

DECENTRIQ

How to reduce wasted ad spend using first-party data

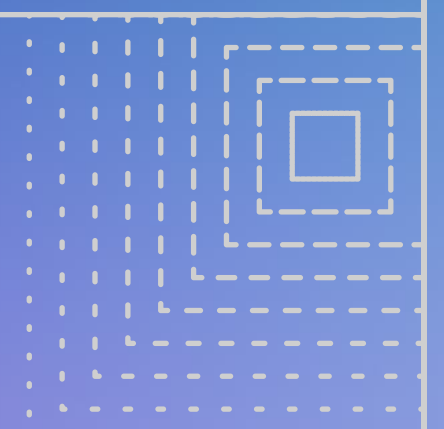
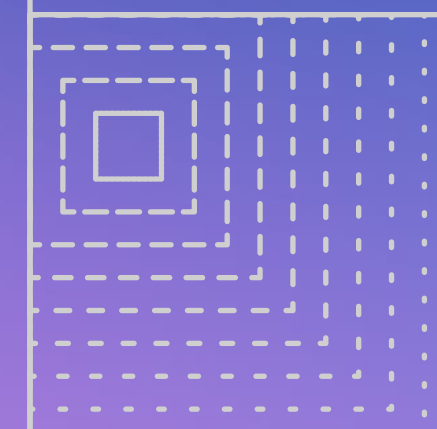
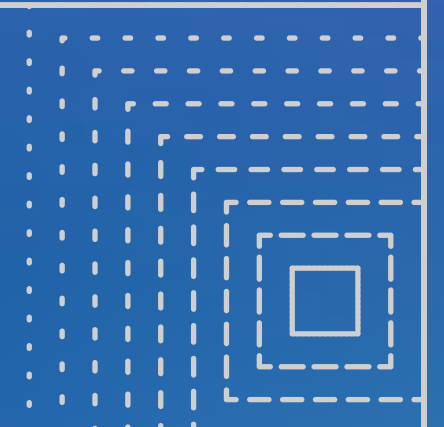
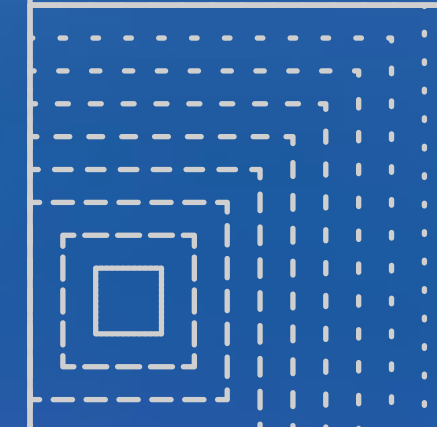
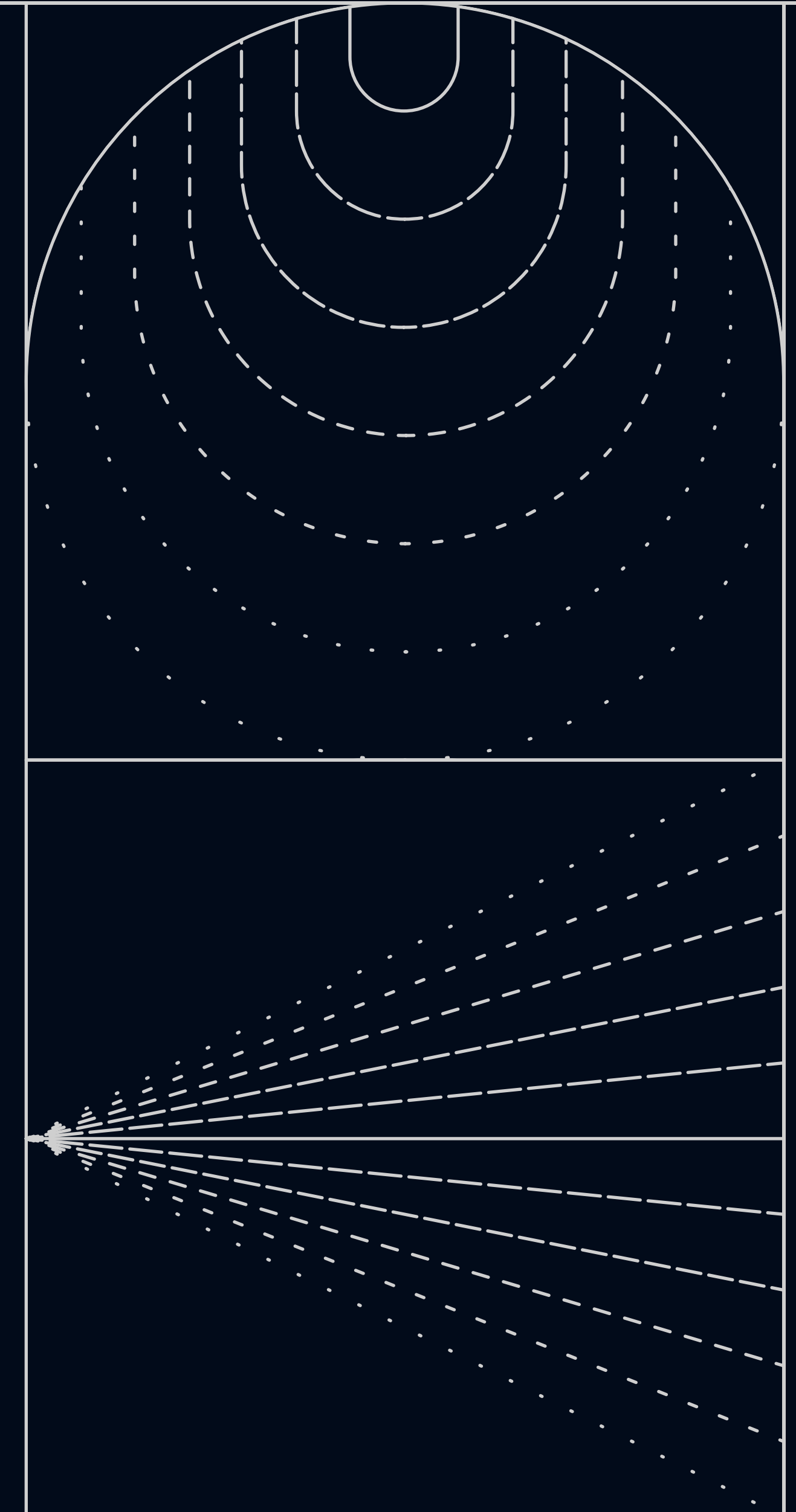


