TOWARDS AN INCLUSIVE, SAFE, AND INNOVATIVE DIGITAL EUROPE

IAB EUROPE'S GUIDING PRINCIPLES FOR THE NEW EU INSTITUTIONAL MANDATE

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FOREWORD BY TOWNSEND FEEHAN, CEO OF IAB EUROPE

The arrival of a new European Parliament and College of Commissioners in 2024 comes at a moment of significant opportunity to shape and ensure the economic, social, and environmental sustainability of the internet that EU citizens use for work, information, and entertainment.

The opportunity for the incoming institutions is to realise the promise of the rules that preceding legislative mandates have put in place to both support the EU's growing digital economy and to empower and safeguard EU consumers. Seizing this opportunity will require collaboration between industry, policymakers, regulators, and civil society in ways that may be unfamiliar and challenging. The reward could be fully informed dialogue and renewed trust – amongst industry stakeholders themselves and between industry, policymakers, regulators, and consumers - in a domain that will be key to Europe's future in the global data economy.

Much of the internet that citizens and businesses use every day is paid for in whole or in part by advertising. Advertising accounts for an estimated EUR 97 billion per year of financing for European online content and services¹. For these services to remain available to EU citizens absent sustainable ad revenues would require other viable sources of revenue such as direct subscriptions, or, where appropriate, public money to procure them.

Better quality dialogue between parties on the existing legislative work and future policy for digital advertising will show that innovation and growth can be achieved together with EU core values, such as inclusivity, sustainability, and privacy, contributing to a successful digital transformation of Europe's society and economy.

IAB EUROPE'S COMMITMENTS TO ACHIEVING AN INCLUSIVE, SAFE, AND INNOVATIVE DIGITAL EUROPE



IAB EUROPE AND ITS MEMBERS ARE COMMITTED TO RESPONSIBLE

ADVERTISING PRACTICES. IAB Europe has been at the forefront, working with other ecosystem players to develop responsible digital advertising practices consistent with EU consumer protection, online safety, and privacy standards². IAB Europe's members play their part by continually enhancing their practices and standards via industry initiatives³ to help ensure that ads displayed online are transparent, trustworthy, and appropriate. Without trust in digital advertising industry will not be able to thrive.



IAB EUROPE AND ITS MEMBERS ARE COMMITTED TO RESPECTING USER

PRIVACY ONLINE. We and our members work hard to ensure users have effective tools and information to exercise their privacy rights online. This is an ongoing effort across the digital ad ecosystem to deliver transparency and control. Our members continue to invest in improving user privacy by innovating with new technologies, standards, and data processing practices, and applying data protection by design principles. Stable and consistent regulatory guidance can support investment in further privacy innovations.



IAB EUROPE AND ITS MEMBERS ARE COMMITTED TO PROTECTING

EUROPEAN CREATORS. IAB Europe is active in the fight against IP infringing content online, including via its commitments to the <u>Memorandum of Understanding</u> on online advertising and IP rights to reduce the risk of ad misplacement. These efforts are not limited to Europe but have a global impact. Our members also worked together in brand integrity projects⁴ to combat piracy and fight against criminal activity in the digital advertising ecosystem.



IAB EUROPE AND ITS MEMBERS ARE COMMITTED TO COUNTERING ONLINE DISINFORMATION. To respond to the challenge of disinformation, in 2022 IAB Europe joined the EU code of practice on disinformation to spread awareness in the industry about the need to promote trusted information and demonetise disinformation online. IAB Europe's members continue to invest in effective policies and processes to limit advertising on sites and applications where there is a risk of being associated with disinformation while protecting freedom of expression online.

²IAB Europe's <u>Transparency & Consent Framework</u>; IAB Europe's <u>technical specifications</u> to support online platform compliance under the Digital Services Act (DSA); EASA's <u>Ad standards codes</u> ³For example, via certification schemes like TAG ⁴For example, see TAG's 2023 Project Brand Integrity <u>Report</u>

IAB EUROPE'S PRINCIPLES FOR AN INCLUSIVE, SAFE, AND INNOVATIVE DIGITAL EUROPE

AS THE EU INSTITUTIONS EXPLORE OPTIONS FOR THE NEXT DIGITAL STRATEGY, IAB EUROPE CALLS ON POLICYMAKERS AND REGULATORS TO:



1. VALUE CONSUMER BENEFITS OF ADVERTISING

Digital advertising provides essential revenue to support diverse and high-quality services and creative content for little or no direct cost to EU consumers. This in turn supports a vibrant market, consumer choice, and digital inclusion. Advertising also empowers consumers to discover a wide choice of products and services, at competitive prices. Sustaining the digital advertising market through political and policy change is key to preserving these consumer benefits.



2. RECOGNISE THE ROLE OF ADVERTISING IN ECONOMIC RECOVERY AND GROWTH

Digital advertising not only provides valuable revenue for providers of digital services, but it enables businesses of all types to find new customers and grow new markets both in the EU and overseas. Digital advertising has lowered cost barriers to marketing for start-ups and small and medium businesses. Additionally, investment in the digital advertising ecosystem by EU businesses continues to rise and create high-skilled, creative, and data-related employment. Advertising is thus a key business enabler in a challenging economic climate.



