

Submission: ACCC Digital Platforms Inquiry

February 2019





About the Foundation for Alcohol Research and Education

The Foundation for Alcohol Research and Education (FARE) is an independent, not-for-profit organisation working to stop the harm caused by alcohol.

Alcohol harm in Australia is significant. Nearly 6,000 lives are lost every year and more than 144,000 people are hospitalised making alcohol one of our nation's greatest preventive health challenges.

For more than a decade, FARE has been working with communities, governments, health professionals and police across the country to stop alcohol harm by supporting world-leading research, raising public awareness and advocating for changes to alcohol policy.

FARE is guided by the World Health Organization's (2010) *Global strategy to reduce the harmful use of alcohol* for stopping alcohol harm through population-based strategies, problem directed policies, and direct interventions.

If you would like to contribute to FARE's important work, call us on (02) 6122 8600 or email info@fare.org.au.

Contents

Introduction	4
Recommendations	5
Part One: The case for regulation of alcohol advertising	7
1.1 The effects of alcohol advertising	7
1.2 Digital platforms and alcohol advertising	7
1.3 Vulnerable groups	9
1.4 Children	10
Part Two: Responses to specific proposals	12
2.1 Media regulatory frameworks review (ACCC recommendation 6)	12
Timing and duration of the review	13
Conduct an additional review into alcohol marketing and the current self-regulatory	
2.2 Use and collection of consumer data (ACCC recommendation 8)	16
Targeted marketing to vulnerable consumers	16
Opt-in targeted advertising	17
Individual data collection	18
2.3 Advertising and related business oversight (ACCC recommendation 4)	19
Data collection and monitoring of industry behaviour	19
2.4 Prohibition against unfair practices (area for further analysis 9)	20
2.5 Consumer-facing ombudsman (area for further analysis 4)	20
2.6 Media literacy education (area for further analysis 2)	21
References	

Introduction

Digital platforms have disrupted news, entertainment and social networks, bringing both opportunities and challenges. Current regulatory structures have not kept pace with technology, and many traditional aims of regulation, such as the protection of vulnerable consumers, are being undermined by inadequate regulatory structures. In this environment the Australian Competition and Consumer Commission's (ACCC) inquiry into digital platforms is an opportunity to create a regulatory framework that works for consumers, industry and society as a whole.

The Foundation for Alcohol Research and Education (FARE) thanks the Commission for the opportunity to provide this submission to the inquiry. We welcome the comprehensive nature of this report and the inclusion of interrelated elements, particularly consumer protections. We stress that the consumer must have equal standing in the final report, a segmented approach that does not place priority on the consumer will lead to poor policy outcomes.

Commercial marketing of unhealthy commodities such as alcohol increases consumption. Marketing is now "ubiquitous, repetitive and reinforced across platforms". The World Health Organization (WHO) has identified bans or comprehensive restrictions on exposure to alcohol advertising across multiple types of media as one of its recommended "best buys" – interventions judged to be most effective in reducing alcohol harm.

FARE's submission considers the issues raised and recommendations made in the Preliminary Report in the context of unhealthy commodity marketing, specifically alcohol. Of particular concern is the protection of vulnerable consumers, such as children, dependent drinkers, and those in emotionally vulnerable situations, from exploitative practices. There is clear and robust evidence that some population groups, such as children, are especially vulnerable both to the effects of alcohol and alcohol advertising.³⁴

FARE welcomes the ACCC's acknowledgement that the issues it has been tasked with cannot be examined without consideration of the effect on consumers. This is essential when examining the issue of advertising regulation, where the regulatory structures exist both to ensure that the commercial players are on a level field, and to protect consumers. This has traditionally included protection from dangerous and unhealthy marketing, such as tobacco advertising, and acknowledgement that people have a reasonable expectation of privacy.

In the overview to the preliminary report, the ACCC notes that it is time to consider "what responsibility [digital platforms] should hold as gateways to information and business, and the extent to which they should be accountable for their influence." FARE agrees, and suggests that digital platforms' failure to protect consumers, especially vulnerable consumers, from alcohol advertising, indicates that they will not take sufficient responsibility voluntarily. Governments must ensure accountability through regulation.

In this submission FARE will first outline the general case for the regulation of alcohol marketing, and draw the Commission's attention to the particular concerns of alcohol marketing through digital platforms and to vulnerable consumers. FARE will then address directly relevant recommendations within the preliminary report.

Recommendations

The Foundation for Alcohol Research and Education (FARE) recommends the following

Overarching principles

- 1. That the ACCC acknowledge that in regulating digital platforms consideration must be given to the protection of children and the ability of children to safely use digital platforms.
- 2. That all media formats, including digital platforms, should be regulated through a strong legislative framework that protects vulnerable groups such as children from alcohol marketing. Consideration should be given to banning alcohol advertising entirely from some media formats, such as online.

