Annual Ethics Compliance Report
Effective Self-Regulation for the Consumer
January 1, 2017 – July 31, 2018
## Compliance Key Findings

<table>
<thead>
<tr>
<th><strong>CONSUMER REQUESTS</strong></th>
<th><strong>TOP REQUEST</strong></th>
<th><strong>MOST USED CHANNEL</strong></th>
<th><strong>TOP CONCERN</strong></th>
<th><strong>DMA CHOICE</strong></th>
<th><strong>MOBILE DEVICES</strong></th>
<th><strong>ONLINE ADVERTISING</strong></th>
</tr>
</thead>
</table>
| Processed over 14,000 consumer inquiries. | Help consumers with managing their marketing preferences. | Most consumers contact DMA through email. Most consumers request assistance in managing promotional mail received. | Honoring consumer choice and privacy:  
• DMA Choice inquiries.  
• Removing deceased family members from marketing offers.  
• Assisting caregivers. | Over 5 million consumers are registered on DMA Choice’s Mail Preference Service – assisting consumers in managing promotional offers received in the mail. | 11% - 53% jump in consumers using mobile devices. As reported by consumers via online ad inquiries from 2015 to current reporting period. | Provide clear, honest terms and conditions in your online advertising. Content and placement of online ads continue to be a top concern. |

Note: This annual report is based on the consumer affairs data of the DMA Accountability Department – it is not meant to provide data for the entire data & marketing ecosystem, only findings from the reporting mechanisms and processes.
Executive Summary

This report details the important work of the Data & Marketing Association’s accountability department from January 1, 2017 through July 31, 2018.

The DMA’s ethics and self-regulatory program preserves and protects the entire marketing community’s ability to capture, use and refine data to delight and inform consumers.

Clearly, this has an impact. Absent industry self-regulation, entire business models would change overnight and legitimate, time-honored marketing practices – and growth in ROI – would be significantly curtailed.

In fact, we believe that self-regulation is the better choice over government regulation of marketing. It is a key pillar of what we do at DMA each day as highlighted in this annual report.

The challenge is daunting as innovation is driving new techniques and changes.

Progress is being made in two significant ways:

First, we work on a daily basis with consumers to help them understand legitimate marketing and fundraising efforts and to report fraudulent activity.

Second, we work with companies and organizations to ensure they are aware of and follow industry standards.

Building consumer trust in data and the marketing process is key. We take consumer concerns seriously as core to customer-centricity and growth.

In fact, for over 60 years, DMA has crafted and enforced strong industry self-regulation in partnership with our members.

Self-regulation ensures that members—whether they are marketers or the business partners that support them—can capture, process and refine detailed data to innovate marketing practices and technologies that benefit consumers and grow the economy through responsible, relevant marketing.
Executive Summary

Compliance Snapshot: 1/1/2017 – 7/31/2018

During this 18-month period, DMA processed thousands of inquiries and worked on educating consumers and businesses to raise ethical business marketing standards. See highlights below:

- **Consumer Complaints:** 13,971
- **Ethics Committee** (Casework) Meetings: 8
- **Cases Reviewed:** 55
- **Cases Resolved:** 24
  - 20 currently pending
  - 6 tabled for more info.
- **Companies to be publicly listed on DMA website:** 5

Data Standards 2.0:
Recognizing the pace of industry innovation in technologies and techniques, DMA updated its data guidelines within DMA’s self-regulatory principles.

The DMA Data Standards 2.0 Initiative – reflects the need for ethics in the marketplace due to technological advancements and uses of data that will balance consumer protections and transparency with the need to innovate and grow.

Data Standards 2.0 tackles high profile and emergent data issues, such as “on-boarding” of offline data; use of television viewing data; information service provider transparency; and more.

Oracle, Facebook, Google, IBM, American Express, Visa, Warner Brothers, Axxiom, Epsilon, Experian, Nielsen, Comcast, PCH, L brands, Hearst, MediaMath, and Time Warner are examples of the industry-leading companies who engaged in this important data and marketing initiative.

The compliance work detailed in this report would not be possible without the members of the DMA Committee on Ethical Business Practices Enforcement and the DMA Ethics Policy & Standards Committee, who contribute their time and expertise to shape and enforce these guidelines.

We appreciate the efforts from our dedicated volunteers from our member organizations to sustain and advance self-regulation and compliance.

