

KEY TRADE GROUPS RELEASE COMPREHENSIVE PRIVACY PRINCIPLES FOR USE AND COLLECTION OF BEHAVIORAL DATA IN ONLINE ADVERTISING

Top Trade Associations Embrace First-Ever Broad Industry Self Regulation

JULY 2, 2009 - A group of the nation's largest media and marketing trade associations today released self-regulatory principles to protect consumer privacy in ad-supported interactive media that will require advertisers and Web sites to clearly inform consumers about data collection practices and enable them to exercise control over that information.

This unprecedented collaboration represents the entire marketing-media industry and includes the American Association of Advertising Agencies ([4A's](#)), the Association of National Advertisers ([ANA](#)), the Direct Marketing Association ([DMA](#)), and the Interactive Advertising Bureau ([IAB](#)). The Council of Better Business Bureaus ([BBB](#)), a leading organization dedicated to advancing marketplace trust, is also part of the effort and has agreed, along with the DMA, to implement accountability programs to promote widespread adoption of the seven Principles. This cross-industry self-regulatory task force represents the first time that representatives of the entire advertising ecosystem have come together to develop principles for the use and collection of data in this important area to the economy.

This self-regulatory program is expected to be implemented at the beginning of 2010.

"Consumers deserve transparency regarding the collection and use of their data for behavioral advertising purposes. I am gratified that a group of influential associations - representing a significant component of the Internet community - has responded to so many of the privacy concerns raised by my colleagues and myself," said Commissioner Pamela Jones Harbour, Federal Trade Commission (FTC). "These associations have invested substantial efforts to actually deliver a draft set of privacy principles, which have the potential to dramatically advance the cause of consumer privacy. I commend these organizations for taking this important first step. I am hopeful that successful implementation will follow. In the meantime, I encourage the entire privacy community to continue a dialogue that places the interests of consumers first."

"The practice of advertising has clearly been revolutionized by the emergence of the Internet. Today, we can match the content of an ad to the interests of the consumer in ways undreamed of just a few short years ago," said Nancy Hill, President & CEO, 4A's. "We will, of course, be able to continue this interest-based advertising only if we maintain the public's confidence that we are responsible stewards of the data on which it is built. The self-regulatory Principles being announced today represent a giant step forward in sustaining that consumer confidence. We are proud to have been one of the driving forces involved in bringing these Principles to life."

"Guided by the seven Principles we have announced today, the advertising community is developing one of the most comprehensive self-regulatory programs ever undertaken by the business community. The fast-changing online marketing environment is best addressed by a self-regulatory framework that is transparent, flexible and accountable to consumers' needs and concerns. On behalf of our 360 members, who collectively invest more than \$200 billion annually in marketing communications, we look forward to jointly developing a comprehensive business system that respects and honors these Principles," said Bob Liodice, President and CEO, ANA.

"The Council of Better Business Bureaus is delighted to join this effort to provide solid guidelines and meaningful oversight of common sense Principles that should govern the business community as it collects and uses information to deliver advertising of interest to consumers," said Steven Cole, President and CEO, Council of Better Business Bureaus. "We think that what is most important about this effort is the real commitment by a broad coalition of businesses joining in to deliver a transparent and credible monitoring and enforcement program as a complement to the practical and consumer-friendly Principles. We look forward to working closely with the DMA and our other National Advertising Review Council partners to deliver a quality program."

"These Principles are an important step in developing a meaningful self-regulatory framework for companies advertising on-line and represent the culmination of many months of hard work," said John A. Greco Jr., President and CEO, DMA. "As a respected voice in Washington, D.C., and on behalf of our 3,400 members, we look forward to integrating these Principles into DMA Guidelines, which for 35 years have set the standard of best practices through our strict ethical guidelines for business."

