

PAIN OR GAIN?

How the stunning opt-out levels from Apple's new app tracking transparency option, signal the end of the unloved personalised advertising era, and the start of a potentially brighter and more likeable future for brands.

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With iOS 14.5, Apple aims to offer consumers a genuine data consent option on tracking and the early signals from consumers are not encouraging for advertisers already reeling from the implications of the imminent disappearance of third-party cookies.

We asked Jonny Shaw, CSO of VCCP New York, and Steve Taylor, Joint CSO at VCCP Media in London, for their respective views on the consequences of the wholesale rejection of the app tracking tech that fuels the personalised performance marketing ecosystem.

Both agree that the implications are seismic, and as significant as the demise of third-party cookies. But both also see a silver lining, and significant opportunities for those advertisers who are fastest and most creative in adapting to the new terms of engagement.

THE VIEW FROM NEW YORK

Jonny Shaw

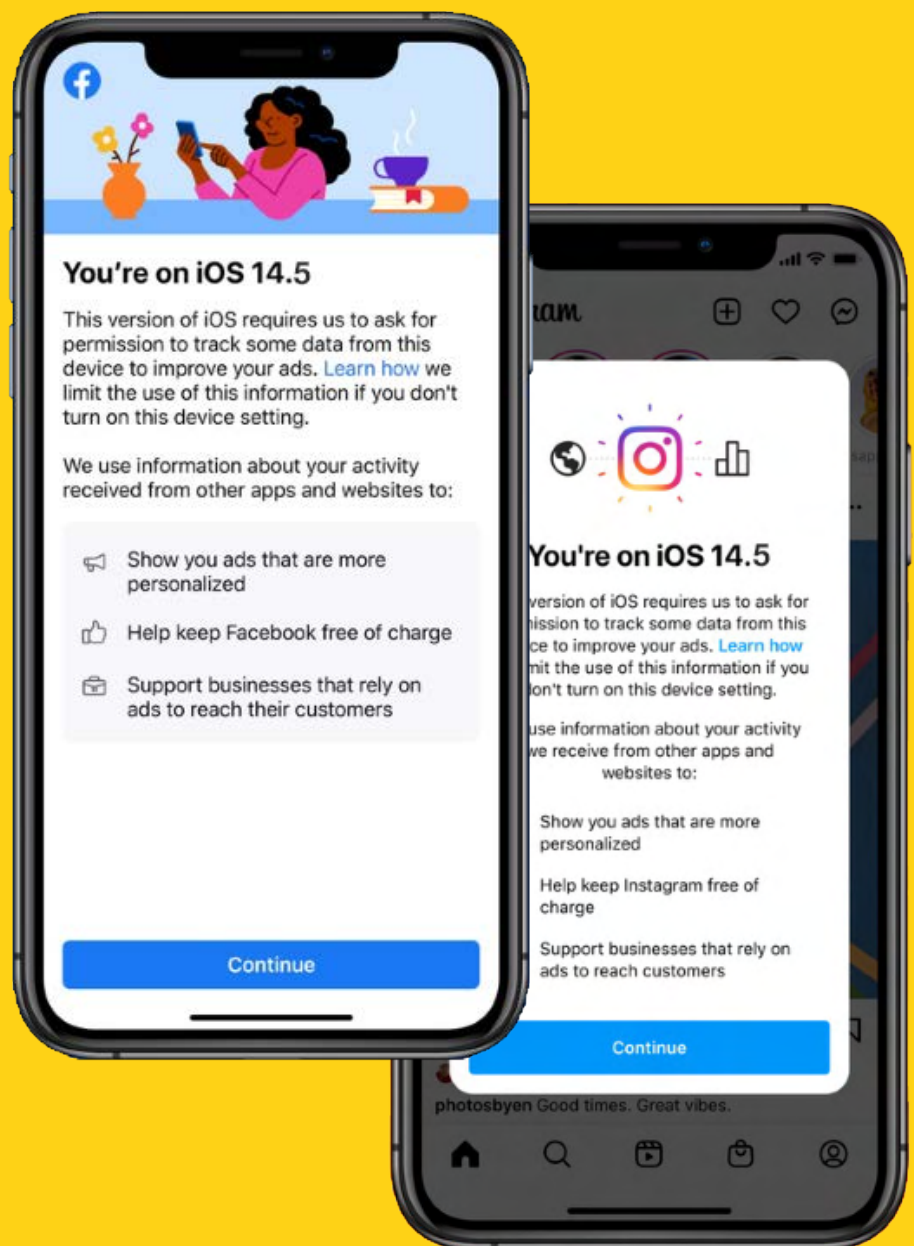
This article was first published in AdWeek.

