**Chapter 15: Social and Regulatory Issues: Privacy, Security, and Intellectual Property**

**MULTIPLE CHOICE**

1. Among the actions businesses should take to improve trust in themselves and their brands are:

a. align their business mission with the social good.

b. conduct advertising campaigns to tell why they should be trusted.

c. neither of the above.

ANS: A REF: p. 410

1. Actions taken by consumers to protect the privacy of their data include:

a. boycotting websites.

b. email campaigns.

c. rejecting cookies.

ANS: C REF: p. 411

1. The dimensions of trust on the Internet include:

a. organizations that monitor behavior of websites.

b. security of personal data.

c. public relations activities of enterprises.

ANS: B REF: p. 411

1. Brands that are trusted by Internet consumers benefit by:

a. reduced cost of customer acquisition.

b. wider visibility.

c. more visitors to their websites.

ANS: A REF: p. 411

1. Which of the following online marketing activities is most disliked by consumers:

a. banner advertising.

b. email newsletters.

c. behavioral tracking.

ANS: C REF: p. 413

1. What actions are marketing trade groups taking to try to calm the concerns of consumers about behavioral tracking:

a. educating consumers about online behavioral advertising.

b. introducing an icon for advertisers who comply with industry policies.

c. both of the above.

ANS: C REF: p. 414

1. What kinds of data do consumers tend to consider sensitive?

a. health-related.

b. goods and services purchased.

c. websites visited.

ANS: A REF: p. 416

1. Privacy on social networks:

a. presents difficult issues for both consumers and marketers.

b. is guaranteed by the social networks.

c. is not generally an issue of concern.

ANS: A REF: pp. 416-417

1. In the United States, laws have **not** been passed regulating the collection and use of personal information about:

a. financial activities of consumers.

b. people over 65 years of age.

c. information collected from children.

ANS: B REF: pp. 419-422

1. \_\_\_\_\_\_\_\_ is the law that protects the medical data of patients.

a. FTC

b. COPPA

c. HIPPA

ANS: C REF: pp. 422-423

1. Among the business practices recommended by the Federal Trade Commission are:

a. greater transparency in consumer data collection policies and practices.

b. a standard privacy policy to be used by all business entities.

c. survey consumers about their attitudes toward the company’s privacy policies.

ANS: A REF: p. 423

1. \_\_\_\_\_\_\_\_ is one of the fair information practice principles.

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| --- | --- |
| a. | Choice |
| b. | Authentication |
| c. | Entitlement |

ANS: A REF: p. 424

1. A true statement about consumer practices related to the security of their data is:

a. most users are confident that they can identify a phishing email.

b. most users are not sure they are protected from malware.

c. neither of the above.

ANS: B REF: p. 428

1. Software that tracks consumer's activities on the web, usually without their knowledge, is called:

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| --- | --- |
| a. | openware. |
| b. | spyware. |
| c. | traceware. |

ANS: B REF: p. 428

1. \_\_\_\_\_\_\_\_ is generally considered the most important data security problem on and off the Internet:

a. Viruses

b. Spam

c. Identity theft

ANS: C REF: p. 430

1. The law that attempts to bring intellectual property regulation into the digital age is:

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| --- | --- |
| a. | Fair Information Practices Law. |
| b. | Treaty of Rome. |
| c. | Digital Millennium Copyright Act. |

ANS: C REF: p. 431

1. Which of the following are is **not** a true statement about intellectual property issues on the Internet?

a. P2P file sharing is acceptable in the eyes of copyright law.

b. The Internet has magnified the problem of protecting intellectual property.

c. Businesses show little concern for intellectual property protection.

ANS: A REF: pp. 431-432

1. Creative Commons is a:

a. government program to protect intellectual property.

b. voluntary alternative to traditional copyright law.

c. oftware program that protects against malicious content.

ANS: B REF: p. 433

**TRUE/FALSE**

1. Trust, always at the heart of our economic system, has become even more important in the Internet Age.

ANS: T REF: pp. 410-411

2. Businesses have a long run competitive advantage as a result of having trusted brands.

ANS: T REF: p. 411

3. The rise of social media has added another dimension to consumer concerns about the privacy of PII.

ANS: T REF: p. 412

4. There is no way for Internet sites to collect data about consumers without the consumers being aware that data is being collected.

