



Business Usage of Consumer Information for Direct Marketing: What the Public Thinks

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1.0

Introduction

In January 2001, the federal government's new privacy legislation — *The Personal Information Protection and Electronic Documents Act* — came into effect, otherwise known as Bill C-6. Under the legislation, all businesses will eventually be required to obtain an individual's consent to "collect, use, or disclose personal information" in the course of commercial activities, including for purposes related to marketing new products and services.

While the legislation indicates that businesses must obtain consent, it provides less definitive guidance on how businesses should go about obtaining consent from individuals and what, in fact, constitutes "consent". More importantly, it is clear that there are contrasting views on this particular point. Some argue that consent to future marketing can be "implied" without an individual actually having said so. Others argue that it is wrong to assume consent, especially in relation to the use of personal information for "secondary" purposes such as marketing new products and services. This survey was designed to test these positions.

In its development, the federal government's legislation reflected the fact that privacy concerns are, by their very nature, complex. From EKOS' considerable amount of research in the privacy field over the past decade, it is well known that privacy-related attitudes are rarely, if ever, black and white. Moreover, privacy is a term that is used and understood quite differently. While certain Canadians will view some activities as an invasion of their privacy, others will be comfortable with the same activities. Still others may be comfortable with the same activities, but only with certain organizations. In terms of understanding how Canadians view certain privacy-related issues, far less is known with respect to the issue of consent, particularly in the context of using personal information for "secondary" purposes such as marketing.

It was within this context that the Public Interest Advocacy Centre commissioned this research study on behalf of Industry Canada. The purpose of the study was to explore Canadians' attitudes on the use of their personal information by businesses for "secondary" purposes such as marketing of new products and services. Reflecting privacy attitudes in general, the research did not expect to find consensus among the Canadian public on all of these issues, nor did it expect all respondents to have an opinion or to have thought about many of these issues on a regular basis for that matter. Rather, the research was designed to explore these issues to help develop a better understanding of the importance Canadians attach to businesses obtaining consent before using personal data for marketing purposes, what Canadians want in terms of opportunities to control the use of their personal information in this regard, and how businesses should go about getting customer consent to such uses.

2.0

Research Methodology

Given the complex nature of the assignment, the research methodology recognized the need for both a quantitative element that would be representative of all Canadians, and a qualitative element that, while not necessarily representative in the same way, would shed more insight into attitudes on these issues.

QUANTITATIVE RESEARCH METHODOLOGY

The quantitative research findings are based on the results of a telephone survey with a national random sample of 1,007 Canadians aged 16 and over. Interviews were conducted in a two-week period beginning in late June and ending in early July 2001.

Once the data collection was completed, the results were statistically weighted by age, gender and region to ensure that the findings were representative of the Canadian population aged 16 and over. With a sample size of 1,007, the results from this survey may be considered statistically accurate, and therefore representative of the Canadian population as a whole, to within +/- 3.1 percentage points, 19 times out of 20. In some areas, the survey was designed to randomize questions with half the sample to test differences in attitudes between various organizations or between the level of agreement and disagreement with certain statements. The margin of error for questions posed to half of the sample is +/- 4.4 percentage points, 19 times out of 20.

The survey instrument is included in Appendix A.

QUALITATIVE RESEARCH METHODOLOGY

The qualitative research findings are based on a series of four focus groups conducted with randomly selected members of the general public. Two groups were held in Ottawa on July 11th, 2001 in English. The remaining two groups were held in Montreal on July 12th, 2001, with one session conducted in French and the other in English. Eight to ten individuals participated in each of the groups.

It should be noted when interpreting these qualitative findings that while every effort is made to balance various demographic characteristics when recruiting participants, these groups, and therefore the findings drawn from them, may not be said to be representative of the larger population as a whole. While groups generally indicate appropriate directionality, they do not serve as a proxy for a fully representative quantitative methodology.

The moderator's focus group guide is included in Appendix B.

3.0

What Can Be Assumed About Consumer Consent

Chapter highlights:

- ❖ Reflecting broad variations in attitudes in this area, there is little that can be assumed about individual consumer consent to secondary marketing. In fact, Canadians have widely differing views in this area.
- ❖ While many Canadians — a slim majority (52 per cent) — expect that companies they purchase from will try to build an ongoing relationship with them, an almost equally large number do not. Likewise, a large segment of the population also expect that companies will keep track of their purchases for further marketing purposes. Again, however, there is a not insignificant number who do not, ranging from 20 per cent to a third, depending on the type of company.
- ❖ Despite widespread participation in loyalty programs (67 per cent), awareness of informational practices of these programs is extremely limited. A narrow majority of Canadians (53 per cent) report being unaware that loyalty programs collect, use, and disclose information for secondary purposes, with an additional 16 per cent indicating only a vague awareness. The remaining 31 per cent report being familiar with this practice.
- ❖ A large number of Canadians (45 per cent) indicate that they want companies that they do business with to build an ongoing relationship with them. That being said, a not insignificant number do not express this desire — one in four (25 per cent).
- ❖ When probed on comfort levels surrounding the tracking of purchases, consumers are divided. While a majority (57 per cent) report that they do not mind companies engaging in this practice, a sizeable 41 per cent of consumers object.
- ❖ When it comes to companies using consumers' personal information for the purposes of marketing new products or services and sharing this information within their corporate families, Canadians are divided. While 38 per cent are comfortable with a company they do business with using their information for future marketing, the same portion are not. The balance shifts, however, when information is shared within a company's corporate family. In fact the number disagreeing increases to 48 per cent when it comes to personal information being shared for these purposes within a corporate family, with those reporting agreement falling to just under three in ten (29 per cent).
- ❖ For many Canadians receiving uninvited materials is not welcome. A sizeable four in ten (40 per cent) consumers who received material in the past month express high levels of concern, with an additional 34 per cent expressing moderate concern.
- ❖ In terms of telemarketing, while a sizeable proportion indicate that they do not mind receiving telemarketing calls, 61 per cent do indicate a preference to stop receiving all calls even if it means missing out on deals.

3.1

Expectations About What Companies Do

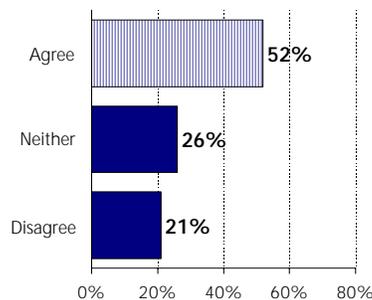
As a starting point, the research was designed to situate attitudes towards consent within the broader context of Canadians' expectations about what companies are doing, both in terms of attempts to build ongoing relationships as well as keeping track of what products and services they are buying.

EXPECTATIONS

While many Canadians expect that companies that they purchase from will try to build an ongoing relationship with them "in order to keep them informed of new products and services in the future", a large number do not expect the same, reflecting the broad variations in attitudes that characterize this area. Overall, a slim majority (52 per cent) hold the view that they want to build an ongoing relationship [Figure 3.1]. While 26 per cent remain neutral in this line of questioning, another **one in five Canadians (21 per cent)** say that they **do not expect that companies will try to build an ongoing relationship with them.**

Generally speaking, these outlooks cut across demographic lines, with almost no differences observed. Somewhat surprisingly, there are also no differences in outlooks between those Canadians who participate in loyalty programs and those who do not.

Fig 3. 1
expectation to build a consumer relationship



“It depends on what kind of product you are talking about.”

“I don’t like it, but I think it is legitimate. The question is how aggressive should they be in promoting the next sale.”

Focus group participants

Q: Once I purchase a product or service, I expect that the company selling the product or service will try to build an ongoing relationship with me in order to keep me informed on new products or services in the future.

(Base: All Canadians: n=524)

The differences in views were reinforced in the focus groups. Many participants spoke about the fact that companies are in business to sell their products and services. "A company's main purpose is to sell their product. I think regardless of whether you bought something prior to that occasion they're going to expect you to want to buy something from them in the future." Others, however, said it is not necessarily black and white, "it depends on what kind of product you are talking about." In some cases, they would expect companies to try to build ongoing relationships, but do not necessarily approve of it, "I don't like it, but I think it is legitimate. The question is how aggressive should they be in promoting the next sale." In other cases, they only expected to make that one purchase and did not expect the company to try to pursue things any further. The issue is further complicated by the fact that many respondents tended to lump all companies and experiences together when they thought about the topic, e.g., telemarketing that they did not like and material that they had received from a company they do business with which they appreciated receiving.

TRACKING OF PURCHASES

A large segment of the Canadian public also expect that companies will keep track of what products and services they are purchasing or using for the purposes of further marketing. As shown in Table 3.1, a healthy majority indicate that they expect all but one of the types of companies examined to keep track of their customers' habits at least "some of the time". **Again, however, there is a not insignificant segment that has low expectations with this activity**, ranging from about 20 per cent to a third, with the exception of a store in which an individual made a one-time small purchase.

Canadians also make clear distinctions between different types of companies. Overall, eight in ten report that they expect their banks to keep track of their habits at least some of the time. This proportion falls to 65 per cent when it involves a retail store that an individual shops at many times a year, and to only 45 per cent for a store from which they once made a smaller purchase.

Table 3.1: Expectations Regarding Companies Keeping Track of Purchases (per cent)

	Low expectation (1-3)	Expect some of the time (4)	High expectation (5-7)	Average on 7pt scale
Your bank	20	13	65	5.17
Your telephone company*	24	16	57	4.81
Company that you once bought a large purchase from*	21	18	60	4.90
Your cable company*	26	16	47	4.53
Mail order catalogue which you subscribe to*	26	21	43	4.42
Retail store that you shop at many times a year*	34	22	43	4.13
Store that you once bought a smaller purchase from*	55	21	23	3.06

Q: Many companies keep track of what products and services their customers purchase or use, in order to determine which new products or services they might be interested in. To what extent do you expect the following companies to keep track of what products or services you purchase or use? Please use a 7-point scale, where 1 means you do not expect it at all, 7 means you fully expect it, and the mid-point 4 means you expect it some of the time.

{BASE: All Canadians; n=1007 *1/2 sample}

May not add up to 100 per cent given respondents either indicating that the question is not applicable or they were unsure of the answer.

