

DATA IN  
SOCIAL HAS  
CHANGED.

HOW TO  
WIN IN  
2022.

Ogilvy

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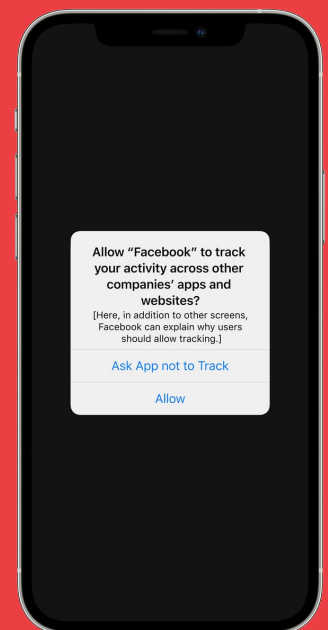
# WHAT IS HAPPENING?

Apple has introduced new data privacy features with each major release of iOS since 2018. In May this year, iOS 14.5 introduced permission requests for apps to track users' activities on other apps and websites. Google is also taking steps to phase out third-party cookies, although this has been pushed back to 2023.

These changes are a direct result of tighter data and privacy regulations, most notably Europe's GDPR legislation and California's 2020 privacy laws which have reverberated across the world.

Tracking is changing drastically as the volume of data that platforms are allowed to capture shrinks. This is making it unreliable. **Facebook has already warned marketers that the Apple data changes skew conversions by about 15%.arcu.**

Marketers will no longer be able to use cookie and pixel data to accurately measure the performance of social campaigns. This impacts a major market. Australian social media advertising is projected to top \$US3.1 billion by 2025, with 82% generated through mobile<sup>1</sup>.



With iOS 15, Apple adds eight major data privacy updates impacting data tracking beyond social apps. It includes mail privacy protection against pixel tracking, IP address privacy while using Safari, and an apps privacy report. These changes will make it even more difficult for apps like Facebook, Instagram, LinkedIn and TikTok to track what users do after they click on an ad, and to build powerful targeting inventories.

Since the iOS 14 update, users will need to explicitly opt-in to provide these permissions. This is not the way Facebook generally operates when it comes to privacy and data collection. If users opt into sharing data, there won't be any change to tracking. But if they opt out, apps will no longer have access to conversions and other activities generated in another app or website.

# WHO IS IMPACTED



While greater privacy and transparency is a benefit for the 55% of Australians using iOS mobile devices who can opt-out of tracking, marketers are going to be highly impacted by these changes.

Since the update was introduced, as few as 15% of US-based iOS users have opted into tracking<sup>2</sup>. 70% of iOS users currently share their data with apps. With this expected to fall below 15%, this brings an end to the third-party tracking party<sup>3</sup>.

Audience targeting and campaign optimisation will be hit. Less data means fewer ways for advertisers to analyse and optimise campaign performance. Small businesses using platforms like Facebook and Instagram as their main storefront will be hit hardest.

This doesn't mean that social platforms will be less efficient at driving sales, it will just be much harder to effectively track and attribute those sales.

# 5 ISSUES FOR ADVERTISERS:

**Targeting limitations:** As users are automatically opted-out of tracking activities, targeting options will be weakened. Social platforms will have fewer signals to build their targeting, leading to less precise targeting inventories. Custom audiences, lookalike audiences, and retargeting from website tracking will likely shrink.

**Reporting limitations:** Real-time reporting will not be supported, and data will be delayed up to three days. It will affect bidding strategies as ad sets for conversion campaigns will have to run for at least three days. It will also delay how quickly retargeting audiences can be built. Device will no longer exist on Facebook.

**Conversion tracking limitations:** Attribution windows will shrink. Facebook will no longer report 28-day click and 7-day view attributions. It's 7-day click and 1-day view attributions will remain. There will be a substantial loss of tracking based on how many users opt out.

**Optimisation limitations:** Because platforms like Facebook will track fewer events, it will be more difficult to effectively optimise campaigns. Advertisers will have less visibility on actions taken outside of the platforms, optimising campaigns on clicks rather than conversions. The delay in data reporting will also reduce real-time opportunities to optimise campaigns.

**Budget wastage:** Less accurate targeting and the difficulties of tracking outside platforms will mean media budget will be invested less efficiently. The quality of social traffic on websites will decrease, which will significantly increase cost per action.

FACEBOOK ESTIMATES A 150% INCREASE IN THE COST PER ACTION WHEN MOVING FROM CONVERSION OPTIMISATION TO LINK-CLICK OPTIMISATION.

