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Summary of discussion of the roundtable on Digital advertising markets and competition

Annex to the Summary Record of the 70th meeting of Working Party 2 on 30 November 2020

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This document is the summary of discussion of the roundtable on digital advertising markets held by Working Party 2 on 30 November 2020.

More documents related to this discussion can be found at https://www.oecd.org/daf/competition/competition-in-digital-advertising-markets.htm

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Summary of Discussion of the roundtable on Digital advertising markets and competition

On 30 November 2020, Working Party no. 2 held a roundtable on competition in digital advertising markets chaired by Prof. Alberto Heimler.

The Chair introduced the topic of discussion and noted its importance considering competition authorities' lack of relevant expertise in addressing digital advertising markets. He introduced the expert speakers: **Fiona M. Scott Morton**, Theodore Nierenberg Professor of Economics, Yale School of Management; **David Evans,** Chairman, Global Economics Group and Professor of Economics at the University College, London; and **Hal Varian**, Chief Economist, Google and Professor of Economics at the University of California, Berkeley.

The Chair briefly discussed the distinction between the two most important types of online advertising: "search advertising", which occurs through the prioritisation of search results, and the clearly visible and personalised ads known as "display advertising". He also mentioned "classified advertising", which is of lesser importance, and involves listing of products or services on specialised websites. The common pay-per-user-click payment model typically serves the purpose of aligning the concerned parties' interests and ensuring the quality of advertising.

The discussion would be divided in four parts, the first being an overview of digital advertising markets, the second would focus on relevant competition issues, the third on the interplay between various policy concerns such as consumer protection and privacy, and the fourth on alternative regulatory options for addressing relevant concerns.

The Chair then asked the United Kingdom to share some of the findings of the Competition and Markets Authority's (CMA) relevant market study, in particular those related to market definition.

In the **United Kingdom**, digital advertising expenditure amounted to around 60% of total advertising expenditure in 2019 (compared to 25% in 2010). Search advertising accounts for around 50% (~7 billion GBP) of total expenditure on digital advertising (~14 billion GBP). Google controls around 90% of the search advertising segment (as well as between 50-100% of different stages in the digital advertising supply chain).

Display advertising expenditure amounted to around 5 billion GBP in 2009, with Facebook generating over 50% of revenue in that segment. The CMA found it useful to distinguish between "owned and operated display advertising", where platform operators (usually large social networks) sell advertising inventory directly to advertisers through integrated interfaces, and "open display", where a wide range of publishers (e.g. news media organisations) compete in real time, and inventory is sold through intermediaries. While distinct, both types of display advertising may be substitutable, especially in the eyes of larger advertisers.

The CMA is not formally required to define the relevant market for the purpose of a market study, but it nevertheless studied the competitive pressures exerted on Google and Facebook, and found that search advertising and display advertising are not considered substitutable: first, whereas search advertising is focused on securing consumers who have already shown an interest in the product by inputting relevant search terms (in-market consumers), display advertising is geared towards raising brand awareness or reaching new audiences (out-of-market consumers); second, while payment for search advertising is

usually on a "cost-per-click" ("c-per-c") basis, advertisers pay for display advertising on a "cost-per-impression" ("CPM") basis; third, on a practical level, advertisers tend to set budgets for both types of advertising independently and not to interchange between them. However, while it appears there are separate markets for search and display advertising at present, boundaries may shift over time, as evidenced by data indicating that display advertising is increasingly being used to target in-market consumers as well.

The Chair noted that BIAC believes the aforementioned distinctions between the types of digital advertising are becoming irrelevant as advertisers are increasingly relying on tools for measuring the effectivity of the various types of advertisement, in relation to their cost, and asked BIAC whether the market should be defined more broadly.

BIAC noted that while traditional market definition is usually based on analysis of demand-side factors, there is hardly any such analysis in this context, and that, despite the potential competitive interaction between various differentiated digital advertising products, the discussion is mostly focused on the supply-side.

