



Data Report:

E-Commerce CPA Trends on iOS - H1 2021





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Understanding the Impact of ATT on E-commerce CPA Rates

For months, the digital marketing world waited for Apple to roll out its new privacy practices, including the newly revamped App Tracking Transparency (ATT) framework. The iOS 14.5 update put tracking – and the opportunity to opt-out – front and center in the user experience. The ubiquitous prompt had the potential to change mobile advertising. Exactly how much change it would cause was unknown.

To better understand the impact that ATT is having on the world of e-commerce marketing, MOLOCO gathered data from

30 different cost-per-action (CPA) campaigns run by mobile e-commerce apps throughout 2021. The study examined the performance of two types of CPA campaigns – those that relied on user-specific data (Non-Limited Ad Tracking or Non-LAT) and those that didn't (Limited Ad Tracking or LAT) – across three different releases: pre-14.5, 14.5, and 14.6.

While the impact of Apple's changes are still playing out, our findings provide e-commerce marketers insight into the shift and how they can respond most effectively.

Here are the major takeaways:

Users Want Their Privacy

By the end of June 2021, the share of iOS bid request traffic coming from users who've opted out of tracking across the entire ecosystem was 67.54%. This indicates that most users will decline tracking when asked, and e-commerce marketers should adapt by using new approaches to mobile advertising optimization.

The Cost of Precision Has Risen

Since Apple's updates, the demand for non-LAT traffic now exceeds available supply, producing an overall increase in CPM and CPC prices. The average CPA for e-commerce marketers targeting tracked iOS users has also increased more than 200%. This trend gives advertisers room to expand their efforts within the Android ecosystem, where tracked traffic remains plentiful.

Innovative Approaches to Managing Spend Are Critical

The average CPA for e-commerce marketers targeting opt-out iOS users has also increased 155% post-ATT. To navigate these trends successfully, advertisers can optimize for ROAS, diversify their traffic sources, and implement innovative approaches to managing spend.

Methodology

Scope of analysis

- MOLOCO analyzed 30 ecommerce CPA campaigns.
- The data covers 33.3b programmatic advertising bids, 2.2b ad impressions served, 8.2m clicks, and 95k actions.
- The data was collected between January 2020 and June 2021 via the **MOLOCO Cloud** automated mobile ad-buying platform.
- The study analyzed the changes in Limit Ad Tracking (LAT) and Non-Limit Ad Tracking (Non-LAT) CPA rates.

Types of traffic analyzed

LAT

When users ask not to be tracked, advertisers don't have as much information as they used to. Instead of user-specific targeting, they can now use contextual targeting signals for their campaigns.

Non-LAT

When users allow themselves to be tracked, advertisers have access to user-specific data, such as spending habits and web history. The recent iOS releases directly impacted the availability of non-LAT advertising.

Key Data Set

Pre 14.5
January 1 to April 25

The former status quo. E-commerce marketers still have essentially the same access to user targeting.

14.5 Release
April 26 to May 23

Apple's privacy changes take effect, prompting shifts in user data sharing preferences.

14.6 Release
May 24 to June 30

While the previous release didn't trigger an automatic iOS update for Apple users, **14.6 did**. More users rethink their privacy allowances.

Overall, Apple's policy change has led to higher CPA rates. That said, a closer analysis of the data reveals much more about how e-commerce marketers are reacting to the changes – and suggests tactics for success. The following pages explore these tactics, as well as the complete findings and analysis.

How to Adapt to a Post-IDFA World

The introduction of the revamped ATT framework and the obfuscation of most IDFAs has caused a shift in user tracking preferences, impacting the cost of advertising to both LAT and non-LAT traffic. While the rate of change is higher than usual, it's important to remember that CPA price increases are inevitable in mobile advertising, and that success depends heavily on how effectively marketers can find cost-effective alternatives.

