

# A Guide to Seller Defined Audiences

Part of IAB Canada's "Moving Towards Cookie Independence Series"



**IAB Canada Committee Industry Paper**

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# Introduction

Rapid developments in the online advertising eco-system over the past several years, and the impending demise of the third-party cookie, have put a renewed spotlight on audience targeting and approaches to addressability. One of the key methods advertisers will leverage to reach addressable audiences is the use of Seller Defined Audiences (SDA).

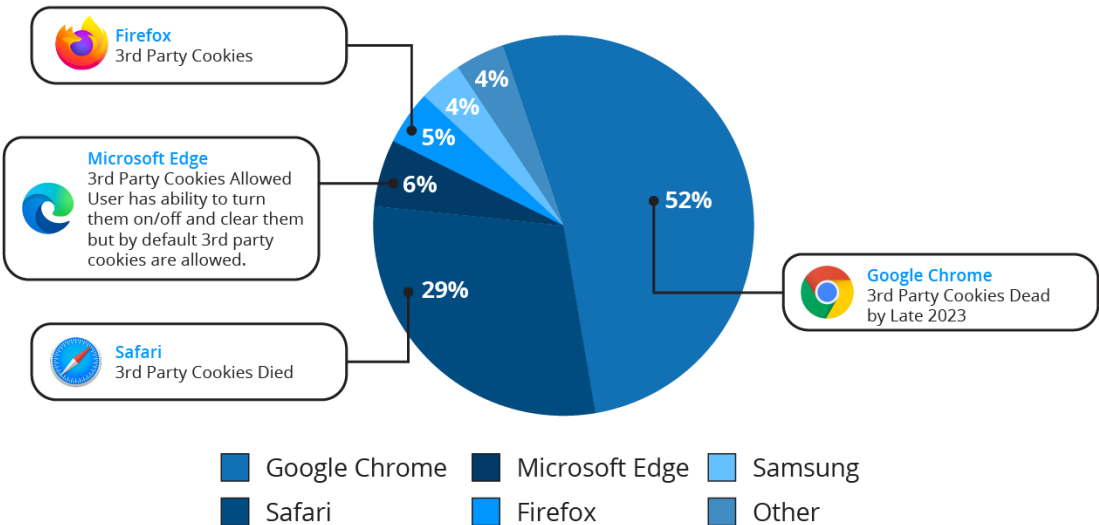
This industry paper has been developed by IAB Canada as an integral part of the “[Moving Towards Cookie Independence](#)” series. It is designed to explain Seller Defined Audiences, how they work, and how brands might use this form of addressability to reach their audiences as it becomes more widely adopted. Google’s recent announcement on their intention to roll out “Topics” have placed the SDA approach firmly in the arsenal of the cookieless tool kit.

## Moving Towards Cookie Independence

The online advertising eco-system is changing. Over the past few years, we have seen rapid third-party cookie deprecation as browsers are responding to increased regulatory pressures to address consumer privacy rights. The industry has been put on notice, and advertisers now face an inevitable race towards consented and authenticated first party audiences as the broad reach once offered by third party solutions fade away.

In this new age of the internet, advertisers need privacy-first solutions to communicate with their audiences at scale, while preserving the ability to measure success and optimize against metrics like frequency of ad exposure and reliable attribution models.

**Browser Market Share Canada 2022**



Source: StatCounter 2021

Global efforts, such as IAB’s Project Rearc, have been working hard to re-architect the infrastructure for online advertising and from these efforts we find ourselves with three core methods to reach addressable audiences:

### Three Ways to Reach Addressable Audiences

<b>Universal IDs</b> Industry Estimates 30% maximum total Audience	<b>Contextual Signaling</b> Industry Estimates 80-90% of addressable audience	<b>Seller Defined Audiences</b> Industry Estimates 80-90% of addressable audience
Individual IDs for: 1. Consented, <b>authenticated.</b> 2. Consented, <b>Inferred.</b>	<ul style="list-style-type: none"><li>• Mapping First party data to predictive contextual models.</li><li>• Using standard taxonomies.</li><li>• Dynamic contexts.</li></ul>	<ul style="list-style-type: none"><li>• Standardized labels.</li><li>• Transparency through DataLabel.org</li><li>• Google's "Topics".</li></ul>

When we look at the various methods of addressability being built out for the next generation of digital advertising, one thing is for certain: advertisers will need to fully understand and leverage all three. Each represents an important part of the portfolio of opportunities for advertisers to reach audiences in a post-cookie eco-system.

Among them, the use of Seller Defined Audiences is sometimes combined with Contextual Signalling but truly represents a progressive form that can leverage tremendous data stores from browsers to develop a more robust offering for advertisers. With an anticipated 90% of online audience estimated to be represented through this approach and Google’s recent unveiling of “Topics”, advertisers should take particular note of developments in this space.