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1 The scope of the ad waste problem

Brands, publishers, and retailers increasingly find themselves at a crossroads. On the one hand, demand for personalized ads has never been higher, with [62% of consumers expecting brands to anticipate their needs](#).

On the other hand, it's becoming more difficult to know whether advertising efforts are reaching the right customers and fulfilling their expectations. That's because the open internet's vastness and fragmentation complicate campaign analysis and make it difficult for advertisers to obtain this information. And advertising on the open internet has also become more

complicated due to the advent of "junk inventory".

The negative impact of the open internet's lack of transparency is also compounded by a decay in the quality of insights offered by third-party data. This means traditional methods of ad targeting, building audience segments, and measuring campaign results – the exact methods required to reach the level of personalization consumers expect – are no longer sustainable. Not to mention that it also leads to difficulties for measurement partners that rely on third-party data in general (such as conversion tracking). All of these factors ultimately waste ad spend.

It's no surprise that this situation makes the programmatic advertising landscape daunting to navigate. The erosion of audience quality from third-party targeting methods is forcing many advertisers who rely on open web programmatic to increase their ad spend simply to achieve the same result.

Not only is this "spray and pray" method a strategy of

decreasing returns — it's increasing the amount of ads displayed to consumers rather than enhancing their accuracy and relevance. This has led to decreased trust and general annoyance among consumers, with [37% of worldwide users resorting to ad blockers](#) and only [15.9% and 16.1% of internet users reporting engagement with online or social media ads](#), respectively.

