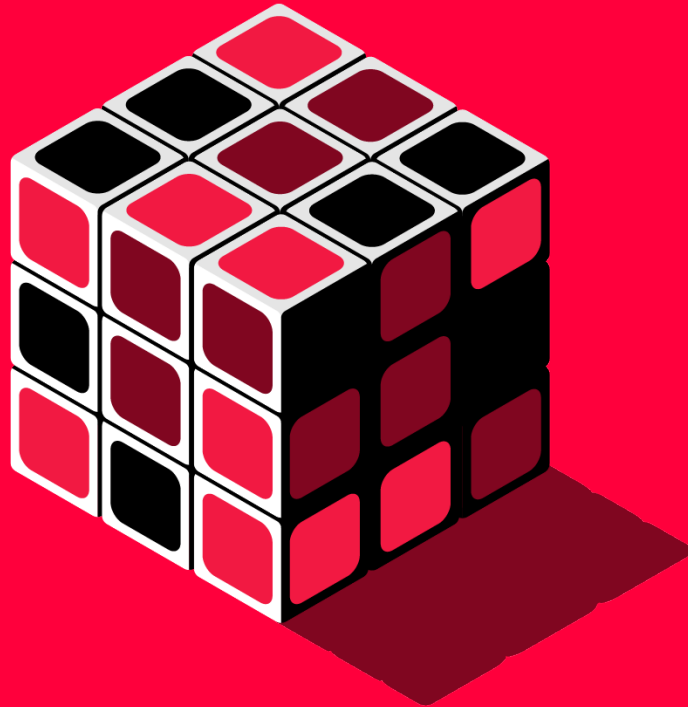


The future of data-driven marketing



Executive Summary

The demise of the third-party cookie is a much-debated topic in the advertising industry right now. Many of the biggest tech companies are making significant changes to the way that they track, collect and monetise data, fuelling concerns about disruption to the data-driven advertising status quo.

Although a lot of the industry discussion so far has focused on the technical and business impact of these changes, we believe this is a sign of a bigger shift driven by regulatory scrutiny, legal risk and public opinion. Targeted advertising is under increasing pressure and the biggest technology companies are publicly signalling a move towards less tracking and more privacy for consumers.

This means that advertisers cannot prepare for the ‘cookie-less future’ without considering the legal and ethical external forces which are driving these changes. As advertisers re-assess their approach to data-driven marketing, we encourage WFA members to consider a values- and ethics-led approach which not only looks at the best outcome for their business but also for their consumers and society more broadly.

Starting with an overview of what’s changing and how advertisers can prepare in the short term, this paper will outline some of the

emerging debates and concerns which are likely to shape the future of data-driven marketing.

The objective of this paper is to lay the foundations for a debate on how to build a sustainable future for data-driven marketing, to be taken forward by members of WFA’s Digital Governance Exchange, Data Ethics Board and Global Media Board.

This paper is intended to be a starting point on that journey. We don’t expect to provide all the answers (yet), but we do hope that this paper can play a role in sparking some important discussions and debates both internally and externally. We look forward to convening and participating in these discussions as the industry moves towards a new chapter for data-driven marketing.

Note: This paper is intended to give WFA members the broader context on the future of data-driven marketing and summarises some of the emerging debates. WFA members should read this paper as a summary of the current data-driven marketing landscape (including legislative and other developments in this context) and the potential implications for marketers. Decisions on future media investment remain solely at the discretion of individual WFA members.

Contents

Executive Summary	2	
Introduction	2	
Chapter 1	5	The demise of third-party tracking
Chapter 2	6	Rising regulatory concerns
Chapter 3	9	The impact on society
Conclusion	11	The way forward

Introduction

Big Tech is in the spotlight.

Over the past five years some of the biggest online platforms in the world have been hit by fines, threatened with regulation and hauled in front of committees and judges. They've also been boycotted by advertisers¹ and users and blamed for eroding privacy, democracy, human rights, public health, competition and the very fabric of society itself.

But yet they continue to thrive. During this same period, Google and Facebook's share price has soared (78% and 54% respectively)².

Advertising funds Big Tech.

In 2020, advertising made up 81% of Google's and 98% of Facebook's income, generating more than \$231 billion in revenue for both firms combined³. Google have described advertising as the internet's "economic foundation"⁴.

At a time when the COVID-19 pandemic has led most of us to spend more time online than ever, the advertising dollars have followed. The entire digital advertising market saw a 3% increase of \$4 billion in 2020, at a time when ad spend on out-of-home media decreased by 17%⁵.

Advertisers have a responsibility in the eyes of regulators and consumers to spend their marketing dollars in a responsible and ethical way.

As digital advertising spend increases, digital marketing is increasingly being drawn into some of the debates which are circling around Big Tech:

- In 2020, civil society [called on advertisers](#)⁶ to pause advertising spend on social media in the wake of concerns that Facebook and other platforms were allowing people to incite violence and extremism on their sites.

- In Europe, legislators are [calling](#) for a ban on targeted advertising due to concerns that it incentivises the spread of illegal and harmful content online⁷.
- Competition regulators around the world are quizzing advertisers on the dominance of Big Tech in digital advertising markets⁸.
- Privacy concerns have led to legal challenges that could disrupt the entire programmatic business model⁹.

Increasingly, advertisers are being asked: are your advertising dollars responsible for funding Big Tech's negative impact on society? If so, what are you doing about it?

All of this is driving change within the digital advertising market on an unprecedented scale.

Data-driven marketing has become a focal point for critics of Big Tech, building on fundamental concerns about the extent to which digital platforms are able to track, analyse and influence people's behaviour online and offline. Although advertising is only one aspect of how this data is used, it is the platforms' biggest source of revenue and therefore has the potential to face the most scrutiny.

In this context, many of the biggest tech companies are making changes to the way that they collect and monetise data for advertising purposes:

- Google have announced they will be moving away from tracking individual users across the web¹⁰, citing increased privacy concerns from users and regulators. Their [Privacy Sandbox](#) project aims to "create a thriving web ecosystem that is respectful of users and private by default"¹¹.
- Apple's [App Tracking Transparency](#) initiative aims to "help users make more informed decisions about their data"¹².

Although a lot of the industry discussion around these initiatives has focused on third-party cookies and trackers, this is a sign of a bigger shift. Targeted advertising is under increasing pressure and the biggest advertising companies are publicly signalling a move towards less tracking and more privacy for consumers.

