

What founders should know about Google Consent Mode V2

The European Digital Markets Act (DMA) came into force this month. As one of the most significant pieces of privacy legislation since GDPR, it marks a major new step towards internet users regaining control of how their own data is used. This will have major consequences on the way every business, including startups, engages with its customers in Europe.

The DMA essentially promotes a small group of platforms, including Google, to the roles of consent 'gatekeepers'. They have now become responsible for collecting European users' consent for companies to track them online with cookies. Any startup that wants to understand its customers' online behaviour will need to follow a new process.

Google has introduced a new version of its existing consent mode in response to the DMA. This mode, which is mandatory for those advertising to audiences in the EEA region, will now control companies' data tracking and use, on top of its existing control of user data storage. Google will now only provide user data for those users who have consented to tracking.

So, what does this all mean for your startup?

What to know about Consent Mode V2

Businesses that fail to send user consent information to Google will, from now on, be unable to re-market to their Google users in Europe. The lack of user data will also reduce the quality of their conversion tracking and Google Ads campaign performance. These are significant impacts on any startup with any form of digital strategy, so the DMA is definitely something worth your consideration.

Although Google's new consent mode offers two versions (basic and advanced), we suggest that businesses choose to use the 'advanced' version. This will enable businesses to benefit from Google's "conversion modeling" feature, which provides predicted conversion data from users who do not give consent.

One important thing for startups to note here is the click volume requirement to be eligible to get access to conversion modeling data. Businesses must achieve at least 700 ad clicks per week, per domain, per country to benefit from conversion modelling data. Unlike their larger corporate peers, startups might struggle to meet this threshold. Nevertheless, it's important that they activate advanced consent mode so that they can get access to the data as soon as they hit the eligibility requirements. This will also prove useful for those startups on rapid growth trajectories.

To implement Google's new consent mode, founders must adopt consent management platforms (CMPs). These will allow them to obtain the relevant consent from their site users and then communicate the information to Google. CMPs offer the easiest means for startups to do this while remaining in line with the new DMA legislation.

Founders must also recognise that user privacy legislation will not end with the DMA. We can expect more legislation that gives users more control over their data in both Europe and the rest of the world. Google itself will have entirely phased out third-party tracking from its platform by the end of the year, for example. So even if the EEA region isn't an important market for your business, it's still worth getting ahead of coming changes by implementing consent mode.

How to respond to the DMA and other privacy legislation

All of this might seem daunting, but founders would do well to approach these developments as opportunities instead. Other much larger companies will be in

the same boat. And being more agile, startups might have an easier time finding innovative ways of obtaining and using customer data.

One of the ways that they can do this is through leveraging zero- and first-party data. This is data that consumers consensually offer themselves through forms and surveys, which would not be restricted by new regulations like the DMA. Companies that exploit these means of data collection will begin to forge a new means of engaging with customers – a means based on trust.

A tempting alternative for many startups will be to shift their digital marketing into the hands of ad platforms offered by Meta and Google. These platforms are highly effective because they have access to huge amounts of user data. But that data is hidden behind “walled gardens”, meaning can’t be accessed by startups themselves. Businesses that are fully dependent on platforms like Google and Meta to drive their marketing targeting are vulnerable to any changes those platforms make to their algorithms and targeting policies. For that reason, investing in their own data collection strategies will remain crucial.

It’s also important that founders and their marketing teams consider the effect that the DMA will have on the quality of their traffic. Conversion and audience targeting algorithms will have less customer data to work with, so the proliferation of invalid clicks and fake users will have a greater influence over the optimisation decisions these automated systems make. Investment in ad verification and invalid traffic prevention systems will help them to feed higher quality user data back to the ad platforms to drive better campaign performance.

Startup founders should feel optimistic about the future of digital marketing. It’s still unclear how the DMA and other legislation will affect their businesses over the next few years, but one thing is certain: there will always be opportunities for creative founders who act fast.

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