



公正取引委員会
Japan Fair Trade Commission



Final Report Regarding Digital Advertising (Summary)

February 2021
Japan Fair Trade Commission

Purpose

Digital platform operators(“DPO”s)

- offer a variety of services, such as search service, social media, video and music distribution, and news distribution with free of charge in many cases, and have many points of contact with consumers. Digital advertising business is a major source of revenues for DPOs and DPOs can display ads that respond to consumers' interests by collecting and using various data including personal information in various media.
- play key roles as platforms linking both media (publishers) and advertisers and ad agencies in digital advertising transactions.
- With the growth of digital advertising, in particular the media (publishers), which had previously earned revenues from advertising, has been forced to change its earning structure. As a result, the way DPOs conduct their businesses related to digital advertising has been having a major impact on the media business.

→Given these situations, the Japan Fair Trade Commission (JFTC) has decided to conduct a fact-finding survey regarding trade practices on the digital advertising sector in order to promote efforts to prevent violations of the Antimonopoly Act (AMA) and efforts to ensure a fair and free competitive environment by stakeholders in the sector by clarifying the actual status of transactions and the state of competition surrounding digital platform operators in digital advertising sector and by resending the issues and the views as to the AMA and competition policy.

Method

Questionnaires For businesses

- (1) Questionnaire for advertisers and ad agencies
Number of questionnaires sent: 790 companies
Number of respondents: 105 companies
(Response rate: about 13.3%)
- (2) Questionnaire for intermediaries
Number of questionnaires sent: 393 companies
Number of respondents: 38 companies
(Response rate: about 9.7%)
- (3) Questionnaire for publishers
Number of questionnaires sent: 924 companies
Number of respondents: 177 companies
(Response rate: about 19.2%)

Questionnaires For Consumers

- (1) Questionnaire for search service users
Number of respondents: 2,000
- (2) Questionnaire for social media users
Number of respondents: 2,000

Interview

- ◎ 78 businesses and businesses organizations such as advertiser, ad agency, intermediary and publisher
- ◎ 5 main DPOs in digital advertising sector
- ◎ 6 experts with expertise in digital advertising sector

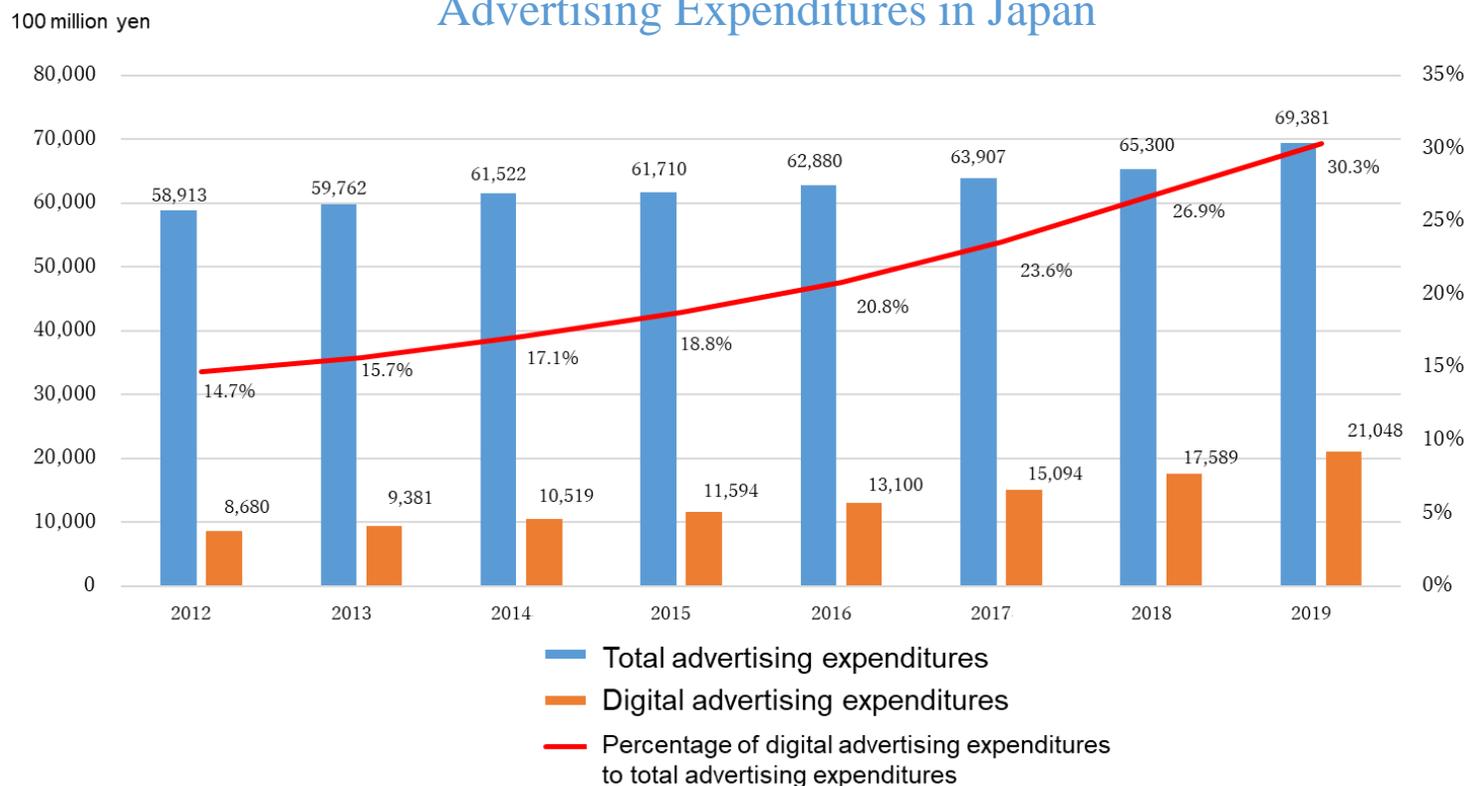
International Cooperation

Referring to discussions among countries and regions, ICN, OECD, etc.

Cooperated with the UK Competition and Markets Authority and the Australian Competition and Consumer Commission to exchange views and expertise.

