

**CONSUMERS' COGNITIVE, AFFECTIVE, AND BEHAVIORAL RESPONSES  
TO AN INVASION OF PRIVACY: ESSAYS ON UNDERSTANDING  
CONSUMERS' PRIVACY CONCERNS**

A Dissertation

by

MONA SRIVASTAVA

Submitted to the Office of Graduate Studies of  
Texas A&M University  
in partial fulfillment of the requirements for the degree of

DOCTOR IN PHILOSOPHY

August 2008

Major Subject: Marketing

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## ABSTRACT

Consumers' Cognitive, Affective and Behavioral Responses to Invasion of Privacy:

Essays on Understanding Consumers' Privacy Concerns. (August 2008)

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This dissertation focuses on the discrepancy between consumers' attitudes towards privacy and actual behavior. Although consumers increasingly protest against invasions of privacy, they routinely disclose more information than their disclosure intent. Firms make sizeable investments in acquiring consumer information because it helps them build and enhance customer relationships. However, some of the information acquisition occurs at the expense of consumers' privacy. Against this backdrop, understanding and being responsive to consumers' privacy concerns is critical.

Essay 1 focuses on consumers' thoughts and feelings underlying their intention to disclose or withhold information from firms. I use the Zaltman Metaphor Elicitation Technique (ZMET), a depth interviewing process that involves story-telling, sensory images, and vignettes based on psychodrama. The results reported are based on depth interviews of twenty consumers from a large city and mid-sized town in the U.S.A.

Essay 2 focuses on consumers' behavioral responses to an invasion of privacy from a social justice theory perspective. I use the Critical Incident Technique (CIT) in an online survey of 997 respondents to understand thoughts and feelings about privacy that drive the behavioral responses of consumers to an actual/potential invasion of privacy. I identify the antecedents and outcomes of consumers' information experience with firms. Additionally, I examine vividness effects to understand the extent to which consumer perceptions of likely outcomes due to firms acquiring and using information about them are influenced by media coverage of the issue.

Building on the findings of essays 1 and 2, I develop a model and working hypotheses for further empirical analysis. By examining the negative (i.e., violation of privacy) as well as positive experiences of consumers, I identify how consumers' attitudes towards firms acquiring and using information about them are focused on risks, whereas their behavior takes into account risks as well as rewards.

A better understanding of consumers' privacy concerns can be valuable to firms in personalizing their data acquisition and use strategies, customer communications as well as their overall customer relationship management (CRM) strategy.

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## CHAPTER I

### INTRODUCTION

Privacy, often referred to as secrecy or confidentiality, may well be old wine in a new bottle. The caveman hid to hunt prey as well as to avoid being prey. The workers who built the great pyramids of Egypt were often killed or trapped in the walls of the pyramid, in order to protect the secrets that lay within. From Mary, Queen of Scots, to the infamous Mata Hari, many have succumbed to a breach in privacy. Thus, privacy has been critical for success or even survival through the ages, albeit in differing forms, intensity, and underlying motivations. In marketing and public policy, an issue of growing interest is that while firms are aspiring to an 'intimate' firm-customer relationship, but this is increasingly being viewed as an intrusion by customers (O'Malley 1997). In fact, Boulding et al. (2005), while drawing a roadmap of customer relationship management (CRM) research, note that privacy issues detract from the ideal vision of CRM, which is the dual creation of value for both customers and firms.

As firms struggle for success or even survival in an increasingly competitive marketplace, the success of their marketing efforts increasingly depends on how well they understand their customers' needs (Jayachandran et al. 2005). This in turn, depends on the amount and specificity of individual-level consumer information to which firms have access (Nowak and Phelps 1992, 1995; Glazer 1991; Blattberg and Deighton 1991). While firms may intend to acquire information without pestering consumers, keep

it secure, and use it well, the incentives for sales and marketing to generate a lead and close a sale are not aligned with safeguarding consumers' privacy (Black 2004). Thus, consumer information has become so ubiquitous that Scott McNealy (The Industry Standard 1999), then CEO of Sun Microsystems declaration, "You already have zero privacy. Get over it." Nearly a decade after McNealy's famous declaration, given increasing protests over the loss of privacy, we cannot say that privacy issues are dead. Instead, we witness a strange privacy paradox – Americans express great concerns about privacy violations but they continue to engage in trusting behaviors that compromise their privacy and take little or no protective actions.

On the one hand, 75% of U.S adults go online and 50% have broadband access (Fox 2008, Horrigan 2006), spurring e-commerce and online financial transactions. Further, 48% of online users have bought something online with a credit card (Fox 2000) and 60% do not worry about how much information about them is available online (Madden et al. 2007). Indeed, in a recent Pew Internet survey, Madden reports that most Internet users do not take steps to limit access to their personal data. For example, 56% of online users could not identify 'cookies' that track their online behavior and only 10% had set their browsers to reject cookies (Fox 2000). This indicates that privacy may be easily compromised for potential benefits such as convenience and price discounts.

On the other hand, consumers increasingly protect privacy by using unlisted phone numbers, online aliases, adding their names to the "Do Not Call" list, and taking legal action, indicating that consumers remain concerned about privacy. In one study, 54% of Internet users believed that online tracking of users is harmful because it is an

invasion of privacy and 24% had provided a fake name or personal information (Hoffman Novak, and Peralta 1999). The business press also increasingly highlights such concerns about the loss of privacy which at times may be intentional [for example, firms such as Direct Revenue blasting consumers with their targeted pop-up advertisements (Elgin 2006)], or unintentional [for example, databases stolen from firms or government agencies (MSNBC 2006)]. The recent consumer furor over Facebook and Sears proactively providing or making available purchase information about users' friends and family, forced both companies to stop their marketing programs soon after launch (Vara 2008).

Bonini, McKillip, and Mendonca (2007) found that consumers mistrust companies due to lack of transparency in business practices. A Yankelovich (2004) survey of 2,600 U.S. adults found that 89% do not believe that retailers are doing everything they should to protect personal information and that 66% feel that if the opportunity arises, most businesses would take advantage of the public if they thought they wouldn't be found out. Not surprisingly therefore, 71% believe that protecting their personal information and privacy is more of a concern now than a few years ago. In particular 32% especially fear hackers and criminals accessing the information that firms have about them. Thus, lack of knowledge about firms' information acquisition and usage practices may fuel fears about privacy, even though as some critics argue, the actual incidence of unpleasant events may be modest and the incidence of criminal activities may be miniscule (Fox 2000). For example, Fox points out that fewer than 15% of all Americans (and 19% of all Internet users) have been victims of credit card

fraud. Moreover, 80% of these incidents were offline, even though 84% of online Americans worry that the threat to privacy is greater online than offline. In fact, since 2003, online credit card frauds declined from 2.5% to 2% in 2007 (epaynews 2008). Similarly, identity thefts also appear to be decreasing (from 10 million in 2003 to 8 million in 2007) (Privacy Rights Clearing House 2007). However, it must be noted that these statistics are of privacy invasions that consumers are aware of and report to authorities. There may be many more incidents where consumers' privacy may be compromised without the consumers' awareness. Hence, there is no reliable estimate of the extent of the problems posed by privacy issues.

Black (2004) argues that sound privacy practices can be good business, referring to a recent Harris Interactive study, wherein nearly 50% of consumers said that they would buy more frequently and in higher volumes from companies they know practice sound privacy practices. This dissertation focuses on understanding consumers' privacy concerns because firms make sizeable investments in information technology and systems that build and enhance customer relationships but also compromise consumers' privacy.

## CHAPTER II

### CONCEPTUAL BACKGROUND

Westin (1967) defines privacy as consumers' ability to control the acquisition and use of personal information. Privacy can pertain to physical privacy or information privacy (Westin 1967; Cespedes and Smith 1993; Bloom, Milne, and Adler 1994; Petrison and Wang 1995). In the context of this dissertation, privacy refers specifically to information privacy -- acquisition and use of information about consumers by firms. An invasion of privacy occurs when firms acquire and/or use personal information about consumers in a way that is unacceptable to them.

In the United States where companies are self-regulated, the Federal Trade Commission (2000) provides the following guidelines for fair information practice.

1. Notice: Companies must disclose their information practices to consumers before acquiring personal information about them.
2. Choice: Companies must provide options for consumers for the acquisition and use of personal information about them.
3. Access: Consumers must be able to verify the accuracy and completeness of the personal data that companies have acquired about them.
4. Security: Companies must take reasonable steps to protect data from unauthorized use.

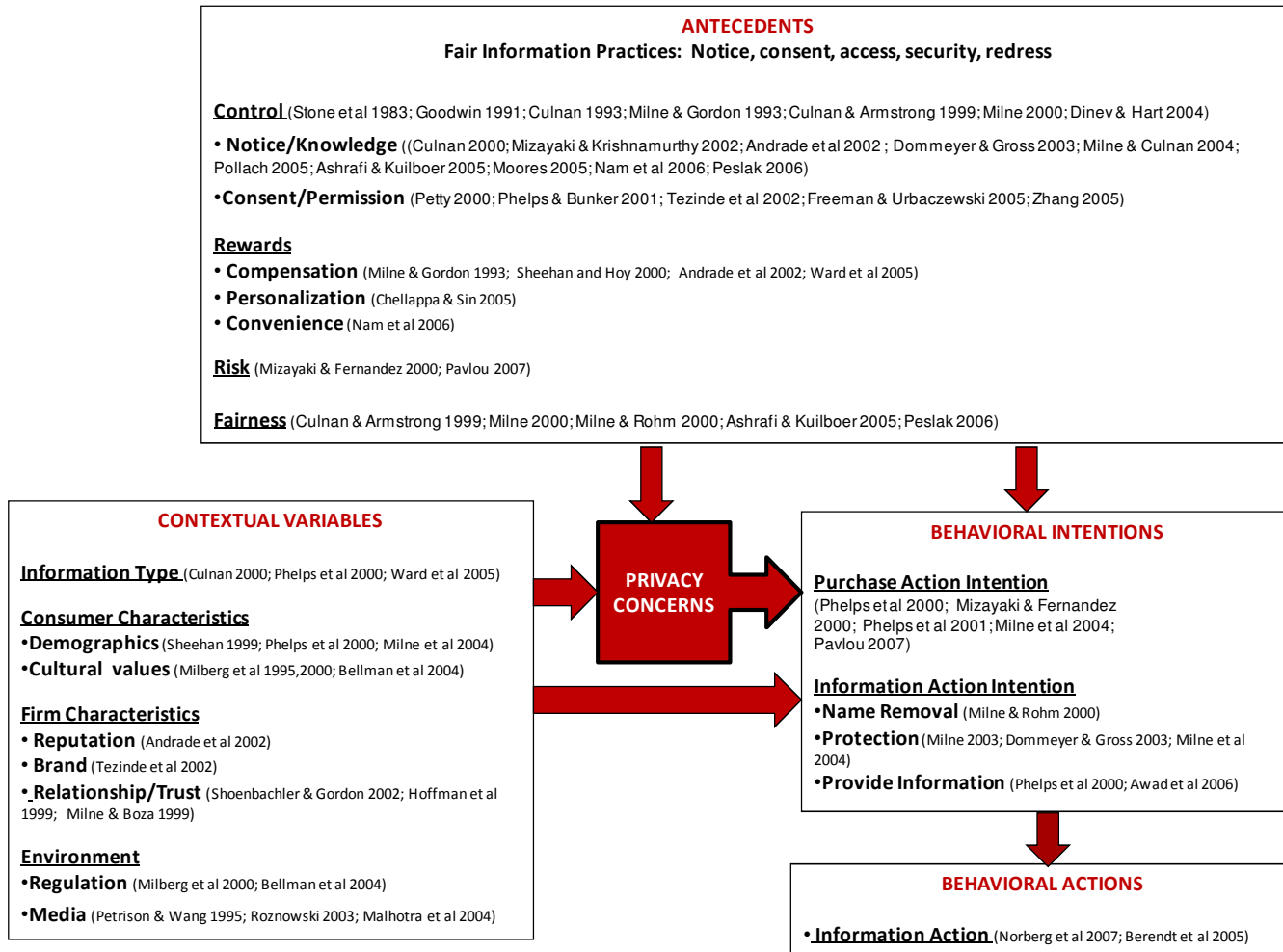
Prior research in privacy has focused mainly on the first two dimensions of fair information practices: notice and consent. Other antecedents of privacy concerns such as

consumer benefits/rewards, risk perceptions, and fairness perceptions, have received limited attention. A host of other variables such as information type, consumer characteristics (for example, demographics), and firm characteristics (for example, reputation and trust), have been examined for their direct effects on either privacy concerns or on behavioral intentions such as purchase intent, name removal from database, and adoption of security measures like firewalls. Although the main effects of these variables have been studied, careful consideration of the nature of these variables suggest that these are more likely to be contextual variables with possibly moderating effects on consumers' privacy concerns. Further, the predominant attention on outcomes has been on behavioral intentions. Only recently have some experiments explored behavioral action in terms of information disclosure as compared to intention to disclose information. Figure 2.1 provides an overview of the privacy research landscape -- what is known thus far about the antecedents and outcomes of consumers' privacy concerns.



**FIGURE 2.1**

**Overview of Prior Research on Consumers' Privacy Concerns**



## ANTECEDENTS OF CONSUMERS' PRIVACY CONCERNS

### **Control**

Giving consumers' notice/knowledge and seeking consumers' consent, relate to consumers' control over information disclosure, future use of information, and unwanted intrusions into the consumers' environment (Goodwin 1991; Milne and Gordon 1993; Culnan and Armstrong 1999). Control over personal information provides consumers with a sense of being treated as they have consented to being treated, which is in line with Kant's deontological approach to ethics where the means to achieve goals are as important as the goals themselves (Kant 1964).

An example of consumers' lack of control includes the widespread but legal practice of secondary usage of information -- when personal information collected for one purpose is subsequently used for a different purpose, without consumers' knowledge (Culnan 1993). One consequence of loss of control is consumers' perception of vulnerability (Dinev and Hart 2004), which in turn heightens privacy concerns.

