



PERPETUAL
TRAFFIC
— PODCAST —



**IS RETARGETING DEAD?
RYAN DEISS' THOUGHTS
ON GOOGLE'S NEW AD BLOCKER**
EP. 104

with **Keith Krance,
Molly Pittman & Ralph Burns**



Episode 104: Is Retargeting Dead? Ryan Deiss' Thoughts on Google's New Ad Blocker

Keith Krance: Hello and welcome to Episode Number 104 of *Perpetual Traffic*. Today, we've got [Ryan Deiss](#), [Molly Pittman](#), myself, [Keith Krance](#). We're going to be talking about how the world is coming to an end in the digital advertising world. Literally, my hands are all dirty as I just got finished digging the bunker down below the house, getting ready for the next few months. There's a lot of news going on right now about ad blocking and Google and Facebook, so we figured we'd bring Ryan on and get a little perspective. How are you guys doing?

Ryan Deiss: First thing is ... Good, man ... we need to get you a shovel.

Molly Pittman: Yeah. That sounds dirty.

Keith Krance: No doubt.

Molly Pittman: Keith, didn't you build an igloo?





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Keith Krance: Yeah. Well, my son Kylar and I, we built an igloo and slept in it overnight, 11 hours. It was 21 degrees the whole night. How about that?

Ryan Deiss: Did it work?

Keith Krance: Yeah. It was awesome. Epic.

Ryan Deiss: I love that, as a grown man, you just used the word epic and you weren't being ironic.

Keith Krance: That's true. Holy smokes. So, I guess the question is: Is it time to panic — right? — because of all this ad blocker stuff?

Molly Pittman: Yeah. Especially this month, we've seen some interesting news from Google and even some talk from Apple, with updates to iOS, that they're going to start blocking ads.



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There's going to be ad blocking in Google Chrome, that they plan to do the same in iOS, and you're starting to see people panic, of course. Especially because we teach people install a [retargeting pixel](#), retarget visitors, that's where most of your money is made. So, I guess the real question here is how should people react and what does this really mean?

Ryan Deiss: Yeah, so I think what it means is that if you've been doing what we've been telling you to do, you're in really good shape. Google is adding an ad blocker into Chrome. So, if you're a Chrome user, like the majority of the planet ... I think Chrome is, I don't remember the percentage, but it's the majority of users ... then essentially there's going to be an ad blocker pre-installed. It's a big thing because there's always been ad blockers out there. There was kind of a resurgence of ad blocking last year and then it kind of died out.





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But now, the second that something becomes pre-installed into Chrome and it's kind of just turned on by default as opposed to people having to take an action, that is a big deal for the advertising industry.

I will tell you if you are a media company that monetizes through your own advertising, through advertising on your site, then yeah, I would be very, very, very concerned right now. Because if advertising is your primary source of revenue, then this is not going to be good for you. There's no way to spin this where it's a good thing. So if that's you, if your primary source of revenue is selling ads through your own network or through another network, then this is definitely a little bit scary. It's why we've been telling publishers for years that if you're in the content business, you need to be in the commerce business as well.





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It's why we, shameless plug, have an event called Content & Commerce Summit coming up in September. Contentandcommercesummit.com, #shamelessplug.

Let's talk about if you're an advertiser, right? If you're leveraging Google and Facebook and some of these other ad channels to drive traffic to your website, this really isn't going to affect you very much, and that's because ... Yeah, Google has an ad blocker in place. But that ad blocker is not going to block Facebook ads on Facebook.

Molly Pittman: Right.

Ryan Deiss: I'm trying to imagine the lawsuit that would emerge if Google, through their Chrome, began blocking Facebook ads on Facebook.com. I just don't see that going well.



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I mean, you're talking about some seriously mutually assured destruction happening between the two largest ad players in the world. I don't really see that happening as much.

So, what is Google going to be blocking? Google's unlikely to block their own ads, because their whole point ... If you go and read what they're doing, they're trying to stop bad ads. You know, they're trying to block ads that are overly intrusive.

Molly Pittman: Annoying or intrusive.

Ryan Deiss: Annoying and intrusive ads. This is just a hunch, right? I'm kind of nervous any time I go on the record, but I'm going to go on the record for this one. I don't think that Google is going to see their own ads as annoying or intrusive. I think they're going to think their ads are just fine.



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So, if you have people coming from your website, either from Google or Facebook, and you're setting Google and Facebook retargeting pixels, your ability to retarget people in Facebook will not be impacted by this change really at all. Furthermore, your ability to retarget people throughout Google's network will not be impacted by this change at all, simply because Google is not going to block their own ads.