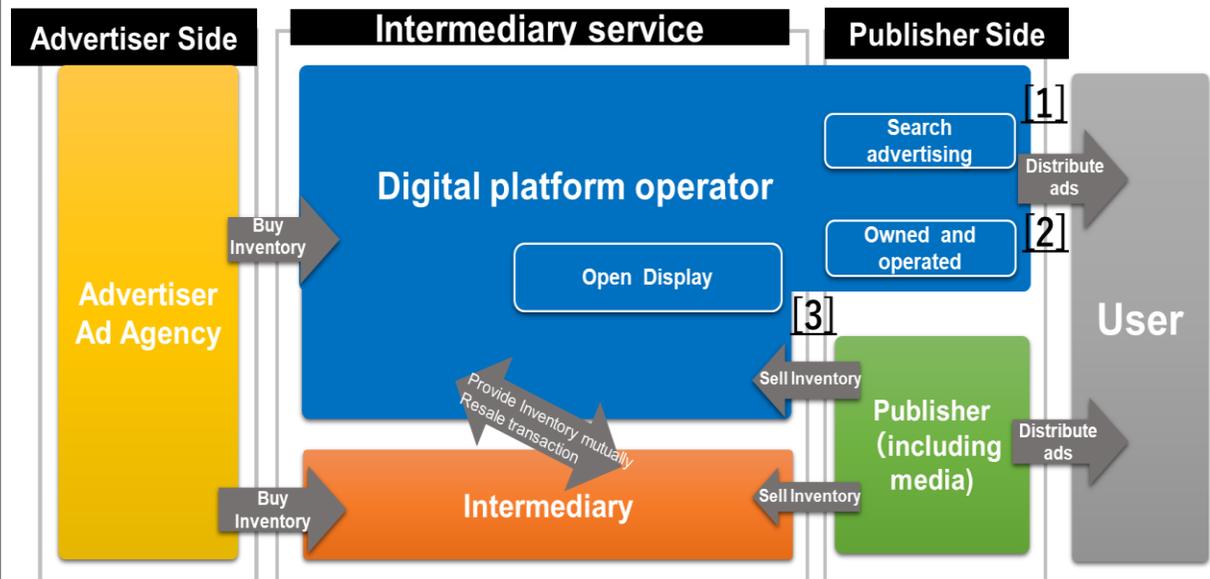
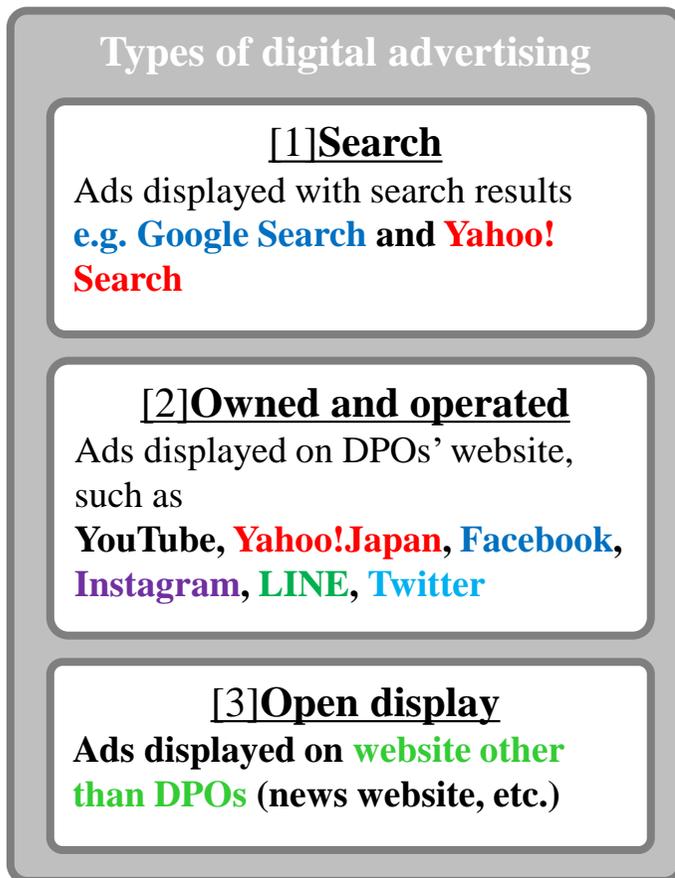
- **In 2019, the total size of digital advertising market in Japan was about 2 trillion yen.**
- **Advertising expenditures in Japan have been rising year by year, and the total advertising expenditures in Japan in 2019 rose to about 7 trillion yen. Among these, not only the size of digital advertising has increased, but the share of digital advertising expenditures to the total also tended to upward.**

Trends in Total Advertising Expenditures and Digital Advertising Expenditures in Japan



- Digital advertising is classified into [1]search advertising and display advertising ([2]owned and operated+ [3] open display).
- DPOs often run as both a intermediary and a publisher for these types of advertising.

Position of digital platform operators (“DPO”s) in digital advertising market



The position of digital platform operators (“DPO”s) (1)

Search advertising

Search query, cookie, location information, etc. are important to improve the quality of search advertising.

Google, which provides a wide range of services, including search engine, browser, and map app, holds a dominant position with 70% to 80% share.

Display advertising

Its strengths lie in its contact with a variety of users and its possession of major media.

Owned and operated

Facebook, Yahoo!, Google each with at least **10% to 20% share of owned and operated media** have influential positions.

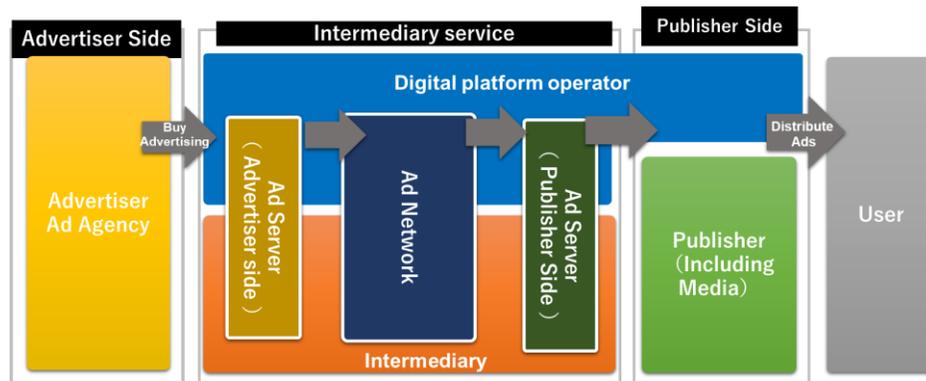
Open display

Providing a variety of digital advertising intermediary services at the same time increases efficiency and competitiveness.

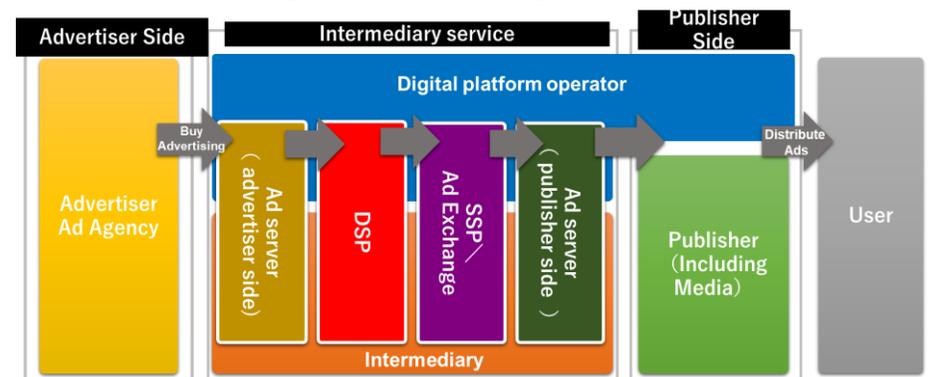
Google has a monopolistic and oligopolistic position in several services, with 80% to 90% share in publisher’s ad server, 50% to 60% share in SSP/ ad exchange, 60% to 70% share in DSP (including Google Ads) and 50% to 60% share in ad network.