**Notice.** Privacy notices are a common offline, as well as online, method of providing consumers with knowledge about companies' information practices. Though completeness of a privacy policy reduces privacy concerns (Andrade, Kaltcheva, and Weitz 2002), Culnan (2000) studied 361 websites and found that only 67% posted a privacy disclosure, of which just 14% were comprehensive. Additionally, a linguistic analysis of websites found that the language of privacy policies often obfuscated, enhanced, or mitigated unethical data handling practices (Pollach 2005). In view of Milne and Culnan's (2004) findings, in a large scale poll, that 51% of respondents

rarely/never read privacy policies, it may appear that privacy seals might be a more useful alternative for firms for providing reassurance to consumers about their trustworthiness.

Internet seals of approval (for example, TRUSTe) are a more heuristic way of providing confidence to consumers, but evidence about their efficacy thus far is contradictory. Moores (2005) notes that while respondents understand that privacy seals have something to do with promoting trust online, they are generally unaware of what a site must do to acquire a seal, or even what a genuine seal looks like. In Moore's online study, the 143 students sampled had online shopping experience but less than one third trusted a site with a seal. However, Mizayaki and Krishnamurthy (2002) studied 204 employed graduate students and found that seals do enhance consumers' disclosure and patronage rates even though seals have no bearing on companies' online privacy practices as reflected in their Web site privacy policies. Studying this issue with non-students would provide more generalizable insights for firms trying to adopt the most efficient and effective way of providing consumers with knowledge about their information acquisition and usage practices.

**Consent.** Technology has made it easier for firms to acquire and use consumer information with or without consumers' knowledge and/or permission. An increasingly popular way for doing this is using spyware. Indeed, the top 3 spyware firms in the U.S. claim that their software is installed on approximately 100 million PCs (Zhang 2005). However, consumers dislike spyware, not so much due to performance deterioration as to privacy concerns (Freeman and Urbaczewski 2005), and this has resulted in increasing

consumer protests against firms that specialize in amassing and selling large consumer databases.

Godin (1991) introduced the concept of permission marketing i.e., seeking consumers' consent, as a way of reducing privacy concerns by providing consumers with control over the information acquisition process. Sound policies such as transparency and permission marketing mitigate privacy concerns and engender trust (Cespedes and Smith 1993; Nowak and Phelps 1995; Milne and Boza 1999; Schoenbachler and Gordon 2002). The effectiveness of permission marketing is enhanced by relevant personalization, brand equity and prior relationship (Tezinde, Smith, and Murphy 2002).

### **Rewards**

There are mixed results for the consumers' value for compensation in exchange for personal information. On the one hand, Milne and Gordon (1993) and Sheehan and Hoy (2000) found that consumers are willing to disclose personal information in exchange for some economic or social benefit. On the other hand, other researchers have found that offers of compensation heighten privacy concerns (Andrade, Kaltcheva, and Weitz 2002; Ward, Bridges, and Chitty 2005). Note that all of these studies were conducted mainly with students and hence may not be generalizable. Rewards can also be non-monetary in nature for example personalization (Tezinde, Smith, and Murphy 2002) and convenience (Nam et al 2006). However, non-monetary benefits have received limited attention in prior research.

## **Fairness**

Aristotle's virtue ethics include courage, prudence, temperance and justice, of which justice or fairness is the highest virtue that helps balance all other virtues (Caudill and Murphy 2000; Pollach 2005). Though providing control to consumers by giving notice and seeking consent pertains to procedural fairness, research on the role of fairness in the privacy debate has been limited. This is unusual given that when consumers are treated fairly, such as being given voice and control over actual outcomes (Lind and Tyler 1988), they are more willing to disclose personal information for business use (Culnan and Armstrong 1999). Another aspect of fairness pertains to distributive justice, but the value of providing rewards (monetary or non-monetary) in return for consumers' information is still unclear as is evident in the discussion under 'rewards' about the value of compensation. The third aspect of fairness is interactional justice, although its impact on privacy concerns is yet to be explored. Conversely the mode of contact firms use for acquiring consumer information (telephone, email, and direct mail) has come under increasing scrutiny. Overmarketing to consumers by repeated and mis-targeted contacting, results in increased costs for firms that tend to get passed on to consumers (Petty 2000), but placing restrictions on contacting consumers also imposes higher costs on firms. For example, the strong consumer backlash against telemarketing resulted in subscription to the National Do Not Call Registry by 60% of consumers surveyed by the Federal Trade Commission. However, this led to higher targeting costs incurred by telecommunication firms, which was found to be passed on to consumers (Beard and Abernathy 2005). Apart from aspects of social justice, some research has also drawn

upon social contract theory which suggests a reciprocal relationship where firms offer advantages to consumers in return for the right to exist or even prosper (Milne and Gordon 1993; Culnan and Armstrong 1999; Phelps, Nowak and Ferrell 2000).

### **Risk**

Guarantees, alternative payment options, and providing knowledge about information acquisition, use, and data security, have been found to reduce information asymmetry and fears of seller opportunism, thereby mitigating consumers' risk and uncertainty perceptions (Pavlou, Liang, and Xue 2007; Mizayaki and Fernandez 2000). Although the basis of consumers' concerns about privacy is likely to be the risks that consumers bear when their information is "out there," prior research has assumed such risk perceptions, especially data security risks, without directly delving into the different types of risks that consumers bear and the differential impact of these on consumers' privacy concerns.

### **CONTEXTUAL VARIABLES FOR CONSUMERS' PRIVACY CONCERNS**

Several variables, described below, may be considered contextual variables, even though they have been examined for their direct impact on privacy concerns as well as outcomes, instead of as moderators in the relationship between the risks and rewards that consumers perceive and outcomes thereof. In support of the potential moderating role of these variables I offer some intuitive examples in the discussion below for each variable.

#### **Information Type**

Consumers are most willing to provide demographic and lifestyle information but less willing to offer financial information and personal identifiers (Phelps, Nowak, and Ferrell 2000; Ward, Bridges, and Chitty 2005). Although this may seem plausible, it is

also true that this does not apply to all contexts, for example if a firm offers benefits in exchange for information, our level of satisfaction may depend on the type of information the firms seeks. If financial information is sought, satisfaction is likely to be lower than if demographic information is sought because the latter appears to be less risky than the former. Further, if we were to find out that this firm has poor security measures in place, we may be reluctant even to provide demographic information.

### **Firm Characteristics**

**Trust and reputation.** Privacy concerns are likely to be lower if the company is trustworthy, has a good reputation, and builds a good relationship with consumers by acquiring only relevant information, and then using it to draw valid and reliable inferences about consumers (Hoffman, Novak, and Peralta 1999; Schoenbachler and Gordon 2002). The consumer-firm relationship depends on trust (Morgan and Hunt 1994), which is inextricably linked to consumers' privacy concerns, both as an antecedent as well as an outcome (Milne and Boza 1999). Trust not only impacts consumers' willingness to provide information, but also their perception of the relationship with a company (Schoenbachler and Gordon 2002). Trust, in turn, depends on firm reputation, perceived risk, credibility, and past experience with a company, all of which are important in shaping consumers' privacy concerns. While prior research has examined the role of trust and reputation on consumers' privacy concerns, how trust plays a moderating role in shaping consumers' experiences when firms acquire and use information about them, is not yet clear. For example, if a firm expresses relational cues

such as caring for its' customers, would the resultant information experience differ depending on whether customers have a priori trust in the firm?

### **Consumer Characteristics**

**Demographics.** Prior research has shown mixed results for the influence of consumer characteristics (for example, age, gender, income) on consumers' privacy concerns. For example, Sheehan (1999) found that women and older consumers were more likely to be concerned about privacy. But Phelps, Nowak, and Ferrell (2000) did not find any effect for gender, age or income. They only found that more educated consumers were likely to have greater privacy concerns. Although the effects of demographics on privacy concerns have been examined, their moderating effect on consumers' information experience remains to be explored. For example, if a firm has good security measures in place it is likely to lead to a satisfactory information experience, but would the level of satisfaction depend on demographics?

**Consumer values.** In the U.S, non-adherence by companies to fair information practices is increasing privacy concerns and this is further exacerbated by the high value that American consumers place on individualism and uncertainty avoidance (Milberg et al. 1995; Bellman et al. 2004). Thus, cultural values are likely to threaten the self-regulatory model that U.S. companies currently follow for fair information practices (Milberg, Smith, and Burke 2000). Studying the role of consumers' cultural values, not just with regard to privacy concerns but in the context of consumers' entire information experience with firms could shed light on differences in privacy regulation between nations. An Example of the moderating influence of cultural values is as follows:



Relevant personalization may result in satisfactory information experience for a consumer. For an American consumer with high value for individualism would personalization be more important than for a Chinese consumer with relatively lower value for individualism?

## **OUTCOMES OF CONSUMERS' PRIVACY CONCERNS**

### **Behavioral Intentions**

Privacy research has focused on behavioral intentions, such as purchase intentions, and information intentions, such as willingness to disclose information, name removal from databases, and adoption of protection strategies (Phelps, D'Souza and Nowak 2001; Milne, Rohm, and Bahl 2004; Pavlou, Liang, and Xue 2007), rather than consumers' actual behavior in response to an invasion of privacy. Such information actions were found to be adopted mostly by male, younger, more educated users (Dommeyer and Gross 2003; Milne, Rohm, and Bahl 2004), and those willing to be profiled for services or advertising (Awad and Krishnan 2006).

### **Behavioral Actions**

A few studies have recently emerged which examine consumers' actual behavior. Norberg, Horne, and Horne (2007) and Berendt, Gunther, and Spiekermann (2005), in experimental studies with students, determined that consumers routinely disclose much more information than their earlier stated intent. Examining consumers' behavioral reactions with a non-student sample merits urgent attention because at present, consumers' strongly negative attitudes pose legislative challenges for U.S. firms. Since consumers' behavior is observed to be more lenient than attitudes, it is possible that

increased awareness about behavioral actions could temper potential regulatory action by mitigating consumers' privacy concerns.

### **GAPS IN LITERATURE AND METHODOLOGICAL CHALLENGES**

Much like the seven blind men and the elephant, research on privacy issues has examined certain aspects within certain contexts. The focus has been mainly on consumers' privacy concerns instead of consumers' entire information experience due to firms' acquiring and using information about them. Since this stream of research is still in its nascent stages, this was appropriately the case until now. However, the time has come to take a broader world view of the issues underlying consumers' privacy concerns in order to realistically evaluate potential implications. This broadening of horizon requires a strong theoretical basis, if knowledge in this area is to expand and have an impact on marketing and public policy research and practice. Figure 2.1 depicts the current state of privacy research as described above.

Prior research has examined consumers' negative attitudes about privacy i.e., consumers' privacy concerns. On the behavioral side however, behavioral intentions have been examined, instead of actual behavior. Thus, a key lacuna in prior research is the inability to explain why actual behavior differs from expressed attitudes. This disconnect between attitudes and behaviors may be explored along several dimensions. First, most research in this area has been survey based, which studies consumers' thoughts about the issue but does not delve into the subconscious. Further, survey-based studies are hampered by the lack of a well-accepted scale for measuring privacy concerns. At present there is an over-reliance for measures of privacy concerns on words

such as *privacy*, *concern*, and *authorized use*. These words are likely to induce response bias leading perhaps to an over-reporting of privacy concerns.

Second, while a few studies have examined consumers' appreciation of benefits (for example, compensation and personalization), the predominant focus has been on the "dark side" of consumers' information experience (i.e., consumers' privacy concerns). Clearly, if consumers continue to transact with firms that acquire and use their information, examining the positive aspect of consumers' information experience may provide insights into why consumers disclose or withhold information from firms. Third, the role of emotions has been largely unexplored even though prior research on emotions (e.g, Roseman, Wietz, and Swartz 1994) suggests that emotions have goal tendencies and can influence behavior. Thus, examining how consumers *feel* about their information experience could illuminate consumers' behaviors.

Another issue that merits attention is how much of consumers' negative attitudes about privacy is based on actual personal experiences. Much like security issues, post 9-11, privacy issues could be casting "a long shadow," such that fears about what might potentially happen could drive consumers' thoughts, feelings, and actions even if the chances of such occurrences are low. Thus, a question of interest is whether people who have not experienced an invasion of privacy think, feel, and act similarly to people who have.

Some other issues that privacy research must address are methodological in nature. For example, much privacy research is in highly specific contexts, such as direct mail or website usage. Expanding this world view across different contexts to gain a

general understanding of consumers' information experience with firms would shed light on the privacy issue. For the field to grow, it is also important to delve deeper into consumers' psyches and explore their sub-conscious thoughts and feelings to explain the disconnect between attitudes and behaviors related to privacy. Thus, moving forward from what mainly surveys, some experiments, and a few case studies and focus groups have revealed, this may be an opportune time to apply phenomenological methods to improve our understanding of the privacy issue.

In two essays, this dissertation attempts to enhance our understanding of consumers' cognitive, affective, and behavioral responses to an invasion of privacy. The effort is to bring together what we already know and use grounded research to identify unexplored territory in order to enhance our understanding of the privacy issue.

The first essay addresses the following question:

- What do consumers **think and feel** about an invasion of privacy?

The second essay addresses the following questions:

- How do consumers **act** in response to an actual/potential invasion of privacy? In particular, which thoughts and feelings drive consumers' action(s) in response to an actual/potential invasion of privacy?
- Does personal experience influence how consumers think, feel, and act in response to an actual/potential invasion of privacy?

## **CHAPTER III**

### **ESSAY 1**

#### **CONSUMERS' COGNITIVE AND AFFECTIVE RESPONSES TO AN INVASION OF PRIVACY: A ZALTMAN METAPHOR ELICITATION TECHNIQUE BASED STUDY**

Research on privacy is especially challenging because the very act of agreeing to answer questions about their privacy concerns indicates that those consumers are more willing than others may be to divulge information about themselves. Further, the word privacy itself inherently has a negative connotation and questions using this word are likely to result in an over-reporting of privacy concerns for socially desirable reasons. Hence, to explain the discrepancy between consumers' attitudes (i.e., information disclosure intent) and behaviors (i.e., information disclosure), I explore consumers' thoughts and feelings about privacy in Essay 1, with a non-traditional in-depth interviewing process called ZMET (Zaltman Metaphor Elicitation Technique) (Zaltman 1997). Unlike traditional research methods such as surveys, focus groups, or even interviews that explore conscious thoughts, ZMET effectively uncovers deep rooted thoughts and feelings that drive behavior. Zaltman (2003) argues that thought is image, rather than word based, and that 95% of thought resides at a subconscious level. Indeed, while our senses process 11 million bits of information per second, our consciousness processes a mere 20 to 40 bits of information/sec. Eliciting thoughts and feelings from the subconscious might explain the gap between behavioral intentions and actual behavior.

