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Contact: Jeff Chester (202-494-7100)
Center for Digital Democracy (www.democraticmedia.org)
Ed Mierzwinski, USPIRG 202-546-9707

Consumer Groups Renew Call for FTC Action to Protect Consumers from Harmful Interactive Marketing Practices, including Behavioral Profiling

New Research Spurs Call for Investigation into Role of Data Targeting with Youth Sites, Social Networks, and Sub-prime Mortgages

Washington, DC: The Center for Digital Democracy (CDD) and the U.S. Public Interest Research Group (US PIRG), two of the leading public-interest advocacy groups working on behalf of a more diverse, competitive and privacy-based online environment, renewed their call today for action by the Federal Trade Commission to address invasive online advertising practices.

In connection with today's FTC Town Hall meeting, "Behavioral Advertising: Tracking, Targeting, and Technology," the two groups filed a 74-page supplemental statement (http://www.democraticmedia.org/files/FTCSupplemental_statement1107.pdf) in support of the formal complaint they filed last year (<http://www.democraticmedia.org/files/pdf/FTCadprivacy.pdf>), which identified new technology designed to aggressively track Internet users and create data profiles used in personalized "one-to-one" targeting schemes.

"Over the past 12 months, new tracking and targeting technologies have escalated the attack on personal privacy online. As our report documents, online marketers are creating digital dossiers on individual consumers ('behavioral profiling'), so they can be tracked when surfing the Web, watching a broadband video, or using their mobile phone," explained Jeff Chester, executive director of the CDD. "Today, we also ask the FTC to launch an immediate investigation into new threats to privacy from the behavioral targeting and profiling of children and youth, including on social networks."

Current privacy disclosure policies, CDD and US PIRG contend, fail to inform users *what* data are being collected and *how* that information is subsequently used. Although many companies claim to collect only "non-personally identifiable" information, they fail to acknowledge the tremendous amounts of data compiled and associated with each unique visitor to their websites. Thus even if these companies don't know the names and addresses of users, they literally know every move those users make online, through sophisticated online tracking and analysis technologies.

"The new business models of the Internet and mobile commerce can stimulate the economy and offer consumers choices," observed Ed Mierzwinski, Consumer Program Director of U.S. PIRG, "but unless the FTC steps in now and sets some basic rules for privacy protection, the costs to consumers posed by so-called behavioral targeting, the manipulation of both surfing and price choices, and the 24/7 corporate surveillance and dossier-building will easily outweigh any supposed benefits to consumers."

The Federal Trade Commission, according to the CDD/PIRG filing, must act swiftly to protect consumers from unfair and deceptive practices by using its authority, under Section 5 of the FTC Act, to address this issue on a variety of fronts:

- Launch an investigation into the companies cited in the complaint, including the range of data collection practices described.
- Create a special task force to examine new threats to children and teenagers, including the role of behavioral targeting and profiling.
- Open up an inquiry into the data collection and target marketing practices of social networks, including such well-known services as Facebook and MySpace.
- Launch an investigation into the role of behavioral targeting and online advertising in the promotion and sales of sub-prime mortgages.
- Examine the role that racial profiling and ethnic identification play in the data collection and online market targeting of consumers.

"We know that teenagers use the Internet to seek help for their personal problems and to deal with difficult issues in their lives. These activities give marketers unprecedented opportunities for massive data collection and behavioral targeting," said Kathryn Montgomery, Ph.D., Professor of Communication at American University and author of *Generation Digital: Politics, Commerce, and Childhood in the Age of the Internet* (MIT Press, 2007), who led the effort during the 1990's that resulted in the passage of the Children's Online Privacy Protection Act. "The loss of privacy is too high a price for reaping the benefits of the digital age."

The Center for Digital Democracy (www.democraticmedia.org) is a Washington-based nonprofit organization dedicated to maintaining the diversity and openness of the media, focusing especially on the new broadband communications systems. CDD's executive director played a leading role in the passage of the federal Children's Online Privacy Protection Act of 1998.

U.S. Public Interest Research Group serves as the federation of state PIRGs, which are non-profit, non-partisan public interest advocacy organizations that take on powerful interests on behalf of the American public. (www.uspirg.org).