Major flow of distribution and transactions of advertising in open display

<Major flow of distribution and transactions of advertising when using ad network>



<Major flow of distribution and transactions of advertising when using DSP, SSP/ ad exchange>



- Among DPOs, in several service areas,
Some DPOs are in a monopolistic or oligopolistic position.
- DPOs, in relation to business partners,
DPOs may be in a superior bargaining position.
- As a consequence of M&A, some DPOs,
may provide several advertising intermediary services at the same time ("vertical integration").



The ratio of sales for a certain DPO to our total sales as a publisher is about 50% and if we add up other DPOs, the ratio will be almost 100%.



A DPO has a large number of advertisers. Transactions with DPOs are essential because the more advertisers you have, the more profit you can make.



It is problematic that increasing vertical integration in intermediary services may cause fees to be opaque.

Setting and changes of contracts

The results of questionnaires The ratio of the respondents answering that the contract with each DPO

contains provisions that have some issues was
 from 35% to less than 50% in advertisers and ad agencies,
 from more than 40% to 75% in intermediaries and
 from 25% to 65% in publishers.

For details on the results of the questionnaires, see Interim Report.
 The questionnaires were made, base on each businesses (Google, Yahoo!, Facebook, Twitter, LINE, etc.) and the proportions of responses differ for each businesses, so the percentages are broad.

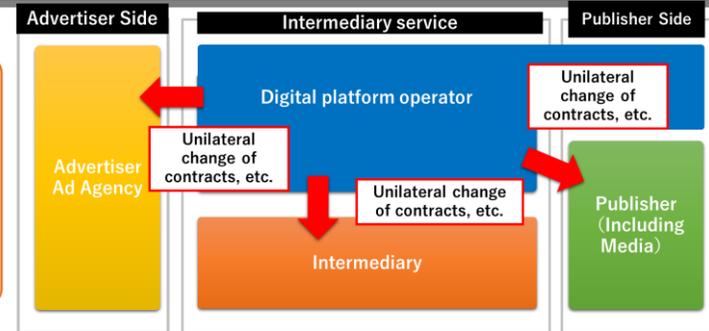
Issues pointed out in interview



The contract with a DPO allows the contract to be changed at the discretion of the DPO and the service can be unilaterally discontinued.



The contract includes provisions that allow a DPO, at its discretion, to terminate the contract unilaterally and without prior notice.



Explanation of Digital Platform Operator (DPO)

Some contracts stipulate that we may change terms of service at our discretion. It is because we constantly change and improve services or maintain the security or consistency of services, or it is due to legal reason.



Some contracts stipulate that we may terminate or suspend the agreement without prior notice in the event of a policy violation.



Views from the AMA and the competition policy

(★:Views from the AMA, ■: Views from the competition policy)

★ Regarding establishing a new contract or changing a contract with another party with whom a business relationship has already been established, if a DPO in a superior bargaining position over the other party (1) unilaterally establishes or changes contract, (2) allows the termination of a contract without a reason, (3) unilaterally allows the termination of a service/advertising distribution, or (4) restricts claiming compensation for damage in advance, and unjustly causes disadvantage in light of normal business practices, then such conducts could be a violation of the AMA (Abuse of Superior Bargaining Position).

■ When setting or changing contract, it is desirable (1) to inform in advance and explain sufficiently to the other party about the content of the established contract and the change of the contract, (2) to give the other party an opportunity to express an opinion and take into account as much as possible any reasonable reasons why the other party cannot accept the setting or change in question, and (3) to set sufficient time from a notification of the content of the change until its application, depending on the content of the change. When concluding a contract, it is also desirable to give consideration to fairness of the contract between the parties and to clarify the definition and scope of any restrictions when it is imposed on one of the parties.

System changes

The results of questionnaires

The ratio of the respondents answering that there were issues with system changes was

from less than 30% to more than 45% in advertisers and ad agencies,
from 30% to less than 60% in intermediaries and
from 20% to more than 30% in publishers.

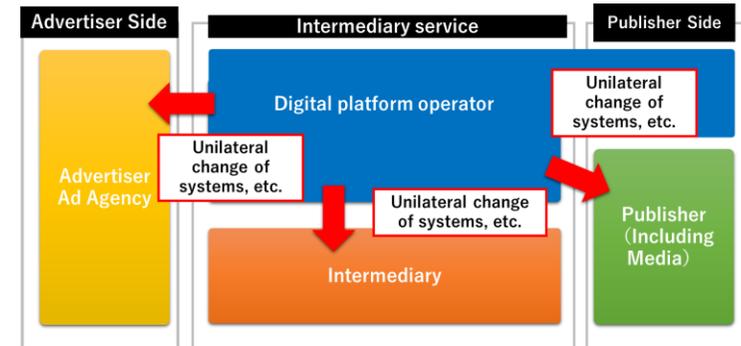
Issues pointed out in interview



If a DPO changes its system, it may interfere with our system and ads may no longer be displayed. If this happens, we will have to bear the reimbursement and indemnification to advertisers.



We may not be ready for the system change due to sudden updates and may not be in time for the client's response. DPOs sometimes make changes to the control screen without notice.



Explanation of Digital Platform Operator (DPO)

When changing system, we determine the notice period on a case-by-case basis depending on the relevant service/function, the size, nature of the change, and impact on earnings. When it is likely to materially affect users we adjust the notice period so that we set a long enough period .



The notice period is determined in light of the magnitude of the impact of system change. Decisions are made based on comments and case studies from businesses to ensure an adequate notice period.



Views from the AMA and the competition policy

★ If a DPO in a superior bargaining position over the other party unilaterally modifies the systems such as the bidding process and it unjustly causes disadvantage to the other party in light of normal business practices, it could be a violation of the AMA (Abuse of Superior Bargaining Position).

■ Depending on the content of the change and the impact of the system change on businesses using the system, it is desirable (1) to inform in advance and explain sufficiently to the other party about the content of the change and the reasons for the change in the system, (2) to give the other party an opportunity to express an opinion and take into account as much as possible any reasonable reasons why the other party cannot accept the system change, and (3) to set sufficient time from the notification of the system change until its application.

Preferential request

The results of questionnaires

Regarding preferential requests (requests from publisher's ad server to a SSP for ad distributions are sent to DPO's own SSP preferentially),

The ratio of the publishers that responded that they had "felt" it was from more than 3% to less than 25%.

The ratio of the publishers that responded that they had "never felt" it was from more than 30% to more than 40%.

