



## Center for Digital Democracy

### 2014 Annual report

The Center for Digital Democracy (CDD) plays a crucial leadership role protecting the interests of citizens and consumers in the digital era: promoting privacy as a fundamental “human right”; advocating consumer safeguards for “Big Data”-driven online financial services; representing the interests of vulnerable consumers, including youth, in the digital marketplace; conducting oversight into the largely invisible data-gathering and commercial surveillance practices of the digital marketing industry; and helping ensure that the Federal Trade Commission (FTC) and other consumer-focused government agencies are accountable to the public interest. In all of these areas, CDD has maintained its commitment to promoting a democratic, equitable, diverse, and fair digital media system.

Our major activities during 2014 included the following:

- **Protecting Privacy as a Human Right in the Big Data Era:** Throughout the world, a powerful, pervasive, and non-transparent commercial system that continually gathers and uses data on individuals and their networks of friends and acquaintances has emerged. Leading companies such as Google and Facebook, along with scores of others less well-known, collect our online and offline data—including such highly personal information as race, ethnicity, income, family status, political leanings, our purchase history, and geographic location. They use this information to develop “profiles” that reflect what they consider to be our digital “identity”—including our behaviors and interests and how we use social and other online media. Our profiles may contain secretive “scores” that assess us in terms of long-term economic value to a company or product. Increasingly, all of this profiling information is analyzed in milliseconds and fed into superfast computers that sell the ability to access us online to the highest bidder or special interest. This year, we continued our work in publicizing and explaining the commercial surveillance apparatus that has been created, reaching out to leading journalists, policymakers, and NGOs. CDD played a major role in 2014 calling for Big Data [safeguards](#), working to strengthen both the [White House](#) and [FTC](#) proposals so they would better address the privacy and consumer protection issues. We also [led](#) efforts to [support](#) the EU’s [framework](#) for privacy, which considers data protection a Human Right, as its approach has come under intense attack by U.S. digital data companies.

- **Fostering Consumer Safeguards for Online Financial Marketing:** CDD [closely](#) examined the growing use of digital media, including mobile devices, by banks, credit card companies, mortgage providers, payday lenders, and for-profit educational institutions, to promote and sell financial products. Through [reports](#), regulatory [filings](#) and [briefings](#) for the press, we identified emerging industry practices that require regulation and other protective policies. Working closely with our partner U.S. PIRG, we called on the [FTC](#) and the [CFPB](#) to ensure that consumers—especially those financially at risk—are treated fairly by this new marketplace.
- **Ensuring Children and Adolescents are treated fairly by the commercial marketplace:** CDD plays a unique leadership role in the area of children’s privacy. In the 1990’s, we spearheaded the campaign that led to the passage of the Children’s Online Privacy Protection Act (COPPA). CDD organized the effort to update and [strengthen](#) the COPPA rules in 2012, working with a coalition of consumer, child advocacy, and health organizations. Our ongoing research, [policy](#) development, and public education [activities](#) are designed to ensure that COPPA continues to provide meaningful privacy protection for young children. CDD is at the [forefront](#) of privacy groups actively working to encourage the [FTC](#) to enforce the law. We supported the development of policies that would guarantee that [teens](#) have control over how their data is collected. This year, Google and Facebook discussed plans to expand their targeting to include children covered under COPPA. CDD [called](#) on both companies—and the online industry as a whole—to adopt more responsible corporate practices that would ensure children and adolescents are treated more fairly by the commercial marketplace. We continued work to protect young people from the negative impact of digital marketing on their health, as food and beverage companies target them to buy products linked to the youth obesity epidemic. We are a recognized leader on this issue, and continually [track](#), [analyze](#) and make [public](#) the latest developments in junk food companies’ use of data, social media, and mobile devices to promote their products and brands. Leading [NGOs](#) and journalists [rely](#) on CDD to keep up to date on this important public health issue.
- **Holding the Online Marketing and Digital Data Industry Accountable:** CDD continually [tracks](#) emerging practices and major developments in the digital media, online advertising, and [marketing](#) industries, including the role that [data brokers](#) and other information providers play as individuals are tracked online. We are unique in this work—the only consumer group that critically analyzes [developments](#) in this very important industry, in which U.S. companies dominate the global marketplace. We maintain an ongoing collection and review of key industry materials, assessing special reports, monitoring website information for dozens of key companies, and analyzing leading specialized trade publications, for example. Among the subject areas we regularly review are social media marketing and data collection, the role

of mobile devices and hyper-local targeting, and how data and other digital applications are used to create new forms of interactive advertising. This information is used to develop CDD's proactive strategies that address ever-growing threats to privacy and new challenges for consumers. We also are able to use this research to provide up-to-date information, and a critique of these practices, to policymakers in the U.S. and EU, to our NGO allies, and to many leading journalists and news organizations.

- **Playing a Leadership Role, at the FTC and Elsewhere:** CDD has made a priority of encouraging consumer and privacy groups to work collegially together, especially at the Federal Trade Commission. We regularly organize meetings with commissioners and key staff that are widely attended by our colleagues. Through an often united, if not coordinated, fashion, our community advances the public interest at the FTC and at the White House on issues related to [Big Data](#), [privacy](#), and online consumer protection. We are also working [closely](#) with our EU and U.S. consumer coalition, the Transatlantic Consumer Dialogue ([TACD](#)), to jointly protect privacy and digital rights across the Atlantic. CDD Executive Director Jeff Chester is the U.S. chair of TACD's Information Society Working Group and is [leading](#) U.S. efforts to ensure the forthcoming Transatlantic Trade and Investment Partnership (TTIP) trade [agreement](#) meaningfully empowers consumers in the digital marketplace.

In 2015, CDD will engage in additional initiatives to address the impact of online marketing and data collection on environmental sustainability; promote fair "Big Data" practices in a more competitive marketplace; and develop new safeguards that empower the public to control the growth of ubiquitous data collection in their communities.