MARKETERS' ATTITUDES TOWARD CONSUMER PRIVACY: DOES POLITICAL ORIENTATION MAKE A DIFFERENCE

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This study examines the issue of political differences among marketing professionals on consumer privacy issues concerning the following questions: Are there political party differences among marketing professionals regarding consumer privacy issues? Among marketing professionals, do liberals and conservatives view consumer privacy issues differently? The results showed no differences among the respondents on both questions.

INTRODUCTION

Does the consumer of today enjoy informational privacy? This question is receiving considerable attention in both the private and public arena. It is not a question of "Is Big Brother watching you" as suggested by George Orwell's *1984*, but rather, what are the limits and who sets these limits? Goodwin (1991) defines consumer privacy in light of the technological advancements which allow marketers access to informational privacy:

> Consumer privacy is the consumer's ability to control (a) presence of other people in the environment during a market transaction or consumption behavior and (b) dissemination of information related to or provided during such transactions or behaviors to those who were not present (Goodwin 1991, p. 152).

Fickenscher (1995) suggests that the hotly debated issue is whether corporate America or the government should be responsible for protecting the personal privacy of the consumer and the employee. Jones (1991) suggests that practically every commercial industry today is collecting and maintaining information about their customers. Even as early as 1991, the amount of information that was being collected was ominous. She states:

> Insurance companies are reported to have health records on nine out of ten working Americans. There are 1,200 credit bureaus in this country which maintain files on 170 million people. About 500 million credit reports are sold annually. Three hundred million credit cards were in circulation this year. Eighty-five federal data bases exist containing 288 million records on 114 million Americans (Jones 1991, p. 133).

Consumer Information

One issue causing concern between consumers and corporate America is the buying and selling of information in corporate data files — information on the companies' customers. Such things as personnel records, health benefits, credit card purchases, real estate transactions, magazine subscriptions, travel records, and automobile registrations are all sources of data about consumers' lifestyles (Foxman and Kilcoyne 1993; Jones 1991; Green, France, Stepanek and Borrus 2000). However, the FTC suggests that "companies with access to personal data have an obligation to disclose to consumers how the data about them are used, stored, and protected" (Fickenscher 1995, p. 22).

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One of the biggest concerns is banks (O'Sullivan 1999). At a banking conference in Orlando, panelists were divided on whether government or self-policing is the answer. Another point of deliberation was "to how much privacy consumers are entitled" (Quittner1996, p. 17). The members representing financial institutions at this meeting suggested that consumer protection should be left in the hands of business, not government. Their feelings were that competition would be stifled if government intervenes.

The traditional methods of obtaining information by telemarketing and direct mail companies appears to be the primary concern of those considering the protection of the consumer. However, with the escalating ability of on-line service companies "to track exactly what consumers are doing in cyberspace" (Miller 1995, p. 1) worry about consumer privacy is mounting. Despite marketers' ability to obtain information about the consumer in the past, they have been limited to impersonal information concerning buying habits. With the ability to track the on-line consumer, more information about the consumer's lifestyle can be obtained. This information can be gathered on an individual basis as opposed to the aggregate basis that was used in the past (Green et al. 2000). The gathering of information on an individual basis allows the marketers to create marketing programs for specific types of customers. Miller (1995) states that CompuServe rents its subscribers' profiles, eliminating bulletin board information. American On Line (AOL) only provides subscribers' names to List Services Corp. who then markets the list. However, others such as Prodigy, Dow Jones, *The New York Times*, and Delphi Internet Services have polices against selling or renting their subscribers' personal data.

Communications involving the consumer are often being monitored. Many consumers may think that the conversation that they are having is private when in fact it is being secretly monitored by an intruder (Bockanic and Lynn 1996). With Automatic Number Identification (ANI)/caller ID, the company can know who is calling before the customer has an opportunity to speak, whether it is an 800 number or a direct call (Foxman and Kilcoyne 1993). With the caller's name, the company representative can then pull up information about this potential customer obtained through computer networking with other institutions (Garsson 1995; Jones 1991; Kalish 1997).

