Internet Privacy Policies:
A Review and Survey of the Fortune 50

Alan R. Peslak, Penn State University, USA

ABSTRACT

Privacy on the Internet has been of increasing concern with the explosive growth of electronic commerce. A series of past surveys by the Federal Trade Commission and other organizations measured the implementation of fair information practices and industry self-regulation of privacy. This report includes two important additional factors in the review — enforcement and simplicity. Using this more comprehensive analysis, this article reviews the current Internet privacy polices of the 50 largest US companies.

Keywords: electronic commerce privacy; information policy; Internet privacy; privacy laws; privacy regulations; privacy rights

INTRODUCTION

Privacy in modern times is a difficult proposition. Due to our ever-increasing reliance on computers and information technology, it is challenging to maintain privacy in our business and personal activities. Banks keep track of our purchases through detailed credit card transactions. Grocery stores monitor our cash food purchases through "discount" cards and register scanner databases. Even our Internet activities are monitored, by ISP and government officials. Given that privacy is a basic need and that there is a human tendency to invade others' privacy, the government is becoming more actively involved in studying and legislating information privacy.

This report is a review and analysis of privacy and privacy policies of commercial Web sites as represented by the Fortune 50. First, this report examines the concept of privacy from both historical and recent perspectives. Next, privacy regulation (both legislated and self-regulation) as it has evolved for commercial Web sites is briefly reviewed. This includes an analysis of factors used to analyze Web site privacy. Following this is a review of a series of studies by the government and other organizations to determine compliance with and conformance to these privacy factors. The top Fortune 50 Web sites are analyzed to determine current conformance to privacy factors, including several additional factors not previously measured. After the analysis, the implications for privacy are noted.

The goals of this study are as follows:

- Provide a background on Internet privacy.
- Summarize prior Internet privacy studies.
- Update and expand on Internet privacy studies.
- Propose the expanded factor analysis as a guide for future studies.

PRIVACY CONCEPT

Warren and Brandeis, in their seminal *Harvard Law Review* article, described the right to privacy as the right to be left alone (Warren & Brandeis, 1890). Westin (1967) lists four features of privacy that appear in nearly all societies:

- The need for seclusion and isolation at certain times.
- The concept that we are never alone, even in solitude.
- The tendency to invade the privacy of others.
- The need for freedom, due to social and technical advancements.

As noted, the concept of a "right to privacy" called for the right to be left alone. Publication and dissemination of personal information extends from this right to be left alone. Warren and Brandeis (1890) also suggest that the right to privacy stops when the individual consents to give up that right. Consent has been rendered ambiguous in the Internet realm, with the concept of requiring a specific opting-out. Opting-out requires an individual to give specific notice that they do not want information they provided to organizations over the Internet sold or used for other purposes; otherwise, it may be used. This suggests that as a default, a person gives up his right to freedom. This is a troubling premise for Internet users.

REVIEW OF RECENT LITERATURE

Ackerman, Cranor and Reagle (1999) studied user concerns over privacy and security in electronic commerce transactions over the Internet. Specifically, the authors found that 87% of the respondents were concerned about privacy on the Internet. About 97% of Internet users did not wish to share credit card information on the Internet. More than 80% of respondents were not comfortable with sharing their phone number, income and medical information over the Internet. These figures suggest a very high concern with Internet privacy.

Milne and Culnan (2002) developed a review of past online privacy notices and noted three areas of concern with studies conducted thus far. First, they suggested that the studies have been more effective in determining the existence of policies than in assessing content and inclusion of intended fair information practices. Given that there is no template or checklist of required elements to achieve fair information practice goals, there is necessarily variability in measurement and satisfaction of these goals. The second element mentioned is that the surveys have not measured compliance with standards. This suggests enforcement has not specifically been measured in past surveys. Finally, there is the issue of understanding by consumers. There must be some element of comprehension for these policies to achieve their objective of fair play between vendors and consumers.

A *Business Week* study by Green, France, Stepanek and Borrus (2000) sug-

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