Facebook Audience Network Felled by Apple's iOS 14

Facebook revealed how Apple's impending rollout of iOS 14 will impact its Audience Network business on Wednesday, a development that has upset media owners and measurement providers caught in the crossfire.

The social network will stop collecting iPhone identifiers (IDFA) as part of a Facebook SDK overhaul next month as it prepares for the fall launch of Apple iOS 14, which will require users to opt-in to data-sharing. Pausing IDFA collection will hamper Facebook's ability to serve personalized in-app ads to iPhone users who upgrade to the latest version of the operating system, thus limiting its ability to charge higher CPMs.

However, it will "disproportionately affect Audience Network," the social network's ad network for app developers and media owners that has historically relied on IDFA to target in-app ads to iPhone users. In a stark admission, Facebook claimed it "may not make sense to offer it on iOS 14."

A blog post went on to state, "In light of these limitations, and in an effort to mitigate the impact on the efficacy of app-install campaign measurement, we will also ask businesses to create a new ad account dedicated to running app install ad campaigns for iOS 14 users."

Limited initial impact

The development adds to an earlier blow for Audience Network, which was forced to stop serving mobile web and in-app streaming ads via Audience Network earlier this year after

updates to web browsers, such as Apple's Safari, made it harder to target users. While Facebook does not break out how much revenue it generates based on the back of IDFA collection or Audience Network, the company's CFO David Wehner acknowledged changes to iOS as "a challenging headwind" during its latest earnings call.

One source, who requested anonymity in order to maintain an ongoing relationship with Facebook, said the language used in yesterday's Audience Network announcement was not indicative of a product that will be around much longer.

A separate source, who made a similar request for anonymity, estimated that Facebook revenues generated by Audience Network probably amounted to little more than $1 billion last year, with revenues totaling $70.7 billion. Similarly, investors seemed unperturbed by Facebook's IDFA warning, with the social network's share price closing at $303.91 per share, up from $284.00 at the opening of yesterday's markets.

Diverging philosophies

Meanwhile, Paul Bannister, CSO and co-founder of CafeMedia, said Facebook's latest Audience Network announcement demonstrated how Apple and Facebook have "two very divergent views" on data flow, with the former much more conservative. He said the social network's historic "fast and loose" approach to data, culminating in the Cambridge Analytica scandal, arguably led to Apple's zealousness.

"While Facebook is a gatekeeper of communications in some ways, they're not an end controller of a platform like an OS provider [such as Apple] or web browser [such as Google's Chrome]," Bannister explained. "So, while Facebook will start to lose out with Audience Network, which is not a huge part of their business, it could eventually start to affect their [owned and operated] inventory."

Jason Kint, CEO of Digital Content Next (DCN), a trade

organization that represents publishers including The New York Times, told Adweek that while Audience Network was a useful platform to monetize remnant inventory, it won’t have a huge impact on DCN members’ revenue. He also noted that Facebook should be more concerned about how iOS 14 will lead to a loss of data rather than the loss of Audience Network revenue.

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