NON-CONFIDENTIAL VERSION

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Daily Mail Australia's response to the Ad Tech Inquiry Issues Paper of the Australian Competition & Consumer Commission (ACCC)

Daily Mail Australia forms part of one of the world's largest English-speaking group of newspaper websites, with more than 248 million global unique browsers.[1] Daily Mail Australia has a loyal readership of 8.8 million monthly unique visitors, with an average time of 24 minutes spent per person.[2] Our success is down to editorial excellence, dynamic and engaging content, and a picture-led, easily navigable format available on any device.

As most news publishers, Daily Mail Australia relies heavily on advertising – which has largely moved online – to drive revenue allowing our editorial teams to continue creating quality content. Our website provides a wide range of advertising opportunities, from premium cross device takeovers, native advertising, affiliate partnerships and sponsored content to bespoke targeted campaigns across the network.

However, as the ACCC is well aware, the lion's share of online ad spend is captured by the 'walled gardens' of Google and Facebook. At the same time, publishers have grown to rely on a complex ecosystem of ad tech intermediaries, chief amongst which is Google, to monetize their content. The so-called 'ad tech tax', namely the fees charged by various operators across the value chain, means that, unlike walled gardens, publishers receive only a percentage of the ad spend. The lack of transparency surrounding the fees charged by some operators means that in many cases publishers cannot even estimate their share of ad spend.

We would thus like to commend the ACCC for its excellent work in navigating the complex world of online advertising as part of its Digital Platform Inquiry. We also welcome the decision of the Treasurer, the Hon Josh Frydenberg MP, to direct the ACCC to hold an inquiry into markets for the supply of digital advertising technology services (ad tech services) and digital advertising agency services (ad agency services) (the Inquiry). However, we should stress that swift action going beyond reports is necessary to ensure that the ad tech ecosystem, which has been largely monopolized by Google, is truly competitive and transparent to the benefit of publishers, advertisers and ultimately consumers. The case for intervention is all the

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1 Adobe Analytics, Jan 2020, Global.

2 https://www.nielsen.com/au/en/press-releases/2020/abc-news-websites-ranks-no-1/

more compelling in light of the current Covid-19 crisis and the related sharp fall in advertising, which has sent revenue shockwaves across the news industry the very moment people are looking for reliable information online.

Daily Mail Australia hereby responds to the questions of the Ad Tech Inquiry Issues Paper with the hope that the provided information will assist the ACCC in its Inquiry. For the sake of completeness, we have included all the questions from the Issues Paper but we respond only to questions concerning publishers. We remain at the disposal of the ACCC for any further information or clarification.

(a) Efficiency and competitiveness of the relevant markets

1. How competitive do you consider each market in the ad tech supply chain to be and why?

We respond below with regard to the markets for: (a) publisher ad servers; (b) ad exchanges/Supply-Side platforms ("SSPs");[3] (c) ad networks; (d) Demand-Side Platforms (DSPs); and (e) advertiser ad servers. Overall, we do not consider the ad tech supply chain to be competitive, as it is largely dominated by Google. Please see also our response to Question 5 below.

a) Publisher ad servers

The market for publisher ad servers is highly concentrated. Google captures the lion's share, with Google Ad Manager ("GAM", formerly known as "DoubleClick for Publishers" or "DFP") being the default ad server for the industry and rivals such as OpenX and Verizon Media exiting the market. Google's position is also protected by considerable switching costs, as analyzed below in our response to Question 6.

b) Ad exchanges / SSPs

This market is again dominated by Google. Google Ad Exchange ("AdX"), now part of GAM, is considered the default ad exchange, and benefits from having unique access to important Google Ads demand. The only degree of competition exists amongst smaller players, such as The Rubicon Project, PubMatic and Index Exchange, as they compete to be the preferred SSP for a smaller group of clients/agencies.

c) Ad networks

The market for ad networks has become significantly smaller over recent years as more automated programmatic transaction methods have been adopted. Within the Australian market a number of ad networks still remain relevant and can contribute meaningful revenue to

[3] Unless otherwise stated, we shall use the terms "ad exchange" and "SSP" interchangeably.

publishers, often with a higher CPM than open market programmatic channels. Among these remaining ad networks it is common for them to compete for agency demand on unique selling points beyond the capabilities of open market programmatic, such as high impact custom creative formats and advanced ad attention metrics.

d) DSPs

Competition in the market for DSPs is split between the primary DSP and others:

- The top DSPs in Australia are Google's Display & Video 360 ("DV360", formerly known as DoubleClick Bid Manager or "DBM"), which benefits from unique access to YouTube inventory, AppNexus (now known as "Xandr Invest"), and The Trade Desk. These are the primary or the only DSPs used by most agencies and advertisers.
- Others like MediaMath, Turn, Amobee, Verizon and Amazon would likely be a secondary or third DSP option.

e) Advertiser ad servers

Similar to publisher ad servers, Google largely controls the market for advertiser ad servers with DoubleClick Campaign Manager ("DCM"), now known as "Campaign Manager" (part of the "Google Marketing Platform").

2. Do ad tech suppliers provide their customers with services that reflect the cost of providing that service and/or the value of that service to the customer?

In the absence of information on the costs of ad tech suppliers and the general opacity of the ad tech supply chain it is hard to give an answer to this question. However, as will be explained below in more detail (see e.g., our response to Question 17(b)), Google may take advantage of the fact that it runs multiple consecutive auctions to charge hidden fees which are not visible either to advertisers or publishers.

3. How competitive do you consider the market for ad agency services to be and why?

Highly competitive. Competition is high due to the large number of ad agencies competing for fairly stable but growing advertising volumes. With very little differentiation in services, agencies compete on price. In general terms, the larger the agencies the greater ability they have to negotiate lower rates with publishers, so that they may keep the cost per reach low for their client base.

The industry continues to transform and consolidate through merger and acquisition activity. Larger agencies aim to acquire small, specialized media buying and planning companies that operate in niche fields or serving specific clients (such as Blue 449 moving to Publicis and

absorbed by Spark Foundry). This change in structure has led to increased competition through economies of scale, allowing ad agencies to trade with publishers and respond to client tenders.

The acquisitions have also led to the creation of new agencies within the group to focus on key clients, e.g., Rufus is Initiative's dedicated agency for Amazon and Dentsu Aegis Network created Woolworths@DAN for Woolworths. Historically ad agencies were restricted to the number of clients they were able to service within a category due to conflict of interest and intelligence. Creating these client-based ad agencies allow the larger trading Groups to service multiple clients within the category and ultimately take share of advertiser spend from their competitors.

External competition also exists through clientele accessing their own in-house buying teams or programmatic solutions to undertake their own advertising, without using a media buying agency at any stage of the advertising process. The majority of in-house services sit within the programmatic arm of the business where yields are lower, so direct advertisers are taking advantage of having the ability to achieve as many of their KPIs as possible before engaging an ad agency for additional direct/partnership services.

