Chapter 28
Web Analytics and Online Retail: Ethical Perspective

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ABSTRACT

Currently, all major e-retailers and even the start-ups have incorporated web analytics services on their websites to monitor customer behaviour while extracting personal data. However, the web analytics data collection methods and the applications of such collected data have raised a lot of concerns regarding the ethical use of this data. The present work identifies some important ethical challenges and unethical practices that have cropped up with the usage of these techniques. The research also suggests the measures to reduce the volume and type of personal data that can be monitored by the websites/applications at the user level. It also elaborates on measures and requirements that need to be undertaken by the online retailers at the policy level to meet the country and industry standards, while keeping their practices ethical.

INTRODUCTION

Online retailing continues to grow and it is becoming more prevalent than ever before, the e-commerce total sales value reached $3.46 trillion in 2019 and it is forecasted to surpass $4 trillion by 2020 (Statista, 2019). Invesp has listed the top ten countries with the highest annual average e-commerce revenue per shopper in descending order as: "United State of America ($1804), United Kingdom ($1629), Sweden ($1446), France ($1228), Germany ($1064), Japan ($968), Spain ($849), China ($626), Russia ($396), and Brazil ($350)" in its report (Invesp 2019). This means that there is an enormous potential for online retailers to grow their business by increasing traffic and conversion rate. However, this can only be achieved,

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when consumers are offered better online user experience and satisfaction, especially in a country like India with a high population and one of the fastest (if not the fastest) growing e-retail market. Seeing the potential in online retail, there has been an exponential rise in the number of e-tailers, in 2014 there were more than 12 million e-tailers in the world, but only 650,000 were able to generate an annual sales value exceeding $1,000 (digitalcommerce360.com). In 2018, some online retailers have become very successful. The world-leading online retailers includes; Amazon.com (net revenue of $232.88 billion), JD.com ($69.8 billion), Alibaba Group ($56.1 billion), eBay.com (10.9 billion), Rakuten (10.0 billion) (Marketwatch, 2019).

As more businesses are beginning to adopt a multi-channel marketing strategy like: integration of social media marketing, mobile marketing, and other alternate channels, the need for a more robust approach to extract information of the customers visiting the website has increased. Such information would be the basis on which decisions are made, hence the web analytics has become vital. "Web analytics is the practice of measuring, collecting, analysing and reporting on website data to be able to know how a website is used by its audience and how to optimize its usage" (Web Analytics Association). Online retailers must employ a technique that tracks and report customers' data in real-time instead of on a periodic basis. A report by Siemens (2013), concluded that the application of web analytics in India has contributed to the rapid growth of online retail firms, as it can be applied in different area of the business circle, which will lead more customers to the website and ultimately better revenue and website performance (Starov et al., 2018). Web analytics and e-commerce go hand in hand; the growth of e-commerce has led to the growth of web analytics and vice versa, in today's online retail scenario web analytics has been integral in performing the customer centric operations.

An e-retail customer centric operation, especially those targeted at specific individuals will rely heavily on data and information that has been extracted about that customer. For example, personalised display, targeted marketing (marketing to specific individuals or customer segment). Online Customer data has now become the most important factor for a customized user experience, hence there is a rush to have such data. However, with the availability of data, e-tailers have realised that there is so much more they can do with the data than just offering personalised experience. Thus the use of customer data started raising ethical concerns.

Problem Statement: Web Analytics data collection is not directly an ethical concern as customers do not mind sharing the data. The ethical concerns are primarily; how data is collected? What it is used for? And how it is stored? The approach to online data collection and use differs from country to country. This is because not all country has a customer data protection law and also the data protection laws enacted by countries are also different (Wilson et al, (2016). For example, USA has multiple data protection laws on the other hand the whole of Europe has just one (General Data Protection Regulation). In a country like India, where the Personal Data Protection Bill 2019 has just been tabled in the parliament on December 17, 2019, it would be difficult to legally hold organisations responsible for the misuse of customer data as there are no express data protection laws. Therefore, unless the country has a data protection law, the e-tailers are only advised on ethically practices that are widely accepted across the globe. The lax in data protection laws has created a situation where customers' data can be used for anything that benefits the organisation. Hence, the chances of it getting into the wrong hands are higher. It is now up to the customers to demand that the collection use and storage of data follows the highest standard in the cases, where there are no laws. On the other hand, it becomes a responsibility of the retailer.