

The Joy of Technology vs. Privacy

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Introduction

Few organizations anywhere remain untouched by the profound changes that have swept over their business efforts in the past few years. Customers of all groups have developed much more sophisticated expectations, demands and services patterns than ever before due to the advent of the Web. The Internet provides easy access to extensive information about organization services, as well as a rich array of interaction options. This means customer's loyalty is tougher than ever to build and maintain. Neither new prospects nor existing customer will respond to business messages that are not timely, relevant and offer recognized value. By reducing time and distance to nearly zero, technology has shifted the power in the customer-organization relationship to the customer. Customer now chooses when, how and where they will interact with organization services. Also customer noticed that current organization web services provide information through a one size fits-all approach where all customer travel through the same network of pages and directories, and that delivers the same information each time the customer logs on. As organization web sites are becoming larger and more complex system, which include huge databases, text search, multimedia, interactive interfaces and advance e-learning tools, from user point of view, it becomes very difficult to find useful updated information and personalized services hidden in huge cover of the organization database

From the daily interaction in the Internet, researchers can notice that reorganizing the company around the customer is no longer an option; it is an essential competitive mandate. To achieve it will require more than lip service. This effort demands an organizational and technological infrastructure that enables a business to maintain a complete and accurate picture -dubbed the 360-degree view- of each customer and potential customers. Capturing and consolidating information from every interaction with existing and prospective customers can only accomplish this. Then this flow of information must be analyzed as fast as possible so that marketing people can offer personalized services according to customers and prospects buying habits and where and when these activities are taking place—on which web pages, after which marketing campaigns and so on. According to Lasica (2002; 2001) and Lewis (2001), the practical demand for personalization can be seen from the needs of a company to create cost-effective marketing offers and campaigns; also other specific needs and demands for personalization can be seen by how effective website content and traffic patterns in meeting sales and service goals are.

By developing and studying appropriate personalized marketing and predictive analytic technologies, researchers are able to view customer interactions and marketing activity across multiple customer touch points from a central location. This gives them an unparalleled ability to understand how specific products and services -initial, cross-sell and up-sell- attract particular customer segments, and then allows them to design personalized integrated, multi-channel marketing strategies and messages accordingly.

Thus personalized market analyses and decision-making can occur in real time, and detailed campaign information, such as response rates and profitability, can be tracked, measured and easily reported on, maximizing the effectiveness and efficiency of an organization's marketing initiatives.

Personalized services is generally referred as the ability to customize the user interface, the information channels and the services provided according to the individual user's needs, personal interests and preferences (Reamy, 2001). In this way the user is given the opportunity to construct a personal information space with relevant information sources and services, and interact with the user interface in a

personal manner. The service providers, on the other hand, hope to better serve the customer by anticipating needs, make the interaction usable, efficient and satisfying for both parties and build a relationship that encourages the user to return for subsequent use or purchase. In other word personalized web services provide a “web channel” between the individual customer and the organization community. This channel is based on comparison of a user’s historical contact habits, or similarity to a human- or software-constructed "profile," or generalization, of user traits and/or behaviors. This comparison results in suggestions of personalized web services to user that most likely to positively suite his preferences (Imhoff et al. 2001).

One of the first challenges that many designers run into when converting a static web site into a personalized web site, is deciding what to personalize. There is so much personalization possible that it is hard to determine which items are actually worth personalizing. Early in the planning process, it is important to establish clear goals that can guide you in choosing what to personalize. For instance, if the goal of personalization is to increase loyalty, then adding features to increase return visits would be desirable. On the other hand, if a company's customers usually make large purchases that involve a significant amount of research and evaluation - but customers do not benefit from return visits to the site after the purchase - then the personalization focus should improve the ease and quality of the customer's decision-making process.

