



**Submission by the Interactive
Advertising Bureau (IAB) Australia**

***Digital Platform Services Inquiry – March
2024 report on data brokers
Issues Paper***

ACCC

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Contents

About IAB Australia	3
Executive Summary	4
1. Introduction	5
2. Value of digital ad industry	5
3. Data broking is a critical part of the digital ad ecosystem	6
4. Data broking provides benefits to consumers	7
5. How data broking practices protect consumer privacy	8
6. Conclusion	10

About IAB Australia

The Interactive Advertising Bureau (IAB) Australia Limited www.iabaustralia.com.au is the peak trade association for digital advertising in Australia.

IAB Australia was established in 2005, incorporated in 2010 and is one of 47 IAB offices globally. IAB globally is the leading trade association for developing digital advertising technical standards and best practice.

Locally there is a financial member base of approximately 180 organisations that includes media owners, platforms, media agencies, advertising technology companies as well marketers. The board has representation from the following organisations: Carsales, Google, Guardian News & Media, Meta, News Corp Australia, Nine, REA Group, Seven West Media, Yahoo.

IAB Australia's charter is to grow sustainable and diverse investment in digital advertising in Australia by supporting the industry in the following ways:

- Advocacy
- Research & resources
- Education and community
- Standards

The Charter includes a focus on standards that promote trust, steps to reduce friction in the ad supply chain; and ultimately improve ad experiences for consumers, advertisers and publishers.

Executive Summary

- IAB thanks the ACCC for the opportunity to make this submission on behalf of the digital advertising industry.
- The digital advertising ecosystem plays a central role in Australia's economy and society. It is a significant funding component of the internet. It enables the delivery of free online content, products and services to all Australians, grows businesses, supports 450,000 jobs and contributes \$94 billion to GDP.¹
- For consumers, digital advertising has delivered access to an expanding online ecosystem of information, news and entertainment content as well as social and search services free of charge. Consumers highly value this. According to analysis commissioned by IAB, the average Australian consumer is willing to pay \$544 annually to access currently free ad-supported digital services and content.²
- Data brokers, as defined in the Issues Paper, are a part of, and play an important role in, this ecosystem. As businesses have moved online, data and data insights have become critical to business operations and functions. Third-party data services are necessary for many businesses to perform essential functions online, including communicating with customers, measuring online advertising, ensuring data is used securely, and complying with privacy and other legal obligations. They also support industry standards and best practices, assist to drive privacy by design innovations, and foster a health competitive marketplace.
- While a focus on first party data is an effective way to encourage use of data via trusted direct relationships between consumers and brands where possible, this will not be the most appropriate approach for all businesses in all circumstances. Businesses that do not have the customer relationships or sufficient infrastructure in place to hold first party data may assess it to be more efficient and effective and less risky to use third parties to facilitate access to audiences, therefore ensuring any data used in provision of the service is kept secure from loss or misuse.
- For consumers, data broking services provide a range of direct and indirect benefits. These include: freely available content and services online; communications with businesses that are more relevant to them (in-line with the growing expectation of consumers that if they are to receive advertising, it should be relevant to them)³; cheaper priced goods and services due to a healthier competitive environment; localised advertising and services in regional and remote areas similar to offline advertising; and minimisation of exposure to advertising that could give rise to harms.
- Key services that data brokers provide, including data enrichment, verification of data and sale of data insights; are increasingly conducted via Privacy Enhancing Technologies (PETs) such as data cleanrooms which do not involve exchange of any physical data. Any sale of 'data' is generally by way of aggregated and anonymised insights, rather than raw data. Data brokers, like many organisations across the economy, are increasingly actively avoiding collecting or holding personal information to the greatest extent possible, through privacy by design protocols and practices.

¹ Report commissioned by IAB Australia, *Ad'ing Value: The impact of digital advertising on the Australian economy and society*, November 2022. See [Ad'ing Value: impact of digital advertising on the Australian economy & society - IAB Australia](#)

² Ibid.

³ OAIC, *Australian Community Attitudes to Privacy survey 2023*; <https://www.oaic.gov.au/engage-with-us/research-and-training-resources/research/australian-community-attitudes-to-privacy-survey> Compared with the *Australian Community Attitudes to Privacy survey 2020*.

1. Introduction

Data brokers, as defined in the Issues Paper, play an important role in the modern digital economy. As businesses have moved online, data and data insights have become critical to their operations and functions. It is essential to how modern businesses communicate with their customers – whether that’s informing them about services or products, providing recommendations, assisting them with customer inquiries, or sales transactions. This has had implications for businesses’ data requirements as well as the measures they need to take to protect the data they either access or hold.