"This historic collaboration represents businesses and trade associations working together to advance the public interest," said Randall Rothenberg, President and CEO, IAB. "Although consumers have registered few if any complaints about Internet privacy, surveys show they are concerned about their privacy. We are acting early and aggressively on their concerns, to reinforce their trust in this vital medium that contributes so significantly to the U.S. economy."

"The NAI applauds the creation of these Principles and appreciates the opportunity to have been involved in their development," said Charles Curran, Executive Director of the Network Advertising Initiative, a cooperative of online marketing and analytics companies committed to building consumer awareness and establishing responsible business and data management practices and standards. "Our members' long-standing experience under the NAI's code shows the effectiveness of self-regulation in providing consumers with notice and choice about online behavioral advertising. The broadening of industry self-regulatory standards under these Principles will enhance consumer confidence in the online medium, and we commend the associations for their leadership in bringing together thousands of companies to expand transparency and choice across the Internet ecosystem."

Taken collectively, the participating associations represent more than 5,000 leading U.S. companies across all of the key businesses that have played a role in the transformation of the way consumers experience media. According to the "Economic Value of the Advertising-Supported Internet Ecosystem," a recent study commissioned by the IAB, the advertising-supported Internet represents 2.1% of the total U.S. gross domestic product (GDP) contributing \$300 billion to the economy and has created 3.1 million U.S. jobs. The Internet itself has become a vital link in the supply chain and communications chain for all businesses, and is a lifeline for the hundreds of thousands of small businesses and publishers that have no equivalently cost-effective means of reaching so wide an audience. The ecosystem includes advertisers, advertising agencies, Web publishers, Internet access services providers, providers of application software such as Web toolbars and Internet Web browsers, search engines and online advertising networks.

In January 2009, the task force announced that it had been working on the development of these Principles in direct response to calls on the Internet ecosystem by the FTC to develop more robust and effective self-regulation of online behavioral based advertising practices that would foster transparency, knowledge and choice for consumers.

The Principles are designed to address consumer concerns about the use of personal information and interest based advertising while preserving the innovative and robust advertising that supports the vast array of free online content and the ability to deliver relevant advertising to consumers. This self-regulatory program consists of the following seven Principles.

- *The Education Principle* calls for organizations to participate in efforts to educate individuals and businesses about online behavioral advertising. To this end, the digital media industry intends, in a major campaign that is expected to exceed 500 million online advertising impressions, to educate consumers about online behavioral advertising, the benefits of these practices and the means to exercise choice, over the next 18 months.
- *The Transparency Principle* calls for clearer and easily accessible disclosures to consumers about data collection and use practices associated with online behavioral advertising. It will result in new, enhanced notice on the page where data is collected through links embedded in or around advertisements, or on the Web page itself.

- *The Consumer Control Principle* provides consumers with an expanded ability to choose whether data is collected and used for online behavioral advertising purposes. This choice will be available through a link from the notice provided on the Web page where data is collected.
- *The Consumer Control Principle* requires "service providers", a term that includes Internet access service providers and providers of desktop applications software such as Web browser "tool bars" to obtain the consent of users before engaging in online behavioral advertising, and take steps to de-identify the data used for such purposes.
- *The Data Security Principle* calls for organizations to provide reasonable security for, and limited retention of data, collected and used for online behavioral advertising purposes.
- *The Material Changes Principle* calls on organizations to obtain consent for any material change to their online behavioral advertising data collection and use policies and practices to data collected prior to such change.
- *The Sensitive Data Principle* recognizes that data collected from children and used for online behavioral advertising merits heightened protection, and requires parental consent for behavioral advertising to consumers known to be under 13 on child-directed Web sites. This Principle also provides heightened protections to certain health and financial data when attributable to a specific individual.
- *The Accountability Principle* calls for development of programs to further advance these Principles, including programs to monitor and report instances of uncorrected non-compliance with these Principles to appropriate government agencies. The CBBB and DMA have been asked and agreed to work cooperatively to establish accountability mechanisms under the Principles.