Second change is personalized web services involve the personalization paradox: on the one hand, the use of personalization is advocated by the positive aspects it provides for customers; on the other hand, the employment of personalization is seen to infringe customers ' rights in informational privacy, which may result in negative implications for organization business. As organizations place greater emphasis on building long-term relationships with their customer, trust has assumed a central role (Swaminathan et al. 1999; Teltzrow & Kobsa, 2004; Kim & Tadisina, 2005). Trust is a complex social phenomenon that reflects technological, behavioral, social, psychological, as well as organizational aspects of interactions among various human and non-human agents. Along these lines this paper study if the customers will participate in the exchange of preference

information for personalized web services benefits if the quantified value of personalized web services outweighs quantified loss of information privacy. Although this proposition is consistent with the views of Alatalo and Siponen (2003), who suggest that people will accept the loss of privacy as long as there is a positive net outcome from such information disclosure, it urgently needs empirical validation as pointed out by the authors. Therefore, there is a need to quantify the loss due to privacy concerns to empirically assess the customers' benefits and costs. It is reasonable to expect that if the customers believe their information were collected and treated fairly; they would share their preference information with the organization and hence use personalized web services that are offered.

In relation to this problem, the target of this study is to focus on the customers' privacy to judge the customers' perception of origination personalized web services business. A summarization of privacy current issues is presented. These issues have been addressed and discussed to build knowledge about this area of research and to construct the conceptual model and information architecture. Many of the privacy and personalized web services issues and technologies in business world adopted in this study, were based on the fact that were customers considered being as the main clients toward a sustainable business environments. The issues under discussion will also influence our understanding on how organizational services are organized and delivered sustainable strategies around which organizational services are developed.

Privacy definition and types

According to Laudon and Traver (2009), Privacy is the ethical right of customers to be left alone, free from surveillance or interference from other individuals or organizations. This includes both claims of information privacy:

- That certain information should not be collected at all.
- The right of customers to control the use of whatever information is collected about them.

While the major Issues raised by Internet and privacy can be viewed at following levels:

- Major ethical issue: what conditions should we under invade privacy of others?
- Major social issue: Development of privacy standard and “expectations of privacy”.
- Major political issue: Development of law that govern relations between record keepers and customers (Laudon & Traver, 2009).

There are two types of privacy concerns: anonymous profile and personal profile. Anonymous profile is where sites collect customer information such as demographics, purchasing behavior, and sites visited but do not tie it back to the customer. Instead this information is used to put the customer into highly specific and targeted groups with other customers with same preferences so that customer can receive more targeted marketing.

In other hand personal profile is where sites collect personal information about the customer as an individual, meaning customers are not anonymous. For example, the company knows that “Adnan Okour” visited X, purchased Y, lives on Z, likes Q, etc. This is the type of profiling concern which customers are obviously having the biggest issue and probably a fruitless battle in the long run, this depend a lot on customer attitude toward privacy in general. There are simply too many sharing customer’s information online and too many companies mining and going through that data to have it stay private forever (Chapman, 2010). However, this does bring up the possibility of a new eServices business model which is buying back customer privacy or customer life online. So for example, customer would pay month fee to keep his/her information secure and private so that nobody can freely search, mine, or access such information? (Morgan, 2010)

