**CNMC public consultation on online advertising**

**(from April 25th to May 24th, 2019)**

The Act 3/2013, of June 4, creating the National Commission on Markets and Competition (CNMC) of Spain, includes among the functions of the institution the drafting of studies and research on competition matters, as well as general reports on different economic sectors (Article 5.1.h)). The Board of CNMC has taken advantage of this prerogative to commence a study on the conditions of competition in the online advertising sector.

This study is part of Strategic Action 6.2 of the CNMC’s 2019 Action Plan (analysis of new sectors arising from digitisation or those sectors where new digital technologies have disrupted traditional business models).

**Why is the CNMC preparing a study on the online advertising sector?**

Advertising is a very relevant element for consumers in all markets, given its informative and persuasive dimensions. Online advertising means a disruption through its greater capacity for targetability, together with a better measurement and monitoring of its effects. This raises important implications in terms of competition, sparking the interest of Competition Authorities and international organizations.

The study aims to characterize the online advertising sector, with a specific focus on Spain, including a legal and economic context. Based on this description, the study will include an analysis of the conditions of competition and of market conduct by undertakings. Finally, some conclusions will be drawn.

**How will the CNMC carry out its study on online advertising?**

The study starts with this phase of public consultation, which intends to collect the views of the main stakeholders engaged in this sector. These include digital platforms (such as search engines, social networks or content aggregators whose primary source of revenue is online advertising), advertisers, agencies, regulators, consumers and other experts and concerned agents.

The next stage will consist in the analysis of the received contributions, as well as contacts (through both meetings and eventual information requirements) with some of these agents related to the sector. These tasks will be simultaneous with the internal elaboration of the study, which the CNMC expects to complete in a period of 6-9 months.

**Rules of participation in the public consultation**

This public consultation is transparent and the contributions received will be taken into consideration for drafting the study. Contact information (e-mail) remains confidential and will not be published in any circumstance. Confidential treatment may be given to the name of the individual or the institution responsible for the contribution if required. Nonetheless, the answers may be published in full, unless otherwise specified and duly justified for confidentiality issues of some information.

It is only mandatory to answer the fields marked with an asterisk (\*). The rest of the questions are optional to answer, so agents willing to contribute to the consultation are invited to focus their response on those sections where they have relevant information. Questions where appropriate information or judgment is lacked can be left unanswered or with the DK/NO option (“don’t know/no opinion”)

In open questions, a maximum allowed extended length is required in order to ensure a concise response. References or links to publicly available documentation can be included. If additional information is to be submitted (such as data, contract terms, etc.), an electronic file (pdf, excel, word, etc.) can be sent to the e-mail address dp.estudios@cnmc.es using the subject "Study on online advertising" (stating clearly whether the provided documentation can be disclosed with the answer to the public consultation).

1. **Your information**

In what capacity or on behalf of whom are you participating in this public consultation?\*



Full name (of the individual or the represented institution)\*

Do you wish to publish this name together with your response or do you prefer to keep it confidential (so that the answer will appear as anonymous)?\*



Contact e-mail\* (remains confidential)

Brief explanation of the reasons for the specific interest of the individual’s or the institution’s interest in online advertising (max. 1.000 characters)\*



With which firms do you deal in this sector? (max. 1.000 characters)\*



Do you want to publish this information (the one on the firms with which you deal) within your response or do you prefer to keep it confidential so that the response is made public without disclosing this information?\*



Which undertakings would you consider to be the most important in the different segments: advertisers, digital platforms, intermediary agents, etc.? (max. 1.000 characters)\*



1. **General assessment**

Online advertising disruption is due to its targetability and the greater capacity to measure and monitor its effects. This has implied the entry of new agents, more familiar with digital environments, which can be positive for the competition. However, it can also lead to greater network externalities and learning economies that tend to concentrate activity in a few actors, which entails potential risks for competition.

**Express your opinion on these questions (where “0” means “strongly disagree” and “5” means “strongly agree”)**

Developments in online advertising imply a net positive impact on competition and efficiency



Advertisers can reach final consumers at lower costs



Advertisers can reach its target consumer more effectively (targetability)



There is a wider variety of options to launch an advertising campaign



There is a wider variety of agents with which hiring advertising services



Should you wish to do so, further and additional comments can be provided (max. 4,000 characters)



1. **Impact on consumers**

The greater targetability of online advertising generates positive effects for consumers, who will presumably receive more tailored information and promotions. In addition, online advertising is often associated with the free provision of consumer services, such as search, audiovisual content or social networks. However, there are experts who warn about the costs of a privacy loss (due to the access to personal data and browsing history) and of excess attention (given the time the consumer devotes to viewing advertising in media, social networks and digital content aggregators).

**Express your opinion on these questions (where “0” means “strongly disagree” and “5” means “strongly agree”)**

Online advertising yields more advantages than disadvantages for final consumers



Online advertising is a more efficient way of providing advertising services



Greater efficiency in online advertising sector translates into lower prices and/or better quality of the final goods and services



Consumers are empowered with more and better information to make more appropriate decisions



Each consumer receives more tailored advertisements, more suited to his/her preferences or needs



Consumers receive more targeted promotions that translate into rebates and other benefits



The advantages of online advertising for consumers offset the possible costs driven by a loss of privacy or by the excess attention required



Should you wish to do so, further and additional comments can be provided (max. 4,000 characters)



1. **Specific problems of competition**

Some experts and authorities that have studied the online advertising sector warn of potential threats to competition. Network effects can pave the way for big players attaining a relevant position in terms of audience outreach, becoming virtually indispensable and with the ability to impose anti-competitive conditions.

**Express your opinion on these questions (where “0” means “strongly disagree” and “5” means “strongly agree”)**

The online advertising sector presents specific competition issues



Access to data represents a barrier to entry of undertakings or to the growth of smaller ones



In this sector, there is a problem of excessive concentration on a few undertakings



Abrupt changes of terms of agreement by the main undertakings may occur in this sector



The vertical integration of platforms, which act as intermediaries while at the same time rent advertising space as content creators and service providers, implies disadvantageous conditions for advertisers, such as tying and bundling of services or discriminatory treatment



Should you wish to do so, further and additional comments can be provided (max. 4,000 characters)



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