October 19, 2007

Via E-Mail: behavioraladvertising_comments@ftc.gov

Mr. Donald S. Clark, Secretary
Federal Trade Commission
Room H-135 (Annex N)
600 Pennsylvania Avenue, N.W.
Washington, D.C. 20580

Re: Town Hall on Ehavioral Advertising—Comments

Dear Secretary Clark:

The Interactive Advertising Bureau, Inc. ("IAB") appreciates the opportunity to comment on the issue of interactive advertising in conjunction with the Federal Trade Commission's ("Commission") *Ehavioral Advertising: Tracking, Targeting, and Technology* Town Hall. We appreciate the Commission's continued leadership on this important issue, and are pleased to have this opportunity to share information about our members' experiences regarding the growth of the Internet and consumer benefits attributable to Internet advertising, as well as our initiatives to protect consumer privacy.

Founded in 1996, the IAB (http://www.iab.net) represents more than 350 leading interactive companies that are actively engaged in, and support the sale of, interactive advertising. Our members include Yahoo!, AOL, MSN, Google, Forbes.com, New York Times Digital, CNET Networks, and others. IAB members are responsible for selling more than 86% of online advertising in the United States. On behalf of its members, the IAB evaluates and recommends standards and practices, fields interactive effectiveness research, and educates the advertising industry regarding the use of interactive advertising.

IAB opened a Washington, D.C. office this year to oversee regulatory matters, legislative affairs, and public policy initiatives that affect the interactive advertising industry. We work with Congress and the federal agencies as they consider the important issues surrounding privacy and e-commerce, and look forward to our continued work with the Commission as it addresses such matters.

Our comments are focused on the following three areas: (1) the importance of online advertising to the growth of the Internet and e-commerce; (2) the tremendous

benefits to consumers of such advertising, and (3) the best practices and standards we have adopted to help protect consumers' privacy.

I. Internet Advertising is a Key Part of the Global Economy

Internet commerce has grown, and continues to grow, at unprecedented rates fueled in large part by Internet advertising. Spending for online advertising in the first six months of 2007 was nearly $10 billion, which represented a 26.4% increase over the first half of 2006. For the first time, Internet advertising revenue exceeded $5 billion in a single quarter. Estimates for 2007 predict that the industry will generate more than $20 billion in revenue.

Today, consumers enjoy the benefits of Internet advertising through the availability of free content and services online. Whether it is customized homepages, a multitude of search engines, free news and entertainment sites, or enhanced services such as video, social networking, and online entertainment or video gaming, the interaction among consumers, publishers, and advertisers fuels the engine that drives the Internet.

For example, there are 725,000 small businesses that use eBay as either their primary or secondary marketing channel. In addition, some 1.3 million people supplement their income by selling on the eBay site. Similarly, the rise of ad-supported services explains the movement away from subscription models. For example, the *New York Times* used to charge $49.95 per year for access to editorials and other premium content, and now is free; NBC used to charge $1.99 per download for its shows, and now offers them for free. This changed landscape and increased availability of free content is attributable to online advertising.

Internet advertising supports this growth by offering businesses a means to target consumers based on individual preferences and thereby deliver products and services of most interest to a particular consumer. Attached as Exhibit 1 is more detailed information on the current state of interactive advertising and the future growth of the industry.

II. Internet Advertising Benefits Consumers

The growth and success of Internet advertising is remarkable, but it is at the individual consumer level where the true value of this advertising is realized. Through well-targeted advertising, marketers more efficiently reach interested consumers, lower their costs, and reduce clutter on the Internet. Importantly, the revenue generated through such advertising is the primary source of funding for cost-free, rich Internet content, supporting free consumer access to unparalleled products and services, as well as educational and cultural opportunities. Free content is enriching lives in rural America, urban America, among immigrants, and among the poor.

Online advertising also has opened national and global markets to all businesses, both small and large, helping to level the competitive playing field. Online advertising lowers barriers to market entry, allowing new businesses to flourish by connecting them to interested customers. In addition, online advertising supports a global marketplace that never closes. Consumers can access information, goods, and services 24/7, 365 days a year.

Internet advertising strives to deliver the most useful, relevant ads to the consumer. Consumers benefit by seeing advertising that helps connect them to the information, products, and services in which they are likely to be interested. A 2006 study by Booz Allen found that more than half of all consumers would be willing to pay to receive more relevant advertising online. In addition, as the relevancy of advertising increases, the total number of ads that need to be delivered to consumers may actually decrease.

III. Self-Regulation Effectively Protects Consumer Privacy

Consumer confidence in online channels is critical to the vitality of our member companies. Thus, our members take very seriously all issues that affect the consumer relationship. Our members recognize that with increased use of information, which fosters the availability of free content and services and more relevant advertising, comes a responsibility to protect and use that information to benefit consumers.

As successful Internet advertising has emerged as the business model that makes the Internet work for consumers and businesses, businesses have continued to recognize the importance of protecting individuals' privacy, applying a consistent set of principles to technological developments. To this end, we have worked closely with our members to develop guidelines to address consumers' privacy online. See IAB's Privacy Guidelines, which are attached as Exhibit 2.

IAB's well-established guidelines require member companies to adopt and implement a privacy policy and to develop and incorporate awareness programs to educate business partners and site visitors about privacy and these guidelines. In extending awareness efforts to business partners, IAB has expanded the protections of the guidelines beyond our relationships with consumers, applying them to other players in the Internet advertising ecosystem. IAB's guidelines are based upon the fair information principles of consumer notice, choice, access, and security.

In addition, IAB supports the wider industry efforts to self-regulate on consumer privacy issues as set forth in the guidelines of the Direct Marketing Association (DMA), the Network Advertising Initiative (NAI), and the Online Privacy Alliance (OPA).

Given the rapid evolution of technology, we believe that industry guidelines are the most effective means for setting business standards for legitimate targeted marketing.

Guidelines like those published by IAB, DMA, NAI, and OPA strive to protect consumers and foster legitimate Internet advertising and marketing, helping build trust in the medium and ensuring that online commerce can continue to thrive and grow. Self-regulation is an extremely effective and efficient means to promote legitimate practices while protecting consumer privacy.

* * *

Thank you for considering our views on these issues. The success of the Internet has helped fuel the U.S. economy, and it is important to ensure that this medium can continue to grow and thrive. If I can provide you with any additional information, please do not hesitate to call me at 202/253-1466.