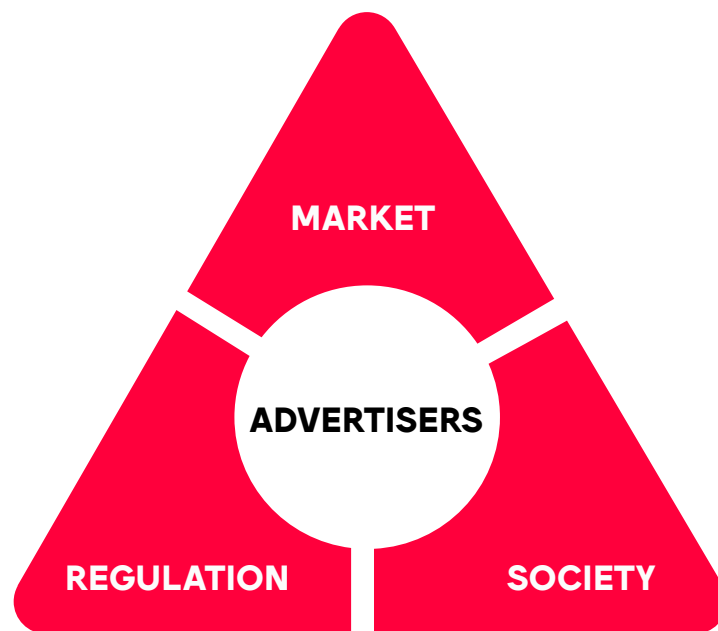
This document is designed to support advertisers as they navigate these changes in the digital advertising market and consider how they should respond.

We'll start with an overview of what's changing and how advertisers can prepare in

the short term, with some links to useful resources.

For a more long-term perspective, we'll consider some of the legal and ethical external forces which are driving these changes and explore what the future of responsible data-driven marketing could look like.

In order to drive a sustainable future for the advertising industry, we believe that advertisers need to consider all three elements (market, ethics, regulation) when assessing their long-term digital marketing strategies, guided by WFA's position on the responsible and ethical use of data in advertising (see annex).



Chapter 1: The demise of third-party tracking

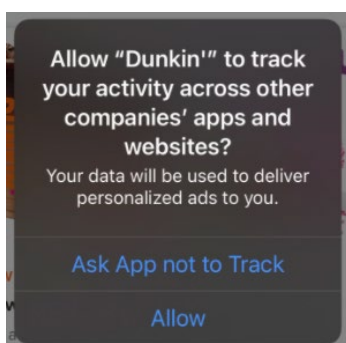
Last year, Google [announced](#) plans to phase out third-party cookies in Chrome, signalling major implications for the global advertising industry.

Although other browsers like Apple's Safari and Mozilla's Firefox had already made similar moves in the past¹³, the impact on advertising was limited due to their relatively low share of the global web browser market (~20% combined) compared to Google's dominant position (more than 60%)¹⁴.

Now Google have signalled that they will not support any future attempts to track individuals as they browse across the web, saying they "don't believe these solutions will meet rising consumer expectations for privacy, nor will they stand up to rapidly evolving regulatory restrictions"¹⁵. This may call into question many of the tracking methods which were being considered by some in the industry as future alternatives to third-party cookies.

Although Google's moves to block third-party tracking do not extend to their Android mobile operating system (used by more than 2.7 billion smartphone users worldwide¹⁶), Apple have already applied similar restrictions to mobile tracking within iOS.

Apple's [App Tracking Transparency](#) (ATT) project has the potential to go even further by asking Apple device users to give permission every time an app or website tries to track them.



Pictured: an example of the opt-in message introduced by Apple in Spring 2021. Source: @aripap

Various studies indicate that, when asked, many people are likely to refuse permission – anything from [30%](#) to [80%](#) depending on the research.

What does this mean for advertisers?

Although restrictions on third-party tracking and data collection has been a priority topic for discussion amongst members of WFA's [Digital Governance Exchange](#) (DGX) for many years, these latest developments have accelerated industry focus on what the future of data-driven marketing could look like in an environment where less data can be collected by third parties.

In the **short term**, advertisers may need to take specific action to prepare for the technical changes coming down the line such as [these recommendations outlined by Canton](#).

In the **medium term**, industry initiatives like the [Partnership for Responsible Addressable Media](#) (PRAM) are looking at ways to mitigate the impact of some of these changes by developing new cross-industry standards and infrastructure for addressable communications.

Other initiatives, such as Google's [Privacy Sandbox](#), are proposing other ideas like the [Federated Learning of Cohorts](#) (FLoC) which aims to enable targeted marketing without sharing any personal data outside the Google environment. Google's initial tests have yielded encouraging results for advertisers: the FLoC system could generate "at least 95% of the conversions per dollar spent when compared to cookie-based advertising"¹⁷.

However, advertisers may need to engage with Google as they develop this system further in order to understand how this could impact their ability to access independent, verifiable measurement data for their campaigns in the future.

In the **long term**, we believe that advertisers need to consider the broader impact of moving away from cross-site tracking.

Advertisers may need to explore the viability of alternative ways to reach consumers which involve less (or no) third-party data. This means more focus on driving meaningful engagement with consumers and developing compelling value exchange to give people an incentive to share their data with brands.

“Advertisers may need to explore the viability of alternative ways to reach consumers with less (or no) third-party data”

WFA’s Director of Global Media Services, Matt Green, believes that first-party data is becoming the critical ingredient for clients for all key phases of programmatic operations, from audience targeting and segmentation to optimisation, measurement and attribution. This will likely be the foundation of digital marketing in the future. Such assets can be bolstered via partnerships with trusted publishers that are open to first-party data sharing. Initiatives such as private data clean rooms will potentially become more important than ever.

One alternative point of view is that advertisers should simply abandon the pursuit of precision. Some in the industry argue that advertisers would achieve more of their desired business outcomes from digital marketing by:

- Focusing on incrementality measurement.
- Slashing audience targeting costs.

- Cutting ad tech expenses that don’t yield improved business outcomes.
- Moving money away from behavioural targeting, microtargeting and hyper-targeting, and back to the basics of marketing.

It is true that various studies point to significant limits in the effectiveness of audience targeting. One recent study concluded that the likelihood of targeting advertising to the correct gender category can be less than 50% i.e. less than using no targeting technology at all.¹⁸

The bigger picture

However, we believe that responsible advertisers may need to consider more than just the technology and market shifts driving change in this space.

Recent conversations with WFA members indicate that advertisers are also assessing potential legal risks associated with using third-party data in response to increasing regulatory scrutiny. And, significantly, many are also considering the ethical implications of investing in digital marketing systems which could be perceived to contribute to human rights abuses or data misuse.

“Advertisers may need to consider more than just the technology and market shifts driving change in this space”

Legal considerations and data ethics are both crucial elements to consider in order to not only mitigate the short-term changes to the market, but to ensure a long-term sustainable future for digital marketing more broadly.

