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## **To Opt-In Or To Opt-Out? It Depends On The Question**

Permission marketing requires consumers' consent before a Web site can track them with cookies, or send them marketing e-mails, or sell their data to another company. Yet a study by CyberDialogue found that 69 percent of U.S. Internet users did not know they had given their consent to be included on e-mail distribution lists. Here's how it's done. Using the right combination of question framing and default answer, an online organization can almost guarantee that it will get the consent of nearly every visitor to its site. Although lists of people who have supposedly opted-in for permission marketing schemes are valuable sources of revenue for Web sites, high response rates alone do not mean these lists contain valuable customers.

In Johnson, Bellman, and Lohse (2000) we systematically exploring the influence of question framing and response defaults on consumers' apparent privacy preferences in two online experiments. The participants in these experiments were members of the Wharton Virtual Test Market, an online panel of over 30,000 Internet users representative of the U.S. Internet population. The results of our experiments highlight the need for all online consumers to pay close attention to what they "agree" to when they send responses to a Web site.

If consumers had fixed policies about the privacy of their data, then asking them to opt-out or opt-in to a Web site's privacy policy would make no difference to their answer. However, evidence suggests that most consumers decide how much of their private information to release to a site on a case-by-case basis. The problem with making up your mind on the spot, though, is that the answers

you give are often influenced by the way questions are asked, as a long history of decision-making research shows (e.g., Kahneman and Tversky, 1984). We found that simply framing the question as an opt-out instead of an opt-in changes privacy preferences. Also, privacy policy questions are often displayed with a “yes” response checked by default. Default answers take advantage of inattention, cognitive and physical laziness, and the tendency of decision makers to view the default as the standard of comparison, or as the popularly endorsed or correct answer (Samuelson and Zeckhauser, 1988). We found that if marketers wanted most people to say “yes” to their privacy policy, all they have to do is make the answer “yes” the response that would be recorded if a consumer takes no action.

Figure 1 shows two variations of a question that asked 134 respondents to an on-line survey about health care whether they wanted to be contacted with further health surveys. Both questions used the checkbox format commonly employed by Web sites when asking consumers whether they want to opt-in or opt-out of permission marketing schemes. Individual respondents saw only one version of the question, either asked positively (opt-in: “Notify me about more health surveys”) or negatively (opt-out *before* data are used: “Do NOT notify me about more health surveys”), with the checkbox blank. Next to each question we’ve shown what the result of accepting the default answer to the question would be, and the percentage of respondents who saw that question and agreed to receive further emails.

<i>Question</i>	<i>No-Action</i>	<i>Default</i>
<i>Participation</i>		
(1) <input type="checkbox"/> Notify me about more health surveys.		Not Participate
48.2%		
(2) <input type="checkbox"/> Do NOT notify me about more health surveys.		Participate
96.3%		

**Figure 1. Checkbox format questions for participation in health surveys**

Clearly, how the question is asked makes a substantial difference, as the percentage of people agreeing to be contacted for future surveys is not the same across questions. The opt-in question, where the no-action default is to not participate, produces a participation rate (48.2%) half the size of the opt-out question (96.3%), where the no-action default is to participate. Interestingly, we achieved these effects when our question was set in the same large typeface as the rest of a form on which on which our participants had to answer every question. Defaults and framing are likely to have even more impact when, as is often the case, the question is set in a miniature font, or answering most questions is optional, or the implications of answering are buried in a large privacy policy document.

We also investigated the less commonly used radio button input format, which allowed us to measure both the options--“yes” and “no”--for a question framed either positively (opt-in) or negatively (opt-out). It also allowed us greater flexibility when manipulating the default option. For example, we could set both options to be blank, so that neither agreement nor disagreement with the question could occur by default. We could then compare the rate of participation

