IAB Europe’s comments on the consultation on the European Democracy Action Plan – Executive Summary

This document contains an overview of IAB Europe’s comments on the new European Democracy Action Plan (EDAP), further to the European Commission stating in its 2020 work programme that it will propose a new European Democracy Action Plan (EDAP) to counter disinformation and to adapt to evolving threats and manipulations, as well as to support free and independent media, and Commission’s consultation launched thereafter. IAB Europe (Transparency Register: 43167137250-27) is the European-level association for the digital advertising and marketing ecosystem.

- We recognise some of the key challenges for the European democracy that the new Action Plan is set to tackle. It is in our shared interest to ensure that the digital ecosystem continues to provide accurate information and views, and on terms that are accessible and affordable for all citizens. Digital advertising is the major revenue stream for the European media, accounting for over 81% of European newspaper and magazine digital revenues, and it is our conviction that objective, good-quality journalism positively contributes to preserving social and political values in Europe. In this context, we would like the value of digital advertising to be recognised and supported.

- Similarly, we would also like to recommend that the policymakers to acknowledge existing industry-driven approaches that aim to ensure transparency and quality across the digital advertising and marketing ecosystem. Such industry engagement can significantly contribute to reducing instances where advertising inadvertently finances properties that are deemed to carry disinformation. Any policy instruments tackling disinformation should remain flexible and take into account the boundless and pervasive nature of the internet which makes eradicating of malpractice a challenge.

- We would like to draw the Commission’s attention to existing best practice and applicable legal rules to ad disclosures that can be built on in the development of EU-wide provisions on digital political advertising, while appreciating the specific nature of such advertising.

- Last but not least, we call on the policymaker to be cognisant of the existing regulatory framework, in particular, the EU privacy and data protection framework applicable to any business activity underpinned by data. The General Data Protection Regulation unambiguously established the principles of data protection that regulate the digital advertising sector.

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IAB Europe’s comments on the consultation on the European Democracy Action Plan

IAB Europe (Transparency Register: 43167137250-27) represents 25 European national associations who in turn associate over 5,000 companies from across the digital advertising and marketing ecosystem, from advertisers and advertising agencies on the buy side, news publishers and other ad-funded sites and online services on the sell side, and technology providers facilitating the delivery of ads. We have over 90 companies in direct membership, including agencies, technology companies, publishers and eCommerce companies.

In its 2020 work programme, the European Commission (Commission) stated that it will propose a new European Democracy Action Plan (EDAP) to counter disinformation and to adapt to evolving threats and manipulations, as well as to support free and independent media¹, further to which public consultation was launched². In addition to providing a direct response to said consultation, IAB Europe would like to take the opportunity to provide feedback on the themes discussed in connection with the EDAP package, conveying the views of the digital advertising and marketing ecosystem. We also appreciate that some of the aspects considered in the context of the EDAP are considered in the context of the public consultation on the Digital Services Act (DSA) package and as such we would like to refer the Commission to IAB Europe’s response³ and supplementary paper on the DSA⁴.

We recognise some of the key challenges for the European democracy that the new Action Plan is set to tackle. It is in our shared interest to ensure that the digital ecosystem continues to provide accurate information and views, and on terms that are accessible and affordable for all citizens. Digital advertising is the major revenue stream for the European media, accounting for over 81% of European newspaper and magazine digital revenues, and it is our conviction that the objective, good-quality journalism positively contributes to the social and political landscape in Europe.

In this context, we would like the value of digital advertising to be recognised and supported. We would also like to recommend to the policymakers to similarly acknowledge existing industry-driven approaches that aim to ensure transparency and quality across the digital advertising and marketing ecosystem. Several existing market-wide programmes driven by European National IABs give brands, and other market participants alike, confidence that they are working with legitimate businesses, that the inventory traded is authentic, and finally, that ads are being placed in a safe environment helps to safeguard the sustainability of the digital advertising business model. Such industry engagement can significantly contribute to reducing instances where advertising inadvertently finances properties that are deemed to carry disinformation. Any policy instruments

tackling disinformation should remain flexible and take into account the boundless and pervasive nature of the internet which makes eradicating of malpractice a challenge.