In this guide we will explore the concept of Seller Defined Audiences.

Other guides published in the IAB Canada series entitled “Moving Towards Cookie Independence” include cohort, contextual and Unified ID advertising methods, can be found in the [resources section](#) of the IAB Canada library.

## What is a Seller Defined Audience (SDA)?

Acting as the third viable method for scaled addressability in a world without cookies, IAB Tech Lab's Seller Defined Audience framework captures the essence of Google's recent release regarding "Topics."

This method of addressing audiences online enables publishers to label their audiences and pass through their labels to bidders within the OpenRTB framework. Labels are used to define audiences across purchase intention, demographics and interests and the signals can be combined with contextual placement information enabling advertisers to secure high value impressions without the use of third-party cookies.

## IAB Tech Lab Outputs to Support SDA

IAB Tech Lab has been working hard to develop the key ingredients to help effectively enable Seller Defined Audiences. All the outputs are well established and reflect tremendous global collaboration with the industry's top engineers. IAB Canada has discussed these solutions at our annual State of the Nation events and look forward to presenting the latest versions at the 2022 Summit.

1. [Audience Taxonomy](#) is the standardized naming convention that all parties across the supply chain can leverage. Standard definitions are key to prevent confusion and provide a starting point for transparency. The library currently has 1600 standardized attributes that can be combined to triangulate and describe even niche audience characteristics.

The Content Taxonomy has evolved over time to provide publishers with a consistent and easy way to organize their website content. For example, to differentiate "sports" vs. "news" vs. "wellness" material. IAB Tech Lab's Content Taxonomy specification provides additional utility aimed at minimizing the risk that content categorization signals could be used to generate sensitive data points about things like race, politics, religion, or other personal characteristics that could result in discrimination. While the Content Taxonomy itself doesn't constitute sensitive data – it simply categorizes page content, and does not on its own reveal information about a user – there are few technical controls preventing taxonomy nodes being associated with individual IDs to build behavioral profiles over time based on content preferences.

2. [Data Transparency Standard](#) much like the side of a cereal box, bidders like to know what's inside the data. Data Transparency Standard was developed to enable base level disclosure requirements for sellers. This standard includes the Audience Taxonomy labels (described above) as well as several critical pieces of information like the source of data attribution, its age, to what extent it was manipulated, and the criteria used for segmentation. This information allows buyers to assess the quality of the data before transacting on it. It is important to note that this schema does not evaluate, rank, or score the data value. The standard is limited to disclosures to promote an open and transparent marketplace.

IAB's [compliance program](#) will monitor and ensure that all parties label the segments correctly.

3. **Data Label Repository** allows buyers and sellers a reference on [www.datalabel.org](http://www.datalabel.org) to understand every data label.

Publishers are incentivized to define their audiences and add them (anonymously) into cohorts for monetization. The anonymized form of the taxonomy ids are then relayed in the openrtb for the buyers. The higher the accuracy, the higher the efficiency and value to the advertisers which is good news for premium publishers. In an automated buying environment programmed to optimize, the higher performing audiences will prevail.

<b>Data Transparency Facts</b>	
Data Distributor Name: <b>Data Company</b>	
Data Distributor Contact: <a href="mailto:DataSolutionTeam@data.com">DataSolutionTeam@data.com</a>	
Data Provider Name: <b>Leasing Company</b>	
Data Provider Contact: <a href="mailto:DataAccounts@leasingco.com">DataAccounts@leasingco.com</a>	
Audience Snapshot	
<b>Branded Name</b>	Auto Intenders – Six Months
<b>Standard Name</b>	Auto Intenders
<b>Audience Description</b> Households likely in the market to purchase a new vehicle in the next six months	
<b>Geographies</b>	USA
<b>Audience Construction</b>	Attributes
<b>Audience Count</b>	6,500,000
Precision Level	Households
Activation ID(s)	Cookies
<b>Audience Expansion</b>	Yes
<b>Cross-Device Expansion</b>	Yes
<b>Last Refresh Date</b>	02-Jan-2018
<b>Event Lookback Window</b>	60 Days
<b>Data Source</b>	Attributes
<b>Source ID Description</b> Dealer-reported names and postal codes of individuals who requested test drives	
<b>Source ID Contribution</b>	1,130,000
Precision Level	Individual
ID Key	Name and Postal
Source Event	Transactions
Inclusion Method	Observed
Seed Size (if modeled)	-
<b>Source Refresh Frequency</b>	Quarterly
<b>Event Lookback Window</b>	180 Days
This Data Transparency Label has been developed by members of ANA's Council for Data Integrity and IAB Tech Lab's Data Transparency Working Group, with the support of CMM, The ARF and IAB's Data Center of Excellence. For more information, please visit <a href="http://datalabel.org">datalabel.org</a> .	