So what are the implications to you as an advertiser? Well, I think there's a couple. One, it shows that, really, the two dominant players in the industry, Google and Facebook, are going to become even more dominant. And so, if you're not playing in those media, you need to, because that's where all the eyeballs are. That's where all the attention is. It's where all the growth are. You found a stat, Molly?





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Molly Pittman: Yeah. It was a stat that said Google and Facebook account for 99% of all digital ad revenue growth in the U.S. in the last year, and 77% of gross ad spending.

Ryan Deiss: Yeah, so Google and Facebook represent 77% of all the ad spend in digital and they accounted for all of the growth. I don't see that changing, which means in a year, they're probably going to be closer to 80%. In five years, it'll probably be over 90%. Now, long-term, what I think is going to happen ... Well, I do believe that there's a lot of very, very significant ad-tech companies out there that are not called Google and Facebook and in aggregate, I believe that they can raise a lot of money to hire a lot of lobbyists. And so, I see there coming a day when this kind of ad blocking move probably is going to land them in some kind of court hearing.



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People who don't recall when Bill Gates had to go before Congress because Microsoft auto-installed Internet Explorer when somebody installed Windows. The U.S. Government ruled that, hey, yeah. No, that's anti-trust. Because Windows was so dominant that, by auto-installing Internet Explorer, it basically created an uncompetitive environment for Netscape.

When you think about something like that — right? — a case law like that ... And by the way, I'm not an attorney or a doctor or an astronaut, so take this with a grain of salt. I do know my history and my history tells me that when you have two companies that already control 76% and now one of them, which also controls the largest browser population out there and they're saying that they're going to start blocking all of their competitors' ads, I just ... I don't see it going well. So they're either not going to block the vast majority of ads, because they're not going to perceive them as obnoxious.





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And they really will only block the obnoxious ads, which ... you know, as an advertiser, you shouldn't be obnoxious.

Molly Pittman: Absolutely.

Ryan Deiss: I mean, that's not a good way to have an initial first impression. So either they're not going to block as many ads as some people think, or they're going to block way more ads than they should and they're going to get freaking sued and it'll get worked out. Either way, as an advertiser, it doesn't change your strategy. You're still advertising on all these different places to drive people to great content, to deliver that value in advance, to set the retargeting pixel, both Google pixel and Facebook retargeting, so that, at that point, you have the ability to follow up the advertising across Facebook's network and across Google's network, which is 76%.





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Molly Pittman: It says that the ads blocked would match the standards produced by the Coalition for Better Ads, and that includes people from Google, Facebook, News Corp and The Washington Post as members. So, it will be interesting to see how those people come together and what they decide that these terms are going to be. But I think you'll see a way better user experience. There are so many websites you visit now, reputable websites, where you literally cannot read what you want to read without X'ing out of a giant video, right? And if your browser's not the right size, you can't even find the X.

Keith Krance: And you can't mute them or pause them half the time, and these are big websites. This is ...

Molly Pittman: Absolutely. Absolutely. I see this as a good thing and a reason to do your homework and to really think about what something means before you panic.



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But I do agree it's going to be interesting to see how they police these ads, what the terms are and really ... The future of these ad platforms in general. I mean, Ryan, do you feel like, in the future, we will see another ad platform as big as Facebook or Google?

Ryan Deiss: No. No, and I think the one that had the biggest chance ... Well, two of them. You had Twitter and Snapchat. Twitter came up and it kind of has largely faded. I think it's still there. But I mean, it's a very, very, very distant, distant ... I don't even know if it's third. Snapchat came out and they made a big fuss and brands were jumping on their ad platform. Now, they're having to give away coupons, do a lot of things to attract advertisers, which tells me that they're not getting the traction that they were necessarily looking for. As a public company, we can look at what's going on and see that it just ... it's not happening.





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You know, it's why you're having a lot of companies writing down their investment in that.

I mean, do I think that Twitter and Snapchat are still going to be around and still viable businesses? Yes. And do I think that they could still be ... Again, that's not me giving investment advice. I'm also not a registered investment advisor. I just think, in terms of a platform, having something at this point be bigger or even compete with the Google-Facebook duopoly, it just isn't going to happen. We're going to back to what we had back in the fifties and sixties and I guess probably even up in the seventies before cable. You know, cable was the first big technical innovation where ... Really, there were four or five channels on television and those four or five channels, they essentially controlled all the T.V. advertising.





