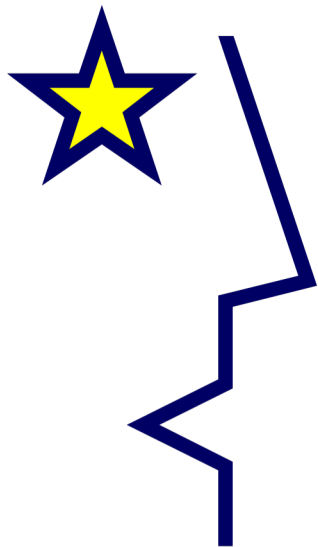




Economic Impact of Digital Ads for CEE Companies

October 2025



EPPP

European
Public Policy
Partnership

European Public Policy Partnership (EPPP)	3
Executive Summary	4
1. Background & Introduction	5
1.1 Privacy Concerns and the Push for Regulation.....	6
1.2 A Complex and Evolving Regulatory Landscape	7
1.3 The Political Debate: Do the Benefits Outweigh the Costs?	9
1.4 Rationale for This Report	10
2. Survey Methodology	12
3. Survey Findings	14
4. Recommendations for EU Policymakers	20
5. References	22

European Public Policy Partnership (EPPP)

The European Public Policy Partnership (EPPP) is a non-governmental think tank established in 1998 with offices in Bratislava and Brussels. For over 25 years, we have represented the interests of Central and Eastern European (CEE) businesses, amplifying their perspectives on how to improve the business environment so they can focus on what they do best: creating value for customers and contributing to prosperous, innovative economies that help bridge the gap between newer and older EU member states.

This paper was produced with support from our industry partners, who neither influence nor have veto power over our findings. We do not represent their individual positions and remain committed to our principles, even when they diverge.

Executive Summary

Personalised online advertising is an everyday operating tool for SMEs in Central and Eastern Europe. Within Europe's high-standards framework, firms in Slovakia, Czechia, Poland, Hungary, Lithuania and Croatia use targeting to reach likely customers, ration scarce budgets and iterate on what works. This study provides a region-specific read-out of how that works in practice and what would happen if personalization were curtailed.

The research is a quantitative online survey of SME owners and senior managers across six markets (N=2,092). Screening ensured decision-maker eligibility; non-advertisers answered a single attitude item, while advertisers completed the full questionnaire. Roughly five in ten respondents report current or past online advertising in markets with natural incidence; in Lithuania and Croatia, recruitment focused on active advertisers.

Our main findings show a strong consensus on the benefits of online advertising for SMEs. In every market, at least three-quarters of respondents can link – at least to some extent – online advertising with measurable business outcomes such as revenue growth or new customer acquisition. On top of that, over 90% of entrepreneurs and business decision-makers can link online ads to some benefits.

Most cited gains across the six markets include new customer acquisition ($\approx 66\%$), local reach ($\approx 43\%$), and higher sales ($\approx 34\%$). A vast majority ($\approx 90\%$) across the region is inclined to believe that showing ads to the right people (e.g., nearby or likely to be interested) can help grow their business. Only 4% (in Lithuania) to 15% (in Czechia) either disagree or are unsure.

In practice, most respondents use targeted or personalised advertising – from 76% in Czechia to 53% in Croatia – averaging around 67% across the region. About half report that at least a quarter of their revenue is driven by targeted online advertising, and over 80% across the region are inclined to say online advertising helps them compete with bigger or more established companies. And if targeting became illegal or too difficult, nearly half expect negative impacts on both their ability to find new customers and overall business performance.

Taken together, the evidence depicts a consistent causal chain in a high-standards regime: consent-based targeting lifts acquisition efficiency; privacy-preserving measurement enables iteration; the combination yields material revenue contributions, narrows gaps with larger competitors and opens doors to cross-border activity. For policymakers weighing further intervention, the findings argue for maintaining proportionate, consent-based personalization, harmonizing consent and tracking practices to reduce friction, and clarifying pathways for privacy-preserving measurement.

1. Background & Introduction

Digital advertising, especially personalised or targeted advertising, has become a cornerstone of the internet economy in Europe. It enables free access to online content and services for consumers, funded by advertising revenues, while giving businesses an efficient way to reach specific audiences.

In particular, personalised ads level the playing field for small and medium-sized enterprises (SMEs), enabling them to reach customers globally and compete with larger brands without the prohibitive costs of traditional marketing (Souta, 2025).

Through data-driven targeting and analytics, even a small local business can find niche customer segments, measure campaign performance in real time, and optimize strategies for growth. Recent comparable industry research by Weinstein (2025) underscores these benefits: **86% of EU small businesses attribute their revenue growth directly to personalised digital advertising**. Over three-quarters (76%) of surveyed European SMBs say targeted ads help them compete with bigger companies, and 73% report it would be *“impossible or difficult”* to find needed customers without personalised ads. These targeted campaigns often yield impressive returns; for example, one boutique travel startup in Germany generated €40 in revenue for every €1 spent on AI-driven personalised ads (Weinstein, 2025).

Consumers also derive value from personalization. Targeted ads can increase the relevance of advertisements people see, showing them products or services tailored to their interests. Importantly, ad-funded content means consumers enjoy many websites and apps at no monetary cost. Recent research by Kantar Media (2025) indicates that **most consumers appreciate the trade-off of free content in exchange for advertising** and worry about potential downsides if personalised ads were curtailed, such as more paywalls, reduced content quality, or less access to information.

In fact, when informed about how ads fund online services, a large majority of Europeans say they prefer the current model of free services supported by responsible personalised advertising. According to Kantar Media (2025), 80% of consumers say online ads can be useful and prefer fewer, more relevant ads. Furthermore, when consumers encounter an ad that is helpful to them, over 70% described this as a positive experience and over half agree that fewer personalised ads are less intrusive than many irrelevant ones.

Personalised ads are thus seen as benefiting all sides of the ecosystem: **advertisers** get higher return on ad spend – up to 50–75% more efficient than untargeted ads. **Publishers** earn more revenue (around 60% of publishers' online ad income comes from personalised ads), and **users** continue to receive free or lower-cost services (Bergeaud et al., 2025).

