-platform syncing can solve that and help to increase monetization for publishers. Overall, however, there will be an initial loss of revenue as the industry tries to find the solution to audience targeting.

While consensus on a universal ID solution will eventually be reached, it will take time. Publishers that stay on top of the latest initiatives and implement the best practices will do a better job than their peers in softening the blow. This includes ramping up contextual solutions that increase engagement.

Publishers need to plan now for the removal of cookies and third-party data. They need to build first-party relationships with customers wherever possible to reduce reliance on data they don't control. This may mean creating opt-in or login requirements for users when they access a publisher's sites. This increased barrier to access may initially scare publishers worried

about loss of traffic, but Primis research has shown an overwhelming number of consumers will voluntarily grant consent upon request.

#### The Future of ID Solutions

Consumers are only beginning to come to terms with the fact that there's a price to pay for the wealth of information available online. Users have come to expect free access to just about anything they want on the net. In reality, they've been paying for it by providing data. The web is

In 2021, ad-supported content will still be the primary way consumers prefer to access content. By 2025, we expect to see a more healthy - and balanced - situation.

sponsored by advertising. The more targeted it is, the more publishers are able to monetize their content. That leads to consumers getting better content in exchange.

For consumers, there really are only two choices online: Pay directly through paid subscriptions and paywalls, or pay indirectly through data. By 2021, we expect the industry to still be in flux. Between ad-free services, such as Netflix, and aggregators, consumers are slowly warming up to paying for content, but there are a finite number of paid subscriptions consumers will support <sup>10</sup>. In 2021, ad-supported content will still be the primary way consumers prefer to access content.

In the interim, expect a great deal of disruption. Users must come to terms with the understanding that nothing is really free. You can either pay by cash

or by providing data if you want quality content, but you'll need to pay one way or another. Right now, consumers still want everything for free, but are fighting back against the collection and use of their data. Because of bad practices and abuses,

the pendulum is swinging back towards the consumer. This has resulted in a loss of trust by consumers and more restrictions on publishers. By 2025, we expect to see a more healthy - and balanced - situation.



# The Future is Contextual

Consumers have always been in the practice of ad avoidance. They switched channels on their TV or radio when ads came on. Online, a growing number of consumers – as many as 1 in 4 – have installed ad blockers <sup>11</sup>. Even with efficient targeting, ads may still be seen as an intrusion into the online experience by users.

Contextual advertising, by contrast, is more likely to engage consumers. Ads stop being a disruption when you're consuming content that is related. Contextual marketing, combined with whatever form of tracking exists in the future, will be a powerful combination. By aiming advertising content at consumers that have an affinity for similar content, at the moment they are consuming it, you increase your odds of reaching the right consumer at the right time.

## **The Power of Contextual Content**

Contextual strategies can be applied to more than just advertising <sup>12</sup>. They apply to content as well. When someone is interested enough in a topic to click on a website, article, or blog post, they are more likely to be interested in similar content.

Great editors know a lot about their content and their audience. They often are forced to manually match relevant content to align with user interests.

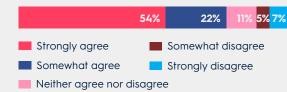
Smart automation can do this at scale and increase engagement and time-onsite. Sites can be analyzed for words and images, then cross-referenced against content using algorithms to place relevant content on the page. Machine Learning can be applied to continually improve relevance. In the background, automatic optimization tools are constantly testing and monitoring performance to ensure maximum value and ROI.

Contextual advertising, contextual content, and in-context videos are fully GDPR and CCPA compliant since they don't rely on personally identifiable information. Content analysis and keyword matching don't target individual users.

US Internet Users' Atittudes Torward Personal Data Use, April 2019 11

% of respondents

Concerned about how tech/social media companies are using my online data and location information for commercial purposes



Contextual
Matching
technology
complies with

**GDPR** 



CCPA



ITP



Regional regulations



And is 100% respectful of user privacy



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# THE PUBLISHER'S GUIDE TO PRIVACY IN 2020 & BEYOND

# The Future is Contextual

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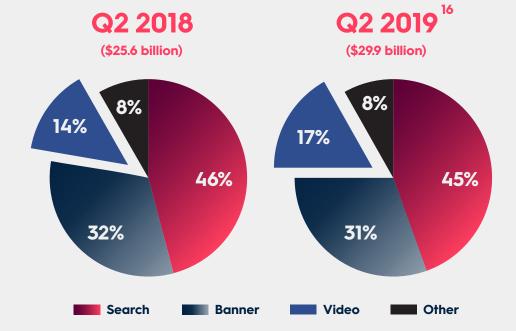
### **Contextual Video**

Internet users are watching more video than ever. For internet users worldwide, more than 50% consume video online daily <sup>13</sup>. By 2022, it's expected that online video will make up more than 82% of all consumer internet traffic <sup>14</sup>.