State and Federal government agencies are other sources of information for the marketer. Many states will supply driver's license data as well as voter registration information for a fee (Foxman and Kilcoyne 1993). In these cases the consumer does not know the information is being collected nor how the information is being used beyond the initial collection.

Research on Privacy Issues

Wang and Petrision (1993) sought to determine consumers' attitudes about database marketing activities and privacy-related issues. They wanted more in-depth information than the results of the study conducted by Equifax released in November of 1991 provided. These suggested that 58 percent of consumers did not believe that companies nor laws were adequate in their protection of the consumer. The Equifax study found that if respondents thought advantages accrued to the direct marketer they opposed the collection of the data. On the other hand, if a process profited the consumer they were not opposed to the collection of consumer data (Wang and Petrison 1993). Wang and Petrison (1993, p. 17) determined in their study "that personal privacy is a salient and relevant issue." However, the issue of how to protect this information depends on such factors as the situation, reputation of the company, and the relevance of the products to consumers' needs.

Nowak and Phelps (1992) conducted a survey of 266 adult households living in the Southeastern U.S. to determine consumer beliefs regarding privacy protection. An overwhelming majority of the sample believed that consumers' privacy is not adequately protected by law and business practices and the government should do more to protect the privacy rights of consumers. They conclude: " . . . marketers and advertisers who rely on personal information need to take proactive steps to alleviate consumer privacy concerns and to reduce the desire for legislative action" (Nowak and Phelps 1992, p. 38).

Taylor, Vassar, and Vaught (1995) conducted a follow-up study of the same concerns but with a sample of 190 marketing professionals. Like the consumer group above, marketers also believed that privacy rights are not adequately protected today by law and practice. However, only 44 percent of the sample believed that the government should do more to protect the privacy rights of consumers. They conclude: "Clearly both consumers and practitioners believe that privacy is not being protected today. Perhaps the marketers would prefer self-regulation rather than government intervention. Regardless, more research is needed here" (Taylor, Vassar and Vaught 1995, p. 45).

Political Orientation

As the issue of privacy rights for consumers becomes more politicized, it stands to reason that political orientations of policy makers may influence decisions addressing protection of consumers' privacy rights. Fisher and Sweeney assessed the role of political orientation in relation to individuals' moral judgment abilities. The results of their study, using undergraduate accounting students, indicate that higher levels of moral judgment abilities are associated with political liberalism and lower moral judgment scores are associated with political conservatism (Fisher and Sweeney 1998).

In another study of public accountants, Sweeney (1995) found that political orientation (liberal versus conservative) was a stronger correlate of moral judgment than gender. Other research on moral judgment suggests that a higher level of post conventional moral judgment is associated with liberal political ideology and a lower level conventional moral judgment with conservative political ideology (Fishkin et al. 1973; Nassi et al. 1983). Lamb, Hair, and McDaniel provide the following distinction between conventional moral judgment and post conventional moral judgment.

> At the level of conventional morality, an ethical marketing decision would be concerned only with whether or not it is legal and how it will viewed by others.
>
> Post conventional morality represents the morality of the mature adult. At this level, people are less concerned about how others might see them and more concerned about how they see and judge themselves over the long run. (2002, pp. 82-83)

Since ethical and moral judgments are intimately involved in consumer privacy issues, it is important to consider the role that political orientation of decision makers plays in developing consumer privacy policies.

Political party is another important orientation with regard to attitudes and decision making. It is well known that the Republican Party has generally been the preferred choice of business. Conversely, the Democratic Party has generally been the choice of labor and consumer activists. However, this is not to say that cross-overs do not exist, especially when independent candidates are present. Thus, one would suspect that Republicans should support the "right" of business to collect consumer information while Democrats should support the "right" of consumer privacy. However, there has been little empirical research on political party and business attitudes. A literature search over the past few years turned up only one study by Vaught and Taylor (1991). Their survey of 130 small business managers showed no significant difference between democrats and republicans with regard to their attitudes toward exporting.

