

Date: 12. september 2019

Case: MTF/ 19/09812

Advertisement of an analysis of the market for online advertising in Denmark

**Danish Competition and
Consumer Authority**

1. Purpose

The Danish Competition and Consumer Authority (hereinafter referred to as “DCCA”) wants to carry out an analysis of the functioning of the market for online advertising in Denmark (“the assignment”).

The DCCA hereby invites interested suitable companies to submit offers for the solution of this assignment and an option.

2. Scope of the assignment

Background information

Ad sales revenue is an important part of the business model for many media companies, and online advertising represents an ever-increasing share of the overall market for advertising in Denmark.

In order to obtain a better understanding of the market for online advertising in Denmark, the DCCA wants to conduct an analysis of the market, including a descriptive analysis focusing on the functioning of the market.

The analysis may possibly form the basis for a subsequent analysis (sector inquiry) of the competition situation in the market. Such a subsequent analysis (sector inquiry) is expected to be conducted by the DCCA. Consequently, please note that this advertisement only relates to the preliminary analysis; cf. the description of the assignment below.

The DCCA is aware of the increased focus on the market for online advertising among authorities as well as companies in both Denmark and abroad. The DCCA therefore encourages all companies with expert knowledge in the field to submit a bid to solve the assignment.

The analysis must be completed no later than December 17 2019.

Description

The aim of the analysis is to analyze the functioning of the market for online advertising in Denmark. Among other things, the analysis must

include a description of *i)* the different types of advertising, *ii)* the value chain, *iii)* the relationship between the market players, *iv)* the role of digital platforms, *v)* the importance of two-/multi-sided markets, and *vi)* (online) advertising as a source of financing for media companies.

More specifically the analysis should answer the following questions:

General questions related to all types of advertising

1. How can the market for advertising in Denmark be described, which kinds of advertising exist (e.g. print, TV, radio, influencers, online, including display and search, etc.), and what are the overall characteristics and features of the different types of ads?
2. How has the revenue of different ad types developed in the past 10 years in Denmark? Did new types of ads emerge in the market? Has there been a change in the preference for different types of ads? Which market players had a significant influence in the market?
3. What are the advantages and disadvantages of different types of ads?
4. How do different types of ads interact? What are the advantages and disadvantages of using multiple ad types together? To what extent is multi homing applied in the ad market, and which ad types are used together?

General questions regarding online advertising

5. Which types of online advertising exist? What are the characteristics, similarities and differences between the different types of online advertising?
6. To what extent do different types of online ads play different roles and fulfill different aims? Which roles and aims are relevant for different stakeholders (including advertisers and their target/consumers)? What is the reasoning for using different types of online ads?

The value chain and trading within online advertising

7. How can the value chain be described for the market for online advertising in Denmark? The description shall include all levels in

the value chain, including advertisers, media agencies, intermediaries, digital platforms, media companies, publishers, consumers etc. Each of the major/important players in each of the levels of the value chain shall be described.

8. Which types of company ownership are typically seen across the different levels of the value chain in Denmark? Is cross-ownership or other ownership interests widespread (within and across the levels of the value chain)?
9. How has the revenue of different types of online advertising developed in Denmark in the past five years? Which factors have characterized the market development? Has there been entry or exit of companies (sellers of online advertising) on the market? Which types of sellers of online advertising have entered and exited in the past five years?
10. How are auctions, programmatic sales, personalized advertising and other forms of advertising used in the market? Describe the functioning of each of the concepts, including relevant mechanisms and the involved market players.
11. How are cookies and other data applied to target ads?
12. How are the prices of online ads determined? To what extent are mechanisms such as, e.g., cost per click, cost per viewer, fixed prices etc. used as charging mechanism?
13. How do advertisers act on the market, including with respect to their own behavior/actions on their own behalf and actions through media agencies? How is the process of purchasing ads in relation to the choice of advertising strategy and mix of different types of ads? What determines the advertising strategy, the mix of different types of ads and the ad space/platform? Which factors are important to consider when choosing strategy and platform? To what extent and how are targeted consumer groups used? The description and the answers to the questions above should be based on, among others, relevant cases and interviews with market players (advertisers, media agencies, etc.).

