



# Online Privacy Is An E-Commerce Concern

## TECHNOLOGY NEWS

By William J. Brown

At the 1999 American Resort Development Association convention in Orlando, a prevailing discussion topic was the emergence of the Internet as a source of top-line growth for the resort industry. Illustrative of the emphasis placed on the Internet as a new channel for reaching customers, Interval International introduced two entirely new Web brands, and industry attendance at seminars and ARDA subcommittees focusing on the Web was never higher.

Clearly, the Internet has captured more than just the imagination of resort-industry executives and professionals. Many resort companies and vacation clubs now maintain a Web site, and many have allocated significant staff and money to their online home. Through aggressive marketing and value-added site services such as streaming video, companies are beginning to see increasing traffic from first-time prospects and recent buyers. Going forward, these initial results are likely to fuel more investment, in turn powering even more Web-based traffic and interest.

While the potential is promising, workshop and panel speakers cautioned companies to guard the privacy of their site visitors. Attendees were urged to understand that consumers worldwide have become concerned about the information Web sites are collecting about them. These concerns – if not addressed – could derail even the most lucrative Web initiatives just as the Internet becomes a preferred mechanism for promoting the vacation-ownership concept to a prime audience of leisure travelers.

On the Web, developers have a powerful new channel to promote their message, but consumers now have a similarly powerful mechanism for broadcasting their dissatisfaction with companies that do not protect individual privacy. Without the trust of visitors, a developer cannot hope to use the Web to convert a prospect into a highly qualified lead. For the vacation-ownership industry, which has worked very diligently to enhance its public image, the downside potential is tremendous if consumers feel that privacy is not being respected.

### Why It's Important

Trust is difficult to establish online, but on trusted Web sites, prospects will provide you with the information that you need to begin the relationship-building process that may culminate in a sale. Without trust, your Web site never will receive contact information, no matter how creative you become in trying to incentivize the user into providing it, because users just won't believe in your company – and that disbelief can extend beyond the Internet to your other distribution channels.

Web sites build trust when they demonstrate that information collected about their visitors is not shared with others or used in mischievous or dubious ways, such as harassing the visitor through endless telemarketing and e-mail spam. The exception to this is if visitors grant permission and are promised that, in return for their personal information and further permission to be solicited online or offline, they will receive information or offers of value and interest to them.

When surfers come across your site, communicate that you appreciate their visit and value their trust in you. To demonstrate that trust, make your online privacy statement very easy to find. It should describe briefly how and for what specific purposes your company uses information collected from your Web site. If you request an e-mail address to correspond with a visitor in the future, also tell the visitor how to request removal from your list.

Here is an excerpt from the privacy statement on Interval International's member Web brand at [www.IntervalWorld.com](http://www.IntervalWorld.com):

"This statement discloses the privacy practices for the Interval International-IntervalWorld.com Web site. When you visit an Interval International Web site, you can expect to have access to the kind of personally identifiable information of yours that is collected; how the information is used; with whom the information may be shared; what choices are available to you regarding collection, use and distribution of the information; the kind of security procedures that are in place to protect the loss, misuse, or alteration of information under

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Interval International's ("IntervalWorld.com") control; and how you can correct any inaccuracies in the information.

"We encourage your questions regarding the following privacy statement. Please direct any questions to the Webmaster by e-mailing to [webmaster@intervalworld.com](mailto:webmaster@intervalworld.com).

"We will make reasonable efforts to reply to your inquiry within five business days."

You can see that Interval has used plain language to communicate its philosophy on collection and use of data. This approach begins to build the trust Interval needs to give its members the best possible online user experience. Further sections of the Privacy Statement describe just as clearly the use of "cookies," opt-in e-mail lists, and steps to avoid receiving unsolicited contact from Interval via the Internet.

Privacy statements are simple to create, and can do much to establish the credibility of your online brand. A number of Internet industry initiatives are underway to permit companies attempting e-commerce the chance to "self-regulate" the privacy issue, preempting government involvement, which almost certainly would be more restrictive.

In addition, because the Web is truly "global" in reach, the influence of foreign regulatory agencies also must be acknowledged. For example, the European Union has issued a preliminary set of "Privacy Directives" that instruct companies wanting

to do business with customers within the E.U. community to secure specific permission to collect data from individual consumers. This has grave ramifications for developers based in North America who want to market on the Web to prospects anywhere in Europe. Further, Canada recently announced its inclination to support the E.U. Privacy Directives, which propose the imposition of stiff fines and even jail time for violators. The E.U. has even threatened to close down subsidiaries based in Europe to enforce these policies. Understandably, the U.S. Department of Commerce and trade organizations such as ARDA have taken an active interest in this important matter.

### What To Do Today

Here are some specific strategies to realize the full benefits of building a trusting relationship with your customers. These simple, inexpensive steps can help your Web brand develop consumer trust:

- Create a privacy statement, modeling it after the established online leaders. Don't promise anything that you cannot deliver. Use clear language that articulates how information collected about consumers from your Web site is to be used, and what recourse the customer has to block the company from collecting the information. If you can demonstrate that the information being collected is to the benefit of your visitors and enhances the services that you offer to them, they are unlikely to complain.

- Consult one of the leading not-for-profit industry privacy groups for guidance on creating legally sound privacy statements. Visit the TRUSTe ([www.truste.org](http://www.truste.org)) and Better Business Bureau ([www.bbbonline.com/businesses/privacy/sample.html](http://www.bbbonline.com/businesses/privacy/sample.html)) Web sites; each has free templates or wizards that permit you to create boilerplate documents. You can even have either service "audit" your privacy statements and monitor your compliance, for fees ranging from a few hundred dollars up to \$5,000, based on your company's annual revenues. Such participation allows you to designate your site with the monitoring organization's "seal of approval."

- Once you have implemented an up-front privacy statement, you bear the responsibility – whether your site is audited or not – of complying with your stated policies. For example, if you promise to respond to e-mails from customers within five busi-

ness days, be sure you have procedures in place to keep that promise.

- Practice savvy e-mail marketing. When individuals visit your online site, ask them for their permission to send them special offers. If they say "no," honor that response. If they say "yes," you have identified prospects open to your marketing message, who may respond to an incentive to visit and tour your resort. For these customers, follow up immediately by e-mail, indicating that you appreciate the opportunity to build a relationship with them.

- Always provide clear contact information for questions or complaints. In every e-mail message generated by a list-server, give your recipients the option to remove themselves from the list. Every page of your Web site should have an e-mail address or link and, ideally, a toll-free telephone number permitting customers to contact you immediately.

These simple steps can enhance your credibility in the minds of consumers who are just discovering your brand, and might even give you a second chance with others whom you didn't win over the first time around. ■■■■

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