It is also important to appreciate that in cases when illicit actors game the system it is indeed to the disadvantage of all concerned – consumers, market participants and the sector as such. As such it is the whole industry – advertisers and advertising agencies on the buy side, news publishers and other ad-funded sites and online services on the sell side, and technology providers serving both sides – that must be considered as collateral damage of intentional misbehaviour and not as contributors to malpractice.

Such joined up and focused efforts, as well as existing best practice and applicable legal rules to ad disclosures should be observed when devising rules on digital political advertising. There exist approaches in non-EU jurisdictions that one can built on while developing EU-wide provisions.

Above all, while developing any new policy instruments that might affect digital advertising, we call on the policymakers to be cognisant of the existing regulatory framework, in particular, the EU privacy and data protection framework applicable to any business activity underpinned by data. The General Data Protection Regulation (GDPR)\(^5\) unambiguously established principles of data protection that regulate the digital advertising sector.

This paper has been framed in the following way:

- **Part 1 – Election integrity and political advertising**
  - IAB Europe’s prime interest in brand advertising
  - Political advertising
  - Digital political advertising
  - Transparency and disclosure in digital political advertising
  - Microtargeted digital political advertising
  - Issue-based advertising
  - Databases of digital political advertising

- **Part 2 – Strengthening media freedom and media pluralism**
  - The value of digital advertising
  - Digital advertising as the lifeblood of the independent media
  - Support for the entire media ecosystem
  - Privacy and data protection considerations

- **Part 3 – Tackling disinformation**
  - Tackling disinformation as a priority for the digital advertising ecosystem
  - Definition and scope of disinformation
  - Scrutiny of ad placements
  - Digital advertising quality programmes
  - Future policy approaches

Part 1 – Election integrity and political advertising

**IAB Europe’s prime interest in brand advertising**

1. As a leading European-level association for the digital advertising & marketing ecosystem, IAB Europe is primarily invested in ensuring optimal policy, legal, business and technical framework to drive investment into the brand advertising.

2. In turn, it is the world’s biggest brand owners and agencies with whom these brands partner that are mainly considered buyers of media, placing digital advertising.

3. We do, however, fully recognise that advertising may take different forms and shapes, and we are therefore strong advocates for any digital advertising – non-commercial too – meeting relevant legal and self-regulatory requirements.

**Political advertising**

4. Political advertising is characterised by the fact that it will be political actors themselves, such as politicians, political parties, etc., that assume a role of the advertiser. As with any advertising, the onus for the delivered campaign is ultimately on the advertiser. It must remain the same in case of political advertising.

5. Intuitively, political advertising comprises a paid-for communications that unmistakably advocates for or against the election of a clearly identified candidate during a designated election period in a given jurisdiction. There should however be an agreement by political actors across the EU Member States, on what constitutes a political advertisement and how any rules pertaining to political advertising can be applied without prejudice to binding national-level electoral laws.

6. Political advertising appears to be well, but diversely covered by regulated by national legislation in a number of EU Members States by electoral laws. It would seem that some of the existing rules, for instance, on disclosures or election periods, applied across the board, irrespective of the media where an advertisement appears.

**Digital political advertising**

7. In terms of digital political advertising, it should also be noted that personal data revealing political beliefs is within the GDPR’s scope. Processing of such data is generally prohibited, albeit lawful processing can be allowed under certain conditions.

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6 Digital advertising is an umbrella term for a large range of activities. It stretches from paid-for search, over online banners, social media, video advertising, to digital audio and other emerging formats like out of home and connected TV, increasingly blending with traditional media.
8. Taking into account the aforementioned, we would welcome the European Commission providing for a comprehensive legal overview of the digital political advertising across the EU.

**Transparency and disclosure in digital political advertising**

9. The digital advertising industry, just like our broader society, has a communal- and self-interest in promoting a healthy and safe digital environment. We sympathise with and encourage increased transparency into political advertising.

10. The standard ad disclosure and transparency rules should be rigorously observed in case of political advertising. That enables citizens to immediately recognise when a paid-for communication is an ad. Moreover, the identity of the advertiser should be easily ascertainable. Finally, disclosures should be prominent and understandable to consumers.

