

Third-Party Data Crunch

The social media giant placed another barrier on third-party data

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Ross Benes

It's hard out there for a third-party data provider.

Facebook [announced this week](#) that it's shutting down Partner Categories, a product that enables third party data providers to offer their targeting directly on the platform. The move comes on the heels of [the social network's ongoing scandal](#) with Cambridge Analytica, in which data was collected without people's permission for voter targeting purposes. The restriction of third-party targeting by Facebook is yet another impediment to the use of third-party data in advertising.

An additional burden for advertisers that rely on third-party data—and the vendors who specialize in that business—is that the EU's General Data Protection Regulation (GDPR) will start being enforced in May. The GDPR states that people's data can only be used if they give a company explicit permission.

Many marketing tech vendors, and marketers in general, don't have direct relationships with users, so they rely on third-party data that's often obtained without user consent. This could become problematic, because companies that are found to be in violation of the GDPR will face a fine of \$24 million or 4% of annual sales, depending on which figure is higher.

Both Facebook's announcement and the upcoming GDPR reflect how users have come to view tech companies and digital advertising more

critically. Most of the UK internet users in a February 2018 study by [The7Stars](#) said the GDPR is [making them question how much data](#) companies collect on them.

UK Internet Users' Attitudes Toward the General Data Protection Regulation (GDPR), Feb 2018

% of respondents

	Agree	Disagree	No opinion
The government needs to make it clear what GDPR is and how it affects me	75%	8%	17%
GDPR is making me question how much data others hold on me	58%	11%	31%
I think GDPR is a positive step in the world of data privacy and protection	58%	9%	33%
I will exercise my right to be forgotten once GDPR comes into force	34%	14%	52%
GDPR will make me trust brands more about how they use my data	32%	26%	41%
I understand what GDPR is and how it affects me	27%	45%	28%
I am confident that my personal data is used in the best possible way by those who have access to it	19%	55%	26%

*Note: ages 18+; numbers may not add up to 100% due to rounding
Source: The7stars, Feb 16, 2018*

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And according to a separate February 2018 survey of US internet users by [Axios](#), 55% of respondents said they're worried the government [won't do enough to regulate](#) the way tech companies operate. In November 2017, only 40% of those polled felt this way.

By backlashing against tech, users are sending the message that "advertising has to take the data needle out of its veins a little bit," said Matt Rosenberg, an independent digital media consultant.

The timing of Facebook's announcement insinuates that it's dialing back ad targeting with third-party data to improve its digital privacy policies in light of the Cambridge Analytica saga. But there's a good chance Facebook was going to make these changes anyway to comply with the EU's GDPR and ePrivacy directives, according to Ari Paparo, CEO of programmatic platform Beeswax.