In the focus groups, the distinction between various companies was particularly evident. Many participants considered that they have “ongoing” relationships with many types of companies, most often pointing to financial institutions, telephone and cable companies, utility companies, and even stores that they have been shopping at for the past number of years (e.g., grocery store in a person’s neighbourhood). Not surprisingly, participants were far more likely to expect companies with whom they have ongoing relationships to keep track of their purchasing habits.

KNOWLEDGE REGARDING INFORMATION PRACTICES OF LOYALTY PROGRAMS

The business model for information practices of many loyalty programs is built around the value of the personal information that is collected from participants. As might be expected, there are few programs that do not use personal information for other secondary purposes such as marketing. Within this context, the study probed on Canadians’ awareness of the usage of personal information among many of these programs in order to keep track of purchasing habits so that companies can target them with new products and services.

As shown in Table 3.2, **awareness of the information practices of loyalty programs is extremely limited.** A narrow majority of Canadians (53 per cent) report being unaware that loyalty programs collect, use, and disclose information for secondary purposes, with an additional 16 per cent indicating only a vague awareness.

Table 3.2: Knowledge Regarding Loyalty Programs (per cent)

	Total n=1007	Participate in loyalty programs n=691	Do not participate in loyalty programs n=313
No	53	54	51
Yes, vaguely	16	16	15
Yes, clearly	31	30	33
DK/NR	--	--	1

Q: Are you aware that many of these programs collect, use and disclose information about an individual’s purchasing habits in order that companies can target them with new products and services?

(BASE: All Canadians)

There are virtually no differences in levels of awareness between those participating in loyalty programs and those who do not.¹ There are small differences along demographic lines, although large numbers of all segments report no awareness. For example, 59 per cent of Canadians with a high school diploma or less report not being aware compared to 42 per cent of those with a university education. Likewise, 67 per cent of the lowest-income households report the same compared to 43 per cent of households with incomes above \$100,000.

¹ The study found that 67 per cent of Canadians participate in at least one loyalty program. This is discussed in Chapter 5.0.

In the focus groups, most of the participants also participated in loyalty programs, with many being involved in numerous programs. When probed on why they thought companies established these types of programs, several participants talked about building loyal customers, and remaining competitive against other retailers. No participants came up with the value of the personal information that is collected and analyzed, reflecting the fact that most were either not aware that many of these programs build customer profiles or had only vague knowledge at best. When told that most of these programs do in fact build customer profiles, some participants were surprised and many did not approve. Participants noted that one possible reason for their general lack of awareness is the tendency not to read the fine print found on many program applications.

3.2

Broad Concerns and Outlooks

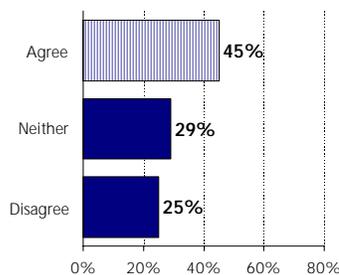
While many Canadians expect that companies will try to build an ongoing relationship with them or to keep track of their purchases, it does not necessarily mean that they approve of such activities. As such, the study also probed broad attitudes in this regard.

INTEREST IN DEVELOPING ONGOING RELATIONSHIPS

In the second line of questioning on this issue, the survey also probed on interest in companies building an ongoing relationship with individuals in “order to keep them informed on new products or services in the future.”² Consistent with the earlier findings, a sizeable number of Canadians — 45 per cent — also want companies they do business with to try to build an ongoing relationship, albeit a lower proportion than those who expect companies to do so (52 per cent). Again, a not insignificant **one in four** (25 per cent) indicate that they **do not want companies trying to build ongoing relationships** [Figure 3.2]. Few differences also exist among subgroups.

Many of the same views were echoed in the focus groups. One participant clearly welcomed some of the material she had received, and pointed out that she probably would not have a particular type of insurance had it not been for the offer. Likewise, one participant remarked, “it’s better than random junk mail.” However, some participants remained wary, including in relation to the accuracy of information, “these companies assume your information is accurate and up-to-date and it may not be.”

Fig 3.2
desirability of ongoing relationships



“I think it’s good because sometimes there’s a product that I have thought about and I haven’t had time to go look at, but when it’s in your face it’s there and I haven’t had to do the legwork...”

Focus group participant

Q: Once I purchase a product or service, I want the company selling the product or service to try to build an ongoing relationship with me in order to keep me informed on new products or services in the future.

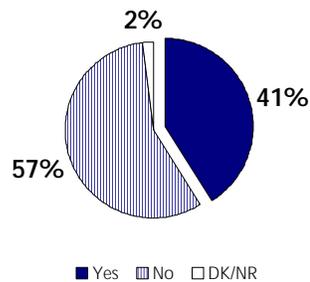
(Base: All Canadians; n= 508)

² The survey instrument was designed to test the difference between expectations and interest. Half the sample was provided the question discussed in the previous section involving expectations, and the other half was provided the same question substituting the wording “expect” for “want”.

BROAD COMFORT LEVELS

When probed on the issue of businesses keeping track of their purchases, a majority (57 per cent) indicate that they do not mind [Figure 3.3]. On the other hand, **a healthy minority (41 per cent) object to such tracking.**

Fig 3.3
broad comfort levels



“I expect it and like it.”

“I don’t expect it and am very surprised when I receive something.”

Focus group participants

Q: Do you mind companies that you do business with keeping track of your purchases?
(Base: All Canadians; n= 984)

In contrast to the expectations discussed in the previous section, there are some notable differences across various subgroups. Along age lines, seniors are the least likely to say that they mind (27 per cent). This compares to 49 per cent of the 25 to 44 year old age group. While 37 per cent of those with a high school diploma or less indicate objection, the proportion rises to 46 per cent of those with a university degree. Respondents in Quebec are also far more likely to express objection (65 per cent), compared to the lowest levels of concern in Atlantic Canada (22 per cent), the Prairies (30 per cent), and Ontario (35 per cent). Opposition is also much lower among those Canadians who participate in loyalty programs (37 per cent vs. 50 per cent of those not participating in such programs).

This split was again evident in the focus groups. Many were either not aware that many companies do in fact keep track of purchasing habits or had not thought much about the issue. When asked if it concerned them, many participants indicated that it is not something that would worry them — “it doesn’t concern me because it is not personally affecting me.” Again, others expressed some concern. In many instances, the concerns clearly reflected the “nuisance” of getting a large amount of marketing material. In other cases it was clearly context driven, “it depends on why they’re collecting the information as to whether I’d be upset whether they have it or not.” Similar views were echoed depending on the type of information, “I think it depends on the company ... if it’s a health care or something like that then you would probably have more concerns than if it was Canadian Tire.” Still, others were concerned given that they did not approve of companies using their information for marketing purposes in general — “I just don’t want my information given to anybody.” For others, however,

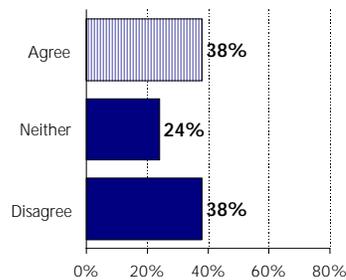
it was more of a philosophical idea based on values and principles. As one participant remarked, “This is a trend that perpetuates the consumer culture. We are constantly marketed to, we see advertising everywhere. I’m tired of it and want to draw a line. So it’s not about what is the worst thing that can happen, it’s about taking a stand.”

BROAD COMFORT WITH USING PERSONAL INFORMATION FOR MARKETING PURPOSES

The survey also probed on broad comfort levels with companies using personal information that they have on individuals for the purposes of marketing new products and services to them, as well as broad comfort levels with companies sharing information **within their corporate family** for the same purposes.³

As shown in Figures 3.4a and 3.4b, Canadians are divided on this issue. Overall, 38 per cent are uncomfortable with a company they do business with using “information about me in order to advise me of new products and services that may interest me.” The same proportion is comfortable, with another 24 per cent remaining neutral and not taking a view. These views are also relatively constant, with few, if any, differences existing across subgroups.

Fig 3.4a
personal information & broad comfort



“I think that if you don’t like it as long as you can tell the company to cease and desist...as long as they do that then that’s ok, but what’s really frustrating is when they don’t...”

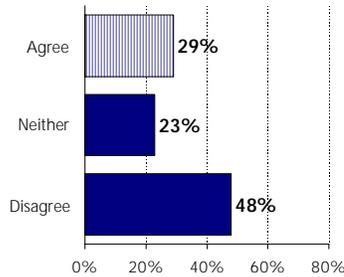
Focus group participant

Q: If I do business with a company, I am comfortable with them using information about me in order to advise me of new products and services that may interest me.
(Base: All Canadians; n= 502)

When it comes to companies sharing information within their corporate family for the same purposes, there is a notable shift towards greater discomfort. Overall, 48 per cent of Canadians are uncomfortable with their information being used in this way, although a sizeable three in ten (29 per cent) are, in fact, comfortable. Again, about one in four remain neutral in this line of questioning. Few differences exist among subgroups.

³ The same approach was used to test differences and to randomize “comfortable with them using information about me” and “comfortable with them sharing information about me within their corporate family”.

Fig 3.4b
personal information & broad comfort: corporate family



“At this level it’s not very dangerous, but it feels scary when it gets bigger.”

“I choose to do business with that company, not its corporate family.”

Focus group participants

Q: If I do business with a company, I am comfortable with them sharing information about me within their corporate family in order to advise me of new products and services that may interest me.
(Base: All Canadians; n= 505)

Views were also divided in the focus groups. Some participants had mixed feelings, “I think it’s something I want and I don’t want, but it kind of bothers me that they are building a profile on me.” Others gave a more conditional approval, “I think that if you don’t like it as long as you can tell the company to cease and desist...as long as they do that then that’s ok, but what’s really frustrating is when they don’t...”

The distinction between a company and a company’s corporate family was more pronounced in the focus groups. In a number of instances, participants were comfortable with companies using their information, including sharing it within a company’s corporate family — “... if they are only sharing information within that company or with companies that are affiliated with it (if you are their customer), if they are not selling it but using it to benefit me.” Others expressed concern, however, and pointed to the fact that they have very limited knowledge both of which companies are included in corporate families and how the information is used, “at this level it’s not very dangerous, but it feels scary when it gets bigger.” Likewise, a number of participants made the point that they choose to do business with a particular company, and not its corporate family, “I choose to do business with that company, not its corporate family. Some of these multinational companies have hundreds of companies in their corporate family.”

