

facebook

ACCC Advertising Services Inquiry

**Supplemental submission to the ACCC's Issues
Paper consultation**

24 July 2020

Executive summary

Facebook supports the ACCC's inquiry into the supply of digital display advertising technology services and digital advertising agency services (the **Inquiry**) – to assist the Government, advertisers and the public to understand in greater detail how the online advertising ecosystem works.

Digital advertising has changed the way advertising works. It has opened up the opportunity for advertisers to engage in new ways of targeting that were not previously possible and provide more relevant ads, which has benefitted both consumers and advertisers. Consumers are far more likely to see ads that are of interest to them and, conversely, see fewer ads that are less likely to be of interest. Advertisers can also be more targeted and efficient in their ad spend. New data indicates a more than 50% drop in publisher revenue when we compared personalised ranking to non-personalised ranking.¹

Advertisers can reach customers locally and internationally at a lower cost than was previously possible, can communicate one-to-one with consumers, and, importantly, have access to a wide range of tools so they can measure ad performance in real time and switch between advertising channels to achieve the highest return on investment. Advertisers are able to pass on the benefits of lower costs, increased efficiencies and greater accessibility to consumers in a way which has not previously been possible.

For business owners across the country, who are adapting to COVID-19, these benefits will be more acute as digital advertising will likely provide a strong channel for sales and potential growth. The Future of Business Survey is an ongoing collaboration between Facebook, the World Bank, and the OECD which surveys SMBs globally on Facebook biannually. It recently commenced a monthly survey of business operations in the context of COVID-19 to capture the impacts of the pandemic on the financials of, and challenges for, SMBs, as well as adjustments being implemented in response to the crisis. The first survey, released last month, found that 43% of operational SMBs on Facebook report 25% or more of their sales were made digitally in the past month.²

There is also a growing evidence base that Australian small businesses that leverage digital platforms such as Facebook are more likely to export earlier in their life cycle than traditional businesses.³ This benefit will be incredibly valuable as the Australian economy continues to recover from the impact of COVID-19.

Given the important role that digital advertising will continue to play in Australia's increasingly digitalised society and economy, it is important that the Inquiry has an accurate foundation from which to assess the digital advertising ecosystem in Australia and each participant's role in that ecosystem. Facebook represents only a small part of this diverse and expanding advertising ecosystem, and yet we are concerned that there are several misconceptions contained in submissions to the Issues Paper about our role in the advertising ecosystem. The purpose of this submission is to correct those misconceptions and ensure that the ACCC has the information it requires to properly assess the digital advertising ecosystem.

¹ <https://developers.facebook.com/blog/post/2020/06/18/value-of-personalized-ads-thriving-app-ecosystem/>

² <https://dataforgood.fb.com/global-state-of-smb/>

³ See for example: <https://www.facebook.com/business/news/the-connecting-benefits-report>; and alphaBeta Australia, "Economic Impact Evaluation: Buy From The Bush", available at: https://scontent.fsyd7-1.fna.fbcdn.net/v/t39.8562-6/103231243_1138935786486937_6113880439327761869_n.pdf/PDF_BuyFromTheBushReport_Download_Link.pdf?nc_cat=105&nc_sid=ad8a9d&nc_ohc=RjcEkxIVSI8AX-vep6Y&nc_ht=scontent.fsyd7-1.fna&nc_log=1&oh=f5465a87bb07607df28f861d35745890&oe=5F3F4B0F, June 2020.

There are five key misconceptions that have arisen in this Inquiry that have the potential to lead to erroneous recommendations, if not corrected at this stage.

1. Misconception #1 – Facebook is vertically integrated in the ad tech stack

We are not vertically integrated in the ad tech stack.

This was recognised by the ACCC in the Digital Platforms Inquiry Final Report (**DPI Final Report**) after a detailed and in-depth 18-month market inquiry.⁴

Contrary to some submissions in response to the Issues Paper,⁵ we play a very limited role in the ad tech stack, particularly when compared to other more prominent players such as Google and Amazon. Our offerings in the ad tech supply chain are limited to supplying third party publishers with a source of demand for advertising inventory on their platforms through the Facebook Audience Network (**FAN**). In this context, we act only as an ad *network*, providing a competing source of demand alongside a number of large and established players (such as Google AdSense and Google AdX, AppNexus, OpenX and Rubicon Project, among others). FAN represents a very small fraction of the demand sources for third party publishers in Australia.