ZMET is increasingly being used in marketing research for uncovering consumers' mental models, which are made up of both cognitive and emotional components (Ringberg, Odekerken-Schroeder, and Christensen 2007; Christensen and Olson 2002; Coulter, Zaltman, and Coulter 2001).

#### **METHOD: ZALTMAN METAPHOR ELICITATION (ZMET)**

ZMET uses storytelling, sensory images, and vignettes based on psychodrama, to elicit constructs via metaphors. I have undergone formal training for the ZMET at Olson Zaltman Associates ([www.olsonzaltman.com](http://www.olsonzaltman.com)) and conducted all interviews and subsequent data analysis myself. The respondents, briefed in advance, arrive at an advanced stage of thinking, ready to discuss their thoughts and feelings. The interview typically lasts for an hour and a half and utilizes two types of questions:

1. Laddering or Networking: This involves exploring the benefits and links between the concepts in the respondent's mental model.
2. Metaphor exploration: This involves exploring the meanings underlying the metaphors to uncover unconscious thoughts and feelings (Zaltman 2003). Metaphors represent one thing in terms of another, thus revealing cognitive processes beyond those in more literal language (Lakoff and Johnson 1980). The "surface metaphors" that we use liberally (5 to 6 per minute) in everyday language, exist within a context or organizing frame of reference. These contextual metaphors are called "thematic metaphors." In turn, thematic metaphors help uncover "deep metaphors," the automatic, universal, unconscious, mental concepts that guide thinking in a given area. The seven key deep metaphors are balance, transformation, journey, container, connection,

resource, and control and they account for 70% of all deep metaphors identified in consumer research (Zaltman and Zaltman 2008). Deep metaphors help us compare what consumers are actually experiencing with what they are saying about the experience. Indeed, contrary to the practice of finding differences amongst consumers and thinking about consumers in terms of product attributes, deep metaphors are based on the fundamental, emotional commonalities between people.

### **Sampling**

I recruited twenty respondents, ten each from a large city and a mid-sized town in the southwestern region of the U.S., by employing a snowball technique. Using purposive sampling, I obtained broad representation of different age, race, gender, and education groups. The respondents (Table 3.1) were reimbursed \$70 for participating in the interview. The respondent brief was as follows:

**Interview topic.** “Companies often have information about their customers. Sometimes customers are aware of this and sometimes not. I am interested in your thoughts and feelings about companies having information about you. When you think or hear about this, what thoughts and feelings come to mind?”

**Your role.** “About a week in advance, gather 6-8 pictures that represent your thoughts and feelings about companies having information about their customers. For example, in an unrelated project concerning making investments, a person brought in a picture of a military tank to illustrate the importance of safety. Bring the pictures to the interview.”

TABLE 3.1

## ZMET: Respondents' Profile

Alias	Gender	Age	Education	Race	Profession	Political Affiliation	Religion	I Read	I Browse	I Watch
Laura	F	32	PhD	Caucasian	Asst Research Scientist	Democrat	Agnostic	Shape, Houston Chronicle	Google	ABC, PBS, NBC
Carey	F	41	High School	Caucasian	Admn Asst	Republican	Christian	Eagle, Red book	American Diabetes Association, Target	Survivor, Fox, ABC News
Shawna	F	43	High School	African American	Custodian	Democrat	Baptist	Eagle, Ebony	None	BET, Encore
Jane	F	55	High School	Caucasian	Senior Office Associate	Republican	Baptist	People, Entertainment	Yahoo, MSN	Deal or No Deal, American Idol
Andrew	M	21	Undergraduate	Caucasian	Business Student	Liberatarian	Protestant	Wall Street Journal	Drudgereport, Rushlimbaugh, Theonion, Facebook	ESPN, Discovery, CSPAN2, USA
Cain	M	23	Undergraduate	Caucasian	Business Student	No preference	NA	Nonfiction (Philosophy)	ESPN	Daily Show, Colbert Report, Simpsons
Jack	M	30	High School	African American	Electrician	None	Baptist	None	Yahoo	Basketball Games
Luis	M	44	Bachelors (Economics)	Hispanic	Businessman	Republican	Catholic	Eagle	Yahoo, Google,	Las Vegas, Local News
Gary	M	53	High School	Caucasian	Cowboy/Ranch Foreman	No preference	Methodist	Western Horseman Texas Monthly	Yahoo	House, Comedies
Adam	M	70	Bachelors (Business)	Caucasian	Retd VP (IBM)	Republican	Christian	Eagle	Google, LLBean, Landsend, BestBuy, Continental	The Unit, NCIN, Lost, KBTX
Fabiola	F	21	High School	Hispanic	Jewellery Store Assistant	No Preference	Catholic	Fashion and celebrity magazines	Yahoo, My Space, Google	Sitcoms, Comedies, PBS
Charla	F	21	Undergraduate	Caucasian	Business Student	Liberal	Christian	Fort Worth Star Telegram, Glamor, Instyle	Google, Espn.com, Facebook	Greys Anatomy, MTV, Americas Next Top Model
Cathy	F	21	Undergraduate	Caucasian	Business Student	No Preference	Christian	Dallas Morning News	Google, Facebook	American Idol
Zoya	F	22	Bachelors (Finance)	Asian	Law student	Republican	Islam	Marie Claire, In style	Yahoo, Hotmail, Facebook,	NBC, Fox, PBS
Katherine	F	29	MBA	African American	Marketing, American Airlines	Independent	Christian	Fortune, Black Enterprise, Glamor	Yahoo	Everybody Hates Chris
Dana	F	50	Bachelors	Caucasian	Database administrator / medical	No Preference	Christian	Dallas Morning News,	none	Movies
Mary	F	51	Bachelors (Political Science)	Caucasian	Intl Ground School Instructor, AA	Republican	Christian	Dallas Morning News	None	PBS
Nabeel	M	26	High School	Asian	Businessman	No Preference	Islam	Star Telegram, Dallas Morning	None	Comedy, Sitcoms, HBO
Charlie	M	31	High School	Caucasian	Application Development Analyst & Tax preparer	Libertarian	Atheist	Car & Driver	Dallas Morning News,ESPN, Sports Illustrated	Iron Chef America, The Shield, ESPN, Science
Mark	M	52	Bachelors (Music)	Caucasian	Semi-retired. On Social Security	Republican	Mormon, Latter Day Saint	Time, Newsweek, Star telegram	Scrabble websites, Aptitude testing, Yahoo	None



## **Interviewing**

ZMET, like some other interpretive methods that use emergent design in interviewing, gets informants talking about a topic and thereafter informants themselves set the remaining course of the interview (for example, Fournier 1998) rather than a-priori determining a set of questions (for example, O'Guinn and Faber 1989). ZMET eschews the use of conventional discussion guides and the interviewer projecting him/herself into the narrative; rather, all questions follow up on ideas that the respondent expresses (McDonald 2005). Also, in line with photo elicitation techniques (see Heisley and Levy 1991 for a review) that have been found to stimulate deeply held thoughts and feelings and bring them to the conscious level, ZMET extends traditional projective techniques to provide insights into hidden minds (Zaltman 2002) by using pictures collected by the respondents to stimulate discussion.

The ZMET interview proceeds in eight steps:

1. **Storytelling:** The respondents discuss how each picture they have found relates to firms having information about consumers. The respondent-generated pictures are rich in meaning because their selection includes the respondent's existing mental models.
2. **Missed images:** Respondents describe pictures that they wanted to bring but could not find.
3. **Sorting:** Respondents group pictures into meaningful sets.
4. **Construct elicitation:** Respondents' key constructs, their antecedents and consequence are identified by laddering.

5. Metaphor elaboration: Respondents imagine a widening of the frames of selected pictures to describe what or who would now enter the picture.
6. Sensory images: Respondents describe their thoughts and feelings in sensory terms such as sound, touch, color, etc.
7. Vignette: Respondents imagine a short movie/story where the characters would include themselves, their information, and a firm.
8. Digital image: Respondents create a montage to bring forth assumptions, frames of reference, and decision rules. In this study, this step was substituted with verbal questioning.

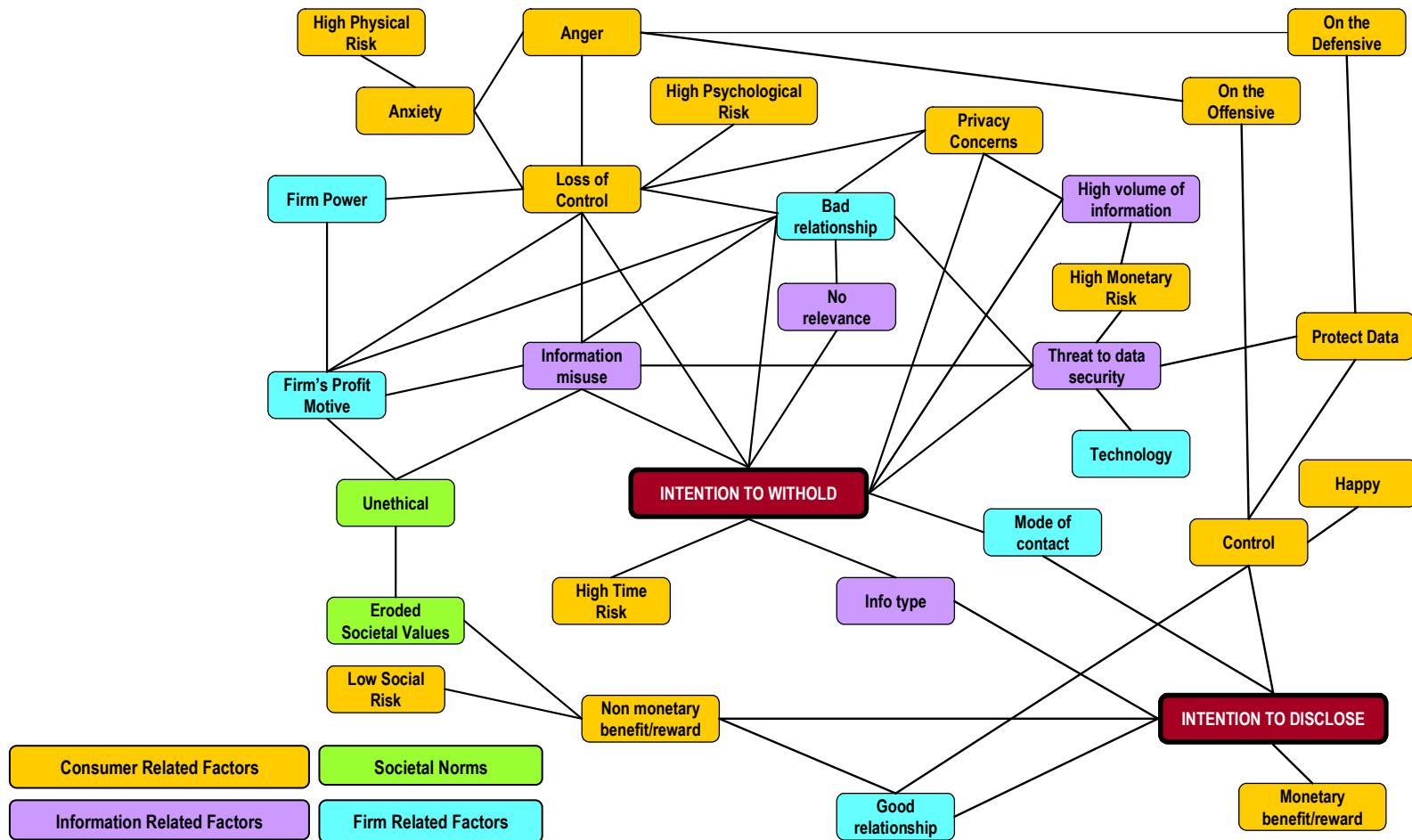
## **DATA ANALYSIS**

Data from phenomenological interviews was interpreted through a hermeneutic process that moves continuously between the personal and social-cultural contexts from each individual transcript and emerging understanding of the entire set of textual data (for example, Thompson 1997; Fournier 1998; Thompson 1997). The interpretive analysis was discovery-oriented where analysis of the narratives helps identify constructs and the broad themes. Symbols (pictures, sensory information, verbal metaphors, etc.) and their meanings were identified and linked to benefits and causes to uncover underlying thoughts.

Analyses of the vignettes helped in understanding how the symbols (respondent, firm, information, and any other object/person) interacted and influenced each other. From all of these, I created an exhaustive list of terms that grouped the respondents' thoughts and feelings into mutually exclusive constructs in a hermeneutic process in which newly encountered constructs inform previously identified ones. The 260 initially identified unique meanings were grouped into 60 broad constructs which were linked with one another and collapsed into dominant themes. This construct list guided the identification of ideas in the transcripts. When a construct was repeated multiple times in the form of surface metaphors, then it was identified as a deep metaphor. The constructs and their inter-relationships are visually represented in a consensus map (Figure 3.1). I used a software called Metaphoria to collate the 20 individual maps, such that the map contains 85% of the constructs and 16-25% of the linkages between constructs, mentioned by any one respondent.

**FIGURE 3.1**

**Affect and Cognitions for Privacy: Consensus Map of Constructs and Relationships**



## RESULTS

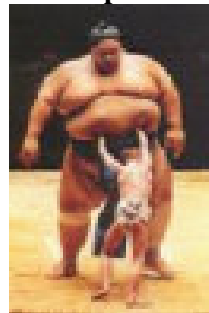
An overview of respondents' views of the privacy issue is followed by a four pronged categorization of constructs emergent from the data (Figure 3.1). These are factors related to (1) societal values, (2) consumers, (3) firms, and (4) information. Indeed, the impact of fairness/justice is evident in the verbatim accounts accompanying the other three groups in the categorization as well. The responses in this section come from numerous respondents.

