PUBLICIS GROUPE

26 February 2021

Submission to

ACCC: Digital Advertising Services Inquiry – Interim Report

On behalf of Publicis Groupe

About Publicis Groupe

Publicis Groupe is a global leader in marketing, communication, and digital transformation, driven through the alchemy of data, creativity, media and technology, uniquely positioned to deliver personalized experience at scale.

In Australia and New Zealand, we employ nearly 1,600 professionals and offer our clients a seamless end-to-end service to address all their marketing and transformation challenges. Within Publicis Groupe, Publicis Media is our media strategy, planning and buying group that manages $1bn media billings for advertisers across Australia and New Zealand, representing a 16% market share. Over 40% of these billings are in future-ready sources (ie. digital and data). Globally, our media agencies comprise of Starcom, Zenith, Digitas, Spark Foundry and Performics, powered by digital-first, data-driven global practices that together deliver client value and business transformation.

Introduction

[redacted]

Our responses aim to share Publicis Groupe's knowledge and views on the relevant questions presented in the sections "Vertical integration and conflicts of interest" (pg.119) and "Transparency of the price, operation and performance of ad tech services" (pg.160) within the report. We have answered N/A to questions that we feel are not relevant to Publicis Groupe.

We provide a buy side perspective on competition amongst DSP services, and in particular, Google DSP services, as well as access to exclusive inventory. Our submission then outlines the competitive interactions between ad tech services, followed by our perspective on access to information within the ad tech supply chain, including transparency on fees and how this information can be used for decision-making and campaign performance.

We note that the changes to Google Chrome will impact advertisers' ability to perform attribution, however changes in the landscape actually occurred first with Apple introducing ITP (Intelligent Tracking Prevention) in 2017. Since then tracking users across channels, browsers and devices holistically has been difficult and has become virtually impossible due to unstable, cookie-based tracking techniques and an increasing complexity in user journeys.

From a third-party verification perspective, we note that platform suppliers such as (but not limited to) Facebook, Google (incl YT), Amazon, Twitter, Snap, TikTok, LinkedIn etc., have in the past limited access to third-party verification suppliers, which makes independent verification difficult for agencies and our clients.

As we have demonstrated since the commencement of this inquiry, we are committed to supporting and actively contributing to the ACCC's ongoing investigation, to ensure the best possible outcome for the fairness of the digital and trading ecosystem in Australia.

In summary, we support the six key proposals which are:

- Proposal 1 – Measures to improve data portability and interoperability
- Proposal 2 – Data separation mechanisms
- Proposal 3 – Rules to manage conflicts of interest and self-preferencing in the supply of ad tech services
- Proposal 4 – Implementation of a voluntary industry standard to enable full, independent verification of DSP services
- Proposal 5 – Implementation of a common transaction ID
- Proposal 6 – Implementation of a common user ID to allow tracking of attribution activity in a way which protects consumers' privacy

The introduction of a common transaction ID and a common user ID are initiatives Publicis Groupe supports. However, both will require significant efforts from all industry bodies, and potentially legislation in order to be successful. Interoperability between solutions and international data privacy legislation is also critical to success, as well as referencing work already underway in other countries. Widespread industry adoption must be achieved either by legislative measures or by industry standardisation in order to achieve the intended outcomes.

As a trusted partner to our clients, we have always worked to ensure that Publicis Groupe operates to the highest of standards when it comes to this matter; and we continue to support any actions that protects the integrity and growth of the media and advertising industry.

Yours Sincerely,

Jason Tonelli
Chief Product Officer, Publicis Groupe ANZ

Contents

1. Vertical integration and conflicts of interest

1.1 Ad inventory integration:

1. **How important is access to YouTube ad inventory to advertisers in Australia?**
   For a majority of medium to large advertisers YouTube is an important inventory source for scalable audience reach in Australia.

2. **Do advertisers consider that multi-homing is a viable option for DSP services?**
   For medium-large advertisers and agencies, "multi-homing" is certainly a viable solution. However, this may not be the case for smaller advertisers and agencies who potentially do not have the scale to negotiate favourable tech fees across multiple DSP services to warrant "multi-homing".

