

The Debating Group



A Parliamentary forum for Media and Marketing Debate

Advertising is the best way to keep the internet free and open

Andrew Marsden, introduced the Debating Group's first debate of 2020, chaired by the Rt Hon John Whittingdale OBE, MP for Maldon and held in the Boothroyd Room of Portcullis House. The chair noted that while a lot of internet content is free, people still need to be paid to produce it, raising the motion for the debate: "Advertising is the best way to keep the internet free and open."

Proposing the motion, **Ravleen Beeston, MD UK, Microsoft Advertising**, described the internet as one of the world's most marvellous inventions with incalculable value for connecting people and communities to share information. It has improved communications and trade, developed technology, and democratised the world's knowledge by making information accessible to everyone - at its best the internet promotes inclusivity as its openness gives a voice to those excluded from many conversations. Describing it as simple, helpful, convenient, and a place for everyone, she questioned whether it was actually free. While anyone is free to access the internet, accessing the internet is not free because content comes at a cost that someone must pay. Broadband connections or subscriptions alone can't cover the vast costs of the servers, content creators, and engineers needed to run today's vibrant internet.

For the internet to flourish and remain accessible, websites and services need to be subsidised and run as profitable organisations and businesses with a constant and predictable revenue stream. There are various models to do this including paywalls and subscriptions, government intervention and funding, and even wealthy donors like Jeff Bezos who funds the Washington Post. There are also crowd funding models like Wikipedia – and then there is advertising. Beeston explored the pros and cons of these models.

Subscription models provide a predictable revenue stream but can divide media consumption between those who can and cannot afford to subscribe and so the internet stays neither free nor open. Government funding, beyond keeping us safe online, could stop the internet being truly open as it has already in some countries; the same applies to funding by billionaires. So, while these models give us a free internet, it is neither open nor impartial. Meanwhile, crowd sourcing does not provide a predictable revenue stream and can reduce the internet's diversity with those who can afford to donate dictating the websites that survive.

Turning to advertising, Beeston noted that almost every free website or service is being paid for by advertising. Their overheads are paid with money from selling page space to advertisers who want to reach audiences visiting those websites in what she described as "a beautiful value exchange." Advertising and marketing are key for a thriving economy, she asserted, noting that the economic

value of the advertising supported internet ecosystem has grown at an accelerating rate over the last 20 years, outpacing US GDP. Beeston believes that the advertising model allows the internet to remain as unbiased, impartial, and therefore as open as possible while keeping websites free for consumers. It also provides opportunities for content creators to remain independent and incentivised to create great quality content.

While this advertising model isn't new, the internet does bring new concerns around privacy and the use of personal data. The industry is working to address these issues through origination and legislation, with Beeston pointing out that Microsoft has long advocated privacy laws and was an early supporter of GDPR - a landmark that will influence online policy and business for years to come.

In conclusion, Beeston reminded the room that ads themselves are not evil. While bad ads may be annoying, when advertising aids task completion, guides consumers to good decision making, inspires us and saves us time and money – then consumers welcome advertising. Internet advertising is still relatively new, but the industry is making strides in building strong foundations to protect the rights of consumers. Allowing advertising to fund a free and open internet benefits everyone. Alternatives will lead to the creation of a less diverse and more partial media landscape that threatens the very core of what makes the internet so marvellous.

Opposing the motion, **Matt Rogerson, Head of Public Policy, The Guardian**, qualified his opposition by agreeing that while advertising per se is not bad, the industrialised audience targeting (IAT) that dominates internet advertising has degraded the free and open web. He agreed that advertising can be a force for good, having helped newspapers win independence from their owners and enabling watchdog journalism. But the IAT model that dominates today's digital economy is being increasingly challenged, and the launch of a government review into online advertising that very day would add to the body of new regulation and commercial changes to hit in 2020. Underlying all this change is debate about what the web has become.

Rogerson wanted to outline three reasons why he was against IAT advertising. The first problem was IAT's inefficiency and opacity. He noted that the internet advertising industry has evolved organically. Cookies and other web traffic are used to pass information between parties so that data gathered on one website is used to enrich the value of inventory of another. This creates a marketplace where the rewards flow to the ad tech company that can attach that data to an advertising impression - it does not reward those who invest in premium content. These marketplaces now dominate how ads are bought and sold. This process was meant to increase efficiency and reduce fraud, but it hasn't. Unable to access reliable auction data, publishers and advertisers cannot even perform basic dual book accounting let alone optimise their business for real time efficiency. As a result, high fees and ad fraud are rampant. He drew attention to the fact that in the last six years the whole internet market has grown by 177%, but that in that same time revenue flowing to ad tech grew by 930% with estimates of ad fraud rising to \$42 billion last year.

