

U.S. Leads in Online Privacy Disclosure

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The largest U.S. companies do a much better job than their foreign counterparts in putting detailed, meaningful privacy policies on their Web sites. Why shouldn't they celebrate just yet? Because their customers are still confused and disengaged from these online masterpieces. If companies don't find a better way to help customers understand their privacy options, they'll be increasingly attracted to politicians promising "opt-in" regulations for direct marketing.

U.S. corporations are far more consistent than their foreign peers about posting their privacy policies in the most convenient place possible: on the Web. All but two of the 39 U.S. companies in the Global 100 put a link to their privacy statements on their home pages. Sixty-nine percent of Europe's big businesses do so, but only 39% of the Asian firms and none of the Latin American companies on the roster meet this criterion.

U.S. companies are also pioneers in the user-friendly privacy policy. Fourteen of America's largest firms display their policies in a tiered format, putting simple statements first that link to more details and frequently asked questions about their privacy practices. No Global 100 companies outside the U.S. have done this.

U.S. privacy policies are also written more clearly. When I ran Microsoft Word's "Spelling and Grammar" check on the Global 100 privacy notices, only 15% of the sentences in the U.S. policies were written in the passive voice. High use of the passive tense is a good indicator that a company isn't being clear about who's doing what with customer information. Europeans, by comparison, used the passive voice 25% of the time.

The privacy statements of U.S. companies are also more than three times more detailed than their foreign counterparts. The average length of a U.S. privacy policy is now 1,681 words, up 28% from last year. The typical

European policy, by contrast, is down to 467 words, and the Japanese statement has shrunk to 366 words.

But is this American verbosity an all-around good thing? Open disclosure is the right thing to do, but who wants to read a policy that's twice as long as a typical newspaper article?

As much as U.S. companies excel at telling the world about their data practices, they continue to fall short of getting their customers to comprehend what they're saying. According to a recent University of Pennsylvania survey, 57% of U.S. adults believe that when a Web site has a privacy policy, it means the Web site owner won't share their personal information with other companies. This isn't necessarily true, of course. Sixty-four percent said they knew nothing about online privacy. U.S. companies lead the world in privacy disclosure, but even this leadership isn't yet enough to get customers to really care about their privacy options.

Should companies be concerned that few are reading or understanding their privacy policies? By posting them online, they've done their duty, right? Perhaps. But companies should be wary of a gathering storm of grass-roots opposition to opt-out marketing. In Minnesota, half the state's households signed up for the do-not-call list the first day it was available, and 60 million Americans have signed up for the national do-not-call list. Politicians across the country are tapping into public disdain for unwanted e-mails by proposing antispam bills, and the European Union has already enacted an opt-in requirement for e-mail marketing.

Forward-thinking firms should find out how their customers want privacy delivered. Bank of America Corp. is a leader in this regard, including privacy-related questions in its customer surveys and focus groups. Procter & Gamble Co. and the U.S. Postal Service are also trying to better engage their Web site visitors on data privacy. When I clicked on their privacy policies, the sites offered surveys asking me about their policies.

U.S. companies can chart their own path on privacy disclosure or have it dictated by additional legislation. If your online privacy policy hasn't changed in a few years, you may be unwittingly voting for the latter.