

Mike Shields (3s):

Hey guys. This week on Next in Marketing. I spoke to Jerry Dischler VP and GM of Ads at Google. We talked about, why he thinks the digital advertising industry has lost the trust to consumers? And why all the changes happening to ad targeting may be painful, but are necessary to save the open web? Jerry, also explain why Google doesn't see any of the proposed cookie alternatives as being truly viable as they won't satisfy the needs of consumers or regulators. Let's get started.

Intro to Next in Marketing (24s):

Everything we know about the media, marketing, and advertising business is being completely upended, thanks to technology and data. We are talking with some of the top industry leaders as they steer their companies through constant change. Welcome to Next in Marketing. Presented by AppsFlyer.

Mike Shields (44s):

Hi, everybody, welcome to Next in Marketing. My guest this week is Jerry Dischler. He's the VP and GM of Ads at Google. Hey, Jerry, thanks for being here.

Jerry Dischler (51s):

Hi, Thanks, Mike. Thanks for having me.

Mike Shields (53s):

So, Jerry, tell me about your career at Google. You've been there for a decade or so. And this role is relatively new for you. But like what, tell me about your journey, like, you know, building these different products for consumers over a long time. And then maybe let's, I would love to talk about what happened? How that looked over this last year with this unprecedented time we're going through?

Jerry Dischler (1m 14s):

Yeah, I mean, I've been at Google for a long time. I started in 2005, actually, and started working on the Ads team in 2009, which is unusual for a guy who earlier in my career spent a lot of time with startup companies. The thing that kept me here, and the thing that's kept me engaged is just being able to have such an impact on billions of people around the world. And now, millions of advertisers around the world to help them with the platforms that we have. To your question on COVID, I took on my new role, basically, when COVID broke, and it was really the best of Google, I thought.

Jerry Dischler (1m 57s):

You know, in back in February, when we first were working from home, what I got from my team, and how I felt was, "Okay, how do we make an impact on the world?" And at the very beginning, it wasn't about advertising. It was about, how do we get great information to our users who were asking questions around the world on, what is this disease? Where do I find out information about it? How many cases are there? And things like this. So, we had teams of people who said, "Hey, we're here to help in any way we can." And so, we tried to help other teams just get information out to our users.

Jerry Dischler (2m 40s):

After that, when we were able to fulfill people's information needs, we took a step back, and we said, "Okay, let's get a clean sheet of paper and figure out what we want to do from an advertising perspective to help consumers around the world, and to help businesses weather the storm of COVID," which was clearly a significant event, we could tell, even back then. And so, we said, "What do we want to invest more in? What are the efforts that we want to cancel or delay? And what are the new behaviors that are emerging during COVID-19 that we need to support?" And so, much –

Mike Shields (3m 16s):

I don't mean to cut you off, but I would – part of me, I would wonder if you think, at that time you're thinking, "Well, do we need to change everything, anything with our advertising [inaudible]?" It's presumably a lot of customers are going to want to cancel stuff because things were closed, and they couldn't operate. But it's interesting that you wouldn't just like right out the market. We actually felt like, we might have to tweak our business to adjust to what's going on the world?

Jerry Dischler (3m 42s):

Yeah, well, I mean, let me give you a few quick examples. So, thing number one is we had a lot of advertisers who were selling things that people weren't looking for. And so we built this tool, in fact, of it internally, we called demand seeker, but is now our insights tool and this has become a part of Google Ads. We built a tool that says, "Hey, what are people looking for?" And so, businesses could take a look at that and say, "Alright, I sell this product, but maybe I could pivot to this product, because this reflects what people are looking for." And so, we released that tool in a weekend for our sales team to use and then increasingly we made that part of the product over a very short timeframe or what are the new behaviors that are our users have in order to try to get goods and services?

Jerry Dischler (4m 30s):

Like in the case of goods, curbside pickup became something that people wanted. And so, we implemented that very quickly. Or the travel industry went through a huge transformation. How do we help that industry survive? And we had all of these fundamental questions that we tried to apply to our product very quickly, in order to help the industry and during a time of crisis.