2. Misconception #2 – Facebook contributes to concerns about transparency in the ad tech stack

A number of the submissions to the Issues Paper raise concerns with transparency in the ad tech stack, both for advertisers and publishers. Despite some suggestions to the contrary,⁶ to the extent there are transparency issues in the ad tech stack, these are not exacerbated by our limited role.

We are committed to transparency in our engagement with advertisers and publishers. We offer an array of tools for advertisers, at no extra cost, to measure the effectiveness of their advertising on Facebook and to inform their decisions as to when and where to advertise, both on Facebook and on non-Facebook platforms. The tools we offer include self-service tools, independent third-party metrics for ads on Facebook and other measurement tools.

Greater transparency and effective measurement tools are important to enable us to compete for a business's advertising budget. In other words, in this fiercely competitive market for advertising services, greater transparency and effective measurement tools help us to stay competitive. This is why we welcome proposals aimed at improving standards in cross-platform measurement and third-party verification in order to enable advertisers to effectively measure the success of their campaigns across different advertising media, including online and offline channels.

3. Misconception #3 – Facebook forces data sharing

There are claims that Facebook plugins (including the 'like' and 'share' button) amount to forced data sharing.⁷

This is not the case. It is optional for advertisers and publishers to use Facebook plugins, and the use of plugins is neither mandatory nor a prerequisite for advertising on Facebook. Advertisers

⁴ DPI Final Report, see page 136, *"While Facebook is not a provider of ad tech services, Facebook is present in related markets."*

⁵ For example, the submissions of CRA (page 2), Dr Kemp (page 12) and Dr Balasingham (pp 21-22) assert that Facebook is integrated across different levels of the supply chain.

⁶ For example, see the submissions of Commercial Radio Australia (**CRA**) (page 4) and Daily Mail (page 7).

⁷ See the submission of Free TV (pp 11-12).

and publishers choose whether to use social plugins, when using Facebook to promote their services. Where advertisers and publishers choose to use social plugins on their websites and apps, they do so because it benefits them.

4. Misconception #4 – Facebook is a walled garden

Contrary to some submissions,⁸ advertisers are not compelled to advertise on our owned and operated platforms due to an alleged “walled garden” underpinned by a significant amount of first party data that we do not share with other publishers.

As an initial matter, Facebook does not share users’ individual level data with other publishers because doing so would be inconsistent with our privacy principles and our users’ expectations. More generally, the first party data that we do collect is neither rare nor unique. Users can and do choose to share the same types of data with an inexhaustible number of alternative platforms and services, and there are many sources and ways for competing publishers to obtain such data.

In addition, we make a large amount of anonymised and aggregated data and insights available to publishers, including news media businesses. We provide more than a dozen different tools which can be used by publishers to implement sophisticated strategies to understand and measure their products’ performance on Facebook, and to target content to users, without the need for individual user data.⁹

5. Misconception #5 – Facebook is a ‘must have’ advertising platform

We are subject to significant competition in the supply of online advertising inventory with a share of supply of less than 20% in Australia, as reported in the DPI Final Report. We remain competitive by providing a high quality, transparent and cost-effective service to advertisers of all sizes. Contrary to some submissions,¹⁰ we do not have some unconstrained ability to raise our advertising prices or lower the quality of our advertising services because no alternative platform, service or channel allows advertisers to reach the users they are interested in. Even focused on just online channels of advertising, SMBs have access to many alternatives to Facebook, with the likes of Snap, TikTok, Pinterest, Twitter, Google, Bing and many others all competing strongly with Facebook for advertising revenue; advertisers can easily switch advertising spend from Facebook to other platforms and channels. Our users are not unique – people adopt and spread their time across a wide variety of services. As a result of people multi-homing and switching between different services in this way, competition for user time is fierce and dynamic.

⁸ For example, see the submissions of Daily Mail (page 7) and NewsCorp (page 81).