3.3

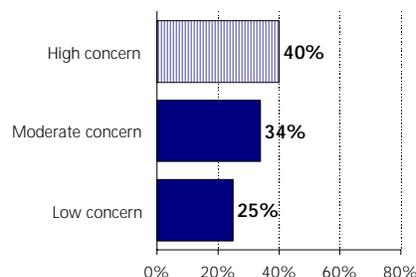
Consumer Comfort with Unsolicited Marketing

LEVEL OF CONCERN WITH RECEIVING UNSOLICITED MATERIAL

For many Canadians, receiving unsolicited marketing material is not welcome. When probed about the extent to which receiving this material concerned them, 40 per cent of those who had received unsolicited material in the past month indicated high concern, and another 34 per cent reported moderate concern.⁴ By contrast, only one in four reported low concern [Figure 3.5].

As might be expected, levels of concern are closely related to the amount of material they have received. While 43 per cent of those receiving only one or two pieces of material report low concern, the proportion falls sharply to 29 per cent of those receiving between three and five pieces, and to only 17 per cent of those receiving more than six pieces in the past month.

Fig 3.5
concern regarding recent contact



Many consumers receiving uninvited advertising material express high levels of concern. Only one in four report low concern.

Q: How much did this concern you? Please use a 7-point scale where 1 is not concerned at all, 7 means extremely concerned and 4 means somewhat concerned.
(Base: Canadians who have received materials addressed specifically to them; n=810)

Discussion in the focus groups reinforced the fact that most participants are at least moderately concerned with receiving unsolicited personalized marketing materials. However, it was evident that a large number of participants view unsolicited advertising as more of a “nuisance” factor rather than a significant concern, albeit still something they did not want to receive. On the other hand, a number of focus group participants pointed to examples where they had benefited from such unsolicited marketing.

⁴ The survey probed on the frequency of which Canadians receive unsolicited direct mail. This is discussed in Chapter 5.

3.4

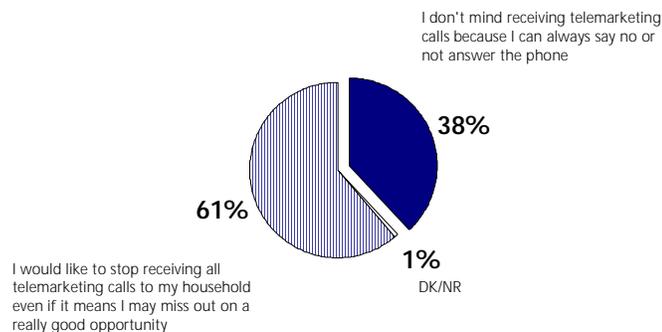
Telemarketing

GENERAL VIEWS WITH TELEMARKETING

Many companies conduct much of their marketing efforts through telemarketing. Within this context, the survey probed on general views toward the practice. Respondents were asked to choose between one of two statements: the first indicating a preference towards stopping telemarketing calls even if it means missing out on good opportunities, and the second indicating that they do not really mind receiving telemarketing calls because they can always choose to ignore them or say no.

As shown in Figure 3.6, **a large majority of Canadians would prefer to stop receiving all telemarketing calls to their household** (61 per cent) with almost four in ten (38 per cent) saying that they do not really mind receiving such calls. While not posed directly, it is reasonable to assume that an even larger majority would like the opportunity to have greater control over the types of calls they receive.

Fig 3.6
general views re telemarketing



Q: Which of the following statements is closer to your point of view?

{Base: All Canadians; n= 1007}

In contrast to many of the earlier findings, there are notable differences along certain demographic lines. The majority of youth (59 per cent) indicate that they do not mind telemarketing calls compared to the 41 per cent indicating a preference to stop them. Not quite as pronounced, 43 per cent of those aged between 25 and 44 indicate that they do not mind, with a small majority (56 per cent) choosing to not receive such calls. The other two age groups are similar in their outlooks, and far more likely to lean towards stopping such calls (71 per cent of those aged 45 to 64, and 73 per cent of

those 65 and over). Differences also exist along income lines, with a slim majority of those with household incomes below \$20,000 leaning towards not minding (52 per cent vs. 46 per cent objecting). This is in sharp contrast to the highest income group where 71 per cent of those with household incomes above \$100,000 object compared to only 28 per cent not minding.

In the focus groups, many participants made a distinction between telemarketing and receiving marketing material in the mail. In general, views towards telemarketing were sometimes tempered in cases where the product or service was wanted, but most expressed both concern and little usefulness for many of the calls they received.

4.0

Canadians' Views Regarding Consent

Chapter highlights:

- ❖ While many Canadians — but far from all — want and expect companies to try to build an ongoing relationship with them, they want it done on their terms.
- ❖ There is strong consensus when it comes to whether or not companies should ask for permission before they use an individual's personal information for marketing purposes. More than eight in ten (82 per cent) believe they should be asked, regardless of interest levels or expectations.
- ❖ The overwhelming majority (more than eight in ten) attach at least moderate importance to companies obtaining an individual's consent before using their personal information to promote new products and services.
- ❖ The same importance attached to obtaining consent applies even more strongly to sharing this information within corporate families, for example, with banks or telephone companies sharing information with their partner affiliates.
- ❖ Given that there are different ways for companies to go about obtaining consent, the study sought to gauge the general acceptability of opt-in and opt-out approaches. In broad terms, the opt-in approach was seen as the ideal approach. The chief reason for this viewpoint revolved around the fact that it put consumers in control. When it comes to the opt-out approach, a sizeable 60 per cent view this approach as being "not at all acceptable".
- ❖ Despite a strong preference towards the opt-in approach, the opt-out approach was seen as acceptable in certain circumstances: where the information in question is not sensitive, and where the opt-out is meaningful.
- ❖ Generally speaking, acceptability of the out-out approach is context driven. Many participants, for example, make distinctions between various types of information, i.e., when sharing health or financial information as opposed to a name and address. On the other hand, participants were in agreement in feeling that it was always unacceptable to assume implied consent when a company was interested in sharing information with a third company.
- ❖ There is strong consensus on the need to ensure that opt-out approaches to consent are meaningful. In other words, that the option is clearly brought to the attention of consumers and that the procedure for opting-out is easy to follow. Some real life examples used by companies fall short in this regard, although aspects of documents from certain companies were seen as a step in the right direction.

4.1

Obtaining Consent

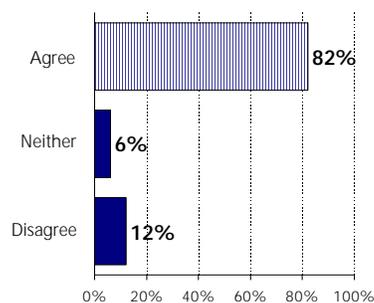
While many Canadians both expect and want companies to try to build ongoing relationships with them, whether they wish to be asked for their consent in advance is a separate issue. It was within this context that the study probed on a number of issues relating to consent and ways to obtain consent.

OBTAINING PERMISSION

While Canadians are divided in their attitudes towards companies marketing to them, there is a much stronger consensus on the issue of whether companies should ask for an individual's permission before they use personal information for the purpose of secondary marketing. As shown in Figure 4.1, more than eight in ten Canadians agree that their permission should be sought, with only 12 per cent disagreeing and another 6 per cent remaining neutral.

Some differences in views exist across various subgroups, although the overwhelming majority of all subgroups hold this view. Seniors and those with a high school diploma or less are the least likely to hold this view (69 per cent and 76 per cent, respectively).

Fig 4.1
asking for permission



Regardless of interest or expectations, the overwhelming majority of Canadians – eight in ten – believe that they should be asked for their permission before companies use their information.

Q: I should be asked for my permission before a company uses my personal information to build a profile on me for the purpose of marketing new products and services.

(Base: All Canadians; n= 1007)

IMPORTANCE OF OBTAINING CONSENT

Not surprisingly, the overwhelming majority attach at least moderate importance to companies obtaining an individual's consent before using their personal information to promote new products and services. As shown in Table 4.1a, the majority of Canadians assign high importance to companies obtaining their consent, regardless of the type of company that is involved. Combined with those attaching moderate importance, well over eight in ten Canadians believe that it is at least somewhat important that their consent is obtained. In fact, with the exception of a one-time purchase, only 15 per cent at most assign low importance.

Table 4.1a: Importance of Obtaining Consent (per cent)

	Low importance (1-3)	Moderate importance (4)	High importance (5-7)	Average on 7pt scale
Your bank	6	9	84	6.16
Your telephone company*	9	12	79	5.90
Your cable company*	10	17	64	5.48
Retail store that you shop at many times a year*	15	17	67	5.34
Company that you once bought a large purchase from*	8	12	79	5.86
Store that you once bought a smaller purchase from*	26	18	55	4.79
Mail order catalogue which you subscribe to*	15	20	57	5.26

Q: How important is it that the following companies obtain your consent before they use information they have on you to promote new services and products to you directly? Please respond using a 7-point scale, where 1 is not at all important, 7 is extremely important and the mid-point 4 is somewhat important.

{BASE: All Canadians; n=1007 *1/2 sample}

The same high importance attached to obtaining consent applies equally strongly to sharing this information within corporate families, using banks and telephone companies as examples. In both instances, the average level of importance attached to obtaining consent rose sharply [Table 4.1b].

Table 4.1b: Importance of Obtaining Consent and Corporate Families (per cent)

	Low importance (1-3)	Moderate importance (4)	High importance (5-7)	Average on 7pt scale
Within a bank's corporate family	5	7	87	6.34
Within a telephone company's corporate family	9	7	84	6.05

Q: How important is it that your bank obtain your consent before it shares your information with another company within its corporate family, such as an affiliated mutual fund company or insurance company?

How important is it that your telephone company obtain your consent before it shares your information with another company within its corporate family, such as an affiliated wireless phone company or Internet service provider?

{BASE: All Canadians; ½ sample each}

In the focus groups, the importance of obtaining consent was reinforced, particularly with respect to the sharing of information between corporate families. As discussed earlier, individuals did make distinctions between a company's internal usage and usage within a corporate family. While most participants were opposed to the idea of implied consent, especially if it involved a corporate family, some believed it was okay.

