FINAL DECISION

I. Synopsis

The Digital Advertising Alliance’s (DAA) Self-Regulatory Principles (DAA Principles)1 cover entities engaged in interest-based advertising (IBA) across websites or mobile applications (apps). Any operator of a website (a first party)2 that allows unaffiliated entities (third parties)3 to collect visitors’ web browsing data for IBA

1 The DAA’s interest-based advertising principles consist of a suite of four documents: the Self-Regulatory Principles for Online Behavioral Advertising (OBA Principles), the Self-Regulatory Principles for Multi-Site Data (MSD Principles), the Application of Self-Regulatory Principles to the Mobile Environment (Mobile Guidance) and the Application of the Self-Regulatory Principles of Transparency and Control to Data Used Across Devices (Cross-Device Guidance) (collectively, the Principles). The full text of the Principles can be found at http://www.aboutads.info/principles.

2 The DAA Principles assign responsibilities to an entity based on its role in a particular situation. Thus, an entity can be a first party, third party, or service provider depending on the function it is performing. Website operators are first parties. OBA Principles Definition F at 10 (“A First Party is the entity that is the owner of the Web site or has Control over the Web site with which the consumer interacts and its Affiliates.”). See also Accountability Program, First Party Enhanced Notice Compliance Warning, CW-01-2013, https://www.bbb.org/us/Storage/113/Documents/First-Party-Compliance-Warning-20131008.pdf. In the context of mobile applications, the first party is defined as the entity that owns or exercises control over the app, or its affiliates. Mobile app publishers are first parties under the Mobile Guidance. See Mobile Guidance Definition G at 7.

3 In the desktop context, third parties are entities that collect data for IBA from non-affiliate websites. See OBA Principles Definition J at 11 (“An entity is a Third Party to the extent that it engages in Online Behavioral Advertising on a non-Affiliate’s Web site.”). In the mobile app context, the term “third party” refers to entities that collect data for IBA through non-affiliate mobile apps, Mobile Guidance Definition N at 12 (“An entity is a Third Party to the extent that
must provide visitors with notice and enhanced notice as prescribed in the Self-Regulatory Principles for Online Behavioral Advertising (OBA Principles). Mobile app publishers that authorize third parties to collect data through their apps for use in cross-app IBA must provide users with notice and enhanced notice, as described in the Application of Self-Regulatory Principles to the Mobile Environment (Mobile Guidance).

II. Company Status

Etsy Inc. (Etsy) is a New York based e-commerce company that operates a major online marketplace of vintage and handmade goods. Etsy publishes the etsy.com website and Etsy iOS and Android mobile applications. According to 2022 estimates, the Etsy online marketplace annually connects 7.5 million sellers with 95.1 million customers, with an estimated annual gross merchandise sales of $13.3 billion. Etsy was last subject to review from the Accountability Program in 2015. That case resolved when Etsy brought its website into compliance with the DAA Principles; however, the previous case did not address the Etsy mobile application.

III. Inquiry

This case arises from the Accountability Program’s ongoing monitoring of websites and mobile apps to assess compliance under the DAA Principles.

To ensure companies remain in compliance with the DAA Principles, the Accountability Program periodically monitors products and companies that were previously subject to formal review. In this case, the Accountability Program visited the website www.etsy.com to review Etsy’s compliance with the Principles. During its visit, the Accountability Program observed data collection by third-party companies known to engage in IBA.

When the Accountability Program examined Etsy’s website, it located a link in the site footer labeled “Interest-based ads.” When clicked, however, the IBA link directed users to the top of the company’s general Privacy Policy. Under the Transparency Principle, web publishers like Etsy must provide a link—distinct from the privacy policy link—on each webpage where third-party data collection for IBA occurs on browsers. An enhanced notice link must, unlike the IBA link provided on Etsy’s

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5 In Re Etsy (44-2015), May 14, 2015, at 4. All prior cases cited herein can be found at https://bbbprograms.org/programs/all-programs/daap/DecisionsAndGuidance.
website, take users directly to its IBA disclosure and a method to opt-out of third-party IBA.

While Etsy’s privacy policy did mention that Etsy shares information with advertisers, these descriptions did not constitute a full disclosure under the DAA Principles as they lacked a link to an industry-developed opt-out method. After further examination, a fuller description of advertising was found on a separate web page in Etsy’s Cookie Policy. After scrolling significantly through the cookie policy, the Accountability Program identified a description of third-party IBA practices occurring on Etsy web products. Much further down the page, we also discovered a hyperlink to the DAA-developed third-party IBA opt-out tool.