⁹ These tools include, (a) Page and domain insights (Facebook Pages product); (b) Facebook Audience Insights (Facebook Pages product); (c) Facebook Performance Insights (Videos); (d) CrowdTangle (CrowdTangle is a standalone product, provided for free to news media businesses which allows for monitoring of all public posts); (e) Facebook Stories Insights (Facebook Stories product); (f) Facebook Analytics Dashboard (Facebook Pages running ads); (g) Monetisation Manager; (h) Reference File Insights in Rights Manager; (i) Brand Collabs Manager; (j) Business Manager; (k) Creator Studio; and (l) Metrics for Boosted Posts.

¹⁰ In particular, see the submissions of Daily Mail (page 7) and NewsCorp (page 66).

1. Facebook has a very limited role in the ad tech supply chain, and it is not vertically integrated in the ad tech stack

Our core activities in the advertising ecosystem relate to the sale of ads on our owned and operated platforms, namely Facebook, Instagram and Messenger, through Facebook Ads.

Facebook Ads is not a source of demand for demand side platforms (**DSPs**), but rather acts only as a source of demand for our owned and operated platforms. Many ad-supported platforms operate a similar model to Facebook for the sale of ads on their owned and operated platforms, including Snap,¹¹ TikTok,¹² Spotify,¹³ Twitter,¹⁴ LinkedIn¹⁵ and Pinterest,¹⁶ among others.

As explained in our response to the Issues Paper, our offering in the ad tech stack is limited to FAN, through which advertisers can choose to purchase advertising on participating publisher properties. FAN is therefore an ad *network* which provides third party publishers with a competing source of demand for advertising inventory. In this context:

- a) contrary to the factually incorrect statements made in some submissions,¹⁷ Facebook is not vertically integrated in the ad tech supply chain. As explained in our response to the Issues Paper,¹⁸ (i) we are not an ad exchange, (ii) we are not a DSP, and (iii) we are not a publisher ad server, nor do we run publisher-side auctions;
- b) our limited role in the ad tech stack was expressly recognised by the ACCC in the DPI Final Report, which stated that “[t]he Facebook advertising platform is therefore not considered to be an ad tech service”.¹⁹ This is in contrast to Google, which the DPI Final Report recognised as being “the only company that offers ad tech services across the entire ad tech supply chain”, as well as other players that are active at multiple levels of the ad tech stack, such as Amazon, AT&T, Verizon and Twitter. We provided further detail on some of the key players active at the different levels of the ad tech stack in our response to the Issues Paper;²⁰
- c) as further detailed in our Response to the Issues Paper,²¹ FAN represents only a very small fraction of the demand sources for publishers in Australia. Many large ad exchanges and ad networks are active in Australia, including Google AdSense and Google AdX, AppNexus,

¹¹ Snap offers a wide range of advertising options and is considered to provide some of the most creative advertising formats in the market, including Snap ads, Story ads, branded filters and commercial ads (see See AdEspresso, *The Ultimate Guide to Snapchat Marketing in 2019*, 21 May 2019, available at: <https://adespresso.com/blog/ultimate-guide-marketing-snapchat/>).

¹² TikTok Ads offers a range of ad formats, including brand takeover (image, GIF or video ads that allow one brand to dominate a specific category for the day) and in-feed video advertising (vertical 9-15 second video ads that are displayed on the “For You” page).

¹³ Spotify launched Spotify Ad Studio in 2017, which is a self-serve platform that allows artists and their labels to share their music by way of short audio ads played for free users during ad breaks between songs (see <https://techcrunch.com/2019/04/08/spotify-new-ad-metrics-show-what-listeners-do-after-they-click/>). In April 2019, Spotify also launched new analytics tools, including new streaming conversion metrics, which show how Spotify listeners react to a particular campaign (see <https://www.thedrum.com/news/2019/06/14/spotify-now-lets-advertisers-target-podcast-listeners>).

¹⁴ See <https://business.twitter.com/en/solutions/twitter-ads.html>.

¹⁵ See <https://business.linkedin.com/marketing-solutions/ads?#>.

¹⁶ See <https://ads.pinterest.com/>.

