



## **SUBMISSION BY COMMERCIAL RADIO AUSTRALIA**

### **ACCC Digital Advertising Services Inquiry**

**March 2021**

Commercial Radio Australia (**CRA**) is the peak industry body representing the interests of commercial radio broadcasters throughout Australia. CRA has 261 member stations and represents the entire Australian commercial radio industry.

CRA welcomes this opportunity to respond to the Australian Competition and Consumer Commission (**ACCC**)'s Interim Report (**Report**) in relation to the Digital Advertising Services Inquiry (**Inquiry**).

CRA appreciates the ACCC's recognition that competition through the AdTech supply chain may be distorted by the dominance of digital players such as Google and Facebook.

CRA broadly supports the proposals in the Report (**Proposal(s)**), particularly where they address the following issues:

- increased transparency and data portability;
- self preferencing and conflicts of interest by digital platforms;
- use of data gathered by digital platforms being used in the supply of a different service operated by that digital platform, to the detriment of smaller players;
- lack of transparency throughout the AdTech chain, particularly in relation to audience measurement metrics and claims.

The ACCC should read this submission in conjunction with CRA's previous submission to this Inquiry, which set out these issues in more detail. CRA will not repeat that detail in this document.

#### **1. The collection and use of data through the AdTech chain**

Google and Facebook are increasingly monopolising the collection of data flowing from advertisements and other content on the radio industry's digital platforms. In particular, Google has recently announced plans to phase out support for third party cookies on Chrome.<sup>1</sup> This means that radio stations will no longer be able to collect data flowing from

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<sup>1</sup> Google Chromium Blog by Justin Schuh – Director, Chrome Engineering. 14 January 2020.

content placed on their own digital platforms. Instead, Google will be the gatekeeper of cookie generated data. This does little to protect the privacy of consumers but instead concentrates data in the hands of a few monopoly players.

**CRA would support an appropriately structured data interoperability regulation as this would assist both publishers and advertisers by providing useful data. However, it would be important to ensure that this regulation did not create unintended consequences or privacy issues.**

## **2. Self preferencing**

When digital platforms favour certain players, they inevitably discriminate against other companies. This discrimination potentially happens in two key ways:

- when digital platforms are vertically integrated across the ad tech chain and own businesses on both the supply and the demand side. For example, Google Publisher Ad and Google Marketing Platform; and
- when commercial arrangements, such as commission or referral structures between media buyers and digital platforms, incentivise the digital platforms to favour particular parties in the ad tech chain.

***CRA broadly supports the introduction of a set of mandatory rules, as envisaged under Proposal 3, to combat the self-preferencing and manage conflicts of interest by the large digital platforms. CRA would appreciate the opportunity to comment on these rules in more detail once they are drafted.***

## **3. Data analytics services**

A reliable digital audience measurement methodology should be imposed upon digital platforms by the ACCC. The digital platforms continue to publish unverified figures relating to the effectiveness of advertising on their platforms, often in 'walled gardens' which are not subject to scrutiny, such as Facebook client dashboards. There is currently no regulatory means of holding digital platforms to account nor of forcing transparency regarding claims of user engagement and audience size.

***CRA broadly supports the introduction of a mechanism for ensuring full independent verification of digital platform services. However, it does not believe that the voluntary standard under Proposal 4 would be sufficient. A Code should be developed by the ACCC, under the Competition and Consumer Act 2010, to implement and enforce the standards.***

***CRA maintains its position that a reliable digital audience measurement methodology should be imposed upon digital platforms by the ACCC and must:***

- ***require that the collection and analysis of the data is conducted by an independent third party;***

- ***be accompanied by a clear, consistent and transparent explanation of the methodology used; and***
- ***be consistent across all suppliers of digital advert performance measurement services to enable fair and consistent comparison.***

A voluntary industry standard is unable to achieve this. Without an independent intermediary - tasked with collecting and analysing the data according to a transparent and consistent methodology - the existing opacity and consequent potential for the distortion of advertising metrics will remain. The implementation of a mandatory Code overseen by the ACCC under the *Competition and Consumer Act 2010* is the best means of achieving verification of digital platform services.

#### **4. Transparency of revenue allocation through the supply chain**

As a publisher, radio should receive information that enables it to understand the way in which the services along the ad tech supply chain are priced. The current pricing model is unclear and there is potential for Google and Facebook to favour suppliers with whom they have a commercial relationship, whether that is based on shared corporate ownership – for example, where the digital platforms are vertically integrated across both sides of the supply chain – or where there is an undisclosed commission or referral structure between unrelated parties, such as digital platforms and media buyers.

***CRA would support the introduction of mechanisms to increase the transparency of pricing along the AdTech chain, to enable radio stations to understand how much of the advertiser's money is going to publishers.***

***CRA would appreciate more information regarding the way in which proposals 5 and 6 are intended to work, including the way in which such mechanisms would cast light upon the current pricing models.***

Please contact Joan Warner, on [REDACTED], for clarification on any aspect of this submission.

Commercial Radio Australia