4. **Do ad agencies provide their customers with services that reflect the cost of providing that service and/or the value of that service to the customer?**

The ad agency business model relies on charging various fees to its clients in return for labour and technology services. The agency model is under increased pressure from client's in-housing areas of their advertising strategy and buying directly via technology platforms. The level of transparency that is provided to the client may vary from agency to agency. In general, agencies benefit via leveraging their scale and control over ad spend to secure the lowest possible rates with publishers. These low rates help to provide margin to the agency and drive better return on investment for the client. Publishers are provided little transparency around the agreements between agencies and their clients when agreeing on inventory pricing.

5. **Who are the main competitors in the supply of the following ad tech services in Australia? Please provide market shares estimates wherever possible.**

a) **Publisher ad servers?** Google Ad Manager, Xandr, AdForm, Smart AdServer, Freewheel. Whilst we do not have accurate estimates for Australia, we expect it to be similar to the UK, where Google Ad Manager holds a 90% market share across publisher ad serving.[4]

[4] Competition and Markets Authority, "Online platforms and digital advertising", Market study interim report, 18 December 2019, available at

b) **Supply-side platforms / ad exchanges?** Google Ad Manager, The Rubicon Project, PubMatic, Index Exchange, Telaria, SpotX, Unruly.

c) **Ad networks**? Facebook Audience Network, Playground XYZ, Kargo, Inskin, InMobi, Big Mobile, TripleLift, GumGum.

d) **Demand-side platforms**? DV360, The Trade Desk, Verizon, Yahoo, MediaMath.

e) **Advertiser ad servers?** Google Campaign Manager, Xandr, Sizmek.

6. For each service in the ad tech supply chain, do any firms have the ability to profitably raise prices or lower quality without losing customers?

For the most part, independent ad tech providers do not hold this power, if anything, there has been downward pressure on ad tech fees as independent ad tech increasingly competes for new clients based on price. The move towards transparency has also meant some ad tech providers have removed hidden fees, and offer buyers insight into the most efficient supply path for their demand. Exceptions to this, where ad tech providers may be able to raise prices, would be across areas of our business that incur sizeable switching costs and barriers to adopting new technology, at least in the short term. For example, our Data Management Platform, or our primary ad tech providers used for PMP and PG deals.

Large platforms such as Google, Facebook and Amazon, in part due to their unique ability to target audiences, do possess the power to profitably raise prices without losing customers. Google, Amazon and Facebook all hold unique demand and supply within their walled gardens. Google, however, also holds significant control on advertising across the open web (i.e. not on walled gardens) through its ad tech supply chain.

Google have achieved this control through a number of acquisitions, strategic technology development, and various tying mechanisms across their product offering. GAM is the industry standard ad server and is used by most publishers.

One of the main competitive advantages of DFP (now part of GAM) is that it comes coupled with AdX demand [CONFIDENTIAL]. AdX is the only way to access important Google Ads demand. But that also means that publishers are locked in DFP.

While it is technically possible to access AdX from an alternative ad server, that would impact our yield. The reason is that Google refuses to allow AdX to participate in header bidding (other than Google's own version of server-side header bidding, namely Exchange Bidding).[5] As a result, if we use an alternative ad server, we will not be able to have AdX competing in real-time against other SSPs. While all other SSPs will compete in real-time (through header

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https://assets.publishing.service.gov.uk/media/5dfa0580ed915d0933009761/Interim_report.pdf (the "CMA Interim Report"), paragraph 5.181.

[5] See also CMA Interim Report, paragraph 5.215.

bidding), AdX will be stuck in the waterfall and will have to be called by the ad server. This impacts publisher revenue to the extent that is not financially viable to move away from Google Ad Manager and the associated access to Google's unique demand. In owning the ad server (and having market adoption rates of around 90%, in part due to the tying of their unique demand to the ad server), Google has been able to prioritize its own demand running within Google Ad Manager thus further strengthening its position across the open web.

7. **Who are the main ad agencies in Australia? Are they associated with one of the five major global advertising holding groups (WPP Group, Omnicom Group, Publicis Groupe, Interpublic Group, and Dentsu)? If so, which ones?**

- **WPP AUNZ LTD** (13.2%) – Group M, MediaCom Holdings Limited, Mindshare Media, Wavemaker Global Limited, Ikon Communications Pty Limited, Plista & Xaxis.
- **Interpublic Australia Holdings (5%) –** Universal McCann Worldwide, Inc, Initiative and IPG Rufus Pty ltd.
- **Omnicom Media Group Australia Pty Ltd. (7%)** – DDB Group, OMD, BBDO, PHD and Mango Communications.
- **Dentsu Aegis Network (8%)** – Carat and Vizeum.
- **Publicis Communication Pty Ltd (5%)** – Spark Foundry, Starcom Worldwide and ZenithOptimedia Limited.

Others:

- Nunn Media Pty Ltd (1%).
- The Media Store Australia (1%).

8. **Do any of these ad agencies have the ability to profitably raise prices or lower quality without losing advertisers in Australia?**

In general, ad agencies or their holding companies have very limited opportunity to manipulate price and quality without losing clients. As mentioned in response to Question 4, agencies face fierce competition from client in-housing and other agency groups. Agencies compete now, more than ever, based on price, and it is common for clients to switch agencies if they are not satisfied with the service being offered.

9. **Do any of the ad agencies' holding companies have the ability to profitably raise prices or lower quality without losing advertisers globally?**

Please see our Response to Question 8 above.

10. Who are the main suppliers of display advertising services in Australia?

The main suppliers of display advertising services in Australia are Google (YouTube), Facebook, Amazon, Reddit and large news websites such as news.com.au and nine.com.au

11. Do any of these suppliers have the ability to profitably raise prices or lower quality without losing customers in the market for display advertising services in Australia?

The walled gardens of Google and Facebook offer addressable first-party audiences at a scale which cannot be replicated by any other publisher in the open web. Combined with their ability to identify users in their logged-in environments (without having to rely on third-party cookies) and perform related advertising functions (granular targeting, frequency capping, conversion measurement), this results in Google and Facebook capturing the lion's share of ad spend. Were Google or Facebook to raise their prices or lower the quality of their services, advertisers could do little to respond. It should be noted that both Google and Facebook's walled gardens are "black boxes", to the effect that advertisers cannot independently verify whether there has been indeed a decrease in the quality of their services. Additionally, is seems to be the case that Google and Facebook are able to mark their own homework to the extent that almost all reporting on success metrics and attribution are provided to the customer by Google and Facebook themselves. There is little opportunity for external attribution and verification from third parties. It is in Google and Facebook's best interest to attribute as many sales as possible to the adverts they deliver, regardless of whether any other independent ad tech services played a part in the conversion.

The role and use of data

12. Who are the main competitors supplying the following data services in Australia? Please provide market share estimates wherever possible.

a) data management platforms Adobe, Lotame, Salesforce.

b) data brokers LiveRamp, Quantium, Experian.

c) data analytics services, and; Google Analytics, Adobe Analytics, Nielsen.

d) ad measurement and verification services. Moat, Integral Ad Science (IAS), DoubleVerify, Nielsen, Adform.

