

Online Platforms and Digital Advertising

Response to Statement of Scope from a digital advertising services provider

We are concerned about unintended consequences that could come from any edict handed down by the CMA at the conclusion of its Market Study. The recent events surrounding GDPR demonstrate how well-intended legislation can have unintended and unfortunate consequences on market power dynamics. As Mark Reed, the CEO of WPP said:

“GDPR has tended to hand power to the big platforms because they have the ability to collect and process the data.” It has “entrenched the interests of the incumbent, and made it harder for smaller ad-tech companies, who ironically tend to be European.” (See Wall Street Journal, June 17, 2019. <https://www.wsj.com/articles/gdpr-has-been-a-boon-for-google-and-facebook-11560789219>).

Ensuring compliance with new regulatory regimes can be expensive and is more easily achieved by the biggest platforms - which have the cash, internal resources, market position, legal and policy teams to navigate and turn to their advantage any new rules - while constraining and disadvantaging smaller independents.

We ask that the CMA consider very carefully how its future decisions may shape the competitive playing field and to be particularly focused on anything that further tilts the current market asymmetry, so clearly depicted by Figure 2 in the Statement of Scope, even further in favor of the big platforms. It would be a failure if the outcome of this Market Study is that smaller companies have an even harder time competing.