A Review of Literature on Consumer Privacy Concerns and Behaviour

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ABSTRACT

The present study focuses on literature on how consumers perceive privacy mostly online, their concerns about privacy issues and how is their behaviour affected by their privacy concerns. Many studies on consumer privacy issues have been done in western countries to know the concerns of consumers towards privacy while very few studies have been done in India on this topic. So most of the literature in this study covers the studies conducted in Western part of the world. In this Data driven world consumers leave many traces of information online and offline and in the process of data collection and marketing by companies, consumers’ privacy is compromised. So by studying the literature many insights can come out about the perception of consumers towards the privacy which can be helpful for marketers and companies to better target consumers with tailored advertising without threatening the privacy of consumers.

Keywords: Privacy concern, information privacy, perception, behaviour.

INTRODUCTION:

Privacy concern, information privacy, perception, behaviour.

The term privacy is generally described as “the right to be let alone,” and is related to solitude, secrecy, and autonomy over personal matters or information. Privacy is contextual and subjective hence it differs from society to society. It has been found that both animals and humans seek a balance between seclusion and social interaction. For humans, this often takes the form of controlling disclosure of personal information. Most humans exist in some form of society. Societies, though, differ in the degree to which they balance the desire of their citizens to control disclosure of their personal information with the need to engage in surveillance to maintain the proper functioning of the society. (Clinton D. Lanier, Amit Saini 2008)

Arthur R. Miller said it’s difficult to define Privacy because it is exasperatingly vague and evanescent as a doctrine; it is all things to all men. (Arthur r. Miller 1970) Arthur Miller declares that "the basic attribute of an effective right of privacy is the individual's ability to control the circulation of information relating to him."

The concept of privacy has evolved with the rise of industrialization and automation. In the age of automation and information, privacy for humans is not only seclusion; it is also about how humans control the disclosure of their personal information. Humans as a part of society engage in social interaction and they often try to maintain a balance between solitude and interaction. People in different parts of the world differ in terms of how they want to share their personal information and the need to control their personal information. In the last two decades with the rise of globalization when the boundaries have shrunk among the nations and more and more goods and information is flowing among the nations with the help of technologies, organizations now need to focus more on their customers in order to stay competitive. Thus organizations across the world are now collecting vast amount of information about their customers.

For Consumers, privacy means autonomy over personal information, right to know how the information about them is collected and how it is being used. When consumers receive unwanted marketing messages in their mailbox or when they are targeted with the ads on their mobile phone which are irrelevant and improper are...
examples of invasion of consumer privacy. Consumers while buying the products or services enter into online or offline transactions with the companies. For this they have to give their personal information to the companies. Information collected about the customers helps the companies in better targeting and positioning of their products or services. Companies with vast amount of information about the customers can offer them tailor made products and offerings. This works fine for customers as long as the information about them is collected with their consent, but when the companies collect information about them without getting their prior consent or targets them with ads or messages which are intrusive or improper then their privacy is threatened.

HUAIQING WANG, MATTHEW K.O. LEE, AND CHEN categorized the personal information of consumers into two types based on their nature which are: personal information that is not expected to change dramatically over time can be referred to as static private information, such as referential information, historical financial information, health information, personal affiliations and beliefs, and personal documents. Other private information includes information that changes dramatically over time, but nevertheless can be collected and analyzed in such a way that a well-informed individual profile may be generated. This information is referred to as dynamic personal information, such as activity history and activity content. (Huaiqing wang, matthew k.o. Lee, and chen, 1998)

LITERATURE STUDY:

As the internet proliferated, companies sensing the great potential in internet and web started creating websites and portals to have online presence. Companies started to sell their products and services online. Consumers also had access to online information on products, services as well as convenience of online platform in buying the products and services. As the trend of online shopping and use of online services picked up, concerns of privacy of consumers’ personal information also started popping up. Since then many researchers have tried to study online privacy concerns of consumers, how consumers perceive privacy, in what situations and context consumers share their personal information and what are the effects of online privacy policies and brands reputation on consumers’ behaviour. Companies also collect consumers’ personal information offline but in the age of internet consumers leave most of the information on internet. Following literature covers above issues of privacy and from this literature certain insights can be drawn which can be helpful to companies in framing their privacy policies as well as targeting the customers with promotional messages without affecting the privacy of consumers.

