

THE LATEST AD TECH BILL WOULD MAKE ADVERTISING WORSE FOR SMALL BUSINESSES AND WEBSITES ALIKE

S. 1073 misunderstands digital advertising, where both advertisers and websites selling ad space have many choices, and simultaneously use competing providers.

The ad tech ecosystem:

HOW AD TECH WORKS

- Supply Side** Websites want to show ads to make money.
- Demand Side** Small and medium sized businesses want to use ads to reach more customers.
- The Role of Ad Tech** Ad tech enables businesses to advertise on websites—and websites to show ads—by providing the most useful and relevant ad at the right moment, without either needing sophisticated technology, benefiting consumers, websites, and advertisers.

AMERICAN BUSINESSES BENEFIT FROM COMPREHENSIVE AD TECH

Comprehensive ad tech services that provide everything needed to match a business' ad to a website's inventory offer significant benefits to both small websites and small businesses. (This involves matching the demand of advertisers with the supply of websites.)

Comprehensive ad tech makes it:

- **Easy for small publishers** to monetize their websites by showing ads from many advertisers and maximizing returns
- **Easy for small businesses** to achieve a high return on investment by reaching customers with ads across the web

COMPETITION IS FIERCE

Ad tech is a growing sector—so much so that publishers and new entrants are getting in on the action.

- Ad tech platforms are seeing great success, and publishers have entered the targeted advertising space themselves
- New entrants, like Walmart, are thriving, generating \$2.1 billion in revenue from its advertising business

CHOICE IS ABUNDANT

Advertising occurs across a wide range of mediums, which creates many choices for advertisers.

- Advertisers create competition by choosing between the variety of digital ad options and more traditional advertising options like print, broadcasting, and outdoor advertising
- **The average large publisher uses six different platforms, while the average smaller publisher uses four**, meaning advertisers have an abundant choice of providers and often use more than one

THE AD TECH ECOSYSTEM UNDER S. 1073



S. 1073 DISRUPTS THIS ECOSYSTEM AND RESULTS IN PERVERSE OUTCOMES WITH WORSE SERVICES AND LESS COMPETITION

The Latest Ad Tech Bill:

- Outlaws comprehensive ad tech services by successful companies, which erases benefits for small publishers and makes it harder for small businesses to grow
- Disincentivizes new entrants, like Walmart, Microsoft, and Disney, from expanding their ad businesses to create additional competition by preventing them from offering ad tech to small companies if their ad businesses reach a certain size
- Harms consumers with lower quality ads by making it harder to create personalized and targeted ads for each individual user