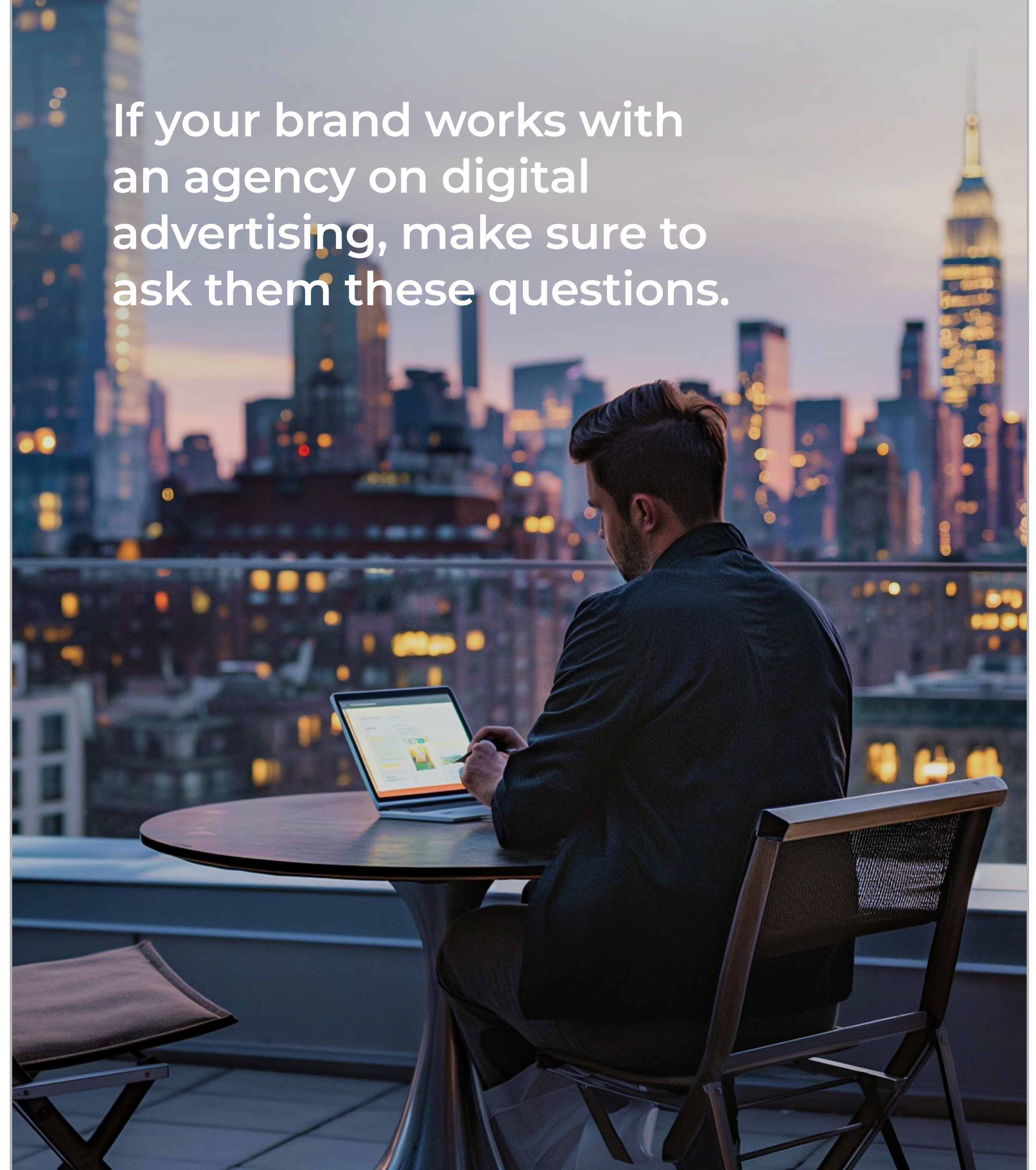


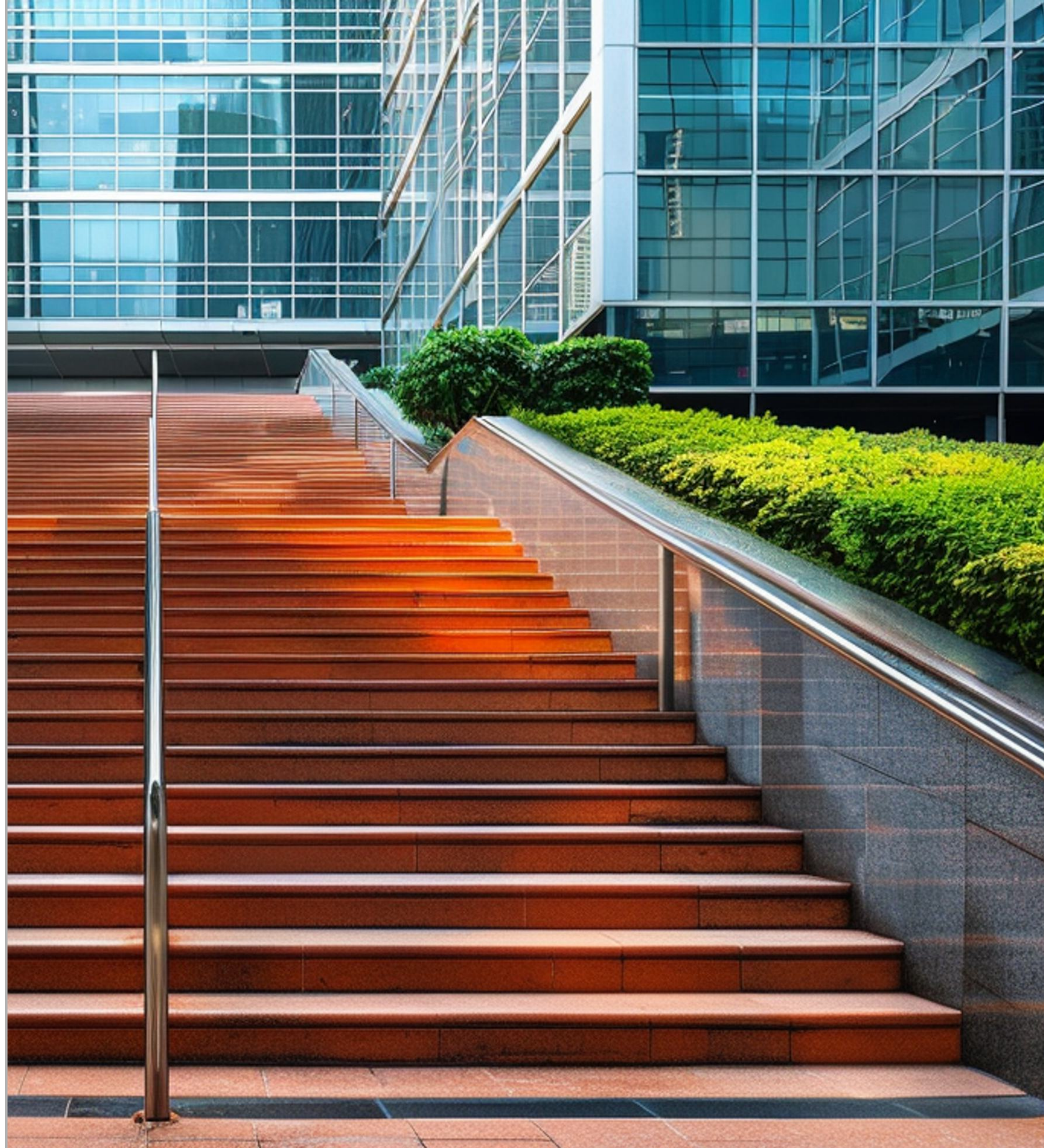
And while it's tempting to write some of these issues off as a problem to address in the future, third-party data is becoming increasingly unreliable both in ability to target users and tracking ad performance.