Media regulatory framework

- 3. That the terms of reference for the proposed media regulatory framework review:
 - a. specifically include the regulation of advertising and marketing, in particular the marketing of health harming products like alcohol;
 - b. acknowledge consumer rights and recognises consumers' legitimate interests in the regulation of unhealthy commodity marketing;
 - c. acknowledge that children and other vulnerable groups have a right to use the internet safely;
 - d. request recommendations on the best ways to regulate to ensure that vulnerable groups, including children, are not exposed to alcohol marketing; and
 - e. include consideration of monitoring and compliance.
- 4. That the ACCC make it clear that the review is not intended to delay regulatory actions taken to protect vulnerable groups from alcohol marketing.
- 5. That a review into alcohol advertising and the current self-regulatory framework be undertaken in advance of, or concurrently with, the media regulatory framework review.

Use and collection of consumer data

- 6. Recognising the importance of privacy to children, children should not be tracked and their data should not be collected and stored.
- 7. That consumers should be able to request erasure of past data, and in particular any data that might suggest vulnerabilities either to marketing or unhealthy commodities.

Advertising and related business oversight

- 8. That a regulatory authority be established and tasked with monitoring digital platforms and digital marketing. The authority must be independent, transparent and have statutory powers.
- 9. That data concerning the targeting, ranking, content, expenditure, and audience of alcohol advertisements be submitted to the independent regulatory authority for analysis, monitoring and compliance.

Prohibition against unfair practices

10. That any prohibition on unfair practices encompass the unconscionable behaviour by advertisers, digital platforms or others in targeting vulnerable consumers.

Consumer-facing ombudsman

11. That a consumer-facing digital platforms ombudsman should be established, whose role includes handling and investigation of consumer complaints.

Media literacy

12. That the Australian Communications and Media Authority (ACMA) be tasked to conduct a broad campaign on media literacy, combined with educational approaches to teach children how to identify marketing content and its intention.

Part One: The case for regulation of alcohol advertising

1.1 The effects of alcohol advertising

Alcohol is one of the most heavily promoted products in the world. Yet it is also one of the most harmful, contributing to more than 200 disease and injury conditions and causing nearly 6000 deaths in Australia every year.^{5, 6}

Alcohol is no ordinary commodity. It is one of the leading contributors to death and disability across the country and hinders Australia's progress in achieving 13 of 17 of the United Nations (UN) Sustainable Development Goals (SDGs). ^{7,8} Alcohol is an addictive, carcinogenic, health harming product. The marketing and sale of alcohol must be appropriately and effectively regulated to mitigate and eliminate the harm it causes.

The primary purpose of alcohol advertising is to increase sales, thereby increasing the amount of alcohol consumed either by more people or in greater amounts by existing drinkers. Evidence shows that the alcohol industry is dependent on Australia's heaviest drinkers, with 75 per cent of all alcohol sold being consumed by only 20 per cent of people aged 14 and over – Australia's 'super consumers'. Additionally, nearly half of Australians (42 per cent) are drinking at risky levels. The entire premise of alcohol advertising is contrary to community health standards. Vulnerable groups, including children and dependent drinkers, are the object of direct marketing strategies to promote alcohol.

Numerous international and government strategies and recommendations provide evidence-based policies designed to address the issues of alcohol marketing. These include recommendations from the WHO and the Australian National Preventative Health Agency. 12,13,14 FARE is not alone in its call for better regulation of alcohol marketing — the Australian Medical Association (AMA), the Royal Australasian College of Physicians (RACP), the Royal Australian and New Zealand College of Psychiatrists (RANZCP), and other public health groups have long been calling for better restrictions. 15,16

1.2 Digital platforms and alcohol advertising

The emergence and growth of digital and social media has created new and lucrative opportunities for marketers of unhealthy commodities such as alcohol. Digital platforms offer several advantages to marketers. As well as being cheaper than traditional media, they enable targeted marketing, promote user generated content, are harder to monitor (not everyone sees the same content and there are no public reporting requirements), and lack the regulatory safeguards afforded to other forms of media.¹⁷

"We tend to focus on Instagram because of broad reach, potential for engagement and sharing, research capabilities and media buying efficiencies. Instagram is a better platform for our very visual marketing style for our brands and cocktails and for the sharing of cocktail recipes, which is a very important brand-consumption lever."

Dave Karraker, Vice President of marketing, Campari¹⁸

"Our target demographic is older Millennials who use social media to express themselves and communicate with their friends. Although our target spends a significant portion of their time online, we don't believe in real time—and sometimes invasive—marketing, we believe in right time marketing... Millennial consumers love to have a voice. Crowd-sourcing content gives them this voice and involves them throughout the creative process with our brand, directly."

