Mobile Advertising in the world operated by Apple & Google

With Google announcing the deprecation of 3rd party cookies on Chrome a few months ago and now Apple releasing the changes to IDFA availability with iOS 14 it is more clear than ever that the advertising and marketing industry is disproportionately controlled by these two companies and most if not all other companies are playing by the rules laid out by Google and Apple. We fully expect that Google will follow suit and limit the availability of Mobile Advertising ID on Android just the same way as Apple is doing on iOS.

Setting aside the underlying intent of Apple and Google to make these changes, one thing that is universally agreed upon by industry is, the consumers should have more transparency and control over the use of their identity and data. The challenge, though, is that the interpretation of what constitutes consumer identity and data is different based on who you ask in the advertising industry.

The browser and operating system manufacturers have taken the position that they can force their interpretation on the industry at large, using their defined digital identity protocols, as they have become de facto gateways to the internet. It is incumbent on our industry, however, to demonstrate to the consumers that we can be good stewards of their data and identity against all interpretations, while maintaining the core promise of the internet (free and equal access to content in exchange for relevant advertising)

We at Adstra believe that we are very well positioned to fulfill this promise to the consumers. We have developed technology solutions for identity management that in the past have successfully handled regulatory and competitive changes and will continue to do so in the future. We have long realized that any one particular digital identifier is unreliable for creating a meaningful identity solution and hence we have strived towards creating an identity resolution service that utilizes a multitude of identifiers to enable people-based advertising and control.

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Background

IDFA (ID for Advertising) was a giant step forward by Apple introduced with iOS 6 to ensure the capability to target and measure user interaction on applications on mobile devices along with giving the consumer a higher degree of control over privacy. This was very quickly followed by Google introducing the AAID (Android Advertising IDs). Most applications and SDKs (software development kits) installed with the application could request this identifier from the operating system at the time of app initiation. With the high degree of prevalence of these identifiers, these became the de facto tracking mechanism for mobile devices and consumer data across different companies was being associated with IDFA and AAID. Also, any data collected by mobile apps could be tied to these identifiers and persist over a long period of time, ex: precise location data, app install data, proprietary login data, email hash data, etc.

With iOS 10 Apple enhanced the capability for "Limited Ad Tracking" which enabled the user to go to the device settings and toggle a switch that would mask the IDFA and return a NULL identifier to any app that is requesting the IDFA from the operating system. Google soon followed with a similar capability on the Android devices. Since the introduction of this feature in late 2018, about 15-20% of the devices have opted to limit ad tracking and mask the IDFAs, reducing the flow of these identifiers and ability for the ecosystem to target and measure against these devices.

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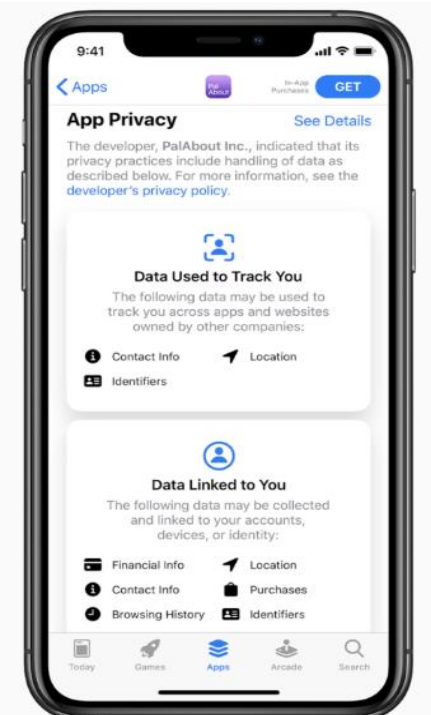# Mobile Advertising in the world operated by Apple & Google

Scope of the upcoming changes:
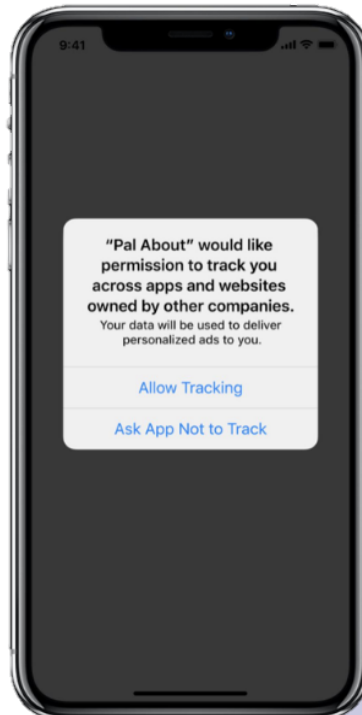
IDFA Availability –

With iOS 14, Apple is introducing a feature where the user would be prompted at the time of app initiation to allow tracking across apps and websites owned by companies other than the app manufacturer. The choice expressed by the user to allow such tracking will enable the app to collect the IDFA and use it similar to their previous business practices. If the user does not allow such tracking, then the IDFA string would be NULL.