The lack of consideration for demand-side factors is manifest in the focus on the distinction between display and search advertising, which is rooted in supply-side factors. If markets were indeed defined by this distinction, as the CMA indicates, there would be serious questions as to the grounds to oppose a merger between Facebook and Google. Alternatively, if search and display advertising are in the same market, one cannot consider both Facebook and Google to be dominant in that same market, at least in most jurisdictions.

The digital advertising landscape is probably more complex than currently perceived. A more nuanced approach, such as the one currently prevalent in the context of advertisement in traditional media, which recognises that products may at times be complementary and at times substitutable, should be adopted. Analysis of the competitive interaction between differentiated digital advertising products would require answering important questions related to customer characteristics, their influence on product substitutability and on the ability of suppliers to price-discriminate, and to consider the competitive interaction with traditional media outlets.

The Chair shifted the focus of discussion to competition issues and mentioned the controversy regarding antitrust intervention against exploitation of consumers, which may take the form of over-advertisement or overuse of their personal data. He asked David Evans to discuss the barter that takes place between platforms and consumers and the relevant competition issues.

David Evans explained that the business model of two-sided "attention platforms" has essentially remained the same since the 17th century: platforms trade content for consumers' time, and often allow advertisers access to that time. He highlighted a number of often overlooked important points related to content: content is provided in exchange for consumer time, but is also where advertisements are inserted; content performs a sorting function and matches the advertisers with relevant viewers (economies of scale are relevant in this respect since attention platforms can attract many viewers with the same content); the content for time barter economy is vast – in the United States, people spend more time on attention platforms than they spend working; content production is driven by positive feedback effects since content attracts users who spend time, and advertisers pay for that time and thus fund additional content; transition to subscription-based business models is not easy, and it seems that ad-supported attention platforms will continue to exist in the foreseeable future.

Online platforms essentially follow the same model, except that in this context, consumers receive content in exchange for time and, importantly, data; the same data that enables

platforms to provide consumers with targeted content and ads, enables advertisers to be granted access to relevant audiences.

While it is essential to account for these barter exchanges in merger review and exclusionary or exploitative conduct cases, it is very challenging to do so considering there is no pecuniary value attached to content, time, or data.

Finally, market definition should always be tied to the conduct under analysis. While a general discussion of the framework could inform market definition in a particular case, one should be cautious about drawing general conclusions and defining online advertising markets in the abstract.

The Chair noted that overcoming the challenge of evaluating the value of the barter is a very important topic which merits further discussion.

David Evans briefly replied that overcoming this challenge is possible. Several valuation tools may be used for this purpose, and there are a few relevant published papers that deal specifically with advertising markets.

The Chair moved the discussion to the issue of entry. He explained that in traditional two-sided markets, entry takes place only where the sources of revenue are identified *ex-ante*. However, in the digital economy, prospective revenue from unidentified sources is sufficient to drive entry. Accordingly, entry is likely less of an issue in the digital economy. He then gave the floor to Hal Varian.

Hal Varian described the distinction between general purpose search engines such as Google, Bing, etc., which are typically ad-supported, and special purpose search engines such as Amazon, eBay, Yelp, Travelocity etc., which, in some cases, are also ad-supported.

Search ads basically function as follows: advertisers choose keywords, users choose queries, and ads are presented when a match occurs; typically, personalisation is minimal, and while it is possible to filter users by location, age, gender etc., the recommendation is to discount demographic information and focus on user intent; ad prices are determined by auction; and the ad ranking model has evolved from a rather simple model to a model the incorporates various measures of quality, including post-click user activity.

The distinction between general purpose search and special purpose search is key, considering most revenue is generated in the context of the latter, and that many websites provide commercial search services.