Here are a few questions you should ask to determine whether this method is truly bringing your digital marketing efforts forward:

- Who are you actually reaching in your ad campaigns?
- What level of confidence do you have that you're reaching your intended audience?
- To what extent can you verify the alignment between your intended audience and the actual audience reached by your ad campaigns?
- How do you ensure that your ad campaigns don't inadvertently reach unintended or irrelevant audiences?
- What steps do you take to continuously monitor and refine your audience targeting strategies?

If your brand works with an agency on digital advertising, make sure to ask them these questions.





Options to weigh

An estimated [23-60%](#) of ad spend is currently wasted, largely due to:

- ad fraud
- lack of relevancy
- low targeting precision

— and most of these figures are attributed to poor quality third-party data.

So what options are out there for brands to reduce their wasted ad spend — that don't rely on third-party data?

- [Increased reliance on] Walled gardens
- Contextual advertising
- Google's Privacy Sandbox initiative
- Putting first-party data to use outside of walled gardens

We'll dive into these in the next section.

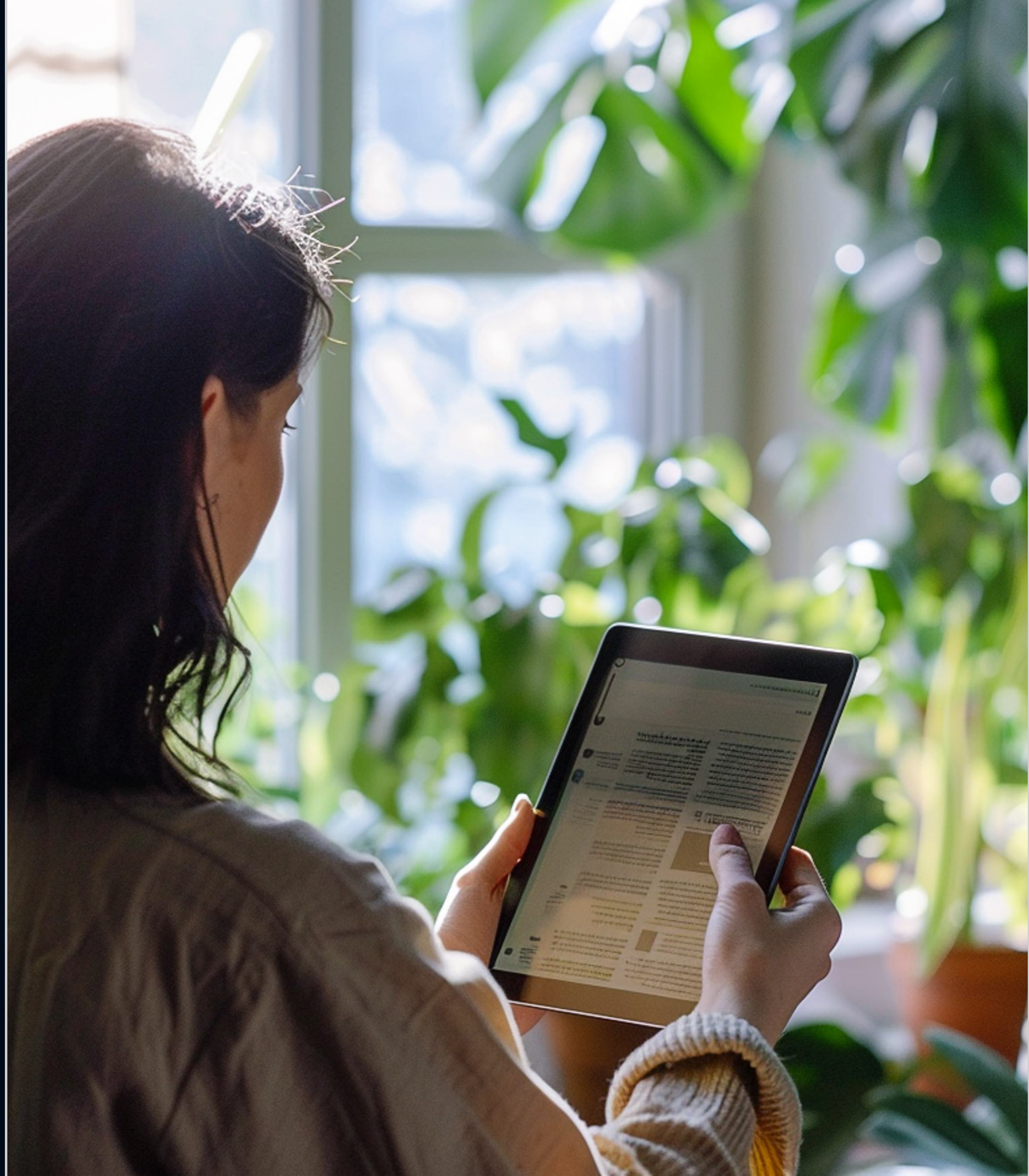
2 Options for increasing ad spend efficiency without third-party data