Questions about sellers of online advertising, platforms and the importance of two-/multi-sided markets

14. What are the differences and similarities across providers of online advertising space? To what extent are they present on multiple platforms (including offline channels)? Are they exposed to different/specific customer segments, do they apply different business models, and do they create/display the same type of content?
15. What role do digital platforms play on the market for online advertising? What are the differences and similarities between digital platforms and platforms in other markets with respect to advertising?
16. How do two-/multi-sided online advertising markets operate? Which strategies are chosen by the companies in two-/multi-sided markets involving online advertising? Describe the different possible sides of two-/multi-sided markets involving online advertising. What characterizes the competition on each side of the market?
17. Which role does online advertising play as a source for the funding of media companies (including for journalistic media companies)? Are some media companies/media types more exposed to/dependent on the development of the market for online advertising than others?

Literature survey

The analysis shall also include the following reviews of relevant literature, research and studies:

18. A review of the main conclusions of a study conducted by the Australian Competition & Consumer Commission (Appendix 2) as well as reviews of any other recent relevant studies with a similar focus. Which differences and similarities are there between the Australian and Danish market conditions? Finally, which importance – if any – does it have for the market conditions within online advertising being a small language area vs. a large language area?

19. A review of relevant studies, including especially economic and academic papers, dealing with the decisions and considerations of advertisers when deciding which type and/or platform (online, print, cinema, TV, radio etc.) to use. The studies may relate to the following topics: Which factors are relevant when an advertiser chooses ad type? What determines the advertiser's choice of ad type? Which factors are relevant in choosing an advertising strategy? Is advertising via different platforms substitutable or complementary from the point of view of the advertiser? What determines and influences the extent of multi homing, and which factors are relevant to consider for the advertiser?

- a. The literature survey should include a description of methods used in the studies as well as a description of the design of the studies. The literature survey should also include a description of the different sources and data used in the studies. The purpose of this part is to provide a basis for any similar subsequent analyzes.

20. A review of relevant studies, including especially economic and academic papers, dealing with the effectiveness of different ad types (online, print, cinema, TV, radio etc.). Which types are most effective and which types deliver the highest return on investment?

- a. The literature survey should include a description of methods used in the studies as well as a description of the design of the studies. The literature survey should also include a description of the different sources and data used in the studies. The purpose of this part is to provide a basis for any similar subsequent analyzes.

When answering the questions the tenderer is requested to include all relevant sources of data, e.g. public available statistics, databases as well as surveys and interviews with relevant market players.

Tables and graphs must support the answers in the report where appropriate.

The DCCA requires that the tenderer conducts sufficient investigations, including e.g. surveys and interviews, in order to be able to provide a complete and comprehensive description of the market for online advertising in Denmark.

Option

In addition to the analysis, the tenderer is required to submit an offer for an option of a delivery of one or more related analyses etc.

The framework for the option is relatively open as long as the product is innovative, useful and/or timesaving for the DCCA in a possible subsequent analysis (sector inquiry) of the competition situation in the market for online advertising.

Delimitation

The aim of the analysis is not to investigate how advertising affects consumers. The aim is neither to conduct assessments of effectiveness nor competition in the market.

The tenderer is requested to include all types of online advertising (e.g. display, search, targeted ads etc.) in the description of the market for online advertising in Denmark. The tenderer is also requested to include all different kinds of websites displaying/selling advertising, i.e. news media, social media, search engines, price comparison sites etc. in the analysis.

The framework for the option is quite open. It is a requirement that the product can be useful and/or timesaving for the DCCA in a possible subsequent analysis (sector inquiry) of the competition in the market for online advertising which the DCCA contemplates to carry out in 2020.

Deliveries

The analysis must be reported in the form of a report of an expected 75-100 pages. The report must explain the methods used, describe the results and be equipped with illustrative graphs and tables.

