PRACTICAL GUIDE
FOR NEWS WEBSITES:

How to increase revenue through zero and 1st party data

Three core pillars that will replace cookies

Guide by DeFractal DMP

Guide for collecting and activating zero and 1st party data in the era of vanishing 3rd party cookies to compensate for over 60% revenue decline in programmatic advertising

DeFractal DMP supports the entire methodology described in this guide as a plug-and-play solution, eliminating the need for manual work on the part of news websites. For those interested in testing DeFractal or scheduling a call with our experts, please contact us using the information provided below:

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ABOUT THE **AUTHOR**

Mario Ivić

In 2008., Mario founded a company specializing in software development for SEO and performance marketing agencies. His innovative tool, AdWords Intelligence, was recognized as the best value in the Google AdWords tool category in 2009.

That same year, he launched a performance marketing agency that, in 2024, holds the prestigious Google Premier Partner certification, a distinction held by only the top 3% of Google partner agencies. With over 16 years of experience in leading a performance agency, Mario brings valuable insight into the advertiser's perspective within the broader advertising ecosystem, highlighting his deep understanding of both sides of the advertising equation.

Since 2016, Mario has been a prominent figure in the AdTech industry, co-founding Midas Network, the largest native advertising network in the Adriatic region, boasting over 11 billion content impressions monthly.

His company, Telum, has been listed on the Deloitte Fast 50 CE for three consecutive years, recognizing it as one of the fastest-growing IT companies in Central Europe. Mario serves as the president of the AdTech working group in the HUDI association. Also, he has been active in the AI field since 2007., and, in recent years, has advocated for the use of generative AI through his SEO and content creation tool, Bifrost Editor. In 2021, he founded DeFractal DMP with the mission of helping news portals leverage 1st party data and boosting the revenue from programmatic advertising.

The Decline of 3rd Party Cookies and Its Impact on News Websites: Will the Loss Really Amount to Over 60% of Their Revenue?

Google's Updated Approach and Industry Impact

Google recently announced that it may not fully deprecate third-party cookies in Chrome as initially planned. Instead, users will have the choice to decide whether they want to use third-party cookies or not. Despite this shift, our measurements indicate that over 60% of users are already operating in a cookieless environment mostly due to the existing privacy settings on browsers like Safari and Firefox. This change from Google will likely only affect whether 85% or 95% of users will be without third-party cookies, not altering the overall direction of the industry significantly.

