Tipping Point for Addressable Audiences

The numbers, people & methods behind opting out of people-based targeting

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Executive Summary

70%
Of UK adults are accessing the internet in ways which mask their personal information

52%
Would be more likely to choose a brand if it never collected or used personal information for advertising

48%
People who use private browsing spend 48% of their time online doing so

42%
Said ad tracking had made them more privacy conscious in the past three years

29%
Say they spend more time browsing privately compared to a year ago

Methodology

Nano Interactive commissioned a nationally representative poll of 2,009 UK adults in February 2023 to understand their current online privacy behaviours and how they have changed in recent years.

## Section 1: Private Browsing has reached a tipping point

The vast majority of consumers are now browsing privately online, making it more challenging for advertisers to reach them. 70% are now accessing the internet on a weekly basis in ways which mask their personal information, such as browsing in private or incognito mode, using Safari as their main browser or regularly clearing their cookie cache.

When asked in more detail about the methods they use to mask their personal information online:

- Almost one in six people (15%) say they clear their internet browsing history and cookie cache daily and 18% say that they opt out of websites' tracking cookies on a daily basis.

- 40% use a Virtual Private Network (VPN) and 29% use a search engine like DuckDuckGo that does not track people online.

- Over a quarter (28%) use fake information (e.g. a fake email address) so they can't be tracked.

Which of the following methods do you use to protect your private / personal information online?

Method	%
I clear my internet browsing history and / or cookie cache	79%
I opt out of cookies on websites I visit	61%
Private browsing or Incognito mode when using a browser	50%
I use Safari as my main Internet browser	49%
I use a VPN (Virtual Private Network)	40%
I use a search engine (e.g DuckDuckGo) that does not track my searches or profile me	29%
I use fake information (e.g a fake email address)	28%
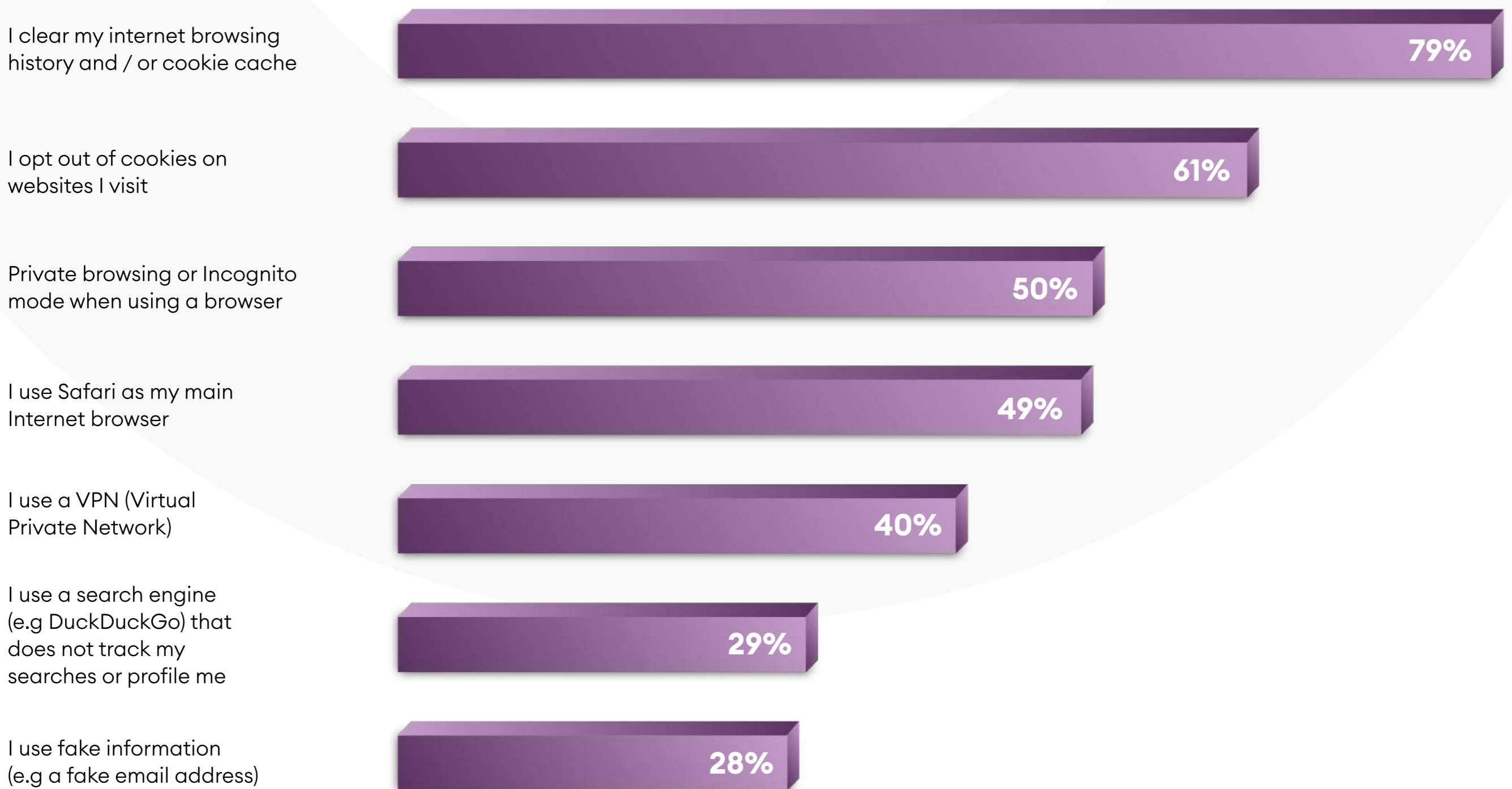
People who use private browsing are also spending a significant amount of time doing so – on average nearly half (48%) of their time online. While many online advertisers are preparing for Google's 2024 third-party cookie switch off, it's clear the rise of private browsing is already impacting advertisers' ability to target users online today.