Nobody likes it when they are stalked across social media by an ex – so is it any surprise that people feel the same way about brands?

You would have hoped that most marketers would intuitively understand this. But there can be no avoiding it now as new data has demonstrated that consumers universally reject a marketing model based upon stalking and surveillance.

With the introduction of App Tracking Transparency (ATT) in iOS 14.5 iPhone users were asked to grant or deny permission for an app to track their behavior on other apps on their phone. On opening an app that was seeking their permission to allow tracking they were faced with pop-ups like this.

Apple's changes to tracking means advertisers must look to engage digitally in new ways.



WHAT THE ATT RESPONSE MEANS FOR ADVERTISERS

The data just published by Flurry Analytics, a subsidiary of Verizon Media, after the first 2 weeks of ATT being live is simply jaw dropping.

Around 96% of users have opted out, and in doing so they have rejected out right the surveillance advertising system. They've also blown out of the water the insistence by Big Tech that people love 'personalised' advertising. They love them about as much as the intimate observations of a stalker – in other words, not at all.

This unanimous response is all the more remarkable when viewed in today's cultural context. We're constantly being fed stories of how divided a society we live in, and how it's impossible to get people from different political viewpoints and generations to agree on anything. Well, the world has been united by its wholesale rejection of this advertising model.

Facebook, whose business is most threatened by the introduction of ATT, has unsurprisingly been the most vociferous opponent to the changes of iOS 14.5. They're so irritated that they even seem to be threatening to make their products pay to play with the prompt 'Help keep Facebook / Instagram free of charge'.

But to try to resist or ignore the clear demands of consumers at this point would be madness. Marketers should rather take a look in the mirror, and consider what implications this has for how they plan to drive growth moving forward.

The power of data has revolutionised advertising over the past decade, but there is now a clear line that cannot be crossed in the pursuit of data for more 'effective' marketing. People simply don't want their data to be sold so they can be sold to in a spooky, surveillance like fashion.

Around 96% of users have opted out of the surveillance advertising system.





THE GOOD NEWS

If there is a silver lining to this pretty dark cloud it's surely that the demise of surveillance marketing will be a huge boon to genuine creativity in marketing. Performance marketing has too often been used as a crutch when a company lacks the ambition or nerve to embrace creativity.

In this new ATT normal, with the performance of performance marketing in inevitable flux, it becomes even more important that a brand leverages creativity to drive impact and differentiation.

Brands will have to redouble their efforts to actually impress potential customers, rather than relying on the dark arts of surveillance. Fortune should once again favor the brave and imaginative over the manipulative and cynical.

This may come in the form of 'first party engagement' on Tik Tok, where brands are encouraged to make Tik Toks not ads. But the most creative and daring brands are already going way beyond this.

Gucci celebrating its 100th anniversary by launching the The Gucci Garden on Roblox is redefining how a luxury brand can behave and engage. And Nike's masterful curation of its SNKRS app is demonstrating how the levers of scarcity and spontaneity can be pulled to create brand heat and salience on a whole new level.

Creativity baked into a brand's UX and ecommerce experience is a trend that is only going to grow.



WHAT MARKETERS MUST AIM FOR

Bold and authentic relationship marketing should also come to the fore. Communicating directly and transparently with customers is the polar opposite of following them without their consent.

And so companies that are able to implement loyalty and customer service experiences that grow LTV will be more competitive and primed for long term success.

The results of App Tracking Transparency opt-out rates are ultimately a wake-up call to advertisers to raise their game.

If an ad in any consumer test got a 96% rejection rate it would never see the light of day. So now the world has told advertisers to stop stalking them through their phones, it's time to find a different approach that works for both customer and brand.

THE VIEW FROM LONDON

Steve Taylor

This article was first published in Mediatel.

At the time of writing, the official YouTube video of The Spice Girls' Wannabe has 517,184,784 views. Coincidentally that is exactly the same as the average number of ads served up on a typical publisher's homepage. But more on that later.

I mention Wannabe because I think consumers have told us what they want, what they really really want. And it's not personalised ads.

It's not personalisation at scale.

