GDPR Impact on European Broadcasters: Case Studies

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Summary

This paper provides two European broadcaster case studies on their experience going through the EU's General Data Protection Regulation (GDPR) compliance process and how that impacted their data collection strategies. NAB commissioned Omdia to evaluate the growing restrictions in Europe as a proxy for what is happening in the US, in particular in relation to 3rd party cookies. Omdia interviewed senior decision makers at Vocento and Atresmedia, asking them about their company's GDPR experience and what can be learned from it. The results highlight the issues they faced, ongoing difficulties and what can be done by other US broadcasters going through similar regulatory changes.

GDPR was adopted by the European Parliament and European Council in April 2016, before coming into force in May 2018. In short, the directive aimed to strengthen consumer data protection regulations across the EU, in turn ensuring correct and responsible collection, sharing, and usage of personal consumer data. The biggest impact on broadcasters and the advertising industry has been the requirement to obtain the consent of users for their personal data to be collected and used for ad targeting purposes, in addition to measurement and tracking applications. It is worth noting that the impact of GDPR has been felt not just within the EU, but on a global scale. In the US, similar regulation – such as the California Consumer Privacy Act (CCPA), which came into effect in 2020 – has been either signed into law or proposed by a number of US states, meaning that broadcasters across the US are likely to face similar challenges in the near future, if not already.

The overriding feedback from the European broadcasters on their experience going through GDPR was that it was less challenging than they had initially feared. However, this should not be a cause for complacency among US broadcasters, as it was partly driven by relatively high levels of consumer protections and regulations that were already in place.

One of the most often mentioned challenges has been achieving the now-required consent from every consumer on every device. The fragmentation problem is not only in relation to the number of different devices used for watching content, but also the number of versions some software platforms still have in operation. This was much more of a significant issue when regulations were first introduced, but remains a challenge, particularly on certain Smart TV platforms. Consumer confusion likely also played a part in earlier difficulties, but improvements to the way in which this is presented to users has made the process smoother. Single sign-on (SSO) initiatives such as Germany's netID, which was established in March 2018 by German broadcasters Mediengruppe RTL Deutschland and ProSiebenSat.1, as well as United Internet AG, are emerging as ways to tackle increasing fragmentation of devices and platforms and boosting the scale of first-party data collection.

GDPR regulations appear to have caused minimal impact on advertising revenue overall. The biggest loss has been the level of detailed data that was easily available, as some customers have restricted their data tracking consent. However, this has not resulted in advertisers losing interest, or not being able to sufficiently segment consumers.

There have in fact been notable benefits from European GDPR regulation. It has forced consistency between competitor broadcasters, and it has pushed each of them to focus on improving their 1st party data strategies, to fill the gap left behind from the 3rd party cookie restrictions.

The large tech competitors with their own platform, such as Meta, remain a huge barrier, which is particularly difficult to overcome. However, there are ways to mitigate the risks and boost competitiveness. The best solution would be for smaller broadcasters to create an alliance (or alliances) that enable them to achieve the kind of scale that would pride a much wider and deeper level of data and support with technical

challenges. Europe has already seen the emergence of international partnerships between broadcasters as they aim to compete with big tech in terms of scale and pan-regional reach. For example, Channel 4 (UK), Mediaset (Italy, Spain), ProSiebenSat.1 (Germany), and TF1 (France) jointly own the European Broadcaster Exchange (EBX), a digital sales house which specializes in fulfilling programmatic and managed service multi-country broadcaster VOD ad campaigns, utilizing the companies' combined first-party data. Intranational broadcaster partnerships are less common, due to competitive dynamics and different approaches being taken, but there is precedent for such partnerships within the broader European media market. For instance, a group of premium news publishers founded the Ozone Project in the UK in 2018, which allows advertisers to buy digital campaigns across different publishers' sites, using cross-publisher first-party data.