Sincerely,

Michael Zaneis
Vice President, Public Policy

Exhibit 1

Eight Trends & A Commercial

The IAB Agenda for Interactive Media

August 15, 2007

Interactive Advertising Bureau

Our Changing Marketplace

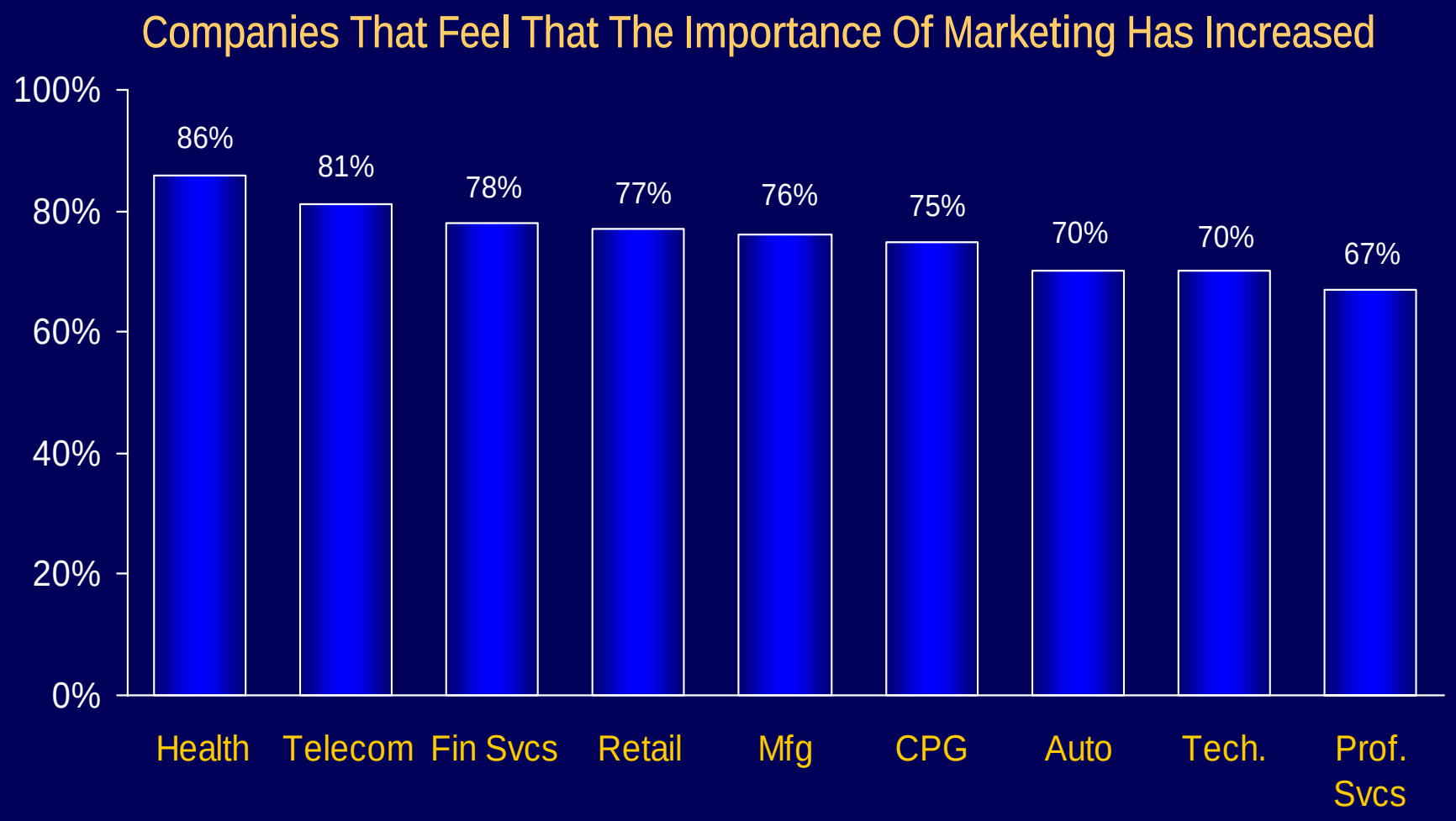
The IAB's Strategy

2007: A Year of Transformation

The Advertising Marketplace is Undergoing a Dramatic Transformation

1. Growth-focused CMO's and teams rising in power
2. "Engagement," "relevance" and "results" supplanting tonnage as center of marketing energy, as consumers increasingly avoid commodity advertising
3. Costs of content production and distribution trending toward zero, accelerating fragmentation and experimentation, while challenging traditional metrics
4. Definition of "advertising" changing to include multi-platform campaigns, marketer in-sourced infotainment, user-generated content, complex CRM programs, etc.
5. Interactive perceived as central to marketers' new growth mission
6. Portions of advertising buy-sell processes becoming automated
7. Marketing – and advertising sales - adding strong focus on solutions
8. Race for new capabilities and innovation among marketers, media & agencies

Marketing Is the New Rock 'n' Roll



Source: ANA/Booz Allen Analysis

"Super-CMO's" are the Stars…

Strategic

Super-CMO

- Directs brand strategy, bus. dev. and innovation
- Drives marketing capability agenda and ROI
- Aligns business units to Company agenda

Chief Marketing Advisor

- Leads corporate marketing
- Aligns Division marketing with Corporate
- Consults/coordinates best practices

Marketing Services Czar

- Leads small corporate staff
- Manages centralized services (e.g. media buying)
- Coordinates supplier relationships

Tactical

Source: ANA, Booz Allen analysis

…And "Growth Champion" Marketing Teams Are the Band

Scope of Responsibility

- CMO serves on Executive Committee that advises CEO on strategy
- Segment & target appropriate markets and customers

Example

IBM

Decision Rights

- Define corporate-wide marketing plans & objectives
- Monitor & consolidate marketing communications corporate-wide
- Position company & brands with the appropriate value proposition

Organizational Linkages

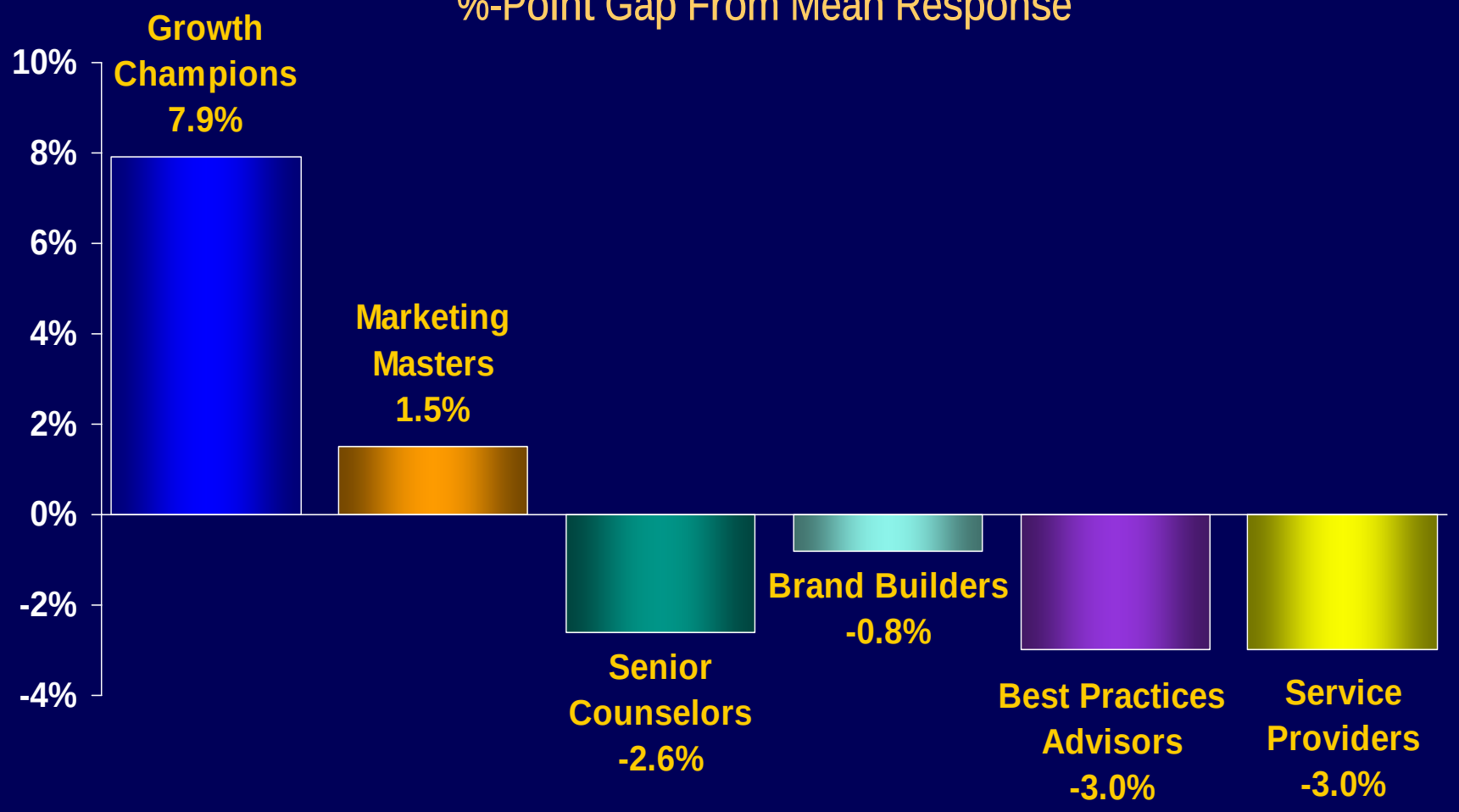
- CMO reports to CEO
- CMO is key leader on team that drives product development strategy
- Marketing guides sales force's channel strategy

Capabilities

- Develop rigorous functional processes & ensures their usage
- Conduct industry-wide analyses to set selling direction for the company

Successful "Growth Champion" Marketing Teams Deliver Superior Revenue Growth

"Above Industry Average Revenue Growth":
%-Point Gap From Mean Response



Source: ANA, Booz Allen analysis of 2,500 survey responses

Engaging the Audience Is Central to Their Marketing Strategy…

- "What's changed is that the engagement level we can have with our consumers is just so much higher. We can have a two-way dialogue, a relationship. That means we will need more brand-enhancing, consumer-enhancing dialogue in more of our businesses. It's a different skill set—with different capabilities—than we required in the past."
  - Jim Stengel, Global Marketing Officer, Procter & Gamble Co., 2006
- "Marketing has to start with consumer insight—with understanding our relevance to each customer and which products and services each customer wants. The model changes as we move from traditional media channels and focus more on connecting with consumers online. The new media allow us to tailor our messages."
  - Jerri DeVard, Senior Vice President, Marketing and Brand Management, Verizon Communications, 2006
- "The world is in the middle of an ongoing conversation. A marketer's challenge and job is to enter that conversation. And when you do join in, you had better be prepared to add value. If your attitude is, "We're going to pound away with this many GRPs talking about our new product," all you're doing is interrupting the conversation. People don't like that."
  - John D. Hayes, Chief Marketing Officer, American Express Co., 2006