The Accountability Program also examined Etsy’s mobile application. We observed data collection by third-party companies known to engage in IBA. When the Accountability Program examined the Etsy mobile app we discovered that, similar to the Etsy website, enhanced notice for mobile applications was not present in any of the times or places prescribed in the Transparency Principle of the DAA Mobile Guidance.6

Based on the above review, the Accountability Program sent an inquiry letter to Etsy explaining the compliance issues it had found on its website.

IV. Issues Raised

   A. Website data collection

   1. Enhanced notice of website data collection for IBA

First-party duties under the OBA Principles are set out in section II.B. According to this section, if first parties allow third parties to collect visitors’ browsing data for use in IBA on their websites, or if they transfer such data to third parties for tailoring ads on non-affiliate websites, they must provide consumers with appropriate transparency and an opportunity to exercise control over IBA.7 A first party must include a disclosure somewhere on its website that describes the IBA activity occurring there.8 This disclosure must contain either a link to an industry-developed consumer choice page (such as http://aboutads.info/choices) or a list of every third

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6 See Mobile Guidance § III.A.3. at 17.
7 OBA Principles § II.B. at 13–14.
8 Id.
party conducting IBA activity on the first-party website. Additionally, a first party must state its adherence to the DAA Principles on its website.

Most significantly, the OBA Principles require first parties to provide consumers with real-time “enhanced notice” when third parties are collecting or using data for IBA on a first party’s website. This real-time indicator must be in the form of a “clear, meaningful, and prominent” link that directs consumers to the first party’s IBA disclosure, not just to the top of a privacy policy. In addition, this link must be distinct from the company’s privacy policy link and must appear on every page where data collection or use for IBA occurs on the first party’s website. The link may be provided directly by the first party or by one of the third parties active on its website.

Enhanced notice provides consumers with two benefits. First, it informs consumers of the fact that third parties are engaged in IBA on a website. Second, by linking directly to a disclosure that describes the IBA activities occurring on that website and providing a method by which consumers can exercise choice, enhanced notice serves as a bridge to relevant information consumers need at precisely the time they need it.

By drawing attention to this otherwise invisible background activity in real time, explaining it in plain language, and providing one or more choice mechanisms, enhanced notice helps consumers understand IBA and make choices about the use of their data for IBA.

B. Mobile data collection

The Mobile Guidance adapts the desktop-oriented rules of the OBA Principles to the mobile world, including the core requirements to provide transparency and consumer control of IBA. In particular, when first parties permit third parties to

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9 Id. We note that when first parties choose to list third parties individually, the Commentary to the Consumer Control Principle instructs companies that “choice should be available from the Third Party(s) disclosure linked from the page where the Third Party is individually listed.” OBA Principles Commentary at 35.


11 OBA Principles Commentary at 32 (“The Principles also state that the Web sites at which Third Parties are collecting data for Online Behavioral Advertising purposes should include a new clear, meaningful, and prominent link on their Web sites when Third Parties do not provide the notice described in II.A.(2)(a). This would link from the Web page where data is collected to specific language in a disclosure. If the disclosure language is in the privacy notice, the link should go directly to the relevant section of the privacy policy where the disclosure is located and not just generally to the privacy policy.”).

12 Id. at 31.

13 First Party Enhanced Notice Compliance Warning at 3.
collect data through their apps for use in IBA, they must provide enhanced notice and choice about such third-party data collection for IBA.14

1. First-party cross-app enhanced notice requirement

According to section III.A.(3) of the Mobile Guidance, first parties that affirmatively authorize a third party to collect or use cross-app data for IBA must provide a clear, meaningful, and prominent link to a disclosure that (1) describes the third-party collection, (2) points to a choice mechanism/setting or lists all third parties with links to their opt outs, and (3) contains a statement of adherence to the DAA Principles.15 The enhanced notice link must be provided prior to download (e.g., in the app store on the application’s page), during download, on first opening of the app, or at the time cross-app data is first collected, and in the application’s settings or any privacy policy.16

These enhanced notice requirements make information about privacy more accessible to users so they can make an informed decision about whether to participate in data collection and use for IBA. The enhanced notice link must go directly to the place where the app explains its IBA practices. Moreover, the link must be provided at or before the moment a user’s engagement with the app results in third-party data collection for IBA. This process provides a conspicuous, accessible, and meaningful disclosure to the consumer at the time it is most useful to them. As such it is a dramatic improvement on the past practice of simply placing the information in a dense privacy policy. It also requires that the company’s disclosure explain to consumers how they can opt out of IBA, including providing links to easy-to-use opt-out mechanisms like the DAA’s AppChoices tool.17