The concept of alliances is one of the biggest lessons that broadcasters in the US can take as the restrictions on 3rd party cookies increase. A fractured competitive landscape makes it much harder to compete against the larger tech platforms. Building a framework for cooperation before restrictions reach a critical level can put those involved in a much stronger position going forward.

To maximize the chances for future success, another approach is to focus on contextual advertising, in which smaller broadcasters are better able to compete and encourages 1st party data strategies to be more comprehensively implemented. This can be pursued in conjunction with alliances and offers more advantages the earlier it is implemented.

Recommendations for US Broadcasters

- The most significant and impactful recommendation for small and medium sized broadcasters in the US would be to create alliances. This not only helps to take on the Tech giants through scale of data, but it also pools resources to help resolve technical challenges that may require investment and technical knowledge which is not easily accessed.
  - All the challenges faced by European broadcasters, which have gone through regulation tightening and the fallout from cookie restrictions, would be eased in some way from the scale alliances would bring. No other proposal can have that level of widespread impact, which would specifically help support data strategy and the wider advertising challenge posed by the increased competition from Tech competitors.
  - This is also one of the hardest recommendations to implement due to competing interests. However, even very simple cooperation, such as sharing basic consumer ID data or pooling resources for technical improvements, would have a major impact.
  - If this is not possible, the next-best approach is a diversification of platforms through which consumers can access content. This can broaden the data capture opportunities, but also lessen the impact from regulation that may degrade data strategy through a particular channel.
- To leverage the areas that smaller broadcasters excel in, compared to big-Tech competitors, they should focus on context for ad targeting, rather than employing a one-to-one approach with everything. This might be difficult for smaller broadcasters that rely on programmatic backfill for their inventory, but if alliances are made contextual advertising should be easier to achieve at scale. Plus, there are ways to combine programmatic and contextual.
- Making sign-in mandatory for services/sites has the potential to put US broadcasters in a significantly stronger position. Though not appropriate for all platforms and services, it would bolster the supply of first-party data. This is likely to be easier on consumer TV apps than it would be on websites, but it would also benefit from any wider alliances that might involve a single sign-on process, making it easier for the consumer.
- In terms of technical challenges, catering to the wide consumer device ecosystem has been an unexpected obstacle in Europe. In their case this relates to getting the necessary consent for data gathering, which requires a different approach across websites, streaming devices, Smart TV platforms etc. To get ahead of this potential issue US broadcasters should actively deploy specific consent management platforms (CMPs) for each device type.
- Adapting to the number of platforms that still have older versions in use has been a challenge for European broadcasters and be considered in data strategies going forward. This should be less of a problem for local broadcasters in the US, as they will not need to match up with different technologies being used in different geographical markets. However, there is the Nextgen TV offering in the US, which is similar, so there could be parallels with this but limited to specific metropolitan areas.

Case study profile: Vocento

Vocento is a media group based and primarily covering Spain, which was created in 2002 from a merger of Grupo Correo and Prensa Española. In addition to 14 regional newspapers, they also own Spanish national newspaper ABC, all of which have online media content components, and have a strategic alliance with COPE radio network. The company also operates a wide variety of other digital assets, which it can use for data collection purposes, which combined with all the other services helps them to achieve 5 million daily contacts and almost 2 million daily readers. The company's 2021 yearly revenue totaled €326 million, with a net profit of €21 million.

GDPR impact on data collection strategy

The impact of GDPR regulation was not significantly disruptive on the way in which Vocento conducted its data strategy. Though they did not know how to apply the GDPR framework within the initial few months, they were able to quickly adapt where necessary.

Thanks to having a large internal legal team to support in the process they were able to quickly understand the legal impact of GDPR, which is where much of the initial concern related. Though they had strong processes in place the legal technicalities and regulations that were being introduced were complex and vast, making it difficult to understand if they were in compliance.

Vocento did have discussions with consultancies that were focused on supporting with the GDPR implementation processes, but they were eventually deemed unnecessary.

The questions that GDPR posed around privacy and personal data turned out to be critical issues as they already mostly complied thanks to existing regulation in Spain and their own internal policies. However, the changes in relation to cookies were a problem and required a new approach.

