

EACA comments on the proposed ban on targeted advertising In the context of Digital Services Act debates in the European Parliament

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The European Association of Communications Agencies (EACA) represents more than 2,500 communications agencies and agency associations from nearly 30 European countries that directly employ more than 120,000 people. EACA members include advertising, media, digital, branding and PR agencies.

We are alarmed by calls in the European Parliament – specifically in the LIBE committee - to ban targeted advertising and other amendments that call into question existing EU privacy and data protection rules. While the IMCO rapporteur proposes a default switch-off of targeted advertising, several LIBE members go further in suggesting a ban of targeted advertising even in the event that consent was given in line with the requirements of the General Data Protection Regulation (GDPR).

Data-driven advertising is covered by the existing EU legal framework

Data-driven advertising that is processing personal data is covered by the existing EU legal framework on privacy and data protection, and any new provisions under the Digital Services Act must not contradict this framework or its application. A ban on targeted advertising calls into question the technology-neutral principles of the GDPR and would put in place a series of conflicts with the ePrivacy directive and the GDPR. This would create legal uncertainty and confusion in processing activities that are already regulated and where industry is investing heavily into the development, implementation and maintenance of standards designed to protect and respect users, advertisers and publishers.

The impact of a ban on targeted advertising would be disproportionate not only with regards to its economic but also its social impact.

Publishers could no longer subsidise free content for users

A ban would adversely impact publishers' ability to subsidise free content for users. News publishers will be hit particularly hard, without the ability to subsidise their remnant inventory with personalised advertising. While household names may be able to rely on subscriptions, smaller news publishers will not. [This study](#) found that 70% of Europeans abandon the internet as a source of news when asked to pay. A universe of other creators (such as bloggers and video content creators) and developers who rely on ads for funding will also suffer, as they lose the ability to monetise. This will in turn reduce the diversity of content available online.

Content and services would move behind jurisdiction walls

A ban on targeted advertising would deprive all European citizens of a significant share of content and services that they benefit from today. It would lead to the disappearance of the ad-supported open web and remove the choices regarding the consumption of online content from the hands of users. Reducing the quality and relevance of an ad makes it much less likely that a consumer will see ads that are helpful, interesting or relevant to them.

Personalised ads are part of a wider advertising ecosystem that supports the provision of online content and services that are available at low or no cost to users. [In a report](#), the Interactive Advertising Bureau Europe (IAB)

examined the potential outcomes if online services were required to introduce charges to cover the loss of revenue from restrictions on targeted advertising. 75% of respondents prefer the current commercial model for the internet, which is funded largely by personalised advertising. The alternative scenario is an internet of paywalls and subscriptions. Less than half of the respondents (49%) are willing to pay for more than three such subscriptions in total.

SMEs with smaller markets and less resources would be disproportionately hit

A ban on targeted ads would adversely impact advertisers' return on investment, as it becomes harder for them to find the right audience. This would disproportionately affect SMEs, which are likely to have smaller potential markets and may not have the resources to "cast a broader net" by advertising through other, more expensive avenues such as traditional broadcast, out-of-home advertising, or banner advertising on major web properties.

Following the COVID-19 epidemic and the subsequent acceleration of digitalisation, customer interactions have increasingly shifted from an offline to an online environment. As a result, online advertising became even more essential for small retail businesses to engage with consumers who no longer visit physical stores to the same extent as before. To be able to compete on a European and global market with larger companies, the use of targeted advertisements is essential for online retail, especially for smaller operators, as consumers find more and more sales companies retailers and their products or services online.

A ban would negatively impact employment in the ad ecosystem

Web agencies are a significant job creator across Europe. A ban on targeted advertising would damage the entire ecosystem and in particular small agencies and, as a consequence, the SMEs they support.

Rather than banning targeted advertising altogether, regulators should focus on addressing specific concerns, including by enforcing existing applicable law and encouraging the emergence of new, privacy-protective techniques that can retain the benefits of ads personalisation while enhancing the protection of personal data.

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