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FTC ponders pros and cons of online ad targeting

7 December 2009 | By [Robert Bain](#)

US— Consumer groups, publishers, marketers and technology companies discussed the privacy implications of behavioural ad targeting today at a roundtable hosted by the Federal Trade Commission.

Consumer groups have said they will urge the FTC to adopt new privacy measures, while industry bodies have been seeking to show that they are serious about protecting consumer interests. The public are invited to [submit comments](#) through the FTC's website.

In the opening session of the 'Exploring Privacy' event, Richard Purcell, CEO of the Corporate Privacy Group, said: "Companies have been very lazy about doing much work to develop an educated audience. There has been very little expenditure by major corporations, or small ones, very little collaboration between the commercial and the public sector to mount a real public education campaign about online behaviours, advertising, risks, exposures etc. Most companies say, my God, there's two things: one, it's expensive as heck; two, liability, liability, liability. I can't do that. I'd much prefer to pay my lawyers their fees to just put up a really complicated and dense privacy statement and that way I'm covered. But 'I'm covered' is insufficient."

Jim Harper of think tank the Cato Institute highlighted that much of the progress made in understanding online privacy has come through "trial and error". He said: "It's mistaken for us, much as we like to and much as we're good at it, to intellectualise about what consumers should want and then to try to fix the problems... I do think that we need to look to consumers to decide what they want."

In a statement released in advance of today's meeting, advocacy group the Center for Digital Democracy (CDD) called on the FTC "to stop relying on industry privacy self-regulation because of its long history of failure".

The "notice and choice" model, whereby web users are informed (often via website privacy policies) of how their information will be used and collected and given the chance to opt out, should be abandoned because it is "not effective", the CDD said.

Last week the IAB, with the help of agencies and publishers who donated time and inventory, launched an [ad campaign](#) seeking to raise awareness and understanding of behavioural targeting among internet users.

Surveys on the thorny issue of behavioural targeting have struggled to give a clear picture of public opinion, due to a lack of awareness and understanding of how it works and what it means. A new study from Synovate suggests that views remain divided - with 32% of US respondents saying they were open to having their internet or TV habits tracked to receive more relevant ads, as long as they couldn't be identified, and 35% saying they would reject such tracking because of privacy concerns.

Back in October, one study by researchers from the University of California, Berkeley and the University of Pennsylvania suggested that users were not interested in receiving targeted content – especially if it meant sharing their data – but another study sponsored by the IAB in the UK concluded that the majority of respondents were comfortable with behavioural advertising, once they understood what information is actually collected, how it is used, and their right to opt out.

A session focusing specifically on behavioural targeting is being held this afternoon, with panellists including Jeff Chester of the CDD and Zoë Strickland, chief privacy officer of Walmart. Another roundtable will be held in late January at the University of California, Berkeley, with a third event in Washington DC later in 2010.

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