

EU's crackdown on teen privacy extends to Google

Article



The news: The **European Commission** requested information from **Google** regarding its practices in using minors' data for targeted advertising, per The Wall Street Journal. Having received a response, the commission is weighing next steps.

If Google is found to have used minors' data to target ads, it would be in violation of the **Digital Services Act** (DSA), a sweeping EU regulation on digital advertising and social media that restricts the ability to target minors, among other changes. **Companies violating the DSA can be fined up to 6% of global annual turnover**.

A global crackdown: The Commission has requested information or launched investigations into several Very Large Online Platforms (VLOPs)—a size designation in the DSA for platforms including <u>TikTok</u>, <u>Facebook and Instagram</u>, <u>Snap</u>, <u>X</u>, and others. Governments around the world are also wielding a heavier hand with digital platforms.

- The EU has focused intensely on VLOPs, leading the charge for stronger regulation of advertising, data practices, and addictive design. Australia took those efforts a step further earlier this month when it <u>banned minors under 16 from using social media</u> in one of the most aggressive changes yet—albeit one with unclear terms.
- The US has also ramped up social media and privacy regulation this year, advancing the <u>Kids</u>
 <u>Online Safety Act</u>. In the last two years, multiple states have <u>sued TikTok</u> and <u>Meta</u> over their impact on children—though the incoming Trump administration makes the future of those efforts uncertain.

How advertisers adapt: If platforms lose the ability to collect data from and target ads to minors, advertisers will experience significant signal loss when looking to reach young consumer demographics. That loss could cause marketers to shift budgets elsewhere and adjust strategies.

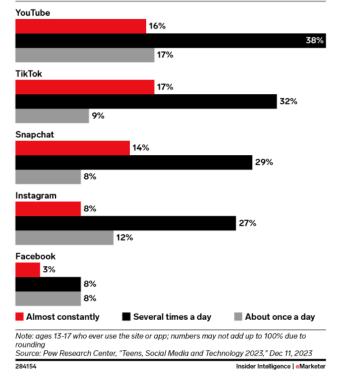
- Influencer marketing is likely to benefit from this signal loss as marketers can tap into creators that have built an audience of young users. Several platforms including TikTok, YouTube, and others are emphasizing shopping features and introducing avenues to connect advertisers with creators.
- Connected TV (CTV) would be another beneficiary, allowing precise targeting that is not yet subject to the same scrutiny that social media and other digital ad channels are facing.

Our take: As the global crackdown on social media and data privacy amps up, platforms are likely to put up significant resistance to changes. It could be years before any final decisions come down, but they have the potential to significantly alter marketing dynamics on the world's leading social media and advertising platforms.



Frequency With Which US Teens Use Select Social Media Platforms, Oct 2023

% of respondents in each group



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