Submission to

ACCC: Ad Tech Inquiry Interim Report

By

Australian Association of National Advertisers

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Introduction

The AANA is the peak body for advertisers and has represented national advertisers for over 90 years. It represents the common interests and obligations of companies across all business sectors involved in advertising, marketing and media.

The advertising industry plays a fundamental economic role in society - contributing approximately $40 billion to the Australian economy and employing over 200,000 people[1]. It is the driver of consumer choice and, by promoting competition, helps consumers get better value for money. It enables innovation to be brought to market, underpins jobs - particularly in traditional media - and stimulates economic growth.

Submission Summary

The AANA acknowledges that the ACCC have undertaken a thorough and fair assessment of the Australian ad tech supply chain. The ACCC's research and the AANA's recent limited study (in partnership with Media Method Intelligence) point to continuing challenges facing advertisers regarding opacity, lack of independent verification & measurement and the efficiency of the supply chain, due to the lack of data interoperability across the system. As a result, the AANA supports 5 of the 6 proposals the ACCC has made in its report and believes their successful implementation will go some way to solving many of the challenges the ACCC identified.

Having largely aligned on ''what is required," the AANA advocates for two important considerations to be taken into account with the implementation of the proposals; firstly, the AANA supports an industry led solution as opposed to a government regulated one and secondly, changes in privacy & other adjacent legislation, both in Australia and overseas, need to be taken into account for their synergy & efficiency benefits.

Proposals to reduce data-related barriers to entry

Proposal 1: Measures to improve data portability and interoperability: The ACCC is considering measures aimed at increasing data portability and interoperability, to reduce barriers to entry and expansion and promote competition in the supply of ad tech services. Any such measures would require safeguards to ensure that consumers have sufficient control over the sharing and processing of their data.

AANA supports this proposal.

Data portability and interoperability would enable ease of working with other platforms and, as a result, would increase competition and advance the industry.

For smaller advertisers there are advantages of using Google's "one-stop-shop" DV360 platform. It is easy to use, cost efficient and relatively powerful. As an advertiser matures and grows, or for larger advertisers, branching out to other platforms will increase their advertising reach, scale, and performance. Portability would allow flexibility for advertisers and ensure

[1] *Advertising Pays: the economic, employment and business value of advertising,* June 2016 http://www.advertisingpays.com.au/

competitors to Google can gain some traction, which will provide pressure on Google to continue to evolve and maintain competitive pricing.

For instance, one constraint of Google's DV360 integrated platform is that the second-party and third-party data sets do not sit on the DV360 platform. Advertisers must use other DSPs to get these data sets. The data portability and interoperability changes contained in Proposal 1 would open up access to such data for advertisers, no matter which DSP is used. Access to such rich audience data sets that DV360 does not currently offer would enable the advertiser to avoid duplication and achieve efficient reach.

Proposal 1 fits with Proposal 6 in that one User ID across the industry would facilitate portability and reduce the current barriers to using multiple DSPs. Currently, using multiple DSPs means that the buy price can be unintentionally inflated as an advertiser is unaware whether they are bidding against themselves, thereby potentially driving the price up. Also, the current multiple User IDs for each advertiser means that ad frequency controls are unlikely to be as effective as if a single User ID existed. In this respect, a single User ID would have the dual benefit of improving the end-consumer experience by also enabling advertisers to exercise greater control over ad frequency.

Proposal 1 raises certain implementation challenges in terms of consumer consent. The Consumer Data Right may offer a possible solution to this challenge in that it provides:

- a portability platform for highly valuable and confidential personal information;
- consumers with greater access to and control over their data, including an ability to consent to the porting of their data;
- a way for consumers to compare and switch between products and services;
- an accreditation and registration process for data recipients; and
- a mechanism for monitoring compliance and taking enforcement action where necessary.

Proposal 2: Data separation mechanisms: The ACCC is considering the extent to which data separation mechanisms, such as data silos or purpose limitation requirements, may be effective in levelling the playing field between large platforms with a significant data advantage and rival ad tech providers.

The AANA does not support this proposal.