Consumers' views of what constitutes an invasion of privacy ranges from being a way of life to being a violation akin to burglary or even rape (Figure 3.2). In line with attribution theory (Folkes 1988), consumers blame firms for negative outcomes, often likening marketing strategies to marketing scams that are aimed at "ripping off" consumers. The firm's power and the consumers' helplessness (Figure 3.3) results in a questioning of the firm's profit motive (Figure 3.4). Firms appear to be "ominous, omnipresent," grabbing consumer information in order to "... suck the blood out of consumers." Consumers perceive firms to be sneaky because their techniques of collecting consumer information change constantly, posing ever-new threats for consumers. Consumer resentment manifests itself as anxiety or even anger, resulting in offensive reactions such as complaining or defensive reactions such as hanging up on telemarketers or providing incorrect information.

**FIGURE 3.2****Violated**

*“When firms take my information they invade my privacy and I feel violated as a result of that... just like if a girl is raped, you know, that’s the inner most feelings.”*

(Jane. 55 yrs. Caucasian female. Senior Office Associate) [Example of being violated]

**FIGURE 3.3****Helpless**

*“They take information for collecting it...like a habit... It’s almost like them being a bully and wasting my time. So you’re demanding something from me you don’t need, you don’t want, you’re not even going to use, but you want me to give it to you in order to do a transaction.”*

(Mary. 52 yrs old. Caucasian female. Flight Instructor) [Example of seeking distributive

**FIGURE 3.4****Greedy**

*“Their (the firm’s) goal is to make money. Their goal is not to help you...”*

(Jack, 30 yrs. African American male. Electrician) [Example of seeking distributive justice]

The four pronged categorization of the constructs, as depicted in the consensus map (Figure 3.1), is as follows:

**Societal Values**

Respondents emphasized the role of materialism and ethics/fairness in reference to the privacy issue. Materialism has been defined as the importance ascribed to ownership and acquisition of material goods in achieving major life goals or desired states (Richins and Dawson 1992), and is viewed as an erosion of societal values. Respondents see themselves as being impartial but see other consumers as being swayed by materialistic considerations. The sense of helplessness of consumers over the eroding value systems

of both consumers and firms is reflected in their perception that firms routinely take advantage of the consumerism and materialism that exists in society.

*“There are so many gullible consumers...Firms are coming to get the consumer because they can... because we live in a capitalist society (where) money is God. So people with money have the power and people that don’t have money, don’t have the power...and firms have the money.”* [Example of loss of control due to firm power, psychological risk, erosion of societal values due to materialism]

The second value that respondents consistently brought up was justice and fairness, an expression of their need for ethical treatment by firms. Social justice theory is an apt framework for understanding the privacy issue (c.f. Thibaut and Walker 1975, Seiders and Berry 1998), because consumers seek fairness to achieve balance in their relationships with firms. Social justice includes distributive, procedural, and interactional justice. Fairness is closely related to the deep metaphor balance. In the privacy context, for example, consumers evaluate distributive justice in terms of monetary or non-monetary benefits received in return for their information. Distributive justice may be closely related to materialism, the societal norm discussed earlier. Consumers may view information as their product and expect to be compensated for giving their information to firms. For example,

*“My information is my product... I can’t see the profit. I’m thinking this is inherently unfair.”* [Example of seeking distributive justice]

*Procedural justice* involves fairness in the decision making process for acquiring and utilizing consumer information (for example, information about end use of data and



benefits thereof, seeking permission before information acquisition, data security, acceptable and ethical usage of information, etc.). *Interactional justice* refers to how consumers are treated (for example, use of human or technology interface or courteous treatment).

### **Consumer Related Factors**

Consumers balanced *risk* and *reward* when evaluating fairness and hence their degree of *control* over their information. Risks (physical, monetary, functional, social, psychological, and time) drive the intention to withhold information. Rewards (monetary benefits such as price discounts and non-monetary benefits such as satisfaction of needs) drive the intention to disclose information.

**Rewards.** Consumers' expectation for distributive justice was expressed as an anticipation of rewards. In general, all respondents expected that their information should be used for satisfying their needs (a non-monetary reward). Other reward expectations varied as reflected in the verbatim comments below:

*"I know that my opinion is important to them ... it's a good feeling it makes me feel important... I'm part of something, making a difference."* [Example of seeking a non-monetary reward and reduction of psychological risk]

*"Nothing's free. Of course I would be more willing to give my information to them (firms) if they were willing to pay for it."* [Example of seeking monetary reward; i.e. distributive justice]

*“Well I really don’t want anything back but I don’t want them getting my information either.”* [Example of not seeking any reward; i.e. distributive justice]

Further, respondents expected to have knowledge of what rewards could and had accrued to them as a result of providing some information.

**Risk.** Consistent with prior research on risk (Jacoby and Kaplan 1972; Roselius 1971), consumers perceived the following risks with regard to their information: monetary (money and property; for example, identity theft), physical (anxiety or anger related health problems; physical violence such as stalking), functional (meeting product needs), time (when time is invested without any hope of commensurate reward; for example, time taken for settling disputes), social (perceptions of others; for example, when consumers “lose face” in front of others), and psychological (self-esteem; for example, when consumers feel foolish at being “scammed”). The verbatim quote below is illustrative:

*“I don’t want people to think oh she’s a simpleton or she’s just so gullible you could sell her a paper bag... It’s important to be taken seriously in life, earn respect...”* [Example of monetary, social, and psychological risks, and seeking procedural justice]

Risk perceptions may be driven in large part by the increasing focus of media on privacy violations (Yang, Capell, and Port 2005; Business Week 2007) and consumers’ ability to cope with technology (Mick and Fournier 1998, Parasuraman and Colby 2001). Another example,

*“Well I know that to make a fake website maybe it only costs \$5.00...everything’s profit (for phishing websites).”* [Example of monetary risk, seeking distributive justice, and discomfort with technology]

**Control.** Privacy research in marketing has predominantly focused on consumers’ need for and ability to control personal information (Goodwin 1991; Milne and Rohm 2000; Phelps et al. 2000, 2001). Control is an amalgamation of two other deep metaphors -- force (i.e. firm power) and balance (i.e. seeking fairness/justice) (Lakoff and Johnson 1980) -- and manifests itself in feelings of vulnerability and abandonment (Figure 3.5). Balance describes a state of physical, psychological, or social equilibrium and is closely related to fairness (Zaltman and Zaltman 2008). Consumers experienced a loss of control when perceived risks outweigh perceived rewards, described as information being “slippery like jello.”

*“I have no control over information so firms and my relationship with them is like sandpaper; real gritty sand paper; rough, uneven; an unpleasant touch. For products, (my relationship with) firms is smooth like lotion because I have control over that.”* [Example of loss of control and seeking procedural justice]

**FIGURE 3.5****Empty**

*“When they have all your private information (I feel) like a gauge that is lost and empty... It makes you feel, even though you’re not alone, there are other people that feel this way, but at the first, initial stages that you go through.”*

(Jane. 55 yrs. Caucasian female. Senior Office Associate) [Example of feeling vulnerable]

### **Information Related Factors**

Consumers’ concerns about *information use* depend on the *type and relevance of information* elicited by firms. *Data security* issues appear salient due to the vast quantity of information that is available to firms.

**Use.** Prior research has found that consumers worry about information misuse (Phelps, Nowak, and Ferrell 2000), a breach of procedural justice (Culnan and Armstrong 1999).

In support, I found that all respondents expressed concern about the misuse of their information such as selling of their information to other firms (Culnan 1993; See Figure 3.6).

**FIGURE 3.6****Monopolizing My Information**

*“Where does my information go in its entirety? Tom Thumb sold it to US Steel, well I don’t really care, maybe I should but I don’t see a use for it. And what if they sell it to people I really wouldn’t want to do business with? Where’s the end product? I can see one tentacle I can’t see the other seven.”*

(Mary. 51 yrs. Caucasian female. Flight Instructor.) [Example of seeking procedural justice]

Respondents expected firms to behave ethically by “honoring their word” because as David argues, “a man’s word is the best thing he has.” Another example of consumers expecting ethical behavior from firms:

*“In their agreements they say we promise not to use this information for...I keep thinking this is the ‘not’ list. You didn’t give me the ‘what you’re going do with it’ list.”* [Example of information use and seeking procedural justice]

Further, consumers expect their data to be accurate (i.e. “faithfully represented”), and their individuality to be respected (i.e. their information should not be used to make them “faceless” like “sardines in a can” by homogenizing their needs). Several

respondents admitted to providing little or incorrect information to firms for self-protection. However, they realize that then firms get only a partial picture of their profile and hence their needs, thus creating a lose-lose situation for both firms and consumers.

**Type and relevance.** Nowak and Phelps (1995) found that consumers are more willing to provide firms with demographic and lifestyle information than financial information and personal identifiers. I found that the type of information was evaluated in conjunction with the relevance of that information for satisfying the consumer's needs. Collection of apparently irrelevant information is of concern mainly for security purposes but also because potentially, "prices are going to go up if the companies have to pay for all the irrelevant information."

**Data security.** Consumers emphasized the importance of data security but realized the difficulty in creating a totally secure solution because "there's always a better mousetrap." Data security can refer to not just significant issues such as identity theft, but also receiving spam or junk mails because it may indicate sale of personal information to other parties. Dommeyer and Gross (2003) found that in general consumers are aware of data security measures but fail to adopt them. This could stem in part from consumers' beliefs that firms are responsible for protecting information that they take. The authors also note that males and younger consumers are more likely to be aware of as well as utilize privacy protection strategies.

### **Firm Related Factors**

A dominant concern for consumers appears to be the *procedures* followed by firms for information acquisition and utilization. When procedures employed by firms result in a

breach of procedural or interactional justice, consumers start resenting the power of firms. This is further exacerbated in the absence of distributional justice. I find that fairness violations in procedures and interactions negatively impact the *firm-customer relationship*.

**Procedures.** All respondents believed that firms should acquire and utilize consumer information in an ethical manner. People tend to pay special attention to procedural justice, especially when information about a firm's trustworthiness is lacking (Cropanzano, Prehar, and Chen 2002). This underscores the importance of procedural justice in the privacy debate. Milne and Rohm (2000) found that most consumers are not aware of data collection efforts by firms or of ways to opt-out. Many procedures used for data collection such as secret monitoring, not providing opt-out options, not adopting permission marketing, and not providing knowledge of information use and benefits, can create strongly unfavorable impressions in consumers' minds. Using good procedures are more effective for building trust than for reducing privacy concerns (Milne and Boza 1999). Examples of using procedures to reduce privacy concerns include providing opt in/out boxes, privacy policies and notices, but these are easily abused. For example, many web sites have negative check-off boxes (i.e. opt-in boxes that are already checked off and where consumers have to uncheck them if they wish to opt-out), notices in fine print, and they avoid discussion of privacy policies until necessary. Examples of using procedures to build trust include establishing a one-to-one relationship, and using information according to stated intent, keeping consumers' information secure, expressing relationship cues for trust and commitment, establishing and implementing

fair policies for acquiring and using consumers' information that takes into account consumers' interests and wishes.

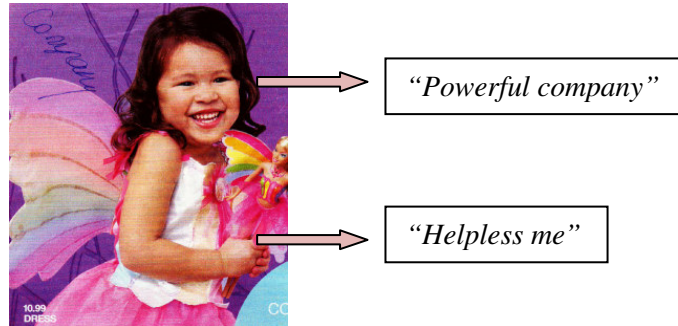
**Interaction.** Firms use direct mail, telephone, and the Internet while interacting with their customers for sales pushes as well as data acquisition. However, the high level of intrusion and annoyance of these modes of contact has had a negative impact on consumers. Milne and Rohm (2000) found that 50% of consumers want their names removed from an email list compared to 83% from all telephone lists. This may be because, for some people, being rude to a human being (telemarketer) is harder than deleting spam which is inanimate. Interactional justice issues are likely to be more evident in Essay 2 when actual incidents are studied, than in Essay 1.

**Firm power.** Power is a deep metaphor, reflective of loss of control and results in a desire to restore balance (Lakoff and Johnson 1980). Firm size, also associated with power, appears to evoke mixed reactions ranging from bullying power to trust and good reputation. All respondents emphasized the discomfort experienced due to the disproportionate power that firms wielded over them (Figure 3.7), which they viewed as unfair. For example:

*“They (the firms) are like big brother, people in strong positions, corporate or government. They feel like they have a right to collect the information... the consumer is lost and faceless against the government and large corporations. They have all the control and you're in a black hole of nothingness and there's nothing you can do...they've got the power and control and you have none.”*

[Example of loss of control due to firm power and need for balance]



**FIGURE 3.7****Gotcha!**

*“They’ve got me! If I need their product I have to go to them.”*

(I. mis 44 yrs Hispanic male Businessman)

**Relationship.** The adversarial nature of the firm-customer relationship (Figure 3.8) appears to be rooted in a power struggle centered around distributive, procedural, and interactional justice, even though it would be mutually beneficial for firms and consumers to be on the same side of the fence, as reflected below in an excerpt from a vignette:

*“We’ve got two creatures that have communion like aspects, or they view each other as that. And then they maneuver themselves into position. They take the risks of finding out each other and they find out that indeed they have more oneness, more sameness than they have disunity and discord ... they are surprised to find that perhaps they are both equally as scared as they think the*

*other to be. This is the oneness of the firm and the customer...the collective conscious...*" [Example of seeking balance]

### **FIGURE 3.8**

#### **Fighting Back**



*"They have millions of dollars at their disposal ... The fighter planes represent the force of the firms... They are everywhere and I can't get away from it....I feel helpless, frustrated...what am I going to do? I would want to get some fighter planes so I could shoot back... but I guess I'm going to have to hide."*

(Cain, 22 yrs. Caucasian Male. Business student)

Respondents were more muted in their expression of how providing information to firms could be beneficial for consumers. They acknowledged that if they had a good relationship with the firm, trusted the firm, and the firm had a good reputation, they would feel more comfortable in disclosing information. Further, respondents perceived a

sense of control by being in control of the type, quantity, source, and recipient of their information. Control led to feelings of happiness. The general response was that the information should be used for satisfying their needs, and respondents did not understand how any other use of their information could benefit them.