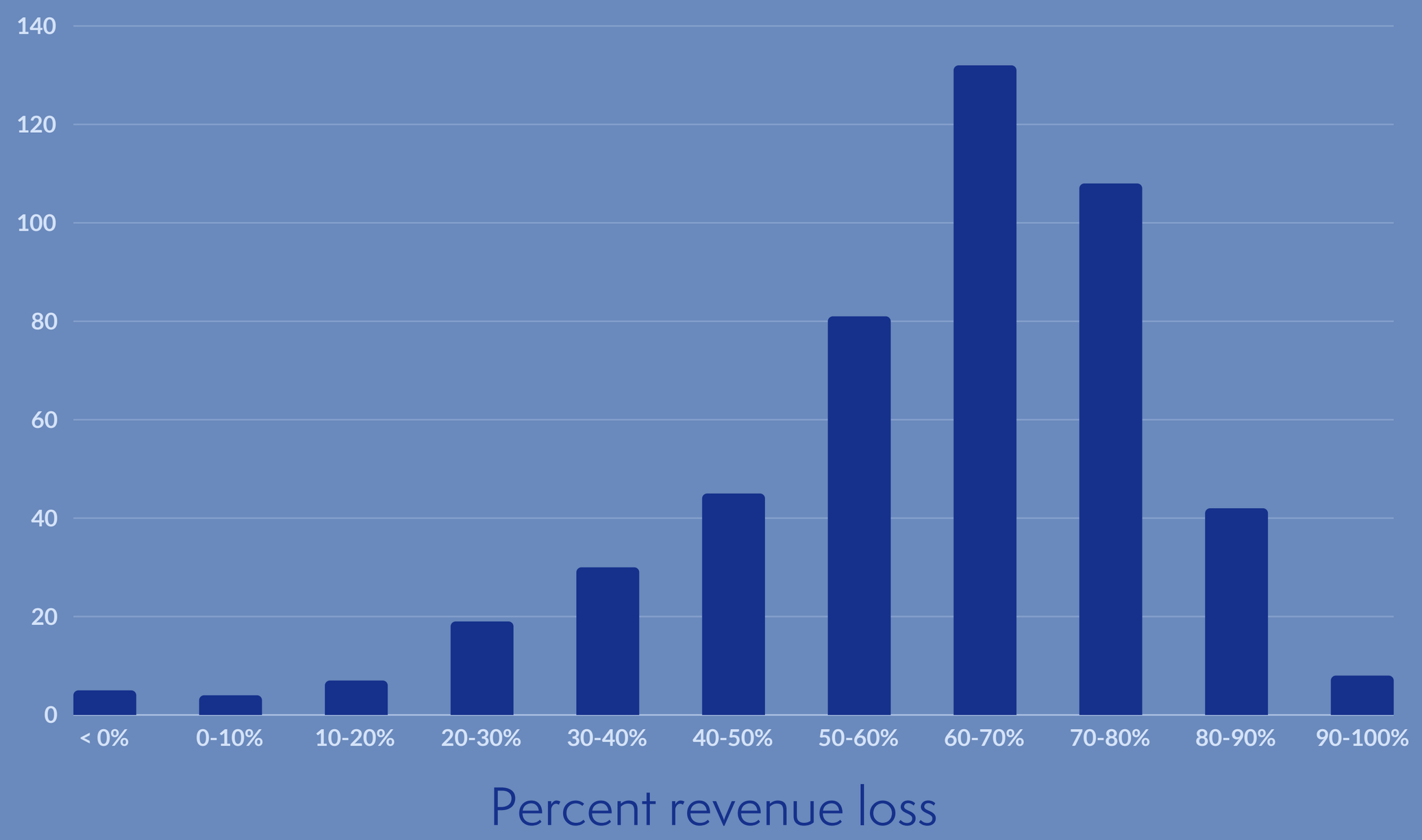
Research on the Impact of Third-Party Cookies

Comparing this with various studies on the impact of losing third-party cookies, the results are stark. Google's own study on the effect of advertising without cookies on 500 top websites concluded that the median revenue loss was 64%. [1] This highlights that news websites are already experiencing significant revenue drops from programmatic advertising, and this trend is expected to worsen over the next year.

[1] Ravichandran, Deepak and Nitish Korula. "Effect of disabling third-party cookies on publisher revenue."

REVENUE LOSS DISTRIBUTION

Top 500 publishers



[1] Ravichandran, Deepak and Nitish Korula. "Effect of disabling third-party cookies on publisher revenue."

Reasons Behind Revenue Loss

The primary reason for this revenue loss is the effectiveness of behaviorally targeted ads. Advertisers see a significantly higher ROI from these ads. For instance, a study by NAB found that advertisers are willing to pay a premium of 2.8 times for ads targeted using behavioral data. [2] Additionally, over 80% of advertisers still rely on third-party cookies for their campaigns. In contrast, big tech platforms operate within closed ecosystems, continuing to offer targeted advertising capabilities. As a result, advertisers are likely to shift their budgets away from news websites towards channels that guarantee better ROI. [3]

Adaptation and Redistribution

The redistribution within the news websites advertising ecosystem will be profound. DSPs (Demand-Side Platforms) will adapt to the new changes, and news websites that implement alternative data collection and targeting methods, like first-party data strategies, will see a relative benefit. In contrast, those that do not will continue to experience declining revenues.

