OBJECTIVELY QUANTIFYING THE VALUE OF PERSONALIZED ADVERTISING

Study conducted by Oliver Wyman for The Good Advertising Project

March 1, 2025

A business of Marsh McLennan

Confidentiality

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1. Context and scope of study

Context

The Good Advertising Project (The GAP) is a Think Tank set up in February 2023 by representatives of online advertising companies and civil society (experts, legal advisors, representatives of organizations) in order to **provide answers to emerging expectations in society about advertising, especially online,** while continuing to protect its economic and social value.

The GAP aims to collate data and analysis on the value of personalized advertising to **inform decision makers and market players about its social and economic impact.**

This study seeks to **objectively quantify the value of personalized advertising for the entire ecosystem**, from users to advertisers, by considering in particular the potential impact of a ban in France.

Objectives

This study was intended to fulfil three objectives:

- **Define personalized advertising**, as well as its related features and regulatory constraints
- **Describe the personalized advertising sector and demonstrate the value of this approach to advertising** for web users in France, advertisers, publishers and other economic stakeholders (e.g. AdTechs)
- **Assess the economic impact of a ban on personalized advertising**, especially with respect to current economic and environmental challenges facing users, media outlets, AdTechs and other marketing companies, as well as the wider impact on the competitiveness of the French economy

This study was conducted by combining an exclusive quantitative study carried out online by Harris Interactive on behalf of The Good Advertising Project in February 2025, with documentary research, interviews with industry experts as well as impact modeling combining public and private data.

Sources

For the documentary research, the main sources used included:

- **CNIL:**
  - Les Français et la réglementation en matière de cookies – Vague 5
  - Etude économique sur les modèles publicitaires alternatifs aux solutions dominantes
  - Evolution des pratiques du web en matière de cookies : la CNIL évalue l'impact de son plan d'action
- **Bitkom**: Digital Marketing in Germany
- **IAB Europe**: Europe Online: An Experience Driven by Advertising
- **ANA**: Programmatic Media: Supply Chain Transparency Study (Complete Report)
- **SRI**: Observatoire de l'e-pub
- **Arcom**: Evolution du marché de la communication et impact sur le financement des médias par la publicité
- **Press articles from a variety of media** (Les Echos, L'Usine Digitale, EuroNews, Le Monde…)

2. Executive summary

Personalization lies at the heart of the digital advertising value chain and benefits everyone involved, from consumers to advertisers

Digital advertising, a significant proportion of which relies on personalization, is greatly appreciated by advertisers and now accounts for 63% of total advertising spend in France. By leveraging precise data, personalized advertising offers better performance and makes it possible to more accurately measure advertising campaigns.

Personalizing digital advertising benefits the entire value chain:

- Personalization is appreciated by users, 70% of whom expect ads to reflect their areas of interest and personal needs, while 92% say they would not be willing to pay for a service they are currently able to access free of charge.
- Advertisers can effectively respond to the digitalization of consumer behavior, while SMEs can accurately reach their audiences – 89% of SMEs in France use personalized advertising in their ad campaigns. Personalized advertising is central to the consent-or-pay model, which itself guarantees people access to high quality information free of charge, while also helping to finance the press.
- Personalized advertising has already helped publishers and news outlets shift their services to digital media, and provides them with a solid source of revenue, for example through the consent-or-pay model.
- Personalized advertising has enabled an ecosystem of digital pure players to emerge all across the value chain.

The end of third-party cookies put in place by certain browsers such as Safari and Firefox has had a negative economic impact on personalized advertising; “cookieless” alternatives are being developed, but need to be more widely adopted and by all players, advertisers included, for them to be truly effective.

Privacy Enhancing Technologies provide additional protection to users and can serve to develop alternatives for personalized advertising, but common standards and an incentivizing framework are necessary for them to be developed at scale.

To protect citizens’ personal data, Europe has built a solid regulatory framework, which has been further bolstered over recent years in a way that could make European businesses less competitive on the world stage

The ePrivacy Directive (2002) laid the foundations for European digital advertising regulations, before being strengthened by GDPR[1] (2018). These regulations have affected the ability of advertisers and media outlets to personalize their ads, reducing in particular the volume of eligible inventories. For example, only 61% of users in France agreed to consent to cookies in 2022, and “consent fatigue” has emerged among users tired of all the banners. Indeed, 76% find them annoying, 63% unjustified.

The Digital Markets Act and the Digital Services Act (2023) introduced sanctions and strengthened the framework for personalized advertising for major digital players, with indirect impact on the entire value chain.

The Digital Fairness Act, currently being debated and planned to come into force in 2026, is intended to structure certain practices (such as dark patterns and addictive design), but also introduces risks such as the definition of key concepts like vulnerability, complex implementation and the potential application to only certain organizations.

Overall, this body of regulation gives rise to potentially detrimental impacts on competition, on top of additional costs and delays to projects for businesses, in particular due to differing interpretations and applications.

The end of all forms of personalized advertising could be harmful, as much to the digital advertising ecosystem as to the French/European economy and certain fundamental citizens' rights

The entire digital advertising value chain could be negatively affected:

- Advertisers could be confronted with a significant drop in revenue from digital campaigns with the same marketing budget, between 25% and 45% for advertisers making great use of personalized advertising.
- Mainstream media outlets could see a drop in their advertising revenues as their inventories would be worth less, an estimated 30-45%, while the business model of French AdTechs could be deeply shaken (25-45% of jobs would be at risk).
- Advertising revenue generated by social media outlets and platforms could be hit with a 20-35% impact, as the strength of their business model relies on in-depth knowledge of who their users are in order to target them.

More generally, personalized advertising represents an economic growth driver (for example, around 80% of SMEs in France directly attribute the growth in their revenue over the past year to the use of personalized digital advertising), and stopping this practice would make them less competitive. This could prevent a certain number of SMEs from reaching their audience, as this type of business adopts a very ROI-focused approach to which personalization responds precisely, especially through very low levels of advertising investment.

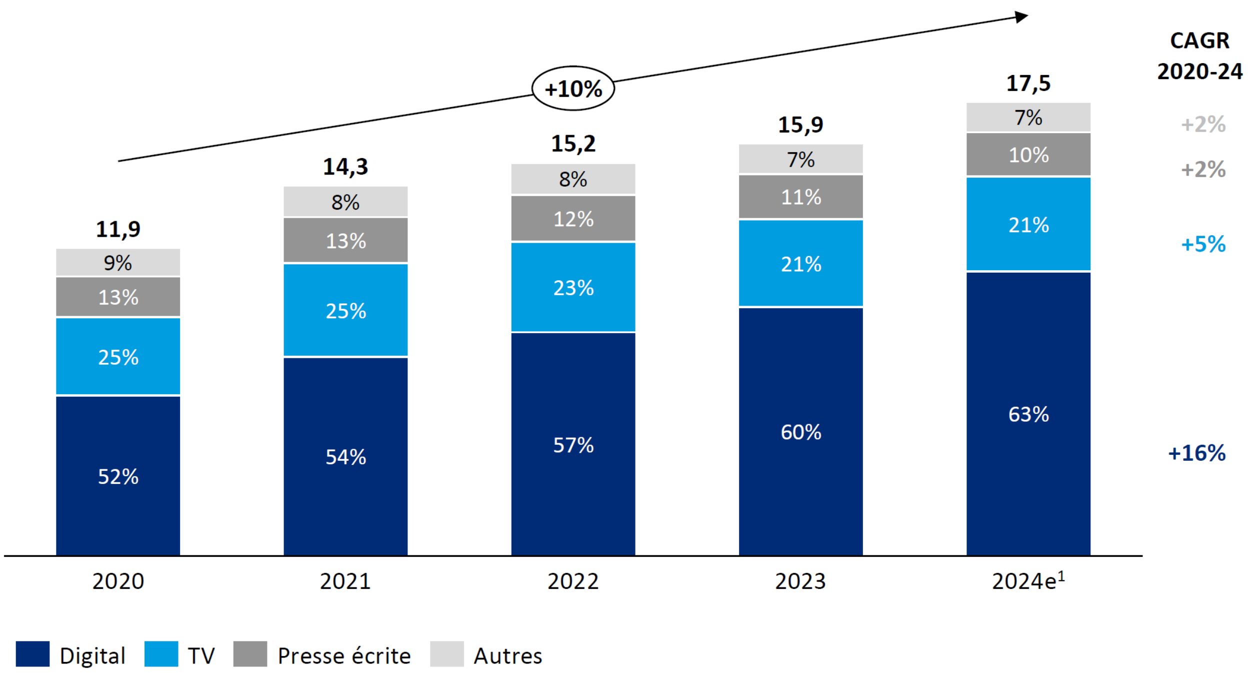
3. Personalized advertising generates value and benefits digital advertisers

3.1. Digital advertising is a buoyant market that has become pivotal for advertisers

Digital advertising represents a **major industry in the French economy**, worth an estimated **€11.0 billion in 2024** generated by **9,000 businesses** (96% composed of SMEs). Digital advertising, and personalized advertising in particular, has a positive impact on the wider economy, with around 80% of SMEs in France directly attributing the growth in their revenue over the past year to the use of personalized digital advertising.

Digital advertising is also a **buoyant market segment**, recording growth 2.6x that of French national GDP at around **16% per year**, far above other formats (TV up 5%, written press up 2%, others up 2%). As such, digital is driving growth across the entire advertising industry, so much so the **share of digital has risen from 52% to 63%** over the same period, thereby becoming pivotal for advertisers.

