

15 September 2023

Feedback of

ACT | The App Association
(Transparency Reg. # 72029513877-54)
Rue de la Loi 23
1000 Brussels

to

the Directorate-General for Competition (DG-COMP)

regarding

the consultation on the template for the description of consumer profiling techniques and audit of such reports that designated gatekeepers will have to submit annually under Article 15 of the Digital Markets Act.

Introduction and statement of interest

ACT | The App Association (hereafter 'App Association') hereby submits comments to the Directorate-General for Competition (DG-COMP) in response to the consultation on the template for the description of consumer profiling techniques and audit of such reports that designated gatekeepers will have to submit annually under Article 15 of the Digital Markets Act ('DMA').

The App Association is a policy trade association for the small business technology developer community. Our members are small to medium-sized enterprises (SMEs) within the app ecosystem that engage with verticals in industries across the European Union (EU) and around the globe. We work with and for our members to promote a policy environment that rewards and inspires innovation while providing resources that help them raise capital, create jobs, and continue to build incredible technology.

While the App Association's members are unlikely to ever be considered gatekeepers, their success is closely linked to an SME-friendly implementation of the DMA. The purpose of this document is to share the perspective of our member companies to help the Commission ensure, as it implements and enforces the DMA, that SMEs can continue to thrive and innovate in the app ecosystem.

Privacy and transparency are crucial to preserve trust in app stores

We welcome the Commission's efforts in promoting transparency in user profiling in order to preserve the trust of end users. We commend the Commission for aiming to prevent overly invasive consumer profiling becoming the de facto industry standard and encouraging competitors to differentiate themselves through the use of superior privacy guarantees. We agree that it is important for gatekeepers to be transparent towards users about the information that is used to make decisions on what is offered.

Profiling can lead to important benefits, particularly for smaller app developers

With this in mind, we also want to highlight the benefits for small and medium app companies from certain profiling behaviours of app stores, namely in app recommendations, matching editorial content, and keyword-based search advertising.

Targeted app recommendations

Small and medium-sized app developers benefit from targeted app recommendations. Today, app stores are filled with a great number of different kinds of products. Larger apps can attract new users through the strength of their existing brand and through the network effects of their existing user base. Smaller apps rely on innovation and differentiation to build up their user base. Small app developers often gravitate towards niche app development that fills unexplored market gaps and opportunities. They identify specific needs or preferences that larger apps don't adequately fulfil. While this specialisation allows small developers to stand out in crowded app stores, opportunities for effective competition require access to a relevant dedicated user base. Smaller apps require app stores to use profiling techniques that can identify the users most likely to be interested in their specialized offerings.

Editorial content for relevant users

App stores play a crucial role in developing editorial content that shows the benefits of apps for specific users. Especially for more specialised apps, it is essential that this editorial content can be shown to the most relevant users. While articles that spotlight specific apps may cater to a small audience, it is important to recognise that a select group of readers may possess a profound level of interest and stands to gain immense value from the information presented. The apps featured in this content greatly benefit when app stores use profiling techniques to ensure they are shown to the appropriate target audience.

Keyword-based search advertising

Keyword-based search advertising is a powerful tool for small and medium app developers to reach new customers. Smaller app developers can efficiently increase the visibility of their apps using clearly marked, paid search ads that are shown to users searching for specific keywords. This enables precise targeting and cost-effective budget management for smaller businesses.

Conclusion

We support the Commission's objective to promote transparency in user profiling to continue to earn the trust of users. To foster a competitive environment for all participants of the app ecosystem, we ask the Commission to preserve the ability for app stores to match niche apps with specific customers, using measured and transparent profiling.

Thank you again for the opportunity to highlight our members' voices. We remain at your disposal for any further inquiries.

Sincerely,



Mike Sax
Founder and Chairperson

Borbála Szücs-Bártfai
EU Policy Associate