



Rakuten
Marketing

Defining the GDPR Impact on Digital Advertising

(EDITION 1. WHITEPAPER)

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Defining the GDPR Impact on Digital Advertising

HOW DOES GDPR APPLY TO YOUR BUSINESS?

The General Data Protection Regulation – or GDPR – is the overall regulation on the protection and handling of personal data for the European Union coming into force from May 25, 2018.

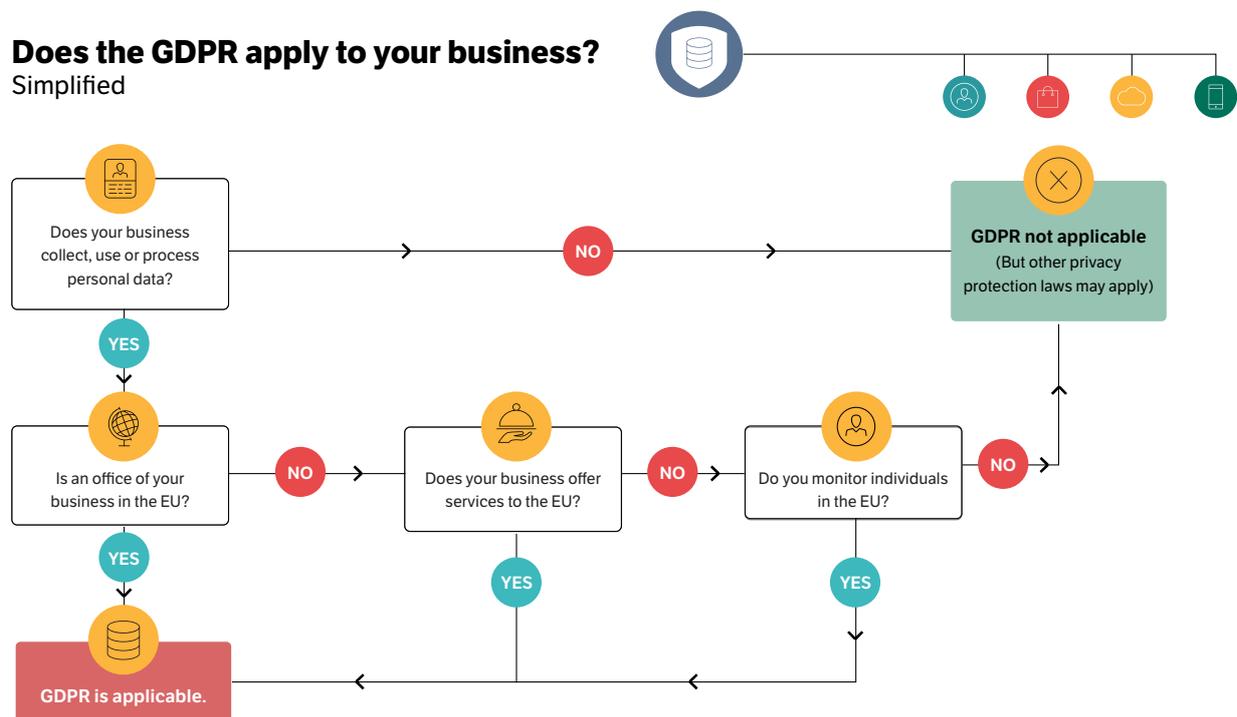
No one working in digital marketing – or indeed any business that deals with personal data – doubts the importance of the GDPR. It brings changes to existing data protection law, and is designed to strengthen rights and empower individuals by giving them more control over their personal data.

Things such as clear consent and data protection principles are given greater emphasis. These changes to data usage could potentially have a huge impact on businesses and the way they handle their customer data.

If you're an advertiser, publisher or other Rakuten Marketing partner dealing with customer data, it's very important for you to have a robust compliance regime in place. If businesses aren't compliant by May 25, 2018, the consequences could be drastic: warnings of fines of up to 4% of annual global turnover, or 20,000,000 EUR have been clearly laid out.

It may sound simple but one of the first steps to GDPR compliance is understanding whether the new EU regulations apply to your business. If you're not in the EU, it could be easy to assume that the GDPR won't affect you, when in reality this is far from the case.

Although the regulation is for the European Union, its significant impact is global. We've created this simplified diagram to help give you a clear, top-line understanding of whether the GDPR is likely to apply to your business.



WHY IS THIS REGULATION BEING IMPLEMENTED?

The GDPR aims primarily to give control back to citizens and residents over their personal data and to simplify the regulatory environment for international business by unifying the regulation within the EU.