ANS: F REF: p. 413

5. When consumers are informed about the nature of behavioral tracking they become more comfortable with its use.

ANS: F REF: p. 413

6. Consumers consider all personal data to be roughly equivalent in terms of its sensitivity.

ANS: F REF: p. 416

7. Marketers are not able to collect much useful consumer data from social networks.

ANS: F REF: pp. 415-416

8. In recent years users have become concerned about the privacy of PII on their mobile devices.

ANS: T REF: p. 418

9. The provisions of COPPA apply only to children under 6 years of age.

ANS: F REF: p. 422

10. Financial services institutions in the U.S. are required by law to notify consumers about their privacy policies.

ANS: T REF: p. 421

11. Privacy policies should be prominently posted on the corporate website.

ANS: T REF: p. 423

12. Under the fair information practice principles the consumer should be able to obtain redress for injuries suffered as a result of business violations.

ANS: T REF: p. 424

13. Privacy seals are part of the U.S. government's program to increase Internet security.

ANS: F REF: p. 425

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14. Fake websites can be set up for the purpose of stealing data such as credit card numbers.

ANS: T REF: p. 429

15. Identity theft is a consumer problem, not a concern of business.

ANS: F REF: p. 430

16. Intellectual property includes only works that have been legally copyrighted by the owner.

ANS: F REF: p. 431

17. Except for music, issues concerning intellectual property have not changed much as a result of the Internet.

ANS: F REF: p. 433

18. Creative Commons is an effort to promote sharing of content while protecting the rights of the creator.

ANS: T REF: p. 433

**ESSAY**

1. There are a number of actions that businesses can take to increase the level of trust that consumers have in them. Identify three specific actions and explain why they are important in creating trust.

ANS:

Being transparent about data collection and use, via privacy policies and other actions, is one way. Use of one or more privacy seals may be another. Adhering to the FIPPA, and making that known to consumers, would be another. Being vigilant about data security, and again, making this evident to consumers is another. There is probably nothing more damaging to corporate trust than a well-publicized data breach? Should they not use behavioral tracking, adware and spyware? It would be difficult to target ads without the behavioral tracking allowed by adware, but companies could probably do without spyware. Less obviously, but perhaps equally importantly, companies can be an active force in their industry supporting consumer-friendly data practices. They can also engage in programs that support the communities in which they have a presence and/or engage in cause-related marketing.

Trust takes long effort to build and can be destroyed quickly.

2. Consumers do not need to be concerned about the privacy of their PII on social networks. Take a position on that statement and give reasons that support your position.

ANS:

Most experts would agree that consumers do need to be concerned. The degree of concern is another matter. A cynic would say that consumers should not post any information—content, images, whatever—that they do not want to be shared.

On the other hand, businesses can and do collect a great deal of data about the activities of consumers on social networks. While that data is not supposed to be shared with other businesses without opt-in permission there is a lot of concern about data leaks between corporate accounts and various apps. The Facebook campaign manager example in the Social CRM section of Chapter 11 showed that it is possible for companies to obtain, with permission, all the activity data that Facebook has stored on them.

It is also true that consumers share with one another and that could open their data to sharing that has been authorized, not by themselves, but by their friends.

The opportunities for businesses to obtain data are many. It is up to the consumer to ensure that there is no damaging data that can be obtained.

3. There are several security issues that affect consumers. Choose two specific issues. Explain the nature of the issue, what consumers can do to protect themselves, and what business should be doing to protect consumers.

ANS:

Some of the issues include:

* Spyware and adware; what damage these actually do is questionable, but they are of concern to consumers.
* Phishing, pfarming, and spoofing are intended to defraud and are potentially quite damaging.
* Recent events imply that data security breaches, of data stored by organizations of all types, like the credit card breach of 2012 or even of data in transmission as in the earlier TJX breach, all show that intrusion into systems is a huge problem.
* Consumers are correctly concerned about theft of credit card and other financial information both on and offline.
* It could be that all of this equals the fear of identity theft.

While there are specific business actions that could be associated with each consumer concern, the imperative seems to be for organizations to upgrade the security of their systems and to stay one step ahead of disgruntled employees or outside hackers. That is obviously a huge undertaking.

4. Digital property rights represent a contentious subject among many groups associated with the Internet. Explain why it is a problem and how it affects both Internet users and businesses.

ANS:

Music is probably the context most students will use because they are more familiar with it. People want to enjoy the music they like and many are not too fond of the music industry. For instance, consumers have long complained that they have been forced to buy entire CDs to get only one song they like. iTunes has made that situation better; should it receive some credit for the fact that illegal downloading seems to have decreased a bit? Students may be aware of the degree to which some prominent rock groups have railed against illegal downloading, including support of SOPA in the U.S. Some individuals and groups going so far as to say that new music, new musical groups may not be able to evolve in an environment in which intellectual property is not respected. Publishers also have their obvious interest in this area.

Students may also be aware of the impact that IP issues, particularly the Digital Millennium Copyright Act, have had on information provision in libraries and in the way we supply information directly to them. They may also be users of on-demand and streaming media and have paid attention to the way that type of content is protected from illegal downloads.