

LLOYDS
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GROUP



LLOYDS BANKING GROUP PLC
Response to CMA Online Platforms &
Digital Advertising Market Study
Interim Report

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Response to Interim Report

Lloyds Banking Group (LBG) welcomes the opportunity to respond to the CMA's Online Platforms and Digital Advertising Market Study Interim Report. We recognise the broad nature and complexity of this market and welcome the opportunity to work with the CMA as they test and refine their thinking in identified areas.

Digital markets provide numerous benefits to consumers and have played a key role in transforming and driving innovation in the economy. Online platforms within this economy, have been integral in this transformation and have simultaneously provided a range of benefits including search engines, e-commerce and social media.

Digital advertising represents a valuable form of advertising compared to traditional methods of advertising and provides numerous unique benefits such as higher reach, measurable results and the ability to personalise. Despite the many benefits derived from online platforms and digital advertising, **we recognise there are a number of areas of concern associated with this market, in-line with those identified in the Interim Report.**

The Online Platforms and Digital Advertising Market

Our views on competition in the Online Platforms and Digital Advertising Market are closely aligned to those presented by the CMA in this Interim Report and as previously outlined in our response to the Statement of Scope and Request for Information.

As highlighted in the report, exclusive access to extensive sets of data creates a substantial competitive advantage for Google and Facebook. This unequal access to data represents an important source of market power for these platforms as it allows for highly-targeted advertising, creating a significant barrier to entry for smaller firms. In addition, a lack of comparable scale in click-and-query data and strong network effects of these platforms further exacerbate the issue.

A lack of transparency in the way these platforms work have led to several concerns in the industry, particularly with regards to the display advertising market, where advertisers and publishers participate in a black box process of real-time bidding but have limited ability to verify the effectiveness of their advertising.

Potential Interventions

Regulatory Frameworks & Behavioural Remedies

We are supportive of the CMA's decision to develop an ex ante regulatory regime to improve competition in the market and ensure fairer outcomes for other market participants and consumers alike. Given the complex and dynamic nature of the market, any remedies will require careful consideration prior to implementation in order to be effective amidst the rapid pace of change.

The introduction of behavioural rules for firms such as an enforceable code of conduct, may be beneficial in addressing concerns relating to market power and improving transparency. The code could be a useful way to embed the desired values and behaviours into firms with market power and could also be a useful tool for regulators to assess the integrity of current practices against. However, behavioural rules alone are likely to have limited impact on addressing the identified concerns and the market as it stands, will require a range of remedies in order to achieve the desired competition outcomes.

We support the implementation of a new regulatory framework that requires large online platforms to provide sufficient information on how they operate their services and provide an appropriate level of transparency to both businesses and consumers. This will give users greater control over data and will provide advertisers with sufficient information to develop a clear understanding of the value of their advertising purchases as well as the ability to test against fraudulent behaviour. The introduction of such framework would also address concerns relating to the conflicts of interest arising from vertical integration and the leveraging of market power from one part of the value chain into another e.g. 'owned and operated' advertising into ad tech.

GDPR & Consumer Control over Data

As expressed in the report, **we strongly agree with the importance and requirement of competition and data protection authorities to jointly consider the interface between consumer, competition and data protection law**. Increased collaboration between firms and regulators across affected regulatory environments will be integral in finding a long-term solution to address the various issues identified surrounding GDPR.

LBG also advocate the CMA's recommendation for Data Protection Authorities, the European Data Protection Board and the European Commission to explore the extent to which mechanisms could be introduced to provide consumers with more control by balancing the need for granular consent against the risk of consent fatigue.

It may also be worth noting that Google's recent [announcement](#) to stop supporting 3rd party cookies in Chrome and their intention to create a number of new privacy by design web protocols/standards with the World Wide Web Consortium, demonstrates that they are currently seeking to build a solution similar to that set out in the initial ePrivacy drafts.

Our Views on a Market Investigation Reference

We acknowledge the CMA's intention for this Market Study to not only address concerns specific to digital advertising, but also to inform the development of a new regulatory landscape that extends beyond platforms that are funded through advertising. We also recognise that this study sits alongside parallel and complementary wider policy work currently being undertaken and therefore we are supportive of the CMA's view to provide recommendations to Government as a result of this market study rather than conducting a market investigation.

We agree that the extent of the issues identified in this report span wider than just the UK's online platform and digital advertising market and are truly global in nature. A market investigation may not be sufficient to address the uniqueness and complexity of this market and additional measures conducted on a global scale are likely to be required to effectively improve competition.

The dynamic and ever-evolving nature of the online platform and digital advertising market will benefit from ongoing regulatory reform rather than a single market investigation in order to achieve the desired conduct and competition outcomes.

We recognise broad nature and complexity of this market and welcome the opportunity to further assist the CMA as they gather further evidence and test initial findings in the second half of this Market Study.