Walled Gardens

Some brands' first instinct to tackle the new challenge of cookieless advertising is to funnel more spend into a format they're already familiar with: Walled gardens. Besides knowing how they work, advertisers are also attracted to these platforms for their clarity around ad spend analytics and the large audience sizes they offer.

But over-reliance on walled gardens can backfire quickly. That's because users spend only [23% of their internet time there](#). They spend the rest of their time on the open internet — so brands would be wise to plan their channel split accordingly.





Contextual advertising

Contextual advertising doesn't target individual consumers, so it doesn't rely on data collected from either first or third-party data. Instead, brands target audiences based on the context of the article they are reading. For example, a brand can purchase the topic "golf" within a publication about sports and its ad will be activated to any reader consuming articles related to golf.

While contextual advertising preserves privacy, it differs from more precise methods in that relevant users will only be reached if they browse the content targeted — which is never guaranteed.

Google's Privacy Sandbox initiative

Privacy Sandbox helps preserve user privacy by enabling tracking through anonymized signals rather than accessing the browsing behavior of individual users. Two main components of the Privacy Sandbox are relevant to serving ads: the Topics API and Protected Audience API.

With the **Topics API**, marketers will only be able to access information about users' interests without knowing any specifics about their browsing habits, similar to contextual advertising.

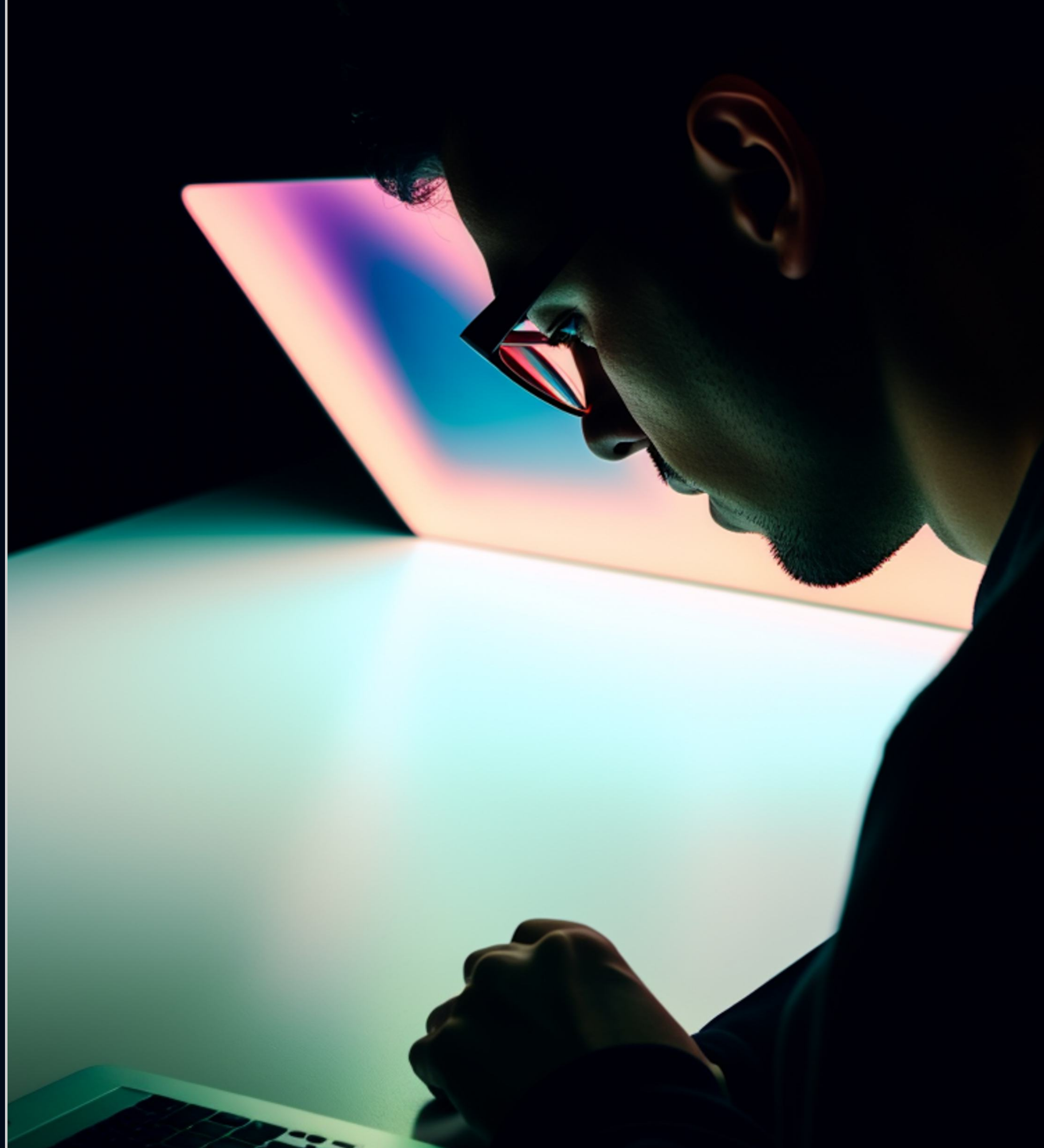
With the **Protected Audience API**, the user's browser preserves advertiser-defined interest clusters and conducts on-device auctions for ad placements. This makes it suitable for retargeting, but not for finding new audiences without any previous brand touchpoints.



