

# How Apple's privacy changes are affecting Peloton and other industry players, according to recent earnings calls

Article

**The news:** It's not just **Snap** and **Meta** (formerly **Facebook**) that have been significantly affected by Apple's privacy changes.

- Recent earnings reports show other companies, including **Peloton**, have seen an impact as well.

**ICYMI:** Apple devices running **iOS 14.5** or later versions require apps to obtain permission from users before tracking their activity. Users must consent to being monitored for advertising purposes—and many aren't opting in.

**Peloton's pain:** In its earnings call last week, Peloton cited Apple's privacy changes as a significant challenge to the fitness brand's ability to add subscribers to its service by targeting consumers based on their interests.

- It lowered its projection for subscribers, as well as its profit margins, to account for higher customer acquisition costs.
- The exercise equipment-maker cited other factors, including softening demand and supply chain issues, in slashing its annual revenue forecast by **as much as \$1 billion**.

Peloton will also see fallout from Apple's expansion of its **Fitness+** offering, which rolled out on Wednesday in 15 additional countries, including Brazil, France, Italy, and Russia.

- **Peloton's market cap has dropped nearly 40%** since Apple broadened Fitness+, which takes direct aim at Peloton's digital workouts, as of the market close on Friday.

### **Elsewhere in earnings:**

- **Pinterest** stated in its SEC filing for Q3 that Apple's privacy changes have impacted the company's "ability to track user actions off our platform and connect their interactions with on-platform advertising."
- **Criteo** saw shares surge nearly 30% the day it reported its Q3 earnings. The company said that it had anticipated both Apple's iOS updates and the pending cookiepocalypse, and that it took measures to mitigate their ill effects. "We've been working on alternative solutions to iOS and Chrome for over two years," CEO Megan Clarcken said.

- In **Wayfair's** Q3 results, advertising accounted for 10.1% of the company's net revenues, up from 9.0% in Q3 2020. CFO Michael Fleisher said on Thursday that the increase was "in part due to iOS privacy-related changes."
- "We've not seen any impact," said **Airbnb** CEO Brian Chesky when asked about Apple's new iOS policy. He added, "That's not really the business we're in," but declined to elaborate.
- **Cardlytics**, an advertising platform for financial institutions, said its forward-looking statements took into account the impact of iOS privacy changes.

**On the horizon:** Mobile gaming giant Zynga is scheduled to report earnings today, with its advertising revenues likely under fire due to the iOS changes.

Interestingly, some companies that may benefit in the long term saw their stocks sink after releasing their Q3 earnings. Despite continued growth, Roku watched its shares tumble when its revenues missed analysts' projections. This happened despite the likelihood that Roku will see more advertisers flock to connected TV (CTV) as a result of Apple's privacy changes.

**Why it's important:** Apple's iOS privacy updates have had a "modest impact on YouTube revenues," Alphabet CFO Ruth Porat said—but positive notes like that are outliers.

- The Financial Times estimated that Apple's changes will cost Facebook, Snap, Twitter, and YouTube about \$10 billion in H2 2021 alone.
- Meta in particular has been critical of the changes, with CEO Mark Zuckerberg saying they "not only [negatively affect] our business, but millions of small businesses in what is already a difficult time for them in the economy."

**The big takeaway:** With many companies caught flat-footed by the iOS changes, will the same happen when it comes to third-party cookie deprecation? While cookies won't be entirely phased out until late 2023, it's something that all brands need to be thinking about starting yesterday.