



The decline of third-party tracking?

Are we standing at a tracking crossroads? Will we see fundamental changes to how we can measure online interactions? With the advent of Apple's recent changes and Firefox's latest vision, it certainly seems that way.

As both companies launch browser updates that will have a significant impact on traditional affiliate marketing, we explore what is happening, what this could mean for your business and what Awin is doing to mitigate these changes. This document shares our plans to help our customers continue to earn in a post-third-party cookie world.

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Contents

The decline of third-party tracking?.....	3
The climate of ITP	5
What does the future hold?.....	8
Awin's approach to ITP2	10
Beyond ITP2, the real benefits of upgrading your tracking	11
No time like the present	13

Introduction

The decline of third-party tracking?

In June 2018, Apple announced their latest revision of the Safari browser and details of the Intelligent Tracking Prevention (ITP) 2.0 release. This update has some significant changes from ITP 1.0, and could cause some major disruptions to online services and advertising. Naturally, this has caused uncertainty and concern, especially within the affiliate and performance marketing industry.

The headline change in ITP2 concerns the handling of third-party cookies. Previous iterations of ITP gave a 24-hour window for these cookies and this has now been removed. Eliminating this window blocks third-party cookies on Safari, which in turn potentially nullifies many affiliate links, ad-tech tools and tracking.

*"I suspect everybody has a personal, different level of sharing that they will do, but everybody should know what they're doing. Everybody should know what they're giving up."
Tim Cook, Apple*

Safari has changed how what they call 'first-party bounce trackers' collect data in first-party storage and cookies. In this [blog post](#), they outline a case whereby a user is passed through multiple redirects where there is never third-party content, just tracking. ITP2 will purge the tracking data from these bounce trackers. What's more, Safari has introduced tracker collusion that would see all the redirects in a chain being classified as trackers when just one domain within that chain is identified as a tracker.

The final blow comes in the form of limitations to the referrer URL. Third-party requests to domains classified as potential trackers will only show the pages' origin. In Apple's own words, "the user visits `https://store.example/baby-products/strollers/deluxe-navy-blue.html`, and that page loads a resource from `trackerOne.example`. Before ITP2, the request to `trackerOne.example` would contain the full referrer `https://store.example/baby-products/strollers/deluxe-navy-blue.html`, which reveals a lot about the user to the third party. With ITP2, the referrer will be reduced to just `https://store.example/`."

As we can see, the sum total of these changes could have a significant impact on the affiliate industry and traditional third-party cookie tracking, resulting in not only a significant loss in tracked sales from users on the new versions of Safari, but also a loss of the supporting data and insights associated with a click or a sale.

Safari's latest iteration was launched September 17, 2018, and ITP2 is now being enacted as more and more users download the latest version of Apple's operating system. Adoption trends can be seen [here](#). We expect the impact to the industry to gradually build, spiking with the release of new versions of the iPhone.

The key thing to note in these changes is that it relates to third parties, which is why Awin's first-party tracking solution, [Mastertag](#), will not be affected by these changes.

Awin created the Mastertag in 2010 to give clients a more robust, reliable tracking solution. It's a powerful piece of JavaScript that sits across all landing pages and takes care of all the affiliate tracking. It remains the foundation of all new tracking enhancements and, over the years, high performing

publishers have been integrated in to Mastertag, making it hassle free for any advertiser to start working with these partners.

Therefore, our recommendation to all advertisers is to ensure they have upgraded their tracking to utilize Mastertag across all of their landing pages.

What about Firefox?

At the time of writing, Mozilla had also followed suit and announced the changes they will be implementing in their next browser release, Firefox 65. Mozilla is driven by 'three key initiatives'¹ they say are designed to give users a voice and control over privacy. All the changes they make will be assumed by default, but ultimately the user will have the ability to change these if they desire.

The initiatives they propose are: improving page load performance, removing cross-site tracking and mitigating harmful practices.