Comparing your options on the open internet so far

Let’s sum up the options covered so far as they apply to most advertisers’ major concerns: precision and reach.

	Targeting precision	Targeting reach
Contextual advertising	✗	✓
Google Privacy Sandbox via Topics API	✗	✓ <i>(limited to Chrome users)</i>
Google Privacy Sandbox via Protected Audience API	✓	✗ <i>(limited to Chrome users who are “warm prospects”)</i>



Using first-party data

The good news is that first-party data can fill in many of these gaps left by walled gardens, contextual advertising, and the Privacy Sandbox.

A brand's own first-party data is the most accurate basis for targeting, since it provides insights into actual behaviors, preferences, and interactions of an existing audience.

3 Use of first-party data: Opportunities and challenges

Many brands are – understandably – concerned about the compliance, privacy, and security of using their first-party data. Especially if they want to run an ad through a certain publisher, for example.

If brands want to maintain the competitive edge their proprietary data gives them while also maintaining customer trust, they need to find methods that allow them to remain compliant with policies around data protection and use.

Solutions for first-party data collaboration offer varying levels of privacy protections, security, and control — from no control, to strict, technology-enforced privacy protections through all steps of the collaboration process.

In the remainder of this section, we'll cover the top two options for using first-party data: **ID solutions** and **data clean rooms**.



Putting first-party data to use: ID solutions

ID solutions are getting a lot of traction in the market as a more accurate replacement for third-party cookies on the open internet.

The primary use cases for IDs are remarketing and (depending on the solution used) cross-publisher frequency capping.

But this means features like audience insights, lookalike audience generation, and measurement are still lacking a cookieless solution.