Chapter 2: Rising regulatory concerns

Regulation has been putting pressure on data-driven marketing for several years now. Regulators have long been concerned about the privacy implications of cross-site tracking, with a particular focus on programmatic advertising.

Laws already exist in [many countries](#) around the world which ban the use of third-party cookies and trackers without user consent, and they are under consideration in many more¹⁹.

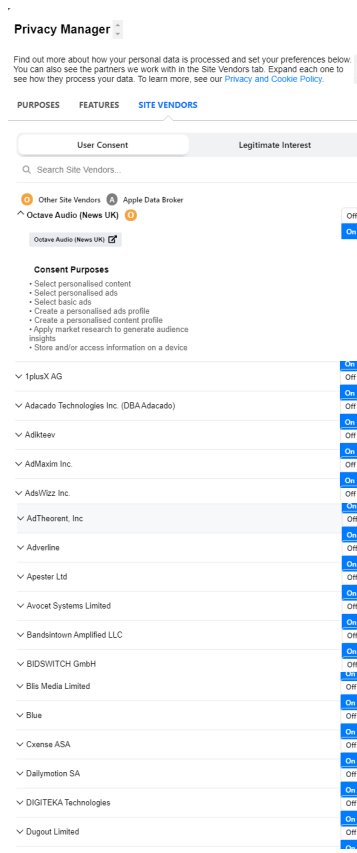
However, in practice, these rules have led to tick boxes and consent notices ('cookie banners') which many [studies](#) have shown to be largely ineffective in curbing the use of third-party cookies. Most consumers click 'I accept' without reading the small-print and allow the digital advertising ecosystem to collect, share and analyse information about everything they do online²⁰.

“It is practically impossible for the consumer to have even a basic overview of what and where their personal data might be transmitted or how it is used”

Norwegian Consumer Council

Because the third-party cookie-based system is so complex, transparency in this area is a major challenge. Some consent notices require users to review a list of [more than 160 companies](#) and agree to the way that each of them will use their data²¹, which in theory would require reading hundreds of separate 1000-word privacy policies²².

Pictured: a snapshot of a publisher's consent notice which directs users to the privacy policies of over 100 ad tech firms. Users can 'accept all' or opt in to share data with specific companies.



Concluding their seminal [report](#)²³ analysing data-sharing in the advertising industry, the Norwegian Consumer Council wrote that “it is practically impossible for the consumer to have even a basic overview of what and where their personal data might be transmitted, or how it is used, even from only a single app”²⁴.

Regulators all over the world are starting to scrutinise this set-up and, more broadly, the entire data-driven marketing ecosystem.

- Regulators in Australia [launched](#) legal proceedings against Google last year for “misleading Australian consumers about what it planned to do with large amount of their personal information”²⁵.
- Google is also facing a [\\$57 million privacy fine](#) in France for failing to give users “easily accessible, clear and intelligible” information when asking them to consent to be tracked for personalised advertising purposes²⁶.

- The UK data protection authority has opened a **“vast and complex” investigation** into real-time bidding and the ad tech industry²⁷.

Although none of these cases has reached its final conclusion yet, it’s clear that advertisers that rely on third-party data in their digital supply chains are operating in an environment of potential legal risk which could have global implications.

For example, in Europe: although all responsible advertisers have made significant investments into ensuring their digital marketing activities are GDPR compliant, **recent statements from regulatory watchdogs**²⁸ and the **European Court of Justice**²⁹ indicate that advertisers could also be held liable for any weak links in their digital supply chains, including third parties.



*Picture: Any CMO that remembers the **brand safety scandals** exposed by The Times of London in 2017³⁰ knows the potential reputational fall out of headlines linking big brands to illegal activities, even indirectly.*

The **Cambridge Analytica scandal** revealed the extent to which third parties can potentially misuse data generated within the online advertising ecosystem³¹. Facebook even warned in their **2020 annual report** that they may uncover other types of data misuse by third parties using their platform in the future.³²

Although the European Commission has **flagged** online advertising as a priority for “strong and effective” GDPR enforcement in

the future³³, until any of these legal challenges leads to a judge handing out a ban on certain data-driven advertising practices (which could take years) most advertisers find themselves operating in a legal grey area.



“The Cambridge Analytica scandal revealed the extent to which third parties can potentially misuse data generated within the online advertising ecosystem”

The strictest interpretations of privacy law could significantly limit the amount of data which can be used to improve the efficiency and effectiveness of digital marketing campaigns. Whilst this may be the preferred option of legal teams, many marketing teams may be tempted to push back on overly strict interpretations that will impact their bottom line – especially if they can see that their competitors are applying a more lenient (but riskier) approach to compliance.

What’s next?

Building on this scrutiny, some regulators are now calling for new rules to ban targeted advertising completely. Although it could be several years before these concerns translate into new laws, it’s clear that regulators are looking beyond privacy to assess the potential impact of digital advertising on society more broadly.

The ‘advertising-funded internet’ is often held up as a positive example of advertising’s public contribution, enabling people to access content, services and information for free. But it is also increasingly being held responsible for contributing to real-life harms, fuelling a click-bait economy which favours the spread of sensationalist, toxic and harmful content regardless of the impact it has on the viewer.

A recent [European Parliament report](#) stated that “targeted advertisements can lead to the amplification of content geared towards exploiting emotions, often encouraging and facilitating sensationalism in news feed and recommendation systems, resulting in the possible manipulation of users”³⁴. On the other side of the Atlantic, some senators in the US have called for an effective [ban on advertising based on personal data](#)³⁵ and [lower protections for online platforms](#) that carry out “manipulative” behavioural advertising³⁶.

More broadly, legislators around the world are looking at introducing new laws to regulate the way online platforms moderate, amplify and enable the spread of illegal and harmful content. Bills have been published in the UK, France, Turkey, China, Australia and at EU level. More is expected over the coming months and years, including in the US. Targeted advertising is likely to be part of many of these debates, due to the role of advertising in funding the activities of online platforms (see above).

What does this mean for advertisers?

Intense regulatory scrutiny is building around the way that online platforms profit from targeted advertising. Advertisers that invest in this type of advertising need to be aware that

this is a debate that could ultimately impact them.

At the most extreme end of the spectrum, this could mean new regulations restricting media investment choices for advertisers or potential legal liability for investing in systems and advertising products which are facing challenges in some jurisdictions (e.g. in Europe).



“Targeted ads can lead to the amplification of content geared towards exploiting emotions, often encouraging and facilitating sensationalism, resulting in the possible manipulation of users”

European Parliament report

More likely outcomes could involve reputational risk for brands that are perceived to be investing in platforms and advertising products which are perceived to be legally or ethically questionable. The next section will explore this in more detail.