Marché de la publicité en France
France, par format, Marché en M€, PIB en Mds€, 2020-2024e



3.2. Personalized advertising harnesses user data to provide relevant content, enabling advertisers, intermediaries and publishers to achieve the most effective possible advertising performance

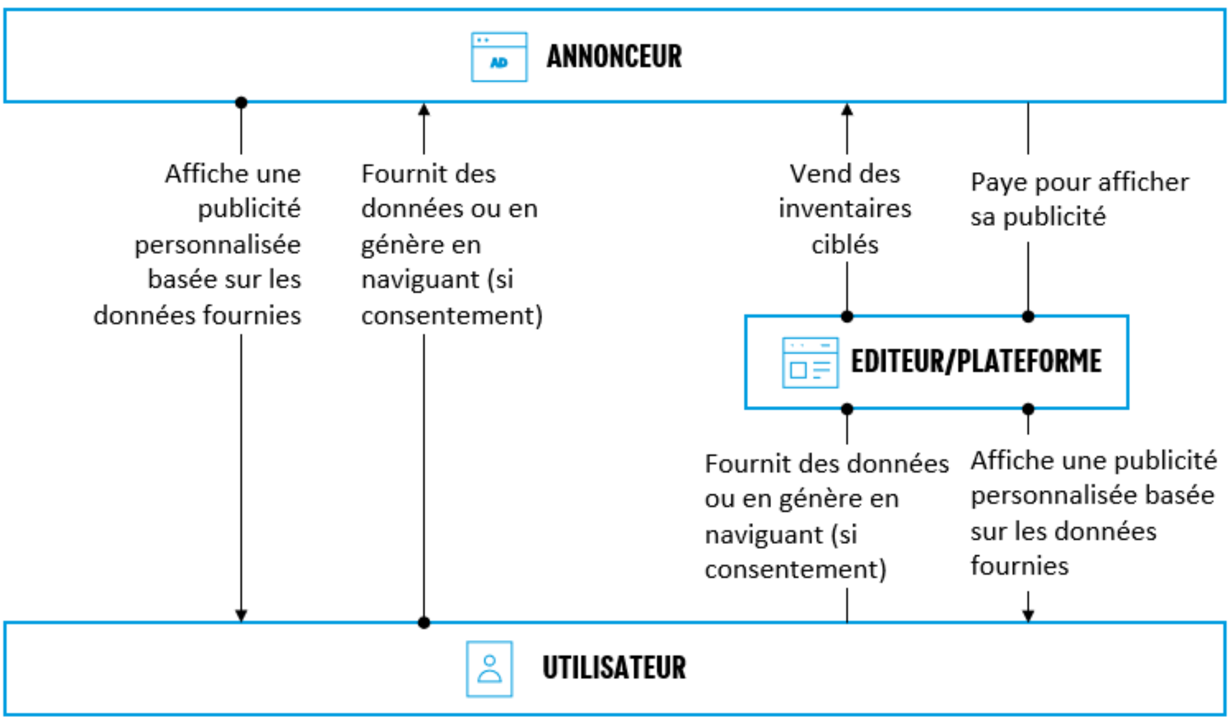
According to the French data protection authority, the CNIL, "Personalized (or targeted) advertising is a **technique** that involves **identifying individuals** in order to distribute specific advertising messages adapted to their **personal characteristics**."

Personalized advertising can therefore be defined as **digital advertising that harnesses user data to provide them with the most relevant content possible.** In practice, this means that when surfing the web, users who consent, agree to give businesses their personal and browsing data. The data is collected either by:

- The advertiser, enabling them to display personalized ads based on these data
- The publisher or platform, which sells its personalized inventories to advertisers who weigh up their interest in buying ad space based on the user data. They then pay the publisher or platform to display their personalized ad on their website

The below diagram summarizes this process:

Schéma illustratif du fonctionnement de la publicité personnalisée en ligne



Many **types of data can be collected**:

1. **Demographic**: age, sex, marital status, level of education, revenue, …
2. **Geographic**: country, region, city, …
3. **Behavioral**: browsing history, past interactions with ads, purchasing history, …
4. **Social media engagement**: likes, shares and comments, accounts followed, …
5. **Search**: keywords searched, questions on forums, …
6. **Psychographic**: interests and hobbies, values and beliefs, lifestyles, …

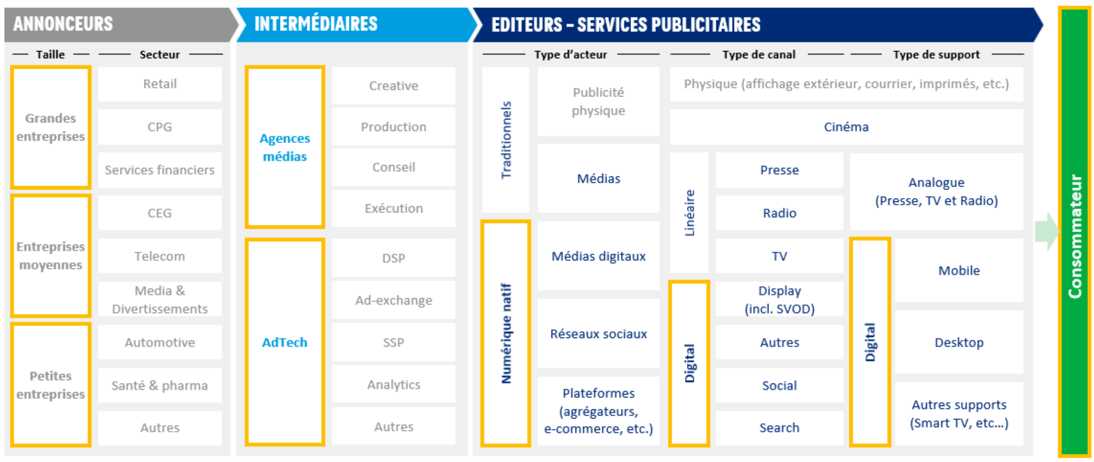
Data can be crossed to define an accurate profile of the user in order to provide them with the most relevant content possible. It is important to note these data are never connected to the user's identity.

- To collect these data, different types of tools exist:
  - **First-party cookies:** files created by the website viewed, memorization of data about the session, readable only by this website.
  - **Third-party cookies:** files created by external domains making it possible to track users through various websites to collect browsing data.
  - **Trackers**: technology (pixels, scripts) that collects data about user interactions and sends them for analysis
  - **Universal ID:** unique identifiers that can be used across multiple devices, connecting user activity to various websites and apps.

3.3. Personalization lies at the heart of the digital advertising value chain and benefits everyone involved

Personalization lies at the heart of the digital advertising value chain and represents a key performance driver, benefiting all those involved.

Chaine de valeur



© Oliver Wyman Acteurs impliqués dans la personnalisation de la publicité digitale

Advantages for consumers

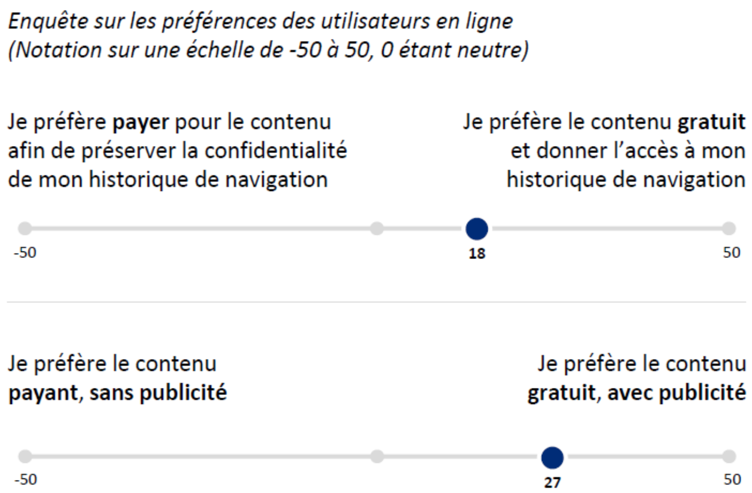
Consumer studies show that **users appreciate** personalized advertising. A survey carried out by Harris Interactive for the GAP found that **70% of people in France expect online advertising to reflect their areas of interest and personal needs**, a stat that rises to 75% for the under 35s. Moreover, 68% of people in France expect advertising to suit their age group, rising to 81% for the under 35s.

Other public surveys confirm these findings:

- 90% of users appreciate personalized advertising (US population)
- 67% of Millennials and Gen Z expect the ads they see to always be personalized, and 81% of Gen Z in the US appreciate personalized ads

Publicly available studies have found that, in addition to a strong interest for advertising that can be personalized, **a vast majority of users would not be prepared to pay to access content they are currently able to access free of charge** thanks to personalized advertising:

- 92% of Europeans would stop using their favorite websites/apps if they had to pay for them
- 80% of users in Europe prefer free websites with ads over content behind paywalls
- Generally speaking, users value content being available free of charge more than the confidentiality of their data:



Advantages for advertisers

Personalization in digital advertising also benefits advertisers.

First and foremost, it enables advertisers to **adapt to and facilitate the digitalization of consumer habits**, as demonstrated by the different changes in offline and online media between 2018 and 2023:

Different changes in offline and online media between 2018 and 2023

	OFFLINE	ONLINE
	↓ 13% Print circulation	49% Read on mobile only
	↓ 9% Daily listeners	68% Listen through their smartphone only
	↓ 17MINS Daily listening time	↑ 150% Consumers of Video On Demand (VOD)

“Digital advertising puts data at the heart of its approach, all digital advertising is ‘targeted’ to a certain extent” – Retail media organization

Furthermore, as personalized advertising closely meets audience interests, it makes it possible to achieve a **better Return on Investment (ROI)** than via other channels, especially thanks to more accurate measurements based on analyzing data collected. That is why advertisers say they see an increase of 67% in the conversion rate when digital advertising is personalized.

In addition, it offers **greater flexibility**, with multiple possible targets, ranging from the more “personal” to the more “generic”.

It also makes it possible to invest **lower budgets** in highly targeted segments, which has led to the **emergence of a long tail of small advertisers**, enabling many SMEs to reach their audience, creating a market that would not exist without personalized advertising.

