



2010 Most Trusted Companies for Privacy: U.S. Consumers

Executive Summary

Independently conducted by Ponemon Institute LLC

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2010 Most Trusted Companies for Privacy

Study of Consumers in the United States

Prepared by Larry Ponemon, February 28, 2010

I. Executive Summary

We are pleased to present the results of our sixth annual Most Trusted Companies for Privacy Study. Ponemon Institute's Most Trusted Companies for Privacy is the only objective study that asks consumers to name and rate organizations they believe are most committed to protecting the privacy of their personal information.¹

Most Trusted Companies and Industries

- American Express earned the highest privacy trust rating among 229 organizations on our most trusted list. For the fifth consecutive year, American Express earned the highest privacy trust rating from consumers throughout the nation.
- Consumer products, healthcare and package and delivery services are the most trusted industries.
- New entrants to this year's top 20 include AT&T and WalMart have joined this year's top 20 list of most trusted companies for privacy.
- Google and Weight Watchers, not listed last year, have once again joined the top 20 most trusted companies for privacy.

We believe this research is an important measure of how consumers perceive the trustworthiness of privacy and data protection practices of organizations. While perception data is never a perfect substitute for reality, in our experience the aggregated trust ratings of specific companies or brands is an unambiguous and important indicator. In short, organizations should view the public's favorable ratings as an achievement.

We offer one cautionary note about the results of the 2010 Most Trusted Companies for Privacy study. Based on previous consumer studies we have conducted, we have found that consumer perceptions about privacy and trust can be influenced by a number of factors. In fact, the ratings may not reflect at all the actual privacy practices of the company and its efforts to protect the personal information of its customers and employees. Further, what a company does in the area of privacy and data protection can be invisible to the customer until he or she experiences a problem and seeks redress or has a question about the organization's privacy and data protection practices that needs to be answered.

Some factors influencing consumers' perceptions about a company's privacy commitments may include favorable or unfavorable opinions about a brand or product, personal experiences with a website, and how well the company's advertising messages resonate with them – especially if privacy and protection of identity are included in the promotion. Trust also may be earned when a customer receives exceptional value from goods or services received. We also believe media coverage of companies experiencing data breach or other privacy-related snafus affect not only an individual company but the industry category as well.

¹ Please note that the results of this study have been used to determine an annual most trusted for privacy award co-convened by TRUSTe and Ponemon Institute.

II. Survey Method

Our Web-based research study asked respondents to name one to five companies in 23 different industries they believed to be the most trusted when handling their personal information. Our survey procedure also asked respondents to name one to five companies they believed to be least trusted when handling their personal information. Actual company names were not provided in the survey instrument to allow each participant to freely select the organizations believed to be most trusted for privacy.²

Participants were asked to apply the following definitions when determining the companies they trusted most for privacy:

- Personal information – Information about yourself and your family. This information includes name, address, telephone numbers, e-mail address, Social Security number, other personal identification numbers, access codes, age, gender, income and tax information, purchases, website preferences, health information, account activity and many other pieces of data about you.
- Privacy trust – Your belief that the company is honoring its privacy commitments to you, and keeping your personal information safe and secure. This includes its commitment not to share your personal information unless there is a just cause or you have given your consent.

Our fieldwork ended on December 23, 2009, with the collection of 6,627 useable responses over a 12 week period. We asked participants to list one to five companies in various industry sectors they believe to be the most trustworthy for honoring their privacy commitments. According to their responses, we compiled a list of the most trusted companies for privacy. The aggregated list in our analysis contained 229 different company names, compiled from over 38,000 individual company ratings.³

Using the same ranking procedures as in our earlier studies, we carefully executed the following decision rules to compile this year's list of most trusted companies for privacy:

All companies with 20 or more individual positive ratings were included in our ranking procedures mentioned below.

A combined rating system composed of three ranking procedures was used to determine the overall rank of a given company. Following are the three different rating schemes:

- R1: The rank order of a given company based on the net positive responses. While this metric is unambiguous, it is biased. That is, larger-sized companies would be more likely to achieve a higher net response than small companies.
- R2: The rank order of a given company based on the percentage of "first place" ratings. This is an unbiased metric because the percentage is not associated with the size of a given company or brand name.
- R3: The rank order of a given company based on the ratio of positive to negative ratings. This metric is biased to favor smaller companies because they are more likely to have a fewer number of negative ratings than larger companies (thus cancelling out the size bias caused by R1).

²In earlier studies we provided the respondent with a choice of a free-form (contextual) field or selection of a given company from a pull-down menu sorted by alpha and industry. Generally, respondents found the free-form field rather than the pull-down list to be more usable.

