



Regulating Digital Markets and Services

Capitalizing on changing regulatory environments

Updated: September 8th 2023

Better decisions, faster.



New European legislation signals shifting imperatives beyond just privacy

Legislation beyond data protection

To date, most digital media regulation and policy has focused on protecting consumer privacy. The process continues worldwide as [most markets have privacy and data protection regulations](#) on the statute.

One of the most recent is [India](#), which passed the [Digital Personal Data Protection](#) regulation last month to become the 19th G20 market to pass comprehensive legislation.

Personal data protection becomes [even more critical](#) as we shift into an AI-driven era, as scraped personal data feeds decisioning algorithms. Further illustrating the need to understand [trust in the network of vendors](#).

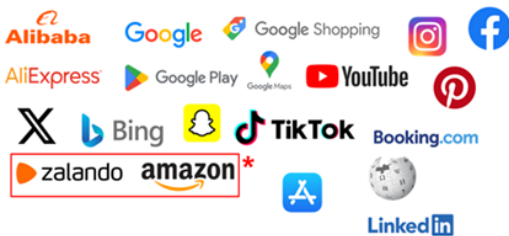
Data protection is not the only aspect of regulation. So much economic and cultural activity happens online now that the scope of the legislation is growing.

As with data protection, Europe is leading in regulating digital markets and services. On August 25th, the [EU's Digital Services Act](#) came into force.

In the US, major litigation is proceeding against the tech platforms as the DoJ starts [the 'first monopoly trial of the internet era'](#) against Google.

The DSA aims to create a safer digital space where the [users' fundamental rights](#) are protected, primarily consumer rights, but also child protection and transparency of algorithms.

DSA: VLOPs and VLOSEs Very Large Online Platforms and Very Large Online Search Engines



Immediate [compliance with the legislation](#) will apply to [19 substantial online platforms or search engines](#) that reach more than 45m users in the EU.

These are not just the usual [tech giants](#) such as Google, Meta, or TikTok but also large commerce sites booking.com and Zalando. Both Amazon and Zalando have [objected to their inclusion](#) on the list.

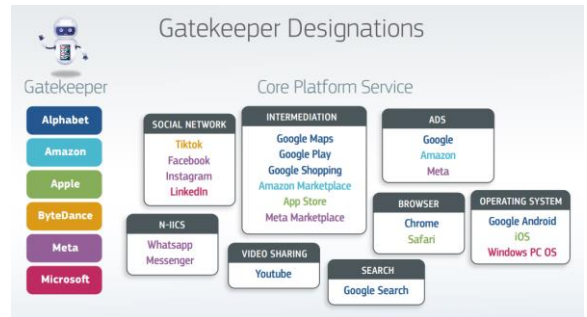
Full applicability for all other online entities will happen in 2024.

Better decisions, faster.

Changes for advertisers

This week, the EU also announced the [six gatekeeper organizations](#) that will be the first to be impacted by [the Digital Markets Act](#).

The DMA seeks to provide a level playing field for businesses online- focusing on B2B relationships rather than B2C in the DSA. Some companies have also [appealed against their inclusion](#) in this list.



These companies will have [six months](#) to comply with a range of measures to stop anti-competitive behaviors and abuses of market dominance.

There are [numerous changes](#) from both DSA and DMA, which advertisers need to understand in terms of application to their business and how they [use the large online platforms](#).

The DSA is a massive undertaking for platforms. Meta and TikTok stated they have more than [1,000 people working on compliance](#).

With direct application to advertising, DSA explicitly states:

- No profile-based advertising to those under 18s
- No targeted advertising based on religion, gender, or sexual preferences
- Provide user options for selecting content without using user profiling; this could be as simple as a date-sorted feed of content from friends and people you follow
- Provide information about how adverts are selected and shown
- Make data available to researchers, which may result in uncovering new problems with resulting media coverage

Platforms covered by this initial phase account for around [70 % of global digital ad spend](#) over 400bn USD.