Chapter 3: The impact on society

Although regulation in many markets has set (or is in the process of setting) legislative frameworks for the processing of personal data, taking a purely legal approach to digital advertising will always fall short because there are bigger societal questions at stake here.

Increasingly, advertisers should consider the potential reputational risks of being seen to fund platforms and systems which a growing number of stakeholders (regulators, civil society, even consumers) are calling into question for legal and ethical reasons.

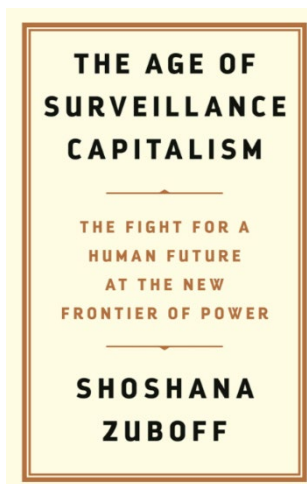
In 2020, Amnesty International [described](#) Google and Facebook's data-driven advertising-funded business models as "a system predicated on human rights abuse"³⁷. They argued that "complete and ubiquitous surveillance" is a virtually unavoidable part of using many of the online services we are reliant on.

"Google and Facebook's surveillance-based business model forces people to submit to a system predicated on human rights abuse"

Amnesty International

In a [conversation](#) with members of WFA's [Digital Governance Exchange \(DGX\)](#) last year, Amnesty International asked advertisers – as 'Big Tech's biggest funders' – what they felt advertisers' role should be in influencing Google and Facebook to address the systemic problems identified in their report³⁸.

Pictured: Harvard professor Shoshana Zuboff's groundbreaking work 'The Age of Surveillance Capitalism' has had a major influence on policy development related to platforms and targeted advertising



Amnesty International's work builds on a growing body of thought which argues that digital platforms like Google and Facebook make money from tracking people: harvesting, analysing and profiting from people's data. They argue that the companies make money from this data by enabling advertisers to target advertising to consumers based on it.

This logic underpins our digital world: not just the internet, but most of the devices we see around us in the physical world too. This business model has made Google and Facebook two of the [wealthiest companies in history](#) in a very short space of time³⁹, but the extent of the data-sharing could have a long-term negative impact on society.

The underlying notion of this body of thought is that, although all of this may be legal (albeit facing legal challenges in some countries – see previous section), the average person is largely unaware of the extent to which these platforms collect and monetise their personal information.

In a [study](#)⁴⁰ by researchers at Carnegie Mellon University, participants were continuously informed when apps on their mobile phones collected information about them. When confronted with the fact that their location was being shared thousands of times without their knowledge, 58% of participants

restricted the amount of information apps could collect about them. As one participant summed it up: “It felt like I’m being followed by my own phone. It’s scary”⁴¹.

The extent to which personal information is collected and shared by companies is often invisible. Most people will click ‘I consent’ without giving it much thought.

In some cases, this simple click can end up broadcasting data to hundreds, or even thousands, of companies involved in the buying and selling of digital advertising. The implications of this have been explored in depth by privacy advocate [Johnny Ryan](#), who has described real-time bidding (RTB) as a “massive web-wide data breach by Google



“A simple click can end up broadcasting data to hundreds, or even thousands, of companies”

and other ad tech companies”⁴².

Some of the data being shared can be very sensitive:

- In 2019, a [Privacy International investigation](#) found that 76% of the mental health websites they analysed shared data with a range of third parties for advertising and marketing purposes⁴³.
- Privacy International also [reported](#) that 60% of the menstruation apps they tested were sharing data with Facebook.⁴⁴
- [Grindr](#), which describes itself as the world’s largest social networking app for gay, bi, trans and queer people, is [facing a \\$12 million fine](#) in Norway for sharing sensitive data with the advertising industry.

In reality, most marketers are many steps removed from the realities of this type of data collection. From an advertiser perspective,

data is seen as a way of tracking performance, developing metrics, measuring KPIs and determining ROI. It is easy, from a distance, to forget where this data comes from and what it really consists of.



“Once the data flows into the ecosystem, it may be too late for a marketer to ask where did this data come from?”

The advertising systems which underpin today’s digital marketing rely on access to large amounts of consumer data, collected every time people interact with online services and content, or even just opening an app.

Once the data flows into the ecosystem, it may be too late for a marketer to ask “where did this data come from?”, “did this person really want to share this data with our brand?”, or even “does this person know we have this information about them?”.

But in a world where brands talk about purpose, respect for the consumer and building trust, how can we afford not to answer these questions?

Access to the kind of consumer insights which this data can provide has always been a marketer’s dream. Since P&G coined the ‘consumer is boss’ approach more than 20 years ago, the central tenet of every marketer’s job has been to get as deep an understanding as possible of the consumer. This is the basic premise of consumer marketing: understand who your audience is and deliver products and messages to them which resonate and meet their needs.

But the data behind these insights doesn't exist in a vacuum. What if the consumer only agreed to share their data because they had no choice? Or because they didn't realise what they were agreeing to? Is this a sustainable basis for a digital marketing industry that truly respects and builds trust with consumers?



“Global warming is to the planet what surveillance capitalism is to society”

Shoshana Zuboff

Moreover, many critics argue that targeted advertising has the potential to damage society far beyond privacy.

There is a growing body of thought amongst some policymakers, academics, NGOs and

experts that the so-called ‘surveillance capitalism’ business model has the potential to “threaten the deepest principles of social order⁴⁵”.

It also could have far-reaching long-term effects that many have not yet understood. As Harvard professor Shoshana Zuboff puts it, “Global warming is to the planet what surveillance capitalism is to society”⁴⁶.

This links back to many of the criticisms of Big Tech cited at the beginning of this paper: that some large digital platforms contribute to the erosion of privacy, democracy, human rights, public health, competition and the very fabric of society itself.

As long as people are spending time on the platforms, data can be collected, content can be monetised and profits can be generated. Some critics point out that this could reduce the economic incentive for platforms to restrict the spread of content with high user engagement, even if it might be harmful to society.

Conclusion: The way forward

WFA has [long advocated](#) that consumers should always have full transparency, choice and control over what data they share and how it will be used, especially in a digital advertising context⁴⁷.

“81% of people expect companies to take a stand on the ethical use of technology”

Edelman Trust Barometer 2020

We believe that advertisers only want to use data in their supply chains which has been sourced in an ethical, transparent way with full respect for the consumer behind it. Business models which rely on [deceptive or ‘dark’ design patterns](#) to deliberately mislead consumers into providing consent or sharing data should be challenged⁴⁸.

We have also, for several years, been [calling](#) for platforms to take action to limit the monetisation of content that could be harmful to society⁴⁹. We believe that safeguards are needed to ensure that targeted advertising does not inadvertently provide an economic incentive for the dissemination and amplification of harmful and illegal content online.