[2] Howard Beales, Network Advertising Initiative, The Value of Behavioral Targeting

[3] Epsilon. Research Summary: "Preparing for a world without third-party cookies"

Future Outlook

Given these factors, it is evident that news websites are already losing a substantial portion of their revenue. With the continued adaptation of new technologies by DSPs, news websites that fail to utilize first-party data will likely see a rapid decline in the coming period. The shift towards new data strategies is crucial for survival and growth in this evolving landscape.

Conclusion

The impact of the decline of third-party cookies on news websites is significant and multifaceted. While Google's latest announcement might soften the immediate blow, the mid-term trend towards a cookieless web remains unchanged. News websites must adapt by leveraging first-party data and other innovative strategies to mitigate revenue losses and thrive in this new environment.

The Road Ahead:
Preparing for the Shift Away from Third-Party Cookies

As the digital landscape shifts away from third-party cookies, news websites must find innovative ways to leverage all available data to maintain and grow their revenue streams. This transition necessitates a focus on zero and first-party data, which can be directly collected from users through subscriptions, content consumption, ad interactions, and other on-site activities.

Focusing on Zero and First-Party Data

Zero and first-party data, when properly activated, can help mitigate the inevitable decline in programmatic revenue due to the loss of third-party cookies. More importantly, it can even drive growth beyond the current situation. By directly engaging with users and collecting data with their consent, news websites can create robust datasets that provide valuable insights for advertisers. This data is not only privacy-compliant but also more accurate and reliable compared to third-party data.

DeFractal's Methodology

At DeFractal, we have developed a methodology designed to maximize the use of available data and its activation to ensure advertisers can achieve the highest possible ROI. This approach encourages increased investment in advertising on news websites. Our methodology, which can be seamlessly integrated through DeFractal's DMP, allows for efficient data utilization and activation, providing a plug-and-play solution for news websites.

However, we also recognize that not every news website may choose to use DeFractal. Therefore, our methodology is designed to be adaptable, enabling any news website to implement these strategies independently. By following these principles, news websites can better prepare for the future and continue to thrive in a cookieless world. Whether through DeFractal's plug-and-play solution or independently developed solutions, the goal is clear: to harness the power of directly collected data and secure a prosperous future in the evolving digital advertising landscape.

Exploring
Alternative Advertising Methods

Contextual Advertising:

Shift focus to contextual advertising, which targets users based on the content they are currently engaging with rather than their browsing history. While useful as an addition, contextual advertising generally yields a lower ROI compared to campaigns that use behavioral data, and therefore cannot fully replace them.

Universal IDs:

Consider adopting Universal IDs as a bridge solution. While they have limitations, they can help maintain some level of user tracking and ad personalization. However, Universal IDs still face privacy concerns, scalability and adoption issues, lack of standardization, dependence on user consent, and regulatory challenges.

Data Clean Rooms:

Explore the use of data clean rooms for secure data collaboration with advertisers. These platforms allow for targeted advertising while preserving user privacy. The downside is that match rates are low, and while it's a good strategy, it is not suitable for large volumes and does not have a significant impact on its own.

A Step-by-Step Guide for Collection and Data Activation Techniques for News Websites

Determining the Strategy

When establishing a strategy for utilizing zero and first-party data, we begin by identifying the primary revenue sources. These are predominantly advertisers within the programmatic ecosystem, including Google ads, various exchanges, networks, and DSPs.

To integrate first-party data with these stakeholders, we focus on two specifications that cover most of them: publisher provided signals and seller-defined audiences. Both specifications use the IAB audience taxonomy to classify users, making it versatile for direct advertisers as well.

Understanding
IAB Audience Taxonomy

The IAB audience taxonomy is built on three core pillars of user classification [4]:

Demographic Data:

This includes measurable characteristics such as age, gender, household composition, financial status, and occupation. These attributes are usually binary and not open to interpretation, providing clear and actionable data.

Purchase Intent

This is a premium source of data indicating which services or products users are currently interested in purchasing. It reflects the immediate buying intentions of the audience.

Interest

This covers medium to long-term interests of users that do not necessarily translate into immediate purchase intentions but indicate potential future buying behavior. This type of data is ideal for the earlier stages of the purchase cycle.

