



ACCC Digital Platforms Inquiry Final Report
Submission by the Media Federation of Australia

September 2019

Thank you for the opportunity to put the views of the Media Federation of Australia on the ACCC's Digital Platforms Inquiry Final Report.

1. About the MFA

The Media Federation of Australia (MFA) represents media communication agencies providing services to advertisers, including media planning and buying, proprietary systems and tools, data and analytics, and content development across all media channels. The MFA's members account for over 90 percent of all media billings placed by media agencies in Australia.

Our members include the local offices of all the major media agency networks including Omnicom Media Group, GroupM, Dentsu Aegis Network, Publicis Media and IPG Mediabrands, as well as smaller international networks like Havas Media and a flourishing segment of Australian independent agencies including Hyland and Pearman Media.

The MFA focuses its efforts mainly on best practice standards for media agencies, attracting talent to the industry, building technical and creative skills through industry-wide training, and recognising the best of our industry's campaigns that have delivered for advertisers.

2. The role of the media communications industry in advertising and the ad tech ecosystem

The media communications sector comprises a diverse range of companies, including highly specialised agencies and full-scale agencies offering a comprehensive suite of advertising and media services.

Our role in the advertising market is to maximise the effectiveness of a client's marketing campaign by advising on and activating multi-platform media strategies, providing marketplace and consumer insights, and applying the agency's skills, experience, and market relationships to get the best deal for the client.

Unlike traditional media such as newspapers, employment within media agency businesses has grown strongly in recent years. This is mainly due to demand from advertising clients for the continuous adaptation of highly specialised digital and data services and innovative technology products and tools that require increasing numbers of highly skilled people and expertise.

Traditional advertising such as television, print and outdoor is still important but the industry now invests significant resources in technical and creative capabilities across websites, apps, CX/UX, transactions, Artificial Intelligence, programmatic/digital advertising trading, and data and analytics.

Extraordinary technological change has transformed our industry in recent years. Capturing the opportunities for growth in Australia would not have been possible without the industry's major investments in skills and technology. Our industry's key asset is its skilled, creative people. Our employees are mainly Australians, relatively well-paid, and young. Our businesses employ and train people in roles demanding high level technical, creative and marketing skills.

As the ACCC's final report on the Digital Platforms Inquiry emphasises, the digital advertising space is a complex ecosystem of technologies and services, involving multiple stakeholders and suppliers. It is a highly dynamic market, characterised by rapid technological advances and innovation that will continue to transform digital advertising and marketing.

In this complex and dynamic space, media communications agencies continue to be focused foremost on developing effective solutions for advertisers. In an increasingly sophisticated media environment with multiple channels to engage consumers, our industry strives to assist advertisers to build their brands and grow their markets through effective, tailored consumer engagement.

As an integral part of achieving the best results for advertisers, the MFA works with our members, media partners and across the ecosystem to drive transparency, measurement, brand safety, and accountability so that advertisers' money is well-spent.

3. MFA's Views of the ACCC's Final Report

The ACCC's report covers a wide range of policy and industry issues, many of which are of interest to the MFA. In this submission we will confine our comments to two main issues:

- The ACCC's recommendations on changes to privacy laws and industry regulation related to privacy (Recommendations 16 – 18).
- The ACCC's views on transparency and complexity in the ad tech supply chain and its proposal to hold an inquiry into ad tech services and the supply of online services by advertising and media agencies (Recommendation 5).

The ACCC's recommendations on changes to privacy laws and industry regulation related to privacy (recommendations 16 – 18)

The ACCC has recommended particular significant changes to the Privacy Act to further protect consumers' online privacy and consideration of fundamental reform of the Act including its objectives and scope. The MFA supports the ACCC's objective of allowing consumers to have choice, control, and transparency in the collection and use of their data.

Privacy regulation is invariably complex, particularly when implemented in a dynamic digital environment that is global as well as local. In considering the detailed design of privacy reforms, MFA believes it is important to ensure consumer privacy is protected while also:

- Achieving the right balance between consumer needs and advertiser needs in order to maintain the capability for targeted advertising, which provides consumers with a customised experience and enables advertisers to conduct effective digital marketing campaigns.
- Ensuring that the additional regulation is not unduly complex and damaging to the competitiveness of businesses operating in Australia.
- Working actively towards globally consistent laws and standards on privacy protection and transparency of data collection and use to the benefit of consumers and industries operating in the digital space.

We believe that close consultation with industry is vital in both the design of the proposed privacy law reforms and during the implementation stage. MFA members have significant expertise in online privacy by virtue of the businesses they operate in Australia and their global experience and would be pleased to take part in the Government's consultations.

MFA's views on Recommendation 5: Inquiry into ad tech services and advertising agencies

The MFA notes the views and questions expressed in the ACCC in its Final Report, some of which we would agree with and others we challenge. We would be pleased to share our industry knowledge of the media communications sector and the ad tech industry in detail should the proposed adtech inquiry proceed. In this submission, we wish to make the following points and would be pleased to elaborate during this consultation.

The MFA recognises that many advertisers lack a good understanding of digital marketing - as compared to the more traditional TV, print and radio channels - and this has affected confidence in the digital value chain for some advertisers. Innovations such as automated buying, for example, have benefited advertisers in delivering the capability to place targeted ads to scale. However, some advertisers believe it has reduced transparency about the way the advertiser's dollar is spent.

Rightly, advertisers want to know that they are getting value for their advertising spend. Advertisers want the best deal. They also want an advertising campaign that delivers results. Providing effective digital marketing solutions does come at a cost: every element across the supply chain has a cost, including technology, data and resource costs, that is based on the services provided. MFA members offer a range of pricing models, with the advertiser choosing what best suits its particular needs.