11. To enhance transparency, the US\(^7\) and Canadian\(^8\) markets saw introduction of a self-regulatory 'Political Ad Icon' initiative which serves as an immediate, simple, and intuitive tool for people to get information about the political ads covered by the Self-Regulatory Principles of Transparency & Accountability to Political Advertising. Under the Digital Advertising Alliances in the US and Canada Political Ads Programs, the Political Ad icon and/or wording should be used to provide clear, meaningful, and prominent notice that an ad is an express advocacy political advertisement for the election or defeat of a candidate for federal or certain statewide elected office. Such approaches could be considered in the EU.

**Microtargeted digital political advertising**

12. The lawfulness of personalised digital political advertising should not be questioned.

13. Data-driven digital advertising is subject to the EU privacy and data protection framework. The GDPR establishes the principles of data protection for the foreseeable future, including, and indeed explicitly, in the digital advertising context. It unambiguously calls out pseudonymous identifiers (Rec. 26), online identifiers, such as cookies, and device identifiers, as examples of personal data (Art. 4(1), Rec. 30). In addition, the GDPR contains rules on profiling and provides enhanced rights to users where profiling takes place (Art. 4(4), Art. 22, Rec. 72), including where user behaviour is tracked online (Rec. 24). The GDPR also explicitly calls out online advertising (Rec. 58).

14. We also recall relevant rules concerning processing of special categories of personal data, such as personal data revealing political opinions.

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\(^7\) [https://aboutpoliticalads.org/](https://aboutpoliticalads.org/)

\(^8\) [https://politicalads.ca/](https://politicalads.ca/)
15. Any restrictions on political advertising should be careful assessed in light of the fundamental rights, such as the right to freedom of expression guaranteed by Article 10 of the European Convention on Human Rights.

16. Against this background, in Bowman v UK, Application No. 24839/94, Merits and Just Satisfaction, 19 February 1988, the Court held that ‘publishing information with a view to influencing’ voters is an exercise of freedom of expression’ (para. 47). On this basis, it could be reasonably claimed that microtargeted digital political advertising is in scope of the definition of freedom of expression.

**Issue-based advertising**

17. The challenge with defining the so-called issue-based advertising whereby certain ‘issues’ are discussed in the context of elections can be regarded as a reminder of the fact that many of our public discussions can be viewed as politicised. Any future definition of ‘issue-based advertising’ must clearly exclude commercial advertising and business-oriented activity of brand that may engage with their prospective clientele, and even take views on certain societal issues.

18. Engagement with expert stakeholders should inform developing optimal approaches, in full respect to the aforementioned as well as fundamental rights. An example of a good practice is IAB Canada’s partnership with the Canadian Press to create a database that helps to track election-related issues in real time. The initiative is rooted in the amended Elections Canada Act which requires advertisers to register any campaign-related issue message in addition to the standard political advertising one is used to seeing.

**Databases of digital political advertising**

19. In keeping with growing aspirations for further insight into political advertising, one could observe creation of databases of digital political advertising. We applaud efforts to devise approaches that allow for better understanding of political advertising targeting European citizens.

20. Notwithstanding, as the industry body that promotes industry collaboration to deliver frameworks, standards and industry programmes, we would like to respectfully point out that the added value of open standards and joined up approaches manifests itself by the fact that these enables participation of all market players. In the specific example of a political ad library, creation of databases covering all EU media appears to be mostly problematic given the fragmented and unclear election legal framework.

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Part 2 – Strengthening media freedom and media pluralism

The value of digital advertising

1. We note, with deep regret, that framing of the discussion on strengthening media freedom and media pluralism overlooks the role that advertising plays in funding of independent media.

2. The underlying objective of digital advertising, similarly to advertising’s historical role, is to ensure that it can continue to support a pluralistic media and the sustained availability of a universe of online information and other services on terms that make them accessible to everyone.

Digital advertising as the lifeblood of the independent media

3. The latter has already been well-evidenced. As acknowledged is a report by Guillaume Klossa, special adviser to European Commission Vice-President Andrus Ansip, the media sector is principally reliant on advertising as one of the three major revenue sources, alongside consumer payments (transaction and subscription) and public funding, and press sustainability would be seriously impaired without advertising revenue.