It is therefore **highly popular among advertisers:**

- *“Personalized advertising enables us to compete with larger businesses [...]. Without personalized advertising, we would struggle to stand out and reach our target audience”*
- *“All online/Direct-to-Consumer retailers depend on personalized advertising”*
- *“The hyper-personalization made possible by certain platforms offers a return on investment that is incomparable with any other advertising format”*
- *“Personalized advertising forms the very foundation of the digital advertising industry. Banning it would be catastrophic for the French ecosystem”*

...and this is reflected in stats about the use of personalized advertising:

- 89% of SMEs in France use personalized advertising in their ad campaigns
- Over 90% of SMEs in Germany confirm using personalized advertising, and over 85% of German businesses reach more customers by adapting their advertising to groups of customers

Advantages for publishers

Personalized advertising is **behind the free-to-use economic model** widely adopted by web publishers. Indeed:

- **Personalized advertising is fundamental to guaranteeing the user experience**, as personalization makes it possible to reduce the total number of ads to which users are exposed by ensuring they are more relevant. This virtuous circle guarantees access to high quality content and maximizes audiences as a majority of users refuse to pay for a service currently available free of charge.
- **Personalized advertising also responds to advertisers' demands** as the tech used is key to measuring the impact of a digital campaign, and this ability to analyze is a prerequisite for advertisers looking to optimize their marketing budgets. Without personalization, they would invest in other platforms/mechanisms.
- **Moreover, personalized advertising has become an essential market standard** and is practiced by all those providing advertising content. This value proposition is essential to remain competitive with user ID websites (such as platforms and social media).

Personalized advertising has therefore become a **key source of financing** for many media outlets:

- *"Personalized advertising is central to our financing, with monetization rates 3 to 4 times higher than inventories without [...] and better performance in terms of fill rates" – Publisher*
- *"The restrictions on data collection really affect those working on the open web, who need to measure the ROI of ads and analyze performance. Without this, they are at a disadvantage against walled gardens and platforms" – Media agency*

Advantages for intermediaries

Personalized advertising has led to the **emergence of an ecosystem** of digital pure players in France whose business model depends on the practice. These organizations can be split into four major categories:

- **External networks**, which focus on managing and optimizing digital campaigns with a tech-centered approach to maximize the visibility and effectiveness of ad content. Examples:

- **Display** companies:
  - **Trading Desks**, programmatic media buying platforms centered on exploiting data to effectively target audiences. Examples:
  - **Video/Audio Display** companies, platforms marketing personalized video and audio web inventories. Examples:
  - **Native and Retargeting** companies, integrating ad content into the feed and retargeting users by capitalizing on algorithms to tailor the user experience. Examples:
- **Retailer ad networks**, monetizing ad space on e-commerce websites by exploiting purchasing data and consumer behavior to optimize product visibility Examples:
- Email, affiliation and comparison tool companies:
  - **Email and push companies**, sending personalized marketing communications via email or push notifications Examples:
  - **Affiliation** companies, connecting advertisers with publishers to promote products and services by using performance-based commission models Examples:

– And **comparison** companies, connecting consumers with online services enabling them to compare prices, characteristics and reviews, while also offering a platform that facilitates the buying decision Examples:

COMPANEO

3.4. The end of personalized advertising would probably mean the end of the consent-or-pay model, making it harder for people to access information

The **consent-or-pay** model involves offering users a **binary choice** when they first visit a website. Either they **accept the use of cookies in exchange for access free of charge** to the website's content, or they **sign up to a paid subscription** so they cannot be targeted by personalized advertising. This model has been adopted by a **wide variety of organizations** operating in the digital realm, especially **news publishers and editors** (for example, Prisma Media, Les Echos Le Parisien, Le Monde, Webedia, etc.).

This model presents **many advantages**, both for users and content providers:

- For **users**, it makes it possible to provide **access** to **professional content** and **high quality services free of charge or at a reduced cost**. Examples include access to digital versions of national or regional newspapers, or streaming platforms such as Netflix (via its new, lower priced ad-supported subscription).
- For **press outlets in particular**, it provides a **source of finance** that supports their **independence from external capital**. This model is absolutely key to maintaining the **widest possible audience**. Indeed, only 26% of people in France would accept having to pay for a subscription to eliminate or reduce advertising to access news content.

Therefore, the disappearance of the consent-or-pay model would **significantly affect the press** in France.

3.5. The complete disappearance of third-party cookies could represent a threat for personalized advertising on the open web

3.5.1. Certain browsers such as Safari and Firefox have disabled third-party cookies, which has had a negative economic impact on personalized advertising

Since 2017, **two major web browsers** have put in place measures to restrict data collection for advertising purposes:

- **Safari** was the first web browser to introduce such measures, with the introduction of its policy to automatically delete cookies after 24 hours in 2017, followed by the total blockage of all cookies in 2018. The parent company Apple has also required apps installed on its operating systems to request explicit user consent to collect their data since 2020.
- **Mozilla Firefox** has blocked third-party cookies by default since 2018.

On Safari, the rapid ban on third-party cookies went hand in hand with the **deployment of Intelligent Tracking Prevention** (ITP). Put in place in September 2017, this system was designed to **recognize and**

prevent domains with tracking capabilities from following users across the web and it has undergone regular updates, currently operating the version ITP 2.3. This feature:

- Reduces the effectiveness of remarketing ads and tracking on platforms such as Google and Facebook
- Makes it more complex to track users and customer journeys, due to the shorter lifetime of cookies and the emphasis on the first or last interaction
- Falsifies data by identifying repeat customers as new

Mozilla Firefox has made it possible to delete cookies by introducing **Enhanced Tracking Protection (ETP)**, which by default blocks third-party tracking cookies as well as other tracking techniques. This protection includes **blocking digital fingerprints and integrated trackers in third-party content**, while also providing reports on blocked trackers. This feature:

- Blocks third-party cookies, making it difficult to identify users
- Makes it difficult to check frequency, measure and attribution

After these measures were put in place, the price of ad spots on Safari and Mozilla Firefox crashed, and now cost on average **60% less than personalized advertising spots**.

3.5.2. “Cookieless” alternatives are emerging, but their current level of adoption limits their performance, which remains below that of third-party cookies

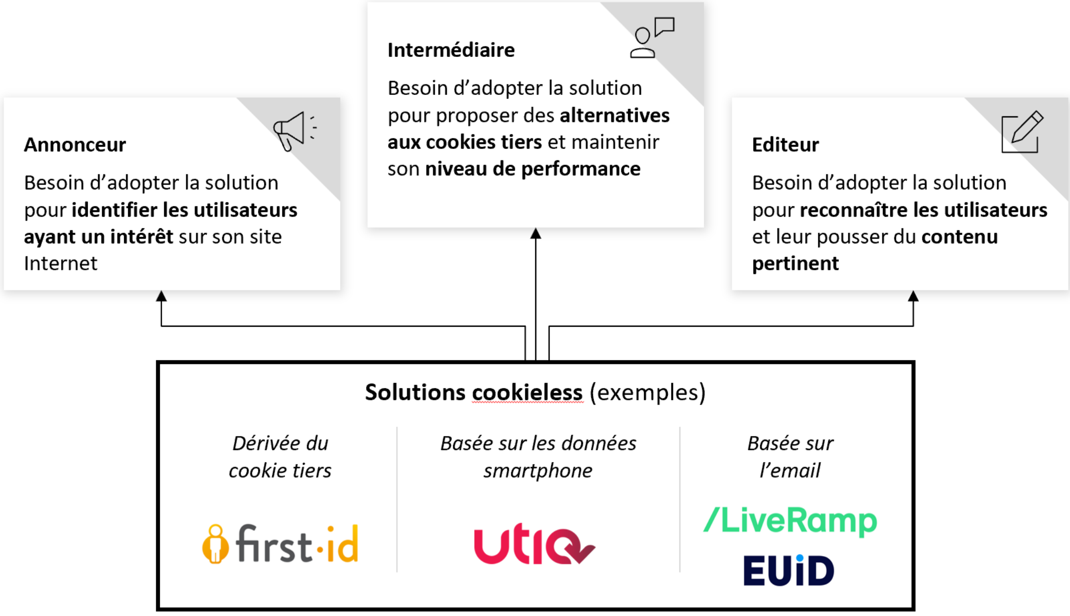
To prepare for the potential disappearance of third-party cookies, **“cookieless” alternatives** have emerged. However, their **current level of adoption remains limited**, affecting their performance, which remains below that of third-party cookies. In order for these solutions to become effective, they would need to be **adopted by all players in the advertising ecosystem**:

a. **Advertisers:** Advertisers need to adopt these new solutions to identify users who have shown an interest in their website. Without this uptake, they risk losing targeting and engagement opportunities.
b. **Intermediaries:** Intermediaries, such as advertising platforms, should also adopt these solutions in order to offer viable alternatives to third-party cookies. This would enable them to maintain their level of performance and respond to advertisers’ needs.
c. **Publishers:** Content publishers should integrate these solutions to recognize users and provide them with relevant content, which remains crucial to maintaining user engagement and optimizing advertising revenue.

As such, to ensure these solutions are effective and properly match data from the various stakeholders, it is essential all parties work together to adopt and implement **common standards**.

Among the cookieless solutions being developed, there are **third-party cookie derivatives** (First-ID for example), solutions based on **smartphone data** (such as Utiq), or **emails** (including LiveRamp and EUiD). These solutions replace cookies with other data, thereby making it possible to identify individual users in a **deterministic manner**.

The diagram below summarizes this situation:



Other alternatives to third-party cookies also exist and are often used alongside cookieless solutions:

- **Contextual advertising**: This method targets users based on the content they view.
- **First-party data collection**: Marketing strategies based on data collected directly from users, when associated with new ways to measure advertising impact, can also be effective.
- **Machine learning solutions**: These tools make it possible to better understand and segment audiences, thereby offering precious information for ad campaigns.

3.6. Privacy Enhancing Technologies (PETs)

3.6.1. PETs provide users with additional protection and can effectively complement regulations

Privacy Enhancing Technologies (PETs) are defined as **technologies, tools, techniques, and practices designed to protect the confidentiality and privacy of personal data when stored, processed and transmitted**, to protect users against cyberattacks, preserve and strengthen privacy as well as sometimes minimizing the use of personal data by third parties.