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You had the same thing where radio consolidated and you had a handful of radio station consolidators that controlled it all. You had the same thing happen back in newspaper, where those consolidated. This idea of the consolidation of media has been around forever. Heck, it goes back to ... you know, in the American Revolutionary War times. Every single little town had 15 newspapers and gazettes. And then there were two, and then one, and now there's kind of just a couple in the country, right? Railroads. There were a million railroads and then there were basically two or three. So, this consolidation of media is nothing new.

Molly Pittman: Right.





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Ryan Deiss: It's a land grab while it's happening. It's the Wild, Wild West while it's going on. It creates big winners and bigger losers and then everything settles in and you kind of just need to work with what's there. When it comes to digital, I believe that it's Facebook and I believe that it's Google. I don't think it's not all rosy news for advertisers, by the way, especially if you're direct-response. Direct-response advertisers, you know, they used to be able to advertise in magazines and newspapers. Then, as the magazines and newspapers consolidated, they began to shut direct-response advertisers out in preference for more brand advertising because brand advertising is prettier and is a better user experience. We've got to know that the same thing is going to happen on Google and Facebook.

Molly Pittman: Absolutely.





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Ryan Deiss: You got to know that. So right now is the time to, I guess, make hay, but still make hay ... Being as cool as you possibly can, but understanding that ... You know, I think there's going to probably come a day where ... These platforms, they don't allow you to drive traffic to a landing page or directly to a sales page. That's probably going to happen. Even in retargeting, that may very well happen at some point. Because when all the inventory is sold out ...

Molly Pittman: Which it is. Almost.

Ryan Deiss: ... which it is. Right. They don't have to do it the second somebody complains about anything. It's like go try to buy a Super Bowl ad, even if you have the money, for some type of direct-response ad. They won't take it. They reject advertisers all the time for the Super Bowl because they've got way more buyers than they have inventory, and that's where we're getting with Google and Facebook.





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So, this idea of the duopoly is not really a good thing for ... It's not a great thing for advertisers. We benefit through competition. But this specific issue with the ad block is not one that I would panic about. There is that broader kind of macro-trend, though. It's nothing to panic about, but it is something to really focus in on and make sure that you're making hay while the sun's shining and simultaneously setting up your strategies and your campaigns to mirror what's working today and what we believe is going to work in the future.

Molly Pittman: It does go to show how powerful Google is and, you know, it's only gaining more and more power. You can decide if that's good or bad. In our [We Believe statements](#), we say, "We believe Google sometimes does evil."

Ryan Deiss: Right. Yeah.



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Molly Pittman: So, that's your decision, but it does show the incredible power. I mean, being able to set the standards and then block display ads. But going back to what you said, Ryan, nearly 89% of Google's revenue comes from displaying ads. So, I see it as they also have to take care of themselves. But it all goes back to the end user, right? Facebook, Google, whatever ad platform that you're running traffic on, that has users that it cares about. They have to, right? They're always going to go for the most relevant, entertaining ad over something that's simply asking users for money because it's better for the end user. And if the end user doesn't like the ads, if the end user doesn't like the experience they're having on the platform, they're going to leave. If they leave, we don't have anyone to advertise to and they don't have any way to make money. Just understanding this will always come back to the end user because that's where the money is, and the users are really the ones with the buying power.



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I mean, that's why you're seeing Facebook roll out more options to be able to hide ads or give feedback. I got a survey on Facebook the other day that asked me about an ad that I had seen. It was open-ended, right? It wasn't just select one of these options. I actually could type how I felt. So, they're really looking to see what ads people enjoy and I think this is a step in making sure the user experience is better for people viewing display ads. But it does go to show the power that Google has and I think we'll continue to see if that's a good or bad thing.

Ryan Deiss: One final point that I'll make on that topic, just to keep in mind, is this ad blocker — and anything else that Google and Facebook roll out — they're not only doing it to just your customers. They're not only doing it to just you, right?



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This wasn't a personal attack on ... So often, I hear people say this and they act as though this rule came down, any rule change, and it only affected them and their business. Remember that any time something like this happens, it impacts the entire industry, the entire market. So, it happened to you, but it also happened to your competitor. There's nothing that everyone isn't also required to deal with.

Now, for me, that doesn't bother me. Those kinds of things excite me because if it got a little harder for me, that meant it got a little harder for my competitor, too. Well, I trust me to be smarter than them. I trust me to be willing to work a little harder, to be a little bit more innovative. And so when these things happen, I really see it as an opportunity to kind of thin the herd. I see it as an opportunity to reduce some of the noise out there in the marketplace. If there's consolidation occurring, that's fine. I mean, it's a fact of life.



