

# White House's Big Tech reforms are a warning shot to the ad industry

Article

**The news:** The Biden administration has [announced](#) six principles for Big Tech reform, backing up bipartisan support for antitrust legislation targeting technology giants like **Meta** and **Amazon**.

Titled “**Enhancing Competition and Tech Platform Accountability**,” the reforms go beyond tech’s market power and focus on the use of data for advertising purposes, implicating the

digital advertising industry in regulators' renewed focus on data privacy.

**The reforms:** The suggested reforms seek to limit Big Tech's hold on key markets and restrain behavior like the [promotion of a company's own products](#) in search results, as well as to repeal parts of legislation that give tech platforms special protections for hosting [harmful content](#).

- The reforms also tackle data standards in the digital advertising industry, foreshadowing potential changes for the sector should they be included in legislation.
- One reform titled “**Provide robust federal protections for Americans' privacy**” calls for “clear limits on the ability to collect, use, transfer, and maintain our personal data, **including limits on targeted advertising.**” It calls for especially strict rules in regards to sensitive data like **geolocation** and **health information**, particularly reproductive health.
- The new principles come days after the Federal Trade Commission (FTC) [sued ad tech firm Kochava](#) for selling advertising data that could be used to determine individuals' location, shopping practices, and health decisions.

**Impact on the ad industry:** The FTC's suit against Kochava is part of a larger campaign reigning in what it's calling “[commercial surveillance](#),” suggesting that widely accepted digital advertising practices such as purchasing from data brokerages overstep their bounds.

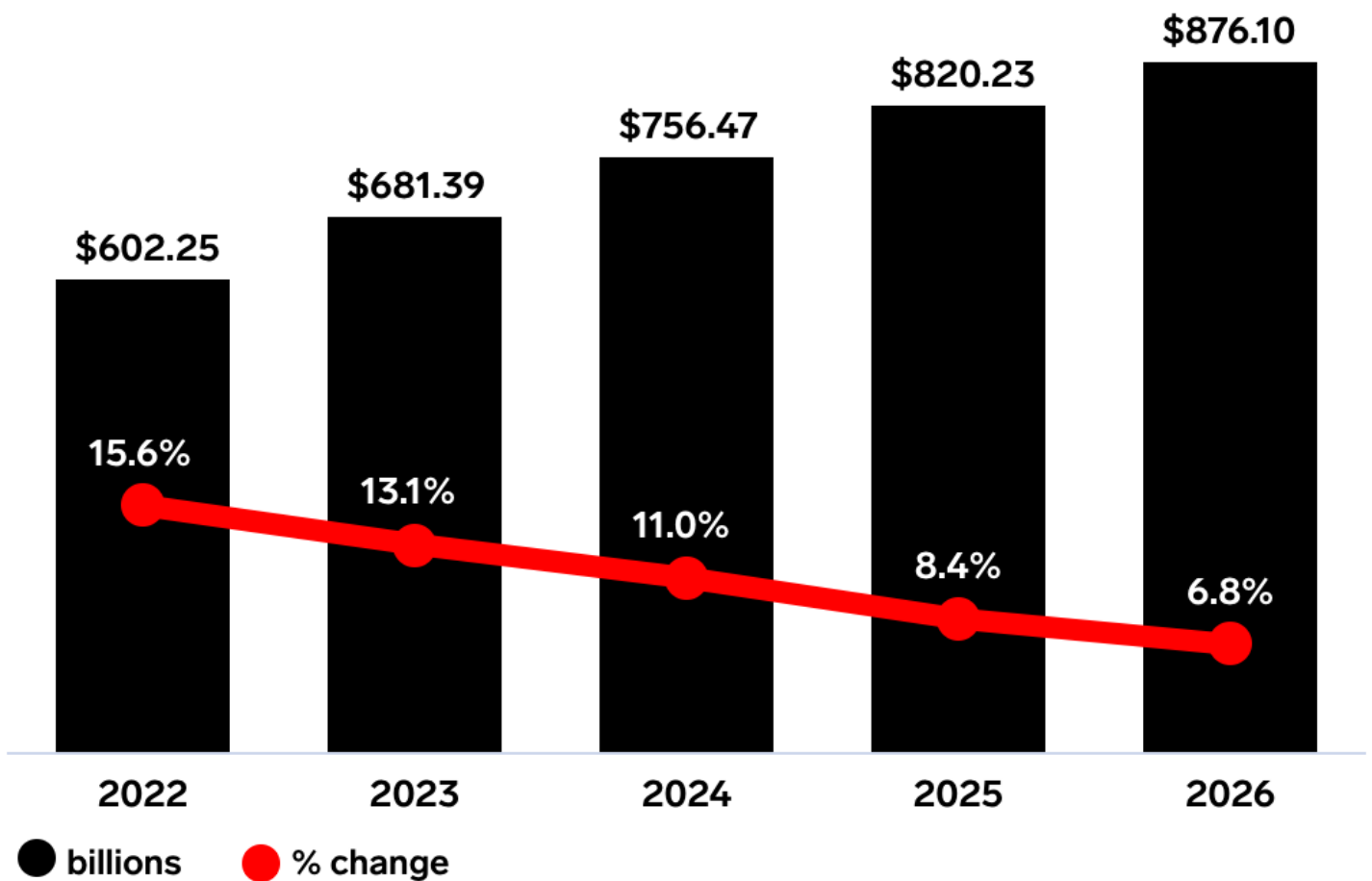
- Those practices came under extra scrutiny following the Supreme Court's decision in *Dobbs v. Jackson Women's Health Organization*, which put the power to decide the legality of abortion back in the hands of state governments. Since then, data from [brokerages](#) and [communications](#) on **Meta's** social media platforms have been used in high-profile incidents to pursue legal action against women seeking abortions.
- The FTC's singling out of Kochava was something of a shot across the bow at the ad industry, foreshadowing regulatory scrutiny that could force changes. Kochava called the suit a “fundamental misunderstanding of Kochava's data marketplace business and other data businesses,” arguing that it is no different from other firms in the industry.
- The wary eyes of regulators come during a period of industry transition. The removal of **Apple's Identifier for Advertisers** and introduction of its **AppTrackingTransparency** policy have sent shockwaves throughout the sector, affecting ad spending and Big Tech revenues.
- More changes are on the horizon with the phasing out of third-party cookies on **Google Chrome**, and no agreed-upon replacement for old standards has emerged.

**Looking forward:** Until a bill is revealed to the public, it's unclear how data privacy regulation will affect the advertising industry.

- Digital advertising is a **\$602 billion industry**, and it's only going to grow more dramatically over the next several years. Its sheer size and money-making potential may give the White House and Congress pause to shake things up too dramatically, especially given concerns about a potential recession.

## Digital Ad Spending

Worldwide, 2022-2026



Source: eMarketer, March 2022

eMarketer | InsiderIntelligence.com

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