³A total of 723 company names were captured from 38,082 individual ratings. A subset of 229 companies met the criteria for inclusion in this year's most trusted company for privacy list.

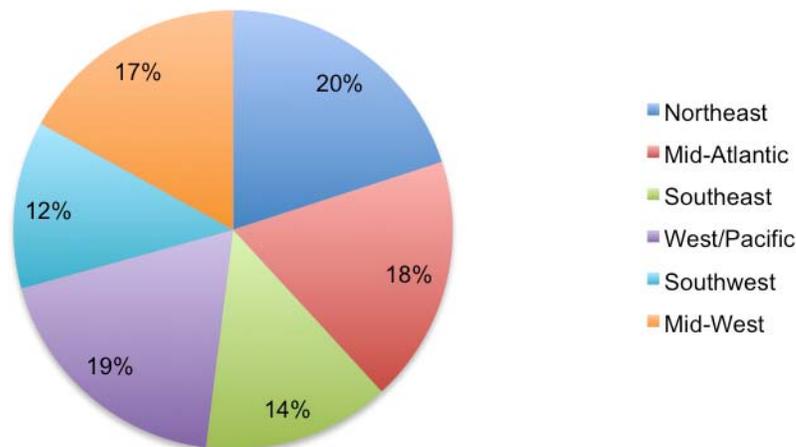
Because the focus of this work was the group of companies “most trusted” for privacy, all aggregated negative ratings were excluded from further analysis after compiling the master list of 229 of most trusted companies.

Table 1 shows this year’s sample and response statistics with direct comparison to last year’s results. As reported, our sample response rate is 6.1%, which is slightly lower than the 6.5% response rate achieved in our 2009 report. However, our final sample size increased to 6,627 from 6,486 usable responses because we increased our sampling frame (contact list) to almost 108,000 individuals. On average, respondents provide 2.99 favorable company ratings and 2.76 unfavorable company ratings. Both the favorable and unfavorable ratings were then used to derive the three separate ranks described above.

Table 1: Sample and response statistics	FY 2010	FY 2009
Total sample frame	107,932	99,145
Total responses	7,126	6,891
Total rejections	499	405
Net responses	6,627	6,486
Total positive & negative ratings	38,082	36,452
Average number of ratings per subject	5.75	5.62
Average number of positive ratings	2.99	3.01
Average number of negative ratings	2.76	2.61
Number of separate companies identified	723	706
Number of companies with > 20 positive ratings	229	211
Response rate	6.1%	6.5%

Pie Chart 1 shows the geographic footprint of respondents across all regions of the United States. Please note that this study only obtained information from people living in the United States (not including U.S. territories). Our sampling procedures attempted to screen out individuals who were below 18 years of age and who were not citizens or permanent U.S. residents. The largest segment includes individuals from the northeast (20 percent) and the smallest segment includes individuals from the southwest (12 percent).

Pie Chart 1
Sample distribution by U.S. geographic regions



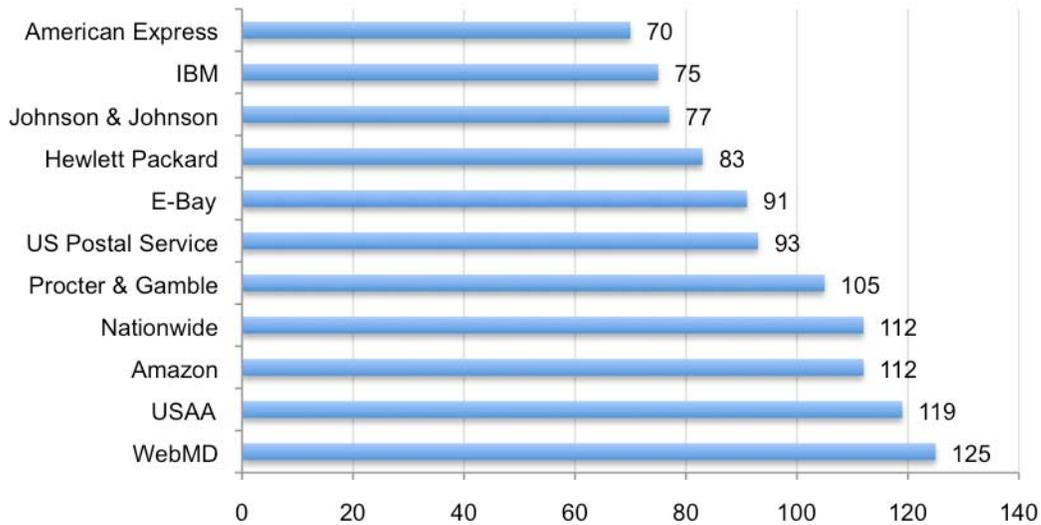
Fifty-two percent of respondents were female and 48 percent male. The average age of respondents was 34.1 years (median age at 35 years).