E-commerce marketers have successfully adapted to similar shifts many times – and the wisdom they've earned during those experiences will serve them well here too. As before, it's essential to stay grounded, test frequently, and make patient adjustments to your ad budget.

In addition to these tried and true principles, we suggest marketers adopt the following tactics:

- 1. Set aside a budget for campaigns optimized for return on ad spend (ROAS) while keeping an eye on CPA trends.** While CPA prices continue to fluctuate, make sure you're running campaigns that target big-picture gains. Otherwise, you may become embroiled in bidding wars that won't pay long-term dividends. If you aim for the forest instead of the trees, you'll be in a great position to make the most of this paradigm shift.
- 2. Continue to diversify your traffic sources.** CPA rates for LAT traffic rose when iOS 14.5 was released but backed off with the introduction of iOS 14.6. Price moves can motivate erratic behavior, but it pays to be patient and run campaigns that target a broad range of traffic sources. With so much still to be determined, this approach minimizes risk as the dust continues to settle and increases your chances of spotting a winning tactic.
- 3. Use next-generation techniques, like machine learning, to balance spend based on performance.** Changes in the industry often open up the opportunity to upgrade your approach. New methods of ad spend optimization that leverage machine learning have proven much more capable of navigating rate volatility than traditional means. E-commerce marketers that take advantage of this period to adopt new technology can better deal with the short-term effects of ATT while also laying the groundwork for greater ROAS over the long term.

If you're looking to try out a new tech partner, we'd love to talk. Through automated bid optimization fuelled by our proprietary machine learning technology, MOLOCO offers e-commerce marketers a proven path to achieving a positive return

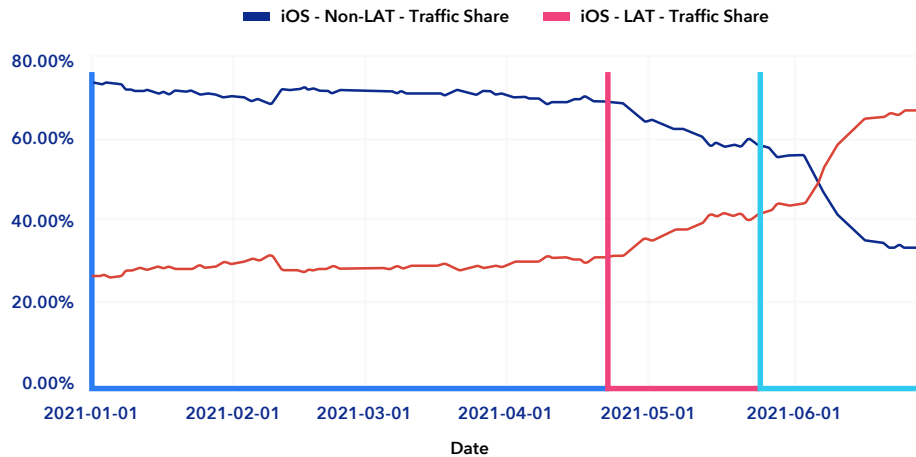
on programmatic ad spend – empowering them to meet the future of mobile marketing head-on.

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The Impact of ATT on LAT iOS Traffic

Legend

- Pre 14.5
- 14.5
- 14.6



Traffic Type	Pre 14.5		14.5		14.6	
	Non-LAT	LAT	Non-LAT	LAT	Non-LAT	LAT
Ave. Traffic Share	71.03%	28.97%	61.71%	38.29%	44.21%	55.79%
Percent Change	Baseline	Baseline	-13.12%	+32.17%	-28.36%	+45.7%

Illustrating the changes in user privacy preferences over time, the data above represents traffic across the entire iOS ecosystem.

While LAT traffic showed steady increases before and after 14.5, the release of 14.6 accelerated the pace of change. On day 1 of the update, the LAT share of iOS traffic was 41.34%. By the end of June, that share had moved to 67.54%.

This rise in opt-outs, likely catalyzed by the auto-update, indicates many users decline tracking when asked.

