

Consumers & Privacy Notices

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Why Privacy Notices?

- Drive Markets: Information promotes consumer choice
 - ✓ More informed consumers
 - ✓ Help choose among competing alternatives
- Risk communication:
 - ✓ Help consumers manage risks of disclosing personal information
 - ✓ May promote disclosure of personal information if notice minimizes this risk
- Privacy notices are “food labels” for the second exchange





The First Exchange: Customers exchange money for benefits (products and services)

Food labels help consumers decide what to buy



The Second Exchange: Customers exchange their personal information for benefits (personalization)

Privacy notices help consumers decide if they should disclose their personal information (or even do business with a company)



Communication vs. Compliance

Functions of Labels

Food Labels:

- Same label can be used to inform consumers and for compliance
- Why: Based on numeric information

Privacy Notices:

- Most current notices are designed for compliance
- These same notices are not effective tools to inform most consumers



Culnan-Milne Survey on Consumers & Privacy Notices

- Questions:
 - How often do people read online & offline privacy notices
 - Why do people read online privacy notices or not?
 - What do readers think of online privacy notices?
- Sample of U.S. online adult population (n=2,468)
- Data collected Nov. 6-8, 2001 by Harris Interactive



How Often Do You Read Privacy Notices?

Online Notices

- Never: 17%
- Rarely: 33%
- Sometimes: 31%
- Frequently: 13%
- Always: 5%

Total Read: 83%

Offline Notices

- Never: 12%
- Rarely: 31%
- Sometimes: 31%
- Frequently: 17%
- Always: 8%

Total Read: 88%



Why People Read Online Privacy Notices? (% Agree or Strongly Agree)

- Using credit card at site: 78%
- Site asks for personal info: 73%
- See if site shares personal info: 67%
- See how site will use my info: 58%
- First-time at Web site: 52%
- Site has changed policy: 45%
- See if site uses cookies: 24%



Other Reasons Why People Read Online Notices (Open-ended Responses)

- Site requests information that is not needed or sensitive
- Negative experiences (including word of mouth)
- Unsure of site's reputation
- Looking for hidden charges
- Site requires you to read before proceeding



Why People Don't Read Online Privacy Notices (Agree or Strongly Agree)

- I have experience with company offline: 47%
- The site belongs to a well-known company: 45%
- The site displays a privacy seal: 36%

NOTE:

- Asked as part of question about when people choose to read online privacy notices.
- Only asked of people who said they read notices.



Why People Don't Read Online Privacy Notices (Open-ended Responses)

Notice Characteristics:

- Too long, boring
- Can't read small print
- Can't understand, legalistic
- They're all the same

Branding:

- Only visit trusted sites
- Prior experience with site or company

Consumer Characteristics

- No time, interferes with surfing
- Lazy
- No protection, written to protect the site
- Trust sites
- Enough to know the site has a policy
- Other
 - Don't care about privacy
 - Don't shop online
 - Privacy is not an issue for them



Attitudes About Online Notices (% Agree or Strongly Agree)

- Too long to be useful (68%)
- Use confusing legal language (53%)
- Trust companies to follow their policies (52%)
but...
- Less than half agree that:
 - Notices accurately reflect how collected information will be used (28%)
 - Notices are truthful (34%)



Final Points: Privacy Notices Are Important

- Consumers read notices
 - 78% read both online and offline privacy notices at least occasionally
 - Only 8% never read either type
- Current notices need improvement: shorter and simpler
 - Differences in level of education, web experience, and concern for privacy do not distinguish readers from non-readers
- Good notices can help promote disclosure
 - Notices are one tool consumers use to manage disclosure risks
 - Better privacy notices may promote commerce at sites without a strong brand



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