Rogerson noted that parallels have been drawn between the automation of the ad market online and the financial sector. Yet, as a result of the big bang in the advertising market we have a situation where market traders do not share a common language and are not obliged to share trading data and cannot be held to account by buyers or sellers of stock. IAT's opacity disconnects advertising from the content and activity it funds with advertisers chasing audiences across the web regardless of where they go or what they watch. This is how household brands end up in inappropriate content. It is an advertising model that rewards those who can retain attention, generate motion, collect data and deploy inventory to generate advertising revenue. This undermines quality rather than rewarding it, places bad ads in good places. With growing concern among campaigners, it is a struggle to get the platforms to take action. To this end Rogerson welcomed the launch of today's government review because the denial of responsibility for fraudulent ads not only impacts individuals but also threatens to undermine the whole system of self-regulation on which the system relies.

Rogerson now turned to how IAT has impacted privacy and created new dependencies. Huge amounts of data and content are held by search and social companies, providing immense insight on individuals' interests, associations, behaviours and motivations. Some academics suggest this enables the biggest platforms to manipulate behaviours with well-timed nudges and winks. While this may give too much credit to the purveyors of this model, Rogerson argued that these vast troves of data are like catnip for governments and law enforcement. It provides them with detailed information about individuals and enables profiling of groups to predict what the next 'wanted' individual might look like. This creates a deep interdependence between the interests of private and state monopolies, citing platforms targeting voters at election time, the sharing of NHS data with private companies to commercialise new treatments, and the trend for tech companies to move into defence contracting. The danger, he felt, is that these commercial entities could become so deeply intertwined with state operations that governments become afraid to regulate them.

Moving on to the impact of IAT on the free and open internet, Rogerson questioned the myth that minimalist platform policies are the product of careful philosophical thought rather than a considered effort to maintain low costs. He queried Andrew Bosworth's suggestion that Facebook's platform policies were designed around the principles of American philosopher John Rawls, in which Bosworth had claimed that a 'veil of ignorance' prevented him from limiting the reach of publications, however distasteful that content might be. Rogerson challenged this, explaining that Rawls' point was that to govern a community it is vital to recognise that disparities of power and differences of interest are real, and that to build a just society you need rules that take account of that fact. The 'veil of ignorance' that Rawls discussed is a tool to screen out the causes of human conflict not to stand with your fingers in your ears while the world burns. Applying this idea to the internet has enabled the distribution of content suggesting climate change is a hoax, vaccinations are killing children, and that Bill Gates is responsible for the Coronavirus. The distribution of this content has real world impacts: citizens deterred from taking action on climate change and the surge in measles and polio. It undermines trust in governmental institutions, causes disenchantment with politicians and scientists, and erodes political capital. He expressed exasperation that in the face of concerns expressed about this model, we're told that the volumes of content are too high to check.

Rogerson noted that in response to concerns about fake news, Facebook had leaned in heavily to fund fact checking but still only has capacity to look at just 200 articles a month, linking this to the profitability of Google and Facebook rising far above reasonable expectations and claiming that the evidence is consistent with the exploitation of market power. Rogerson also disagreed with Nick Clegg's defence of the business model arguing that IAT requires minimalist platform policies to enable a low-cost high margin business model that is poisoning the dream of a free and open web and making a small number of people exceptionally rich. He quoted Tim Berners Lee's complaint that "what was once a rich selection of blogs and websites has been compressed under the powerful weight of a few dominant platforms. A handful of platforms can control which ideas and opinions are seen and shown."

In conclusion, Rogerson argued that IAT has created the incentives to make the web less open, less tolerant, less rational, and has given away personal privacy making the real world less safe and more divided. He felt 2020 would see this model challenged on legal, regulatory, and commercial fronts, urging the house to reject the rapacious pursuit of commercial gain; reject the equation that an open internet is the same as a bargain basement of fixed responsibility; and believe that another future is possible.