Display ads are provided by ad networks (e.g. Google) on third-parties' pages. Around 80% of display ad revenue is negotiated, while around 20% today, and a projected 15% in the next few years, is auctioned. As mentioned, this segment is dominated by Facebook. Advertisers may opt either to avoid any targeting (run of market); to place contextual ads that are relevant to the displayed page; to place reminding, remarketing or retargeting ads that are based on merchant data indicating the user's interest in a product; or to place interest-based ads, which are targeted on the basis of data collected about the users' recent online activity.

Importantly, both search and display ads are based on the consumer's recent behaviour, which is much more important than a long and detailed history of the consumer's online activity.

Newspapers never made a profit from selling ads on the news section, but rather from selling contextually relevant ads on more specialised sections of the newspaper (shopping, travel, home and garden, etc.). Newspapers are no longer able to cross-subsidise the news section with this revenue because of the appearance of countless specialised websites,

where advertisers place contextually relevant ads. One solution is to increase the focus on behavioural targeting.

The Chair asked Hal Varian to clarify whether he meant different advertising channels constitute separate markets.

Hal Varian replied he did not go into the fine details of market definition but noted both search ads and remarketing display ads track different signals of consumer intent and are therefore becoming closer to one another over time.

The Chair asked Prof. Fiona Scott Morton to outline some of the relevant theories of harm and types of evidence competition authorities should consider in the context of digital advertising.

Fiona Scott Morton set out to discuss potential harms in this sector, which constitutes a large portion of the GDP. One such harm is of the consumer protection type: users may be deceived or confused about the quantity of data they provide, the way it is used, and users' compensation for the provision thereof. Platforms' inability to adequately convey messages to users about the quality of their services and the value of the transaction affects platforms' incentive to compete e.g. by reducing the level of data extracted from consumers, or by improving content filtering.

The speaker explained that harm to competition may arise on either side of the platform. For example, Google, who has allegedly suppressed competition by purchasing potential rivals, is underpaying users for the value of their attention; Google also holds a monopoly over search, is not under pressure to provide quality results, and can use its market power to divert users away from competitive threats such as specialised search, and deny them the necessary economies of scale. According to the speaker, users are not fully compensated for their attention by Facebook either: Facebook's purchase of nascent rivals and blocking of interoperability with complementary products restricts consumer choice and reduces innovation and quality in terms of content moderation and filtering.

Prof. Scott Morton continued by noting that advertisers face Google's monopoly in search and search advertising. Google not only has owned and operated ads, but also positions most of the remainder of open display ads through its ad tech stack. According to the speaker, a merger between Facebook, which handles around 40% of display ads, and Google, which handles around 50%, would raise concerns. The platforms' market power is manifest in prices charged for advertising space and services.

Through its ad tech stack, Google intermediates between advertisers and publishers and controls 60-90% of the markets for publisher and advertiser tools. Google has the power to set the pricing rules, limit outcome transparency, and importantly, set the "take rate" which is the difference between the price charged from the advertiser and that which is paid to the publisher. The speaker argued that Google amassed its market power through acquisitions of ad tech firms and by engaging in exclusionary conduct, e.g. bundling of services across properties, prevention of interoperability, exclusivity contracts and limiting information and transparency. As a result, advertisers bear higher advertising costs, which are presumably passed on, at least partially, to consumers. More generally, a higher take rate lowers the rate of return on investment in content for publishers, increases advertisers' customer acquisition costs, and thus limits investment in content and innovation.

The Chair wondered if it is sufficient to show that users are being misled about the use of their data or that it is being excessively used in order to establish a violation of consumer protection law, or whether proof of effects on users' actual economic behaviour is also required.

Fiona Scott Morton replied the question is of a legal nature, but that some consumer protection issues clearly have follow-on economic effects, e.g. exposure to financial scams, discrimination against women or people of colour, etc. Consumer protection law aims to prevent exploitation of consumers, which is likely to spill over into personal economic outcomes and cause lower utility.

The Chair noted that the issues related to exclusionary conduct raised in this context are similar to those raised in traditional markets, and that meeting the burden of proof is a challenge. He then asked Korea to share its recent experience in the case of Naver, which engaged in exclusive dealing with advertisers of real estate.

