

THE OPT-IN AND OPT-OUT DEBATE: IS IT REALLY NECESSARY?

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ABSTRACT

In this extended abstract we consider the provision of opt-in and opt-out choices on the Internet. Specifically, we study two features of opt-in and opt-out choices – the phrasing of the choice statement and the initial default status. Through a series of experiments we found that consumer choices of whether to receive future newsletters and promotions are affected by how the choice statements are presented. This implies that technology could play a more important role in privacy management and personalization.

AUTHOR KEYWORDS

Information privacy, defaults, frames, privacy concern, opt-in, opt-out.

ACM CLASSIFICATION KEYWORDS

H.5.2 User Interfaces: *Interaction styles (e.g., commands, menus, forms, direct manipulation)*

“*Spam has become the organized crime of the Internet,*” said Barry Shein, president of the World, one of the original Internet service providers, in a New York Times Magazine article. With the increasing popularity of this “crime” in the world of rapidly advancing telecommunications and data storage prowess, one of the issues rampant in this epidemic pertains to the elicitation of consumers’ permission via opt-in or opt-out.

In general, opt-in describes the idea that information use (including the sending of spam) should not transpire unless consumers affirmatively *permits* firms to do so, whereas opt-out refers to the opposite case in which consumers need to explicitly *disapprove* the use of their personal information (i.e., by default firms are allowed to cultivate any collected consumer information). These two actions may serve a similar purpose – they both allow people to indicate if firms are free to use their information. However, intensive debates and hullabaloo have been raised in support of opt-in versus opt-out. For example, many privacy advocates espouse that opt-in would generate a more usable list for marketers and provide greater privacy protection to consumers; yet, others have argued that both opt-in and opt-out supply consumers with equal amount of rights since it is consumers alone who make the final and binding determination about data use. Various regulatory and industry associations have also expressed opposing

attitudes. For example, the European Union Data Directive 95/46/EC endorses opt-in, whereas the U.S. Direct Marketing Association (DMA) recommends opt-out.

Since opt-in and opt-out serve the same functional purpose, it is interesting to find out if they indeed make any substantive difference in terms of arousing consumer participation. Currently, most opt-in and opt-out choices on the Internet are composed by two different types of phrasings (positive phrasing, e.g., “please send me newsletters”, versus negative phrasing, e.g., “please do not send me newsletters”), and two types of default status (pre-checked selection versus unchecked selection). These different design elements together yield the following two sets of opt-in and opt-out statements:

Opt-in	
<input type="checkbox"/>	Please send me newsletters and other information.
<input checked="" type="checkbox"/>	Please do not send me newsletters and other information.
Opt-out	
<input checked="" type="checkbox"/>	Please send me newsletters and other information.
<input type="checkbox"/>	Please do not send me newsletters and other information.

Figure 1. Opt-in vs. Opt-out Mechanisms

We conducted a series of laboratory experiments to verify consumers’ responses to the above four configurations, holding all other factors (website nature, design, registration task, etc.) constant. Perhaps not surprisingly, we found some systematic discrepancies in consumer participation (i.e., choosing to receive the newsletters and other information) across the four statements. Specifically, the two opt-out statements, which enhance the status quo of the initial disposition of the “transaction”, were able to consistently solicit more participations than the two opt-in statements. On average, they garnered about 25-30% more participations than the two opt-in statements.

At a first glance, this result may seem to suggest that the debate of opt-in and opt-out choices is well justified, and there may be a need for detailed impact analysis by policy

researchers or governments. However, we also found a more encouraging result – people who were more concerned about privacy tended to show lesser discrepancy across the opt-in and opt-out statements. In other words, as long as consumer awareness toward privacy is enhanced, whether an online firm implements opt-in or opt-out for its solicitations may not matter much. Given the trend that people are increasingly savvy about privacy (e.g., [2]), the current efforts of resolving the opt-in and opt-out debate may just be tackling a problem that would gradually become non-existent in the near future.

Our findings also provide some implications on privacy management and personalization. Given that people may inadvertently be affected by trivial website design choices (e.g., phrasing and defaults), there is a role for technology – privacy management platforms or tools (e.g., P3P or standards alike) could seamlessly “digest” and re-configure choice statements or registration options for consumers so that they can automatically see a view that they are more accustomed to. This helps lower their cognitive burdens and may lead to more informed and hence more optimal and satisfied choices. Governments should welcome such a software solution too, as it facilitates market autonomy and at the same time allows consumers and firms to reach mutually acceptable agreements.

Overall, it is our belief that in many current privacy debates, such as opt-in vis-à-vis opt-out, the extent of spam regulation (e.g., [1]), or the right to employ consumer data for federal investigations (see, e.g., the recent dispute of Google against the U.S. Department of Justice), technology and especially privacy-enhanced personalization technology could play a bigger role in aligning the interests of consumers, firms, and governments, and it could potentially reduce the social costs that we currently incur in tackling these privacy issues through public policy. Clearly, there is a need to extend the impact of technology in privacy management.

Reference:

[1] Hann, I.H., K.L. Hui, T.S.Y. Lee and I.P.L. Png
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Harris Poll (2003) “Most People Are “Privacy Pragmatists” Who, While Concerned about Privacy, Will Sometimes Trade It Off for Other Benefits.” [Available at http://www.harrisinteractive.com/harris_poll/index.asp?PID=365]