Christine Ngo, Marketing Director, Moet & Chandon¹⁹

Digital platforms provide opportunities for greater interactivity and engagement. A literature review in 2016 noted the ways alcohol brands leverage these advantages:²⁰

- interviews with celebrities;
- free downloads of music, pictures and messaging accessories;
- notices of parties, and competitions for tickets to enter party events;
- notices of events (sports, music);
- free downloadable apps for entertainment, games, hangover advice, alcohol intake monitoring and local retailer location;
- free downloadable widgets to aid invitations to parties via smartphones;
- opportunities to upload messages and photos to the brand website or Facebook page;
- opportunities to purchase branded merchandise and collectables;
- opportunities to purchase alcohol for direct delivery;
- competitions for user-generated videos, cocktail recipes, apps and games;
- tacit approval for unofficial brand-promoting Facebook pages (some brands have more than 50 of these); and
- social media being used by local alcohol outlets, bars and pubs to encourage clients' messaging and photo-sharing.

We know that these and other forms of alcohol marketing are increasingly used online. However, a lack of transparency and data limits research on which groups are targeted and the ways they are enticed. It is equally difficult to stay abreast of digital platforms' policies regarding privacy, targeting and advertising.

As recently stated by ACCC Chair Rod Sims,

"Virtually no media regulation applies to digital platforms and this contributes to regulatory disparity between media sectors that would appear to provide the digital platforms with an unfair advantage in attracting advertising expenditure because they operate under fewer regulatory constraints and have lower regulatory compliance costs." ²¹

This highlights the way in which advertisers deliberately choose unregulated platforms to advertise their products. In the case of alcohol companies, they intentionally chose to market their addictive

and harmful products online where they have better reach, better targeting and no regulatory oversight if vulnerable groups are 'inadvertently' exposed to alcohol adverts.

Just like outdoor advertising, it is impossible to control who views content online. The advertising industry has described outdoor advertising as "always on, delivering messages 24 hours a day, seven days a week". ²² Online and outdoor digital content is interactive, eye-catching and cannot be switched off. The entire community is exposed, including children.

Some countries already have bans on alcohol marketing and specifically online advertising, and others are in the process of introducing legislation. To comply with these laws, Facebook and Google policies now prevent alcohol advertisements targeted to Norway, Estonia, Finland, the United Arab Emirates and any other country prohibiting alcohol advertisements.²³ Many countries, including Australia, ban tobacco advertising through any medium. This sets a precedent for Australia to follow, and prioritise the health and wellbeing of Australians by prohibiting online alcohol advertising.

1.3 Vulnerable groups

A 2016 literature review analysing a number of subsets of the population with a particular vulnerability, concluded that two subgroups – children and adolescents, and alcoholics and heavy drinkers – were especially vulnerable to alcohol advertising and alcohol harm. There was insufficient evidence to conclude whether women at risk of an alcohol-exposed pregnancy, people with attention-seeking and impulsive traits, and the adult children of alcoholics were particularly vulnerable to alcohol advertisements. More study is needed in these areas.²⁴ Regardless, it would be unconscionable for alcohol companies to serve these vulnerable groups advertisements designed to encourage alcohol consumption. These groups are prone to severe alcohol harm, including the risks of lifelong disability for children exposed to alcohol before birth.

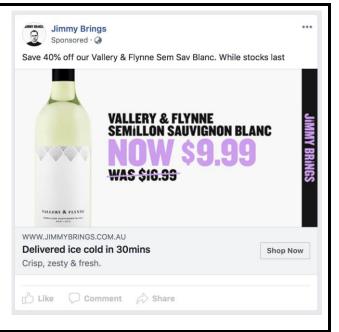
Care must also be taken when dealing with situationally vulnerable people. People who are suffering from adverse situations, such as loss of a loved one, financial stress, family breakup, or unemployment, are particularly vulnerable to the effects of alcohol.

In Australia suicides and sudden or unnatural deaths involving alcohol (44.8 per cent and 77.6 per cent respectively) predominantly happen at night and in the home. ²⁵ We can surmise that alcohol advertising delivered to people in a vulnerable situation in their homes at these times may be of particular concern. Regulators should be concerned by the way that digital platforms facilitate the conversion of views and interactions into sales - just a few clicks and alcohol is delivered to your door within the hour.

Case study – Jimmy Brings Facebook advertisement

Jimmy Brings is a 30-minute home delivery service now available in most states and territories across Australia. There is a large body of evidence to show that increasing the availability – immediate delivery at the click of a button – and affordability of alcohol significantly increases alcohol harm. ^{26,27}

Neither the media regulatory framework, nor the liquor regulatory framework have been able to keep pace with emerging technologies and provide next to no protections for consumers.