1.1 Privacy Concerns and the Push for Regulation

Despite its benefits, personalised advertising has raised persistent privacy and transparency concerns in Europe. By nature, targeted ads rely on collecting and processing personal data – from browsing behaviour and location to interests and demographics – to profile users and tailor ads. Regulators and privacy advocates argue that this “**surveillance advertising**” model can put users in a vulnerable position, especially if they do not fully understand what they are agreeing to by accepting tracking cookies or sharing personal data online. There is a fear that people are effectively being tracked across the web without meaningful consent, undermining their fundamental right to data protection. High-profile scandals like the *Cambridge Analytica* affair (where millions of Facebook profiles were harvested for political ad targeting) heightened these worries and illustrated how personal data could be misused to manipulate individuals. Beyond privacy, lawmakers have warned that micro-targeting techniques might be used to spread disinformation or exploit consumers' vulnerabilities (for example, targeting ads based on sensitive traits like health or political orientation). In short, the “**costs**” of personalised advertising are framed in terms of erosion of privacy, lack of user control, potential discrimination, and broader societal risks to fair competition and democracy (Lomas, 2021a).

European policymakers responded to these concerns over the past decade by strengthening the regulatory framework for data protection and online advertising. The landmark **General Data Protection Regulation (GDPR)**, in force since 2018, establishes strict rules for any processing of personal data, including for advertising. Under GDPR, companies must have a lawful basis to use personal data – in the context of targeted ads this typically means obtaining the user's informed, freely given consent, especially if sensitive data (e.g. political beliefs, health, ethnicity) is involved. Users have the right to know how their data is used and to change their preferences or withdraw consent at any time. In theory, GDPR gave Europeans robust control over personal information; in practice, it led to ubiquitous “cookie consent” banners as websites rushed to comply with consent requirements for tracking technologies (Burgess, 2020).

Additionally, the older **ePrivacy Directive** (often called the “Cookie Law”) specifically requires that any storage of or access to information on a user's device – which covers cookies and similar trackers – can only happen with prior consent, with a few narrow exceptions. This directive, dating back to 2002 (and amended in 2009), aimed to

protect privacy in electronic communications (Directive 2002/58/EC, 2009). However, in the age of complex adtech tracking, it has contributed to severe “*cookie fatigue*” – the overload of consent pop-ups that many users simply click through. Efforts to update and modernize these rules via a new **ePrivacy Regulation** repeatedly stalled. The European Commission ultimately **withdrew its 2017–2021 proposals to overhaul ePrivacy** after they failed to gain sufficient support (Souta, 2025). This left a patchwork of national implementations in place and some uncertainty about how to consistently balance privacy with an efficient digital advertising ecosystem. Notably, even without new legislation, privacy regulators have tightened interpretations: in 2023 the European Data Protection Board (EDPB) issued guidelines 2/2023 effectively requiring full GDPR-level consent for *all* forms of tracking technology – from cookies to pixels to device IDs – and even suggested that *contextual advertising* (ads based on the content of a page rather than user profiles) might require consent if any user data is accessed.

1.2 A Complex and Evolving Regulatory Landscape

Today, the regulation of digital advertising in Europe is **complex and fragmented**, spanning multiple laws and regulatory domains rather than one unified “Ad Law”. Companies involved in online advertising must navigate rules in **data protection law, consumer protection law, and competition law**, among others. Key components of the current landscape include:

- **Digital Services Act (DSA):** The DSA, which took effect in 2023–2024, is the EU’s new sweeping regulation for online platforms and services. Among its many provisions, it directly addresses online advertising practices. **Providers must ensure transparency in ads**, including clear labelling of advertisements and disclosure of the “main parameters” used to target an ad to a user (Regulation (EU) 2022/2065, 2022, including Articles 26 and 39). Crucially, the DSA **prohibits targeted advertising using certain sensitive personal data** such as information about a person’s sexual orientation, ethnicity, religion, etc. (Article 26). It also **bans targeting ads to minors** altogether when a platform is aware that the user is under 18 (Article 28). These rules reflect a political compromise: rather than banning personalised advertising outright (as some had urged), the EU opted to curtail the most intrusive profiling practices and protect vulnerable categories like children. The DSA’s advertising provisions require large online platforms to build new compliance systems, for example, allowing users to opt-out of profiling more easily and creating public repositories of the ads shown (including Articles 38, 39 and 40).

- **Digital Markets Act (DMA):** In force since 2023, the DMA targets the largest “gatekeeper” tech companies to ensure fair competition. While not focused on advertising per se, it carries a significant clause for personalised advertising: under Article 5(2), gatekeepers (like Google, Meta, etc.) **cannot combine personal data from different services for targeted advertising without user consent**. In practice, this means an ecosystem like Meta’s can’t automatically merge data from Facebook, Instagram, WhatsApp and third-party sources to profile users unless individuals explicitly opt-in. The DMA thus reinforces the idea that users should have a real choice over cross-platform tracking, aiming to prevent dominant firms from leveraging their multiple services for an omnipresent advertising profile on users (Regulation (EU) 2022/1925, 2022).
- **Political Advertising Regulation:** In response to concerns about election interference and microtargeting of voters, the EU in early 2024 passed a **Regulation on the Transparency and Targeting of Political Advertising**. While separate from commercial advertising rules, it adds to the overall landscape. This new law imposes strict transparency requirements on political ads and limits the targeting criteria that campaigns and platforms can use. For instance, political advertisers are banned from using sensitive personal data and will need consent for any targeting beyond very general criteria like broad location. The intent is to curb opaque microtargeting that could undermine democratic discourse. The political ads regulation illustrates the EU’s broader scepticism of targeted advertising when high democratic stakes are involved, and it complements the privacy-driven measures affecting commercial ads (Regulation (EU) 2024/900, 2024).
- **Consumer Protection and Fairness Initiatives:** European consumer protection law is also being marshalled to address digital advertising practices. Misleading or overly manipulative advertising can fall afoul of unfair commercial practices rules. The European Commission is currently consulting on a potential “**Digital Fairness Act**” (DFA) aimed at ensuring online consumers are treated fairly (Call for Evidence for an Impact Assessment, Digital Fairness Act, 2025). One mooted aspect of the DFA is tackling unfair personalization practices – for example, prohibiting the use of personal data in ways that exploit vulnerable consumers or lead to unjust price discrimination. While details are still in flux (the DFA is expected in Q3 2026), observers anticipate it could **impose new restrictions on personalised ads** and the data that can be used for targeting (Markeviciute, 2025). There are even discussions of a dedicated **Digital Advertising Act**, as hinted by industry watchers, which could consolidate or clarify rules specifically for advertising online (Souta, 2025). All these initiatives signal that EU policymakers continue to closely scrutinize the adtech sector.