Korea issued a corrective order and imposed a fine of one billion Won on Naver, a dominant digital platform, which, in 2017, held roughly 88% of the online search sector, and around 80% of real estate search in terms of page views. The Korea Fair Trade Commission found that Naver intended to exclude its competitors by requiring real estate information agencies to list properties exclusively on its platform. Naver effectively drove Daum-Kakao, the second largest online real estate search platform at the time, out of the market. Korea hopes the measures taken against Naver's conduct will broaden the channels of real estate information, to the benefit of real estate buyers and sellers.

The Chair then asked France to discuss the Amadeus and Gibmedia cases.

France noted the Competition Authority devotes much attention to digital advertising markets, both in its advisory and enforcement roles. The authority has had experience with several cases concerning Google's dominant position in the search advertising market in France and the rules governing the function of the Google Ads platform.

While Google has the liberty to set rules (e.g. in order to filter our content that could harm consumers), the rules and implementation thereof must be objective, transparent, and non-discriminatory. In the Gibmedia case, the Authority found that Google had set unfair rules, and had thus abused its dominant position. While the Authority is not required to show that Google would have gained an advantage by imposing unfair rules, it nevertheless demonstrated that Google could have had an interest in creating opaque rules, which, for example, may allow it to draw significant revenue from advertisers who would have been excluded had the rules been clearer. Alternatively, Google's policy may cause web publishers to opt against operating subscription-based services, and adopt instead an ad-supported business model, to the benefit of Google, which enjoys a dominant position in the display advertising market as well. Google was ultimately fined at the amount of EUR 150 million and is subject to several orders set to remain in force until 2025.

The Chair wondered whether the reason Amadeus was excluded from search results was because it refused to pay Google.

France explained that Amadeus was excluded on the grounds it had allegedly violated Google's policy disapproving websites that require users to pay for services that can be otherwise obtained freely.

The Chair asked Japan to discuss its survey of the types of harm that may occur in digital advertising markets.

Japan published an interim report in April, which detailed the preliminary results of a survey that targeted publishers, advertisers and intermediaries who contract with advertising platforms. Some respondents noted a lack of transparency on the part of platform operators; the inability to negotiate uniform contracts which include unfair clauses; the difficulty of adjusting to platforms' system changes that often have significant adverse effects on respondents' businesses; and limits imposed on the use of third-party intermediary services.

The final report will focus on three issues that merit additional assessment: the first is whether platforms are unilaterally imposing unfair trading conditions upon users that depend thereupon; the second is whether platforms that operate both as intermediaries and publishers are able to exclude their rival intermediaries; and the third is whether digital platform operators unjustly restrain the business activities of companies, for example by restricting the distribution of digital ads that are not positioned through their platforms.

The Chair asked whether the survey would lead to enforcement action or to the setting of rules for platforms to follow.

Japan explained the survey is not aimed at uncovering violations of Japanese competition law, but rather to gain a better understanding of the prevalent trade practices.

The Chair noted that infringements in this sector are mostly exploitative, and this may require the development of new theories. Any abuse will probably only become apparent *ex-post*, otherwise consumers would have refrained from using the platform's services in the first place. Transparency is clearly an important element for identifying abuse. For example, Spain argues that lack of transparency may lead to competitive harm to advertisers and users alike. The Chair asked Spain to elaborate on the meaning of transparency in this context, and to explain why the markets under discussion differ from other markets, where increased transparency raises concerns of collusion.

Spain explained that whereas increased transparency raises concerns in markets for homogeneous products, this is not necessarily the case in markets for differentiated products. Online advertising products are indeed differentiated: there are different advertising segments (search, display, classified, messaging, etc.) and different modes of organising transactions (directly, through agencies or intermediaries, etc.). One might argue that advertising products are becoming increasingly standardised, but even in the framework of open display ecosystems there are different types of transactions (open auctions, private deals, and programmatic guaranteed transactions) on different terms. Transactions are further differentiated by the level of data inputs used for the purpose of refining targetability.

