

# Real-Time Readiness: Understanding the Marketing Implications of Apple's iOS 14 Update

IN MARKET



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# The iOS 14 Changes

## How Apple's Additional iOS Privacy Permissions Impact The Advertising and Marketing Ecosystem

Apple made headlines in June 2020 when it [announced](#) additional iOS privacy permissions, including increased consumer controls over precise location and explicit user opt-ins to allow ad tracking or access to the IDFA (Identifier for Advertisers). The changes, some of which were originally slated to take effect in September 2020 but have been delayed until early 2021, will impact the business and technology sectors. For unprepared marketers and advertisers, the upcoming changes could impede core conventional marketing and advertising efforts.

With iOS adoption hitting a high in terms of new activations, reaching a record 44% in market share in Q1 2020 [according to CIRP](#), a change in permissioning and data access will potentially have a significant impact on the US advertising and marketing ecosystem. In fact, [Facebook](#), a vocal opponent of Apple's upcoming changes, criticized the privacy restrictions in full page newspaper ads in December 2020, citing the negative impact on small businesses. Regardless of opposition, Apple plans to enforce iOS 14 changes in early 2021. It is critical marketers understand the implications of these changes, and plan their strategy and tech stack accordingly.

## The iOS 14 Privacy Update Changes Existing User Permissions, Creating Challenges for Many Marketers

As consumer privacy stays top of mind, tech giants and governments alike are implementing new policies and regulations that aim to build on current established standards and provide consumers with more information and more control over their data. At Apple's 2020 Worldwide Developer Conference in June, privacy was paramount: [Apple executives stressed that](#) "privacy is a fundamental human right at the core of everything we do." The majority of consumers agree: in [KPMG's May 2020 survey](#), 87% of respondents held privacy as a human right. [Consumers](#) believed the responsibility is shared, with companies (91% of respondents agreeing), governments (90%) and individuals (86%) playing a role in data protection. The upcoming iOS 14 changes are the latest privacy update handed down by the tech giant and could reverberate through the #1 source of media consumption: [mobile](#).

For marketers specifically, the most significant changes are that:

- Consumers will receive a more explicit permission pop-up for every app installed on their device asking about data sharing, including ad tracking settings (see Figure 1). This change comes as many consumers are increasingly mindful about and protective of their personal data. In fact, in a 2019 Pew Research Center survey, [54% of consumers](#) said that protecting location data was very important to them. Parallel to the need for maintaining privacy, [a 2020 survey by Microsoft](#) found that 57% of consumers were willing to share personal data in exchange for personalized rewards or discounts. With iOS 14, Apple developers must also receive explicit permission to track users' precise location (see Figure 2). Users also gain the option to simply provide their approximate location to apps; previously, all location data shared was precise. Ultimately, the accuracy of available data from apps will begin to vary widely between granular precise data and approximate location data that encompasses a region approximately 10 square miles in size.
- Marketers without direct access to first-party data or quality partners will potentially face a decrease in available inventory and advertising effectiveness while experiencing an increase in conversion costs. The upcoming changes will require apps to specifically request users to opt in to ad tracking, providing explicit consent to gain access to the IDFA. In the absence of a compelling incentive convincing users to explicitly opt in to ad tracking, some publishers may face restricted access to reach and retarget mobile users for advertising related initiatives. Per [Apple's developer site](#), if permission is not received from a user via the tracking permission, no other identifier can be used to track the user across apps and websites owned by other companies, therefore eliminating the addition of any new tracking identifiers. [Facebook recently noted](#) that if they stopped collecting IDFA from 100% of iOS devices, it could lead to more than a 50% drop in Audience Network advertising revenue.