Research has found that consumers’ willingness to transact online is affected not only by their concern for information privacy but under certain conditions risk perceptions and trust mediate consumer’s concern for information privacy. For well-known merchants consumers concern for information privacy affects their risk perception, trust and willingness to transact but not for less well-known merchant. Contrary to the common belief consumers may be willing to pay a premium for privacy. (Tsai JY, Egelman S, Cranor L, Acquisti A .2011). Privacy concerns are strongly related with distrust in firms. (Schumann, Von Wangenheim, and Groene 2014; Son and Kim 2008). Among consumers, males and females have significantly differentiated privacy disclosure patterns. Age has negative and significant relationships with disclosing breadth, and disclosing depth (Li, Kai & Lin, Zhangxi & Wang, Xiaowen. 2015). Gender has a positive association with confidence in privacy protection, but not in the dimension of release. Men are significantly better equipped than women with privacy technical sets but it is not the case in social aspect of the privacy protection. (Park, Yong Jin 2015)

Research on Internet users’ attitudes and behaviours towards information privacy shows that internet users dislike their personal information being collected and sold or distributed by organizations without their knowledge. Users see unsolicited emails as invasion of their privacy and they prefer anonymity on the internet. Moreover the behaviour that internet users display online is the lack of awareness of being tracked, not being consented and loss of control over information. (JAKOVLJEVIĆ, Marija 2017). In case of E commerce sometimes users’ privacy concerns can be a deterrent. One study showed that the majority of the online IT users today have serious concerns about their privacy and security while shopping on the Internet. Majority of them believe that advanced technology like encryption and other security features are not sufficient to reduce their privacy and security concerns. They are also concerned about safety and security of their emails. (Godwin J. Udo 2001).

There has also been surprising results in the case of consumers’ privacy preferences and their actual behaviour in E commerce. In one such study observing actual privacy behaviour of 171 consumers versus their self-reported privacy preferences revealed that consumers don’t behave in the way they say they will. In this study participants displayed a surprising readiness to reveal private and even highly personal information and to let themselves be ‘drawn into’ communication with the anthropomorphic 3-D bot. The conditions under which
participants ‘revealed themselves’ were therefore probably even more unfavourable in terms of privacy than a regular Internet interaction would be. According to this research consumers’ behaviour online is in contrast to their self – reported privacy attitude. It was shown, however, that while people do tend to provide less identification information, they do not alter their communication behaviour significantly in response to privacy statements, neither in disclosing their profile nor in navigation. (Sarah Spiekermann, Jens Grossklags, Bettina Berendt 2001).

In a study on Consumer Perceptions and Comprehension of Web Site Privacy Policies it was observed that paragraph-form policies are perceived to be more secure by users than other forms of policy representation, yet user comprehension of such paragraph-form policies is poor as compared to other policy representations. (Vail, Matthew & Earp, Julia & Antón, Annie 2008). When it comes to disclosing personal information online many factors might affect this behaviour, in a study to find the impact of Privacy policy, Reward and company reputation it was found that completeness of privacy policy and reputation of the company were found to reduce the level of concern over self-disclosure while the offer of a reward heightens concern for self-disclosure. However one contradiction was found concerning the offer of a reward. The situation in which the effect of reward reverses also needs to be examined. For instance, the type of information solicited and the type of reward offered by the company may moderate this effect. (Eduardo B. Andrade, Velitchka Kaltcheva, and Barton Weitz 2002).

Users’ behaviour might be affected by their concerns over online privacy issues. A research surveying 182 online shoppers asking them to recall a recent web site registration that required them to provide personal information online revealed that when consumers perceive some lack in business policy or government regulations regarding privacy, they will attempt to regain power balance through a variety of responses like fabrication of personal information, use of privacy-enhancing technologies and refusal to purchase. (Wirtz, Jochen & Lwin, May & Williams, Jerome 2007).