Moving toward the IAB framework (the standardized process for communicating consent between advertisers, marketers, and content management systems, to support compliance with GDPR) required a change in methodology, as the death of the cookie and implementation GDPR forced changes. This resulted in a streamlined approach to their partners, with a new mindset that working with fewer but more impactful vendors enabled them to generate better results.

Another aspect that required additional focus was in relation to the new consent regulations that GDPR introduced. It was not strictly necessary to get consent for their business model, as they are able to operate without granular data for all users thanks to much of their advertising revenue not being dependent on specific targeting. But to gather more detailed data on their customers this was required and needed updates to all their systems. It was also needed to be able to drive further monetization strategies for the future.

Consent is required at every initial touch point for the customer and this needs to be comprehensive in its detail. The consumer must also have the ability to change their consent, even after initially giving it, which was particularly challenging.

In terms of the primary focus for their customer data collection strategy, advertising revenue growth has been the main driver over the last 10 years. It was initially difficult to create a competitive offer to advertisers, as they had become so reliant on 3rd party cookies. However, they are now using their internal data more effectively, with better segmentation, which enables them to optimize results of marketing and advertising campaigns.

The main strategy is now to develop their subscriptions business, which the data strategy supports, helping them to understand the customer journey. This leads to further growth by using the same data to develop more advertising and commerce revenue (i.e., retail media) growth opportunities.

Challenges

Though there were initial concerns, when the GDPR regulations were finally implemented there were not significant issues. Though they are generally suffering from less data collection through IPTV, but this is not such a wider revenue issue, as just 15% is via IPTV.

The one aspect which has required ongoing focus is how to give the user the ability to change their consent. This is made difficult due to the variety of devices that are now used to consume content and is particularly difficult on some of these, like a TV.

The challenge now is how to manage DMA (Digital Media Adapters) devices, which all have different platforms, restrictions and approaches to data collection and consent. This will be an opportunity for broadcasters, after so much power has shifted to technology platforms.

The DMA operators limited the ability to share data across applications, which meant they have a huge amount of data.

While DMAs in particular pose a challenge, the growth of hardware manufacturers as gatekeepers in general is a long-term issue. Samsung has a huge device footprint, but broadcasters are not allowed to use data via their display network.

Lessons learned

Vocento initially used a very complex system for managing 1st party data tracking/gathering consent as proscribed by the new regulatory requirements enforced by GDPR, but in hindsight it was not necessary. They decided to simplify the process after a year. By taking a more simplified approach the process limited the possibility for about 8% of users to select the specific level of consent they wanted, but it was overall a much more effective strategy.

This simplified approach only allowed users to give consent for all the data collection purposes, which excluded the 8% who did not do that previously, but this gave a higher average level of detailed data.

At first ~90% of customers consented to accept all 1st party tracking, while the remaining users cherry picked the level of consent. This gave the confidence to move ahead with simplification.

Part of the reasoning for simplifying their approach to consent was that it made it easier to work across multiple platforms. It is difficult to get the necessary consent that complies with each software/platform. Implementing consent management platforms (CMPs) on consumer TV is a particular challenge, particularly regarding the ability to change consent levels on each visit.

ID solutions

In Spain they have difficulty with customer IDs, as there are local data/privacy laws restricting what they can do (i.e., their legal team prohibits them from setting up solutions with partners like Liveramp, for instance). They must use additional identification techniques, including working with European telcos, which they accept is a middle ground that does avoid violating GDPR but does not provide the level of specific customer detail they previously could achieve. Generally, their ability to provide contextual targeting is better than their ability to support micro-targeting

Big tech platforms are able to synchronize information they hold on customers via emails and login details, but other small platforms like local broadcasters are unable to do this, as customers are less willing to create profiles/logins.

Vocento recognize one way to tackle this is by working with other broadcasters to create a mutual profile/login. However, the fragmentation of local broadcaster ecosystems makes it very hard to tackle the issue via this approach, as each provider often has either a different strategy or a different level of customer data.