4.2

Opt-In vs. Opt-Out

There are different ways that companies can go about obtaining an individual's consent. These can be generally categorized into "opt-in" and "opt-out" approaches. Under the opt-in approach, companies assume they do not have a consumer's consent and specifically ask the consumer for consent to use their personal information for specific purposes. This can be accomplished, for example, by having the consumer sign a form. Under the opt-out approach, companies assume that they have an individual's consent unless the individual tells them otherwise, by calling a toll-free number or mailing in an opt-out request, for example.

Given that the opt-out approach assumes consent without ensuring that the customer in fact consents, the study sought to gauge its general acceptability of usage, both in a broad sense as well as more specifically, in relation to banks and telephone companies. As shown in Table 4.2, there is a **strong lean towards viewing the opt-out approach negatively**. In fact, 60 per cent of Canadians view the opt-out approach as "not at all acceptable". On the other hand, almost a third indicate that this approach is at least somewhat acceptable.

Table 4.2: General Acceptability of Opt-out Approach (per cent)

	Total
Not at all acceptable (1)	60
(2)	6
(3)	3
Somewhat acceptable (4)	14
(5)	5
(6)	3
Fully acceptable (7)	9
Average on 7pt scale	2.41

Q: There are different ways a company can obtain an individual's consent. Some companies use what is called an OPT-OUT policy. Under this approach, companies assume that they have an individual's consent unless the individual tells the company otherwise by calling a toll free number, for example. Using a 7-point scale where 1 is not at all acceptable, 7 is fully acceptable, and the mid-point 4 is somewhat acceptable, how acceptable is it for companies to use this approach as a way of getting your consent to use your information for various purposes, including marketing new products and services?

{BASE: All Canadians; n=1007}

There are some notable differences, however, along demographic lines. While only about one in four seniors (23 per cent) indicate that such an approach is at least somewhat acceptable, the proportion rises to over half of those under 25 (54 per cent). Likewise, while 46 per cent of low-income households report this approach to be at least somewhat acceptable, only 21 per cent of those with household incomes in excess of \$100,000 report the same. Ironically, those participating in loyalty programs (which typically use opt-out approaches to consent to further marketing) are less likely to view this approach as being at least somewhat acceptable (26 per cent vs. 39 per cent of those not participating).

When asked specifically about the acceptability of their banks and telephone companies using this approach, there was a slight rise in acceptability [Table 4.3]. Overall, about a third of Canadians view this approach as being at least somewhat acceptable, although again the overwhelming majority report low acceptability.

Table 4.3: Acceptability of Opt-out Approach With Banks and Telephone Companies (per cent)

	Bank n=502	Telephone Company n=505
Not at all acceptable (1)	54	54
(2)	7	7
(3)	4	5
Somewhat acceptable (4)	13	16
(5)	6	6
(6)	4	5
Fully acceptable (7)	11	7
Average on 7pt scale	2.64	2.57

“Unless they have a signed consent, they do not have consent.”

“I would like formalized consent, not an assumption.”

Focus group participants

Q: Using the same scale, how acceptable is it for a company that provides you with an ongoing service such as your ... to use the opt-out approach as a way of getting your consent to use your information for various purposes, including marketing new products and services?

(BASE: All Canadians)

The discussion in the focus groups on this issue was consistent with the survey’s findings. Some participants are comfortable with the opt-out approach, while most believe that it is unacceptable and that consent should not be assumed. As one participant remarked, “unless they have a signed consent, they do not have consent.” In addition to the opt-out approach, focus group participants also discussed the opt-in approach.

Generally speaking, the **opt-in approach was seen as the ideal approach** as it put consumers in control. Few participants saw any downsides to the approach, and tended not to be swayed by arguments about the costs that it may impose on businesses. Many took the view that they should be in control. “As an individual in the marketplace I think I already know what I want, I don’t need a company telling me. I wouldn’t sign a consent form. It shouldn’t be up to them...I want them there when I need a service but I don’t want them there to tell me about any products unless I ask for it.” Similarly,

some participants recognized that they would have no one to blame but themselves if they ended up missing something that may interest them, “It’s my loss if I say no.”

As the discussion evolved, most participants — although not all of them — believed that despite a preference for the opt-in, the **opt-out approach was acceptable in certain circumstances**. In particular, this approach was most acceptable with companies with which they have an ongoing relationship. As one participant remarked, “If I am already dealing with a company and they are sending me the stuff without opting-out or phoning them and saying stop, then that’s fine.” More importantly, however, **acceptance of the opt-out approach was highly conditional**, depending on both the visibility and the ease of follow through (discussed later).

It was also clearly evident that the acceptability of this approach is context driven, and it would not be acceptable in all circumstances. More specifically, many participants made distinctions between various types of information. While some participants were okay with this approach if it involved only their purchasing habits, they were steadfastly against such an approach if it involved health information, for example. Likewise, participants made distinctions depending on the type of company. One area of consensus was that participants felt that it was **unacceptable to assume implied consent** when a company wanted to share information **with a third company**.

When it came to sharing information within a corporate family, most participants felt that it was unacceptable to assume consent, although a small number felt it was acceptable. As one participant remarked, “I wouldn’t want my bank to share my information with their brokerage arm because I intentionally choose to use another broker not related to my bank.” Another participant remarked, “I don’t think it’s ok. I like the opt-in approach. I think everybody is under the impression that if we do the opt-in approach we’re going to say no. I am probably going to check in and say yes I do want you to send me stuff...one of the positive aspects of that approach is that it’s up to you, you decide whether you deem them worthy to send stuff to you. I don’t have a problem with companies using my personal information to sell me a product that is directly linked to a product that I have purchased from them, but by no means do I want them to send it to a new affiliate.” In part, these views reflected the fact that for a number of participants, it was not clear how this benefited them in any way, “What do we get out of it if they share the information? Is it to our advantage to know these things? Can they tell me how it benefits me?”

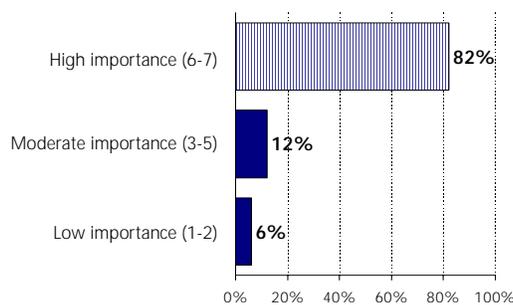
4.3

Approaches To Opt-Out

IMPORTANCE OF AWARENESS OF OPT-OUT

While the study pointed to a strong preference for an opt-in approach in general, there was **some acceptance of the opt-out approach, albeit highly conditional**. Most importantly, there is a strong consensus regarding the importance of opt-out processes being brought to the attention of consumers. As shown in Figure 4.2, over eight in ten (82 per cent) attach high importance to ensuring that consumers are aware that they have this choice, with another 12 per cent reporting moderate importance. Only 6 per cent assign low importance.

Fig 4.2
importance of awareness of opt-out



“The company should let you know upfront that you have the choice of opting out or you are automatically assumed to be in.”

Focus group participant

Q: When a company uses an opt-out approach, how important is it that the opportunity to opt-out is brought to your attention? Please respond using a 7-point scale, where 1 is not at all important, 7 is extremely important and the mid-point 4 is somewhat important.

(Base: All Canadians; n= 1007)

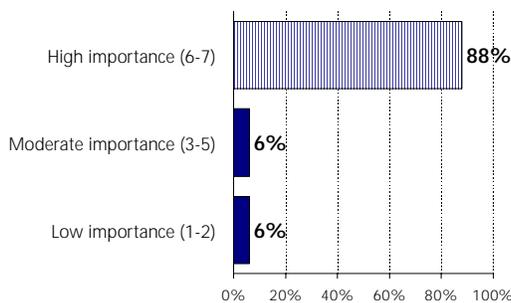
The findings in the focus groups reinforced the high levels of importance of bringing the opportunity to opt-out to the attention of consumers. Given that many participants saw the opt-out method as a second-best approach, almost all participants stressed the importance of making sure consumers know that they have this choice, in other words **pointing to a meaningful opt-out**. As one participant remarked, “The company should let you know upfront that you have the choice of opting out or you are automatically assumed to be in.” Similarly, another participant commented, “When you are signing up for whatever service you should be informed clearly right away.” As discussed later, however, examples of documents that include a notification of an opt-out provision for customers were not seen as meeting their expectations in this regard. The importance of a **meaningful opt-out also applied to companies with which participants felt they had an ongoing relationship** — “If you have an ongoing relationship with a business they can use a piece of paper saying the rules have changed and if you do not wish us to receive marketing materials and us to share information...and then give you options.”

EASE OF OPTING-OUT

Similar views exist in relation to making sure it is easy for consumers to opt-out should they decide to do so, or in other words, executing the opt-out. As shown in Figure 4.3, almost nine in ten (88 per cent) assign high importance to ensuring an easy process, with only 6 per cent assigning low importance.

These views were echoed in the focus groups. Many participants expected that they would not be made to “jump through hoops” to indicate their desire to stop. Again, views were that the onus should be on companies to make it easy. Moreover, many participants felt that instances where it was purposely difficult to notice the opt-out often fuelled suspicion and, at times, resentment — “I would have a lot more respect for companies that are upfront about this issue”. As discussed in the next section, however, certain approaches that are used by companies do not always make the execution of an opt-out easy.

Fig 4.3
importance of ease of opt-out process



Equally important, consumers stress the need to make any opt-out provisions easy to execute.

Q: Using the same scale, how important is making it easy for consumers to let companies know that they do not wish to have their personal information used for different purposes?

{Base: All Canadians; n= 1007}

SPECIFIC EXAMPLES

The study was designed to gauge reactions to some of the existing approaches and documents that have been used by different companies.

In total, five documents were tested in the focus groups, with the emphasis on getting participants' reactions to how obvious it was that consumers have a choice to opt-out, how clear the information was about potential uses, and how easy it would be to exercise the opt-out.

The five example documents examined were:

- ❖ A department store credit card application form;
- ❖ A credit card application form from a large Canadian bank;
- ❖ Privacy policy documents from two other large Canadian banks; and
- ❖ Sections from a telephone company's website relating to the opt-out provision.