This choice will be presented at least once per application that the user is accessing. There will be a section in this prompt that the app manufacturer can control to display a specific message to the user along with the standard language served up by Apple.

Detailed privacy disclosure on App Store

Opt-In Notification at time of App initiation

Scope of the upcoming changes:

Precise Location Data Capture –

With iOS 14, Apple is also introducing a feature to disable the capture of precise location data. If a user chooses to disable precise location data to be collected from the application that is requesting it, the operating system will provide coordinates for the centroid of a predefined zone based on the user's location.

This choice would be presented either in the settings section and/or at the time of app installation and initiation.
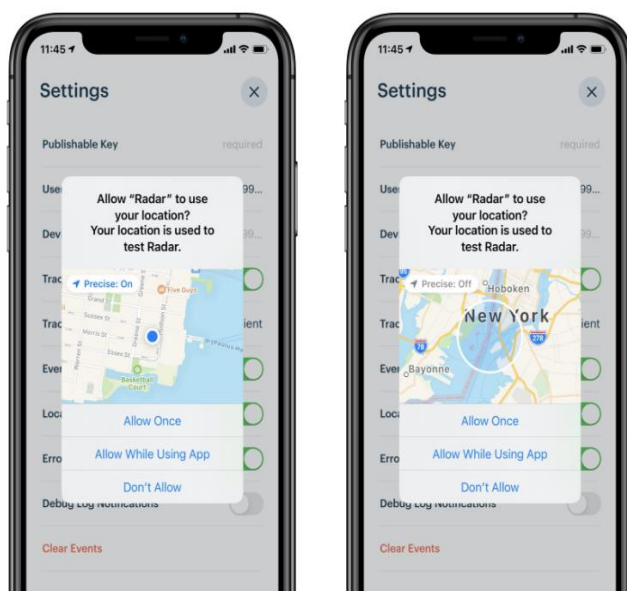
Short term impact:

As it has been in the past versions of iOS release the general adoption of the new operating system version will take 3-4 months. We expect about 80% of the iOS users to be on iOS 14 by Dec 2020 or Jan 2021.

We also estimate only 10-20% of IDFAs will disappear (no new signal received from the mobile advertising and data ecosystem) from our network between Sep 2020 and March 2021. We however expect the density of signals (number of instances where some data element is tied to an IDFA) will have a 50-80% drop.

These drops would mean that the Adstra cross-device graph or identity resolution products that map IDFAs to other identifiers will have a minimal impact (less than 5-10%; because IDFA makes up about 45% of total Mobile Advertising IDs (MAIDs) in the Adstra graph). The precise location data signals could see a 50-80% drop between Sep 2020 and March 2021. This drop doesn't significantly impact the cross-device graph product as the precision of location is not a strong predictor of device connectivity in our graph and the non-precise nature of these data signals would continue to help build the graph. However, the lack of precise nature of location signals will impact our ability and our customer's ability to tie mobile devices to audiences based on location and also perform meaningful location attribution for media campaigns.

IDFA

Long term impact:

We understand that there is uncertainty around how each of these features will be adopted by the larger user community and how the advertising and marketing ecosystem along with brands and publishers will react to these changes. Here is what we believe to happen based on educated speculation on our part:

- Past March 2021, we expect the availability of IDFA to continue to decline and about 30-40% of IDFAs could be masked from the open advertising ecosystem in the next 18 months. We expect Google would follow suit and implement something similar on the Android platform
- We anticipate that even though audience data tied to MAIDs would continue to be available in the marketplace, the availability of media opportunities to utilize this data would diminish due to the lack of IDFA (and AAID) being made available in individual mobile apps

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- The limitation of IDFA availability and reduction in signals with precise location data will make location-based audiences and location attribution limited in scale and efficacy. Neither of these key advertising use cases, however, will fade away. Brands will continue to require this data and KPIs, and the advertising ecosystem will innovate to use a combination of aggregations and AI-driven algorithms to combat the loss of MAIDs
- We anticipate that general attribution and specifically app install attribution will be affected due to the limited availability of IDFA. Just like the location-based data and attribution, the advertising industry will similarly innovate around the loss of IDFA. As measurement and attribution processes are performed in batch, there will be ways to fill in gaps with AI-driven identification and continue to provide individual-level attribution.