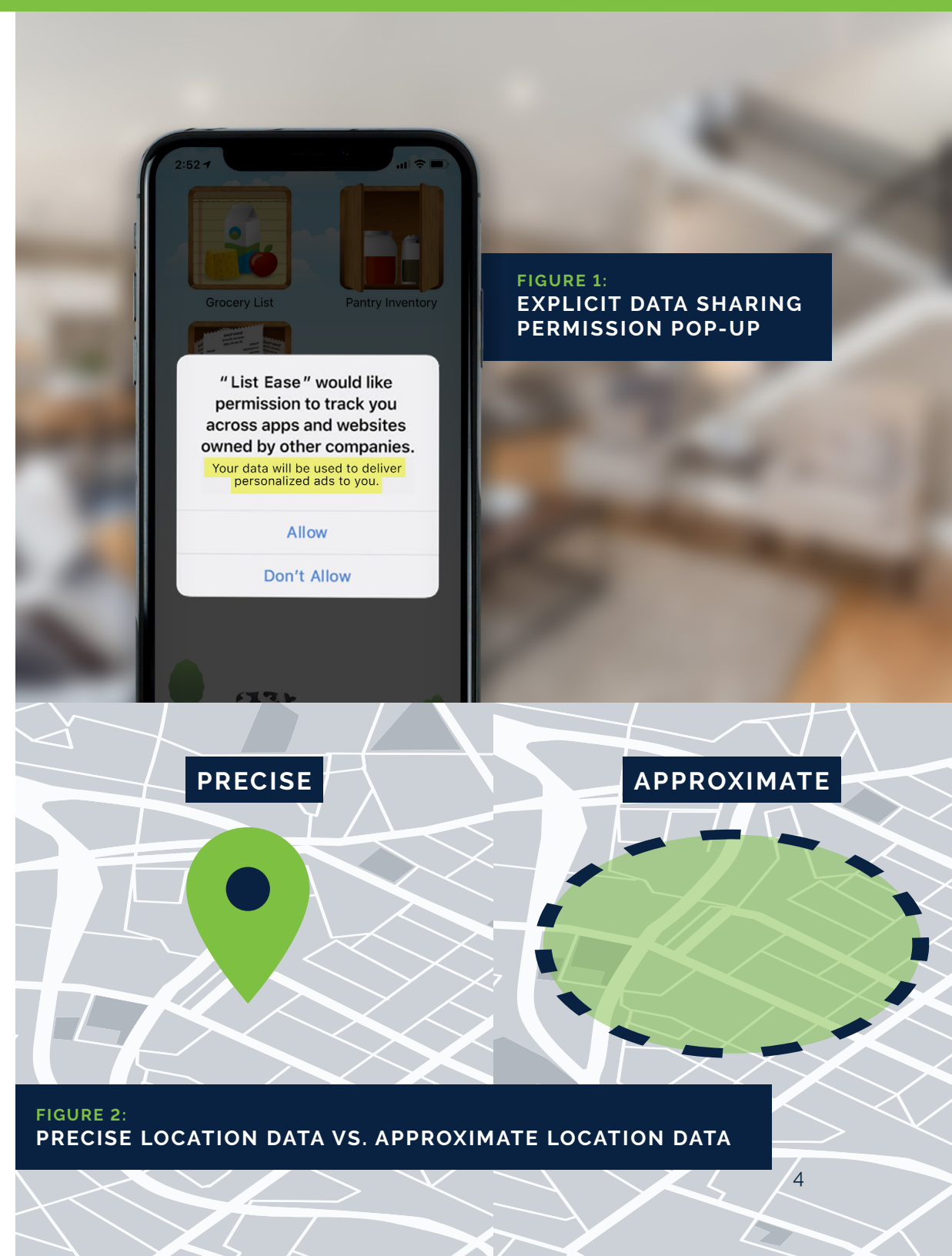


FIGURE 1:  
EXPLICIT DATA SHARING  
PERMISSION POP-UP

FIGURE 2:  
PRECISE LOCATION DATA VS. APPROXIMATE LOCATION DATA

# The 2021 Marketing Implications

65%

of budget is wasted on poor-quality and mistargeted location data



82%

of location audiences have been found as inaccurate



49%

uplift in savings and performance when transparency is applied to remove waste and inaccuracy