1.4 Children

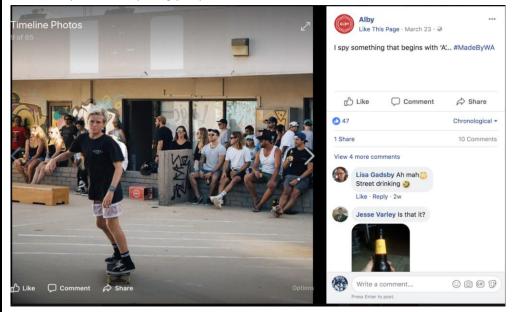
Evidence clearly shows that young people's exposure to alcohol marketing increases their alcohol consumption and increases their likelihood to commence drinking earlier. ^{28, 29, 30} Such evidence includes a systematic review of thirteen longitudinal studies that followed up a total of more than 38,000 young people over periods ranging from eight to 96 months, and revealed a dose-response relationship between the volume of exposure to advertising and alcohol consumption in young people.³¹

There is unequivocal evidence that children are significantly influenced by marketing and that they are increasingly targeted due to their influence on parents – the nag factor – and the long-term potential for building brand loyalty.³² Young Australians are exposed to an unprecedented amount of alcohol advertising. Young people are exposed to alcohol marketing through traditional media such as television, radio, newspapers, magazines and billboards, and also through the internet, including social media sites such as Facebook, YouTube and Twitter.³³

Children and young people spend an increasing proportion of their lives online, predominantly on mobile devices and most commonly using social media and video platforms and applications. A 2016 report from the Australian Communications and Media Authority (ACMA) found that 83 per cent of Australian teenagers are going online three or more times a day.³⁴ Despite digital platforms having age requirements, many children under the age of 13 regularly use Facebook, Snapchat and Instagram, and this issue is seen globally. ^{35,36}

Case study - Alby Beers

This marketing communication for Alby Beer on Instagram, which was removed for featuring a child after a May 2018 complaint, demonstrates the use of social media to grow a supportive and loyal community visible to young people. ³⁷



Recommendations

- 1. That the ACCC acknowledge that in regulating digital platforms consideration must be given to the protection of children and the ability of children to safely use digital platforms.
- That all media formats, including digital platforms, should be regulated through a strong legislative framework that protects vulnerable groups such as children from alcohol marketing. Consideration should be given to banning alcohol advertising entirely from some media formats, such as online.

Part Two: Responses to specific proposals

2.1 Media regulatory frameworks review (ACCC recommendation 6)

FARE welcomes the ACCC's recommendation that the Government conduct a separate, independent review to design a media regulatory framework that is comprehensive, promotes competition and protects consumers. The framing and terms of reference will be critical to ensuring that the review delivers relevant and workable solutions. This cannot be done in a segmented fashion.

FARE makes the following suggestions for the review:

Specifically include the regulation of advertising and marketing in the terms of reference

The regulatory disparities across media formats, outlined in the Preliminary Report, apply equally to marketing regulation. Yet, of the 21 government reviews and reports conducted into media laws and regulation in the past 15 years, only two have taken a focus on advertising (Appendix B of Preliminary Report). This is despite its primary importance in the business model of digital platforms and traditional media, the immense impact it has on consumers and the increasingly blurred line between content and advertising.

The current regulatory disparity across media formats can be seen in relation to alcohol advertising, which is regulated through a co- and self-regulatory system. With some exceptions, this system prohibits alcohol advertising during children's viewing hours on free to air television. ³⁸ However, the rules are different for subscription television, and there is no regulatory framework that restricts marketing on digital platforms or online.

The ACMA in its submission to the Digital Platforms Inquiry Issues Paper highlighted that consumers expect the same media regulation to apply to 'like-content' – for example that television content (including marketing) delivered via websites of television broadcasters will comply with the same regulatory standards that apply to traditional television broadcasts. ³⁹ The disparities in the regulatory framework that fail to protect consumers must be addressed as a matter of priority. As such we urge the ACCC to specifically request their inclusion in any review.

Focus on the protection of consumer rights and interests, including the rights of children and other vulnerable groups to use the internet safely

Alcohol advertising is regulated because it is recognised as dangerous. Alcohol advertising is no less damaging when consumed in an online environment. Indeed, the concerns outlined in Part One of this submission suggest that alcohol advertising delivered through digital platforms may be more dangerous to certain vulnerable groups.