Access to high quality consumer behavioural data is an important factor when deciding what advertising technology and publisher to advertise with. Google's horizontal integration provides benefits that advertisers value highly. For example, Google provides management services free-of-charge to advertisers. This is a key feature that is attractive to advertisers, especially small to medium advertisers. All DSPs are striving to provide a unique advantage for advertisers. Amazon also provides advertisers with a data silo when using their platform, as does Apple News. This proposal would strip away the competitive advantage of these offerings, essentially taking away the data from the DSPs that advertisers need and want.

The consent and privacy issues associated with Online Behavioural Advertising (OBA) data collection can be dealt with through providing consumers control over whether their data is used for the purposes of targeted advertising. The existing *Best Practice Guideline for Online Behavioural Advertising* sets out a number of key requirements for achieving best practice in data collection, covering the following areas:

- providing clear information to web users;
- user choice over OBA;

- keeping data secure;
- careful handling of sensitive segmentation;
- educating users; and
- being accountable.

Proposal to address concerns around conflicts of interest and self-preferencing

Proposal 3 – Rules to manage conflicts of interest and self-preferencing in the supply of ad tech services: The ACCC is considering whether rules should be introduced that would aim to prevent and manage the competition and other issues that can arise from vertical integration. In particular, such rules could prevent self-preferencing and manage conflicts of interest. The high-level obligations which could be covered by these rules include:

- ***requirements to put measures in place to manage conflicts of interest, such as preventing the sharing of information between ad tech services, or obligations to act in the best interest of publisher or advertiser customers***
- ***requirements to provide equal access to ad tech services (i.e. level playing field obligations to prevent self-preferencing), and***
- ***requirements to increase the transparency of the operation of the supply chain.***

AANA supports this proposal.

Any proposal that gives an advertiser increased transparency over the ad tech supply chain can only be a positive step with clear rationale as to why a bid was or was not successful during the transaction. This proposal would ensure that any other criteria placed on publishers and SSPs, such as bid latency/throttling is clear and declared. This would also encourage better collaboration between publishers and advertisers to achieve mutually beneficial outcomes, programmatic or not. Sufficient flexibility in rule setting should be retained to allow horizontal integration benefits advantageous to advertisers to be maintained.

The implementation of a single transaction ID as outlined in Proposal 5 would be a prerequisite for the successful achievement of this proposal.

Proposals to address issues of supply chain opacity

Proposal 4 – Implementation of a voluntary industry standard to enable full, independent verification of DSP services: To enable advertisers to assess DSP services fully and independently and encourage competition, industry should develop a standard that allows full and independent verification of DSP services. This standard should set out minimum requirements for this, along with the categories of data necessary to enable third-parties to provide full and independent viewability, fraud and brand safety verification services. The ACCC considers that this should initially be left to industry to develop and implement, but that other options could be considered if this was not successful.

AANA supports this proposal.

The AANA and some major advertisers recently participated in a study conducted by Method Media Intelligence (MMI) to determine whether the findings of the *ISBA/PWC 2020 Supply Chain Report* were reflected in the Australian market. The findings of the MMI report are outlined in detail later in this submission however, to summarise, the report found that supply chain opacity

remains an issue in the Australian ad tech market. Indeed, Australia experiences the same opacity and verification challenges that are common to many markets globally.

A solution similar to the Product Disclosure Statements (PDS) required in the financial services sector would provide the minimum information needed to accurately assess the competitiveness of DSPs and performance of ad campaigns.

The following information is required by advertisers:

- Upfront historical performance data - to enable advertisers to compare DSPs; and
- Standardised performance metrics available to advertisers in real time to measure ad effectiveness in the form of the following:
  - The number of times an ad was served ('impressions'2).
  - Whether an ad was actually seen by users ('viewability'3).
  - The number of unique users which saw an ad ('reach').
  - How many times users were exposed to the same ad ('frequency').
  - How many people engaged in some way with an ad they were shown, such as clicking on it, swiping the content, expanding an image ('engagement'4).
  - To what extent an ad led to people taking a particular action e.g. buying a product, filling out a contact form ('conversion'5).

This type of information enables advertisers to assess how advertising campaigns perform across different platforms and this can then inform future media investment decisions based on what types of platforms deliver the best results for different types of campaign, depending on the advertiser's objectives. For example, a campaign which aims to lead people to buy a product may focus on which platforms tend to deliver high 'conversion' rates, whilst a different campaign which aims to drive awareness of a new product line may focus more on platforms with high levels of 'reach'.