For example, the [Global Alliance for Responsible Media](#) (GARM), set up by WFA, has been leading pioneering work to prevent the spread of illegal and harmful content from generating advertising revenues for online platforms⁵⁰.

This is critically important to ensure a sustainable future for the way that advertising

funds online platforms and content without having an adverse impact on people, their rights and society as a whole.

[Studies](#) have shown that 81% of people expect companies to take a stand on the ethical use of technology, regardless of the regulatory context.⁵¹ And 69% of people [say](#) they would reconsider their relationship with a brand if it communicated in a way that they considered was too personal, even if their data was collected in a legally compliant manner.⁵²

WFA’s Data Ethics Board has been working to promote industry-wide adoption of data ethics principles into company policy, raising awareness and empowering responsible decision making. We have [identified](#) four themes (respect, fairness, accountability and transparency) which we consider should form the foundations of every advertiser’s approach to data⁵³.

Building on this work, last year WFA recognised that advertisers needed to clearly lay out a vision for the ethical and responsible use of data in digital advertising. This vision (see annex) recognises that the role of data in digital advertising means that advertisers need to extend their commitment to responsible marketing – which was one of the founding tenets of WFA when it was created in 1953 - to the way that they and our partners collect and use consumer data⁵⁴.

WFA looks forward to building on this vision in the months and years to come to help advertisers navigate the changing landscape of digital advertising. We will work with members of WFA’s Digital Governance Exchange, Data Ethics Board and Global Media Board to build a sustainable future for data-driven marketing built on respect for people’s data leading to greater trust, better brand-consumer relationships and, ultimately, better marketing.

Annex: WFA's position on the responsible and ethical use of data in advertising

Introduction

RESPONSIBLE ADVERTISING

Since it was founded in 1953, the World Federation of Advertisers has been working with the world's leading brands to develop and uphold standards to enable responsible marketing. This includes playing a leading role in setting up one of the most advanced and longstanding self-regulatory systems to ensure that standards are enforced consistently, as well as developing sectoral codes and commitments on responsible marketing designed to protect consumers even further.

THE SHIFT TO DIGITAL

Since the first digital banner ads were sold in 1994, consumers' lives have moved more and more into the online space and ad spend has followed. Today, digital advertising accounts for 47% of global advertising spend. Ten years ago, this figure was only 15%⁵⁵. This rapid shift has opened up a huge range of opportunities for marketers, but also a number of challenges.

THE ROLE OF DATA IN DIGITAL ADVERTISING

10 years ago, an advertiser needed to show a single ad on eight TV channels in order to reach over 1 billion people⁵⁶. Today, the digital media landscape is significantly more fragmented. There are more than 1.7 billion websites online⁵⁷ and the average consumer visits dozens of them every day. This shift has driven advertisers to focus on audiences, rather than channels, using insights gathered through consumer data which could signal a potential interest in a particular ad.

RESPONSIBILITY AND DATA

The role of data in digital advertising means that, as global advertisers, we need to extend our commitment to responsible marketing to the way that we and our partners collect and use consumer data. Although regulation in many markets has set (or is in the process of setting) legislative frameworks for the processing of personal data, we believe there is a need to look at ways to go beyond legal compliance to create better interaction between brands and consumers in a digital world, built on a responsible and ethical human rights-based approach to data.

Why?

1. 81% of people expect companies to take a stand on the ethical use of technology, regardless of the regulatory context.⁵⁸
2. 69% of people say they would reconsider their relationship with a brand if it communicated in a way that they considered was too personal, even if their data was collected in a legally compliant manner.⁵⁹
3. Consumer expectations are evolving and their trust is declining. Only 27% of people say that they trust the services/companies they use to handle their personal data as they should.⁶⁰

WFA position on the responsible and ethical use of data in advertising

As advertisers, we believe that we need to clearly lay out our vision for the responsible use of data in digital advertising. This vision will guide our conversations with marketing colleagues, our partners and policymakers as we seek feedback from a wide range of different perspectives in the coming months.

In particular, we believe that it is essential that we engage with consumers in order to understand how they feel about the way their data is used in advertising and build this into the way we do marketing in the future. We will be developing a dialogue with consumers across the world in order to do this and this vision will evolve based on the output of those conversations.

1. TRANSPARENCY

We will strive to improve people's understanding of how we and our partners collect and use their data for advertising purposes, and give them meaningful control and choice over what happens to their data.

Support business models which give consumers control over what data they share and how it is used

Consumers should always have full transparency, choice and control over what data they share and how it will be used, especially in a digital advertising context. Advertisers only want to use data in their supply chains which has been sourced in an ethical, transparent way. Business models which rely on [deceptive or 'dark' design patterns](#) to deliberately mislead consumers into providing consent or sharing data should be challenged.

Support technology and design solutions which aim to give consumers meaningful transparency on how their data is used and shared for digital advertising purposes

The digital advertising ecosystem is notoriously complex. However, complexity should not be a barrier to helping consumers understand how and when their data is being shared for digital advertising purposes. We support and encourage the development of innovative solutions which aim to develop intuitive, meaningful ways of communicating with consumers about data practices in online advertising.

Advocate responsible data practices throughout the supply chain

The way that online advertising is bought and placed is complex and can involve many different intermediaries. In order to always have a clear view of what data is being collected and how it is being used, advertisers need to be vocal in demanding accountability and transparency throughout their data supply chains. Many advertisers are taking this one step further and developing data ethics principles which guide their organisation's use of data: where this is the case, these principles need to be extended to all partners and third parties to ensure they uphold the same high standards that advertisers set for themselves.

Respect diversity

We recognise that data can (and has been) used to exclude minority groups from accessing or seeing certain types of marketing content. As advertisers, we seek to avoid using data in ways which could lead to discrimination, exploit vulnerabilities or cause harm and we will respect people's human rights, including dignity, equality and non-discrimination. We commit to ensuring that

people have control over what information is shared about them and how it used in an advertising context.

2. PROPORTIONALITY

We will explore and champion ways in which delivering a quality advertising experience can be achieved whilst limiting data collection to only what is proportionate and necessary.

Take a proportionate approach to data collection

We will only collect and use consumer data in a way that is proportionate and respectful of people's privacy. We recognise that some data collection practices in the online advertising ecosystem go far beyond the reasonable expectations of consumers and we will work with our supply chains to ensure that data collection is limited only to what is reasonably necessary to deliver a quality advertising experience.

Engage with industry partners to create better conditions to explore alternative targeting methods

Data practices with a high risk to people's privacy should not be employed as a short-cut to delivering engaging and relevant ad content at scale. We support industry initiatives which explore innovative solutions to target ads based on aggregated, anonymous (non re-identifiable) data where possible. And we support initiatives which aim to give advertisers more transparency over the context in which their ads appear so that this can be used as another metric to deliver relevance, such as the [Global Alliance for Responsible Media](#).

