

Internet billing: consumers want privacy protection

CANADIAN COMPANIES wanting to attract customers to their Internet bill delivery and payment options must put respect for consumer privacy at the top of their list, a recent Gallup poll found. The results of the poll, commissioned by Derivion (an e-billing solutions provider), were released on January 16th, 2001. The poll shows that over 40% of Canadian Internet users are more inclined to pay their bills online if they are assured that their personal information is protected.

The research found that Canadians want to control how their personal information is gathered, how it will be used, and with whom (if anyone) it will be shared. With this control, consumers are more open to providing their personal information and engaging in online transactions such as bill payment, shopping, banking, and trading.

“Our first consumer research raised a red flag by revealing strong privacy and security concerns and their potential to pose a barrier to end-user adoption. The new survey helped us understand consumer perceptions and develop recommendations for businesses to address those concerns,” said Dushyant Sharma, Derivion co-founder and chief technology officer. “We are now equipped to better address those consumer fears as we help billers and their customers move their billing activities to the Internet.”

Privacy is an important issue for Canadian Internet users, with 80% reporting that they are at least somewhat concerned about the privacy of their personal information when participating in online activities. Of those who only surf the Web, four in ten would be more inclined to participate in online transactions such as Internet bill paying or e-banking, if they were confident that their privacy would be respected. One quarter of these

respondents would be more inclined to shop or trade online.

These Canadian findings mirror US research. A September 2000 Gallup survey found 82% of American Internet users are “somewhat concerned” about the security of personal information on the Internet and how closely their online activities are tracked. The Canadian results suggest Internet users are cautious with personal information and actively investigate how that information will be used; 60% of Internet users report that they almost always look for a company’s privacy statement, and 53% almost always look for a third-party privacy seal or trust mark.

However, Canadians are not overly trusting of companies’ privacy statements—in fact, less than half (40%) believe companies will honour privacy policies posted on their Web sites. In contrast, a study by the US National Consumers League in August 2000 found 91% of American respondents trusting companies at least somewhat to follow privacy policies (up from 67% in 1998).

Canadian consumers’ uneasiness is reflected in respondents’ clear preference for the reassurance of a third-party privacy seal. Seven out of ten say that they are more willing to conduct online activities such as bill payment with a company that has a

privacy seal than one that does not.

The research also suggests that online trust is built through offline relationships. 56% of respondents agree that they will only share personal information with companies with whom they have a previously established relationship. Respondents were asked their comfort level with a variety of bill payment options. “In person at the bank” was viewed as the most private method of bill payment followed by “in person at the company,” and “at the ATM.”. Consumer perceptions about the privacy of online bill payment were ranked lower than these more traditional methods.

Customer relationship management, targeted marketing, and the ability to use the Internet to deliver “personalized”, value-added experiences are among the most rapidly expanding Internet applications. The Gallup survey asked consumers what types of online activities were most acceptable to them. The results suggest that consumers are most comfortable interacting with familiar companies, but are strongly opposed to a third-party company or organisation gaining access to personal information. “Not surprisingly, we found that consumer comfort levels increased the more they have control over their personal information,” said Sharma.

“For example, more respondents agreed to receiving targeted or personalized communications from companies when given the opportunity to opt-out. This percentage increased further when respondents were able to give permission first.” Surveys of US consumers have shown a similar pattern. The Pew Internet & American Life survey, conducted in May/June 2000, found that 86% of respondents favour an “opt in” (permission first) privacy policy.

75% of Canadian respondents said that they do not know how to remove their name from online databases and mailing lists. Of the 24% that do, 30% say they rarely do so and 12% say they never do so. “Derivion has taken the first step by developing a set of six principles, based on Gallup’s findings, intended to boost consumer confidence”, said Sharma. The principles we recommend focus on offering control to consumers, providing information they can use and understand, and implementing tools such as permission-based marketing. Most importantly, we recommend that companies be proactive in addressing consumer privacy concerns as an opportunity to differentiate themselves and gain competitive advantage.”

SIX PRINCIPLES TO BOOST CONSUMER CONFIDENCE

1. OFFER CUSTOMERS CONTROL OVER THEIR PERSONAL INFORMATION

The research says:

- 43% of consumers with Internet access say they would be willing to provide additional information to their biller to receive targeted information on products and services

55% would do so if they knew they could later remove their name from a mailing list

63% say they are either “not very” or “not at all comfortable” with a company they do business with sharing its database with another company, even when individuals cannot be identified

What companies can do:

- Use permission-based marketing
- Provide opt-out information which customers can easily identify and access on the Web site
- Disclose policies on database sharing including purpose (for example, in a privacy statement and/or when information is being collected)
- Offer consumers an opt-out.

2. EMPOWER CUSTOMERS TO EXERCISE THEIR RIGHT TO PRIVACY

The research says:

75% of consumers with Internet access say they don’t know how to remove their names from an electronic mailing list

What companies can do:

- Provide clear, easily accessible instructions on “how to unsubscribe” from e-mail mailing lists on all e-mails and on the Web site
- Enable customer service representatives to remove customer names from lists over the telephone.

3. POST A PRIVACY POLICY

The research says:

- 59% of consumers with Internet access look for privacy policies or statements
- 53% say they are more willing to do online transactions, such as e-bill payment, with a company that posts one

What companies can do:

- Clearly post the company privacy policy in easy to understand language
- Provide prominent links to the privacy policy from the home page and from key points within the site, for example, in e-billing pages.

4. BETTER YET, POST A PRIVACY SEAL

The research says:

- 72% of consumers say they feel better protected at a Web site with a privacy seal or trustmark than at one that does not

What companies can do:

- Have a third-party auditor (for example, BBB Online, Trust-e, or Verisign) review and certify privacy policies, technology and practices. This can be done for online activities like e-billing, or for all activities offered through the site
- Provide information on the seal and what it means in a prominent and easily accessible place on the Web site.

5. PARTNER WITH “BRICKS” TO HELP INCREASE “CLICKS”

The research says:

- 56% of consumers are more willing to do online transactions with a “bricks and mortar” company with which they are already familiar

What companies can do:

- Strike partnerships to offer customers the option of receiving and paying their bills at Web sites and access points of companies they know, for example; EPOST, e-route or their bank.

6. POSITION INTERNET PRIVACY STANDARDS AS A COMPETITIVE ADVANTAGE

The research says:

- Internet users will more readily do online transactions with companies that visibly demonstrate their commitment to respecting the privacy of personal information
- Consumers are more willing to provide additional personal information to their biller when they are asked first, or understand that they can opt out

What companies can do:

- Think about privacy policies as a way to set your company apart
- View privacy concerns as an opportunity to listen to your current and potential customers; respond and adapt to their concerns; and establish a balanced policy that works for your business and your customers.