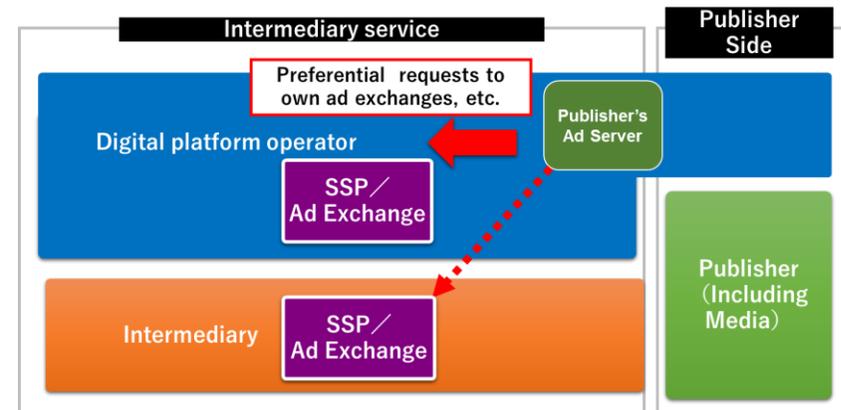
Issues pointed out in interview



There is doubt that there may be the preferential request, but there is no way to confirm it. If there is an unfair bidding logic such as the preferential request, third party intermediaries will be put at a disadvantage.

Explanation of Digital Platform Operator (DPO)

There is no fact that we are making the preferential request. Our advertising distribution functions do not prioritize our own exchange function over other SSPs and send requests to our own exchange function.



Views from the AMA and the competition policy

★ Since the preferential requests are basically doubts based on the waterfall, the conditions have changed at this point when the waterfall is no longer mainstream.

However, if, by designing and operating the bidding system arbitrarily, a DPO causes interference of transactions between competing intermediaries and publishers and excludes such intermediaries, it could be a violation of the AMA (Interference with a Competitor's Transactions).

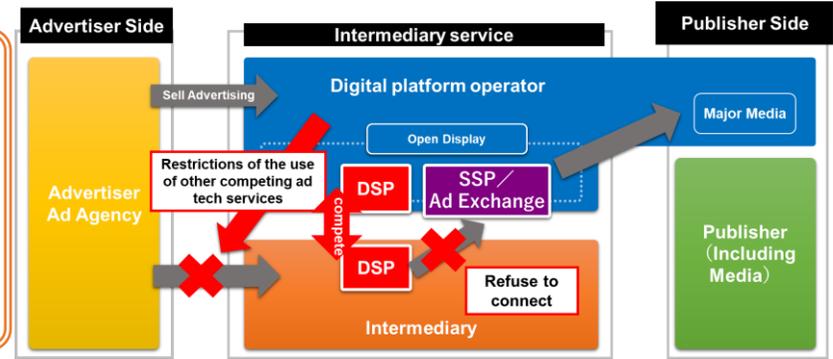
■ In order to increase fairness and transparency of transactions and ensure a fair competitive environment, it is desirable to disclose necessary information to publishers regarding the bidding system and to establish the system in Japan that enables to achieve full accountability so that it will not cause a doubt of self-preferencing.

Restrictions of use of third-party services

The results of questionnaires

Regarding the handling of third-party service,

While around 90% of advertisers and ad agencies, intermediaries, and publishers responded “No particular issues”, there were the respondents answering “The use of third-party services other than the services provided by a DPO was prohibited” (advertisers and ad agencies, publishers) and “a DPO personnel gave us instructions to prohibit the use of third-party services” (intermediary).



Issues pointed out in interview



As DPOs also play a role as a publisher, there is a move to squeeze out third-party ad tech services from the routes where ads are distributed to their own media.

Explanation of Digital Platform Operator (DPO)



We believe it is necessary and reasonable not to allow ads to be distributed through third-party DSPs to our own media, for reasons such as risks of privacy-related laws and data protection.

Views from the AMA and the competition policy

★ If, as a means to achieve unjust purposes under the AMA, a DPO disconnects or refuses a third party DSP to connect from its own major media, and therefore makes the DSP difficult to carry on business activities, such as the DSP cannot easily find alternative media and is forced to exit the market, etc., then it could be a violation of the AMA (Individual Direct Refusal to Deal, etc.). In addition, if a DPO allows an advertiser to distribute ads to its own media only through its own DSP, ties the access to its own major media with the access to its own DSP, and therefore, excludes third party DSPs, such as the third party DSPs are forced to exit the market, then it could be a violation of the AMA (Tie-in Sales, etc.) .

■ When a DPO disconnects or refuses third party DSPs to connect from its own media, it is desirable (1) to explain the reason, and (2) to provide sufficient time for the third party DSP to respond.

Restricting access to certain inventories

The results of questionnaires

The ratio of the respondents answering that, despite bidding at or above the appropriate price, the company was unable to distribute inventory it wants to distribute was

from more than 10% to less than 20% in advertisers and ad agencies and from less than 15% to more than 20% in intermediaries.

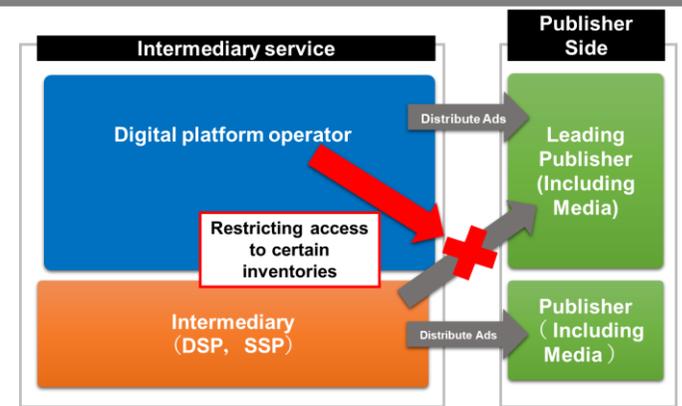
Issues pointed out in interview



A DPO does not open leading publisher's high-quality inventory to ads distributed by third-party DSPs, and such ads can be only distributed to the remaining inventories other than the leading publisher.



The contract with a certain DPO stipulates that (1) third-party services shall not be used and (2) the consultation shall be held with the DPO if we use third-party services.



Explanation of Digital Platform Operator (DPO)



There is no difference in the treatment between the bids by third-party DSPs and those by our own DSPs in our ad exchange/SSPs auctions. Our ad exchange/SSP auctions handle all indirect buyers of inventory equally. We are not aware of any provisions for the use of third-party advertising intermediary service as claimed on the left.