Overall, the regulatory landscape is indeed “*congested*” and still shifting. Stakeholders must juggle a **patchwork of overlapping rules** – from privacy consents to platform accountability to consumer rights – which sometimes conflict or create uncertainty. For example, a small business using personalised ads must comply with GDPR consent requirements and cookie rules, ensure any sensitive-data targeting meets DSA limits, and prepare for upcoming changes under new laws. This complexity has prompted calls for simplification.

European leaders such as former ECB President Mario Draghi have urged regulators to “*deregulate and simplify*” in areas where rules may be stifling innovation, warning that overly high regulatory hurdles could drive tech investment away from Europe (European Commission, European Political Strategy Centre, 2025). Likewise, an **IAB Europe survey (Kantar Media, 2025) found consumers themselves are calling for clarity and consistent enforcement of existing laws**, rather than an ever-growing thicket of new rules.

1.3 The Political Debate: Do the Benefits Outweigh the Costs?

Amid this evolving landscape, a vigorous political debate is underway in Europe about whether the benefits of personalised advertising outweigh its perceived costs. **On one side of the debate, privacy advocates and some policymakers contend that the surveillance-based advertising model has gone too far.** They argue that no amount of self-regulation or tinkering can fully protect individuals when vast troves of personal data are collected for ad targeting. Europe’s top data protection watchdog (the European Data Protection Supervisor) bluntly recommended a “*phase-out leading to a prohibition of targeted advertising on the basis of pervasive tracking*”, citing the multitude of risks not only to individual rights but to society as a whole (Lomas, 2021a). Members of the European Parliament have echoed these sentiments; in 2021, the Parliament considered amendments to effectively ban behavioural ads, and a number of influential MEPs and civil society groups continue to call for an outright **ban on so-called “surveillance advertising.”** Their rationale is that no economic benefit justifies infringing on people’s privacy at scale – and that the internet advertising industry can thrive using less invasive methods (like contextual ads) that don’t rely on personal profiles (Lomas, 2021b).

On the other side, industry stakeholders, many businesses (especially SMEs), and other policymakers emphasize the significant benefits personalised advertising brings – and warn of unintended consequences if it is severely restricted or banned. They point out that Europe already has some of the world’s toughest privacy laws (GDPR and others) to mitigate abuses. Within this existing framework, personalised ads drive substantial economic value: estimates indicate that *personalised advertising generates around €100 billion in annual revenue for EU businesses*, contributing roughly €25 billion to EU GDP and supporting nearly 570,000

jobs as of 2023 (Bergeaud et al., 2025). Crucially, much of this value flows to smaller businesses and entrepreneurs. A recent study found about **€80 billion of the revenue uplift from personalised ads accrues to SMEs**, supporting over half a million jobs in that sector (Bergeaud et al., 2025).

The discussion continues, with the Commission considering additional measures, such as the proposed Digital Fairness Act, which could further limit personalization, if required. Meanwhile, voices urging caution remind lawmakers to consider Europe's competitiveness. In a global context where other regions (for example, the United States) have been relatively more laissez-faire with digital advertising, overly strict regulations in Europe could disadvantage European publishers, app developers and startups without delivering commensurate privacy gains. The **Draghi report** to the European Commission explicitly warned that excessive regulation is becoming “*a high hurdle for technology innovation*” in Europe and advocated a pro-growth approach (European Commission, EPSC, 2025). Thus, the debate is essentially a question of calibration: how to **protect individuals and society from the real risks of personalised advertising, without crippling the online economy that relies on it.**

1.4 Rationale for This Report

Given the dynamic regulatory environment and the polarized debate over personalised advertising, the purpose of this report is to bring **fresh, data-driven insights** to the table, focusing on **gathering unique Central and Eastern European regional perspectives and the on-the-ground experiences of businesses from Slovakia, Czechia, Poland, Hungary, Lithuania, and Croatia.**

The timing of this report is also important. Europe is at a crossroads in digital policy: major regulations like the DSA/DMA are revealing their real-world impacts, enforcement of GDPR in adtech is intensifying, and new proposals – mainly the Digital Fairness Act, which should be proposed by the Commission in the third quarter of 2026 – are on the horizon. Meanwhile, technologies are shifting (with third-party cookies being phased out and new AI tools emerging). This **confluence of regulatory and technological change** makes it crucial to take stock of where we stand. The extent to which personalised advertising warrants additional or alternative regulatory measures remains an open policy question, one that must be assessed through robust evidence. By providing up-to-date, region-specific data and highlighting **the voices of SMEs** who often get overlooked, this report will inform the ongoing political discourse.

This report builds on, and tests, findings from prior European research on personalised digital advertising. Its purpose is to validate those findings in a CEE context and to surface country-level differences that EU-wide averages often mask.

By replicating key questions with samples in Slovakia, Czechia, Poland, Hungary, Lithuania, and Croatia, we assess external validity and provide a regional read-out that is directly useful for policy and SME decision-making.

2. Survey Methodology

The study is a quantitative online survey of SMEs across six CEE markets: Slovakia, Czechia, Poland, Hungary, Lithuania, and Croatia. Respondents were business owners or senior managers involved in day-to-day operations and strategy. Two fieldwork vendors were used: one for Slovakia, Czechia, Poland, and Hungary. The other for Croatia and Lithuania.

Total completes per market (all respondents who reached at least one survey question):

- Slovakia: n=210
- Czechia: n=525
- Poland: n=300
- Hungary: n=450
- Lithuania: n=307
- Croatia: n=300
- Total: N=2,092

Screening was conducted in stages to ensure the sample comprised relevant SME decision-makers and to route respondents appropriately:

Stage 1 – employment background:

- Slovakia and Czechia:
 - Sole proprietor with no employees (freelancer)
 - Sole proprietor with 1–5 employees
 - Sole proprietor with 6 or more employees
 - Senior executive / company director
- Hungary and Poland:
 - Entrepreneur/employer
 - Freelancer/sole trader
- Lithuania and Croatia:
 - Freelancer/Solo Entrepreneur or Entrepreneur/Employer in managerial and higher position

Stage 2 – online advertising experience screen and routing:

All eligible respondents were asked: “Does your business currently advertise – or has it in the past advertised – online in any form (e.g. social media, search engines, websites)?”