¹⁷ For example, the submissions of CRA (page 2), Dr Kemp (page 12) and Dr Balasingham (pp 21-22) assert that Facebook is integrated across different levels of the supply chain.

¹⁸ See section 4 of Facebook’s response to the Issues Paper.

¹⁹ DPI Final Report, page 151 (<https://www.accc.gov.au/system/files/Digital%20platforms%20inquiry%20-%20final%20report.pdf>).

²⁰ See section 4 of Facebook’s response to the Issues Paper.

²¹ See section 4 of Facebook’s response to the Issues Paper.

OpenX and Rubicon Project. A number of other smaller players like FAN also compete with these larger players, including PubMatic, Vungle, AdColony and Unruly; and

- d) even the UK Competition and Markets Authority's (CMA) estimated share of supply for FAN in the UK as set out in its final report dated 1 July 2020 was only "[10-20%]" (based on an approach to market definition which we have explained to the CMA in fact overstates Facebook's position).²² Even from this estimate it is clear that FAN's share of supply cannot reasonably be regarded as being capable of having any market power in the ad tech stack.

On this basis, and contrary to some submissions received by the ACCC, we play a very limited role in the ad tech stack, particularly when compared to other more prominent players such as Google and Amazon.

2. Facebook is committed to transparency in our engagement with advertisers and publishers

A number of submissions to the Issues Paper raise concerns around the complexity and lack of transparency in the ad tech supply chain.²³ However, despite some suggestions to the contrary,²⁴ advertisers who use Facebook's services are provided with a vast array of tools and information that ensure the advertising process is transparent and easy to use, and that the success of ad campaigns can be independently measured.

Facebook empowers advertisers with tools and information so that they can make well-informed decisions on whether, and how much, to advertise on Facebook

Our suite of tools provides insights into advertising campaigns and help advertisers measure and manage campaign performance in real time, at no additional cost. As detailed in our response to the Issues Paper:

- a) we offer many innovative self-service tools that enable advertisers to analyse a broad range of metrics in relation to their advertising campaigns (including ads delivered via FAN) – these include Ads Manager,²⁵ Brand Lift,²⁶ Business Manager,²⁷ Conversion Lift,²⁸ Offline Reporting,²⁹ Facebook Analytics³⁰ and Audience Insights,³¹ and
- b) we have partnered with companies around the world: (i) to provide independent third-party metrics for ads on Facebook; and (ii) to enable advertisers to measure the performance of their ads across different advertising channels more effectively.

²² See CMA, Online platforms and digital advertising, Market study final report, Appendix C: Market Outcomes, pp C86, Table C.11.

²³ In particular, see the submissions of Oracle (page 15), Special Broadcasting Services (page 4), the Australian Association of National Advertisers (page 2), The Guardian (pp 9-10), Daily Mail (page 1), Association for Data-driven Marketing & Advertising (pp 2-3), and CRA (page 4).

²⁴ For example, see the submissions of CRA (page 4) and Daily Mail (page 7).

²⁵ Facebook Business, Ads Manager: <https://www.facebook.com/business/tools/ads-manager>.

²⁶ Facebook Business, Optimisation Split testing & Test and Learn: <https://www.facebook.com/business/help/1693381447650068>.

²⁷ Facebook Business, Business Manager: <https://www.facebook.com/business/tools/business-manager>.

²⁸ Facebook Business, Conversion Lift, <https://en-gb.facebook.com/business/m/one-sheeters/conversion-lift>.

²⁹ Facebook Business, Offline conversions: <https://en-gb.facebook.com/business/help/1782327938668950>.

³⁰ Facebook Analytics: <https://analytics.facebook.com/>.

³¹ Facebook Business, Audience Insights: <https://en-gb.facebook.com/business/insights/tools/audience-insights>.