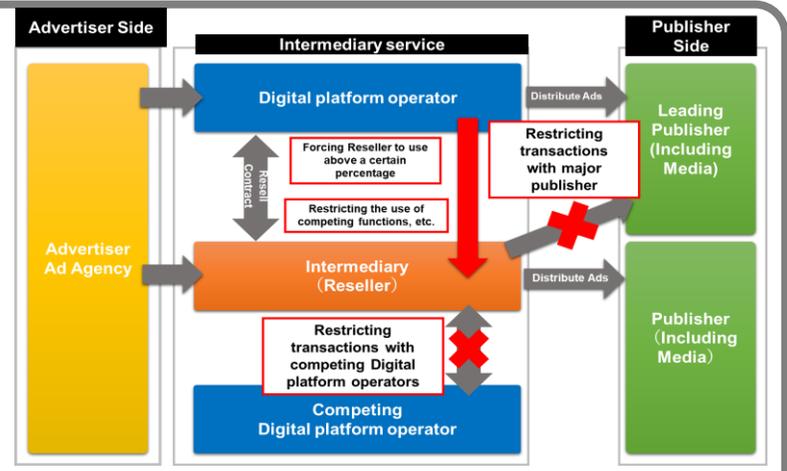
Views from the AMA and the competition policy

★ If, by allowing ad distributions to the specific inventories to be done only through its own ad tech services, a DPO interferes with ad distributions to a publisher by the third party DSP that competes with itself and excludes the third party DSPs, then it could be a violation of the AMA (Interference with a Competitor's Transactions). In addition, if a DPO trades with a publisher on the condition that the publisher will not trade with the third party SSPs that competes with the DPO and excludes the third party SSPs, it could be a violation of the AMA (Trading on Exclusive Terms, Trading on Restrictive Terms).

■ Regarding the inventories where a large number of advertisers (ad agencies) wish to post their ads, it is desirable that DSPs and SSPs participating in the bidding be able to participate in the bidding fairly, regardless of whether it is the DSPs and SSPs of the DPO or those of a third party, and that a mechanism be prepared in a way that the bidding participants can verify whether the bidding is being conducted fairly.

Conducts that could restrict business partners' business activities

The results of questionnaires
Regarding the conditions for resale given by a particular DPO,
 intermediaries answered,
 “The DPO restricts business activities with some publishers” (less than 7%),
 “The DPO makes the percentage of the inventory sold as an agent to overall inventory larger than a certain level” (less than 7%),
 “The DPO restricts implementation of header bidding functions as your original services” (less than 7%),
 “You have never been requested any conditions” (less than 87%).



Issues pointed out in interview



When we planned to cooperate with a DPO's competitor to develop a new ad tech service, we had no choice but to terminate our alliance with the DPO's competitor because the DPO told us that we should terminate it as far as we want to keep the resell contract with the DPO.

Explanation of Digital Platform Operator (DPO)



We generally do not impose restrictions on business users or resellers regarding using competing advertising systems.

Views from the AMA and the competition policy

★ If a DPO (1) restricts transactions with the competing DPO etc., (2) restricts transactions with leading publishers, (3) requires resellers to use certain portions of its own services, or (4) restricts the use of competing functions, etc. against the intermediaries that have become the reseller of the DPO, and a competitor is excluded or its business activity is restricted such as the competing DPO or the competing intermediary cannot easily find alternative trading partners, then it could be a violation of the AMA (Trading on Exclusive Terms, Trading on Restrictive Terms, etc.).

■ It is desirable (1) to clearly define in writing the contents of the restrictions imposed on the intermediaries that have become the reseller of a DPO, (2) (i) to inform in advance and explain sufficiently about the content of the change of the contract; (ii) to give the other party an opportunity to express an opinion and take into account as much as possible any reasonable reasons why the other party cannot accept the change in question; and (iii) to set sufficient time from the notification of the content of the change until its application, depending on the content of the change.

Conducts that could lack fairness or transparency (1)

The results of questionnaires

The ratio of the respondents answering that there are problems and issues with the results of displayed ads was

from more than 15% to more than 30% in advertisers and ad agencies.

The ratio of the respondents answering that there are problems and issues with transparency of supply chain was from less than 45% to more than 50% in advertisers and ad agencies, and from less than 40% to more than 55% in publishers.

Issues pointed out in interview



Despite meeting the criteria for displaying ads, our ad distribution was suspended. The DPO has not explained why it was suspended, and it seems that decisions may be made differently depending on the people in charge.



The flow of money is opaque such as how many fees intermediaries businesses will take at every stage and what is the percentage of advertising expenditures paid by advertisers that eventually remain in publishers. Publishers' share may be less than half of advertising expenditures paid by advertisers.

Explanation of Digital Platform Operator (DPO)

We have published an easy-to-understand advertising policy widely to advertisers and disclosed the reasons for the breach. Internal measures such as the necessary training for staff are taken to ensure consistency in the application of policies.



The points indicated in the left column are not based on the facts. Competition will also arise in purchasing inventories from publishers. Therefore if we are not able to increase profitability for publishers, we, as an ad distribution platform, will not have chances to distribute ads.



Views from the competition policy

■ In order to resolve the opacity of criteria of displaying ads and ensure a fair competitive environment for acquiring inventory, it is desirable for DPOs (1) to clarify the criteria of displaying ads and increase consistency in applications of that criteria, (2) to establish a system for the application and receiving inquiries by advertisers (ad agencies) in Japan and try to provide as fair an operation as possible, and (3) to notify in advance in principle and provide an appropriate time period to respond, depending on the reason and size of the changes, in case of any changes of the criteria of displaying ads.

■ In order to increase transparency of the supply chain and ensure a fair competitive environment, concerning fees and advertising unit prices, etc. it is desirable for DPOs (1) to voluntarily disclose information (e.g. the results of analyses of the fees incurred when conducting an advertising distribution using their own services) and (2) to establish a system in Japan to achieve adequate accountability.

Conducts that could lack fairness or transparency (2)

The results of questionnaires

The ratio of the respondents answering that there are problems or issues with viewability was from more than 50% to 55% in advertisers and ad agencies.

The ratio of the respondents answering that they were dissatisfied with ad fraud's measures was

from more than 40% to less than 60% in advertisers and ad agencies and

from more than 30% to more than 40% in publishers.

Issues pointed out in interview



Since the definition of impression varies depending on media, there is opacity such as ads are counted as impressions even though ads are placed in areas where user cannot see virtually.



The criteria made by a DPO to identify ad fraud are unclear. We cannot take any measure because only the amount of reductions is notified and information such as “when,” “where,” and “how many times” ad fraud occurred is not disclosed.

Explanation of Digital Platform Operator (DPO)

Based on the US Media Rating Council's guidelines for measuring viewability, we have established indicators for deciding whether impression is viewable and for measuring how long the ad is displayed.

We do not disclose details of which clicks led to invalid traffics. If the details are disclosed, malicious people can make use of them and develop new means of hiding the invalid traffic, which makes it difficult for us to detect invalid traffics.

Views from the competition policy

■ In order to ensure a fair competitive environment for the acquisition of advertisers (ad agencies) among publishers by enabling the optimal selection by advertisers(ad agencies), it is important to increase transparency by providing information about viewability and using third-party measurement services, and it is desirable to define objective standards for viewability, based on international standards, and to disseminate these standards.