Routing:

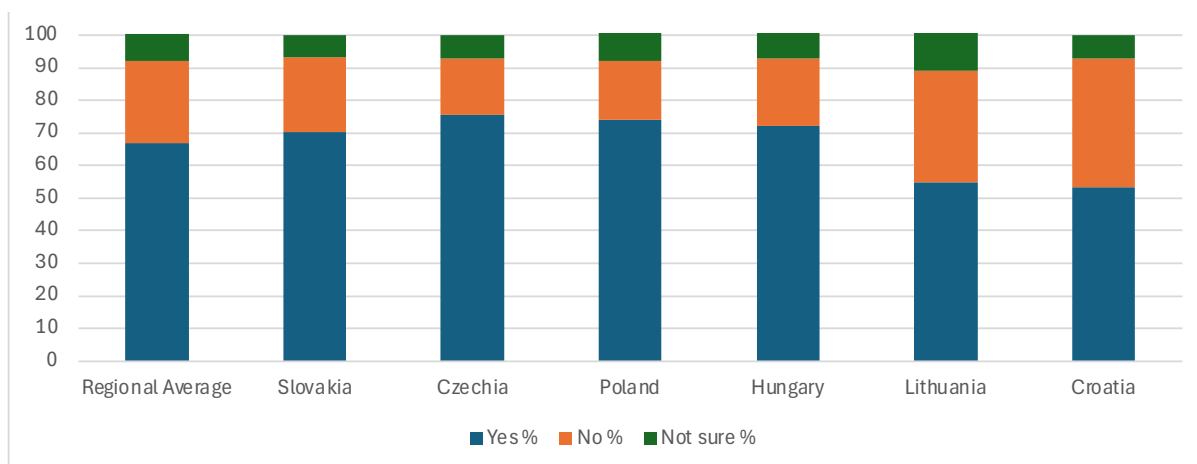
- If “Yes” – respondents were shown the full questionnaire.
- If “No” or “Not sure” – respondents were shown one attitudinal item only: “Do you believe that showing ads to the right people (such as people nearby, or people who might be interested) might help grow your business?”

3. Survey Findings

In a high-standards environment shaped by GDPR and the DSA, **SMEs in Central and Eastern Europe continue to use personalised advertising at scale because they view it as commercially necessary.** In a screening question, roughly five in ten respondents report current or past online advertising in markets with natural incidence; in Lithuania and Croatia, recruitment focused on active advertisers.

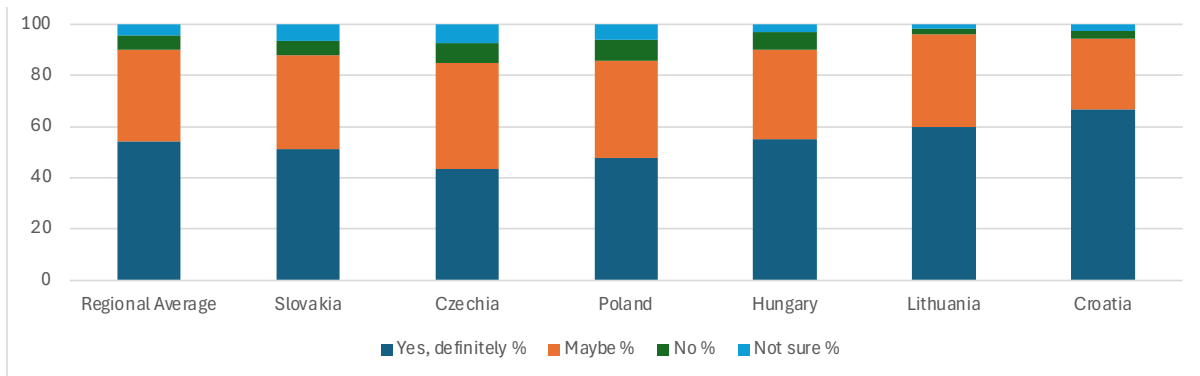
Among firms that advertise online, two-thirds (regional average ≈67%) say they – or someone on their team – choose who sees their ads by location, age or interests. This means that most respondents use targeted or personalised advertising. Country levels range from 76% in Czechia and 74% in Poland to 55% in Lithuania and 53% in Croatia, with Slovakia at 70%.

FIGURE 1 MOST RESPONDENTS USE TARGETED OR PERSONALISED ADVERTISING



Attitudes toward the underlying premise are consistent with this behaviour: **majorities in every country are inclined to believe that “showing ads to the right people” helps business growth**, while disagreement or uncertainty remains modest (≈4% in Lithuania up to ≈15% in Czechia). In other words, firms have internalized the policy shift toward consent-based, limited-profiling models and still find personalization worth the operational effort.

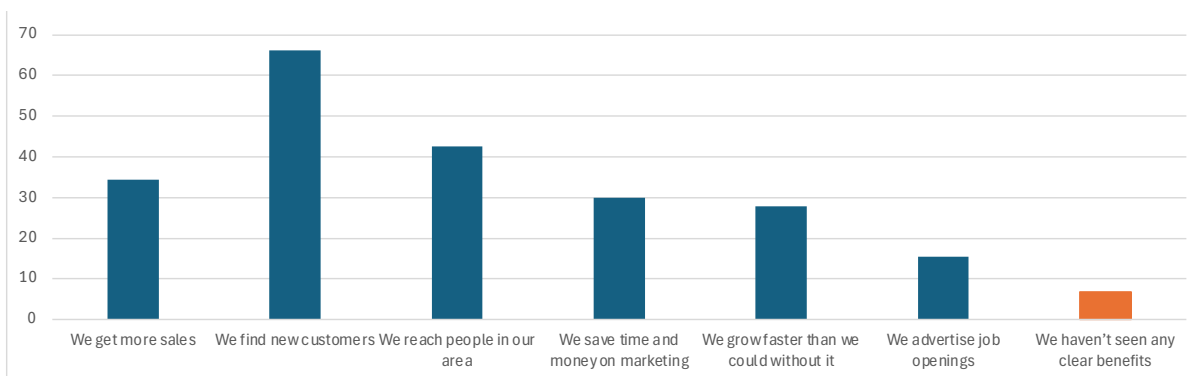
FIGURE 2 DO YOU BELIEVE THAT SHOWING ADS TO THE RIGHT PEOPLE (SUCH AS PEOPLE NEARBY, OR PEOPLE WHO MIGHT BE INTERESTED) MIGHT HELP GROW YOUR BUSINESS?