### **CONCLUSION AND NEXT STEPS**

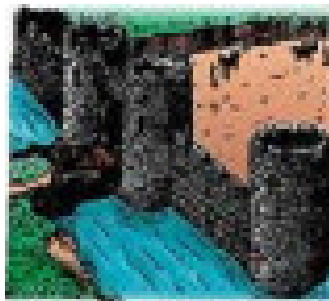
This study suggests that consumers' attitudes with regard to their information, is predominantly risk-driven; i.e. withholding their information from firms. The psychological, physical, monetary, and time risks likely result from the firm's disproportionate power and consumers' inability to control the firm's information acquisition and utilization. Consumers experience anger or anxiety, resulting in defensive (for example, hanging up or deleting spam) or offensive (for example, complaining) behaviors (Figure 3.9). The firm's motives become suspect when (a) firms collect too much information, or seemingly irrelevant information, (b) misuse information (for example, unauthorized sale of consumers' information), (c) fail to adequately secure consumers' information, and/or (d) fail to communicate usage and security issues to consumers. These can negatively impact the firm-customer relationship, exacerbating the consumers' intention to withhold information from firms, resulting in a lose-lose situation for firms, as well as consumers.

Consumers' intention to disclose information is because of rewards that may be non-monetary (for example, satisfaction of consumers' needs) or monetary (for example, coupons). Other factors influence consumers' intention to disclose information, such as (a) firm-consumer relationship, in particular, how much consumers trust the firm and

what they perceive the firm's reputation to be; (b) type of information and its' relevance to the firm in satisfying the consumer's needs; and (c) mode of contact (i.e. firms' use of human or technology interface, direct mail, and self-initiated contact). Consumers deeply value their sense of control in disclosing information to firms.

**FIGURE 3.9**

**Castle with a Moat**



*You can't get in unless you are invited in. I'm not going to give you the information. I'm not! I want to thwart what they are doing. So, do you want my phone number? I'll give you the wrong phone number. You want my zip code? I'll give you 92010. Nah, nah, nah na...You didn't get me, you didn't use me. (I feel) superior, and that's important isn't it? I think everybody has to have a victory...So you may have got me this time, but I got you that time so we're even.*

(Mary. 51 yrs. Caucasian Female. Flight Instructor)

Interestingly, consumers were significantly more vocal in expressing negative thoughts and feelings while taking for granted the benefits they received from the firm as a result of firms having and using their personal information. This may reflect the tendency of people to focus on the negative rather than the positive (Noguchi, Gohm, and Dalsky 2006). I also found that the privacy issue alludes to the increase in consumerism and materialism in society. Society's value system has undergone changes over time and consumers may have become more predisposed to disclose information in return for rewards that firms offer to them. Further, consumers may not only value rewards but also expect knowledge that a particular reward will accrue as a direct result of giving specific information to a firm. This suggests that negative thoughts and feelings may accompany high levels of information disclosure due to either lack of benefits or lack of knowledge of such benefits, rather than a general unwillingness to provide information. Thus consumers' actual disclosures may be higher than their intended disclosures because of benefits that consumers receive. However, this tends to be accompanied by some angst and offensive or defensive reactions, as described above, to protect privacy. As one respondent commented, "This is like the brave new world... It just seems like here you lose your soul, lose your humanity."

The ethics or justice literature provides an appropriate framework in which to study the privacy issue because consumers repeatedly expressed a need for restoring balance in the firm-customer relationship by having firms manage the information acquisition and utilization process in a fair manner. This is in line with findings in pricing research which indicates that consumers seek fairness in their interactions with

firms. Zaltman (2008) explains that essentially the need for fairness stem from individuals' desires for balance in their lives, which is a manifestation of an inborn capacity for fairness, morality, and justice. Further, when consumers believe that the scale is tipping in favor of the firms, consumers tend to resent the unfairness. The balance could be physical, emotional, social, moral, or all of these. In the context of this study, consumers likely seek social balance, which is a strong sense of reciprocity between consumers and firms manifested in cooperative benefit-seeking by both parties. The verbatim quote below illustrates how consumers question the ethical moorings of firms, though it must be remembered that respondents also pointed out that consumers' value systems have eroded as well:

*“Every human organization is run by a philosophy. There is a philosophy behind marketing. The question is of course whether or not that philosophy is in line with a good higher power.”* [Example of societal values and fairness]

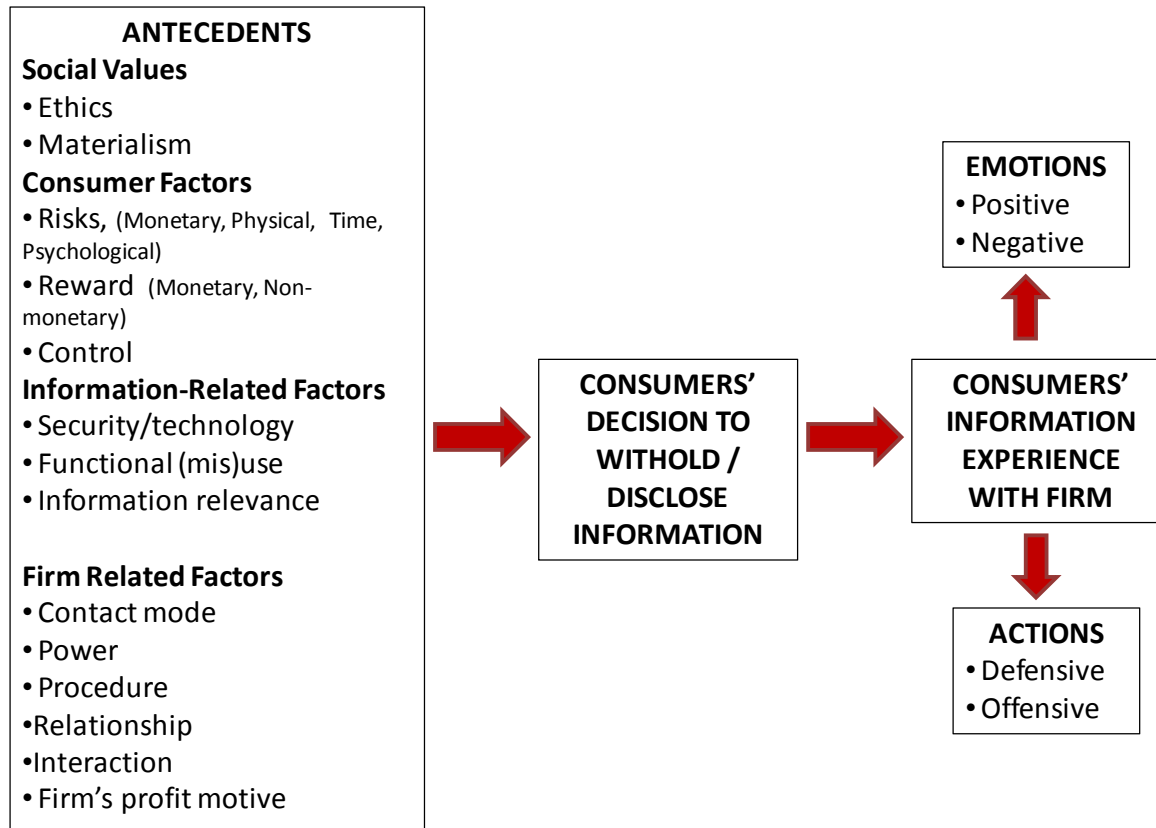
For firms, these findings imply that taking a pro-active approach for ensuring distributive, procedural and interactional justice for consumers may be an effective route for managing consumers' perception of risk. For example, providing greater transparency about information security and use or personalizing the mode of contact (human or technological) would make consumers more likely to disclose information, thus avoiding the negative repercussions of a consumer backlash.

Based on the findings from Essay 1, I propose a model of consumers' information experience in Figure 3.1. This essay brings out many aspects of the privacy issue that have remained unexplored to date, such as the role of consumers' psycho-

social characteristics (for example, psychological and social implications on consumers) and societal values (for example, materialism, ethics/justice). Further, an interesting issue raised is whether thoughts, feelings, and reactions to an invasion of privacy depend on consumers having personally experienced such an invasion or having heard about it from some other source. Although a few respondents mentioned not having a personal experience, perhaps due to the small sample size the basis of consumers' beliefs (media, personal, experience, or word-of-mouth) did not feature in the consensus map. Including this line of questioning in the ZMET interviews would have introduced potential bias into consumers' responses and so this question will be addressed in Essay 2. The nature of the topic makes it seemingly conceivable that respondents would use socially desirable responses even though I did not use the word privacy before or during the interviews. The effect of socially desirable responses may be more evident when these thoughts and feelings are viewed in the context of actual behaviors. The next step is to examine consumers' actual behavioral responses and understand what thoughts and feelings drove their actions. The constructs and relationships identified in Essay 1 guide Essay 2.

**FIGURE 3.10**

**Proposed Model of Consumers' Information Experience Based on ZMET**





## **CHAPTER IV**

### **ESSAY 2**

#### **CONSUMERS' COGNITIONS AND AFFECT IN BEHAVIORAL RESPONSES TO AN INVASION OF PRIVACY: A CRITICAL INCIDENT TECHNIQUE BASED STUDY**

The objective of Essay 2 is to identify the thoughts and feelings that drive consumers' behavioral responses to either an actual or a potential invasion of privacy. Prior research on privacy has focused on consumers' willingness to disclose information as a proxy for actual disclosure. The findings of Essay 1 suggest that consumers have a preponderance of negative affect and cognition for firms' acquisition and use of personal information about them. It appears that consumers focus more on privacy concerns that arise due to firms' information acquisition and usage, rather than the benefits that consumers may derive thereof. Thus, seeking to minimize risk and unfairness, consumers are more likely to withhold information from firms. However, recent experimental studies find that actual disclosure of information is significantly higher than disclosure intentions (Berendt, Gunther, and Spiekermann 2005), but neither risk nor trust drive disclosure behavior (Norberg, Horne, and Horne 2007). However, both studies were conducted with student samples and therefore may not be generalizable.

An important question therefore is: What explains the disconnect between consumers' attitudes and their behavior as examined in recent research. I examine this

issue in Essay 2 by studying consumer's behavioral responses to firms' acquisition and usage of personal information about them. The working model developed using the constructs identified by the ZMET study in Essay 1 (Figure 3.1) serves as the foundation for an examination of the differences between consumers' attitudes and actions with respect to disclosure of information. The model will be further refined based on the findings from Essay 2 and used for developing working hypotheses.

Further, a limitation of Study 1 was the inability to tease out whether consumers' attitudes were based on personal experiences or were products of media influences. Undoubtedly, the coverage of privacy issues by the media has been increasing. Although, Milberg, Smith, and Burke (2000) believe that the media is devoting more attention to privacy issues as a response to growing citizen concerns, the reverse may also be true; i.e., increasing media attention may be increasing consumers' privacy concerns. We may be able to shed light on the direction of influence between media and privacy concerns by examining the differences in consumer's real versus imagined experiences. Further, we may argue intuitively that real experiences would likely have stronger effects than imagined experiences on consumers' actions as a result of their information experiences. I examine such vividness effects in this essay – the differences between real and imagined experiences and their relative impact.

Thus far, vividness research has focused primarily on the persuasion effects of vivid versus non vivid information (for example, Anand-Keller and Block 1997; Morewedge, Gilbert, and Wilson 2005). McGill and Anand (1989) find disproportionate influence of vivid versus non-vivid attributes in the case of high elaboration. The idea

being explored in this essay is whether people have negative attitudes about firms acquiring and using information about them (as reported in Essay 1) based on personal experiences or media effects? Further, in the case of the latter, would people's imagination be as vivid as reality? If yes, then what would be the implications thereof for privacy issues? Understanding vividness effects in the context of privacy is important because if consumers have very vivid imaginations about what could potentially happen if their information is misused, then their actions may be as negative as those who actually have had such an experience. This is likely to exacerbate the level of privacy concerns in society.

The research questions for Essay 2 are as follows:

- What explains consumers' actions and associated thoughts and feelings, in response to an invasion of privacy?
- Do consumers who have experienced an invasion of privacy think, feel, and act differently in response to an actual/potential invasion of privacy compared to those who have not? In particular, this study will attempt to draw insights from consumers' vividness of experiences, an issue that has not been examined in prior research on privacy issues, but could potentially provide key insights into the magnitude of the privacy issue.

Since the objective in Essay 2 was to identify which thoughts and feelings identified in Essay 1 drive consumer behavior, respondents were asked to describe a single, salient event in their memory pertaining to a firm acquiring or using information about them. The open ended responses were coded to identify consumers' thoughts and feelings

associated with their behavior in that particular incident. However, these insights were based on a single, *atypical* incident in the consumer's life. Atypical events may be unrepresentative of their class, but are memorable enough that people tend to rely on these for forecasting their reactions to future events (Morewedge, Gilbert, and Wilson 2005). Research on consumers' behavioral reactions to an actual or potential invasion of privacy, evoking consumers' atypical information experiences can provide insights into the evaluative criteria that consumers use in regard to privacy issues. Even though such atypical incidents have the power to influence future actions, they are only indicative of potential relationships. Thus, the hypotheses developed in this section on the basis of the findings of Study 2, are qualified as working hypotheses (labeled as "WH"). Exploring the theoretical basis for these observations from grounded-research, advancing more formal statements of hypotheses and empirical testing are deferred for future research.

