

Apple Makes Big Changes to Its Tracking System

The Bottom Line

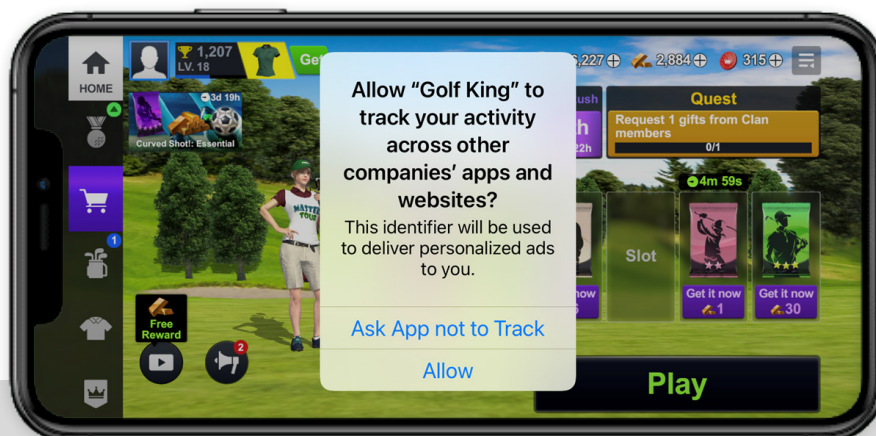
- Apple's changes to IDFA and Google's announcement blocking third-party cookies in Chrome will change advertisers' ability to track and retarget users as they have in the past.
- All participants in the online advertising ecosystem, including publishers, ad tech companies and advertisers, should consider these developments and how best to execute effective campaigns in this new reality.

With the launch of iOS 14.5 slated for next week, Apple's long-awaited changes to the use of its persistent identifier known as the "Identifier for Advertisers" (IDFA) have now gone into effect. While this change has been explained by Apple as a step to protect its users' privacy, it will drastically change the ability of third parties and app publishers to collect information on and track users through apps on Apple devices.

Apple's Changes to IDFA

As of the [launch](#), app publishers on Apple's iOS 14.5 platform have to receive a user's permission through Apple's new "AppTrackingTransparency" framework at the app level in order to track a user or access a user's IDFA for purposes of targeted advertising or advertising measurement.

This means that when using an app, Apple users will be presented with a one-time notification that will explain how



their IDFA will be used for tracking, and will then give the users the choice to either opt-in or block the sharing of the IDFA at the app level (an option which was previously available to users only as an opt-out option located in a user's Apple Settings).

Experts believe that this change will significantly reduce the percentage of Apple app users who share their IDFA with the app publishers, presenting a big challenge for the marketing efforts of these publishers and the ad tech companies with who they work.

While Apple's policies and terms are not laws, in many ways they have a greater impact than some new privacy laws given how critical use of the Apple platform is to many businesses. Therefore, compliance cannot be overlooked, since a failure to comply could result in Apple taking corrective measures against an app publisher.

Apple's changes to IDFA come on the heels of the announcement from Google in 2020 that they would be blocking the use of third-party cookie technology in the Chrome browser, a technology widely used in the ad tech industry for retargeting. Google has proposed cookieless alternatives via proposals in its "privacy sandbox." The most prominent is call FLoC (Federated Learning of Cohorts), which relies upon aggregating browser activity into cohorts with similar online habits. Interestingly, Google recently announced that they would not be testing FLoC in the EU, which has stricter privacy regulations than in the U.S.

The Ad Tech Industry Responds

The announcements from Apple and Google will require significant changes to the way that advertisers track and retarget users. Advertisers will have fewer authenticated users to target with ads across the various platforms. As a result, advertisers are looking for new and creative ways to adapt in the changing privacy landscape. One solution is the "Unified ID 2.0", a collaborative industry approach, which proposes a universal, anonymized user identifier that would require a user to opt-in once across all digital channels and devices to receive applicable ads. The proposed Unified ID 2.0 would offer protection to consumers, since the identifier would be a hashed and encrypted version of the user's email address, while also providing advertisers with a targeting and tracking alternative to third party cookies. There are numerous private proposals for new pseudonymous IDs listed as open source on the website prebid.org.

The Interactive Advertising Bureau (IAB) has also introduced its own initiative, Project Rearch, to address the loss of third party cookies on these large platforms. In March of this year, Project Rearch released for comment new proposed standards and guidelines for how companies should collect and use consumer identifiers in this new environment. Many advertising trade

associations have joined forces to establish a new group, the Partnership for Responsible Addressable Media or “PRAM.” PRAM is actively working on standards and principles for new forms of addressable media that enable businesses to connect with consumers in a privacy-friendly manner in compliance with applicable laws and platform rules.

For More Information

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