INTRODUCTION

Digital advertising revenues in the US hit an all time high of $9.6 billion in the first quarter of 2013 according to a study conducted by the Interactive Advertising Bureau (IAB) and PricewaterhouseCoopers (PwC) as part of the ongoing IAB Internet Advertising Revenue Report. The figure is a 15.6% increase over the $8.3 billion figure reported in the first quarter 2012.

While good news for the US digital advertising industry, continued growth is dependent upon the ability of the online advertising industry to retain the trust and confidence of consumers. The majority of users acknowledge the important role online advertising plays in making content and services available at little or no cost, but they want control over their privacy on the internet.

In 2009 the Digital Advertising Alliance (DAA) published cross-industry Self-Regulatory Principles for Online Behavioral Advertising to apply consumer-friendly standards to online behavioral advertising across the Internet. In August 2013, the DAA unveiled new guidance for advertisers that brings the transparency consumers have come to know for interest-based ads in the desktop browsing environment to the mobile space.

The TRUSTe 2013 Consumer Data Privacy Study - Advertising Edition is part of a research series and a long-term commitment to privacy education from TRUSTe. Now in its third year, this comprehensive survey offers detailed insights into current consumer opinion, market trends, business implications and awareness of the DAA AdChoices Program.

This Advertising Edition follows publication earlier this month of a report by TRUSTe on Mobile Privacy. Both reports will be shared alongside the full research findings at a series of roadshow events in the US and Europe beginning in September 2013.
EXECUTIVE SUMMARY

The TRUSTe 2013 US Consumer Data Privacy Study - Advertising Edition provides a comprehensive analysis of current consumer thoughts about online advertising and the privacy implications across the US. The extensive study was conducted by Harris Interactive on behalf of TRUSTe with 1,171 US internet users from June 12 – 19, 2013.

The research found that online privacy concerns are increasing, particularly amongst younger internet users with 64% of US internet users more concerned than a year ago rising to 75% amongst 18-24 years old.

80% are aware that they are tracked by advertisers in order to provide advertising based on their interests. 52% do not like the concept of Online Behavioral Advertising (OBA) rising to 69% amongst smartphone users. 35% have stopped doing business with a company or using their website due to privacy concerns and 68% refuse to allow companies to share their information with a third party.

90% of internet users report opting out of online tracking through browser settings with 82% manually deleting cookies and 68% using a browser privacy add-on/features for ad-blocking or anti-tracking and 54% (up from 44% in 2012) opting-out of tracking via search engine settings.

65% consider online advertisers and advertising networks to be wholly or very responsible for protecting their online privacy but only 1% trust them the most. 54% trust themselves the most to protect their privacy, down from 69% in 2012 but there appears to be a growing role for self-regulatory organizations with 9% trusting them the most, up from 6% in 2012.

Awareness and familiarity with the DAA Self-Regulatory Program continues to increase with two out of ten US internet users (21%) now aware of the AdChoices icon (up from 5% in 2011 and 14% in 2012). Nearly a quarter of consumers (24%) have clicked on the icon.

The DAA Self-Regulatory Program has a positive impact on businesses. Inclusion of the AdChoices icon in a banner ad boosts positive perception of both the concept of online behavioral advertising and attitudes toward the advertiser for about four-in-ten internet users. 62% of internet users (up from 55% in 2011) would be inclined to do more business with an advertiser or publisher that gave them the option to opt out of OBA and 53% would be more inclined to click on an ad (that gives them the option to opt out of OBA).
SURVEY METHODOLOGY

Who
1,171 total interviews were conducted among Harris Interactive’s online consumer panel.

Respondents were qualified as:

- US residents
- Age 18 and over
- Not employed in advertising, marketing research, PR
- Additional sample boost of smartphone users

For analyses related to mobile app privacy data has been weighted to match the US adult population of smartphone users (and includes an additional targeted sample boost of smartphone users.)

When
Interviews were conducted June 12 – June 19, 2013

How
Via self-administered online survey, averaging 17 minutes in length

DETAILED FINDINGS

1 Consumer Privacy Concerns
The issue of online privacy continues to be very important to US internet users, with over 9 in 10 stating it is a “somewhat” or “really” important issue.

This figure is down slightly to 91% from 94% in 2011/12 and 96% in 2008/09.
While the percentage of consumers with privacy concerns is down slightly, 64% also reported they are more concerned than one year ago.

The greatest increase in privacy concerns has been amongst young people with 75% of those in the 18-24 age range more concerned than a year ago compared with 56% in the 25-34 age range. 18-14 year olds are also likely to think about privacy more often than those aged 25-34.

### 2 Awareness of Online Behavioral Advertising

#### 2.1 Desktop Computer Usage

Internet users were asked if they were aware that advertisers tracked their activities in order to deliver targeted ads based on their behavior, known as Online Behavioral Advertising (OBA).

