

Analysis seeks online advertising protocols for data transparency, consumer privacy and brand safety

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Several Internet business experts see a technology that has made cryptocurrencies possible as a panacea to today's online advertising accountability woes that stem from ad-tech giants hoarding the ad engagement data in their walled gardens.

These experts now call for blockchain technology to provide

transparency to level the playing field. Blockchain ushered in cryptocurrencies little more than a decade ago by making two-party [financial transactions](#) transparent, permanent, and impossible to alter.

If applied to online advertising, these experts claim, blockchain could transparently share the true number of clicks and other engagement measures the ads receive and determine their true value.

But UCR School of Business Marketing Assistant Professor Mingyu "Max" Joo and his co-authors argue in a paper published in the *International Journal of Research in Marketing* that [blockchain technology](#) itself may not resolve the advertising accountability problems because the current systems only serve for two-party financial transactions. They call for development of a more robust online advertising transaction system that requires the participation of all three parties: advertisers, [publishers](#), and consumers.

"To achieve transparency and efficiency of the online advertising marketplace, a system needs to simultaneously serve for the entire three parties, yet there's no complete system for that," Joo said. Without consumer participation, as well as advertisers and publishers, the ad engagement is still not fully verifiable.

Experts are calling for reforms because giant ad-tech platforms like Google and Facebook now monopolize advertising performance data—the number of views, clicks, engagement metrics, and placements—that is used to determine the ad costs. Ad data transparency would make online ad transactions auditable and help prevent ongoing disputes and lawsuits over the value and reach of online advertising.

Advertisers must rely on intermediaries, including Google and Facebook, to place ads on the sites of thousands of publishers they partner with and to report where their ads appear and how many ad

impressions reach end users. Publishers, such as MSN.com, YouTube.com, and NYTimes.com, also rely on these intermediaries in determining the compensation they deserve for their ad spaces.

The stakes are high. Some \$250 billion was spent on digital advertising in the United States in 2022, according to Insider Intelligence, which tracks Internet business information and trends.

Nearly half of online advertising spending now goes to intermediaries or ad-tech platforms.

In their paper, Joo and his co-authors reviewed blockchain, a form of what's called Distributed Ledger Technology (DLT), and other available DLTs and found that none is ready to serve for the online advertising marketplace.

They recommend development of a new system that makes engagement metadata transparent, while also protecting consumer privacy and advertiser brand safety.

Here are some of design considerations recommended by Joo and colleagues for an advertising focused DLT system, extending the existing two-party transaction systems:

- Identifiable consumers would be able to opt in or out of participation. This would allow for advertising delivery to be verifiable and exclude unwanted contents. It also helps avoid bot-driven fraudulent actions. So, publishers should offer consumers incentives to participate in the DLT system, such as free or reduced-priced content.
- Publisher credibility would be evaluated for advertiser brand safety, so that unscrupulous publishers do not engage.
- All paid advertising metadata, such as when and where it

appeared, should be transparently shared between advertisers and publishers. Such data should include consumer engagements like how long an ad is displayed on a consumer's device, whether the ad was clicked, and how consumers respond by liking, rating, or blocking ads. Yet, limitations should be imposed on what information can be gathered so customers have privacy safeguards.

- Publishers would be free to choose or combine their business models to sell their ad spaces. For example, a publisher could announce a flat fee for an ad, and then allocate the ad to the first advertiser who agrees to pay the asking price. Or a publisher could announce an auction for ad display, and then allocate the ad spaces to the highest bidder.

This rework would go beyond the transparency that had been produced for nearly century by third-party auditors, such as Nielsen Media Research, in the analog world of print newspapers, magazines, and broadcast radio and television.

Implementation of such recommendations, however, would be challenging.

"There is a chicken-and-egg problem, where a platform that may invest to make the new ecosystem happen may not benefit enough from it," Joo said.

The advertiser inertia to stay within the current ecosystem governed by the ad-tech giants like Google and Facebook would be huge, due to the large ad audience and [publisher](#) network.

"So, there is a lack of momentum in the development of the new [advertising](#) ecosystem," Joo said. "The new technology itself cannot be a magic wand for everything, and there are a lot of specific design

considerations to be implemented for a better [online advertising marketplace](#)."

More information: Mingyu Joo et al, Designing Distributed Ledger technologies, like Blockchain, for advertising markets, *International Journal of Research in Marketing* (2022). [DOI: 10.1016/j.ijresmar.2022.08.004](#)

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