



Next in Marketing | AppsFlyer

Episode 22: Advertising Disrupted: What User Privacy Means for Marketers

Mike Shields (19s):

Hey guys, this week we had a very special episode of Next in Marketing. We recorded this live at TechCrunch Disrupt 2020. My guests were Brian Quinn, President, General Manager of AppsFlyer and Ana Milicevic, Co-founder and Principal at Sparrow Advisers. We had a lively discussion about the potentially massive impact of Apple shifting policies regarding advertising. Let's get started. Happy to be here guys. Let's kind of just jump into it. Brian, I think a good place to start is, I think just maybe -- let's talk about what AppsFlyer is? You play an interesting role in this world and you're being affected by a lot of these issues directly. So tell us a little bit about AppsFlyer here and who your customers are?

Brian Quinn (54s):

Sure. Well, thank you, Mike. Yeah, my name is Brian Quinn. I'm the President and General Manager for AppsFlyer North America. AppsFlyer is a business, we're the global mobile attribution company. We help app businesses with a comprehensive suite of measurement, and analytics solutions. So we help perform attribution, on helping businesses understand where their mobile users are coming from? How they engage? We help them fight fraud and build first party audiences. We're built with a privacy by design principles. So everything we do has a lot of user privacy and security embedded in it.

Brian Quinn (1m 36s):

We have 12,000 customers across the globe, and 7000 integrated partners. So we're very woven into the mobile ecosystem. We're about 1000 employees. We've raised \$294 million to date. We did our Series D in January led by General Atlantic. We have about 65% market share and some of our top customers that I can name are Nike, Tinder, Calm, Activision Blizzard, King, Stitch Fix, Best



Buy. So big in the gaming and e-commerce space, but also representing apps across every consumer category that you'd see in the app stores.

Mike Shields (2m 25s):

Okay, so let's put aside what's going on with Apple or isn't going on. Let's pretend that hasn't, and none of that's happened yet. But let's talk about what is your customers Nike or your King, your part, you're a gamer? What do you tell them? You help them figure out? What ads drove people to install their app? What ads helped them land high paying customers lifetime customer value? What kind of stuff do you tell them or help them with?

Brian Quinn (2m 51s):

Absolutely, yeah, that's a piece of it. I mean, ultimately, mobile app is a very competitive ecosystem. And there are outside of China's fragmented app store environment, you really have two app stores, you have, Apple and Google Play. And you have millions of consumer apps, and they're all vying for our attention. They're vying to be discovered. They need to be reengaged with. So it's a very competitive ecosystem. And the stores themselves are pretty opaque, it's hard to understand what's working. So we provide mission critical technology that's embedded in the tech stack of the apps themselves with SDKs, or integrations into their server environments. And what we do is we help them understand which marketing touchpoint drove an action.

Brian Quinn (3m 36s):

So which media campaign? Which marketing campaign drove an action? Like an install, or a purchase or the completion of a level? That connection is what attribution is. And that's the basis of what we do. That's important measurement for brands to understand what's working. How to justify their return on investment? How do I identify cohorts of their best users? How do we re-engage those users? And that foundation allows us to then accurately decipher what's a real person or from a bot so that marketers don't end up purchasing fraudulent traffic or fraudulent installs. We help them to identify, which audiences are most valuable and then create audiences that they can push to networks to reengage with, and help them understand in measurement around retargeting with incrementality.



Brian Quinn (4m 32s):

These are the types of solutions that we offer primarily performance marketing teams, product, growth teams of consumer mobile app businesses.

Mike Shields (4m 41s):

Yeah, so that was going to kind of lead me to my next question. Are you are you primarily living in the mobile universe? Because, you know, most brands want to have -- they will every brand where they would like to have exact measurement of -- or as exact as they can get and what every dollar I spend and how it all connects together between TV at home, and mobile apps, that's going to be very different from a game company that's pure primarily mobile. But sorry, are you trying -- I do aspire to be the connective tissue for everything in marketer tracks? Are you really a mobile company, first and foremost?

Brian Quinn (5m 15s):

So, you know, I think what we do is we have a mobile centric buyer and persona that we serve. So if you're a mobile game, and your entire business resides in the app, we're a critical part of the infrastructure. And that value is very, very clear to that gamer. Now, increasingly, we're seeing a lot of large businesses, non-mobile first businesses, retailers, travel companies, grocery store companies, who are recognizing that mobile is the way that their consumers prefer to be engaged with. So there's a real rush to build great user experiences on mobile.

Brian Quinn (5m 60s):

Have mobile become more core part of their assets and their properties? And we're helping these businesses understand the mobile landscape. Who are all the players? What are the partners? How to effectively spend their dollars and measure their dollars? So effectively, we're helping all businesses, and I think, you know, we do aspire to be that critical layer in a businesses stack to help them grow, provide them transparency, give them the security and the privacy that their consumers want, and navigate all of the changes in the landscape, which there are many right now.