The first initiative for Mozilla is to improve page load performance, with the slowness being attributed to third-party trackers. No metrics have been published to indicate what is considered a slow load time. However, they will be running a study with their users that will presumably determine benchmarks for slowness. Until that study is completed, it is very difficult to determine the impact.

The second initiative is to remove cross-site tracking. Mozilla explains they feel users should have the same level of privacy and protection they have shopping online as they do in real life. To achieve this, 'Firefox will strip cookies and block storage access from third-party tracking content.'² Again, there will be a study in late-2018 with beta users to test this approach and the impact to user experience.

Finally, Mozilla wants to mitigate harmful practices. These are cited as ranging from fingerprint trackers to scripts that utilize a user's device to mine cryptocurrency. These practices and whatever else Mozilla may classify as harmful practices, will be blocked by default in future versions of Firefox.

As this announcement has yet to be rolled out, it is not clear what technical fixes will be needed to mitigate tracking losses. But Awin is confident the network's Mastertag solution will still work and address these changes. Our current understanding is the upgrade will replicate how the Firefox mobile browser continues to work and as such shouldn't have a great impact. However, as Firefox undertakes their user studies, we may see tweaks in their approach.

Adapt or die

With two browsers making moves to prevent third-party tracking, the industry needs to evolve and develop to ensure that every provider of a legitimate tracking service can continue to operate in this new landscape.

Failure to react - either by a network, technology partner or advertiser using legacy tracking methods - undermines the industry as a whole. With Safari and Firefox combined, there is potential to lose out on 19.4% of global traffic³. This would have a significant impact on publisher revenues globally, as well as weaken the value that affiliates bring to advertisers.

¹ 'Changing Our Approach to Anti-tracking', Mozilla, <https://blog.mozilla.org/futurereleases/2018/08/30/changing-our-approach-to-anti-tracking/>

² Ibid

³ 'Browser Market Share Worldwide', statcounter GlobalStats, <http://gs.statcounter.com/browser-market-share>

The climate of ITP

In 2017, Apple launched their first attempt at curtailing what they considered opaque and dubiously-collected data via what they labelled 'Intelligent Tracking Prevention,' or ITP for short.

Their intentions were clear from the unequivocal language they used to describe the tracking of cross-site activity by companies that were completely unknown to the consumer, in their words "silently collecting data on users."

Providing some context, Apple stated "users feel that trust is broken when they are being tracked and privacy-sensitive data about their web activity is acquired." They explained that ad-tracking technology had become invasive and the data collected about individuals, without permission, was being used "for purposes that they never agreed to."

On launch, such was the concern about what the restrictions on cookie tracking across devices would mean that there was an inevitable backlash from the digital industries, panicked about the disruption to their business models and the potential hit on their revenues. Six major advertising entities, including the Internet Advertising Bureau, wrote an open letter to Apple in which they expressed how ITP could disrupt, "the valuable digital advertising ecosystem that funds much of today's digital content and services."

To no avail, Apple rebutted their concerns with the resulting, anticipated financial impact on businesses. Criteo, one of the largest European adtech firms, said that the feature would cut its revenue by more than 20% in 2018. This could mean wiping more than \$200m off their top-line numbers.

Consumers taking control

It's important to view this against a broader context. Rather than observing the situation through the lens of the adtech industry, consider that consumers, armed with an increasing awareness of the digital economy, are making their own choices. With hundreds of millions of internet users enabling adblockers and awareness piqued by the advent of GDPR, a period of recalibration is taking place.

While Apple has no doubt been planning the second version of ITP for a lengthy period, the past 18 months have seen some of the world's largest brands demand greater transparency in the digital supply chain against a backdrop of high profile and hugely damaging data breaches, not least involving Facebook. No doubt these feed into the current Apple narrative that more needs to be done to limit cookie dropping and the subsequent data collection, but there can be little doubt that ITP2 is also directly aimed at businesses such as Facebook.

One of the features of ITP2 is to clamp down on social sharing via social widgets such as the 'Like' button on Facebook. Safari will therefore prompt you to decide whether you're happy for this information to be shared.

