

Subject: Urgent appeal: Revisiting the impact of regulating data-driven advertising

As Entrepreneur organizations we are deeply invested in the growth and innovation of European startups and SMEs, we are writing to you with a renewed sense of urgency regarding the recent developments concerning data-driven advertising regulations.

In our previous communication, we outlined our concerns about the potential ramifications of restricting targeted advertising on the growth and competitiveness of startups across the Nordic region. We provided evidence [\(Link\)](#) demonstrating the critical role targeted advertising plays in the success of these businesses, highlighting its efficiency, cost-effectiveness, and pivotal role in reaching and engaging with the right audience.

However, recent statements from the European Data Protection Board (EDPB) expressing a preference for contextual advertising over personalized advertising have raised significant alarms within our community. While we acknowledge the importance of prioritizing user privacy and data protection, we believe that an outright ban or overly restrictive regulations on targeted advertising could have detrimental effects on the European startup ecosystem.

The EDPB's stance, as articulated in their recent statement, emphasizes the need for online platforms to provide individuals with equivalent alternatives to personalized advertising, free of charge. While we appreciate the intent behind this recommendation, we are deeply concerned about its potential impact on startups and SMEs, particularly in the Nordic region. It seems very clear from this that the EDPB is not the best institution to give guidance of what can create innovation, jobs and welfare in Europe. Their suggestion will do the opposite.

We believe that a blanket approach to regulating targeted advertising fails to consider the unique challenges and opportunities faced by startups in our region. Targeted advertising has proven to be a lifeline for these businesses, enabling them to validate ideas, reach critical mass, and compete on a global scale. Any restrictions on targeted advertising would not only impede their growth but also put them at a significant disadvantage compared to their global counterparts operating in less regulated environments.

Therefore, we urge you to reconsider the implications of pursuing such a course of action and to engage in a dialogue with stakeholders to find a more balanced approach. Rather than imposing bans or restrictions, we propose a collaborative effort to develop solutions that protect user privacy while preserving the ability of startups to leverage data-driven advertising for growth and innovation.

Specifically, we recommend:

- Collaboration: Invite startups to participate in policy discussions to develop solutions that foster, rather than stifle, European entrepreneurship.
- Clear regulations: Establish a clear and concise digital legislative framework that avoids overlaps with existing regulations while providing clarity for businesses.
- Cost-benefit analysis: Conduct a thorough evaluation of the potential costs and benefits of banning targeted advertising, considering the impact on small and medium-sized businesses. Such an analysis should not least consider the specific effects on growth and costs for startups and SMBs of moving into contextual ads such as the EDPB is suggesting. However, also worth considering how public authorities have often made efficient use of personalisation in their communication on for instance corona, energy-savings, recruiting, etc.

We call upon you to reconsider any plans to impose restrictions on targeted advertising and to work collaboratively with stakeholders to find solutions that promote responsible data use while safeguarding the interests of European startups and SMEs. Let us seize this opportunity to foster a thriving entrepreneurial ecosystem in the Nordic region and beyond.

Thank you for your attention to this matter. We remain committed to working together towards a positive outcome for all stakeholders involved.

On behalf of
Scandinavian startup Ecosystem