Mike Shields (6m 39s):

Yeah, and we've been hinting at those for a while here. I want to come back to that thought, because I imagine the conversations you're having with all these non-mobile centric brands have accelerated thanks to this error and COVID and everyone's --

Brian Quinn (6m 52s): Yeah, exactly.

Mike Shields (6m 53s):

Is he e-commerce and <inaudible> more. But let's -- you hate to do this. It is a 2 App Store world. And, interestingly enough, one of the companies is largely built and monetizes an advertising company, Google, although Android is different.

Brian Quinn (7m 9s): Yeah.

Mike Shields (7m 9s):

And you got Apple which is, has never been in love with advertising. They have had an ad business here and there, but they seem they're not like a big data collection and they're not a big targeting company. So they're gonna have very different outlooks on this. And that kind of came very clear recently, when Apple announced they were changing the rules of how you can track. What happens off their apps without, with IDFA? Now, that's changed. But I would love both you guys talk about maybe how the philosophies are different. And then what that move would mean or not mean? Ana, maybe let's get you jump in here and we'll get back to Brian.

Ana Milicevic (7m 50s):

Ooh, I always love to introduce philosophy in anything mobile apps related, but I think you're spot on with that, because the philosophies of the two app stores are quite different at least in the messaging that they promote to market. I think economically, they're quite aligned in terms of how the app stores themselves monetize. But the messaging is that Apple is very privacy and



consumer oriented. And I would venture to say that that's predominantly on the messaging side, not so much in reality. And that Google, it has a very different approach. It's a very like a full-stack approach to everything that they do.

Ana Milicevic (8m 33s):

I think the biggest challenge here for me and for the clients we work with is that it's really an interesting space, when there's only two options. And the two options, look 95%- 98% the same. Do you really have options?

Mike Shields (8m 51s):

Right. Yeah, people in online advertising complain it's dominated by Facebook and Google, but there's actually at least a whole 15% out there that is available to the market where there's really is that you were tracing <inaudible> and that's that. Brian, okay, so you hear about this Apple thing. Obviously, things have changed in the last few months about what how imminent it is or not, but you hear about this. What goes through your mind, your company? What does this mean for your company? And what do you start hearing from customers when this topic comes up?

Brian Quinn (9m 21s):

Sure. So I think you're referring to iOS 14, which just launched --

Mike Shields (9m 25s): Yes.

Brian Quinn (9m 25s): Right, okay.

Mike Shields (9m 26s): Let's be specific.



Brian Quinn (9m 27s):

Yeah. So at WWDC, in June, the Apple's developer conference, they talked about their new operating system, which just launched a couple days ago to the consumers. And there is a lot there. And particularly, there's a lot of enhancements around user privacy, which is very exciting. This is a direction that we applaud if consumers feel that their data is being protected and then secure the mean more trust in the environment. And this is good for everyone. This is good for consumers. It's good for business. It's good for Apple, it's good for Google. So we applaud this direction. And there's examples of this, which are going to be very apparent to consumers right off the bat.

Brian Quinn (10m 9s):

So an app that requires access to one of your photos now no longer needs your entire photo library. An app that is asking for a particular contact, no longer needs every contact in your contact, in your database, right. And so these are obvious benefits to consumers.

Mike Shields (10m 31s): Very reasonable.

Brian Quinn (10m 32s):

Very reasonable. Even in the indicator light. You know, before this operating system, you don't know if Siri's on and listening. You don't know if your cameras on. Now, there is a simple indicator light, and this is going to be a welcomed change that's going to really drive trust in the ecosystem at large. Now, there's a particular element of this, which has not so apparent to a user's and the consumers here around IDFA. And around this new framework called ATT that Apple had planned to release, which would put the control in the users hands on whether they would allow IDFA to be sent off of their device to an app.

Brian Quinn (11m 19s):

And IDFA is the Identifier For Advertisers. It's a tool that Apple created for specific advertising purposes. And that's really, there's been a lot of discussion, at least in our industry over the summer, around this particular piece, which has now been delayed until early next year. So there



is some time here that this hasn't launched yet as it relates to iOS 14, but this is the big change that we're referencing in that a lot of folks in our ecosystem that we are talking about. And in <inaudible> Oh, go ahead.

Mike Shields (11m 53s):

I was gonna say, this is kind of question for both of you. When a change was first announced from what I could observe in the marketing media landscape. The people that really intimately understand this world were like, "Oh, boy, this is not good. This is gonna change everything." But then a lot of marketers were sort of like, "I really don't understand what that means. It's too in the weeds. I think it's important. I'm not really sure. I'm wonder if both of you found that. Ana, maybe, you want to jump in first?"

Ana Milicevic (12m 21s):

Yeah, I think a lot of folks have almost been inoculated or against announcements like that, where the announcement seems momentous, and like something really big is changing. But then it turns out not to change that much. And I'll take us back all the way to when the first time that the European Union made us all put those cookie warning labels all the way through GDPR, etc. So there have been a lot of high profile announcements that didn't really pan out too many changes. So now, I think for a lot of marketers who aren't necessarily that turned to these kinds of ecosystem changes. This sounds like something that could just be one of those announcements that doesn't really require them to change a lot of things.