Advertisers and publishers are complaining the most about lack of transparency, since both platforms and agencies enjoy an information advantage that they are able to exploit. Lack of information on pricing and indicators of performance may lead to suboptimal decisions that jeopardise static and dynamic efficiencies, and platforms with market power may be able to impose abusive, unfair, and ever-changing trading conditions.

The concerns related to transparency cannot be detached from other relevant competition issues, such as data dependency, concentration, tying and bundling and self-preference: first, as regards the dependency on data, data is not only one of the variables for differentiating transactions, but also adds a layer of complexity and contributes to informational asymmetry; second, regarding concentration, platform dominance and the lack of competition reduce the incentive to provide more transparency; third, consumers may be lured to acquire tied or bundled services because lack of transparency prevents them from evaluating the relative cost of each one of the bundle's components; and finally, self-preference is possible only where lack of transparency prevents rivals from ascertaining vertically integrated businesses are not given an unfair advantage.

The Chair turned to the United Kingdom and asked whether excessive profits could merit antitrust intervention and how abusive prices and profit levels would be identified.

The United Kingdom first addressed a couple of prevalent misconceptions, the first one being that consumers, who do not pay for content or social media services, are not exploited in terms of price. Consumers do, however, pay for advertised products and services, and

thus bear at least part of the excessive cost of advertisement. The second misconception is that even dominant platforms cannot influence advertising prices because these are set by auction. While the price is indeed largely set by auction, platforms maintain the ability to influence the price, for example by setting a minimum reserve price at which impressions are sold (price is thus determined in over 60% of Google's auctions), or by offering "automated bidding tools" which among other things determine the level of bids (over 90% of Facebook advertisers in the UK use these tools).

There is evidence that Facebook and Google earn a large multiple of the relevant benchmark (a weighted average cost of capital). In the case of Google, the CMA was able to control for the heterogeneity of the advertising inventory by comparing its prices with prices on Bing's platform, and found that the cost-per-click on Google was 30-40% higher than on Bing. To control for the possibility that clicks on Google are worth more than a click on Bing, the CMA calculated the "price-bid ratio" on Google and Bing. This ratio measures the difference between the winning bid and the price paid, and indicates the advertiser's willingness to pay and the value of the advertising opportunity; a higher ratio indicates the platform is able to extract more rent from the advertising opportunity, while a lower one indicates the advertiser is able to retain more surplus value. The price-bid ratio on Google was 20-30% higher than that of Bing on mobile and 10-20% higher than that of Bing on desktop.

These results support the hypothesis that Google is able to raise prices above competitive levels and are quite stark considering the expenditure on search advertising amounts to around 7 billion GBP.

The Chair turned to Portugal, and asked it to discuss a recent cartel case, where telecom operators agreed to limit competition through Google searches.

Portugal explained that this case, which is still under review, differs from other cases previously discussed in that it does not involve unilateral conduct by a platform, but rather an advertisers' cartel. This case nevertheless provides important insights into the online advertising market and demonstrates the significance of search advertising in the competitive process.

The four Portuguese telecom operators, who control the market in its entirety, strove to curtail the influence of search advertising, which targets consumers precisely at the time when they are considering a purchase. To limit consumers' exposure to competing offers the four agreed to stop bidding for certain keywords, namely their competitors' brand names, in auctions organised by Google. They also agreed to treat rivals' brand names as "negative keywords", so as to ensure their ads would not be displayed when rivals' brand names were inputted.