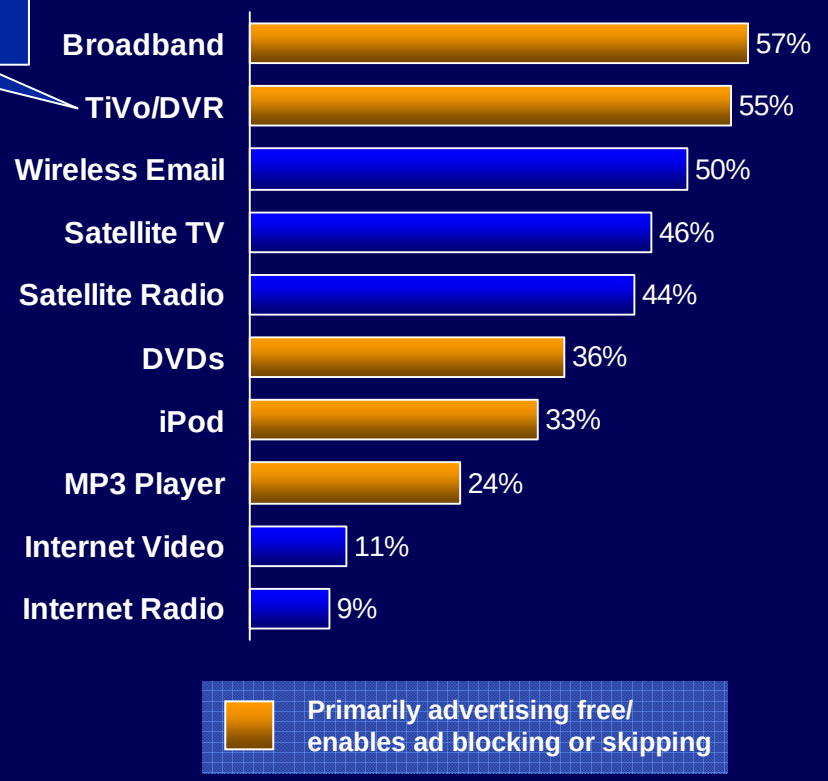
Source: "Marketing Thought Leaders: Pioneers at the Growth Frontier" (2007)

…As Consumers Increasingly Avoid Commodity Advertising

Consumers' Receptivity to Marketing/Advertising (2005)

DVR owners fast-forward through 92% of commercials

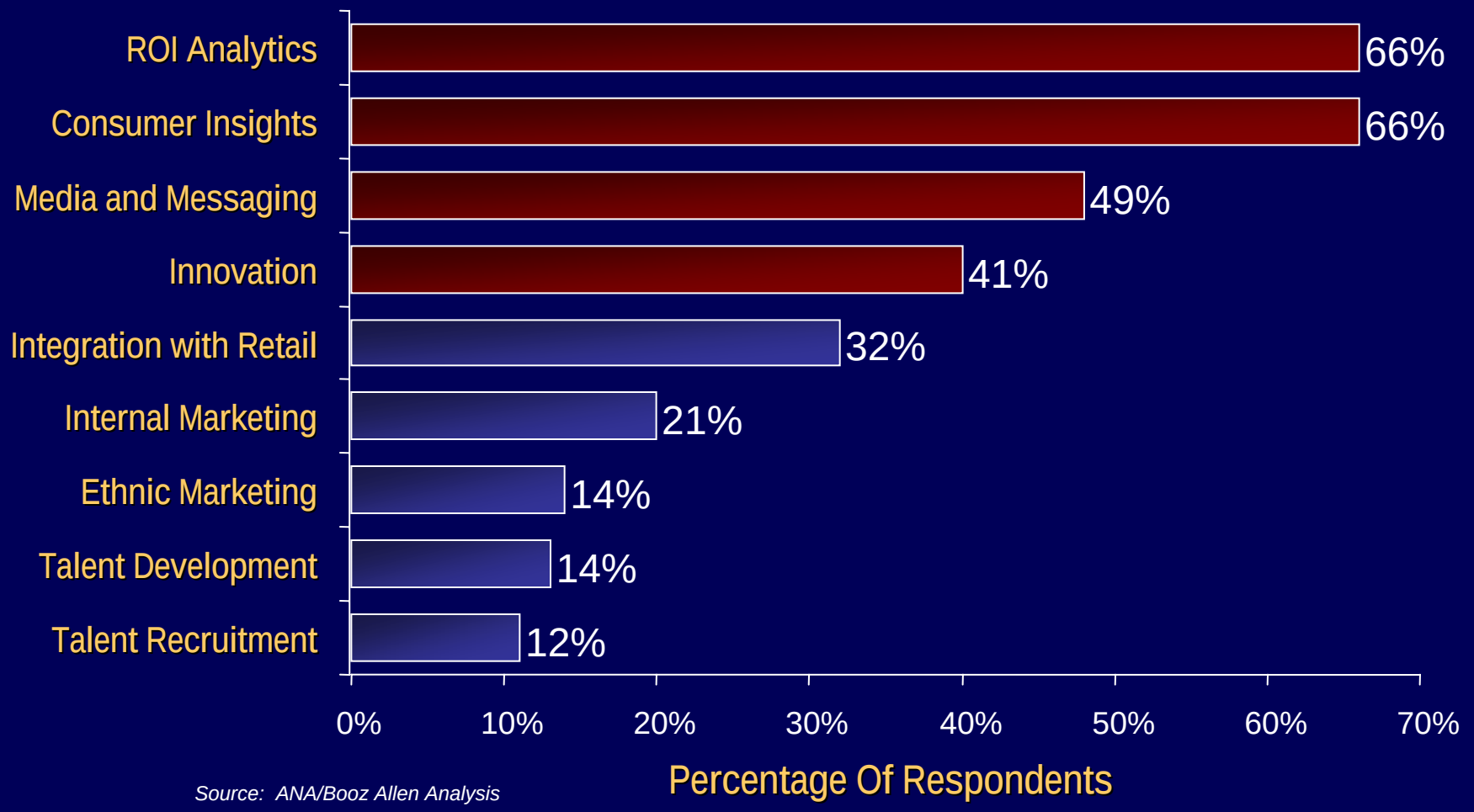
% of Owners/Users Who Claim Device Had a Major Positive "Impact" on Their Life (2005)



Source: 2005 Yankelovich Marketing Receptivity Study, Forrester Research

Engagement Requires Insights

What New Capabilities Does Marketing Require?



Source: ANA/Booz Allen Analysis

Fragmentation and Experimentation Are Rampant

- 90MM+ registered users
- 11.6BN page views/month, 70 pages/user/day

- 65,000 videos uploaded daily in June
- 100MM clips watched daily

- 8MM Americans maintain own blogs
- 30% of internet users read them

- 92% of online youth (13-21) view user generated content
- 35% of all internet users have posted content (blogs, own web page, sharing photos or video)

Source: PEW Internet and American Life Project, hitwise, Reuters

Proliferating Media = More Complex Metrics

CURRENT MODEL	FUTURE MODEL
Demographics (age/income) ◆ Audience delivery ◆ Audience concentration	**Psychographics / Ethnographies** ◆ Consumer behavior and segmentation ◆ "Cultural anthropology"
Impressions ◆ Reach ◆ Frequency	**Engagement** ◆ Active attention to content ◆ Brand halo from environment
Media Centric ◆ Single media metrics ◆ Ad recall	**Campaign Centric** ◆ Ability to drive consumer response (i.e., visit site, go to store, make purchase)
Usage / Segmentation ◆ Heavy vs. light users ◆ Media buyer focus	**Consumer Purchase Funnel** ◆ Stage within buying cycle ◆ Trial and repeat purchase
Estimate ◆ Projections based on sampling (e.g. Nielsen, Scarborough)	**Census** ◆ Measuring actual behavior (e.g., portal / set-top box data)