Ana Milicevic (13m 6s):

So it's getting harder for marketers to understand, what are the things that they should really kind of, "Hey, this is a big deal. We should do something right away."

Mike Shields (13m 14s):

Right <inaudible> so many times. Come on this is really...



Ana Milicevic (13m 17s):

Exactly. So we've definitely seen that kind of like, "Well, what's the big deal? This is just another freakout type of thing." And then when you walk through somebody on a whiteboard, or on a call, "Hey, here's how this is relevant to you and your company." That's when you have the, "Oh", kind of moment usually.

Mike Shields (13m 35s): Right.

Ana Milicevic (13m 35s):

And folks are then better equipped to handle it.

Mike Shields (13m 39s):

So Brian, from a pure marketing advertising perspective, how, I mean, let's say this change happened tomorrow without IDFA, how momentous is it or not?

Brian Quinn (13m 50s):

Sure. Well, so let's first say that this change, which we're talking about IDFA is an identifier, becoming much less used, if consumers are going to choose to opt-out of that. Inherently, IDFA is not good or bad. It's a tool. And for a number of years, it has been one of the main identifiers that the entire ecosystem around mobile has used, and has come to trust. And so what I mean by that are apps that are running marketing campaigns to acquire new users and engage those users have relied upon IDFA to know for sure that that user saw my ad and took an action.

Brian Quinn (14m 35s):

And they built ROI models around this. And a lot of businesses, and entrepreneurs, and developers have built great content and have built great utilities, and entertainment services in



apps and have given us those apps for free and they've monetized through advertising. This is how they pay their engineering teams. This is how they finance their business. And so those companies are acutely aware that a drastic change to IDFA puts at risk a lot of things. It puts at risk a business model. It puts at risk consumer journeys. It puts at risk the consumer experience, and there has to be a lot of reworking within the industry.

Brian Quinn (15m 17s):

And those who are close to it, that's I think what you're referring to is like, "Wow, this is pretty big." Now,

don't get me wrong, you know, IDFA has been misused. It was originally designed for advertisers and that's what I'm speaking to you here about. There are more nefarious practices and use cases, leveraging IDFA of businesses, building rich consumer profiles of users without their knowledge, and connecting this to their IDFA. You have companies selling this data to one another, without the consumer knowing or embedding it in their products, and ultimately sharing this information without consumers knowing. And I think it's these practices that aren't healthy for the environment.

Brian Quinn (16m 0s):

And this is what Apple is trying to stamp out. But what's important is not to combine all the positive healthy use cases with the nefarious ones and throw it off together. And to really decipher what uses of IDFA are beneficial and foster growth and transparency, and which ones are not. And really, that's the crux of the issue that we find ourselves in.

Mike Shields (16m 24s):

Okay, so let's explore if we got, if could kill the bad stuff and keep the -- but the side effects is we killed the good reasons for this. What does it look like? If I'm a game publisher, I'm trying, I can still advertise, and I'll see my downloads go up, I guess. But I won't know how it happened. Is that, it will it be like sort of just you'll have a little bit of data and not enough? Or what will it look like if you don't have this tool?



Brian Quinn (16m 48s):

Sure. So to be clear, IDFA is still going to exist if the user gives consent.

Mike Shields (16m 55s): Right, yes.

Brian Quinn (16m 56s): Okay. And so --

Mike Shields (16m 57s):

But we think a lot of people are inclined not to do that. Well, that's the fear, right?

Brian Quinn (17m 2s):

Correct. I think the predominant thinking is the way that the choice is planned to be presented to the consumer, it doesn't give them a lot of information of the value of this. It's a pop-up that says, "Do you want this app to track you across different apps and websites? And we believe --

Mike Shields (17m 18s):

People are going fast. They're getting like, "Yeah, whatever. No, thanks."

Brian Quinn (17m 21s):

Right. The way that that's written and the way that we're educating consumers on this, most will probably say no. And so if we say no, then that won't be available to the brand. And they'll be working in aggregate data, more anonymized data. Now, this, we believe, is ultimately the future of this industry, to be working in more aggregated anonymous datasets. And it should have better privacy implications for consumers. It's being implemented pretty quickly, or it had



planned to be. And it doesn't give a lot of businesses and tech partners the ability to sort of accommodate.

Brian Quinn (18m 1s):

So if it launched out of the gate as is, couple things are gonna happen. One, we talked about the business model risk. So a developer, an entrepreneur, a company looking at the business model of their app is now going to question, "Can we be in the business that depends upon monetization of ads? Because I need to have confidence. I understand who's viewing these ads. And I need to be able to connect that to the cost and the user acquisition and retention spend to make sense of all this. If I can't do that with any confidence, then I'm questioning the model itself. And maybe I need to think about e-commerce or in app purchases or subscription, which are not the prevailing revenue models."