EXAMPLE A: DEPARTMENT STORE CREDIT CARD APPLICATION FORM

The department store credit card application form was a single page application which contained general required information (i.e., information that is to be used for credit approval) in regular typeface as well as the legal requirements of the card in fine print followed by an area for the applicant's signature and contract date. The privacy policy and opt-out provisions were located under the signature/contract date area. This included brief privacy policy information as well as an address and telephone number (1-877-XXX-XXXX) through which an applicant could pursue a request to opt-out.

- ❖ Overall, the application form was not well received. After reading the form, many participants struggled with fully understanding what they were consenting to, finding much of the language very legalistic. "It gives you choices and it provides you with the information but I don't think it's clear."
- ❖ Several participants voiced concern with the section in the contract authorizing the sharing of their information, with many making specific reference to the phrase "and/or their affiliates" and not knowing which companies this included. "I don't like that. This could be a lot of companies." Another respondent commented on the vagueness of the language, saying, "I don't think it's clear. I think they should list their affiliates."
- ❖ Most participants also felt that the choice to opt-out was not immediately evident. "It's not user-friendly. It doesn't make it clear that you do have the option." Along the same lines, many respondents made reference to the fact that the information for removal from the marketing list was located below the signature line. "I think it's sneaky that they put the opt-out at the bottom, below the signatures." Others commented on the fact that "It's not immediately obvious that I opt-in first before I get out."
- ❖ Related to this, respondents mentioned that the application form itself contains the information the consumer would need for contacting the department store. In other words, consumers do not keep this information after submitting the application form. Within this context, several respondents mentioned that they would probably not think of writing down this information while in a busy store. Other respondents commented that they were not sure whether the 1-877 phone number given as one of the methods to opt-out was a long-distance call. A number of participants mentioned that this would be reason enough to not make the call.
- ❖ Several suggestions for improvement were offered. One example was the idea of having a separate section or box on the application for the purposes of opting out of secondary marketing. "It would be much easier if they said separately, 'Can we send this information to our affiliates?'" In the end, respondents' final responses to the form were largely negative. "For some people it can be overwhelming, they don't really think of the consequences of what this could mean..." "I wouldn't sign it. It gives them a blank cheque."

EXAMPLE B: A CREDIT CARD APPLICATION FORM FROM A LARGE CANADIAN BANK

The credit card application form from a large Canadian bank consisted of a 14-page double-sided booklet containing the details of several credit card products. The information pamphlet concluded with a detachable three-panel credit card application form. On the reverse side of the third panel fine print legal information was provided followed by opt-out information in bold typeface.

- ❖ When compared with the previous credit card application, this application form received relatively good marks overall. Respondents liked the fact that it was written in easy to understand, non-legalistic language, and that the section of the contract specifying secondary marketing purposes and the opt-out option was in bold typeface. That being said, however, most participants indicated that they would be unlikely to read the fine print and therefore wouldn't be aware of the opt-out.
- ❖ Participants believed they had a clearer understanding of what the bank would do with their information. "I don't have a problem with this...I like their contract because they have more specific information. As far as marketing I don't read anything shocking." However, for some participants, being provided with more of an understanding as to what would happen to their personal information did not necessarily lead them to feel more comfortable with giving their consent. "Basically...from what I understand...they can give it to whomever they want."
- ❖ With regards to the opt-out provisions, most participants believed that they were relatively clear and that there was a clear choice for consumers. This had the effect of increasing several participants' level of ease. The comment was made that once you read the form "It is pretty obvious that you can stop it." That being said, other respondents felt that the form was "... still beyond the comprehension of many people" and made reference to the fact that given the format of the application (a two-sided, foldout) when one is filling it out, the terms of the application would be hidden from view, as it is lying flat on the other side of the form.
- ❖ Participants referred to the fact that the application detached from the booklet, therefore leaving the applicant with the contact information once the application form was sent to the financial institution. Others, however, felt that the font was too small and commented on their dissatisfaction with the fine print. "What you are signing should have equal importance in appearance to the form itself."
- ❖ Similar to the first example, one suggestion for improvement was the idea of having a separate box to check off for consent to secondary marketing. For many participants, it was key that the use of marketing information be made a separate issue from applying for a service. "If it's specific to the purpose of getting a credit card and for them to review your credit rating there is no problem. But once it gets out to them using your information to sell you a product that's completely unrelated, that's where the problem arises. There's nothing wrong with them trying to do that but there should be a box for that and there should be a box for getting the credit card."
- ❖ The opinion was voiced that having a phone number with a catchword (such as 1-800-THE BANK) instead of clearly stating the actual digits was problematic and annoying for some people. A straight number or both would be more user friendly.

EXAMPLE C: PRIVACY POLICY DOCUMENTS FROM TWO OTHER LARGE CANADIAN BANKS

Two documents regarding privacy policies from two other large Canadian banks were examined. **Document A** was a two-page tri-fold pamphlet with information on both sides. The pamphlet contained information regarding the banks privacy policies and opt-out provision in a colourful graphic layout. **Document B** was an approximately ten page double-sided booklet. The booklet contained privacy related practices and opt-out information in small typeface with little or no colour graphics or clear bolding of key provisions (e.g. opt-out procedure).

- ❖ These two documents would typically be displayed at a bank branch detailing the bank's policy on privacy and consent issues, and offering customers an opt-out of secondary uses of their personal information by the bank. Participants were instructed to keep in mind that the brochures were informational pamphlets and not legal, contractual documents like a credit card application.
- ❖ In general, **Document A** was well received. Participants liked the simple headlines and the easy to understand language. Many also found the layout of the pamphlet visually appealing, and believed that it would stand out. In fact, a large number said that they would be inclined to pick up the document if they saw it.
- ❖ On the whole, all agreed that Document A was very user-friendly. "I like it both for the way it's put out and for the statements it makes. The way they use my information." Participants mentioned that they felt very at ease with what was presented in the pamphlet and found it very clearly indicated that you can choose to withdraw your consent. "It makes me feel better." "It's very clear, you can give or withdraw your consent. I appreciate that." A key point was that this specific document clearly stated what would happen with the information consumers provided and likewise, how consumers' personal information was protected if their consent was not clearly given. "I like the line 'we don't sell information to third-parties.'" After reading this document participants seemed to have more of an understanding of where they stood in relation to their choice to disclose or not disclose information. "It tells you how the information that you have given...is not shared. It tells you a lot more and informs you of other forms." "They give the impression they are on your side." Participants equally noted that several options were made available to consumers in Document A. "It gives you a procedure to follow if you have any problems." Participants' main concern centered around awareness, i.e., how many customers are aware of this policy and opt-out?
- ❖ Participants were told when viewing Document A that it would often be displayed in the bank itself. Generally, participants felt this approach was not sufficient. Several mentioned, for example, that they use only ATMs, while others would not bother to look closely at a display area when conducting their business. One suggestion was to have tellers ask customers if they were familiar with the document. "Maybe the bank teller should take five minutes and say, 'Did you read this brochure?'" Another suggestion was that it be clearly displayed at the ATMs with a sign relating to the passing of a new privacy law. A final point was once again the desire that if potential contact with personnel was needed in order to

- exercise the opt-out, that someone should be immediately available to answer their questions instead of having to work through a voicemail system.
- ❖ **Document B**, put forth by another large Canadian bank, was not as well received. Overall, fewer participants said they would be inclined to pick up, let alone read the document, given its length and that it was not particularly eye catching. At the same time, participants were skeptical when reading this document and found the language to be "threatening". "It's sort of offensive." Generally speaking, participants stated that there was simply too much material. "I don't have time to read so many pages."
 - ❖ Related to the length of the document was the issue of the language itself. Participants felt that most people would not read it and those who did would get bogged down in the language. "It wasn't as easy to read and it doesn't make it obvious what you have to do." Many participants had questions as to whether services would be withdrawn if customers chose to opt-out, similar to the feeling of being boxed into a corner. "It's clear that you don't have a choice." It was also unclear who the bank's "group members" or affiliates are since they were not specifically mentioned in the document.
 - ❖ Coupled with this, participants made reference to the vagueness of the language as evidenced in the phrase "to the best of our ability we will seek prior consent..." Further displeasure was voiced when participants considered the lack of options made available to consumers who wanted to opt-out or seek additional information, specifically, the inconvenience of needing to make arrangements at the branch itself. It was also unclear if any other options were potentially available, for example, "It says go to your branch but there is no other option..." Generally, participants were of the view that this document was "...not user-friendly at all." In the end one participant summed up her reaction with the following comment: "When it comes right down to it, which one would I apply to? The one that makes me feel good, which is definitely not this one."

EXAMPLE D: TELEPHONE COMPANY PRIVACY POLICY AND OPT-OUT

The final document displayed to participants was a series of pages from the website of a telephone company, made available through a link titled "Privacy Policy" located on the centre bottom of the company's main page. Consistent with the overall look and feel of the website, privacy policy information was presented in regular typeface accompanied by various graphics and logos. The pages included an opt-out request form that could be filled out and submitted online.

- ❖ Generally, participants liked that the choice was made clear. Furthermore, participants appreciated the fact that several opt-out options were presented to them with specific contact names. "It's organized and it gives you many options and people to contact."
- ❖ That being said, many participants were bothered by the fact that the opt-out is not brought to the attention of customers, leaving most unaware of it. None of the participants were aware of it themselves before entering the session, and they were not sure how customers would become aware of it.
- ❖ More importantly, participants felt that accessing information online would be problematic for Canadians who do not use the Internet and found the reliance on the Internet for this purpose to be unreasonable. "If they give no option other than the Internet than that's not very fair." Those participants who are comfortable in the online environment liked the fact that you can go online to obtain and provide information instead of having to call someone and potentially remain on hold or have to take time to visit a company directly.
- ❖ Participants also liked the fact that the corporate family members were listed for them on the website, giving them more of a sense of control over where their information was going. Some participants felt that although the form was clear, it was perhaps too detailed. "There's too many things to fill in, it should be a little bit simpler." On the whole, while participants seemed to think the company was clear in presenting its policies and procedures, there was a need to ensure that this information would be accessible to all Canadians.