[4] IAB TECH LAB, Audience Taxonomy

Challenges and Solutions in Data Management Platforms

Most DMPs and CDPs with plug-and-play solutions focus primarily on the interest segment of the IAB audience taxonomy, often using third-party content classifiers. Through extensive experience on the advertiser side of the ecosystem, DeFractal identified significant gaps in the coverage of the other segments of the IAB audience taxonomy. Consequently, we developed a methodology that addresses user classification across all three core pillars of the IAB audience taxonomy.

Implementing the Methodology

DeFractal offers a comprehensive technological solution that automates the entire classification process, eliminating the need for manual intervention. However, this guide provides a methodology that any news website can implement independently of DeFractal. By following this guide, news websites can effectively harness their zero and first-party data to mitigate the impact of declining third-party cookies and position themselves for future growth.

Basic Components Needed to Implement the Methodology

Implementing a robust methodology for leveraging zero and first-party data involves several key components. Here's a brief overview of the essential tools and systems required:

- **Data Storage**

You will need a reliable data storage solution to house user behavior data. This can be a Data Management Platform (DMP), Customer Data Platform (CDP), or a custom-built database. The key requirement is that the storage solution must be fast enough to handle high volumes of data writing and reading, ensuring efficient access and processing for real-time decision-making.

- **Content Crawler and Classifier**

A content crawler and classifier are essential for extracting and analyzing the content of articles that users read. This tool performs semantic analysis to understand the context and topics of the content. IBM Watson is a popular choice for content classification due to its robust natural language processing capabilities and support for multiple languages. However, ensure that the languages you need to analyze are supported. Alternatively, GPT-based models can also be used for this purpose, though they might incur higher costs.

- **Advertiser Website Crawler and Classifier**

This component fetches and analyzes the websites of advertisers to determine the industry and specific products or services being promoted.

- **Survey Creation and Display System**

Surveys are valuable for collecting zero-party data directly from users. An ideal survey system should allow for dynamic presentation of questions, tailored based on the user's interests and previous responses. This personalized approach increases user engagement and the quality of the data collected.

These components provide the foundational infrastructure for effectively collecting and activating data, setting the stage for detailed strategies and practical steps, which will be explored in the next chapter.

Instructions for Collecting Data for All Three Core Pillars of the IAB Audience Taxonomy

First Pillar: Interests

This part of the taxonomy is often the first, and in many cases, the only choice for news websites when they begin supporting the IAB audience taxonomy. While user interests do not equate to purchase intent, they remain a valuable aspect of the taxonomy and should not be overlooked. Here's how to effectively track and model user interests:

Real-Time Context Detection

The initial step in gathering data on user interests is to find an effective method for real-time context detection of the articles users read. One approach is to map all tags on your website to relevant interests in the IAB taxonomy. However, this method can be imprecise, labor-intensive, and requires frequent updates. A more efficient approach is to use a third-party classifier, such as IBM Watson. This tool can analyze the content semantically and classify it accurately. This classification should then be sent to your DMP/CDP for further processing.

Defining Interest Models

The next step is to define a model that reflects how reading articles on certain topics translates into user interests. A common heuristic is to consider a topic as an interest if a user reads about it three times in the past two weeks. At DeFractal, we have developed a dynamic model that ensures optimal distribution for each interest.

Dynamic Interest Modeling:

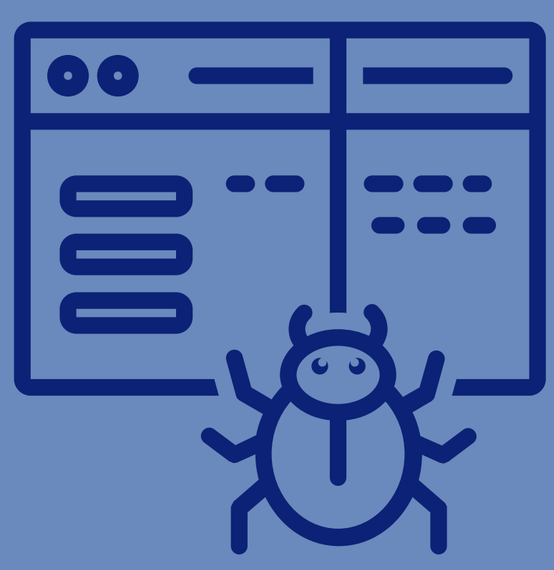
Use a dynamic model to track and update user interests based on their reading habits. This model should be flexible and adaptive to ensure accurate interest representation.