Brian Quinn (18m 45s):

So a lot of innovation and a lot of great value that we're getting today is at risk. On a more tactical level, attribution really serves to complete the feedback loop that users give brands. Now, that's not obvious to a consumer, but attribution is what tells the brand that, that ad brought value, or it didn't. It's what helps brands know that they're serving the multiple of the same ads to the same user, or they sequencing an ad campaign and telling a story. And so these are big benefits to users that they might not be aware of their experience could suffer. More ads that are not relevant, because brands can't precisely understand what's working.

Brian Quinn (19m 29s):

I'll give you one more example. Attribution, helps power something called deferred deep linking. And so you might have experienced this Mike, where you're on a mobile website, you see promotion for 20% off a pair of sneakers. If you download the app, and buy the first sneakers. So you go to the app store, you open that and it comes right to the page of that sneaker. Right to that purchase page, or right to the page of the right content. That's it. That's a very good user experience with a lot of context that's brought through. As opposed to showing --



Mike Shields (19m 60s):

Right, I'm not taking them around to find that thing. I'm <inaudible> confuse.

Brian Quinn (20m 2s):

Exactly, which users which users don't want, brands don't want that as well. But attribution makes that possible. So there's a real argument for a user experience here that's put at risk, if we don't have enough time as an industry to develop the capabilities to give this experience to users.

Mike Shields (20m 22s):

Right. So yeah. You're kind of saying, "Listen, the world is going this way, eventually. We don't need to track people and hound them with... and have the whole world sharing everyone's idea. And that's not where you want to go but we need time to adjust to this kind of thing.

Brian Quinn (20m 38s): For sure.

Mike Shields (20m 39s):

Can't just roll this out overnight.

Brian Quinn (20m 40s): For sure.

Ana Milicevic (20m 40s):

And interesting here, and I want to riff off of something you said Brian that's fascinating.

Brian Quinn (20m 45s): Please.



Ana Milicevic (20m 45s):

So we've completely failed as an industry to communicate to users, the value of advertising and all the cool content and cool experiences that advertising actually enables on these devices. And this isn't limited just to mobile experiences. It's something that's very pervasive on the browser side of things. Where we're having this same conversation that we're having in the mobile universe around IDFAs, but around cookies. So it's always the vehicle that's under attack here, rather than the overarching business model, which is in an era where we have walled gardens, who this doesn't affect or doesn't affect to that extent. You know, advertisers are going to likely find it easier to shift their dollars to the Facebook's and the Google's of the world who can provide an easy full authenticated path for customers.

Ana Milicevic (21m 39s):

Then continue to operate in the open web. And that's a scenario in which we as consumers lose. And this is positioned as something that is good for us good for our privacy, good for the user experience. And not only is it not. To Brian's point, it's going to be really painful in the short term experience wise for the vast majority of consumers. So I always think that's a really interesting dichotomy, where we as an industry that helps position and sell other people's products have so thoroughly failed to explain why advertising online is important.

Brian Quinn (22m 13s):

Yes, you know, it's a great point. And I think similar to that point is like I said, we're a software company that our key stakeholder is the developer. So we speak from their perspective, when we advocate for the industry. And ultimately, marketers, developers, they want choice. They want a diverse ecosystem. They want access to a lots of different users across geographies and verticals. And there are hundreds, if not thousands of ad networks that are serving a very important purpose in the world for an advertiser. And it's those companies that are also at risk here because they have developed an operations dependent upon IDFA and other identifiers.

Brian Quinn (22m 59s):



And if that goes away too quickly, and the world doesn't have enough time to adapt. What's going to happen is they won't have the need, a lot of them won't have the ability to sort of adapt quick enough. And advertisers can shift even more dollars to the largest media companies, Facebook, Google. You know, no one is concerned about the lack of engineering, the lack of data that these big tech companies have. And I don't think Apple or anyone else wants a world where there's fewer options and more consolidated power in the advertising industry. And that's also sort of an argument here for if we do this together, if we work in collaboration, and we do it over a period of time.

Brian Quinn (23m 41s):

You mentioned the web, and cookies, and ITP. And you know, this time horizon is years where the browser companies are saying, "This is what we intend to do. This is the point." To contrast that here, Apple made a decision in June and attempted to roll it out in September. Now, it's early next year, but we're operating in a much more shortened time-frame with similar size implications.

Mike Shields (24m 7s):

Well, let's talk about that the swiftness of the decision, and maybe why that happened. And I'll play dumb here. It won't be hard. Does Apple really care about the nefarious stuff? Do they want to clean that up and that bothers them? The companies are making a buck off they're allowing them kind of into the seeder data. Do they sincerely just want to make the world a better place for consumers and have them they have their data protected? Is this a nice story to tell the world that they're the privacy company and all those other tech valley people are really bad about that stuff? Ana, we'll start with you. What do you think Apple's motivation is?