The below table offers an overview of the impact of the various types of PETs on the guiding principles of the ePrivacy Directive and GDPR:

Principes directeurs de ePrivacy et du RGPD		Minimisation	Finalité & conservation limitée	Intégrité et conformité (sécurité)	Transparence & maîtrise par l'Utilisateur Final
Pseudonymisation et anonymisation	Pseudonymisation	✓	✓	✓	
	Anonymisation (k-anonymity & differential privacy)		✓	✓	
Occultation des données et calculs préservant la vie privée	Homomorphic Encryption		✓	✓	Les PETs sont souvent les plus efficaces lorsqu'elles sont plusieurs sont associées
	Secure MPC	✓	✓	✓	
	TEEs		✓	✓	
	Private Information Retrieval	✓		✓	
	Synthetic Data	✓	✓	✓	
Accès, communication et conservation	End-to-end Encryption		✓	✓	
	Proxy & Onion Routing	✓	✓	✓	
	Privacy Preserving Storage		✓	✓	
	Attribute Based Credentials	✓	✓	✓	
	ZKPs	✓	✓	✓	
Transparence, intervention et outils de contrôle de l'utilisateur		✓	✓	✓	✓

3.6.2. The implementation of common standards would encourage innovation and help develop Privacy Enhancing Technologies at scale

Currently, the **deployment of PETs is hindered by a number of obstacles**:

- **Regulators have so far accorded little recognition of their interest**, which makes businesses reluctant to invest heavily in this innovative technology. This caution is further fueled by fear of potential sanctions if PETs are deemed not sufficiently safe by regulators. Consequently, PETs have not yet been deployed at scale, as investment has been insufficient.
- **Certain PETs only apply in highly specific situations** and are not interchangeable, which may impede their widespread adoption.

"There is no recognition by authorities that while this technology may not be perfect, it substantially reduces risk. As such, there is a reluctance to innovate" – Media agency

However, PETs represent an **effective technical response that reconciles data protection with innovation**, by integrating data security into their very design. PETs align with the principles set out in the ePrivacy Directive and GDPR. Moreover, PET-based solutions have **already been successfully implemented** in other sectors, such as finance, scientific research and medicine, the combat against financial crime, as well as environmental protection. They have significant **potential for the advertising industry.**

"PETs are an interesting technological innovation, […] we must combine economic performance with user data protection, they are not mutually exclusive goals" – Publisher

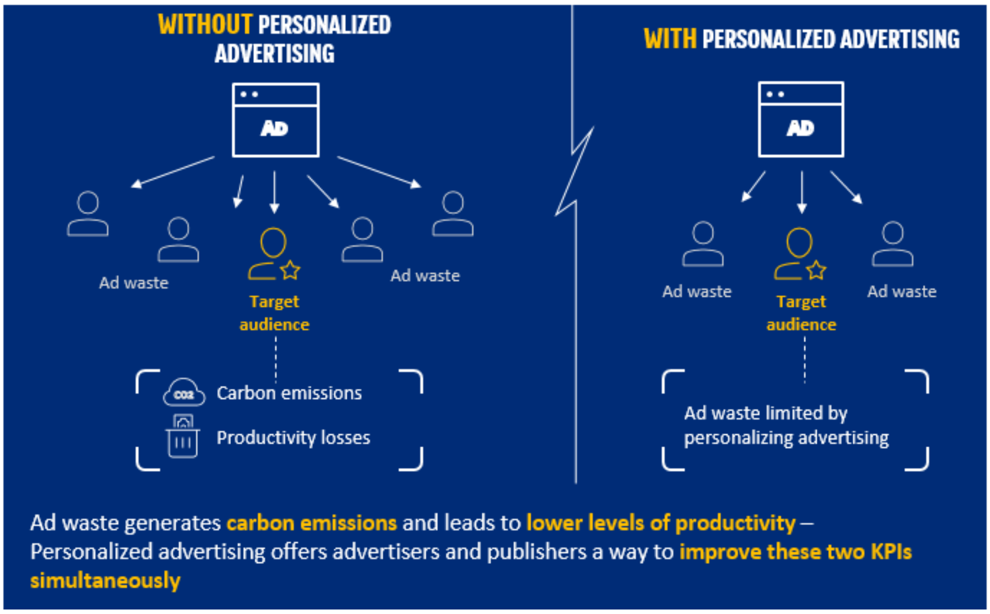
In conclusion, although PETs cannot replace existing regulations, they could constitute a **useful complement**. To encourage innovation around PETs, it is essential to **develop common standards** or recognize existing standards to ensure this technology does not remain the prerogative of a small number of businesses. **Large-scale trials** would also be crucial to demonstrate the effectiveness of PETs. Furthermore, the implementation of an **incentivizing framework** would enable businesses that develop or use this technology to tangibly benefit from doing so, thereby encouraging its adoption and large-scale development.

"It cannot remain the prerogative of one organization, otherwise it won't work; […] development is always costly, there needs to be a benefit, which could financial or regulatory" – Publisher

3.7. Using data to personalize ads helps to reduce ad waste and the carbon impact of advertising

The **majority of carbon emissions** related to digital advertising do **not come from the design of advertising content** but rather the **acquisition of ad spots** and the **distribution of this content**. The use of data and **personalization** changes the bidding process but only has a **marginal impact** on total carbon emissions.

As such, the overall impact of personalized advertising in terms of carbon emissions is positive, as it **reduces ad waste**. Indeed, by more precisely identifying the target audience, the total volume of advertising content pushed can be decreased without affecting performance, thereby reducing the related carbon emissions. The below diagram illustrates this concept:



4. Personalized advertising is being hit with increasing regulatory constraints

4.1. Recent regulations regarding the collection of personal data for advertising purposes

Protecting personal data is **a central concern for consumers, businesses and legislators.** Given the expansion of practices collecting data for advertising purposes, a number of **regulations** have been put in place to structure this activity while also guaranteeing transparency and privacy for users.

Key initiatives include the **ePrivacy** Directive, General Data Protection Regulation (**GDPR**), the Digital Markets Act (**DMA**), the Digital Services Act (**DSA**), as well as numerous pieces of more recent legislation such as the **AI Act** or the future Digital Fairness Act (**DFA**) planned for 2026.

4.1.1. The ePrivacy Directive laid the foundations for European digital advertising regulation, requiring businesses to inform users and obtain their consent

The ePrivacy Directive played a **major role** in the evolution of digital advertising regulation in Europe. Adopted for the first time in 2002 to establish the **foundation for privacy protection in electronic communications**, the directive has constantly **evolved** in response to the rapid pace of **technological change** as well as growing concerns with respect to privacy.

This directive has four main objectives:

- Bolster **privacy safeguards**: establishing the **right to confidentiality in electronic communications** and imposing **safety measures** to protect users' **personal data**
- Introduce the **notion of informed consent**: obliging businesses to obtain **explicit consent from users** to collect their data, in particular clearly setting out the way in which the data are used
- Regulate the use of **cookies** and **tracking technology**: establishing **strict rules** regarding the way businesses may use this data and **users' rights to refuse non-essential cookies**
- Promote **transparency** regarding the **use of personal data** and give users control over their own data: defining users' **right to access**, **rectify** and **delete data**

Over the years, the directive has undergone **several amendments** to strengthen the rules relating to consent and the use of tracking technology. This has been done as **guidelines have been published by European entities**, such as the European Data Protection Board, clarifying the way these regulations should be applied. Certain adjustments were made to **align the ePrivacy Directive with the General Data Protection Regulation** (GDPR).

4.1.2. General Data Protection Regulation (GDPR) has had an impact on the ability of advertisers and media outlets to personalize their ads

General Data Protection Regulation (GDPR), which came into force in May 2018, seeks to regulate the way in which personal data is used online and supplements the ePrivacy Directive by expanding the applicable scope. This regulation stands out for the **strict standards** that seek to protect individuals' privacy, introducing several restrictive mechanisms:

- **Informed consent**: Businesses must obtain explicit consent from users before collecting their data. That means information on the way data are used must be presented to users in a way that is clear and easy to understand.
- **Transparency**: Users must be clearly informed about the way their data are used and which third parties have access to them.
- **User rights**: Users have additional rights, such as the right to access, rectify and delete their personal data.

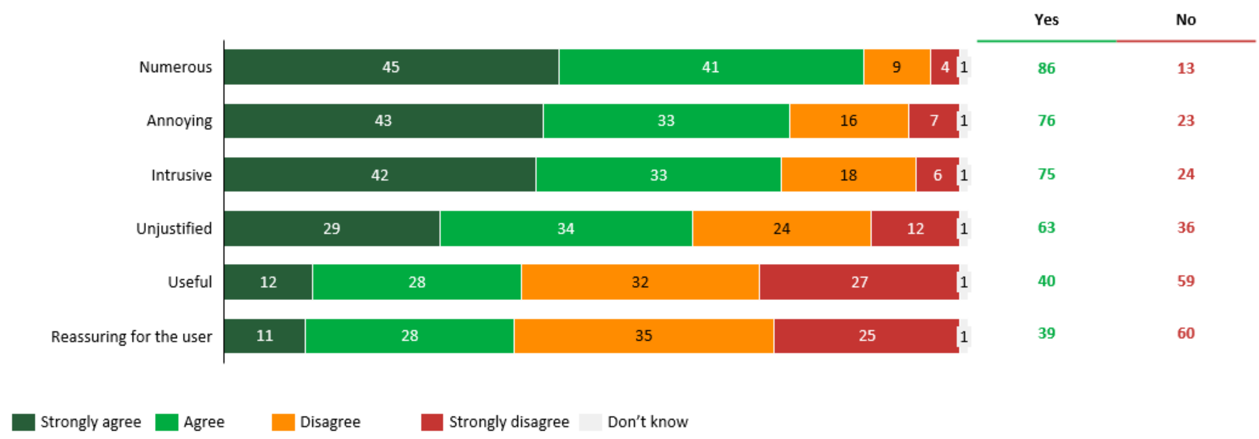
GDPR affects **all organizations handling personal data relating to citizens of the European Union** (EU), irrespective of whether or not they are European nationals. The text also enables European and national regulators to impose **fines** of up to **€20 million** or **4% of annual global revenue** generated by the company concerned in the event of a breach of the GDPR.

