

TECHNOLOGY

Despite Privacy Inquiries, Germans Flock to Google, Facebook and Apple

By KEVIN J. O'BRIEN JULY 11, 2010

BERLIN — Chenchao Liu has 446 friends on Facebook, loves his iPhone 3GS and is obsessed with Google searches and maps.

In that respect, Mr. Liu, 21, is like many American college students. But Mr. Liu lives in Germany, a country whose strict data protection laws have spurred inquiries into the practices of Facebook, Apple and Google — the companies responsible for the products and services he enjoys.

He is one of the millions of users who have helped make the offerings successful in Germany.

“I think many people in Germany, especially those in my age group, do not have as many problems with data protection as the regulators are making out,” said Mr. Liu, who studies chemistry at Technical University in Munich. “What it all comes down to is personal responsibility. No one is forcing anyone to use any of these services.”

American technology companies are under close scrutiny in Germany. Google is being investigated for having errantly collected personal Internet information like e-mail passwords while doing research for its Street View mapping service.

Facebook is being investigated for collecting data on non-Facebook users from the mailing lists of active users. And Apple has been asked to explain what kind of information its latest iPhone 4 is storing on users and for how long.

Johannes Caspar, a data protection supervisor in Hamburg who is conducting the investigations into Google and Facebook, said his agency was trying to protect consumers from themselves. “The problem is that many people are unaware what is being done with their data,” he said.

Strict privacy laws are a product of the post-World War II reconstruction, when German lawmakers restricted the use of personal information to prevent the government from singling out citizens and persecuting them.

It is illegal, for example, to publish the image or name of any private person without permission. This includes felons, who are usually identified in the media by the initial of their last name only, like Klaus P.

That has not stopped Germans from flocking to a social networking site or downloading the latest smartphone applications.

As of May, Google controlled 92 percent of the online search market in Germany, compared with 65 percent in the United States, according to comScore, a research firm in Reston, Va.

Facebook has about 7.7 million users in Germany (which has a population of about 82 million), according to Inside Network, a research group in Palo Alto, Calif. All versions of the iPhone, including the iPhone 4, which went on sale in Germany in June, have sold out within days. Apple does not provide specific sales figures in Germany.

“What I think we have in Germany is a big disconnect between data privacy laws and consumer sentiment toward privacy,” said Felix Haas, the chief executive and founder of Amiando, a company in Munich that is the largest online event registration platform in Europe.

Amiando is a case in point. Its software is used by the concert promoters of German entertainers like Lena Meyer-Landrut, the winner of the Eurovision song contest this year, and even by the country’s own data protection officials, who registered online to attend their annual convention.

The regulators typed their names, addresses and other details into Amiando’s registration form and — if they wanted to receive offers on related events — checked a box authorizing the mailings. Amiando, like most German

online businesses, does not sell its data to third parties, but it makes its list available for focused mailings.

The American practice of selling customer names and details, Mr. Haas said, is legal in Germany but almost never used because “it would erode the trust we have built up.”

Yet more and more Germans are disclosing personal details if they can save money doing so. A retail bonus card, called Payback, has 19.4 million subscribers. In exchange for discounts at retailers, cardholders give Payback’s operator, Loyalty Partner of Munich, permission to send them offers.

The company scored a legal victory in August 2008 when the German supreme court, the Bundesgerichtshof, rejected a complaint from consumer protection officials who had claimed that Payback did not tell consumers enough about how it used their personal information in marketing efforts.

Dieter Weng, the president of the German Dialogue Marketing Association, a group of 800 businesses that includes online marketers, said Germany was unlikely to loosen its privacy restrictions.

But the need to encourage the growth of the Internet economy, Mr. Weng said, could help lower barriers for online marketing.

“I think Germans are concerned about personal data being misused by government or law enforcement,” Mr. Weng said. “But for behavioral or attitudinal data about customer preferences, people are more willing to share if they see an advantage in it for them.”

Peter Barron, a Google spokesman in London, said the challenge for regulators was to strike a balance between data protection and nurturing Internet businesses.

“If that balance isn’t right,” Mr. Barron said, “then users and businesses will lose out.”

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