Ana Milicevic (24m 47s):

Ooh. Well, you know, I've been in the tech industry for way too long to be anything other than jaded. And I think it's probably a mix of all of those. You know, it's hard to look at the economics of the App Store and not kind of go well. Are they just trying to <inaudible> in-app purchases and kind of deprecate advertising because that benefits them --



Mike Shields (25m 9s): That's where the money is.

Ana Milicevic (25m 10s):

-- economically more. But you know, they are kajillion dollar market cap company. I don't want to say exactly how many.

Mike Shields (25m 18s):

Right, they didn't have to do anything drastic to boost revenue necessarily now.

Ana Milicevic (25m 22s):

Yeah. So I think it's a mix of motivations. I do think that we have a system now that's kind of evolved in a very strange way. And things like user privacy, whether it's driven by actual consumers or by regulators like it has been in Europe, and increasingly in California, that's increasingly becoming a thing of concern. And so I think Apple is trying to skate ahead of the puck a little bit here and claim that we are the the privacy company, because as devices become similar to one another, now, the iPhone is a great piece of technology, but you still need some extra clicker to buy it, as opposed to the Google Pixel and similar challenging technologies.

Ana Milicevic (26m 9s):

I think they're looking for things that will appeal to a high-end consumer. And increasingly, that seems to be around privacy. So I can totally understand their strategy. And they can certainly afford to shoot an entire ecosystem in the process of owning their which, you know, Brian, to your point about the the short timeline here seems to have happened. So I think it's really a mix of several different motivations that are being positioned as, "Hey, this is good for the consumer, but I'm not hearing very many consumer voices here." And, "Hey, this is what I want from this ecosystem." And I think that's a problem.

Brian Quinn (26m 47s):



Yeah, I think it's a great point. I think what we can say is that when Apple speaks, they talk about privacy and user experience as core to their agenda. And as I've discussed, I mean, I think what this is absolutely in the right direction of privacy. But we believe that trust is not a zero sum game. User privacy and user experience, it's not zero sum. They're not mutually exclusive. You can give consumers education and control of their data, and data that's linked to them.

Brian Quinn (27m 29s):

And allow them to have a choice of what that data is worth to a particular brand, and what they'll get in that value exchange. And that's what I think is sort of missing here in the way that this is planned to be implemented. I think we're not hearing consumer voices, because we're not properly educating consumers. And I think we have a responsibility to do so. And with choice, if Apple's ambition is to put this topic into the hands of consumers, well, we have to educate consumers with choice comes education.

Mike Shields (28m 5s):

I want to come right back to that consumer education piece. But I wonder, Brian, if you have <inaudible> why did Apple back off? Do they not realize how much upward there would be? Do you think, I wonder if they didn't realize how this would be. They don't want to be seen. They want to be pro-consumer, but they don't want to kill small app developers and there won't be a job killers. What do you think made them change their timeline?

Brian Quinn (28m 28s):

You know, I can say that we speak to a lot of large brands, small brands, developers, marketers, industry experts. And I think there was a lot of feedback from developers to Apple over the summer, around how much impact this could have. And a lot of feedback on the particular implementation of Apple solution. So they're putting out SKAdNetwork, which is the name of their attribution solution for iOS 14. And there are a number of limitations with its current sort of implementation. And there's a lot of feedback from technology companies, developers, sort of representing the consumer interest as well as the business interest.



Brian Quinn (29m 14s):

And you know, when you take a look at the aggregate of that, I think that there's in part a recognition that to affect real change to really move this forward for consumers. But Apple needs to do this in coordination with their developers and their technology partners and as big and as influential and as powerful Apple is in this ecosystem, they need to act and get all these companies to sort of buy into this vision and execute together. So I would imagine this as a primary reason for the delay.

Mike Shields (29m 49s):

By the way, it's amazing. This is the one of the greatest marketing companies on the planet. And they make this so indecipherable with IDFA, SKAdNetworks, all these crazy things that no one understands and it makes it impenetrable.

Brian Quinn (29m 60s): Yes.

Mike Shields (30m 0s):

Just as much of the industry. So let's talk about consumers because I think it's interesting -- and though I've written this myself in the last six months, I'll say things like, "You know, the broader consumer landscape has had this awakening. And they've seen these data breaches, and they're freaking out about what happened with Facebook, and Yahoo data, and their credit information being out there. And they're broadly, they're more inclined to opt-out of stuff and be careful."

Brian Quinn (30m 30s): Yes.

Mike Shields (30m 30s):

And then, but then you'll see people just giving Facebook every bit of information on the planet not thinking about these things at all. So they're kind of funny. So I guess, how much do we think



consumers really care about this stuff? And then I want to get into maybe how we talk to them better. Ana, I'll start with you.