13. What types of data are of value to ad tech services providers? Do ad tech services providers and ad agencies use both personal and non-personal information?

Ad tech service providers utilize various types of data including user data, device data, contextual data and advertising data.

User data is utilized through the use of user IDs. Usually these are held within web cookies (in the case of web advertising), or unique device IDs such as Identifier for Advertisers (IDFA) for iOS and Android Advertising ID (AAID) for Android devices (in the case of app advertising). In general, we do not provide, transfer or share user data directly to our vendors (with the exception of Google). However, these vendors are able to extract data about users who visit our properties via their cookies and tags, or in the case of Google Accelerated Mobile Pages and Facebook Instant Articles, via their hosting and serving of the content delivery process.

In the case of cookies, each ad tech vendor uses a different User ID to identify the same user. As a result, ad tech vendors have to resort to a 'cookie syncing' process in order to recognize the user. For instance, a DSP bidding in the auctions of an ad exchange/SSP will receive as part of the bid request the User ID the exchange has assigned to the user (e.g., User ID = 123). However, the DSP identifies the user through a different ID (e.g., User ID = abc). Cookie syncing is a way for ad tech vendors to map each other's IDs and thus make it possible to identify users. However, cookie syncing is often inefficient as a process and is characterized by loss rates as high as 40%. That means that out of 100 users, the ad tech vendor will not be able to identify 40 of them.

The ability to identify users is of great importance to the ad tech eco-system, as it allows for the most fundamental advertising functions, namely targeting, frequency capping, conversion measurement and attribution. For the most part, user-based targeting is the primary targeting method.

Some browsers such as Firefox and Safari now ban the use of third party cookies for user identification purposes. This has had a large impact on the ability of advertisers to spend across those browsers, and as a result, publisher receive 45-65% less revenue for pages generated on those browsers. Most recently, in January 2020 Google announced they are to block third party cookies in Chrome within two years. This will effectively kill the third party cookie for all use cases, as Chrome is the dominant web browser, with a market share exceeding 50% in Australia (https://gs.statcounter.com/browser-market-share/all/australia). Without a feasible alternative to target users, this move will have disastrous effects on publisher advertising revenue streams. Even if publishers do have access their own first party data, which could be organized in a standardized manner to assist the buyers targeting, there is no real way to pass this information through the current RTB protocols, nor would this data be picked up and actioned upon by the DSPs. Publisher first data is currently a poor substitute for the targeting capabilities offered through user ID matches via third party cookies.

As a replacement to the third-party cookie, Google has proposed a series of Application Programming Interfaces (APIs) as part of its 'Privacy Sandbox' initiative, whereby user data will be stored to the browser and advertisers will have access only to aggregated insights. While it is still early to draw conclusions, an initial criticism of this solution is that, if successful, Google may have further monopolised the ad ecosystem by controlling ad targeting not only for Google buyers, but for almost all buyers across the open web. The 'Privacy Sandbox' also seems like a 'black box', and it is not clear at all whether it will be possible to verify that Google itself, as the provider of the browser, will not have access to the tracking signals. In any event, it should be stressed that Google does not rely on third party cookies to identify users in its walled garden. Diminished open web ad targeting capabilities play into the hands of Google, as its walled gardens become the relatively better option for advertisers wishing to target users.[6]

Ad tech providers also capture device data (e.g., device model, OS version, browser version), from the browser user agent, used for targeting and campaign optimization purposes.

Contextual data (data about the content of the webpage) can be gathered either from the page URL sent within the bid request to ad tech vendors in the context of RTB auctions, or from the automated scanning of the page utilizing third party verification vendors.

Finally, advertising data such as buyer, advertiser, advertiser vertical, price paid, and volume bought are also captured via ad tech intermediaries for reporting purposes.

14. Do different types of ad tech services use different types of data?

In general, there is overlap in the types of data available to, and utilized by, ad tech services. For example, DSPs and exchanges will both utilize some form of user ID in order to identity the user and match with existing data sets. Similarly, both DSPs and exchanges may use device and contextual data to filter requests, target campaigns and optimize bid prices. Some data will be provided to the DSPs and exchanges via third party verification vendors. Often, both DSPs and exchanges will utilize the same third parties to measure invalid requests, non-human traffic and brand safety levels.

It is worth noting however, that the majority of campaign targeting occurs at the DSP level. Advertisers usually do not require highly targeted segments to be created at the exchange or publisher level. The DSP will integrate with data management platforms and verification vendors in order to target the advertiser's campaign.

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[6] See also Damien Geradin and Dimitrios Katsifis, Taking a Dive Into Google's Chrome Cookie Ban (February 19, 2020). Available at SSRN: https://ssrn.com/abstract=3541170.

15. How is the data used to assist ad tech functions?

As mentioned earlier, user-based targeting is the primary targeting method, both across the open web and on walled gardens. The ability to match user IDs to first- and third-party data sets is important for the proper functioning of the ad tech services' targeting capabilities. Without this, advertisers will be operating 'blind', with significantly reduced ability to measure and target their ad spend.

Contextual data is gathered by ad tech services in order to understand the environment in which the advertiser's campaign will be shown. This allows ad tech vendors to block some pages if they deem the content to be non-brand safe.

Device and user agent data can be used in conjunction with other data such as time and location in order to assist with campaign targeting and identifying traffic sources, including non-human and invalid traffic.

Advertising data such as price paid or advertiser, can be utilized to optimize bids and flooring strategies within the ad tech services' algorithms, as well as providing reporting capabilities for the ad tech user.

16. Are any other participants in the data supply chain relevant to the supply of ad tech services or ad agency services?

No, the above description covers the relevant services. For reference, the primary participants across the data supply chain include:

Agency/Trading Desk – the team within the agency or advertiser that executes the media plan via the DSP technology. This team may also manage and utilize DMPs.

DSP – the technology that allows the buying of digital inventory across exchanges/SSPs. This technology will integrate with the verification vendors and DMPs.

SSP/Exchange – the technology that auctions the sale of digital inventory. This technology may integrate with verification vendors and DMPs.

DMP/Data provider – this technology facilitates first party data collection, management and sale, as well as providing third party data for purchase. This is utilized by agencies, DSPs, SSPs and publishers.

Verification – this technology provides information on ad viewability, brand safety, invalid traffic and non-human traffic.

17. For publishers:

a) What information do you need to make informed decisions about how to sell your display advertising inventory?

We sell our inventory primarily through two distribution channels – Direct and Indirect/Programmatic.

Direct is the traditional method of selling inventory and involves direct, manual negotiations with marketers, clients and agencies. Once agreement is reached, insertion orders are signed and creatives are supplied to our ad ops (advertising operations team). We then serve the campaign for the client via our ad server. Direct deals are often upper funnel campaigns that are of higher impact and yield higher CPMs for the publisher. Programmatic direct deals are a growing area within digital advertising and combines the control of traditional direct deals with the efficiency, targeting and reach of programmatic buying. It is generally the case that direct deals secure valuable ad inventory upfront, however, in doing so the buying method becomes less flexible than some programmatic alternatives. It's worth noting that the current events may drive advertisers to value flexibility, which will further reduce their interest in direct deals.