# HOW SHOULD MARKETERS RESPOND?

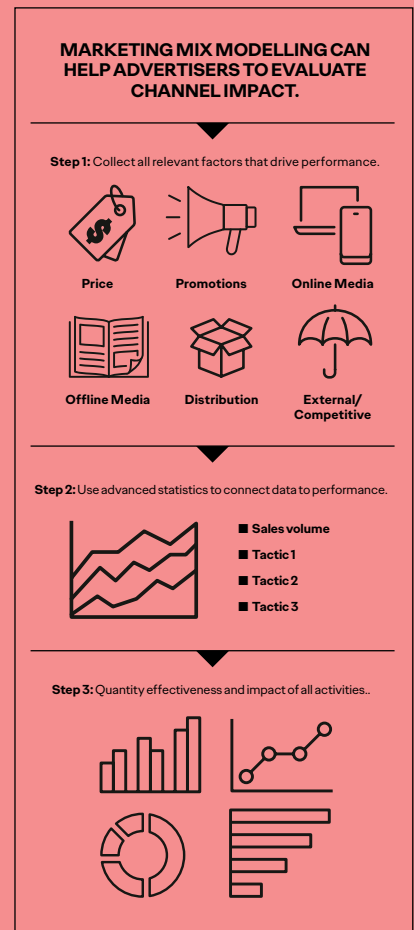
In the short-term, marketers can still rely on third-party tracking tools such as Google Analytics and UTM tags. However, we will likely live in a cookie-free digital landscape within two years, forcing advertisers to find alternative tracking methods. So, where to start?

## EMBRACE NEW WAYS OF MEASURING CAMPAIGNS

Using post-click actions as an indication of campaign success will be harder. However, this change creates the perfect opportunity to build communication and media strategies that focus on long-term brand impact such as online and offline growth, brand lift and ad recall. Brand recognition has been impacted by the sole focus on short-term direct response strategies. Today, 78% of brands could disappear and no-one would care. As a creative network, we see an opportunity for brands to focus on stories and experiences that build lasting impact.

## DEPLOY NEW SALES MEASUREMENT SOLUTIONS

'Marketing mix modelling' is one to consider. This is a statistical method of determining campaign effectiveness by breaking down aggregate data and differentiating between contributions from tactics, promotions, and other uncontrollable drivers of success.

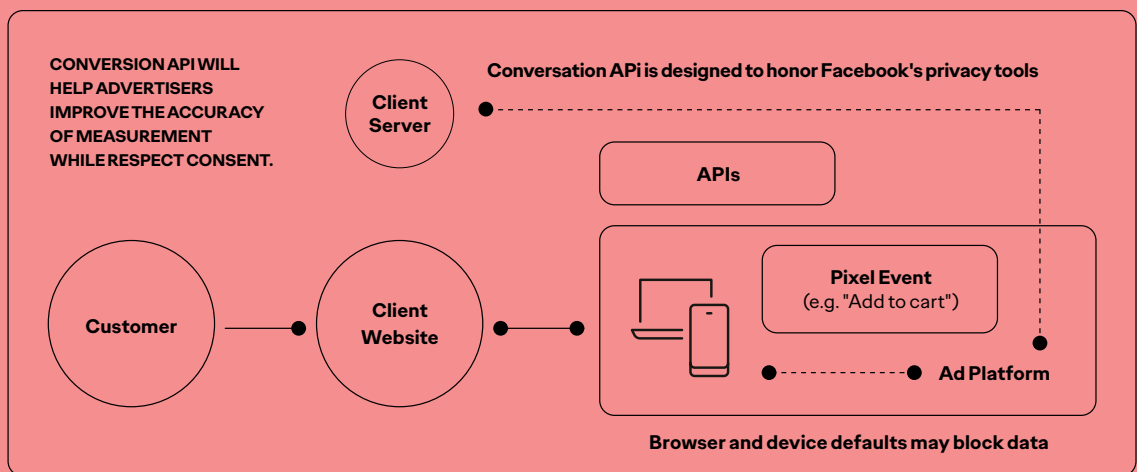


## EXPLORE IN-PLATFORM JOURNEY

Move away from complex cross-platforms consumer journeys – which will be harder to measure – and build platform-centric consumer journeys with incremental brand experiences, aiming to increase brand preference and indirectly grow business value on all conversion points. We recommend embracing social commerce and embedded lead generation tactics.

## INTEGRATE CONVERSIONS API

The conversions API allows marketers to send web events from their servers directly to Facebook. This feature doesn't use cookies from a browser like the pixel does. Web browser settings don't impact the ability to send data from customers who have provided all necessary consents.