Smart automation can scan both video topics and context, as well as text, to match relevant content. When video is placed contextually, our research shows dramatic increases in user engagement. We've seen increases in engagement as high as 143% when in-context videos are used 15. It helps to counter ad blindness by delivering content that matches user interest.

#### Contextual video is a publisher's secret

weapon. It keeps visitors on site rather than searching elsewhere or going inside the walled gardens of competing platforms. It also increases engagement, revenue per session, and time on site. This additional time on page has the added benefit of bringing in even more revenue from the other ad units that are on the page.



We've seen increases in engagement as high as

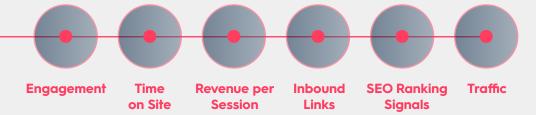
143%

when incontext videos are used Online video will make up more than

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THE PUBLISHER'S
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IN 2020 & BEYOND

## User Experience Takes Center Stage

As a publisher, it can be frustrating. It seems like the rules are always changing. New regulations are being forced on you. Algorithms change constantly. Just when you figure things out, it evolves yet again. It costs you time and money to make the changes and if you don't do it right, it can cost you even more.

so far (privacy regulations, ID solutions, ITPs, content relevance) revolves around better serving our customers. Ultimately, **User** Experience (UX) is at the heart of it all. Algorithms change to create a better experience and improve relevancy. Laws are changing because of the abuses by certain actors and the need for increased transparency. Consumers have become frustrated and less trusting of anybody doing business online. In many ways, the industry's lack of responsiveness to consumer wants and needs has created this situation. While consumers have been complaining en masse about privacy abuses, platforms and publishers have not been as open

and transparent about their policies.

"We read 150 privacy policies,"

a recent New York Times article

was headlined 17. "They were an

incomprehensible disaster."

Why does it keep changing?

Everything we've talked about

Governments are enacting laws to protect consumers against the misuse of data and to protect what they see as fundamental rights to privacy. The 2020s is the decade where consumers will demand to be heard. Laws and regulations will reflect that. Fighting it isn't going to get you anywhere. Neither will panicking amidst the chaos of change. Users are in control and publishers will need to craft a user experience that reflects that.

## The Future of User Experience

User experience goes far beyond ease-of-use and website design. Consumers are demanding a safe environment and are becoming increasingly concerned about privacy and control. Actor and comedian Sacha Baron Cohen took tech platforms to task at a recent meeting of the Anti-Defamation League. The video of him calling out the executives of major platforms for what he called

ideological imperialism went viral. "Six unelected individuals in Silicon Valley imposing their vision on the rest of the world, unaccountable to any government and acting like they're above the reach of law," he said <sup>18</sup>.

This growing sentiment means an even bigger burden on publishers to create a strong user experience based on relevancy and trust.

Publishers that will embrace this sentiment, showing users that they truly respect their online experience and personal privacy choices, are going to be the big winners of the decade.

"Six unelected individuals in Silicon Valley imposing their vision on the rest of the world, unaccountable to any government and acting like they're above the reach of law".

Sacha Baron Cohen

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About [primis]

Primis helps users discover and engage with high-quality video content that is relevant to their interests and needs. We help publishers monetize and optimize their revenue by giving users a personalized content experience and serving up the right video, in the right place, at the right time.

## The Video Discovery Platform

The Primis Video Unit is a fully customizable video unit that integrates seamlessly into your site and extends audience engagement. Proprietary technology incorporates AI and machine learning algorithms to better understand your uses and leverage both data and contextual targeting. This delivers the most relevant and engaging videos.

Whether boosting distribution of your existing videos, creating tailor-made video content, or providing syndicated content from leading video producers, we match the right video to your audience at the right time and place.

We can help you create new video inventory, including pre-roll inventory of high-impact, fully-monetized video placements. This adds new revenue opportunities to your digital assets.

All of this can be done with easy implementation. Adding one JS tag will work cross-platform.

### We average:

**1.5 Billion** minutes of video content

**1.3 Billion** video ads

#### **120 Million** unique users

Our solutions increase time spent on site by an average of 32% which creates additional opportunities for engagement and monetization.

#### Contact Us

Contact us at partners@primis.tech and let us show you how we can optimize your video revenue while improving the user experience.

Let's get social f in 💆