In addition to Consumers’ privacy concerns and willingness to share personal information a research study also examined antecedents associated with internet users’ privacy concerns thus incorporating all of these three variables in a model. Findings of this empirical study indicated that Internet users tend to feel more secure and safe at Websites that they perceive as more comfortable, convenient, and easy to use, and where they can recognize reliable third-party certificates or logos. However, the reputation of a Website will not directly allay the privacy concerns of consumers. This may be because the experience of most online shoppers has not yet accumulated to the extent that it supports a good reputation for Websites. Meanwhile, consumers who are less concerned about their privacy at a Website are more willing to share their personal information for marketing purposes. (Changi Nam, Chanhoo Song, Euehun Lee, Chan Ik Park, and Euehun Lee, Chan Ik Park 2006)

Consumers’ concerns over privacy are very diverse and they depend on the context in which information is asked. Socio demography, trust and political orientation are important in understanding users’ privacy concerns in different settings. Privacy concerns are more in applications like social media or debit card while applications of general nature produce less anxiety. Handling e-mail and searching for information do not bother the users to the same extent (Annika Bergström 2015). Another study has also shown that consumers’ concerns on privacy are situated and context dependent, they are not stable but constantly under social construction.

**Marketing and Consumer privacy concerns:**

For getting the benefits of personalized content online consumers sometimes reluctantly accept privacy invasive methods deployed by marketers. Consumers do express concerns over their internet privacy, but seem unwilling to take measures to prevent privacy-invasive procedures due to a perceived inevitability towards having online activities tracked. Consumers’ perception towards in-feed ads was found to be positive. (Richard Lindblad, Tän Sasivanij 2017)

When users feel they have more control over their personal information they are twice likely to click on personalized ads which have used more unique private information about users on social networking websites. (Tucker, Catherine E 2014). Many studies have shown that consumers having privacy concerns are also willing to share personal information for personalized online content or personalized e services. One study came up with the same findings and results indicated that the response of consumers to personalized services may vary significantly depending on the level of an individual’s privacy concern and willingness to share information. Also users sharing personal information had active e-shopping behaviour. (Lee, Seungsin 2015). Consumers’ attitude towards personalized communication will be negative when they have strong privacy concerns (Martin, Borah, and Palmatier 2017). Consumers are not aware and concerned about how their consent for receiving marketing messages or personalized content could result into breach of privacy. (Sameer Karimi, Yasen
Gerasimov Stoev, Olle Zander (2017)

It has been shown that consumers avoid marketing to protect their privacy. Solicitations by sellers directly impose privacy harm on consumers, and indirectly induce consumer costs of concealment and deflection. (Tom Lee, Sang-Yong & Png, Ipl & Hann, Il-Horn & Hui, Kai-Lung 2008). Consumers have very little knowledge of direct marketing practices and regulations. Males and young people are more likely than their counterparts to be aware of privacy-protection strategies. It is also found that Young people and people who dislike receiving direct marketing solicitations are most likely to use privacy protection strategies. (Dommeyer, Curt & Gross, Barbara 2003)

CONCLUSION:

Privacy has always been a debatable concept. In the context of business environment and consumers’ transactions with the organizations information privacy holds more importance. By looking at the literature on consumers’ privacy concerns it can be observed that consumers are not always aware about their privacy. Their privacy concerns are mainly about their loss of control over personal information, ineffectiveness of Government regulations and privacy policies, lack of trust in the companies and ineffectiveness of privacy protecting technologies.

It can be also seen from some of the studies that consumers’ actual behaviour is in contrast to their privacy preferences and attitude. Some findings also reveal that although consumers are concerned about privacy of their personal information, they will disclose their personal information or accept privacy invasive marketing methods to get the benefits of personalized content. It is also observed that when there is a lack of trust in website privacy policy, Government regulation of privacy, consumers will fabricate their personal information or will use privacy enhancing technologies. To protect their privacy consumers will avoid marketing. One interesting insight emerges is that when consumers feel they have control over their personal information on social networking websites; they are more likely to click on personalized advertisements which have collected more personal information about them.

Also the context in which information has been asked affects consumers’ concern for privacy. In case of financial transactions or social networking websites users’ concern for privacy is high. Consumers’ privacy concerns are constantly under social construction.

Implications of these insights for marketers as well as for companies are that consumers’ willingness to disclose personal information and their acceptance of marketing offers depends upon their trust in privacy policy, their consent and control over how their information will be used by companies and highly personalized and relevant content and offers. If companies can create better privacy policies with transparency and openness and take their consent and provide secure platforms for transactions they will be in a better position to gain the trust of consumers and retain customers for a longer period.

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