Most SMEs connect online advertising to outcomes that matter for viability. **Combining “yes, clearly” and “to some extent,” the regional average is ≈85% linking online ads to measurable results such as revenue growth or acquiring new customers;** Hungary is highest at 95% and Czechia the most cautious at ≈75%. Furthermore, on another multi-select question regarding benefits, the regional average of ≈93% of respondents was able to link online ads to some benefits.

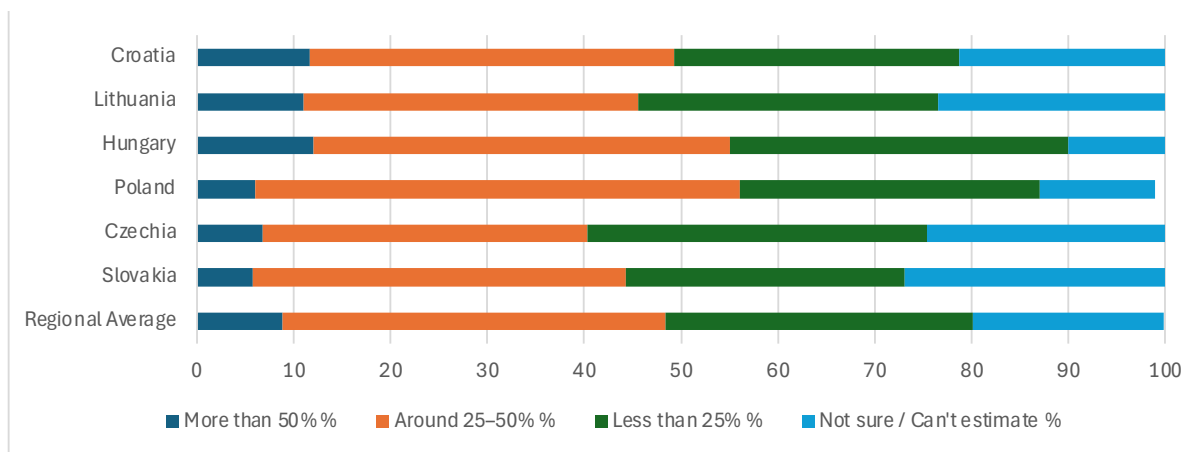
When asked about concrete benefits (multi-select), the modal story is growth at the top of the funnel. Finding new customers is most frequently cited (regional average ≈66%; 84% in Hungary; ≈61% in Slovakia and Czechia), followed by reaching people locally (≈43%; 49% in Poland; 48% in Slovakia) and, downstream, getting more sales (≈34%; 50% in Lithuania). Many also report saving time and money on marketing (≈30%) and growing faster than otherwise (≈28%). Only a small minority says they have seen no clear benefits (≈7%). These patterns are consistent with how smaller firms use platform tools under privacy constraints – to raise the efficiency of scarce budgets, capture incremental demand close to home and translate that demand into sales.

FIGURE 3 BENEFITS OF ONLINE ADS (REGIONAL AVERAGE)



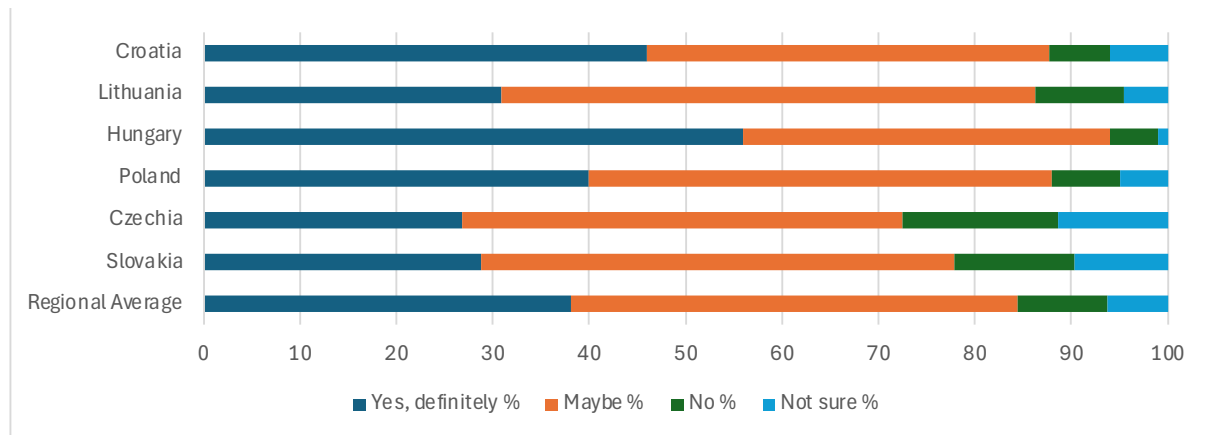
Revenue attribution shows that targeting is not a marginal tactic. **Nearly half of respondents (regional average ≈49%) estimate that at least a quarter of total revenue is driven by audience-targeted online ads** (the sum of “around 25–50%” and “more than 50%”). Country figures are ≈56% in Poland and 55% in Hungary, ≈49% in Croatia, ≈46% in Lithuania, ≈44% in Slovakia and ≈40% in Czechia. At the other end, ≈25–27% in Slovakia and Czechia are not sure how much revenue targeting drives, pointing to attribution gaps in those two markets. Put simply, for a large minority of SMEs the contribution from targeted ads sits in the main P&L rather than in experimental spend, which helps explain why respondents are sensitive to any change that would make targeting illegal or too difficult.