Heuristic Adjustments:

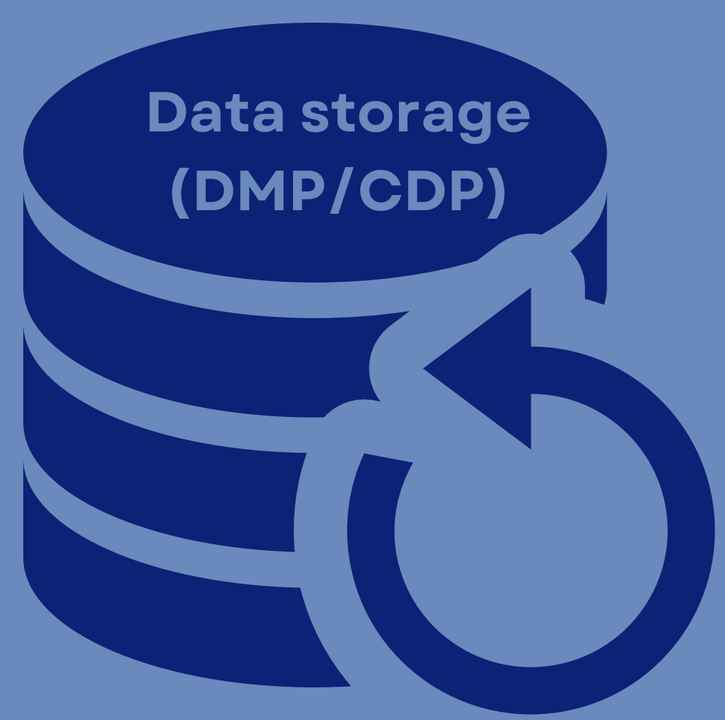
Set rules within your DMP/CDP to map content topics to user interests accurately. This system will manage the attribution of correct interests to each user.

First pillar

User makes a pageview



Advertiser crawler
(Identifies advertiser URL and industry of ad landing page)



Interest model
(DMP/CDP rules)

Save new user interest to data storage

Second Pillar: Purchase Intents

For advertisers, purchase intent data is incredibly valuable, but it is also one of the most challenging types of data for news websites to capture since they typically do not sell products or services directly. Here's how to effectively gather and utilize purchase intent data:

Leveraging Ad Interactions

The best source of purchase intent data on news websites comes from user interactions with ads. By analyzing how users engage with advertisements, you can infer their interests and potential buying intentions.

Pre-Analyzing Advertiser Landing Pages

One of the most challenging aspects is capturing and analyzing all advertiser landing pages. Attempting to fetch and analyze the landing page at the moment of ad impression or click can result in delays. Therefore, a more efficient approach is to pre-analyze all direct and programmatic advertisers. This can be done by connecting to Google Ad Manager via API. Once you have the URLs of the landing pages, categorize them using a third-party platform.

Methods to Identify Purchase Intent

According to our methodology, there are three primary ways to identify a user's purchase intent:

Clicks on Manually Placed Ads Without Targeting

These ads do not use targeting data, so their impression alone does not signify much. However, if a user clicks on such an ad, it indicates a genuine interest in that product or service category.

Clicks on Programmatic Ads

Similar to manually placed ads, the click signals the user's interest. This information is then sent to your DMP or chosen data storage.