There is a publisher alliance in Spain that works to some degree. But this is only under a lighter commercial agreement. The alliance is based on the collection of data to support with micro targeting. They all recognize single broadcasters are not large enough to compete with big networks like Facebook etc., so some cooperation is required. However, the only way to truly compete with larger tech firms is with much larger and encompassing alliances, which create single sign-in across multiple platforms, with data sharing agreements in place, across multiple European countries.

Technology partners

- IAB framework compatible tech is only what they work with
- Adobe for content personalization.
- **Subscriptions and advertising**: Evolok (a paywall system from the US), for advertising they are leaving Google and going to Equativ, a company that is looking to be a vertically integrated, end-to-end alternative to big tech.
- **Identity**: Currently working with Google PPID but could not set up any other universal ID for the moment. They have first party ID too.

Impact on advertising

- Within the first 2 months advertising revenue halved, shortly after that it was down about 20%, then within one year it was back to similar pre-GDPR levels.
- When they moved to the IAB framework it gave them more strength to negotiate with agencies, as they had control over the data.
- GDPR allowed them to control what is their role with the data (partners).

- They have never pursued 2nd party data, so GDPR did not change this for them.

Advertising challenges

- Big platforms can provide a lot of segmentation, which they cannot do. They can give high level segmentation, but not across topics, which is what large platforms can do and they get asked for by advertising buyers.

- This means they are competitive when advertisers want high level contextual themes (customers wanting to live healthy lives, or who are into sport etc.) and the specific territory they are located, but when advertisers want more detail, they cannot compete.

- They also have difficulties setting up ID graphs, etc. due to local regulator's interpretation of data privacy laws not allowing for hashing of emails/devices for identification purposes. Login strategy is crucial here, but smaller broadcasters have difficulties with that.

Advertising capabilities

- Only weak point is logins. Less than 5% of users have login for their platforms. Otherwise, the level of data is similar across digital platforms.

- Fluzo is a company they are working with, which can listen to the TV from the smartphone in order to tie together advertising with what is being watched. They see this as a great opportunity, but it is at an early stage and a challenge to do successfully.

- They do not participate in clean rooms, as they do not have the required consent from users. They use some techniques that can compensate, but this never involves giving the data to 3rd parties.

- Their strategy can basically provide advertising buyers with data that shows clear signals for interest (i.e., in topics or interest), but not literal purchasing intent. This is a weakness that they are unlikely to be able to overcome.

Case study profile: Atresmedia

Atresmedia operates across television, radio, digital, cinema and events through its many brands, including Antena 3, La Sexta, Onda Cero, Europa FM and has its prominent AtresPlayer service. The company is based in Spain and focuses on its local market, with 2,571 employees last year. Yearly total revenue at the company reached €963 million in 2021, with new profit of €118 million. During H1 2022, the company's digital platforms reached an average of 26.5 million unique monthly users, while its OTT video offering – Atresplayer – reached an average of 3.2 million unique monthly users and, as of June 30, 2022, had 11.4 million registered users.

GDPR impact on data collection strategy

The implementation of GDPR compliant processes did not cause any major issues at Atresmedia. Due to relatively high levels of regulation in Spain, they already had strong measures in place.

The most time and resource consuming adjustment has been the requirements for its customers to provide consent, across all touch points. They needed to find the specific consent profiles that fulfil the requirements while giving sufficient data gathering opportunities, without impacting customer journeys. This has taken a lot of focus and continues to be an area of development.

Data storage protocols has been another area of focus to ensure compliance. A lot of resources were put into data management and collection to ensure the legal requirements were met.

One positive impact from going through the compliancy adjustments was that the data and analytics departments in Atresmedia were enhanced, to support monetization of the data that is now available. They also produce all the corporate reporting for KPIs, page views, time spent viewing etc., which is more detailed than pre-GDPR implementation.

