

March 1, 2012

The undersigned trade associations represent thousands of American businesses that depend on the free flow of data for their continued success. Each day, our member companies in every sector of the U.S. economy collect and use data to spur sales and job growth, enhance productivity, enable cost savings, improve efficiency, and protect consumers. Companies use information in many beneficial ways, including to decrease fraud, increase competition and efficiency, bring people together, drive innovation, and develop and deliver relevant products and services that consumers love. We believe that data is the fuel that sustains today's engines of innovation and economic growth.

Our member companies recognize that respect for consumer privacy is vital to gaining and maintaining consumer trust: it is a basic element of customer service without which companies could not survive. To this end, the business community is committed to being responsible data custodians. We have expended significant resources to develop, implement, and enforce robust industry self-regulation and develop best business practices in a variety of areas related to consumer privacy. Because we believe that such voluntary industry codes of conduct are an efficient and effective way to protect consumer privacy interests, we caution against any legislation that could undermine these self-regulatory efforts.

We note with satisfaction that the Obama Administration has endorsed existing voluntary industry codes of conduct – such as the Digital Advertising Alliance – as an effective approach to consumer privacy. We also believe that truly voluntary industry codes of conduct provide flexibility, speed, and decentralization, and can address many policy challenges in the area of data privacy.¹ However, by definition, such industry self-regulatory codes are most likely to be effective when written by and for the companies that know their markets and their customers best. Unlike government regulation or legislation, industry-developed codes can adapt in a timely manner to shifting technologies, business models, and consumer expectations. This flexibility also enables industry codes to deliver more detailed standards than would be feasible for more general regulation or legislation. Most importantly, such self-regulation can address privacy concerns without interfering with innovation, which benefits consumers by delivering paychecks, savings, and exciting products and services.

Finally, as the Administration works to advance voluntary codes of conduct, we are concerned that new legislation in the area of consumer privacy could undermine future efforts for successful voluntary practices. For our information-driven economy to thrive and

¹ *Consumer Data Privacy in a Networked World: A Framework for Protecting Privacy and Promoting Innovation in the Global Digital Economy* (February 2012) at 23-24.

continue as an engine of job creation, self-regulation led by industry codes of conduct is the ideal way to balance privacy and innovation.

Sincerely,

American Advertising Federation
American Association of Advertising Agencies
American Business Media
Association of National Advertisers
Consumer Electronics Association
Coalition for Healthcare Communication
Direct Marketing Association
Financial Services Roundtable
Interactive Advertising Bureau
National Retail Federation
NetChoice
Online Publishers Association
Performance Marketing Association
Toy Industry Association
U.S. Chamber of Commerce