Audited Media
Association of Australia

Submission to

ACCC: Digital Platforms Inquiry

on behalf of

Audited Media Association of Australia

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Suite 6.01 Level 6, 127 York Street, Sydney NSW 2000
Tel: + 61 2 9954 9800 Email: marketing@auditedmedia.org.au
www.auditedmedia.org.au ABN # 37 163 161 402

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Contact: Ms Josanne Ryan, Chief Executive Officer
Email: [redacted]

Introduction

The Audited Media Association of Australia (AMAA)[1] considers the Australian Competition and Consumer Commission's (ACCC) Digital Platforms Inquiry and its Preliminary Report released December 2018 to be an important step forward for the Australian media industry and welcomes the opportunity to provide a submission in response to the report.

Basis for this submission

The ACCC has indicated it seeks further information regarding key issues in the advertising industry, including the current opacity of the digital programmatic supply chain.

The AMAA, in this submission, will provide information about the current industry self-regulatory frameworks, global activities in this area and recommendations the AMAA has put to the Australian marketplace in order to improve the transparency and accountability of the digital advertising supply chain.

The Audited Media Association of Australia

Established by the major advertiser body the AANA[2] in 1932, the AMAA brings together media owners, marketers and media agencies to support and establish self-regulatory frameworks to increase transparency in order to build trust and confidence in advertising trading. The core tradition of the AMAA is to provide independent audits of data used for the assessment of media owners' advertising inventory.

Global connection

The AMAA is a founding member of the International Federation of Audit Bureau of Certifications (IFABC)[3] the global coalition of industry organisations committed to building trust between ad-trading partners serving marketers, advertising agencies and media owners worldwide by:

- Advocating transparency and accountability in media trading around the world;
- Delivering practical solutions to make ad trading simpler and more effective for both buyers and sellers;
- Facilitating self-regulatory best practice frameworks to address the needs of ad trading;
- Implementing robust and dynamic media audit and validation services to reduce risk; and
- Providing a global platform for member organisations to exchange best practice, innovation and technologies.

A history in supporting Australia's media owners in digital

The AMAA has continued to evolve its services to the industry. Acknowledging the shift towards digital, in 2000 it established the *Internet Industry Initiative*, bringing together the then major internet industry participants from which the AMAA created the Online Advertising Expenditure Report which it delivered for the market from 2002 through to 2005. This report was later taken over by the IAB Australia[4] after its formation in Australia.

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[1] AMAA - Audited Media Association of Australia www.auditedmedia.org.au
[2] AANA – Australian Association of National Advertisers – www.aana.com.au
[3] IFABC – International Federation of Audit Bureaux of Certifications – www.ifabc.org
[4] IAB – Interactive Advertising Bureau Australia www.iabaustralia.com.au

In 2009 with the growth in digital ad networks, the original digital inventory aggregators, the AMAA worked with digital advertisers, advertising agencies and digital advertising sales network companies to help lift the standards of the digital inventory supply chain. The AMAA developed an Australian programme, based on an approach adopted in the UK known as the IASH[5] Code of Conduct, designed to build increased confidence in the offering of these digital providers for the media agencies sourcing inventory for advertisers.

The Australian IASH Code and compliance framework addressed how members took action to provide brand-safe inventory for advertisers and included education, training and compliance audits reported to the industry. The emergence of the programmatic marketplace resulted in this approach being disbanded.

In more recent years, with its membership of advertisers, advertising agencies and media providers, the AMAA has sought to engage the wider advertising industry, including the AANA, MFA[6] and IAB Australia, to continue to embrace self-regulatory frameworks for Australian digital ad trading. It has proposed frameworks based on the international programmes, such as the brand safety and anti-piracy initiatives that commenced in the UK through JICWEBS[7] in 2012 and later in the emergence of TAG, USA[8] in 2015.

Global self-regulatory initiatives for digital ad trading

In Europe, the UK and the USA the advertising industry has come together through joint industry groups to develop a range of self-regulatory audit and validation programmes to address digital advertising issues regarding ad fraud detection, delivery of brand safe environments and the viewability of digital advertising. These groups are comprised of representation from industry bodies, leading advertisers, advertising agencies, media owners and digital service providers.

