

EU Chapter Brief

WHAT EU DEVELOPMENTS MEANS FOR IAA MEMBERS



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Chapter Brief 3: AdVantage

Overview

This Chapter Brief is dedicated to the pan-European project AdVantage. The workshop: "e-contentment or e-controversy" that took place on 10 June 2008 is presented in particular.

What is AdVantage?

AdVantage is being established as a platform to facilitate debate about the role and responsibilities of advertising in our society and its relation to EU policy-making. This non-partisan European initiative aims to encourage discussion on advertising-related issues in the European Parliament by bringing together political decision-makers and expertise from representatives of the advertising and media industries.

Workshop: e-contentment or e-controversy

In the course of this workshop, representatives of online business, advertising and consumer organisations shared their views in front of a panel of members of the European Parliament.

The starting point for the discussion was that content on the Internet is mostly free of charge because advertising pays for it. However, for some forms of advertising, private information about the user is collected.

The main topics addressed during the workshop were:

Two-way world

The Internet is a two-way world where consumers create content, thereby submitting information about themselves as well as about their behaviour. Advertising therefore becomes contextual; it targets the consumer according to the interest he has shown before.

User-Management, transparency and trust

In principle, it is the user who decides which information he wishes to share. To guarantee this free choice, transparency on the generation of information is extremely important. The consumer relies on trust that information is not shared and not used without his consent.

Personalised digital experience

Modern data collection technologies, using cookies¹, enable firms working with Internet pages to show the consumer exactly those pieces of advertising that he is interested in. (This must of course be distinguished from online crimes such as phishing²).

Interest of the consumer

Consumer organisations express concern that the personalisation of advertising, i.e. to receive ads that correspond to his perceived interest, might not be in the best interest of the consumer.

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Data retention

An important aspect of data collection is, whether this data may be stored for further use. This point must be clarified both for the data retention by companies and by governments.

Regulation

The point was raised whether regulation or legislation would rather solve or create problems. Most participants seemed to agree that further regulation is not required. Self-regulation was brought

Self-regulation was brought forward as a possible solution as was an independent body, providing education and tips for consumers on how to protect themselves from misuse of their data. The question was asked whether it made sense that the EU and the US tried to legislate coherently.

Economic aspect of advertising

The final point raised was the economic aspect of advertising. Advertising is a key element of the market economy and is one of the keys for thriving business in Europe. AdVantage wishes to contribute to successful and fair advertising in Europe.

On the pages that follow you will find a short summary of the workshop. The full sound recording can be listened-to on the AdVantage website at <http://www.advantageplatform.eu/events.html>

¹Cookies are pieces of code that are used to collect information. They record the browser activities without transmitting any personal information.

²Phishing is the illegal action of acquiring sensitive information, such as usernames or passwords from someone's computer.

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Summary of AdVantage workshop - 10 June 2008 e-contentment or e-controversy? Consumers, the Internet and advertising

Esther Dyson, *Expert on emerging digital technology*, says the Internet is a two-way world, which is new to publishers and advertisers. They are used to try to communicate with the consumer when all he wants is attention and being listened-to. Today, online advertising is "Contextual" (ads the content of which relate to the general subject of the website where they are placed), "Search", "Behavioral" where advertising is targeted at us according to the interests we may have shown for tennis, financial services etc...

The future will be user-managed. An example is www.dopplr.com where I can enter my trips and share this information with friends, to allow us to meet when we are in the same town at the same time. Other examples include personal blogs or social networking sites such as Facebook, where the consumer chooses what he says about him/herself, who will be allowed to see or visit his/her pages. Esther Dyson does not believe this requires regulation. It does however require transparency and effective disclosure regarding for example who will be given access to your profile, data or information.

Ben Edwards, *Publisher of the Economist.com*, finds that online publishing is a contest of ideas, a place to debate the global agenda. In order to grow its online readership, the Economist.com has decided to create a closer involvement with its readers, notably in allowing them to create content. This is the main difference between the paper version of the Economist and the current online version: guest writers and readers alike wish to participate in submitting editorial content, which in turn generates online debate and attracts more readers.

Readers must be able to manage their identities, their publishing and their reputation online. Regular readers rely on trust, so personal information will not be shared without their consent.