This allows EU consumers more rights or control on how their personal data being processed. These rights apply at any time, even if the consumer has previously agreed to the processing. These rights vary based on the type of processing grounds used.

- Access: Access to what personal data has been collected and how it has been processed

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- Accuracy: The right to correct processing where data is inaccurate
- Consent: Performance of a contract cannot be made conditional on consent, and consent must be sought through “clear and plain language” separate from other information
- Data Portability: The right to receive personal data for free and in an electronic format, upon request, including where it’s being used and for what purpose
- Erasure (right to be forgotten): The right to withdraw consent and ask for personal data to be “erased and no longer processed.” This also requires that data controllers take reasonable steps to ensure the data is also deleted by any third parties it’s been shared with

PROCESSING DATA

The GDPR changes how publishers and brands operate when it comes to processing data. The regulation requires that digital advertisers take restrictive measures for collecting, processing and using consumer data for marketing purposes. These are some of the categories and types of personal data that are at stake:

- Traditional PII: Name, address, phone number and email
- Online Identifiers: IP address, cookie ID’s, and device ID’s
- Sensitive Data: racial identity, religious and political affiliation, health, genetic data, biometric data, sexual orientation and gender preference

The regulation also outlines data protection principles that are required by brands and publishers when processing personal data of EU consumers:

1. Fair and transparent – A person needs to know why and how his or her data will be used
2. Purpose limitation – Data can only be used for the reason it was collected
3. Data minimisation – No more data can be collected than necessary for its purpose
4. Storage limitation – If the data is no longer necessary, it must be deleted
5. Confidentiality and integrity – Data must be stored in a secure manner
6. Accountability – Compliance with the data protection principles must be provable

HOW RAKUTEN MARKETING IS WORKING TOWARDS COMPLIANCE WITH THE GDPR

Rakuten Marketing has been working diligently to become compliant ready in time for the May 25, 2018, deadline.

Rakuten Marketing will be pushing Consent as the primary legal processing ground for our services. This will apply to the European Economic Area (EEA) and we will be setting our network to use the same rules across regions. If customers are not located in the EU or you do not receive traffic from EU citizens (by way of blocking that traffic) we will continue to capture, process and use data via previous methodology.

Rakuten Marketing will be leveraging the IAB consent framework, for more information please visit advertisingconsent.eu.

HOW IS THE INDUSTRY RESPONDING?

Working on GDPR is a long and exhaustive process; it requires a lot of work from multiple teams and diligence. This is a process that won’t happen overnight for all the parties involved. According to a survey conducted by UBM, only 6% of IT professionals are completely prepared for GDPR, which means if you are not a part of that percentage, there is a lot of work ahead of you.

Preparing for GPDR is not only a lot of work, but can become costly for companies as well. According to a survey conducted by PwC¹, 60% of companies surveyed plan to spend at least \$1 million on GDPR preparation projects. The investment companies are making reflects the importance and dedication companies are making towards compliance.

¹ <https://www.pwc.com/us/en/increasing-it-effectiveness/publications/general-data-protection-regulation-gdpr-budgets.html>

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HOW ARE CUSTOMERS RESPONDING?

The actual reactions and behaviours will only truly be understood once GDPR is live, but until then, we have a rough idea of consumers feelings towards the new regulations.

In a February 2018 survey of 1,050 UK internet users conducted by The7stars, nearly 60% of respondents said GDPR is making them question how much data companies have on them. And about a third plan to exercise their right to be forgotten after GDPR goes live.

32% of customers saying they will trust brands more with their data as a result of the implementation of the regulation, and those aged 18-24 (40%) report to agree the most with this change.