FIGURE 4 REVENUE DRIVEN BY TARGETED ONLINE ADVERTISING



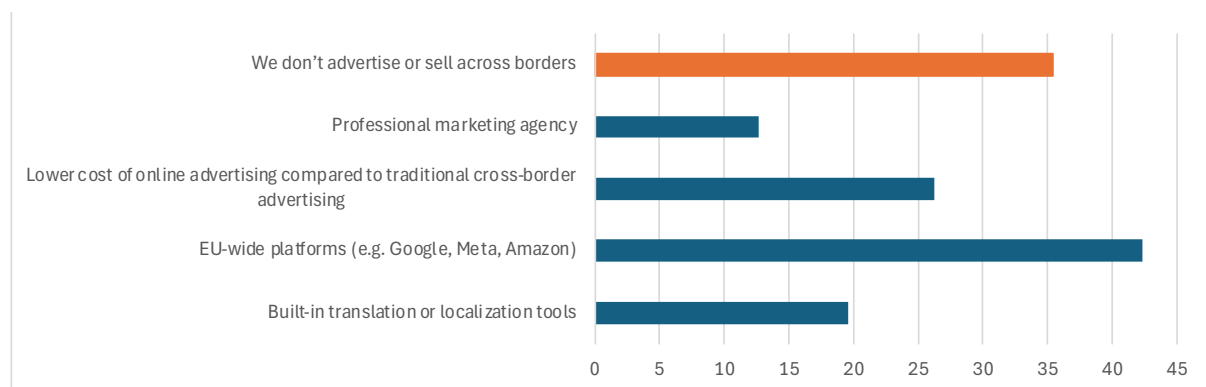
Competitiveness is the lens through which many describe these effects. Counting “yes, definitely” and “maybe,” ≈84% are inclined to say that online ads help them compete with larger or more established firms (94% in Hungary and 88% in Croatia; 73% in Czechia). A majority is also inclined to believe online advertising supports cross-border activity (regional average ≈70%; 86% in Hungary; 80% in Lithuania; 79% in Croatia). The Czech and Slovak markets are more locally oriented: ≈35% in Czechia and ≈26% in Slovakia say online ads do not support international expansion, and many report not advertising or selling abroad at all (≈59% in Czechia; ≈48% in Slovakia), versus lower shares in Poland and Hungary (≈31–32%) and much lower in Lithuania (≈18%) and Croatia (≈25%).

FIGURE 5 DO YOU BELIEVE THAT ONLINE ADVERTISING HELPS YOUR BUSINESS COMPETE WITH LARGER OR MORE ESTABLISHED COMPANIES?



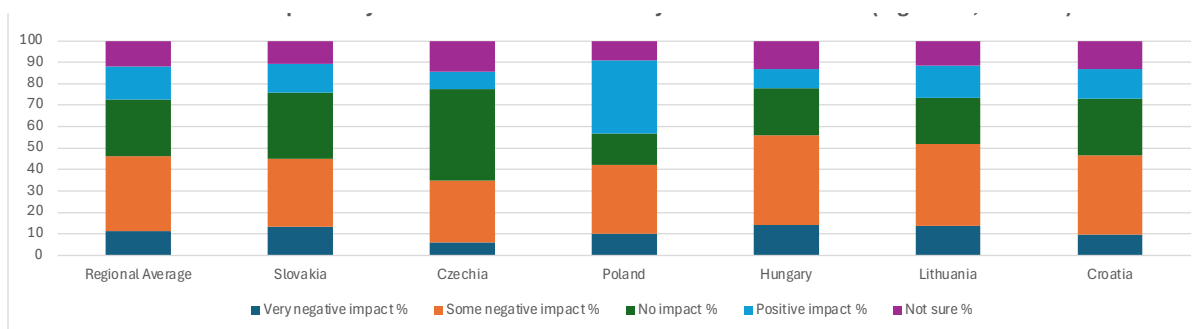
Where cross-border sales or advertising do occur, SMEs most often credit EU-wide platforms like Google, Meta, Amazon (regional average $\approx 42\%$) and the lower cost of online formats versus traditional cross-border channels (regional average $\approx 26\%$). Tracking of foreign-market outcomes is uneven: around one-third say they do not track any results from abroad; where tracking does occur, the most common metrics are the number of new customers from abroad, the number of new markets entered and growth in export revenue. This suggests scope to tighten measurement discipline without new tools.

FIGURE 6 WHAT MADE IT POSSIBLE FOR YOU TO ADVERTISE OR SELL ACROSS BORDERS? (REGIONAL AVERAGE)



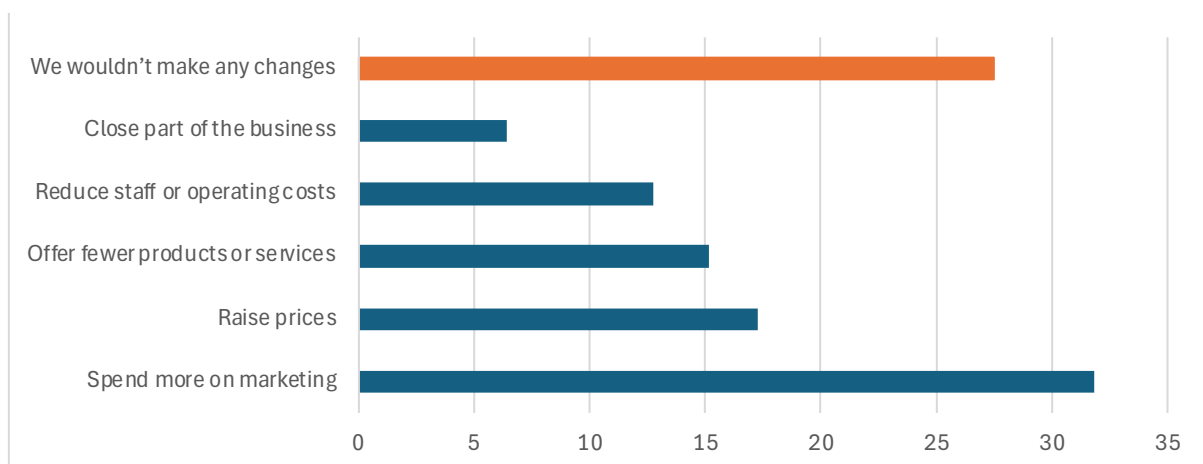
A counterfactual stress-test clarifies exposure. **If targeting became illegal or too difficult, $\approx 48\%$ expect a negative impact on their ability to find new customers and $\approx 46\%$ foresee a negative impact on overall performance (sales, revenue).** The expected hit is largest in Hungary ($\approx 60\%$ for acquisition; $\approx 56\%$ overall) and Lithuania ($\approx 54\%$ and $\approx 52\%$) and smallest in Czechia ($\approx 40\%$ and $\approx 35\%$).

