

**BEFORE THE  
SENATE COMMITTEE ON COMMERCE, SCIENCE, & TRANSPORTATION**

**HEARING ON  
“WHAT INFORMATION DO DATA BROKERS HAVE ON CONSUMERS, AND HOW DO THEY USE IT?”**

**DECEMBER 18, 2013**

**TESTIMONY OF TONY HADLEY  
SENIOR VICE PRESIDENT OF GOVERNMENT AFFAIRS AND PUBLIC POLICY  
EXPERIAN**

Good afternoon, Chairman Rockefeller, Ranking Member Thune, and members of the Committee. My name is Tony Hadley and I am Experian’s Senior Vice President of Government Affairs and Public Policy. Experian is a leading provider of data and information services that bring significant benefits to individual consumers, the economy and society as a whole. We welcome the Committee’s interest in the marketing data industry and this opportunity to describe to the Committee how Experian obtains and uses data. I would like to raise a few key points at the outset of my testimony today.

First, Experian believes responsible information sharing significantly enhances economic productivity in the United States and provides many benefits to consumers. Economists have called the manner in which U.S. companies collect and share consumer information among affiliated entities and third parties the “secret ingredient” to our productivity, innovation and ability to compete in the global marketplace. One needs only to look at data-intensive industries like telecommunications, information technology, online services, financial services, retail and health care to see this innovation at work. Indeed, Experian data products and services are central to countless transactions within these vital business sectors.

Experian also shares data to help make consumer and small business lending more efficient; to help facilitate access to fair and affordable credit; to help protect consumers from fraud, including identity theft; to help facilitate greater financial literacy among consumers; and to help companies reach consumers with timely and relevant communications and marketing offers.

A second significant point I would like to make is that the operations of Experian Marketing Services and the data that it collects, uses and shares are completely separate from Experian's operations as a consumer credit bureau. No eligibility determinations relating to credit, insurance, employment, housing or other decisions covered by the Fair Credit Reporting Act are made with Experian marketing data. Experian has in place strict policies, as well as technological and procedural controls, to ensure this complete separation.

At the Committee's request, and in recognition that credit data differs from marketing data, Experian's responses to the Committee's inquiry have focused on our operations involving data for marketing purposes. That is what I will speak to for the remainder of my testimony.

Marketing data, in particular, brings lower prices and greater convenience to consumers by strengthening competition. Both large and small businesses rely on data to make their marketing efforts more efficient and to identify new customers. Nonprofit organizations and government agencies also depend upon consumer data to efficiently serve the needs of people and citizens and to enable e-government. For the Internet, this has meant providing more and improved content to consumers. Consumers also benefit from receiving relevant advertising offers that they are more likely to value and use. Marketing data is a critical driver behind the growth and efficiency of e-commerce.

Importantly, Experian's data allows small companies, including many in the state of West Virginia and throughout the country, to compete with larger companies that maintain sizeable customer data assets of their own. Experian Marketing Services helps small businesses to successfully identify new customers, thereby establishing and fueling successful businesses.

Experian shares data responsibly—by carefully safeguarding compliance with all privacy and consumer protection laws and industry self-regulatory standards, advancing and observing industry best practices, and establishing and monitoring adherence to our own corporate policies and practices. These “best practices” help balance the benefits to consumers that result from information sharing while responding to legitimate concerns consumers may have about how information about them is collected, shared, used and protected.

Marketing data differs in important ways from consumer credit data. Experian's marketing data is drawn primarily from public records and other publicly available sources and includes data that is "modeled" or predicted rather than actual, raw data from consumers. In addition, we strive for the highest standards of data quality. It is also important to recognize that the only negative consequence to consumers of inaccurate marketing information would be the possibility of uninteresting advertising and marketing. For this and other reasons, the Federal Trade Commission has recommended that it is not necessary to require consumer disclosure and correction for consumer data used only for marketing purposes.

