Monitor

Watching while you surf
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Online advertising: New ad-targeting systems, which determine users’ interests by monitoring which websites they visit, are proving controversial

IS IT a worrying invasion of privacy for web surfers, or a lucrative new business model for online advertising? A new “behavioural” approach to targeting internet advertisements, being pioneered by companies such as Phorm, NebuAd and FrontPorch, is said to be both of these things. The idea is that special software, installed in the networks of internet-service providers (ISPs), intercepts webpage requests generated by their subscribers as they roam the net. The pages in question are delivered in the usual way, but are also scanned for particular keywords in order to build up a profile of each subscriber's interests. These profiles can then be used to target advertisements more accurately.

Suppose a web user is idly surfing a travel blog one Sunday afternoon. He visits pages containing words such as “holiday”, “flight” and “hotel”. The behavioural-targeting software watching him inside the ISP’s network registers and categorises this apparent interest in travel. Later, when he logs on to a social-networking site to see what his friends are up to, advertisements for an airline or hotel chain pop up alongside the postings and photos. The depressing prospect of having to return to work the next day prompts him to click on an advertisement and book a minibreak for the next weekend.

To advertisers, this all sounds great. Behavioural-targeting firms are doing the rounds in Europe and America offering the prospect of working out what web surfers are thinking, perhaps even before they
know themselves. If this really works, advertisers will be prepared to pay more to place ads, since they are more likely to be clicked on. That in turn means that websites will be able to charge more for their advertising slots. A small cut also goes to the ISP that originally gathered the profile information.

The companies involved suggest that internet users will welcome all this, since more accurate targeting will turn internet advertising from an annoying distraction into a genuinely helpful service. "This idea that we don't provide a service by doing this is as far from the truth as it's possible to be," says Kent Ertugrul, the boss of Phorm. "It creates a situation where there's less rubbish bombarding you."

But not everyone likes the idea. Opponents of behavioural targeting have kicked up the biggest fuss in Britain, which is where the technology seems to be making the most progress: the three biggest ISPs (BT, Virgin Media and TalkTalk), which together account for around 70% of the market, have all signed up to use Phorm's technology. Since news of their plans emerged in February, over 13,000 people have signed an online petition opposing the system. Legal and networking experts have argued that it constitutes an unauthorised wiretap, and is therefore illegal. Richard Clayton, a computer-security expert at Cambridge University who has taken a close look at Phorm's systems, did not like what he saw. Proponents of behavioural targeting, he concluded, “assume that if only people understood all the technical details they’d be happy. I have, and I’m still not happy at all.”

Phorm, which is now trying to get American ISPs to adopt its technology too, emphasises that consumers will be given the option to opt out of the system if they do not wish to use it. It points out that information about individuals’ surfing habits remains within the custody of the ISP (which already has access to such information anyway), and that user profiles merely associate keywords with an anonymous serial number, rather than a name. Its profiling system ignores sensitive pages, such as those from online-banking sites, and will not be used to target advertising for pornographic sites.

Critics worry, however, that behavioural targeting fundamentally undermines the trusting relationship between ISPs and their subscribers, by allowing a third party to monitor what millions of people are doing. They also worry about Phorm’s previous behaviour. Until last year it was known as 121Media, and it gathered information about internet users’ interests by getting them to download “adware”, which was included in bundles with other pieces of software. This software then monitored users’ surfing habits and used the resulting data to target “pop up” advertisements of the kind that once blighted the web.

All this was legal, but it won 121Media few friends among PC users, who found its software difficult to remove from their machines. The revelation that the company, since renamed Phorm, conducted a secret trial of its new technology with BT in 2006 and 2007, monitoring thousands of customers without telling them, has not helped its image.

As the controversy swirls, Google, the 800-pound gorilla of the internet-advertising industry, is quietly watching. ISPs around the world have looked on jealously as Google has grown rich on their subscribers’ web-browsing, while the ISPs have been reduced to “dumb pipes”, ferrying internet traffic for subscribers but unable to win a share of their online spending.

Phorm and its ilk promise to change that, by offering ISPs a chance to get their hands on a slice of the fast-growing online-advertising pie. Behavioural-targeting firms also like to portray themselves as feisty underdogs taking on mighty Google, which is itself the cause of concern about online privacy. Phorm points out that its system does not retain detailed information about web usage as it builds its user profiles—in contrast to Google, which keeps records of users’ search queries for up to two years. (The European Commission recently called upon Google to delete such information after six months.) "If people knew what was stored right now, they'd be shocked," says Phorm’s Mr Ertugrul. His company’s system, he says, is “the model for privacy online”.

Even so, most web users are happy to strike an implicit deal with Google: it provides an excellent free search engine in return for the ability to display relevant advertisements. The quid pro quo with behavioural targeting, says Mr Ertugrul, is that ISPs will start making money from online advertising, which they can then spend on upgrading their networks, without raising prices for subscribers. "This is a
way of funding the internet,” he says.

Behavioural targeting is not necessarily a bad idea, but imposing it without telling people is likely to annoy them when they find out about it. Without adequate disclosure, an “opt out” system looks like snooping; but an “opt in” system, given all the fuss, now looks like a tough sell.