III. Results

Bar Chart 1 shows the top 10 list of most trusted companies in ascending order based on the combined rank scores described above. Eleven companies are displayed because of ties in combined rank scores for Nationwide and Amazon (both in eighth place).

As can be seen, American Express once again earns the top position in this year's study, followed by IBM, Johnson & Johnson, Hewlett Packard and E-Bay. USAA and WebMD have moved up in their combined rank scores from top 20 last year to this year's top 10 list.

Bar Chart 1
2010 top ten most trusted companies in ascending order by combined rank score



The number next to each bar reflects the combined score for the 10 most trusted companies for privacy according to survey responses. Thus, a low combined rank score is more favorable than a high combined rank score.

As shown in Bar Chart 2, the average trust score for the top 10 companies shown in the bar chart is 97. The average score for the top 20 companies is 129. The first quartile averages 213 points and the fourth (lowest) quartile averages 592 points.

Bar Chart 2
Average trust scores for the top 10, top 20, first quartile and fourth quartile of companies

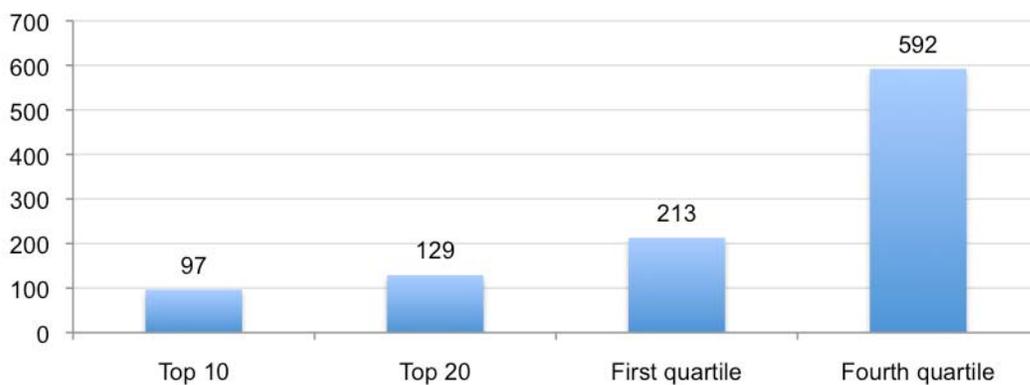


Table 2 lists the top 20 most trusted companies for privacy. Last year's results are shown for comparison purposes. As noted below, four companies ranked this year were not ranked last year – including Google, Weight Watchers, Wal-Mart and AT&T.⁴

Table 2: Top 20 most trusted companies for privacy	2010 Rank	2009 Rank
American Express	1	1
IBM	2	3
Johnson & Johnson	3	5
Hewlett Packard	4	6
E-Bay	5	2
US Postal Service	6	6
Procter & Gamble	7	7
Amazon	8	4
Nationwide	8	9
USAA	9	9
WebMD	10	13
Intuit	11	12
Apple	12	8
Disney	12	16
Google	13	Not rated
Verizon	14	17
US Bank	15	19
Charles Schwab	15	10
Weight Watchers	16	Not rated
Yahoo!	17	14
FedEx	18	18
Wal-Mart	19	Not rated
AT&T	20	Not rated
Dell	20	20

The following table lists 23 industry sectors in ascending order based on average trust rating. The top rated company for privacy trust for each industry sector is also listed.