3. **Do advertisers consider that they must have access to Google's DSP service?**
   Generally, yes, most advertisers want access to Google's DSP services. The reasons for this would include the strength of the technology itself, the ability to access a full-stack technology solution, or access to YouTube inventory.

4. **Apart from YouTube ad inventory, is access to other exclusive ad inventory sold through the ad tech supply chain essential?**
   Google search would be another example of exclusive ad inventory that could be considered essential due to a 94% market share. There are also some examples of ad tech with exclusive supply in the ecommerce space that some advertisers would consider essential - these include Amazon DSP with exclusive access to Amazon commerce inventory, eBay with exclusive access to eBay commerce inventory and Citrus with exclusive access to Cartology and Coles online. Most of the social platforms – Facebook, Snapchat, TikTok, Twitter, Pinterest and LinkedIn – also have exclusive access to their own inventory, which many advertisers would consider essential.

5. **Does selling ad inventory through multiple DSPs create privacy or technical problems for publishers?** N/A

6. **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?**
   YouTube inventory can be accessed via DV360, Google Ads or via third party providers, such as Strike Social or Channel Factory. YouTube inventory can be relatively easily accessed via Google Ads and is a viable option for most advertisers. There are some differences that exist in targeting and pricing, dependent on how the YouTube inventory is accessed (programmatically or direct IO). Some advantages, such as custom solutions and first-to-market opportunities are only available when purchasing on direct IO.

1.2 Google's vertical integration across the ad tech supply chain:

7. **How important is access to Google Ads demand to publishers?** N/A

8. **Do publishers consider that Google Ads demand is accessible through non-Google SSPs?** N/A

9. **For what reasons may a DSP block SSP access to demand available through its service?**
   A DSP could block an SSP's access to demand available through its service where the DSP may have a vested interest in offering that specific supply through another source (ie DSP owned and operated) or where there may be a commercial reason to favour a SSP, or potentially where there are questions surrounding the quality of the inventory itself.

10. **How important is access to Display & Video 360 demand to publishers**? N/A
11. **Do publishers consider that Display & Video 360 demand is accessible through non-Google DSPs?** N/A
12. **Can bids from Google's SSP, or demand from Google Ads be accessed from non-Google publisher ad servers?** N/A
13. **Are there any impediments or disadvantages to using a third-party publisher ad server, due to the way that Google's SSP interacts with it?** N/A

14. **Why might an SSP decide not to participate in header bidding? Do any other SSPs refrain from participating in header bidding auctions (or similar auctions)?**
    Most major SSPs have a header bidding technology including Google. Some SSPs still integrate with tags even though they have header technology available – publishers generally dictate the integration type. We are not aware of any SSP's that do not offer header bidding in some form. Google's header bidding solution is slightly different to other SSPs, as they also own the ad server – the key difference is the auction takes place on the server-side rather than the client side.

2. Transparency of the price, operation and performance of ad tech services

2.1 Opacity of ad tech auctions:

1. **What information do you need about auctions used by an ad tech provider to assess and compare their services to others in the supply chain?**
   Type of pricing (1st or 2nd price), severity of competition (PMPs vs Open Exchange), value of the impression to advertiser (data usage), and historic win rate vs bid rate all plays into our bidding decisions. Other information which is not generally available that would assist in this would be technology priorities (ie owned and operated preferences), non-disclosed fees (ie any fees DSPs may make on data, delivery or hosting, etc). SSP take rates are very rarely shared with the buy side and would be incredibly helpful in assisting with supply path optimisation.

   (a) Why do you need this information and how do/would you use it?
   In terms of the information that is available to us, we use it to understand the level at which we should be bidding to maximise buying efficiency for our advertisers.

For information that is not available to the buy side, additional information on technology priorities, non-disclosed DSP fees and SSP take rates, and any other non-disclosed fees that exist in the supply chain would be helpful to fully understand how we could be choosing our technology stacks and most efficient supply paths.