Definition of Advertising Changing to Include Multi-platform Campaigns…

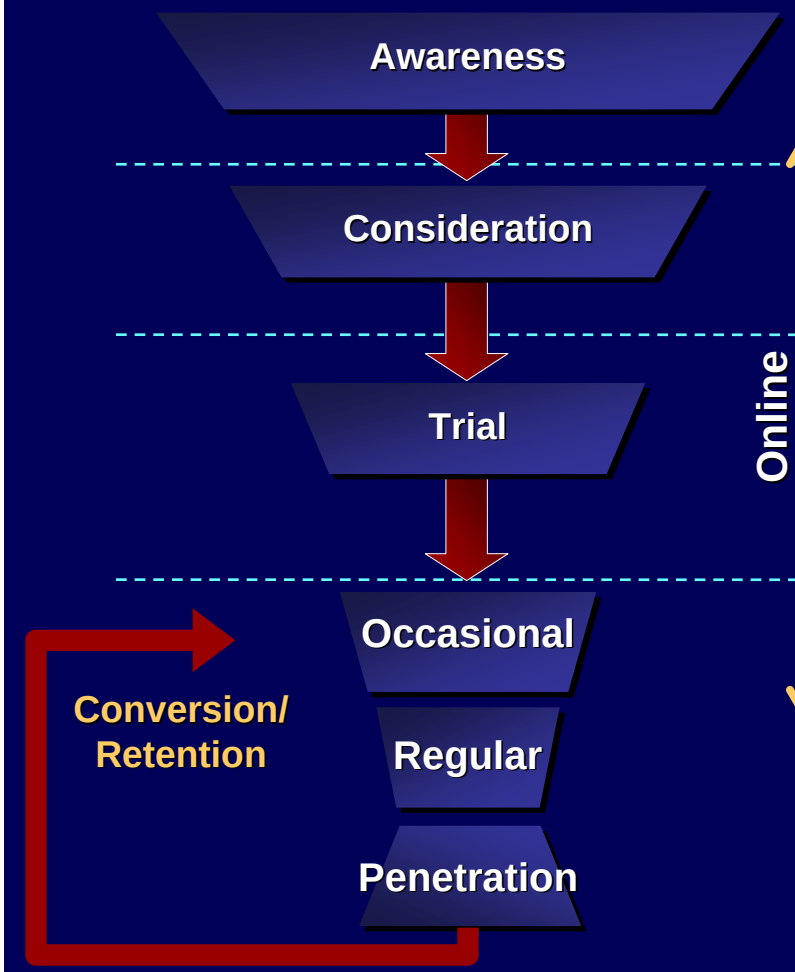
- Focus on increasing brand appeal with younger consumers and men
- Limited-to-no role of TV in media mix
- Extensive use of alternative media
  - Brand specific web sites
  - Leading demo-specific online destinations (Heavy.com)
  - Viral, video-based campaigns
  - Targeted print (e.g., Blender, Giant)
  - Unique live events (e.g., art shows)
  - Online films, oversized billboards, trading cards in magazines

…Marketer In-Sourced Infotainment…

Companies	Examples
P&G	◆ Homemadesimple.com homecare destination targeting women ◆ Extending into monthly e-newsletter and cable TV property (Discovery Networks)
Unilever	◆ Created "Evan and Gareth" web series targeting men 18-24 ◆ Attracted ~10MM viewers; contributed to maintaining 80% share of male body spray market ◆ Unilever/Axe planning to take "Evan and Gareth" cross-platform into video games, TV, and mobile
Johnson & Johnson	◆ Babycenter.com -- major online destination site for new moms ◆ ~4 MM monthly uniques -- #5 overall among sites targeting women ◆ Moving to become larger part of J&J marketing programs
	◆ Joga.com: online social networking community for football/soccer – Nike provides content; Google the technology

...User-generated Content...

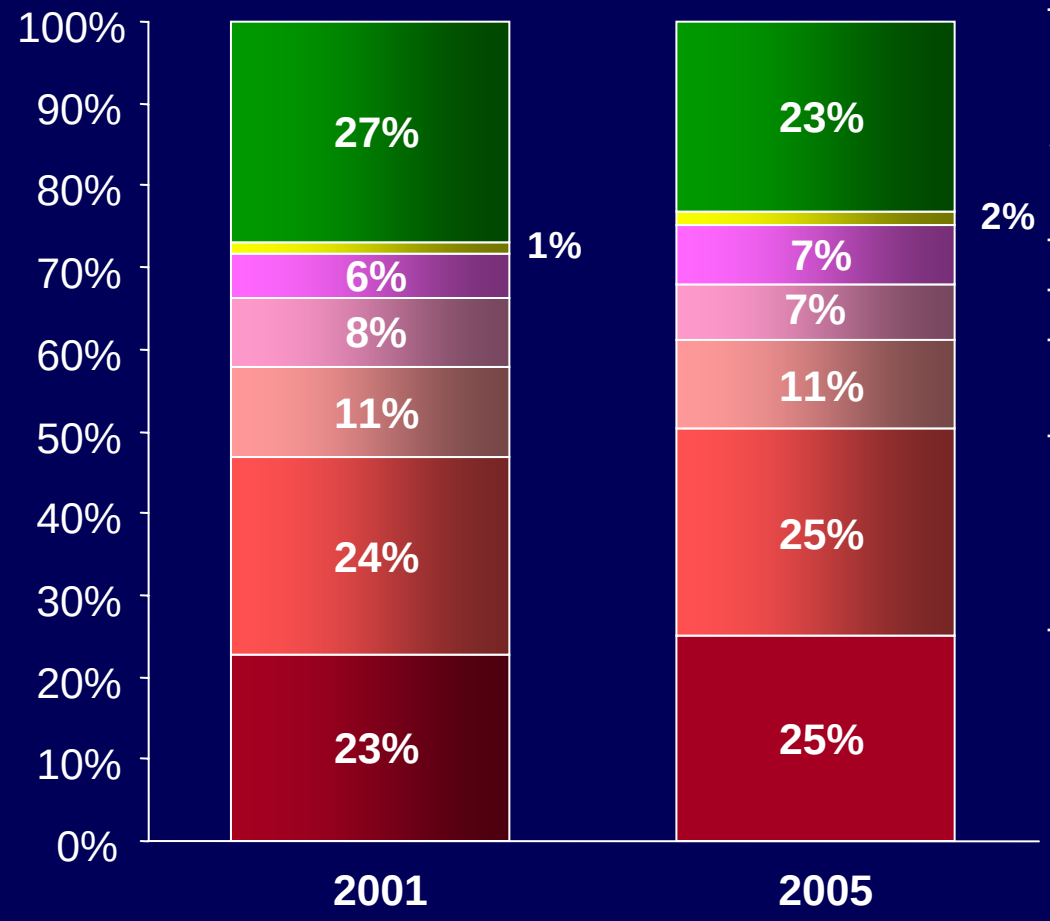
Interactive Central to Marketers' Growth Mission



Typical Marketing Levers	Key Marketer Concerns
Bcast Networks Magazines	How well can I capture the attention of target consumers?
Cable Print Radio	How can I increase unaided recall?
Trade Spend Events Radio & Newspapers	What can I do to get the consumer to try my brand? How can I drive store traffic?
Word of Mouth Events Loyalty Programs	How can I deepen my consumer relationship? How can I create more value and "lock-in"?

There Is No "Line"

Marketing Spending Breakdown
(Percent of Total, 2001-2005)



	CAGR 2001-05
Non-Internet Media Advertising	3.6%
Internet	12.8%
Direct Mail	15.1%
Incentives	2.7%
Consumer Promotion	6.7%
Trade Promotions/ Slotting	8.8%
Event Marketing	10.2%

Below-the-Line Marketing

CAGR 2001-05 8.8%

Source: Morgan Stanley, Zenith Optimedia, PriceWaterhouseCoopers, Veronis Suhler Stevenson, Booz Allen analysis

#6. From Hand-Selling to Process Automation

Advertising Buy-Sell Processes Becoming Automated

LAS VEGAS--The advertising industry is finally pulling itself into the age of automated trading.

The American Association of Advertising Agencies plans to launch this spring the first piece of a national effort to enable electronic buying and selling of ads across media. The trade group gave an update on

Google rides the radio waves

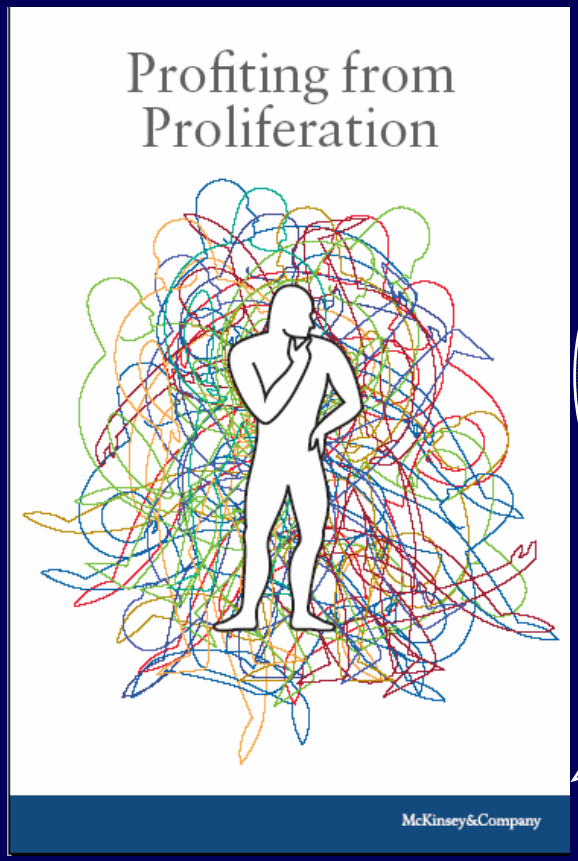
By Elinor Mills
Staff Writer, CNET News.com
Published: July 27, 2006, 4:00 AM PDT

So why the excitement? DMarc automates the process of buying ads, placing them in time slots and tracking them, which is usually done by ad agencies over the phone, experts said. Automation could lead to efficiency, and that means lower prices for advertisers while bringing in more sales for the radio stations.