For questions, please contact:
- DMA Accountability: Xenia (Senny) Boone, Esq. sboone@ana.org
- Lisa Brown Shosteck, lshosteck@ana.org

GET CERTIFIED
- **Take the Ethical Data & Marketing Practices Module.**

*Committee means the DMA Ethics Operating Committee which meets every other month to review and mediate pending and new cases.
Accountability and Ethics: Preference Services Compliance Overview

DMA Ethics Committees

• DMA Ethics Policy & Standards Committee

Sets Guidelines for Ethical Business Practices — covering all types of marketing campaigns: online/digital, mail/print and telemarketing.

• DMA Committee on Ethical Business Practices Enforcement

Enforces Guidelines — through case work; education; compliance reports/guides.

Guidelines are a living breathing document — changes occur — as new laws and technologies emerge.
Consumer & Business Ethical Inquiries
Received by Channel

- We break this down by channel since it measures where the inquiry began and which complaint process was triggered based on the marketing channel; the offer or complaint; and the method of resolution.

- Most consumers still rely on contacting DMA via email.

- To file a marketing ethics complaint, click here.
## Preference Services

### Consumer Inquiries

<table>
<thead>
<tr>
<th>Service</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Multiple Lists</td>
<td>99</td>
</tr>
<tr>
<td>DNCC</td>
<td>Do Not Contact Caretaker</td>
</tr>
<tr>
<td>DNC</td>
<td>Do Not Call</td>
</tr>
<tr>
<td>eMPS</td>
<td>Do Not Email</td>
</tr>
<tr>
<td>DDNC</td>
<td>Deceased Do Not Contact</td>
</tr>
<tr>
<td>DMA Choice</td>
<td>8,919</td>
</tr>
</tbody>
</table>

DMA’s preference lists allow consumers to better manage their marketing preferences for mail, email, phone and special instances (caretakers, deceased files.)

Although there’s been a tremendous consumer shift to the digital marketplace, DMA staff receives the most inquiries from consumers who are seeking more control over types and volume of promotional mail and catalogs.

The next largest group of consumer complaints involve removing deceased family members from marketing lists. This is the most sensitive name removal request.

Privacy protection is vital. A privacy policy contains a clear point of contact for consumers to contact companies with their marketing preferences and avoids consumer complaints.
Preference Services
Registrants

Consumers Registered on DMA Choice

2016 Reporting Period
January 1, 2017 - July 31, 2018 Reporting Period
Consumer Ethics Inquiries: Primary

Categories of Complaints

<table>
<thead>
<tr>
<th>Category</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consumer General Ethics/Marketing Inquiries</td>
<td>1,902</td>
</tr>
<tr>
<td>Specific Company Complaints</td>
<td>345</td>
</tr>
<tr>
<td>Complaint Form Requests</td>
<td>191</td>
</tr>
<tr>
<td>Pass-The-Buck</td>
<td>146</td>
</tr>
</tbody>
</table>

January 1, 2017 - July 31, 2018

DO NOT “PASS THE BUCK” TO DMA:

Companies refer consumer’s marketing inquiry to DMA instead of handling the complaints internally.

By referring consumers to DMA, consumers think that we are the list source and that DMA can remove them from company files.

Every company should have an in-house suppression file and protocol and must use DMAchoice.org for new list sources to remove suppressed names.
Consumer Ethics Inquiries: Secondary

Categories of Complaints

- B2B Issues
- Hacking/ID Theft
- Advance Consent Marketing
- Off Online Directories
- Business Ethics
- Pre-screened opt-outs
- HIPAA
- Minor
- Sweepstakes

January 1, 2017 - July 31, 2018 Reporting Period
Digital Advertising:
Behavioral Data and Other Digital Concerns
Devices Involved in Online Ad Inquiries
2015 | 2016 | Current Reporting Period Comparison

Trending: Shift to Mobile Devices by Consumers

- Rising inquiries involving ads on mobile devices.
- Ads on computers not as concerning.
- Spike in inquiries involving laptops.
- Status quo on multiple device inquiries.

January 1, 2017 - July 31, 2018 | Current Reporting Period
Types of Digital Ad Inquiries
Current Reporting Period

- 665 digital ad inquiries received.
- Majority of inquiries involved educating consumers on how to better manage their online ad experience.
- Addressing similar issues from previous reporting periods.
- Consumers report:
  - Objections to certain content of ads – doesn’t reflect their interests (political, dating, wrong language, adult-natured – lingerie).
  - Placement of ads block content of email, news stories, movies or games.
  - Claims of hacking/security issues.

