

Reset.
AUSTRALIA



Intrusive and Unhelpful:
**Targeted Advertising in
Australia**

Reset.Tech Australia
Report | September 2023

Summary

Targeted advertising—known elsewhere as behavioural advertising, personalised advertising, or surveillance advertising—is in the crosshairs of Australian lawmakers. Draft legislation is expected from the Australian Government to substantially update the *Privacy Act* for modern and digital life. Working with YouGov, we polled **1,063 Australians** to ask their opinions about targeted advertising and what they'd like to see changed under a revised *Privacy Act*.

1

Australians find targeted ads intrusive, not helpful

Adtech companies often describe targeted advertising as helpful to consumers. However, only **20 percent** of people find targeted advertising very or somewhat helpful, while **73 percent** find them very or somewhat intrusive. These intrusions are pervasive: **73 percent** of respondents also said they often receive targeted ads for things they found themselves *“just thinking about”*.

2

There is widespread support for choice around targeted advertising

93 percent support the proposals that require digital platforms to provide people with the choice to opt-out of targeted advertising if they wish. Further, **82 percent** say they would take up the opportunity to opt-out of targeted ads if the choice were available.

3

People want less data collected and used for advertising

- **90 percent** would prefer less information about them was collected for advertising purposes.
- **87 percent** would prefer ads not target them based on sensitive personal information, about, for example, their political views, sexuality, or health.
- **84 percent** would prefer ads not target them based on their online browsing history.

4

Targeted advertising does not inform consumer choices

- Only **27 percent** said that they read or watch the ads served to them by targeted advertising, suggesting it is of little relevance or interest to consumers.
- **71 percent** said they like brands less when they are targeted by them.

5

There is broad public support for other proposals advanced in the *Privacy Act Review*

- **92 percent** agree that the companies should not be able to trade in children's data.
- **88 percent** agree that companies should not be able to target advertising to children.
- **94 percent** agree that digital platforms should have to provide their policies in clear language.

We urge the Attorney General to maintain momentum on the *Privacy Act* reform proposals. Indeed, the strength of public opinion suggests that **bolder steps around targeted advertising**, such as an opt-in framework, might be appropriate.

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Reset.Tech Australia is a policy development and research organisation. We specialise in original and independent research on the social impacts of tech companies. We are the Australian affiliate of Reset, a global initiative working to counter digital threats to democracy.



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Background

Call to Action

Australia's path towards modern privacy protections has been several years in the making. The review of the *Privacy Act* came recommended by the *Digital Platforms Inquiry Final Report* (2019), led by the Australian Competition and Consumer Commission (ACCC) under Rod Sims.

The report took the groundbreaking step of analytically combining issues of market power and competitive behaviour with consumer protection and privacy. The ACCC identified three digitally-centric business practices of particular concern to Australians: **location tracking, targeted advertising**, and **disclosure of user data** to third parties.



The collection of user data is central to the business model of most advertiser-funded platforms. User data enables digital platforms to offer highly targeted or personalised advertising opportunities to advertisers. The breadth and scale of the user data collected by Google and Facebook is relevant to both the assessment of their market power and consumer concerns. Do the advantages conferred by access to multiple data points create a barrier to entry to both new and future markets? Does access to user data give digital platforms a competitive advantage in entering new markets in competition with their customers? Do consumers make informed choices in relation to how their user data is collected and used by digital platforms? Can the collected data be used in ways that harm society?

Australian Competition and Consumer Commission, Digital Platforms Inquiry (2019), Final Report, p 2.

The ACCC recommended a review into the *Privacy Act*. The review kicked off with an *Issues Paper* (October 2020), followed by *Discussion Paper* the year after (October 2021). After a stalled period under the Morrison Government, the Albanese Government provided the *Privacy Act Review Report* (**the Report**) for consultation earlier this year. The next stage is, presumably, draft legislation.

Government Acts

The Report is notable for a maximalist definition of user 'targeting', and a high standard of protections for child users. Under the proposed changes, any user targeting would need to pass a 'fair and reasonable' test, and be restricted from using information deemed sensitive (such as political opinions or affiliations). Importantly, adults would be availed with an unqualified right to opt-out of targeted advertising. There would additionally be a prohibition on targeting users under 18, as well as trading in their information.



Industry Responds

Soon after submissions closed on the Report, industry resistance shifted gears. **All along the digital advertising supply chain** – from adtech providers, to edtech adopters, to media companies forming audacious new revenue streams – a range of messages flowed into Canberra via private industry workshops and media briefings. Meta, one of tech's most experienced at crafty lobbying tactics, came out with a careful set of messages during a key policy executive's international trip to Canberra.