As outlined above, certain groups are particularly vulnerable to alcohol advertising, including those with addiction issues and young people. Article 17 of the UN *Convention on the Rights of the Child* discusses the impact of "mass media" and encourages governments in "the development of appropriate guidelines for the protection of the child from information and material injurious to his or her well-being".⁴⁰ Protecting children from alcohol marketing, in order to reduce the risks and harms of alcohol use, is a matter of child rights.^{41,42}

Consumers have a legitimate interest in a safe and healthy environment, which includes their use of digital platforms. The review should be tasked with finding the optimal regulatory settings to protect consumers.

Ensure attention to monitoring and compliance

In order for regulation to work effectively, governance and enforcement must be independent, well-funded, and authoritative. Additionally, the scope of the regulation must be comprehensive. When regulating advertising care must be taken to avoid the exclusion of certain media formats, content types and placement methods. A framework with limited scope undermines the effectiveness and purpose of the legislation thereby preventing proper and effective enforcement and compliance.

Sanctions for breaches of the rules must be consistently and fairly applied, and penalties set at a level where compliance is incentivised. Most importantly, compliance must be actively monitored and reported. FARE has made some recommendations to improve both complaints resolution and data gathering at Section 2.2 and 2.5.

Recommendation

- 3. That the terms of reference for the proposed media regulatory framework review:
 - a. specifically include the regulation of advertising and marketing, in particular the marketing of health harming products like alcohol;
 - b. acknowledge consumer rights and recognises consumers' legitimate interests in the regulation of unhealthy commodity marketing;
 - c. acknowledge that children and other vulnerable groups have a right to use the internet safely;
 - d. request recommendations on the best ways to regulate to ensure that vulnerable groups, including children, are not exposed to alcohol marketing; and
 - e. include consideration of monitoring and compliance.

Timing and duration of the review

FARE acknowledges that a comprehensive media regulatory frameworks review will take considerable time and cover issues beyond the exposure of children to alcohol marketing. However, given the current unregulated environment and potential for harm, it is paramount that this review not halt any progress on additional regulatory protections.

A protracted and lengthy review converts to thousands of alcohol advertisements in a child's life. This review must not pose a barrier to urgent government action to improve the health of Australian children.

Recommendation

4. That the ACCC make it clear that the review is not intended to delay regulatory actions taken to protect vulnerable groups from alcohol marketing.

Conduct an additional review into alcohol marketing and the current self-regulatory framework

The regulation of alcohol advertising in Australia is a mix of co- and self-regulatory systems, more notable for its exceptions than its consistencies. Certain rules relating to content and placement of alcohol advertisements fall under the self-regulatory Alcohol Beverages Advertising (and Packaging) Code (ABAC). This self-regulatory system has been found to be ineffective, largely due to narrowly worded provisions, the exclusion of important forms of marketing, the lack of independence with the

adjudicator heavily represented by the alcohol industry, and the voluntary nature of the system.⁴³ Compliance, monitoring and enforcement are ongoing issues.

Australia is not unique in facing a system where already weak self-regulatory systems are failing in the face of new technology. The emergence of new marketing undermines existing regulatory frameworks across the globe. ⁴⁴ The current system cannot keep up with the pace of change, from new technologies and innovations through to the ever-changing policies of the platforms. So far, Australia has seemed powerless to, or uninterested in, stopping large platforms imposing inappropriate default global policies on its Australian consumers. One recent study concluded that "alcohol advertisements consistently violate the content guidelines of alcohol marketing self-regulatory codes and contain themes that could be considered inappropriate for children, adolescents and other vulnerable populations."⁴⁵

Case study – Instagram Influencer marketing

The emergence of Influencer marketing, converting a traditional celebrity endorsement into a modern day content-driven marketing campaign, is presenting a number of emerging consumer concerns including disclosure and identifying paid promotions from regular content. Age-gating controls are also ineffective with a number of Instagram posts featuring under 25-year-old Influencers promoting alcohol (current codes prevent the depiction of a person that is or appears to be under 25). The first image is an undisclosed sponsored post, which was removed after a Cancer Council Victoria complaint to ABAC on October 2018 on the grounds that the influencer was under 25 years old.⁴⁶ The second image features the same under-25 influencer and has not been removed from Instagram:⁴⁷



The limitations of a self-regulatory system reliant on individual consumers reporting inappropriate and dangerous content become more evident in a digital environment. Unlike broadcast television, where everyone sees the same advertisements that are generally grouped together and recognisable as advertising, digital platforms deliver personalised content to individuals in which the lines between what is advertising and what is user-generated content is often blurred. While there are rules in place, for example that sponsored content must be identified as such, there is no external monitoring to ensure compliance. With the current paucity of data, such monitoring would be challenging at best. Even if an advertisement is identifiable, consumers often don't know where to direct their complaint.