Ana Milicevic (30m 49s):

But I think this is an incredibly opaque industry. And it's not just digital data. I think, while digital data might be immediately obvious that something's gone wrong. Offline data, to me, at least, both as an individual and as somebody working in the industry is far more challenging, scary, and harder to opt out of. So I think there's a lot of buzz around, "Ooh, data can be bad." But you see it with consumers where there's a very clear exchange in value. Like with Facebook, you kind of intuitively understand that to look at photos of your cousin's baby, you need to put up with a few ads.

Ana Milicevic (31m 32s):

And that kind of works, because that's a model that we as humans have understood. And the same goes with Google, you know, you're fine exchanging a lot of information if you're getting Google Maps and navigation for free. And so you're understanding that there's a trade off there. But in places where you don't see as a consumer that direct trade off, you're more inclined to be against any type of data sharing. So I think company is that <inaudible> successfully communicate that value exchange, you're going to be in a world of trouble. And this goes back to my earlier point about how advertising, as an industry really hasn't explained what it is that we enable by just existing.

Ana Milicevic (32m 14s):

And I think that data literacy in general is incredibly low. And if I could wave a magic wand and at least get every consumer who's exchanging their email address, or their phone number, and registering for these different services with things that can actually be used to create a fairly comprehensive profile. I would love to do that and wave that magic wand, because then we could have more intelligent conversations about it. And right now, we have folks acting as privacy advocates who are maybe not necessarily have a full consumer view.



Brian Quinn (32m 56s):

Another example that brings that to life. And, you know, like you said, the Google Maps and the photo sharing is, there are sensitive data points that we have, like GPS. You know, GPS is a very sensitive data point. You know, my home address is very few apps, I want that to have that information. But it's intuitive of what that means. And when I'm presented with a brand, or an app that needs that it's easier for me to understand why. Take Strava, for example, I like to cycle. In order to use Strava and their functionality, I need to give them my GPS. And make sense, when I'm on a bike ride needs to know where I am, and be in that community. But there's no such choice around any of the app on IDFA.

Brian Quinn (33m 38s):

There's not a prompt that says, "Here's what that's going to mean. It's going to mean an ad free experience for media consumption. It's going to be a lower price point because now we have an ability to sort of monetize users." There needs to be an ability for us to educate consumers. And I think we're under estimating how much consumers actually do care. But if it's not done well, I think, I'll go to the example of over the last couple years with GDPR and CCPA, there's been a lot of talk about this in the industry. But now a lot of consumers I think, see these pop-ups on mobile websites, and they're just clicking through.

Mike Shields (34m 17s): It becomes my life.

Brian Quinn (34m 19s):

Yeah, exactly. And I think we missed an opportunity to educate consumers on what this is all about. And I think so the implementation of this stuff is super important.

Ana Milicevic (34m 28s):

<inaudible> the changes they're actually suggesting a very similar kind of really annoying pop-up. Where, you know, the first thing that you see in the pop-up is this is going to be used to track you.



And then you as a developer have literally like two and a half lines to actually communicate the value.

Mike Shields (34m 44s):

But it's good. Don't worry, yeah.

Ana Milicevic (34m 46s):

Yeah, so you know, I fully expect the opt in rate if this goes into production the way it's planned to be like 1%. And that's a really, really big hit.

Mike Shields (35m 2s):

Okay. So how do you tell consumers that let's assume I don't, you know, or maybe you'll get Apple's cooperation on this and they want to do something with the industry, but let's assume you don't. How do you tell consumers about, "You know what, deep linking is really important because you wanted to get the sneaker deal that you described." Or "You don't want a login to every app that you use all the time. It's can drive you nuts, and you've got to get the cool offers and you are paying and you're keeping these guys in business." Like is that just a cross industry ad campaign? Is it some kind of have a coordinated communication effort? How do you tell that story? Who wants to jump by?

Ana Milicevic (35m 40s): Jump on that grenade.

Mike Shields (35m 44s): Yeah.

Ana Milicevic (35m 44s):

Yeah, I do. I think it is. It asked to start with some kind of ad awareness campaign. And I don't necessarily mean small app developer buys, like a TV ad or a Super Bowl ad to go talk to



consumers. But I think every participant in the ecosystem needs to really think about where they're bringing value. Because if I'm a telco, and I'm spending \$600 on average to acquire you as a consumer, maybe there's a better way. Maybe I can literally give you 50 bucks to come convert to my service. So we don't have to do this elaborate dance of multi-channel advertising, etc.

Ana Milicevic (36m 26s):

If there's a way to connect that. And with everybody having mobile phones, you would think that would be a little bit more possible. I think it's -- you know, two things. One is, we have this data ecosystem today that's just kind of mushroomed and needs to be where would benefit from being rethought and really kind of, reined in is the wrong word, because I don't think it's out of control but it also just doesn't really make sense for the consumer that we have today and the media consumption patterns that we have today. And then on the consumer side, I do think that consumers need to be given some agency over the data that they're generating, because right now the ecosystem is configured in such a way that third party companies, companies that you or I, or Brian might not want to have anything to do with are the ones who are aggregating and monetizing our data.