• Pre 14.5

Only small shifts in user tracking preferences occur in the months leading up to the release. On January 1, Non-LAT accounted for 73.3% of traffic. On the eve of the update, that share has only dropped to 68.75%.

• 14.5

With the privacy notifications come shifts in traffic share. Non-LAT traffic drops by 13.12%, while LAT gains by 32.17%.

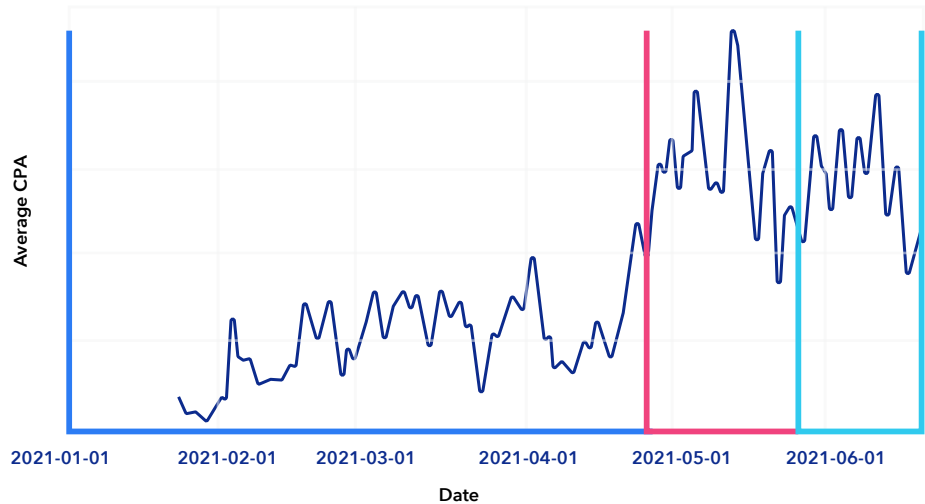
• 14.6

Unlike the previous update, 14.6 is automatic. This causes opt-outs to rise as LAT users are now the majority (55.79%) of the iOS ecosystem's traffic.

The Impact of ATT on LAT CPA Rates

Legend

- Pre 14.5
- 14.5
- 14.6



	LAT - Pre 14.5	LAT - 14.5	LAT - 14.6
Traffic Type	Baseline	+173%	-6%

The average CPA for e-commerce marketers targeting LAT iOS traffic has increased 155% since the release of iOS 14.5. While the update led to an increase in the price of LAT CPA, iOS 14.6 saw rates decline modestly. This development could be due to a rise in LAT traffic caused by 14.6's auto-update feature.

Because rates will likely continue to shift, e-commerce marketers need to diversify their traffic sources to avoid overcommitting. This approach will mitigate risks while positioning them to take advantage of any emerging opportunities.

• Pre 14.5

Average CPA rates before the release see a relatively steady upward climb in anticipation of the imminent release.