#### **METHOD: CRITICAL INCIDENT TECHNIQUE (CIT)**

Critical incident technique (CIT), a form of content analysis, involves a systematic recording of events and behaviors (critical incidents, processes, or issues) for uncovering emergent patterns or themes, and outcomes in terms of perceived effects (Bitner, Booms and Tetreault 1990; Chell and Pittaway 1998). Bitner, Booms and Tetreault define an incident as an observable human activity that is complete enough to allow for inferences and predictions to be made about the person performing the act. A critical incident makes a significant contribution, either positively or negatively, to an activity or phenomenon (Grove and Fisk 1997). Since a critical incident is one that makes a memorable impact on the consumer, it is also likely to be an atypical event that

consumers draw upon, even though that event may be least representative of the past (Hamill, Wilson, and Nisbett 1980).

Although CIT has been used to study actual events that have occurred, privacy may be an issue that “casts a long shadow;” i.e., the mere anticipation or dread of an event occurring in the future may influence consumers’ current actions as well. In Essay 1 this issue was not explored due to the risk of potentially biasing the responses. Hence, in Essay 2, I extend the CIT for studying actual as well as potential invasions of privacy to identify differences (if any) between people who act based on their own experience versus those who act on the basis of affect and cognitions created by the experiences of other people or media coverage of the issue. By doing so, I am able to incorporate vividness effects while comparing consumers’ attitudes with actual and potential behaviors in response to an invasion of privacy.

Although CIT is a qualitative method aimed at providing insights, rather than generalizable findings, it allows for the incorporation of quantitative questions to better understand perceptions of the incident and subsequent behavior (Meuter et al. 2000). As such, I use a mix of open and closed ended responses. Respondents were asked if they had experienced a positive or negative incident as a result of a company having information about them. As in Essay 1, to avoid bias, respondents were asked a very neutrally phrased question that referred to the source of the issue; i.e., firms’ acquisition and usage of consumers’ information, rather than positive or negative outcomes resulting from the firms’ actions. The brief was as follows: Companies often have information about you, including for example, your name, address, email address, financial

information, and purchase history. Sometimes you are aware that they have this information and sometimes you are not. Please think of a time you have had either a good or bad experience because a company had some information about you. In this survey I would like to ask about some questions about this experience. So please take a moment to think of such past experience.

If participants hadn't experienced any such event, then they were asked to imagine an incident and they were able to choose whether they would like to imagine a positive or negative incident. Respondents named or described a company and chose the type of information they would discuss in the survey. They then described the incident in detail and from a given list selected all the emotions they experienced or imagined they would experience. This list of emotions was generated from the emotions that were identified in the ZMET interviews in Essay 1 as well as prior research on emotions (for example Roseman, Wiest, and Swartz 1994; Frijda 1986). Respondents then identified their choice of actions in terms of purchase, information-related, and word-of-mouth behaviors from a provided list. Respondents were also asked about the basis of their beliefs, the source from which the firm likely got their information, their responsibility attributions for the incident, the importance of being asked for permission and of knowing about the acquisition/usage/benefits from their information. All of these were measured on a Likert scale. Finally, other details such as prior purchase experience with the company (Yes/No), their weekly Internet usage, and demographics (age, income, gender, education, ethnicity) were noted. The questionnaire is presented in the appendix.

**Pre-test**

The questionnaire was reviewed by four researchers, after which 160 students were administered the questionnaire in a controlled lab setting, receiving course credit for their participation. Based on their responses, the emotions and actions questions were changed from open-ended to closed-ended format. An interesting observation was that respondents were more likely to discuss constructs that lay near the center of the consensus map (Figure 3.1) in the open ended responses. For eliciting information such as emotions and actions which lay on the periphery of the consensus map, closed-ended responses were created for the final questionnaire because they were not amenable to self-elicitation. To improve clarity, question wording was also modified where required, before distributing it to the study sample.

**Sampling**

I obtained online panel data from a market research firm. Demographically, the sample is closely representative of the general U.S population in terms of age, gender, education, ethnicity, and income (Table 4.1): 17,239 invitations were sent out. The response rate was 11%, yielding 1895 responses of which 1102 were complete. Of these, 77 were defective responses that were either not relevant to the questions being asked or responses by people wanting to earn reward points without meaningfully taking the survey. Of the 1025 good data points, 28 were discarded due to coding disagreement between coders. Thus, the final sample was comprised of 997 responses (a net response rate of 6%) of which 21% had satisfactory experiences, 35% had dissatisfactory experiences, 17% imagined a satisfactory experience, and 27% imagined a

dissatisfactory experience. Closer examination of the incomplete data (n=793) reveals that 13% of the drop-outs were those who chose to discuss a satisfactory experience, and 20% a dissatisfactory experience. 24% opted to imagine a satisfactory incident while 31% chose to imagine a dissatisfactory incident. 12% did not have any memorable incident to discuss and chose not to imagine an incident. Clearly, drop-out rates were higher amongst those who had no significant incident to discuss (67%). This could either be because information acquisition and use was 'de rigeur' for them and no potentially significant event came to mind, or the task may have been too cognitively taxing for them. Unlike more concrete brand/product related research that most panel members are accustomed to, this research was about a relatively more abstract topic. Since most of them dropped out early on in the survey, no demographic data was available to compare the drop-outs with those who completed the survey.



**TABLE 4.1****Targeted versus Final Sample Demographics**

<b>DEMOGRAPHICS</b>	<b>Target</b>	<b>Final sample</b>
<b>N</b>		<b>997</b>
<b>GENDER</b>		
Males	50%	50%
Females	50%	50%
<b>ETHNICITY</b>		
White	71%	66%
Black	12%	15%
Hispanic	12%	2%
Asian	4%	0.70%
American Indian	1%	0.50%
Other		16%
<b>AGE</b>		
18-24	13%	13%
25-34	20%	25%
35-44	22%	22%
45-54	18%	16%
55-64	12%	11%
65-84	15%	13%
<b>EDUCATION</b>		
Some High School	14%	5%
High School	26%	22%
Some College	23%	35%
College	21%	22%
Graduate School	16%	15%
<b>INCOME</b>		
<25,000	25%	19%
25,000-49,999	30%	33%
50,000-74,999	20%	21%
75,000-99,999	11%	10%
100,000 +	14%	13%
Missing		3%

## **DATA ANALYSIS**

### **Factor Analysis for Emotions**

Emotions can be differentiated by distinctive action tendencies, actions, and emotional goals. For example, Frijda (1986) found that fear is characterized by readiness for aversion, avoidance, protection, and approach. Anger is characterized by readiness for aversion, antagonism, going against or conquering an obstacle or difficulty, and paying attention (Roseman, Wiest, and Swartz 1994). Thus, emotions resulting from consumers' information experiences are likely to impact their actions. Although 16 positive and 20 negative emotions were tested in this survey, for any meaningful analysis, they had to be grouped. In order to create a valid grouping, a post-study survey was conducted with a separate student sample (n=282). The students were undergraduates enrolled in a marketing course participating in this survey for course credit. The questions asked were the same as described earlier, but Likert scale ranking data was collected for each emotion. This was not done in the main survey due to length, time, and cost constraints. Based on a factor analysis and subsequent removal of items that cross loaded on more than one factor, 12 positive and 15 negative emotions coalesced into three factors with eigen values greater than 1: Anger-joy, fear-relax, and shame-pride. The factor analysis results are described in Table 4.2. For each factor, the number of emotions that respondents checked were summed up and divided by the total number of emotions in the factor (positive or negative) to form an emotion proportion. Each factor (i.e., emotion proportion) was treated as a separate emotion in all further analysis.

**TABLE 4.2**  
**Factor Analysis for Emotions**

Factor Loadings	Emotions: Three Factor Solution		
	Factor 1: Anger-Joy	Factor 2: Shame-Pride	Factor 3: Fear-Relax
<b>Negative Emotions</b>	<u>Anger</u>	<u>Shame</u>	<u>Fear</u>
	Anger (0.706)	Sadness (0.725)	Fear (0.700)
	Dissatisfied with company (0.761)	Ashamed because of own action (0.815)	Loss of Control (0.552)
	Frustration (0.804)	Ashamed because of others' perceptions (0.797)	Vulnerability (0.765)
	Disgust (0.713)	Regret (0.716)	
	Dislike (0.808)	Guilt (0.842)	
	Dissatisfaction (0.754)		
	Waste of time (0.417)		
<b>Positive Emotions</b>	<u>Joy</u>	<u>Pride</u>	<u>Relax</u>
	Happiness (0.883)	Proud (0.805)	Carefree (0.806)
	Satisfaction (0.858)	Other's admiration (0.872)	Calm (0.857)
	Delight (0.864)	Confidence (0.832)	In control (0.707)
		Respect (0.821)	Relax (0.701)
		Felt important (0.608)	

Dropped Negative Emotions: Anxiety, distress, stress, violation, outrage

Dropped Positive Emotions: Life made easy, convenient, time well spent, comfort

(Figures in parentheses indicate factor loadings)

### Coding of Qualitative Responses

I recruited and trained two researchers to perform content analyses of the open-ended responses and incident classification. I briefed the coders and provided complete coding instructions (Table 4.3) with general instructions and operational definitions of each category. The categorization was based on the classification obtained from the ZMET study but allowed for modifications/additions. The coders were asked to independently code a sample of 50 responses which were then discussed in a joint meeting with regard to decision rules to follow for assigning incidents to categories, in order to improve the inter and intra judge reliability of judgment-based data as detailed by Perreault and

Leigh (1989). Coding required 150 manhours between both coders, at the end of which they achieved a consensus of 90% on assignment of the incidents to categories.

Thereafter, in a joint meeting to discuss the 10% of data where their coding did not match, the coders resolved the coding discrepancies for all but 25 data points. These were subsequently removed from the final sample. The categories comprised factors that respondents mentioned while describing their experience (for example, monetary, time, functional, and security). If a factor was mentioned, it was coded as 1, otherwise as 0. The types of information mentioned (for example, demographic, financial, and purchase) were also coded similarly. For the type of industry, the SIC (Standard Industrial Classification) website provided the framework for categorizing the companies mentioned by the respondents ([http://www.osha.gov/pls/imis/sic\\_manual.html](http://www.osha.gov/pls/imis/sic_manual.html)). However, this level of detail was not found to be useful when analyzing the data. Therefore, the categories were collapsed into just two broad categories – services and retail (including goods).

**TABLE 4.3****Coding of Antecedents: Guidelines for Coders**

<b>FACTORS</b>	<b>RISKS</b>	<b>REWARDS</b>
<b>DISTRIBUTIVE FACTORS</b>		
<b>MONETARY</b>	Customer faces risk of identity theft or other monetary loss.	Customer saves money or gets cash/coupons/discounts.
<b>TIME</b>	Waste of customer's time.	Customer saves time.
<b>PSYCHOLOGICAL</b>	Customer experiences feelings of shame or poor self-esteem.	Customer experiences feelings of pride or high self-esteem.
<b>SOCIAL</b>	Because of this incident people think badly of the customer.	Because of this incident people think the customer is smart.
<b>PROCEDURAL FACTORS</b>		
<b>FUNCTIONAL</b>	Firm uses information which is incorrect or irrelevant for satisfying customers' needs. Firm misuses customers' information or sells it without taking customers' permission or does not use it for fixing customers' problems or satisfying their needs.	Firm uses the customers' information well (i.e., according to customer's desires) for satisfying customers' needs and fixing problems.
<b>SECURITY</b>	Firm does not keep information secure.	Firm keeps customer information secure.
<b>POLICY</b>	Firm asks the customer for permission for information acquisition and usage. Firm provides customers with knowledge. Firm is honest with customers about firms' policies and intentions.	Firm secretly monitors customers without customers' permission. Firm is not honest with customers about firms' policies and intentions.
<b>POWER</b>	Firm has power over the customer in the information acquisition and usage process.	Customer has power over the firm in the information acquisition and usage process.
<b>RELATIONSHIP</b>	Firm comes across as being untrustworthy, uncaring or unhelpful to the customer. Customer no longer wants to do business with the firm.	Firm comes across as trustworthy, caring or helpful to the customer. Customer wants to continue doing business with the firms.
<b>CONTACT MODE</b>	Firm uses email/directmail/telephone contact which is appreciated by the customer.	Firm uses email/directmail/telephone contact which is not appreciated by the customer.
<b>INTERACTIONAL FACTOR</b>		
<b>INTERACTION</b>	Customer is treated well by sales/customer service representative.	Customer is treated badly by sales/customer service representative.

**Data Analysis for Antecedents and Outcomes**

To examine consumers' information experience in terms of valence (positive or negative) and vividness (real or imaginary experience), four groups of respondents were compared, as follows: satisfied, dissatisfied, imagined satisfaction, imagined dissatisfaction. The comparison was made in pairs, in the four models detailed below.

1. Overall model: Overall satisfied versus overall dissatisfied group. This included both real and imaginary experiences.
2. Real experiences model: Only real experiences – satisfied versus dissatisfied group.
3. Vivid- satisfaction model: Only satisfied groups – real versus imagined satisfaction group.
4. Vivid-dissatisfaction model: Only dissatisfied groups – real versus imagined dissatisfaction group.

Table 4.4 presents group membership of the sample (n=997) based on valence and vividness of consumers' information experience.

**TABLE 4.4**

**Group Membership Based on Consumers' Information Experience**

<b>GROUPS (n=997)</b>	<b>Satisfactory</b>	<b>Dissatisfactory</b>	<b>Total (Vividness)</b>
<b>Real</b>	21%	35%	<b>56%</b>
<b>Imagined</b>	17%	27%	<b>44%</b>
<b>Total (Valence)</b>	<b>38%</b>	<b>62%</b>	<b>100%</b>

First, an overall analysis was completed – overall dissatisfied (real and imaginary) versus overall satisfied (real and imaginary). Then, only real satisfactory and

dissatisfactory experiences were compared, leaving out both imaginary groups. Finally, to check for vividness effects, the satisfied group was compared with the imagined satisfaction group. Similarly, the dissatisfied group was compared with the imagined dissatisfaction group. Binary logistic regression was used for examining the likelihood that each factor was mentioned significantly more often by one of the two groups being examined in the analysis. This method is used to analyze relationships between a dichotomous dependent variable and metric or dichotomous independent variables. Logistic regression combines the independent variables to estimate the probability that a particular event will occur, i.e. a subject will be a member of one of the groups defined by the dichotomous dependent variable (Hair et al. 1998).

