



Advertising

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Background

The number of people who see an advertisement on the Internet and click on it to get more information is growing. For these people, the Internet is a means of streamlining commerce. Depending on the sophistication of the ad, the viewer may be able to get product information, comparison information on other products, a listing of current vendors who sell the product (along with the price each charges), and an electronic order form. The Internet allows people to purchase anything from travel tickets to groceries online, and people are drawn to online products via ads.

It is also true that people who have clicked on an online ad have in all likelihood provided the advertiser with a way to collect information about them. Some of this information may seem innocuous—a favorite hobby, product preferences. In some cases, however, the site may gather more information about viewers than they realize, and it may do so more actively than they wish.

Because the Internet is a relatively new phenomenon (having become popular as a communications tool in the 1990s), there are still a number of questions about how to use it effectively. Moreover, because the Internet exchanges information between computers, it allows users to be "tracked" to varying degrees. Not surprisingly, this ability has made the Internet a particularly attractive tool for advertisers and marketers. An advertisement placed on the Internet has the potential to reach literally millions of people anywhere in the world, at a fraction of the cost of traditional print or broadcast advertising. As with traditional advertising, some people welcome the information, while others simply wish to be left alone. In most cases this is not a problem; an Internet user who sees an ad has the option of clicking it and being put on an electronic mailing list if he or she chooses, while someone who is not interested can ignore the ad. In fact, many people do wish to be placed on such lists. Being on these lists might allow a consumer to receive information about new products and special offers via email. To some, this is seen as a convenience.

Some Internet sites, however, are set up to collect information about visitor usage patterns. They use this information to target potential customers via mail, telephone, and email. For every person who sees this as a convenience, there is someone else who views it as a threat to security and privacy. Although the issue will likely be a work in progress for some time, various groups in the government and the private sector are working to ensure that Internet advertising is safe and secure and that it respects the privacy of viewers and customers.

Before the Internet

Using advertising as a means of tracking customers and their preferences is hardly new. The twentieth century witnessed the growth of targeted marketing based on information supplied, willingly, by consumers. This could be accomplished by many means, with the dual goal of finding out which advertising is most effective and which customers are most receptive.

Print, Radio, and TV Advertising

A simple example is a print advertisement in a newspaper or magazine that includes the line, "Mention this ad and receive an additional discount on our services." The advertiser had an accurate and cost-effective way of determining how successful the ad was; if hundreds of people mentioned it, the ad was working, but if no one mentioned it, the ad needed to be changed or dropped. Ads of this type also appear on radio and television.

An ad that asks people to list their name and address and asks them to send that information to the advertiser is designed to perform two functions. First, it allows the advertiser to track individuals and reach them directly with product and service offers. Second, it allows the consumer to receive targeted information about products that he or she may be interested in purchasing. For a consumer who sees this as a service, this works well for everyone concerned. A consumer who has no interest in getting mail or telephone calls from advertisers can simply ignore requests for additional information.

Advertising Becomes More Intrusive

As technology made it easier for records to be kept, it became increasingly difficult for people to remain anonymous. As marketing became a more definitive science in the latter half of the twentieth century, more people found themselves subjected to ads in the mail and on the telephone. Anyone with a telephone number and a mailing address could expect to be contacted by advertisers. People who did business with a company and paid by credit card or people who submitted their names to local businesses offering free prizes, might find themselves being targeted with specific offers. Junk mail, junk phone calls, and even junk faxes have become a fact of life for virtually everyone. People who switch to unlisted telephone numbers often find that they get calls for the last person before them to hold that number. Organizations such as the Direct Marketing Association (DMA) can help consumers get off mail and telephone lists, but other lists do continue to crop up.

Benefits of Internet Advertising

Despite the negative aspects of Internet ads, they do actually serve a useful function for both consumers and those who have websites. For consumers, Internet advertising provides them with one enormous advantage: free access to websites. Many websites use the revenue generated by ads to pay for the web hosting service that allows them to appear in the Internet in the first place.

From the website's perspective, accepting ads allows people to have free access. Without the ads, the sites would likely need to charge a fee to remain viable and pay for web hosting services (which include the space on the Internet to run the site).

Advertising can be done via email as well. This is a highly cost-effective way for companies to reach customers or potential customers. Typically, a company will collect the email addresses of customers and ask them whether they wish to be sent special offers or company news via email. Those who say yes will get periodic product updates and special purchase offers delivered electronically. Customers can opt into or out of the system. Email has the advantage of quick delivery and minimal cost; even a company that has no

website can send e mail.

Advertising Caveats

Website Advertising

Anyone who has visited a website on the Internet is familiar with the ad that flashes across the screen, known as the *banner ad*. Banner ads often have some sort of graphic element that catch the viewer's attention, along with an invitation to learn more about the product being advertised.

Banner ads are often considered intrusive and many people simply ignore them. Other ads that are less easy to ignore actually pop up on the screen while the viewer is looking at a website. Some of these ads open up in a new window, and the viewer must physically close these windows to get rid of the ad.

What many people fail to realize is that by clicking on to an Internet ad, they are authorizing a tracking device to be placed on their computer. This device will allow the advertiser to monitor the potential customer's computer use, including other sites visited and purchases made. Many people who believe they are safe from Internet advertisers are surprised to find themselves getting offers online or in the mail because they are unaware that clicking onto a banner ad launches this tracking device, known as a *cookie*.

