

# Amazon's new clean room connects AWS users with one another

Article

**The news:** Amazon announced it's dipping further into privacy ad tech by launching a clean room for **Amazon Web Services** in early 2023, fittingly called **AWS Clean Rooms**.

This isn't Amazon's first foray into clean rooms—Amazon Ads has a clean room called **Amazon Marketing Cloud**. But while Marketing Cloud is limited to melding first-party data with

Amazon's media properties, AWS Clean Rooms will allow companies to mix their anonymized, first-party data **with any other willing user** of Amazon Web Services.

**Why this matters:** Despite mostly being limited to its ecommerce storefront, Amazon's advertising business has grown to rival that of **Google** and **Meta**. Its new clean room products show it's coming for a larger share, and is a sign that the technology is receiving broad support.

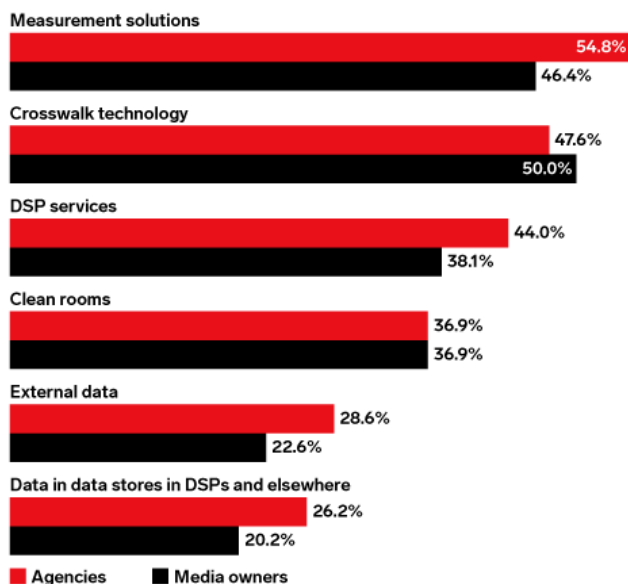
- Google lacks a comparable product to what AWS Clean Rooms says it will provide. Its **Ads Data Hub** clean room recently expanded its functionality to give more control to advertisers, but it doesn't allow the user-to-user connections that AWS Clean Rooms will.
- By functioning as a first-party data middleman between companies, Amazon stands to gain significant market share in both digital advertising and as a web service provider. It may be arriving to the clean room space later than some of its competitors, but that distance and its sheer size has allowed it to learn best practices and swoop in above the competition.

**The clean room conundrum:** There's a reason clean rooms are becoming so popular—first-party data is looking to fill the gap left by the phasing out of third party cookies, and clean rooms' privacy-first framing seems like a safe bet to satisfy regulators cracking down on the digital ad industry.

- Privacy regulation was named the **No. 1 threat to advertising signal loss** by the **Interactive Advertising Bureau (IAB)**. The FTC has sued firms like **Kochava** for practices considered standard across digital advertising, and the Biden administration has laid out tech reforms that focus on user privacy.
- The goalposts for digital advertising have moved, and clean rooms appear to be a safe bet to appease regulators who demand stricter privacy rules. But while the technology is growing in popularity, a lack of standards means the definitions around what constitutes a "clean room" are muddy. To that end, the IAB is also working on a list of standards to solidify clean rooms' place in the industry.

## Areas Where US Agencies/Media Owners Expect to Increase Expenditure, May 2022

% of respondents



Note: respondents all involved in advanced TV (either supplying or buying advanced TV solutions)

Source: Winterberry Group, "Outlook for Identity in Advanced Television: Challenges and Opportunities," June 14, 2022

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**Our take:** Big Tech companies like Google and Amazon throwing their lot in with clean rooms is a sign that industry leaders are fairly confident that these tools fall in line with and won't be disturbed by increased digital advertising regulation.

- It's worth noting that Big Tech companies had an especially tough year going against regulators at home and abroad, paying billions in fines across the world. Those penalties have forced them to be more cautious, which makes the likelihood that they would launch a costly ad tech venture that would raise conflict lower.