14 Mobile Guidance at 17.

15 Id.

16 Id. We note that where the third party is unable to provide enhanced notice and choice in an app, the first party should work with the third party to ensure that such notice and choice are provided. See id. § III.B.(1) at 18-19. Compare Accountability Program, Compliance Warning, https://assets.bbbprograms.org/docs/default-source/daap/program-guidance/accountability-program-first-party-enhanced-notice-compliance-warning-cw-01-2013.pdf?sfvrsn=25e3a96_4 at 2 ("Both the third party and the first party share responsibility for provision of enhanced notice. Because the third party which is collecting the data generally has no direct means to provide notice and choice on the website where its data collection is occurring, providing just-in-time notice of collection and an opt out requires cooperation between the third party engaged in the collection and the first party on whose website such collection is permitted.").

V. Company response and analysis

In response to the Accountability Program’s inquiry letter, Etsy immediately conducted a comprehensive review of its compliance with the DAA Principles in order to identify any areas in its compliance protocols that needed strengthening. The company worked diligently to find comprehensive solutions to each issue and consulted with the Accountability Program on its plan to come into compliance with the DAA Principles, as explained below.

A. Enhanced Notice of website data collection for IBA

To meet its enhanced notice obligations under the OBA Principles, Etsy changed the “Interest-based ads” website footer link to redirect users to a section of the Cookie Policy. This section, titled “Interest-based Ads & Marketing Services,” has been edited significantly to bring all elements of DAA enhanced notice together, namely (1) a description of Etsy’s third-party IBA practices, (2) a link to, and description of, industry-developed IBA opt-out tools, and (3) a statement of adherence to the DAA Principles.

B. Compliance with cross-app data collection requirements

Etsy’s authorization of third-party collection of unique identifiers for IBA in its mobile app triggered compliance responsibilities under the first-party cross-app provisions of the Mobile Guidance.

The cross-app provisions of the Mobile Guidance prescribe particular times and locations where consumers can receive enhanced notice that directs them to a compliant IBA disclosure. The link should appear either before or concurrent with the initial collection of data for IBA. One means for providing enhanced notice before collection occurs is to do so through a link on the app’s listing in an app store. Where possible, this can be done through a dedicated enhanced notice link, but this is not always the case. The Mobile Guidance recognizes that app stores may allow only a finite set of links dedicated to specific resources, such as company websites and privacy policies. The flexibility of the Mobile Guidance allows app publishers to use the dedicated privacy policy link as its enhanced notice link where necessary. To do so, app publishers must place an IBA disclosure or a link to a disclosure at the

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18 Mobile Guidance § III.A.(3) at 17. See also In re Sega (65-2016), July 14, 2016; In re Spinrilla (61-2016), May 4, 2016; In re Bearbit Studios (62-2016), May 4, 2016; In re Top Free Games (63-2016), May 4, 2016.

19 Id. § III.A.(3) at 17.

20 Commentary, Id. § III.A.(3) at 18 (“Where a Third Party elects to satisfy Section III.A.2.ii.1 or a First Party elects to satisfy Section III.A.3.a by providing a link prior to installation through an application market that does not permit active links, the entity satisfies this Principle if it provides an active link to a privacy policy that contains the disclosure described in Section III.A.1 and directs consumers to the relevant section of the privacy policy where the disclosure is located.”).
top of the privacy policy linked from the app store.\textsuperscript{21} This ensures that when a user taps on a privacy policy link in an app store listing, they are directed immediately to relevant information about IBA and an opt-out mechanism.

To resolve its issues under the enhanced notice provisions of the Mobile Guidance, Etsy made substantial changes to ensure IBA disclosures were accessible to users in places proscribed by the Mobile Guidance. Etsy added language at the top of its privacy policy that reads “Learn more about interest-based advertising and your choices, here” and provided a hyperlink that takes users directly to the aforementioned “Interest-based Ads & Marketing Services” section of the privacy policy. By doing so, Etsy ensured that users could easily access this information from the application store pages once a user clicks on the app store privacy policy link.

VI. Company statement

At Etsy, we care deeply about privacy and strive to be transparent about our practices with our community of buyers and sellers. We appreciate the opportunity to participate in the DAA’s Accountability Program and are pleased with the Program’s recognition that Etsy is compliant with its self-regulatory requirements.

VII. Disposition of decision

Practices voluntarily corrected.

\textsuperscript{21} Id. (allowing a jump link near the top of a privacy policy to direct consumers to an IBA disclosure where app stores do not allow active enhanced notice links).