

CSEC620

IA4 - M Bell - Online Retailer Privacy Policy Study

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NOTE: This is a layman's perspective and not an attorney's legal review. The information is also based on a snapshot of privacy policy information at the time this review was written.

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IA4: Online Retailer Privacy Policy Study

Introduction

For more than twenty years, the global economy has evolved into a “sharing economy” due to advancements in Internet technologies (Jerome, 2015). Most consumers believe that online services make life more affordable and convenient and that online reputation and trust are important elements in the delivery of online services. A privacy policy is the cornerstone in defining and managing the relationship between a business and its customers. It serves as a primary instrument to communicating the collection, use, storage, processing, and transmission of personal information (Swire & Ahmad, 2012).

Because of its importance, there are many scenarios where a privacy policy is a legally required. One such example is the state of California’s Online Privacy Protection Act (OPPA) law that requires businesses to have a privacy policy when conducting online business in California (California Online Privacy Protection Act of 2003, 2004). As a legal instrument, a privacy policy must contain language that meets criteria such as defining the scope of collected Personally Identifiable Information (PII) (Frieden, 2014). Once published, a privacy policy may be used by regulators to interpret issues associated with privacy policies. For example, payments services company Dwolla was recently investigated by the Consumer Financial Protection Bureau (CFPB) for misrepresenting statements in its privacy policies (Prescott & Larose, 2016). In its first-ever legal enforcement action, the CFPB found that Dwolla inaccurately presented its security practices.

This paper compares privacy policies for three companies in the U.S. online retail sector. The companies reviewed include Amazon, TigerDirect, and eBay. For each company, a brief review of company mission is presented. Next, privacy policy structure and language are viewed

using readability metrics. Company-specific privacy topics are highlighted to distinguish the different privacy issues facing each company in this study. Finally, suggested improvements are outlined based on the current privacy policy and company-specific privacy issues. Finally, the conclusion summarizes each company's approach and use of privacy policies.

Amazon

Company Mission

Amazon is an innovative online retail marketplace for goods and services (Amazon.com, Inc., 1998). The marketplace is one of three components that define Amazon's business strategy (Mac, 2016). Amazon's continuing enduring growth stems from the diversity of its business units and its risk appetite (Mac, 2016). In 2015, Amazon was the largest e-commerce growth contributor with most growth coming from third-party retailers and service providers (Garcia, 2016).

Privacy Policy

Amazon has been an early adopter of privacy policy best practices to clarify its personal information-handling practices and to build consumer trust. Its online privacy policy is structured in the format of help guidance where topics are presented as questions (Amazon.com, Inc. 2014). Analysis of the ease of reading using readability-score.com's Text Readability assessment engine indicates the language is crafted for 10th to college-level reading. This metric is based on the Flesch reading scale which measures the difficulty of reading an English-language passage and sampling content across the privacy policy (Graesser, McNamara, Louwerse, & Cai, 2004). The reading-level is complex, but the document structure segments the content for better readability.

In 2000, Amazon affirmed its position as a retailer, and employed privacy as a business strategy (Nash, 2000). Amazon made headline news for emailing more than 20 million

customers about updates to its privacy policies. In its communications, Amazon defined its decision on not trading personal data without first acquiring customer consent. With this move, Amazon clarified its role as a retailer and not as a data broker. Data brokers are companies that collect analyze and sell customer data. These firms have come under substantial scrutiny from the Federal Trade Commission (FTC) for poor privacy practices that are also considered unfair business practices (Kroft, 2014).

While Amazon has demonstrated clear privacy practices, the breadth of data collected by Amazon has been a source of privacy concerns. For instance, Amazon's Silk Internet browser serves as an example of recent privacy concerns expressed over the breadth of Amazon's personal data collection practices (Mello, 2011). Amazon's Silk browser was created for Amazon mobile devices. What makes Silk unique is that much of the browser's work is done in Amazon's data centers. By serving as a middleman for content processing, Amazon collects all information that a user accesses through Silk. The mass collection of personal data and provision of features such as informing users of current trends based on their browsing habits has raised privacy red flags (Brock, 2015). In response to these concerns, Amazon has implemented privacy-protection features. This includes the creation of a specific privacy policy for the Silk browser and guidance on the use of privacy-related browser features (Amazon.com, Inc., 2014).

Recommended Changes

Amazon has proactively embraced privacy as a business lever in its formula for success. In 2015, Amazon was identified as the most reputable company according to a survey by the Reputation Institute (Adams, 2015). In the survey, Amazon received high marks for trust and ethics. The ongoing challenge for Amazon is the breadth and types stored in Amazon's data centers. With a vast repository of consumer data for Amazon businesses and other companies,

Amazon bears significant risk in maintaining reasonable levels of security that support its privacy practices.