A large proportion of the UK population is already unaddressable, which is having an impact on the scale and effectiveness of display advertising. Some studies suggest that cost per acquisition has **already increased by 60% over the past five years** after the introduction of iOS 14.5, the decline of third-party cookies and consumer privacy legislation such as CCPA and GDPR.

Section 2: Private Browsing is on the rise

This behavioural shift isn't just a problem now, it's growing. Almost a third (29%) of people say they spend more time browsing privately compared to a year ago. And 60% have become more aware of how their personal information might be gathered and used by advertisers in the past three years.

Younger people are also more likely to try and mask their personal information online compared to the general population – suggesting that people opting out of people-based targeting is not going away anytime soon.

Which of the following methods do you use to protect your private / personal information online?

- GenZ
- General Population

76% — **50%** — Incognito Mode

67% — **40%** — VPN

57% — **29%** — Private Search Engine (e.g DuckDuckGo)
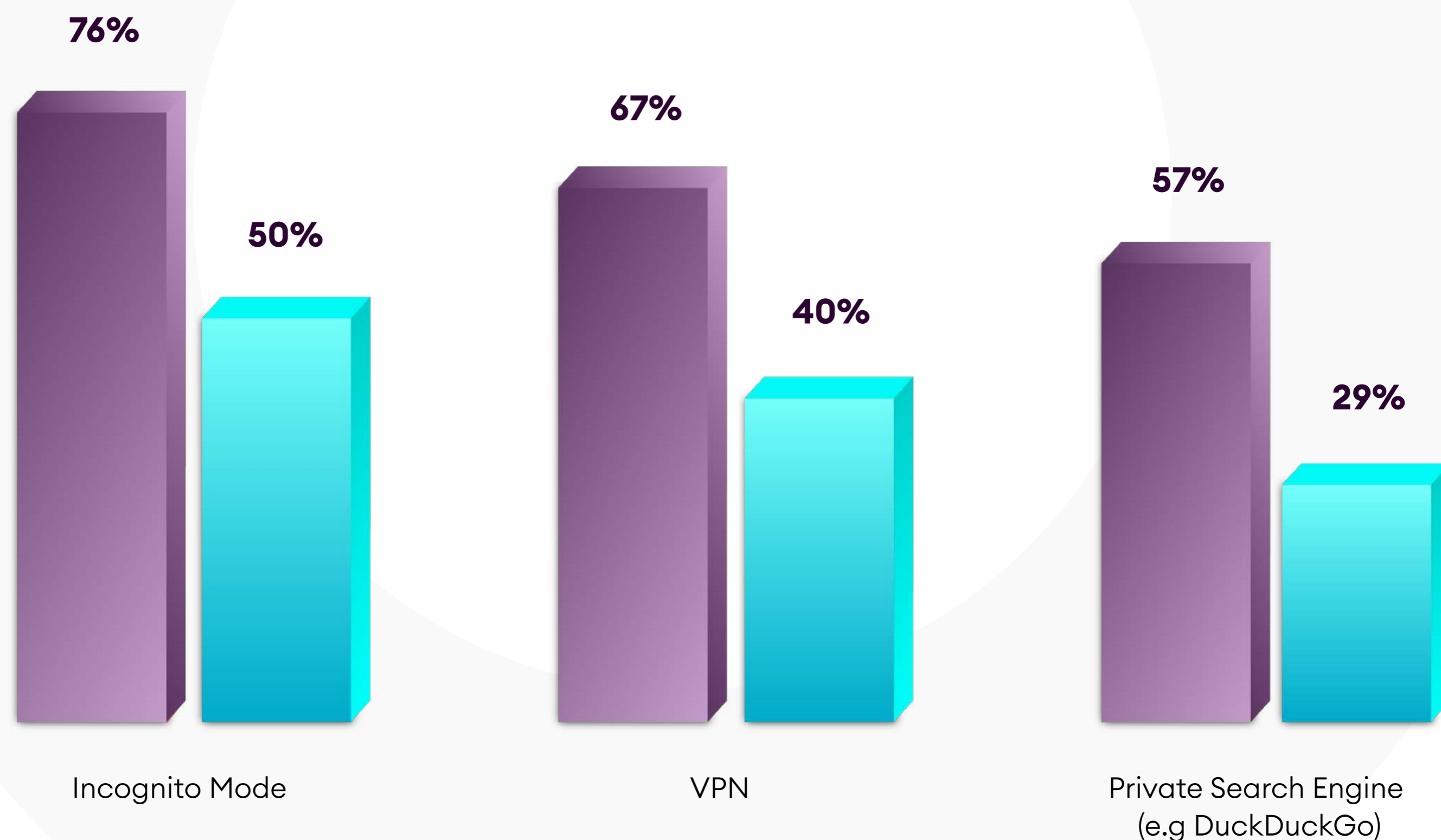
People's desire for greater privacy online is a genuine movement that has been growing steadily over the past few years and looks set to grow further. In particular, Generation Z which has grown up with the internet, appears to be more aware and sensitive about how its data is being collected and used online, indicating this trend is set to grow even more in future. In light of this, brands and advertisers should be looking beyond audience-based targeting for the coming years to future-proof their media buying tactics, and the success of their ad campaigns into the future.

Section 3: Data awareness is growing

Consumers are also increasingly aware of how their personal data is being collected and used by organisations.

