

# Apple's ad success could spell trouble for ATT

## Article

**The news:** Apple is bringing new ad formats to the **App Store**, expanding its growing advertising business even as the rest of the industry struggles to adapt to its **AppTrackingTransparency (ATT)** changes.

**What's new?** App Store ads are mostly limited to the **Search** tab and its results, but two new ad placements will soon debut.

- Apple is adding another advertising slot to the **Today** page, directly underneath the existing space. The Today page is the first thing users see when they open the App Store, which will

make it a valuable space for Apple.

- Additionally, a new ad placement will be available on the download pages of apps themselves. These ads will appear at the bottom of the download page, below other apps by the same developer and above recommendations for related apps.
- These can't be directly targeted—**Twitter**, for example, couldn't pay to have its ad placed on **Facebook's** download page. But they will still be “relevant” to the app on display, so competitors will almost certainly still appear on each other's pages.

**Why are App Store ads so powerful?** Apple is an appealing advertising partner because of its large captive audience, and because its platforms aren't affected by ATT the way others' are.

- Apple still lets users opt-out of “personalization” on its own apps (it claims opt-outs don't significantly affect App Store conversions, anyway). But because the App Store is the **only way** to download new apps, Apple has a captive audience and owns the only channel through which advertisers are **guaranteed to reach iOS users**.

#### US Opt-In and Adoption Rates for App Tracking Transparency (ATT) and iOS 14.5, Dec 2021

% of users



Note: ATT opt-in rate is defined as the share of users with any version of iOS 14 (not only 14.5+) who opted-in to “tracking” via the ATT prompt; iOS 14.5 consumer adoption rate is the share of app sessions with version 14.5 or higher

Source: AppsFlyer, “The Impact of iOS 14+ & ATT on the Mobile App Economy,” Dec 21, 2021

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**Why does this matter?** While the social media and mobile ad industry scrambles to find a post-ATT solution, Apple is sitting pretty on a growing advertising business. That stark difference is starting to attract critical eyes.

- Advertising is part of Apple's “services” revenue category (alongside subscriptions like **Apple TV+**), which is its **fastest-growing and second-most lucrative category** behind the iPhone itself. In Q2, services revenues grew **12% year over year** to **\$19.6 billion**.
- Apple has made its privacy changes an **ever-growing part of its brand**, remaking its iconic bitten apple to resemble a padlock on billboard and TV ads across the nation. But that branding omits the fact that Apple has profited tremendously from the implementation of ATT.

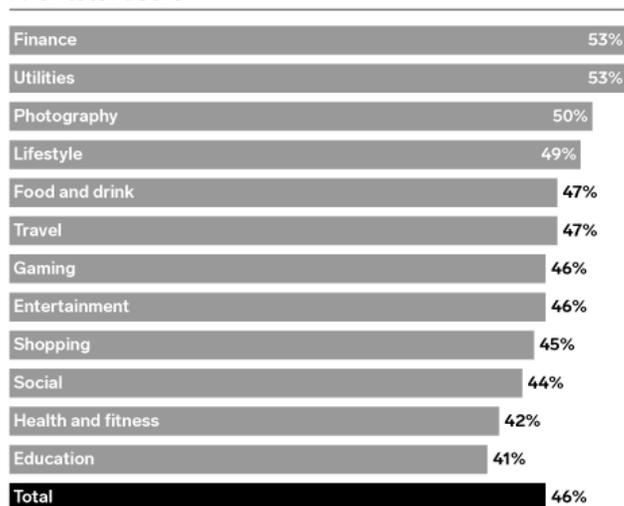
- But success like that can't go unnoticed for too long; Competitors have used Apple's ad success as an argument for overturning ATT entirely. **Snap, Meta**, and others have called it [anticompetitive in complaints](#) to the FTC. Meanwhile, regulators abroad have launched [probes](#) and [reports](#) into Apple's ad business.
- It helps that many of the companies most-affected by ATT are social media companies, which consistently rank as the [least trusted brands](#) among consumers. The fact that maligned companies like Meta are suffering legitimizes Apple's self-appointed role as the protector of privacy, even if the truth is not so black and white.

**The big takeaway:** ATT will face more scrutiny the longer competitors suffer and the more Apple's share of the digital ad industry grows. But even so, the change is probably here to stay.

- Even though it's beginning to draw looks from antitrust regulators, governments around the world have been minting new privacy and data regulations that ATT falls in line with.
- Apple's shiny privacy branding campaign is a sign of its confidence that ATT will persevere even though competitors' complaints are getting louder.

### AppTrackingTransparency (ATT) Consent Rate Among iOS Apps Worldwide, by Category, March 2022

% of total users



Note: represents activity tracked by AppsFlyer, broader industry metrics may vary; among users who have seen the ATT prompt  
Source: AppsFlyer, "ATT 1 Year On: Examining the Impact of Privacy on the Mobile Marketing Space," April 28, 2022

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