The Google-DMarc system would be a big change from the current ad-buying system, where ad salespeople establish personal relationships with radio stations, Fullam said. Advertisers could better quantify how well an ad campaign is doing and modify the ads quickly depending on the response rate from listeners, he said.

#7. From Commodity to Solutions

Marketing – and Ad Sales - Adding Focus on Solutions…



Sales and service strategy

Even as companies in many industries add channels, they endure declining customer satisfaction plus competitive attacks from low-cost specialists and high-end solutions players. Why? Those companies are allocating sales and service resources relatively uniformly, with each account and channel receiving resources proportionate to its size, regardless of how customers want to interact with their sales or service provider or how profitable they may be. Such an approach is problematic in an environment of proliferating distribution channels, which make it easy for customers to mix and match suppliers.

Companies must redefine how they allocate sales and service resources. Their first step should be to determine what level of support their customers need for each type of interaction—by assessing, for example, the preferences of customers and their willingness to pay for in-person versus telephone-based help for basic service problems or sales calls. For interactions that cut across all customers, companies need a high-quality, low-cost platform for sales support and service processes. This *lean backbone* typically includes hotlines for customers, order-processing systems, and central sales-support functions (such as frequently used sales materials) that companies employ repeatedly. It's also necessary to develop customized modules, or high-touch overlays, when customers value additional sales or service support enough to cover its cost (Exhibit 3). These modules might include teams of industry experts, solutions-development teams, and "hunting" teams that focus on acquiring new customers. The result is a more selective response to fragmenting customer needs and to proliferating sales and service touchpoints.

Race for New Capabilities Among Marketers…

Example: Procter & Gamble

- Helps P&G and other companies bypass traditional media (awareness, consideration, trial)
- Online panel leveraged to build consumer insights and drive trial of new products
- Spans entertainment, fashion, beauty and food
- Initial effectiveness demonstrated through Tremor network of ~250K teens, since expanded to ~600K moms via Vocalpoint
- Half of clients from outside P&G

… Media…

Examples of Consumer Insight Innovation

Portfolio Of Research Approaches With Consumers

- Media usage diaries
- Multi platform brand affinity measurement
- Living ethnographies and leisure-time studies
- Influentials' reports
- Brand experience deprivation studies
- Trend studies

End-to-end Metrics Linking Behavior To Purchase

- Panel of 125,000 households
- Determines impact of online campaigns on sales growth of the advertised product
- Provides feedback on key purchase funnel metrics:
  - brand awareness
  - purchase intent/consideration
  - brand equity
  - propensity of online users to buy offline
  - product use among online consumers
  - success of campaigns (ROI)

R&D And Marketing Laboratory/ Panel

- The "It Girl" Program: a self-selecting reader panel of 75,000 girls
- The "IT Girl Site" serves as laboratory with less risk to the brand
  - Used for early stage product and marketing development for advertisers
  - Used for rapidly gathering qualitative research data

… and Agencies

Capability Focus	Agency	Discussion
Building Consulting Services	denuo *(Part of Publicis)*	◆ Transforming into more of a solution provider/ strategic consultant ◆ Aiming to develop more comprehensive creative marketing solutions – particularly around digital media
Integrating Traditional and Below the Line	DRAFT fcb	◆ FCB, a traditional agency, combined operations with Draft, the direct response and promotions specialist ◆ Draft's CEO will head the new venture
Developing New Sources of Consumer Insight	INTER PUBLIC GROUP	◆ Invested $10MM in Facebook in return for a 0.5% stake ◆ Seeking to mine Facebook community for research trends and consumer insights
Creating New Engagement Metrics	Carat	◆ Launched "Fortel rating system" with the goal of developing a standard currency for "engagement" ◆ Leverages a hybrid mix rating that captures favorite show (Q score), time spent and frequency of viewing

Our Changing Marketplace

The IAB's Strategy

2007: A Year of Transformation

The IAB's Mission…

GROWTH

The Interactive Advertising Bureau is dedicated to the continuing growth of the interactive advertising marketplace, of interactive's share of total marketing spend, and of our members' share of total marketing spend.

…Is Realized Through Three Strategic Platforms…

◆ ENGAGEMENT

Showcase to CMOs, agencies, and other marketing influencers interactive media's unique ability to develop and deliver compelling, relevant communications to the right audiences in the right context.

◆ ACCOUNTABILITY

Enhance trust among customers by establishing guidelines and highlighting practices that make interactive advertising's audience the most targetable and measurable among media.

◆ OPERATIONAL EFFECTIVENESS

Improve members' ability to serve their customers – and build the value of their businesses -- by reducing the structural friction within and between media companies and advertising buyers.

…and Several Campaigns to Change Industry, Client & Public Opinion…

The Fifth Theme: Why Interactive Media Companies Need the IAB

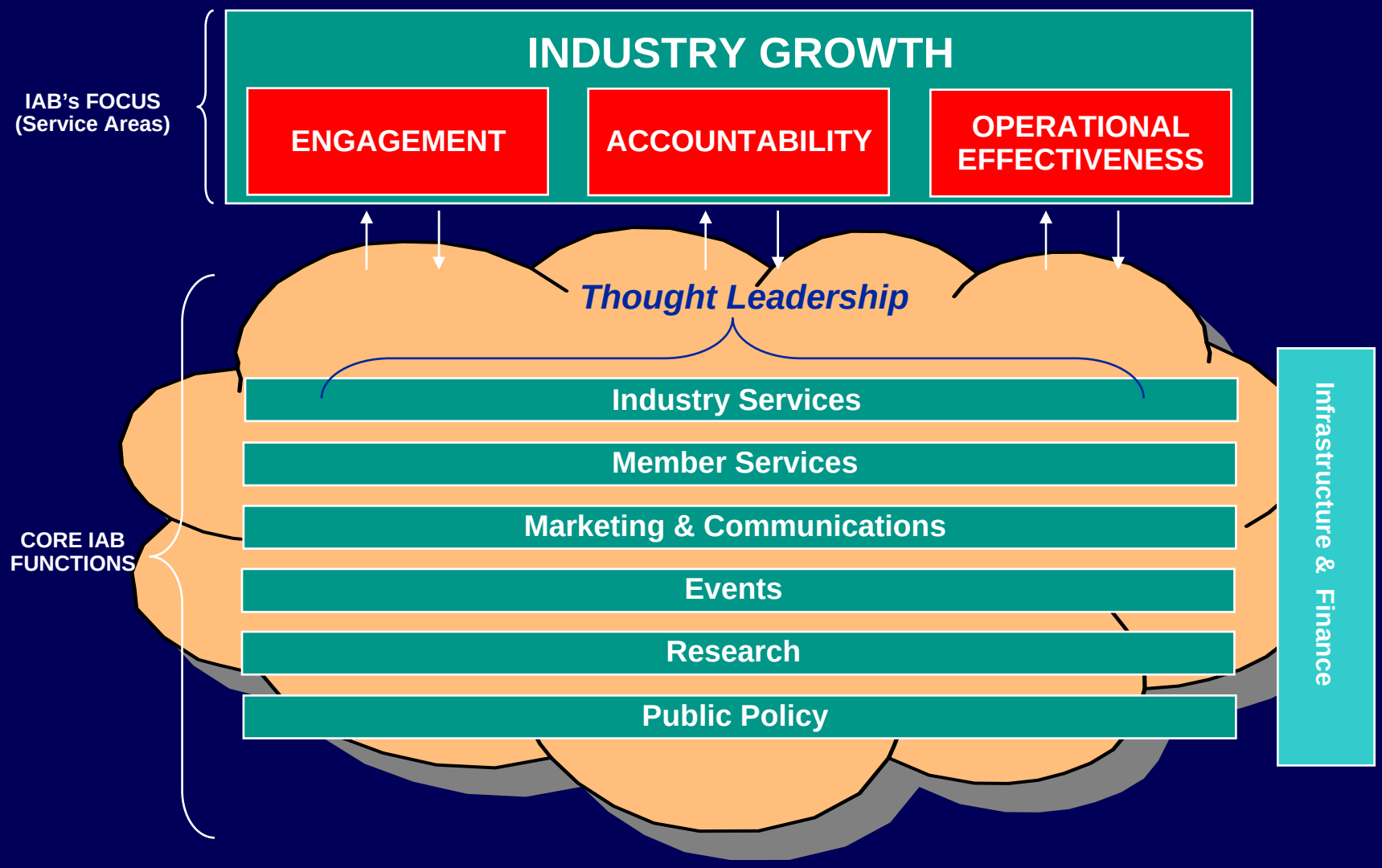
Interview responses: "What 3-5 things can IAB do as a membership organization that even the largest members can't do for themselves?"