When asked why they have become more conscious about online privacy in recent years, ad tracking was cited as the number one reason cited by two fifths (42%). This was more than data breaches (31%) or being targeted by online scammers (31%).

You strongly or somewhat agreed that you have become more aware of how your personal information might be gathered and used in the past three years. What has made you became more privacy conscious during that time?

Seeing Ads Tracking me Online	**42%**
	31% Major Data Breaches
Rise of Scammers Targetting Me **31%**	
	31% Stories from Friends or Family
Revelations about how Facebook's Cambridge Analytica was using people's data **24%**	
	23% TV shows like 'The Capture' or 'Catfish' that show how your data can be secretly gathered
News about Secret Global Surveilance (e.g From the White Blower, Edward Snowden) **19%**	

A greater awareness of online privacy is also causing people to question the assumed value exchange the entire advertising ecosystem is built upon - that free content is provided in return for displaying ads – and with that, sharing your personal data. When asked if their personal data was a fair exchange for a free service, just as many respondents agreed with this statement as disagreed (30%).

Interestingly, younger age groups are more accepting of this than the general population, with 37% agreeing this is a fair exchange, while just 25% disagreed. This trend is reversed amongst the over 55s where just 26% agree their personal data was a fair exchange for a free service, compared to 34% who disagreed.

However, the vast majority believe change is needed – with 63% saying advertisers should find a better way to make ads relevant that does not rely on collecting personal information.

It would seem that targeting ads based on someone's personal data is no longer acceptable to the majority of consumers. Many arguably never bought into or were even aware of the fact that getting something for free means sharing personal data with advertisers.