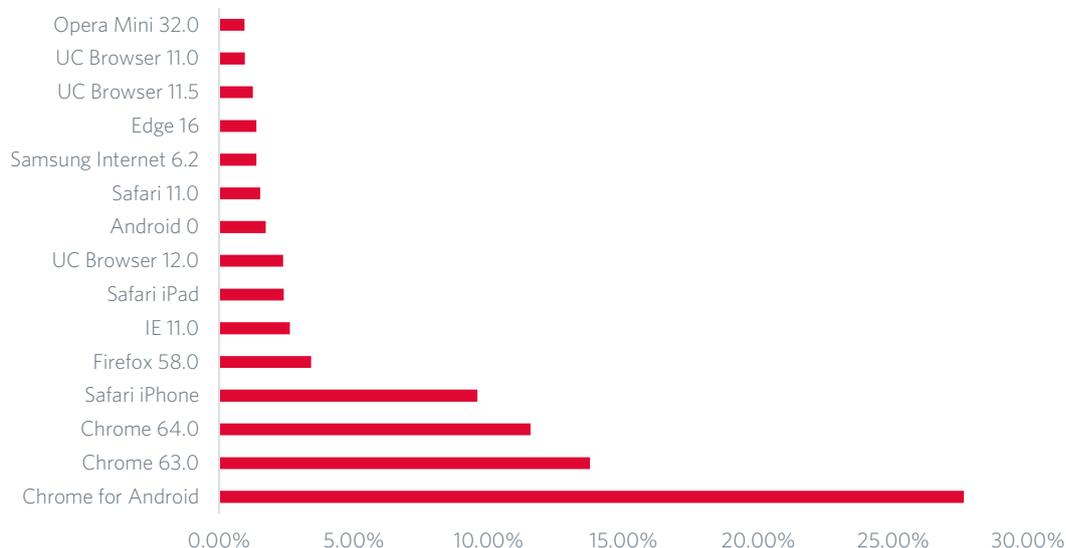
What will the impact be?

Apple sold 215m iPhones in 2017 and these sit alongside other devices that carry the Safari browser. For the small percentage of Apple devices that cannot be updated there will be no impact. The new ITP2 era will only be activated for those consumers using the Safari browser who have downloaded the update.

In truth, consumers are using multiple versions of different technology companies' browsers and settings.

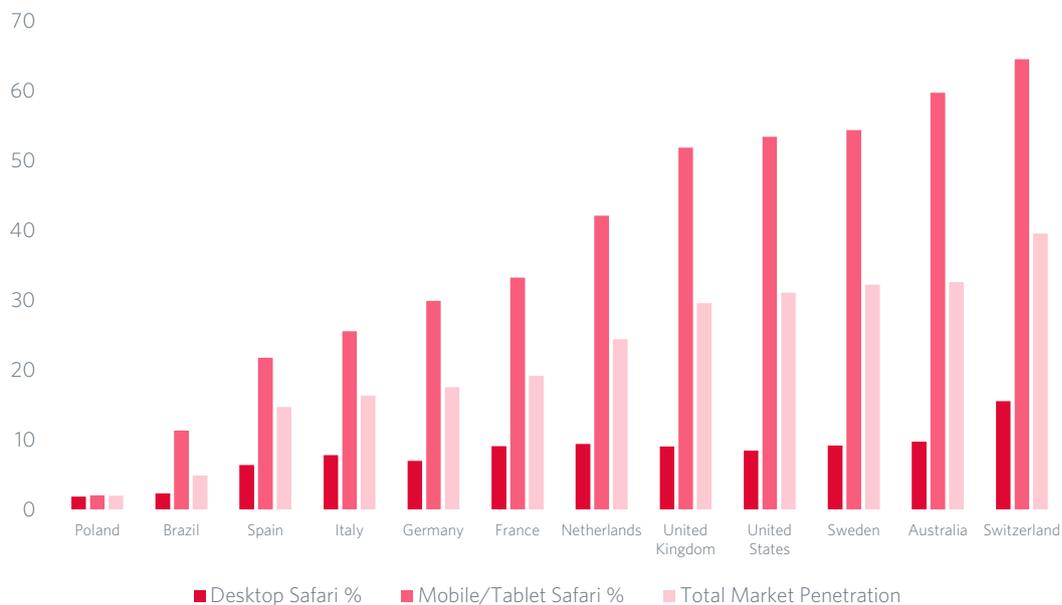
This chart gives an indication of both the version and browser type as of February 2018 being used worldwide by internet users:

Global market share held by the leading browsers



Regarding adoption of Apple products, there are also divergences between the markets Awin operates in. This can be seen in the graph below and should give some indication of the percentage volumes that could be affected by ITP2.

Safari penetration by country



gs.statcounter.com, Safari market share August 2017 - August 2018

Understanding the impact of ITP2 isn't straightforward. Through the correct installation of Mastertag, we are reducing the number of cookie-based sales on the network and, therefore, reducing our exposure to ITP2. At the same time, we are seeing an increase in mobile traffic and, naturally, an increase in iPhone transactions. We also need to caveat the data against some anomalies and outlying accounts.

Our worst-case scenario is an estimated 10% impact on global sales from the Safari update.

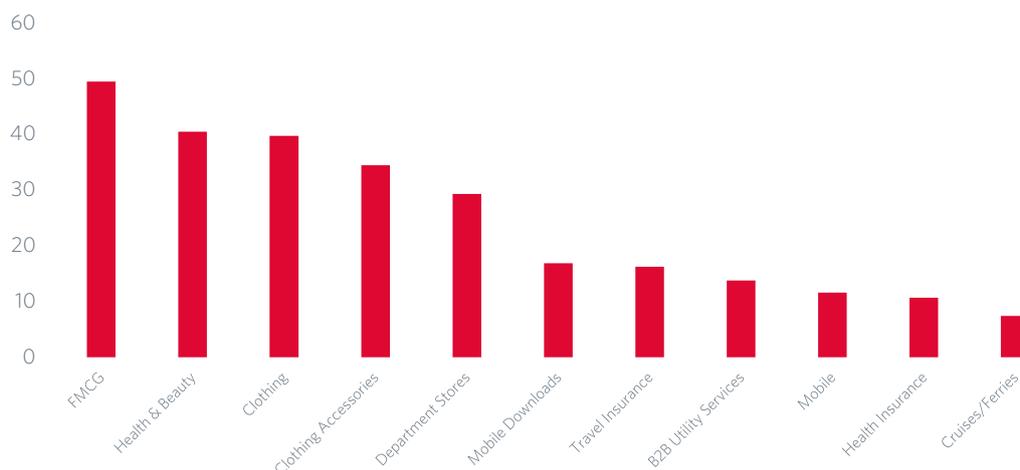
Looking at 2018 data, we analyzed the number of sales that come from both an Apple device and are cookie based (without any browser information.) This gives us the maximum number of potentially-affected sales. The campaign to shift brands onto our new tracking is reducing this figure with every migration, despite the continued overall rise in smartphone sales.

A further caveat should consider users who run Chrome, Firefox or another browser on the iPhone or Mac. Finally, we also capture a number of sales through our fall-back tracking methods.

Approaching the data from an industry perspective, we notice some key differences. Naturally, industries and advertisers where the users gravitate towards mobile sales will be affected the most. The chart below shows the top and bottom five industries by percentage of mobile sales.

Typically, more considered purchases with an older demographic broadly under-index, whereas more commoditized, fast-moving products have a greater propensity to be bought on smartphones.

Percentage of mobile sales



Over the coming months as ITP becomes more prevalent, we will be able to dive deeper in to the real effects on sales and publisher commissions and produce additional insights, as well as updates on our efforts to transition brands to fit-for-purpose tracking.

What does the future hold?