Complaints directed to the platforms often go ignored (see case study of Spotify's response below). In the face of the sheer volume of content created every day, individual complaints do not make a dent in advertising content, much of which is transient or deleted by the time a determination is made. FARE has made recommendations to improve both data and monitoring and the ability for consumers to raise their concerns in Sections 2.2 and 2.5. But this on its own will be insufficient to solve the problem.

Case study: User-generated content on Little Fat Lamb 'fan pages'

In 2018 Cancer Council Victoria complained to ABAC about inappropriate alcohol content and promotions on Facebook 'fan pages'. ⁴⁸ The complaints were dismissed because the pages "have not been generated by an alcohol marketer and accordingly it is not open to the Panel to make a determination on the substance of the complaint".



It is unclear what involvement

the alcohol company has with this page, although it is clear that they have taken no steps to have it removed, indicating tacit support of its use of social networks to encourage consumption of the alcohol. The current framework does not consider user-generated content as advertising, yet this content is integral to many companies marketing strategies.

Raise your hand if you have been personally victimized by vodka. Little Fat Lamb



There is strong community support for restrictions on alcohol advertisements, especially in order to protect children. 71 per cent of Australian adults support using legal controls to reduce children's exposure to alcohol promotion, with only six per cent opposed. 49

FARE notes that the media regulatory frameworks review will consider "determining appropriate roles for self-regulation and co-regulation". In the face of mounting evidence that the alcohol industry is incapable of dealing with the conflict of interest where its profits depend on unhealthy consumption it is clear that self-regulation is not appropriate.⁵⁰ These issues are too wide to be solely considered in the media frameworks review.

FARE urges that a review of the current self-regulatory system and whether it is fit for purpose be undertaken before, or in conjunction with, the proposed media regulatory frameworks review, in order to inform the review and to avoid a segmented approach.

Recommendation

5. That a review into alcohol advertising and the current self-regulatory framework be undertaken in advance of, or concurrently with, the media regulatory framework review.

2.2 Use and collection of consumer data (ACCC recommendation 8)

Targeted marketing to vulnerable consumers

FARE agrees with the issues set out in Chapter 5 of the *Preliminary Report*. There is a serious lack of regulatory protections for consumers interacting with digital platforms to support the introduction of measures to better protect consumers online.

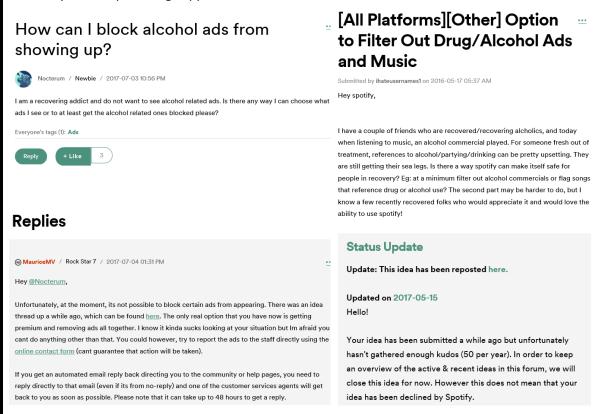
As outlined in Part One of this submission, some consumers, such as young people, and dependent and heavy drinkers, are particularly vulnerable to alcohol advertising. FARE is concerned that, as the *Preliminary Report* notes, "The extensive amount of data collected by digital platforms may include data that identifies (or infers) an individual's vulnerabilities... placing them at risk of being targeted with inappropriate products." ⁵¹

It is unconscionable to target vulnerable groups in order to push an addictive and dangerous commodity. Targeting alcohol advertising at those who frequently buy alcohol at risky levels or who are going through a relationship breakdown or job loss is unconscionable conduct, and against societal norms. While FARE does not imply that such targeting is currently occurring, FARE is concerned about the lack of legislative protections to stop alcohol companies directly targeting vulnerable people through digital platforms, or digital platforms deliberately or inadvertently targeting vulnerable people. An example of inadvertent targeting may be when someone who buys a lot of alcohol (because they are a dependent drinker) is served more and more alcohol ads because the algorithms have rightly identified the person as interested in that content.

We note that the digital platforms have policies in regards to advertising alcohol and other problematic substances. However these policies can be vague "Some types of alcohol-related ads are allowed if they meet the policies below, don't target minors, and target only countries that are explicitly allowed to show alcohol ads." It is unclear how proactively and comprehensively this is enforced. A brand may be restricted from directly targeting 16 year olds, but it is unclear if they could target fans of k-pop or DanTDM or other interests that have a large following of young people. Suggestions to improve transparency and data are discussed at Section 2.3 below.



Spotify users are seeking assistance on the Spotify Community Forum to remove or block alcohol advertisements directed to them due to their dependency issues. Spotify's response is that the issue has not gathered enough 'kudos' or is not widely felt among users of the platform and at this time they are not providing support to block alcohol ads.