(b) Do you receive this information?
As buyers, we are aware of the type of pricing, how we are accessing and targeting inventory, the value of the impression to the advertiser and whatever historical data is available to us on any given advertiser. Verizon DSP and MediaMath are two DSP providers that offer a lot of further insight into supply sources and paths – ie what is the most efficient SSP and publisher to access my audience through, where is the greatest scale and provide realistic forecasts based on this information.

(c) If you do not receive this information, have you sought to obtain this information?
Yes, we have conversations with technology providers on the transparency in fees available to the buy side. Different providers are more or less helpful in their disclosure of this information. The information we do not have access to, and why this is of value, is outlined in question 1a.

2. **What information do you require, and what do you receive, on the following:**

(a) the factors which are used by an auction's algorithms to select the winning bidder?
We require an understanding of the technologies' auction algorithm and appropriate factors to select the winning bid and generally this is information available to us through education with the technology provider.

(b) the factors used by a bidding algorithm to determine a bid price?
We require an understanding of the technologies' bidding algorithm to select the bid price and appropriate factors and generally this is information available to us through education with the technology provide.

(c) Post-auction information?
We need win rate and bid rate, and generally this is available to us.

3. **Are there differences in the auction information provided by ad tech providers? If so please explain these differences?**
Yes, there are differences in the auction information available by ad tech providers. Generally speaking, there is a baseline of available metrics that can be used to understand the auction mechanics, campaign performance and supply path optimisation, but some are more forthcoming and transparent with this information than others when it comes to more advanced metrics.

2.2 Transparency over the pricing of ad tech services:

4. **Do publishers currently receive sufficient information from SSPs to verify the accuracy of the fees charged?** N/A
5. **Does the availability of such information vary between SSPs?** N/A

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

Minimal information regarding the fees that exist in the supply chain are available to advertisers. Generally, we only know what we are paying to the DSP as a CPM. Very recently, some providers have started to share some information on supply side fees (ie the fee that a publisher would pay the SSP to utilise their tech as a percentage of ad spend), dependent upon whether or not the publisher is willing to disclose these fees.

It is certainly not common practice to share this information with the buy side and any further detail than this for any other fees that may exist to the advertiser from the purchase CPM are non-disclosed and not available.

(a) **Why do you need this information and how do/would you use it?**
Having visibility on this information would allow buyers to make more informed choices on their technologies and supply paths to maximise buying efficiencies and ultimately make this space more competitive, reducing non-disclosed fees to benefit both the advertiser and the publisher. This would ultimately lead to more trust in the programmatic ecosystem.

(b) **Do you receive this information?**
The buy side has very limited visibility on this information – a small part of this information is available, dependent on provider and disclosure status.

(c) **If you do not receive this information, have you sought to obtain this information?**
Yes, this information has been requested from multiple providers in the past and usually the best we are able to receive are averages or non-specific to individual publishers.

7. **What additional information about fees or take rates to advertisers and publishers require?**
Namely, where any non-disclosed fees exist within the supply chain and what they are.

8. **How does a lack of information about fees or take rates impact the ability of advertisers and publishers to make informed choices about how they will use services in the ad tech supply chain?**
A lack of available information significantly impacts buyers' ability to make the most informed choices on technology partners and supply paths.

2.3 Transparency over the performance of demand-side services and digital display advertising:

9. **Are you satisfied with the services provided by verification and attribution providers? If not, what are you not satisfied with regarding their service?**
Somewhat, but improvements could be made. On one hand we are because these suppliers provide measurement of activity where it is possible.

However, improvements could be made because the providers are not able to measure all activity. Tracking users across channels, browsers and devices holistically has always been difficult and has become virtually impossible due to unstable, cookie-based tracking techniques and an increasing complexity in user journeys.

This has made it difficult to combine various user touchpoints into a single journey, with clear attribution and ROI. Most measurement methods on the web are based on cookies, and the majority of third-party cookies, which are critical to measuring advertising effectiveness, are

now either blocked by ad blockers, rejected by users who visit a website, or even blocked by browsers.

