

Privacy and ethical issues in database interactive marketing and public policy fl...



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1997). To entice consumers to participate in the world of e-commerce, which is relatively unregulated, it is important for marketers to follow ethical behavior and protect consumer privacy. In an effort to balance commerce with consumer privacy needs, the Federal Trade Commission (FTC) has relied on fair information principles to guide privacy regulation and industry practice in the United States (FTC 1999b). These principles include notice/awareness, choice/consent, access/participation, security/integrity, and redress/enforcement (see the following articles in this special issue for more details: Caudill and Murphy 2000; Culnan 2000; Sheehan and Hoy 2000).

Despite industry self-regulation efforts, many database marketers are not following fair information practices. In a survey of 365 organizations belonging to the Direct Marketing Association, Milne and Boza (1998) find that 38% of the organizations notify customers about the gathering of personal information, 33% indicate the use of the information, and 26% ask for permission to use the information. These results show that less than half the organizations surveyed practice the fair information principles of notice and choice. The lack of adherence to fair information principles has also been found among organizations that use Web sites to collect personal information. The FTC's study of 1400 Web sites finds that only 14% post notices or disclosures on Web pages (FTC 1998). Current research on information practices reported on Web sites in the Georgetown study (Culnan 2000) and retailer Web sites (Miyazaki and Fernandez 2000) suggests that the disclosure rate has improved.

Still, there is much room for improvement, as is evidenced by the FTC report on self-regulation and privacy online, which notes that the Georgetown study <https://assignbuster.com/privacy-and-ethical-issues-in-databaseinteractive-marketing-and-public-policy-flashcard/>

inds that only 10% of the 361 organization Web sites practice all four substantive fair information practices of notice, choice, access, and security (FTC 1999b, p. 7). In addition to the lack of fair information practices followed by database marketers, other privacy issues exist. In particular, the Internet has made it possible for organizations to gather information without the immediate knowledge of consumers (Caudill and Murphy 2000; Sheehan and Hoy 2000).

By using cookies and tracking software, organizations are able to gather new types of information, such as click-and-viewing patterns, that can be used to profile and target individual consumers. The collection of these data permits organizations to sell advertising on their Web sites. This contributes to consumers' concerns about profiling (Caudill and Murphy 2000) and unwanted e-mail solicitations (Petty 2000). Although these technologies bring with them the same privacy concerns as traditional database marketing (Phelps, Nowak, and Ferrell 2000), consumer information is now stored on a database platform that is potentially accessible to the entire Internet world. The possibility increases that this data will be accessed at a later date and used for purposes other than that for which it was intended (Thomas and Maurer 1997). Moreover, new types of data, such as audio and video, are now being stored on databases.

2 Overview of the Special Issue Indeed, the digitalization of new aspects of marketer and consumer information exchanges will present additional privacy challenges. Privacy policy is an issue that is being decided as technology emerges and new markets develop. Marketing researchers can contribute to privacy public policy discussion by examining the nature of <https://assignbuster.com/privacy-and-ethical-issues-in-databaseinteractive-marketing-and-public-policy-flashcard/>

information exchange between marketers and consumers. This special issue, *Privacy and Ethics Issues in Database/Interactive Marketing and Public Policy*, features six articles that address various aspects of marketer-consumer information interaction and antecedent conditions affecting marketer information strategy and consumer information behavior. In this introductory article, I present a privacy research framework that highlights four key dimensions of the information interaction between marketers and consumers.

Within this framework, I discuss the contributions of the six articles in this special issue and raise possible directions for further research.