Thus, in this analysis, binary logistic regression estimates the likelihood that the respondent is a member of one of the groups described, based on the antecedents mentioned by the respondent when describing their information experience. The antecedents were comprised of factors impacting the respondent's information experiences and these were identified during the coding process described earlier. The following contextual variables were treated as covariates in the regression: information type (demographic, psychographic, financial, and purchase), belief basis (personal experience/media/others' experiences), source of information (self/others and with/without knowledge), prior purchase (yes/no), responsibility attributions (self/company/others), and demographics (age, gender, education, ethnicity, income, and weekly Internet use).

To study how group differences (vividness and valence of consumers' information experience) impact the three emotion factors, a general linear model (GLM) was used. The GLM is a flexible statistical model that incorporates normally distributed dependent variables and categorical or continuous independent variables (Hair et al 1998). Ordinary least squares regression was used to predict the variance of interval outcomes (purchase, information, and word-of-mouth), based on linear combinations of the emotion factors. The impact of group differences (vividness and valence of consumers' information experience) on outcomes (purchase, information, and word-of-mouth actions) was first tested using multivariate analysis of variance (MANOVA). MANOVA is a technique which determines the effects of independent categorical variables on multiple continuous dependent variables (Hair et al 1998). Thereafter, using multivariate analysis of covariance (MANCOVA), the emotion factors were added to the analysis as covariates, to test for mediating effects. MANCOVA is similar to MANOVA but allows for control of the effects of emotions. All analyses were conducted using SPSS.

## **RESULTS**

Tables 4.5 and 4.6 present the frequency with which the antecedents and outcomes were mentioned by respondents in each of the 4 groups (satisfied, dissatisfied, imagined satisfaction, and imagined dissatisfaction). The circled numbers are some examples of seemingly large differences in frequencies between groups examined in this analysis.



TABLE 4.5

## Group-wise Frequencies: Antecedents of Consumers' Information Experience

ANTECEDENTS (Frequencies %)	TOTAL RESPONDENTS	Satisfied	Imagine Satisfaction	TOTAL SATISFIED	Dissatisfied	Imagine Dissatisfaction	TOTAL DISSATISFIED
<b>DISTRIBUTIVE FACTORS</b>							
Monetary	43%	10%	8%	18%	12%	13%	25%
Time	34%	6%	6%	12%	16%	7%	23%
Psychological	15%	6%	12%	18%	3%	2%	5%
Social	4%	1%	1%	1%	2%	1%	3%
<b>PROCEDURAL FACTORS</b>							
Functional	53%	13%	10%	23%	18%	11%	29%
Security	20%	2%	2%	4%	6%	10%	15%
Contact Mode	19%	0%	0%	0%	13%	5%	19%
Relationship	16%	4%	3%	7%	6%	3%	9%
Power	11%	0%	0%	1%	5%	5%	11%
Policy	8%		1%	1%	4%	3%	7%
<b>INTERACTIONAL FACTOR</b>							
Interaction	18%	3%	2%	5%	10%	3%	13%

TABLE 4.6

## Group-wise Frequencies of Outcomes of Consumers' Information Experience

ACTIONS (Frequencies %)	OVERALL	Satisfied	Imagine Satisfaction	TOTAL SATISFIED	Dissatisfied	Imagine Dissatisfaction	TOTAL DISSATISFIED
<b>PURCHASE ACTION</b>							
Stop	44%	3%	1%	2%	79%	87%	83%
Reduce	7%	1%	1%	1%	12%	11%	11%
Continue	23%	41%	44%	42%	8%	2%	5%
Increase	26%	55%	54%	55%	0%	0%	0%
<b>INFORMATION ACTION</b>							
Remove	28%	0%	1%	0.50%	37%	67%	52%
Block	4%	0%	0%	0%	11%	6%	8%
Status-quo	61%	88%	80%	84%	51%	27%	39%
Give	7%	12%	19%	15%	1%	0%	0.50%
<b>WORD-OF-MOUTH ACTION</b>							
No WOM	10%	13%	8%	10%	15%	3%	9%
Company	38%	53%	45%	49%	31%	24%	27%
Friends/family	22%	24%	19%	21%	18%	26%	22%
Consumers	18%	9%	16%	12%	24%	25%	24%
3rd party	12%	1%	12%	7%	12%	22%	17%

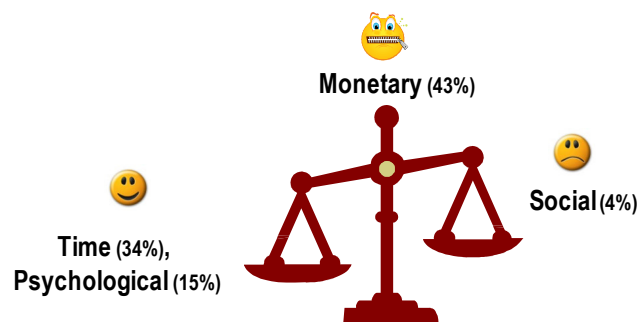
### **Antecedents of Consumers' Information Experience: Social Justice Factors**

Content analysis and coding of open ended descriptions of consumers' responses about their experiences yielded common themes which were in line with factors identified in Essay 1. However, contrary to the findings of Essay 1, these factors were sources of not just dissatisfaction, but also of satisfaction. Hence these factors would be termed not just as risks, as inferred at the end of Essay 1, but more neutrally, so as to encompass rewards as well. Further, in Essay 1, social justice was discussed as a societal value that consumers may use in evaluating the firm's acquisition and use of information about them. In fact, social justice emerged as a common theme in all other categories (firm, consumer, and information related) discussed in Essay 1. When the eleven key factors identified by respondents as antecedents of their information experience were viewed at a higher level of analysis, they fell into one of three distinct groups under the social justice umbrella: *Distributive factors* pertained to benefits/risks for consumers. These were both monetary and non monetary (time, social, and psychological) in nature. *Procedural factors* pertained to good/bad procedures adopted by a firm for the functional use of information, database security, policies such as providing notice or asking for customers' consent, sharing power with customers, firm-customer relationships, and contacting customers. *Interactional factors* pertained to consumers' interactions with a front line employee. The results (Beta weights and significance) are summarized in Table 4.7 (overall and real experiences) and Table 4.8 (vividness – satisfaction and dissatisfaction), and discussed next.

**Distributive factors.** These factors were (i) monetary and (ii) non-monetary (time, social and psychological). In general, time and psychological factors were more likely to be evoked with reference to positive experiences, while the social factor was more likely to be evoked with reference to negative experiences. However, the monetary factor was as likely to be evoked with reference to positive as negative experiences. Thus, viewed collectively, distributive factors were more likely to result in positive experiences, as depicted in Figure 4.1.

**FIGURE 4.1**

**Impact of Distributive Factors on Valence of Consumers' Information Experience**



Note:

- Figures in brackets indicate percent of respondents who mentioned this factor.
- The smiling emoticon indicates association of factors with satisfactory information experiences.
- The sad emoticon indicates association of factors with dissatisfactory information experiences.
- The tilted balance indicates which factors that exert greater influence on the overall justice factor.
- Factors on top of the balance indicate that they are as likely to be associated with satisfactory as dissatisfactory information experiences.

**TABLE 4.7****Results: Antecedents of Consumers' Overall and Real Information Experiences**

<b>RESULTS: Antecedents of Consumers' Information Experience</b>	<b>Overall Experiences: Satisfied vs. Dissatisfied</b>	<b>Real Experiences: Satisfied vs. Dissatisfied</b>
<b>DISTRIBUTIVE FACTORS</b>		
<b>Monetary (43%)</b>	-0.209	-0.444
<b>Time (34%)</b>	-0.800**	-0.534
<b>Psychological (15%)</b>	-1.028**	-1.214**
<b>Social (4%)</b>	1.102	1.027
<b>PROCEDURAL FACTORS</b>		
<b>Functional (53%)</b>	0.029	-0.046
<b>Security (20%)</b>	0.995**	0.665
<b>Contact Mode (19%)</b>	4.565**	4.301**
<b>Relationship (15%)</b>	0.288	0.534
<b>Power (11%)</b>	2.291**	2.063**
<b>Policy (8%)</b>	1.554**	1.919**
<b>INTERACTIONAL FACTOR (18%)</b>	0.383*	0.818**
<b>Model significance</b>	0.000 (d.f = 11)	0.000 (d.f = 11)
<b>Nagerkele's R square</b>	0.656	0.690
<b>Hosmer &amp; Lemeshow statistic</b>	0.635 (d.f = 8)	0.339 (d.f = 8)
<b>Classification Accuracy</b>	84%	85%

1. \*p < 0.05      \*\*p < 0.01

2. A significant, negative coefficient indicates this factor is associated more with satisfactory than dissatisfactory experiences.

3. A significant, positive coefficient indicates that this factor is associated more with dissatisfactory than satisfactory experiences.

4. A non significant coefficient indicates this factor is equally associated with satisfactory as dissatisfactory experiences.

5. Figures in parentheses indicate the % of respondents who mentioned this antecedent.

**TABLE 4.8****Results: Vividness of Antecedents of Consumers' Information Experience**

<b>RESULTS: Antecedents of Consumers' Information Experience</b>	<b>Satisfactory Experiences: Real vs. Imagined</b>	<b>Dissatisfactory Experiences: Real vs. Imagined</b>
<b>DISTRIBUTIVE FACTORS</b>		
<b>Monetary</b> (43%)	-0.122	-0.269
<b>Time</b> (34%)	0.377	0.065
<b>Psychological</b> (15%)	0.267	-0.580
<b>Social</b> (4%)	-0.069	-0.036
<b>PROCEDURAL FACTORS</b>		
<b>Functional</b> (53%)	-0.008	-0.465*
<b>Security</b> (20%)	0.394	0.401
<b>Contact Mode</b> (19%)	-20.790	-0.389
<b>Relationship</b> (15%)	-0.191	-0.350
<b>Power</b> (11%)	-0.289	0.123
<b>Policy</b> (8%)	0.104	0.590
<b>INTERACTIONAL FACTOR</b> (18%)	-0.226	-0.818**
<b>Model significance</b>	0.569 (d.f = 11)	0.011 (d.f = 11)
<b>Nagerkele's R square</b>	0.276	0.471
<b>Hosmer &amp; Lemeshow statistic</b>	0.84	0.906 (d.f = 1)
<b>Classification Accuracy</b>	70.10%	78.20%

1. \* $p < 0.05$       \*\* $p < 0.01$

2. A significant, negative coefficient indicates this factor is associated more with real than imagined experiences.
3. A significant, positive coefficient indicates that this factor is associated more with imagined than real experiences.
4. A non significant coefficient indicates this factor is equally associated with satisfactory as dissatisfactory experiences.
5. Figures in parentheses indicate the % of respondents who mentioned this antecedent.

**Monetary.** The key factor evoked by 43% of respondents was monetary in nature. Positive valence included cash rewards, discounts, and coupons, and negative valence included financial loss and identity theft. Monetary rewards were evoked as often as monetary risks, overall and in real experiences (overall:  $B = -.209$ ,  $p = .341$ ,  $d.f = 1$ ; real:  $B = -.444$ ,  $p = .150$ ,  $d.f = 1$ ). Further, non-significant vividness models (satisfactory vividness:  $B = -.122$ ,  $p = .641$ ,  $d.f = 1$ ; dissatisfactory vividness:  $B = -.269$ ,  $p = .289$ ,  $d.f = 1$ ) indicate that the monetary factor was as likely to be mentioned in imagined as in real experiences. Some examples of the positive and the negative aspects of the monetary factor are:

*“I was able to refinance my car at a better rate because I was contacted by them. I financed one car through Citi Financial and they used that information to offer me refinance on another vehicle I have. I killed two birds with one stone.”*

[Example of functional, monetary, and psychological rewards]

*“They were careless with my financial data and allowed a hard-drive (with all financial information on it) to be stolen from their premises. It is a violation of my privacy and peace of mind. It is another worry in a world filled with evil and potential evil.”* [Example of security and monetary risks]

**Time.** Time-related events were discussed by 34% of respondents, where the positive valence was saving time and negative valence was wasting time. Overall, the time factor was mentioned with reference to satisfactory rather than dissatisfactory events ( $B = -.800$ ,  $p = 0.002$ ,  $d.f = 1$ ). However, in real experiences, time was mentioned as often by satisfied as dissatisfied respondents ( $B = -.534$ ,  $p = 0.128$ ,  $d.f = 1$ ). Similarly, time was

mentioned as often in real as in imaginary events (satisfaction vividness:  $B = .377$ ,  $p = .185$ ,  $d.f = 1$ ; dissatisfaction vividness:  $B = .065$ ,  $p = .848$ ,  $d.f = 1$ ). The quote below is illustrative:

*“I was contacted on numerous occasions to participate in a focus group. I was compensated... I felt in control because it gave me an opportunity to have the floor and voice my opinion, which in turn swayed others’ thoughts. I felt my time was well spent because I received a monetary allowance. I was delighted because I needed the extra cash and I was thrilled to give my thoughts.”*

[Example of time, monetary, psychological, social, functional rewards and feeling of being powerful]

**Psychological.** Self-esteem issues, including positive feelings of pride or negative feelings of shame, were discussed by 15% of respondents. The psychological factor was more likely to be mentioned for positive experiences, both overall and in real experiences (overall:  $B = -1.028$ ,  $p = .000$ ,  $d.f = 1$ ; real:  $B = -1.214$ ,  $p = 0.002$ ,  $d.f = 1$ ). Further, the psychological factor was as likely to be mentioned in real as in imaginary experiences (satisfactory vividness:  $B = .267$ ,  $p = 0.379$ ,  $d.f = 1$ ; dissatisfactory vividness:  $B = -.580$ ,  $p = .153$ ,  $d.f = 1$ ).