Mike Shields (4m 54s):

There's so many changes going on in digital advertising, which we're going to get into. But largely, if we could put those aside which is not easy. How do you think the pandemic just as, has affected the medium, in general? Like, are we? Is it just, has it put that much more value toward performance-based advertising? Like, you know, what kind of shifts are you seeing? Is it just going to be so much more of an e-commerce driven industry? Like what do you, how do you think the pandemic is changing our business?

Jerry Dischler (5m 22s):

I mean, the trend across the funnel is going towards the digital, whether it's the top of the funnel from awareness to consideration to the very bottom of the funnel talking about DR. I think the pandemic has proven that digital advertising can be very effective. And even for those who are doing non digital advertising, doing full-funnel digital advertising is a key component in their resilience plan and the durability of their business.

Mike Shields (5m 54s):

Let's start a little bit more about, more recently, what are some new things you guys are doing ad wise, innovations you're working on? And I'd also love to get into, how things are changing measurement wise. Because I think for a long time you've tried to do both top of funnel and kind of middle and bottom funnel stuff. And I wonder how that's kind of all coming together?

Jerry Dischler (6m 15s):

Yeah, I mean, I guess, if we take a look at innovation, I'll talk about three priorities. One is automation. The second is measurement. The third is privacy. If you think about automation, the pandemic provided a great opportunity for folks to understand the value of automation. So, the first thing that happened when, again, when the pandemic broke, is we took a look at our automation tools and we said, "Okay, are these tools working? Are they durable to that incredible black swan event that we had during the pandemic?"

Jerry Dischler (6m 55s):

Because anytime you're building statistical systems, you're like, "Okay, this works within a range. But what happens when you have this outlier event?"

Mike Shields (7m 2s):

All the variables are gone or changed, like –

Jerry Dischler (7m 5s):

That's right. But all of our systems, every single one of them performed well. And that was true for large advertisers. It was true for small advertisers. And we were watching like a hawk in real time. And as it turned out, the advertisers who were using our automation did better than the advertisers who weren't using our automation. And the reason why is because they were able to express their objectives in a simple form, and then they allowed the machine to do the work.

Mike Shields (7m 33s):

Quick back up, what do you mean by auto --? Automation, I think some people will say, everyone, anything programmatic or real time bidding is automation to a degree. But you're talking about something else, I think.

Jerry Dischler (7m 45s):

I'm talking about automated. So automated bidding, automated targeting, automated creative, or the fully automated products that we have that are sort of goal-based advertising products, like Universal App Campaigns, would be one example of those.

Mike Shields (7m 59s):

And how much of that – sorry, to keep go backwards. How much of your business is – how, I guess you have millions of advertisers, so many of them are probably not there. But like, how much of your business, before pandemic was automated? Versus just programmatic, or just, you know, using auctions in real time bidding and stuff like that?

Jerry Dischler (8m 18s):

Yeah. I mean, we don't report that, but more and more advertisers every year are using our automation. And it's extremely popular among both large advertisers and small advertisers is a way of managing the complexity of their business.

Mike Shields (8m 35s):

Right. Okay. So, that's where the future lies. And the guys that were doing that, during this pandemic did better. It seems like or spot or handled things, their businesses responded well.

Jerry Dischler (8m 48s):

Yes. I mean, we've been really clear for a while that we believe that that's where the future of advertising lies. The reason why is because, I mean, this advertising system that we have, and the advertising systems that others have, our systems have their own design, and they don't necessarily tie to an advertisers underlying business objectives. If you can express the advertising in a language that ties directly to the advertiser's business objectives, that's incredibly powerful. And so that allows you to, that allows the platforms to do more with that information and try to achieve those underlying goals rather than having to worry about the cost of impressions or clicks, or other things like that.

Jerry Dischler (9m 34s):

You know, you're translating into a language that directly drives business value. And as long as you can achieve that, that's extremely powerful.

Mike Shields (9m 42s):

Let me ask you stupid questions. You made me think of this. Because there's a lot of talk about how the artificial intelligence or machine learning or all these things that some of us understand, some of us pretend to understand. They're gonna revolutionize advertising in some form. But yeah, I think to date, many brands will say, "Well, of course, I optimized like crazy to my objectives. And I'm looking at data all day. And we're especially like the direct-to-consumer brands, they're really successful at driving performance." So, I guess, what is the, like, what are we missing? Is it just that machines can move much faster? They can understand

data better than someone looking at a bunch of spreadsheets?