There is no doubt we are entering a new era of data. No one can truly know what the future holds but there are already signals of what the general direction of travel is.

While the previous chart isolates Safari traffic as being that impacted by ITP alone, in August 2018 Mozilla posted on their website details of impending changes to how they track data. In echoing the sentiments of Apple, drawing attention to the supposed murkiness of the adtech world, the company stated, "In the near future, Firefox will — by default — protect users by blocking tracking while also offering a clear set of controls to give our users more choice over what information they share with sites."

As mentioned, there are three key outcomes the company hopes to achieve, including improving page load times. According to a recent survey by Ghostery, just over half the time taken to load a web page is attributable to loading third-party trackers and therefore Firefox wants to strip these out as "long page load times are detrimental to every user's experience on the web."

Secondly, according to Firefox, "in the physical world, users wouldn't expect hundreds of vendors to follow them from store to store, spying on the products they look at or purchase" and they want to emulate that online. In the upcoming version of Firefox (65), the company has said it intends to stop tracking cross-site.

Lastly, they want to remove what they refer to as "hostile" practices like fingerprinting that can be "harmful" to the user experience. In taking this action, they will implement another level of blocking beyond Apple's actions.

Elsewhere, while still a minor player, Brave is on course to almost triple its users in 2018, a significant milestone for the privacy-conscious browser.

Adtech squeezed: establishing the value exchange

There is no doubt that networks and other vendors in the affiliate space will have to ensure they are rolling out tracking that mitigates commission erosion.

However, affiliates also have a role to play. Many of their businesses are built on long-established, reliable partnerships and under the hood of most of these companies is a 'data-light' model with the information tracked predominantly functional in nature; critical to their future will be avoiding becoming collateral damage in the war against behaviorally-targeted activity.

Affiliate relationships are also easy to understand, eschewing the complexity and opacity of the programmatic adtech system. One of the upsides of the GDPR and similar regulation will hopefully be that as knowledge about how people are tracked online increases, consumers will start to understand the value exchange affiliates offer with consumers empowered to trade their data for a tangible benefit.

This is a concept already built into many affiliate businesses. Probably the clearest manifestation of this is in loyalty, reward and cashback offerings. The major players have established memberships in the millions, of high-quality, engaged consumers who can be marketed to with new products, deals and offers. The reward for consumers is simple, cash, paid directly into a bank account or exchanged for coupons.

In 2018, we're facing a digital dichotomy. While technology becomes ever more sophisticated, brands may actually opt for transparent, easy-to-understand partnerships that can deliver a measurable return on the investment, while ensuring controls are in place over where and how they're promoted. In turn, it should be hoped that consumers will not want to use technology that blocks these sites.

Consumers will increasingly demand a respectful approach to their privacy and affiliate marketing is well placed to comply with these demands, striking the right balance between advertisers, publishers and users, and enabling the internet to continue to function in the best possible fashion.

Awin's approach to ITP2

Each market Awin operates in will feel the effects of ITP2. Some regions will see bigger impacts than others. For some it will be minimal. We need to ensure we upgrade the tracking for all advertisers and give them the opportunity to combat these changes and any potential loss in sales and tracking data.

This presents a significant challenge. Apple made the official announcement at the beginning of July and ITP2 is now live. This made it difficult for the whole industry to adequately investigate, respond and potentially adapt. By having a solution already in place, Awin Mastertag, the easiest course of mitigation is to ensure all advertisers are correctly integrated with this solution unless they are using server-to-server tracking that remains unaffected.

Further to this, we have the additional challenge of different customers using different solutions on different platforms. The lion's share of our advertisers is integrated on the Awin platform, however, we still have unmigrated zanox and affilinet customers, as well as ShareASale to consider.

To handle the Awin clients, we created a project team to engage with every single advertiser. This process involves checking the current integration and deciding if it is ITP2 ready. When an advertiser is flagged as non-compliant with ITP2, they are added to our list of advertisers that need personal contact and support to guide them through the upgrade.

