

# Facebook's measurement problems could affect advertisers' media plans —and its bottom line

Article

**The news:** Apple's new privacy rules are making it difficult to tie Facebook data to actions that consumers take after viewing ads on the platform, which could have long-term effects on

ad revenues.

- Some advertisers reported sales on their website that ostensibly came from Facebook—but the social platform’s **Ad Manager** reported few to no conversions.

**How we got here:** In April, Apple’s **AppTrackingTransparency (ATT)** update came into effect, where users were asked if they wanted their activity in certain apps to be tracked.

**The results:** Approximately 23% of worldwide iOS users have opted in to being tracked, according to app analytics provider **Flurry**.

- But consumers who declined to be tracked by Facebook, which attracts the most ad spend of any platform, leave it hard-pressed to track conversions.
- Last week, it was reported that app-install campaigns underreported conversions from ads that ran on **iPhone 12s**.

**Rewind:** Facebook executives knew this was coming.

- In the company’s Q2 2021 earnings call, **Facebook CFO Dave Wehner** acknowledged that “ad targeting headwinds” would affect future ad revenues.

**The problem:** To get around the issue, Facebook is leaning on statistical modeling instead of Apple data—and for some advertisers, that may not be good enough.

- Sophisticated advertisers rely on granular, accurate measurement data to decide which campaigns are working and which aren’t.
- Advertisers still know their Facebook ads are working on a macro-level, but may not be able to evaluate at a campaign level.

**Why it’s worth watching:** If a portion of Facebook’s ad spend goes elsewhere, retail media networks such as **Amazon** and **Instacart** could be the beneficiaries, as advertisers wouldn’t have to depend on off-platform conversion data.

- If these measurement challenges are a reason to jump ship for even some advertisers, it could affect Facebook’s bottom line.
- “The verticals most impacted by the iOS changes could be gaming and app developers,” said **Nazmul Islam, forecasting analyst at Insider Intelligence**. “With less targetable information

about users, ad targeting could impact downloads, tighten profit margins, and create a scenario where the industry faces significant layoffs.”

- This could be an additional impetus for Facebook to continue pushing social commerce, as brands will receive better reporting data from within the Facebook ecosystem.