



Living Beyond the Edge – A Report from Washington

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The Top Issues

- ICANN
- Privacy (OBA, COPPA)
- Ad taxes (federal and state)
- Food advertising
- Violent media and advertising
- Tobacco advertising cases

March Madness





Ambassador Rodman?

The Online Revolution

- The Internet may be the most important technological and marketing development since the invention of the printing press



Explosive Growth

- In 2012, there were 274 million Internet users in the US – up from 124 million in 2000
- By 2016, there will be 3 billion Internet users worldwide

The Dilemma

- How do we maintain the extraordinary growth of the Internet while protecting the security, stability and faith in the Internet marketplace?
- How do we assure an increasingly efficient and effective consumer-oriented marketplace while protecting the legitimate privacy interests of the public?

The TLD Tsunami

- From 22 to nearly 1,400 new TLDs – an increase of 6000%
- Millions of new secondary domains
- Billions of dollars on the line



The Troublesome TLDs

- .wtf
- .gripe
- .sucks
- .sex
- .rip
- .deal
- .discount
- .cheap

...and many more that may open up brands to cybersquatting and phishing

Overlapping TLDs

ACCOUNTANT
ACCOUNTANTS

CRUISE
CRUISES

HOME
HOMES

MARKET
MARKETS

SPORT
SPORTS

AUTO
AUTOS

DEAL
DEALS

HOTEL
HOTELS

NEW
NEWS

TOUR
TOURS

CAR
CARS

FAN
FANS

HOTEL
HOTELES

PET
PETS

WEB
WEBS

CAREER
CAREERS

GAME
GAMES

KID
KIDS

PHOTO
PHOTOS

WORK
WORKS

COUPON
COUPONS

GIFT
GIFTS

LOAN
LOANS

REVIEW
REVIEWS

Needed Protections

- ANA has fought for a Limited Preventative Registration mechanism as part of the new TLD rollout
- The LPR would prevent the registration of exact trademark matches by anyone other than the trademark holder
- ICANN is unresponsive

A Broad Consensus

- 66 companies and others filed in support of the LPR, including:
 - Bristol-Myers Squibb
 - Daimler
 - Jack Daniel's/Brown Forman
 - Wrigley
 - United Airlines
 - Eli Lilly
 - LEGO
 - General Electric
 - Nestle
 - WellPoint
 - Bayer
 - Merck
 - Chrysler
 - Coca Cola
 - Verizon
 - Time Warner
 - United States Postal Service (USPS)
 - Procter and Gamble
 - DuPont
 - Abbott Laboratories
 - Adobe
 - Vanguard
 - General Mills
 - Microsoft
 - Intel
 - Facebook

Unresolved Items

- LPR
- Strawman
- Trademark Clearinghouse
- URS
- Whois



Don't Break the Internet

- ICANN's self-imposed April deadline is arbitrary and precipitous
- The stability and security of the Internet is under threat
- Billions of dollars at risk

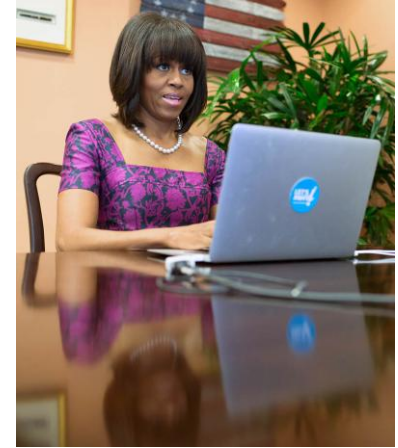
On a Collision Course



The Challenge

- How can we maintain and foster the extraordinary growth of the Internet and mobile marketplace without endangering deeply held concerns about individual privacy and autonomy?

Who's Next?



The Problem

- Anonymous online behavioral advertising (OBA) utilized for the placement of relevant tailored ads to consumers is confused with personally identifiable tracking that may be used to harm the public

Regulator Concerns

“Say you’re in a mall and someone follows you around taking notes on everything you stop and look at. Have you been harmed? You’re wrestling with your intuition that there’s something icky about that.”

David Vladeck
The New York Times, 8.5.2009

“Is the fact that I’m buying a deep fryer being shared with my health insurance company? When I visit websites on depression so I can help a friend who is feeling down, will my browsing activity be shared with potential employers?”