Meta's central claim, echoed by others, was that their business model could not support users to both opt-out of targeting and continue to use their services free of monetary charge. Meta also claimed the opt-out proposal "would go further than any other proposal globally". While seemingly reasonable on its face, the claim looks extraordinary in international context.

For six months now, users across Europe have been able to opt-out of targeted advertising, instead seeing only ads based on geography, gender and other demographic 'contexts'. **Europeans can opt-out of ads in the same way as Australia is proposing.** So too, can users in a number of **US States, including California, Texas, Montana and Colorado.** In total, this means around 20% of the US population has the ability to 'opt-out' of targeted ads in the way Australia is proposing. There have been no discernible claims in these jurisdictions about new business models.

Meta's performances are reminiscent of the tech industry scaremongering throughout the *News Media Bargaining Code* process. Like the *News Media Bargaining Code*, the Report presents a once-in-a-generation opportunity to shape legislation to set a vital 'floor' for key digital business practices. Unlike the *News Media Bargaining Code*, where legacy media jostled with digital media distributors and ultimately prevailed, the Report is meeting with resistance from media, its powerful digital distributors, and the advertisers in between.

Public Backs Privacy Proposals

However, unlike the *News Media Bargaining Code*, the proposals in the Report have wide support from the public. This report outlines the support across Australia for the reforms proposed in the *Privacy Act Review Report*. Working with YouGov, we polled **1,098 Australians in July 2023** to explore their relationship to targeted advertising, and perspectives on proposals in the Report.

Research Findings

Intrusive and unhelpful

Targeted advertising is often characterised by adtech platforms as a practice that is useful to consumers with negligible intrusion. However, we found that **around three quarters** of respondents found targeted advertising very or somewhat intrusive, almost the same as the proportion who found targeted advertising not at all or only a little helpful. The narrative that targeted advertising is helpful to people, and that this somehow justifies its intrusive nature, does not appear to be reflected in public opinion. Australians find it **both intrusive and unhelpful**.

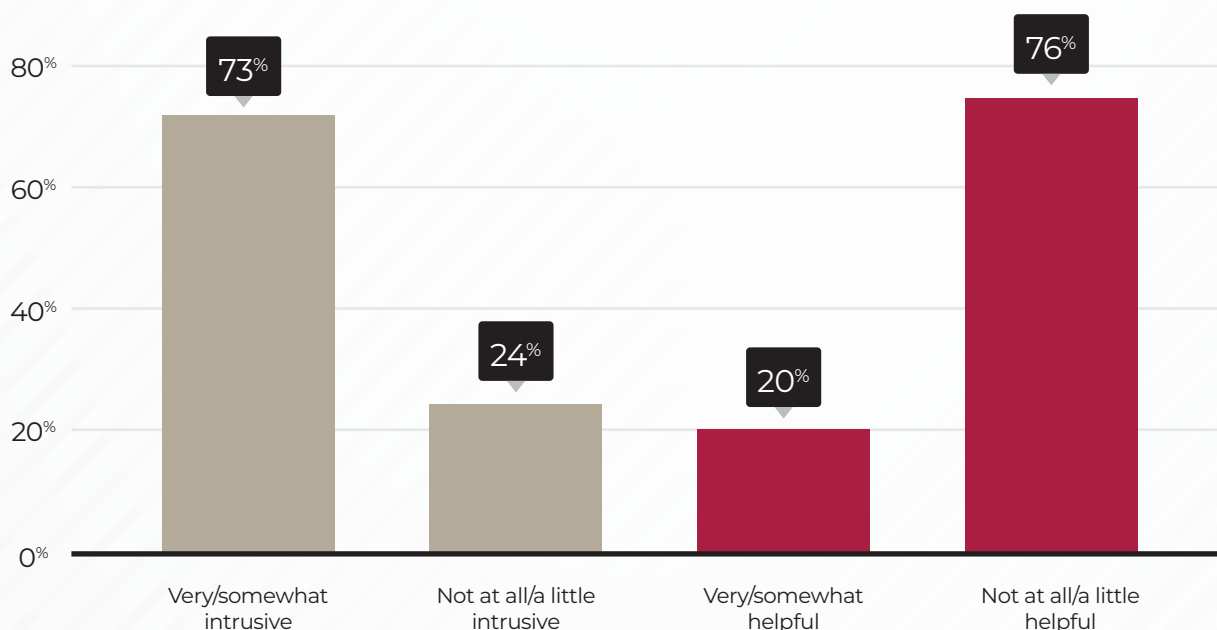


Figure 1: Responses to questions 'Do you find targeted ads intrusive' & 'Do you find targeted ads helpful' plotted side by side. 'Don't know' is not graphed. (n=1,098)

The feeling of invasiveness from targeted ads appeared to be pervasive as well. **73 percent** of respondents also strongly agreed or agree with the statement that they often receive targeted ads for things they found themselves "just thinking about".

