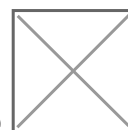


23 May 2016: The Autorité de la concurrence begins, at its own initiative, gathering information in order to assess data processing in the on-line advertising sector

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The Autorité has decided, at its own initiative, to gather information with a view to assessing competition in the internet advertising sector and the significance of data processing, six years after the publication of its first opinion on this sector (opinion 10-A-29 of 14 December 2010 on competition in on-line advertising), and as an extension the publication, on 10 May 2016, of the joint paper published by the Autorité and the BundesKartellAmt regarding data and its implication for competition law.

The opinion the Autorité will issue next year will be preceded by a far-reaching public consultation aimed at gathering the observations of all stakeholders (advertisers, publishers, intermediaries in the advertising spaces' production chain, companies specialising in data provision and processing, etc.) This should enable an in-depth diagnosis of the sector, and will be accompanied by recommendations that the Autorité deems appropriate with a view to improving any instances of dysfunction observed, and in doing so improve the state of market competition.

A rapidly-growing sector marked by the importance of data processing

The growth of on-line advertising is significant, to the degree that the Internet has become the major medium in Europe for advertising campaigns. According to the Interactive Advertising Bureau, 2015 saw investments in internet advertising in Europe amount to 36.2 billion euros with growth of 13.1% in one year, significantly outpacing the 33.3 billion euros invested in TV advertising¹.

At a European level, display² advertising recorded the greatest growth rate, with 17.4% (13.9 billion euros). Investment in search advertising have increased by 12.6% at a European level, reaching 16.9 billion euros³.

With 4.2 billion euros net turnover, France takes third place among the European countries, behind the United Kingdom and Germany⁴.

In 2015, 40% of internet Display investments in France were in programmatic buying⁵, in particular real-time bidding (RTB) systems.

These buying methods, used by Google for around ten years in search advertising, have seen strong growth in other forms of advertising. The RTB ecosystem is characterised by the presence of a growing number of intermediary players between the publishers and the advertisers. These intermediaries are involved in the bidding process and seek to improve the targeting and effectiveness of campaigns, on the basis of processing a huge quantity of data.

Work aimed at clarifying the complex ecosystem, marked by growing integration and risks of conflicts of interest.

Data and relevant markets

Further to its 2010 opinion and the study that has just been published with the Bundeskartellamt, the *Autorité* will be looking into the problems of defining relevant markets. In particular it will examine the degree of substitutability between the different forms of targeted advertising, paying particular attention to advertising on social networking sites. In this area, the investigation will look into the level of substitutability between different forms of targeted advertising,

and the possible existence of a pertinent market distinct from other forms of on-line advertising, which would be limited to advertising on social network websites. The *Autorité* will also draw up observations on the wholesale markets linked to trade relations between players in the online advertising ecosystem.

Data and market power

The *Autorité*'s second task will be to analyse questions of the market power of the different categories of players, and in particular to analyse the weight and strategies of companies such as Google and Facebook, but also the position of media agencies and certain data providers. The investigation will focus particularly on identifying competitive advantages and possible dominant positions, as well as the place of data in the exercise of market power.

Data and business practices

The *Autorité*'s remaining task will relate to the players' business practices and will consist of assessing to what extent some of them might potentially restrict the development of merit-based competition. It will be particularly interested in the conditions likely to be imposed on advertisers, publishers and different players in the advertising space production chain. To this end, it will focus most particularly on conditions for access to data and the commercial supply of data, but also the problems of access to the advertising ecosystem infrastructures for data providers.

The investigation will also look into the conditions for accessing the advertising platforms of the advertisers with the most attractive advertising inventories, in particular those built on the basis of user-generated data (videos, photos, messages, etc.). Finally, the *Autorité* will examine the conditions under which data providers, in particular those that are not consolidated by an advertising platform, can collect information in relation to the behaviour of internet users on sites and applications.

¹<http://www.iabeurope.eu/research-thought-leadership/press-release->

european-online-advertising-surpasses-tv-to-record-annual-spend-of-e36-2bn/

² Display advertising refers to "on-line advertising based on the purchase of space and insertion of graphic or visual items in various forms (skyscrapers, banner ads, offers, site covering, interstitials, etc.) The word display is used to differentiate between classic on-line advertising (display) and commercial-link campaigns (search). (www.pubdigitale.fr)

³ Source: Interactive Advertising Bureau

⁴<http://www.iabeurope.eu/research-thought-leadership/press-release-european-online-advertising-surpasses-tv-to-record-annual-spend-of-e36-2bn/>

⁵<http://www.sri-france.org/etudes-et-chiffre-cles/observatoire-de-le-pub-sri/15eme-observatoire-de-pub-sri/>

> See the full text of Decision 16-SOA-02 of 23 May 2016 at the Autorité's initiative to gather information in order to assess data processing in the on-line advertising sector

> See the full version of the joint paper "Competition Law and Data", published with the Bundeskartellamt

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