Mike Shields (10m 25s):

What's the revolution in automation? And should I couple this with these broader AI movement we're talking about?

Jerry Dischler (10m 32s):

So, um, yes. So, let me say, advertisers looking in detail about their return on investment, and managing their campaigns very closely is a good thing. But the automation is trying to do is it's trying to do that in a more scalable way, in a faster way, with less effort for the advertisers and agencies that are trying to achieve a particular business objective. To your latter question which is, how does this tie into the sort of revolution of machine learning and AI? We get a lot of benefit from doing basic automation.

Jerry Dischler (11m 12s):

But because it's Google, and we're sort of at the forefront of a lot of machine learning and AI work, we apply cutting edge AI, in order to squeeze that extra incremental value out of the automation that we do.

Mike Shields (11m 25s):

Okay, let's shift gears a little bit. Let's get to the some of the bigger issues of the day, which everyone's kind of talking about all these macro changes, and industry, and what's going to happen? A few months ago, you were the IAB Annual Meeting. You talked about how that, you know, the digital ad business has sort of lost, had an unwritten contract with consumers, and you're worried that we kind of mess that up. Can you talk about why you think that?

Jerry Dischler (11m 51s):

Yeah, absolutely. I mean, so the advertising business, and the digital advertising business has thrived, because we are delivering relevant messages to consumers at scale. However -- and we have this implied contract with our consumers, as I mentioned in the IAB meeting, which is, "Hey, we'll give you these free services. We'll deliver relevant ads. And in exchange, you'll give us some of your user data." And so increasingly, consumers are saying, "Hey, I'm not really comfortable with that trade off. You haven't been responsible stewards of my user data. You're giving me experiences that I think are uncomfortable or not desired.

Jerry Dischler (12m 35s):

I want an assurance that you're using my data in a better way." And so, the advertising industry has not necessarily come to that reckoning uniformly. But you're hearing it from consumers, you're getting it from regulators, you're hearing it from government officials, and you're seeing it through the actions of platforms that this is no longer, that the past is no longer an acceptable experience. And so, what we did at Google was we said, "Okay, what do we think the future of advertising should look like? And because we're Google,

and we tend to think technically, are their technical systems that will preserve the measurement and targeting capabilities that advertisers want, while at the same time providing consumers with programmatic assurances that their data are being used in responsible ways?" We think that the answer is yes.

Jerry Dischler (13m 29s):

And so, we're working with the Chrome team on the Privacy Sandbox. Of course, they're working with other folks in the industry as well. But we're very excited about that is the future of advertising. Because we believe that as an industry, if we resist this trend, that's coming from so many sources, that we're going to spend all of our time pushing the boulder uphill, rather than all of our time delivering great advertising with a better solution that's durable for the future.

Mike Shields (13m 57s):

What do you think? Was there one thing or a series of events that raise the awareness of this issue among consumers? Like did something set this off in your mind?

Jerry Dischler (14m 7s):

You know, I really do. I think it was a gradual evolution over time with various news stories, with the actions of platforms and regulators, and things of this nature. I think GDPR had a laws, like GDPR, and CCPA had a lot to do with it, but there's a variety of factors over time. Really what it comes back to with us, is we always take a look at what the users want. And when we really started to see through our own internal analyses of users, as well as external data that we had seen from reputable sources that suggested that, enough is enough in the minds of the majority of consumers. We really knew that we needed to act.

Jerry Dischler (14m 48s):

And you know, you can act incrementally, or you can act disruptively, and our preference is always the latter in order to create durable technical solutions that we think will help the free and open internet in the long term. And fundamentally, the free and open internet is core to our information mission to provide information to billions of users around the world.

Mike Shields (15m 10s):

So, Jerry, on that note, is there any one party that went too far? And that we sort of said, "This is why consumers have now responded the way they are." Like is it, you know, the buy side selling retargeting, what caused this?