Indirect/Programmatic refers to the method of selling inventory indirectly through intermediaries, ad networks in the past but now primarily ad exchanges/SSPs. In its most popular form, called Real-Time Bidding or "RTB", indirect programmatic trading consists in running real-time auctions each time an individual impression is up for sale (i.e. each time a user visits our properties). RTB has made it possible to sell inventory on an individual impression basis and thus target individual users based on user data. On the other hand, it has introduced unparalleled complexity and leaves room for ad tech companies - chief amongst which is Google - to extract hidden fees.

Indirect/Programmatic has grown tremendously as a revenue stream for Daily Mail in recent years, and as such we apply significant resource to the technology choices and optimization processes that facilitate these transactions.

There are a number of factors that a publisher takes into account when assessing the effectiveness of their SSP/exchange partners:

- High CPMs, participation rates, win rates, revenue incrementality and overall revenue;
- Fast and reliable integration with client-side or server-side header bidding solutions;
- Implementation of brand safety technology to prevent malicious ads;
- Effective ad categorization and creative controls;
- Well-developed direct DSP integrations (and unique demand access);
- Low fees, and no hidden fees, to ensure a greater proportion of ad spend goes to working media;
- Buy side demand facilitation teams to assist with private market place deals;
- Advanced DSP throttling and request optimization technology.

Improvements in supply chain transparency could help the publisher make more informed decisions on choosing its SSP partners. Currently the main deciding factor is the participation rate (i.e. how often SSPs submit a bid back to GAM) and the net revenue generated for us. It would be beneficial for publishers and the end marketer to see all associated fees for a transaction. Additionally, as discussed in our response to question 48, there are challenges posed in understanding how the buy side are categorizing our content. It is hard for publishers to properly respond to changes in brand safety definitions when there is little transparency around how Google and third parties categorize our content. Often the only way to know when changes have occurred is to identity the resulting drop in revenue and work backwards to figure out the cause. This can be a tedious process as Google and third party measurement companies can be reluctant to offer help.

b) Do you have access to this information? If not, how does this impact your decision-making about how to sell your display advertising inventory?

Generally, we do have access to the information listed above. In the case of independent exchanges/SSPs, there has been a move towards more transparency in recent years, with the removal of buy side fees, and the ability for the SSP to share with the buyer the publisher negotiated revenue shares and fees.

Whilst in theory it is possible for any ad tech provider to extract additional/hidden fees, it seems that Google is best placed to do so. Due to their verticalized market position they control the full supply chain for a large percentage of open web display impressions. When an impression is won by a Google Ads advertiser, Google runs multiple consecutive auctions across differing pricing units (CPC vs CPM vs CPA): first it runs an internal auction among Google Ads advertisers, where advertisers typically compete on a CPC basis. Then Google Ads participates in a second auction, where – after the introduction of the Unified Auction in 2019 – it competes with Authorized Buyers (DSPs and ad networks integrated with AdX), Open Bidders (third-party SSPs that connect to GAM through a server-side integration),[7] and the winning header bidding bid on a CPM basis.[8] Google may take advantage of the consecutive auctions and the pricing unit translations they involve (e.g., translating the CPC bid of a Google Ads advertiser to a CPM basis for the Unified Auction) in order to extract additional margin, hidden from the

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[7] Open Bidding was originally called "Exchange Bidding in Dynamic Allocation", and then "Exchange Bidding". For an explanation of the feature in its current form, see https://support.google.com/admanager/answer/7128453?hl=en. If an impressions is won by a third-party exchange participating in Open Bidding, Google charges publishers a 5%-10% fee.

[8] Before the rollout of the Unified Auction, Google would run three consecutive auctions. In the first place, Google Ads would run its internal auction among advertisers. In the second place, Google Ads would compete against other DSPs / ad networks in an auction organized by Google AdX. In the third place, Google AdX would compete against third-party SSPs and the winning header bidding bid within the context of Exchange Bidding. With its Unified Auction, Google merged the last two auctions, but Google Ads still runs a separate internal auction.

advertiser and the publisher, as noted by the CMA.[9] For instance, Google Ads may simply submit a bid in the Unified Auction which is lower than the bid of the advertiser that won the Google Ads auction, and thus keep the difference. To put it in a nutshell: the advertiser knows only how much she spends on Google Ads, and the publisher knows only how much GAM's Unified Auction yields. Neither party has visibility into what happens between Google Ads and GAM.

Greater access to information regarding fees may allow publishers and advertiser to better agree on the most efficient routes for their ad spend ensuring that more of the advertiser's budget is spent on working media rather than the 'ad tech tax'. It should be noted however, that ad tech services that are coupled with valuable data are in a unique position to maintain usage and adoption rates regardless of the transparency levels that they provide. For example, Facebook, Amazon and Google own data that is of such great value to advertisers that the 'black box' approach does not deter them from using their service.

c) Who controls access to this information?

For the most part, access to this information is controlled by the ad tech provider. In some cases, there are additional technical limitations that may contribute to the overall opaqueness. For example, measuring the true ad tech tax across a supply chain made up of multiple independent ad tech providers poses the challenge of tracking a given impression across separate systems.

18. For advertisers and ad agencies:

a) What information do you need to make informed decisions about how to buy display advertising inventory?

N/A.

b) Do you have this information? If not, how does this impact your decision-making about how to buy display advertising inventory?

N/A.

c) Who controls access to this information?

N/A.

Pricing transparency

Ad tech services

[9] CMA Interim Report, paragraph 5.195.

19. For publishers:

a) Are you able to easily determine the price at which your inventory is sold and the difference between the sale price of your ad inventory and the revenue you receive?

For the end auction held within the ad exchange/SSP we do know the difference between the price sold and the revenue we receive. In most cases we hold contractual agreements clearly outlining the ad exchange's/SSP's fee.

Usually this fee is a fixed rate on each impression, for example, independent exchanges may take a fixed 12% revenue share on each impression they sell. In the case of Google, given their ownership of the ad server, they are able to change their revenue share on a per impression basis to assist them with beating out other non-Google demand. This functionality is known as 'average revenue share' within GAM, and it allows the revenue share to change on each impression, as long as it averages the contracted revenue share over the calendar month.

The following highly stylized example helps illustrate this tactic of Google. Assume that Google has a contracted revenue share of 15% and competes with an independent exchange with a contracted revenue share of 12%. Exchanges in Open Bidding compete against each other on the basis of their *net* bids, i.e. after their revenue share has been subtracted from the bids. That means that when submitting the same bid (e.g., $ 1.00 CPM), the exchange with the lower fees should win (in our example, the independent exchange should win, since its net bid would be $ 0.88 and Google's net bid would be $ 0.85). However, Google may use the 'average revenue share' functionality to outbid the independent exchange. When bidding $ 1.00 CPM for a particular impression, Google may drop its revenue share to 10%, resulting to a net bid of $ 0.90 CPM, thus outbidding the independent exchange. Google may then adjust its revenue share to a higher level when bidding for future impressions (e.g., when it faces less or no competition from other exchanges and thus there is no risk of losing due to its higher revenue share) so that on average its revenue share will be the contracted 15%.