Ana Milicevic (37m 24s):

And we are really not seeing a lot of direct benefit from that. Like, I would like to opt-out of any data collection from any credit bureau, or I would like to stop the DMV from selling my address to marketers, and I can't do that. This is not an option that I as an American consumer have right now. And I think that's the significant part of the problem is right there.

Mike Shields (37m 48s):

Yeah, and just add on to that, I think regulators and governments have a role here in terms of protecting the rights and giving the agency to consumers. And they're quite far behind the technology, as we see in many industries. But I think there's a role to play there. And I think, you know, ultimately, Apple and their developers, really the solution, I feel lies in the intersection here, right? Apple has the ability to provide tools for developers to communicate with their prospective customers, their existing customers. And really, incentives could be created, so that the most trusted brands win.



Mike Shields (38m 28s):

I think the world's best brands, think about user trust, so much at such a priority. And that's really what we want. We want brands we love to have elements of our data, to have a better experience. That's what we want. What we don't want is that as to your point of companies that we don't know about in the background, or companies that we don't trust so we don't want to do business with capturing our data and doing anything they want with it. So I think there's a real opportunity here through the content itself. I think and tools that the operating systems and the developers can bring to market to help address this.

Mike Shields (39m 9s):

Yeah, and Ana, you kind of hint to this. There has been a lot of talk about, well, maybe they'll be across industry or like maybe a third party will become the login company where you set up an account of some sort with them and then you don't have to tell Nike who you are until your favorite publisher who you are. I just wonder how realistic that is. If it's not someone like an Apple or an Android, I don't know.

Ana Milicevic (39m 35s):

If that's the the part that I find really amusing here, conceptually, that's exactly the solution that we should be shooting for. But in reality, that solution is once again, surprise, surprise, going to benefit Apple, Facebook, Google and the walled gardens that actually have that unique login that you're using. So not to kind of step on another buzzword minefield but this is one of the few applications of blockchain that would actually kind of make sense. But I have yet to come across somebody who's thinking about it this way, as opposed to focusing on some other stuff that isn't that applicable to the technology.

Ana Milicevic (40m 19s):

So I think that what in reality, users are probably going to have to like pick whatever identity they want to have as their dominant identity. For some, it will be the Apple Cloud ID. For others, it will be Facebook. And then I think we'll see this wave of companies that we're seeing in e-commerce now, like a lot of headless commerce providers like seamless checkout that you just API into



<inaudible> your actual address, shipping address, credit card information, etc. So the merchant doesn't ever need to touch that, that's kind of housed in a safe environment. So I think we're going to start seeing things like that pop-up as well for various iterations of identity, and really identity as it relates to trust of the company that you're interacting with.

Brian Quinn (41m 13s):

Yeah, and I think, you know, just to share with you some thing that we're doing in AppsFlyer, so less about identity, but more about attribution and measurement. You know, we do believe that the world is headed to more, like I said, aggregate level, less user-level data and analytics. And that's going to require more sophistication, in terms of the analytics and more sophistication, ways to measure and do attribution. And, you know, there's a principle that we are working on in AppsFlyer, called differential privacy. And in layman's terms, it's the ability to do very accurate analytics of a big data set, without compromising any individual's identity.

Brian Quinn (41m 56s):

So we don't know, or the output doesn't show who's actually in the data set and who's not, yet the analysis is very accurate. And the big tech companies employ this principle within their environments already. But you know, we are first to market to, we're innovating first to really bring this to market in this arena. And I think you're gonna see more advancements like this. More sophistication, to help protect privacy, but still, provide transparency to marketers. Still provide measurement, so businesses can grow and the environment can flourish. Because what we're talking about here is a lot of shifts in identifiers.

Brian Quinn (42m 40s):

And the mechanics are going to shift. And they're going to continue to shift, right? We're talking now about a lot of changes that Apple is making. There's a lot of talk about will Google follow suit. There's regulation coming, there's things that are happening on the web, right. This will continue to shift. But I think, as we see it, one of the most important points is, the problem is not going away. That the environment is still super competitive. There's a lot of fraud. There's a lot of money being spent. And brands need third party independent tools, like a measurement company and attribution company to actually bring that trust in. And so with all this change in dynamic, I still



find it really important to center on the fact that there are critical stakeholders in this environment that if we work together the outcome can be very positive for everyone.

Brian Quinn (43m 34s):

Consumers, businesses, the operating systems, all the stakeholders.

Mike Shields (43m 38s):

Brian, we keep talking about your a mobile guy. We've been spending a lot of time talking about Apple, but how would you contrast -- what's going on in your universe with as much as you can the broader web? And what's going to happen with changes there? Do you think you'll see it, you know, with Google changing cookies and regulation, will we see similar push towards more broader data science, ways of targeting people with that with like profiling and look alike and less precision and who people are? Or are they really different universes that don't play the same way?