Opt-in targeted advertising

As stated in the Preliminary Report, "The existing Australian regulatory framework over the collection, use and disclosure of user data and personal information does not effectively deter certain data practices that exploit the information asymmetries and bargaining power imbalances between digital platforms and consumers." The scope of this problem is hard to quantify, as there is very limited data available on exactly how and when people are targeted and who holds what data.

It is for this reason that FARE is supportive of an opt-in system for targeted advertising. This is a system that could be enacted immediately and provide consumers with greater authority over the use of their data. To be effective, it needs to cover the range of targeted advertising, giving consumers the ability to opt-in to different uses of data, such as location data, data from tracking cookies or personal information.

This would put the control back in the hands of the consumer and increase transparency. Current digital platform settings allow you to hide ad topics such as alcohol, but, consumers are often unaware of these opt-out tools and they are of questionable efficacy. Additionally, as highlighted in the following case study, this does not guarantee that you won't be targeted by alcohol advertisements or other related topics.

Case study – Facebook selective ad blocking service Facebook initiated a trial in September 2017, allowing users to hide certain ad topics either temporarily or permanently. This service is difficult to locate in your profile settings and not well known to consumers. Hide ad topics < **Alcohol** Hide ad topics ■ Alcohol Hide ads about these topics, either temporarily or Choose how long to hide ads about this topic for permanently. You may still see ads related to these topics, but we'll use your input to improve Hide for 6 months the ads you see. The number of ads you see won't Hide for 1 year > Alcohol Hide permanently Parenting Pets > Suggest other topics

Children, whose brains are still developing, should not be targeted by advertising of any form. They especially should not be targeted by unhealthy commodities such as alcohol and junk food. Children should be opted-out of targeted marketing automatically, and should not be able to opt-in, or be opted-in, under any circumstances until they reach adulthood.

Individual data collection

In addition to the issues outlined above, there are more general ethical concerns surrounding the collection of minors' personal data. Children, especially young children, do not have the capacity to understand and give informed consent to the collection and use of their data. As the preliminary report notes, even adults lack real and informed consent when it comes to surrendering their personal information in return for signing up for digital services. The current practice of digital platforms selling the use of children's personal information, which is then stored indefinitely, is morally repugnant. It also opens up scary possibilities that unethical marketers, who may be looking for certain traits in data that indicate whether young people will be particularly receptive or vulnerable to alcohol advertising, will be targeted when they reach the legal age of purchase.

Linkage of data across social networks is also concerning. We know that children of dependent drinkers are themselves more likely to suffer alcohol harm. This type of information should never be used, and as such arguably should not be collected. Similar concerns apply to other information categories, such as information that indicates if people have addiction problems.

FARE agrees with the proposals in recommendation 8, but is concerned that they do not go far enough. We note in particular that consideration is given to writing consents in simple language for children to understand. However, no matter how simple the language, a child cannot be expected to understand what they are consenting to, or to imagine the uses that this data might be put to in 20 years time. Consequently, FARE would be interested to see further analysis of online data collection, it use and protections of children's information, including an examination of other countries' efforts.

Additionally, consumers should be able to request the deletion of data. Acknowledging that often the people who would most benefit from data deletion are those who may be less aware and less able, any system in place to request deletion of data should be simple, accessible and cost effective.

A code of practice as described in recommendation 9 would help assist in transparency and industry accountability, although a code of practice is not enough to effectively protect children. Statutory regulations should extend to more than serious invasions of privacy (recommendation 10) and should encompass a range of inappropriate practices that concern the use and collection of children's data online. Meaningful sanctions and monetary penalties should also be imposed for code breaches.

Recommendations

- 6. Recognising the importance of privacy to children, children should not be tracked and their data should not be collected and stored.
- 7. That consumers should be able to request erasure of past data, and in particular any data that might suggest vulnerabilities either to marketing or unhealthy commodities.

2.3 Advertising and related business oversight (ACCC recommendation 4)

FARE supports the ACCC's recommendation 4 to task a regulatory authority to monitor, investigate and report on whether certain digital platforms are engaging in discriminatory conduct in relation to advertising. While this recommendation focuses on the business interests of digital platforms and advertisers, to be effective in practice the regulatory authority must also focus on consumer impacts.

Data collection and monitoring of industry behaviour

While we know that marketers of unhealthy commodities such as alcohol are increasingly using digital platforms to market alcohol and target children, the extent of such marketing is currently unknown. As such, any regulatory authority tasked with monitoring and reporting on digital platforms should not only report on advertisement ranking but also targeting and expenditure. In order to do this advertisers and digital platforms should be compelled to report data on alcohol advertising including the parameters of their advertising requests, spend, targeting, effectiveness and audience.