It should be added that the ad server log-level files that Google provide only show net prices, so again, there is no way the publisher may understand Google's true revenue share on each impression.

Importantly, whilst we know the revenue share across the exchange auction, we have no visibility into the price paid by the advertiser through their buy side technology. For example, with Google Ads or Facebook Audience Network, we do not know, nor are we able to estimate, the price that the end advertiser paid for the impression. This gives the ad tech vendor the ability to extract additional margins, as explained in more detail in our response to Question 17(b).

b) Can you easily compare the price and quality of services being offered by supply-side ad tech services providers? If not, what is preventing you from being able to make this comparison?

It is becoming easier to compare the services offered by independent SSPs, largely due to the commoditization of their offerings. With no real unique demand running across their exchanges, they can no longer claim to offer access to untapped demand sources, and so some exchanges attempt to retain customers based on price of service. There are still some unknown aspects such as their DSP billing terms and the true performance of their buy side optimization tools. Ultimately in order to best compare their services we simply test them and look at revenue, incrementality and participation rate.

For the case of Google, a direct comparison to other SSPs cannot be made. Google are integrated with the ad server, so can offer tools and functionality not afforded to their competitors. Google take the largest exchange fee that we are aware of, not to mention to additional fees extracted across their Google Ads offering as discussed in our response to Question 17(b). Publishers accept the Google AdX exchange fee as it is the only way to access the unique Google demand.

c) How does the availability of pricing information affect your ability to maximise the profit generated from your ad inventory?

As discussed earlier, we do have information on the pricing across our SSP/exchange partners. This information is known to the publisher, but not always known to the advertiser, and vice versa, the DSP pricing is known to the advertiser, but not known to the publisher. There is thus an informational gap between the publisher and advertiser as to the most efficient route for their ad spend, and unfortunately there is no feasible solution to that problem. Knowing our exchange fees does allow us to make some decisions to channel spend through specific routes. For example, when setting up private marketplace deals or programmatic direct deals we can choose platforms that will offer us the best rates.

In some cases we could, and have, switched vendors to maximize our profit generated from our inventory. Of course, there are some services which are 'must-have', such as Google AdX (now part of GAM). In these cases pricing information has little impact on our decision to utilize the service.

20. For advertisers and ad agencies:

a) Can you easily compare the price and quality of services being offered by each demand-side ad tech service provider? If not, what is preventing you from being able to make this comparison?

N/A.

b) Are you able to easily determine how much of your total ad spend is being retained by ad tech services providers?

N/A.

c) How does the availability of pricing information affect your ability to optimise your ad spend and seek out the most competitive offers for ad tech services?

N/A.

21. For ad tech services providers:

a) What information do you provide to your customers? E.g. pricing information, information on any other sources of revenue, metrics about the services you have provided.

N/A.

Ad agency services

22. For publishers:

a) What types of discounts, rebates, or benefits do you give to ad agencies?

[CONFIDENTIAL]

b) What information do you have regarding how these are passed on to advertisers?

As mentioned in response to Question 4, publishers are provided with little transparency around the agreements between agencies and their advertisers/clients. We usually do not have information on how any discounts and benefits are passed back to the client when we are negotiating our agency partnerships.

23. For advertisers:

a) How are ad agency fees calculated?

N/A.

b) How much information do you receive from ad agencies regarding any discounts, rebates or benefits they or their holding companies receive from publishers?

N/A.

c) Does the use of ad agencies increase or decrease your visibility over the fees charged throughout the ad tech supply chain?

N/A.

d) Do you have a complete understanding of the revenues received by ad agencies?

N/A.

24. For ad agencies:

a) How are ad agency fees calculated?

N/A.

b) What types of discounts, rebates, or other benefits do you receive from publishers? How are these discounts, rebates or other benefits calculated by publishers?

N/A.

c) Do any other market participants give any discounts, rebates, or benefits to ad agencies?

N/A.

d) How are any discounts, rebates or other benefits passed on to advertisers? What information do you provide to your customers about how these discounts, etc. are passed on?

N/A.

e) What other information do you provide to your customers? E.g. metrics about performance of purchased programmatic advertising?

N/A.

Auctions and bidding processes

25. Are there any features or aspects of current auction or bidding processes that you consider may have the potential to preference any particular supplier of ad tech services? If so, please provide examples.

Across independent ad tech there are few opportunities to abnormally benefit from the auction or bidding process. Google, on the other hand, is able to benefit from the auction process within the ad server in a number of ways.

Dynamic allocation – this feature, introduced as early as 2010, has been modified over the years in response to industry developments.[10] But the goal, and result, of the underlying functionality has always been the same: to allow Google to win more inventory at the lowest price possible. In general, Dynamic Allocation gives Google 'last look' across the ad server to decide if Google wishes to submit a bid, after all other non-Google demand has submitted their bids in header bidding. Post Google's Unified Auction rollout, Google states it does not allow

[10] For a detailed examination, see Damien Geradin & Dimitrios Katsifis (2019) An EU competition law analysis of online display advertising in the programmatic age, European Competition Journal, 15:1, 55-96,DOI: 10.1080/17441056.2019.1574440; Competition and Markets Authority, "Online platforms and digital advertising", Market study interim report, Appendix H, available at https://assets.publishing.service.gov.uk/media/5dfa172240f0b6217b108351/Appendix_H2.pdf

AdX to have 'last look', however there is no way for a publisher to verify this.[11] Dynamic Allocation allows Google to compete not just with other indirect/programmatic line items, but also across direct deals (this functionality was added in 2014). Details of the current feature can be found here: https://support.google.com/admanager/answer/3721872?hl=en.

Unified Pricing Rules– this feature was rolled out to stop publishers from applying price floors to Google demand that are higher than price floor across any non-Google demand. Prior to this change, publishers were free to set higher floors across Google AdX and Google Ads demand vs other non-Google demand. This put pressure on Google to pay more in order to win the impression. This is no longer possible. By rolling out Unified Pricing Rules Google has allowed themselves to purchase significantly more ad volume across Daily Mail at lower CPMs. Details of the current feature can be found here: https://support.google.com/admanager/answer/9298008?hl=en.

