Chapter 8.6
Current Measures to Protect E–Consumers' Privacy in Australia

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ABSTRACT

The current measures to protect e-consumers' privacy in Australia include (i) regulation/legislation, (ii) guidelines, (iii) codes of practice, and (iv) activities of consumer associations and the private sector. However, information about the outcomes of such measures has not been sufficiently reported, whereas privacy incidents have increased. Some policy implications for e-consumer protection are drawn from the analysis. Firstly, national privacy legislation should widen its coverage. Secondly, uniform regulations and guidelines could contribute to providing equal protection to e-consumers. Thirdly, guidelines and codes of practice need to be supported by legislation and a proper compliance regime. Corporate social responsibility by e-retailers is also required for effective adoption of self-regulatory measures. Fourthly, consumer education is important to enhance consumer awareness of online privacy risks and their ability to deal with such incidents. Finally, a combination of legal frameworks, technological, and human-behaviour related measures is more likely to address online privacy issues effectively.

INTRODUCTION

E-retailing has generated many benefits to both e-retailers and e-consumers. At the same time, it has also raised serious problems for the operation of the online market, especially consumer protection. Among several problems with online shopping, privacy concerns are key factors which discourage consumers from shopping online (Stoney & Stoney, 2003).

These concerns have been addressed by a number of measures at both the international and national levels. However, insufficient information about these measures and the outcomes of such measures has been reported.

This chapter examines the current measures to protect consumers' privacy in the online market, using Australia as a case study; examines the current state of e-consumer protection regarding privacy; and discusses policy implications for the protection of e-consumers' privacy.

This chapter consists of four main sections. The first section introduces three main privacy issues, namely data security, spam/spim, and spyware. The second section examines several measures implemented at the international and national levels to address privacy issues. In Australia, these measures include (i) legislation, (ii) guidelines, (iii) codes of practice, (iv) initiatives by the private sector, and (v) activities by consumer associations. The effectiveness of the current measures to address privacy concerns has been examined in the third section by analysing the current state of e-consumer protection in terms of privacy. This section also discusses a case study, using Dell as a subject of investigation. The final section discusses the policy implications.

The findings suggest that although legislation, guidelines, and codes of practice are available, the effectiveness of these measures is limited. Consumers are not confident to shop online due to privacy and security concerns. Also, the protection of consumers' personal information depends on how e-retailers exercise their corporate social responsibility to provide protection to e-consumers.

The chapter aims to contribute to the development of theoretical understanding relating to regulations, guidelines, industry codes of conduct, and initiatives by the private sector to protect e-consumers' privacy. Its also provides an insight into measures addressing privacy concerns and how these measures could be improved to enhance consumer confidence in the online market.

BACKGROUND

This section first discusses three sub-issues of concern in the protection of e-consumers' privacy. It then introduces the concept of consumer rights, and discusses justification for e-consumer protection. It also analyses the current framework for e-consumer protection regarding privacy.

Privacy Issues

Privacy is one of the key issues in e-consumer protection (Stoney & Stoney, 2003; Consumers International, 2001; Jackson, 2003; Kehoe, Pitkow, Sutton, Aggarwal, & Rogers, 1999). Internet users are very concerned about how their personal and financial data and medical history are collected, used and disseminated (Consumers International, 2001; Jackson, 2003; Kehoe, Pitkow, Sutton, Aggarwal, & Rogers, 1999; Moghe, 2003). Many consumers are very reluctant to reveal their particulars because they do not want e-retailers to misuse their personal information. However, by adopting advanced technology, e-retailers can easily collect personal and financial details of e-consumers (Lynch, 1997). In addition, many Web sites request e-shoppers to "register or accept" cookies which can help in tracking their Internet itinerary (Yianakos, 2002). Privacy risks can become a greater danger when e-retailers share common databases (Egger, 2002). To make things worse, many e-retailers have not published

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