By 2022, it is estimated only 20% of web traffic will be able to be measured/tracked via third-party cookies. Similarly, app measurement/tracking is heavily at risk. Safari i0S14 and the IDFA (Apple's version of a user ID) will become an opt-in process, whereby users will be asked if they want to be tracked by the app. With a default position of tracking disabled, it will reduce the amount of data that is collected, preserving user privacy however decreasing measurement/tracking capability.

The only way at scale to measure customer journeys or attribution is by using either Facebook, Google and now Amazon. This is not third party nor ideal, as a choice has to be made between the three which is not a holistic measurement of overall campaign activities.

As an industry, we must shift focus and consider other ROI measurements such as Market Mix Modelling. Whilst not as granular it will help to inform ROI independently – that is, until a common ID solution can be potentially leveraged.

10. **Do you consider that the metrics you received from your verification and attribution provider are accurate?**
    As accurate as they can be considering the above limitations. Attribution is more at risk than verification, however verification has its limitations also. It is not the fault of the third-party suppliers (verification/attribution) but more the platform suppliers such as (but not limited to) Facebook, Google, Amazon, Twitter, Snap, TikTok, LinkedIn etc., for not allowing this third-party access.

11. **Would you be able to switch measurement and verification providers if you wanted to? What are the largest obstacles to you switching, if any?**
    Yes, it is easy to switch measurement providers technically speaking, however each vendor has different measurement capabilities so agencies must spend time evaluating which is the best measurement provider based on capabilities that are ever-evolving.

12. **Are advertisers able to independently verify the performance of ads served on YouTube?**
    Yes, however this is dependent on the verification supplier and what their level of access is to YouTube.

    The YouTube Measurement Partner Program (YTMP) has 'selected' various vendors across different measurement types:
    - Viewability measurement: Integral Ad Science, DoubleVerify, and MOAT
    - Brand safety measurement: Integral Ad Science and DoubleVerify
    - Brand lift measurement: Dynata and Kantar
    - Reach measurement: Nielsen and Comscore

    As you can see, no one supplier can measure ad fraud as yet in YouTube. There are some cases where measurement is not applicable as no data is currently being provided by YouTube to third-party verification providers – this includes display formats. The larger advertising platforms have typically kept third-party verification suppliers at arm's length, however they are starting to open up more.

13. **Can third party verification and attribution providers access sufficient data through the Google Data Ads Hub to independently verify the performance of ads served on**

YouTube? If not, what data do verification and attribution providers require access to in order to perform this function?
Along with impression data from Ads Data Hub (ADH), third-party verification suppliers have access to the YouTube Data API that provides comprehensive detail about each video (title, description, video metadata, etc.). This allows for detailed and independent verification analysis.

14. **Does providing third party verification providers with access to raw data, or allowing them to place verification tags (or pixels) on ads, create privacy concerns?**
The third-party verification providers are accessing device IDs/IP addresses for campaign reporting which are collected for analysis of fraud. To our knowledge, under existing Australian laws, IP addresses are personal data. Third-party verification providers (e.g DV, MOAT, IAS) are usually required to comply with stringent EU privacy law standards in regards to the processing of the data as they operate in Europe.

15. **Are advertisers currently able to conduct effective and independent attribution of their ad campaigns?**
No, see question 9.

16. **Will upcoming changes Google is making to the data it shares and Google Chrome affect advertisers' ability to conduct multi-touch attribution? If so, what will this impact be?**
Yes, however it must be noted that this process started in 2017, whereby Apple (Safari) introduced ITP (Intelligent Tracking Prevention).

    Apple first launched ITP within Safari nearly three years ago, immediately setting a new bar for web privacy standards on both the desktop and mobile by blocking some, but not all, cookies by default. This largely impacted mobile/tablet traffic, and now with Chrome phasing out third-party cookies by 2022, this will further impact the majority of web traffic as Chrome and Safari combined are by far the largest browsers.