With a centralized project manager in Berlin, our team has representatives in each region responsible for driving communication with advertisers and prioritizing tracking upgrades. To mitigate as much risk as possible, the team is currently working in 50 advertiser blocks per region based on commission driven for publishers who are not compliant with ITP2. This process will continue until all advertisers have been given the opportunity to upgrade their tracking.

Given the short timescales, not all advertisers were addressed before the release of ITP2. However, the project will only be considered complete when every advertiser has fit for purpose tracking.

We have created a guide for unmigrated zanox and affilinet advertisers. Awin's local project managers are also working through these advertisers to ensure they have made the necessary changes to their tracking. Once these clients migrate to Awin, they will be integrated with Mastertag and will avoid potential Safari tracking issues.

Finally, ShareASale has developed a Mastertag-style solution for their advertisers that is currently being rolled out with a rapid and high adoption rate. ShareASale is in the fortunate position of being able to automate the majority of the rollout of their version of the Mastertag.

Besides ensuring all advertisers get the assistance they need to upgrade their tracking, a major change we have made is to give visibility to all publishers, showing which advertisers are compliant.

Publishers can find this information in the Advertiser Metadata file, available for download under the 'Advanced' tab in the publisher interface. This file gives information that includes whether the Mastertag is present and if the advertiser tracks conditionally or unconditionally.

Ideally, we are looking for both Mastertag and unconditional tracking to guarantee consistent tracking with ITP2. However, if the advertiser is tracking conditionally it does not mean that the advertiser is not compliant. This would depend on if they use tracking switches and other technology that could nullify the Mastertag.

Our [wiki](#) contains details on the changes to MasterTag and how these can be interpreted.

Beyond ITP2, the real benefits of upgrading your tracking

As we have shown, the correct use of Awin's Mastertag will mitigate the risks and challenges raised by ITP2, work with Firefox's upcoming changes and add a further level of reassurance and protection in case any other browser decides to implement similar restrictions on third-party cookies. However, there are many more reasons why advertisers should want to upgrade their tracking to utilize Mastertag beyond having full visibility of their sales across all browsers.

When Mastertag launched in 2010, it was designed to embrace new technologies entering the market while taking the requirement for development resource away from the advertiser. This approach of integrating third-party technology has continued to grow and Awin now has over 50 partners integrated.

"The Mastertag installation has hugely accelerated our ability to launch with Awin clients around the world."
RevLifter

Advertisers wishing to work with any third-party through Mastertag have very little to do. Awin's technical teams can simply activate the publisher to allow their script to be run through Mastertag and this can be deactivated just as simply. This allows Awin to both activate and pause or stop specific third-party activity.

When choosing partners to integrate, Awin looks at a variety of factors like the number of advertisers using the solution (and their feedback,) the growth of the partner, how many advertisers are waiting to integrate and the value the solution brings to advertisers. The volume of integrated partners reflects the range of activity that can be run through the affiliate channel, offering a variety of e-commerce and acquisition solutions.

In 2017 alone, Awin's Mastertag integrated publishers generated +\$225million in advertiser revenue, demonstrating the value they add to affiliate programs.

Awin also utilizes Mastertag as the foundation for improvements to tracking services and functionality. It was the natural platform to launch the industry first deterministic cross-device tracking and gives access to strategic enhancements like cross-channel influence and coupon attribution. Awin is committed to continuing to roll out tracking improvements and features to Mastertag. Advertisers already using Mastertag will be able to take advantage of these changes as and when they are deployed.

Advertisers using Mastertag can be sure they are seeing the full picture with their affiliate program. Sales are tracked more reliably through the Mastertag and advertisers benefit as they have a more accurate and precise understanding of their data and the true value of the publishers on their program.

This helps strengthen the strategic insights put forward by Awin clients and strategy teams and ensures any actions taken are based on the whole picture and not from a limited viewpoint.

Advertisers choosing to utilize unconditional tracking, typically in conjunction with Awin's channel parameters, add an even further level of detail to this data. Unconditional tracking grants Awin visibility of all transactions and the channel parameters give an advertiser control over which channels Awin can determine commission payments in.