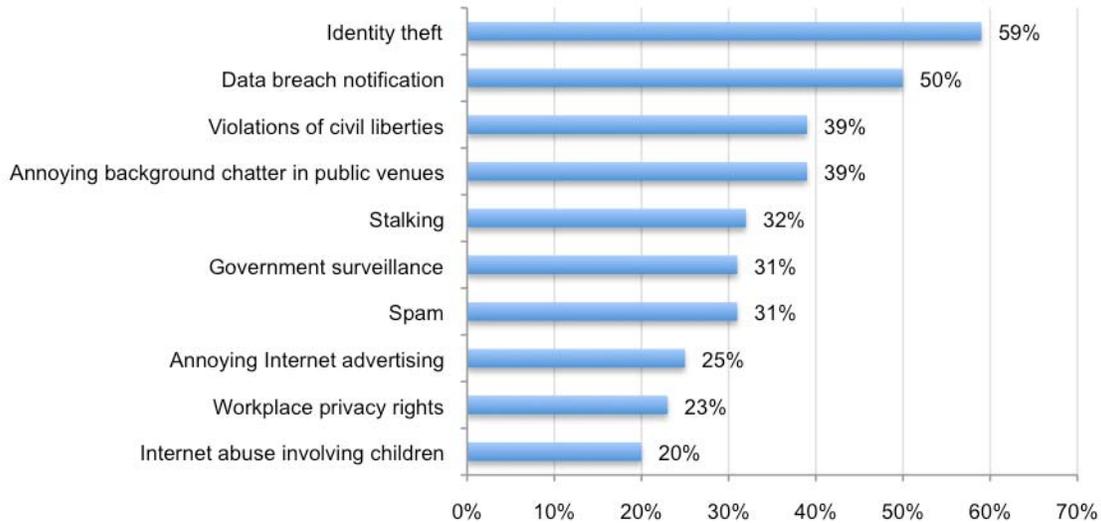
Table 3: top companies by industry sector					
Ran k	Industry	Top company	Ran k	Industry	Top company
1	Consumer products	Johnson & Johnson	13	Internet retail	E-Bay
2	Health care	WebMD	14	Retail	Wal-Mart
3	Package & delivery	US Postal Service	15	Automotive	Harley Davidson
4	Technology	IBM	16	Non-profit	ACLU
5	Insurance	Nationwide	17	Pharmaceuticals	Merck
6	Health & beauty	Weight Watchers	18	Hospitality	Starwood
7	Brokerage	Charles Schwab	19	Conglomerate	General Electric
8	Credit card	American Express	20	Electronics	Best Buy
9	Banking	US Bank	21	Food service	Trader Joes
10	Communications	Verizon	22	Children	Lego
11	Internet	Google	23	Airlines	Southwest
12	Entertainment	Disney			

⁴ While not rated last year in the top 20, both Google and Weight Watcher have been ranked in prior studies.

In general, consumer trust scores vary by industry, where consumer products, healthcare, and package and delivery services achieve much higher average ratings than airlines, children (toys and games) and, food service (grocery store) industries, respectively.

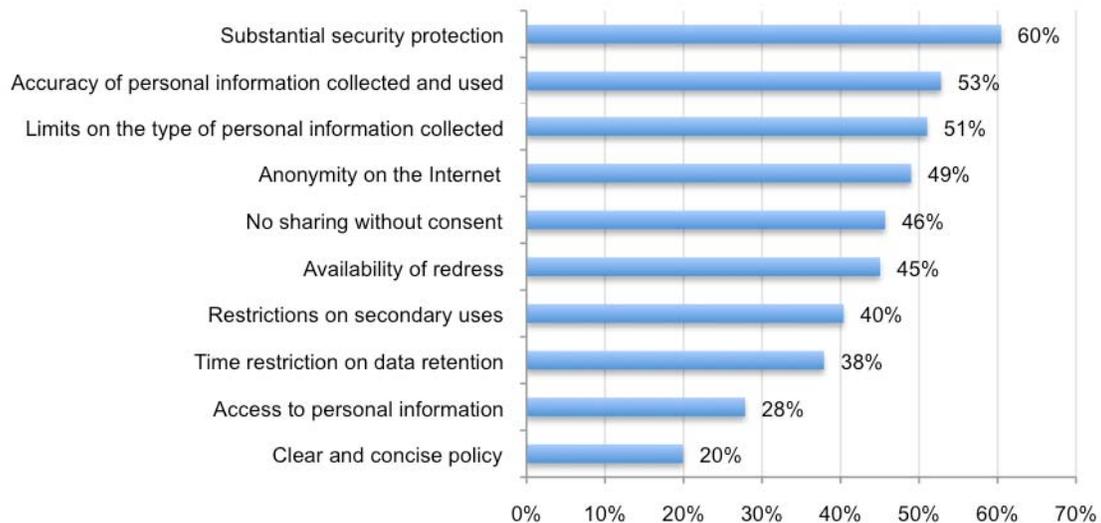
Bar Chart 3 shows ten (10) factors considered most significant privacy-related threats noted by consumers in this year's study. As shown below, fear of identity theft is the most significant privacy concern. Data breach notification, violation of civil liberties and annoying background chatter in public venues also rated as significant privacy concerns.