Above-Average Impressions of Programmatic Ads

If a specific ad category is shown to a user significantly more often than the site average, it suggests that the user data indicates a high likelihood of interest in that category. Since multiple advertisers from the same category are likely targeting the user, it is reasonable to assume purchase intent.

Processing Signals in the DMP

The DMP contains rules that convert these signals into actionable purchase intent data. This processing ensures that each user's inferred interests and buying intentions are accurately represented.

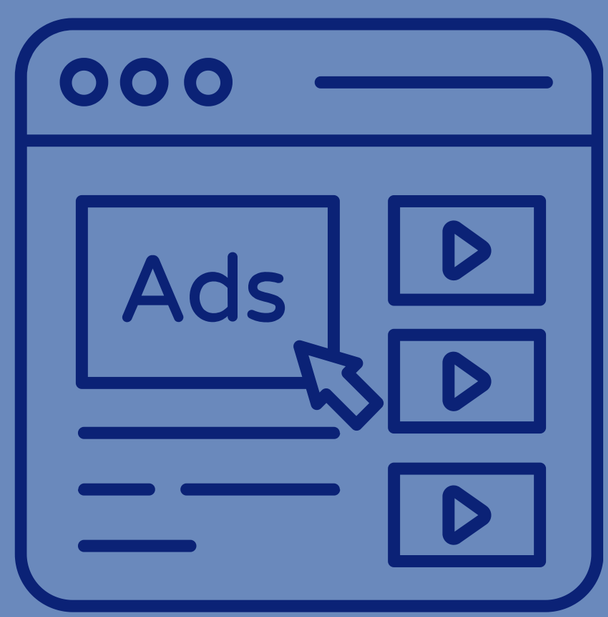
Enhancing Data with Lookalike Modeling

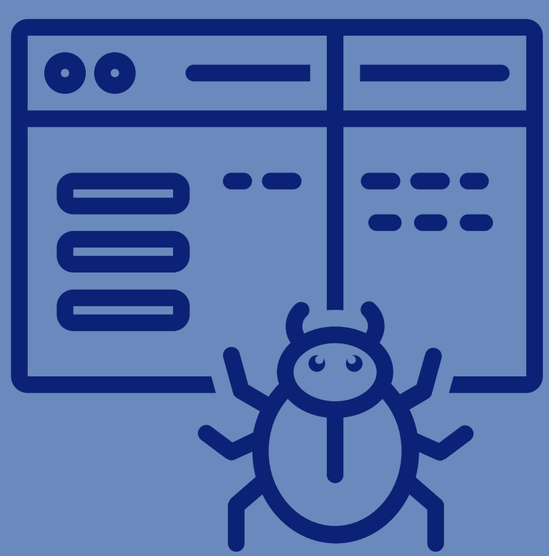
Given the high value of purchase intent data for advertisers and its impact on CPM growth for news websites, it is beneficial to incorporate lookalike modeling. However, it is crucial to ensure that increasing the audience size does not compromise data quality. Careful management and validation are essential to maintain the integrity of the data.

By following these steps, news websites can effectively capture and utilize purchase intent data, enhancing their ad targeting capabilities and increasing their revenue opportunities.