It is also vital that an independent audit of the verification service is available to advertisers. This is currently a real issue with advertisers restricted in many cases from sharing data with auditors. In addition, some verification services are only available through the sell side and hence cannot be deemed to be impartial and independent.

AANA supports an industry-led solution and has experience in working collaboratively and productively with relevant industry stakeholders such as the IAB and the MFA to develop solutions. Given the industry's proactive work on developing the *Media Contract Template* and the *Australian Digital Advertising Practises,* the AANA believes the will and expertise exists to develop such industry standards for DSPs.

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[2] According to IAB an impression is "*the measurement of responses from a web server to a page request form the user browser, which is filtered from robotic activity and error codes and is recorded at a point as close as possible to opportunity to see the page by the user*".

[3] IAB and MRC define viewability as an ad that meets the following minimum criteria: "*greater than or equal to 50% of the pixels in the advertisement were on an in-focus browser tab on the viewable space of the browser page and the time the pixel requirement is met was greater than or equal to one continuous second, post ad render*".

[4] IAB defines engagement as "*a spectrum of consumer advertising activities and experiences – cognitive, emotional, and physical – that will have a positive impact on a brand*"

[5] IAB defines conversion as "*a measure of success, or metric, of an online ad when compared to the click-through rate. What defines 'conversion' depends on the marketing objective. It can be defined as a sale or request to receive more information*"

The setting of independent measurement, verification and audit parameters may be a suitable function for a body similar to the Media Rating Council (MRC) in the USA which was originally set up in the 1960s following a US Congressional Committee (the 'Harris Committee Hearings on Broadcast Ratings') finding that an industry self-regulatory body was needed to:

- establish and administer Minimum Standards for rating operations;
- provide accreditation of rating services on the basis of information submitted by such services; and
- audit, through independent CPA firms, the activities of the rating services.

The MRC has since evolved to set minimum standards, accreditation of rating agencies and audit activities across digital, out-of-home, print, radio, and television and cross-platform products. The MRC, under an expanded remit, may be best placed to set global minimum standards and accreditation for verification of DSP services.

MMI Report Findings

The AANA/MMI test was undertaken as a follow up to the 2020 ISBA/PwC transparency study in the UK, with the goal of understanding to what extent the same issues are prevalent in the Australian market particularly with regards to supply chain transparency and data interoperability.

The full report of the AANA/MMI test is available via the AANA website. It must be emphasised that this was a limited test featuring 3 of Australia's leading brand owners, 3 media agencies, 2 ad servers and 5 DSPs. Although more than 110 million impressions were measured, the findings must not be taken as indicative of the situation for all advertisers, particularly for the hundreds of small to medium size businesses who are not as sophisticated as the 3 large advertisers in this study.

The key findings of the report are as follows:

- Persistent supply path measurement practice and tech was not apparent other than by proxy via DSP partners.
- Some tech stack partners were either unable or unwilling to support measurement.
- Data access, when available was often two-steps removed.
- Many measurement practices are still cookie-dependent.
- Ad verification partners are mostly in place, but not offering 100% coverage.
- Not all tech stack partners were open to data shares.
- Ad verification partnerships are largely in place, but often at 'pre-bid' levels (vs after the bid is won) and/or not across 100% of impressions.
- Match rates (the ability to match impressions across different log files) were comparable to the ISBA/PwC test in the UK.
- There was little evidence of habitual combining of Ad Verification data and DSP logs.
- There was no evidence of any propensity to map and assess the quality of supply from exchanges, traffic sources, beyond the proxy assessment offered by DSP partners.
- Viewability was just under 54% dropping to a low of 42% for some Display & Mobile campaigns.
- Comparisons between DSP logs and Ad-Server logs remain a viable approach to Supply Path Optimization (see report for more details).
- IVT ad fraud rates at 4-5% are still an issue but are in line with previously reported rates for the Australian market (though they were as high as 8% in one instance in the context of this 4 week test)
- Use of programmatic buying bundles proved to be inherently non transparent and a barrier to unpacking of supply path insights

- There is a disconnect between verification data and supply path workstreams, which is a prerequisite to supply path optimisation. It is not impossible, just not practiced regularly.