- Coalesce around market-making measurement guidelines and creative standards
- Generate industry-wide research and thought leadership that's divorced from corporate self-interest
- Create common ground with customers to reduce costly friction in the supply chain
- Create countervailing force to balance power of other media, marketing, and agency trade groups
- Share best practices that foster industry-wide growth

IAB's Highest-Priority Activities in 2007

	Engagement	Accountability	Operational Effectiveness
1. "CMO Growth Show/Interactive Marketing Boot Camp" (with ANA)	√	√	√
2. Digital Video Best-Practice Report/Creative Standard Use Findings	√	√	√
3. Measurement Guidelines 2007: AJAX/Rich Internet Apps Impact Report; Draft Guidelines on Time Spent and Uniques, Clicks & Click Fraud, Digital Video		√	√
4. Measurement Certification Campaign		√	√
5. Discrepancy Resolution Initiatives w/ ANA, Agencies, 3PA's, third-party metrics firms		√	√
6. Relaunch IAB.net: Interactive marketing & advertising "thought leadership portal"	√	√	√
7. Washington policy office; publish Spyware and Privacy Reports		√	√
8. Initiate Member Services capability through launch of "Insights Center"	√	√	√
9. Upgrade MIXX Conference	√	√	
10. Launch training initiatives: Sales, Ad Ops			√

To Focus, IAB Is Enhancing and Applying Select Core Capabilities to Our Strategic Objectives



Our Changing Marketplace

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Our Industry Is Growing

MEDIAWEEK

HOME MEDIA NEWS CURRENT ISSUE

recent headlines

SAVE | EMAIL | PRINT | MOST POPULAR | RSS | REPRINTS

Web's Q1 Ad Rev Up Again; Hits Record $4.9 Bil.

Mike Shields

JUNE 06, 2007 -

Online advertising's hot streak continues to roll on, as the industry started off this year with yet another record ad revenue quarter.

During the first quarter of 2007, Internet advertising revenues hit $4.9 billion, up slightly from the previous record set just in the fourth quarter of last year ($4.8 billion) while representing a healthy 26 percent increase versus the same quarter last year, according to the latest figures released by the Interactive Advertising Bureau and PricewaterhouseCooper. Just a

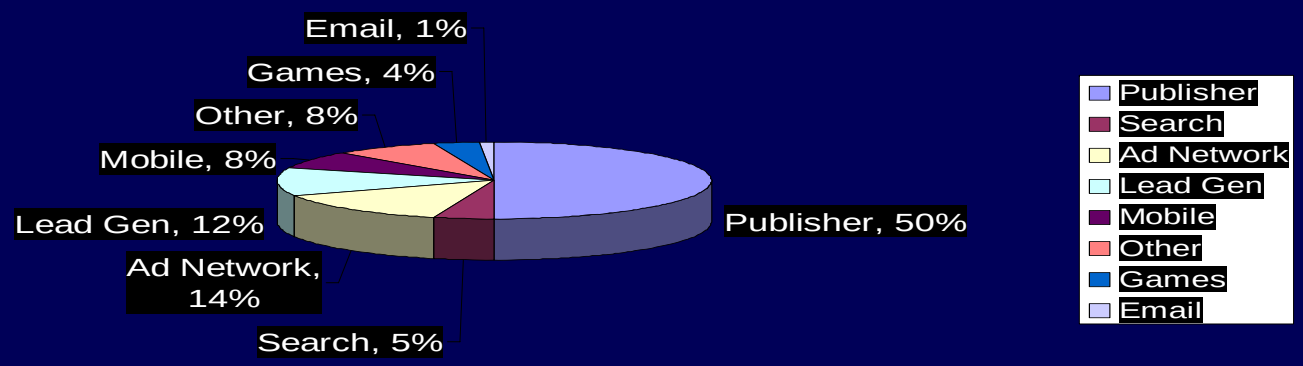
As Is IAB: 62 New Members YTD (Total = 350+)

Company	Member Type
AdShuffle	Associate
ADTECH US	Associate
Agency.com	Associate
Crisp Wireless	Associate
Desilva	Associate
E&Y	Associate
eTrafficJams	Associate
Feeva	Associate
Geary Interactive	Associate
Jordan Edmiston	Associate
M:Metrics	Associate
Nielsen Buzzmetrics	Associate
SEMDirector	Associate
SEMPO	Associate
Telephia	Associate
The AMC Group	Associate
Theorem	Associate
True North	Associate
VisibleWorld	Associate
>nbbc	General
Active Response	General
Adify	General
Admob	General
Advanstar	General
American Express Publishing	General
aQuantive	General
AT&T	General
Autotrader.com	General
Bonneville International	General
Booz Allen Hamilton	General
Cablevision	General

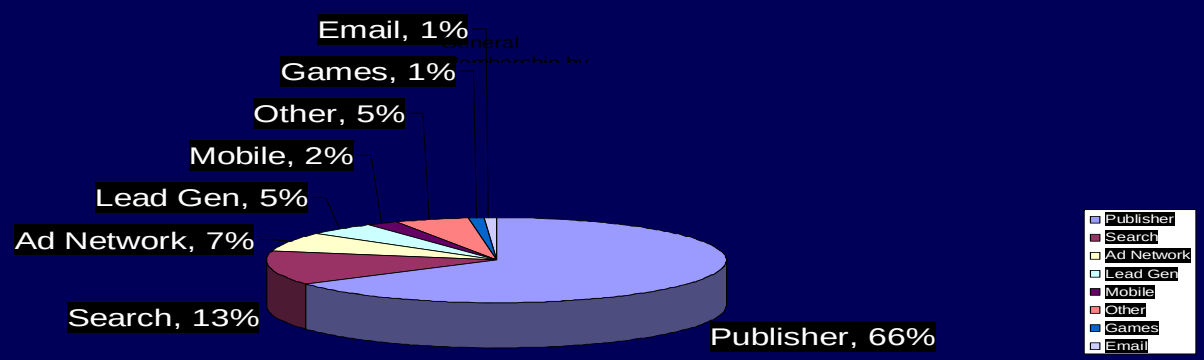
Company	Member Type
Cellfish Media	General
Emmis Interactive	General
Enpocket	General
Facebook	General
Friendster	General
Greystripe	General
Harvard Business Review	General
Hearst-Argyle	General
Internet Broadcasting (IBSYS)	General
Lexico	General
Martha Stewart Living Omnimedia	General
MediaFLO	General
Medio	General
Metacafe	General
Millenial Media	General
Mindset Media	General
Motive	General
NextAction	General
Nokia	General
Permission Data	General
Publishers Group of America	General
PureVideo	General
Quattro Wireless	General
SearchDex	General
Soapbox Mobile	General
US Tennis Association	General
Van Wagner	General
Verisign	General
World Wrestling Entertainment	General
Yellowpages.com	General
Zango	General

We Are Diversifying

Membership Categories by Count…



…By Dues



Launched the "Marketing-Media Ecosystem 2010" Study With AAAA, ANA & Booz Allen…

Study Overview

Objectives

- Drive insights and identify cutting edge practices marketers require in the evolving media environment
- Benchmark leading practices across marketers, media companies and agencies
  - New media leadership, culture and organization
  - Marketing, media and agency partnerships
  - Consumer connectivity
  - Channel, marketing and advertising mix
- Develop the diagnostic, stories, approach and "Things to Do Tomorrow" for each area
- Drive relationships with current clients and potential new clients through sharing insights