Jerry Dischler (15m 24s):

I don't think it was any one given factor. I think it was an accumulation of things over time. But actually, sort of taking a step back. I'm not sure it's meaningful to assign blame. I think what's much more meaningful is to be able to look forward to solutions to the problem that we're faced with, and be objective and honest about that problem, and then build for the future. I don't think it's going to be easy by any stretch of the imagination.

I don't have a solution that will satisfy everyone day one. But I think as an industry, we need to work together to find higher ground. And once we do that, I think we'll be able to continue to grow the free and open internet, which is so important for the world, and so core to Google's information mission.

Mike Shields (16m 11s):

So, you're talking about like, you know, we can't do things incrementally. We got, we kind of have to try for like some bigger, bolder solutions to try and change this. That's happening at a time. So, you've got like, we've talked about this. You've got the -- your what you guys are doing with the Privacy Sandbox and cookies going away. Apple's moves to limit targeting regulation as you mentioned. You hear this described in various things, you read the industry. These are tectonic changes, fundamental shifts, could be Armageddon for ad targeting. It's hard to know everything, but if the impact of all this stuff collectively. But in your mind, like how profound are these changes going for the next couple years?

Jerry Dischler (16m 53s):

I think this is going to be a big moment of change for the next couple of years. But I also think it's going to be a big moment of learning for the industry. And I believe that this is fundamentally important for the next step in our industry is evolution. And I'm confident that this does not mean the end of advertising, or even the end of personalized advertising.

Mike Shields (17m 17s):

There's a lot to talk about. One to one is dead, like forget about it. That was a mis... We're not going to ever get that.

Jerry Dischler (17m 22s):

Yeah, I mean, that's not necessarily true. We still believe in first party data.

Mike Shields (17m 27s):

Okay, so let's talk about one of the big the fundamental shifts that were, that is going to drive this big change, and that's FLoC. You know, I think some people understand it from a high level. But can you kind of explain, like how FLoC came about, and what it is, and how you think it's going to work?

Jerry Dischler (17m 44s):

Yeah, so what FLoC is for, is FLoC is a solution for determining user interests in a privacy safe way. And so, rather than you determining interests based on a collection of individual user data, we do this based on an aggregation technique, which is described in a paper that we've released openly. And so, what that allows each individual user to do is to be an individual that's obfuscated by the crowd, and you're acting on clusters of users, instead of individual users. What we've seen is that you can preserve much of the value of individual user targeting with a fundamentally privacy safe approach.

Mike Shields (18m 28s):

Explain to people, how would this was developed?

Jerry Dischler (18m 32s):

What happened was the Chrome team, and the ads team, and the with a little bit of help from the research team, we're operating independently trying to figure out how to solve this problem of protecting user privacy while preserving the open web, and preserving an ad supported model for the open web. And so, this was one of these rare situations in which we collaborated together to come up with a solution. Now, to be clear, the Chrome team operates independently, and they make their own decisions and what technology, so they choose to support. But the ads team had considerable expertise in what will work for advertisers, and agencies, and publishers, and all the participants in the ads ecosystem.

Jerry Dischler (19m 14s):

And the research team brought with them considerable experience in developing cutting edge algorithms in order to solve these kinds of problems. So, this was a case in which we operated together to come up with a proof of concept to see if we could develop something that was privacy preserving, while also meeting the needs of the advertising industry. And we were happy to see that in this model, we could.

Mike Shields (19m 40s):

But so, I think people don't actually realize that. Are they assume that you're like "Hey, Chrome people, can you make something that, that works for ads business?" And like, who cares about the rest of the internet? Like you really are operating independently?

Jerry Dischler (19m 51s):

Yeah, that's absolutely right. It's a pretty interesting model. We run into the situation sometimes where we say, "Hey, you know, we do have to talk to each other occasionally, because we do work for the same company." But the vast majority of the time these teams are operating independently. And certainly, how they make decisions are completely independent.

Mike Shields (20m 15s):

Right. That you, they have different KPIs, different goals, different audiences that they serve, it really, it's a different part of the business?

Jerry Dischler (20m 23s):

Yeah, that's right. I mean, what goes into Chrome is the decision of the Chrome team, not the decision of the Ads team. We can help them learn about the advertising business. But ultimately, the decision is there's.