Major Current Trends and Issues of Privacy

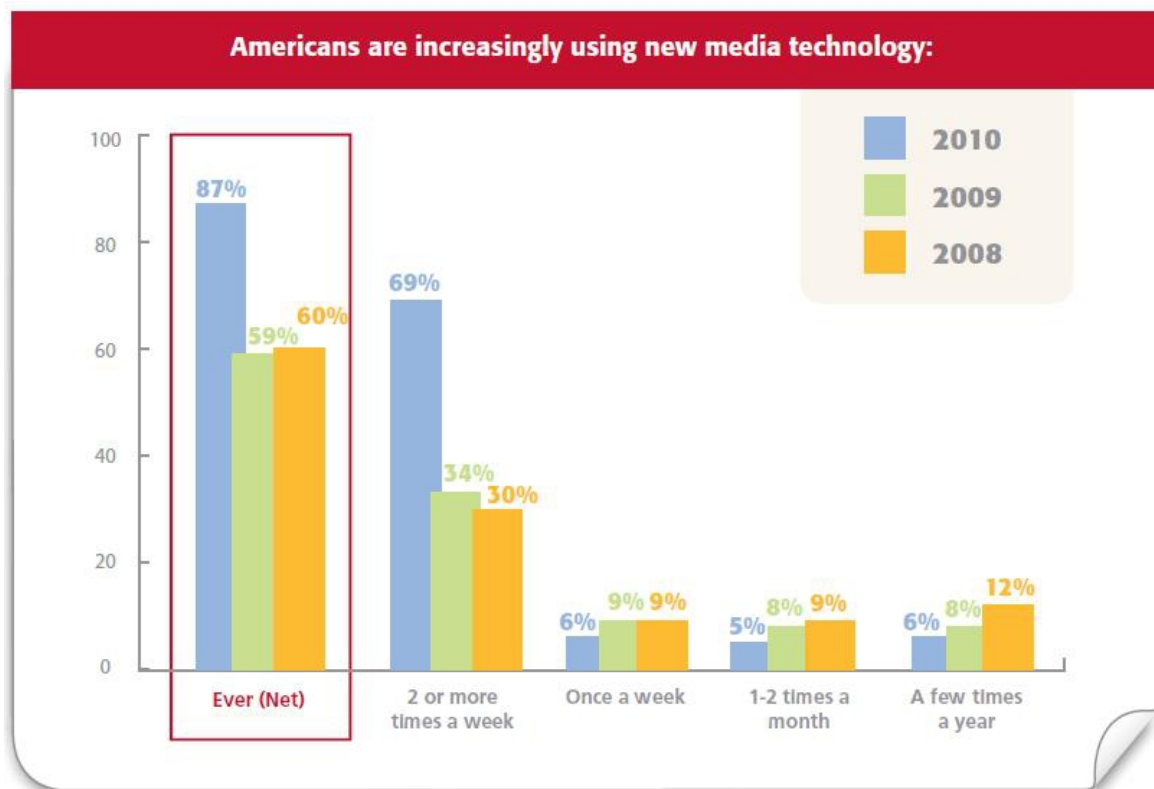
No doubt privacy has been quite a controversial and popular topic as of behind schedule, especially when it comes to social media. As mentioned in the previous section, the common thread that we hear about is that customer wants to own their information and control it. Recently Sites like Facebook are making customer personal information more and more accessible to the world and the world is fighting back to keep things private and secure (*Ortutay, 2010*). A new piece of information coming out, conclude that in many cases there were dozens and even hundreds of tracking programs placed onto a single site, even large sites had no clue that these programs were installed collecting customer information. Oftentimes companies say they don't collect information about customer who visit or participate on a particular site but it's not always the company you need to worry about but the third party companies out there that are operating undercover and collecting personal information (*Chapman, 2010*). As this personal information mined, collected and out, nothing the customer can do so far.

So the important question is will privacy really matter in the future? To answer this question we need to study and understand the following cases. With over 550 million users worldwide on Facebook there is clearly a large amount of information that exists on all of customers, and that's just Facebook (*Swistak, 2010*). What happens when the users' base crosses the 1 billion mark? What about 2 billion? Personal Information is being mined, collected, and analyzed by hundreds of companies and businesses from basic monitoring tools to more sophisticated software (*Chapman, 2010*). Another case is the customer Smartphone which is the closes thing customer can come to walking around while collects everything from his/her physical location and personal preferences (*Wolinsky, 2010*). Recent Google cars issues, show how quite amazing what this technology can do online to find personal information (*Albanesius, 2010*). Recently president Obama and Chief of Interpol had thier Faceebook pages hacked (*Dunn, 2010*), and had confidential information stolen. Not too long ago