The MFA recognises that the increasing complexity of services and the range of intermediaries in the ad tech supply chain has made it harder for the advertiser to understand precisely where its money is spent. We support the work of the Australian Association of National Advertisers (AANA) and have worked closely with this peak body for advertisers in educating advertisers to make sure that before contracting for services they are aware of the role of any intermediaries in delivering their marketing services and any commissions paid to intermediaries.

4. MFA's work with advertiser and standards groups to improve transparency and accountability in the digital supply chain

In recent years, as digital marketing has increased its role in advertising and become more complex and sophisticated, the MFA has worked on several fronts to improve transparency and accountability for advertisers. We have done this in partnership with the leading groups representing advertisers to ensure that we are addressing their core issues of interest. We have summarised the key initiatives below and would be pleased to elaborate:

- In 2015, the MFA commissioned PwC to report into media agency transparency, which identified the key issues of interest for advertisers, the drivers and suggested solutions:
 - Five key areas: rebates, agency commissions, value banks, ethics training and agency trading desks.
 - The key drivers: continued pressure by advertisers to reduce agency margins/fees, increased agency operational costs in a fragmenting and more complex media market and the need to sustain revenue/margin
 - Suggested solutions: address the key areas identified as part of agency/advertiser contract agreements and improve/facilitate improved advertiser knowledge and understanding of the key areas and agency/advertiser contracts

This report culminated in the November 2015 [MFA Transparency Framework](#) signed onto by all members, which set expectations for Agencies and Advertisers in the identified key issue areas for advertisers.

- In July 2016, MFA and the AANA finalised the *Key Questions to Ask regarding Rebates, Value Banks & Trading Desks*, an educational resource developed by a cross-industry team of advertisers and media agencies to improve Advertisers knowledge and understanding. It was not published by the AANA at that time as it coincided with the timing of their AANA Master Media Buyer Services Agreement (see below).

- In July 2018, the MFA, AANA and the Interactive Advertising Bureau (IAB) jointly published the [Australian Digital Advertising Practices](#) as an important and unprecedented initiative to increase knowledge and understanding of the digital value chain. Whilst the practices were developed for the advertiser, they also serve to educate and inform all players within the digital ecosystem including agencies, publishers and ad tech vendors.

A cross-industry team of advertisers, media agencies and digital publishers, assisted by a broader network of subject matter experts developed the Australian Digital Advertising Practices. The practices focus on 4 key pillars: Digital Transparency, Viewability, Ad Fraud and Brand Safety and Data Transparency and are based on 5 principles: champion the consumer experience; educate to inspire change; shared ownership and responsibility; every value chain is unique, and; fair value for outcomes delivered.

The practices are used locally by MFA members to educate their staff and clients, have been trained to over 40% of MFA agency employees through the MFA Digital Foundations Certification training program and have been shared and used globally within our member agency networks.

The AANA, MFA and IAB are currently reviewing and updating the Australian Digital Advertising Practices to reflect the changes in the digital eco-system, new technology and regulatory change over the last 12 months, due for release in late 2019. The updated practices along with a cross-industry run training and education program will be rolled out to advertisers and agencies including measurement of participation by advertisers.

- The MFA has been working with the AANA over the last 18 months in providing input and feedback on the AANA's revised media contract template released in August 2019 and assisting to create the accompanying Guidance Notes. Our aim has been to ensure a practical and workable tool that is mutually beneficial for both advertisers and agencies and advocates for transparency and identifying value in the supply chain.

The MFA recognises that some of the issues of opacity as they pertain to media agencies, can and should be addressed in the contract between an advertiser and agency and that transparency and disclosure to advertisers should form part of an agency's contractual obligations, should this approach be what both parties intend.

- As a continuation of our work with the AANA on improved advertiser knowledge and education, the MFA and AANA are finalising a co-created education tool 'Best Practice Contracting' guide for Advertisers and Agencies, which aims to provide further depth on how both parties can achieve transparency and fairness among other contracting issues of interest to advertisers and agencies.

Some of our members, local independent agencies as well as those that operate in Australia as holding companies, are particularly proactive in their efforts to increase the integrity of digital marketplaces and implement stricter standards and best-practice advertising globally. They have introduced higher standards and privacy protections in the Australian market, most recently the EU's General Data Protection Regulation (GDPR) for example.

The MFA is accelerating its own efforts on transparency because we recognise that the market will continue to undergo rapid technological change and that this environment requires an ongoing agenda to keep advertisers well informed and improve transparency and accountability in the digital advertising supply chain.

We will continue to partner with AANA and IAB on this agenda and will also look to other industry partners that can enhance our work on industry-wide best practice standards.

5. Conclusion

Transparency in the digital advertising chain is a high and ongoing priority for the MFA and its members. We recognise that there is more work to be done by the advertising and media industry, including by the major digital platforms, to build transparency and trust in this dynamic market.

Should the proposed ACCC inquiry into the supply of ad tech services by advertising and media agencies proceed, the MFA will take part in a spirit of open cooperation.

We hope that sharing our industry knowledge and informing on the transparency initiatives we have implemented and additional reforms we are progressing or considering, will assist the ACCC's understanding of the ad tech supply chain and the steps we have taken and are continuing, including in collaboration with advertiser industry groups, to develop and implement best practice industry standards.

The MFA would welcome taking part in the targeted stakeholder consultations with Treasury, the Department of Communications and the Arts, and the Attorney General's Department. Please contact Sophie Madden, Chief Executive Officer of the MFA, on (02) 9282 9634 or sophie@mediafederation.org.au regarding any further information you require and the consultations.