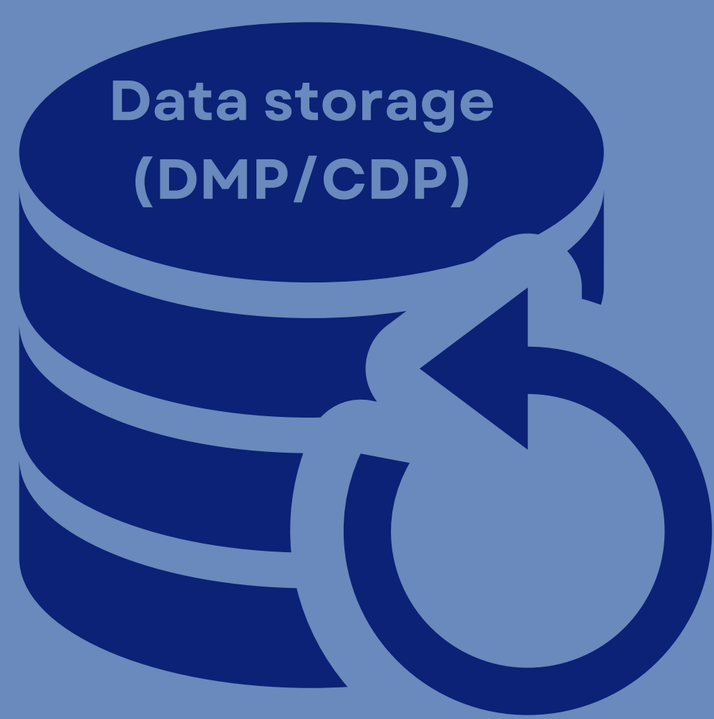
Second pillar

User interacts with an ad





Advertiser crawler
(Identifies advertiser URL and industry of ad landing page)



Purchase intent model(DMP/CDP rules)

Save new user purchase intent to data storage

Third Pillar: Demographic Data

Demographic data is incredibly valuable for advertisers throughout all stages of the purchase cycle. For news websites, accurately capturing and analyzing this data can significantly enhance ad targeting and revenue potential. Here's how to effectively gather and utilize demographic data:

Importance of Direct Data Collection

Many news websites using DMPs or CDPs attempt to infer demographic data from user behavior. However, we believe it is far more accurate and sustainable to directly ask users for the required information. This approach ensures precise data collection without the ambiguities of behavioral inference.

Implementing Dynamic Surveys

To gather demographic data effectively, implement a system that dynamically displays surveys based on the context of articles, previously collected interests, and user responses. This tailored approach increases the relevance and likelihood of user participation.

Contextual Relevance

Ensure that the surveys are contextually relevant to the content users are engaging with. For example, a user reading an article on personal finance might be prompted with questions about their financial status or household income.

Interest-Based Questions

Use previously collected interest data to tailor survey questions. If a user has shown interest in travel, ask about their travel preferences or family composition.

Adaptive Surveys

Adapt the surveys based on user responses to previous questions, making the experience more personalized and engaging.

Sending Data to DMP or Data Storage

The answers collected from these dynamic surveys should be sent to your DMP or data storage solution as signals for further processing. This ensures that demographic data is integrated with other user data, providing a comprehensive view of each user for better ad targeting.

