

NATASHA SINGER: “YOU FOR SALE: MAPPING, AND SHARING, THE CONSUMER GENOME”

It knows who you are. It knows where you live. It knows what you do. It peers deeper into American life than the FBI or the IRS¹, or those prying digital eyes at Facebook and Google. If you are an American adult, the odds are that it knows things like your age, race, sex, weight, height,
 5 marital status, education level, politics, buying habits, household health worries, vacation dreams – and on and on.

Right now in Conway, Ark.², north of Little Rock, more than 23,000 computer servers are collecting, collating and analyzing consumer data for a company that, unlike Silicon Valley’s marquee names, rarely makes
 10 headlines. It’s called the Acxiom Corporation, and it’s the quiet giant of a multibillion-dollar industry known as database marketing.

Large-scale data mining and analytics – based on information available in public records, consumer surveys and the like – are perfectly legal in the United States.

15 Julie Brill, a member of the Federal Trade Commission (FTC), says she would like data brokers in general to tell the public about the data they collect, how they collect it, whom they share it with and how it is used. “If someone is listed as diabetic or pregnant, what is happening with this information? Where is the information going?” she asks. “We need to
 20 figure out what the rules should be as a society.”

Acxiom executives declined to be interviewed, but the company’s chief privacy officer, Jennifer Barrett Glasgow, has endorsed increased industry openness. “It’s not an unreasonable request to have more transparency among data brokers,” she said in an interview with *The New*
 25 *York Times*. In marketing materials, Acxiom promotes itself as “a global thought leader in addressing consumer privacy issues and earning the public trust.”

But security experts and consumer advocates paint a portrait of a company with practices that privilege corporate clients’ interests over
 30 those of consumers and contradict the company’s stance on transparency.

And, in a fast-changing digital economy, Acxiom is developing even more advanced techniques to mine and refine data. It is integrating what it knows about our offline, online and even mobile selves, creating in-depth behavior portraits in pixelated detail. Its executives have called this
 35 approach a “360-degree view” on consumers.

Scott Hughes, an up-and-coming small-business owner and Facebook denizen, is Acxiom's ideal consumer. Indeed, it created him. He is a fictional character who appeared in an Acxiom investor presentation in 2010. A frequent shopper, he was designed to show the power of Acxiom's multichannel approach. In the presentation, he logs on to Facebook and sees that his friend Ella has just become a fan of Bryce Computers, an imaginary electronics retailer and Acxiom client. Ella's update prompts Mr. Hughes to check out Bryce's fan page and do some digital window-shopping for a fast inkjet printer.

Such browsing seems innocuous – hardly data mining. But it cues an Acxiom system designed to recognize consumers, remember their actions, classify their behaviors and influence them with tailored marketing. When Mr. Hughes follows a link to Bryce's retail site, for example, the system recognizes him from his Facebook activity and shows him a printer to match his interest. It's not a random offer. Acxiom has its own classification system, Personix, which assigns consumers to one of 70 detailed socioeconomic clusters and markets to them accordingly. In this situation, it pegs Mr. Hughes as a "savvy single" – meaning he's in a cluster of mobile, upper-middle-class people who do their banking online, attend pro³ sports events, are sensitive to prices – and respond to free-shipping offers. Correctly typecast, Mr. Hughes buys the printer.

Privacy advocates say they are more troubled by data brokers' ranking systems, which classify some people as high-value prospects⁴, to be offered marketing deals and discounts regularly, while dismissing others as low-value – known in industry slang as "waste".

Exclusion from a vacation offer may not matter much, says Pam Dixon, the executive director of the World Privacy Forum, a non-profit group in San Diego, but if marketing algorithms judge certain people as not worthy of receiving promotions for higher education or health services, they could have a serious impact.

This year, the FTC published a report calling for greater transparency among data brokers and asking Congress to give consumers the right to access information these firms hold about them. Jon Leibowitz, the commission chairman, said consumers should have the right to see and correct personal details about them collected and sold by data aggregators⁵. After all, he said, "they are the unseen cyberazzi who collect information on all of us."

Source:

Natasha Singer: “You for Sale: Mapping, and Sharing, the Consumer Genome”, in NY Times Supplement of SZ, July 16, 2012 adapted from New York Times, June 16, 2012 (abridged)

Annotations:

- 1 IRS: Internal Revenue Service (entspricht in etwa dem deutschen Finanzamt)
- 2 Ark.: Arkansas
- 3 pro: here: professional
- 4 prospects: here: potential customers
- 5 aggregators: Internet companies that collect information about other companies' products and services, and put it on a single website