

Behavioural Targeting: the Fire and the Fury

NMK (University of Westminster) Debate, 25th November 2008

Bath House, 96 Dean Street, Soho

Please note that as I was an active participant, some of my notes may not be strictly chronological. However, I believe they comprise a fair record of the evening's debate and discussion. This is the second version of the report, updated to include input from Nick Barnett of Phorm, and it supersedes the previous version.

Chair: Guy Phillipson, CEO Internet Advertising Bureau
(trade association for the internet marketing industry)

Panel:

- ◇ Nick Barnett, UK Commercial Director, Phorm.
- ◇ Ian Brown, Research Fellow, Oxford Internet Institute (ex FIPR director).
- ◇ Rupert Staines, VP Europe, Specific Media (500 site advertising network).
- ◇ Baroness Sue Miller was detained at the House of Lords and so could not attend.

Audience: 52 named on programme (plus NMK people). Mainly advertising and media.
Included the following:

- ◇ Phorm: Hugo Drayton (I didn't identify him so can't be certain if he made it).
- ◇ BBC Worldwide: 5 people attended, the most from any single organisation there.
- ◇ ClickZ: Jack Marshall, journalist – see <http://www.clickz.com/3631791>.

Guy Phillipson started by asking the panel to describe behavioural targeting from their individual standpoints.

Rupert Staines contrasted behavioural targeting within a site with cross-site schemes. Key points were that the cookies had about three months' value, and that volume and reach was needed to make behavioural targeting effective.

Nick Barnett stated that all behavioural targeting should provide interest on a site and make money for the site owners. He explained that Phorm's model was similar to that of Specific Media but that Phorm obtained its data via the ISP. He used the analogy of a fishing net which the ISP put into the stream of data passing through it. Most data went straight through this, but the presence of particular cookies would trigger advertisements for those the users. He made it clear that Phorm doesn't receive any browsing history, that the data stored was an association between the random cookie id and the fishing net and didn't refer to users directly, and that Phorm excluded sensitive subjects such as pornography, gambling, alcohol, tobacco and medical conditions.

Ian Brown stated that behavioural targeting had been with us virtually since the birth of the World Wide Web. However, it was a big leap to go from a one product/one company approach to a position where a user's interest in all products and all companies was analysed. Would you be happy for your mother or boss to see absolutely everything in your browser history? He commended Phorm for trying to be transparent. However BT had not informed customers adequately, nor had they offered any meaningful benefit to those who signed up. He contrasted

this with supermarket cards which had succeeded in informing customers and getting them to buy into clear benefits.

Guy Phillipson asked the panel what benefits the consumer received from behavioural targeting.

Rupert Staines stated that the Internet now represents the biggest part of media consumption – people use it for everything in their lives. In practice everything we do breaches privacy (Ian Brown disagreed at this point). Rupert continued that while Phorm could get a 10/10 view of consumers' web use, Specific Media could still get 6/10. By getting the data from ISPs, Phorm's model raised the issue of consumer trust. This was unfortunate for Phorm.

Nick Barnett agreed that behavioural targeting was harder site-side. Behavioural targeting had to be a choice. For example, with Webwise, users are presented with a screen. If they didn't want the service, the power was in their hands.

Nick also stated that with Phorm users received anti-phishing protection. A contributor from the floor pointed out that current versions of the web browsers used by more than 90% of people in the UK provided this for free and prompted for activation when they were installed. Nick responded that only a relatively small proportion of total internet consumers use the latest versions of client-side software and/or web-browsers with in-built phishing protection, and many consumers remain unprotected.

Rupert Staines continued that all Specific Media's publishers had to adhere to a set privacy policy. He blamed affiliate networks for much user dissatisfaction with web-based advertising which was often irrelevant. He contrasted this with Specific Media's advertising which is crafted to be relevant.

Nick Barnett talked about publishers, user choice and privacy. He then moved on to set out what was in behavioural targeting for the advertiser: the ability to fine-tune advertising, and the fact that they would only be advertising to people who had some interest in their product.

Ian Brown said he would prefer the Webwise invitation page to be navigated to by users.

Rupert Staines said that with the US NAI

http://www.networkadvertising.org/managing/opt_out.asp

only around 100,000 Americans had opted out of cookie-based behavioural advertising.

Guy Phillipson then threw the debate open to the floor.

Early on in this process, he took a straw poll.

Q1 – Would you Opt In to Phorm if it meant your Broadband was free?

◇ Around 50% said Yes.

Q2 – Would you Opt In to Phorm on the currently proposed terms?

◇ Only 5 people (less than 10%) said Yes.

A member of the BBC team asked whether PII could be identified by schemes such as those operated by Specific Media and by Phorm. Predictably Nick and Rupert said no, Ian said yes, and the issue was left there.

The absence of BT was noted (An NMK person said they had been invited but had declined to attend) since it was the ISPs who would implement Phorm. A contributor from the floor stated

that since trust in ISPs had been mentioned, executives or spokesman for four (Orange, Sky, Tiscali, Virgin) had said they wouldn't implement Phorm, in some cases citing privacy issues. What was the Panel's view?