4. What we are observing in the market is that online content and services can be advertising-funded or subscription-only, or media owners can use a mixed model where the service is not free but the cost to users is lower because revenue from subscriptions is supplemented by revenue from advertising.

5. Overall, digital advertising accounts for over 81% of European traditional newspaper and magazine digital revenues, with estimates pointing to over 90% of revenues in case of digitally-native publishers.

6. The above clearly demonstrates dependency of Europe’s content economy depends on this income stream. Depriving the free and independent news media across Europe of advertising revenue opportunities would eventually put at risk the pillars of our society: the freedom of expression, media diversity, and democratic debate.

Support for the entire media ecosystem

7. It is sometimes argued that contextual advertising, that supposedly entails the processing of little or no personal data, would achieve the objective of funding news and other online

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10 Towards European Media Sovereignty. An Industrial Media Strategy to leverage Data, Algorithms and Artificial Intelligence, 28 March 2019, p. 37. Similarly, the Cairncross review of the media landscape, commissioned by the UK Government and published in February 2019, discusses at length diversification of publishers’ revenue streams in the light of the need to ensure the sustainability of quality journalism. It concludes that press sustainability would be seriously impaired without advertising revenue, pp. 39-47.

content, but with fewer risks to consumers. This argument does not stand up to scrutiny, and more generally, we believe that contextual vs. targeted ads is a false dichotomy.

8. Realistically, all digital advertising is data-driven these days, and the GDPR’s definition of personal data is very broad, if not all-encompassing, so intuitively, contextual ads would also involve processing of personal data. For ad business to be valuable commercially, ad performance needs to be at the very least rigorously measured, and there may be other use cases that require personal data processing (e.g. generating audience insight, technical delivery of ads, prevention of fraud).

9. Behavioural targeting data generates significant revenue uplifts in comparison with run-of-network advertising, which buys clicks or impressions without reference to behavioural data. This, in turn, allows media companies to build more sustainable digital business models, while serving the interests of users who are provided with higher quality advertising that is likely to be relevant for them and reduces the chance of their being exposed to ads too frequently.

10. Whilst highly specialised “niche” sites may be able to offer advertisers narrow segments of users with clearly identifiable interests, generalist sites such as news media cannot, unless they have the resources to invest in, say, lifestyle, travel, sports and other supplements in which contextual ads can be positioned. The local news and investigative reporting that are essential to holding power to account in a democratic society cannot be funded with contextual ads alone.

11. The existence of the rich third-party digital advertising infrastructure at the disposal of publishers of all sizes does enable the smaller players to compete with the vertically-integrated platforms and large publishers themselves. This is owing to a sustained competitive landscape, and even more importance, the ability to profile users at scale. The sheer volume of data that users willingly provide to the platforms and the greater traffic that larger publishers attract, enable them to offer advertisers larger audiences who will likely be receptive to advertising about particular products and services. Small publishers cannot hope to achieve such scale on their own. But cross-site profiling in full view and under the control of individual users can give those small publishers asymmetrical leverage, helping them compete successfully.

Privacy and data protection considerations

12. The mechanics of the digital advertising ecosystem are underpinned by the ability to process data for advertising-related purposes, including but not limited to delivery and measurement of digital advertising.

13. From this perspective, the EU privacy and data protection legal framework is the prime legal regime that the ecosystem players consider to be relevant.
14. As the leading European trade association representing the entire ecosystem, we had invested considerable resources in interpreting the updated legal framework, further devising a novel approach to legal compliance which amounts to the IAB Europe’s Transparency & Consent Framework (TCF).\(^\text{12}\)

15. Having rolled out the TCF instrument, which has become a de facto industry standard, we are deeply concerned about the fact that while on paper digital advertising is a lawful business model supporting the media ecosystem, and arguably the GDPR provides for a harmonized approached, the real-life experience shows that the opposite is happening.

16. The issue of the so-called ‘conditionality of access to content’, discussed in the context of the proposed ePrivacy Regulation\(^\text{13}\), is intimately linked with defining certain GDPR's concepts, such as ‘consent’, and the notion of ‘freely given’ in particular. Coherence in this regard can be maintained by strong, unambiguous legal presumptions, as laid out currently in Recital 25 of the ePrivacy Directive, and further clarification of the concept of GDPR’s ‘consent’.