David Vladeck
Speech to 4A’s Transformation 2011 Conference, 3.8.2011

...But We Address These Concerns

- OBA uses anonymized data
- We have established the Digital Advertising Alliance to allow users to opt-out of anonymized OBA on a company-by-company or across-the-board basis
- We have pledged not to use this data to impact jobs, insurance, mortgages, etc.

The DAA Program

- 1 trillion+ DAA Icon impressions served per month (18 months from launch)
- 117 companies listed on the consumer choice page
- Top 15 ad networks participating
- 18.5+ million cumulative unique visitors:
 - 13.5 million at YourAdChoices.com
 - 5.2 million at AboutAds.info
- 1 million opt-outs from OBA in 2012



Our Program Works

- Provides consumers maximum choice and options
 - a) An education site
 - b) An opt-out site
 - c) Choice of receiving all OBA, none, or opting out on a company-by-company basis

The Drumbeat Continues on DNT

- Sen. Rockefeller bill on do not track just reintroduced
- EU proposal
- Microsoft and Mozilla DNT headers
- Mozilla third party cookie blocker



Sen. Jay Rockefeller (D-WV),
Chairman, Senate
Commerce Committee

Pogo Speaks



A Slogan – Not a Program

- Do Not Track = Does
Not mean a Thing



What They Said Just Last Year

- “If DNT is on by default, it’s not a conversation. For DNT to be effective, it must actually represent the user’s voice.”



Mozilla Firefox

Mozilla's Nuclear Option?

“This default setting would be a nuclear first strike against ad industry.”

Mike Zaneis
Senior VP & General Counsel
Interactive Advertising Bureau



What's At Stake

- To undermine OBA is to create incentives for a blizzard of untargeted ads – the very essence of incentivizing spam



Who Decides?

- Privacy – consumer choice or company choice?



What's At Stake in the States

- 49 of the 50 states' constitutions require a balanced budget every year (exception: VT)
- Minnesota, Ohio & Louisiana have active ad tax proposals
- Bipartisan threat



Ohio Gov.
John Kasich (R)



Minnesota Gov.
Mark Dayton (D)



Louisiana Gov.
Bobby Jindal (R)

Ohio

- Gov. John Kasich's budget would extend the state sales tax to advertising and other services to offset a reduction in the overall sales tax rate and the state income tax
- Would exempt services "essential to modern life" (healthcare, prescription drugs, social services)
- As House Budget Chairman in 1995, Kasich proposed a \$10 billion federal ad tax



Minnesota

- Gov. Mark Dayton's budget proposal expanded the sales tax to "business services," including advertising, while reducing overall rate
- Some good news – Dayton says he will drop business-to-business service taxes

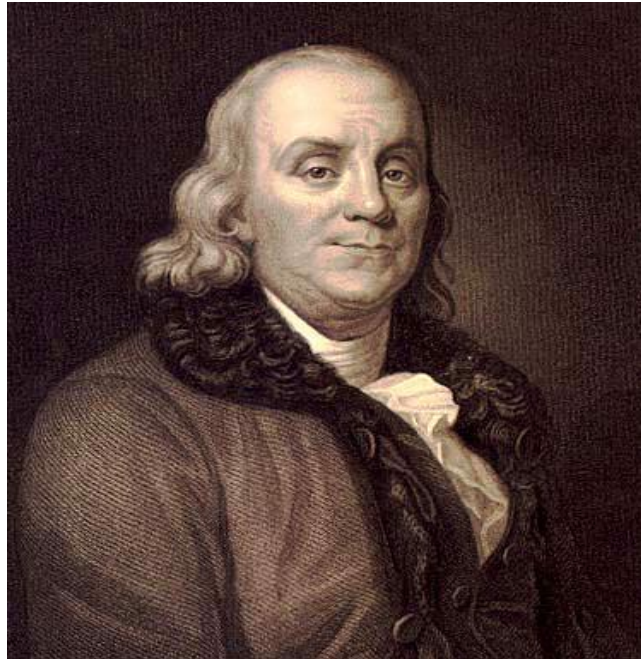


And Now Louisiana

- Gov. Bobby Jindal's budget proposal taxes advertising agency services – but not advertising time or space



Gov. Bobby Jindal (R-LA)



“We must, indeed,
all hang together or,
most assuredly, we
shall all hang
separately.”

Ben Franklin





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