Support for choice

There was overwhelming support for choice around receiving targeted advertising. **93 percent** of respondents agree with the proposals put forward in the Report that digital platforms should provide people with the choice to opt-out of targeted advertising if they wish.

We asked respondents if they would act on this choice and opt-out of targeted advertising on digital platforms if they had the opportunity. **The vast majority of respondents—8 in 10—said they would opt-out on one or more digital platforms if the choice was available.**

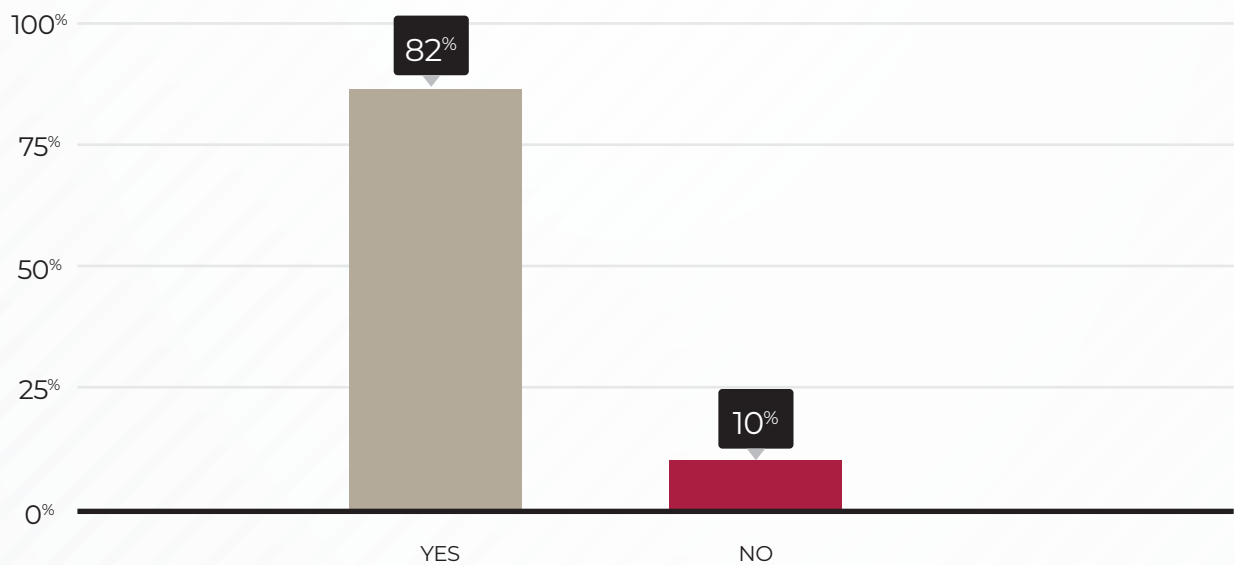


Figure 2: Responses to the question 'if you had the choice, would you turn off targeted advertising on one or more of the digital platforms you use?'. 'Don't know' is not graphed. (n=1,098)



Preference for less data collection and use

We asked respondents about their preferences around the collection of their personal data to drive advertising. Overwhelmingly, people wanted less data collection; **90 percent of respondents suggested that they would prefer less information collected about them online for advertising purposes.**

We also asked about the use of personal data to target advertising. Many of the current data uses were highly unpopular; **84 percent of respondents** suggested that they would prefer that digital platforms **stop targeting ads to them based on their online browsing history**, which is the key source of data currently driving targeted advertising. Further, **87 percent of respondents** said they would prefer if platforms **stop targeting ads to them based on sensitive personal information**, about, for example, their political views, sexuality, or health, all of which is currently integrated into most targeted advertising mechanisms.

Targeted ads don't inform consumer choices

Australians do not pay attention to targeted ads served to them. Only **27 percent** of respondents said that they read or watch the ads served to them by targeted advertising, suggesting that targeted ads are of little relevance or interest to consumers.