17. The Article 7(4) of the GDPR is being interpreted by the Data Protection Authorities (DPAs) as if there were an outright prohibition of online services making access to their ad-funded content conditional on consent to storing and/or accessing information on users’ devices for advertising purposes.

18. The European Data Protection Board (EDPB) – composed of representatives of the DPAs and set up precisely to ensure consistent application of GDPR – states in its Opinion on consent that “[...] consent cannot be considered as freely given if a controller argues that a choice exists between its service that includes consenting to the use of personal data for additional purposes on the one hand, and an equivalent service offered by a different controller on the other hand,” even though the GDPR merely lays out some practices to consider when determining whether consent is freely given without generally prohibiting them. Some DPAs, for instance the Dutch, indeed embraced that view issuing warnings to Dutch publishers stating that so-called cookie walls are prohibited under GDPR.

19. It is our conviction that the so-called ‘open web’, supported by advertising, can help the European media in a highly competitive digital landscape, fully in line with the Commission’s priority, set out in the 2020 European strategy for data, to ensure “incentives for data-driven businesses to emerge, grow and innovate in the EU today”\(^\text{14}\). For that to materialise, one however must ensure the lawfulness of the data-driven digital advertising being at disposal for the European media. Arbitrary and quixotic interpretations of the law undercut the

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\(^\text{12}\) www.iabeurope.eu/tcf.


\(^\text{14}\) A European strategy for data, COM(2020) 66 final, p. 3.
possibility for users to make choices – something that will penalise citizens seeking information and other online content and services on terms that align to their economic possibilities.
Part 3 – Tackling disinformation

**Tackling disinformation as a priority for the digital advertising ecosystem**

1. IAB Europe is committed to reducing the incidence of online disinformation. The Association and a number of its member companies are signatories to the EU Code of Practice (CoP) on Disinformation\(^\text{15}\), being committed to actionable commitments in their respective fields of activity. We recognise that legitimate online infrastructure can be misused by bad actors to deceive and confuse citizens, making it more difficult for them to make fact-based judgments, and ultimately undermining our democracies.

2. Conversely, it is in our shared interest to ensure that the digital ecosystem continues to provide accurate information and views, and on terms that are accessible and affordable for all citizens.

3. We believe that, at its core, access to quality news media is a critical contributing factor to tackling disinformation. Digital advertising remains the main revenue source for rich and independent media, with over 81% of digital revenues of traditional newspaper and magazines relying on this financial stream\(^\text{16}\).

**Definition and scope of disinformation**

4. We are of a view that there may be an added value in further reflection on what constitutes disinformation, with a view to delineate the term. The breadth of the current definition has posed several chalenged to-date, and potentially prevented usage of scalable technological solutions. It is unrealistic to expect every single webpage on the internet to be thoroughly examined. The digital advertising industry cannot serve as a ministry of truth of any kind, we do not want to be and are not the arbiters of truth. That said, an industry-adopted, legislator-supported definition is vital to help the commercial entities to take on our fair share of work in tackling the phenomenon.

5. Though all manifestations of online disinformation do not leverage, or relate to, advertising, digital advertising may facilitate the creation and propagation of disinformation, for example, by inadvertently enabling the placement of legitimate advertising on websites enabling disinformation. Reducing such ad misplacement can be indeed improved by investment in brand safety tools.

**Scrutiny of ad placements**

6. Keeping the above in mind, one should not monetise content amounting to disinformation, and in fact take active preventive measures to avoid such content and effectively avoid

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advertising next to it. Partnership with fact-checking organisations, or other specialised third-party providers should remain at the discretion of a buyer, such as an advertiser, or an agency working on behalf of it.

7. Consequently, as far as demonetisation websites that create, present or disseminate disinformation is concerned, any vetting of digital properties on which ads can appear should take place under watchful eye of a buyer, or an entity working on behalf of that buyer.

8. Any lists of websites arguably carrying disinformation must be curated by an independent third-party organisation, further to instructions of a buyer. Such a third-party organisation must be in a position to take full responsibility for a claim about alleged disinformational nature of a property in question.