United Kingdom
In the UK the group called JICWEBs, comprised of membership from the IPA[9], ISBA[10], AOP[11] and IAB[12], sets industry standards to which ad exchanges, publishers, trading desks and other digital supply chain entities are independently verified through ABC UK[13]. They have worked with the industry to deliver reporting standards for viewability and independently certified compliance programmes for brand safety and ad fraud. They now also work with other global groups including TAG USA to advance global programmes such as their Certified Against Fraud, Anti-Piracy and Malware programmes.

One of the key recommendations from the House of Lords Select Committee on Communications Advertising Industry Inquiry Report published 11 April 2018 was 'that the industry should take greater steps to self-regulate through independent bodies such as the Joint Industry Committee for Web Standards'[14] The finding was published in their 1st Report of Session 2017-19 'UK advertising in a digital

[5] IASH – Internet Advertising Sales Houses of Australia
[6] MFA – Media Federation of Australia – www.mediafederation.org.au
[7] JICWEBs – Joint Industry Committee for Web Standards – www.jicwebs.org
[8] TAG – Trustworthy Accountability Group – www.tagtoday.net
[9] IPA – Institute of Practitioners in Advertising – www.ipa.co.uk
[10] ISBA – Incorporated Society of British Advertisers – www.isba.org.uk
[11] AOP – Association of Online Publishing, UK – www.ukaop.org
[12] IAB UK – Interactive Advertising Bureau – www.iabuk.com
[13] ABC UK – Audit Bureau of UK – www.abc.org.uk
[14] UK House of Lords Select Committee on Communications – first report of findings

age'[15] and has since been followed with their 2nd Report of Session 2017-19 'Regulating in a digital world[16].

United States of America
In the USA, TAG which was formed by the ANA[17], 4A's[18] and the US IAB[19], has developed a range of standards and self-certification programmes (third-party validation is optional) that seek to address the issues of ad fraud, fight internet piracy, combat malware and promote transparency. TAG has the support of leading global advertisers and has now established a presence in the UK.

Also, the USA industry audit body, Alliance for Audited Media (AAM)[20] provides digital traffic audits designed to certify the quality of digital traffic before it enters the trading pool, as distinct to monitoring for fraudulent impressions post buying. This audit ensures traffic is validated and certified as to its level of humanness and the absence of malicious and non- human traffic. This service, developed with a leading digital fraud expert, has been submitted to the Media Ratings Council[21] (MRC) in the USA for assessment. The AAM also works with various ad technology companies to do pre-accreditation audits to MRC standards.

France
The French equivalent of the AMAA, ACPM/OJD has worked with its industry to develop a digital certification programme recognising international best-practice standards from IAB US, MRC accredited vendors and the Coalition for Better Ads. The industry certification, for media owners and digital platforms, covers areas such as brand safety, ad fraud filtering, viewability measures, user experience measures and data protection across display and video ad formats.

Other countries including Spain, Switzerland and Sweden are also working with their markets to deliver self-regulatory approaches.

AMAA's work with the Australian digital ad trading market in order to improve the transparency and accountability of the digital supply chain

The scale of growth in the digital marketplace, fragmentation of media and technical challenges of digital advertising, along with the dominance of international platforms has made the issue of industry self- governance and self-regulation more complex and more difficult. The growth in programmatic has meant that ad tech has a dominant role in inventory verification. The rate of change has in turn led to the industry governance discussion becoming more fractured. Advertisers are now relying on a sophisticated range of ad tech as the validation solution for their digital spend. Each tech solution provides differing results which means that inconsistent measures are common place, for example no two tech solutions will deliver the same measure for whether an ad is viewable.

Large advertisers generally rely on commercial auditing companies to deliver a layer of oversight and media buying benchmarking, this however is dependent on advertiser scale and the ability of the advertiser to afford such services. It has meant that industry wide approaches to self-regulation and

[15] UK House of Lords, Select Committee on Communications, UK advertising in a digital age – full report
[16] UK House of Lords Select Committee on Communications, Regulating in a digital age – second report
[17] ANA – Association of National Advertisers – www.ana.net
[18] 4A's – American Association of Advertising Agencies – www.aaaa.org
[19] IAB US – Interactive Advertising Bureau – www.iab.com
[20] AAM – Alliance for Audited Media, USA – www.auditedmedia.com
[21] MRC – Media Ratings Council USA – http://mediaratingcouncil.org

governance to provide transparency and verification, have been viewed as less warranted as advertisers rely on individual solutions.

