

HOLD FOR RELEASE
June 25, 2003

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Most Americans Do Not Understand How Websites Use Information About Them

New Annenberg Research Finds that Americans Misunderstand Purpose of Internet Privacy Policies

Years into attempts by governments and advocacy groups to educate people, a solid majority of U.S. adults who use the internet at home misunderstands the very purpose of privacy policies, according to a new study released today by the Annenberg Public Policy Center of the University of Pennsylvania.

Americans & Online Privacy: The System is Broken shows that despite knowing that most websites collect information about them, most of these Americans mistakenly believe that if the site has a privacy policy it won't share that information with other sites or companies. The study is also the first to provide evidence that the overwhelming majority of U.S. adults who use the internet at home have no clue about data flows—the invisible, cutting edge techniques whereby online organizations extract, manipulate, append, profile and share information about people on-line are part and parcel of how websites operate.

“Even if people have a sense that sites track them and collect individual bits of information, they simply don't fathom how those bits can be used,” said Joseph Turow, Robert Lewis Shayon Professor of Communication at the Annenberg School for Communication of the University of Pennsylvania.

Among the reports' findings:

- 57% of adults who use the internet at home incorrectly believe that when a website has a privacy policy, it will not share their personal information with other websites or companies
- 47% of U.S. adults who use the internet at home say website privacy policies are easy to understand. However, 66% of those who are confident about their understanding of privacy policies also believe (incorrectly) that sites with a privacy policy won't share data.
- 59% of adults who use the internet at home know that websites collect information about them even if they don't register. They do not, however, understand that data flows behind their screens invisibly connect seemingly unrelated bits about them. When presented with a common version of the way sites track, extract, and share information to make money from advertising, 85% of adults who go online at home said they would not accept it on even a valued site.
- When offered a choice to get content from a valued site with such a policy or pay for the site and not have it collect information, 54% of adults who go online at home said that they would rather leave the web for that content than do either.
- Fully half (52%) of the 85% who did not want their information shared admitted that they had given or would give their real name and email address to their favorite website if asked – the very information a site needs to begin creating a personally identifiable dataset about them

Despite strong concerns about online information privacy, 64% of these online adults say they have never searched for information about how to protect their information on the web; 40% say that they know “almost nothing” about stopping sites from collecting information about them, and 26% say they know just “a little.” Only 9% of American adults who use the internet at home say they know a lot.

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“This new research challenges any notion that education around internet privacy policies by government and business are working,” added Turow. “When consumers are unaware of the data flows that take place behind their screens, they cannot really engage in informed cost-benefit analyses about whether or not they want to share the information.”

Adults who use the internet at home strongly support regulations that force more disclosure from online entities regarding what they know about them. 95% agreed or agreed strongly that they should have the legal right to know everything websites know about them. 84% replied “very” or “somewhat” effective when asked about the probable effectiveness of a law that would give them the right to control how websites use and share the information about them.

Turow makes three specific policy recommendations in the report:

- First, federal legislation ought to require all websites to use an automated approach to privacy policies called the Platform for Privacy Preferences, or P3P. Several years old but voluntary, the goal of P3P is to provide a web-wide computer readable standard manner for websites to communicate their privacy policies automatically to people’s computer browsers. Using it, visitors to a website can know immediately when they get to a site whether they feel comfortable with its information policy. Mandating P3P will greatly reduce uncertainties and ambiguities about whether and where personal information is taken.
- Second, federal legislation ought to mandate data-flow disclosure for every organization online. The law would work this way: When an internet user begins an online encounter with a website or commercial email, that site or email should prominently notify the person of an immediately accessible online place that will straightforwardly present (1) exactly what information the organization collected about that specific individual during their last encounter, if there was one; (2) whether and how that information was linked to other information; (3) specifically what other organizations, if any, received the information; and (4) what the entity expects will happen to the specific individual’s data during this new (or first) encounter. Some organizations may then choose to allow the individuals to negotiate which of forthcoming data-extraction, manipulation and sharing activities they will or won’t allow for that visit.
- Third, the government should assign auditing organizations to verify through random tests that both the P3P and data-flow disclosures are correct—and to reveal the results at the start of each encounter with consumers. The organizations that collect the data should bear the expense of the audits. Inaccuracies should be considered deceptive practices by the Federal Trade Commission.

“The issues raised here about citizen understanding of privacy policies and data flow are already reaching beyond the web to the larger digital interactive world of personal video recorders (such as TiVo), cell phones, and personal digital assistants”, added Turow. “At a time when technologies to extract and manipulate consumer information are becoming ever-more complex, citizens’ ability to control their personal information must be both more straightforward and yet more wide-ranging than previously contemplated.”

The full report is available at www.appcpenn.org.

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The Annenberg Public Policy Center was established by publisher and philanthropist Walter Annenberg in 1994 to create a community of scholars within the University of Pennsylvania that would examine the role of communications in public policy issues at the local, state and federal levels. The Annenberg Public Policy Center supports research and sponsors lectures and conferences.