FIGURE 7 IF IT BECAME ILLEGAL OR TOO DIFFICULT TO SHOW ADS BASED ON THINGS LIKE AGE, LOCATION, OR INTERESTS – WHAT KIND OF IMPACT DO YOU THINK THAT WOULD HAVE ON YOUR BUSINESS OVERALL (E.G. SALES, REVENUE)?



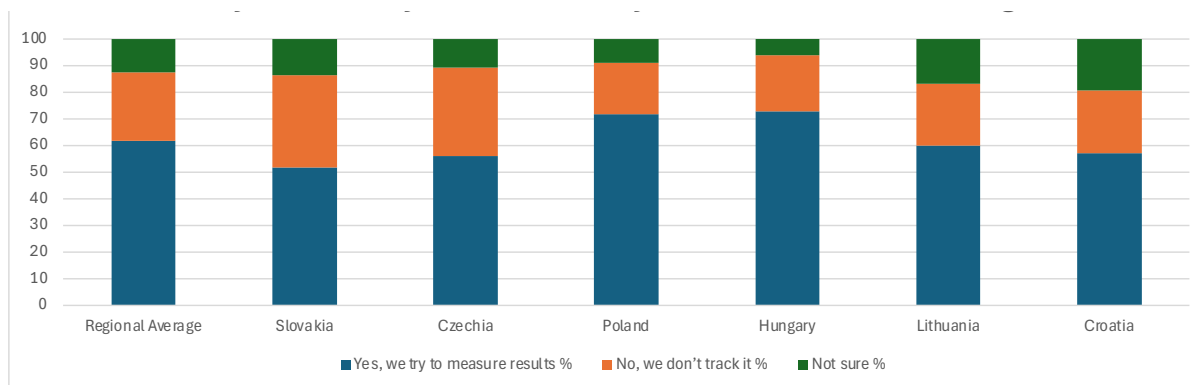
Adjustment plans are consistent with those expectations: the most common responses are to spend more on marketing ($\approx 32\%$), raise prices ($\approx 17\%$), offer fewer products or services ($\approx 15\%$) or reduce staff and operating costs ($\approx 13\%$); a minority would close part of the business ($\approx 6\%$). Around 27% wouldn't make any changes.

FIGURE 8 IF YOU COULD NO LONGER USE ADS TARGETED TO SPECIFIC PEOPLE, HOW WOULD YOUR BUSINESS ADJUST? (REGIONAL AVERAGE)



Measurement sits alongside targeting as the second operating lever. **A majority of SMEs (≈62%) say they try to measure how well their online ads are working**, though roughly one-quarter do not and ≈13% are unsure. Measurement maturity is highest in Poland and Hungary (≈72–73%) and lower in Slovakia, Czechia and Croatia (≈52–57%).

FIGURE 9 DO YOU CURRENTLY TRACK HOW WELL YOUR ONLINE ADS ARE WORKING?



When asked what would happen if they could not measure advertising performance at all, around 42–44% expect negative effects on campaign performance, on business results such as sales and growth, on the ability to test demand and on the speed of validating product–market fit. In practical terms, targeting improves reach efficiency while measurement manages risk – together they form the feedback loop that lets small firms redeploy spend toward what works within Europe’s privacy-compliant constraints.

Taken together, the findings depict a consistent causal chain that fits the European context described in the background. Under GDPR- and DSA-shaped constraints, SMEs use consent-based targeting to lift acquisition efficiency; measurement allows them to iterate and manage risk; the combination yields material revenue contributions, narrows gaps with larger competitors and opens doors to cross-border activity. The counterfactual responses indicate that tightening the personalization toolkit would impose real costs for many firms, especially in markets where revenue dependence is highest. For policymakers weighing benefits against perceived costs, this evidence gives texture to the debate: personalization, used within Europe’s rules, functions as a competitiveness tool for SMEs.

4. Recommendations for EU Policymakers

1. **Preserve proportionate, consent-based targeting – avoid blanket prohibitions**

The survey shows that two-thirds of advertising SMEs use audience targeting and nearly half attribute at least a quarter of revenue to it, while about one in two expects negative business impacts if targeting is curtailed. These findings argue for maintaining lawful, consent-based personalization rather than broad bans. The DSA already restricts sensitive-data targeting and ads to minors; enforcement should prioritize these high-risk areas while keeping proportionate options available for SMEs that rely on responsible, consent-driven targeting to compete and grow.

2. **Harmonize consent and tracking practices to reduce friction and fatigue**

Consent remains the cornerstone, but fragmented interpretations create compliance cost without improving outcomes. Provide EU-level, practical guidance on consent flows and withdrawal – including model UX patterns that avoid dark patterns – and promote interoperability of consent signals across platforms and browsers. A more uniform approach would lower compliance overhead for SMEs and improve user experience, addressing “banner fatigue” without undermining people’s choices.

3. **Enable privacy-preserving measurement so SMEs can manage risk**

A majority of SMEs measure ad performance; many expect negative effects if measurement is disabled. Publish clear guidance that privacy-preserving measurement – e.g., aggregated conversion reporting, on-device computation, differential privacy, and event-level data with strict thresholds – satisfies data-minimization and purpose-limitation principles. Encourage standardized, vendor-neutral APIs and disclosure requirements so smaller advertisers and publishers can evaluate effectiveness without resorting to invasive tracking.

4. **Apply an explicit SME test to all new rules affecting advertising**

Before adopting new obligations (e.g., under a Digital Fairness initiative), require an ex-ante SME impact assessment and a proportionate-regulation test. Where risks are substantial but concentrated, prefer targeted obligations over economy-wide restrictions. Introduce regulatory sandboxes so SMEs and publishers can trial compliant ad and measurement solutions under supervision. Commit to ex-post evaluation – including SME panels – to verify whether rules deliver intended benefits without unintended harm to competition or media sustainability.