Statements in other submissions around Facebook’s metrics being unverifiable or misleading are therefore misplaced.³²

In addition, we make a large amount of anonymised and aggregated data and insights available to publishers, including news media businesses. We provide more than a dozen different tools which can be used by publishers to implement sophisticated strategies to understand and measure their products’ performance on Facebook, and to target content to users, without the need for individual user data.³³

As with all features designed by Facebook, our measurement tools are developed with ease of use in mind and are updated to reflect the expectations of advertisers.³⁴ We also take the threat of fraud very seriously and employ several successful measures to minimise incidence of fraud across our services to make it safe for advertisers to advertise on Facebook. As a result of the measures we have taken: (i) the level of fraud on Facebook is a *de minimis* percentage of overall usage; and (ii) bot traffic for ads delivered through FAN is substantially lower than that on the broader Internet (0.8% of display ads and 4% of video ads, as compared to 11% and 23%, respectively, as measured by security firm White Ops and the Association of National Advertisers).³⁵ We continue to strive to further reduce these figures.

These tools give advertisers a greater degree of transparency, and a greater ability to measure their return on investment, when advertising on Facebook than was previously available through other channels.

Facebook welcomes more effective cross-channel measurement

As mentioned in the Executive Summary, greater transparency and effective measurement tools are important to enable us to compete for a business’s advertising budget in this fiercely competitive market.

In line with our drive to improve transparency for users of our own services, we welcome proposals aimed at improving standards in cross-platform measurement and third-party verification in order to enable advertisers to effectively measure the success of their campaigns across different advertising media, including online and other channels.

There are, however, important limits to the granularity of information that can be provided to advertisers. In particular, when rolling out any further initiatives related to improving standards in cross-platform measurement, it is essential that such transparency measures do not: (i) cut across privacy rules or undermine users’ privacy preferences; or (ii) facilitate the gaming of ad auctions by advertisers (or intermediaries engaged by them).

While we provide large amounts of data and insights to advertisers and publishers through our suite of tools, we do not provide identifiable, personal information of our users. Although this information might allow advertisers and publishers to link that data with their own individual level

³² For example, see the submission of CRA (page 3).

³³ These tools include, (a) Page and domain insights (Facebook Pages product); (b) Facebook Audience Insights (Facebook Pages product); (c) Facebook Performance Insights (Videos); (d) CrowdTangle (CrowdTangle is a standalone product, provided for free to news media businesses which allows for monitoring of all public posts); (e) Facebook Stories Insights (Facebook Stories product); (f) Facebook Analytics Dashboard (Facebook Pages running ads); (g) Monetisation Manager; (h) Reference File Insights in Rights Manager; (i) Brand Collabs Manager; (j) Business Manager; (k) Creator Studio; and (l) Metrics for Boosted Posts.

³⁴ For example, in October 2018, in order to give marketers a more holistic view of the complex customer journey, both on and off Facebook, we introduced Facebook Attribution, enabling the measurement of the impact of ads across the Facebook family of apps and services and across publishers.

³⁵ See *The Bot Baseline: Fraud in Digital Advertising*, White Ops, Inc. & Association of National Advertisers (2014), available at: <http://www.ana.net/getfile/21853>.

data, data sharing practices should be consistent with users' privacy expectations. And the risk associated with sharing this kind of information with third parties, from a data protection perspective, is significant. Privacy obligations and the expectations of our users are central to the provision of our services, as is transparency in relation to the information and data that we collect and share (as explained further below).

The ability to measure ad performance is not unique to Facebook

Our measurement capabilities are made possible by data shared by advertisers and our ability to analyse the effectiveness of our ads. These resources are not unique as advertisers are able to share their data with other platforms and assess the effectiveness of their advertising campaigns through cross-channel attribution technologies.

Advertisers choose to share their data with us as well as many other platforms to facilitate conversion-based advertising, which allows advertisers to pay per conversion instead of per impression.³⁶

Even if certain advertising platforms cannot measure the effectiveness of ads themselves, advertisers use cross-channel attribution technologies. This facilitates comparisons across channels by enabling advertisers to reallocate their advertising dollars to the channels that are offering the highest ROI in real time, whether it be an offline channel, display, or search. Many cross-channel attribution technologies are available, including Adobe Campaign, IBM Watson Marketing, Oracle Marketing Cloud, Salesforce Marketing Cloud, Conversion Logic, and SAS Consumer Intelligence.

3. Facebook does not force data sharing, and advertisers and publishers can choose which of Facebook's tools best suit their needs

While we offer a range of tools to facilitate the use of Facebook's services, advertisers and publishers can choose what level of data they share with Facebook.