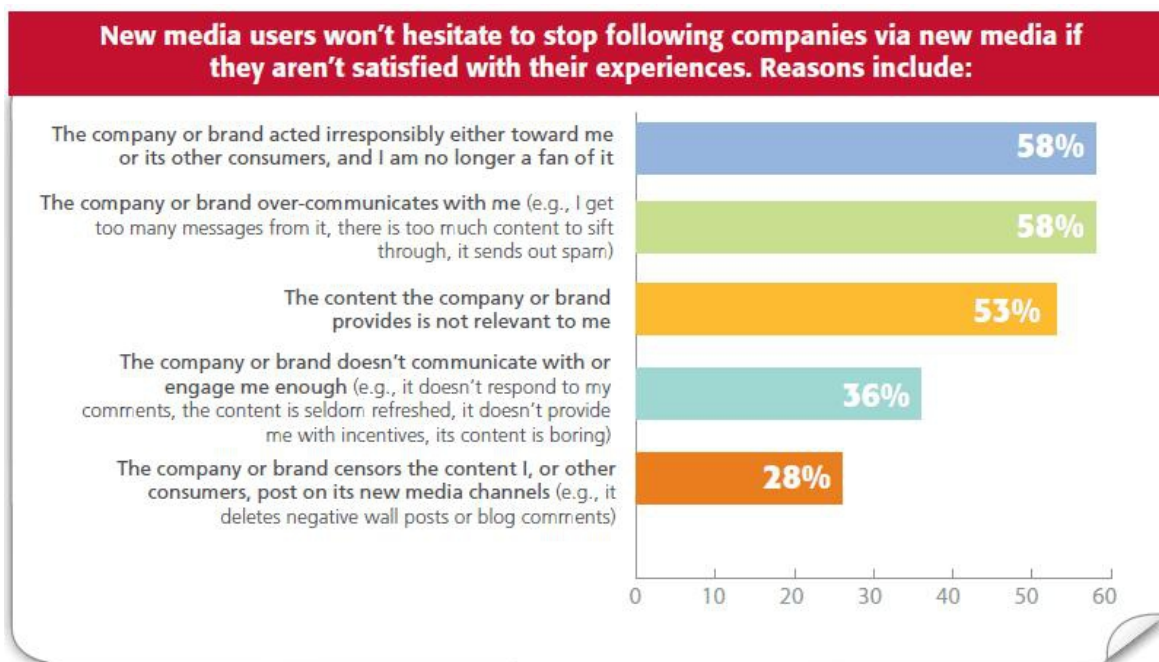
we also saw a woman lose her medical benefits over Facebook (CBC, 2009) pictures that she posted.

Cone released the results of their study (Cone, 2010) on how consumers are using new media tools. Cone conducted an online survey of 1050 adults and defined “new media” as: “Dialog among individuals or groups by way of technology-facilitated channels such as social networks (e.g. Facebook); blogs; micro blogs (e.g twitter); online games; mobile devices; photo-, audio-, and video-sharing sites (e.g. Youtube, iTunes, Flickr); message boards; etc.”

The first thing that Cone found is that at least in America, we’re seeing a rapid increase in new media technology usage which you can see in the graph below.



The largest jump is not only in overall usage but in the frequency of activity. When compared to 2009 we see a huge 35% increase in users that use new technologies at least twice a week. As the activity increases, so does the potential for social customer engagement, but the risk of new media invading consumer privacy during one of these interactions also goes up(Morgan, 2010) .



The above graph clearly shows why consumers ultimately stop following and engaging with new media companies through social channels. Majority of consumers won't be shocked to see that acting irresponsibly will get companies to lose engaged customers, also what might be a bit more surprising is that over communicating is just as much cause for disengaging with a companies as is acting irresponsibly. From this study clearly consumers do not want to feel as though new media companies are forcing a relationship against their privacy life.

