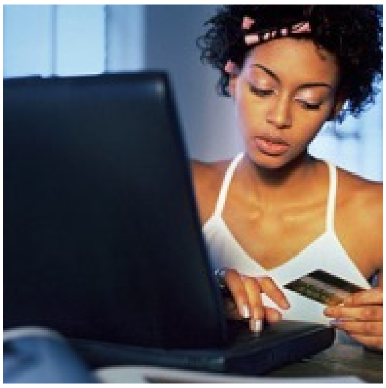
Luxury Daily®

The News and Intelligence You Need on Luxury

LEGAL/PRIVACY

Is the Do Not Track Act a threat to digital luxury marketers?

March 4, 2013



By ERIN SHEA

If passed, the Do Not Track Act will let consumers stop companies from gathering their personal information online, but experts agree that there is most cause for concern among mainstream brands rather than those in the luxury sector.

Sen. John D. Rockerfeller IV (D-WV) introduced the "Do-Not-Track Online Act of 2013" in the United States Senate Feb. 28 to help consumers keep their online habits private, which is a reintroduction of a 2011 bill. The legislation will limit the availability of information that marketers use to place digital and mobile ads.

"Privacy is an extraordinarily important issue to most of affluent consumers," said Chris Ramey, president of Affluent Insights, Miami.

"This issue is not going away and we should expect legislation to pass," he said. "None of this will be a surprise for professional marketers."

Consumer privacy

The bill was first introduced in May 2011, but ultimately failed after being referred to Mr. Rockerfeller's own committee, the Committee on Commerce, Science and Transportation.

This bill required the Federal Trade Commission to prescribe regulations regarding the collection and use of personal information obtained by tracking the only activity of an individual and for other purposes, per the legislation.

The 2013 act is similar to the 2011 act and was introduced to the Senate Committee on Commerce, Science and Transportation Feb. 28. Richard Blumenthal (D-CT) was the co-sponsor.

Mr. Rockerfeller reintroduced the bill because he believes the problem has not been resolved.

“The privacy of Americans is increasingly under assault as more and more of their daily lives are conducted online,” Mr. Rockerfeller said in an article in The New York Times. “Industry make a public pledge to develop do-not-track standards that will truly protect consumer privacy - and it has failed to live up to that commitment.”

Industry experts agree that many affluent consumers are in favor of the act.

“Many consumers are for the act,” said Al Ries, founder and chairman of Ries & Ries, a Roswell, GA-based marketing strategy consultancy. “Why not?

“On the other hand, most consumers probably do not care whether or not companies track their digital information,” he said.

However, consumers could be blinded by the negatives of information-tracking and fail to see what good it could do for them.

“[The] benefits are going to be lost in the overall reaction to tracking - if companies are tracking our behavior on the 'Net, it must be bad," Mr. Ries said.

On the other hand, information tracking is not all bad news for consumers.

“There are reasons why tracking is good for consumers, not bad,” Mr. Ries said.

“Tracking allows companies to tailor their offers to specific types of customers,” he said. “From the customer’s point of view, that can result in email offers that are especially appealing.”

The good with the bad

However, there are advantages for both luxury marketers and consumers in the passing of this act.

First, it seems that the act will mainly affect the mass market, so luxury marketers should not worry.

“The act will have the most effect among mass-market products and services, not on luxury goods,” Mr. Ries said.

“[Luxury marketers] should be concerned, but not too concerned,” he said. “I do not think luxury marketers depend too much on digital outlets for sales.

“However, they do depend on them for educating consumers.”

The act may help luxury marketers communicate more clearly and better educate their customers. It helps clears up what information is gathered in the ever-changing online landscape.

“Ultimately this is good for luxury marketers and our clients,” Affluent Insights’ Mr. Ramey said. “We will more seamlessly communicate because there will be less clutter."

Also, other areas of the world are already regulating personal information online, so luxury marketers should be familiar in dealing with specific regulations.

For example, the European Union added regulations to its privacy rules to allow online consumers to be more in control of their personal information on the Internet.

The EU added new regulations and fines in January 2012 to make sure companies and firms would comply, per BBC.

“Europe is already an opt-in environment and we will be, too,” Mr. Ramey said.

Final take

Erin Shea, editorial assistant on Luxury Daily, New York

Embedded Video: http://www.youtube.com/embed/hir1Sizfx40