Adstra's mitigation strategy:

At Adstra we fully realize that IDFA deprecation is out of our and most, if not all ad-tech and mar-tech providers' control. We understand any Identity solution for people-based marketing needs to abide by the following core principles irrespective of the type of identifier used to provide the solution:

Precision - 		an ID solution should be precise in identifying an entity, browser, device, individual or household

Persistence - 		an ID solution should persist for a long period of time and provide consistent identification of any entity

Prevalence - 		an ID solution should be available for a large portion of the web traffic and be able to inform targeting and measurement decisions for a vast majority of impressions

Portability - 		an ID solution should be portable across different channels and business entities

Privacy - 		an ID solution should capture and honor consumer consent and choice around the use of their data

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We tend to use our core areas of expertise to help mitigate this loss

Long-standing Partner relationships: We work with some of the large mobile data providers both with respect to email hash data and location data. We will continue to innovate with these partners to utilize alternate IDs (like IDFV, proprietary IDs) and variables (IP address, device metadata, app information, location information, etc) to mitigate the loss of IDFA. As long as these identifiers and strategies are privacy compliant, we will continue to innovate to find an alternate to IDFA wherever possible

Core Adaptive AI Technology: Our machine learning and AI technology has been built over the years to understand and adjust to the different features available in browser/app environments to create the most persistent statistical ID possible in real-time or an offline batch process. We will deploy these methodologies to create a synthetic identifier for our use replacing the IDFA

Reliance on other key Identifiers: We have access to other identifiers like, user authentication IDs and email hashes that are key person-based identifiers and can help reduce the impact of IDFA deprecation

Enable profile data in real-time: We can make available consumer profile data in real-time even without an IDFA to have our customers target iOS mobile app impressions with confidence. This can be achieved with our real-time identity resolution service in both browser and app environments even if an identifier like IDFA is unavailable

Experienced R&D Team: We have a core R&D team that has collectively worked on digital identification for over 40 years. Over this collective experience, we have adapted to some of the core changes in browser technology like Flash Storage, HTML5 Storage, Apple ITP, etc. We also have team members that are associated with W3C and with the Google Customer Advisory board

Privacy by Design: The best identity solutions are the long-lasting ones that obtain industry support and transcend the internet's ecosystem. Adstra is taking a proactive approach with the industry to embed privacy into the design of our solution so it will be a long-lasting solution for our clients and industry for many decades to come. We have a privacy leadership that will help design a product and solidify its acceptance

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Conclusion:

We at Adstra are very confident that we will be able to navigate through these changes being introduced by Apple and Google and will continue to innovate for new identity and data solutions in these changing environments. It is this ability to adapt to the changing identity environment that is a core tenant of our being the 1st Data Bureau in the market. We also realize that the open advertising and marketing industry is a complex yet collaborative industry. The changes implemented by browser and operating system manufacturers do impact the companies in this industry disproportionately. A large scale walled garden publisher like Facebook will have a very minimal impact due to the IDFA availability being reduced whereas some of the small to medium-sized app developers and publishers that rely on advertising-based monetization models will see a significantly larger impact.

We as an industry have overcome various challenges over the years to continue to deliver on our promise of an advertising-driven free internet to the consumers. The key areas of focus for us as an industry in these ever-changing environments should be:

✔ Transparency in privacy compliance and being good stewards of consumers data. By doing so we let the trust of consumers be built on the advertising industry as a whole and not just awarded to a handful of companies

✔ Innovate and collaborate to provide the best possible solutions for all stakeholders in the advertising and marketing ecosystem

✔ Continue to be hyper-focused on the needs of the consumers and marketers to create a frictionless and valuable experience around advertising
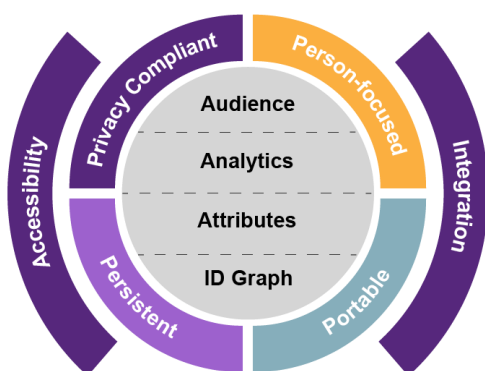
Adstra: The 1st Data Bureau

Adstra maximizes value by ORCHESTRATING data across media and technology, in ways that drive customers' success.

Built with robust and persistent identifiers, Adstra enables action in both the known and anonymous realm, and across both off and online channels.

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