Mike Shields (20m 35s):

Okay, so given how impactful this potentially will be for the entire ecosystem. There are people in industry



that will say, "I don't love the idea that I like FLoC principle, but I don't like that it was, you know, the same company that owns the browser, and a big ad network was developing it together. And it wasn't done with all of us having a say." Like, what do you guys say to that thinking?

Jerry Dischler (20m 58s):

Well, I mean, we're going through FLoC origin trials right now. We've been very open with standards bodies. We've invited feedback from organizations like IAB Tech Lab and others, and we really want the input. The challenge is though, we wanted to act quickly, and show what's possible, as a way of rallying the industry to see if we can develop great solutions in a fast timeframe that meet high privacy standards together. And so, what we had to do was to put something out there to say, "Hey, this was possible." We didn't want to debate it. We wanted to see if collectively, individually.

Mike Shields (21m 38s):

You get going. You felt like it's too [crosstalk]

Jerry Dischler (21m 40s):

Yeah, exactly, we can solve the problem.

Mike Shields (21m 42s):

You know, there was also a lot of chatter recently. You guys made a lot of noise with a blog post. Where you kind of made it clear that you're not going to continue to like the, one to one each vote individual targeting in the open web. And the big takeaway from that goes, "Oh, you're not going to join this trade desk thing. You're not going to join any of these other ID, cookie replacement initiatives. Why not go that route?"

Jerry Dischler (22m 7s):

Well, I mean, there are lots of folks who are doing cookie replacement, or data aggregation initiatives. We don't believe that these are necessarily durable. We don't think it solves the consumer sentiment problem, we don't think it solves the regulatory problem based on the way the winds are blowing. We believe that aggregated solutions based on privacy, safe technology are the future. And that's where we're putting all of our investment.

Mike Shields (22m 34s):

Well, when you hear about when, if I'm a regulator, or I'm a consumer, and I hear about, "Okay, they're getting rid of cookies, but then the new thing is going to use my email, and some hash thing." That doesn't sound great to me. Is that what you're kind of getting at that this is like that the way the winds are blowing, and it's not going to work as a long term solution?

Jerry Dischler (22m 54s):

Oh, you mean with the data aggregation approaches? I mean, we think that fundamentally it comes down to,

do you want technology that aggregates data for an individual? And has the potential of the individual being identified and being used and abused? Or do we want it to preserve the identity of the individual but still provide the value through technically based aggregation techniques? We think the latter is more durable. And we think the longer that we cling to the former to using individual user data, and this cross site and cross business way, the more difficult it will be to get to the final solution, which actually gives us quite a lot of runway to do great advertising and preserve the free and open web.

Jerry Dischler (23m 46s):

And so, that's why we've decided to take that back.

Mike Shields (23m 49s):

That will make sense to me. I guess my question is, you know, if I didn't know any better, and I read about how the cohort is thing is going to work, and how you're going to be targeting broader groups of people, it sounds like old school. Like it sounds like, "Oh, we've targeted groups of people, like people that like, men that likes sports on these sites and women who are into beauty and on these kind on women's magazines." It sounds like, we're not as, you know, it's not the the precision we become accustomed to in digital media. Like, should we? Or is that looking at the wrong way that we're, that our online advertising is going to get less precise or even dumber, so to speak?

Jerry Dischler (24m 31s):

I think that I still believe that you can do great advertising, even with these tools. If we take a look at online advertising, and we take a look at advertising generally, it keeps getting better and better over time. I'm confident that using whatever the state of the art is. Creative marketers will be able to deliver great results, and inspiring campaigns that are great for consumers using those tools. And so, I don't think it'll be very -- I mean, I think it's not going to be perfect. You're not going to get one on one precision, but I don't think it's going to be the huge step back that people are worrying about. I don't think there's much of an alternative, because I think these one-to-one solutions are going to have a lot of pressure on them from consumers and from regulators.

Jerry Dischler (25m 17s):

And I think that it's possible to get everything that you need while develop, while putting yourself in a durable position through these new technologies. So, I'm very optimistic for the future.

Mike Shields (25m 31s):

So, you know, you don't think another, one of the big worries is that, "Oh, well, okay, once this hits, brands are just gonna bail on the open web and put everything into Google, YouTube, Pinterest, Snap. Everybody's got some kind of first party data, and that'll be that.