Brian Quinn (44m 13s):

I think in one sense, they're operating both together now, right? So to get a bit technical, when we have IDFA in the environment, it's deterministic, and a lot of the operations right now work this way, when we don't. In fact about a quarter of all the iOS users in the US enable limit ad tracking, and we don't have IDFA. And we still have ways using probabilistic modeling to accurately do measurement attribution there. So these worlds are already coexisted. You know, I think how they the balance and the shift will change. Like I said, I do believe that we are moving more towards a world of aggregate, and there'll be more advancements into incrementality and predictive analysis, and predicting LTVs that really will, the market sort of crazy solutions.

Mike Shields (45m 12s):

Ana, let's take a sharp left turn here and talk about it. We're getting back to Apple a little bit but it's another tectonic battle or tectonic shift in power potentially. And when we talk about their fight with Epic and the whole fortnights. So I'm living here with my kids. And now, all of a sudden



can't play their the Marvel stuff on my phone and making them to cry. What do you take on where this ends up? How does this affect mobile marketing and e-commerce going forward?

Ana Milicevic (45m 39s):

Oh man, that's a great topic. So we just wrote about it in our weekly strategy newsletter called The Sparrow One. But I should probably <inaudible>

Mike Shields (45m 48s): Wait.

Ana Milicevic (45m 48s): A little bit about let's do.

Mike Shields (45m 50s):

Let's go talk about your company. I skip that them again. Tell about Sparrow.

Ana Milicevic (45m 54s):

So thank you, everybody for sticking with us while we just chit chat here.

Mike Shields (45m 60s):

Yeah, who is this lady? Okay, Ana.

Ana Milicevic (46m 2s):

I'm one of the Co-founders of Sparrow Advisers were a management consultancy that helps people figure out these kinds of tectonic shifts in the space around adtech, martech, commerce and adjacent industries. So we work with everyone from brands all the way through tech



companies, and then the investors in the space to really provide a lot of context, model out new solutions. And really I kind of senior executive, extremely experienced team on demand type of service. We are global like we have plans in just about every continent, minus Antarctica. One day, soon, I will come <inaudible> to not a lot of mobile advertising going on down there.

Ana Milicevic (46m 48s):

Anyway, so yes, we have this great newsletter goes sign up for it, it's awesome. And so when the epic lawsuit hit, it really exposed this really tremendous ecosystem that really only has two players. It's Apple and Google. And Google allows for sideloading. So they're kind of nudge, nudge wink winking their way through this, but Apple doesn't. And they control 100% of the commercial terms of what is now a very, very healthy app ecosystem, which, you know, when the App Store launched, maybe it didn't look that healthy. You're launching something into the void, and you want to make sure you give people an easy on ramp by taking a rev share or cut of their subsequent commercial efforts.

Ana Milicevic (47m 38s):

But now that ecosystem is fully scaled, we have to ask ourselves, is the 30% Vig, does that make sense for a marketplace? And what other industries can we see that amount of a Vig for actually a marketplace that connects the consumer with a variety of different services. So I think I give the epic folks a lot of props. I think they've really launched an effort that very few other companies would be able to launch and that a lot of large companies have been kind of privately mumbling in the background for years against the App Store terms, but didn't have the strength to do something about it publicly.

Ana Milicevic (48m 22s):

And so they're really risking a lot here by potentially being completely excommunicated from the Apple Store ecosystem. But I like the history here, where they're positioning themselves as the new Apple and the new Apple of this era. And and I think that throughout our conversation today, we've referenced quite a few times this need to transition from like an earlier system to something new. And I think that's exactly what epic is keying into that, "Hey, for this ecosystem that we have today, we need a very, very different setup."



Ana Milicevic (49m 2s):

And so you know, I think that it's not terribly realistic to anticipate that we'll see a large flourishing of other OEMs launching their app stores and similar, we're probably stuck with this Apple, Google duopoly here for at least for a while. But I think it's a really necessary nudge in the direction of rethinking. Wait a minute, do the commercials of this ecosystem actually make sense for everybody? And is it equitable? And is there a way to make it more equitable for the next stage of growth?

Mike Shields (49m 37s):

Right. I don't know that fortnight wins or loses here. But everything we've talked about is the need for more pressure and competition will be good for all the players involved. So this seems like a good thing. Guys, we have to leave it there. We've running low on time. That's my fault. But thanks so much, Brian and Ana for an awesome conversation and enjoy, the rest of disrupt everyone. Thank you.

Brian Quinn (49m 57s): Thank you, guys.

Ana Milicevic (49m 57s): Thank you.

Mike Shields (49m 57s):

A big thanks to my two guests this week, Brian Quinn, President, General Manager at Appsflyer, and Ana Milicevic, Co-founder and Principal at Sparrow Advisors, and of course my partners in Appsflyer. If you liked this episode, please take a moment to rate and leave a review. We have lots more to bring you so be sure to hit that subscribe button. We will see you next time for more on What's Next in Marketing.