Contrary to statements in some submissions,³⁷ the use of Facebook social plugins is optional and not in any way mandatory. Advertisers and publishers have a choice whether to use social plugins when using Facebook to promote their services. The use and sharing of data through social plugins is not a prerequisite for advertising on Facebook. Moreover, businesses can, and regularly do, choose to share content on their own Facebook Pages organically with a view to driving user traffic to their owned and operated websites and apps. Such activity requires no use of any social plugins on the advertiser's or publisher's website / app.

Where advertisers and publishers choose to use social plugins on their websites and apps, they do so because it benefits them.

Other online platforms also offer advertisers and publishers similar tools. For example, advertisers and publishers regularly use plugins from YouTube, LinkedIn, Pinterest and Twitter, amongst others, to gain further insight into how users engage with their content.

³⁶ For example, an advertiser can purchase an ad that converts based on whether the consumer adds a certain product to her cart. If the consumer merely clicks on the ad, there is no conversion.

³⁷ See the submission of Free TV (pp 11-12).

4. Facebook faces fierce competition for the supply of advertising services; advertisers are not compelled to advertise on our platforms due to an alleged “walled garden”

Contrary to suggestions in some submissions,³⁸ we are not a “must have” platform for advertisers and do not have an unconstrained ability to raise our advertising prices or lower the quality of our advertising services because no alternative platform, service or channel allows advertisers to reach the users they are interested in.

- We are not a “must have” channel for advertisers. In its DPI Final Report, the ACCC found that our share of online advertising was less than 20% in Australia.³⁹ We compete fiercely for user time and engagement (an essential ingredient for advertising campaigns). There are plenty of alternatives to Facebook for users who multi-home across different services. As explained in our response to the Issues Paper, we compete with a vast and growing number of platforms and services for users’ time and engagement. Users are able to, and do, spend their time on a host of our competitors, including, for example, TikTok, Google, YouTube, Amazon, Twitter, WordPress, Snap, Flickr, Pinterest, LinkedIn, Reddit, Activision Blizzard and Fortnite. Beyond digital platforms, Facebook competes for users’ time and advertisers’ dollars with offline media, including traditional TV broadcasting, and on-demand streaming services, such as Netflix.
- Our users are not unique – as set out above, people adopt and spread their time across a wide variety of services.
- Advertisers are not compelled to advertise on our owned and operated platforms due to an alleged “walled garden” underpinned by a significant amount of first party data that we do not share with other publishers. The first party data that we collect is neither rare nor unique. While we do not share users’ individual level data with other publishers (as to do so would be contrary to privacy principles and our users’ expectations), users can and do choose to share the same data with an inexhaustible number of alternative platforms and services, and there are many sources and ways for competing publishers to obtain data. In addition, as set out above, we make a large amount of anonymised and aggregated data and insights available to publishers, including news media businesses.
- We have lowered (rather than increased) the cost of advertising for advertisers (including smaller advertisers) through offering a highly competitive service. The price for placing advertisements on our platforms is determined by a transparent and competitive auction mechanism. An auction takes place whenever someone is eligible to see an ad. When an ad enters the auction, it competes with ads from other advertisers who target the same people who are eligible to see the ad. The winner of an ad auction is not necessarily the advertiser that bids the highest monetary amount, but rather the ad which offers the highest ‘total value’ to a user. In this way, the auction mechanism delivers beneficial outcomes to users, who see ads which are of high quality and most relevant to them, while ensuring that advertisers reach the audience most likely to interact with their ads.

³⁸ See the submissions of Microsoft (page 2), Daily Mail (page 8) and NewsCorp (page 66).

³⁹ See DPI Final Report, page 46: “Google is estimated to have accounted for 42 per cent of online advertising spend in 2018, with Facebook accounting for 19 per cent. If online classifieds are excluded, this increases to 51 per cent for Google and 24 per cent for Facebook.”

5. Facebook is transparent about its use and collection of data from users and third parties

We are transparent about the data we collect from users, which third parties choose to share data with us, and how such data is used.⁴⁰

In line with our focus on protecting user privacy and safeguarding user data, we require third parties using Facebook Business Tools⁴¹ to inform users visiting their websites or apps about the data being shared with us and, where necessary, to obtain users' consent.