Rising to respond, **Anna-Sophie Harling, MD for Europe, NewsGuard**, referred back to the motion noting that we are not talking about advertising in its current form as being the best way. She acknowledged that the internet, tech platforms, and online advertising all have problems - but that advertising itself is not the problem. In fact, she suggested that the advertising industry doesn't get enough credit for what it's doing and that in her experience they were some of the most motivated people for self-regulation and inviting regulation – they really want to change. Harling explained that because advertising relies on the trust of consumers, brands want to become more trustworthy.

Countering the issue of opacity, she pointed to the many movements working to change this for the better, including the agencies and brands themselves and the IAB who are raising standards and pushing for transparency. Turning to the matter of privacy, Harling agreed that this was a big problem but again pointed to movements in the industry away from this such as GDPR, and Google's recent announcement on third party cookies. She noted that the advertising industry is acting where the tech platforms are not because they want an ecosystem that serves them best – one that provides the best advertising experience for the consumer.

Harling pointed to the rise of ad walkers as an indication that consumers have become fed up with the advertising they've been served – not wanting to be bombarded or have irrelevant or inappropriate ads served. The ad industry is taking this head on with new ad experiences such as being able to buy what you see worn on by celebrities on Instagram or branded snapchat filters and even product placement by Netflix.

Turning to the notion that advertising has led to fake news, Harling agreed that the way advertising works has led to a rise of clickbait content but countered that the industry has realised that clicks and impressions are not the best way to track success. Now they are looking for better ways to connect with consumers and measure their engagement to get the most out of advertising - leaving clickbait content behind. She felt that the advertising industry shouldn't see itself as a victim of fake news, but an important part of the solution by voting with their wallets and being more rigorous with where they place their ads.

Moving onto the problem of tech platforms, Harling hailed proven models that licence content to share with consumers while paying the publishers fairly, again stressing that the problem isn't with the ad industry but with parts of the internet. She cited many examples of how to use advertising on the internet without impacting on privacy such as DuckDuckGo and Brave that want an internet without tracking consumers, and Good-Loop that gives money to charity when users look at ads.

Finally, on the comparison between advertising and banking, Harling countered that banking is regulating and the same is happening with advertising. She concluded that advertisers will self-regulate or be regulated but ultimately advertising is the best way to keep the internet free and open.

Professor Paul Bernal, Lecturer in Intellectual Property and Media Law at the University of East Anglia, believed that the audience was likely to be in favour of advertising – and agreed that he was too. But not as it is done at the moment. Picking apart the motion, Bernal questioned what was meant by 'advertising' and 'best', noting that the word 'keep' infers that the internet is free and open already – he believed it was neither. And what is meant by 'free'? Do we mean financially free, free speech or autonomy? He noted that different freedoms sometimes conflict with each other, and to get things for free we may have to sacrifice freedom in terms of autonomy or speech. And finally, what is meant by 'open'? Can we access all of it; do we have equal access? Do we have control over which bits we access? Do we know how it is being presented to us? Because to a great extent, Bernal asserted, for the last decade we have all had different experiences of the internet ever since Google began tailoring searches to an individual person's profile in 2009. Is that free and open? In fact, Bernal suggested, the advertising infrastructure depends on the internet *not* being free or open. Whether it can be is another question.

Bernal then asked whether advertising actually worked? He declared that to suit their purposes, advertisers had variously claimed that it definitely did or definitely did not persuade people to do something they wouldn't otherwise do. However, with the internet we actually know its effects, referencing Facebook's experiments to prove the effectiveness of their advertising. Facebook demonstrated that it could persuade people to register to vote and proved that it could then persuade people to actually vote. In the infamous emotional contagion experiment, Facebook manipulated timelines of 700,000 Americans to transmit emotion and make them happier or sadder. With the control group shown to have had less engagement, Bernal argued that the incentive for Facebook was

to have emotional content – and that contributes to polarising the internet and the divisions we have today. Facebook also showed that they could target racial groups.

Facebook proved that it could change the emotion of a target group in a particular way, perhaps making one racial affinity group more or less likely to vote. While Bernal didn't say that this has happened, he noted that the technology exists that allows it to happen, adding that this ability is part of the advertising infrastructure - if you can persuade someone to buy a different brand of washing powder, you can persuade them to buy a different brand of politics. Bernal questioned whether the advertising industry really had taken this on board and was changing, reminding the room that the IAB had defended Phorm despite its extremely intrusive model and how the advertising industry scuppered the 'do not track' initiative. He was cynical of the advertising industry choosing to do the right thing, reflecting on the response of an advertising representative who, when asked to say where data had gone, blithely replied that he couldn't because "it's gone to too many places."

