Behavioral (Interest Based) Advertising: State of the Industry going into 2014
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SPEAKERS

• **Todd B. Ruback**, CIPP-US/E/IT, CPO of Evidon, Inc.

• **Marc Groman**, CIPP/US, Executive Director and General Counsel, Network Advertising Initiative

• **Brian Miller**, General Counsel, MediaMath
AGENDA

- Overview of the digital advertising ecosystem.
- Benefits of interest based advertising
- Privacy issues: claims v. reality
- Self-regulation - the value to the industry and its working
  - Standards: DAA and NAI
- Issues on the horizon
  - DNT (Federal and California)
  - W3C
  - Mozilla and third-party cookie blocking - what it means to the industry
- Closing and Q&A
OVER $500 BILLION AT STAKE IN ONLINE MARKETING BY 2015

- Significant growth in each segment
- Billions of dollars invested
- Crowded space

Online Display Advertising
- $30+ billion

E Commerce
- $469+ billion

Big Data
- $16+ billion

Web Measurement & Analytics
- $3 billion

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REVEALS THE INVISIBLE WEB

- 20 million users
- 10+ million panel
- 100% annual growth
- 4,100+ tracking scripts
- 150 million pages
- 26 million domains worldwide

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SEE ALL TRACKING AND HOW IT GOT THERE
DIGITAL MARKETING 101 – WHO IS WHO IN ONLINE ADVERTISING?

- Advertiser
- Data Management Platform (DMP)
- Demand-Side Platform (DSP)
- Ad Exchange
- Supply-Side Platform (SSP)
- Ad Network
- Publisher
- Real-Time Bidding (RTB)
- Third-Party Data Provider

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TARGETING AND RETARGETING: EXAMPLES

**Demographic Targeting**
Offer based on location / demographics

**Behavioral Targeting**
Items to consider based on previous searches the consumer conducted

**Contextual Targeting**
Product suggestions related to the items or keywords on the page (shorts)

Geometrix Customer Relationship Management (CRM)

Data Onboarding

www.geometrixx.com

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TARGETING AND RETARGETING: EXAMPLES

Consumer

Did not purchase the item (shorts) on the Geometrixx website.

Retargeting Geometrixx ad for shorts on another website.
BENEFITS OF INTEREST-BASED ADVERTISING

How Does It Benefit Me?

There are numerous benefits to Interest-Based Advertising including:

- Keeping content and services free
- Providing content, offers, and ads that are better matched to your interests
- Fewer intrusive or annoying ads
- Helping businesses better serve you

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PRIVACY CONSIDERATIONS FOR DIGITAL MARKETING

• Transparency
• Notice
• Choice
• Responsible Data Management
• Self-Regulatory Guidelines
  – Network Advertising Initiative (NAI)
  – Digital Advertising Alliance (DAA)
• Requirements for Advertising Partners / Third Parties
  – Due diligence – what standards do your partners follow?
  – Use of third party data
  – Require partners to provide notice & choice
• Cross-Device / Cross-Channel Stitching
NETWORK ADVERTISING INITIATIVE

- Leading self-regulatory body governing “third parties” in the online advertising ecosystem
- Nearly 100 member companies
- Companies must abide by the NAI Self-Regulatory Code of Conduct
- Companies can’t just sign up
NAI CODE OBLIGATIONS

- Education
- Notice & Transparency
- Choice/User Control
- Use Limitations
- Transfer Restrictions
- Access
- Reliable Sources
- Data Security & Retention
- Accountability
GENERAL FRAMEWORK OF THE CODE

• The Code identifies three categories of data
  1. Personally identifiable information (PII)
  2. Non-PII
  3. De-Identified Data
• The Code imposes obligations with respect to “Sensitive Data” and “Precise Geolocation Data”
RELATIONSHIP TO THE DAA’S OBA AND MULTI-SITE DATA PRINCIPLES

• The DAA is composed of six trade associations representing website publishers, advertisers, offline data providers, and the “third parties”

• The DAA enforces through the Better Business Bureau (BBB) and the Direct Marketing Association (DMA)
MANUAL & AUTOMATED MONITORING

- NAI proactively monitors the functionality of its members’ technology to look for evidence of noncompliance.
- Since 2009, this monitoring was comprised primarily of regular manual testing of member companies’ opt-out mechanisms.
- In 2012, built a compliance monitoring tool to help ensure that opt-out cookies work properly
2012 COMPLIANCE REVIEW

76 Member Companies were reviewed in 2012
WRITTEN DOCUMENTATION AND SUPPORTING DOCUMENTATION

• Evaluated companies were required to provide written responses to a detailed questionnaire.

• In 2012, NAI staff held nearly 100 interviews and reviewed thousands of pages of questionnaire responses, privacy policies, contracts, internal policies, marketing materials, website content, training materials and other documents.
OPT-IN CONSENT

• NAI staff found no evaluated member companies using or seeking to use Sensitive Consumer Data as defined by the NAI Code for IBA purposes.
• No evaluated member company was found to merge PII with non-PII for OBA purposes.
• Accordingly, no NAI member company is currently seeking to obtain Opt-In Consent under the NAI Code.
PERSONALLY IDENTIFIABLE INFORMATION (PII)

- The NAI Code is designed to encourage data minimization by incentivizing member companies to not use PII for IBA purposes.
- No evaluated member company intentionally collects PII for IBA purposes.
NAI MOBILE APP CODE

What is it?

• Newly released code to cover data collected across mobile applications

• Based on the 2013 Draft Code of Conduct
  • Provides added flexibility around new mobile technologies and business models

• Covers data collected through applications owned or operated by different parties on a particular device
How does it fit with other mobile initiatives?

- **DAA:**
  - Compliments the DAA’s draft mobile principles by providing clear third-party specific principles and the NAI’s robust compliance program
  - Avoids conflicts between the two sets of principles

- **MMA:**
  - Drafted with the MMA’s numerous guidance documents in mind
  - Implementation of the MMA’s best practice documents will put members on a good path toward compliance

- **NTIA:**
  - Short-form notice guidance provided by the NTIA document will help satisfy the NAI Mobile App Code’s enhanced notice requirements
HOT TOPICS – CROSSING THE CHANNELS

Cross-Device Marketing

Geometrixx Marketing Campaign

Website (site, ads, and social)

Mobile (web, apps, ads and social)

Email

Retail

Consumer purchases item at local store after researching item online

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HOT TOPICS - DO NOT TRACK

- W3C Process
- Self-Regulatory Process
- Thoughts from Regulators
- As of October 2013, DNT has no meaning in the ecosystem
HOT TOPICS - BEYOND COOKIES

• Is the HTTP cookie dead?
• If yes, why and is that good for the ecosystem?
• What may replace the cookie?
CLOSING

Questions and Answers

Thank You!

Todd Ruback  truback@evidon.com
Marc Groman  mgroman@networkingadvertising.org
Brian Miller  bmiller@mediamath.com