

Cornell Study Finds Consumers Are Concerned about Protection of Personal Data

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An exploratory study of 200 web-savvy respondents found that a majority are skeptical about how companies will use the personal data collected in the course of electronic transactions.

The Cornell Hospitality Report, 'Data-driven Ethics: Exploring Customer Privacy in the Information Era,' by Erica L. Wagner and Olga Kupriyanova proposes an ethics-based approach to protect those personal data. Wagner, an assistant professor at the Cornell University School of Hotel Administration, and Kupriyanova, a recent graduate of the Cornell Hotel School, conducted their study among registered users of the Cornell Center for Hospitality Research website. The Report is available at no charge from the center's website at <http://hotelschool.cornell.edu/research/chr/pubs/reports/2007>.

In their study, Wagner and Kupriyanova found an almost fatalistic belief by many respondents that their personal data would be exploited contrary to their personal wishes. Long-term storage of their data especially bothered many respondents. That concern was not offset by the privacy policies found on most hospitality companies' websites.

'Frankly, we found that almost no one reads privacy policies,' said Wagner. 'One reason is that most policies are written in impenetrable legalese, and many customers can't be bothered. Instead, we suggest that hospitality firms make a straightforward statement of how personal data will be used upfront and then move into the more nuanced points -and that statement should be based on an ethical stance of acting in a trustworthy fashion. The basic principles that we suggest are to minimize harm, offer respect, and operate consistently. Doing so will likely manage reputation risk and build customer loyalty over the long term.'

One intriguing finding of the study is that respondents were less concerned about companies' acquiring identity-related information than what companies learned about the consumers' buying habits and preferences in the course of monitoring their commercial transactions. One reason that many respondents were unhappy that personal data could be stored long-term was the ability of companies to profit from this information by sharing data or selling data to third parties.

Respondents came principally from North America, Europe, and Asia. While these diverse respondents held many views in common, they split on government's use of personal data. Those from North America were highly concerned about government's collection of their personal data, while those in Europe seemed unfazed by the idea of government collecting their information. Europeans, however, are protected by strong European Union rules relating to personal data, while no such rules exist in the United States. The report suggests that as the U.S. government invests more heavily in acquiring privately held data, it is important for the hospitality industry to develop an ethical stance related to data handling.

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