As described in our materials provided to the Committee, Experian has a robust internal compliance program designed to ensure that marketing data is only used for marketing purposes. Experian's marketing data assets are regulated under many different authorities such as Section 5 of the Federal Trade Commission Act, the Controlling the Assault of Non-Solicited Pornography and Advertising (CAN-SPAM) Act, the National Do Not Call Registry, the Children's Online Privacy Protection Act (COPPA), and comparable state laws and regulations. The Direct Marketing Association's *Guidelines for Ethical Business Practice* provide an additional foundation for our compliance approach to marketing data. Further, Experian's global corporate information values—balance, accuracy, security, integrity and communication—formally guide our data collection and use practices. Our global information values align with the fair information practices and principles embraced by the FTC and other international organizations, including the OECD, the European Union and APEC.

Finally, I want to emphasize that Experian has made every effort to be forthcoming and cooperative throughout the inquiry launched by the Committee over a year ago. We have consistently been assured that this inquiry aims to build a general understanding within the Committee of the marketing data ecosystem. We have also been active in policy dialogues promoting effective data security and privacy principles for all data. We have spent considerable time and resources to ensure that the information and documents we have provided are helpful to the Committee's work in understanding the marketplace. To date, Experian has provided the Committee with eight submissions totaling over three thousand pages, which we believe should provide a full description of our products, services

and consumer protections. We have also met with the offices of the Senators on the Committee to describe our practices and respond to any questions about our company, products and services. We are here today, in the spirit of cooperation, to help the Committee better understand the role our data services play in the economy and in the lives of consumers.

The Committee has also sought specific information about our clients and our data sources, so I would like to provide a few details about the categories and nature of each. As I just mentioned, Experian has already provided a great deal of information and internal documents, some of which we regard as competitively sensitive, to explain the types and categories of clients we serve.

These include client organizations in the private, government and non-profit sectors that communicate and market to consumers through multiple channels including direct mail, catalog, telephone, e-mail, mobile, Internet display ads, social media, highway billboards, newspapers and other publications. The largest sectors we serve are retail, media and financial services. We also provide marketing services to clients involved in automotive, professional services, telecommunications, consumer goods, healthcare, travel, insurance, utilities, education and politics. In total, Experian's data and services are used by all sectors of the economy.

We have also provided to the Committee details on the categories of data sources we use, including the sources for specific products in which the Committee has expressed interest. As I previously stated, a good deal of our data comes from public records and publicly available information such as ZIP-code level Census information that does not identify specific individuals, local property records, and telephone and similar directories. Added to this, many people voluntarily provide data to Experian by filling out surveys and questionnaires, both online and offline, which contain clear disclosures of the fact that information that the individual provides will be used for marketing purposes. Some selected business partners also provide Experian consumer information after they have gained appropriate consent from the consumer or have de-identified or modeled customer data at the ZIP-code level.

These multiple sources of data are often aggregated at the household level, then analyzed and modeled to predict household preferences and propensities. The analysis is aimed largely at helping marketers understand key segmentation

factors such as approximate age, gender, education level, family size and estimated family income. Marketers can then use these key demographic segments and propensity models in combination with their own customer data to tailor relevant messages to existing or potential customers. Such age-old methods result in a group of consumers receiving messages and advertising that they are more likely interested in and will respond to—benefiting the consumer and the business. When all is said and done, we help marketers make the “best guess” about what messages and marketing solicitations a group of consumer may be most interested in responding to at the time they are interested.

Finally, Experian has shared materials on our range of marketing products and services, on how we assure the quality and integrity of our data, and on numerous other topics. In particular, we have informed the Committee about the robust privacy framework that Experian has in place to ensure that regulated data is used only for permissible purposes, while marketing data is used only for marketing purposes. To maintain this strict division, Experian uses a combination of measures such as dedicated compliance teams, employee training, and contractual restrictions including audit rights. With respect to marketing products in particular, Experian’s compliance team uses auditing steps such as mail piece review and list “seeding” to monitor how data is used by clients.

We have also shared with the Committee information about the consumer protections we provide for marketing data, including offering consumers transparency about our practices through privacy statements and the option to suppress the use of their data for various types of marketing solicitations.

Thank you for your attention, and for inviting me to appear before the Committee. I look forward to answering any questions the Committee may have.

\* \* \*