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To Stem Privacy Abuses, Industry Groups Will Track Web Trackers

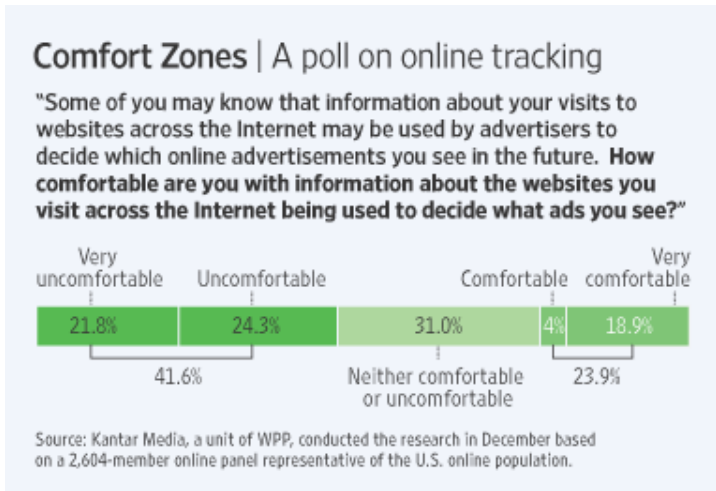
By EMILY STEEL

A new system to police privacy abuses by companies that track consumers' Web-surfing habits for ad targeting will be launched in coming months by groups whose members include heavy users of this type of information — Internet companies such as [Yahoo Inc.](#) and [Microsoft Corp.](#) and advertising companies like [WPP PLC](#).

The system is part of a broader push by Madison Avenue and the Internet industry to develop stricter self-regulation, in part to protect consumers' privacy online. The self-regulatory push is aimed at warding off federal regulation of the \$23 billion-a-year online-advertising industry.

"What we are really talking about here is trying to make the interactive advertising supply chain much more visible, more transparent to consumers, so that they have a much better ability to understand what is going on, and act on it," says Randall Rothenberg, chief executive of the Interactive Advertising Bureau, a trade group of more than 460 media and technology companies, including [Google Inc.](#), Microsoft, Facebook and Yahoo. A coalition of trade groups, including the Council of Better Business Bureaus and Direct Marketing Association trade group, is leading the effort.

Online-advertising companies typically gather information about consumers, such as the websites they visit or searches they make, to build profiles of those consumers. Marketers say the information is anonymous and can't be traced back to any individuals. The profiles are used to target ads to specific types of consumers.



Though advertisers and Internet companies consider the practice a vital part of online marketing, privacy advocates and others argue that it violates consumers' privacy unless consumers have given their explicit consent to having their data collected.

Lawmakers are preparing measures to regulate the online-ad industry, and the Federal Trade Commission has repeatedly warned it will endorse such efforts if the industry fails to step up self-regulation.

A coalition representing advertisers and Internet companies released a set of voluntary guidelines last July, calling for

websites and advertisers to clearly explain how they track and use information about consumers' Web activities.

The new policing system is designed to determine whether websites and ad companies that collect data on consumers are complying with those guidelines. This includes making disclosures about how they are collecting and using the information and providing a simple way for consumers to opt out of having their information tracked. The groups involved in the effort don't have any enforcement authority, but they hope to use peer pressure and the threat of public exposure to bring violators into line.

The group tapped Better Advertising Project, a start-up formed last summer by former About.com CEO Scott Meyer, for the technology to monitor the industry, according to people familiar with the matter.

Plans call for New York-based Better Advertising Project to collect anonymous data from a variety of sources, including a panel of about 300,000 people who have volunteered to use its Ghostery software, the people familiar with the matter say.

The software allows consumers to see which companies are tracking them as they surf the Web. During a recent visit to [AOL Inc.](#)'s parenting site [parentdish.com](#), for example, the software showed nine companies tracking the visit.

Better Advertising Project has mapped more than five million domains and identified more than 250 companies involved in collecting or using consumer data on those sites, according to a person familiar with the matter. The company will send data from its panel to the Council of Better Business Bureaus and Direct Marketing Association, which will use it to determine whether companies are violating industry guidelines.

If a company is found to be violating the industry principles, the Council of Better Business Bureaus will urge it to comply. The group will publicly report instances of non-compliance and refer cases to the government when companies don't correct violations, says Lee Peeler, the group's executive vice president.

Many details of the effort still need to be worked out, and privacy advocates and regulators have accused the industry of moving too slowly. When it released its guidelines last July, the advertising and Internet coalition said its goal was to have its policing program in place at the beginning of 2010.

Internet and ad companies say that the process is technologically complicated, and it takes time to get an entire industry on board. Plans call for the program to be in place in coming months, Mr. Peeler says.

"These businesses are sophisticated and complicated. If they can figure out a way to collect, use and monetize this data, they need to find a way to make their practices more transparent to consumers," says Peder Magee, senior staff attorney at the FTC.

Advertisers ultimately will bear the cost of making sure that their ads comply with industry guidelines. Many online advertisers and websites are readying efforts to include an icon on their sites or ads to alert consumers if their activities on a web page are being tracked or if they are being targeted for a particular ad, and giving them the option to opt out of the tracking.

Better Advertising Project is one of the companies that will provide the technology. It will charge a fee—equivalent to less than 10 cents per thousand times an ad is loaded—to advertisers who choose to use its software, according to a person familiar with the situation.

Better Advertising Project has struck deals with major advertising companies including WPP, to test its technology.

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