And it's not more relevant ads, either.

It's to not be tracked.

Not at all, thanks very much. I think I know why. And what we should do about it.





TRACKING'S TRUE CHALLENGE

We've all seen the Flurry numbers by now and have heard the message loud and clear from consumers. 96ish% of them do not want to be tracked.

It turns out that people want more relevant ads, like they want tidier holes in their heads.

As if things weren't bad enough for ad tech, the Ad Contrarian himself, the mighty Bob Hoffman, has not only picked up on the debate but shared his views with Parliament, painting a dystopian picture of ad tracking that is ultimately responsible for the breakdown of society.

It's a surprisingly convincing argument, even though Mr Hoffman's 'Straight line between ad tech and radicalisation' is based on flawed logic and conflates unrelated ad tech concepts and practices – he'd be the first to admit he's no engineer.

And yet, overall he's right to say that ad tracking isn't essential, either does harm or at least risks harm, and that digital advertising has got itself into one almighty pickle.

To get ourselves out of it, there are some home truths to face up to. The first is that people do not want to be tracked, and offering 'more relevant ads' is not a sufficient incentive to get them to opt in. Why not? Here are three reasons – I'm sure there's more.

Firstly, the ad experience on far too many sites is hugely irritating, with too many ads which are too intrusive and too disruptive of our ability to get at the content we actually want. This doesn't enamour people to ads and is a very poor foundation for a 'more relevant ads' proposition.

Secondly, even when it should work, targeting delivers too many irrelevant experiences (misread signals) repetitive experiences (no frequency capping) and inappropriate experiences (e.g. retargeting post purchase). There's no reason anyone would want more of that.

And the final reason, and the most potent, is that we simply don't like the idea of someone else telling us what we're interested in. We want to decide for ourselves what we like and don't like. The promise of more relevant ads is also the threat to deny us our autonomy and the joy of serendipity.



TWISTED ECONOMICS

But the reluctance of punters to play ball with tracking is not the only home truth we must face up to. Another is that we have allowed the economics of digital display to get bent all out of shape. RTB was meant to stand for Real Time Buying, but ended up meaning a Race To The Bottom.

Sold on the idea that programmatic could deliver the right message to the right person at the right time, the only thing left to worry about was delivering impressions at the cheapest possible price.

Hence, the average web page has 517,184,784 tiny ads stuffed into every nook and cranny as publishers try to earn a crust. And the economics of programmatic have led to problems not just for publishers, but for agencies and advertisers and pretty much everyone, except ad tech firms and data vendors.

We won't solve this mess through more ad tech and alternative tracking paradigms. Hoffman is right; we don't need tracking. In fact experiences like those of Dutch public broadcaster NPO show ditching tracking in favour of contextual ads leads to revenues increasing for the publisher and performance which is as good, or better, for the advertiser.

We need to bring quality and context back to digital media planning. Perhaps the most important 'relevance' for effectiveness will turn out to be 'right place'.

THE JOB TO DO

So what do we do? Collectively, there's a job for everyone.

Publishers need to clean up their pages, and provide fewer, bigger, better formats that fit into the browsing experience instead of fighting against it. This will inevitably mean that there is less inventory available.

That will have a knock on impact on pricing. To make the numbers work CPMs will have to go up. That will be exacerbated by advertisers switching away from long-tail and into better placements as 3rd party cookie targeting options dry-up.

But creative that people actually see, and aren't irritated by, in good quality placements, must surely make for a better investment. Especially so, if creative and digital agencies think harder about how to deliver relevance that respects and is driven by the contexts in which their ads are delivered.

Media agencies need to rethink targeting and, together with creative counterparts, use context, content and audience profiling to discern who might really be behind the browser. That will mean accepting wastage. An idea that has become anathema to advertisers.

Their job might be to rethink the role of positive wastage and work with their agency partners to develop measurement frameworks that look beyond lower funnel metrics to establish effectiveness; there's more to digital media than just clicks and taps, as anyone 'in digital' has been telling us for years.

And if we do all that, I believe we can create an ad funded internet that supports publishers fairly, that is a great creative canvas for brands, that delivers effective ads, and that 'users' like using.



**And that, surely, is what we want,
what we really really want.**

ABOUT COLLABORATIVE

Collaborative is VCCP's insight platform, showcasing the collaborative thinking of its strategists from across the VCCP Partnership which include specialists in media, communications and experience design.

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