

UK regulators explore which platforms qualify for restrictions under new law

Article

The news: The UK's **Competition Markets Authority (CMA)** said it will launch probes this month into three types of digital platforms under the **Digital Markets, Competition and**

Consumers Act (DMCCA), a sweeping regulation that took effect on January 1.

- The DMCCA allows the CMA to designate certain platforms or companies as having “strategic market status” (SMS), which would allow regulators to impose restrictions on their business.
- Platforms with the SMS designation could be prevented from promoting their products over competitors and using customer data to gain unfair advantages.
- Designation investigations will conclude in about nine months, the CMA said, and conduct guidelines will be drafted with industry input.

Restrictions coming: European regulators have increasingly cracked down on large platforms’ ability to promote their own products and use certain consumer data, and the UK is following suit.

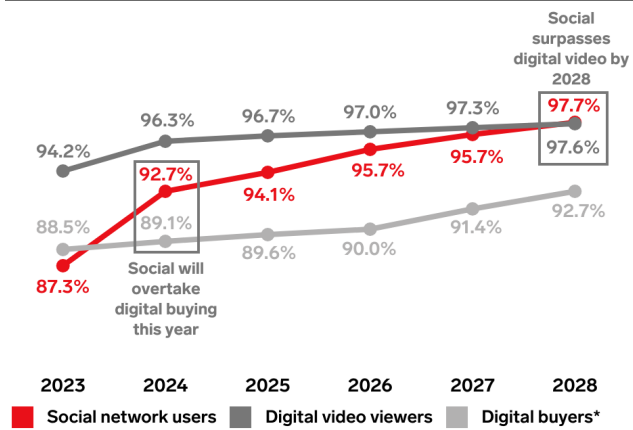
- In the EU, the **Digital Markets Act** and **Digital Services Act** have prompted investigations into **TikTok, Meta, and Google**, with the potential for fines of as much as 10% of their annual global revenues.
- Regulators have also restricted platforms’ ability to collect data from minors, limiting advertisers’ access to sought-after demographics.
- The UK’s DMCCA is likely to result in some similar restrictions, though industry input could soften the ultimate outcomes.

Our take: Companies aren’t facing any definitive action yet—the current probes are only seeking to properly designate platforms—but the DMCCA is another sign that the established ways of doing business online are changing.

- Restrictions on the ability to target minors with social media and search advertisements are likely to benefit spending in other sectors—like connected TVs—that have fewer regulations.
- Marketers are also increasingly focusing on first-party data to preempt the deprecation of third-party cookies on **Google Chrome** and other regulatory causes of signal loss.

Social Networking Is Becoming One of the Most Popular Pastimes Among Gen Z

UK social network users, digital video viewers, and digital buyers as % of Gen Z population, 2023-2028



Note: individuals born between 1997 and 2012 who use social networks via any device at least once per month, watch streaming or downloaded video content via any device at least once per month, or have made at least one purchase via any digital channel during the calendar year, including desktop/laptop, mobile, and tablet purchases; social network users forecast from April 2024; *ages 14+ (ages 12 and 13 not yet included in metric)

Source: EMARKETER Forecast, Oct 2024

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