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Privacy and the Need to Change Marketing: A Digital Landscape War

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New technological advances provide promise in addressing the important privacy and data security concerns of consumers and businesses. Digital marketers may also need to advance their best practices on how to effectively communicate, educate, and reach their valued consumers in a fast-changing digital environment.

Demand for Privacy

Americans, like most consumers across the global economy, take their data privacy seriously. Multiple studies conducted by the Pew Research Center in mid-2019, indicate a growing concern among consumers regarding how businesses collect, share, and protect their personal information. In addition, over the past decade, individuals have been increasingly concerned that they have little to no control over how their personal data is managed in the digital marketplace (Pew Research Center).



Despite increased efforts and technological investments to secure consumer information, many leading Fortune 500 and global hospitality brands have been impacted by data breaches. In 2020, hackers exposed 155.8 million Americans'

personal and sensitive information through company data breaches (Statista). In mid-January 2020, Marriott International suffered a data breach that could have potentially revealed the personal information of 5.2 million guests, including names, birthdates, and telephone numbers (Costar.com). Some other notable security breaches of hospitality brands include:

- MGM International – February 2020 – Potential 10.6 million affected guests.
- Choice Hotels International – August 2019 – Potential 700,000 affected guests.
- Starwood Hotel & Resorts Worldwide – November 2018 – Potential 500 million affected guests.
 - Marriott acquired Starwood in 2015 along with its security issues.

Cyber-attacks have been an increasing problem and growing concern. Approximately 70% of Americans believe their personal data are becoming less secure than five years ago (Pew Research Center). However, security is not the only digital issue about which consumers are worried.

Many Americans are unaware of how companies utilize their data, and without knowledge comes uncertainty and fear. Nearly 79% of those surveyed by Pew are “at least” slightly concerned about how businesses use their personal information (Pew Research Center). The worry is relatively warranted. Without proper understanding or control of the data companies do or do not receive, it is unsettling to think one’s personal data can land in the wrong hands. Nevertheless, some organizations are taking steps to change this, and among them, notably, is Apple.

Enabling Power to the Consumers

Apple is changing how privacy management is regulated in its most recent App store update (Apple.com). Application developers are now required to disclose information about the data they collect from their customers. This practice is designed to help mitigate consumers’ growing demand for privacy on the internet. In 2019, 81% of Americans believed they had little to no control over their sensitive information (Pew Research Center). These new practices will give customers more knowledge and power over their data: what can be collected (Figure 1), and who uses it.

Types of data

Refer to the list of data types below and compare them to the data collection practices in your app.

Contact Info	
Name	Such as first or last name
Email Address	Including but not limited to a hashed email address
Phone Number	Including but not limited to a hashed phone number
Physical Address	Such as home address, physical address, or mailing address
Other User Contact Info	Any other information that can be used to contact the user outside the app
Health and Fitness	
Health	Health and medical data, including but not limited to data from the Clinical Health Records API, HealthKit API, MovementDisorderAPIs, or health-related human subject research or any other user provided health or medical data
Fitness	Fitness and exercise data, including but not limited to the Motion and Fitness API
Financial Info	
Payment Info	Such as form of payment, payment card number, or bank account number. If your app uses a payment service, the payment information is entered outside your app, and you as the developer never have access to the payment information, it is not collected and does not need to be disclosed.
Credit Info	Such as credit score
Other Financial Info	Such as salary, income, assets, debts, or any other financial information
Location	
Precise Location	Information that describes the location of a user or device with the same or greater resolution as a latitude and longitude with three or more decimal places

Apple's new policies state that application developers:

- "Need to identify all of the data [they and their] third-party partners collect unless the data meets all of the criteria for optional disclosure listed below."
- "Should follow the App Store Review Guidelines and all applicable laws."
- "Are responsible for keeping [their] responses accurate and up to date." If [their] practices change, responses in App Store Connect must be updated.

As Apple moves forward to create a new digital landscape where privacy and security are at the forefront, it is anticipated that consumers, businesses, and digital marketers alike will notice changes from the impact of these updates by the end of 2021. Overall reach on advertising campaigns will be lower, consumers will receive less relevant ads, and businesses will see less return on investments. Companies and marketers will have to adapt to these new policies and the changing digital landscape.

Apple's Privacy Changes and Impact on Digital Marketing

While these changes may appear benevolent on the surface, there is deep concern from the digital marketing industry. According to digital marketing news website, Marketing Dive, 56% of marketers expect adverse effects due to privacy changes (2020). These changes directly impact the methods that digital marketers use to target consumers. Many marketers believe that "it is almost certain" that some consumers will choose to opt out of sharing their data with companies (Marketing Dive). This will ultimately shrink the number of people marketers can track, making it increasingly difficult to target appropriately.

Data-driven marketing is the best practice for effectively targeting the right people at the right time. Platforms such as Facebook and Instagram sell data to businesses which utilize it for marketing campaigns. Companies of all sizes use this data to target specific audiences. The data includes but is not limited to demographics, engagement with websites, and behaviors. This type of information can be critical and meaningful to both large and small businesses.