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I just want to make sure that I win. I want to make sure I'm one of the ones, in my market, that is going to be there. So, I think if you approach it like that and not just a woe-is-me kind of thing, then you'll win too. If you approach it as a woe-is-me, then you'll be one of the ones left on the outside, looking in.

Molly Pittman: I think the same applies to Facebook's running out of ad inventory in the News Feed, and Facebook's prices are increasing. You know, every month, our cost-per-click is a little bit higher. People ask me all the time, "Molly, does that concern you? They're running out of space. It's getting more expensive." Personally, no, it does not concern me. It's actually comforting because I know that as time continues to pass, the best advertiser will continue to win, as long as they're running ads that relate to the audience that they're targeting.





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But also, don't think that Facebook isn't going to find other ad space, right? Everything that they're doing around Groups, a lot of it is to show you ads that are more relevant to you, to create some more ad space. So, don't think that Facebook running out of news feed inventory means that Facebook advertising is never going to work for anyone else again, right? It just means that things are becoming more complex, but it also means that you really have to figure out what market you're serving and make sure that your [ad copy](#) and [creative](#), that they really speak to a desired end result for that group of people, or you are going to be very, very sad.

Ryan Deiss: Amen to that.





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Keith Krance: The same thing goes for when the economy starts to go down. You know, the economy's pretty good right now. I'm not going to predict anything, but my guess is, in the next year or two or maybe 20 years, we're going to go through probably another recession. I'm not going to predict when, but guess what? The people that are savvy are the ones that don't complain and go woe-is-me, can actually take advantage of those times. There's a lot of opportunity when things are contracting. Things aren't necessarily contracting in the advertising world, but you want to see this as an opportunity. I think that's another reason why it's a good reason to listen to this show and consume a lot of the content because this stuff is fun. There's always an opportunity for those people on the cutting-edge and not afraid to toe the line.



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All right. Thanks, Ryan. This is awesome stuff. Do you have any other last words? Any final comments or pieces of advice for what people should do next or anything like that?

Ryan Deiss: Well, we have kind of a motto — and I don't know if you guys have joked about this on the show or not — but we kind of jokingly say at [DigitalMarketer](#), when something goes wrong, "Step One: panic." Right? Because we're trying to let everybody know, don't. If I see people in the office kind of freaking out, I'll say, "Well, guys. Do we feel like we've adequately panicked? Because if not, like, you guys can panic some more and I'll come back."

Molly Pittman: I got a pin for Christmas that says, "Step One: panic."





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Ryan Deiss: Yeah. Exactly. So, I would encourage you to adopt that mantra, but sarcastically. Anytime you feel yourself feeling like, "Oh my God. This changes everything," freaking out, don't, because it's only never helped anything and you're certainly not going to think it at your best. Remember that when change occurs, change creates opportunity. It doesn't have to be a bad thing. If you're equipped and you've got the right frame of mind, right mindset, then you're going to be able to benefit and be on the right side of that opportunity. I guess, finally, come to Content & Commerce Summit. I know that, again, sounds incredibly self-serving and admittedly, it is.

But god dang, guys, there are a lot of changes taking place right now. I don't care ... If you're selling anything online ... I mean, you got Amazon buying Whole Foods. You've got NBC Universal buying Craftsy.com.



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The consolidation that's happening in the ad space is happening in the retail space at a terrifying rapid clip. And so, if you're not paying attention to that, if you don't know what's coming and how you can benefit from that or insulate yourself from it, then that's a wave that could potentially drown you. Okay?

And I say that after just saying, "Don't panic," and I'm not suggesting that you panic. But god dang it, you also don't just stick your head in the sand. Right? What you do is you look around, with eyes wide open. You take in the data and you make a decision. What our goal is at Content & Commerce Summit is to give you that data over the course of three days, way more than you would be able to take in in even a podcast like this. If you haven't gotten your tickets yet, contentandcommercesummit.com. Again, don't panic. Don't freak out. It's going to be okay. I promise. That's my final word.





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Molly Pittman: Accept change.

Ryan Deiss: Yeah. Exactly.

Keith Krance: Yeah. We'll get there. We'll be there, hanging out, so come say hi, if you're going to come. All three of us — Ralph, Molly and myself — and of course Ryan and the rest of the DM crew. Good stuff. Other than that, you can always head to the [Show Notes at digitalmarketer.com/podcast](#). This is Episode 104. Till next time, we love doing this. We love you guys. Talk to you soon.

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