Minimum bid to win – this feature was rolled out within the context of Google's switch to a Unified Auction in order to assist Google's buyers with bid shading within a first price auction environment. Bid shading is a process where buyers reduce their bids (in a world where second price auction bid reduction does not occur), in order to pay the lowest possible price. After an auction for an impression concludes, Google informs Authorized Buyers and Open Bidders what the minimum bid to win the auction would have been. This information can be used to optimize future bids. Non-Google buyers participating in header bidding do not have access to this information, and as a result advertisers may be incentivized to shift their ad spend to Google-controlled channels (Authorized Buyers, Open Bidding), as the CMA observed in its Interim Report.[12]

26. Do you consider auctions and bidding processes to be run fairly for all market participants?

No. Google have full visibility in the ad server, including the pricing information for our direct sold deals and all other non-Google demand. Over the last 10 years Google has regularly developed new functionality within the ad server that can give preference to its own exchange or DSP. Please see also our response to Question 25 above.

Google has also built in advantages within their AMP pages that allows their demand to win more easily over non-Google demand. Users increasingly access online content through mobile

[11] See also Damien Geradin & Dimitrios Katsifis (2020): "Trust me, I'm fair": analysing Google's latest practices in ad tech from the perspective of EU competition law, European Competition Journal, DOI: 10.1080/17441056.2019.1706413, and in particular pages 24-36.

[12] CMA Interim Report, paragraph 5.224. See also Damien Geradin and Dimitrios Katsifis, Online Platforms and Digital Advertising Market Study: Observations on CMA's Interim Report (February 13, 2020), available at SSRN: https://ssrn.com/abstract=3537864, pages 8-10.

search engines. Google's mobile search-results page includes a "News Carousel", which is a rolling banner at the top of the page that features news stories in response to a user's query. Placement within the News Carousel is critical for any major online news publisher. [CONFIDENTIAL] Online news publishers therefore must comply with News Carousel requirements. Of particular relevance here, Google permits News Carousel access only to mobile websites that implement the AMP format. If a publisher wishes to maximize their traffic from mobile search, they need to adopt to Google AMP pages.

The serving of content and ads within AMP pages is controlled by Google. Unlike mobile web or mobile apps where the publisher has control over the environment, with AMP pages it is Google that controls the environment. Soon after the release of AMP, Google banned client side header bidding within AMP pages. Client side header bidding was arguably the most significant independent ad tech development of the last 5 years as it allowed non-Google demand to efficiently compete in real time against Google demand within the ad server. It is not unusual for publishers to run 8-12 client side header bidders across web to compete against Google.

In late 2017, Google eliminated client-side header bidding on AMP pages and introduced a new system called "Real-Time Config" ("RTC")[13]. RTC allows publishers to access real-time demand from up to only five non-Google demand sources[14]. However, all non-Google exchanges in RTC suffer from "user sync" (*e.g.*, "cookie matching") difficulties that make it harder for the exchange to identify the end user. Because of AMP's design, AdX does not suffer user-sync losses. We should note that publishers also could use Exchange Bidding rather than RTC to reach non-Google demand sources; but there, too, rivals are hampered by cookie-matching problems. As a result, AdX is the only exchange that operates at full capacity on an AMP page. To access that demand, publishers must use GAM. As a result, Google has historically won a greater share of publisher impressions across AMP vs web.

27. How does the ad tech supply chain differ (if at all) for display ads served on desktop browsers, mobile browsers, and mobile apps?

Across desktop browser and mobile browsers there is little difference in the way display ads are served. Whilst the core principles of RTB across browser and app are the same, there are some differences in the way display ads are served. The main difference concerns the way users are identified. As explained above in our response to Question 13, in the case of browsers the User ID is stored in a (typically third-party) cookie, which will expire after a set amount of time, or when the user closes the browser (in the case of incognito browsing). Third-party

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[13] *See* PreBid, *Accelerated Mobile Pages Support*, http://prebid.org/formats/amp.html

[14] *See* Google Ad Manager Help, *Fast Fetch Rendering*, https://support.google.com/admanager/answer/7679674?hl=en

cookies are not persistent identifiers in that they can easily be cleared by the user. In addition, Safari and Firefox – and soon Chrome – block third-party cookies, thus creating a 'blind spot' for advertisers.

In the case of apps, on the other hand, users are identified through device IDs (IDFA and AAID for iOS and Android respectively), which are far more persistent and not often reset by the user, meaning they are more accurate and reliable.

Ad blocking is far more widely adopted across browser than apps, especially across desktop. This can account for 15-30% of a publisher's revenue across desktop.

There are some counting methodology differences across browser and app. On browsers, a paid impression is usually measured when the ad is downloaded and rendered onto the page, regardless of whether the ad is scrolled into the viewport. On apps, it is the case across the largest exchanges that a paid impression is only counted when the ad is scrolled into the viewport.

Finally, across the web, most ad tech providers can function properly through a simple tag, whether that is loaded via the ad server or directly on the webpage. For apps it is often the case that SDKs (software development kits) are needed to be integrated into the app by the publisher and then downloaded by the end user (usually during an app update) for the ad tech service to function properly. This requires far more investment to set live a new ad tech provider across app than it does on web.

28. How does the ad tech supply chain differ (if at all) between real-time bidding, programmatic direct, and private marketplace transactions?

RTB technically facilitates private market place (PMP) and open market place (OMP) transactions, and some programmatic guaranteed deals. All of the above may require per impression level targeting, in which case real time decisioning in the form of RTB is required. OMP and PMP technically transact using the same RTB protocols. The main difference is that a PMP deal will contain a 'Deal ID' within the bid request. This ID signals to the buyer that the impression for sale has specific desired attributes. Some programmatic guaranteed deals are purchased upfront and the decisioning is managed by the ad server rather than the bidder. The key to a successful programmatic direct ad tech offering is visibility into the ad server. Without this, the ad tech provider facilitating the programmatic direct deal cannot accurately forecast the publisher's inventory levels and reservation capacity. Google programmatic direct can leverage its forecasting capabilities as the ad server, and as such, has seemed to have gained the most traction as the provider of programmatic direct services.

29. For advertisers and ad agencies:

a) What types of information would assist you to decide whether and how much to bid in an auction for display advertising inventory (e.g. number of bidders, final auction price, other bids, etc.)?

N/A.

b) Do you have access to this information? If not, how does this affect your ability to bid effectively?

N/A.

Mergers and acquisitions

30. Have any mergers or acquisitions provided suppliers with the ability to profitably raise prices or lower quality without losing customers, or made it more difficult for new companies to enter the market? If so, which ones?

Yes. Over the past decade, Google has monopolized the ad tech ecosystem through a series of acquisitions, starting with the acquisition of DoubleClick.

Google acquired the leading publisher ad server from DoubleClick in 2007. Google controls 90% of the publisher ad server market, meaning they can influence what demand can win across publisher inventory. The ad server is the end decisioning mechanism that determines what ad is shown.

Google acquired AdMob, one of the leading mobile app ad platforms in 2009. AdMob has grown to become the largest in-app monetization platform.

Google acquired Invite Media in 2010 and renamed it to DoubleClick Bid Manager (now known as DV360). This is the largest DSP, and controls (along with Google Ads) exclusive access to YouTube supply. YouTube is the largest pool of video supply across the internet, and so acts as a strong incentive for buyers to adopt DV360 to run their ad campaigns. In 2015 Google decided to cut off independent ad tech providers such as App Nexus (now known as Xandr) or Tube Mogul from accessing YouTube inventory.

