

Summary of Final Report Regarding Digital Advertising

Digital platform operators (“DPO”s),

- collect and use a variety of information including personal information to display ads with content in response to consumers' interests. Digital advertising business is a major source of revenues for DPOs.
- play key roles as platforms linking between media (publishers) and advertisers, ad agencies.
- In line with the expansion of digital advertising, media (publishers), which had previously earned revenue from advertising, have been forced to change their earning structure. The way DPOs run their businesses related to digital advertising has been having a major impact on the media businesses.

→Given these situations, the JFTC conducted a survey on digital advertising sector in order to clarify the actual conditions of transactions and competition surrounding DPOs and to show the views under the AMA and competition policy in order to prevent violations of the AMA and to promote efforts by the parties concerned to ensure a fair and free competition environment.

Survey method

Questionnaires for businesses

- (1) For advertisers and ad agencies
- (2) For intermediaries
- (3) For publishers

Questionnaires for consumers

- (1) For search service users
- (2) For social media users

Interview

Businesses and businesses organizations, etc.
Digital platform operators

International cooperation

Referring to international discussions
Cooperating with UK CMA and ACCC

Conducts that could be problematic pointed out in this report

Transactions
B to B

Conducts that could do trade partners harm

- (1) Setting and changes of contracts
- (2) System changes

Conducts that could restrict business partners' business activities

- (1) Restricting transactions with competing DPOs
- (2) Restricting transactions with leading publishers
- (3) Requiring resellers to use certain proportion of DPOs' services, etc.
- (4) Restricting the use of competing functions, etc.

Transactions
B to C

Lack of clarity of privacy policy

Competition
among publishers

When placing ads on own websites

- (1) Lack of transparency of transactions and low rating of contents
- (2) Lack of availability of audience and advertiser's data
- (3) Effect of change of search algorithm

Conducts that could exclude competitors

- (1) Preferential request
- (2) Restrictions of use of third-party services
- (3) Restricting access to certain inventories

Conducts that could lack fairness or transparency

- (1) Criteria of displaying ads
- (2) Opacity of Fee
- (3) Opacity of advertising unit prices
- (4) Criteria of viewability
- (5) Measures toward ad fraud
- (6) Review criteria of accounts

Use of information after opt-out

When placing ads on portal sites, etc.

- (1) Lack of transparency of basis for fee calculation
- (2) Lack of availability of audience data
- (3) Dissatisfaction with contents of contracts
- (4) Lack of transparency of ranking criteria

Future Initiatives

➢Based on the results of the survey, the JFTC will continue to implement the following initiatives to improve consumer welfare.

- (1) Enforcing toward specific issues that pose problems under the AMA strictly and properly
- (2) Conducting prompt and appropriate reviews on business combinations in the digital market based on the guidelines revised in 2019, etc.
- (3) Monitoring a competitive environment in the changing market affected by the emergence of DPOs and conducting fact-finding surveys
- (4) Working actively on coordination and cooperation with the Headquarters for Digital Market Competition and other relevant ministries
- (5) Exchanging views with authorities in other countries and working on continuous cooperation