It is apparent, at least from these responses, that consumers are demanding a new ad targeting model where the person, and their personal data, is no longer the product.

Section 4: Learnings for advertisers

There is a huge opportunity for advertisers who are mindful of this changing consumer sentiment. More than half (52%) of people say they would be more likely to choose a brand if it could prove it never collected or used any personal information for advertising.

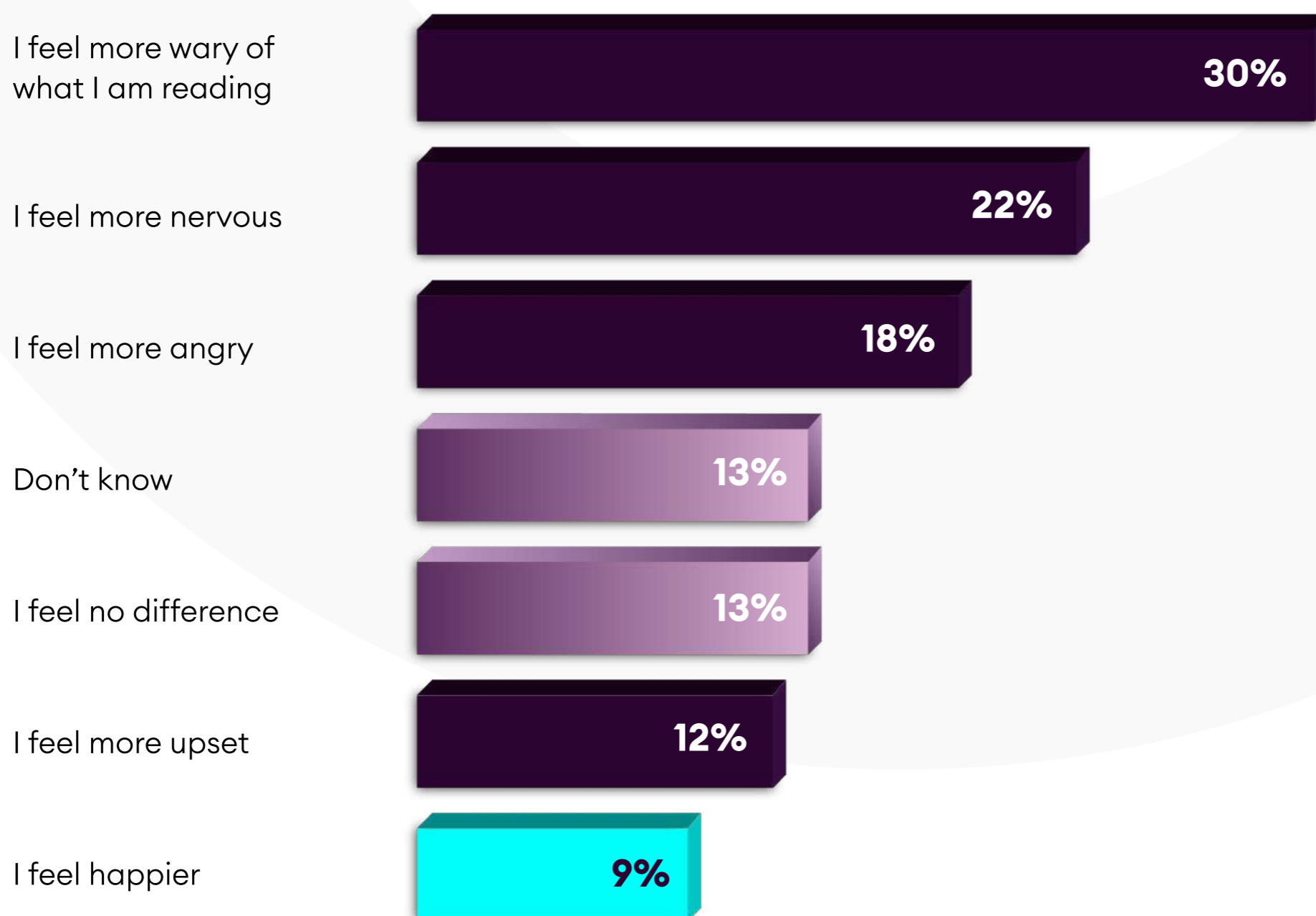**52%** would be more likely to choose a brand if it never used personal information for advertising
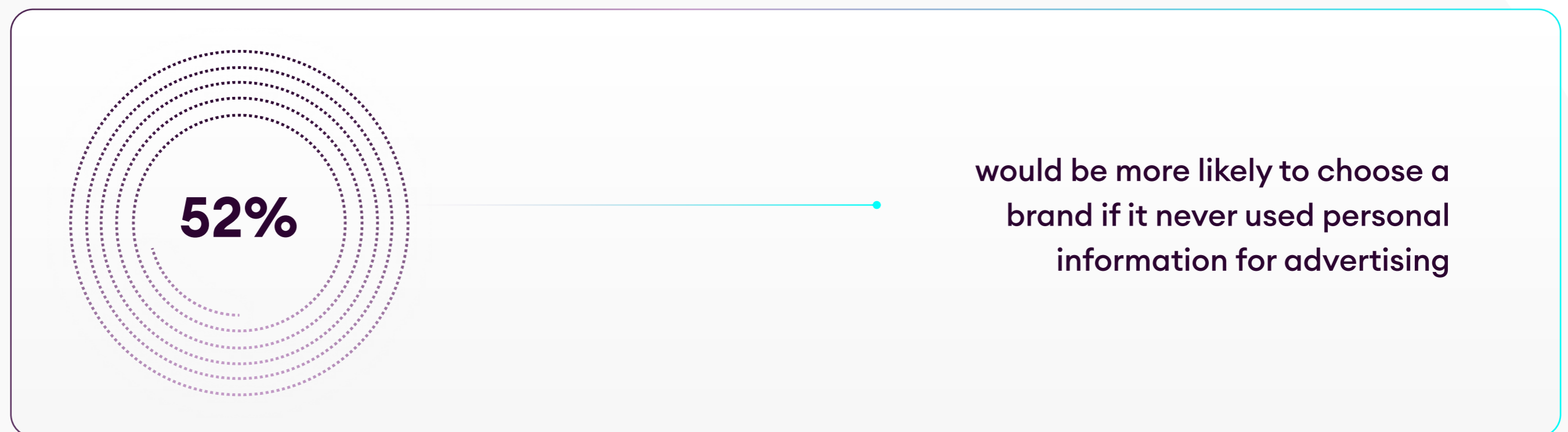
Personal data collection also has an impact on brand perception. When people know a website or app is tracking their personal data, 81% say they feel negative, such as feeling angrier, more nervous or more wary about what they're reading.

