



'Rude Awakening' Ahead for Companies Ignoring Privacy Fears

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LAS VEGAS, Aug. 1 /PRNewswire/ -- Consumer fears about privacy are a principal threat to the growth of e-commerce, and online marketers who ignore those fears are in for a rude awakening, said Peter J. Reid, vice president of NCR's Privacy Center of Expertise. Reid addressed attendees at the National Center for Database Marketing Summer 2000 Conference & Exhibition today.

"In cyberspace, no one can hear you leave," he said. "Consumers are increasingly wary about e-commerce, and with all the recent controversies -- such as DoubleClick, ToySmart and Carnivore -- their reluctance is hardening into resistance. Orders will dry up or, more importantly, not be placed because of that distrust."

Few marketing managers have made that connection, Reid observed. Too many continue to demand ever more data about consumers, and are likely antagonizing the very markets they seek to entice. Too much information about too many people is being collected and exchanged simply because it is technically possible to do so. Some business models seem to depend on amassing information about consumers to be resold to third parties when the focus should be on best practices and best technologies that can protect privacy and build trust.

"Because the basic technical problems of online marketing have been solved, there is a tendency to forget that trust is fundamental to all commerce," Reid said. "In the final analysis, only those firms that convince their customers of their respect for privacy will survive. Fears about privacy are perhaps the single most important deterrent to doing business online. People look, hesitate and then move on without buying or signing up for the service because they don't trust the site. There can be no higher priority for e-commerce than building trust."

Gaining consumer trust means adopting and adhering to privacy policies built on notice, choice, access and security, Reid explained. Consumers need to be told what data is being collected and how it will be used, in particular as it relates to being shared with affiliates and third parties. They should have a choice in how their data is used, including the right to veto sharing with third parties. They should have access to information about them, to comment on its accuracy and request corrections where appropriate. Finally, they should know that the site has taken steps to secure their data from improper use. These policies should be explained through plain English privacy statements.

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