

Regulator says Australia must address Google ad dominance

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A lack of competition for Google and a lack of transparency in the digital advertising supply chain needed to be addressed because they were impacting publishers, advertisers and consumers, Australia's competition watchdog said on Thursday.

The Australian Competition and Consumer Commission released its interim report on its inquiry into the Google-dominated digital advertising services industry in Australia that is worth 3.4 billion Australian dollars (\$2.6 billion) a year.

The industry allows advertisers to buy access to consumers' eyeballs almost instantaneously through an automated bidding process, flashing up products that supposedly align with the individual consumers' [personal interests](#). Such individually tailored ads can follow consumers around the internet.

Google not only powers the digital display technology, it also controls much of the advertising space.

Commission chair Rod Sims said "there is a real lack of competition, choice and transparency in this industry" that add to advertisers' costs and increase prices paid by consumers.

"Google's significant presence across the whole ad tech supply chain, combined with its significant data advantage, means Google is likely to have the ability and the incentive to preference its own ad tech businesses in ways that affect competition," Sims wrote.

"During this inquiry, we have heard concerns from parties about potential conflicts of interest from Google's various roles in this industry. This includes Google very often acting on behalf of both publishers and advertisers for the same ad sale across the ad tech supply chain, while also selling its own ad inventory," Sims added.

A lawsuit announced last month from several U.S. states alleges Google engaged in "anti-competitive conduct" in online advertising and used its "monopolistic power" to control the prices and eliminate competition. Google is calling the suit "meritless" and says the price of online advertising has fallen over the last decade. According to filing records, Texas is suing along with Arkansas, Idaho, Indiana, Kentucky, Mississippi, Missouri, North Dakota, South Dakota and Utah.

Sims suggested Australia create rules to manage conflicts of interest and to prevent Google from potentially preferring its own businesses.

The commission noted that [competition](#) regulators in Britain and the European Union had raised similar issues.

The commission also suggested mandatory breaking up of datasets held by large incumbents so that rival ad tech providers could more easily compete.

Google did not immediately respond to a request for comment on Thursday.

Google has been battling the Australian [competition watchdog](#) on several fronts in recent years.

Google last week threatened to make its search engine unavailable if the government went ahead with plans to make it and Facebook pay for Australian news content.

The government has drafted legislation based on the watchdog's media code to force the U.S. tech giants pay Australian news businesses fair compensation for their content.

The commission has also sued Google, alleging the platform broke consumer law by misleading Android users about how their location data was collected and used. Google has denied the allegation.

The commission will make its final report to the government of its digital advertising services inquiry on Aug. 31.

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