GDPR has therefore deeply **affected the various organizations in the digital advertising value chain** by forcing change in the way personal data is collected, used and accessed. This impact, however, has been different depending on the type of organization concerned:

- For **advertisers**, the impact has been generally negative, with in particular a **loss of visibility** on the customers who visit their website and **heightened difficulty in collecting accurate data** about customer behavior when they reject cookies. This two-pronged effect has restricted their ability to **effectively target** their ad campaigns and has diminished the **performance assessment** of their campaigns. Furthermore, advertisers have had to **adapt their systems and tools** to align with new regulations.
- For **publishers**, GDPR has had a major impact, as the requirement to **obtain user consent** for each website has made the **data collection process much more complicated** and **reduced the quantity of data available.** This decrease in data collected has in turn reduced the **possibility to innovate** and **improve** ad performance.
- **Platforms** appear to be the **least affected** by the introduction of GDPR, as they only have to **obtain consent** from users **once a year or even less frequently.** Consequently, the user experience has only been **slightly degraded**, which has enabled platforms to continue to operate effectively while complying with the new rules.
- Finally, **users** are confronted with "**consent fatigue**", which is deteriorating their overall online experience. Although they now have **greater control** over how their personal data is used, the need to consent to cookies at each website can **discourage them and cause them to avoid certain websites.**

This last point is illustrated by the graph below:

Answers to the question "What do you think of the consent banners that pop up every time you visit a new website? How would you describe them?"
Survey carried out in February 2025 on a representative sample of 1,056 people in France aged 18 and over



4.1.3. The Digital Markets Act (DMA) and the Digital Services Act (DSA) have been structured to limit the use of data for advertising purposes and introduce sanctions

The **Digital Markets Act** (DMA) and the **Digital Services Act** (DSA), which came into force in 2023, meet **two objectives**: to guarantee **fair competition** in the European Union and **protect users online** by banning the diffusion of **illicit content** and regulating **personalized advertising.**

- The **DMA** specifically targets major online platforms targets designated as "**access controllers**" (Google, META, Microsoft, Amazon, Apple, TikTok and Booking) and requires them to i) provide **greater transparency** regarding their **algorithms** and the way they use personal data, ii) **enable interoperability across messaging services** and iii) forbids them from **favoring their own services.**
- The **DSA** forbids **providers of online intermediary services** from using **sensitive data** to target users and broadcast personalized ads to **minors**. Moreover, the organizations concerned are required to provide users with **systems to recommend alternative content** (not based on profiling) while also communicating **transparently** about their personalized advertising practices.

The **sanctions** that may be imposed through these regulations are consequential. In the event the dispositions are breached, fines can reach up to **10% of the company's total worldwide annual revenue**, even rising to **20% in the event of repeated infringements** of the DMA. The DSA allows Member States to determine their own sanctions, with a ceiling set at 6% of annual revenue.

4.1.4. When drafting the DMA and the DSA, there were discussions about a potential ban on personalized advertising, which ultimately came to nothing

When these two texts were being drafted, discussions were had regarding a potential total ban on personalized advertising. A section of the European Commission advocated for this ban in order to avoid the negative side effects of personalized advertising, in particular:

- **Manipulation of the public debate**: Personalized advertising, when misused, can take on micro-targeted messages to influence the public debate.
- **Circulation of harmful content**: Websites spreading disinformation could exploit the decentralization and freedoms offered by personalized advertising to accentuate their impact.
- **Negative impact on professional journalism**: Personalized advertising can lead to a decrease in advertising revenue for press publishers. This decrease could primarily benefit the major digital platforms.

Ultimately, the idea of a total ban was abandoned for a number of reasons:

- **Economic imperatives**: Personalized advertising remains a significant source of revenue for many organizations, while also serving as a growth driver for all advertisers that use it.
- **Potential consequences for SMEs**: For many small and medium-sized enterprises, personalized advertising is crucial to effectively target their audience and stand out in a saturated market.
- **Technical and practical challenges**: Implementing a ban would require costly and complex surveillance systems.
- Finally, **respect for consumer preferences**: A considerable number of consumers find personalized advertising useful, as it makes it easier to find products and services that suit their needs.

That said, certain European parties, which together have formed the "**Tracking-Free Ads**" coalition, continue to support the idea of a total ban on personalized advertising within the European Union.

4.1.5. Although the DMA and DSA only apply to a restricted scope of certain players, they indirectly affect the entire value chain

The DMA and the DSA have had **significant indirect effects on the market**, even though they only apply to a limited group of players. One of the impacts mentioned is its **influence on the user experience.** For example, on Chrome, the DMA has **degraded the features of the search results** (reduced integration of results from Google Maps):

"One unexpected impact of the DMA is that it forces the GAFAM to diminish the user experience for antitrust purposes. […] For example, Google Search has had to artificially restrict the integration of results from Google Maps on its search engine" – Media agency

These changes have also affected the **ad performance of certain advertisers**, creating **competition gaps**, for example in the tourism industry:

- The DMA has forced Google to change the way it displays **search results** in tourism, as it is no longer allowed to list its own services at the top. This has given greater **prominence to price comparison websites** (for example Kayak, Trivago and Booking) and online travel agencies, which have the financial means necessary to ensure they are listed at the top of the search page by paying for sponsored links,

compared with "smaller" hospitality establishments looking to market directly and use tools such as Google Hotel Ads.

- This situation therefore leads to **hotels becoming ever more dependent** on intermediaries, which **increases their costs** and **reduces their digital capabilities**. Consequently, SMEs become **less competitive** and **are less able to digitalize their services.**
- This phenomenon has been observed all throughout the European Union, causing a **30% reduction in direct clicks to hotels just one month after the DMA came into force.** During the same period, hotels in the US and UK continued to grow.

There is therefore an **interdependence between the links in the digital advertising value chain**, creating **indirect impacts** on each link when regulations change.

4.1.6. The action plan put in place by the CNIL seeks to raise awareness among consumers and complements other existing regulations

The action plan put in place by the CNIL (the French data protection authority), developed following **consultation with a range of digital tech and public sector organizations** between 2020 and 2022, includes a series of **guidelines** and **recommendations** for businesses to help them **implement European regulations**, especially GDPR. This action plan has two major objectives:

- Bolster **personal data protection.** As such, it clarifies the outline of a **strict framework as to how cookies** and other **trackers may be used** and defines prior consent as obligatory.
- Ensure **greater transparency** and **informed consent** from web users regarding the use of their data. To achieve this objective, the CNIL published guidelines requiring the **implementation of consent banners** that appear on websites. At the same time, it encourages businesses to **draw up detailed privacy policies** and **tools to allow users to manage their preferences** so they may more easily control the information they share online.

This action plan has brought about **changes in user behavior**, as listed below:

Evolution des comportements et impact du plan d'action

Ø Impact nul | + Impact faible | ++ Impact fort

	Pré-plan d'action de la CNIL *(2019)*	Post-plan d'action de la CNIL *(2022)*	Impact
Sensibilisation des internautes Nombre de personnes connaissant les cookies	95%	95%	Ø
Connaissance des règlementations Nombre de personnes connaissant les évolutions réglementaires récentes	44%	52%	+
Taux de refus des cookies Nombre de personnes refusant les cookies	22%	39%	++
Volume de cookies tiers Part des sites déposants plus de 6 cookies tiers	24%[1]	12%	++
Sites sans cookies tiers Part des sites ne déposant aucun cookie tiers	20%[1]	29%	+

Haute sensibilisation des internautes, au fait des pratiques de personnalisation

As part of its action plan, the CNIL has put in place measures to **ensure compliance**, in particular by carrying out checks on private-sector companies. As a result, between 2020 and 2022, the CNIL imposed **8 fines totaling €421 m.**

4.1.7. The Digital Fairness Act (DFA) could further threaten personalized advertising with additional restrictions

The **Digital Fairness Act** (DFA), which is scheduled to come into force in **2026**, represents another wave of regulations. Although the text itself, along with its **scope of application, remain to be defined**, its **overall orientation** was shared by the European Commission in fall 2024, identifying four **major objectives:**

- Tighter regulation of **'dark patterns'**, which are deceptive design techniques used to manipulate users into making decisions that benefit a business.
- Restrictions on **addictive designs**, which push consumers into excessive use of digital services, such as gambling-like features in video games.
- A ban on **personalized targeting** that takes advantage of consumers' **emotional or financial vulnerabilities**.
- Stricter **transparency** obligations on businesses, requiring them to clearly explain how data are used in personalized advertising.

In its current definition, the DFA potentially presents a **number of risks** for those in the digital advertising value chain:

- **Ambiguity** in the definition of the **scope of application**; a ban on personalized advertising targeting "vulnerable users" could be difficult to define, making the legislation hard to apply for many in the market who only have access to anonymized data.
- The risk of **asymmetric regulation**: regulation that does not affect all players equally could lead to market imbalance, favoring certain players to the detriment of others, damaging competition.
- **Complexity of implementation**: the implementation of new regulations could lead to the need to overhaul existing systems and processes, generating considerable costs and long delays for businesses and SMEs in particular.

"Personalized advertising has been widely adopted by businesses in the European Union as a growth driver. Comparing it to practices such as addictive design and dark patterns could reflect a misunderstanding of the way the private sector operates" – Publisher

The DFA is therefore likely to have a significant impact on the advertising value chain. Businesses will have to deal with stricter standards that could affect or even constrain their current business model. Points to consider include:

- An increase in **compliance costs**: Businesses will have to invest more specialist resources to navigate regulatory complexities.
- Potential loss of **consumer trust**: Heightened regulation could undermine the image of personalized advertising in the eyes of consumers, which could have an impact on advertisers' earnings.