5. Clarify the boundaries of “consent-or-pay” and monitor market effects

As platforms experiment with paid, ad-free tiers, provide practical criteria for genuine choice and non-coercion, consistent with data-protection law. Monitor whether these models disadvantage SMEs and smaller publishers – for example, by shrinking reachable audiences or shifting inventory toward walled gardens – and be prepared to adjust guidance if measurable harms to competition or media pluralism emerge.

6. Target enforcement where harm is highest and coordinate across regimes

Focus supervisory resources on sensitive-data misuse, minors, manipulative targeting, and unfair practices. Improve coordination between data protection, consumer protection and competition authorities so businesses face coherent expectations rather than conflicting signals. Publish joint opinions where rules intersect – for example, on acceptable uses of inference for ad relevance – to reduce uncertainty and enforcement divergence.

7. Adopt evidence-based guardrails and commit to iterative calibration

The survey indicates that restricting targeting would likely raise marketing costs and, for a non-trivial share of SMEs, trigger price increases, product reductions or cost cutting. Use this evidence to calibrate interventions: maintain strict bans where risks are clear (sensitive data, minors), require high transparency and easy opt-outs elsewhere, and measure real-world effects on SME acquisition costs, publisher revenues and consumer access to free content. Where impacts diverge by market or sector, prefer adjustable guidance over one-size-fits-all mandates.

8. Encourage first-party data stewardship and simple pathways to lawful use

Promote best practices for collecting, securing and using first-party data with consent – e.g., clear value exchanges, preference centres, short retention periods, and data minimization by design. First-party strategies can reduce reliance on cross-site tracking while preserving the ability of SMEs to reach interested customers and measure outcomes within a compliant framework.

Taken together, these steps would keep Europe’s guardrails strong where they matter most – protecting minors and sensitive data, deterring manipulative practices, and upholding user choice – while preserving proportionate, interoperable pathways for SMEs to reach customers and to measure what works. The survey evidence suggests that this balance is not only feasible but necessary: personalization, when used within Europe’s rules, functions as a competitiveness tool for smaller firms and a revenue engine for the media ecosystem that underpins free and diverse online content.

5. References

Bergeaud, A. et al. (2025) *Personal Touch: a €100 billion boost to EU competitiveness from personalised ads*, Implement Consulting Group. <https://cms.implementconsultinggroup.com/media/uploads/articles/2025/A-personal-touch/Personalised-advertising-in-the-EU.pdf>.

Burgess, M. (2020, May 28). We need to fix GDPR's biggest failure: broken cookie notices. *WIRED*. <https://www.wired.com/story/gdpr-cookie-consent-privacy/>.

Call for evidence for an impact assessment, Digital Fairness Act. (2025, July). European Commission, Have Your Say. https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14622-Digital-Fairness-Act_en.

European Commission (2025) *Digital Fairness Act – Initiative details*. Better Regulation Portal, European Commission. https://ec.europa.eu/info/law/better-regulation/have-your-say/initiatives/14622-Digital-Fairness-Act_en.

European Commission, European Political Strategy Centre (2025) *The future of European competitiveness. Part A, A competitiveness strategy for Europe*. Publications Office of the European Union. <https://data.europa.eu/doi/10.2872/9356120>.

European Data Protection Board (EDPB) (2024) *Guidelines 2/2023 on Technical Scope of Art. 5(3) of the ePrivacy Directive* (version 2.0, Final version, 16 October 2024). Brussels: European Data Protection Board. https://www.edpb.europa.eu/our-work-tools/our-documents/guidelines/guidelines-22023-technical-scope-art-53-eprivacy-directive_en.

European Union (2009) Directive 2002/58/EC of the European Parliament and of the Council of 12 July 2002 concerning the processing of personal data and the protection of privacy in the electronic communications sector (consolidated version). Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A02002L0058-20091219>.

European Union (2016) *Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data (General Data Protection Regulation)*. Official Journal of the European Union, L 119, 4 May, pp. 1–88.

European Union (2022) *Regulation (EU) 2022/1925 of the European Parliament and of the Council of 14 September 2022 on contestable and fair markets in the digital sector and amending Directives (EU) 2019/1937 and (EU) 2020/1828 (Digital Markets Act)*. Official Journal of the European Union, L 265, 12 October, pp. 1–66.

European Union (2022) *Regulation (EU) 2022/2065 of the European Parliament and of the Council of 19 October 2022 on a Single Market For Digital Services and amending Directive 2000/31/EC (Digital Services Act)*. Official Journal of the European Union, L 277, 27 October, pp. 1–102.

European Union (2024) *Regulation (EU) 2024/900 of the European Parliament and of the Council of 13 March 2024 on the transparency and targeting of political advertising*. Official Journal of the European Union, L (Series), 20 March.

Kantar Media (2025) *Optimisation over reform: Understanding EU consumers' perception and knowledge of the ad-funded internet and related privacy rights issues*. <https://iabeurope.eu/wp-content/uploads/IAB-Europe-Ad-Funding-Online-Services-Report-2025-FINAL.pdf>.

Lomas, N. (2021a) EU's top privacy regulator urges ban on surveillance-based ad targeting *TechCrunch*, 10 February. <https://techcrunch.com/2021/02/10/eus-top-privacy-regulator-urges-ban-on-surveillance-based-ad-targeting>.

Lomas, N. (2021b). Inside a European push to outlaw creepy ads. *TechCrunch*. <https://techcrunch.com/2021/10/21/inside-a-european-push-to-outlaw-creepy-ads/>.

Markeviciute, E. (2025) *EU's e-commerce toolbox, digital fairness; the case of personalized ads*. <https://eutechloop.com/personalized-ads-friend-or-foe-unwrapping-the-eus-digital-fairness-2/>.

Souta, P. (2025) *The future of ads regulation in the EU* | Clifford Chance. <https://www.cliffordchance.com/insights/resources/blogs/talking-tech/en/articles/2025/05/the-future-of-ads-regulation-in-the-eu-.html>.

Weinstein, D. (2025) Personalized advertising fuels growth and drives competitiveness for European businesses *Google*, 20 March. <https://blog.google/technology/ads/personalized-advertising-for-european-businesses/>.