This explicit arrangement, which was carried out directly and through advertisers' media agencies, affected the full range of telecom services for almost an entire decade. It was likely to harm competition and consumers by reducing each telecom operator's incentive and ability to attract its rivals' customers and by increasing search and switching costs, all of which probably led certain customers to pay higher prices or choose offers which failed to meet their individual preferences. In addition, one party sought to reduce investment in advertising, and indeed, over time, there was a significant decrease in investment in search advertising in proportion to the total investment in online advertising. This decrease is unlikely to be welfare enhancing, considering the structure of the telecom market.

The Chair asked Portugal how it was informed of this practice.

Portugal replied it received a leniency application and subsequently carried out a dawn raid, which uncovered relevant evidence.

The Chair moved the discussion to focus on the role of data as a competitive force, and noted that both Google and Facebook may be using the data they are extracting from users to improve their services, and thereby attract more users. However, in this context, there is an interplay between competition, consumer protection and privacy policy, and some forms of conduct may breach multiple laws. The Australian Competition and Consumer Commission (ACCC) has initiated consumer protection proceedings in July 2020 on the grounds that Google failed to inform consumers about the use it made of their data and failed to obtain their consent therefor. The Chair asked Australia whether proof regarding consumers' economic behaviour is required and to address the difference between this case and antitrust cases.

Australia released its Digital Platform Inquiry report in 2019, which discusses the interplay between competition, consumer protection and privacy, and is currently preparing a follow-up report that focuses on ad-tech services. As in Spain, the issue of transparency is repeatedly brought up by both publishers and advertisers.

Regarding the interplay between different policies, while privacy law is enforced by a separate regulator, the ACCC's consumer protection powers are relevant since consent for privacy breaches is facilitated by opaque and deceptive practices, which mislead consumers about the use of their data (e.g. "click consents" that encompass many pages of legal terminology). Competition law also comes into play considering the platforms that hold the data have market power. It is therefore indeed conceivable that certain conduct would violate all these laws.

As mentioned, the case against Google is a consumer protection case, but it is possible the same conduct is in breach of privacy law. There is no requirement to show economic harm in the context of consumer protection or privacy proceedings, but such a showing could be relevant to questions related to consumer redress or to the penalties imposed for violations.

The Chair asked whether the ACCC is required to show that consumers would have behaved differently had they been given full disclosure.

Australia replied there was no such requirement, and that competition law is relevant in this context, considering 93-95% of searches are performed on Google, and consumers have no viable alternative.

The Chair noted that Mexico's contribution discusses the competitive and anticompetitive role of data as well, and asked Mexico what type of tests it puts in place to trade-off between the necessity of covering costs of services provided for free, and the possible anticompetitive use of data.

Mexico explained that data, which is traded for digital services, has become a key competitive asset: it serves as an input for the production of services, a strategic asset that allows platforms to maintain a lead over rivals and secure their position on the market, and as a commodity sold to third parties. Collection, storage, and analysis of data is likely to involve substantial fixed costs and low marginal costs and is therefore characterised by economies of scale and scope, which may be advantageous to larger firms and raise entry barriers. Platforms may benefit from feedback loops that allow them to use the revenue and data they collect to improve the services they provide.

Data can lead to the attainment or maintenance of a dominant position in digital markets and may allow platforms to engage in abusive exploitative or exclusionary conduct. One example of exploitative conduct is the excessive extraction of data from users who depend on digital services, and who may have no option but to consent thereto. The challenge in this context is to identify the level of data extraction that should be deemed excessive.

Examples of exclusionary practices include exclusive dealing, cross usage of data sets, and refusals to allow access to data.

However, as mentioned, the collection of large data sets and their analysis can benefit consumers. Competition authorities should therefore act on a case-by-case basis, and consider the role played by data, its significance to the success of the product, the scarcity of data and the possibility to reproduce it.

The Chair asked Hal Varian whether, given that advertising effectiveness depends on the richness of data, he believed a market for data would develop.

Hal Varian replied that a market for mailing lists has been active for quite a while, mainly in the context of business-to-business advertising.

He believes the idea of feedback loops is not novel, as they occur in every industry where consumer preferences and earnings that are reinvested in the business contribute to product evolution.