3. SUSTAINABILITY

We will focus on using data in a positive way to create a better, more sustainable future for online advertising.

Don't annoy or bombard consumers

Advertising bombardment is [one of the biggest reasons](#) why consumers criticise online advertising. Common issues include repetition (seeing the same ad too many times), obtrusiveness (getting in the way of their online experience), volume (seeing too many ads) and irrelevance (seeing too many ads that are not relevant). We are committed to reducing annoyance for consumers and we support initiatives which aim to tackle some of the issues listed above, such as the [Coalition for Better Ads](#). However, access to data is needed to do this successfully: if the ecosystem cannot track how ads are being delivered and displayed, attempts to restrict frequency and volume, and improve relevance, will be futile. As such, we advocate for regulation which ensures flexibility to enable the proportionate collection of data which is necessary to improve the online consumer experience of advertising.

Prevent bad actors from profiting from digital advertising

We are committed to preventing criminals and actors intent on harming society from profiting from digital advertising. Full transparency and visibility throughout the digital supply chain is crucial in order to do this. We support initiatives which promote safeguards and controls to prevent advertising from funding illegal and harmful content online, such as the [Global Alliance for](#)

[Responsible Media](#). However, restrictions on data collection could have an unintended negative impact on some of these efforts: as such, we advocate for regulation which ensures flexibility to enable the collection of technical data which is necessary to detect ad fraud and the presence of harmful content online.

Champion a diverse and effective digital advertising ecosystem

We believe that diversity is essential to ensure a fair and competitive digital advertising market which advertisers and consumers can trust. We support industry action and, where needed, regulatory measures which will help to maintain and encourage diversity and competition in the digital advertising ecosystem. This includes ensuring that advertisers are able to measure and independently verify the effectiveness of their ads across different digital media platforms. We support the development of cross-industry solutions to deliver this (including the [WFA Cross Media Working Group](#)) and advocate for regulatory solutions which ensure that the necessary data can be collected and processed in a privacy-friendly way.

A flexible regulatory framework to support our position on data and privacy

We advocate for a balanced, proportionate and flexible regulatory framework which underpins the vision we have set out in this paper.

- We support a regulatory framework which upholds principles designed to give consumers transparency, control and choice over how and when their data is shared. This includes:
 - Maintaining a risk-based approach with sufficient flexibility to develop regulation based on likely impact on data subjects' fundamental rights and freedoms.
 - Ensuring, as far as possible, a consistent approach to privacy regulation and enforcement across different jurisdictions.
- We believe it is essential that regulation leaves space for consumers to make clear, informed choices about how their data is collected and used. This includes ensuring that consumers maintain the right to opt in to receive relevant and personalised brand experiences, including advertising.
- We call for regulation to ensure sufficient flexibility to enable the collection of independently audited measurement data which is necessary to:
 - Measure the effectiveness of advertising. This includes aggregated data used to enable advertisers to know how their ads are performing across different platforms (e.g. how many times it was viewed, for how long etc.) and web analytics.
 - Prevent bad actors from profiting from digital advertising. This includes identifying suspicious activity which could signal ad fraud and preventing ads from appearing next to harmful content.
 - Improve the online consumer experience of advertising. This includes data used to limit frequency, volume, annoyance and improve relevance.
- We encourage policymakers to promote consistency across jurisdictions and geographical boundaries in order to avoid fragmented approaches to regulation on data and divergent or even contradictory enforcement at national level.
- We support regulatory measures which will help to maintain and encourage diversity and competition in the digital advertising ecosystem. We welcome competition authorities' pro-active approaches to developing a fact-based assessment of the activities of online platforms, including the digital advertising ecosystem, in countries including the UK and Australia.

Contact information

This report was researched and written by Catherine Armitage, Director of Digital Policy, World Federation of Advertisers. For more information, contact c.armitage@wfanet.org

About the World Federation of Advertisers

The World Federation of Advertisers (WFA) is the voice of marketers worldwide, representing 90% of global marketing communications spend – roughly US\$900 billion per annum – through a unique, global network of the world’s biggest markets and biggest marketers. WFA champions responsible and effective marketing communications worldwide.

Note: All WFA benchmarks, survey results, agendas and minutes are reviewed by Hogan Lovells International LLP, our competition lawyers. **WFA Competition law compliance policy**

Hogan
Lovells

The purpose of the WFA is to represent the interests of advertisers and to act as a forum for legitimate contacts between members of the advertising industry. It is obviously the policy of the WFA that it will not be used by any company to further any anti-competitive or collusive conduct, or to engage in other activities that could violate any antitrust or competition law, regulation, rule or directives of any country or otherwise impair full and fair competition. The WFA carries out regular checks to make sure that this policy is being strictly adhered to. As a condition of membership, members of the WFA acknowledge that their membership of the WFA is subject to the competition law rules and they agree to comply fully with those laws. Members agree that they will not use the WFA, directly or indirectly, (a) to reach or attempt to reach agreements or understandings with one or more of their competitors, (b) to obtain or attempt to obtain, or exchange or attempt to exchange, confidential or proprietary information regarding any other company other than in the context of a bona fide business or (c) to further any anti-competitive or collusive conduct, or to engage in other activities that could violate any antitrust or competition law, regulation, rule or directives of any country or otherwise impair full and fair competition.

¹ More than 1100 companies paused advertising on social media platforms in July 2020 as part of the #StopHateForProfit campaign. See here: <https://www.stophateforprofit.org/>

² Source: <https://finance.yahoo.com/>

³ Google reported advertising revenue of \$147 billion in their 2020 annual report. Total reported revenue was \$182.5 billion. Alphabet Inc., Form 10-K, 2020.

https://abc.xyz/investor/static/pdf/20210203_alphabet_10K.pdf?cache=b44182d

Facebook reported advertising revenue of \$84 billion in their 2020 annual report. Total reported revenue was \$85.9 billion. Facebook Inc., Form 10-K, 2020. <http://d18rn0p25nwr6d.cloudfront.net/CIK-0001326801/4dd7fa7f-1a51-4ed9-b9df-7f42cc3321eb.pdf>

⁴ David Temkin, Director of Product Management, Ads Privacy and Trust, “Charting a course towards a more privacy-first web”, 3 March 2021. <https://blog.google/products/ads-commerce/a-more-privacy-first-web>

⁵ Source: Zenith, Advertising Expenditure Forecasts, December 2020.