If you know a website or app is tracking your personal data, how do you feel compared to a website or app that doesn't track your data?

■ Negative   ■ Neutral   ■ Positive

I feel more wary of what I am reading	30%
I feel more nervous	22%
I feel more angry	18%
Don't know	13%
I feel no difference	13%
I feel more upset	12%
I feel happier	9%

Collecting and using personal data in advertising has a significant impact on how people feel about websites or even brands when viewing content online. Companies that are respectful of people's personal data seem more likely to benefit from positive brand sentiment, while using personal data may have the opposite effect.

It is worth reflecting on the above for a moment – when you consider that the tactics we use may be either helping, or directly damaging what is a central tenet of advertising. That is, to grow consideration, or positive sentiment around your business. There's a huge opportunity for brands and advertisers that understand what is at play here, and are able to reach the right audiences, without profiling and tracking the individual.

Conclusion from Carl White,
CEO, Nano Interactive

The cookie apocalypse isn't coming next year – it's already here. Huge swathes of the UK population cannot be addressed online via cookies or profiling and our survey shows that they feel strongly about how personal information is used by advertisers.

Advertisers need to embrace and test longer term alternatives that will be more palatable to online audiences and avoid clinging on to outdated or unpopular identity based targeting methods.

In 2023, you don't need to know who someone is to deliver effective advertising online. Brands and advertisers who embrace truly ID-free targeting will be able to target people online in a respectful, effective way today that is future-proofed.

About Nano Interactive

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Nano Interactive is a leader in ID-free technology that is able to target all consumers at the moment of intent. Since launch, Nano has delivered over 2000 campaigns for leading brands across mobile, video and display and continues to powerfully connect brands with relevant audiences. Its AI-led targeting platform utilises multiple forms of live intent signals, such as next generation contextual targeting, sentiment and emotion analysis and attention metrics to enhance advertising performance in a 100% privacy-friendly way.