The report can be written in either Danish or English and prepared in a format that can be handed out to external stakeholders and published on the DCCA's website.¹

The tenderer must provide all questionnaires and discussion papers/question guides used in the investigations. The tenderer must also provide all underlying data stemming from the questionnaires and interviews. The data should be delivered in a suitable format (e.g. Excel).

The delivery format of the option depends on the exact product.

The descriptive analysis and any agreed options must be delivered to the DCCA no later than December 17, 2019.

¹ The DCCA has not yet decided whether the report will be published.

The role of the DCCA

The tenderer is required to prepare the analysis in close co-operation with the DCCA. The representatives of the DCCA will contribute with their knowledge of the area.

The DCCA expects to be involved on an ongoing basis and participate in the decision process of the design of surveys including selection of respondents, design of the questionnaires, framing of the interview questions etc.

During the process, at least two meetings will be scheduled with the DCCA. A start up meeting will be scheduled in the first week of the process. A status meeting will be scheduled around 6 weeks after the start up meeting.

Meetings with the DCCA can be held either at the premises of the DCCA or via video-/teleconference.

Any agreed options

The role and the involvement of the DCCA depends on the option proposed by the tenderer. However, the DCCA expects to be involved in the project on a necessary basis, i.e. in the decision processes regarding design of the project, the methods applied, scope etc.

Schedule

The schedule for the tender process and the expected start of the project can be found in section 6.

The tenderer must prepare an overall time plan for the project that respects the framework set by the DCCA.²

3. Personal data

The DCCA processes personal information in connection with obtaining offers, typically contact information for one or more employees of the tenderer. The General Data Protection Regulation grants rights to data subjects, and the DCCA's processing of personal data is described in the privacy notice at kfst.dk.

Together with the offer, the tenderer is requested to submit a declaration of notification of processing of personal data in connection with any offer, cf. Appendix 3. The declaration must be completed and signed by the tenderer.

² See also the award criterion in section 4.2.

4. Procedure

The contracting authority advertises the assignment in accordance with Title IV of the Danish Public Procurement Act, as the contracting authority has determined that this is a contract that has a certain cross-border interest.

The process for submitting offers is as described below.

4.1 Advertising material

The material that forms the basis for submission of offers consists of the following:

- Advertising conditions (this document)
- The contracting authority's draft contract, appendix 1
- Digital Platforms Inquiry, Australian Competition & Consumer Commission, July 2019, appendix 2
- Declaration of notification of personal data template, appendix 3

4.2 Submission of offers

The tenderer must prepare a written offer of a maximum of 8 pages.

The offer of the descriptive analysis must not exceed 5 pages (A4-format). The offer of the option must not exceed 2 pages (A4-format). Further, the tenderer is required to describe the qualifications of the allocated case team. The description of the qualifications must not exceed 1 page (A4-format).

Pages beyond the maximum number of pages will not be included in the evaluation. In the event that more than the specified number of pages are submitted, only the first 5 pages for the analysis, the first 2 pages for the option and the first page for the description of the qualifications will be taken into consideration.

The offer must include descriptions in relation to the award criteria stated below. The offer will subsequently be assessed according to these criteria.

The submitted pages constitutes the offer, and no supplementary material can be submitted.

Each tenderer can only submit one offer including the analysis and option.

The offer must be e-mailed to Peter Mouritzen on pmo@kfst.dk no later than September 26 2019 at 12 pm (UTC +2). Tender material received by the DCCA after this time will not be taken into consideration.

The tender material will be assessed based on the following award criteria.