We also offer a range of tools to give users greater control over how their data is used and shared with us. These include:

- a) **Off-Facebook Activity (OFA):** This is an industry-leading transparency tool, which gives Facebook users the ability to see a summary of activity that businesses and organisations have shared with us about a user's interactions (such as visiting their apps or websites, viewing content, adding an item to a shopping cart) and to choose to disconnect this activity from their Facebook account.⁴²
- b) **Access Your Information (AYI) and Download Your Information (DYI) tools:** Facebook's AYI tool allows users to view what categories of personal data we hold about them, while the DYI tool enables users to download their data from Facebook and take it elsewhere.
- c) **Ad Preferences:** We provide users with the ability to see and control multiple aspects of their advertising experience. This includes enabling users to see: (i) their "interests," which are keywords associated with a user based on activities such as liking "Pages" and clicking ads; and (ii) the advertisers that are currently showing them ads based on information provided by the advertiser.
- d) **Why Am I Seeing This Ad (WAISTA) tool:** This helps users better understand and more easily control what content they see in their News Feed (both non-paid (organic content) and advertising). This also includes providing explanations of the ad's targeting criteria to users. They can also choose to hide particular posts, advertisements or content from particular people or advertisers. This goes beyond what is possible on many other ad-supported services.

In addition to these tools, we also take care to respect any choices users have made with respect to their data and privacy online, for example by abiding by Online Behavioural Advertising (**OBA**) opt-out cookies.

Facebook uses data shared by users to create a more personalised user experience which delivers substantial benefits to users, advertisers, publishers and the wider economy

We use data shared by users and third parties: (i) to present relevant content (including organic content and ads) to each individual user; and (ii) to enable advertisers to reach audiences that are likely to be interested in their products or services in a cost-efficient and effective way.

⁴⁰ For example, see Facebook's Terms of Service and Data Policy.

⁴¹ See <https://www.facebook.com/help/331509497253087>.

⁴² Facebook, *Off-Facebook activity*, available at: <https://en-gb.facebook.com/off-facebook-activity>.

Our use of data to provide a personalised experience delivers substantial benefits to users, advertisers, publishers and the wider economy. Users can discover relevant content and find products and services that are likely to be more meaningful and engaging to them. Advertisers of all kinds and sizes can advertise and benefit from the affordable, innovative and efficient advertising solutions that we offer. Instant Articles⁴³ and FAN can help publishers to increase their reach and target their audiences more effectively and to better measure audience engagement.

Contrary to statements made in some submissions to the Issues Paper,⁴⁴ consumers tend to prefer personalised advertising to non-personalised advertising. This is supported by survey evidence. A study by Harris Interactive reported that 54% of consumers “*would prefer to see adverts that were relevant to them rather than seemingly random adverts*”. In addition, 26% of respondents did not give an opinion. Therefore, of those that responded in either direction (74% of respondents), 73% stated a preference for personalised adverts.⁴⁵ A 2018 study by the UK consumer organisation, Which?, also found that focus groups reported “*that most consumers tend to feel that targeting and tailoring is positive*”.⁴⁶

⁴³ See Facebook, *Instant Articles*, available at: <https://instantarticles.fb.com/>.

⁴⁴ In particular, see the submission of Dr Kemp (page 7).

⁴⁵ See Harris Interactive (2019), *Adtech – Market Research Report*, slide 8, available at: https://www.ofcom.org.uk/data/assets/pdf_file/0023/141683/ico-adtech-research.pdf.

⁴⁶ See Which? (2018), *Control, Alt or Delete? Consumer research on attitudes to data collection and use*, p. 20, available at <https://www.which.co.uk/policy/digitisation/2659/control-alt-or-delete-the-future-of-consumer-data-main-report>; Also see Integral Ad Science (2020), *How advertisers can navigate the consumer privacy landscape in Australia*, available at: <https://insider.integralads.com/anz/research-how-advertisers-can-navigate-the-consumer-privacy-landscape-in-australia/>.