

**1 May 2020**

Mr Rod Sims  
Chair of the Australian Competition and Consumer Commission  
23 Marcus Clarke Street,  
GPO Box 3131 Canberra  
Australia

**Subject: Asia Internet Coalition (AIC) Submission on the Ad Tech Inquiry Issues Paper**

Dear Mr. Sims,

The Asia Internet Coalition (AIC) and its members express our sincere gratitude to the Australian Competition and Consumer Commission (ACCC) for the opportunity to submit comments on the [Ad Tech Inquiry Issues Paper](#).

The AIC is an industry association comprised of leading Internet and technology companies in the Asia Pacific region with an objective to promote the understanding and resolution of Internet and ICT policy issues. Our current members are Airbnb, Amazon, Apple, Expedia Group, Facebook, Google, Grab, LinkedIn, LINE, Rakuten, Twitter and Yahoo (Oath), Booking.com, and SAP.

We commend the ACCC's efforts to seek feedback and information about the digital advertising technology supply chain and advertising agency services in Australia. The publication of the issues paper is a great opportunity to better understand the transparency and effectiveness of ad tech and ad agency services. We are also grateful to the ACCC for upholding a transparent, multi-stakeholder approach and extending a call for comments to an array of parties which includes advertising and media agencies, social media platforms, website owners, app developers and ad tech services companies. As responsible stakeholders in this policy formulation process, please find appended to this letter detailed comments which we would like the ACCC to consider as it examines the competition and efficiency of markets for ad tech and agency services.

Should you have any questions or need clarification, please do not hesitate to contact us directly at [Secretariat@aicasia.org](mailto:Secretariat@aicasia.org) or +65 8739 1490. Furthermore, we would also be pleased to offer our inputs and insights on industry best practices, directly through meetings and discussions and help shape the dialogue for the advancement of digital platforms ecosystem in Australia.

Thank you for your time and consideration.

Sincerely,



**Jeff Paine**  
Managing Director, Asia Internet Coalition (AIC)

## Comments for consideration

### I. Digital ads market is highly competitive

#### a. Digital companies compete with TV broadcasters, newspapers, radio, podcasts, and outdoor for a piece of a single advertising budget

Advertising investments are a reflection of consumer trends. Most advertisers and agencies use a mix of different media as the most effective way to reach a target audience. Different media, both online and offline, compete with one another for consumer attention and ad spend. We would like to emphasize that Advertisers focus on their goals (reaching audiences, ROI, etc), not on artificial distinctions based on media.

#### b. The ad tech ecosystem is famously crowded and competitive

There are several companies operating in the “ad tech” that work together and in competition with each other. Some of them are familiar names like Adobe, AT&T, Facebook, Google, Oracle, and Verizon. Others—including Criteo, Index Exchange, MediaMath, OpenX, Telaria (recently merged with Rubicon Project) and The Trade Desk—are less well-known outside the industry but operate important, scaled businesses.

### II. Advertisers and publishers benefit from a plethora of options. These include:

#### a. Choice

Advertisers and publishers work with multiple ad tech vendors to get the best possible deal, achieve the best possible results or take advantage of innovative new offerings from start-ups or established players. They are able to freely choose different players at each level of the ad tech stack and use more than one provider for the same function (i.e., “multi-home”). Publishers and advertisers also can, and do, switch between suppliers.

#### b. Interoperability

Suppliers are incentivised to ensure their products are interoperable with others, because many businesses use a combination of ad tech products. The Wall Street Journal sells their inventory through 17 different platforms (see [WSJ's ad.txt](#) file). In Australia, advertisers and publishers regularly multi-home and mix-and-match ad tech products from different vendors.

### **III. The ad tech industry has enabled small and medium size businesses to grow**

#### **a. Maximising ROI**

The development of the ad tech industry has enabled small and medium businesses to utilise advertising in continually more efficient and cost-effective ways. The use of targeted advertising and pay-per-click (rather than per-impression) allows small advertisers to maximise returns from their campaigns.

#### **b. User relevance**

Unlike other traditional forms of advertising, ad tech helps deliver more targeted and relevant advertisements to users. Another benefit over traditional forms of advertising is that ad tech provides for detailed reporting and analysis through sophisticated analytic tools, allowing businesses to clearly track the effectiveness and success of campaigns.

#### **c. Leverage inventory**

Ad tech, and in particular programmatic advertising, has created many more monetising opportunities for the publishers. It has also enabled publishers to maximise the yield from their inventory, and allows publishers to realise profits per impression.

### **IV. The digital ads industry is complex and, in general terms, transparent**

#### **a. A complex ecosystem**

The way in which ad tech has developed, with the introduction of new products and suppliers across the stack over time, has led to a complex industry. Multiple mini-transactions occur within a single transaction.

#### **b. Aiming for transparency**

Generally, most suppliers provide clear and comprehensive information about their services, including pricing. The consolidation of products being undertaken by some players will help reduce opacity in the ecosystem (e.g. consolidation of Supply Side Platforms (SSPs) and ad exchanges).

**c. Improving industry tools and protocols also assists with ensuring greater transparency in ad tech**

For instance: (i) the IAB has developed a [Programmatic Fee Transparency Calculator](#), which “provides advertisers and publishers with a granular, partner-specific evaluation of their programmatic technology, service and inventory costs as a percentage of their effective CPM”. (ii) the AANA, IAB Australian and the Media Federation of Australia have developed and endorsed the [Australian Digital Advertising Practices](#), which set out recommended industry practices in relation to digital and data transparency, viewability and ad fraud and brand safety.

**V. Efficiency of Vertical integration**

A vertically integrated offering in the ad tech stack creates efficiency and helps reduce problems of latency. Latency degrades user experience and can result in loss of publisher revenue if the impression is lost due to the delay in serving an ad. Vertical integration provides more seamless integrations, for example, through improved cookie-matching across multiple products.

**VI. Role of user data**

- a. Large-scale user data sets are neither necessary nor sufficient in isolation to ensure success in digital advertising.
- b. User data is readily available and many companies, including traditional firms, collect it and offer it under various terms and conditions to others.
- c. For those without access to large-scale first party data, there are many options for obtaining third party data (e.g., through Data Management Platforms and data brokers).

**End of submission**