



July 30, 2019

Submitted via email to onlineplatforms@cma.gov.uk

RE: Online Platforms Study

We applaud the Competition and Markets Authority (CMA) for initiating this study on the competitiveness of ad-supported online platforms. These platforms attract millions of people to their services every day and raise challenging competition law and policy questions. The Center for Democracy and Technology (CDT) believes that more analysis of this sector will help policymakers better target their efforts to ensure that competition is robust and benefits consumers navigating online opportunities.

CDT, a non-profit advocacy organization with offices in Washington and Brussels, is working to promote democratic values online and in new, existing, and emerging technologies. CDT respectfully submits these comments in response to the request for comment from the CMA about the scope of its market study on online platforms and digital advertising. The information contained in this filing does not require confidentiality protections.

The CMA's written description of the study's scope is both thorough and useful. Having carefully reviewed these issues, CDT suggests a few adjustments to that scope, for your consideration. We recommend that you consider the five topics outlined here:

1. First, the study's investigation into advertising pricing will be especially relevant if it includes quantitative analysis based on data from industry participants, particularly on questions such as: How do the prices paid by advertisers vary by platform, and how responsive are advertisers to those prices and changes to those prices? Do advertisers regularly switch their advertising from platform to platform, and how does that inform our understanding as to the extent to which they view the platforms as substitutes for each other? What factors do they consider when switching platforms? Does the ability to target consumers based on specific online behavior affect the desirability of different platforms or search engines, and if so, to what extent?
2. Second, what role do success metrics play when advertisers select online platforms? To what extent are platforms able to provide transparency into advertising buys? Are there some metrics that some platforms are not able to provide, and does that affect the value of ads to advertisers? Do those differences affect where advertisers place their ads, based on quantitative analysis? Which metrics (e.g., cost per click, cost per impression, cost per action) are driving advertising dollars currently, and why? How much inventory arbitrage occurs, and do the platforms disclose that arbitrage adequately to advertisers?
3. Third, the description of the study's scope includes issues around data portability. We suggest that the CMA address this topic with specificity. What fields do consumers want to be able to

move to other platforms? How might that affect the privacy interests of others within their network, especially on social media platforms? How do these issues vary from social media platforms as compared to shopping or other platforms? When considering (a) social media platforms and (b) shopping platforms, what data if ported from one platform to another would have competitive significance, and is that consistent with legal requirements such as the GDPR and concerns about consumer profiling? And if ported data could raise collusion concerns, how can that concern be minimized?

4. Fourth, as noted in the description of the study's scope, advertising markets are concentrated. Yet other companies also possess significant amounts of data about consumers. There are potential entrants with similarly rich consumer data (e.g., credit card companies and wireless providers) that have not monetized their data about consumers via advertising in a significant manner. Why have those potential entrants not challenged the competitive position of the entrenched online platforms, and what is the impact of different, sector-specific, data protection regimes? How significant is the possession of consumer-specific data compared to "capturing eyeballs" for significant periods of time on their actual sites, and how do those issues inter-relate?
5. Fifth, the study is also designed to explore consumer insight into and control over platform data collection practices, raising questions about transparency and data protection. It would be useful to gather data about these practices across a variety of platforms, including social media companies, online commerce platforms, and web browsers, as well as the role of associations like IAB Europe. To what extent do these platforms provide transparency about how data is used in targeted advertising? How do the settings of consumer-facing platforms like social media contrast with those provided by non-consumer-facing businesses, such as data brokers? To what extent do web browsers or other services respect or block user privacy tools such as ad blockers, and does the degree of market power affect that conduct?

CDT believes that policy should be informed by data where possible, and that all of these topics should be supported by quantitative analysis. The competition debates in these areas suffer from a lack of good data about how these platforms function. The CMA is well-positioned to conduct independent, data-driven analysis of these issues, and CDT hopes that the market study will undertake and report on the data that drive so many of these important market issues.

CDT remains happy to assist in any way and to consult directly with your team on these issues.

Sincerely,

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