3. PROMOTE CHOICE AND DIVERSITY IN DIGITAL ADVERTISING SERVICES

Advertisers and publishers rely on the advertising ecosystem to operate their businesses in the EU and expect diversity and choice in the services they buy. An open, vibrant, and innovative market for ad services is a prerequisite for a healthy advertising and publishing supply chain. EU digital strategy can support this by avoiding 'picking winners' or disparaging valid business models, being neutral in terms of business model and technology and respecting single market freedoms, and, in particular, freedom to conduct business. This is key to realising the EU's ambition to promote competitiveness in the single market.

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4. ENABLE EFFORTS TO INCREASE TRUST AND CONFIDENCE IN DIGITAL ADVERTISING

GDPR has given EU consumers unprecedented transparency, choice, and control over how personal data is collected, processed and protected. Attitudes to personalised digital services and the use of data are changing⁵, with younger consumers increasingly comfortable with the use of data to tailor online services. EU strategy should continue to support the ad-funded Internet, and in particular industry efforts to raise awareness of safeguards and controls and build confidence among all EU consumers. Policymaking requires greater awareness of the role of data in carrying out essential functions such as verifying ad delivery and billing.



5. ENSURE STABLE AND PREDICTABLE REGULATION

The need is to focus first on effective implementation of existing rules for digital advertising, before the development of new policy. A very significant body of new single market regulation is now in effect and these rules apply variously across the digital advertising ecosystem⁶. The scale and pan-EU nature of the digital advertising market requires consistent and stable interpretation and implementation of EU rules over time. For example, shifting legal interpretations and repeated changes in data protection guidance have a particularly disruptive effect on the ad supply chain and can stall EU investment decisions by individual firms. Prioritising flexible and efficient implementation, with coherence between intersecting areas of regulation, is key for this ecosystem to thrive in the single market as highlighted in the Council <u>conclusions</u> "Future of EU Digital Policy".



6. ENCOURAGE INNOVATION IN PRIVACY PROTECTION

Future EU strategy should recognise the risk-based approach and other key principles that are enshrined in GDPR and guide innovation in privacy protection. Enabling collaboration and embracing the GDPR risk-based approach are vital to aiding the development and implementation of novel solutions and data protection by design principles in the digital advertising supply chain, while also meeting consumer expectations of choice and diversity in online services.

⁵GDMA research <u>Global Data Privacy: What Do Consumers Really Think?</u> shows that consumer comfort with sharing data across global markets, including Europe, increased in 2022 compared with 2018. ⁶Including DSA, Regulation on the transparency and targeting of political advertising, AI Act, EMFA, DMA, Data Act, GDPR, ePrivacy Directive.

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7. JOIN UP AND COORDINATE AD-RELATED POLICY AREAS

The vast increase in the EU's digital rulebook has multiplied the number of policy areas of relevance to the advertising supply chain. These areas include consumer protection, data protection, online safety and online competition regulation. In recognising that the digital advertising ecosystem is sensitive to policy and legal changes, both in their design and implementation, it is vital that the EU takes a holistic approach and ensures all areas of policy are well coordinated, developed and implemented in harmony with the operation of the ad market and the EU's economic goals. New strategy and policy at EU level must be evidence-based, targeted and proportionate, and subject to a prior impact assessment and 'competitiveness check' to minimise the burden and cost impact on the wider ad ecosystem, in particular the impact on market diversity, consumer benefits, and the EU single market.



8. ENGAGE ALL ECOSYSTEM PLAYERS

Digital advertising is a diverse ecosystem, comprising many different actors working together. These include advertisers, agencies, intermediaries, platforms, technology vendors, publishers, and digital services providers. A healthy and successful ecosystem requires all market participants to work collaboratively, and the EU should work towards accurately understanding their respective roles and capabilities in the supply chain to inform any future EU policy affecting the advertising sector.



9. INCREASE OPPORTUNITIES FOR COLLABORATIVE INDUSTRY INITIATIVES

The digital advertising industry, in particular the IAB family, has an almost 20-year history of continuous collaboration and investment to develop standards, codes, and certification schemes and to combat shared concerns such as misplacement, malware, and fraud. These industry-led initiatives⁷ raise standards and promote transparency to help advertising buyers and sellers select their commercial partners with confidence. More recently, IAB has championed new standards to aid supply chain compliance with new EU rules where industry-wide collaboration is imperative⁸. It is vital that policymakers and regulators leave space and opportunity for similar initiatives in the future, where the industry is uniquely placed to lead either independently or in partnership with policymakers or regulators.

 ⁷For example, TAG certifications (incl. fraud, malware, IP, brand safety), EU Code of Practice on Disinformation, EU Memorandum of Understanding on Online Advertising and IP rights.
⁸For example, IAB Europe's <u>Transparency & Consent Framework</u> which ensures the supply chain respects user consent under GDPR, and <u>tech specification</u> for ad transparency under DSA Article 26. NEW STRATEGY AND POLICY AT EU LEVEL MUST BE EVIDENCE-BASED, TARGETED AND PROPORTIONATE, AND SUBJECT TO A PRIOR IMPACT ASSESSMENT AND 'COMPETITIVENESS CHECK' TO MINIMISE THE BURDEN AND COST IMPACT ON THE WIDER AD ECOSYSTEM, IN PARTICULAR THE IMPACT ON MARKET DIVERSITY, CONSUMER BENEFITS, AND THE EU SINGLE MARKET. FOR MORE INFORMATION ABOUT IAB EUROPE'S POLICY AND ADVOCACY WORK AND HOW YOU CAN GET INVOLVED, PLEASE VISIT THE IAB EUROPE WEBSITE **HERE**

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