

On the Data Trail:
**How Detailed Information About You Gets Into The Hands Of
Organizations With Whom You Have No Relationship**
A Report on the Canadian Data Brokerage Industry

Executive Summary

There is a large and vibrant trade in the personal information of Canadian consumers, both within Canada and more widely in North America. The driver of this trade is the direct marketing industry, an outgrowth of competition among retailers to capture and retain consumers. While many organizations choose not to share their customer information with others, many other organizations consider the benefits of such sharing (whether monetary or in-kind) to outweigh the costs. Hence, an entire industry has developed around the gathering and sale of consumer information, the analyzing and enhancing of customer databases, and the sharing of customer lists.

Facilitating this trade are an array of companies that specialize in, among other things, list management and brokerage, geo-demographic population profiling, database analytics, individual consumer profiling, survey-based data-gathering, and multi-source data-mining. These companies assist retailers in developing and executing marketing campaigns, as well as in “customer relationship management”. They also assist organizations with leveraging their customer data, both for internal use and for renting or selling to third parties.

In some cases, information is traded directly between data owners and data users. Such direct trading occurs most commonly among corporate affiliates, as well as non-profit organizations who frequently exchange lists with each other in order to reach out to new potential donors. It is also facilitated by at least one "data cooperative" active in Canada, through which member organizations have access to consumer data provided by other member organizations.

Much of the consumer data traded commercially is aggregated and not particular to individuals, often taking the form of profiles of geographic groups of individuals – groups as small as 15 individuals in the case of credit bureaus. Postal codes are commonly used as the basis for group profiling. Such geographically defined "group data" may then be linked to individuals on the basis of their address.

Most consumer data is offered for rent or sale in the form of a list of names and addresses of individuals who meet certain criteria (e.g., have purchased books on gardening in the past year, or have demonstrated an interest in outdoor pursuits). Thousands of such lists are available for rent. The lists may include telephone numbers and email addresses in addition to postal addresses. They may also include any number of “selects” such as location, gender, age, ethnicity, presence of children, income, home value, credit card ownership, credit status, buying patterns, and hobbies. While single-source lists of customers are still widely-used, industry players are increasingly able to offer multi-sourced lists, given the availability of geo-demographic profile data based on census results and other surveys.

Sources of consumer data include a variety of retailers and service providers such as magazines, newspapers, mail order retailers, email and other subscription services, travel agencies, product manufacturers (via registration/warranty cards), online educational and information services, and payment processing companies. Some charitable and non-profit organizations also make their member and donor lists available for rent. In addition, a number of companies specialize in the sale of personal consumer data gathered via surveys and contests.

Individuals thus give up their personal data, wittingly or unwittingly, in various capacities: as purchasers, subscribers, registrants, members, cardholders, donors, contest entrants, survey respondents, and even mere inquirers.

While the gathering and use of personal data for target marketing purposes may be relatively harmless, it raises significant privacy concerns. In particular, the increasing accumulation of personal data and consolidation of databases leaves individuals vulnerable to abuses by those with access to the data. Potential uses of this data are limited only by law and ethics. With this in mind, the findings of this study raise important questions about whether those using and disclosing consumer data have obtained valid consent from the individuals concerned; about what uses, other than marketing and fundraising, are made of this consumer data; and about the adequacy of the *Personal Information Protection and Electronic Documents Act* in providing individuals with meaningful control over their personal data in the marketplace.

This report describes how detailed personal information about Canadians ends up in the hands of direct marketers and others with whom the individual has no relationship. It does not assess the data brokerage industry's compliance with privacy laws; another parallel study by CIPPIC, *Compliance With Canadian Data Protection Laws: Are Retailers Measuring Up?*, focuses on that issue.