■ In order to ensure a fair competitive environment for the acquisition of advertisers (ad agencies) among publishers and intermediaries, it is desirable, at least, (1) to disclose to businesses useful information for addressing ad fraud to the extent that it is not misused, (2) to establish a system for addressing ad fraud in Japan, and (3) to actively participate in industry initiatives for addressing ad fraud.

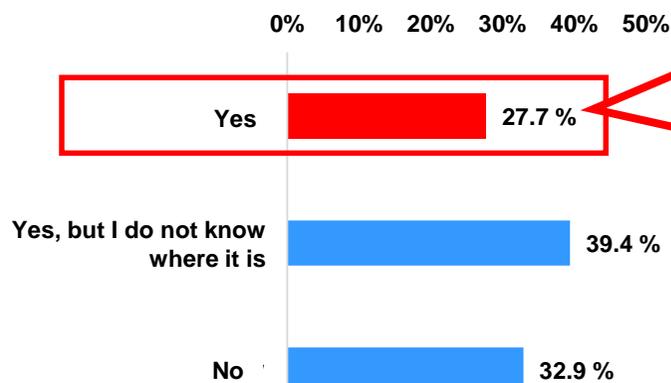
DPOs' services like search service and social media are often provided with consumers with free of charge. In exchange, DPOs collect or use data including personal information, etc. and also use it for targeting.



The purposes of DPOs' collection of data (including for displaying ads) are described in terms of service in search service and social media, but only about 3% search service users and about 6% social media users are aware of terms of service and read the whole terms of service.

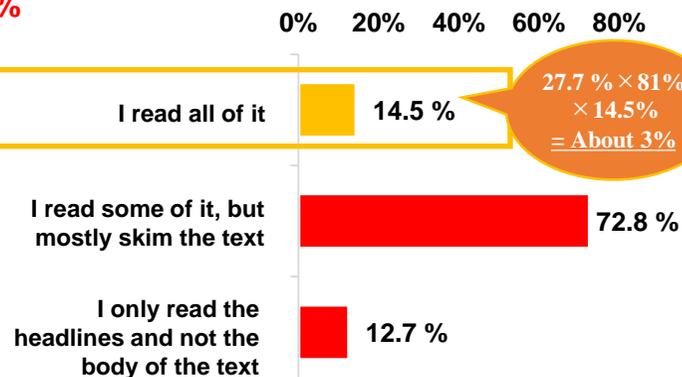
Questionnaire for search service users

Awareness of terms of service in search service



How much did you read terms of service in search service?

Not read 19%
Read 81%



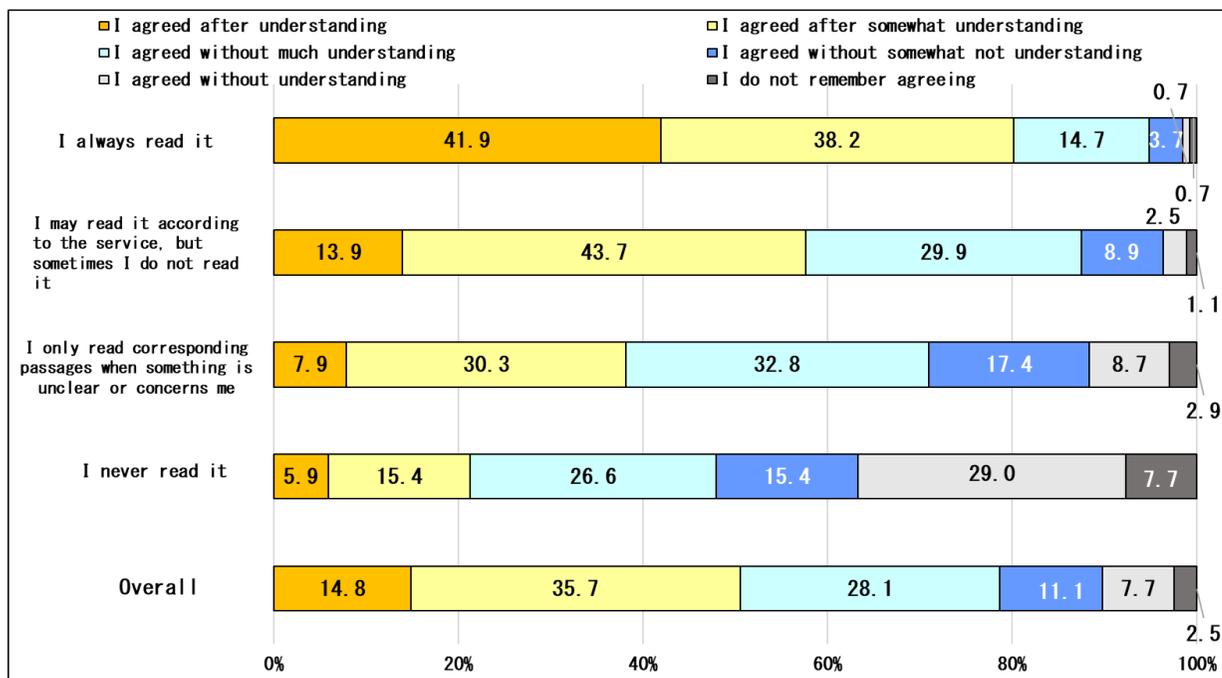
Cross-tabulation analysis regarding state of reading terms of service and awareness of the collection and use of information for advertising display purposes

<Examples of Analysis on the use of social media>

Although some consumers who always read terms of service when using social media have some awareness of the collection and use of information for advertising display purposes, other consumers are less aware of the collection and use of information for displaying ads.

(Head) Q. When agreeing to terms of services for social media, are you aware of what type of information is collected and used for advertisement display?

(Side) Q. Do you read the terms of service when using social media?



Actual status of transactions with consumers as to abuse of superior bargaining position

Actual status of transactions

In some cases, the relationship between collecting information and the purpose of use is unclear or the explanations on the use for one service is not clearly distinguished from that for other services in the privacy policy.

After opt out, user's information may still be used for advertising.

Explanation of Digital Platform Operator (DPO)

- Terms of service and policies are properly displayed not only when consumers are willing to register for the first time in our services, but also at all times while consumers use our services. The use of the collected information is explicitly described in our published terms of service and policy.
- User's consent is required prior to the use of user's information for purposes that differ substantially from those set out in its privacy policy.



- We provide users with a set of tools and functions to customize and manage the ads they see.
- If ad customization is disabled, we will not use that user's information to customize the ads. User may be shown, for example, contextual advertising that may be based on the current rough location of the device based on GPS or other location information, only if permitted in device-level settings.



Views from abuse of superior bargaining position to consumers in digital advertising sector

DPO that is superior to consumers

※ In light of the number of users, a DPO, which has a dominant and oligopolistic position in search services and social media, is highly likely to have a superior bargaining position over consumers.