Nick Barnett responded that these were merely executives or spokesmen and not formal company positions. He dismissed Tiscali who were looking for a buyer. The statement from Orange had come from a group executive and was not necessarily the view of Orange UK. He was meeting that executive shortly. Discussions continued with Sky. Virgin was still a Phorm partner – indeed Phorm and Virgin met on more or less a weekly basis.

Rupert Staines observed that the ISPs were running scared and that it was their own fault.

A contributor from the floor described how he had implemented an ISP in a Third World country which had no regulations. Behavioural targeting based on IP address had produced stellar results.

A contributor from an advertising agency stated that display advertising on sites does not work (and the strength and weakness of web-based advertising is that you can measure this). Targeting is needed for advertising to be effective.

Rupert Staines confirmed this by giving figures on untargeted click-through rates. When web use started they were around 1.5%, now they are around 0.04% (in other words one per 2500 page shows).

Nick Barnett said he recognised that a proportion of people use ad-blockers. He did not believe people would bother to do personalisation for themselves: it had to be done for them. As well as targeting advertisements, Phorm saw a future in targeting content. He used the term “dynamic content repurposing”.

Ian Brown returned to the issue of trust. Privacy concerns about Google Talk had impacted its take-up. Consumer concern had persuaded Google to reduce its browsing history retention from 18 months to 9 months though clearly this was still unsatisfactory.

Guy Phillipson then returned the debate to the panel to talk about regulation.

Ian Brown quoted the Royal Mail analogy which appeared to be new to a substantial minority of the audience. Behavioural targeting should have real transparency, and Opt-In consent was essential. Rupert Staines supported this and added that audit of behavioural targeting systems was also necessary.

Nick Barnett stated that Phorm had taken substantial advice from lawyers who had confirmed its scheme was lawful.

He also mentioned the IAB's Behavioural Targeting Taskforce which was in the process of setting up standards and policies for behavioural targeting. Sensitive subjects would be excluded, for example many medical conditions. Ian Brown interjected that under EU Law, all medical data was categorised as sensitive. Nick said this was helpful input to the Internet Advertising Bureau working party of which he was a member. Ian expressed his concern about scope creep. Phorm may exclude sensitive subjects now, but would this promise stand up to commercial pressures in future years? Nick responded that Phorm would not bow to commercial pressures in this regard as the market outside of these areas was plentiful.

Nick continued that behavioural targeting had to follow ICO and OFCOM guidelines: opt-in had to be unavoidable and clearly informed. It was for Phorm. Other schemes should follow. A

contributor from the floor asked how Phorm opt-in could be informed when the Webwise invitation screen did not explain all a user's web browsing would be intercepted and read if they accepted the invitation. Nick expressed surprise at this as he thought that information was there.

A contributor from the floor who worked for an advertising agency raised the issue of trust from their perspective. Unless a behavioural targeting scheme (such as Phorm) was cleaner than clean advertisers would pull out.

The question of how far people accepted being monitored was discussed. A contributor pointed out that younger people accept being monitored more than older people. Overall what was needed were clear explanations and transparency. Ian Brown noted that young people were less concerned about privacy because they may be unaware of its implications – for example the effect of a rash Facebook posting or picture on a future job application.

A contributor from the floor asked about surveys to determine how much consumers wanted relevant advertisements. Rupert Staines gave an anecdote of a man in the US who had ended up being very specifically targeted for an offer and subsequently called the CEO of the company who had made him the offer for an explanation. His attitude had developed from concern to qualified approval. Nevertheless, Rupert felt that when it suits people then behavioural targeting is great, but when it doesn't suit them it's not.

An example was quoted that in BBC focus groups, individuals' stated behaviour could be the opposite of their actual behaviour. For example, people said they had never used credit cards online but had booked their last holiday on Expedia. Some who said they never clicked on an ad had bought goods as a result of a click-through.

Nick Barnett said that though detailed figures were confidential, Phorm's studies had indicated that 75-100% of consumers had expected ISPs to operate such schemes by default. The important thing was that consumers had free choice. A contributor from the floor stated that choice should not just be free, it should also be informed.

Guy Phillipson asked the panel to talk about education and consumer understanding.

Ian Brown's opinion was that uninformed consent was worse than useless. Recent BT research on why users trust websites had identified two key themes:

- ◇ When things go wrong they need to be put right quickly and effectively
- ◇ If something major goes wrong, the backlash from users can be huge.

Nick Barnett stated that the majority of consumers didn't care about behavioural advertising. But for those who do openness and transparency were essential.

Rupert Staines disagreed saying that it shouldn't be so broad brush. Government websites needed to be closely controlled to protect citizens' rights. But commerce improved society, and so commercial websites should be allowed to self-regulate within the context of informing users and transparency. Ultimately, however, it would be the advertisers who had to take responsibility for trust.

Report prepared by

Neil Maybin

nm@neilmaybin.com

26th November 2008

(revised 27th November 2008)