

# 'Opt-in' will win the privacy wars

Jay Cline

**September 4, 2002** ([Computerworld](#))

Get ready: The opt-in approach to data privacy will prevail as the global norm for most data practices. Voters from Vermont to London are tightening the noose on opt-out alternatives, and companies are starting to learn that you can amass more voluminous and profitable information with opt-in consent. Companies that don't see this coming will wake up one day to customer databases that are suddenly worthless.

An opt-in approach means consumers explicitly agree, upfront, to have their personal information used for marketing -- usually by checking a box on a form. An opt-out program checks that box for you and will use your data however it wants unless you uncheck that box.

In international privacy law, the wagons are circling around these opt-out marketing schemes. The collection and sharing of sensitive medical information already requires explicit consent in Europe and North America. The U.S. Congress is considering a bill that would expand the definition of *sensitive* to include financial and demographic information, as Europe has done. The U.S. already requires explicit parental consent for gathering a child's data, and overseas politicians will find this requirement an easy and irresistible victory. Opt-in has won the day for transactions involving sensitive data.

Does your business depend on direct marketing revenue? Better get a backup plan. Unsolicited fax and telephone marketing are on the way out in North America and Europe, and the European Union has also targeted opt-out e-mail marketing for extinction. Opt-in is winning every marketing channel except direct mail.

Opt-in may also be spreading to new territories. The recent attempt by the Japanese government to create an opt-out, Big Brother database of every citizen has awakened a sleeping giant to the privacy debate. Before World War II, the Japanese didn't have a word for *privacy* -- but watch for them to increasingly demand these Western privileges.

So, how are companies responding? If the Global 100 companies are a barometer, they're hanging on to opt-out flexibility for as long as possible. Sixty-three of the world's largest companies say nothing in their online privacy statements about how customers can stop the use of their personal data for direct marketing. Just 10 of them have committed to an opt-in marketing approach.

The Global 100 are more sensitive to sharing personal data with other companies for marketing purposes. Of the 49 that make promises in this area, nearly all take an opt-in approach. Eighteen have completely forsworn the practice of sharing data with third parties. Companies in the U.S. and Canada in particular have found that sharing personal data with others for direct marketing can become an easy way to lose a few million dollars in legal settlement expenses. The global free-for-all in customer-profile sharing may be grinding to a halt.

But corporations are doing a mediocre job of honoring these opt-out requests. I asked 45 companies that I knew had my information to remove my name from direct-marketing and data-sharing programs. The average response time was five days, but half never responded, and in a few cases I kept getting junk mail months after the request. With less than 5% of customers typically exercising their opt-out privileges, companies seem to have minimized their investment in this process.

But a few are starting to learn that taking an opt-in approach is the only way to obtain customers' most personal -- and valuable -- data. This is the crux of permission-based marketing: I offer a value for your closely held personal information, and I will use it to sell to you and to others like you. You let me monitor your Internet browsing, and I'll reduce your access fees. You let me track your driving speed and location, and I'll give you a chance for lower insurance rates. You let me market to your GPS-enabled cell phone, and I'll give you steep bargains as you approach my stores on slow days. You tell me about your job, and I'll give you a free *Computerworld* subscription. The possibilities of this approach have barely been tapped. Companies that adopt a comprehensive opt-in strategy for building trusted customer relationships will reap first-mover advantages on a global scale. Those who wait for the bitter end may become the dinosaurs of the Information Age -- all dressed up for CRM, but with no place to go.

*Jay Cline manages data privacy at [Carlson Companies Inc.](#), a Minneapolis-based group of businesses in the travel, hospitality and marketing industries. Contact him at [privacy@computerworld.com](mailto:privacy@computerworld.com).*