Digital advertising quality programmes

9. It should also be noted that one way to ensure that only credible media is bought is to adhere to the market-wide programmes designed to deliver accountability and increase transparency and trust in how digital advertising is bought and sold, built on more specific pillars such as brand safety, fraud prevention, viewability, user experience. The are several initiatives driven by National IABs that include fully-fledged schemes with existing or to-be-developed monitoring and certification mechanisms. It can be reasonable assumed that companies participating in these quality programmes will not contribute to funding disinformation by means of digital advertising.

10. Based on the experience of drawing up of the CoP, and efforts to ensure uptake thereof, we would like to observe that the aforementioned have shown up the critical importance of enlisting the broadest possible scope of well-meaning actors, if one has any hope of successfully tackling disinformation. There are limits to what we will be able to achieve if these efforts are not collective.

11. From the digital advertising ecosystem perspective, any successful action must be a collective effort share by the whole digital and media supply chain, requiring investment from all parties involved: marketers, agencies, publishers and technology companies alike.

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17 We are encouraged by progress made in the context of the European Commission’s “follow-the-money” approach embodied in the Memorandum of Understanding (MoU) on misplacement of ads on websites that infringe intellectual property rights. We recommend taking stock from this existing approach while tackling the challenge of disinformation online. To put it in perspective, in a recently published report on the functioning of the MoU, the Commission acknowledged that industry cooperation has led to progress in tackling online piracy. The MoU has not only created more awareness among brands that their ads may end up on IPR-infringing websites, but more concretely, according to evidence gathered, the share of ads for European businesses on IPR-infringing websites has dropped by 12% since the introduction of the MoU, while gambling ads collected from major brands has decreased from 62% to 50% on these websites. We remain committed to honing the MoU and its approach, to address the challenge of ad misplacement in a yet more pointed way, further reducing instances where advertising funds any IPR-infringing digital properties.

18 IAB Europe Navigator: Quality Initiatives (July 2020) demonstrates the vast amount of work being undertaken in Europe and beyond to build and ensure a sustainable future for digital advertising and marketing. There are both similarities and differences across all of these initiatives. It includes a summary of the work being undertaken in national markets such as quality certification schemes, guidelines and best practice guides.
The quality programmes owned by National IABs are a perfect illustration of that communal responsibility, whereby all actors indeed seek to address trust and transparency aspects comprehensively.

12. In this context, it is worthwhile noting the industry efforts to address the need for harmonised pan-European brand safety and brand suitability approaches\(^{19}\), and collaboration with other partners, for instance, in the framework of the Global Alliance for Responsible Media (GARM)\(^{20}\) that aims to proactively and collectively address harmful and misleading media environments.

**Future policy approaches**

13. Looking to the future, IAB Europe fully supports the self-regulatory regime in the field of disinformation, given major concerns regarding the impact of any legislative influence on fundamental rights, including the freedom of speech and media. The agility and flexibility of voluntary commitments are critical, especially given the nature of an ever-changing online landscape.

14. We are also most supportive of continued EU-level investment in research to better understand the scope and nature of online disinformation, and in consumer education, notably in the area of media literacy, to increase people’s ability critically to assess information they receive. Disinformation is a multifaceted problem, addressing which requires a comprehensive policy approach.

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\(^{19}\) In July 2020, IAB Europe published its Guide to Brand Safety and Suitability, to share background context on brand safety in Europe, pan-European definitions for brand safety and brand suitability with accompanying key considerations, best practices and case studies to help educate all stakeholders on ensuring brand safe environments. The guide was developed by experts from IAB Europe’s Quality & Transparency Taskforce (a part of the Brand Advertising Committee). Formed in January 2020, the taskforce’s aim is to combat stakeholder quality and transparency concerns and address the challenges that the industry is facing in order to fuel consumer trust and brand investment in the digital advertising and marketing ecosystem. Following on from IAB Europe’s industry poll brand safety which demonstrated the need for more education and guidance, the taskforce agreed that their first priority was to address the need for harmonised pan-European brand safety and brand suitability definitions.

\(^{20}\) [https://wfanet.org/garm](https://wfanet.org/garm).