The new changes to Apple's policies will prevent Identifier for Advertisers (IDFA). Each user has one of these identifiers when browsing the internet. These IDFAs help advertisers associate behaviors and interests with the user. The data is then used to properly place ads in front of appropriate eyes. Without this, it is expected to drastically impact companies' effective use of Facebook's "Audience Network," a platform in which publishers can produce Facebook advertisements for their company. Facebook says that in tests and simulations, they "observed more than a 50% drop in publisher revenue" (Facebook.com, 2020). This test is an unsettling indicator of the future of digital marketing, but Facebook is taking steps to combat this change.

Adaptations to Digital Marketing: Contextual Marketing

Facebook is empathetic toward small businesses, and the company understands how Apple's privacy policy will disrupt marketing efforts. Facebook is providing a new platform for small businesses to express their concerns about the latest Apple update: [Facebook for Business](#). These small businesses relied heavily on Facebook and other social media marketing solutions to reach customers, particularly during this past year as they tried to navigate and survive the consumer challenges of COVID-19.

As fewer IDFA's can be targeted, it is expected that digital marketing campaigns will become more expensive. Seth Cargiuolo, founder and principal of Boston-based digital marketing agency C77 Consulting, has already witnessed the effects. In practice, he notes colleagues who have had overserved "CPMs (cost per thousand impressions) that were 20 - 30% higher than in prior years. Cargiuolo believes these higher prices will be the "new normal" until an alternative solution arises. As advertising prices rise, more financially sound companies can survive, while smaller businesses will feel the effects more harmfully.

As data-driven marketing efforts are expected to become more expensive and potentially less effective in the coming months, digital marketing experts may also need to revisit more traditional contextual marketing campaigns. This type of marketing has in fact proven successful year after year. Todd Philie, President of international digital agency Southcoast Marketing Group, believes that contextual marketing and the use of first-party data will be essential for some companies to market their products. Todd Philie is using rich media on social media, as well as email marketing, to reach his customer base. He does note that reaching new customers will be difficult during this time but engaging the customer to share a piece of media will be key to curb the adverse effects of lost third-party data.

Potential Alternatives to the "Old-Fashioned" Cookie

The internet "cookie," is responsible for storing data on one's computer and is the tool that websites utilize to remember information about the user. Third-party cookies track logins, behaviors, shopping carts, and more. It also enables companies to deliver meaningful advertisements to the user. Because of the new privacy policies and the growing concern in the United States, large ad-tech companies, such as The Trade Desk, are developing an alternative to the cookie: the [Unified ID Solution 2.0](#) (UID 2.0).

The Trade Desk has partnered with more than 54 companies and hundreds of digital media publishers to roll out and introduce this new initiative, UID 2.0. The goal is to replace the cookie and recreate the industry standard. This alternative will be available

for browsers and applications on phones to combat the adverse effects of privacy policies such as the latest Apple update. There are other companies also working on Universal Digital IDs. Some notable examples include Google's FloC, Live Intent ID, and Live Ramp Identity Graph & Data Matching. But how are the Universal IDs behaving differently, and how will they benefit users? How will this work?

Learning from Mistakes & Lessons for the Future

As the desire for privacy becomes an increasingly important issue, it is crucial to refrain from the practices as the previous tracking cookies. UID 2.0 is centered around privacy and control. The Trade Desk mentions several ways they are going to change the way customers perceive their tracking:

1. **Anonymization:** The UID 2.0 claims to contain “zero information about who [the user is] in the real world,” which is a significant change from the original cookie that identifies the individual and then tracks activities. Alternatively, the UID 2.0 is a “string of numbers and letters” that cannot be followed back to the user's actual identity but just the email associated (Trade Desk).
2. **Greater Control for Users:** The UID 2.0 provides accessibility to the user. More specifically, users can “log in, monitor, and adjust how their personal data is used.” In doing so, the UID 2.0 can educate the user through this process (Trade Desk).
3. **Increased Transparency:** Transparency allows the user to understand and receive personalized ads. According to Trade Desk, the UID 2.0 will allow “many publishers to provide customers free access to their website, because of the value of advertising”(Trade Desk).

Alternatives such as the UID 2.0 will help pave the road for a new digital marketing landscape. Ideally, this landscape will be more in tune with the needs of digital marketers and consumers alike.

Moving Ahead

For the industry to refrain from making the same mistakes, there needs to be notable cooperation within the marketing world. As marketers, it is our responsibility to educate the public. We must communicate the benefits of tracking and data-driven marketing. Without the proper customer information, it is impossible to deliver efficient and effective marketing. Will more companies develop their own tracking and transparent alternatives? Solutions, such as the UID 2.0, will benefit all aspects of the digital landscape, and perhaps even serve as the peace treaty in this digital landscape war.

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