PURPOSE OF STUDY

It is obvious that consumer privacy will continue to be an issue in the 21st century. Advances in information technology will continue to outpace society's ability to cope with such sensitive privacy practices as videotaping, phone monitoring, etc. Yet, a review of the literature reveals that most people, consumers and marketers alike, believe there is not adequate protection, by the law or business practices, for consumer privacy.

It is probably true that most consumers would prefer government regulation while most marketers would prefer self-regulation. If so, organizations must take steps immediately to protect the rights of consumers in today's society. If they do not, then government regulation is sure to follow.

The purpose of this study is to determine if political differences exist among marketing professionals. Do their political values and party affiliations enhance or impede their ability to protect the privacy of the consumer? Are they politically capable of deciding what consumer privacy issues are important and how to address them? Specifically, this study attempts to answer two important research questions:

1. Are there political party differences (Democrats, Republicans, Independents) among marketing professionals regarding consumer privacy issues?

2. Among marketing professionals, do liberals and conservatives view consumer privacy issues differently?

METHODOLOGY

A mail questionnaire was constructed to measure marketing professionals' beliefs concerning consumer privacy. As part of a larger study, the respondents were asked to give their opinions to the six statements taken from the Nowak and Phelps (1992) study. The respondents were asked to strongly disagree (5), disagree (4), neither agree nor disagree (3), agree (2), or strongly agree (1) to the following statements:

1. It's acceptable for direct marketers to buy or sell the names and addresses of consumers without their knowledge.

2. Consumer privacy rights are adequately protected today by law and business practices.

3. Government should limit the amount and type of consumer information that can be collected.

4. There should be a federal commission or system to protect consumers' privacy.

5. Companies should have to get written permission from consumers before they sell or rent personal information.

6. The federal government should do more to protect the privacy rights of consumers.

The respondents were asked their political party preference. They were also asked how conservative/liberal they were on a 4-point Likert Scale (1 = very conservative, 2 = moderately conservative, 3 = moderately liberal, 4 = very liberal) with respect to both political issues and social issues. Several demographics were also collected: age, gender, education and job title.

A systematic sample of 600 members was drawn from the national directories of the American Marketing Association, the National Association of Purchasing Managers, and the Direct Marketing Association. Only practicing members were included; academics were excluded from the sample. Sixteen questionnaires were returned as undeliverable. Of the 201 returned, 11 were incomplete. The final response rate was 190 completed questionnaires, or 31.7 percent. One-way analysis of variance (ANOVA) was used for research questions 1 and 2. Multiple range tests were conducted to determine any significant differences between groups at the .05 level.

RESULTS

Of the 190 respondents, 9.5 percent were between the age of 21-30, 27.4 percent between 31-40, 36.8 percent between 41-50, 21.1 percent between 51-60, and 5.3 percent were over 60 years old. They were well educated with 3 percent having a doctorate, 37 percent having a master's, and 47 percent having a bachelor's degree.

There were 76 females and 114 males participating in the study. Of the 190 respondents, 57 said their political party preference was "Democratic," 92 said "Republican," and 41 marked "Other." Most of the respondents were moderately conservative on both social (55 percent) and political (62 percent) issues.

As can be seen in Table I, a majority of the respondents (56 percent) disagreed with the statement that "Consumer privacy rights are adequately protected today by law and business practice." However, a minority (44 percent) agreed with the statement "The federal government should do more to protect the privacy rights of consumers." Interestingly, a majority (55-56 percent) agreed that "Government should limit the amount and type of consumer information that can be collected" and that "Companies should have to get written permission from consumers before they sell or rent personal information."

