

UK watchdog set to challenge Google, Facebook ad dominance

December 18 2019, by Kelvin Chan



This Oct. 23, 2019, file photo shows Facebook CEO Mark Zuckerberg testifying before a House Financial Services Committee hearing on Capitol Hill in Washington. Facebook's stock dropped almost 3% in regular trading after news reports Thursday, Dec. 12, 2019, suggested that the FTC may take antitrust action to prevent Facebook from integrating its disparate messaging apps. The reports said the Federal Trade Commission may seek a court injunction that would block Facebook's "interoperability" plans for Facebook Messenger, WhatsApp and Instagram, which involves revising them to use the same

underlying software. (AP Photo/Andrew Harnik, File)

Britain's competition watchdog on Wednesday signaled its willingness to push for stricter rules to counter Google and Facebook's dominance of online advertising.

The Competition and Markets Authority said in an interim report it's concerned that the U.S. tech giants have become "entrenched" players in the U.K.'s 13 billion pound (\$17 billion) digital advertising market, with "negative consequences" for the people and businesses that use them.

Google's 6 billion pounds in search advertising revenue last year accounted for more than 90% of the U.K. total, while Facebook's 2 billion pounds in display ad revenue was equivalent to almost half the U.K. total.

Big doesn't necessarily mean bad and the two companies provide innovative and valuable products and services, the authority added.

However, it said a "lack of real competition to Google and Facebook could mean people are already missing out on the next great new idea from a potential rival." Lack of proper choice for consumers and higher prices for advertises could mean [higher costs](#) for flights, electronics, insurance and other online purchases, it said.

"Most of us visit [social media sites](#) and search on the internet every day, but how these firms work can be a mystery," the authority's Chief Executive Andrea Coscelli said.

"Digital [advertising](#) fuels big businesses like Google and Facebook and we have been building a picture of how this complex new market

works," he added.

Coscelli said the authority looked at how the big tech platforms collect and use [personal data](#), which lets Google and Facebook more effectively target ads than their rivals. They looked at how the companies monetized this data, and what it means for rivals as well as people and businesses that use their services.

There's a strong argument for a new regulatory regime that includes rules covering the behavior of online platforms and giving people greater control over their own data, the authority said.

It will now hold a consultation, which Google and Facebook said they will contribute to, before issuing a final report next year.

Google said it will "continue to work constructively with the CMA and the government on these important areas."

Facebook said it's "fully committed to engaging in the consultation process" and agrees with the CMA "that people should have control over their data and transparency around how it is used."

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Citation: UK watchdog set to challenge Google, Facebook ad dominance (2019, December 18) retrieved 19 April 2024 from

<https://techxplore.com/news/2019-12-uk-watchdog-google-facebook-ad.html>

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