5.0

Consumer Experiences

Chapter highlights:

- ❖ An overwhelming majority of Canadians indicated having received uninvited advertising material addressed specifically to them in the past month (85 per cent). There are sharp differences in the amount and frequency of unsolicited mail along income lines and whether or not individuals participate in loyalty programs.
- ❖ The popularity of loyalty programs in recent years is widespread as evidenced by the fact that more than two in three Canadians (67 per cent) report participating in at least one of these programs. This reinforces the importance of the low levels of awareness of the information practices of most of these types of programs.
- ❖ In terms of the online environment, a large proportion of e-consumers (43 per cent) indicate that they look at a company's privacy statement on their website before considering electronic transactions with the company. However, the other 57 per cent only engage in this practice occasionally or not at all.
- ❖ A large proportion of Canadians report that they use telephony features such as answering machines/voice mail, call display, or unlisted numbers to screen incoming calls at least occasionally.

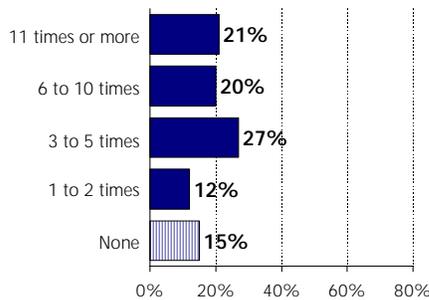
5.1

Receipt of Unsolicited Direct Mail

RECENT CONTACT

The study probed on the extent to which Canadians had received uninvited advertising material addressed specifically to them recently (as opposed to material they had requested). As shown in Figure 5.1, the overwhelming majority have received material in the past month, with only 15 per cent reporting not receiving any material. There is also a large variation in the amount received, with one in five receiving information on at least eleven occasions, and another 20 per cent on between six and ten occasions.

Fig 5.1
recent contact



Q: Within the past month, approximately how many times have you received uninvited advertising material about new products or service addressed specifically to you?
(Base: All Canadians; n=1007)

As shown in Table 5.1, there are sharp differences along income lines and whether or not individuals participate in loyalty programs. While 27 per cent of the lowest income households did not receive any material, the proportion falls to only 4 per cent of those with incomes exceeding \$100,000. Likewise, 13 per cent of those participating in loyalty programs received no material as compared to 20 per cent of those not participating.

Table 5.1: Recent contact (per cent)

	HOUSEHOLD INCOME						PARTICIPATE IN LOYALTY PROGRAMS	
	<20K	20-39K	40-59K	60-79K	80-99K	100K +	Yes	No
11 times or more	13	16	24	24	22	30	23	16
6 to 10 times	15	16	18	27	22	37	22	18
3 to 5 times	27	25	27	28	43	20	27	26
1 to 2 times	11	20	11	13	7	3	11	14
None	27	21	15	6	5	4	13	20

5.2

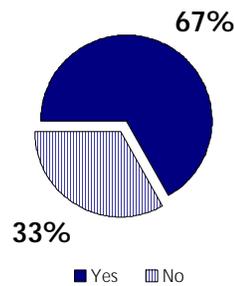
Participation in Loyalty Programs

EXPERIENCE WITH LOYALTY PROGRAMS

The anecdotal evidence of the enormous popularity of loyalty programs is everywhere. The proliferation of loyalty programs in recent years has been widespread, as more companies continue to establish their own programs. The study's findings reinforce the enormous popularity of these programs and the extent to which Canadians do participate. This highlights the importance of the large number of Canadians who are not aware of the information practices of most of these types of programs.

As shown in Figure 5.2, two in three Canadians (67 per cent) report participating in at least one of these types of programs.

Fig 5.2
loyalty program participation



The enormous popularity of loyalty programs is evident. Now, more than two in three Canadians report participating in one of these programs.

Q: Some Canadians participate in loyalty or reward programs, things such as Air Miles, reward programs at gas stations, or credit cards which allow you to collect points. Do you currently participate in any of these programs?

(Base: All Canadians; n= 1007)

There are, however, notable differences in participation across different subgroups. Females are slightly more likely to participate (71 per cent vs. 63 per cent of males). Participation is highest in the 25 to 44 and 45 to 64 age segments (73 per cent and 75 per cent, respectively), and lowest in the under 25 segment (46 per cent). Six in ten seniors report the same. Participation also tends to rise along income lines, rising from 50 per cent of the lowest income households to 86 per cent of households reporting incomes above \$100,000. Regional differences also exist with participation being highest in Alberta (82 per cent), British Columbia (76 per cent), and Ontario (73 per cent) and lowest in Quebec (46 per cent).

5.3

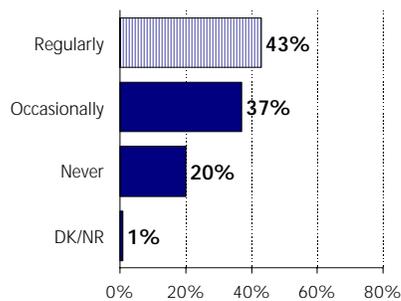
Electronic Commerce

PRIVACY STATEMENTS

With the growing reach of the Internet, many companies now put their privacy statements on their websites. To probe on their potential effectiveness, the study asked the extent to which users who buy online actually end up reading privacy statements.

As shown in Figure 5.3, a large proportion of e-consumers (43 per cent) indicate that they “regularly” read a company’s privacy statement before considering doing transactions electronically with that company. On the other hand, it is equally clear that a large number do not, with 37 per cent indicating that they only “occasionally” read them, and the remaining 20 per cent indicating “never”.

Fig 5.3
privacy statements



A large proportion of e-consumers regularly read privacy statements, but the remaining 57 per cent only occasionally do so or never at all.

Q: How often do you read a company's privacy statement on their website before you consider doing transactions electronically with the company? Would you say...

(Base: Internet users who have bought online; n= 229)

5.4

Optional Telephone Services

SCREENING TELEPHONE CALLS

In relation to broad attitudes around the issue of telemarketing, one of the ways that some Canadians can choose to deal with unwanted calls is by ignoring them. This study's findings point to the fact that many do indeed do this [Table 5.2].

Today, the majority of Canadians report having an answering machine/voice mail (70 per cent), call display (44 per cent), or an unlisted telephone number (6 per cent). Only 16 per cent report not having any one of these three features. Differences exist along demographic lines, with seniors being the least likely not to have any of these features (44 per cent compared to about one in ten of other age segments). Likewise, 21 per cent of the lowest income groups report not having any of these features, as compared to 7 per cent of the highest-income households.

When probed on whether or not they use any of these features to screen incoming calls, the majority report doing so at least occasionally (34 per cent occasionally and 38 per cent regularly). Only 27 per cent report that they never use any of these features to screen calls. However, despite usage of screening technologies and services more than six in ten (61 per cent) Canadians still would prefer to stop all telemarketing calls.

Table 5.2: Features and Screening Incoming Calls (per cent)

Products/Services		Use to Screen	
Answering machine/voice mail	70	Regularly	38
Call display	44	Occasionally	34
Unlisted telephone number	6	Never	27
None of the above	16	DK/NR	1

Q: Do you or a member of your household have any of the following products or services currently in your household?
{BASE: All Canadians; n=1007}

How often do you use any of these telephone features to screen incoming calls?
{BASE: Canadians who have telephone screening products or services; n=848}

6.0

Conclusions

This study sheds light on how the general public defines and views issues around obtaining their consent.

Overall, the findings reinforce the importance of obtaining meaningful consent from consumers to the collection, use or disclosure of individual consumer information for secondary marketing purposes, whether internal, among affiliates, or involving third parties. In broad terms, this study points to six conclusions that hopefully will provide guidance to policy makers facing the challenges of implementing aspects of Bill C-6.

1. **Businesses cannot assume anything about consumer consent to secondary marketing.** Attitudes vary widely among Canadians. While many do not mind, and in some cases even like, such practices, a significant proportion are not comfortable with companies using their personal information for the purpose of secondary marketing (38 per cent). An even higher proportion of people (48 per cent) object to the sharing of this information with affiliates. Moreover, most Canadians are unaware of the extent to which companies collect, use and disclose their personal information for commercial purposes. For example, 54 per cent of those participating in loyalty programs are unaware of the fact that such programs commonly collect and use their purchasing information for marketing purposes. Clearly, consumers cannot consent to practices of which they are unaware.
2. **Canadians express high levels of concern about unsolicited direct marketing, and particularly about telemarketing.** Close to three in four Canadians (74 per cent) are at least moderately concerned about the amount of uninvited personalized marketing material they receive. Telemarketing is a particular sore point, with a clear majority (61 per cent) reporting a preference toward stopping all telemarketing calls to their household even if it means that they miss out on a really good opportunity.
3. **Canadians want control over the collection, use and disclosure of their personal information by businesses for marketing purposes.** A sizeable majority (82 per cent) of Canadians report that businesses should obtain their permission before using their information for further marketing purposes. Obtaining consent is considered even more important when the information is to be shared with an affiliate. More than eight in ten (84 per cent) Canadians feel that it is important that telephone companies obtain their consent before information can be shared within their corporate family, this number increases to 87 per cent for banks.

4. **A clear majority of Canadians do not want businesses to assume their consent to further marketing.** Overall, 69 per cent of Canadians do not consider opt-out approaches to be acceptable. Rather, they want to be asked explicitly for their consent if a company wants to use their personal information for marketing purposes. A preference for opt-in approaches to consent was clearly evident in focus group testing.
5. **Despite a preference for opt-in approach, opt-out approaches to consent for marketing purposes are considered acceptable in certain circumstances. However, acceptance is highly conditional.** Opt-out approaches are considered acceptable only if the opt-out provision is brought to the customer's attention, is clearly worded, provides sufficient detail, and is easy to execute. More than four in five respondents (82 per cent) consider it highly important that the opportunity to opt-out is brought to their attention, with a sizeable 88 per cent reporting that the opt-out process should be clear and easy for them to execute.
6. **In practice, however, examples of the way that businesses have used the opt-out approach fall short of consumer desires/demands, pointing to a need for improvements.** Focus group testing of various business forms, which included opt-out provisions, indicated high levels of concern about the failure of businesses to bring this information to the attention of consumers. Lack of sufficient clarity and/or detail about the business practices in question, inconspicuousness of the opt-out opportunity, and potential difficulties in exercising the opt-out were examples of problematic approaches.

Appendix A: Survey Instrument

Survey Questionnaire

INTRO

Hello, my name is ... and I'm calling from EKOS Research Associates. We are conducting a short survey on behalf of the Government of Canada on a number of issues currently in the news. It is totally voluntary and all responses will be kept strictly confidential. We are talking to people 16 years and over who are permanent residents of Canada. May I begin?⁵

USE

In the past 3 months, have you used the Internet, either at home or elsewhere?