Research question number one is addressed in Table II. According to the ANOVA analysis, there are no statistically significant differences among Democrats, Republicans, and Independents across the six questions. None of the F-Ratios was significant at the .05 level. In this sample, political party preference had no influence on marketers' beliefs concerning consumer privacy issues.

Research question number 2 was addressed in two different ways: political issues and social issues. The statistics are displayed in Tables III and IV. Once again, according to the ANOVA analysis, there are no statistically significant differences between liberals and conservatives across all six questions. In this sample being liberal or conservative had no influence on one's beliefs concerning consumer privacy issues. Additional statistical analysis was conducted to determine if any interaction effects existed between party preference and the liberal/conservative dimension across the six questions. None was detected at the .05 level of significance.

SUMMARY AND CONCLUSIONS

In summary, both consumers and marketers are concerned about the invasion of privacy issue in America. Obviously consumers are more concerned than marketers, yet there remains a growing recognition that something needs to be done to insure consumer privacy in the marketplace. Increasing technological advances are triggering even more interest and unrest. In fact, a *Business Week*/Harris poll showed that 57 percent of the respondents favored the government passing laws now as to how personal information is collected and used on the Internet (Green et al. 2000).

This study of marketing professionals indeed indicates that corrections are in order. The marketers surveyed believe that consumer privacy rights are not being protected by law and business practices. However, the results are mixed when trying to determine if government or self-regulation is the proper approach. Many marketers are undecided.

The study also suggests that a general agreement exists among marketing professionals. There are no differences among party affiliations (Democrats, Republicans, and Independents) or between conservatives and liberals with regard to the privacy issues surveyed. Thus, political differences should not impede any attempt at correcting the perceived injustices in the privacy area. Democrats, Republicans, and Independents can work together to change policies affecting consumer privacy. This agreement should hold whether new legislation is proposed or self-regulation is the chosen road to change.

RECOMMENDATIONS

Several people believe that self-regulation is preferable to government regulation because of the fear that competition will be stifled, thus inhibiting corporations' ability to continue operations their way (Kalish 1997; Jones 1991; Quittner 1996, Quittner 1997). At the Federal Trade Commission hearings during the Summer of 1997, Kalish indicated that eight of the largest electronic data companies agreed to voluntarily limit the sale of data relating to people's buying preferences, household income and other personal data. However, this does not apply to other companies, nor were there any overseers or punishments suggested to bring those who do not comply into line. During the hearings a major concern expressed by representatives of the FTC were consumers' ability to correct misinformation. The article acknowledged "that individuals are not able to learn what is in their records, and that there is no way for them to correct information" (Kalish 1997, p. A3).

Table I
Consumer Privacy Rights
(N = 190)

	Strongly Disagree (%)	Disagree (%)	Neither (%)	Agree (%)	Strongly Agree (%)
1. It's acceptable for direct marketers to buy or sell the names and addresses of consumers without their knowledge.	26.8	25.8	9.5	29.5	8.4
2. Consumer privacy rights are adequately protected today by law and business practices	12.6	43.2	20.5	21.6	2.1
3. Government should limit amount and type of consumer information that can be collected.	10.0	21.6	13.2	37.9	17.4
4. There should be a federal commission or system to protect consumers' privacy	11.1	26.3	22.1	28.9	11.6
5. Companies should have to get written permission from consumers before they sell or rent personal information.	13.2	22.6	7.9	25.3	31.1
6. The federal government should do more to protect the privacy rights of consumers.	8.4	23.7	23.7	28.9	15.3

Table II
Analysis of Variance
Political Party Preference

	Source of Variation	Sum of Squares	df	Ms	F-ratio
Q1:	Among Groups	2.45	2	1.23	
	Error	349.66	187	1.87	.66
Q2:	Among Groups	1.61	2	.81	
	Error	198.86	187	1.06	.76
Q3:	Among Groups	.39	2	.20	
	Error	302.29	187	1.62	.12
Q4:	Among Groups	2.15	2	1.07	
	Error	275.59	187	1.47	.73
Q5:	Among Groups	2.51	2	1.26	
	Error	396.43	187	2.12	.59
Q6:	Among Groups	.29	2	2.15	
	Error	268.89	187	1.44	1.49