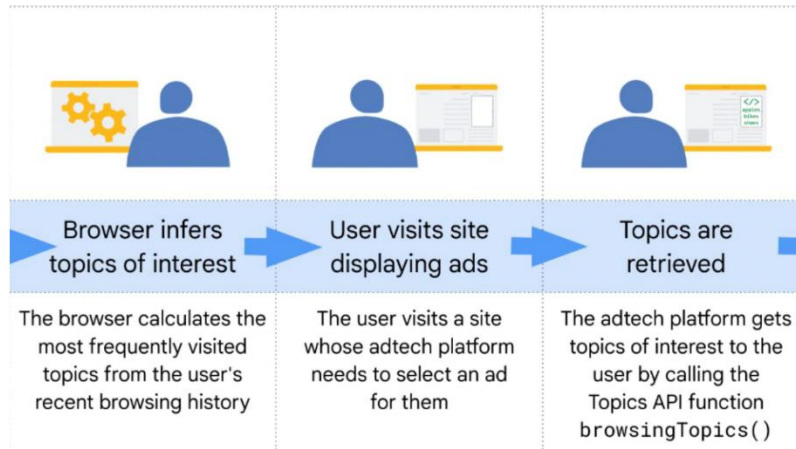
## How does it work?



1. **Publisher Defines Audiences**  
Publishers (often leveraging third party ad tech) determine attributes of their audiences.
2. **Audience Attribution Stored in datalabel.org**  
Information about the attribution to [www.datalabel.org](http://www.datalabel.org) so that bidding participants can refer to it when needed.
3. **Prebid transmits the audience labels/cohorts** and the details of the label provider into the OpenRTB supply chain.
4. **Buyers check** [www.datalabel.org](http://www.datalabel.org) in real-time to understand and evaluate the cohort before bidding.
5. **Creative renders** for the winning bid.

## Google Topics as Identified Audiences

In summary, “Topics” closely resembles contextual targeting in that it will allow advertisers to target an initial 350 categories of users based on a combination of IAB Tech Lab [Audience Taxonomy](#) and Chrome browsing history - those interested in “fitness” or “autos” for example, instead of grouping them into thousands of cohorts with similar browsing histories. According to Google, this approach will make it even more challenging to infer users’ identities or potentially sensitive personal characteristics, such as race or sexual orientation. Topics will only consider a users’ activity on participating site and not most websites unless the user opted out which was a part of their earlier FLoC proposal. For a quick video outlining the approach click [here](#).



Marketers and publishers, here's what you need to know:

- The top 5 Topics are calculated every week for each user (via the Chrome browser).
- Upon visiting a participating website, the Topics API will anonymously aggregate users into 3 initial Topics, based on their browsing behaviours and interests.
- One Topic is selected from each of the past three weeks and is then shared with both the site and its advertising partners for targeting purposes.
- For sites that are yet to be categorized, or opt-out, a lightweight machine learning algorithm in the browser will take over and provide an estimated topic based on the name of the domain. See below for this process.
- Publishers can opt in and out of the process.
- Consumers can opt in and out of the process (via the Chrome browser).



## Advantages of Seller Defined Audiences

Both buyers and sellers can benefit from a standardized method to define audiences in a competitive marketplace. Each stakeholder has unique advantages using this method of addressability:

### For Publishers

- Publishers are given the means to hyper-monetize their audiences with hundreds of names.
- Data that is valuable for open exchange can be relayed without sharing compromising direct audience offerings. Segments can be shared without revealing first-party data ids protecting first-party data protection.

### For Buyers

- Buyer can choose whether to trust the seller or not (by analyzing the DTS info).
- Transparency brought by datalabel.org allows for informed decisions – backed with a compliance program.
- Full flexibility in the segmentation process.
- Segmentation process is not entirely dependent on publishers.

## A Privacy First Solution

Privacy concerns are the main impetus for the death of the cookie. With an onset of increased privacy legislation across the globe, and citizen outcry for increased transparency and consent, the third-party identifier has lost its place in the ecosystem.

Seller Defined Audiences work to address the following privacy concerns:

1. **Anonymization.** User identity is completely protected. There is no way for the individual to be identified. No personal information is transmitted into the supply chain. A user is truly anonymous making this an appealing solution to both citizens and regulators.
2. **Citizen Control.** Individuals are able to opt-out of inclusion into various segments giving them full control over their ad experience.

A CMP solution can communicate opt-in/out status to the publisher enabling the first party data to be segmented according to user choice. Users will be able to view and understand their inclusion settings, adjusting how their non-personal

data is being used. The CMP plays a key role in providing citizens full control of their data use by allowing consumers to alter and monitor their preferences on an ongoing basis. Another reason why the standardized taxonomy is critical for the industry to move forward seamlessly.

