1. Introduction

1.1 This response is provided by Direct Line Insurance Group plc (DLG). DLG provides a wide range of general insurance products to consumers through a number of well-known brands including Direct Line, Churchill, Privilege, as well as the recently launched Darwin brand. It also provides insurance services for third party brands through its brand partners division, and its partners include: RBS, Nationwide and Prudential. In the commercial sector, its NIG and Direct Line for Business operations provide insurance products for businesses. In addition, DLG continues to provide support and reassurance to millions of UK motorists through its Green Flag breakdown recovery service. Further information about DLG can be found at: http://www.directlinegroup.com/.

1.2 For DLG, digital advertising is an important means of raising and maintaining awareness of its products with consumers and delivering against key performance indicators across all brands within the DLG group. DLG primarily utilises search advertising to increase the volumes of consumers visiting its websites, through so-called “direct response” advertising. DLG also uses display advertising, including advertising via social media channels, although it has become less reliant on this form of digital advertising in recent years.

1.3 DLG confirms that this response may be published without redactions.

2. DLG’s response to CMA Statement of Scope

2.1 DLG understands the CMA’s decision to launch this market study, in particular in the light of the broad range of concerns that have been raised about online platforms and digital advertising both in the UK and elsewhere, the corresponding calls for the CMA to investigate, and the work already being done in this area by international competition authorities. In this regard, DLG also notes the announcement in the last week (23 July 2019) that the US DOJ is reviewing the practices of market-leading online platforms following concerns expressed about search and social media services online, which post-dates the publication of the CMA’s statement of scope, and serves as a further example of the focus at the global level on these issues.

2.2 DLG always welcomes the work of the CMA in ensuring robust competitive markets and protecting the interests of consumers. DLG is therefore supportive both of the fact of this market study and, broadly, of its proposed scope. DLG would however note the following by way of general comment on the areas set out in paragraph 118 of the CMA’s statement of scope:

**Important distinction between search advertising and display advertising**

2.3 As noted in its response to the CMA’s request for information dated 8 July, DLG considers that search advertising and display advertising are quite different in their

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1 DLG is not responsible for advertising for any of its partner brands, with the exception of Caravan Club (a partner of DLG’s Green Flag brand).
2 [https://www.justice.gov/opa/pr/justice-department-reviewing-practices-market-leading-online-platforms](https://www.justice.gov/opa/pr/justice-department-reviewing-practices-market-leading-online-platforms)
3 DLG’s response to this information request was submitted on 24 July 2019.
characteristics and end uses. Display advertising is a form of “push media” which is good for raising brand awareness and improving customer reach. DLG uses display advertising primarily for brand planning. Search advertising is a form of “pull media” and lends itself well to direct response planning and return on investment.

2.4 There are also of course important distinctions between the position of each of Google and Facebook with respect to these two types of advertising (for example, Google’s position as an internet search function, Facebook’s position as a social media platform, and both entities’ activities in the provision of programmatic display advertising platforms). In addition, there are different considerations regarding data in respect of each of search advertising and display advertising.

2.5 DLG considers that the CMA should ensure that these distinctions are taken into account in its assessment of the three themes it has identified in the Statement of Scope, as well as of course considering the overall impact in the round.

Balance between dangers of market power of online platforms and benefits such scale can bring

2.6 DLG fully supports the CMA’s review into the strong market positions of online platforms (in particular Facebook and Google) in consumer-facing markets. However, DLG believes that the potential concerns articulated around the market power of platforms (and, relatedly, any discussion of remedies to address such concerns) need to be weighed against the potential benefits that the scale of these platforms can bring to the functioning of the markets, and to the protection of consumer interests.

2.7 In particular, DLG notes that these platforms, as market leaders with significant investment, already play an important role in leading the market towards and, significantly, injecting funding into, a system of self-regulation relating to online content and digital markets. Without this investment and precedent-setting impact, other players (including smaller players but also more significant entities e.g. large publishers) would likely not have sufficient resources to be able to put similar measures and protections in place.

2.8 As the Statement of Scope acknowledges, there is therefore a necessary balancing act between the relative merits of introducing measures to address the market power of these platforms, and the risk that such measures bring unintended consequences.

Overlap between functions of different regulatory bodies

2.9 There are several bodies in addition to the CMA that have a role to play in the supervision of digital markets in the UK. The Furman Review referred in particular to Ofcom, the Information Commissioner’s Office, as well as to the Centre of Data Ethics and Innovation. In addition, DLG notes that the functions and powers of the Advertising Standards Agency (ASA) are of particular relevance to the themes identified by the CMA in its Statement of Scope. DLG believes that the ASA offers a world class model in terms of oversight and regulation in the advertising space. The ASA; a body funded by advertisers themselves, operates a model of ‘self-regulation’

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*Furman Review, March 2019, paragraph 2.105.*
and was outsourced to the ASA from Ofcom. Clearcast manages preapprovals and the ASA managing complaints; as a result, the interests of consumers are adhered to and advertisers and media owners endorse a process that minimises impacts on advertiser costs.

2.9 In principle, DLG considers that the establishment of a “Digital Markets Unit” as proposed by the Furman Review (and identified by the CMA as a potential remedy), could have some benefits in terms of a unified, independent approach to regulation across digital markets. However, DLG notes that care would need to be taken to ensure that any such body did not duplicate, undermine, hinder, or otherwise make unnecessarily complex the successful regulatory and supervisory activity that is already taking place.

30 July 2019