Another recent survey conducted by the Rose Foundation for Communities and the Environment (Turow et al. 2009) to determine which view Americans hold. The report, from researchers at the University of California, Berkeley and the University of Pennsylvania, is among the first quantitative studies looking at young people's attitudes toward privacy as government officials and corporate executives alike increasingly struggle with such issues. The survey, did find some areas with generational differences in attitude, it was based on a 2009 telephone survey of 1,000 Americans 18 and older. In high percentages, young adults stand on the side of privacy backer, whom the advertisers often portray as caring little about information privacy. This survey did find that tailored advertising based on personal preferences, according to younger American adults are less likely to say

no to it than are older ones. Still, more than half (55%) of 18-24 year-olds do not want this kind of tailored advertising. Young adults have as strong an aversion to being followed across websites as do older adults, which is a contrary to consistent assertions of marketers. In other hand, tailored advertising that is the results of following young adults' behavior on websites other than one they are visiting was rejected by 86% of them. Other interesting finding by this survey, for example:

- Americans' aversion to the act of following them on websites will take place even anonymously, 68% "definitely" would not allow it, and 19% would "probably" not allow it.
- When it comes to discounts or news fashioned specifically for them, a majority of Americans also does not want, while still the percentages are smaller than the proportion rejecting ads.
- Recently white house pushes for Online 'Privacy Bill of Rights' (Toor, 2010), also this is the case in this study as 69% of American adults feel there should be a law that gives people the right to know everything that a website knows about them.

As well 92% agree there should be a law that requires "websites and advertising companies to delete all stored information about an individual, if requested to do so." Also 63% believe advertisers should be required by law to immediately delete information about their internet activity.

- Lack of privacy rights and falsely assume government regulations prohibit the sale of data about them. When asked true-false questions about companies' rights to share and sell information about their activities online and offline, respondents on average answer only 1.5 of 5 online laws and 1.7 of the 4 offline laws correctly.
- As privacy issues becoming a source of frustration, 70% suggest that a company should be fined more than the maximum amount suggested (\$2,500) "if a company purchases or uses someone's information illegally." This suggests more strict punishment for information offenders, beyond fines if it "uses a person's information illegally," As this backed by 38% of Americans who answered that the company should "fund efforts to help people protect privacy." As this becoming a

serious issue over half of Americans adults are far tougher: 18% choose that the company should “be put out of business” and 35% select that “executives who are responsible should face jail time.”

Still according to (Morgan, 2010), customer going to be accepted that whatever personal information he/she put online is going to be public for the others to see or use, which lead us to a point where the privacy battle may be no longer going to matter. But we believe this case will not be in the near future, as privacy dimensions need more exploring based upon other culture and background of different global customers. This led us to the next level of privacy issues, based upon the above facts and surveys, privacy must be considered in organization management and strategy.

Conclusion: Entering the privacy management era

A recent study by TRUSTe (TRUSTe, 2010) has shown thousands of businesses cases from leading brands like Microsoft, IBM, and eBay to smaller start-up Web sites the advantages of protecting consumer privacy. As real world situations that show how protecting consumer privacy has helped businesses boost ROI by leveraging leading privacy services, seals and programs. AchooAllergy.com, a specialty online retailer of allergy, asthma, and sinus relief products, chose to display the TRUSTe seal in the header of every page of its site. As a result of displaying the TRUSTe seal, AchooAllergy achieved a \$10 increase in average order value and decided to display the seal on its Web site full time. As well another case of Information management software giant Oracle first enlisted TRUSTe to get certified for the EU-Safe Harbor program and get in full compliance with EU regulatory requirements (Jordans, 2010). Soon, TRUSTe started helping Oracle streamline its acquisitions-- integrating acquired-company marketing databases, communicating Oracle's privacy policies and practices to customers and prospects, and updating user profiles so that no data-or customer trust-was lost in the transition to Oracle.

In today's business, organizations face a major challenge: to protect consumer and employee privacy both online and offline. Consumer demand and legislative requirements, such as the European Union Data privacy Directive, increasingly require corporations to formally address privacy issues. From our previous discussion we show that without comprehensive privacy policies, many organizations may be exposed to legal liabilities and consumer opposition, as well Organizations needs to learn more about the leading privacy issues, assess privacy current polices, design a privacy strategy and implement new privacy practices. Through proper education and planning organizations can optimize the use of personal information while implementing safe privacy practices and objective.

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