Apple and Google Bring Big Changes to the Ad Tech Industry

Richard S. Eisert, *Partner/Co-Chair Advertising + Marketing,* reisert@dglaw.com
Gary Kibel, *Partner,* gkibel@dglaw.com

Two of the biggest names in the advertising technology industry are making fundamental changes to the way marketers track and target users using data collected on their platforms.

Apple's Monumental Changes

With the launch of Apple's iOS 14.5 last year, Apple changed its policy regarding app publishers' collection and use of its persistent identifier known as the "Identifier for Advertisers" (IDFA). Now, app publishers on Apple's platform have to receive a user's opt-in consent through Apple's new "AppTrackingTransparency" framework at the app level in order to access a user's IDFA for purposes of targeted advertising or advertising measurement.

This is a radical change from the prior opt-out regime. Apple users are presented with a one-time notification that explains how their IDFA will be used for tracking, and then gives the users the choice to either opt-in or block an IDFA at the app level (an option that 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, disrupting the downstream flow of this information to ad tech companies, many of which rely on publishers for this information, and presenting a big challenge for the marketing efforts of these publishers and the ad tech companies with which they work.

Changes Brought By Google

Google announced that they would be blocking the use of third-party cookie technology in the Chrome browser within two years. Like the IDFA, cookie technology is widely used in the ad tech industry for retargeting. Then, in March 2021, Google went even further by announcing that once third-party cookies are phased out, Google will not build its own alternate method to track users across the web or use an alternative identifier in its own products. However, perhaps in part due to increased antitrust scrutiny, Google agreed to delay the effective date for this major change.

While these changes are explained as steps to protect Apple and Google users' privacy, they are forcing the rest of the advertising industry to create new ways to continue to track user activity and serve individualized, targeted advertisements.

Impact on Marketers

With these changes, marketers will have fewer authenticated users to target with ads across the various platforms. As a result, the ad tech industry is looking for new and creative ways to adapt as changes in both the technological and privacy landscape are narrowing their options. One solution is the "Unified ID 2.0" endorsed by numerous ad tech companies, 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. Many proposals are posted on the open source Prebid service.

The Interactive Advertising Bureau has also introduced an initiative — Project Rearc — to address the loss of third-party cookies on these large platforms.

At the same time, some lawmakers and regulators are pushing to further regulate or even eliminate retargeting users based upon their online data, which has been derisively referred to as "surveillance advertising."

These changes are signs of the changing ad tech privacy landscape, and marketers and their agencies should be prepared for more platforms to follow suit. All participants in the online advertising ecosystem, including publishers, ad tech companies and marketers, should consider these developments and how best to execute effective campaigns in this new reality.

What Businesses Can Do Now

- Google and Apple have implemented significant changes to their platforms that will shrink the pool of authenticated users to target with ads across other platforms.

- The ad tech industry will have to develop creative new methods to track and target users, including new industry-wide proposals.

- All participants in the online advertising ecosystem should consider these developments and their impact on advertising campaigns in this new reality.