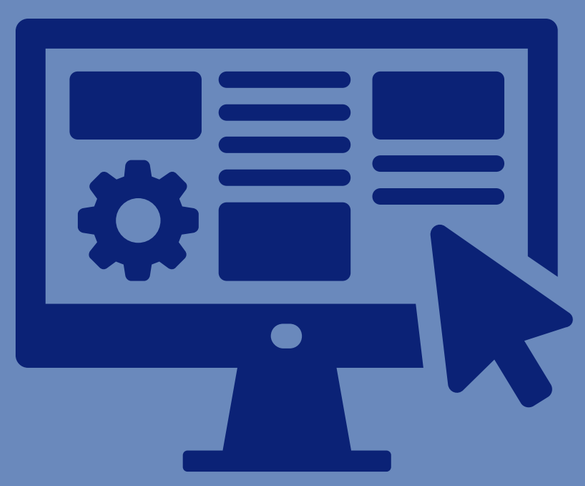
Enhancing User Engagement

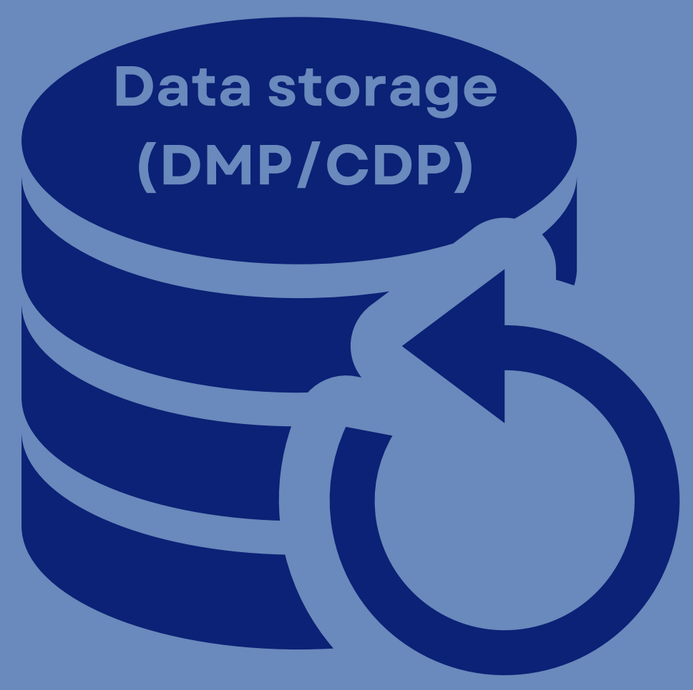
To maximize the number of user responses, incorporate surveys into interactive quizzes and gamify the experience. This not only makes the data collection process more enjoyable for users but also increases the likelihood of them providing accurate and complete information.

This approach not only benefits advertisers but also enhances the user experience by making interactions more personalized and relevant.

Third pillar

User visits a website





News Website

Shows surveys based on user interests, previous answers and article context

Dynamic survey

Answer 1

Answer 2

Checks user interests and previous answers

Demographics model
(DMP/CDP rules)

Save new user demographics data to data storage

Monetizing Collected Data

Once we have collected data across all three core pillars of the IAB audience taxonomy—demographic data, purchase intent, and user interests—it's time to start monetizing this valuable information. Here's how to effectively propagate and utilize this data to maximize revenue:

Key Specifications for Data Propagation

The two primary specifications for propagating collected data are publisher provided signals and seller-defined audiences. These specifications ensure that your data can be effectively used in various advertising ecosystems.

Publisher Provided Signals

Publisher provided signals can be sent to Google Demand (open auction, private auction, preferred deals, programmatic guaranteed), Authorized Buyers, Open Bidding, and SDK Bidding. Here's how to utilize this product [5]:

Sending Data

You can send data as custom key-value pairs. Ensure these custom key-value pairs are mapped to publisher provided signals.

Implementation Tip

Custom key-value data must be sent before the ad request is made in the ad slots. This ensures the data is available for targeting when the ad is requested.

Seller-Defined Audience

Seller-defined audience data can be sent directly through OpenRTB and Prebid instances. However, not all Prebid adapters support seller-defined audience data yet, so you may need to verify adapter compatibility.
Leverage the ortb2 interface to send seller-defined audience data. This method allows for precise targeting based on the comprehensive data you have collected. [6]

[5] Google Ad Manager, About publisher provided signals.

[6] IAB TECH LAB, Seller Defined Audiences

Final Thoughts

Regardless of the approach Google ultimately takes regarding the phase-out of third-party cookies, the reality is clear: news websites are already experiencing a decline in revenue, and further decreases are inevitable. As advertisers increasingly turn to available data sources, more budgets will shift away from news websites that have not implemented first-party data strategies towards those that have.

The ability to use specifications such as publisher provided signals and seller-defined audiences allows for the transmission of IAB audience taxonomy data to advertisers. This capability is crucial for maintaining relevance and competitiveness in the digital advertising ecosystem.
By carefully preparing and processing data across all three core pillars of the IAB audience taxonomy—demographic data, purchase intent, and user interests—news websites can provide high-quality data to advertisers, leading to better ROI for ad campaigns. This approach not only prevents further revenue declines but also has the potential to increase revenues significantly.

Adopting these strategies ensures that news websites can effectively compete in a data-driven market, providing value to both users and advertisers. The transition to first-party data is not just a defensive move but a proactive strategy to secure and enhance future revenue streams. By embracing these changes and leveraging available technologies, news websites can turn the challenges posed by the decline of third-party cookies into opportunities for growth and success.

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