Scope exists for the data requested, collected and examined by the regulatory authority to be analysed to ensure that vulnerable people are not being exposed to or targeted by alcohol advertisements (or other unhealthy commodities). This would overcome problems identified with our current system. The self-regulatory framework that does not monitor compliance, but rather requires people to report offending advertisements, is not fit for purpose.

Establishing a regulatory body with statutory powers to investigate and report on the digital marketing activities of both digital platforms and advertisers will promote transparency and industry accountability. Such a regulatory body must be truly independent and provided with sufficient funding to enable it to effectively carry out its functions. While the bulk of the data would presumably not be made public, consumer trust would be bolstered by knowing that there is some transparency regarding the dark arts of advertising through digital platforms.

While we understand the rationale behind not publicly releasing detailed data provided by digital platforms, at a minimum, a regulatory authority should publish annual reports on high-level industry activity that make recommendations on dealing with both discriminatory and unconscionable conduct.

Recommendations

- 8. That a regulatory authority be established and tasked with monitoring digital platforms and digital marketing. The authority must be independent, transparent and have statutory powers.
- 9. That data concerning the targeting, ranking, content, expenditure, and audience of alcohol advertisements be submitted to the independent regulatory authority for analysis, monitoring and compliance.

2.4 Prohibition against unfair practices (area for further analysis 9)

FARE notes with interest the proposed prohibition against unfair practices, which would include unconscionable behaviour. As the *Preliminary Report* notes, unconscionable conduct "generally refers to conduct that is against good conscience by reference to the norms of society and that goes beyond mere unfairness."⁵⁵

While the focus in the proposal seems to be business-to-business, FARE has identified a number of behaviours in this submission that, if they were to occur, would be unconscionable. Conducts such as targeting children with alcohol advertisements or deliberately exposing a recovering dependent drinker to spirits ads at 9am, prey on inherent vulnerabilities for commercial gain and are against the norms of society. FARE would support further work in this area, which could be supported by the proposed ombudsman and regulatory authority.

Recommendation

10. That any prohibition on unfair practices encompass the unconscionable behaviour by advertisers, digital platforms or others in targeting vulnerable consumers.

2.5 Consumer-facing ombudsman (area for further analysis 4)

FARE supports area for further analysis 4 – a digital platforms ombudsman. As suggested, this ombudsman would deal with complaints about digital platforms from consumers, advertisers, media companies and other business users of digital platforms. We suggest such an ombudsman be consumer-facing so as to provide a useful point of contact, which would address the confusion of which content should be referred to which body that currently faces consumers. The ombudsman should have the ability to request proactive responses from digital platforms, so, for example, ensure that if a complaint about an underage influencer promoting alcohol is received and upheld, that account does not post further alcohol advertising while the influencer is too young.

As the ACMA stated in its submission to the issues paper "There is also a demonstrable expectation among audiences that: content will comply with some form of community standards; they will have access to advice about content; they will be able to complain when they consider that community standards have not been met. The importance of having access to effective avenues of complaint continues to have resonance in the online environment." ⁵⁶

However, we wish to make it clear that an ombudsman would be an additional support mechanism to an independent regulatory authority and should not replace such an authority.

Recommendation

11. That a consumer-facing digital platforms ombudsman should be established, whose role includes handling and investigation of consumer complaints.

2.6 Media literacy education (area for further analysis 2)

FARE supports the ACCC's proposed area for further analysis 2 – improve news literacy online – however, we wish to ensure the inclusion of broader media literacy issues, such as digital marketing.

Digital marketing content has developed in sophistication, now designed to be entertaining, immersive and engaging, thereby increasing the difficulties of distinguishing an advertisement by an adult consumer, let alone a child. As stated in a report from the World Health Organization, "The algorithms of the major platforms give preference to less overt, longer-viewed advertisements (ads), thus bypassing any media literacy children might have and amplifying the power of practices in traditional media."⁵⁷ An increasing use of native content, interactive games, influencers and other novel marketing techniques further blur the lines between content and advertising, and have proven to be highly attractive to young people.

Media literacy is a key skill that young people need to develop in order to be able to critically engage with media and the increasing barrage of marketing messages. Research on smoking prevention programs has suggested that higher rates of media literacy are associated with reduced rates of smoking among adolescents.

Recommendation

12. That the Australian Communications and Media Authority (ACMA) be tasked to conduct a broad campaign on media literacy, combined with educational approaches to teach children how to identify marketing content and its intention.

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PO BOX 19 DEAKIN WEST ACT 2600 02 6122 8600 | info@fare.org.au | www.fare.org.au