Since 2016 the AMAA has released an industry trust monitor which shows trust in digital is an issue for the market. The 2017 annual industry research, the Media Trust Equation Report[22], detailed responses of 310 media agency professionals and marketers indicating that the industry was facing growing trust issues in digital ad trading:

- Programmatic ad trading increased by 22% YOY to 56% of the sample as the media channel most in need of oversight to ensure best practice adoption to build industry trust;
- 8 in 10 agency respondents agreed that programmatic trading needed more oversight;
- 7 in 10 marketers agreed that poor industry transparency would lead to more marketers taking their media buying in house;
- 9 in 10 agreed that it is important that programmatic desks and ad exchanges be certified by a 3rd party independent industry body as meeting industry standards addressing brand safety and ad fraud

To address these issues the AMAA recommended an industry best practice validation initiative, informed by global frameworks from the UK's JICWEBS & USA's TAG bodies, and invited the other peak industry bodies to work towards a cohesive industry solution – called the Digital Ad Trust initiative (DAT).

The Digital Ad Trust initiative involved setting standards and requiring industry entities to be validated as meeting the required digital ad trading standards, including the appropriate implementation of verification tech and Ads.txt[23]. The aim of this programme was to ensure a consistent and monitored level of transparency across the digital ad trading ecosystem with all players, including ad exchanges, publishers and ad tech providers needing to be certified to an appropriate standard of conduct.

Discussions resulted in a move by the AANA, IAB & MFA in November 2017 to form a Working Group with the aim of improving transparency in the digital advertising supply chain by developing best-practice operating standards.

The AANA, MFA and IAB Working Group released the Australian Digital Advertising Principles (ADAP)[24] in July 2018. The ADAP are an important first step providing education, practical guidance, checklists and links to specialist resources. They encompass four digital advertising chain issues that were designated as representing the areas of highest concern and greatest lack of understanding:

1. Digital Transparency
2. Viewability
3. Ad fraud and brand safety, and
4. Data transparency

The initiative is a solid starting point, however, has not at this stage gained the required impetus to move forward to a more cohesive self-regulatory approach as recommended by the AMAA.

In May 2018, the AMAA's industry trust research, The Trust Impact[25], further highlighted the issues in digital ad trading with 410 marketers and media agency professionals providing feedback:

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[22] AMAA's 2017 Trust Research: The Trust Equation
[23] IAB Techlab US initiative - Ads.txt
[24] ADAP – Australian Digital Advertising Practices, July 2018
[25] AMAA 2018 Trust Research: The Trust Impact

- Social Media jumped up and eclipsed programmatic trading with 63% indicating it was the channel most in need of oversight to ensure the adoption of best practices to build trust
- Concerns regarding ad fraud and non-human traffic jumped to a combined 79% up 21% YOY
- 6 in 10 marketers indicated they were facing digital trading issues that wasted ad dollars and/or resulted in brand reputation loss or consumer trust issues
- Transparency was viewed as the main issue undermining industry trust

The AMAA continues to monitor the level of market trust in the digital ad trading market and will release its 2019 findings later this year.

Digital ad fraud and its impact on the Australian market

Globally digital ad fraud is recognised as a significant problem that impacts the market through wastage of advertiser funds, leeching dollars from legitimate media owners', undermining available revenue.

Currently IAB Australia indicates that invalid traffic/ad fraud sits at up to 5% (Source: IAB/PWC IVT Benchmarks 2018[26]). Other sources, such as the Pixalate Q4 2018 Ad Fraud Update[27], indicates it is much higher, stating that the Australian programmatic ad fraud rate is as high as 28%, third in the world after India and Indonesia.

AppNexus stated in their Digital Advertising Stats 2018[28] report that ad fraud accounted for over $14 billion globally in lost revenue in 2017 and that it is estimated to rise by 214% to $44 billion by 2022.

Likewise, the ACCC noted that the WFA[29] cites the ad fraud problem as predicted to grow to be in excess of USD $50 billion globally by 2025.

Some industry measures are helping to reduce ad fraud. The IABTechLab US developed initiative Ads.txt is a widely adopted measure to address ad fraud in the form of URL spoofing, where fraudsters mimic a legitimate publisher URL in the programmatic system to divert funds to bogus sites. IAB Australia indicates that 91% of Australian domains offering display ads to programmatic buyers have implemented this measure. The research from Pixalate indicates that globally, on average, sites with Ads.txt had 15% ad fraud while those without had 18.5% (23% less).