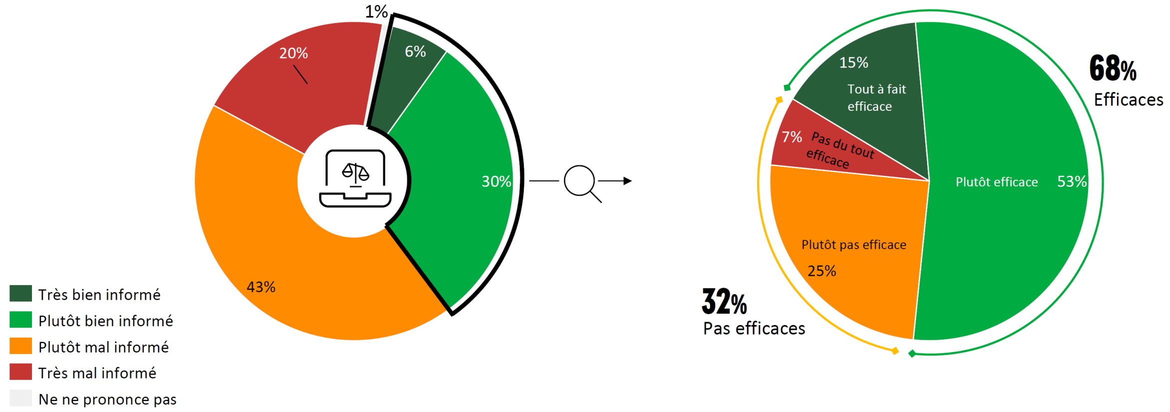
- Potential **loss of competitiveness**: Advertisers will be required to modify their marketing practices to comply with new regulations, which could put European companies at a disadvantage compared with international competitors.
-

4.2. Among the people in France who consider themselves to be well informed about data protection laws, a vast majority deem them effective

Among the people in France who consider themselves to be well informed, 68% deem the regulations to be effective in protecting their privacy:

Diriez-vous que vous êtes bien ou mal informé concernant les lois et réglementations qui protègent vos données personnelles sur Internet ?

D'après l'idée que vous vous en faites ou la connaissance que vous en avez, diriez-vous que ces lois et réglementations sont efficaces ou non pour protéger vos données personnelles …?



4.3. The number of European regulations puts pressure on businesses, with potentially negative consequences on competition

The question of the **weight of European regulation** on **competitiveness** was considered in the **Draghi Report**, published in fall 2024. Indeed, with 13,000 acts being passed by the EU between 2019 and 2024 (compared with 5,500 in the US), regulation is identified as an obstacle to European competitiveness. In the digital tech industry, where the European Union suffers from a lack of global champions, businesses must navigate between **regulations on digital tech, competition law** and **several layers of regulatory bodies**. There are over 100 regulations on digital tech and nearly 270 regulators in the European Union.

As such, the weight of regulations can make EU businesses less competitive for three reasons:

- **Compliance costs** represent a major challenge, especially for SMEs: changes in regulations could generate compliance costs, potentially putting European businesses at a disadvantage with respect to international competitors subject to lesser constraints.
- Difficulty in navigating between **data protection and competition laws**: a striking example is the decision from the Court of Justice of the European Union (CJEU), which in July 2023 established that **personalized advertising practices can violate competition law if they follow GDPR**. This illustrates the tensions and

contradictions that may exist between the different regulations, leading to uncertainty that can affect businesses' drive or capacity to innovate.

- A risk of **market concentration**, where large businesses, able to keep apace with regulatory changes and comply, dominate the market. This situation would reduce competition and innovation, countering the aim of the regulations.

4.3.1. The interpretation and application of these regulations is uneven, in particular due to the significant number of regulators in the European Union

Within the European Union, several layers of personalized advertising regulators coexist, each producing their own interpretations. These entities are grouped together in the below table (examples for certain countries):

Périmètre	Entité	Action
	EDPB *(European Data Protection Board)*	• Publication de **~1 guideline par mois** visant à clarifier le **périmètre d'implémentation de textes européens** (RGPD, directive ePrivacy) ou à recommander des **bonnes pratiques technologiques aux acteurs de l'industrie**
	CNIL *(Commission nationale de l'informatique et des libertés)*	• Publication régulière de **cas d'usages** et de **guides des bonnes pratiques** à destination des **acteurs nationaux** avec l'objectif de décliner les directives européennes • Capacité à adresser des **mises en demeure** et des **sanctions** en cas de non-respect de la réglementation, notamment en s'appuyant sur les **guidelines de l'EDPB**
	ICO *(Information Commissioner's Office)*	
	BfDI *Bundesbeauftragte für den Datenschutz und die Informationsfreiheit*	

The complexity of digital tech regulations often leads to **contradictory interpretations**, making it difficult to evenly apply the laws. The frequency with which the European Data Protection Board (EDPB) publishes texts (around one every month over the past two years) makes it necessary to **constantly review best practice and the contexts to which regulations apply**:

- *"The guidelines from the EDPB and national regulators are perfect for creating legal uncertainty [...]"*
- *"The regulators' approach is not based on a risk assessment built on use cases [...]. Their zero-risk paradigm leads them to produce recommendations that restrict the entire industry to address certain practices that remain marginal"*

– Legal expert in digital advertising

4.3.2. This irregularity causes regulatory uncertainty, which makes businesses in the European Union less competitive

The difference in the way national regulators interpret and apply European regulations causes **significant uncertainty for businesses**, which hampers competitiveness:

- The varied application of rules leads to **differences in interpretation between businesses**, which can slow the launch of new projects. Businesses often find themselves confronted with a lack of in-house expertise, which requires them to invest heavily to recruit specialist legal counsel, in addition to the cost of upgrades to comply with regulations that enter into force.
- **Dialogue between entities in France and their corporate head office based outside Europe is becoming increasingly difficult** due to the growing number of regulations and the increasing uncertainty they bring. This situation makes it difficult to make decisions and coordinate multinationals. As a result, companies may be required to **reassess and reallocate advertising spend between the different markets**, which may impact their competitive position.

This regulatory uncertainty, further aggravated by different rules within the European Union, represents a major obstacle to the competitiveness of European businesses in the international market.

These impacts are summarized in the table below:

	“
European regulations are interpreted and applied differently by national regulators, causing uncertainty for businesses	*Different layers of regulatory bodies between European and national level leads to contradictory recommendations, creating significant legal uncertainty*
Differences in interpretation between businesses, which can slow the launch of new projects	*Legal experts [working for platforms] had a very different interpretation of regulations than we did […]. This led to a considerable waste of time and slowed down several projects*
Lack of expertise in businesses, requiring significant investment (specialist legal counsel) in addition to the investments required for compliance upgrades	*We lack expertise in this area […]. As regulations are changing all the time, we need to keep abreast of the latest interpretations*
Difficult dialog between French entities and their parent companies abroad, due to the number of regulations and the uncertainty they bring about	*It's tough talking with our corporate team [abroad] as they don't understand GDPR*
Potential reallocation of public spending between contracts awarded to companies	*The uncertainty arising from the accumulation of regulations inhibits innovation and new services […]. Ultimately, it also deters investment in France*

5. The end of personalized advertising would negatively affect the entire value chain and would redefine the landscape of digital advertising

5.1. What is meant by the "end of personalized advertising"?

The end of personalized advertising means the **end of collecting and using personal data for advertising purposes**, both on the open web and on user ID websites:

- The open web refers to all the parts of the Internet that are public and viewable by everyone, irrespective of the **platforms and browsers used**, based on open and non-proprietary tech.
- User ID websites include all websites that users are **required to log into** through their **user account** that they have voluntarily set up.

Such a ban would therefore mean the end of all personal data-based **tracking and profiling technology** (cookies, universal IDs, device ID, etc...). However, it **would not mean the end of all online personalization** (for example, social media content feeds).

5.2. Based on modeling, we estimate that the end of personalized advertising could negatively affect the entire value chain

To objectively quantify the impact a ban on personalized advertising would have on the entire digital advertising value chain, **four examples have been selected**, covering the different groups involved. For each group, **the change in a KPI is considered** with respect to their ability or inability to use personalized advertising:

- The **first example**, which centers around an **automobile advertiser**, models the return on investment of a digital ad campaign
- The **second example** considers a **national news publishing outlet** and focuses on overall digital advertising revenue generated over a year
- The **third example** looks at the jobs and revenue generated by the entire **French AdTech industry**
- The **fourth example** takes a **social media platform** and explores the advertising revenue generated by a European user

The impact of a ban on personalized advertising would be generally negative for all those considered:

- In the first example, a **decrease in the quality of leads** generated, alongside the inability to **steer campaign performance in real time** would lead to "**ad waste**" and a **decrease in the return on investment of between 25% and 45%** for advertisers.

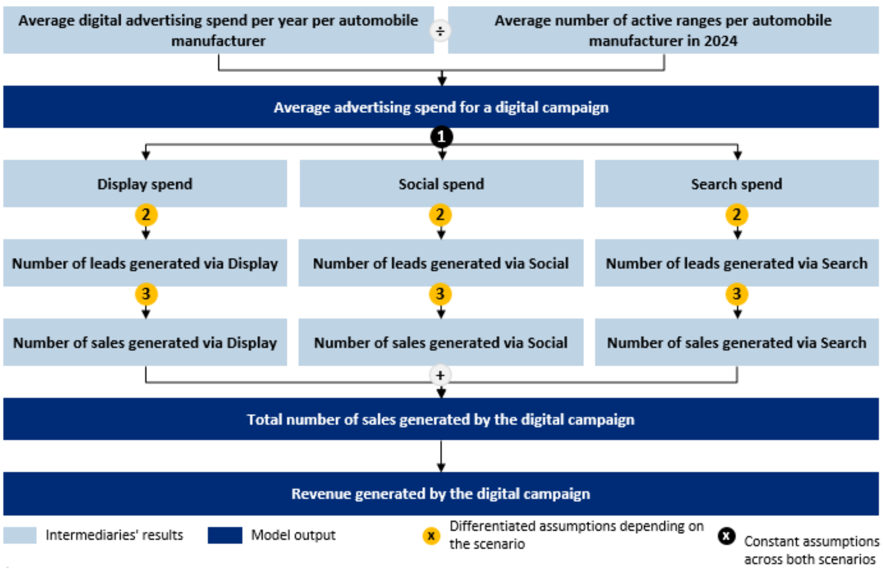
- In the second example, a **decrease in the value of ad inventories**, in an environment where the increasing number risks is **damaging the user experience**, could lead to a **drop in advertising revenue of between 30% to 45%** for the publisher.
- In the third example, services centered around **personalization and performance**, which represent the vast proportion of AdTechs' value proposition, would be called into question, thereby threatening between **25% and 45% of jobs** in the industry and up to **55% of its revenue**.
- In the fourth example, the **degradation of the user experience** and the **challenging of advertisers' value proposition** would cause **advertising revenue generated by social media outlets to fall** by between **20% and 35%.**
-