Tools:
- Cookie opt-out for computers: [http://www.aboutads.info/choices](http://www.aboutads.info/choices)
- App opt-out for mobile devices: [http://youradchoices.com/appchoices](http://youradchoices.com/appchoices)
DMA Accountability
Enforcer / Compliance

Issues and Themes:

Ad template

- Copy should match image

Deceptive Ads

- Have controls in place; review copy with legal; and make sure claims are honest and accurate.

Placement & content of ads

- Consumers find benefit to being served ads but object to ads that block online content (news, movies, email or games)
- Consumers sensitive to being served certain types of ads (dating ads, political, adult-themed, animals)

Ad Template

If you are using ad templates – put controls in place to ensure that the copy will match the image you will be displaying. In one case, a consumer was shopping for shoes and then received a targeted ad displaying the shoes alongside copy offering 40% off of pants.

Make sure the image will match the copy – otherwise it could be confusing to the consumer and might be considered a deceptive ad.

Deceptive Ads

Consumers continue to contact DMA with concerns about fake news stories or false claims that are used to raise click-through and open rates.

DMA has Guidelines and guidance in this area that applies to any mode of marketing communication. Be honest and clear in your marketing offers. Certain rules also apply for testimonials and endorsements.

Online Ad Placement/ Content

While consumers find benefit to being served relevant online ads, they are unhappy when the ads block content (news, games, email, movies).

They also don't appreciate being served ads that don't reflect their interests (dating, political, adult-themed ads and animals).

Our Member Principles ask that organizations be responsive to consumer needs and marketing preferences.
Mobile Engagement

The number of consumers with inquiries about online ads on mobile devices has skyrocketed over the past two years from 11% in 2015 to 53% during current reporting period.

DMA will continue in its efforts to educate consumers on the different industry opt-out tools – these are available depending on device used – such as DAA’s app out-out for mobile devices.

We will continue to handle and address inquiries and complaints through our ethics complaint process – staff and Ethics Enforcement Committee. If you have a complaint or seek advice regarding an online promotion, contact DMA or email us.

Ad Fraud / Ad Blockers

Increase in fraudulent online ad offers. There’s an uptick in reported deceptive ads – aimed to raise open and click-through rates using fake news stories sometimes involving celebrities.

DMA supports raising awareness and enforcing standard industry principles of notice, choice and education. Online ads are key to a thriving digital ecosystem at no added cost to the consumer.

DMA staff and our Ethics Enforcement Committee will continue to address and resolve consumer inquiries and educate companies. DMA will publicize and refer to appropriate authorities (FTC, FCC, State Attorney Generals) when company is not responsive or found to be out of compliance.

Cross Device

Consumer inquiries have remained the same regarding questions about online ads across devices.

DMA will continue to address this issue by using a two-prong approach – industry and consumer education:

1) **Industry education**
   - Guidance and Guidelines on cross device usage – privacy notice and choice requirements.
   - DMA enforcement of its Guidelines.

2) **Consumer education**
   - Guidance to consumers on how to manage their online ad experience.
   - DMA IBA complaint forms for single and multiple devices.

<table>
<thead>
<tr>
<th>TECH CHALLENGE</th>
<th>DMA SOLUTION</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opportunity &amp; expansion of Cross-Device Data</td>
<td>Company and consumer education on 2017 Cross-device notice and choice enforcement</td>
</tr>
<tr>
<td>Consumer mobile engagement shift</td>
<td>Educator &amp; enforcer of mobile IBA app notice and choice</td>
</tr>
<tr>
<td>Ad fraud</td>
<td>Educator and enforcer of adherence to DAA’s IBA principles</td>
</tr>
</tbody>
</table>
Ethics Committee Casework:
Review of Marketing Offers and Data Practices
Ethics Committee Casework
Highlights – Regulating DMA Guidelines & Related Concerns

Highlights of the issues raised during reporting period:

• Honesty & Clarity of the Offer
• Terms & Conditions of the Offer
• Honoring Consumers' Marketing Preferences – mail & digital
• Sweepstakes Compliance
• Advanced Consent Marketing Compliance
• HIPAA Compliance (health information)
• Charitable Telemarketing Practices
• B2B Terms & Conditions
• Poor Customer Service
• Interest-Based Advertising (IBA) Compliance
• Online Privacy Policy & Data Collection, Transfer & Use
• Online Ad Search; Prices/Promotions
• Fax Compliance
• Shipping & Handling Charges
• Data Usage for Marketing Purposes

Cases reviewed were a flashback of bad practices:

• Passing the Buck to DMA to handle Company compliance
• Lack of Data Source Information
• Deceptive/misleading Ad Content
Compliance Snapshot
Current Report Period

8
Committee Meetings

55
Cases Reviewed

24
Cases resolved
  • 20 pending cases and 6 tabled

5
Non-Compliant Companies Listed

COMMITTEE MEETINGS are held on a bi-monthly basis. The DMA Ethics Committees are comprised of dedicated and hard-working volunteers from our member companies with extensive marketing qualifications and experience. CASES are actionable complaints submitted by consumers, members, non-members, Board and other sources. Cases are reviewed first by staff for resolution, or referred immediately to the Committee for its review at its next meeting. CASES RESOLVED are cases that are considered to be resolved upon review of the potential guideline violations and consumer concerns and through a communications process with the company to resolve the matter. There is no public reporting since the company is cooperating through a confidential review process. NON-COMPLIANT COMPANIES are those who have not responded to Committee inquiries and/or have not resolved the matters under review.
# Failure to Correct

Companies referred to authorities/publicized based on findings

<table>
<thead>
<tr>
<th>COMPANY</th>
<th>Online Ad Served on Healthline.com</th>
<th>NY Print Shop</th>
<th>B2B Data Services</th>
<th>Southwest Publication &amp; Processing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimum (Altice)</td>
<td>• New York</td>
<td>• New York</td>
<td>• New York</td>
<td>• Yuma, AZ</td>
</tr>
<tr>
<td></td>
<td>• Non DMA Member</td>
<td>• Non DMA Member</td>
<td>• Non DMA Member</td>
<td>• Non DMA Member</td>
</tr>
<tr>
<td>DATE</td>
<td>August 2017</td>
<td>August 2017</td>
<td>March 2018</td>
<td>August 2017</td>
</tr>
<tr>
<td>ISSUE</td>
<td>• Will only honor consumers’ do not mail requests after consumer repeatedly asks. After initial request, will reduce mailings.</td>
<td>• Possible exploitation of a minor child in an online ad.</td>
<td>• Failure to comply with fax rules.</td>
<td>• Repeat offender.</td>
</tr>
<tr>
<td></td>
<td>• After repeated requests, will only honor for 12 months.</td>
<td></td>
<td>• B2B faxes are not exempt. Companies need permission to fax and must honor opt-out requests.</td>
<td>• Poor customer Service.</td>
</tr>
<tr>
<td>GUIDELINES VIOLATION</td>
<td>#9 Accessibility</td>
<td>#51 Use of Fax Machines</td>
<td>#1 Honesty &amp; Clarity of Offer</td>
<td>#1 Honesty &amp; Clarity of Offer</td>
</tr>
<tr>
<td></td>
<td>#31 Honoring Consumer Choice</td>
<td>#61 Laws, Codes and Regulations</td>
<td>#2 Accuracy &amp; Consistency</td>
<td>#10 Solicitation in Guise of Invoice or Governmental Notification</td>
</tr>
<tr>
<td></td>
<td>#38 Online Information</td>
<td>#61 Laws, Codes and Regulations</td>
<td>#4 Actual Conditions</td>
<td>#12 Advance Consent/Negative Option Marketing</td>
</tr>
</tbody>
</table>

[^19]: 19
DMA Accountability Resources

DMA GUIDELINES

- DMA Guidelines for Ethical Best Practice: theDMA.org/Guidelines
- DMA Data Standards 2.0: theDMA.org/DataStandards

INDUSTRY COMPLIANCE RESOURCES

- DMA Ethics and Compliance Resources: theDMA.org/ComplianceResources

CONSUMER COMPLIANCE RESOURCES

- DMA Consumer Help: theDMA.org/ConsumerHelp
- DMA Choice – consumer mail management service: theDMA.org/ConsumerChoice

TO FILE A COMPLAINT

- DMA Complaint Services: theDMA.org/FileComplaint

CONTACT US

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