## VERIFY YOUR DOMAIN ON FACEBOOK ADS MANAGER

Aggregated event measurement limits website domains to eight conversion events that can be used for optimisation. To do so, advertisers need to verify their domain and set up priority events to report conversions from one website domain.

## BUILD FIRST-PARTY AUDIENCES

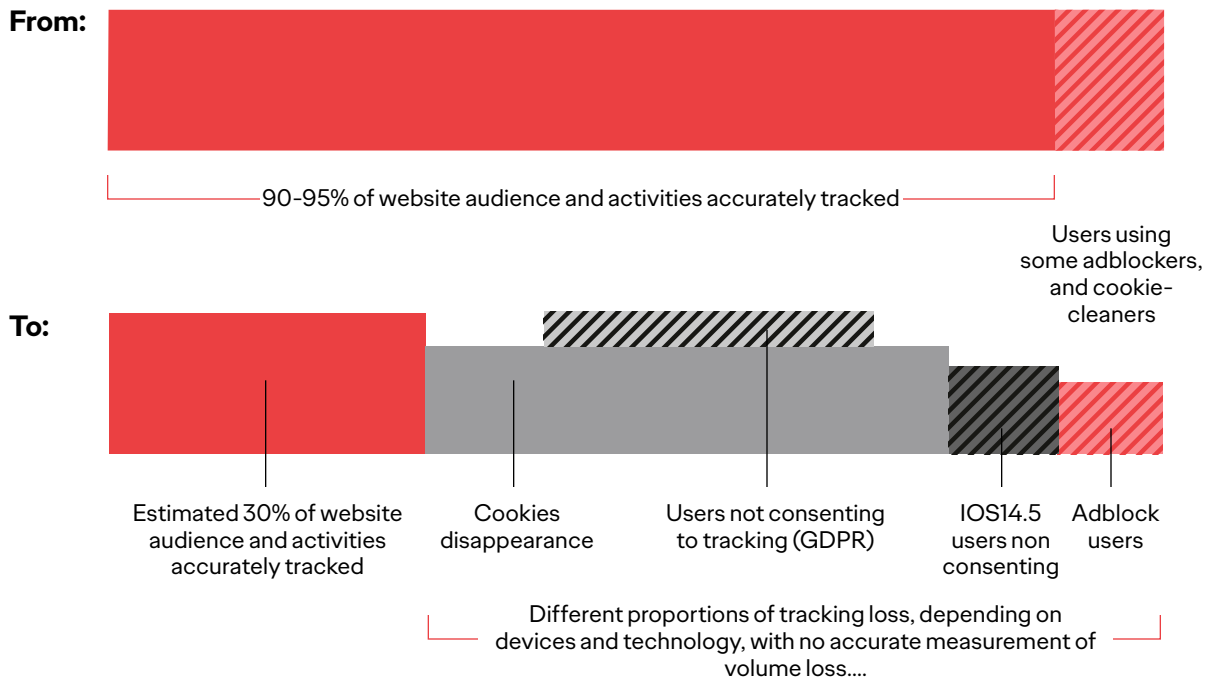
We can no longer rely on the same level of granularity that social media audiences once provided. Successful marketers will be the ones who invest in collecting, storing, and segmenting first-party data.

In a nutshell, marketers need to be prepared to change their approach to advertising.

Data privacy is a hot topic that will continue to attract further regulation. The Australian Government is currently undertaking a review of the Privacy Act and a Discussion Paper is expected soon. One key aspect is to tighten privacy obligations and update legislation in line with new global standards.

We estimate just 30% of website audiences and activities will be accurately tracked in future. It might well be the end of the tracking party, but it will be a positive for advertisers, brands and ultimately consumers. It will bring greater transparency to how consumer data is used online. Brands and advertisers will have the opportunity to create long-term impacts, with 81% of people saying brands can impact the world.

# LOOKING AHEAD



Striking the right balance between protecting privacy while delivering a customised user experience will be the biggest challenge.

Social apps are now motivated to keep users within their 'walled garden' where they can provide trackable full-funnel solutions. Expect small businesses to take up social ecommerce features like Instagram Shop as they can optimise for conversion without permission.



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**ABOUT THE AUTHORS**

John and Nicolas lead the Ogilvy Social & Performance expert group. The practice brings together content and context to unlock the full potential of social media. We focus on driving business results and driving client growth by connecting impactful stories with effective distribution across digital and social platforms.

**SOURCES**

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