**FIGURE 3:**  
LOCATION DATA'S FIDUCIARY PROBLEM

Source: Location Sciences

## Quality Location Data Becomes Most Scarce While Third-Party Verification Becomes More Important

First and foremost, quality location data will become more scarce, more valuable, and likely more expensive, including rising CPM for precise location-based audiences, as a result of the iOS 14 privacy changes. With a higher price tag, it will become increasingly important to measure and differentiate the quality of location data investments (see Figures 3 and 4). Data science bake-offs and trusted third-party certifications that provide data accuracy, verification, and validation will come to the forefront. Marketers who prioritize location data will scrutinize investments in order to continue buying with confidence.

**FIGURE 4:**  
THE NEED FOR THIRD-PARTY CERTIFICATION

	Supplier 1	Supplier 2	Supplier 3	Supplier 4	Supplier 5	Supplier 6
<b>% Optimal</b>	83%	98%	72%	81%	53%	51%
<b>% Moderate</b>	13%	2%	28%	7%	23%	39%
<b>% Insufficient</b>	4%	0%	0%	12%	22%	10%
<b>Total Optimal Device Count</b>	23,310,706	13,759,439	5,624,337	3,551,216	2,929,869	2,513,990
<b>Total Audited Device Count</b>	28,222,830	14,071,865	7,791,531	4,411,614	5,309,315	4,882,483

## Consumers Will Continue To Share Their Data Where There Is Trust and Utility

All this being said, location data will not cease to exist. There has been differentiation in location quality for years, and now those are more important than ever. Even with increasing consumer control and data protections, consumers are likely to opt in to sharing their location data in exchange for value. Consumer need for convenience is rising, as [Airship](#) found that globally, location data sharing opt-ins have increased every month since March 2020; in Northern America in June 2020 location opt-ins were 17.9% higher than February 2020. Despite this, location data and ad tracking opt-ins are not a guarantee. To obtain opt-ins, apps must provide consumers with reasons to do so. They include:

- **Convenience.** As we note above, consumers simultaneously value both data privacy and convenience. Services that save consumers time and/or effort if they provide a precise location will likely maintain opt-ins. For example, many restaurant and QSR mobile apps use the diner's location to estimate order pickup time, ensuring the food is hot when picked up.
- **Incentives.** Now more than ever, consumers are motivated to save money. Consumers are more likely to share location data if it enables them to receive real-time promotional offers, discounts, and rewards. Discount and loyalty program apps that remind users of benefits or incentives available based on their location, or a similar value proposition, will likely see minimal impact on consumer opt-ins for ad tracking and precise location. In fact, many may actually rise in prominence due to the consumer's financial gain and perceived benefits.
- **Necessity.** Apps that fundamentally require precise location to operate will continue to receive precise consumer location data due to their functionality. Taxi services like Uber or Lyft, or mixed reality games like PokemonGo, rely on the user's precise location to function. Providing these and similar services with a five-mile radius of where you are is impractical, let alone useless for users utilizing these services.



## Marketing Strategy & Tactics Shift With A Heightened Awareness on Real-Time Triggers versus Past-Time Actions

For many years, mobile IDFA for ad tracking has been the foundation on which mobile advertising has been built upon. This random device identifier assigned to a user's devices (without revealing personal information) has been essential to powering the advertising ecosystems and has enabled customized mobile advertising and retargeting of users across different publishers and sources. While these changes in the Apple operating system (as outlined) will potentially impact and restrict a marketer's ability to retarget users across inventory sources, it will not have an impact on real-time advertising. This is because real-time advertising initiatives are tied directly to users' permission for allowing location and accepting push notifications, and are not dependent on the IDFA. As these changes go fully into effect, the shift to real time will increasingly be in the spotlight benefiting both marketers and consumers.