In terms of the primary purpose behind their data strategy, behavior analysis of the customer platforms is used for service improvement, revenue generation and paid client management – i.e., churn/growth identification. Segmentation of data enables more accurate targeting as well as understanding any pain points the customer goes through.

The 1st party data that is generated is also used for personalization across both Atresplayer and websites. They analyze the interests of the users, making recommendations, to help make it a better experience for the user.

Challenges

The biggest challenges for Atresmedia surround the collection of data across the multiple platforms that consumers use. HbbTV (Hybrid broadcast broadband TV) technology in particular is more difficult to collect data from. HbbTV is an initiative aimed at harmonizing the broadcast and broadband delivery of entertainment services to consumers through connected TVs, set-top boxes, and multiscreen devices.

This was and remains a particular issue, as HbbTV is a very important part of their revenue generation through data collection.

In certain countries where this is used to a higher degree. For example, this is a particular issue in Germany, where they often have old versions of HbbTV. In addition, each TV manufacturer or operator can adopt a different version of HbbTV, making it particularly hard. This creates a technical challenge to ensure their data gathering platforms work across multiple generations of technology.

HbbTV is the big issue that many other media organizations do not have, giving others a competitive advantage. The use of web pages and the OTT Atresplayer app are a simpler environment for accessing consent and therefore a much easier source of data, but most broadcasters need to adapt to a much wider array of devices.

Regulation in Spain is positive for Atresmedia, as it forces consumers and technology providers to have the latest version of HbbTV, but elsewhere this is not necessarily the case.

Lessons learned

The biggest problem they have is the wide variability of devices, so in hindsight the broadcaster would have benefitted most from preparing for the fragmented consumer ecosystem.

While this is a particular issue with connected TVs, Apple TV is specifically difficult to implement consent management platforms due to more stringent data gathering restrictions.

Technology partners

- Adobe analytics is used, including for HbbTV digital tracking.
- Conviva is used to analyze the consumption for digital media. Including KPIs related to video quality of streams.
- AWS data lake is used to store and normalize data and for reporting.
- **Advertising**: Abode identifier. With matching tables through Freewheel and Google.

Impact on advertising

- Advertising was heavily impacted in terms of access to data. Initially for 40% of users they were not able to get the necessary consent. This was more a loss of data that could be analyzed than an effect on revenue.
- Difficult to estimate the exact impact on revenue, as the users generate different levels of ARPU.
- More recently, improvements have been made to achieve a higher rate of consent. But it is now hard to estimate the full impact of GDPR on both data and revenue.
- Generally, consent is now stable, except for HbbTV, for which they only achieve about 10% of the desired consent.

- Due to this challenge with consent they now have to target a lower CPM.

- In terms of targeting, they are able to offer reasonably specific advertising segmentation to a certain degree. Luckily, they have a high volume of unique users, which enable them to segment data enough to fulfil most advertising requirements.

- They must use modelling to develop the right customer profiles. They have models that cover socio-economic models that cover tens of millions of devices. They are trying to develop more contextual targeting advertising models based on particular interests, when asked by advertising buyers. For example, they are currently trying to develop targeting for those interested in video games.

- They try to develop standard data models to ensure consistency with the advertisers. This involves using IAB taxonomy for segmenting. This is standard across the advertising market, as there is plenty of demand. Some advertisers do ask for more specific segmentation, and they work to achieve that where possible on a case-by-case basis. For example, some ask to exclude certain existing customers to ensure targeting is only toward new potential customers.

Advertising capabilities

- Atresmedia do currently still use third party cookies to supplement their data.

- The use of 3rd party cookies is finishing, but not because of GDPR regulation, instead due to increasing browser restriction.

- They are moving to universal IDs, but they currently only have historical IDs.

- They are preparing for the end of 3rd party cookies by focusing on developing their 1st party data strategy.

- They do not participate in data clean rooms, but they are interested in doing so if the right partnership opportunities arose.

- The best use case for doing this or a similar partnership is for matching data with advertisers. Exchanging data between each other is the only way to develop an advantage.

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