It is a misconception that data brokers are in the business of selling personal information – this, at least in modern times, is simply not an accurate description of their services. The practices of “data brokers” or really any organisation in our economy that handles data, have changed significantly in recent years. The industry has evolved from accumulation of email lists to the point where they now provide comprehensive services to companies which enable them to effectively operate online. The focus on Privacy Enhancing Technologies (PETs), protocols and practices, is central to these services that data brokers provide.

As access to and use of data has become an essential requirement for online business operations, data brokers’ business models have evolved to assist businesses to meet this essential requirement. This is particularly the case where companies are not able to access sufficient data in-house, or where they do not have the infrastructure in place to be able to properly safeguard that data if they were to accumulate it.

Data brokers provide key services including data enrichment, verification and sale of data insights. These services not only assist with marketing – but also with communications with customers for a range of purposes, including for a range of public interest purposes, as well as for purposes of meeting legal requirements under privacy and other laws.

This submission addresses four key points:

- The value of the digital advertising industry
- Data broking as a critical part of the digital advertising ecosystem
- The benefits of data broking to consumers; and
- How data broking practices protect consumer privacy.

2. Value of digital ad industry

The digital advertising ecosystem plays a central role in Australia’s economy and society. It enables the delivery of free online content, products and services to all Australians, grows businesses, supports 450,000 jobs and contributes \$94 billion to GDP.⁴

Digital advertising supports industry sectors including retail, finance, automotive, FMCG, technology and real estate, amongst others. It is also an increasingly important revenue stream for media companies. Total Australian digital advertising expenditure has increased from \$3.1 billion in 2012 to now \$14.2 billion, with the industry posting a growth rate of 2% in 2020, 36% in 2021 and 9% in 2022.⁵ Approximately 70% of advertising is now online.⁶

⁴⁴ PwC, *Online Advertising Expenditure Report*, 2023.

⁵ [Ad'ing Value: impact of digital advertising on the Australian economy & society - IAB Australia](#)

⁶ PwC, *Online Advertising Expenditure Report*, 2023.

The benefits of online advertising are particularly important to sustain and grow small and medium businesses (SMEs). SMEs receive 61% of the sector's benefits. 44% of digital advertising spend (\$5.7b) comes from the SME segment of the economy.⁷ In practical terms, digital advertising enables these businesses to reach domestic and international consumers much more easily and at a relatively lower access cost. During the pandemic for example, the retail sector became the top advertiser category for display advertising, as online and offline retailers pivoted their businesses to suit the new environment. Addressing current and potential customers through digital advertising was vital to the survival and success of many large and small retailers during this time.⁸

Digital advertising is a significant funding component of the internet. It has fuelled an expanding online ecosystem of information, news and entertainment content, as well as social and search services, free of charge. Consumers highly value this. According to analysis commissioned by IAB, the average Australian consumer is willing to pay \$544 annually to access currently free ad-supported digital services and content.⁹ For consumers on annual incomes below \$50,000, the value they attribute to content and services that are currently free was roughly double that of consumers with annual incomes of over \$80,000.¹⁰

The ad-supported online ecosystem also provides significant benefits to society more broadly. It connects communities, supports democracy through free access to news content, provides increased access to job opportunities, education and financial information in addition to entertainment content and supports a thriving second-hand marketplace. During the COVID-19 pandemic, Australians benefited from this ecosystem, facilitated by third-party data brokers, for invaluable targeting and efficient advertising and direction of information.

3. Data broking is a critical part of the digital ad ecosystem

The use of third-party data in these ways is integral to a healthy data ecosystem. Data brokers provide a range of services to online businesses, including essential services that enable businesses to operate online, use data securely and meet privacy and other legal requirements.

The Government has previously recognised the important role that data brokers play in fostering growth of our digital economy. For example, it has noted that 'the effective and large-scale use of data is powering the global and connected digital economy, presenting significant economic opportunities for all sectors',¹¹ and that 'data is critically important to building a modern digital economy and delivering better outcomes for Australians'.¹² These potential opportunities and benefits are facilitated by data brokers, who hold large amounts of data obtained from numerous sources, including publicly available sources, for use by organisations across the economy, including in areas such as advertising, insurance, banking and finance, and the provision of government services.

While our industry has been focussed on first party data as a way to encourage trusted direct relationships between brands and consumers when possible, and this has been an important way to ensure appropriate privacy consents are in place, this may not be the most appropriate approach for all businesses. For example, small or medium businesses that do not have the customer relationships or infrastructure in place to hold first party data may assess it to be more efficient and effective and

⁷ [Ad'ing Value: impact of digital advertising on the Australian economy & society - IAB Australia](#)

⁸ Ibid.