TigerDirect

Company Mission

TigerDirect is an online retailer for business-to-business for electronic products. It is unique for its survival after several iterations as a traditional retailer and online retailer. While its central mission has been the sale of electronics goods, TigerDirect has overcome several failed attempts to execute a profitable and lasting business strategy. Currently, TigerDirect only operates as an online retailer (Ampel, 2014).

Privacy Policy

TigerDirect's privacy policy appears directed toward business users (TigerDirect.com, 2016). The content is structured in a help guidance format, but specific use of text indicates a legal influence. For example, terms such as "the 'Policy'" are highlighted in parentheses. The readability score is similar to what was observed for Amazon.com. Using readability-score.com's Text Readability assessment engine, the privacy policy language was rated for a 10th to 12th grade-level reading. Interestingly, more than half of all words (1,491 out of 2,842 words) in TigerDirect's privacy policy cover facets of information sharing practices. For example, there are four specific paragraphs on sharing PII. In one additional paragraph, only California residents are identified as being able to request copies of their personal information. Offering this type of benefit to one group of U.S. residents while potentially denying access to other groups could be perceived as a possible unfair practice.

While TigerDirect has a prior history of financial distress and financial fraud, a search of online posting and comments suggests that TigerDirect has questionable customer service

practices that could hallmark their handling of privacy (Ampel, 2014). The first example is a story regarding possible unnecessary collection of PII. In a 2010 comment posting on Data Lounge, an individual identified as Kyle Reese posted a comment that shortly after viewing TigerDirect's website, a phone call was received from TigerDirect's customer service group requesting PII such as last four digits of a Social Security Number (SSN) and date of birth. This individual indicated that this was a legitimate call even though the individual was not purchasing products from TigerDirect (Reese, 2010). The second example stems from poor service reviews that are posted at trustpilot.com. There are several 2016 complaints about being unable to contact customer service for issues resolution (Trustpilot.com, n.d.). Qualitatively, TigerDirect's customer complaints regarding poor services suggest privacy complaints could also receive little attention.

Recommended Changes

TigerDirect's financial woes could be improved with a focus on better customer service. A first suggestion is to customize the privacy policy with better contact information such as a second method of communication such as a phone number. A second suggestion is to limit the type of PII collected to the type of information needed for business transactions.

eBay

Company Mission

eBay defines itself a global online marketplace to buy or sell anything (eBay, Inc., n.d.). This includes house, cars, and stores for thousands of small businesses. While eBay lacks Amazon's media presence on privacy, eBay's website contains several example of commitments to people and property. eBay identifies itself as a "Connected Commerce" platform that enables

people (Amazon, n.d.). This includes website content concerning its global commitment to communities and responsible practices.

Privacy Policy

eBay maintains a simple privacy policy based on Fair Information Principles (FIPS) (Burkell & Carey, 2011; eBay, 2015). eBay's policy is short in length with similarly brief section titles. Compared to TigerDirect's privacy policy, eBay's privacy policy used considerably fewer words with 584 words versus TigerDirect's 2,842 words. Using readability-score.com's Text Readability assessment engine, a sampling of privacy policy language indicates a readership of college-level reading skill (Graesser, McNamara, Louwerse, & Cai, 2004). eBay's privacy policy language appears directionally more difficult than Amazon or TigerDirect. The difference could be explained by the structure of eBay's writing. eBay incorporates longer lists such as PII listings rather than use bullet points. In context, eBay's use of fewer words supports reduced complexity. During California's 2013 legislative session, reduced word count was considered as a possible update to California privacy policy statutes (Thierer, 2013).

Privacy-respecting documentation does not necessarily translate to software services that are consistent with privacy policies. In 2015, eBay's practice of sharing seller information such as name, state and phone was covered in the news as a privacy issue (Messer, 2015). eBay's privacy policy and another type of policy known as "Terms and Condition of Use" addressed the possibility of sharing seller PII in the course of online transactions. As a result of the publicity, eBay removed this information sharing practice. While eBay had been sharing seller information for many years, it adjusted its practices based on customer feedback.

Recommended Changes

The simplicity of eBay's privacy policy and commitment customer-driven changes are indicators of a culture of responsible privacy practices. To ensure consistent practices, the behavior of software in offering online services should be regularly evaluated for privacy and data protection practices. As eBay continues to mature in customer-responsiveness, proactive assessment of PII use in the eBay platform would reduce the risk of media attention that could adversely impact customer perceptions of privacy.

Conclusions

Based on review of privacy policies from Amazon, TigerDirect, and eBay, privacy policies appear to reflect corporate culture and approach to customer engagement. Amazon employs privacy as part of its business strategy as an online retailer. TigerDirect has a privacy policy that likely meets legal requirements, but its potentially poor customer service review suggests the possibility of poor handling of reported privacy inquiries and complaints. eBay's simplified privacy policy and customer-responsiveness offer clarity and enhance customer trust. A well-crafted privacy policy is a combination of meeting legal requirements and providing clearly communicated privacy language. Privacy policies are also well served with customer-responsiveness.

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