

The ROI of Privacy Seals

By Jay Cline

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We've all seen them -- the green Truste images, the BBBOnline padlocks and a host of other privacy and security seals. More than 2,000 companies are paying up to \$13,000 per year to display these logos on their Web sites.

But do they pay off?

If the Internet is key to your company's future growth strategy, then you need them to pay off.

Poll after poll says the top reason people don't spend more online is that they're afraid their credit card numbers will be stolen. Visa and MasterCard say they'll reimburse any fraudulent charges, but so far this doesn't seem to be enough for consumers. Web users either don't know about this promise, don't believe it or don't want the hassle of having to seek a reimbursement.

The big question is, do privacy seals give these worried customers the assurance they need to type in their charge-card information? Will their added sales justify the cost of the seals? Use this checklist to find the answers for your company:

- **Are we like the companies that already have seals?** If you're a world-class e-commerce site, the answer is yes. Almost half of the 50 most-visited Web sites, by my count, display some type of privacy seal. If you hope to be a major technology company, the answer is also affirmative. Of the 14 IT firms in the Fortune 100, 10 display a privacy seal.
- **Which seal is best?** If you need a privacy seal, either of the two market leaders will do. Truste has the highest market share among the seals, listing 1,374 Web sites, compared with BBBOnline's 701. Truste has nearly a 2-to-1 edge over BBBOnline among the top 50 Web sites and a 3-to-2 edge among the Fortune 100. That said, the Better Business Bureau, with its 91-year history, has higher name recognition among Internet users (93%) than 6-year-old Truste, which claims a 69% rate.

- **What will it cost us for a seal?** Both Truste and BBBOnline charge an annual fee based on your yearly revenue. With Truste, companies bringing in less than \$5 million are charged \$599, while those grossing over \$2 billion must pay \$12,999. The pain is less with the BBB: Small companies are charged \$200, while those grossing over \$2 billion pay \$7,000.
- **What is required to qualify for a seal?** Applying for a privacy seal will require internal staff time to complete the paperwork and assure that your company meets the seal standards. You'll need to post a privacy policy that conforms to the seal's standards. And you'll need to provide your customers with a way to opt out of direct marketing and having their information sold to third parties, as well as a way to access their information and file complaints.
- **What return can we expect?** If you're a large corporation and your average Internet transaction nets you \$10 in profit, you'll need your privacy seal to add as many as 125 more sales per month to make it a worthwhile investment. If you're a small company, you'll need only a few extra sales per month to pay for your fee. A sample of small clients of ScanAlert, an emerging security seal provider, attributes Internet sales increases of 10% to 33% to that seal's placement.

What's my recommendation? If you're a small business with online ambitions, this is an easy call. A privacy seal will pay for itself many times over. If you're a major corporation doing any level of online sales, you may also be leaving money on the table if you lack a privacy seal.

Consider conducting a trial run: Make a one-year commitment to maintaining a seal. Split your Web traffic in two, with only half of your traffic viewing the seal. By comparing the sales from the two versions of your site, you'll have hard proof of whether a seal will be a long-term winner for your business.

Looking over the horizon, your return will be higher if more online consumers come to trust the privacy seals. This may depend on the seals raising their standards -- and your requirements -- over time. Privacy purists deride Truste and the BBB for not holding companies to a higher level of privacy and for not being more aggressive in their enforcement.

Critics aside, everybody wins if the seal programs are a success. Seal members will do more to protect customer privacy, and online shoppers will have less to worry about when they click Submit.

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