Online Profiling and Privacy: An Exploratory Study Amongst Australian Websites.

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Abstract—The issue of online profiling and privacy has received growing attention from academics and practitioners. The unprecedented race among e-businesses to provide personalised contents has placed distrust in consumers at an alarming rate. This study combines and applies well established constructs developed by [8, 9, 11] to empirically assess the existing scenario of Australian Website’s with regards to online profiling, privacy and trust. The study further highlights relevant managerial implications for managing these constructs and directions for future research are discussed, apart from suggesting an alternative approach towards online profiling i.e. self-profiling.

Keywords: Online profiling, privacy, trust, websites, self-profiling.

1 Introduction

The advances in technology have revolutionized how e-businesses operate and gain competitive edge. Personalisation of products and services are seen as central to their customer relationship management (CRM) strategy. In order to achieve this, e-businesses have resorted to extensive collection, sharing and exchange of customer information via online profiling [1, 2, 3]. Due to the nature of the web customers leave traces of their visits, which in accumulation could be developed into a credible online profile. E-business then capitalizes on this profile to learn and formulate appropriate competitive marketing strategies. Even though this is seen as favourable amongst the retailer, it has created a very fruitful scenario amongst the customers. Customers are not willing to give up personal information, and thus hardly commit to e-commerce transactions.

The data collected during e-commerce transaction is known to yield a deep and comprehensive profile of an individual’s habits, preferences, finances, and ideology. Thus, privacy concerns compromise the overarching ecology of cyberspace, such that worry about privacy specifically the unmitigated profiling of individuals limits the Internet’s potential to improve CRM customer’s relationship management and invades customer privacy [1, 4, 5, 6]. The Centre for Business Ethics & Social Responsibility (BESR) states that, “Internet users are afraid that websites know too much about them” [7, p.1]. There has been a plethora of studies echoing the same [8, 3, 9, 10, 118]. However, to our best knowledge there has not been any study to date examining the act of online profiling within the Australian context. Hence, the study applies well-established scales of [8, 10, 11] to highlight and discuss the salient issues concerning privacy, trust and the practice of online profiling amongst Australian websites, as well as to contrast the findings in similar research efforts by [11] and others. This study also proposes a new approach towards online profiling i.e. self-profiling [see 12] with the findings presented in three key sections. First, a review of the relevant literature within the domain of privacy and trust is presented. In the second section, details of the methodology and results of the analysis are highlighted. Thirdly, conclusions and managerial implications are discussed with directions for future research suggested.

2 Literature Review

2.1 Customer Relationship Management and Personalisation

As the development of Internet technology continues coupled with the flux of online competition where a click of a mouse is enough for an online customer to select a new provider [13], the height of e-Customer Relationship Management has forced e-businesses to develop rigorous and reliable methods to attract, retain and develop high-value customers. In some cases, this could constitute the recognition of customer profiles and dynamic presentation of products, prices or packaging deemed appropriate to that profile [14]. Website administrators and e-marketers must now continuously innovate and “engineer” branded customer experiences of their online service offering that both differentiates from competitors and strengthens customer relationships [15, 16]. One common and efficient approach is online personalisation, where contents of a website are tailored to suit the customer. This approach has been known to improve customer