Google announces "Topics" to replace FLoC as their cookieless solution

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Overview:

As part of the ongoing saga surrounding data privacy and the cookieless future, Google continues to struggle to land on an acceptable solution to deliver on their commitment to phase out third-party cookies in late 2023.

Google's first approach was FLoC (Federated Learning of Cohorts) which was paused due to public pushback for privacy risks such as digital fingerprinting and exposing data and demographics.

Now Google's latest proposal is an API solution called "Topics", but there is already pushback from privacy and competition groups.
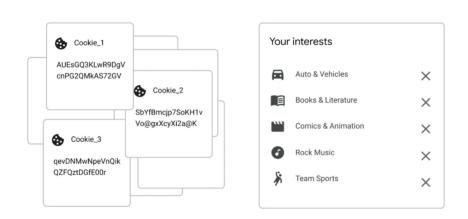
What is the Topics solution?

Google's Topics API allows the Chrome browser to curate each user's top interest s based on their browsing history.   Each topic is kept for a total of 3 weeks. When a user visits a participating site, the API selects up to three topics to share with the site and its advertising partners. Given that individual sites will only see three topics at a time, it will be difficult for anyone to build a complete portrait of the user. Topics will be deleted after 3 weeks, so all interest targeting will be very recent.
Overall, Google will have 350 topics available, but with the hopes of increasing total target list to over a 1000. Google will label websites based on content.

Currently topics are classified into broad categories:
Arts & Entertainment, Autos & Vehicles, Beauty & Fitness, Books & Literature, Business & Industrial, Computers & Electronics, Finance, Food & Drink, Games, Hobbies & Leisure, Internet & Telcom, Jobs & Education, News, Online Communities, Peoples & Society, Pets & Animals, Real Estate, Reference, Shopping, Sports, Travel & Transportation

To give each user control of their data, Google will give each user the opportunity to see the Topics selected for each user and will also give the option to block topics. This will reduce the risk of targeting users based on personal preference that are not seen as appropriate. Topics will exclude sensitive categories such as race, sexual orientation, religion etc.

Cookies (left) compared to Topics (right), which Google says will be easier to manage and understand. | Image by Google

How does it work?:

Proposed user flow would operate as follows:
1. Consumer browses the web and Chrome categorizes each visit against non-sensitive categories (with all consumer data staying in browser on device)
    i.   Google is currently proposing a new taxonomy vs using IAB's industry standard taxonomy. Current number of categories for each taxonomy is:
        i.   IAB: 1250
        ii. Topics: 320
2. Each week, consumers will be assigned up to six (6) topics:
    i.   One (1) - five (5) based on browsing behaviours
    ii. One (1) additional included at random
3. Each website / participating ad tech vendor will only get to see up to three (3) topics, (potentially one per week for the previous three weeks in random order), if the user has exhibited the behaviour to each party before
    i.   The reason that each site gets one of several topics (vs all) is to ensure that different sites often get different topics, making it harder for sites to cross-correlate the same user.
        i.   e.g., site A might see topic 'cats' for the user, but site B might see topic 'automobiles'. It's difficult for the two to determine that they're looking at the same user.
4. These three (3) datapoints feed into the ad-tech vendor's assessment of the impression value for

Epitaph POV:

The Topics API is an improvement on FLoC. It will allow for contextual targeting but will not allow for behavioural signals/in-market audiences/intent audiences.   Also, at this time, this functionality does not support measurement / analytics and it is unclear how reach/frequency will be managed.

With the above capabilities and questions remaining, it will be important for each advertiser to prepare and adopt to different sets of solutions to ensure they are set up to maximize their data.

Epitaph will work with each brand to focus on preparedness in the following ways:
1. Educate internal stakeholders of changes in the industry and the overall potential impact and gain alignment on data preparedness.
2. Assess advertiser data risks and develop a data prioritized roadmap.
3. Deploy custom action plan bespoke to advertiser's specific needs:
   o Ensure alignment between teams for data fluidity within your organization
   o Review tool and technology to ensure data collection includes the full customer journey
   o Develop test and learn strategies that use different data and signals, beyond just customer data and keep evolving strategy as the industry changes
   o Explore predictive decisioning/analytics

However, Topics does not fully solve for all privacy concerns, and it potentially increases Google power as an advertising platform given Chrome's already 63% market share.

We expect testing in browser to take place in the coming months by Google, and we will share more information as it becomes available.