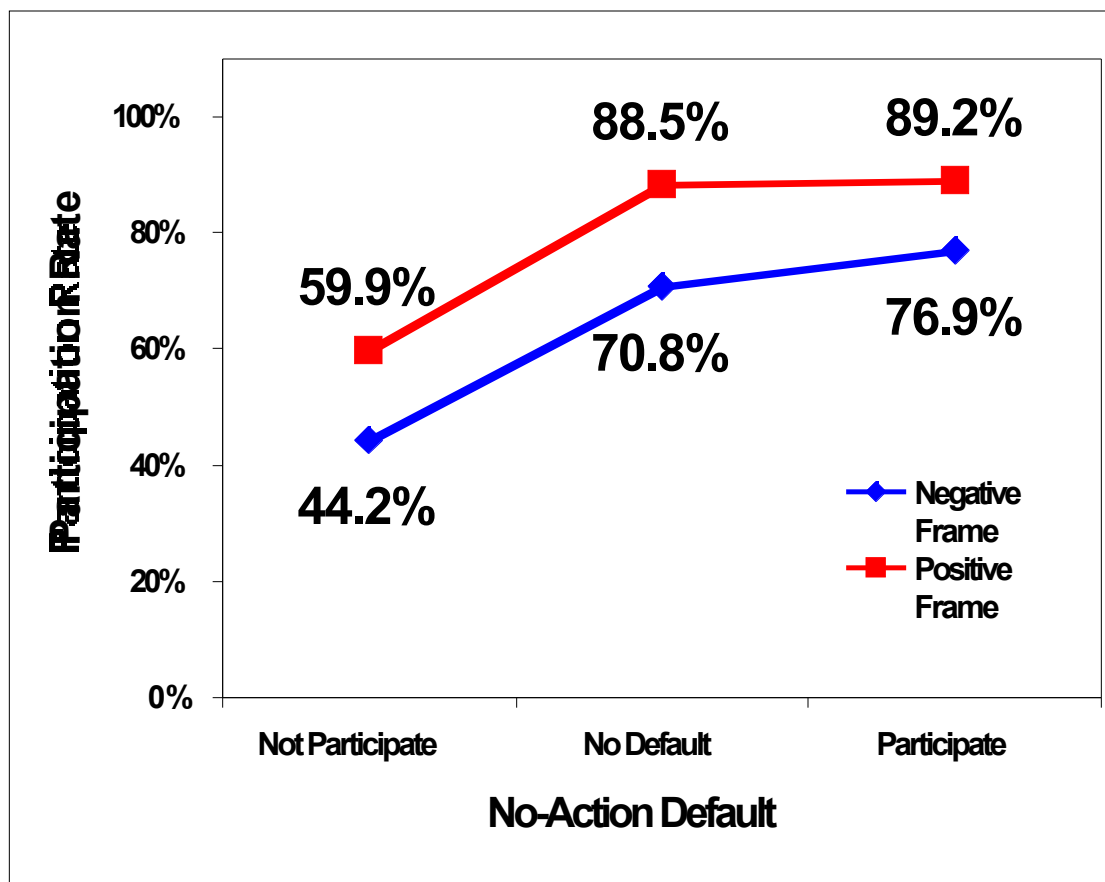
when people were given the option of doing nothing (accepting “yes” or “no” answers checked by default) with the situation where people were forced to actively make a response (the health questionnaire couldn’t be submitted if both “yes” and “no” were blank). Figure 2 lists the questions we asked a further 235 respondents and their resulting participation rates.

<i>Question</i>	<i>No-Action Default</i>	<i>Participation</i>
(1) Do NOT notify me about more health surveys.	Participate	76.9%
<input type="radio"/> Yes <input type="radio"/> No		
-----		
<input type="radio"/> Yes <input type="radio"/> No		
-----		
<input type="radio"/> Yes <input type="radio"/> No		
-----		
<input type="radio"/> Yes <input type="radio"/> No		
-----		
<input type="radio"/> Yes <input type="radio"/> No		
-----		
<input type="radio"/> Yes <input type="radio"/> No		

**Figure 2. Radio button format questions for participation in health surveys**

Again, the way the format of the question produced sizable differences in participation. Looking first at the more considered responses, where neither “yes” or “no” was checked by default and respondents were forced to actively indicate their preference, we again see an effect of framing. With the radio button format, more people respond to the positive (opt-in) framing rather than

the negative (opt-out) framing (88.5% vs. 70.8%). When no-action default responses are allowed, participation goes down about 20% when doing nothing results in no participation, for both the positive and negative framings (to 44.2% and 59.9% respectively). In contrast, when doing nothing results in participation, participation increases by 6.1 percent for the negative framing, but by less than one percent for the positive framing (Figure 3). [Word count: 126]



**Figure 3. The influence of framing and no-action default settings on participation rate.**

Our experiments show that the format of privacy questions can influence consumers' apparent agreement with privacy policies. Opting-in does not equal

opting-out, and answers are influenced by the default option. Our research has implications for privacy regulation currently being considered in the U.S. and the implementation of the opt-in policy stipulated by the European Union Data Privacy Directive. Regulation that genuinely aims to protect consumers from privacy infringement should also stipulate the form of the question asking for a consumer's consent. If the goal of policy makers and marketers is to separate interested from uninterested consumers, the best way of controlling the sizable effect of no-action defaults is to neutralize them as much as possible, that is, to use a radio button format with no defaults. Preferably, no data collection or use should occur until a definite answer has been received from the consumer. Web sites could get answers immediately by forcing response, as we did in our second study. The question of which frame is most appropriate is more difficult. No-action defaults did not substantially increase participation in our second study, suggesting that participating in future surveys (for which prizes would be awarded) was very popular with our participants. For less popular outcomes, such as receiving marketing emails, the frame used could artificially increase participation.

While this research does not conclusively identify the single best way of asking privacy questions, it does make some suggestions about better ways of doing it. More importantly, perhaps, we show that how you ask the question matters. The opt-out policy likely to be introduced as a baseline privacy law in the next session of the U. S. Congress disagrees with the opt-in policy employed by the EUDPD. The research we describe here shows that this difference is not

just a political difference, but also one that makes a substantial difference to the number of people who participate in the kind of activities, such as cross-selling, customization and e-mail marketing, that are thought to be the sources of profitability for electronic commerce.

### **References**

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