Jerry Dischler (25m 46s):

I don't think so. And I think that would be inconsistent with our mission as a company. So, this is an area that we're extremely committed to.

Mike Shields (25m 53s):

Right. You guys care about the open web and that's something you want to keep having thrive.

Jerry Dischler (25m 59s):

Absolutely.

Mike Shields (26m 0s):

Okay, so on that note, and maybe we'll close it here. What do you think... You know, you've heard, again, we talked about so many different predictions about how dire this will be, or how it's fundamentally different this will be? I've heard theories that like, there'll be the logged in web, where there's good advertising, and then the rest of the web, which will be a total mess, who knows. What does the open web look like in five years in your mind through advertising?

Jerry Dischler (26m 26s):

So, I'm super optimistic about the state of the open web. I think that in addition to solving these privacy challenges, we'll be able to deliver increasingly exceptional experiences to consumers around the world. So, during the pandemic, I've met with dozens of businesses, including sort of Fortune 500, or Global 1000 companies, as well as small businesses. And what folks are telling me is very different now than they used to. They're saying every business is an online business. There are lots of folks who had online e-commerce, for example, as a loss leader.

Mike Shields (27m 8s):

It was a thing you can compartmentalize. It was it was a small piece of the business. Now, its core.

Jerry Dischler (27m 14s):

Yeah, those arguments are lost. You can't be a loss leader anymore, this is core. Every business's is an online business. There are lots of businesses who are rewriting their playbook. And there's kind of no way back to the old way. Like digital is more important than ever. And this is especially something that is underscored by certain industries that are really undergoing incredible transformation. So, one example is the hotel industry. You know, hoteliers are rewriting the playbook right now. As an example, Wyndham hotels, we've been working very closely with them. And because the consumer behaviors are so different, they're actually using our tools, like I talked about earlier on, to identify, what are users searching for?

Jerry Dischler (28m 3s):

And what are the trends that are causing people to go back to hotel? So, they're finding out, for example, that travel demand to rural destinations is really important and a good way for folks to get back to staying in

hotels.

Mike Shields (28m 20s):

Interesting.

Jerry Dischler (28m 21s):

So, that's where they're focusing their advertising. And we're seeing increasingly using these kinds of tools in order to drive the industry forward and rewrite the playbook in a more digitally enabled way.

Mike Shields (28m 33s):

So, most companies like that used to kind of know their seasonality and their when their business would come up and down. Now, they need to lean on your insights to try and rewrite this on the fly.

Jerry Dischler (28m 45s):

It's brand new. As consumers are becoming comfortable with travel, they need to understand those new behaviors. And then once they understand them, to encourage them, and use that data, bring it back in order to shape how they run their business.

Mike Shields (28m 58s):

I said that was my last my last question. But well, actually one more. Does this get us to a place where, if this works better, will the user experience get better, overall? I think that's one of the things that's been, besides the getting retargeted all the time, so many sites, either bombard people with ads, video players you can't see. Do you think this will help shift the publishers away from having to throw everything at people, because they feel like that's one way they can survive?

Jerry Dischler (29m 27s):

I hope so. I mean, I think that from a consumer perspective, from a user perspective, you're going to get fewer negative surprising experiences with a model like this. But ultimately, a lot of the responsibility lays on the publisher.

Mike Shields (29m 46s):

Right.

Jerry Dischler (29m 46s):

And then making the short-term, long-term tradeoffs in order to provide truly great advertising and a great experience for the users who visit their sites. And as publishers increasingly think long-term, I think that in itself will result in hopefully, better advertising experiences, more consumer trust, and more consumer loyalty to publishers.

Mike Shields (30m 6s):

From your lips to God's ears, Jerry, hope you're right. I think that sounds like a nice future. Anyway, listen, thank you so much.

Jerry Dischler (30m 14s):

Thanks, Mike. I really appreciate it.

Mike Shields (30m 12s):

A big thanks to my guest this week, Jerry Dischler, VP and GM of Ads at Google, and of course my partners at AppsFlyer. If you like this week's episode, please take a moment to rate and leave a review. We have lots more to bring you, so be sure to hit that subscribe button. And we'll see you next time for more on what's Next in Marketing.