Participation

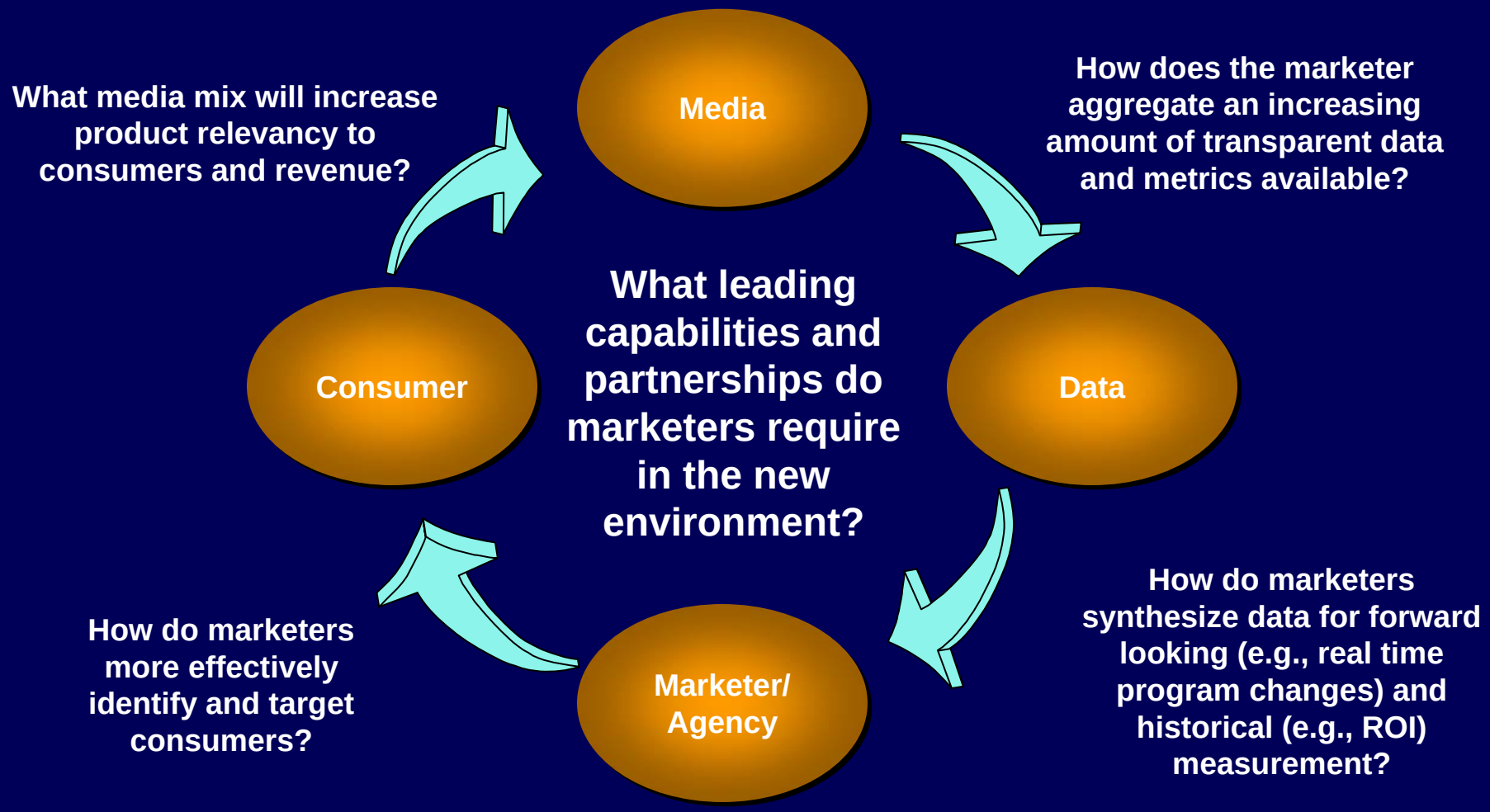
- Participation from leading players across the value chain
  - Prominent consumer-facing marketing organizations including representatives across packaged goods, auto, financial services, and retail industries (e.g., P&G, CapitalOne, Toyota)
  - Cross section of agency players including traditional creative, media services, digital, PR and specialty services (e.g., WPP, Digitas, Carat)
  - Leading media companies that represent varying size and scope; both traditional, digital and distribution (e.g., NBCU, Time Warner, CNET, Tacoda)
- Representation across specific marketers value chain

Outputs and Timing

- Insights and leading practices will be shared at premier organization conferences
  - For Marketers: October 2007
    ANA Masters of Marketing
  - For Media: February 2008
    iab 2006 engage
  - For Agencies: March 2008
    AAAA American Association of Advertising Agencies
- Content will be published in industry publications (Fall 2007)
- Industry-specific training agenda will be developed for member organizations (Winter 2007 & Spring 2008)

…Study's Focus: A "Marketer Requirements Framework"…

Marketer Requirements in New Media Environment



Source: BAH Marketing and Media Ecosystem 2010 Study

Working Impressions Discrepancies With the Agencies

- Discrepancies continue to impact publisher inventory
- Publishers continue to invest in auditing, but agencies not committed
  - Increasing number of agencies unwilling to negotiate or accept publisher impression numbers, even from certified publishers
  - Will only accept 3PAS numbers - the process part involving agencies is not audited
  - Agencies say marketer demand for audits currently not strong enough
  - Agencies need to look at campaigns across a number of sites in the same way to achieve operational efficiency
- IAB's response
  - Met with close to 30 agencies representing the 6 major holding companies and major independents
  - Ad Ops Council working with MRC to determine sources of discrepancies and normal variances
  - Ad Ops Council attempting to research and develop a real-time "early warning" comparison system with 3PAS
  - Initial AAAAs-IAB-Agency meeting scheduled for June 11th

Audience Metrics Discrepancy Resolved (For Now)

DMNEWS
The News Leader in Direct, Database and Internet Marketing

IAB challenges comScore, Nielsen//NetRatings

By Mickey Alam Khan
April 21st, 2007

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It didn't take Randall Rothenberg much time to stir the pot. The new president/CEO of the Interactive Advertising Bureau has challenged the nation's two leading Internet audience measurement services to submit to a third-party audit of their measurement methods.

Mr. Rothenberg on April 19 sent an open letter to comScore Inc. president/CEO Magid M. Abraham and Nielsen//NetRatings president/CEO William Pulver. As a first step, he has invited them to a summit meeting with the IAB's board of directors to discuss interactive audience measurement.

The IAB's overall objective is to gain transparency in audience counts and to revise panel methodologies. This is completely understandable. There are the discrepancies between the audience measurements of comScore and Nielsen//NetRatings and those of the server logs of the IAB's more than 300 members. Add to that the differences between comScore and Nielsen//NetRatings' measurement data. It's not surprising that advertisers and media buyers don't know which data to rely on.

B to B
THE MAGAZINE FOR MARKETING STRATEGISTS

IAB summit garners commitment to transparency in online metrics

Story posted: May 23, 2007 - 12:02 pm EDT

New York—The Interactive Advertising Bureau summit last week has yielded significant results, as measurement companies comScore and Nielsen//NetRatings agreed Tuesday to commit to timetables for the auditing of their technologies and processes by a third-party auditor.

Nielsen//NetRatings has formally announced its entrance into a full audit and accreditation process with the Media Ratings Council, while comScore is in the final stages of its preaudit with the MRC and has committed to finalizing the time line for a full audit and accreditation within the next three months.

Events Are Building Buzz

- MIXX Conference & Expo scheduled Sept. 24-25, during Advertising Week
  - 2007 event theme = Innovation, highlighting the value that derives from the "mixx" of strategy+content+channel and from marketers+agencies+media
  - General Assembly presentations will highlight Strategy; Track sessions will highlight platform Innovation; workshops will highlight Tools and Tactics
  - Confirmed Keynotes: John Hayes, CMO, American Express; and Charlie Rose interview with "interactive's first management guru," Seth Godin
  - Pending keynote invitations include Martin Sorrell, Mich Mathews
  - Increased emphasis on quality of moderators; already confirmed David Kirkpatrick (Fortune) and Steven Levy (Newsweek)

- MIXX Awards scheduled for Sept. 25, evening
  - 20+ judges confirmed, including Kraft, Johnson & Johnson, Wendy's, L'Oreal, Covad, MasterCard, HP, BMW, Honda, Anheuser-Busch, GE Money, HBO, Visa, Colgate Palmolive, IBM, Nissan
  - Over 60 Pre-screeners from IAB member companies
  - Confirmed host: comedian John Heffron, winner of "Last Comic Standing"
  - Awards submission campaign underway

Professional Development Training Begun

- Initial "Sales Training" modules launched in May in NY and Chicago
  - First two modules included both "Interactive 101" and "Big Ideas (401) sessions
  - Led by Doug Weaver, President and Founder, Upstream Group
  - New York sold out (100+); Chicago reached projections (~50)
  - Next dates: San Francisco (July 11) and New York (July 25)
- Development of expanded curriculum underway
  - Identification of additional subject matter to be addressed with feedback from key member contacts and a Sales Council working group
  - With the creation of additional subjects we will identify best in class practitioners to address those areas.