Unfairly in the light of the normal business practices

If there is a likelihood that fair competition will be impeded, the term “unfairly in light of the normal business practices” shall apply.
⇒ **Judgment is made on a case-by-case basis considering the degree of disadvantage in question and the extent of the conduct.**



Conduct of abuse
(Unfairly collect and use personal information, etc.)

(1) If in privacy policies, the explanation of the use of a service is not clearly distinguished from the explanation of the use of other services, or the explanation of purpose of the use is unclear,
(2) If users’ information is used for advertising after users opt out, it could be an unfair collection and use of personal information, etc.



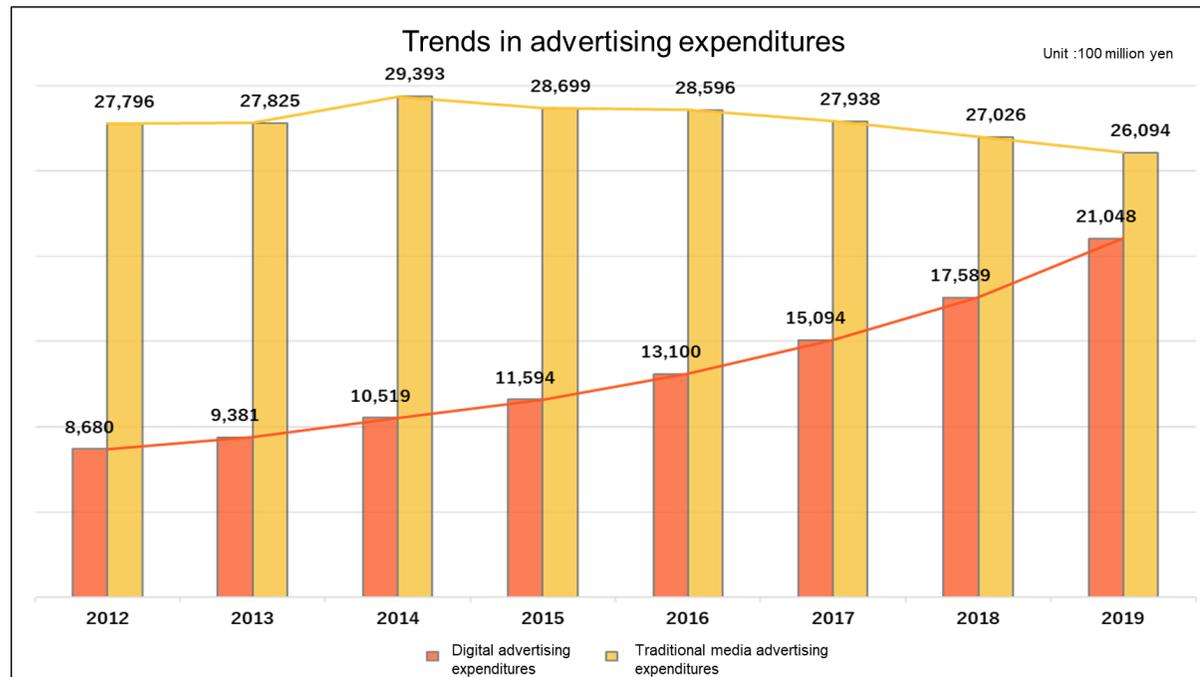
Abuse of Superior Bargaining Position

Views from competition policy

- As much as possible, the relationship between the collected information and its purpose of use should be clarified in each service.
- As much as possible, it is desirable to provide users with the ability to opt out of targeting advertising. In addition, if there is information that is used for displaying ads even after the users have opted out, a clear explanation should be made in the opt-out setting.

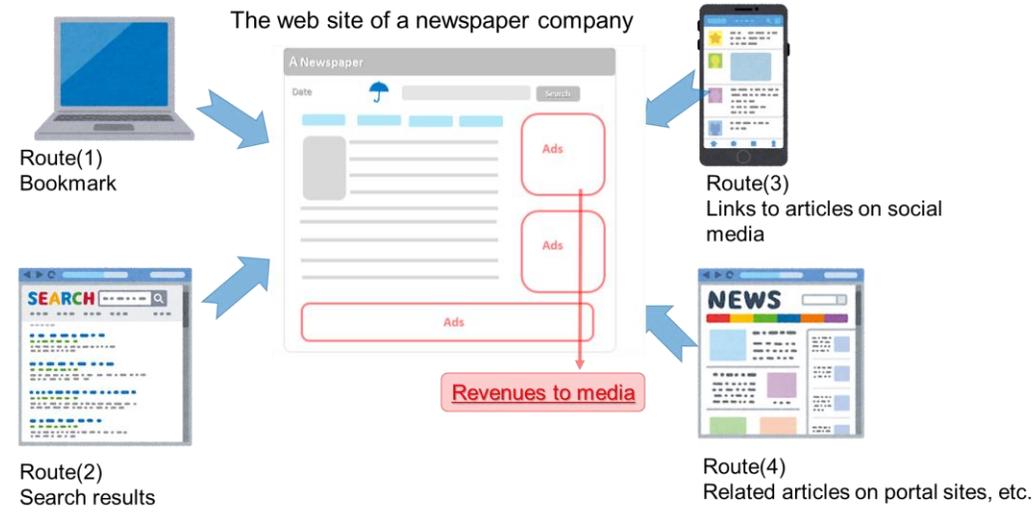
- Publishers' earning structure has changed in line with the growth of digital advertising. Publishers now earn (1) revenue from advertising transactions of in which DPOs intervene, and (2) "revenue share" of advertising revenue earned by DPOs in conjunction with content distribution.
- In recent years, the proportion of advertising expenditures in traditional media (newspaper, magazines, radio and television) has been declining, while the share of digital advertising expenditure in total advertising expenditures has been on the rise. The importance of digital advertising revenues is increasing for traditional media.

Trends in "Digital advertising expenditures" and "Traditional media advertising expenditures"



How publishers generate advertising revenue by placing digital ads on their websites

- In order for publishers (media) to increase advertising revenue, it is essential to increase the number of accesses to their websites.
- In addition to route (1), the importance of route (2) and (4) is relatively high as a traffic to the sites, and the presence of some leading digital platforms involved in these businesses is large.
- ※ Using content in search results in route (2), **there are usually no contracts or royalty payments** between DPOs and publishers.



Issues pointed out in interview

In addition to the opacity of digital advertising transactions, the value of content is not highly evaluated.

The changes in search algorithms have a significant impact because of a certain level of traffic from search sites.

Explanation of Digital Platform Operator (DPO)

The rate structure is clear and transaction information is provided. It does not necessarily mean that good content has high advertising value.

