

Statement of Commissioner Mozelle W. Thompson

July 27, 2000

Online Profiling: A Report to Congress (Part 2) Recommendations

The Internet is generally recognized as an empowering technology that makes vast quantities of information readily available to consumers and businesses alike. The Internet's growth, as well as the concurrent emergence of related technologies, has led to the creation of a vigorous new electronic marketplace based upon direct personal connections between merchants and consumers. Benefits from this new marketplace include increased choices, efficiencies and other advantages for both business and consumers.

Information accessibility does, however, raise important concerns about personal privacy and the information that is collected from consumers by online businesses. Nowhere is this more clear than in the case of online "profilers"- - a new industry that uses technology to gather information from Internet consumers. In connection with our work in the area of electronic commerce and the protection of consumers' personal data, the FTC has reviewed the actions of these online profilers.

The self regulatory program presented here provides the profiling industry with an opportunity to come out from the shadows and include consumers in its value proposition. More specifically, the program will require the Network Advertising Initiative ("NAI") companies to tell consumers what they are doing with consumers' personal information and give consumers a choice about whether to participate. But this program alone will not provide all that consumers need and want in this area.

Members of the profiling industry need to do more than derive self-benefit from gathering information from consumers that they follow around the World Wide Web. They must incorporate their self-regulatory program into a plan to demonstrate how consumers will benefit from information gathering and profiling. This undertaking is important both to consumers and to the future of the industry.

In addition, the Commission's work with the NAI and consumers shows that although the principles behind the NAI's self-regulatory program are sound, legislation is needed to address certain gaps in the program's reach. Accordingly, our report is also making legislative recommendations that I support because they are fully consistent with our view that well-drafted legislation in this area will bolster consumer confidence by allowing us to address areas that industry is unwilling or unable to address itself.