- 01 Yes 1
- 02 No 2
- 03 DK/NR 9

VIEW

Many companies keep track of what products and services their customers purchase or use, in order to determine which new products or services they might be interested in.

PREST

To what extent do you expect the following companies to keep track of what products or services you purchase or use? Please use a 7-point scale, where 1 means you do not expect it at all, 7 means you fully expect it, and the mid-point 4 means you expect it some of the time.

EST1

Extent you expect...to keep track of products/services you buy/use

Your bank(s)

- 01 1 Do not expect at all..... 1
- 02 2..... 2
- 03 3..... 3
- 04 4 Expect some of the time 4
- 05 5..... 5
- 06 6..... 6
- 07 7 Fully expect 7
- 08 [DO NOT READ] Not applicable 8
- 09 DK/NR 9

⁵ There were a number of questions in the survey that were randomly rotated and asked to half of the respondents while a similar question was asked to the remaining half of the respondents. These questions are marked by an asterick.

EST2 *

Extent you expect...to keep track of products/services you buy/use

Your telephone company

01	1 Do not expect at all.....	1
02	2.....	2
03	3.....	3
04	4 Expect some of the time	4
05	5.....	5
06	6.....	6
07	7 Fully expect	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

EST3 *

Extent you expect...to keep track of products/services you buy/use

Your cable company

01	1 Do not expect at all.....	1
02	2.....	2
03	3.....	3
04	4 Expect some of the time	4
05	5.....	5
06	6.....	6
07	7 Fully expect	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

EST4 *

Extent you expect...to keep track of products/services you buy/use

A retail store that you shop at many times a year

01	1 Do not expect at all.....	1
02	2.....	2
03	3.....	3
04	4 Expect some of the time	4
05	5.....	5
06	6.....	6
07	7 Fully expect	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

EST5 *

Extent you expect...to keep track of products/services you buy/use

A company that you once bought a large purchase from (something such as a car, an appliance)

01	1 Do not expect at all.....	1
02	2.....	2
03	3.....	3
04	4 Expect some of the time	4
05	5.....	5
06	6.....	6
07	7 Fully expect	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

EST6 *

Extent you expect...to keep track of products/services you buy/use

A store that you once bought a smaller purchase from (something like shoes, books or CDs)

01	1 Do not expect at all.....	1
02	2.....	2
03	3.....	3
04	4 Expect some of the time	4
05	5.....	5
06	6.....	6
07	7 Fully expect	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

EST7 *

Extent you expect...to keep track of products/services you buy/use

A mail order catalogue which you subscribe to

01	1 Do not expect at all.....	1
02	2.....	2
03	3.....	3
04	4 Expect some of the time	4
05	5.....	5
06	6.....	6
07	7 Fully expect	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

MIND

Do you mind companies that you do business with keeping track of your purchases?

01	Yes	1
02	No	2
03	DK/NR.....	9

PRE1

There are a few questions in this survey about companies and a corporate family. By corporate family, I mean companies that are all under the same corporate ownership, for example, a bank and its affiliated insurance company.

PRE2

I am going to read you a number of statements. Please rate the degree to which you agree or disagree with the following statements using a 7 point scale where 1 means you strongly disagree, 7 means you strongly agree and the mid-point 4 means you neither agree nor disagree.

COMF1 *

If I do business with a company, I am comfortable with them using information about me in order to advise me of new products and services that may interest me.

01	1 Strongly disagree.....	1
02	2.....	2
03	3.....	3
04	4 Neither agree nor disagree	4
05	5.....	5
06	6.....	6
07	7 Strongly agree.....	7
08	DK/NR.....	9

COMF2 *

If I do business with a company, I am comfortable with them sharing information about me within their corporate family in order to advise me of new products and services that may interest me.

01	1 Strongly disagree	1
02	2	2
03	3	3
04	4 Neither agree nor disagree	4
05	5	5
06	6	6
07	7 Strongly agree	7
08	DK/NR	9

ASK

I should be asked for my permission before a company uses my personal information to build a profile on me for the purpose of marketing new products and services to me.

01	1 Strongly disagree	1
02	2	2
03	3	3
04	4 Neither agree nor disagree	4
05	5	5
06	6	6
07	7 Strongly agree	7
08	DK/NR	9

ONG *

Once I purchase a product or service, I EXPECT that the company selling the product or service will try to build an ongoing relationship with me in order to keep me informed on new products or services in the future.

01	1 Strongly disagree	1
02	2	2
03	3	3
04	4 Neither agree nor disagree	4
05	5	5
06	6	6
07	7 Strongly agree	7
08	DK/NR	9

ONG2 *

Once I purchase a product or service, I WANT the company selling the product or service to try to build an ongoing relationship with me in order to keep me informed on new products or services in the future.

01	1 Strongly disagree	1
02	2	2
03	3	3
04	4 Neither agree nor disagree	4
05	5	5
06	6	6
07	7 Strongly agree	7
08	DK/NR	9

PRE3

How important is it that the following companies obtain your consent before they use information they have on you to promote new services and products to you directly? Please respond using a 7-point scale, where 1 is not at all important, 7 is extremely important and the mid-point 4 is somewhat important.

IMP1

How important is it that...obtain your consent?

Your bank

01	1 Not at all important	1
02	2.....	2
03	3.....	3
04	4 Somewhat important	4
05	5.....	5
06	6.....	6
07	7 Extremely important.....	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

IMP2 *

How important is it that...obtain your consent?

Your telephone company

01	1 Not at all important	1
02	2.....	2
03	3.....	3
04	4 Somewhat important	4
05	5.....	5
06	6.....	6
07	7 Extremely important.....	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

IMP3 *

How important is it that...obtain your consent?

Your cable company

01	1 Not at all important	1
02	2.....	2
03	3.....	3
04	4 Somewhat important	4
05	5.....	5
06	6.....	6
07	7 Extremely important.....	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

IMP4 *

How important is it that...obtain your consent?

A retail store that you shop at many times a year

01	1 Not at all important	1
02	2.....	2
03	3.....	3
04	4 Somewhat important	4
05	5.....	5
06	6.....	6
07	7 Extremely important.....	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

IMP5 *

How important is it that...obtain your consent?

A company that you once bought a large purchase from (something such as a car, an appliance)

01	1 Not at all important	1
02	2.....	2
03	3.....	3
04	4 Somewhat important	4
05	5.....	5
06	6.....	6
07	7 Extremely important.....	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

IMP6 *

How important is it that...obtain your consent?

A store that you once bought a smaller purchase from (something like shoes, books or CDs)

01	1 Not at all important	1
02	2.....	2
03	3.....	3
04	4 Somewhat important	4
05	5.....	5
06	6.....	6
07	7 Extremely important.....	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

IMP7 *

How important is it that...obtain your consent?

A mail order catalogue which you subscribe to

01	1 Not at all important	1
02	2.....	2
03	3.....	3
04	4 Somewhat important	4
05	5.....	5
06	6.....	6
07	7 Extremely important.....	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

IMP8 *

Using the same scale, how important is it that your bank obtain your consent before it shares your information with another company within its corporate family, such as an affiliated insurance company?

01	1 Not at all important	1
02	2.....	2
03	3.....	3
04	4 Somewhat important	4
05	5.....	5
06	6.....	6
07	7 Extremely important.....	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

IMP9 *

Using the same scale, how important is it that your telephone company obtain your consent before it shares your information with another company within its corporate family, such as an affiliated wireless phone company or Internet service provider?

01	1 Not at all important	1
02	2.....	2
03	3.....	3
04	4 Somewhat important.....	4
05	5.....	5
06	6.....	6
07	7 Extremely important.....	7
08	[DO NOT READ] Not applicable	8
09	DK/NR.....	9

PRE4

There is a new federal privacy law that came into effect on January 1st. Under this law, all businesses will eventually be required to obtain an individual's consent before they collect, use or disclose personal information about that individual for any purpose including marketing new products and services.

OPT

There are different ways a company can obtain an individual's consent. Some companies use what is called an OPT-OUT policy. Under this approach, companies assume that they have an individual's consent unless the individual tells the company otherwise by calling a toll free number, for example.

VIEWB

Using a 7-point scale where 1 is not at all acceptable, 7 is fully acceptable, and the mid-point 4 is somewhat acceptable, how acceptable is it for companies to use this approach as a way of getting your consent to use your information for various purposes, including marketing new products and services?

01	1 Not at all acceptable	1
02	2.....	2
03	3.....	3
04	4 Somewhat acceptable.....	4
05	5.....	5
06	6.....	6
07	7 Fully acceptable	7
08	[DO NOT READ] It depends	8
09	DK/NR.....	9

ACC2

Using the same scale, how acceptable is it for a company that provides you with an ongoing service such as your <Randomize: bank; telephone company> to use the opt-out approach as a way of getting your consent to use your information for various purposes, including marketing new products and service?

01	1 Not at all acceptable	1
02	2.....	2
03	3.....	3
04	4 Somewhat acceptable.....	4
05	5.....	5
06	6.....	6
07	7 Fully acceptable	7
08	[DO NOT READ] It depends	8
09	DK/NR.....	9

ATT1

When a company uses an opt-out approach, how important is it that the opportunity to opt-out is brought to your attention? Please respond using a 7-point scale, where 1 is not at all important, 7 is extremely important and the mid-point 4 is somewhat important.

01	1 Not at all important	1
02	2.....	2
03	3.....	3
04	4 Somewhat important	4
05	5.....	5
06	6.....	6
07	7 Extremely important.....	7
08	DK/NR.....	9

ATT2

Using the same scale, how important is making it EASY for consumers to let companies know that they do not wish to have their personal information used for different purposes?

01	1 Not at all important	1
02	2.....	2
03	3.....	3
04	4 Somewhat important.....	4
05	5.....	5
06	6.....	6
07	7 Extremely important.....	7
08	DK/NR.....	9

PM3

Within the past month, approximately how many times have you received uninvited advertising material about new products or service addressed specifically to you?

01	None.....	00
02	DK/NR.....	99

PM4

(Skip if have not received any material)

How much did this concern you? Please use a 7-point scale, where 1 means not concerned at all, 7 means extremely concerned, and the mid-point 4 means moderately concerned.