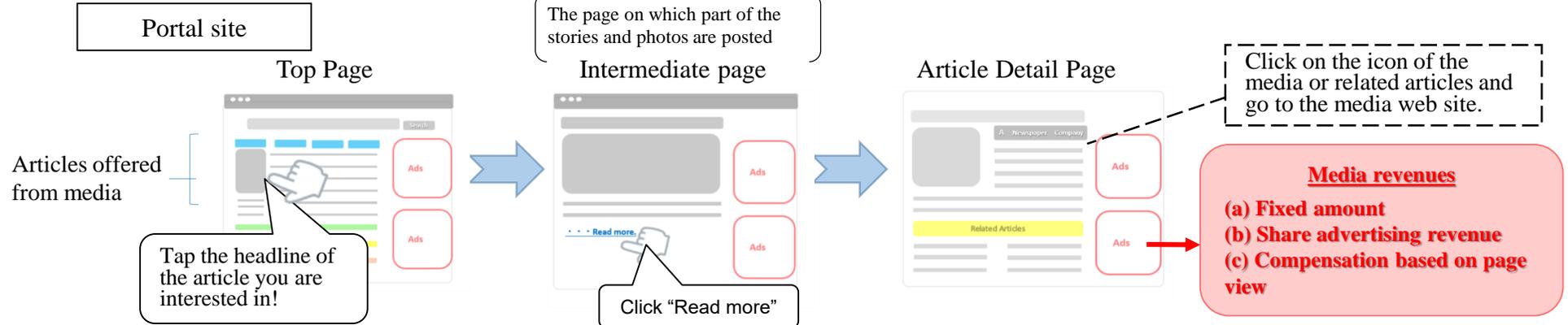
Some algorithm changes are made for the safety for users. Disclosure of details or advance notice should not be provided in order to address malicious persons.

Views from competition policy

- It is desirable to disclose and be fully accountable for digital advertising transactions so as to contribute to the choice of publishers.
- It is desirable to disclose as much information as possible in order for publishers to prepare for changes in search algorithms that have a significant impact on their business activities, such as the main factors that determine search rankings. It is also desirable to establish effective consultation systems for domestic publishers as much as possible, as a prerequisite for shared understanding by both parties.

How publishers indirectly generate advertising revenue by providing content on portal sites and news apps

- Contracting with portal sites or news apps (referred to as "portal sites") that provide news distribution allows publishers to obtain a portion of the revenue from digital ads posted by portal sites on content in exchange for providing news content.



Issues pointed out in interview

Explanation of Digital Platform Operator (DPO)

Publisher (orange icon): We are distrustful that whether we receive an appropriate return because the process of calculating distribution fee is not disclosed. A portal site appears above our site on search result pages.

Publisher (orange icon): The number of page views increases for the content that is featured at the top ranking in a portal site, but the selection criteria is unclear.

DPO (blue icon): The process of calculating distribution fee is explained when contracting and the basis for monthly receipts is also provided. Our pages are original, including our own elements, and it is difficult to always keep us down in technologically.

DPO (blue icon): The selection policy for content to be displayed on the top page is open to the public, and decisions are made based on "public interest" and "social concern."

Views from competition policy

■ From the viewpoint of promoting fair competition, it is desirable to clarify the criteria and basis for calculation of the distribution fees.

It is also desirable that, for example, portal sites clarify the handling of the provided content on their sites, including the problem on the issues on display of search results, and that appropriate negotiations are conducted based on the clarification.

Changes in competition among publishers and the impact of these changes on consumers

Impact on consumers by increased competition among publishers

- Through digital platforms, consumers are now able to view a certain amount of news content from various media, not limited to specific media, for free.



As a result of increased competition for readers, each company are competing for accuracy, speed, uniqueness and understandability of articles, and the promotion of competition among traditional media can be evaluated as benefiting consumers.

Impact on consumers about accuracy and quality of news and other information

- Information distribution through digital platforms allows all actors to transmit information.
- When the value of inventory tends to be evaluated by the number of impressions and clicks, there is an incentive for some publishers to create content that can earn more accesses.



If a competitive environment in which publishers making high-quality news content are legitimately assessed is not secured, consumers may not be able to receive useful information that is assured of accuracy.

Views from competition policy

- To ensure the quality of content provided by publishers through fair competition and legitimate evaluation, it is desirable to take the following measures:
 - The name of media should be clearly indicated as the location of responsibility for primarily ensuring the accuracy and quality of the information.
 - A mechanism be considered in which such consumers' evaluations of the quality of content and publishers can be reflected in the competition among publishers, even in the case of through portal sites.
 - Continuous efforts should be made to ensure that content posted on the top pages of portal sites is judged based on indicators including accuracy and reliability of the content and social significance.

Conducts that could be problematic and Views from the AMA and competition policy

	Conducts that could be problematic	Views from the AMA and competition policy
To businesses	Conducts that could do trade partners harm (e.g. Setting and changes of contracts)	This could be a violation of the AMA as an abuse of superior bargaining position. → Sufficient explanation, time considerations, and fair treatment are desirable.
	Conducts that could exclude competitors (e.g. Restrictions of use of third-party services)	This could be a violation of the AMA as interfering with transactions and private monopolization → It is desirable to clarify the reasons for the disconnection and to ensure a response period.
	Conducts that could restrict business partners' business activities (e.g. Restricting transactions with competing digital platform operators)	This could be a violation of the AMA as trading on exclusive terms, trading on restrictive terms, and private monopolization. → It is desirable to clarify the content of the restrictions in writing, etc., to notify in advance in the event of a change in contracts, to take into account the circumstances of the other, and to provide a response time sufficiently.
	Conducts that could lack fairness or transparency (e.g. Opacity of advertising unit prices, etc..)	Necessary data may not be taken into account and fair competition for advertisers and publishers may be distorted → It is desirable to disclose necessary information and fulfill sufficient accountability.
To consumers	Acquiring personal information without notifying the purpose of use (e.g. Privacy Policy Uncertainty)	This could be a violation of the AMA as an abuse of superior bargaining position. → It is desirable to clarify the correspondence between the information to be acquired and its purpose of use.
	Using personal information beyond the scope necessary for the achievement of the Purpose of Use (e.g. use of user information after opt-out)	This could be a violation of the AMA as an abuse of superior bargaining position. → A clear explanation of the use of information is desirable.
Competition among publishers	Lack of transparency of transactions between publishers and DPOs (e.g. Lack of transparency of value each content has)	For optimal selection of publishers, it is desirable to disclose necessary information, provide sufficient explanations, and build an effective consultation system.
	Uncertainty about providing content by publishers (e.g. Uncertainty of the basis for calculating distribution fee)	For transparency and fairness of transactions, it is desirable to clarify distribution fee, the treatment of content and the basis for calculation
	Impact on consumers of changes in competition among publishers (e.g. responsibility to ensure the accuracy and quality of information)	To ensure that the quality of the content is reflected in the competition among publishers, it is desirable to include the name of the media that created the content and to determine the ranking of the content in consideration of the quality of the content.

Based on the results of the survey, the JFTC will continue to implement the following initiatives to improve consumer welfare by promoting competition in the digital market.

- 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 Conducting fact-finding surveys on the digital market and identifying issues related to the AMA and competition policies.
- 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.