

No more targeted online ads? EU not so sure

23 June 2021, by Alex Pigman



The EU is currently working on a set of laws that will introduce a new rulebook for internet giants.

Highly personalised targeting of web users for advertising is a central part of the internet today, but some in the EU want to ban it, potentially upending a business model that made Google and Facebook giants.

The subject is especially sensitive for Facebook, which has become one of the world's most profitable companies by breaking new ground on how closely individuals could be tracked for the benefits of advertisers.

The issue is an urgent one for the Silicon Valley companies as the EU is working on a set of laws that will introduce a new rulebook for internet giants.

Their overwhelming grip on [online advertising](#) has also drawn the keen interest of antitrust regulators with the European Commission on Tuesday following in the footsteps of France to take a close look at Google's practices in the field.

A long-lasting challenge to [advertising](#) could have

a profound effect on big tech's bottom line: Over 80 percent of Google's revenue comes from ads, which generated \$147 billion (123 billion euros) in sales last year. Facebook ads hauled in \$84.2 billion.

"I hope the parliament will not ban advertising in general, but the micro-targeting of advertisement should not exist," said Danish MEP Christel Schaldemose, who is a central actor in one of those new laws.

"It should be made easier for a consumer to say no" to micro-targeted advertising, Schaldemose told AFP.

'Full swing'

Schaldemose is spearheading passage of the Digital Services Act, which along with a companion law, the Digital Markets Act, aims to redefine the rules of the game for tech giants.

Negotiations are in full swing in the European Parliament and among the EU's 27 member states to draw up the rules, with some of the fiercest lobbying taking place over advertising.

"The economic and political power of these digital giants is hefty, and they are not going to remain passive," Tommaso Valletti, former chief competition economist at the EU commission wrote recently.

Critics on both sides of the Atlantic are fighting back with one report from the Norwegian Consumer Council asking for a ban on what it called "surveillance-based advertising".

Backed by BEUC, an EU-wide consumer group, and the Consumer Federation of America, the report released on Wednesday said micro-targeted advertising was the cause of widespread discrimination, consumer manipulation and posed a

national security risk.

"Consumers should be free to make up their minds about what they want to do or buy without being constantly watched, coerced, misled or manipulated," said Ursula Pahl, BEUC's deputy director general.

"The EU has a chance to create a fairer digital society by banning surveillance advertising... and we urge decision-makers to do so."

The debate isn't a simple one, with even the tech giants at loggerheads over how online ads should work in the future.

Facebook chief executive Mark Zuckerberg and Apple's Tim Cook have exchanged bitterly on the topic, with the iPhone maker publicly questioning the ethics of tracking users for huge profits.

But Facebook argues that advertising is key to providing for a free internet and that Apple's mega-profits depend on people forking out a lot of money for iPhones.

"Apple's approach is completely different, it's generally charging top dollar for nicely designed hardware increasingly bundled with services as well," said Facebook's vice president for global affairs, Nick Clegg.

Google has gone so far as propose an alternative to tracking—a "privacy sandbox" that does away with the third-party "cookie", the key ingredient for online ad targeting.

'Legitimate concerns'

But even Europeans are unsure about the best way forward for advertising and whether micro targeting or tracking should be completely done away with.

A source at the European Parliament doubted that an outright ban was in the cards, with powerful players, including the governments of Germany and France, not prepared to go so far.

The parliament proposal calls for targeted advertising to clearly become an "opt-in" for users

and not something that exists by default when you click to Facebook, Instagram or a site operated by Google's ad technology.

But an opt-in would most likely be a death-knell for ad tracking, which even Facebook acknowledges.

An opinion by French authorities, reported by online news site Contexte, said that while Paris understood MEPs' "legitimate concerns" on the issue, even the "opt-in" was going too far.

It warned that parliament's plan would bring flood of ineffective ads, punish publishers and just leave the tech giants stronger.

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