Award criteria:

- Task solving / approach / method: On an overall level, the tenderer must describe thoroughly how the tenderer will approach the assignment analytically. The tenderer must describe how the questions in section 2 will be answered and which methods will be used when answering the questions. Positive value is added to the assessment to the extent that the description meets and expresses understanding of the needs described in the *Description* section. The tenderer is further encouraged to describe and specify the amount of surveys and interviews that will be carried out during the investigation. Positive value is added to the assessment to the extent that the tenderer is able to describe how the surveys can be used to answer the questions in section 2.
- Qualifications: The tenderer must shortly highlight the relevant professional qualifications as well as the relevant experience of the case team. Positive value is added to the assessment to the extent that the team responsible for solving the assignment has experience in solving similar assignments and/or possess expert knowledge about the market in Denmark or other countries. If the team responsible for the performance of the assignment includes or is supplemented by professors, researchers or others from academia, this will be weighted positively. Such people from academia do not necessarily have to be part of the case team.
- The option: The tenderer must describe a delivery of one or more related analyses etc. and how this (the option) is timesaving for the DCCA especially taking into account the possible future analysis (sector inquiry) of the competition situation in the market for online advertising in Denmark, which the DCCA contemplates to carry out in 2020. Positive value is added to the assessment to the extent that the description meets and expresses understanding of the needs described in the *Option* section. Further, positive value is added to the extent the option will be timesaving for the DCCA in a possible future analysis (sector inquiry).

- Time plan: The tenderer must present an overall time plan for implementation of the project, including a description of how and when the DCCA will be involved in the process. Positive value is added to the extent the time plan reserves sufficient time for involvement of the DCCA, data collection and preparation of the analyses.
- Price: The project has a budget of a maximum of EUR 100.000 excl. VAT, but including any expenses the tenderer has to cover in relation to solving the assignment. Of the EUR 100.000, a maximum of EUR 75.000 is allocated for the preparation of the main analysis, and a maximum of EUR 25.000 is allocated for the preparation of the option. The tenderer must give a fixed price for the main analysis, and a fixed price for the option. Positive value is added to the assessment the lower the total price of the analysis and the option are.

The offer-material and the material prepared as part of the assignment must be prepared in either English or Danish.

The tenderer must maintain their offer for three months after the deadline for offers.

The tenderer's costs associated with submitting the offer are irrelevant to the DCCA, even if the DCCA decides to cancel the advertisement without awarding a contract.

4.3 Negotiation

The DCCA reserves the right to negotiate on the bases of the offers received.

5. Evaluation of offers

After the deadline for offers, the content of the offers received will be evaluated. The tenderer to be awarded the contract is decided on the basis of the award criteria stated above.

There will be an overall assessment of the criteria stated above. The criteria must be regarded as being specified in order of priority.

All tenderers will be notified simultaneously, and as soon as possible, of the decision regarding the allocation of the assignment. The contracting authority intends to enter into the contract right after the decision on the allocation of the assignment.

5.1 Contract conclusion

The contract will be concluded on the basis of the draft contract in Appendix 1.

The contract sets out the obligations and rights that will apply between the parties in connection with the performance of the assignment covered by this advertisement. It should be noted that the basic terms of the draft contract cannot be changed.

The tenderer's standard terms will not form part of the contract basis.

6. Questions

Any questions about the material or process may be addressed by mail to Peter Mouritzen on pmo@kfst.dk no later than September 19 2019 at 12 pm (UTC+2). Questions received after this date will not receive an answer.

Both questions and answers will be uploaded in anonymized form on the following website: <https://www.kfst.dk/om-os/aktuelle-udbud/>.

7. Contact information

The contracting authority is:

The Danish Competition and Consumer Authority

Carl Jacobsens Vej 35
2500 Valby

Contact person: Peter Mouritzen, pmo@kfst.dk.

8. Timetable

The advertisement is expected to be completed according to the timetable below. It should be noted that the contracting authority reserves the right to make changes. Tenderers will be notified of major changes.

September 12 2019	Advertisement on udbud.dk
September 19 2019 at 12 pm (UTC+2)	Deadline for asking questions
September 26 2019 at 12 pm (UTC+2)	Deadline for submitting offers
Ultimo week 39 or primo week 40	Feedback is expected to be provided to bidders

Week 40	Contract signing and any kick-off meeting
---------	---

9. Appendix

Appendix 1: The contracting authority's draft contract

Appendix 2: Digital Platforms Inquiry, Australian Competition & Consumer Commission, July 2019.

Appendix 3: Declaration of notification of personal data template.