For marketers, the importance of meeting consumers in real time and during their precise moment of need has never been more vital. Consumers have come to expect that the information they need will be delivered to them at that exact moment, what [Forrester Research](#) has deemed 'The Mobile Mindshift.' The global pandemic has only increased consumer smartphone usage and engagement. [The same study by Airship](#) found that average app opens per user and average notification direct open rates increased 29% during the pandemic over February 2020 benchmarks, likely due to increased screen time. This presents marketers with the challenge of first understanding the consumer and their context to then proactively deliver timely, relevant permission-based information. Ultimately, marketers who embrace this approach and engage the consumer will succeed in driving increased ROI.



To achieve success, marketers must:

- **Obtain and leverage consumer data.** Most companies have established CRM systems that track and build customer profiles, preferences, purchase patterns, and historical behavior. However, a key component of a consumer's data set that is often missing (and hard to obtain) is location. Marketers can collect this information via their own first-party owned and operated apps (that deliver on convenience, incentives, and/or necessity). But for brands that do not have the means to collect this location data, partnering with a company that can fill this void in order to acquire new customers is essential. With the potential loss of precise location data and ad tracking (IDFA) across the ecosystem, developing partnerships with companies possessing first-party permission-based location data is critical.
- **Understand consumer context.** Anticipating consumer needs is made possible by an in-depth understanding of consumers' context. It is critical for marketers to understand context at an individual level so that marketing messages can be delivered to the most receptive consumers. At best, marketers who understand context at the individual level will create highly engaged, loyal customers. At worst, customers will feel turned off by a brand's lack of personalization and move their valuable dollars elsewhere, where their needs are better understood. Better data leads to better context.
- **Deliver relevant and timely information.** Location data is essential for delivering the right message at the right time. The success of a consumer packaged goods ad served while a shopper is heading to the grocery store will likely perform much better than when served to a shopper waiting at an airport terminal, where a taxi service ad would be more appropriate.

While these changes will add new challenges, the march towards clear user permissions and the importance of gauging data accuracy will continue to grow. Future-focused

marketers will increasingly see the pull towards real-time marketing which requires specialized technology and partnerships. Real-time marketing combines a strong value proposition with timing, relevance, and context. In addition, real-time marketing does not depend on an opt-in to ad tracking (IDFA), instead relying solely on user permission to share precise location and an opt in to push notifications.

Finally, real-time marketing also outperforms contextual and traditional marketing by more than 6.5x\* in terms of CTRs and engagement, further justifying the decision to accelerate marketing spend on this important marketing strategy and tactic.



## Rising Importance of Vertically Integrated Companies With Owned and Operated Assets

Apple's proposed iOS 14 permission changes elevate the growing importance of direct consumer relationships and highlight the challenges of relying on publisher networks or long chains of user permission custody. Publishers with multiple apps and significant scale will rise in importance because of their ability to understand a user's activity across and within their network. By providing users with notice, choice, access, and transparency, coupled with a strong value proposition and access to relevant audience data, publishers will be well-positioned to understand, target, and communicate to users across apps in the network. Publisher networks, particularly those with a strong value exchange like shopping or rewards and incentive networks, will likely see a massive increase in ad support due to their ability to secure ad tracking opt-ins, precise location data, and audience attributes for hyper-targeting at scale.

## Increased Reliance on the Household Graph

The growing emergence of CTV and in-home omnichannel messaging, strengthened by the pandemic, has highlighted the importance and value of targeting and understanding the impact on household brand preferences and sales. This, combined with the expected decrease in the availability of both precise data and ad tracking, will cause additional investments in building household graphs and understanding behaviors within the household. Vendors providing access to household graphs and data will be better positioned to not only help marketers target desired consumers in a post-iOS 14 world but report on the impact at the household level in the absence of gaps in data at the individual level.