Table III
Analysis of Variance
Social Issues: Liberal Vs. Conservative

	Source of Variation	Sum of Squares	df	ms	F-ratio
Q1:	Among Groups	6.47	3	2.16	
	Error	332.09	180	1.84	1.17
Q2:	Among Groups	1.78	3	.59	
	Error	190.05	180	1.06	.56
Q3:	Among Groups	.49	3	.16	
	Error	290.81	180	1.62	.10
Q4:	Among Groups	1.99	3	.66	
	Error	267.92	180	1.49	.45
Q5:	Among Groups	8.82	3	2.94	
	Error	379.78	180	2.11	1.39
Q6:	Among Groups	6.33	3	2.11	
	Error	258.78	180	1.44	1.47

Table IV
Analysis of Variance
Political Issues: Liberal Vs. Conservative

	Source of Variation	Sum of Squares	df	ms	F-ratio
Q1:	Among Groups	1.04	3	.35	
	Error	334.75	176	1.90	.18
Q2:	Among Groups	.87	3	.29	
	Error	190.13	176	1.08	.27
Q3:	Among Groups	9.66	3	3.22	
	Error	278.45	176	1.58	2.03
Q4:	Among Groups	2.33	3	.78	
	Error	263.58	176	1.50	.52
Q5:	Among Groups	2.47	3	.82	
	Error	382.08	176	2.17	.38
Q6:	Among Groups	7.64	3	2.55	
	Error	253.36	176	1.44	1.77

This study suggests that the responding professional marketers are not swayed by their political beliefs when dealing with the issue of consumers' right to privacy vs. corporations' need to develop competitive advantages over each other. The issue is control. Who will control the information? Consumers are not opposed to the benefits of technology and are generally willing to share information about themselves in order to have access. What they do expect from the release of this information is the knowledge of how this information is to be used (Culnan 1995; Can You Know Your Customers Too Well? 1995; Quittner 1997). Former President Clinton administration's Privacy Working Group of the Information Policy Committee of the Information Infrastructure Task Force in "Privacy and the National Information Infrastructure Principles for Providing and Using Personal Information" adopted the following basic principles for the gathering and sharing of information:

- Customers should be told how their personal information will be used;
- Customers should be told if the information is going to be shared with third parties;
- Customers should be given a legitimate opportunity to say no if they do not want information to be shared (Culnan 1995, p. 30).

American Express took the basic concepts suggested by the Clinton administration further in development of its Consumer Privacy Principles. The policy not only allows customers to say *no* to the sharing of their personal information but also strives to report correct information about the customer when it is shared. Included in the American Express policy are these guidelines:

- Collecting only relevant consumer information and disclosing its intended use to the customer;
- Taking measures to ensure accuracy and completeness of customer information;
- Ensuring all employees are aware of the principles and know how to apply them in every aspect of the business (Can You Know Your Customers Too Well? 1995, p. 9).

The 1999 Gramm-Leach-Bliley Act, among a number of provisions regarding financial institutions, incorporated the above basic principles concerning consumer privacy. The Gramm-Leach-Bliley Act requires financial institutions give their customers notice of three privacy provisions (Leuty 2001):

First, A Privacy Policy: Each financial institution is required to tell its customers the kinds of information it collects about its customers and how the information is used.

Second, Right to Opt-Out: Before the financial institution can sell or share customer information with the third party, it has to give each customer the right to "opt-out", or allow customers to inform the institution that it cannot sell or share the customer's information with a third party.

Third, Safeguards: Financial institutions are mandated to develop policies to prevent fraudulent access to confidential customer financial information.

It is essential that organizations protect their customers' privacy. Building trust with consumers on the privacy issue will contribute significantly in establishing long-term customer relations.

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