Google acquired AdMeld in 2011 and integrated it into Google AdX, now the largest exchange. In 2019 Google fully merged Google AdX with their Google Ad Manager, rolling out a number features to further assist Google AdX's win rate within GAM, such as Unified Pricing rules.

In owning the largest DSP, the largest exchange and largest ad server, Google has unique end-to-end control of the ad tech supply chain. This enables Google to charge hidden fees across the chain (through e.g., running multiple consecutive auctions) with publishers or advertisers having no visibility.

31. Has competition, or potential competition, in the supply of ad tech services been impacted by:

a) acquisitions of start-up companies

b) acquisitions of new technology

c) mergers or acquisitions between companies at different levels of the ad tech supply chain? If so, please describe how.

Please see our response to Question 30 above.

Supplier behavior

Vertical integration

32. What is the extent of vertical integration throughout the ad tech supply chain? Has there been a trend towards more or less vertical integration over time?

There has been a trend to more vertical integration over time.[15] The prime example would be Google, which through a series of acquisitions over the years (DoubleClick, AdMob, AdMeld, Invite Media) has built a fully verticalized position. For example, the Google supply chain includes (simplified view):

- Google Campaign Manager (advertiser ad server)
- Google Analytics
- DV360 (demand-side platform for enterprise users)
- Google Ads (demand-side platform for small users)
- Google Ad Exchange (now part of GAM) (supply-side platform)
- Google AdMob (ad network focused on app inventory)
- Google Ad Manager (publisher ad server)
- Google Cloud Services (including BigQuery) – data warehousing proposition

Other examples of vertical integration include Oracle acquiring Moat and Grapeshot, Rubicon merging with Telaria, and most recently Taboola merging with Outbrain.

33. What are the potential benefits and risks of a more vertically integrated ad tech supply chain? Please provide estimates and examples wherever possible.

Vertical integration by ad tech intermediaries through ownership of exchanges, ad servers, DSPs, DMPs and analytics, should, in theory result in a number of advantages, including ease of use, reduced fees, improved supply chain visibility and improved data/user matching.

[15] See also CMA Interim Report, paragraph 5.184.

At the same time, the vertically integrated operator may engage in leveraging practices. For example, Google has used the ad server's key role in selecting how ad inventory is filled to favour its own exchange vis-à-vis competing exchanges through Dynamic Allocation and most recently, Unified Pricing Rules and Minimum Bid to Win, as explained earlier. Google has also used Google Ads to benefit GAM/AdX, in that Google Ads demand is accessible only to publishers using GAM/AdX. Conversely, Google has used its unique video inventory in YouTube to favour Google Ads/DV360, in that advertisers wishing to buy YouTube inventory have to use Google services.

Finally, vertical integration may in fact lead to less transparency and present opportunities for arbitrage. For example, Google's unique end-to-end vertical integration ensures that any extra margin it extracts through the execution of multiple consecutive auctions and pricing unit translations (as explained earlier in our response to Question 17(b)) can never be discovered by publishers or advertisers.

34. Are any market participants tying or bundling their vertically integrated services along the ad tech supply chain, or preferencing their own ad tech services over those of their competitors, in a way that affects your ability to compete in markets for ad tech services?

N/A.

35. Are any market participants engaging in behaviour that serves their own interests rather than the interests of their customers?

Google is able to engage in behavior that serves their own interests rather than the interests of the customer. As described earlier in our response to Question 25, Google partakes in a wide variety of self-preference practices. From the tying of Google demand and supply to Google products, to the manipulation of the auction process to favor their own demand, Google over the past decade, has continually and unashamedly shown themselves to leverage their vertically integrated position to their own benefit.

In terms of independent ad tech, it is more difficult to do so. In recent months however, there has been a growing trend around independent ad tech leaving the market and defaulting on payments owed. As such, sequential liability clauses have been pushed by the ad tech providers onto the publishers. This then leaves the opportunity open for independent ad tech to leverage the opaqueness around their DSP invoicing terms to their benefit. Some exchanges seem to allow more risky DSP invoicing terms in exchange for greater levels of DSP spend, knowing they can pass any payment issues through to the publisher should that occur.

Policies related to data collection

36. Are there any terms and conditions regarding data collection, management and disclosure that impact your ability to compete in markets for ad tech services and ad agency services?

N/A.

37. Are you aware of any ad agencies engaging in conduct that prioritises their own interests over the best interests of their advertiser clients?

38. Are you aware of any ad agencies not passing on discounts they receive or buying ad inventory at one price and selling it for a higher price?

Impact on competition in the market for display advertising

39. For publishers:

a) What proportion of your display advertising inventory do you sell programmatically? What proportion do you sell by direct negotiation with advertisers?

[CONFIDENTIAL]

b) What proportion of your advertising revenue is derived from selling display advertising inventory via:

i. Google Display Network?
[CONFIDENTIAL]

ii. Facebook Audience Network?
[CONFIDENTIAL]

iii. other third party ad exchanges? (and which ones?)
[CONFIDENTIAL]

40. For advertisers and ad agencies:

a) What proportion of your display advertising budget is spent programmatically?

N/A.

b) Do you use ad agencies to manage your display advertising spend? If so, what proportion of your spend is managed by ad agencies?

N/A.

c) What proportion of your advertising expenditure is spent on advertising inventory from:

N/A.

i) Google-owned platforms (e.g. YouTube, Gmail)?

ii) third-party publishers on Google Display Network?

iii) Facebook-owned platforms (e.g. Facebook, Instagram, WhatsApp)?

iv) third-party publishers using end-to-end ad tech services such as Facebook Audience Network or Taboola?

v) third-party publishers on other ad exchanges?

(b) <u>Relationships between suppliers and customers</u>

41. Are you aware of any restrictive clauses in contractual arrangements that affect your ability to use alternative suppliers of ad tech services, ad agency services, or display advertising services?

Across independent ad tech services, there are no major restrictive clauses in contractual agreements. In some cases we will voluntarily offer exclusivity to a specific provider in exchange for a global revenue commitment.

As regards Google, they do not contractually restrict us from using alternative products, but the way their products are integrated (e.g., Google Ads being accessible only through AdX/GAM) it becomes unfeasible to do so in many cases. In not utilizing Google's ad server we cannot properly access Google Ads demand, which is the largest pool of unique demand across the open web. It is financially not viable to utilize any ad server other than Google Ad Manager. As discussed in response to question 26, it is not viable from a search traffic perspective to not run Google AMP pages, as Google search preferences AMP.

Ad tech services

42. How are the contractual arrangements negotiated between ad agencies, suppliers of ad tech services and suppliers of display advertising?

