



# Privacy Concerns and Behavioral Advertising

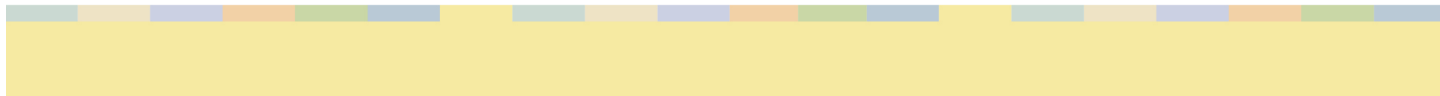
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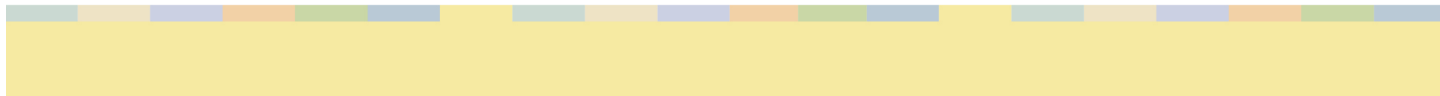
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## Overview

Defining Behavioral Advertising

Why is it important?

Statistics

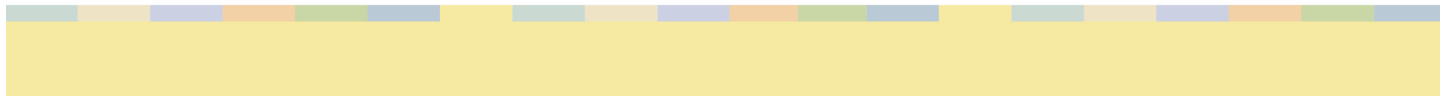
Relationship to Free Content

Privacy Issues

2008 NAI Principles

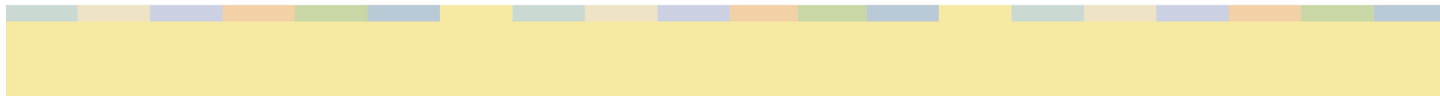
2009 FTC Staff Report

Conclusion



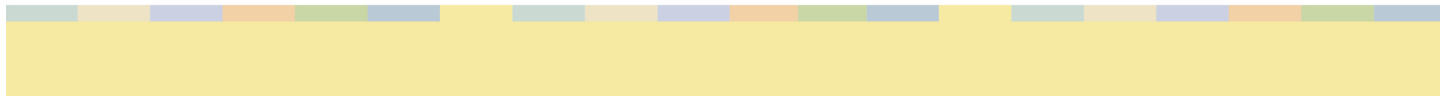
## What is Behavioral Advertising?

Behavioral advertising matches advertisements to a consumer's interest based upon a consumer's web surfing history over time.



## Why is Behavioral Advertising Important?

“I know half my advertising works, I just don’t know what half.”

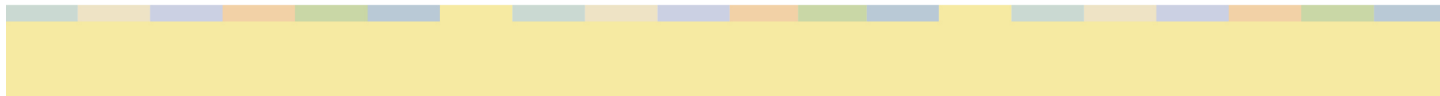


## Behavioral Advertising Statistics

The average relative cost of behaviorally-targeted ads in 2009 was 2.68 greater than that of standard run-of-network advertising.

The weighted average cost per thousand ad impressions (CPM) for behaviorally targeted ads was \$4.12, as opposed to \$1.98 for run-of-network advertising.

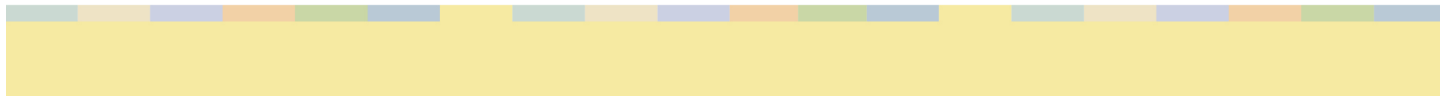
Behaviorally-targeted ads accounted for 17.9% of respondents' advertising revenue, with revenue increasing from 16.2% in Q1 to 19.4% in Q4 2009.