⁶ <https://www.stophateforprofit.org/>

⁷ In October 2020, Members of the European Parliament adopted a report ‘Digital Services Act: adapting commercial and civil law rules for commercial entities operating online’. Paragraph 17 calls for the European Commission to “assess options for regulating targeted advertising, including a phase-out leading to a prohibition”. https://www.europarl.europa.eu/doceo/document/TA-9-2020-0273_EN.pdf

⁸ Reuters, Foo Yun Chee, Google’s advertising practices targeted by EU antitrust probe, 20 January 2021.

<https://www.reuters.com/article/us-google-antitrust-eu-idUSKBN29P23U>

⁹ Multiple GDPR complaints have been filed against companies and systems involved in online advertising in countries across Europe by NGOs, companies and citizens, including Privacy International, Brave, ICCL, NOYB and Forbrukerrådet. <https://privacyinternational.org/adtech-complaints-timeline>

¹⁰ David Temkin, Director of Product Management, Ads Privacy and Trust, “Charting a course towards a more privacy-first web”, 3 March 2021. <https://blog.google/products/ads-commerce/a-more-privacy-first-web>

¹¹ The Chromium Projects, The Privacy Sandbox. <https://www.chromium.org/Home/chromium-privacy/privacy-sandbox>

¹² Apple, ‘Data Privacy Day at Apple: Improving transparency and empowering users’, 27 January 2021. <https://www.apple.com/newsroom/2021/01/data-privacy-day-at-apple-improving-transparency-and-empowering-users/>

¹³ In 2005, Apple’s Safari became the first browser to block third-party cookies by default. In 2017, Apple launched ‘Intelligent Tracking Prevention’ to block tracking regardless of what kind of data was used. In 2019, Mozilla’s Firefox launched ‘Enhanced Tracking Protection’ to block third-party trackers by default.

¹⁴ Source: W3Counter <https://www.w3counter.com/globalstats.php>

¹⁵ David Temkin, Director of Product Management, Ads Privacy and Trust, “Charting a course towards a more privacy-first web”, 3 March 2021. <https://blog.google/products/ads-commerce/a-more-privacy-first-web>

¹⁶ In 2021, there are 3.8 billion smartphone users worldwide. Source: Statista <https://www.statista.com/statistics/330695/number-of-smartphone-users-worldwide/>
Google Android represented 71.93% of the global mobile OS market in January 2021. Source: Statista <https://www.statista.com/statistics/272698/global-market-share-held-by-mobile-operating-systems-since-2009>

¹⁷ Chetna Bindra, Group Product Manager, User Trust and Privacy, “Building a privacy-first future for web advertising”, 25 January 2021. <https://blog.google/products/ads-commerce/2021-01-privacy-sandbox/>

¹⁸ Neumann, Tucker, Whitfield, ‘How Effective is Third-Party Consumer Profiling and Audience Delivery? Evidence from Field Studies, published in Marketing Science, 2 October, 2019. <https://pubsonline.informs.org/doi/abs/10.1287/mksc.2019.1188>

¹⁹ WFA’s Global Privacy Map gives an overview of privacy regulation in 60+ markets (accessible to WFA members only). <https://wfanet.org/Privacy-Map>

²⁰ For example, a European Commission study concluded that opt-in requirements for third-party tracking introduced by the ePrivacy Directive had not been successful in ensuring privacy and confidentiality for citizens: “Based on the lack of transparency of the consent mechanism, it is possible that users do not know exactly how far-reaching the consent is. It was also criticised that users do not have a real choice”. Deloitte, ‘Evaluation and review of Directive 2002/58 on privacy and the electronic communication sector’, 10 January 2017. <https://ec.europa.eu/digital-single-market/en/news/evaluation-and-review-directive-200258-privacy-and-electronic-communication-sector>

²¹ Forbrukerrådet (Norwegian Consumer Council), ‘Out of Control: How Consumers are Exploited by the Online Advertising Industry’, 14 January 2020. <https://fil.forbrukerradet.no/wp-content/uploads/2020/01/2020-01-14-out-of-control-final-version.pdf>

²² The average privacy policy length is 1000 words. Amos, Acar, Lucherini, Kshirsagar, Narayanan, Mayer, ‘Privacy Policies over Time: Curation and Analysis of a Million-Document Dataset’. In Proceedings of the Web Conference 2021 (WWW ’21), April 19–23, 2021, Ljubljana, Slovenia. ACM, New York, NY, USA, 12 pages. <https://doi.org/10.1145/3442381.3450048>

²³ Forbrukerrådet (Norwegian Consumer Council), ‘Out of Control: How Consumers are Exploited by the Online Advertising Industry’, 14 January 2020. <https://fil.forbrukerradet.no/wp-content/uploads/2020/01/2020-01-14-out-of-control-final-version.pdf>

²⁴ Forbrukerrådet (Norwegian Consumer Council), ‘Out of Control: How Consumers are Exploited by the Online Advertising Industry’, 14 January 2020. <https://fil.forbrukerradet.no/wp-content/uploads/2020/01/2020-01-14-out-of-control-final-version.pdf>

²⁵ Australian Competition and Consumer Commission v Google LLC, 3 August 2020. <https://www.accc.gov.au/system/files/ACCC%20v%20Google%20LLC%20-%20Concise%20Statement.pdf>

²⁶ Commission nationale de l’informatique et des libertés (CNIL), Délibération SAN-2019-001, 21 January 2019. <https://www.legifrance.gouv.fr/cnil/id/CNILTEXT000038032552/>

²⁷ In 2019 the Information Commissioner’s Office (ICO) released a report which raised concerns that profiling and sharing of personal data within the online advertising ecosystem “feels disproportionate, intrusive and unfair, particularly when people are often unaware it is happening”. The subsequent investigation is still open, and the ICO has announced that they will be carrying out audits of DMPs in early 2021. <https://ico.org.uk/about-the-ico/what-we-do/our-work-on-adtech/>

²⁸ European Data Protection Board, Guidelines 8/2020 on the targeting of social media users, Version 1.0, adopted 2 September 2020. https://edpb.europa.eu/sites/edpb/files/consultation/edpb_guidelines_202008_onthetargetingofsocialmediausers_en.pdf

²⁹ European Court of Justice, Judgment of 29 July 2019, *Fashion ID*, C-40/17. <http://curia.europa.eu/juris/document/document.jsf?text=&docid=216555&pageIndex=0&doclang=EN&mode=req&dir=&occ=first&part=1&cid=4883407>