*"Once a brand gives us the green light, we just ask Awin to switch on our plug-in, and we can get up and running. Ultimately, this saves our client precious time and means they are making money faster."
NMPi*

Awin recommends all advertisers should be integrated with our Mastertag and where possible should be tracking unconditionally. Awin's staff is on hand to help and advise you through this process.

Mastertag showcases

NMPi is an award-winning digital advertising agency, with 15 years of experience in delivering market-leading, global digital marketing strategies across paid search, Google Shopping, display and paid social. They have an international reach, running campaigns across 100 countries in more than 55 different languages. Their holistic approach to digital advertising combines innovative technology and a talented team of data-driven analysts, who specialize in helping ambitious brands grow. Unlike other digital agencies, they

work on a pure CPA basis, covering the costs of campaigns and only getting paid when they drive results.'

"To deliver our award-winning digital advertising campaigns we use integrated tags to optimize activity based on performance and drive online growth. Usually, this requires a new set of tags to be created for each advertiser, which are then placed by their internal web development team. This is often the longest step in the onboarding process, but with Awin Mastertag already integrated within the container tag, this becomes almost instantaneous. Once a brand gives us the green light, we just ask Awin to switch on our plug-in, and we can get up and running. Ultimately, this saves our client precious time and means they are making money faster." - Shalaka Darshane, senior partnerships executive at NMPi

RevLifter, a global technology publisher, enables retailers to deploy real-time personalized deals and coupon codes.

"RevLifter uses Mastertag to implement a small tag at the basket which allows us to read (non-intrusive) basket data like basket items and value. This in turn means we can deliver personalized deals that up sell and cross sell. The Mastertag installation has hugely accelerated our ability to launch with Awin clients around the world. RevLifter has helped clients often double conversion rates and increase average order values by up to 80% compared to non-personalized publishers." - Simon Bird, co-founder at RevLifter

Overall, Mastertag provides our highest quality of tracking with easy access to high value, proven publishers. At the same time, advertisers fully integrated with Mastertag have access to all of our tracking tools and features and will be first in line to receive new tracking enhancements as they are developed. This, coupled with accurate tracking for every Safari browser version and future Firefox release, makes this the only choice for highly-accurate tracking with unparalleled accuracy and speed.

No time like the present

With new changes upon us and further changes to come next year from Mozilla's Firefox browser, Awin encourages all our advertisers to work with our technical teams to upgrade their tracking and ensure compatibility for ITP2 with our first-party tracking solution.

Not only should this be at the top of every advertiser's agenda to ensure that they don't see a loss in revenue and publishers don't miss out on commission, this should also be a priority to help promote and secure the good name of affiliate marketing.

Changes to third-party cookie tracking threaten to undermine the affiliate industry and diminish the value it brings. Therefore, it is imperative to tackle this head on with a solution that continues to offer best-in-class service while respecting the new boundaries imposed by Apple and Mozilla.

We can only guess as to what the future brings. At present, Awin's focus is on developing and promoting Mastertag as the safest, most-accurate tracking choice for our advertisers. It is unlikely that Google's Chrome browser will follow suit given Alphabet's reliance on advertising revenue and we can presume that Safari and Firefox will continue to iterate on how they handle third-party tracking.

However, as a network it is our job to monitor and respond to trends and technology changes so we can ensure affiliate marketing remains an attractive, viable, and above all else, profitable digital channel.



This whitepaper was brought to you by Awin.

As leading full-service performance marketing networks operating in the retail, telecommunications, travel and finance verticals, Awin helps brands reach millions of consumers every day by building strategy, recruiting, and managing a range of partners specific to their brand - from content bloggers to top-grossing publishers like Ebates and RetailMeNot.

We provide unparalleled service and technology to address industry challenges like coupon attribution, cross-device tracking, advanced commissioning, as well as granting access to the largest publisher network available in the U.S.

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