Whilst the levels of ad fraud within Australia's traditional media owner inventory, and that offered to the market through private exchanges, is considered to be very low, this is not necessarily the case within the wider pool of available programmatic inventory. There is also debate regarding measurement of general invalid traffic (IVT) versus sophisticated invalid traffic (SIVT). Advertisers may use tech to scan for ad fraud to avoid paying for it, however this is dependent on the accuracy of the particular tech in identifying all types of ad fraud.

A cohesive independent approach on the reporting of ad fraud, considering how widespread it's reported to be globally, should be the first step in reassessing the Australian market levels and likewise its impact in this market. The AMAA considers the disparate reporting regarding digital ad fraud to be a concerning awareness gap in the Australian advertising market. The AMAA has had discussions with

[26] IAB Australia Digital Fact Pack Programmatic Summit 2018, published March 6 2019
[27] Pixalate Q4 2018 Ad Fraud Report, released March 18 2019
[28] AppNexus, Digital Advertising Stats You Need for 2018, released March 28, 2018
[29] ACCC Digital Platforms Inquiry, Preliminary Report, December 2018 – pg. 77 Box 3.2

international ad fraud expert Dr Augustine Fou[30] and consider further independent assessment of the issue is warranted.

An important issue in relation to ad fraud is that it is taking money away from legitimate media providers.

The role of self-regulation in digital

Industry self-regulation through AMAA has worked for many decades delivering independent media audits for traditional print media owners, providing third party oversight on metrics and ensuring accuracy of data used for advertising sales. In fact, the print channel was rated by advertisers as the most trusted media channel for transparency, verification and brand safety in the AMAA 2016 Media Trust Report. In contrast programmatic display was the least trusted.

The complexity of the digital trading approach has meant that industry level governance has been slow to evolve in this market. Currently industry standards are set by the IAB through cross-industry councils, audience measurement is overseen by IAB and provided by Nielsen and commercial ad tech deliver solutions to measure[31] – viewability, brand safety and ad fraud.

Industry level certification programmes established overseas and as recommended by the AMAA, aim to ensure the implementation of industry standards, foster consistency of approach and deliver a level of transparency of the actions of all players within the trading ecosystem.

This type of independent certification is designed to validate a range of elements within the digital trading process some of which are listed below:

Inventory disclosures for inventory suppliers including:

- What are the transaction party source relationships?
- What is the source level transparency (i.e. blind versus fully-disclosed URL)?
- What is the technical context and content type in which it is displayed? (i.e. video, game, app)
- What are the content classification and rating (e.g. all, mature etc)?
- What is the location/targeting depth for the inventory? (i.e. category, specific site, section of site)
- Details about how classifications are checked
- How domains/sites within the supply are vetted

Brand Safety and Ad Fraud disclosures including:

- Are Filters used? Domain/IP, White/Black lists and how used
- Are Content Verification tools used?
- How/has Ads.txt been implemented?
- What ad fraud prevention tools are used?
- What other ad tech is employed/agreed?

It is worth noting the value of industry self-regulation in preference to government legislation, has been recognised by the UK House of Lords Select Committee on Communications report into 'UK Advertising in a Digital Age' published in April 2018 (paragraph 2 pg. 51)[32].

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[30] Dr. Augustine Fou - Cybersecurity, Ad Fraud Researcher
[31] MRC US accredits ad tech providers
[32] UK House of Lords Select Committee on Communications 1st Report of Session 2017-19 'UK advertising in a digital age'

Conclusion

The AMAA's industry research has confirmed the lack of transparency in the digital ecosystem to be one of the greatest issues facing advertising trading at this time. Not only is transparency lacking across the digital ad trading landscape, education and knowledge of the issues is inconsistent. Advertisers and marketers, no matter their size, need continued guidance on what questions to ask their suppliers and how to implement contracts and agreements that facilitate transparency.

In considering self-regulation, it would benefit the industry to have a digital code of practice embedded in the system which would give the advertiser community confidence with regard to transparent operations.

The AMAA considers that Australia would benefit from a JICWEBs/TAG approach, designed for this market, that incorporates a level of independently validated compliance and which a body such as the AMAA could facilitate.

The industry has rightly stated it should not be burdened with oversight that doesn't actively deliver positive outcomes. Benchmarking of industry initiatives would be essential to ensure such programmes are delivering the desired outcomes. Robust industry engagement from all quarters, including global platforms and an approach with appropriate scrutiny is essential if these programmes are to be effective.

The AMAA as a tripartite industry body representing both sides of the buy and sell aspects of the Australian advertising industry, offers itself to the ACCC for further discussion regarding this inquiry.