

RESEARCH BRIEF: Behavioral Targeting - A Cause for Privacy Concern?

Online Targeting & Privacy

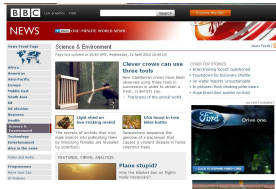
The web is a constantly changing and evolving environment. To remain up-to-date with the most current and emerging technology, the ad industry must also evolve on a consistent basis. Advertisers strive to reach consumers with the most relevant messaging during their online activities, therefore enhancing user experiences on the web. Advertisers are able to accomplish relevancy by utilizing numerous advanced targeting techniques.

One such technique is Behavioral Targeting (BT). Behavioral targeting is a technique used by online publishers and advertisers to increase the effectiveness of campaigns. BT uses anonymous information collected on an individual's web browsing behavior, such as the pages they have visited or the searches they have made, to select which advertisements to serve that individual. Practitioners believe this helps deliver relevant online advertisements to the users who are most likely to be influenced or take an action, thus lowering the frequency of non-relevant ads.

Advertisers and publishers are able to collect this data by using "cookies". A cookie is a small piece of information (i.e., program code) that is stored on a browser for the purpose of identifying that browser during audience activity and between visits or sessions. The data collected during a user's browsing experience is anonymous. Elements such as name, address and other personal data are unknown.



A cookie is dropped on a web user while viewing baseball scores on MLB.



Later in the user's browsing experience, they are served an ad for ESPN baseball while on BBC.com.

While cookies are not able to determine personal information, there are many ways that personal data (name, address, phone, etc.) is collected through the web: e.g., social media sites such as Facebook and MySpace, offline purchases, and companies where users have willingly given personal information. (59% of US internet users have a social network profile) - eMarketer, July 2009

EXAMPLE: When a guest leaves her coat with coat check, she is given #752 for her red plaid coat with gold buttons. Coat check only knows #752 corresponds with the red plaid coat with gold buttons. The guest's name, address, phone number, etc. are all unknown.



This common misconception and growing concern over privacy on the web has led advocacy groups to speak out regarding privacy protection for online consumers. These groups, while having a valid concern regarding online privacy, have taken aim at advertisers. The topic is currently under review by the U.S. Congress.

Current Legislation & Regulation

The United States has no legislation speaking to behavioral targeting and other targeting techniques utilized by online advertisers. Although there have been no laws enacted, the online advertising industry has framework in place to self-regulate digital advertising. These regulations put forth by the Interactive Advertising Bureau (IAB) and other established associations are followed by digital advertisers and publishers. By increasing transparency and improving data security and consumer awareness, the online industry continues to work toward effective self-regulation of online advertising practices.



Despite industry efforts to self-regulate online advertising, the FTC is continuously urged by consumer advocacy groups to develop more robust online privacy policies and practices. Industry associations are working to respond to consumer concerns by striving to clarify how online targeting is utilized.

Awareness Through Education

The IAB recently took the first major steps in addressing online advertising privacy concerns through consumer education. The IAB and the Network Advertising Initiative (NAI) worked together to present the first official ad specifications for behaviorally targeted ads, which provide information on specific targeting techniques. These efforts inform consumers and allow them to opt-out of certain types of targeting.

Privacy Matters

In December of 2009 the IAB launched a media display campaign dedicated to educating consumers on internet advertising and targeting, called Privacy Matters.



The Privacy Matters campaign utilized online banner ads in order to reach users across a wide variety of premium sites. The campaign directed users to a microsite, www.iab.net/privacymatters, where users can access resources to help them manage their own online privacy and understand how advertisers use online information to target customers.

Awareness Through Education (cont.)