3. **Greater transparency.** When consumers opt-in to a segment, publishers and advertisers can provide a more personalized user experience. Consumers are often given access to free content as a result of the ad revenue generated on the site. This value exchange is clearly communicated using cmps and other privacy first tools allowing consumers to clearly see what their data is being used for and what benefits they receive from sharing.

## What's Next

As outlined in previous communication, cookie independence will require a combined approach to addressability. In some cases, an ID solution can be leveraged for private marketplaces. Premium publishers also stand to gain a lot of demand from contextual placements that are backed with artificial intelligence. Seller Defined Audiences provide an ideal solution for open auctions.

In all cases, what remains critical is the shoring up, smart evaluation and heavy lifting in segmentation of first party data. Getting ready for the new world of opportunities depends on understanding your own data and how it plugs into the marketplace.

IAB Canada continues to participate in all working groups led by IAB Tech Lab about cookie independence. We will continue to report on developments and update our resources as new information becomes available.

## 5 Key Take-Aways

1. **Seller Defined Audiences are a critical access point to reaching addressable audiences' post-cookie.** An estimated 90% of future audiences will be reached through seller defined audiences and every marketer should understand the process, the tools and the taxonomies in this toolkit.
2. **First Party Data is King (Still).** Leveraging contextual advertising and seller defined audiences will depend on a deep understanding of the advertiser's first party data. Segmentation strategies that are developed to plug into the media marketplace at scale will be critical.
3. **What's Inside.** Advertisers will be able to define their own standards for acceptable inventory through the disclosures that are offered with [datalabel.org](https://datalabel.org). Each agency and advertiser will need to have a well-defined approach to their buying standards and potentially bake-in pricing tiers for varying quality levels.
4. **Secure your Context.** Sensitive topic areas have been a major point of contention in our privacy law discussions. Consumers need to have full control over their experiences – understand how your segmentation and topic might resonate with audiences and adjust scale expectations accordingly. This is a good time to engage your agency partners to determine resonance and communication strategies that can improve reach over time.
5. **Ready to Roll Out.** The industry has been working on Seller Defined Audiences for a while now. The tools are in place to hit the ground running – this solution will not require months of development – it is imminently ready to roll.

## Getting Involved

Thank you to those IAB Canada members who contributed to this document. If you are an IAB Canada member and would like to contribute to our community discussions on preparing for cookie independence, please reach out to [committees@iabcanada.com](mailto:committees@iabcanada.com)

# Glossary of Terms

Term	Definition
Artificial Intelligence (AI)	Intelligence demonstrated by machines that mimic cognitive functions that humans associate with other human minds such as learning and problem-solving.
Authenticated Audiences	Individuals authenticated through deterministic means such as logins, emails, phone numbers or other identifiable means.
Cohort Based Advertising	Advertising that is targeted to a set of users grouped together because of a common identifier. A cohort can be anything: from users in a certain location to users who purchased a specific product or service within the same period.
Consent Management Platform	The company or organization that centralizes and manages transparency for, and consent and objections of the end user.
Contextual Advertising	Contextual advertising is a form of targeted advertising where advertisements appear on websites or other media, based on the content of a publisher using AI and or other language elements to match likely interest and engagement with the advertisements.
Customer Data Platform	A collection of software which creates a persistent, unified customer database that is accessible to other systems. Data is pulled from multiple sources, cleaned, and combined to create a single customer profile. This structured data is then made available to other marketing systems.
Data Management Platform	A centralizing platform to collect, organize and activate first, second- and third-party audience data from any source, including online, offline, mobile, and beyond.
Deterministic matching	Deterministic matching relies on using encrypted personally identifiable information (PII) such as email address or phone number to link devices to that identity. Deterministic matching is more accurate by

	design, however, there are scalability concerns associated with getting users to part with their PII, and the business consideration of maintaining that data and complying with privacy regulations.
First-Party Data	Information collected directly from publisher or brand audience or customers. It includes but is not limited to behaviors, actions or interests demonstrated across owned media channels like website(s), social media or app(s). It includes all CRM data.
Probabilistic matching	Probabilistic matching use “soft signals” like device type, software version, screen resolution, OS, location, and IP address to build an ID graph for users. Probabilistic matches never reach a 100% accuracy but can achieve reasonable confidence level in resolving identities.
Salting and Hashing	Both are steps implemented during the process of encrypting information (email address or phone number). Hashing is the first step, wherein the input is transformed into a series of random numbers or letters. But due to the deterministic nature of the hash function, input values that are identical will have identical outputs. Salting the hashed values ensures that the final hash is always unique
Universal ID	A user identifier created by ad-tech to provide a shared identity to identify the user across the supply chain without syncing cookies.

## Continued Reading

- [Moving Towards Cookie Independence](#)
- [IAB Canada Guide to CMPs](#)
- [IAB Canada Guide to CDPs](#)