    As per question 9, tracking users across sites and across touchpoints is increasingly difficult. Between regulatory constraints and the increased blocking and rapid expiration of third-party cookies, these are making multi touch attribution extremely difficult. In fact, multi-touch attribution has become synonymous with digital multi-touch attribution for many marketers.

    Digital multi-touch attribution relies on a combination of cookies, pixels, and device fingerprints, knitted together by an identity resolution service. Without these pieces of the puzzle, there are significant measurement/attribution gaps. The introduction of a common user ID would certainly help alleviate current issues that are occurring within attribution.

17. **Will access to the data via the Google Ads Data Hub allow advertisers to conduct full and independent attribution of Google's DSP services?**
It is unknown at this stage. Ads Data Hub is in its infancy and it is unlikely that agencies/advertisers will be able to verify DV360 publishers, which is a key issue mentioned below in question 19.

18. **Does the use of user IDs and cookies in providing attribution services create privacy concerns?**

As per question 14, and if user IDs or common IDs are protected by the highest standard of hash protocol. One form of ID is preferred to enable consumer privacy control (see question 26).

19. **Do stakeholders consider there are any other issues with the ability to conduct attribution of ad tech services?**
    No additional issues to highlight. See Question 9.

2.4 Proposals for consultation:

20. **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?**
    No risks, as the data is most useful at an aggregate level (aggregate data is only required) and would not expose user-level data, or risk user privacy as a result.

21. **Would a common transaction ID assist in making pricing and auctions more transparent?**
    Yes, it can. A common transaction ID would allow providers across the supply chain – as well as advertisers and publishers – to follow individual ad impressions across the supply chain, providing more information on the bids in each transaction.

    However, pricing transparency would only be achieved if this piece of the information is disclosed at each stage of the supply chain and appended to the transaction ID. This would have to come via a mandate or as a standard to disclose fees for every part of the transaction.

22. **What risks does a common transaction ID pose to user privacy?**
    None as long as the solution is managed with the highest possible data privacy security measures and also managed by independent/neutral organisations.

23. **How could a common transaction ID be implemented in a way which mitigates any risks to consumers' privacy?**
    As the transaction ID and common user ID are key to many of the ACCC proposals, unlocking transparency within the adtech chain end to end. The transaction ID could connect into the common user ID concept, and interoperability is critical with both initiatives.

24. **How should such a recommendation be implemented?**
    Potentially legislation could be the way to mandate all ad tech suppliers to participate. Leveraging work already done in the US via the IAB Techlab's DigiTrust, LiveRamp's Indentity Link and also The Trade Desk's Unique ID 2.0 solution, would be recommended as these solutions have built strong industry support as concepts thus far. Independent management of an ID solution is required so that all industry players feel comfortable participating.

    Interestingly, The Trade Desk Unique ID 2.0 solution has just been handed over to an independent and neutral industry body called PreBid. Though specifications for Unified ID 2.0 are still being finalised, email addresses gathered from publishers will be encrypted as they pass along the digital supply chain. The administrator of the technology – now Prebid – will be managing that process and providing encryption keys to eligible intermediaries. Unified ID 2.0 will also include a code of conduct to ensure only intermediaries with permission are using

and sharing the data associated with the identifier. Interesting to note that Prebid also operates SharedID. Unified ID 2.0 covers authenticated web traffic, while SharedID, which is not reliant on logins, covers anonymous web traffic. This solution could be in operation by midway through 2021, and is ahead of Google's deprecation of third-party cookies.

If multiple common IDs are unavoidable, then interoperability is also key, and data privacy legislation globally must be referenced/considered.

25. **Would a common user ID be an effective way to improve transparency in the ad tech supply chain?**
    In theory, a transaction ID/common user ID could be effective, but not necessarily a guaranteed solve to the problem. The transaction ID would likely happen only if all suppliers in the ad tech supply chain adopted this common user ID (via legislation or mandated actions) and made available to all parties for verification purposes.

    However, the implementation of a transaction ID does not absolutely guarantee that the entire tech supply chain will be transparent. There could still be a less than transparent manner of handling of costs, even with a common user ID implemented.