⁹ Ibid

¹⁰ Ibid

¹¹ *PMC, Data and the Digital Economy, Australia's digital economy strategy 2021-2022.*

¹² Ibid.

less risky to use third parties to facilitate access to audiences, therefore ensuring any data used in provision of the service is kept secure from loss or misuse.

In other words, organisations may not be set up to collect sufficient data to understand who their customers are, or to improve their products and services to suit their customers, which is required to build trust in their business and brand. Data brokers are able to perform this function because they invest in advanced and costly data security environments that would not be feasible for all organisations to implement. This is core business for many data companies.

Data brokers are able to aggregate, enrich, analyse and simplify raw data which enables organisations to make better decisions based on more accurate data insights. This also plays an important role in enabling smaller companies or new market entrants to be competitive in new markets. They act on behalf of these businesses, to assist them to find their audiences, through their advanced technological capability.

Large companies whose platforms are made available to advertisers for use with advertisers' first party data also benefit from this indirectly, through use of their platform. Use of platforms is more effective for advertisers where they are able to access the data they need, and more advertisers are therefore likely to use the platform. In addition, brokers allow organisations to connect with others in the marketplace to see where their customers are across the media ecosystem (based on the first party data they hold), providing further valuable insights. Without data brokers, this would likely be unviable.

In addition, data brokers are critical to measuring the reach and frequency of ads, that is, the effectiveness of advertising online. Without data brokers, this would be extremely difficult. Data brokers allow the measurement of ads across media channels, which assists advertisers to ensure advertising spend is not wasted. This supports transparency in supply chains, something the ACCC has highlighted as important in previous inquiries.¹³

4. Data broking provides benefits to consumers

Data broking also provides benefits for consumers, through:

1. Freely available content and services online

As noted above, the digital advertising ecosystem provides consumers with access to an expanding online ecosystem of information, news and entertainment content as well as social and search services, free of charge. Consumers receive \$8.8 billion worth of economic benefits annually in ad-supported digital content and services – approximately \$1100 per household, as well as \$10.2 billion worth of economic benefit annually from having consumption more closely matched to preferences, plus \$36.5 billion annually from decreased transaction costs.¹⁴

2. Creating choice and meeting demand

Enabling businesses to provide relevant digital advertising to customers helps organisations to meet consumer expectations, not only in relation to providing relevant advertising but also in relation to product improvements. Market research is critical for product development, which in turn addresses the needs and expectations of consumers. The benefits that digital advertising provides smaller organisations also indirectly benefits consumers – as it creates a healthy competitive environment

¹³ ACCC, *Digital Advertising Services Inquiry - Final Report*, 2021.

¹⁴ [Ad'ing Value: impact of digital advertising on the Australian economy & society - IAB Australia](#)

which benefits society overall. It also means consumers are more likely to have access to fairly priced products and services as a result.

3. Providing localised services:

Data helps organisations offer relevant products and services that reflect the preferences of the local community. For example, consumers are unlikely to expect to see advertising for surf wear in remote inland locations. There is an expectation that advertising for specific geographical areas is relevant – particularly in regional and remote areas. This already occurs offline but the provision of relevant advertising with the assistance of data brokers can ensure the same level of service online.

4. Minimising consumer harm and addressing risks

In the process of connecting businesses with audiences, data brokers also facilitate minimisation of consumer harms. For example, they can assist to direct advertising so that high risk financial products are not served to consumers who are more likely to be vulnerable to financial harm as a result; or to ensure promotion of bushfire education programs are directed to at-risk regions. Understanding individuals, households and geographic areas can also assist government bodies to allocate resources in the most effective and efficient way towards the most appropriate demographics. This makes it more likely for example that consumers are exposed to public policy programs or health information or services that may benefit them.

5. Relevant and personalised communication

The OAIC's Recent *Community Attitudes to Privacy Survey* confirmed that, if consumers must receive ads in exchange for content or services, over half of them (53%) said they would prefer that advertising to be targeted and relevant to them.¹⁵ This is up from the 48% in 2020. Data brokers assist businesses to make ads relevant to consumers. This enables businesses to communicate with their consumers at the right time, through the right channel, on the right device, with a relevant message. For example, a consumer can receive offers to help them save money on the things that they buy frequently, or they can receive recommendations to encourage them to try something new. If advertising was not relevant and personalised, it would mean that, in order to access freely available content and services, consumers would be bombarded by advertising that is irrelevant to them, which would cause unnecessary frustration.

5. How data broking practices protect consumer privacy

Companies that fall within the broad definition of 'data brokers' are not ordinarily in the business of selling or trading in personal information. Rather, their core activities typically involve:

- data enrichment purposes, via PETs such as clean rooms.
- verification of data to ensure it is accurate and consistent, for example as part of a data quality process, or for security reasons to ensure there are no fake or fraudulent accounts.
- sale of data insights i.e. completely anonymised data.