[CONFIDENTIAL]

43. Can individual advertisers or publishers negotiate with ad tech services providers (including with Google)?

The ability to negotiate favourable terms in our commercial relationships with intermediaries varies considerably according to the bargaining power of our partner. Outside of revenue,

intermediaries will also negotiate term length, and service level requirements (such as man hours, first to market opportunities, development resource etc.).

Negotiations with SSPs typically address the following issues:

- Revenue shares: usually different for open auction vs private marketplaces vs programmatic direct. Our ability to negotiate depends on the partner. For instance, Google offers very little flexibility, while other SSPs (e.g. Rubicon) have offered us tiered revenue shares according to thresholds.
- Sequential liability in the case the buyer fails defaults on its payment towards the SSP.
- Invalid traffic clawback: Google typically utilises its own in-house invalid traffic measurement tool which is non-negotiable, whereas non-Google DSPs will usually utilise some MRC accredited vendor.
- Access to data: occasionally we can include clauses in the contract that the SSP will provide us with event-level data. We receive the "won bids data" from AdX and Exchange Bidding at the moment but not the losing bids.

We have little flexibility when negotiating with Google and Facebook. Their contracts are drawn up to standardized templates and the representatives negotiating them have little latitude to change terms for particular partners.

A small exception is ad serving fees, as Google has agreed to charge us for the use of DFP (now Google Ad Manager) a lower rate per thousand ads served than other publishers. The significance of this exception is quite limited, however, given that ad serving fees are in any event immaterial across the industry and represent a minuscule portion of the 'ad tech tax'. Other than that, there is no way to achieve better revenue shares or more demand flowing through Google's programmatic pipes

44. What are the relationships between global advertising companies and their Australian subsidiary ad agencies?

N/A.

45. What relationships are there between ad agencies and their own trading desks? Do ad agencies preference their own trading desk?

N/A.

46. Do ad agencies preference publishers who give them free inventory?

N/A.

(c) Satisfaction of market participants

47. Are ad tech services, ad agency services, or display advertising services being provided to your satisfaction? Please provide reasons for your answer.

In general, we are satisfied with the services offered, however we do have concerns across areas of measurement, transparency and ad blocking that causes significant lost opportunity for news publishers.

Some ad tech services provide the ability to measure and block content depending on brand safety criteria.

This is something that has gathered momentum since Spring 2017, when advertisers staged a revolt against Google after discovering that programmatic buying could result in their ads being served against highly inappropriate content, such as ISIS terror videos.

The market for brand safety vendors has grown in recent years, yet there is still no real standardization, with all vendors working with slightly different definitions of brand safety.

It is not simple to use technology to accurately identify non-brand safe content. Brand safety vendors are under high pressure from their customers to avoid areas which are not brand safe and so they often apply wide reaching definitions to avoid any instances of brand safety violation. This hurts advertiser performance by artificially and 'blindly' restricting overall supply of publisher inventory. It also damages reliable journalism because advertisers may choose to avoid causing offence to any customers by refusing to place ads against, for instance, any content including the keyword 'politics'.

This issue was further brought to light recently when discussed in mainstream news articles.[16] Ad tech services continue to block ads by default appearing against 'Coronavirus' and 'Covid 19' content, making it difficult for publishers to generate any profit for delivering public interest journalism around the Coronavirus pandemic.

48. Are you satisfied with your ability to independently verify the brand-safety and viewability of display ads?

Google imposes 'black box' ad quality metrics across its ad tech stack ranging from brand safety to viewability. We are informed that these metrics are a combination of technology scanning and human review, however results seem erratic and thus difficult to comply with. Non-Google ad quality vendors are more open in testing with us to improve our ad quality

[16] See e.g., Patience Haggin and Sahil Patel, "Companies Avoid Advertising Next to Coronavirus News", *The Wall Street Journal*, 1 April 2020, available at https://www.wsj.com/articles/companies-avoid-advertising-next-to-coronavirus-news-11585738804.

ratings and in describing to us how their technologies function. For example, we have run tests and implemented measurement changes with various non-google ad quality vendors to improve our scores.

Additionally, Google's vertically integrated position across the supply chain means they can dictate varying levels of inventory blocking for brand safety reasons on the demand side and supply side, leading to inconsistent outcomes and revenue losses. For example, DV360 has historically rated our websites using "Digital Content Labels" with a 'mature' (M) or 'teen' (T) score.[17] Even after Google fixed the restrictive "Digital Content Labels" rating, we find that new "Sensitive Category" blocks become active, once again bluntly restricting our supply from receiving advertiser demand. Additionally DV360 offers URL and keyword blocking that can be combined with "Digital Content Labels" and "Sensitive Category" blocks. With so many overlapping definitions on brand safety filtering it is difficult for even Google themselves to properly understand and give explanation around the impact of the blocking. On the other hand, it is often the case that Google blocks entirely certain sections of our site from AdX demand citing poor brand safety. That cuts our access to *all* DSPs buying through AdX as well as to Private Market Places and Programmatic Guaranteed.

Viewability, in general, is less of a problem, but we do still have measurement discrepancies that cause us issues occasionally. We pay to access some independent ad tech verification tools to see how we are being measured, however, we do not have access to all tools used by the buy side, nor will these measurement companies be forthcoming in assisting us unless we begin a paid contract with them.

49. Do you consider any aspect of ad tech services to be involved in facilitating the digital distribution of scam ads?

In general, we feel the ad tech ecosystem has improved over recent years in the way that it combats rogue ads and scam ads. Rogue buyers deliberately attempt to avoid detection in order to place their misleading or malicious ads, however new technologies (such as Confiant and AdLightning) have been developed to scan ads that are being served across the web and block these bad creatives. We should note that utilizing scam ad detection technologies does come at a cost to the publisher, we pay monthly for these services.

No system is immune to inadvertently facilitating the delivery of rogue and scam ads; it impacts both independent ad tech as well as Google and Facebook. Due to the scale of Google and Facebook's networks, we do believe more could be done by them to protect publishers and

[17] DV360 adopted a rather crude approach, in that it categorized inventory at the domain level, meaning there was no granularity of channels. As a result, concerns over safety of "news content" could have a negative impact on extremely safe channels such as sports, travel, science. Because DV360 categorized all of our inventory as Teen or Mature, the demand for and Cost-Per-Milles paid for were lower and we missed out on the buyers who target exclusively inventory classified as G or PG.

users from scam ads. Google and Facebook have done a great deal of work to detect and block content, specifically to protect large brand advertisers from appearing against content which they believe not to be brand safe. But this is all about protecting business interests, and the platforms do not appear to give such a priority to protecting the public from bad ads.

We have seen recent examples of ads served via Google and Facebook's self-serve ad networks that can 'swap-out' the declared landing page to avoid detection. These ads falsely represent reputable news websites, and will send the users to pages that replicate the look of legitimate sites, but will instead attempt to sell various financial products such as cryptocurrency investments.

The reason we highlight Google and Facebook here is because independent ad tech usually does not source demand from self-serve platforms - in their case the ad creatives are uploaded via ad agencies working to professional standards, rather than by individuals or small businesses, as is the case with Google and Facebook.