FIGURE 1

IT PROFESSIONALS PREPARED FOR GDPR

SOURCE: EMARKETER-235459
ERWIN, "THE STATE OF DATA GOVERNANCE" CONDUCTED BY UBM, FEB 12, 2018

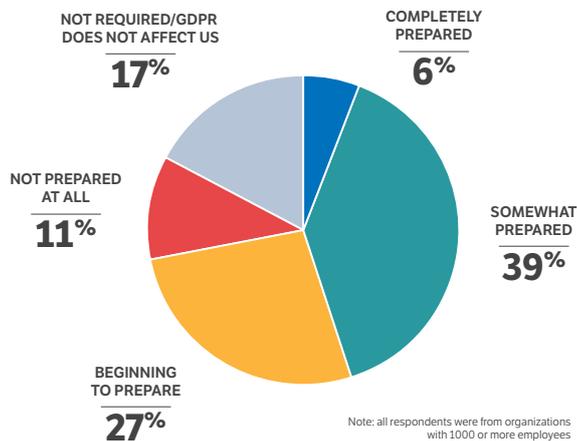


FIGURE 2

UK USERS' ATTITUDE TOWARD THE GDPR

SOURCE: EMARKETER-235596/THE7STARS, FEB 16, 2018

	AGREE	DISAGREE	NO OPINION
I understand what GDPR is and how it affects me	27%	45%	28%
I think GDPR is a positive step in the world of data privacy and protection	58%	9%	33%
GDPR is making me question how much data others hold on me	58%	11%	31%
The government need to make it clear what GDPR is and how it affects me	75%	8%	17%
I am confident that my personal data is used in the best possible way by those who have access to it	19%	55%	26%
GDPR will make me trust brands more about how they use my data	32%	26%	41%
I will exercise my right to be forgotten once GDPR comes into force	34%	14%	52%

Note: ages 18+; numbers may not add up to 100% due to rounding.

WHY CONSENT IS RECOMMENDED

Consent is the option that ensures the best value-exchange scenario between consumer and advertiser. Consent will give EU consumers the right to decide with which companies they share their data with. Consumers must feel secure that their data will be used in a positive way, bringing value and benefit to their lives.

Consent also enables companies like Rakuten Marketing to run intelligent digital marketing campaigns that deliver authentic and relevant experiences. We are pushing for Consent because it will provide the valuable data that powers hyper-personalisation, supported by AI, machine learning and a global publisher network – all components necessary to deliver improved experiences to consumers. This is a clear demonstration of our commitment to putting the consumer at the heart of everything we do, delivering experiences people love.

We have frequently seen that when advertisers connect with consumers in ways that are authentic and bring real value to a person's life, they are more likely to engage with the brand at a deeper and more frequent level. We know that there is a monetary value in this connection and affinity to the brand:

- Someone who has purchased 4-5 times are 1.6x more likely to purchase again than those who have made 2-3 purchases
- And those who have purchased 10-11 times are 2.2x more likely to purchase again than those who have made 2-3 purchases

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BENEFITS TO GATHERING CONSENT

Compliance is about managing risk; the GDPR is a regulation that requires brands to ensure they have a risk-averse program for managing compliance. One of the most secure methods for processing data is getting consent from the consumer prior to processing that data. Having consent from a consumer is one of the safest ways to ensure you are compliant with GDPR.

With the level of resources and investment brands have put towards ensuring they are safeguarding their brands against GDPR, it only makes sense that we would stay on the forefront of future requirements such as ePrivacy Regulation, where it looks like collecting consent will be completely required.

Most brands operate in more than just one channel, leveraging a multi-channel approach (affiliate, display, video, social) for monetisation of their sites. Having a unified approach allows the consumer to have a more seamless experience.

Consent allows publishers and brands to leverage data to customise and personalise the shopping experience for their consumers.

HOW WILL RAKUTEN MARKETING BE WORKING WITH CLIENTS DURING THIS TIME?

Rakuten Marketing will be sending out Data Processing Agreements and Standard Contractual Clauses (Model Clauses) to cover the relationships between the parties (Independent Controllers, Controller/processor).

Rakuten Marketing is partnering with other networks and leaders in the space to help streamline communications to clients and offer a uniform solution to reduce confusion and friction in the online environment.

Rakuten Marketing is working with industry organisations and coalitions to drive the regulations influencing and driving legislation forward, to proactively preserve the online marketing space.

Rakuten Marketing will be completing a global consumer survey to better understand potential responses and impacts once GDPR goes into effect.

Rakuten Marketing is investigating the current list of Consent Management Platforms and will provide more information on that in the near future.

Contact RM-GDPRCommunications@rakuten.com for more information.



ABOUT RAKUTEN MARKETING

Rakuten Marketing is the global leader in integrated marketing solutions, spanning affiliate, display and search. Rakuten Marketing empowers marketers to achieve the full potential of digital marketing by delivering data-driven personalised ad experiences that engage consumers – across screens, platforms and traditional publishers – and influence them to purchase. Rakuten Marketing is committed to transparency, providing consumer journey insights that are used to continually optimise for performance.

Rakuten Marketing is a division of Rakuten Inc. (4755: TOKYO), one of the world's leading Internet service companies. With UK offices in London and Brighton, the company is headquartered in San Mateo, California, with additional offices in France, Australia, Brazil, Japan, and throughout the United States. Follow us on [Twitter](#) or learn more at rakutenmarketing.com.

Discover more of what the Rakuten Marketing team can do for your business at rakutenmarketing.com

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