What IAB Needs From YOU

- Your case studies - to build our CMO Road Show and online database
- Your ideas - to create world-class conferences and professional development programs that teach media, agencies, and marketers to grow through interactive
- Your money - to build a war chest to finance lobbying, public education, and research campaigns
- Your presence – to build the networks of expertise that will reinvent marketing and media in the 21st Century

Exhibit 2

Interactive Advertising Bureau Privacy Guidelines

Purpose:
The IAB, in furtherance of its mission to promote Interactive Advertising and Commerce, seeks to establish guidelines for member organizations that set minimum acceptable standards for protecting the privacy of online users. These standards will serve as guidelines by which IAB member organizations can establish individual privacy policies while ensuring the privacy of users is uniformly protected.

Members of the IAB will be required to establish, post and conform to an online privacy policy. These policies will be designed to protect information that can be associated with an individual (personal identifiable information) in an online or electronic commerce environment. The policies, to conform to the IAB standards, will address the following elements.

1. Adoption and Implementation of a Privacy Policy
2. Notice and Disclosure
3. Choice and Consent
4. Data Quality and Access
5. Limited Use
6. Data Security
7. Trans-border Data Flows

The specific member policies can be customized and enhanced as appropriate for each site's particular needs. However, with respect to the elements listed above, all policies will meet the minimum standards established by the IAB. These minimum standards are described below.

Adoption and Implementation of a Privacy Policy

An organization engaged in online activities or electronic commerce has a responsibility to adopt and implement a policy for protecting the privacy of personal identifiable information (PII). Organizations should also take steps to foster the adoption and implementation of effective online privacy policies by the organizations with which they interact, which includes sharing best practices with business partners and/or advertising customers. IAB members are required to undertake the following:

- Post privacy policies prior to the collection of PII, as well as ensuring policies are provided to users at the time of collection of such information. Organizations that do not currently have a privacy policy in place must develop a policy that is in compliance with these guidelines.
- Develop and incorporate awareness programs to educate business partners and site visitors on privacy and the IAB Privacy Guidelines. For example, including a summary explanation of the IAB and its Privacy Guidelines within the privacy policy, in addition to providing a link to the IAB Web site and/or providing additional Frequently Asked Questions (FAQ's) to further educate business partner and site visitors.
- Take steps to ensure corporate privacy policy is consistent with online privacy statement.

Notice and Disclosure

An organization must provide a clear and conspicuous link to the privacy policy from the Web site home page and any page that collects PII. In addition, a link to the Privacy Statement should be clearly identifiable from the home page i.e. first or second frame, and subsequently referenced to as a link in the Web site footer throughout the Web site. On pages collecting PII, it is recommended that prior to information collection a brief notice of the purpose of collection is disclosed including a link to the most relevant disclosure section of the privacy statement (e.g., Notice and Disclosure).

An organization must provide notification of when their privacy policy was last amended by posting an "as of" date at the top of the policy to reflect the last time it was changed.

The policy must state clearly:

- What information is being collected and the purpose for this information collection
- All of the methods of how this information is collected. For example, via a registration process, sweepstakes and/or a feedback form
- The use of that information and how the organization will use the PII collected for future marketing to the individual
- Possible third-party distribution of that information. In the event information is being disclosed to third parties, the policy should make reference to what information is disclosed, why this disclosure takes place, and the relationship of the organization to the third party
- The choices available to an individual regarding collection, use and distribution of the collected information and how to exercise these choices
- The consequences, if any, of an individual's refusal to provide information
- What steps the organization takes to ensure data quality and access
- A statement of the organization's commitment to data security
- Whether the organization supplements the PII collected with their own data or information sourced from third parties, including the use of aggregated data. For example, the use of third party acquired demographic or marketing based data
- What accountability mechanisms the organization uses. For example, measures such as internal or external reviews, or privacy audits that the organizations takes to assure compliance with their privacy policy
- How and whom to contact within the organization with privacy related questions or concerns
- All sites using a third party ad server provide information regarding the privacy policy and practices of that third party ad server. This should be done via a link to that company's privacy policy that should adhere to the forthcoming Online Privacy Alliance (OPA) and Network Advertising Initiative (NAI) guidelines

Cookies and Log Files

The IAB member organization's privacy policy should make reference to the use of technologies such as cookies and log files, and explicitly state what this technology is, what information it collects and how this information is used by the organization. The policy should also provide site

users with guidance on how they can opt-out of the use of this technology.

If information such as click stream data is collected and it is to be associated with an individual's PII, this should be disclosed in the privacy policy. The organization should also take steps to educate site visitors about how this will occur and how they can opt-out.

Choice and Consent

Individuals must be given the opportunity to exercise choice regarding how PII collected from them online may be used. IAB members should provide users with the ability to opt-out of the following circumstances:

- Where information is to be used for a purpose unrelated to that which the information was originally collected for
- The collection of information, such as click stream data, that could be associated with their PII
- The use of an individual's PII for future marketing initiatives
- The sharing of an individual's PII with third parties

To ensure users the greatest flexibility, each site, and or IAB member organization that is gathering online information, should offer the user the ability to disable a site's cookie or other information gathering system.

The IAB recognizes that certain information is especially sensitive and would encourage Web sites and online organizations with access to such sensitive information to get explicit approval from a user prior to the redistribution or use of this information. Sensitive information would include but not be limited to financial and medical information. Organizations must provide an "opt-in" to users in order to collect and/or redistribute sensitive information

In an effort to ensure appropriate use of e-mail for marketing purposes, the IAB would establish as a minimum standard an opt-in policy for the redistribution or use of e-mail addresses.

Recognizing the need to protect minors, IAB members must comply with the requirements set forth by the Children's Online Privacy Protection Act (COPPA). Organizations should adopt a minimum standard requiring parental consent before a Web site or organization knowingly collects, uses, or redistributes information gathered on or from a minor, that is, an individual under the age of 13. Organization's privacy policies should make a statement about the organizations compliance with COPPA requirements.

Data Quality and Access

Organizations creating, maintaining, using or disseminating individually identifiable information should take reasonable steps to assure that the data are accurate, complete, relevant and timely for the purposes for which they are to be used.

Organizations should take reasonable steps to provide users with the appropriate processes or mechanisms to access PII they have provided to the Web site in order to correct inaccuracies in material information, such as account or contact information. In addition, these processes and mechanisms should be simple and easy to use, and provide assurance that inaccuracies have been corrected. These processes should be documented in the privacy policy.

Organizations should take other reasonable steps to assure the quality of the data collected. This

includes obtaining it from reliable and reputable sources, providing reasonable and appropriate consumer access and correction mechanisms, and developing protections against accidental or unauthorized alteration.

Organizations should disclose within the policy the length of time which PII will be stored. This timeframe should be long enough for individuals to access the information and make any necessary changes, while not too excessive so that the information may no longer be valid or current. Information should not be retained when it is no longer being used.

Limited Use

Organization's privacy policies must make reference to why PII is being collected, and how it will be used. The use of PII should be limited to the original purpose specified for its collection.

If information is to be used for a purpose not originally specified at the time of collection, or the use of the information changes over the course of time, individuals should be clearly notified of this. Individuals should also be provided with a clear and easy way to opt-out of this additional information use.

The organization's privacy policy should also make a statement in relation to the use and disclosure of information if it is required by law through a subpoena, search warrant or other legal process. In this instance, this disclosure may take place without the individual's consent.

Data Security

Organizations creating, maintaining, using or disseminating individually identifiable information should take appropriate measures to assure its reliability and should take reasonable precautions to protect it from loss, misuse or alteration. The organization should make use of industry standard security procedures, such as the use of secure socket layers for the transmission of sensitive information. A disclosure to this effect should be made in their privacy policy.

Organizations should take reasonable steps to assure that third parties to which they transfer such information are aware of these security practices, and that the third parties also take reasonable precautions to protect any transferred information.

Trans-border Data Flows

Any organizations involved in the flow of PII with European- based countries should ensure they are in compliance with the Department of Commerce International Safe Harbor Principles. The IAB Privacy Guidelines have been developed in compliance with the principles, however, there are additional steps that the organization must take to ensure they are in compliance. Any organization that provides PII to third parties must verify that the third party is either governed by the European Directive, or is in compliance with the International Safe Harbor Principles and provides the same level of privacy protection as required by the principles.

These guidelines are not intended to apply to proprietary, publicly available or public record information, nor to supersede obligations imposed by statute, regulation or legal process.