



June 1, 2013

VIA EMAIL: [iot@ftc.gov](mailto:iot@ftc.gov)

Federal Trade Commission  
Office of the Secretary  
600 Pennsylvania Avenue, NW  
Room H-113 (Annex B)  
Washington DC 20580

**Re: DMA Comments on the Internet of Things**

The Direct Marketing Association (“DMA”) appreciates the opportunity to provide comments on the “Internet of Things” in advance of the Federal Trade Commission’s (“FTC” or “Commission”) November 21, 2013 workshop.<sup>1</sup> The DMA ([www.thedma.org](http://www.thedma.org)) is the world’s largest trade association dedicated to advancing and protecting responsible data-driven marketing. Founded in 1917, the DMA represents thousands of companies and nonprofit organizations that use and support data-driven marketing practices and techniques. In 2012, marketers — commercial and nonprofit — spent \$168.5 billion on direct marketing, which accounts for 52.7 percent of all ad expenditures in the United States. Measured against total U.S. sales, these advertising expenditures will generate approximately \$2.05 trillion in incremental sales. In 2012, direct marketing accounted for 8.7 percent of total U.S. gross domestic product and produces 1.3 million direct marketing employees in the United States. Their collective sales efforts directly support 7.9 million other jobs, accounting for a total of 9.2 million U.S. jobs.

DMA is the leader in all verticals in responsible and innovative uses of data. For this reason, we welcome the burgeoning marketplace of the “Internet of Things” that is seeking to utilize data in new ways for the benefit of consumers. As the Commission examines this nascent marketplace, we encourage it to ensure that any steps it takes do not unnecessarily hamper innovation. Like the Commission, the DMA recognizes the importance of protecting the privacy of consumers, and we believe that the best way to achieve this goal is through industry-developed best practices and self-regulatory principles combined with consumer education that can nimbly adapt to innovations in the marketplace.

**I. The “Internet of Things” Provides Benefits to Consumers**

The new reality that everyday devices are increasingly communicating with each other and with people, or the “Internet of Things,” presents countless benefits to consumers. As the Commission itself has noted, consumers are already able to use their mobile devices to open their car doors, turn off lights in their homes, adjust thermostats, and have their physicians monitor their vital signs.<sup>2</sup>

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<sup>1</sup> Press Release, FTC Seeks Input on Privacy and Security Implications of the Internet of Things, April 17, 2013, available at <http://www.ftc.gov/opa/2013/04/internetthings.shtm>.

<sup>2</sup> *Id.*



These advancements benefit consumers by improving efficiencies and enabling consumers and others to handle tasks from afar. For instance, on the home front, data can be used to offer cookie-enabled smart grid services that provide consumers with actionable information that lowers energy consumption, which in turn saves them money. This is a win-win for consumers and the environment. For one's own health, sensors can be used to monitor activity levels and provide consumers with positive feedback in the form of real-time data, which can help encourage consumers to stay committed to a physical fitness regime. During the commute home, street sensors can gather real-time data that feed into traffic lights to help ease congestion. Retailers can use various technologies to gather data on how consumers browse for items and use real-time data to efficiently restock their inventory. The possibilities are endless.

Such innovations also benefit consumers by contributing to the well-being of the economy. As businesses of all kinds seek to update traditional products with 21<sup>st</sup> century connectivity and to develop new offerings, the economy expands and consumers benefit from the explosion of rich new options. The DMA's members in all verticals are already exploring ways to introduce connectivity into existing and new products, and investors are backing their efforts.

The Internet of Things is a nascent marketplace and with the right nurturing and encouragement, it will continue to grow. The DMA encourages the Commission to promote policies that will support such growth.

## **II. Industry Best Practices, Self-Regulation, and Education Provide the Right Balance for Promoting Innovation and Addressing Privacy Considerations**

Just as how the government considered but ultimately declined to regulate the Internet in the 1990s, we encourage the FTC to take the same approach here to allow for the "Internet of Things" to flourish. Had the government intervened too hastily with laws and regulations, we would not have the rich ecosystem of online offerings that we have today.

We have only seen a glimpse into what the Internet of Things will evolve. Such "things" are in the beginning stages of development and have yet to be defined. As such, the timing is not ripe to formally regulate the Internet of Things. To illustrate this point, what would such a regulation look like? Title 16 of the Code of Federal Regulations would need to be modified to include a new "Rule on Things." By virtue of its very title, any such regulation would be premature.

At the same time, the DMA recognizes that the growing connectivity of consumer devices—such as cars, appliances, and medical devices—may raise privacy and security concerns that warrant careful consideration. In our experience, the best way to balance consumer privacy considerations while also encouraging companies to expand the development of the Internet of Things is to promote industry best practices and self-regulation, along with consumer education. Such an approach, in contrast to legislation and regulation, can adapt quickly to the ever evolving marketplace and evolving consumer expectations of privacy. Businesses already face marketplace incentives to compete on privacy, and it is in their best commercial interests to help ensure that consumers feel comfortable using their products and services.



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DMA thanks you for the opportunity to submit these comments, and we look forward to continuing to work with the FTC to promote innovation and protect consumers in the “Internet of Things” marketplace. Please do not hesitate to contact Jerry Cerasale at (202) 816-2423 or Rachel Nyswander Thomas at (202) 861-2443 with any questions.

Sincerely,

/s/

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