Cookies are parcels of text sent by a [server](#) to a [web client](#) (usually a [browser](#) such as Explorer or Firefox) and then sent back unchanged by the client each time it accesses that server. [HTTP](#) cookies are used for [authenticating](#), session tracking (state maintenance), and maintaining specific information about users, such as site preferences or the contents of their [electronic shopping carts](#)." The Economist.com uses cookies to check whether visitors have registered on the site, logged in, and asked to be remembered, or whether they are paying subscribers to the website (or have activated a print subscription), granting them access to premium content and services, including content made free by the sites' advertising clients. Cookies also allow tracking of a reader's session path and length in order to adapt content to reader's preferences.

For David Pullan, *President Global Services Solutions, Aegis Media & Head of Isobar Global*, consumers are increasingly concerned about privacy which does not stop them using the net. We need to distinguish between online crime (such as phishing) and providing a personalised digital experience, which will provide significant long term value to consumers. He believes that there is an opportunity for the industry to provide consumer-education to improve awareness of the issues.

Concerns have also arisen through stories that internet users journeys around the internet are now being tracked by advertisers so that they can be targeted by more advertising - a process called 'behavioural targeting', using 'cookies'. This needs to be explained further, so that we can make a clear distinction between this and illegal practices like phishing.

A 'cookie' is a piece of code that a site places on to a computer browser programme - for example Microsoft Internet Explorer, or Firefox. It records the browser, anonymously, as visiting certain sites, and seeing certain adverts. No personal information like name or address is taken. Browsers may have thousands of cookies on them, depending on the

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number of sites visited, recording actions, and also preferences on websites.

'Behavioural targeting' sounds sinister but it is not. The only 'behaviour' recorded is which online sites the user visits - no non-internet, personal or other behavioural data is taken at all. The 'targeting' is then a process that allows advertisers to direct messages at people based on the sorts of sites that they visit - for example a person visiting automotive sites might reasonably be expected to be interested in advertising related to cars, which can then be given to them when they are on other, non-automotive pages.

David Pullan proposes that there should be third party independent sites for consumers to provide them with education on the issues of online data use and misuse, and tips on how to protect themselves from danger in their online use. A template for this would be the 'Drinkaware' site in the UK <http://www.drinkaware.co.uk/> which is a resource to help people understand the dangers of alcohol, including tips on dangers to avoid.

A site with a similar purpose should be created as an initiative by the digital media industry, jointly funded by publishers, advertisers, agencies and industry bodies. The site would be designed to be used by members of public across Europe.

Nuria Rodriguez, *Acting Head of the Legal Department of BEUC*, finds that there is sufficient legislation to deal with internet privacy issues, such as the data protection directive. Regrettably the directive needs to be better implemented as there is a deficit of information, a lack of transparency and obscure privacy policies which no one can understand. Regarding behavioural advertising, the real question is: is it really in the interest of the consumer to be targeted by ads, i.e. receive ads that correspond to his/her perceived interests? She finds that online advertising should be watched and may need further legislation.

Alain Heureux, *President of IAB Europe*, talks about the "prosumer anno 2008" who is in charge and looks for a true dialogue on the Internet. Marketers must engage the consumer in order to be more effective. Where marketing in the pre-digital era was using mass-media to reach huge numbers of consumers to sell a product, today marketing needs to reach small groups of consumers via a variety of mostly digital communication channels to sell niche-products or services. This is what David Pullan refers to as the long tail economy, following the book by Chris Anderson.

A European e-commerce forecast by Forrester Research, predicts that in the next five years, the number of European online shoppers will grow from 100 million to 174 million. Their average yearly online Net retail spending will grow from €1,000 to €1,500 and reach a total of €263 billion by 2011.

Sophia in't Veld, *MEP*, raises the question of governments' behaviour regarding personal data: they should not be allowed to collect or store people's data without their knowledge. Furthermore, she thinks that as the Internet is global, it would make sense that the two main global legislators, the EU and the US, try to legislate coherently. Maybe the best solution would be self-regulation, as it adapts more easily and quicker to technological or economical changes.

Holger Kraemer, *MEP*, and host of the event, concludes by saying that advertising is a useful element of the market economy and of society. It is regrettable that advertising is usually discussed as a problem (tobacco, alcohol, privacy) rather than a solution. Data retention by governments is an issue, like for example in Germany where the Deutsche Telekom misused users' personal data. Do we solve or create problems with new legislation? Advertising is one of the keys for thriving business in Europe, and via AdVantage we will continue working on this.

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