

Privacy: A Balancing Act

America's Concern for Personal Privacy vs. Business's Right to Increase Profitability

Because of corporations' desire to maximize profitability and continuing advances in technology, reductions in the amount of privacy Americans enjoy are becoming more and more frequent. Intrusions into our private lives are now so common that many people don't question them or even recognize them for what they are.

A case in point is that many supermarket chains now require their customers to get special cards in order to receive sale prices on certain items. As part of the sign-up process, consumers are asked for personal information, including their name, address, phone number, and Social Security number. In supermarkets' advertising campaigns, the cards are represented as a way of rewarding loyal customers with special sale prices.

Boston University's College of Communication conducted a poll in 2004 showing that 86 percent of adults in the U.S. have at least one discount card. Most consumers felt that providing their personal information was well worth it, despite having to give up enough personal information to raise their own privacy concerns. Loyalty cards offer discount prices, reward points, and coupon offers through the mail. Stores use a frequent shopper's e-mail or home address to send coupons for use in their store.

Loyal, long-term customers are not singled out for special rewards, either, as anyone can get a card. Many small towns and rural

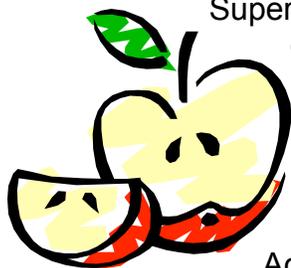
areas have only one supermarket, so shoppers in these areas are, in effect, coerced into providing their private information or else paying more for food.

Why are supermarkets going to all this trouble to get your private information? The answer is that they want to monitor your buying habits in order to increase profits. This might not sound that sinister, but it can have far-reaching implications. Many consumer activists feel this is just a first step in the gradual erosion of our privacy rights. Consider the possibility that a supermarket chain with a pharmacy in house might be bought out by an insurance company. The insurance company could then find out all the medications each member of your family takes, as well as what food items you've purchased. Imagine all the ways in which your grocery shopping or prescription history could be made to appear in a negative light!

What are your options if you want no part of this? You can refuse to sign up for the card and pay higher prices, or shop at a supermarket that doesn't require a card. The first possibility can quickly get expensive, and the second is becoming increasingly difficult in some areas, as more and more chains issue these cards. One course of action is to send a letter of complaint to the company. They should know you do not agree with their policies and are taking your business elsewhere as a result. If enough shoppers make their feelings known, stores might reverse these policies. Businesses want to please their



customers, but they need customer input to do it. If you simply stop shopping at a particular supermarket, the management won't know the reason.



Supermarket cards aren't the only privacy issue before the American people. The Financial Services Modernization Act of 2001 (also known as the Gramm-Leach-Bliley Act, or GLB) gives consumers some ability to protect their personal financial records. Companies with which you do financial business that are privy to your sensitive financial records, such as banks, mortgage companies, and credit card companies, must now give you the option of preventing them from sharing or selling information about you to other companies. However, the law does have a loophole allowing companies to share information with their corporate affiliates. So, if we go back to our example of the insurance company buying the supermarket chain, they both could have access to your private information.

In the legislation, the term "opting out" refers to choosing to *not* have your information shared. Much to the chagrin of consumer advocates, the legislation places the burden of maintaining privacy on the consumer, not on businesses. So you must tell companies not to share your information with their affiliates: you are "in" automatically until you notify them that you want "out."

Under the law, companies must send their customers a notice detailing their privacy policies. The consumer must then take action in whatever way is prescribed—contacting the company by mail, phone, or via the Internet in order to protect their private information. Consumers must look

hard for these notices, as they don't appear in any uniform way; some are couched in company self-promotion, while others are filled with fine print. Look for key words, such as "Privacy Notice," "Privacy Policy," or "Opt-Out Notice."

Read the notices carefully, as analysis of 60 privacy notices has found that they were written on a 3rd to 4th year college reading level, rather than the junior high school level recommended for materials intended for the general public. Many readers will have a hard time with them, especially the elderly and those whose native language is not English. In addition to the difficult language, notices are presented in formats that are difficult to read, such as small type sizes, small margins, and little or no spacing between paragraphs.

After identifying and carefully reading the notice, you need to decide whether you want to "opt out." Think about what advantage you might gain by having many companies privy to your private financial information. The amount of privacy you are willing to give up is a personal matter; however, if any doubt exists in your mind, it might be wise to opt out.



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