

WFA position on the Digital Services Act

The World Federation of Advertisers (WFA) is the voice of marketers worldwide, representing 90% of global marketing communications spend – over €800 billion per year – through a unique, global network of the world’s biggest markets and biggest marketers. WFA champions responsible and effective marketing communications worldwide.

We represent over 128 brand owners and 60 national advertiser associations across the world. This includes national advertiser associations in 19 EU Member States and about 50% of the companies we represent are European.

Today, digital advertising constitutes the world’s largest advertising medium, representing just over 50% of global advertising spend in 2020¹. In Europe, this digital ad spend is worth over €50 billion per year, and it supports not only the EU economy, stimulating innovation and fair competition, but also the media industry, funding the creation and distribution of content and services online.

However, the continued proliferation of illegal and harmful content continues to threaten online safety for consumers and businesses alike. WFA therefore welcomes the European Commission’s ambition to strengthen the EU’s digital services market in order to foster a safer, more trustworthy and more transparent online environment.

We believe that meaningful change is needed across the whole online ecosystem to promote digital safety, protect fundamental rights and ensure consumer protection, all while improving the efficiency and competitiveness of the digital economy.

REDUCING ECONOMIC INCENTIVES FOR THE DISSEMINATION OF ILLEGAL AND HARMFUL CONTENT ONLINE

As mentioned above, digital advertising now accounts for over 50% of global ad spend². This money directly funds online platforms: in 2020, advertising made up 81% of Google³ and 98% of Facebook’s global income⁴, generating more than €190 billion in revenue for both firms combined⁵. Digital advertising spend also supports the wider digital economy, supporting the distribution and accessibility of a wide array of services, media, journalism, content and businesses.

As a result, advertisers are committed to ensuring that their ad spend does not inadvertently fund the spread of illegal and harmful content. However, the way that online advertising is bought and placed is complex, which means advertisers often lack the transparency needed to understand and control where their ads are placed and what types of content they are ultimately funding⁶.

This is why WFA members have long called for platforms and publishers to take action and employ ‘comprehensive and rigorous safeguards’ to limit which accounts and channels can host and benefit from paid advertising⁷.

Since 2019, the [Global Alliance for Responsible Media \(GARM\)](#) set up by WFA, has been driving voluntary industry action to prevent advertising revenues from being exploited by actors intent on damaging society through disseminating illegal and harmful content. This initiative, led by advertisers, brings together platforms, agencies, media companies and industry associations to develop common standards for

¹ Zenith (December 2020) Advertising Expenditure Forecasts

² Zenith ‘Internet advertising will exceed half of global ad spend in 2021’ (Link: <https://www.zenithmedia.com/internet-advertising-will-exceed-half-of-global-adspend-in-2021/>).

³ Alphabet Inc. Form 10-K annual report, 2020, available here: <https://seekingalpha.com/filings/pdf/14665697.pdf>

⁴ Facebook, Inc.’s Form 10-K annual report, 2020, available here: <http://d18rn0p25nwr6d.cloudfront.net/CIK-0001326801/4dd7fa7f-1a51-4ed9-b9df-7f42cc3321eb.pdf>.

⁵ See Alphabet and Facebook’s annual reports above.

⁶ For more information see WFA’s position on advertiser access to data in the digital advertising market and the Digital Markets Act.

⁷ [WFA Global Media Charter](#).



identifying, reporting and demonetising categories of content that advertisers do not want their advertisements to be associated with. This covers content promoting harm, violence and criminal activity, bullying, online piracy and IP infringement, hate speech, acts of aggression, the sale of illegal arms and child pornography.

Statement of support: WFA supports the due diligence obligations introduced in the Digital Services Act, such as transparency reporting obligations, standardised notice-and-action mechanisms and risk assessments. We believe these will contribute to the Commission's objective of improving user safety online and will also help advertisers better understand what safeguards are in place to reduce the monetisation of different types of content across different platforms, and how well they are working. These will also improve competition in the digital economy by feeding into the way that advertisers assess which platforms and products to invest in.

Finally, WFA welcomes the obligations for online platforms to enable independent, third-party auditing of their content moderation activities and reports. We believe this could help ensure platforms are held accountable and enable advertisers to have more control over what types of content profit from advertising revenues, in line with and in contribution to industry initiatives such as the Global Alliance for Responsible Media.

PREVENTING THE SPREAD OF FRAUDULENT AND MISLEADING ADVERTISING

Advertisers are also dedicated to ensuring that their brands are not being used by actors intent on misleading or defrauding users.

Fraudulent advertising has emerged as a gateway to illicit sales online and as a new threat to both advertisers and consumers, which can lead to real-world consumer and corporate harm. Fraudulent advertising is when illicit traders post misleading ads, such as fake promotions for popular brand products, that divert people to rogue websites selling counterfeit products and services.

The Transnational Alliance to Combat Illicit Trade (TRACIT) published a report⁸ which found that fraudulent adverts for over 70 well-known brands appear on many social media platforms. Moreover, some fraudulent adverts have been linked to over 3,000 rogue websites, all featuring fake branded items. The counterfeit goods advertised are often of sub-standard quality or composed of dangerous chemicals/materials and the websites linked to the adverts can leave consumers exposed to credit card fraud and identity theft.

Such advertisements can also have severe consequences for the reputation of legitimate brands and advertisers. They can take away potential customers and prevent legitimate sales, which also has repercussions for brands' investments and revenues. Without proper checks to verify the identity of who is advertising on a platform or website, fraudulent advertisers and illicit traders are left free to exploit the online ecosystem with little risk.

Recommendation: WFA welcomes the introduction of the obligation in the Digital Services Act for online platforms to obtain and verify detailed contact information about their traders before they can promote or sell via the platform.