5.2.1. Advertisers could face a significant drop in the return on investment from their digital campaigns

To calculate the **return on investment from an ad campaign**, the model sought to estimate the additional revenue generated for a certain level of investment in advertising. The modeling process was broken down into three stages:

- Using average **annual digital ad spend** and the **average number of active ranges** per manufacturer, we estimated the average ad spend per digital campaign.
- This ad spend was then **broken down by investment mechanism** (Display, Social, Search). For each mechanism, the amount invested was transformed into the **number of leads generated** (by applying an assumed cost per lead) and then into the **number of sales generated** (by applying an assumed conversion rate). The results per mechanism were then aggregated.
- Finally, we transformed this number of sales into additional revenue generated by multiplying the **average price of a new car sold in France.**

The below diagram summarizes this structure:



The model to assess the impact of an end to personalized advertising was then based on **two main assumptions** – the change in the **cost per lead** and the change in the **rate of conversion per digital mechanism**. If personalized advertising were to be banned, the assumptions applied were as follows:

- The **cost per lead** would fall between **20% and 30%** on each mechanism
- The **conversion rate** would fall between **40% and 60%** on each mechanism

The below table sets out the assumption variations and the rationale behind these changes:

Impact of a ban on personalized advertising on the model			Rationale	
	Impact	**Explanation of the methodology**	**Message**	**Source**
1	Stabilization of the digital spending mix per format	• The three main mechanisms (Search, Display, Social Media) respond to advertisers' desire to be present across the entire **marketing chain (top and bottom of the funnel)** • The choice of investment proportions per mechanism is **specific to each campaign** depending on its objective	*"Search, Display and Social Media respond to different imperatives and **complement one another** […]. A ban on personalized advertising would **not change the balance between investments.**"*	• Interview with an **advertiser**
2	Mechanical decrease of cost per lead	• The ability to **personalize advertising** represents a **price premium** for advertisers that is **reflected in the CPM** • A **ban** on personalized advertising would lead to a **mechanical decrease in the total advertising investment budget of advertisers,** and therefore the **cost per lead**	*"Personalized advertising, taking into account the overall cost (intermediaries, tech, data purchases) represents a **premium of between 20% to 50%** compared with non-personalized advertising"*	• Interview with an **advertiser**
3	Reduction in conversion rates of leads into sales	• The **personalized** and therefore **relevant** nature of advertising content is decisive to **facilitate the process of realizing a sale** among users exposed to the content	*"Hyper-personalization of ad campaigns can **increase conversion rates by up to 60%** compared with traditional campaigns"*	• Study by the International Data Corporation[1]

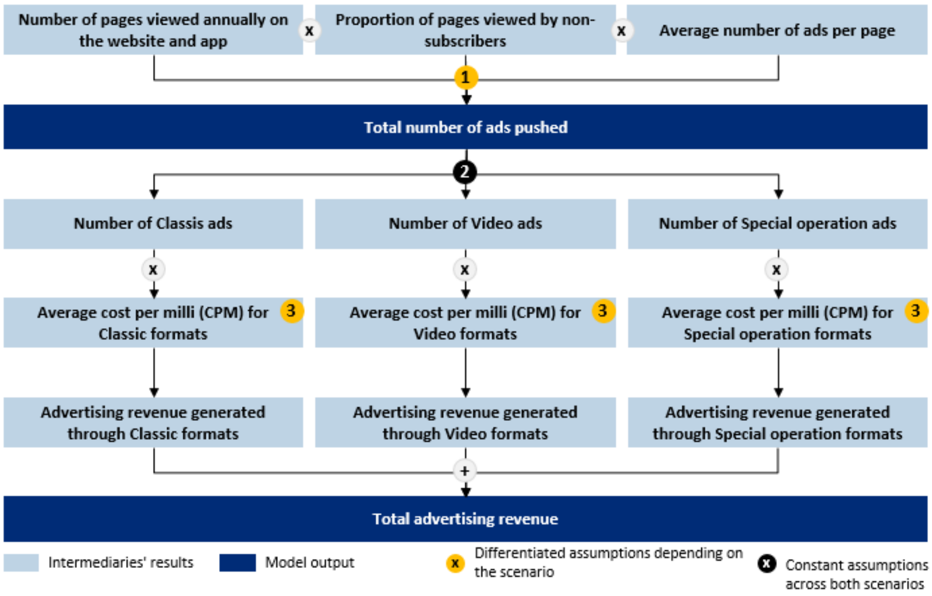
Therefore, the end of personalized advertising could reduce the **average return on investment** of a **digital campaign** by between **25% and 45%** for an automobile advertiser.

5.2.2. Mainstream media outlets could see a drop in their advertising revenues as their inventories would be worth less

To calculate **advertising revenue** of a news publisher, the model sought to estimate the **total volume of ad content** pushed to users/readers and the **revenue generated by advertisement.** The modeling process was broken down into two stages:

- Using the **number of pages consulted annually** (on the website and app), the proportion of pages viewed by non-subscribers (as subscribers cannot be targeted with personalized advertising) and the **average number of ads per page**, we estimated the total number of ads pushed over a one-year period.
- This volume of ad content was then **broken down per format** (classic, video, special operations). For each format, we estimated the advertising revenue generated using an **assumption regarding the Cost per Milli (CPM)**. The results per format were then aggregated to estimate total advertising revenue.

The below diagram summarizes this structure:



The model to assess the impact of an end to personalized advertising was then based on **two main assumptions** – the change in the **advertising load on non-subscribers** and the change in the **CPM per format**. If personalized advertising were to be banned, the assumptions applied were as follows:

- The **average number of ads per page** for non-subscribers would increase by 10% to 20%.
- The average **CPM** would fall between **50% and 60%** for the **Classic** format, between **30% and 50%** on **Video** and between **10% and 30%** on **Special Operations.**

The below table sets out the assumption variations and the rationale behind these changes:

Impact of a ban on personalized advertising on the model			Rationale	
	Impact	**Explanation of the methodology**	**Message**	**Source**
1	Increase in the number of ads per page	• The increase in the number of ads pushed, designed to offset the fall in CPM, is **limited** for two main reasons: – Risk of **significantly degrading the user experience** for **non-subscribers** – For **premium players**, a significant proportion of traffic is generated by **paying subscribers** and therefore unable to be targeted	*"A side effect of a degradation in the user experience would lead to a resurgence in **ad blockers.** This already happened to Facebook in the early 2010s"*	• Interview with an **ad network**
2	Stabilization of the type of ad inventories	• The **classic** format represents the **core business** for mainstream media outlets The increase in the proportion of video inventories has arisen from an **investment strategy implemented over several years** • We do not estimate the **short-term change** in our modeling	*"The increase in our eCPM is the consequence of a strategy initiated **several years ago** to invest in video"*	• Interview with a **publisher**
3	Drop in CPM across all ad inventory formats	• The ability to provide **personalized advertising** is a key factor in **capitalizing on publishers' inventories.** • The impact of a ban would **differ according to the format**: the **classic** format would be the **hardest hit** (the segment is already shrinking, achieving lower performance levels than video), and **SOs would be the least affected** (over-the-counter sales, often through partnerships with advertisers)	• *"**Classic banners** would suffer especially from a ban on personalization"* • *Disabling third-party cookies caused **advertising revenue to decrease 52% on average***	• Interview with an **ad network** • **Google study** from 2019[1]

x Differentiated assumptions depending on the scenario x Constant assumptions across both scenarios

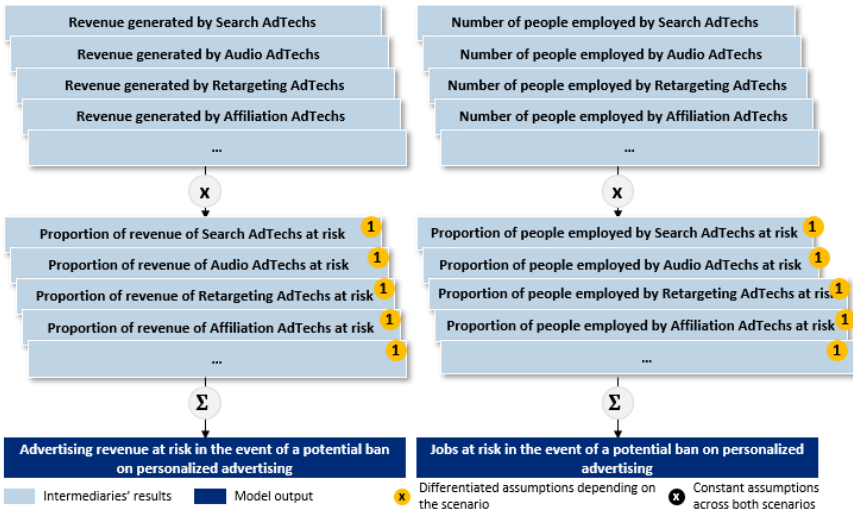
The ban on personalized advertising could therefore lead to a **decrease in digital advertising revenue** of between **30% to 45%** for a **mainstream media outlet.**

5.2.3. The business model of French AdTechs could be deeply shaken, causing a significant drop in revenue and a considerable proportion of jobs would be under threat

To quantify the impact of a ban on personalized advertising on the ecosystem of French AdTechs, the model sought to **segment revenue and the number of employees per type of company** and then apply **differentiated impact assumptions.** The modeling process was broken down into two stages:

- Using public data, specialist databases and additional research, we **segmented the AdTechs according to their technological positioning and their positioning in the value chain** (retargeting, email, general display, audio, etc.…).
- For each type of company, we applied an **assumption regarding the proportion of revenue/jobs under threat** from a potential ban on personalized advertising. The results per type of company were then **aggregated** to **estimate the impact on the entire industry** in France.

The below diagram summarizes this structure:



The model to assess the impact of an end to personalized advertising was then based on a series of assumptions differentiated by type of company – the **proportion of revenue/jobs under threat** from a ban. If personalized advertising were to be banned, the assumptions applied were as follows:

- **Retargeting** businesses: between **75%** and **100%** of revenue/jobs would be under threat in the event of a ban on personalized advertising.
- **Retail Media, Affiliation and Search** businesses: between **10%** and **30%** of revenue/jobs would be under threat in the event of a ban on personalized advertising.
- **All other** businesses: between **30%** and **50%** of revenue/jobs would be under threat in the event of a ban on personalized advertising.