## Supports Free Content

Data from a smaller subset of the survey respondents suggested that users who clicked on a behaviorally-targeted ad were more than twice as likely to complete a transaction or sale with that site than those who clicked a standard run-of-service ad (6.8% vs. 2.8%).

**More than half of the respondents' advertising revenue – 54.6% - went towards the purchase of inventory and was therefore shared with publishers and content producers to support their businesses.**



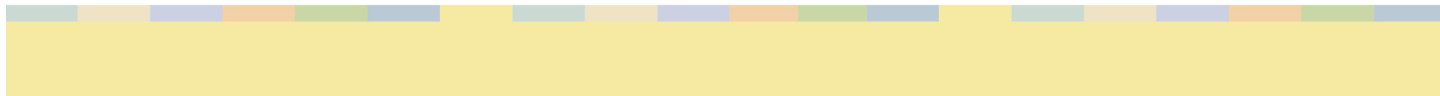
## Privacy Issues

What is privacy?

Do you know who is 4417749?

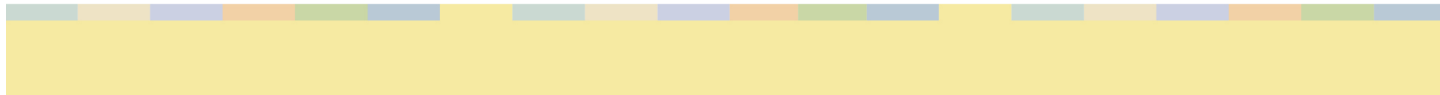
Do you know who Mr. Mystery is? Hint: he lives in zip code 02138 and was born on July 31, 1945.

How many pieces of information do you need to identify an individual?



## **Protecting Privacy -- 2008 NAI Principles**

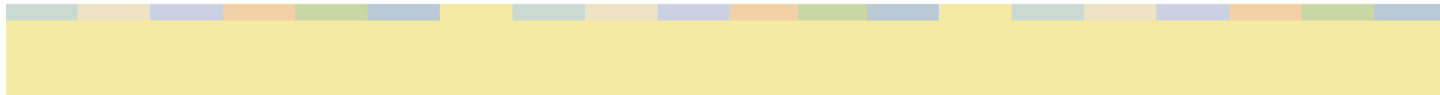
- Personally Identifiable Information (PII) versus Non-Personally Identifiable Information
- Notice
- Choice
- Security
- Retention



## **Protecting Privacy -- 2009 FTC Staff Report**

### Scope of Principles

- PII & Non-PII
- Online Behavioral Advertising Subject to the Principles
- "First Party" or "Intra-site" Online Behavioral Advertising
- "Contextual" Advertising





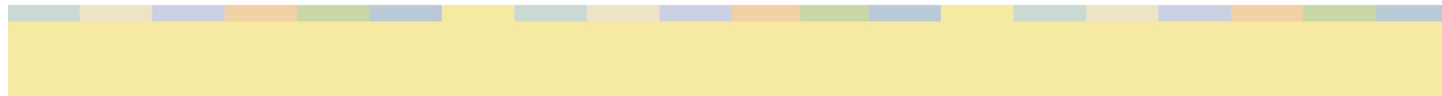
# Protecting Privacy -- 2009 FTC Staff Report

Transparency and Consumer Control

Reasonable Security and Limited Data Retention  
for Consumer Data

Affirmative Express Consent for Material Changes to  
Existing Privacy Promises

Affirmative Express Consent to (or Prohibition Against) Using  
Sensitive Data for Behavioral Advertising



## Alexander Solzhenitsyn

“As every man goes through life he fills in a number of forms for the record, each containing a number of questions . . . A man’s answer to one question on one form becomes a little thread, permanently connecting him to the local center of personnel records administration. There are thus hundreds of little threads radiating from every man, millions of threads in all. If these threads were suddenly to become visible, the whole sky would look like a spider’s web . . . Each man, permanently aware of his own invisible threads, naturally develops a respect for the people who manipulate the threads.”