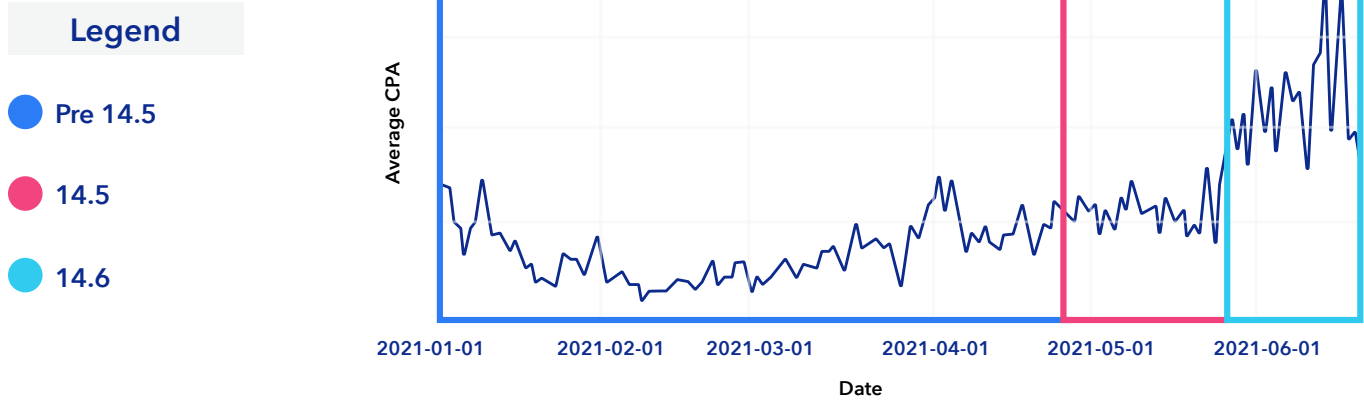
• 14.5

Apple's privacy changes come into effect, and users begin opting out in higher numbers. The price of LAT traffic increases in parallel, causing a 173% uptick in CPA averages.

• 14.6

As the availability of the LAT traffic increases, the average CPA rate shifts back by 6%. The price of LAT traffic may continue to drop as the ecosystem adjusts to a new normal.

The Impact of ATT on Non-LAT CPA Rates



	Non-LAT - Pre 14.5	Non-LAT - 14.5	Non-LAT - 14.6
Traffic Type	Baseline	+63%	+94%

iOS 14.5 has impacted the cost of non-LAT iOS traffic. Since the update went live, the cost of conversions for e-commerce marketers has increased 200%.

If the trends in Non-LAT traffic share continue, advertisers may need to prepare for higher CPA rates. To adapt, e-commerce marketers should consider setting aside more budget towards ROAS-optimized campaigns. This approach will help ensure advertisers still achieve strong overall results in the face of rate fluctuations.

- **Pre 14.5**

As with LAT traffic, average CPA rates for non-LAT traffic curve up as the release approaches.

- **14.5**

User preferences shift as the update rolls out, creating upward pricing pressure. CPA rates increase 63% over pre-14.5 averages.

- **14.6**

Competition among e-commerce marketers for tracked traffic causes rates to climb by an additional 94%.

Seeing The Big Picture

The past year has changed the landscape of mobile advertising on iOS, but the specifics of that change have become more apparent. LAT users are now a significant traffic type that e-commerce marketers will need to understand how to target effectively. Non-LAT traffic will likely remain more expensive for the foreseeable future. These developments, while significant, can be navigated by advertisers that have the right approach.

Overall, e-commerce marketers can do three things to steer through this transitional period:

- 1. Minimize risk by diversifying their traffic sources.**
- 2. Optimize more of their campaigns for ROAS.**
- 3. Adopt new techniques for maximizing their ad spend.**

If e-commerce marketers deploy these tactics, they put themselves in an ideal position to succeed post-IDFA and beyond.

Although change is inevitable in any industry, it is seldom this rapid. In times like these, the right partner can make all the difference. As the world's leading automated mobile ad buying platform, MOLOCO Cloud provides everything mobile marketers need to take on change with confidence. If you're interested in learning more, please reach out.

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About MOLOCO

MOLOCO is a programmatic advertising company that empowers mobile businesses to unleash the power of their data for fast, sustainable growth. Founded in 2013, the company offers a complete suite of proprietary advertising solutions to help mobile companies optimize the performance of their acquisition, retention and monetization efforts. The MOLOCO Cloud is a top-rated real-time bidding platform that provides scale across more than 10 billion devices, while the SaaS-based MOLOCO Cloud enables marketers to take control of their programmatic advertising in-house. MOLOCO is headquartered in Silicon Valley, with offices in San Francisco, Seattle, New York, London, Seoul, Singapore and Tokyo. For more information, [visit www.molocoads.com](http://www.molocoads.com).