8 out of 10 internet users (80%) are aware of OBA (down from 83% in 2012). However increasing numbers, 57% (up from 53% in 2012) believe that Personally Identifiable Information (PII) is attached to tracking activity.

Individuals who believe that Personally Identifiable Information (PII) is shared with companies conducting OBA are significantly more likely to feel privacy is a “really important issue” (59%) than those who do not believe it is attached (37%) – reinforcing the importance of educating consumers on how behavioral advertising works.
2.2 Mobile Device Usage

Smartphone users were asked if they were aware that advertisers tracked their mobile activities in order to deliver targeted ads based on their behavior.

69% of smartphone users are aware that tracking takes place on mobile, considerably lower than the figure for desktop (80%). Men are more likely than women to be aware of advertisers tracking their mobile activity; those aged 45 and over are also more likely to be aware.

2.3 Internet Ecosystem - How It Works and the Value Exchange

Respondents were presented with a series of statements in order to measure their understanding of the relationship between online advertising and the free internet content and services they receive.

Nearly 7 in 10 (69%) understand how the internet business model works - recognizing that most websites are able to offer free content (news, weather, etc.) and free services (e-mail, games, etc.) by showing ads.

However only 26% say they are willing to allow advertisers to use their online browsing activity to show them targeted ads in exchange for free content and services.

Over the last year there has been a significant increase (from 29% to 36%) in those who are comfortable with advertisers using their web browsing history to show relevant ads as long as this is not tied to any other personally identifiable information. This further highlights the importance of educating consumers on how behavioral advertising works, being transparent about tracking practices, and giving consumers control over tracking practices.

17% say they would be willing to pay for online content/services they currently receive for free if it meant they did not have to see any ads.
3  Feelings About Being Tracked by Advertisers

52% of general internet users do not like being tracked by advertisers in order to provide more targeted advertising. This figure rises significantly amongst smartphone users, where 69% say they feel uncomfortable about being tracked by advertisers on their mobile phone.

4  Business Implications

35% of US internet users indicate they have stopped doing business with a company or have stopped using their website because of privacy concerns. Over four-in-ten (46%) of those who feel privacy is a really important issue have stopped doing business due to concerns.

When the options are available, 68% refuse to allow companies to share their information with a third party and 52% say that they choose to opt out of OBA.
Over the last year there has been an increase in the number of internet users taking steps to protect their privacy and opt out of online tracking through browser settings (see below). 82% say they manually delete cookies and 68% say they use a browser privacy add-on and features for ad-blocking or anti-tracking.

54% of internet users (up from 44% in 2012) say they opt-out of tracking via search engine settings (e.g. Google, Yahoo, Bing, etc).

5  Who is Responsible for Protecting Privacy in Online Advertising?

Consumers hold a wide range of parties responsible for protecting their privacy – including website owners/publishers and advertisers.
54% trust themselves the most to protect their privacy - however this figure is considerably lower than in 2012 when 69% trusted themselves the most. Internet users appear to see a growing role in the online advertising ecosystem for independent privacy certification organizations and self-regulatory organizations with 9% trusting them the most.

6  Awareness and Impact of the DAA AdChoices Program

In 2009, the Digital Advertising Alliance (DAA) introduced the AdChoices Icon. Awareness and familiarity with the icon continues to increase with two-in-ten US internet users (21%) now aware of the icon (up from 5% in 2011 and 14% in 2012). Users in the 18-24 age range have the greatest level of privacy concerns but are also most aware of the icon.

Nearly a quarter of consumers (24%) have clicked on the icon.

Inclusion of the AdChoices icon in a banner ad boosts positive perceptions of both the concept of online behavioral advertising and of the advertiser for about four out of ten consumers.

40% of internet users feel more positive about OBA when presented with the AdChoices icon on a banner ad.

In addition, 44% of consumers are more positive about the individual advertiser when they see the AdChoices icon included in a banner ad.

These positive feelings can have a direct business impact:

62% (up from 55% in 2011 and 61% in 2012) would be inclined to do more business with an advertiser or publisher that gives the option to opt out of OBA.

53% (up from 49% in 2012 and 51% in 2011) would be more inclined to click on an advertisement that gave them the option to opt out of OBA.
ABOUT TRUSTe

TRUSTe is the leading global Data Privacy Management (DPM) company and powers trust in the data economy by enabling businesses to safely collect and use customer data across their web, mobile, cloud and advertising channels.

Our cloud-based Data Privacy Management Platform delivers innovative technology products, including website monitoring and advertising compliance controls – along with privacy assessments and certifications.

More than 5,000 companies worldwide, including Apple, Disney, eBay, Forbes, LinkedIn and Oracle rely on our DPM platform and globally recognized Certified Privacy Seal to protect/enhance their brand, drive user engagement and minimize compliance risk.

For more information, please [http://www.truste.com](http://www.truste.com) or contact deasy@truste.com