



December 21, 2018

Federal Trade Commission
600 Pennsylvania Avenue, NW
Washington, DC 20580

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RE: Competition and Consumer Protection in the 21st Century

The Interactive Advertising Bureau (“IAB”) provides these comments in advance of the Federal Trade Commission’s (“FTC” or “Commission”) hearing on competition and consumer protection in the 21st century.¹ This comment supplements IAB’s previous submission in this proceeding.

Founded in 1996 and headquartered in New York City, the IAB (www.iab.com) represents over 650 leading media and technology companies that are responsible for selling, delivering, and optimizing digital advertising or marketing campaigns. Together, our members account for 86 percent of online advertising in the United States. Working with our member companies, the IAB develops technical standards and best practices and fields critical research on interactive advertising, while also educating brands, agencies, and the wider business community on the importance of digital marketing. The organization is committed to professional development and elevating the knowledge, skills, expertise, and diversity of the workforce across the industry. Through the work of our public policy office in Washington, D.C., the IAB advocates for our members and promotes the value of the interactive advertising industry to legislators and policymakers.

In order to assist the Commission in its development of an updated viewpoint regarding privacy, the Internet, consumer protection, and competition we provide via this letter myriad research papers, surveys, and reports we, our members, and sister trades conducted that reveal and explain the value of data within the economy.² This body of research makes clear that the free flow of data, coupled with appropriate consumer notice and choice, is the economic engine that fuels the data-driven economy. As highlighted in the FTC’s recent comments to the National Telecommunications and Information Administration, leveraging actual research into

¹ Federal Trade Commission, *Hearing on Competition and Consumer Protection in the 21st Century* (Oct. 26, 2018) <https://www.ftc.gov/news-events/events-calendar/ftc-hearing-competition-consumer-protection-21st-century-february-2019>.

² Please find the following pieces of research: Howard Beales, *The Value of Behavioral Targeting* (2010), available at https://www.networkadvertising.org/pdfs/Beales_NAI_Study.pdf; Ari Goldfarb & Catherine Tucker, *Privacy Regulation and Online Advertising* (2011), available at https://econpapers.repec.org/article/inmormnsc/v_3a57_3ay_3a2011_3ai_3a1_3ap_3a57-71.htm; Howard Beales & Jeffrey Eisenach, *An Empirical Analysis of the Value of Information Sharing in the Market for Online Content* (2014), available at <http://www.aboutads.info/resource/fullvalueinfostudy.pdf>; Yan *et al.*, *How much can Behavioral Targeting Help Online Advertising?* (2009), available at <http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.215.1473&rep=rep1&type=pdf>; Zogby Analytics, *Public Opinion Survey on Value of the Ad-Supported Internet* (May 2016), available at http://www.aboutads.info/resource/image/Poll/Zogby_DAA_Poll.pdf; John Deighton, *Economic Value of the Advertising-Supported Internet Ecosystem* (2017), available at <https://www.iab.com/wp-content/uploads/2017/03/Economic-Value-Study-2017-FINAL2.pdf>; Zogby.

consumer preferences and the economic impact of restrictions on data and digital advertising provides policymakers with valuable insight for their consideration.³

For example, a March 2017 study entitled *Economic Value of the Advertising-Supported Internet Ecosystem* conducted for the IAB by Harvard Business School Professor John Deighton, in 2016 the U.S. ad-supported Internet created 10.4 million jobs.⁴ Calculating against those figures, the interactive marketing industry contributed \$1.121 trillion to the U.S. economy in 2016, doubling the 2012 figure and accounting for 6% of U.S. gross domestic product.⁵ The study, designed to provide a comprehensive review of the entire Internet economy and answer questions about its size, what comprises it, and the economic and social benefits Americans derive from it, revealed key findings that analyze the economic importance, as well as the social benefits, of the Internet. Such research outlines the concrete economic gains delivered by the data-driven advertising ecosystem, and presents the potential risks that could follow on from miss-calibrated regulatory changes.

In addition to economic insights, research also provides a view into how consumers interact with and understand their role in the data-driven Internet economy. For example, a Zogby survey commissioned by the Digital Advertising Alliance showed that consumers assigned the value of the ad-supported services, like news, weather, video content, and social media they desire and use to be \$99.77 per month, or \$1,197 a year.⁶ A large majority of surveyed consumers, 85%, stated they like the ad-supported model, and 75% indicated that they would greatly decrease their engagement with the Internet if a different model were to take its place.⁷ By understanding consumers' actual preferences, and the value they see in the data-driven Internet, the Commission can better strike a balance between consumer expectations and support for innovation in its updated privacy framework.

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We appreciate the opportunity to submit these comments, and we look forward to working with the FTC on this issue. If you have questions, please contact me at 202-380-2203.

Respectfully submitted,

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³ Federal Trade Commission, *In re Developing the Administration's Approach to Consumer Privacy*, 15 (Nov. 13, 2018), available at https://www.ftc.gov/system/files/documents/advocacy_documents/ftc-staff-comment-ntia-developing-administrations-approach-consumer-privacy/p195400_ftc_comment_to_ntia_112018.pdf.

⁴ John Deighton, *Economic Value of the Advertising-Supported Internet Ecosystem* (2017), available at <https://www.iab.com/wp-content/uploads/2017/03/Economic-Value-Study-2017-FINAL2.pdf>.

⁵ *Id.*

⁶ Zogby Analytics, *Public Opinion Survey on Value of the Ad-Supported Internet* (May 2016) http://www.aboutads.info/resource/image/Poll/Zogby_DAA_Poll.pdf.

⁷ *Id.*