# The InMarket Promise



## At The Ready: InMarket, A Real-Time Marketing Company

Developing and executing a real-time ready marketing strategy doesn't have to be difficult. However, the upcoming iOS 14 changes, in combination with the current privacy focus for many consumers, is changing the game when it comes to proactively engaging consumers when and where it matters most. Fortunately for marketers, InMarket, a digital marketing leader with 10 years of experience in the location data industry delivering real-time marketing activations, is uniquely poised to help. Here's why:

- **Our Powerful Real-Time Marketing Capabilities Generate Industry-Leading Results:** InMarket's proprietary real-time advertising solution, [Moments](#), uses data gathered from InMarket's 100% first-party, permission-based SDK network comprised of hundreds of apps. The real-time execution of Moments relies on obtaining consumer permission to precise location data and deliver push notifications and does not rely on IDFA sharing, therefore resulting in no impact to our InStore and InHand Moments capabilities. Generating results more than 6.5x\* above those of traditional advertising, Moments is a powerful tool for marketers looking to maximize their real-time marketing efforts.
- **Our SDK Partner Network Of Apps Provides Compelling Value Propositions, Ensuring Continuing User Opt-Ins:** InMarket's app partner network is well-insulated to continue receiving user opt-ins for both precise location and ad tracking (IDFA). For our app partners and their users, the value proposition offered in exchange for obtaining precise location is high, ranging from concierge app functionality and enhanced content to savings and rewards. As studies show, consumers share their location provided they receive convenience, incentives, or necessity thus minimizing any impact of opt-outs.
- **Our Massive Scale and Owned & Operated Apps Shield Us From Data Reductions:** InMarket is strategically shielded from major disruptions caused by the loss of opt-in ad tracking or access to the IDFA because of the significant scale of our partner data set, limiting the potential interruption that a reduction in both precise location data and ad tracking (IDFA) opt-ins could have. Furthermore, InMarket's growing owned and operated shopping community that gives users the ability to plan (ListEase), shop (Checkpoints), and organize (KeyRing) provides a strong value proposition for users to

keep precise location and ad tracking enabled. In addition to these benefits, InMarket's apps also allow advertisers the opportunity to better understand consumer interests, purchases, and behaviors across the network via the InMarket ID. This data is available from growing participation in InMarket's permission-based purchase panel where consumers receive incentives for linking spend data, further enriching InMarket's deep understanding of consumer behavior.

- **Our Proprietary Household Graph Enables Uninterrupted Attribution:** InMarket's household graph will not only enable lift down to the individual level but will also provide advertisers with the ability to run attribution at the household level in the near future. The InMarket household graph may also be applied to marketing and advertising efforts by extending and expanding targeting efforts to include household members and potential users of a brand's products or services in the face of possible iOS reductions.
- **We're The First And Only Company To Offer Certified Location Audience Data:** InMarket is the first and only company in the industry to offer certified Location Audience data, third-party verified for data accuracy and precision by the industry leader Location Sciences. Location Certified audiences build trust and allow brands to buy with confidence, knowing an independent third-party review has assured the precision and accuracy of the chosen audience.

Finally, InMarket continues to monitor the impact of these changes including running various impact scenarios which have shown no statistically relevant impact on our offerings, even at the most aggressive forecasts around iOS data reductions. As additional iOS updates are expected to take effect in the near future, InMarket will continue to serve as a trusted partner for brands, helping marketers navigate and deliver powerful consumer experiences even in today's ever evolving environment. InMarket remains committed to abiding by federal and state laws including CCPA as well as the core tenets of privacy including notice, choice, access and transparency. This commitment, along with our focus on building exceptional experiences for consumers, remain our top priorities. InMarket's vision to be the enduring leader in 360-degree consumer intelligence and real-time activation continues. Now is the time to build transparency and trust with consumers while helping marketers gain a deeper understanding of data accuracy and sourcing. To learn more about how InMarket can help you iOS 14-proof your marketing initiatives and drive growth, [contact your InMarket representative today.](#)

For additional questions or information please contact your InMarket sales representative, or visit [inmarket.com](https://inmarket.com)

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