The below table sets out the rationale behind these assumptions:

Impact of a ban on personalized advertising on the model			Rationale	
	Impact	Explanation of the methodology	Message	Source
1a	Retargeting in its entirety would be called into question	• Retargeting involves **collecting information about a user** to identify a **product or service for which they express an interest** in order to push a **targeted ad** • As such, in the event of a ban on all forms of personalization, this **market segment would completely disappear**	*"Retargeting is a targeted advertising technique where the **information collected about users** is used to identify **products and services** for which they have **expressed an interest** (for example by visiting an online retailer)"*	• **CNIL** definition of retargeting
1b	Affiliation, Search and Retail Media would be left relatively unscathed	• Search and Affiliation are mechanisms that involve an **intentional dimension** (users agree to receive a newsletter or search for something); they can be likened to a **form of contextual advertising** • The growth of Retail Media is underpinned by growth in **Retail Search**, which is similar to traditional Search	*"Search is a performance driver. The impact of a ban on collecting certain personal data would have a lesser impact than on other mechanisms"*	• Interview with a **platform**
1c	Other AdTechs would be affected in the same way as other market players	• A ban on personalized advertising would affect the entire digital advertising value chain and, **consequently**, all AdTechs, as their **financial solidity depends on that of their partners**	*"The end of personalized advertising would **reduce the number of intermediaries** and would especially affect AdTechs"*	• Interview with an **AdTech**

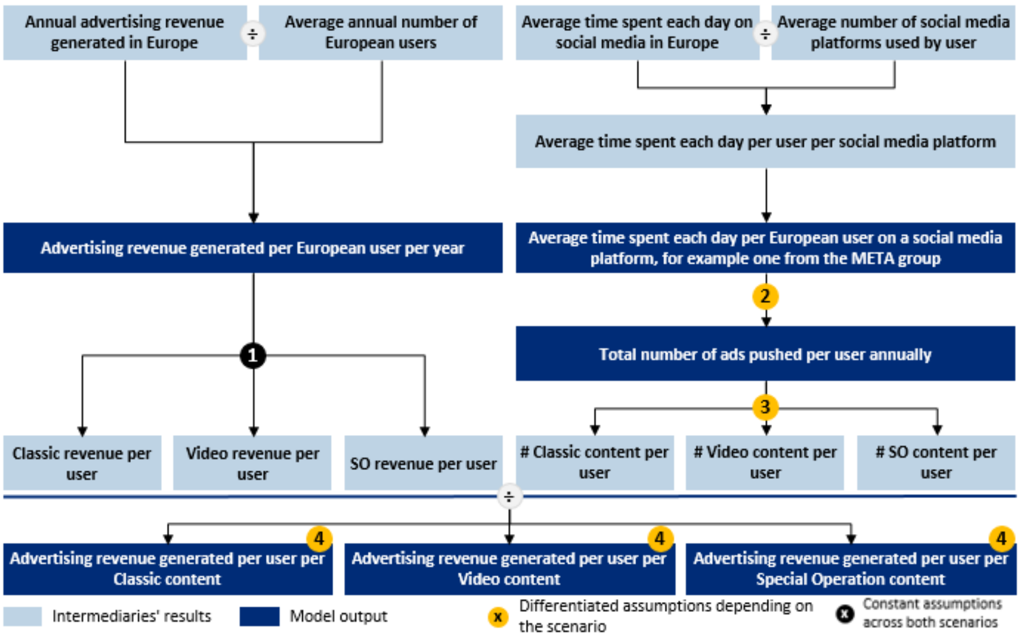
In conclusion, a ban on personalized advertising could threaten up to **55% of revenue generated by French AdTechs** and **45% of jobs.**

5.2.4. Platforms and social media sites could also face a drop in their advertising revenues as their value proposition would be called into question

To calculate **advertising revenue per user and per advertisement pushed** for a social media site, the model sought to estimate the **advertising load** per user and the **revenue generated** per user. The modeling process was broken down into three stages:

- Using **annual advertising revenue generated in Europe** and the **average annual number of European users**, we can estimate the advertising revenue generated, per European user, per year. We then **broke this revenue down by type of advertising format** (classic, video, special operations).
- We also estimated the **average time European users spend each day** on a given **social media** platform and the **average number of social media platforms used per user.** We deducted the total number of ads pushed per user annually on a social media platform using an assumption regarding the **advertising load per hour of use.**
- We then determined the **revenue generated per user per type of advertising content** by dividing the revenue per format by the volume of this format of advertising content pushed over a year.

The below diagram summarizes this structure:



The model to assess the impact of an end to personalized advertising was then based on three main assumptions – the change in the **advertising load**, the change in the **type of advertising content pushed** on the platform and the change in the **average CPM of this content**, differentiated by format. If personalized advertising were to be banned, the assumptions applied were as follows:

- The **average number of ads** displayed would increase by **20% to 30%**.
- The **split between advertising formats would change**: **Classic** formats would account for **45%** of the total, **Video 50%** and **Special operations 5%.**
- The average **CPM** would fall between **50% and 60%** for the **Classic** format, between **30% and 50%** on **Video** and **Special Operations.**

The below table sets out the assumption variations and the rationale behind these changes:

Impact of a ban on personalized advertising on the model			Rationale	
	Impact	**Explanation of the methodology**	**Message**	**Source**
2	Increase in the number of ads pushed	• Social media platforms cannot **totally offset the end of personalization solely** by **increasing the number of ads** as this would risk **significantly degrading the user experience** for **non-subscribers**	*"A side effect of a degradation in the user experience would lead to a resurgence in **ad blockers.** This already happened to Facebook in the early 2010s"*	• Interview with a **platform**
3	Change in the mix of ad formats pushed to users	• The ability to provide **personalized advertising** is a key factor in **capitalizing on inventories.** • The ban on personalized advertising would primarily penalize classic formats; the **video format** would continue to benefit from **comparative advantages** (heightened attention, better memorization, etc...)	*"Video formats will remain the **most 'intrusive'** format and therefore the **most difficult to avoid**"*	• Interview with an **ad network**
4	Drop in CPM across all ad inventory formats	• The ability to provide **personalized advertising** is a key factor in **capitalizing on inventories.** • The ban on personalized advertising would penalize platforms by **devaluing their inventories**	*"The ban on personalized advertising would lead to an **overall drop in digital advertising spend**, which would be reflected in the CPM of platforms and publishers"*	• Interview with an **ad network**

As such, a ban on personalization could reduce **European advertising revenue** generated by **platforms/social media outlets** by **20% to 35%.**

5.3. Personalized advertising is first and foremost a growth driver essential for European businesses. A ban would make them less competitive

Personalized advertising is now **widely adopted** and used by European countries as a **growth driver in and of itself**, all throughout the user purchasing journey. Indeed, BitKom estimates that **90% of total growth** in the digital advertising industry is based on **personalized formats**, which make it possible to i) more precisely target audiences, ii) reduce marketing budgets and iii) more easily measure performance.

A ban on personalized advertising **would negatively affect all players in Europe**: For example, **47% of SMEs in France** estimate that such a ban would lead to a **drop in revenue** and a 33% increase in their marketing budget. Personalized advertising is the advertisers' response to the **fragmentation of the user journey** and the **individualization of needs**.

A ban on personalized advertising would put all European businesses at a disadvantage at a time when whole swathes of the economy and many established businesses are confronted with **fierce competition from international pure players**, for example, TEMU and Shein, which are shaking up the world of online retailing and fashion.

The **lack of an alternative** and the critical role personalization plays in corporate marketing strategies explains why all organizations questioned as part of this study considered **personalized advertising to be irreplaceable:**

- *"Personalized advertising lies at the very heart of businesses' growth strategies today. It is impossible to imagine doing without" – Publisher*
- *"Three-quarters of the campaigns I run focus on the use of personalized advertising to reach specific audiences through programmatic inventory purchasing" – Media agency*
- *"Contextual advertising is absolutely incapable of replacing personalized advertising. It is five times less effective and its widespread use could seriously degrade the user experience" – AdTech*
- *"Personalized advertising enables us to reach our target audiences. Without it, our sales would fall considerably in the short term" – Advertiser*

5.4. The end of personalized advertising could force small and medium-sized enterprises to find alternative ways to keep reaching their audience

SMEs are especially **dependent** on **personalized digital advertising** to reach their audience, for two main reasons:

- The low **marketing budgets limit their ability to invest in other advertising channels** (written press, cinema, linear TV), which have especially high minimum investment levels.
- Their **positioning is often niche** making it necessary to **target a specific audience** of potential consumers, which is only possible through digital media.

This dependence was highlighted in the many interviews conducted:

- *"Without personalized advertising, we would have had to rely on broad campaigns (where costs are higher) and we would have lost money. […] Our model wouldn't work" – Start-up*
- *"Without personalized advertising, we would die. It would strengthen the giants like Booking, Expedia, etc. and it would be disastrous for all businesses with more fragile profitability"* – Tourism start-up

89% of **SMEs in France** say they **use personalized advertising** in their advertising campaigns and **83%** say the **growth in their revenue** over the past year can be put down to **personalization**.

Similarly, the **public** targeted by the long tail of smaller advertisers relies on advertising to find **new independent brands that satisfy their expectations**: **73%** of users expect online ads to help them **discover independent brands**, while **64%** of under 35s have already **been introduced to an independent brand** thanks to advertising online or on social media.

5.5. The end of personalized advertising could also slow the digitalization of the French economy causing the country to fall even further behind other European countries

In 2022, **France ranked 20th** in the Integration of Digital Technology index of EU countries drawn up by the European Commission, which measures the use of different digital technologies in SMEs. Only **13% of SMEs in France** generated at least **1% of their revenue online** (compared with the EU average of 19%).

As such, to reach their target audience and grow their sales, SMEs can capitalize on personalized advertising, which also **drives digitalization**. If they were to refrain from doing so, they would fall even further behind other EU countries, and more generally other leading countries around the world.

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