26. **Could this proposal be implemented practically and is it justified?**
    Yes, however as per question 28 this concept would need widespread support either via legislation and also industry standardisation. In addition, as mentioned above, it does not solve for the potential to still mishandle costs.

    If both IDs are implemented, it could work for the consumer first and foremost, and also enable effective transparency, especially within measurement/verification challenges.

27. **Could this proposal be implemented in a way which protects consumers' privacy? If so, how?**
    Yes, if the transaction ID/common user ID are protected via the strictest level of SHA-2 (Secure Hash Algorithm) hashing functions which are an essential part of cybersecurity.

    Evaluation efforts must be ongoing to make sure the highest hashing function/standard is always utilised in order to protect user privacy. Similarly, it has to be managed by an independent and neutral industry body (with industry support).

2.5 Ad verification may create problems for publishers:

28. **What challenges do publishers face in their inventory being blocked due to brand safety issues?** N/A
29. **Do publishers experience any problems in dealing with or negotiating terms with measurement and verification providers?** N/A
30. **Are measures, such as standardised taxonomies, or requirements on verification providers to provide publishers with information about changes to their processes, required to address issues with verification providers blocking legitimate publisher websites?** N/A

31. **What is the scale of the problem posed by the publication of scam ads on publisher websites?**
    According to the Australian Digital Ad Practices (ADAP), we know that on average 2-3% of this category of advertising spend is lost to ad fraud/invalid traffic (IVT).

Whether we like it or not, it is a fact that ad fraud does exist in the digital ecosystem and not all campaigns are being seen by humans. Digital ad fraud is any deliberate activity that prevents the proper delivery of ads to the intended audience, or in the intended place. Most commonly taking the form of bots, or domain spoofing, ad fraud thrives by siphoning off money from advertising transactions. It can come in many forms: pretending to be humans browsing the internet or falsely representing low quality inventory as high quality.

32. **What are the risks to publishers when scam ads are displayed on their properties?**
The risk is wasted client ad dollars and weakening of agency/client trust, which can ultimately result in a loss of publisher income/ revenue and in severe cases, being blacklisted for a period of time.

33. **What measures do ad tech providers take to prevent the delivery of scam ads?**
Ad tech and third-party verification providers have to play catch up on ad fraud/IVT as the fraudsters are always two steps ahead. Wherever there is money in digital advertising, there is ad fraud/IVT.

    Currently, the highest levels of ad fraud occurs within the connected TV, as this is the newest advertising channel and a format with little measurement. Plus, it has seen a huge uptake since COVID-19, making it highly attractive to cyber criminals. Sophisticated criminal organisations are profiteering from ad fraud. The reality is that it is nearly impossible to pinpoint their exact origins given how complex the digital advertising ecosystem is. Like any successful business, fraudsters are adapting and diversifying in the pursuit of profit. However, we are always recommending our clients deploy third-party verification in order to measure the effectiveness of their campaigns and to be able to eliminate ad fraud/IVT wherever possible.

    Likewise, the IAB is driving industry initiatives that are working towards combatting ad fraud/IVT. This includes the IAB-approved text file – ads.txt – that aims to prevent unauthorised inventory sales. The ads.txt file lists all of the companies that are authorised to sell a publisher's inventory. Programmatic platforms also integrate ads.txt files to confirm which publishers' inventory they are authorised to sell. The use of ads.txt allows buyers to check the validity of the inventory purchased. However, not all publishers have adopted ads.txt so it may reduce campaign reach if only ads.txt authorised sites are used. From a Publicis Groupe perspective, we have mandated only buying from seller account IDs that are listed on a publisher's ads.txt file as an authentic inventory source.

    From an agency perspective, we also strongly recommend the use of pre-bid solutions to our clients. Pre-bid solutions can assess the risk ahead of the bid. This can provide an additional level of protection from adfraud/IVT – however, the costs are for advertisers to fund.

34. **What measures are available to publishers to stop the delivery of scam ads once they are identified?** N/A
35. **Are there difficulties experienced by publishers in stopping scam ads being delivered to their properties? If so, what are they?** N/A