- ³⁰ Alexi Mostrous, The Times, ‘Big brands fund terror through online adverts’, 9 February 2017. <https://www.thetimes.co.uk/article/big-brands-fund-terror-knnxfqb98>
- ³¹ The Guardian, Carole Cadwalladr and Emma Graham-Harrison, ‘Revealed: 50 million Facebook profiles harvested for Cambridge Analytica in major data breach’, 17 March 2018. <https://www.theguardian.com/news/2018/mar/17/cambridge-analytica-facebook-influence-us-election>
- ³² Facebook Inc., Form 10-K, 2020. <http://d18rn0p25nwr6d.cloudfront.net/CIK-0001326801/4dd7fa7f-1a51-4ed9-b9df-7f42cc3321eb.pdf>
- ³³ The European Commission’s 2-year review of the General Data Protection Regulation (GDPR) called out online advertising and micro-targeting as a priority for “strong and effective enforcement” in the future, with a focus on the role of “large digital platforms”. European Commission, Communication from the Commission to the European Parliament and the Council, ‘Data protection as a pillar of citizens’ empowerment and the EU’s approach to the digital transition – two years of application of the General Data Protection Regulation’, 24 June 2020. https://ec.europa.eu/info/sites/info/files/1_en_act_part1_v6_1.pdf
- ³⁴ European Parliament, ‘Digital Services Act: adapting commercial and civil law rules for commercial entities operating online’. https://www.europarl.europa.eu/doceo/document/TA-9-2020-0273_EN.pdf
- ³⁵ In June 2020, Senator Sherrod Brown (D-OH) published a discussion draft for a bill for a Data Accountability and Transparency (DATA) Act. The bill proposes to ban targeted advertising based on personal data. <https://www.banking.senate.gov/imo/media/doc/Brown%20-%20DATA%202020%20Discussion%20Draft.pdf>
- ³⁶ In July 2020, Senator Josh Hawley (R-MO) introduced a bill for a “Behavioral Advertising Decisions Are Downgrading Services” (or BAD ADS) Act which would mean that online platforms that engage in behavioural advertising cannot benefit from liability protections under CDA 230. https://www.hawley.senate.gov/sites/default/files/2020-07/2020-07-28%20-%20Bad%20Ads%20Bill%20Text_0.pdf
- ³⁷ Amnesty International, ‘Surveillance Giants : How the Business Model of Google and Facebook Threatens Human Rights’, 21 November 2019. <https://www.amnesty.org/en/documents/pol30/1404/2019/en/>
- ³⁸ WFA Digital Governance Exchange meeting, 12 February 2020 <https://wfanet.org/knowledge/item/2020/02/12/DGX-meeting-overview-February-2020>
- ³⁹ Kyle Daly, Axios, ‘Big Tech’s power, in 4 numbers’, 27 July 2020. <https://www.axios.com/big-techs-power-in-4-numbers-de8a5bc3-65b6-4064-a7cb-3466c68b2ea0.html>
- ⁴⁰ Almuhamedi, Schaub, Sadeh, Adjerid, Acquisti, Gluck, Cranor, Agarwal, ‘Your Location Has Been Shared 5398 Times!: A Field Study on Mobile App Privacy Nudging’, published in Proceedings of the 33rd Annual ACM Conference on Human Factors in Computing Systems, CHI’15 (New York: ACM, 2015) <https://doi.org/10.1145/2702123.2702210>
- ⁴¹ Ibid, cited in Shoshana Zuboff, ‘The Age of Surveillance Capitalism’, 2019, p. 242.
- ⁴² Johnny Ryan, ‘Regulatory complaint concerning massive, web-wide data breach by Google and other “ad tech” companies under Europe’s GDPR, 12 September 2018. <https://brave.com/adtech-data-breach-complaint/>
- ⁴³ Privacy International, ‘Your mental health for sale: how websites about depression share data with advertisers and leak depression test results’, September 2019. <https://privacyinternational.org/sites/default/files/2019-09/Your%20mental%20health%20for%20sale%20-%20Privacy%20International.pdf>
- ⁴⁴ Privacy International, ‘No Body’s Business But Mine: How Menstruation Apps Are Sharing Your Data’, 9 September 2019. <https://privacyinternational.org/long-read/3196/no-bodys-business-mine-how-menstruations-apps-are-sharing-your-data>
- ⁴⁵ Shoshana Zuboff, ‘The Age of Surveillance Capitalism’, 2019, p. 193.
- ⁴⁶ Shoshana Zuboff, ‘Many Facets of the Same Diamond’ in ‘Privacy 2030: A New Vision for Europe’, published by IAPP, November 2019. https://iapp.org/media/pdf/resource_center/giovanni_manifesto.pdf
- ⁴⁷ World Federation of Advertisers, ‘WFA position on data and privacy’, 20 April 2020 <https://wfanet.org/knowledge/item/2020/04/20/WFA-position-on-data-and-privacy>
- ⁴⁸ World Federation of Advertisers, ‘WFA position on data and privacy’, 20 April 2020 <https://wfanet.org/knowledge/item/2020/04/20/WFA-position-on-data-and-privacy>
- ⁴⁹ In 2018, WFA’s [Global Media Charter](#) called for platforms and publishers to employ ‘comprehensive and rigorous safeguards’ to limit which accounts and channels could host paid advertising. <https://wfanet.org/leadership/global-alliance-for-responsible-media/global-alliance-for-responsible-media>
- ⁵⁰ <https://wfanet.org/leadership/global-alliance-for-responsible-media/global-alliance-for-responsible-media>
- ⁵¹ Edelman Trust Barometer, 19 January 2020. <https://www.edelman.com/trust/2020-trust-barometer>
- ⁵² Accenture Interactive Consumer Pulse Survey, 16 August 2019. <https://www.accenture.com/us-en/insights/interactive/see-people-not-patterns>
- ⁵³ Jamie Barnard, Data Ethics – The Rise of Morality in Tech, 1 June 2020. <https://wfanet.org/leadership/data-ethics>
- ⁵⁴ World Federation of Advertisers, ‘WFA position on data and privacy’, 20 April 2020 <https://wfanet.org/knowledge/item/2020/04/20/WFA-position-on-data-and-privacy>

⁵⁵ Source: Zenith, Ad Expenditure Forecasts, September 2019 (data is 2019 vs 2009).

⁵⁶ The 2008 Olympics opening ceremony is estimated to have reached almost 1 billion people via television broadcasts in eight countries, more detail [here](#).

⁵⁷ World Economic Forum, data provided by Statista. <https://www.weforum.org/agenda/2019/09/chart-of-the-day-how-many-websites-are-there/>

⁵⁸ Edelman Trust Barometer, 19 January 2020. <https://www.edelman.com/trustbarometer>

⁵⁹ Accenture Interactive Consumer Pulse Survey, 16 August 2019. <https://www.accenture.com/us-en/insights/digital/see-people-not-patterns>

⁶⁰ HERE Market Intelligence, 'The Privacy Paradox Reloaded', August 2019.

https://www.here.com/sites/g/files/odxslz166/files/2019-09/the_privacy_paradox.pdf