- 01 1 Not concerned at all..... 1
- 02 2..... 2
- 03 3..... 3
- 04 4 Moderately concerned 4
- 05 5..... 5
- 06 6..... 6
- 07 7 Extremely concerned..... 7
- 08 DK/NR..... 9

TO

Which of the following statements is closer to your point of view?

- 01 I would like to stop receiving all telemarketing calls to my household even if it means I may miss out on a really good opportunity..... 1
- 02 I don't mind receiving telemarketing calls because I can always say no or not answer the phone 2
- 03 (DO NOT READ) DK/NR 9

STATS

Now I have a few more questions to be used for statistical purposes only.

LOY

Some Canadians participate in loyalty or reward programs, things such as Air Miles, reward programs at gas stations, or credit cards which allow you to collect points. Do you currently participate in any of these programs?

- 01 Yes 1
- 02 No 2
- 03 DK/NR..... 9

LOY3

Are you aware that many of these programs collect, use and disclose information about an individual's purchasing habits in order that companies can target them with new products and services?

- 01 Yes, clearly 1
- 02 Yes, vaguely 2
- 03 No 3
- 04 DK/NR..... 9

ECE6

(Internet users only)

Have you ever purchased a product or service over the Internet?

- 01 Yes 1
- 02 No 2
- 03 DK/NR..... 9

PWS

(Internet users only) / READ LIST

How often do you read a company's privacy statement on their website before you consider doing transactions electronically with the company? Would you say...

- 01 Never 1
- 02 Occasionally 2
- 03 Regularly 3
- 04 (DO NOT READ) DK/NR 9

PHOS

READ LIST; SELECT ALL THAT APPLY

Do you or a member of your household have any of the following products or services currently in your household?

- 01 Call display on your telephone at home 1
- 02 An answering machine or voice mail service for your telephone..... 2
- 03 An unlisted telephone number 3
- 04 (DO NOT READ) None of the above 8 X
- 05 (DO NOT READ) DK/NR 9 X

SCRN

[Skip if do not have any of the telephone products/services in Question PHOS]

How often do you use any of these telephone features to screen incoming calls? Would you say...

- 01 Never 1
- 02 Occasionally 2
- 03 Regularly 3
- 04 (DO NOT READ) DK/NR 9

EDU6

What is the highest level of schooling that you have completed?

- 01 Public/Elementary school or less (grade 1-8) 01
- 02 Some high school 02
- 03 Graduated from high school (grade 12-13) 03
- 04 Vocational/Technical college or CEGEP 04
- 05 Trade certification 05
- 06 Some university 06
- 07 Bachelor's degree 07
- 08 Professional certification 08
- 09 Graduate degree 09
- 10 DK/NA 99

AGE6

What is your age, please?

- 01 Under 18..... 01
- 02 18-24 years 02
- 03 25-34 years 03
- 04 35-44 years 04
- 05 45-54 years 05
- 06 55-64 years 06
- 07 65 years or older..... 07
- 08 (DON'T READ) DK/NR..... 99

INC6

What is your annual household income from all sources before taxes?

01	Less than \$10,000	1
02	\$10,000 to \$19,999	2
03	\$20,000 to \$39,999	3
04	\$40,000 to \$59,999	4
05	\$60,000 to \$79,999	5
06	\$80,000 to \$99,999	6
07	\$100,000 or more	7
08	DK/NR	9

THNK

End of Interview

Thank you for your cooperation and time!

Appendix B: Moderator's Focus Group Guide

Moderator's Guide

A. Introduction (5 minutes)

- ❖ Purpose of discussion
- ❖ Audio-taping, observers, confidentiality
- ❖ Format of discussion
- ❖ Role of moderator
- ❖ Participant questions
- ❖ Participant introduction: first name, occupation

B. General Views (30 minutes)

- ❖ There is a new federal privacy law that came into effect on January 1. Under this law, all businesses will eventually be required to **obtain an individual's consent** before they collect, use or disclose personal information about that individual for any purpose including marketing new products and services. As a way of starting us off, please write down the **first words or image that comes to mind** when you hear the words **"consent"** in this context.
 - Moderator goes around table to hear participants' answers.

- ❖ How many have thought much about what companies do with the personal information that they collect from you as customers?
 - Small concern? Big concern?

 - What do you worry about?

 - What do you think could happen? What is the worst thing that could happen?

- ❖ Many businesses market new products and services they believe their customers may be interested in, or that would be of interest to potential new customers.
 - Do you expect to receive **personalized** information on new products and services from companies? Which companies? Is this a **legitimate business activity**?

- Do you expect to receive information on new products and services from companies that you have an “ongoing relationship” with? What does “ongoing relationship” mean to you?
 - Do you expect to receive information **addressed specifically to you** as opposed to something like an advertising flyer in the newspaper? From which companies?
 - The Canadian Marketing Association says that “once a consumer purchases a product or service, there is a reasonable expectation on the part of that individual that the company will want to build an ongoing relationship with that person?” What do you think of this statement?
 - In recent years, companies have shifted the way they do their marketing, from an approach where they try to sell products and services to one of building relationships — “knowing your customer”. This means that they use personal information to track your purchasing habits so that they do not send information on products and services you won’t be interested in. What do you think of this approach?
 - In the past month, how often have you received uninvited telephone calls from companies trying to sell you a product/service? What about receiving uninvited advertising material about new products/services addressed specifically to you?
 - What do you think of receiving telephone calls marketing new products and services? What about advertising material addressed specifically to you in the mail? Is it a concern or do you simply throw things out that you don’t want? Why? **If yes, do you have any suggestions on how to deal with the issue?**
- ❖ Many large companies are part of a corporate family. By corporate family, I mean companies that are all under the same corporate ownership, for example, a bank and its affiliated mutual fund and insurance companies. In the case of a telephone company, this may involve an affiliated wireless phone company, Internet service provider or even a news service.
 - Do you think that these companies currently share your personal information between the various companies?
 - Most large companies do in fact share personal information within corporate families. Is this a good thing, bad thing, or is it neither? Should consumers be able to prevent this from happening? Who would actually bother to do so?
 - ❖ Some Canadians participate in loyalty or reward programs, things such as Air Miles, reward programs at gas stations, or credit cards which allow you to collect points.
 - Who currently participates in any of these programs? Which programs? How many?
 - How do you feel about these types of programs?

- Why do you think these programs exist? What is in it for the companies?
- Are you aware that many of these programs collect, use and disclose information about an individual's purchasing habits in order that companies can market specific products and services aimed at those individuals? Do you expect that these companies will keep track of your purchasing habits? Does this bother you or is this simply something that comes with participating in these programs?

C. Obtaining Consent: Broad Views (35 minutes)

- ❖ As I said, all businesses will eventually be required to obtain an individual's consent before they collect, use or disclose personal information about that individual for any purpose under the new privacy law.
 - For what kinds of activities is it okay to ASSUME consent (i.e., when is it okay to assume that a consumer has consented)?
 - It is reasonable to assume that a consumer consents to the use of their personal information for “primary” purposes, things like approving an individual for a loan or credit card. Is it reasonable to assume consent for “secondary” purposes, things like marketing new products and services?
 - When should companies go about getting consent for these “secondary purposes”? What is reasonable?
- ❖ Right now, there are two basic approaches that companies use when it comes to “secondary” purposes, activities like marketing new products and services.
 - Some companies use what is called an **OPT-IN policy**. Under this approach, companies assume they do not have a consumer's consent and specifically ask consumers for their consent to use their personal information, for example, by signing a form.
 - Some companies use what is called an **OPT-OUT policy**. Under this approach, companies assume that they have an individual's consent unless the individual tells them otherwise, for example, by calling a toll-free number.
 - In general, what do you think of these different approaches?

- ❖ What are the pros and cons of the **OPT-IN approach**? Again, by this I mean, when a company asks consumers explicitly to give consent in relation to the use of their personal information, for example, by signing a form.
 - What are the pros? What are the cons? Prompts: individuals are not bombarded by mass marketing, products and services most likely relevant to you, customer profiles.
 - This approach may mean that you may not get some information that you would be interested in if you didn't "opt-in". What do you think about this?
 - What is reasonable for business? [Raise argument about costs imposed on businesses, some businesses may go out of business]
 - Suppose you went into a company outlet (say a telephone company or cable company) because you want to sign up for some new products or services from another company within the corporate family. How would you react if you were asked to sign a legal form saying that you agree to your information being shared for these purposes?

- ❖ What do you think about the **OPT-OUT approach**? Again, by this I mean, when a company ASSUMES that they have an individual's consent unless the individual tells them otherwise, for example, by calling a toll-free number or mailing in an opt-out request.
 - What types of companies are you comfortable with using this approach? Are you more comfortable with a company that you have an "ongoing" relationship with, that could be your bank, your telephone company, your cable company? What about sharing it within a company's corporate family? What about with another third party (that is, a company outside the corporate family)? Why/why not?
 - What types of information are you comfortable with companies using under this approach? Are you more comfortable when it involves information about your purchasing habits? What about your financial information? What about your health information? Why/why not?
 - Are there any things you would expect a company to do if it uses such an approach?

- ❖ Moderator probes on final thoughts about the two approaches.

D. Notifying Consumers of the Opt-Out Provisions (45 minutes)

- ❖ There are different ways that consumers can be notified that they have the choice to “opt-out”, and remove their name from any mailing list. I’m going to show you a few examples, and get your reactions - what is clear, what you like/dislike, what is important?

- ❖ I am going to give you a few minutes to look at the document. Moderator explains the context of each document (e.g., credit card application form). Questions to be asked for each example:
 - How easy is it to know what the company does with your personal information? What is clear? What is not clear?

 - How clear is it that you have a choice and can “opt-out” if you do not want the companies to use your information for purposes such as marketing new products and services?

 - Based on what you see or read, how easy do you think it would be to follow through and say you do not want your information used in this regard?

- ❖ We have had a chance to look at different examples.
 - To sum up, what are the most important things to get at?

 - How should companies bring the opt-out choice to the attention of consumers (e.g., pop-up window, separate signature, on request or brought to an individual's attention without asking)?

E. Final Comments (5 minutes)

- ❖ Any final comments?

THANK YOU VERY MUCH FOR YOUR PARTICIPATION