Bar Chart 3
What consumers consider the most significant privacy-related threats



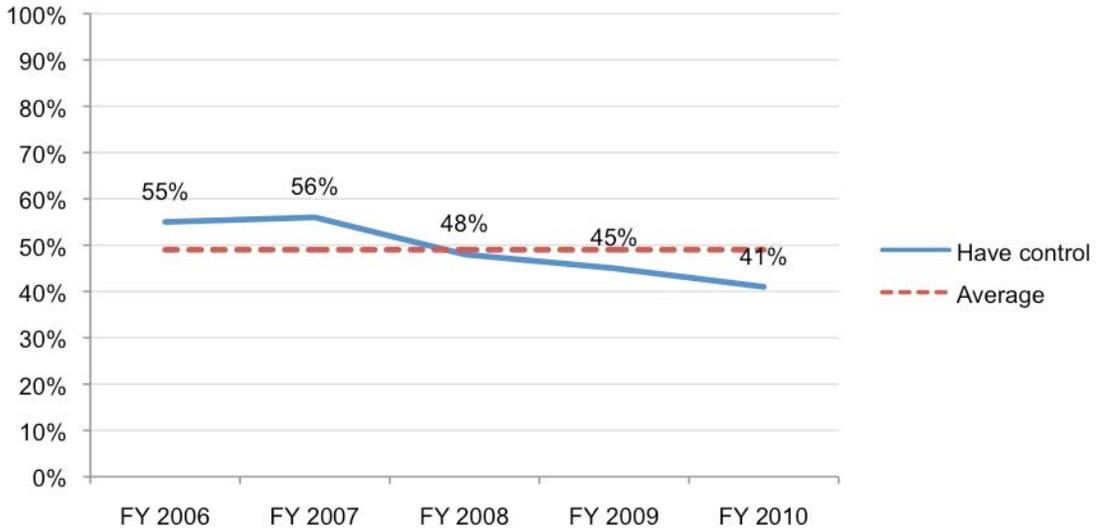
Bar Chart 4 reports the (10) privacy “features” consumers view as important to advancing a trusted relationship with business concerns. As can be seen, substantial security protection, information accuracy, limits on the type of information collected and anonymity on the Internet are viewed as the most important privacy features considered by consumers in our study.

Bar Chart 4
What consumers consider the most important privacy features



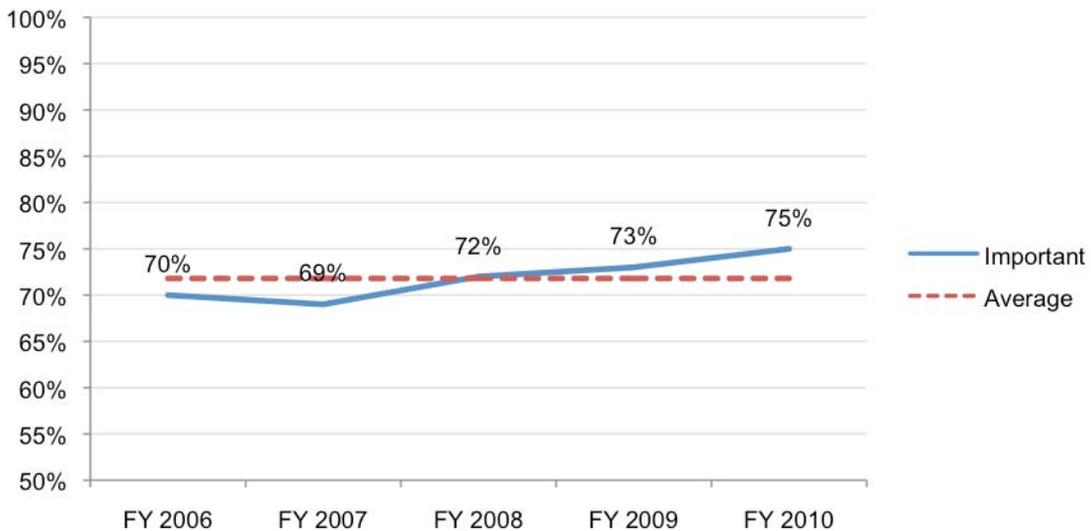
Line Graph 1 reports consumers' response to the question, "Do you have control over your personal information?" This graph clearly shows a decline (downward slope) in consumer beliefs over the past five years, thus suggesting they are not in-control of their data.

Line Graph 1
Consumers' sense of control over their personal information



Line Graph 2 reports consumers' response to the question, "How important is privacy and the protection of your personal information?" This graph clearly shows an increase (upward slope) in consumer beliefs over the past five years, thus suggesting they still care about their privacy and the protection of their data.

Line Graph 2
Consumers' belief in the importance of privacy and the protection of their personal information



The above findings suggest that privacy matters to consumers. We believe companies that implement responsible information management practices across the enterprise are likely to enjoy consumer support, loyalty and participation in marketing campaigns.

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Ponemon Institute
Measuring Trust in Privacy & Security

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