However, WFA believes the scope of this obligation should be extended so that all platforms which display/publish ads are also required to verify the identity of all advertisers before they can advertise on the platform. This verification would enable such platforms to proactively identify bad actors, provide data on infringers to law enforcement and ultimately reduce the spread of fraudulent and misleading advertising online.

⁸ TRACIT report 'Fraudulent Advertising Online: Emerging Risks and Consumer Fraud' (Link: https://www.tracit.org/uploads/1/0/2/2/102238034/tracit_fraudulentadvertisingonline_july21_2020_final.pdf)

ENSURING A SUSTAINABLE FUTURE FOR ADVERTISING-DRIVEN DIGITAL MEDIA

As mentioned above, advertising is the principal source of revenue for online platforms. In many cases, the more time people spend using a platform, the more opportunities arise to show different types of advertising to them, therefore increasing potential advertising revenues for the platform⁹.

This can include a wide range of different types of advertising including search, video, display, influencer marketing and other brand-building activities. These usually involve some form of targeting: this can be based on non-personal data such as the time of day, device language or software version (to ensure the ad is displayed in the correct format), or on personal data.

Such targeted advertising, when based on the responsible and ethical use of data¹⁰, can support the European Commission's objectives of ensuring a safer and more innovative and inclusive digital economy. For example, to comply with certain industry and regulatory standards aimed at ensuring responsible marketing and upholding high levels of consumer protection, certain product categories rely on targeting to ensure ads are not served to audiences below a certain age threshold. Moreover, targeted advertising is an essential driver of competition and innovation in digital markets, as it offers businesses of all sizes a cost-effective way of reaching their audiences and attracting new customers, thereby enabling them to compete fairly with other players in the market.

It is also vital to keep in mind that advertising revenues remain an important source of funding for trusted media sources. Responsible media funded by advertising is crucial to support democratic processes by ensuring consumers have access to accurate and reliable information. Advertising can also provide support for messaging that is in the broader public interest. This can be highlighted by advertising campaigns throughout the COVID-19 pandemic which have focused on encouraging social distancing, mask wearing and vaccine uptake¹¹, and advertisers' continued support for trusted media sources¹².

At the same time, given the complexity of the digital advertising market, we believe that all parties involved in the buying and selling of online advertising need to work together to ensure that advertising does not inadvertently provide an economic incentive for the dissemination and amplification of content if it could be damaging to society. As mentioned above, the [Global Alliance for Responsible Media](#), led by WFA, has defined several categories of harmful content which they believe should not benefit from advertising revenues.

WFA therefore believes that there is a sustainable future for responsible media funded by advertising. Responsible digital media can not only help promote democracy, supporting trusted, independent and high-quality media, but it can also foster a safer, more competitive digital ecosystem which drives innovation and ensures a high level of consumer protection online.

Recommendation: WFA calls for the Digital Services Act to include safeguards to prevent the monetisation of illegal and harmful content. Such safeguards would prevent advertising revenue being diverted from responsible media sources to individuals and platforms seeking to profit from spreading content that is harmful to society. We believe that this approach could also significantly disrupt business models which may currently be able to profit from high levels of user engagement with content that is illegal or harmful to society.

However, any such safeguards should not prevent responsible media sources and businesses from profiting from online advertising revenues. These revenues are vital to ensure the continued balance of

⁹ P15 of Facebook's 2020 annual report lists factors which could adversely affect advertising revenue, including 'decreases in user engagement, including time spent on our products' and 'our inability to continue to increase user access to and engagement with our products'. <http://d18rnOp25nwr6d.cloudfront.net/CIK-0001326801/4dd7fa7f-1a51-4ed9-b9df-7f42cc3321eb.pdf>

¹⁰ WFA position on the ethical and responsible use of data in advertising

¹¹ WFA Covid Compendium for Global Marketers <https://wfanet.org/knowledge/item/2020/07/01/COVID-Compendium-for-Global-Marketers>

¹² [WFA National associations mobilise to support media outlets.](#)

the digital ecosystem, continued support to independent and trustworthy media and democracy, and preserving the sustainability and competitiveness of digital markets.

GIVING USERS TRANSPARENCY, CHOICE AND CONTROL OVER THEIR DATA

WFA believes that consumers should always have full transparency, choice and control over what data they share and how it will be used, especially in a digital advertising context. We support and encourage the development of innovative solutions which aim to develop transparent intuitive, meaningful ways of communicating with consumers about data practices in online advertising.

We therefore support the measures in the Digital Services Act proposal aimed at promoting online advertising transparency and choice for consumers in real time and ensuring that consumers can understand why they have been served particular ads, including easy opt out mechanisms.

However, we are concerned that the proposed ‘public ad repositories’ could inadvertently have a negative impact on competition in the digital economy. These repositories could force online platforms to publicly disclose information which could be analysed and extrapolated by companies to reveal their competitors’ marketing strategies, including budgets, allocation of media spend, target audiences and geographical scope. Over time, this could raise serious competition concerns for advertisers, for whom much of this information is commercially sensitive.

Recommendation: We believe that, for commercial advertising, the provisions on online advertising transparency in Article 24 are sufficient to provide meaningful transparency for users to understand when and on whose behalf the advertisement is displayed, and why they were shown a particular ad. However, the broader provisions suggested in Article 30 could raise potential competition concerns as they could reveal commercially sensitive information to competitors.

WFA calls on EU policymakers to ensure that any measures aimed at promoting online advertising transparency for consumers do not inadvertently result in advertisers having to publicly disclose commercially sensitive information to the detriment of competition in the digital advertising market.

WFA’s corporate members





WFA's national advertiser association members