In conclusion Bernal posed a series of questions: Is the internet free if you're paying for it with your autonomy? Is the internet open if what you receive is chosen for you in ways that you can't understand? Is it open if we are pushed into polarised bubbles of opinion in ways that we don't understand? And is it free if our politics is actually what defines where we go?

The chair thanked all of the speakers and opened the debate to contributions from the floor.

Discussion from the floor

For the motion

- There is a lot of proof that advertising is more effective in a premium environment rather than programmatic. Ad tech has a bad reputation but it does add value. The opposition claimed emotion was bad, but surely this is the whole point of advertising?
- 'Free' is about not paying money for access and 'openness' is being able to publish without putting content behind pay walls. Advertising is a great way to fund content and ad tech is good for smaller new businesses.
- Brands should be as careful about where they buy their media as where they buy their materials and labour in the supply chain. A similar due diligence would ensure that their media dollar wasn't supporting 'bad' activities.
- Advertising supports smaller businesses and a diverse range of people who contributed to the internet being as rich as it is. Advertising is keeping the internet free and open to all.
- Advertising helps long tail publishers make money and gives people a voice, and it also helps long tail advertisers who might not previously have been able to afford advertising.
- the internet is amazing and incredibly useful – but we barely pay a penny for it thanks to advertising. We should be proud to be the most advanced online advertising market in the world and we should work with advertising to get an even better internet.
- Cookies are around 60% lower and continuing to freefall. 57% of current affairs TV takes news from sources that are supported by advertising.
- There is no formal system of regulation that can be trusted, being dubious of government regulation.
- Without advertising we wouldn't have the web and services we have now and we should get excited about how we can improve it.

Against the motion

- It is a myth that the internet has democratised rather than centralised the environment. Data companies are so highly valued that their size makes them unchallengeable. Tech platforms are a problem because of a parasitical relationship with advertising. Perhaps a TV licence model might be better?

- We should have a blended model of subscription and advertising with Free to View and a subscription method for certain types of journalism. Looking at the programmatic supply chain their access to data is not freely available.

- Legislation can control Europe and the USA but not the rest of the world; everyone gives away their privacy anyway with surveillance tech; but it is alarming that we don't know where our data is being used.

Summing Up

The chairman moved to closing remarks. **Matt Rogerson** clarified that advertising can still play a role but doubted that advertising in and of itself could fund a free and open internet. He argued that advertising is a decreasingly reliable revenue source, and that there would be continued debate over how the industry would self-regulate and evolve, with increasing demands for change and GDPR being enforced. He believed that there are fundamental problems with the underlying technical infrastructure of the digital advertising market including its being based on informal protocols that need to be standardised. Referencing the collapse of the News of the World when advertisers removed their spend, he noted that Facebook escaped a similar fate over Myanmar because advertisers couldn't see where their spend went and were unable to hold Facebook to account. Rogerson called for the creation of a free and open web we can all be proud of, believing this may require reform by outside parties as he doubted the industry could or would reform itself.

While encouraging a diversity of voices, the internet also has the ability to troll and ruin lives – and the platforms that operate IAT can do more to stop this, suggesting that advertising on these platforms was cheap for a reason? He urged the house to forge forward in finding a better way to create a free and open web.

Beeston summed up in favour of the motion saying that many of the problems mentioned were to do with the internet ecosystem and not with advertising itself. Advertising is a value exchange between a consumer and a market, not a standalone thing. But we have to engage with it to make it work. It has allowed smaller businesses to reach consumers they could otherwise not afford to – citing the Dollar Shave Club challenging Gillette as an example. Consumers welcomed the choice this gave them, so done in the right way advertising is good. Beeston questioned the relevance of comments on the effectiveness of advertising and noted that political propaganda and manipulation happened long before the internet; while it may happen on the internet, the internet is not to blame. Beeston observed that no-one had really talked about a better alternative model that could fund a free and open internet – most people are not in a position to pay a licence fee. Blended models could be a solution, but most require people to pay in some way so that the internet is not free. While it still needs refinement, advertising is the best way to keep the internet free and open.

The result

The motion was carried by a large majority.

Next debate

The next debate will take place on **Monday 30th March 2020** sponsored jointly by the Chartered Institute of Marketing and the Chartered Institute of Public Relations. For more details contact Doreen Blythe, Debating Group Secretary, e-mail: doreen.blythe22@btinternet.com