

UK regulators say Privacy Sandbox isn't ready for market

Article

The news: The UK's Information Commissioner's Office has told Google that its Privacy Sandbox does not meet the country's data privacy standards, per The Wall Street Journal, creating a major roadblock for the tech giant's plan to phase out third-party cookies on Chrome this year.

- According to the Journal, the ICO is sharing its findings with the **Competition and Markets Authority**, which is overseeing the effort to phase out cookies.

Another delay? Regulators aren't the only ones pressuring Google to slow its roll. Google began its phaseout in earnest earlier this year after two consecutive delays, prompting an industry outcry over the potential damage to advertising capabilities and thus spending.

- Industry groups said advertisers "aren't ready" for the change and decried Privacy Sandbox's lackluster data gathering capabilities against third-party cookies. Despite the backlash, Google kept its H2 2024 phaseout deadline.
- But with UK regulators now raising alarms about Privacy Sandbox's shortcomings, advertisers could get the delay they're asking for.
- The CMA joins several other groups in criticizing Privacy Sandbox. The non-profit **Electronic Frontier Foundation** also chided Privacy Sandbox, saying it "is still tracking. It's just done by the company that makes your browser instead of the company that runs the ads."

What Google stands to lose: Ending third-party cookies and implementing the Privacy Sandbox would make Google the primary gatekeeper for ad tracking and data collection, replacing the features built on top of cookies with a suite of its own ad tracking offerings.

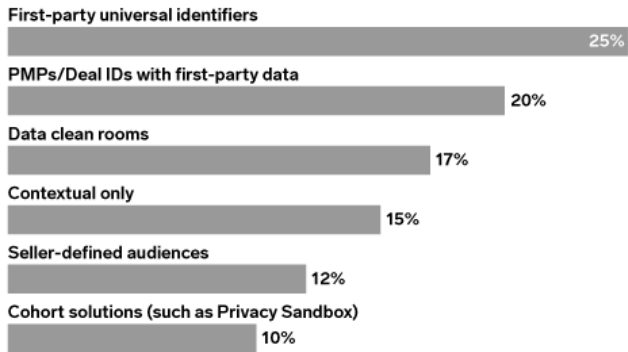
- Critics have noted the move would further solidify Google's already powerful position in the market at a time when advertisers are concerned about its quality control. Google's defense has been that cookies simply don't hold up against changing regulation regarding data privacy, a position that is weakened by the news from the ICO.
- Google's agreement with the ICO stipulates that the company will not prioritize its own products while developing a cookie-replacement technology, but **YouTube** and Google Search do not rely on cookies as heavily as third-party sites.

Our take: The ICO and CMA are expected to release a report on Privacy Sandbox by the end of this month that will serve as a mile marker for Google's progress in building its post-cookie solution.

- The blow to Privacy Sandbox's position could allow competitors like **The Trade Desk** and **Amazon** to come to market with post-cookie solutions sooner, diluting Google's market share as it adapts to regulatory concerns.

Types of Identity Solutions Marketing Professionals Worldwide Consider Most Viable Solution to Deprecation of Third-Party Cookies, Aug 2023

% of respondents



Note: numbers may not add up to 100% due to rounding
Source: ID5, "The State of Digital Identity 2023," Oct 31, 2023

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