Platform responses

The platforms are [taking the legislation seriously](#), as the DSA comes with fines of up to [6% of global turnover](#). In comparison, the DMA carries penalties of up to 10% (of global turnover) for first-time offenders, rising to 20% for repeat offenders.

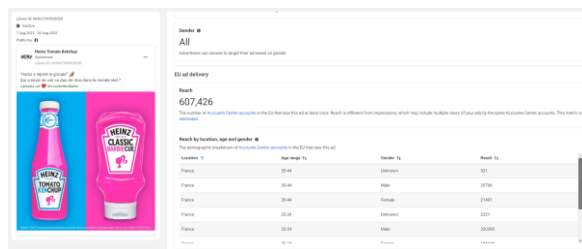
Other remedies, such as [breaking up the tech giants](#), are also included in the legislation. Theoretically, we could see fines of over 50bn Euros for the most prominent platforms. Therefore, many platforms have instigated new policies and services to aid compliance.

Google's [response to the DSA](#) claims they have been ahead of the legislation through various [content flagging](#), [moderation](#), and [ad policies](#) instigated some [years ago](#).

A fundamental change due to the DSA is an expanded [Ads Transparency Centre](#). A searchable database of advertiser copies with new details on targeting criteria. This will be joined by a feature to search for [paid product placements on YouTube](#), delivering insight into competitor influencer strategies. There is also a new [policy transparency](#) center where all product policies are published.

The DMA will [extend these requirements](#) for the six gatekeepers to provide 'free updates to companies that buy or sell ads on their platforms.'

Metas has [leaned into DSA](#) requirements, significantly [limiting the targeting of 13 to 17-year-olds](#) and developing new algorithmic transparency features with [22 new system cards](#) that explain how and why pieces of content have been served.



The [Meta Ad Library](#) has been significantly upgraded and now provides information by brand and creative into ad delivery, reach by demo, and targeting criteria. Advertising information goes deeper into actual spending totals for [political and social issues](#).

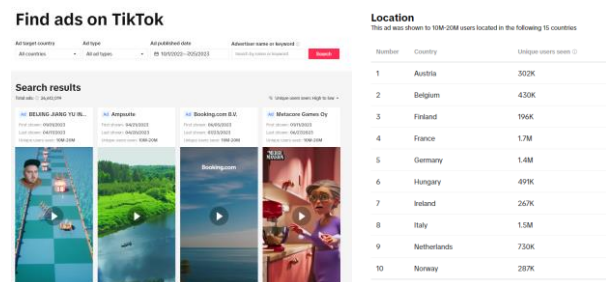
These features aim to address the requirements of the DSA and DMA proactively.

Market implications

Sites will find it [harder to monetize and keep audiences](#) as algorithmic delivery of content and ads is limited.

Some will need to seek new sources of funding. Meta is considering an ad-free subscription offering if permissions to serve targeted advertising are not given. A strategy is known as ['pay or okay.'](#) It is unclear [how compliant](#) such an approach would be under various European laws.

TikTok's [134m users](#) in Europe will be impacted as the targeting of ads and content can now be turned off. TikTok has created a [hub for DSA-related initiatives](#), including one of the most [detailed ad libraries](#).



Digital competitive reporting is likely to see significant change. Each platform has interpreted the requirements of DMA and DSA a little differently, with various levels of detail on advertiser spend, copy, and targeting strategies.

We expect these outputs to be aligned around a clearer understanding of the mandate in the coming months. This should provide more detailed and accurate insight into competitor strategies and market demand dynamics, making competitive reporting solutions more precise and valuable.

As Europe has led in data protection, these consumer and market protections will likely be adopted and adapted worldwide in the coming years. Therefore, it is not just European advertisers who should pay attention to the developing details of the requirements and opportunities of this new legislative framework.

For ongoing updates, follow the [Annalect Privacy Hub](#) and [OMG Future Signals](#) pages.



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