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Ads Follow Web Users, and Get More Personal

By STEPHANIE CLIFFORD

For all the concern and uproar over online privacy, marketers and data companies have always known much more about consumers’ offline lives, like income, credit score, home ownership, even what car they drive and whether they have a hunting license. Recently, some of these companies have started connecting this mountain of information to consumers’ browsers.

The result is a sea change in the way consumers encounter the Web. Not only will people see customized advertising, they will see different versions of Web sites from other consumers and even receive different discount offers while shopping — all based on information from their offline history. Two women in adjoining offices could go to the same cosmetic site, but one might see a $300 Missoni perfume, the other the house-brand lipstick on sale for $2.

The technology that makes the connection is nothing new — it is a tiny piece of code called a cookie that is placed on a hard drive. But the information it holds is. And it is all done invisibly.

“Now, you’re traveling the Internet with a cookie that indicates you’re this type of consumer: age group X, income level, urban versus rural, presence of children in the household,” said Trey Barrett, a product leader at Acxiom, one of the companies offering this linking to marketers.

Advertisers and marketers say this specificity is useful, taking out the guesswork involved in online-only profiling, and showing products to the people most likely to be interested. Retailers including Gap and Victoria’s Secret are using this tactic.

But consumer advocates say such unseen tracking is troubling. On the old Internet, nobody knew you were a dog. On the new targeted Internet, they now know what kind of dog you are, your favorite leash color, the last time you had fleas and the date you were neutered.

“The industry’s love affair with persistent cookies has made it virtually impossible for users to go online without being tracked and profiled,” said Marc Rotenberg, executive director of the Electronic Privacy Information Center, in an e-mail message.

While Congress has been holding hearings on online privacy lately, the sessions have focused on online behavioral targeting. The industry has argued that no government intervention is needed, an argument that the Federal Trade Commission has so far accepted.

Consumers can avoid cookie-based tracking by deleting cookies from their computers or setting their browsers not to accept cookies. But few do, and privacy advocates say it is easy for companies to add cookies without users noticing.
For decades, data companies like Experian and Acxiom have compiled reams of information on every American: Acxiom estimates it has 1,500 pieces of data on every American, based on information from warranty cards, bridal and birth registries, magazine subscriptions, public records and even dog registrations with the American Kennel Club.

Patrick Williams, the publisher of the personal finance magazine Worth, recently asked Acxiom to find the names and addresses of 10,000 Americans from each of 11 cities who had houses worth more than $1 million, net worth of over $2 million, lived within a few miles of other rich people and subscribed to business publications.

“They are the scariest data research company around — they know far too much,” said Mr. Williams, who said he was very happy with the amount of information it gave him.

Companies like Acxiom and a competitor, Datran Media, make the connection between online and offline data when a person registers on a Web site or clicks through on an e-mail message from a marketer.

Datran’s cookies include 50 to 100 pieces of information. Both companies say cookie data is anonymous and generalized. Datran and Acxiom then sell advertising on Web sites like NBC.com, Facebook and Yahoo to companies that use their data.

For marketers, all this data is a boon. Beltone New England, a hearing-aid company, asked Datran to find people online who were 65 and over, owned a house, were head of a household, made more than $35,000 a year and lived in New England so it could show them ads. Datran also tested the same ads with a wider group of people.

“What was surprising was we found the majority of responders turned out to be women 35 to 40 who had elderly parents at home,” said Perry Ebel, Beltone’s director of marketing and business development. He said he was changing his offline marketing to include that group.

By using real-world data online, marketers can customize messages even further — showing different products to people with different shopping habits, whether it is in ads, an e-mail message or in semipersonalized Web pages.

Rodale, which publishes books along with magazines like Men’s Health and Prevention, uses Acxiom data to help determine which promotional e-mails to send to which customers. Offers aimed at women might be accompanied by an e-mail message offering a Father’s Day subscription to Men’s Health for him and a free book on losing belly fat for her. Young men might get another offer — a book on sex positions. Some marketers are using offline data more subtly — for example, showing a budget shopper a discount offer and a regular shopper a full-price section.

“The people who buy less frequently and are most price-conscious may get a better deal than someone who buys more frequently, who would buy anyway,” said Christopher S. Marriott, global managing director of Acxiom Digital, a division of Acxiom.

Of course, shoppers would have little reason to think their experience or their ads are being personalized based on their home value or Volvo ownership.
“It is a little Big Brother-ish,” said Betsy Coggswell, 49, a social worker in Fullerton, Calif., who shops online regularly. Still, she said, she wasn’t shocked. “Every time you put out information about yourself — people have got to understand — it’s going to be collected by somebody.”

Some online companies avoid matching online and offline profiles. In 2000, DoubleClick abandoned plans to connect online and offline data after a huge outcry. Google, which later acquired DoubleClick, has been conducting studies that connect the two areas, but it does not currently collect or serve ads based on such personal information without user permission, Sandra Heikkinen, a Google spokeswoman, said.

While Acxiom, Datran and some of their partners address their use of tracking in their privacy policies, such policies have become worthless, Mr. Rotenberg said. “Real transparency means that the user gets access to the information, not to a policy about the information,” he said.

Paul M. Schwartz, a law professor and privacy expert at the law school of the University of California, Berkeley, said the unwitting participation by consumers makes online marketing different from offline.

“Interactive media really gets into this creepy Orwellian thing, where it’s a record of our thoughts on the way to decision-making,” he said. “We’re like the data-input clerks now for the industry.”