

A Better Online Experience... *or an Invasion of Privacy?*



COMMENTARY

By **TODD A. SILVERHART, PH.D.**

*Corporate Vice President and Director,
Technology in Marketing and Distribution
Research and Markets Research,
LIMRA*

As Internet site providers continually focus on the best ways to monetize their online offerings, one question that is increasingly attracting the attention of their targeted consumers is, “Which is more important — optimizing my experience online by having information available that fulfills my specific needs or interests, or the protection of my privacy?”

The key to monetizing Web offerings for sites that are not directly selling products or services is based on generating advertising revenue. Online advertising has become an effective means for turning Web traffic into income — so effectively that, to me, it’s somewhat surprising. Past research findings have indicated that consumers are not always fond of online advertising. Combined with the vast number of commercial messages that consumers are bombarded with on a daily basis, it raises the question of how effective these ads can truly be. Yet, online ads apparently *do* accomplish the three objectives that they are supposed to fulfill:

1. Increase brand awareness
2. Generate leads
3. Prompt sales

Clearly, the more effective an advertisement is, the better it is for all parties involved. One way to improve online ad effectiveness is by increasing message relevance — whereby the advertisement is presented to individuals who are

more likely to have a related interest or need to the message. While this concept is by no means new, the capabilities of Internet technology have taken it to a whole new level.

Whereas in the past, ad relevance was gauged primarily by fairly simple factors like demographics or related interests, Internet-based behavioral targeting has opened the gates to determining relevance by monitoring actual online activity. These behavioral targeting techniques capture information on things like Web sites visited, terms searched, articles read, and products purchased, allowing for the development of fairly sophisticated profiles. It follows that using these profiles to determine the types of ads to deliver leads to the delivery of ads much more closely aligned with individuals’ specific interests than is possible with less specific, traditional targeting methods.

Because of the increased relevance and, therefore, the increased effectiveness obtained with behavioral targeting for online ads, use of the approach is very much on the rise. It has been estimated that U.S. spending on behaviorally targeted online advertising will experience a minimum of 20 percent annual growth each year through 2014 — where spending will reach \$2.6 billion (*eMarketer*, January 2010).

Yet this advance is not without its critics. Despite the benefits to consumers (as well as marketers) of increased relevance and the positive impact on the online experience, privacy advocates are vehemently

CONTINUES ON PAGE 75

TECHNOLOGY COMMENTARY

CONTINUED FROM PAGE 57

opposed to its usage. Their view is that tracking technologies that record where they go and what they do online are “Orwellian” in nature.

“Big Brother is watching you” has never been a popular notion and plays into general concerns about who has the right to know about my specific activity and what might be done with that information. In recent months, myriad major privacy groups have made demands for new privacy legislation to govern online behavioral tracking and ad customization. These groups have a long list of specific concerns related to behavioral targeting including violation of a fundamental right for privacy, the data being collected revealing identities, not having control over how data are used, and the data being used to take advantage of vulnerable consumers, to discriminate against consumers, and to be used for other than commercial purposes.

Of particular interest to insurance marketers are the comments made by Tim Berners-Lee — director of the World Wide Web Consortium, inventor of the World Wide Web, and a devout privacy advocate — in a BBC interview:

I want to know if I look up a whole lot of books about some form of cancer that that's not going to get to my insurance company and I'm going to find my insurance premium is going to go up by 5 percent because they've figured I'm looking at those books.

– <http://news.bbc.co.uk/2/hi/7299875.stm>

While perhaps farfetched with a hint of paranoia, this view may not be beyond the realm of possibility and fuels privacy concerns for many.

So is there a reasonable resolution to this conflict? Is there a way for marketers to take advantage of the benefits associated with behavioral targeting *and* allay concerns of privacy? I think there has to be. To begin with, there is much to be gained if marketers simply communicate with consumers about their use of data. A little education could go a long way in tempering potentially paranoid perceptions of marketers' intentions. In addition, behavioral targeting programs that are sensitive to specific privacy issues will be helpful in mitigating concerns. My understanding of Google's behavioral targeting program suggests it is a good example of this. This program does not collect any individual identifying information, allows individuals to easily opt out, and allows individuals to review and edit interest categories assigned to them. It seems to me that programs like this go far in providing a reasonable balance by achieving the benefits of increased relevance that sophisticated targeting allows while still being respectful of privacy concerns. 🌐