Cookies

Despite the whimsical name, cookies are a powerful tracking tool for advertisers. They are designed to store small pieces of information on a computer to make it easier for websites to remember the computer user. In its most innocuous form the cookie is a useful item. Cookies are used to save passwords and user ID information, which is useful for people who visit websites of organizations they belong to. Thanks to cookies, the computer can "remember" this information instead of forcing the user to type it in each time he or she visits a site.

Cookies can also be used, however, to gather more personal information about users, including what they purchase, how much time they spend at different sites, what they click on, and what they purchase. Often, banner ads include cookies, so anyone who clicks on a banner ad gets a cookie placed on his or her computer. That may be fine if the cookie only tracks the user's visits to that particular ad. Unfortunately, many banner ad companies actually collect data from cookies for all their member companies. This is how clicking on one particular ad can generate junk email, phone calls, or print mail.

Spam

Unsolicited electronic advertising, or spam, has become an increasingly common nuisance to anyone with an email account. Spam is essentially electronic junk mail. Those who send spam may purchase email lists, or they may use technology that sends to random email names in a particular domain name (in much the same way computerized telemarketing will dial different telephone numbers at random). Spam may advertise anything at all from magazines to electronic equipment to travel packages. One of the most pervasive, and offensive, uses of spam is advertising of pornographic websites and literature.

Spam is popular with advertisers because it is convenient and because it costs a fraction of what mass mailings cost. With an actual mailing, the advertiser has to pay for paper, printing, and postage. With email advertisements, none of those costs exists. As with telemarketing, the danger of offending potential customers is offset many times over by the number of new customers who see email marketing as a convenient way to receive information.

A number of companies offer spam-filtering services that are designed to identify mail that looks like spam and prohibit its delivery. Usually the spam is stored where the would-be recipient can view it at his or her leisure and delete as necessary. Some Internet service providers (ISPs) also offer anti-spam functions. Electronic communication experts recommend that those who wish to minimize the amount of spam they get can send complaints to the ISP's postmaster (for example, if the domain name is [sample.com](#), the complaint would be sent to [postmaster@sample.com](#).) Often the ISP has no idea that a customer is using spam and will be only too happy to remove that client from its roster. Replying to a spam message, even when there are instructions for getting off of a list, is not recommended because even an angry note tells the sender that they have reached a live person, and they may continue to send spam anyway.

Internet Advertising and Children

Children are particularly vulnerable when it comes to advertising. Marketers have long known that television advertising can be highly effective in reaching children, who are not savvy enough to understand that ads can be misleading.

Congress enacted legislation in 2000 to protect children, as well as their parents, from unscrupulous or unwitting advertisers who try to solicit information. Known as the Children's Online Privacy Protection Act (COPPA), it requires websites to obtain verifiable parental consent before collecting data from children. This data could include names, mailing addresses, email addresses, birth dates, and other private or personal information that children may not realize should not be shared online.

There have been cases, for example, in which children have been asked to provide this sort of information to websites as part of the entry rules for an online contest. COPPA mandates that in the case of such contests, children cannot be asked for information that is not deemed reasonably necessary. Companies that violate COPPA can face large fines. COPPA covers all websites for children ages 13 and under, as well as any website that collects data from children.

In fairness to these websites, many of them were ignorant about the problem and its potential fallout. Through increased education and compliance efforts, COPPA has helped children's websites to be more careful. For example, a 1998 survey of 144 children's websites revealed that only 24 percent had some sort of privacy policy to ensure that children's information would not be given to other sources. A second survey, released in 2001, revealed that the number of sites with a privacy policy had risen to nearly 90 percent.

Making Internet Advertising Work for Users

Used properly, Internet advertising can be appealing to consumers and cost-effective to advertisers. Consumers who wish to get the most out of Internet advertising can follow some simple guidelines to ensure that they are not being placed unwittingly on mailing lists.

- *Learn how to reject and remove cookies.* Internet browsers (such as Netscape, Internet Explorer, and Opera) allow users to set their preferences to accept only certain cookies, or no cookies at all. This can be helpful, but it sometimes makes it cumbersome to access websites that use cookies to store member ID and password names. Each browser does provide instructions on how to do this, and also on how to selectively delete cookies currently residing on a computer.
- *Provide only the necessary information to conduct online transactions.* Some websites ask for name, mailing address, home and work phone numbers, email address, date of birth, etc. Users probably do not need to divulge all this information. In most online forms, "required fields" (those that must be

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filled out for the form to be accepted) are marked with an asterisk; everything else is optional.

- *If users belong to any online lists or frequent any sites where they make purchases, they can check their preferences to see what information is available.* About 2001 Yahoo, which offers services such as listserve hosting, upgraded its technology. In so doing, it set all Yahoo customers to a **DEFAULT** setting in which they all consented to receiving solicitations by mail, phone, and email. Yahoo did notify its customers and provided instructions on how to change those preferences, but if they belong to other list groups or if they make purchases from a particular site they should periodically check their settings.
- *Do not respond to spam.* Sending a reply to spam asking to be removed from a list almost never works. Users can contact their Internet service provider to find out if it can help them track down spam; there is also software on the market that can screen some spam.

Some organizations on the Internet provide information about online privacy issues, advertising, legal action, and spam. The Electronic Frontier Foundation (<http://www.eff.org>) offers a variety of information and also has links to other information.

Ultimately, dealing with Internet advertising is like dealing with any other type of advertising. Understanding how it works may not eliminate ads, but it will help users know how to minimize their impact.

Additional Resources

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Cybermarketing. Keeler, Len, AMACOM, 1995.

E-Advertising and E-Marketing: Online Opportunities. Haegele, Katie, Rosen Publishing Group, 2001.

Organizations

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