

# Is Apple Trying to Kill Your Ads?

Author: Teresa Maly, Advertising Operations Manager

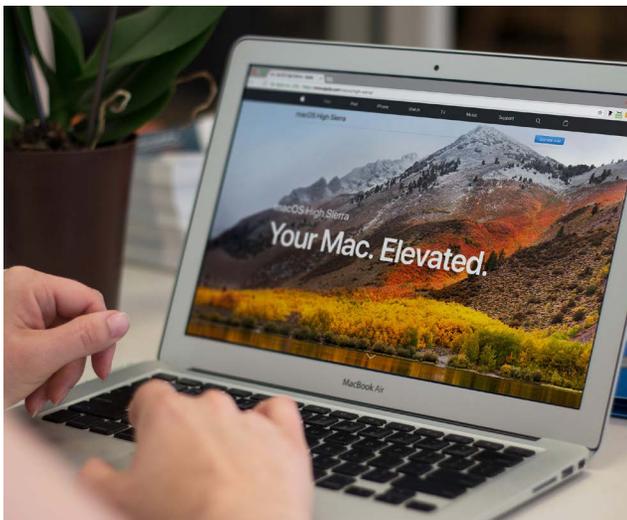
## Executive Summary

As part of the latest version of their popular [Safari browser](#), Apple recently launched some new features that are causing some uproar in the AdTech world. This news hasn't quite made the rounds in the pharma marketing space yet, but we wanted to proactively call attention to the features and share our point-of-view on the subject. These updates could have significant implications for the AdTech space.

The new features Apple added to Safari are:

- Intelligent tracking prevention (ITP) – A machine-learning feature that works to block and purge certain types of cross-site tracking cookies.
- No auto-play videos – A feature that does exactly what it states. Videos embedded in websites or advertisements are no longer played automatically when the webpage loads. Instead, a user must interact with the video to start it.

This latest version of Safari comes with both features enabled by default, and it comes standard with [MacOS High Sierra](#).



## What Is AdTech?

If you've ever heard of, or are currently running, any [programmatic media](#), you've likely already stepped into the world of AdTech. AdTech (short for advertising technology) is a blanket term for software, tools and technology that marketers and agencies use to target, deliver and measure digital advertising efforts. For example, using AdTech platforms, a brand could target certain people based on their demographics, interests, and behaviors across a variety of websites, rather than purchasing a broad 'home page takeover' ad from a single vendor that is not targeted to specific customers.



Its primary purpose is to help advertisers reach their target audience, make better decisions, make better use of their advertising budgets, and ultimately improve ROI. In short, this approach aims to deliver the right message, at the right time, to the right customer.

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## Why Is the AdTech World in an Uproar Over These Safari Features?

In particular, the ITP feature is the most scandalous one for AdTech providers. The ITP feature's purpose is to block and purge cross-site advertising cookies. These cookies are what most AdTech providers rely on to target specific users based on their behaviors (i.e., to do what you pay them to do). Without these cookies, there could be major disruption to the AdTech business model, with some winning and others losing.

### The ITP feature's purpose is to block and purge cross-site advertising cookies.

No auto-play is also welcome news to consumers, but some advertisers relying heavily on video ads may see reduced engagement metrics. In our experience, there are not many auto-play videos in pharma today, so this should be of minimal concern in the healthcare space.

## Why Is Apple Changing Safari?

You may be asking, "Why is Apple adding these features to Safari?" Adding such features isn't new. Two years ago, [we talked about Apple's introduction of MacOS9](#), which included a feature that gave users the ability to download apps that work within Safari to block any and all digital ads on the mobile web. Banner, video or interstitial ads viewed through the Safari mobile browser could be blocked.

Even though making changes is standard operating procedure, we believe the answer to the question, "Why?" is simple: Apple primarily gets its revenue by selling cutting-edge devices and software that offers a premium user experience. This move is simply another step in that direction. Note: Apple did have a small horse in the AdTech race — iAds. However, the company shuttered its iAd platform in June 2016.

## What Is ITP, Exactly? How Does It Work?

To explain how ITP works, we must begin by explaining cookies. A cookie is a small text file stored in a user's computer that is created when the user browses a website. There are two types of cookies; first-party and third-party cookies. First-party cookies (FPCs) are created by the domain

the user is browsing, and third-party cookies (TPCs) are created by domains other than the domain the user is browsing. For instance, if you were browsing [www.example.com](http://www.example.com), an FPC would come from [example.com](http://example.com), while any other domain cookie request would be treated like a TPC by the browser.

Today, most of the major browsers, including Safari, block TPCs by default. But, browsers are very forgiving of FPCs and give them lots of privileges. Major ad networks with a lot of clicks have gotten around the TPC 'issue' by redirecting users through their own domain on every click — giving them the ability to set an FPC while redirecting.

### MacOS High Sierra's Safari release will begin to look at FPCs in a new way.

However, MacOS High Sierra's Safari release will begin to look at FPCs in a new way. FPCs set in Safari will come with a countdown clock. This clock does a few things:

- In the first 24 hours, the FPC will act like it always has (no change) and can be used by AdTech providers. So, if a user visits WebMD and searches for "rheumatoid arthritis," that user can be retargeted with RA-specific ads within the next 24 hours only.
- After the first 24 hours, the cookie is partitioned and remains in place for the next 30 days but functions in a much more limited fashion. For example, no new data can be added to the cookie after the first 24 hours.
- On day 30, the cookie is purged.



Some critics claim this ticking clock obviously favors the larger advertising networks and partners such as Google and Facebook, which have billions of daily visitors, thus allowing them to reset the clock often, while mid-sized and smaller AdTech companies would feel more of a sting from this change,

as they would have much less viewership frequency, and thus, not be able to reset the clock.

## Apple Isn't Alone in the Fight Against Ads

It should be noted that other companies are making similar efforts to add features that disrupt advertising to their browsers. For example, next year, Google plans on releasing an update to its popular [Chrome](#) browser, adding an [out-of-the-box ad blocker](#) for ads that produce a bad user experience. Ads that are defined as a bad experience are based upon the [Coalition for Better Ads standards](#), of which Google is a member.

For reference, as of our August 2017 pharma-specific, web benchmarks, Safari's and Google's share of the browser market is 75.1% combined (34.8% Safari and 40.3% Chrome).

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## Conclusion

This is just the beginning of the story, as these changes may have significant impact on how the AdTech space operates, and specifically on how marketers can target and re-target their audiences.

We also should assume AdTech companies will not remain unchanged as they begin to devise new methods of advertising that work within this more privacy-driven browsing world we see today. The implications of these changes will be revealed over time, and Intouch will ensure our clients are apprised of any direct impact to their campaigns.

If you'd like to learn more about how Apple's latest changes could affect your brand, reach out to your account lead.

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**> Kansas City**  
7045 College Blvd.  
Suite 300  
Overland Park, KS 66211  
p 913.317.9700

**> Chicago**  
205 N. Michigan Ave.  
Suite 3200  
Chicago, IL 60601  
p 312.540.6900

**> New York**  
469 7th Ave.  
10th Floor  
New York, NY 10018  
p 646.795.3600

**> London**  
2 Kingdom St.  
London  
W2 6BD  
p +44.20.32392129