4 Evaluating data clean rooms

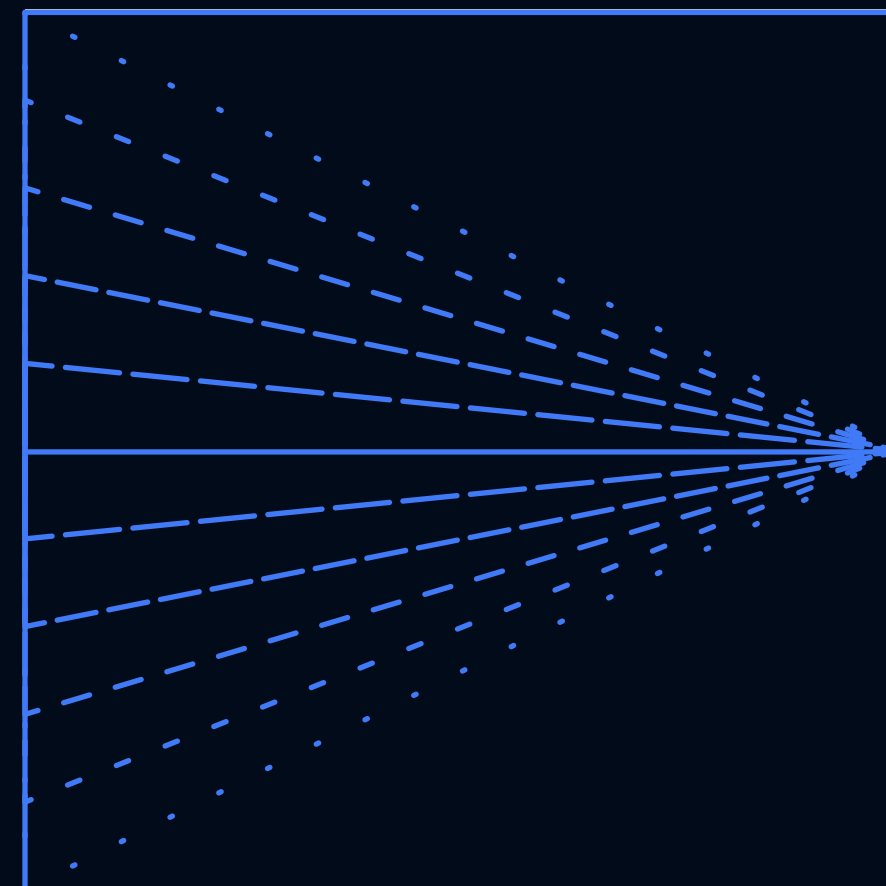
But not all data clean rooms are created equal. To unlock their first-party data while ensuring it remains under their control and that they remain compliant, brands should opt for technologies which provide the most robust privacy protections. This can only be assured through guarantees that raw data can't be accessed by any other party than the data owner.

Using this kind of ultra-secure data clean room

enables regulated brands to leverage their first-party data effectively for improved ad targeting, tailoring campaigns to individual preferences while ensuring data privacy and regulatory adherence.

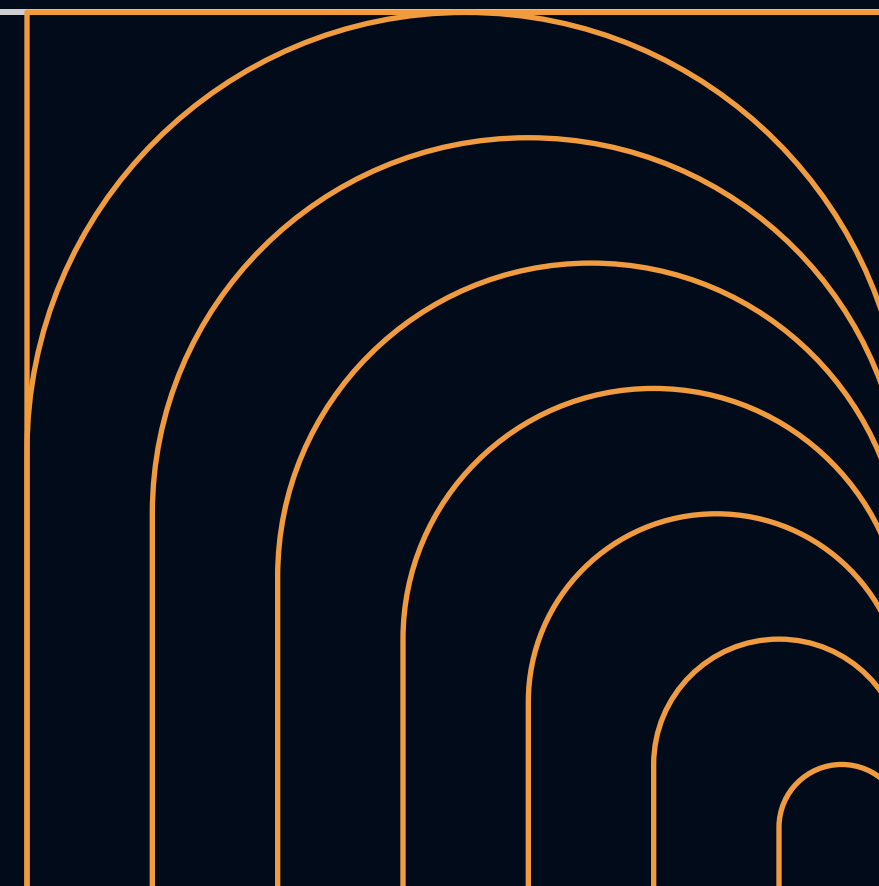
Built on confidential computing technology, Decentriq is for brands, publishers, and retailers who have privacy as a first priority. Here's how Decentriq enables your brand to get the most accurate targeting in order to reduce ad waste:





