



## Digital Platforms Inquiry: What does it mean for you?

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### What is it?

In December 2017 the Federal Government directed the Australian Competition and Consumer Commission (**ACCC**) to conduct an inquiry to examine the impact of digital search engines, social media applications and online digital content aggregation platforms on the state of competition in Australian media and advertising services markets.

The terms of reference direct the Inquiry to consider the extent to which platform service providers are exercising market power in commercial dealings with the creators of journalistic content and advertisers. The Inquiry is also looking at the effect digital platforms have on the level of choice and quality of news and journalistic content available to consumers. As a by-product of the interplay between digital platforms and the media and advertising services markets, the Inquiry will also consider consumer data protection and privacy issues.

### Why has it come about?

Digital platforms have transformed the way news, journalistic content and advertising is produced and delivered to Australians. Traditionally, media organisations created news content which was delivered to consumers via entrenched channels – namely print, radio and television. Apart from those that were publicly funded, these organisations bankrolled the creation and distribution of news content through advertising revenue. They have operated, and continue to do so, under a broad regulatory framework.

Nowadays consumers can readily access news content through a much greater range of sources, with digital platforms such as Facebook and Google leading the charge in shifting the way everyday Australians interact with news and journalistic content. Some Australian surveys have estimated that between 50-74% of people get their news online.

Their popularity and ease of access, combined with advanced algorithms and access to user data which enables greater reach and precision in targeting consumers, have made digital platforms highly attractive to advertisers. Traditional media companies are struggling to attract advertising dollars with more and more businesses turning to digital platforms to promote their goods and services. The Australian Communications and Media Authority has reported that print media's share of advertising expenditure has decreased (from 46% to 13%) while the share of online advertising has increased (from 15% to 48%) from 2009 to 2016.

Whilst it is clear that the proliferation of digital platforms and their use of consumer data gives rise to new opportunities and innovations in media and advertising services markets, they also create a number of concerns. Traditional media houses have argued that they cannot compete with digital platforms who are not forced to operate under the same regulatory environment. There are fears that reduced advertising revenue limits the ability of these organisations to compete and fund the production of quality, public interest news content. Advanced algorithms used by digital platforms have also

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been criticised, with concerns that they reduce the diversity of news content that users are exposed to.

Additionally, the big data technologies that make digital platforms so attractive to advertisers raise competition and consumer issues. Whilst increased competition is generally seen as beneficial for consumers, the sheer strength of established digital platforms may prevent new entrants, without the ability to access large troves of personal data, from competing in the marketplace. Finally, there are strong concerns about consumer privacy and data protection, especially the level of consumer awareness about how personal data is gathered, used and supplied, and how transparent digital platforms are with their users.

### What are the likely outcomes?

To date the ACCC has been relatively coy about what recommendations may be made. We may see attempts to even the playing field between digital platforms and their traditional counterparts through the introduction of regulation specifically targeted at digital platforms as a means to reduce any perceived unfair competitive advantage held by digital platforms. A digital advertising levy, premised on this idea of an unequal operating environment, has been touted. What exactly this would look like, and what, if anything, would be achieved, apart from the likelihood that costs would be passed onto consumers via advertisers or media owners, remains to be seen.

Privacy reforms based on increased transparency, informed consent and protection of consumer data may ultimately be the most tangible outcomes of the Inquiry for Australians. The trade off between free access to online services for the right to monetise consumer information is being scrutinised. As we have recently seen in Europe, [there are increasing shifts towards greater protection of our data](#) and ensuring that consumers have increased visibility over personal information, and the Inquiry may look to follow recent developments around the globe.

The ACCC is due to hand down a preliminary report in December 2018, with its final report in June 2019.

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