While different organisations will inevitably have different practices, our understanding is that, generally speaking, these activities are done using de-identified or anonymised data. We briefly set out how these activities are typically undertaken below.

¹⁵ https://www.oaic.gov.au/data/assets/pdf_file/0025/74482/OAIC-Australian-Community-Attitudes-to-Privacy-Survey-2023.pdf

Data enrichment using data clean rooms

The entire digital advertising industry is increasingly moving towards use of PETs, which have been specifically developed to protect user privacy. Data brokers are no exception and in fact assist with driving innovation in privacy by design practices. Due to their size and the focus of their business being on data, they are amongst industry leaders in using advanced data security environments.

Data brokers are increasingly using data clean rooms when providing their services.¹⁶ Data Clean rooms are secure software environments where data sources can be shared without having to physically exchange the data sets or underlying personal information or identifiers. Enabling this exchange without having to move data eliminates risk of exposure and leakage of that data.¹⁷ A company can upload its first-party data and compare it to aggregate data in the clean room, added by other companies. The data is then matched but user-level data is prevented from being accessed outside the data clean room. All of the first party and user-level data stays within the clean room. Data clean rooms can be used for activities including targeting of audiences, consumer insights, data enrichment, optimisation and measurement.¹⁸

Generalised examples of common data sharing practices that we provided to the Privacy Act Review consultation, which may also assist here to illustrate the above, include:¹⁹

- A sporting association seeks the services of a data broker to be able to advertise sporting events or merchandise to consumers that are interested in their club. It provides the data broker with de-identified or anonymised strings of data based on its customer lists. The broker cannot identify any individual from these data strings. However, through its technological capability and the use of cookies or unique identifiers, it can match those anonymised strings with de-identified or anonymised data of users that go to the sporting associations website or events. The sporting association can thereby prioritise the delivery of its ads to the devices of users that are confirmed fans because they have previously engaged with it and are more likely to want to know information about its events or buy its merchandise.
- Company A may collaborate with Company B to provide certain services and discounts to consumers. Company A has consent to the collection of certain personal information directly from the customer (for example, grocery shopping preferences) while company B has consent to other data (for example, the customer's liquor purchasing preferences). These companies may provide de-identified or anonymised data (for example, the data may be encrypted), to the other company via a clean room. Neither company will have access to any of the first company's personal information. Rather, clean room technology enables both companies to either simply verify their data points and therefore, increase the company's confidence in their likely accuracy, or enrich or share their data through a clean room process which enables this to be done without either company having direct access to the personal information that the other company holds.

Data verification

Data verification enables a company to verify users' identities. It enables data to be kept up to date and accurate and is critical for purposes including authentication, quality assurance, and fraud

¹⁶ <https://www.adexchanger.com/ad-exchange-news/acxiom-takes-its-data-broker-biz-to-the-cloud-with-snowflakes-help/>;

¹⁷ [The Secure Data Clean Room | InfoSum](#)

¹⁸ [Explainer: What you need to know about data clean rooms - CMO Australia](#)

¹⁹ [IAB Submission Privacy Act Review Report 2022 - IAB Australia](#)

detection. It is also a legal requirement in various circumstances. For example, the Privacy Act, APP 10, requires APP entities to take reasonable steps to ensure that personal information is accurate, up-to-date and complete.²⁰ AUSTRAC reporting entities are also obligated to check customers' identities by collecting and verifying information before providing designated services to them.²¹ This assists to prevent money-laundering and other financial crime.²² Companies undergo verification on a periodic or regular basis, particularly for medium to high-risk customer information, to mitigate risks associated with fraudulent or fake customer profiles and to meet their legal obligations.

Data brokers, because of their nature, the very large amounts of data they have access to as well as the technologies available to them, are well placed to provide this service to businesses to ensure risks of inaccurate, incomplete, fake and fraudulent profiles are mitigated to the greatest extent possible.

Sale of data insights

It is our understanding that even sale of de-identified data is generally no longer a part of modern business practice. Instead, in order to mitigate privacy risks, organisations generally sell data insights, that is, completely anonymised and aggregated information that cannot be re-identified (because it does not involve raw data in any form). Organisations in many cases will actively avoid collecting or holding personal information to the greatest extent possible, through privacy by design protocols and practices.²³

6. Conclusion

IAB thanks the ACCC for the opportunity to make this submission.

We look forward to working with the Government to ensure the regulatory framework supports a sustainable online ecosystem.

²⁰ *Privacy Act 1988*, APP 10.

²¹ <https://www.austrac.gov.au/business/core-guidance/customer-identification-and-verification/customer-identification-know-your-customer-kyc>

²² *Ibid.*

²³ [Data privacy and security - YouTube](#)