He noted that while the representative from the United Kingdom was correct in asserting that 60% of Google auctions are determined by the reserve price, they represent only 20% of revenue, whereas 80% of revenue is from auction results that are above the reserve price. He also maintained that when comparing between Google and Bing it is important to account for "cost-per-acquisition" (CPA) or conversion-based pricing, which is associated with a sale to the consumer. According to the CMA report, Google has a higher top ad click-through rate, fewer ads, and lower revenue per desktop search than Bing, which tends to show more lower quality ads. In other words, for the same keyword the performance on Bing is different from Google's because of the difference in ad relevance.

The Chair moved the discussion to regulatory response, and asked the United Kingdom, which advocated for the establishment of a specialised regulator, to explain why it believes its market study powers are inadequate, and to address concerns that a specialised regulator would over-intervene in this dynamic and fast-moving setting.

The United Kingdom Government adopted the CMA recommendation to establish a new regulatory regime for online platforms, which would include the introduction of an enforceable code of conduct for dominant platforms, a set of pro-competitive interventions to tackle sources of market power and promote competition, and the establishment of a Digital Markets Unit. These recommendations were based on the finding that both Google and Facebook are entrenched in their respective markets, and are protected from effective competition by a series of barriers to entry and expansion such as economies of scale and network effects, the power to drive consumer behaviour by using "defaults", unequal access to user data, lack of transparency and information asymmetry, and the increasing importance of ecosystems, which, albeit their benefits to consumers, raise concerns as to the leveraging of market power.

The key reasons for recommending the new regulatory regime are as follows: first, a new regulatory framework that would enable addressing a multitude of issues at the same time is required considering the entry and expansion barriers are self-reinforcing and overlapping and it is necessary to tackle several concerns in parallel in order to curtail market power; second, the dynamic and fast-moving nature of the market requires a regulator that is focused and can easily revisit its own interventions; third, rapid response and *ex-ante* guidance is required in this context, considering platforms may cause businesses to shut down from one day to the next; and finally, the complexity of the markets requires special expertise.

The Chair asked whether the new regulator would be part of the CMA.

The United Kingdom replied that the Digital Markets Unit will be established within the CMA in April 2021, but that it is unclear where this division will ultimately be housed.

The Chair asked the experts for their final comments.

David Evans stressed the importance of carefully considering the role of data and cautioned against reaching overarching conclusions about the relation between data and competition issues. For example, economic research has not settled the question of how data contributes to the success of a platform and to the erection of barriers to entry.

Regarding consumer protection, while very important, it is very challenging to design requirements that ensure consumers are able to comprehend the disclosed information. An example of this type of challenge can be found in disclosures related to financial products, which raise many consumer protections issues.

Fiona Scott Morton stated that it would be wrong to give up on consumer protection simply because it is difficult. On the contrary, protection of consumers, who are easily led astray by framing and defaults, should be enhanced. **David Evans** clarified he was not suggesting giving up on consumer protection, but rather pointing out the challenges and the fact that it is possible to learn from other aspects of consumer protection.

In response to comments made during the discussion, **Hal Varian** clarified he did not argue data markets are identical to other product markets. However, he believes that traditional data markets (e.g. for catalogue mailing lists) are similar to online data markets, in which data is being made available faster, to a broader set of users, for lower prices.

Lithuania asked whether in the context of excessive pricing cases one could analyse economic value by evaluating website attendance data, for example in terms of page views or visits by unique users, and whether that could be a valid proxy for analysing an economic ratio of online ads pricing.

Fiona Scott Morton believes this question would require further consideration and encouraged competition authorities to consider this and other methodologies in order to measure these important concepts.

The Chair noted that the processes of understanding the issues at hand, and of developing adequate measuring and enforcement tools is still under way, with one of the major challenges being the assessment of the excessiveness of the barter exchange. He concluded the discussion by thanking the participants for their contributions.