Opportunities & recommendations

- Improve verification by bridging the disconnect between verification numbers being recorded and the application of these numbers to the supply chain operation.
- Regularly collect and receive DSP data transfer files to ensure access is open.
- Take advantage of techniques that exist to automate this process
- Regularly review supply path data to make sure programmatic buys are transparent and appear where expected.
- Advertisers should try and avoid extra layers of "proxy" buying and should seek full accountability gained through direct contractual agreements between the advertiser and the provider.
- Advertisers should evaluate buying partners based on their ability to interrogate datasets for transparency purposes and hold tech partners accountable for supply path pre-requisites.
- Consistent data labelling and taxonomies need to be addressed. Ensure each DSP has its own site-ID in the ad server to ensure full supply path analysis can be implemented.
- Advertisers need to understand the difference between paying for *auctions won* or *ads served*. The two are not the same, and represent material, and very significant, differences in payment terms.
- Gaining transparency means persistently knowing more than you want/need to know about what is happening, to ensure that nothing unacceptable is occurring.

Proposal 5 – Implementation of a common transaction ID: Industry should implement a common system whereby each transaction in the ad tech supply chain is identified with a single identifier which allows a single transaction to be traced through the entire supply chain. This should be done in a way that protects the privacy of consumers.

AANA supports this proposal.

A common transaction ID is important to understand the outcomes of an ad campaign and determining value for money. Proposal 5 would support the successful execution of proposal 3 as it would surface any self-prefacing behaviour to advertisers.

Implementation of proposals 5 & 6 would face several challenges, including a large number of market participants and global players facing similar proposals in their native countries. A global solution would be preferable to multiple differing jurisdictional models.

The IAB Tech Lab's programmatic supply chain transparency standards, which include a transaction ID, should be evaluated and could form a foundation for further progress.

Proposal 6 – Implementation of a common user ID to allow tracking of attribution activity in a way which protects consumers' privacy: Introduction of a secure common user ID, which ad tech providers would be required to assign to any data used for attribution purposes. This should be done in a way that protects the privacy of consumers.

AANA supports this proposal.

With the planned phase out of third-party cookies by Google's Chrome browser, the most common browser in Australia, the ability to track reach and frequency of campaigns will be severely diminished, this reduces the ability of advertisers outside the Google ecosystem to

develop deep insights into campaign performance. Both Google and Facebook are at an advantage as they have substantial first party data which allows them to uniquely identify their users and thus track campaign exposure, an important measure of campaign performance.

The industry is already working on a number of projects to adopt a common user ID and the AANA supports the development of global best practice in this area. Its important that an Australian solution to user & transaction IDS are developed or compatible at a global level, given the need for many major advertisers to work across geographies.

More work is needed on this proposal to ensure that a single user ID combined with portability will not result in consumers losing control of their data. As noted above, the Consumer Data Right may provide the suitable framework for achieving this proposal. In addition, recommended routes under this proposal must be compatible with any changes relating to identifiers being considered in the review of the Privacy Act. Similar reviews are also underway overseas and given much of the industry (both buy & sell side) that operates in Australia also operates in other countries, it would be prudent to define common international standards which work efficiently and effectively throughout the digital advertising ecosystem.

Specific questions:

The ACCC welcomes views from advertisers on the extent to which they use more than one DSP to buy ad inventory and the extent to which the above reasons limit their ability to multihome across different DSPs.

Advertisers currently have three main reasons to multihome:

1. Data identity matching, also known as ID synchronisation, provided by DSPs such as Adobe. According to Adobe's website,

   > *"ID synchronization matches IDs assigned by the ID service to IDs assigned to site visitors by our customers. For example, say the ID service has assigned a visitor ID 1234. Another platform knows this visitor by ID 4321. The ID service maps these IDs together during the synchronization process. The results add new data points to what our customers know about their site visitors. And, if the ID service can't match an ID, it creates a new one and uses that ID for future synchronization."*
2. Access to exclusive placements – for example, using the Amazon DSP for Amazon ad placement; and
3. Access to third-party transactional data only available through certain DSPs.

How important is access to YouTube ad inventory to advertisers in Australia?

