

The Executive Computer/Peter H. Lewis

Why the Privacy Issue Will Never Go Away

Data bases of people's spending habits are simply too attractive a marketing tool.

BURLINGAME, Calif. "IT'S astonishing the things you can do on a desktop computer in five minutes, which five years ago would have taken overnight computer runs on a mainframe," said Charles W. Stryker, president of Trinet America Inc. of Parsippany, N.J., which provided the data for Marketplace: Business, a listing of an American business that the Lotus Development Corporation offered, then withdrew, last year.

Trinet America and its parent, American Business Information Inc. of Omaha, subsequently brought out their own versions of Marketplace: Business, called Lists-on-Disk, for I.B.M. personal computers and compatibles.

Business Lists-on-Disk, which costs \$750 for a year's license, contains general factual information on 9.2 million private and public businesses, including name and address, a description of the primary line of business, the number of employees, the key purchasing executives, information on ownership and estimated or actual revenues. Using Lists-on-Disk, a marketing company would be able to get accurate names, addresses, contacts and phone numbers for, say, all the advertising agencies in St. Louis, or all the accounting firms in the Southwest.

Lotus withdrew Marketplace: Business at the same time it canceled its plans to intro-

duce Marketplace: Households, a CD-ROM product that contained names, ages, addresses, marital status, estimated income range, buying habits and other data on 120 million citizens, based on United States Census and consumer credit data gathered by Equifax Inc., one of the nation's big credit bureaus.

But such programs will not go away, because personal computers and CD-ROM disks allow small businesses to contact their customers with laser beams instead of shotguns, saving on production costs and greatly increasing chances of success.

Marketplace: Households promised to give small companies and individuals the same access to consumer marketing information that bigger and wealthier companies have long enjoyed. A small business hoping to send an advertising flyer directly to the potential customers most likely to buy their products could create a model of its ideal customer using Marketplace guidelines, and as quickly as one could say Big Brother, list thousands of names of real people who most closely fit the model.

Even though Marketplace: Households is dead, the debate over the relationship between personal computers and privacy continued at the First Conference on Computers, Freedom and Privacy, a meeting here sponsored by a group called Computer Professionals for Social Responsibility. The conference, which ended on March 28, attracted about 400 participants from organizations as diverse as the Federal Bureau of Investigation, TRW Information Systems and Services, and the Legion of Doom, a loosely knit group of young computer enthusiasts who have been accused by various law-enforcement agencies of such activities as breaking into computer systems and stealing docu-

ments and codes.

"We are going to confront many more debates like Lotus Marketplace in the years ahead," said Marc Rotenberg, director of the Washington office of Computer Professionals for Social Responsibility.

Businesses' desire for such highly targeted marketing lists is also undeniable. "We're moving into a world of much more specialized niches and personalized products," said Tom Mandel, director of the values and lifestyles program at SRI International of Menlo Park, Calif., a market research and consulting concern. "We're in a more slowly growing consumer economy, so there is more pressure on businesses to find good consumers."

A key difference between Marketplace: Households and Lists-on-Disk is that American Business Information contacted all the businesses to verify data before listing them. A.B.I. culled business listings from 5,000 Yellow Page phone books, and called each one, Mr. Stryker said. He said 85 percent of the companies agreed to provide information beyond verification of basic data. For those that declined to provide revenue figures, Trinet provided estimates based on industry averages for the number of employees.

While businesses were contacted about being listed, people listed in Marketplace: Households were not notified. Your name, dear reader, was probably in the Marketplace data base, which was drawn from Equifax's data base of 80 million American households. And chances are that you probably did not consent to the inclusion of your name. Rather, you provided the information for other purposes, like applying for a credit card or a mortgage, or filling out a warranty card for an appliance.

Executives of Lotus, based in Cambridge, Mass., and Equifax, based in Atlanta, can-



Nicholas A. Kroll

celed the program after months of increasingly vigorous protests from consumers. More than 30,000 people, in what may have been the first grass-roots, personal computer-based consumer protest, contacted Lotus to voice their concerns that Marketplace: Households represented an abuse of private information.

"We don't have any plans to get back in that business," said John A. Ford, assistant vice president for corporate affairs of Equifax, a billion-dollar multinational credit and information bureau. "We believe the decision to stop development was a socially responsible one. We are concerned about the balance between the needs of businesses and individuals' concerns over privacy."

According to a Louis Harris & Associates poll commissioned by Equifax, the majority of consumers do not object to the use of their names in secondary mailing lists so long as they are given the option of removing their names from the list. The process of removing one's name is called "opting out." But critics of Lotus's Marketplace: Households noted that because the program was encoded on a CD-ROM disk, which is not erasable, consumers could not opt out or correct erroneous information once it was encoded. Such changes would have to await the creation of a new disk.

Lotus and Equifax officials said the program was misunderstood. It did not allow users to seek information on specific individuals. One could not ask for information on George Bush, for example. But ask for a list of executive males who earn at least \$200,000 a year, live on the East Coast and carry an American Express card (even if it is just for identification) and presto! The list would include George Herbert Walker Bush, age 65, 1600 Pennsylvania Avenue, Washington.

Alan F. Westin, professor of public law and government at Columbia University in New York, said he expected that "by the year 2000 we will use only consensual data bases." He said he expected that "consumers will be compensated" for the use of their private information.