CLEAR Ad Notice Technical Specifications

On April 14th 2010, IAB and NAI released new technical specifications for online campaigns employing behavioral targeting. The new specifications, called “CLEAR” (Control Links for Education and Advertising Responsibility) Ad Notice Technical Specifications, outline how networks and companies are targeting users through cookies. The banners consist of “metadata” which provides a user information about the ad itself. The information consists of which company served the banner, how advertisers targeted a user (such as through cookie and behavior data), and how to opt-out of behaviorally targeted ads in the future.



CLEAR icon appears in the upper right-hand corner of banner advertisement

When a user rolls over the icon, ad information is revealed such as advertiser, targeting technique and opt-out procedure

What the Future Holds for Advertisers & Consumers

Common misconceptions established advertising associations are working to combat:

- 46.3% of US internet users are not familiar with the term “behavioral targeting”
- 33% believe that if a company wants to follow your Internet use across multiple sites on the Internet, it must first obtain your permission
- 63% believe advertisers should be required to immediately delete information about their Internet activity—even if not requested



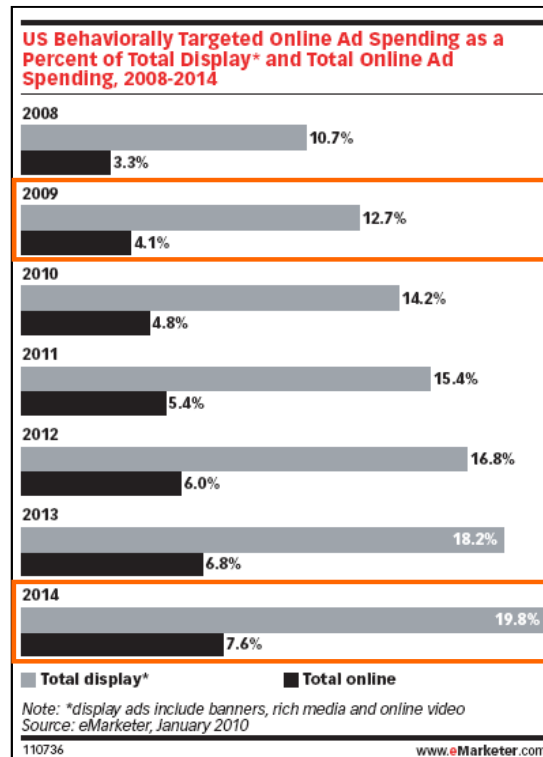
When the online audience has minimal knowledge of the current data protections in place, it is no surprise this audience does not understand what behavioral targeting is, how it works, how it may not be as much of a threat as it seems or the benefits and relevancy it provides. The advertising industry is working diligently to improve trust and transparency between advertisers and consumers by educating consumers on both the misconceptions of this issue as well as the facts.

“Transparency and notice are critical to creating a safe and enjoyable consumer experience” - Mike Zaneis, Vice President, Public

In an effort to spread the knowledge and nudge the movement forward, five major advertising trade groups have come together to propose seven “Self-Regulatory Principles for Online Behavior Targeting,” covering:

- Education
- Transparency
- Consumer control
- Data security
- Sensitive data
- Accountability
- Material

Drastic changes will occur within the interactive advertising industry if it is unsuccessful in its efforts and does not garner broad acceptance of the changes to existing policies and practices. Behaviorally targeted ad spending made up a significant portion of overall display (12.7%) and total online spending (4.1%) in 2009 and is only expected to grow considerably (by 56% and 85%, respectively) over the next four years.



The online advertising industry seeks to further consumer education and find ways to help users understand that the tracking utilized by marketers is beneficial to both consumers and advertisers. Through these efforts the digital media industry hopes to ease consumer concerns and continue to provide relevant advertising across the digital space.

More Resources

The Truth About Data Privacy
<http://www.iab.net/privacymatters/>

Network Advertising Initiative (NAI)
<http://www.networkadvertising.org/>

Interactive Advertising Bureau (IAB)
<http://www.iab.net/>

American Association of Advertising Agencies
<http://www2.aaaa.org/Portal/Pages/default.aspx>