

The ad industry is unprepared for a regulatory crackdown

Article

The news: The **Interactive Advertising Bureau (IAB)** warns that privacy legislation is the biggest threat to “signal loss” in the advertising industry.

A new challenger approaches: The [recently delayed](#) deprecation of third-party cookies on **Chrome** and **Apple's** [tracking changes](#) have been top of mind for advertisers over the past

year, but the second part of the IAB's State of Data report suggests that regulatory changes warrant **“an immediate reevaluation of the ecosystem.”**

- Even with Chrome's delay, the IAB estimates that the same changes on **Safari** and **Firefox** have led to a 50% to 60% loss in “signals” already.
- But beyond that, the IAB reported that **eight states** have privacy legislation that is either in committee or has already been signed.
- That doesn't include federal crackdowns on privacy. The White House recently laid out desired [reforms for privacy legislation](#), and the Federal Trade Commission (FTC) [sued ad tech firm Kochava](#) for the sale of personal data for advertising purposes in what it called “commercial surveillance.”

The industry is not prepared: The suit against Kochava was a shot across the bow at the advertising industry, which regularly participates in the actions the FTC called out.

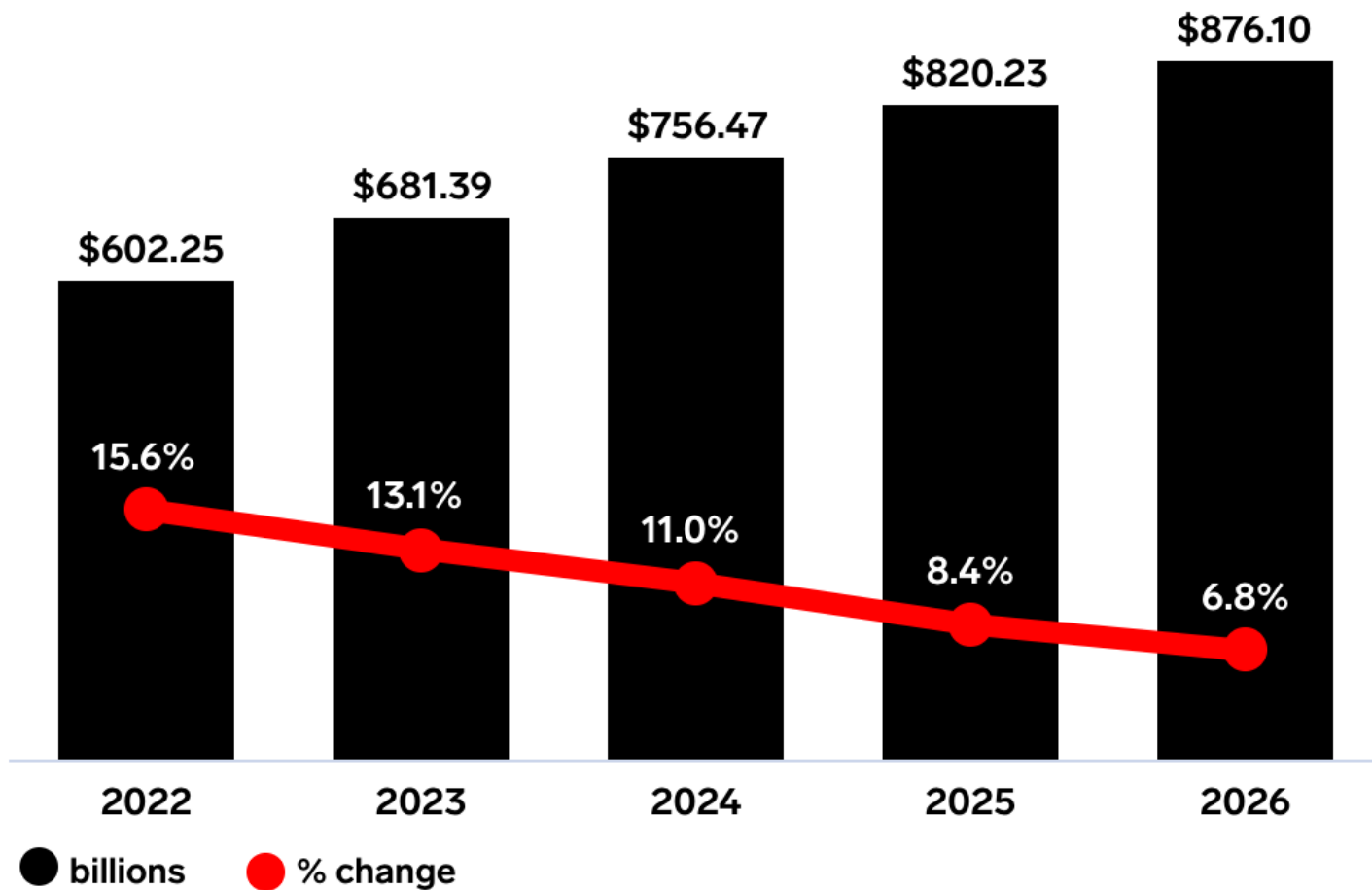
- The FTC accusations—that Kochava bought, sold, and organized data that could place customers at specific, sensitive locations, among other uses—sounded like familiar practices to many. Kochava's response said as much, calling the suit a “fundamental misunderstanding” of the industry.
- That familiarity with practices that could soon go out the window is a cause for concern for many advertisers. When asked by the IAB how prepared they were to adapt to coming regulations on a scale of one to five, advertisers scored themselves at a **3.6**.

Looking forward: Though privacy legislation has bipartisan support, looming midterm elections and the sheer size of the \$602 billion advertising industry means national, sweeping changes may still be a ways off.

- But that doesn't mean that advertising firms shouldn't prepare for the inevitable. Just as they are still bracing for the eventual phasing out of cookies, they should also adapt their methods to meet regulatory standards.

Digital Ad Spending

Worldwide, 2022-2026



Source: eMarketer, March 2022

eMarketer | InsiderIntelligence.com