Respondents also suggested that receiving targeted ads negatively affected their perception of brands. **71 percent** of respondents said they like brands less when they are targeted and routinely receive ads from them.

We also asked a range of questions about engagement with ads delivered on social media platforms. The responses suggest low engagement with social media ads, specifically finding:

- **48 percent** of respondents said that on an average day they did not click on any ads served to them through social media, with an additional **39 percent** saying they clicked on one or two ads.
- **62 percent** of respondents said they rarely or never made a purchase from a social media ad, with an additional **20 percent** saying they made a purchase a few times a year.

Widespread support for other proposals in the Privacy Act Review Report

We asked about support for a range of other proposals put forward in the *Privacy Act Review Report*, and found strong support in general.

- **92 percent** agree that the companies should not be able to trade children's data.
- **88 percent** agree that companies should not be able direct online targeted advertising at children.
- **94 percent** agree that digital platforms, like social media apps, should have to provide their privacy policies and data collection notices in clear, concise and understandable language.
- As described before, **93 percent** of respondents agree that digital platforms should provide people with the choice to opt-out of targeted advertising if they wish.

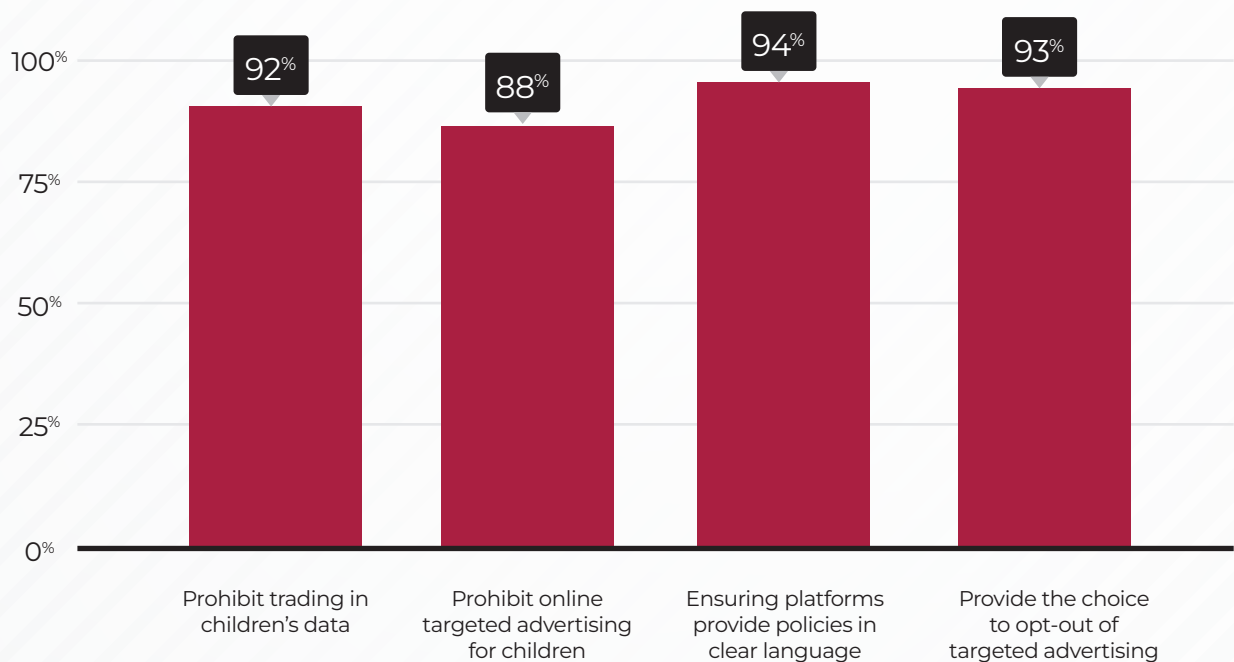


Figure 2: Support for various other proposals in the *Privacy Act Review Report* (n=1,098)

Conclusion

Despite the counter-narratives emerging from adtech giants and allies, targeted advertising appears universally unpopular.

Australians find the practice invasive, unhelpful, and they want the right to choose if they receive targeted advertising or not. Public opinion overwhelmingly supports government action to curtail targeted advertising.

Given the depth of the public's distaste for the practice, policymakers may want to contemplate stronger actions, by requiring 'opt-ins' for targeted advertising rather than 'opt-outs'. That is, the updated *Privacy Act* might better realise consumer choice by requiring that platforms **turn off targeted advertising by default, and only turn it on where people opt-in to receiving it.**

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