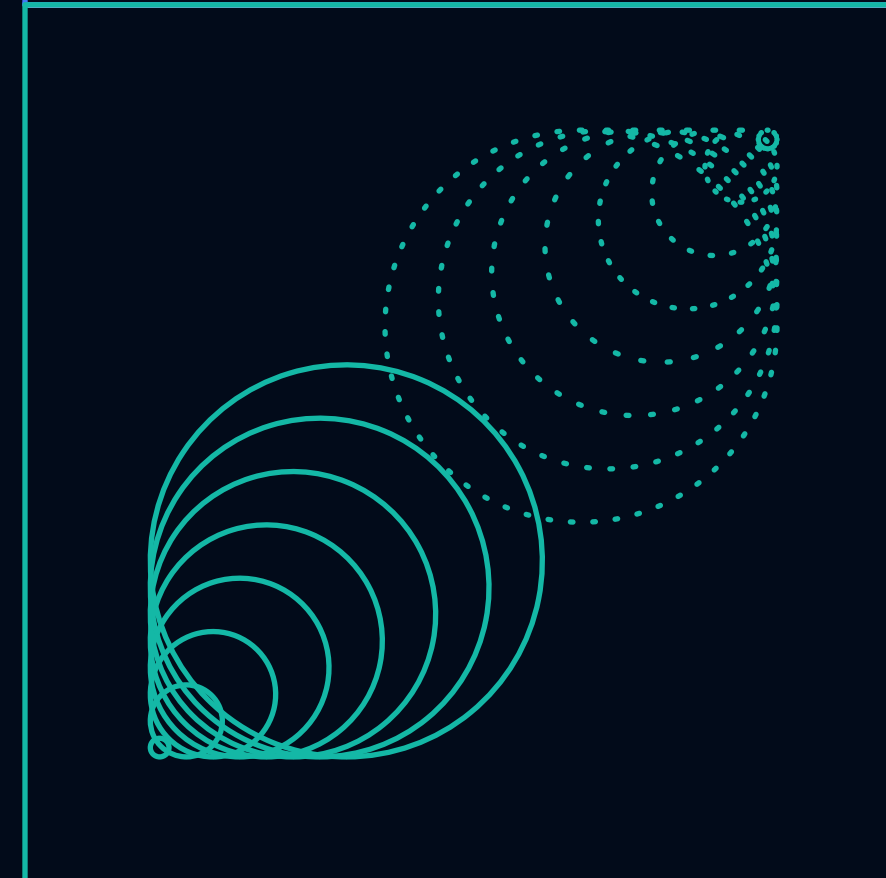
Audience insights

Uncover audience insights for media planning



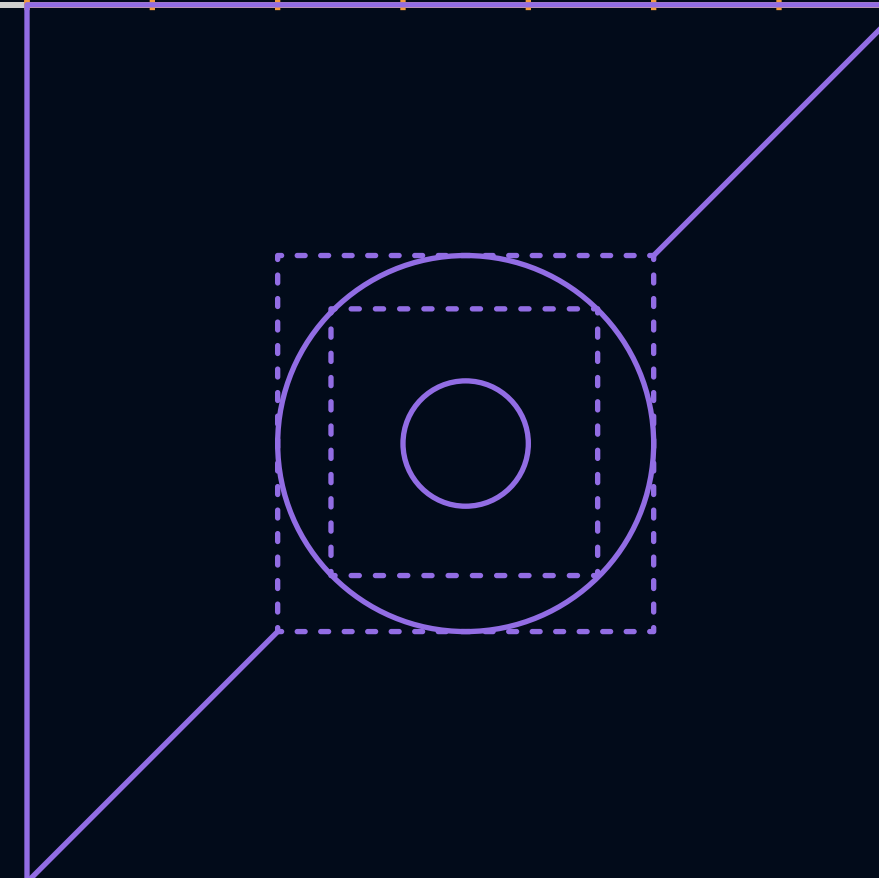
Measurement

On-target measurement, conversion attribution, and sales incrementality



Prospecting campaigns

Acquire net new customers with audience suppression and lookalikes



Custom collaborations

Audience enrichment and much more

See Decentriq in action: Watch the demo