YouTube is by far the dominant ad-funded video platform in Australia. It provides reach and scale across all demographics as well as advanced targeting capabilities to reach niche audiences. Most major brand advertisers and many direct response advertisers use YouTube as a core part of their video marketing strategy. With declining linear TV audiences, advertisers are looking to online video to deliver reach and scale for their campaigns. BVOD environments alone, although growing strongly, still struggle to deliver the scale required. YouTube is a vital part of the advertising mix.

Apart from YouTube ad inventory, is access to other exclusive ad inventory sold through the ad tech supply chain essential?

The various exclusive ads inventory offerings are all essential but all are walled-gardens.

How easily are advertisers able to purchase YouTube inventory directly, or through YouTube partners? Is this a viable option for all advertisers? Are there advantages purchasing from YouTube ad inventory via the ad tech supply chain, rather than directly?

It is easy to purchase Youtube inventory through Google's DV360 but impossible through any other DSP.

What information about fees charged across the supply chain is available to advertisers and publishers?

Other than an analysis of their fees charged, advertisers do not have access to a fee benchmark system. Instead, advertisers rely on individual advice or periodic reports for guidance. For example, the 2020 ISBA/PwC report highlighted that 49% every dollar invested by the advertiser went to intermediaries' fees with 51% reaching the publisher. Large advertisers have reacted to this situation by looking to independent trading desks and bringing trading desks in house to get a better understanding of the trading costs that create value. The WFA's Wave 4 report on Programmatic Data & Technology indicates that many advertisers have now moved away from non-disclosed programmatic platforms (33% of those surveyed in 2016 used them versus none today).

Where negotiation is possible, the AANA supports fair remuneration for value created. For this reason, the AANA encourages advertisers to use the AANA's **Media Contract Template** to guide them through this complex area and also promote fair, transparent and sustainable agency arrangements.

In some situations, negotiation around fees is not always possible, specifically with the large online platforms such as Google, Amazon and Facebook. On these platforms, a standard contract with non-negotiable pricing is offered and formed online.

One example of a large platform that does negotiate is the Adobe Audience Manager data management platform (DMP). Adobe will negotiate terms and the relationship for the advertiser is like any other business contract.

Do you consider that the metrics you received from your verification and attribution provider are accurate?

Without independent audit of the verification service, advertisers are not able to verify the accuracy of the metrics, particularly those services embedded on the sell side. "Who audits the auditor" is an open question particularly when the auditor is not always independent and dealing directly with the advertiser. As stated above, the MRC may be an appropriate body to develop verification standards, accreditation against those standards and audit of the accredited agencies.

Would you be able to switch measurement and verification providers if you wanted to? What are the largest obstacles to you switching, if any?

Advertisers are not always able to switch measurement and verification providers. Sometimes the verifier is given to the advertiser by the sell side.

Are advertisers currently able to conduct effective and independent attribution of their ad campaigns?

Advertisers are not currently able to conduct independent attribution of their ad campaigns but the reasons for this vary. End-user privacy is the most common rationale quoted by platforms such as Google & Apple. This result is that the taking away of the user ID from the transfer logs prevents independent attribution. For similar reasons, platforms will not share data with each other. Alternative permission-based user IDs also limit the advertisers' ability to evaluate their campaigns. Apple's introduction of new rules for end-user privacy which has resulted in end-user permission being sought prior to sharing User ID with advertisers. If the end-user does not give permission, that data cannot be shared and therefore an advertiser's ability to track and evaluate an ad campaign is reduced.

The solution to this issue is the introduction of a single User ID outlined in Proposal 6. This must be done in conjunction with the review of the Privacy Act so that the two initiatives are compatible and not counterproductive.

What are the risks to user privacy from third parties providing full verification services? Could such measures promoting this be implemented in a way that would protect the privacy of consumers?

A key risk of verification services is the possible disclosure of consumer browser behaviour and history.

Another concern around allowing more parties to view programmatic auctions is that an advertiser's competitor may see what the advertiser is bidding.

Further Consultation

The AANA would welcome an opportunity to discuss in more detail with the ACCC the issues raised in this submission. Please contact Megan McEwin on [redacted] or [redacted] regarding opportunities for further consultation.