**Social.** Four percent of respondents referred to others’ perceptions of them, such as being admired or ridiculed by other people, as a result of firms’ acquisition and use of information about them. Overall, respondents were more likely to talk about social disapproval rather than social approval ( $B = 1.102$ ,  $p = 0.045$ ,  $d.f = 1$ ). But, for real experiences, social approval was as likely to occur as social disapproval in consumer’s

information experiences ( $B = 1.027$ ,  $p = 0.207$ ,  $d.f = 1$ ). Non-significant vividness models indicated that imagined social approval / disapproval were as vivid as real experiences (satisfactory vividness:  $B = -.669$ ,  $p = 0.418$ ,  $d.f = 1$ ; dissatisfactory vividness:  $B = -0.036$ ,  $p = 0.948$ ,  $d.f = 1$ ).

**Procedural factors.** Procedural factors included functional use of information, data security, firms' policies related to acquiring and using consumers' information, power of either the firm or its' customers over consumers' information experience, firm-customer relationship, and firms' modes of contacting consumers. Overall, procedural factors were more likely to be mentioned by respondents who had negative rather than positive information experiences. In general, security, contact mode, power, and policy factors were more likely to be mentioned in reference to negative rather than positive experiences. However, functional and relationship factors were as likely to be evoked with reference to positive as negative experiences. Thus, viewed collectively, procedural factors were more likely to result in negative experiences, as depicted in Figure 4.2.

**Functional.** Positive valence included use of relevant information for satisfying consumers' needs and fixing their problems. Negative valence included misuse of possibly incorrect information; for example, information about consumers being sold to third parties, or not being used to satisfy the consumers' needs, or to fix consumers' problems. 53% of respondents' critical incidents involved functional issues. Functional information is associated as much with satisfactory as dissatisfactory experiences, both in overall as well as in real experiences (overall:  $B = .029$ ,  $p = .894$ ,  $d.f = 1$ ; real:  $B = -.046$ ,  $p = .881$ ,  $d.f = 1$ ). Further, good functional use of consumers' information was



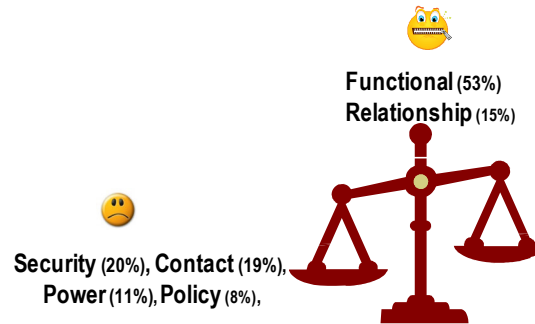
evoked as often in imaginary as in real positive experiences ( $B = -.008$ ,  $p = .975$ ,  $d.f = 1$ ). But, for negative incidents, functional misuse was mentioned more in real than in imaginary experiences ( $B = -.465$ ,  $p = .049$ ,  $d.f = 1$ ). The quote below is an illustration of good functional use of information:

*“In Europe one time Capital One did not approve my purchases because I did not let them know I was there. The next time I did notify them I was travelling and all purchases were approved. I did not have to worry about carrying cash with me and the monetary conversion was done by them.”* [Example of functional and security rewards]

**Security.** 20% of respondents referred to security issues while describing their information experience. On the positive side, information was kept safely, while on the negative side information safety was lacking. Overall, security issues were referred to more in the context of dissatisfactory than satisfactory experiences (overall:  $B = .995$ ,  $p = .000$ ,  $d.f = 1$ ). In real experiences however, security issues were as likely to be mentioned for satisfactory as for dissatisfactory experiences ( $B = .665$ ,  $p = .115$ ,  $d.f = 1$ ). Also, security was mentioned as often for imagined as for real experiences (satisfactory vividness:  $B = .394$ ,  $p = .347$ ,  $d.f = 1$ ; dissatisfactory vividness:  $B = .401$ ,  $p = .170$ ,  $d.f = 1$ ).

FIGURE 4.2

### Impact of Procedural Factors on Consumers' Information Experience



Note:

- Figures in brackets indicate percent of respondents who mentioned this factor.
- The smiling emoticon indicates association of factors with satisfactory information experiences.
- The sad emoticon indicates association of factors with dissatisfactory information experiences.
- The tilted balance indicates which factors that exert greater influence on the overall justice factor.
- Factors on top of the balance indicate that they are as likely to be associated with satisfactory as dissatisfactory information experiences.

**Mode of contact.** This referred to firms contacting consumers either by telephone, direct mail, or email in the process of acquiring or using information about consumers. Contact mode was predominantly mentioned in association with dissatisfactory experiences by 19% of respondents, both overall and in real experiences (overall:  $B = 4.565$ ,  $p = .000$ ,  $d.f = 1$ ; real:  $B = 4.301$ ,  $p = .000$ ,  $d.f = 1$ ). Further, contact mode was mentioned mainly in association with dissatisfactory experiences, both imagined as well as real ( $B = -.389$ ,  $p = .317$ ,  $d.f = 1$ ). Apart from annoyance over dinner-time calls or excessive junk mail or spam, at an extreme, the contact mode could also cause fear or anger, as seen below:

*“ They called all hours of the day and night offering us an alarm system...and on weekends as well...We started to worry that it was a scam to see if we were home ...and being targeted for a home invasion,”* [Example of functional, security, time, and monetary risks, and interactional injustice]

*“Repeated calls to sell their products...unnecessary conversations with people who do not even speak clear English asking me questions that I feel are none of their business; calls at all hours of the day and night, even on Sundays. I do not like to be hounded in the privacy of my own home. I feel like a prisoner to my phone when I have to screen every call...”* [Example of poor contact mode, time risk, and interactional injustice]

**Relationship.** This includes all mentions of trust, commitment, and concern for the customer, or lack thereof, and was referred to by 15% of respondents. Overall, relationship was mentioned as often in positive as negative incidents ( $B = .288$ ,  $p = .289$ ,  $d.f = 1$ ), but in real experiences, relationship was mentioned more in negative than positive incidents ( $B = .534$ ,  $p = .150$ ,  $d.f = 1$ ). Further, relationship was mentioned as often in imagined as in real experiences (satisfactory vividness:  $B = -.191$ ,  $p = .571$ ,  $d.f = 1$ ; dissatisfactory vividness:  $B = -.350$ ,  $p = .295$ ,  $d.f = 1$ ).

**Power.** This referred to the firm either having power over the customer to obtain desired outcomes from the customer or the customer having the power to obtain desired outcomes from the firm. Although mentioned by 11% of respondents, the predominant reference was to firms' power to dominate their customers and thus associated with dissatisfactory experiences in both overall and real experiences (overall:  $B = 2.291$ ,  $p =$

.000, d.f = 1; real:  $B = 2.063$ ,  $p = .007$ , d.f = 1). Further, power issues were mentioned as often in imagined as in real experiences (satisfactory vividness:  $B = -.289$ ,  $p = .736$ ; d.f = 1; dissatisfactory vividness:  $B = .123$ ,  $p = .683$ , d.f = 1).

**Policy.** References to a firm's policies by 8% of respondents were found to be associated more with dissatisfactory than satisfactory incidents, both in overall as well as in real experiences (overall:  $B = 1.554$ ,  $p = .000$ , d.f = 1; real:  $B = 1.919$ ,  $p = .001$ , d.f = 1).

Power was evoked as often in imagined as in real experiences (satisfactory vividness:  $B = .104$ ,  $p = 0.876$ , d.f = 1; dissatisfactory vividness:  $B = .590$ ,  $p = 0.097$ , d.f = 1).

**Interactional Factor.** This refers to the positive or negative experiences of consumers with front line employees of the firm and pertained to 18% of the critical incidents studied. Overall, interaction was as likely to be mentioned with reference to satisfactory as dissatisfactory experiences ( $B = .383$ ,  $p = .169$ , d.f = 1). However, in real experiences, interaction was associated significantly more with dissatisfactory than satisfactory experiences ( $B = .818$ ,  $p = .031$ , d.f = 1). Interaction was mentioned as much in real as in imaginary experiences (satisfaction vividness:  $B = -.226$ ,  $p = .542$ , d.f = 1; dissatisfaction vividness:  $B = -.818$ ,  $p = .009$ , d.f = 1). These results are depicted in Figure 4.3.

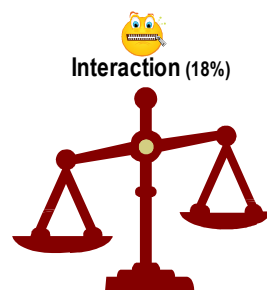
Some examples of dissatisfactory incidents involving interaction are as follows:

*“One employee was mispronouncing my last name. My last name is Salas and she kept calling me Ms. SALSAs and she kept doing it even when I corrected her. I felt the employee was making fun of my last name.”*[Example of interactional injustice]

*“Since they had my credit card information they were able to withhold amounts that were not laid out on the website when I made the deal with them. The customer service representative treated me as if I was a 5 year old.”* [Example of monetary risk and interactional injustice]

**FIGURE 4.3**

**Impact of Interactional Factors on Consumers’ Information Experience**



Note:

- Figures in brackets indicate percent of respondents who mentioned this factor.
- The smiling emoticon indicates association of factors with satisfactory information experiences.
- The sad emoticon indicates association of factors with dissatisfactory information experiences.
- The tilted balance indicates which factors that exert greater influence on the overall justice factor.
- Factors on top of the balance indicate that they are as likely to be associated with satisfactory as dissatisfactory information experiences.

### **Outcomes of Consumers' Information Experience**

Recall that in the ZMET study, consumers' actions were categorized as offensive or defensive reactions. Here, they are separated into actions of interest to marketers such as purchase, word-of-mouth, and information action. While blocking information is an example of defensive information action, removing information from a database is an example of offensive information action. Thus, the impact of consumer experiences arising from firms' acquiring and using information about them are examined on purchase action, information action, and word-of-mouth. Further, Roseman, Wietz and Swartz (1994) found that emotions are characterized by goal tendencies, which suggests that emotions are likely to influence actions. Accordingly, I studied whether emotions mediate the impact of consumers' information experience on purchase, word-of-mouth, and information actions. Table 4.9 presents some summary statistics for the effect of valence and vividness of consumers' information experience on outcomes.

Briefly, I found that emotions, purchase action, information action, and word-of-mouth action are all significantly influenced by the valence of an incident (Table 4.10). Interestingly, consumers' information and word-of-mouth actions tend to be less harsh than what they imagine. Why this might be so would be an intriguing avenue for future research. Thus, emotions are influenced by valence and vividness of consumers' information experience, and emotions in turn influence purchase, information action and word-of-mouth (Table 4.11). However, the results suggest that emotions are not a significant mediator in the relationship between consumers' information experience and actions, even though a strong theoretical argument for the mediating effect can be made.

The test for mediation was done using multivariate analysis of covariance (MANCOVA) (Table 4.12).

**TABLE 4.9**

**Summary Statistics: Impact of Valence and Vividness of Consumers' Information Experience on Emotions and Actions**

<b>RESULTS: IMPACT OF VALENCE AND VIVIDNESS OF CONSUMERS' INFORMATION EXPERIENCE ON EMOTIONS AND ACTIONS</b>		
<b>VALENCE</b> Means (Standard Deviations)	<b>VIVIDNESS</b>	
	<b>Imagined Experience</b>	<b>Real Experience</b>
<b>EMOTIONS</b>		
Anger	0.4946 (0.258)	0.501 (0.250)
Joy	0.331 (0.298)	0.437 (0.314)
Fear	0.355 (0.332)	0.215 (0.291)
Relax	0.173 (0.224)	0.138 (0.223)
Shame	0.100 (0.190)	0.079 (0.157)
Pride	0.216 (0.248)	0.176 (0.239)
<b>ACTIONS</b>		
Negative Purchase Action	1.15 (0.416)	1.29 (0.610)
Positive Purchase Action	3.51 (0.563)	3.48 (0.662)
Negative Information Action	1.62 (0.888)	2.01 (0.960)
Positive Information Action	3.15 (0.494)	3.11 (0.373)
Negative Word-of-mouth Action	2.24 (1.189)	1.58 (1.202)
Positive Word-of-mouth Action	1.73 (1.176)	1.27 (0.860)

**TABLE 4.10**

**Results: Impact of Valence and Vividness of Consumers' Information Experience  
on Emotions and Actions**

F statistics	Valence	Vividness	Interaction	Adj. R2
<b>EMOTIONS</b>				
Anger_Joy	39.542**	9.633**	7.561**	0.048
Fear_Relax	49.272**	8.032**	8.032**	0.063
Shame_Pride	64.428**	5.451*	0.573	0.075
<b>ACTIONS</b>				
Purchase Action	2797.686**	1.391	1.194	0.801
Information Action	663.850**	12.718**	17.889**	0.406
Word-of-mouth Action	30.754**	56.254**	1.825	0.084

\*p<0.05, \*\* p<0.01

**TABLE 4.11**

**Impact of Emotions on Actions in Consumers' Information Experience**

EMOTIONS (B)	PURCHASE ACTION	INFORMATION ACTION	WORD-OF-MOUTH ACTION
Anger_Joy	-0.199**	-0.114**	0.765
Fear_Relax	-0.249**	-0.209**	0.028
Shame_Pride	0.32**	0.243**	0.97
F Statistic	45.709**	33.982**	2.2
Adjusted R <sup>2</sup>	0.161	0.09	0.004

\* p<0.05, \*\* p<0.01



**TABLE 4.12**

**Mediating Role of Emotions in the Relationship between Consumers' Information  
Experience and Actions**

<b>F statistics</b>	<b>PURCHASE ACTION</b>	<b>INFORMATION ACTION</b>	<b>WORD-OF- MOUTH ACTION</b>
Anger_Joy	0.616	0	0.58
Fear_Relax	0.005	0.649	0.537
Shame_Pride	0.18	0.16	1.668
Valence	2220.2**	428.345**	39.718**
Vividness	1.025	17.668	34.581
Interaction	3.903	29.341	0.088

\* p<0.05, \*\* p<0.01

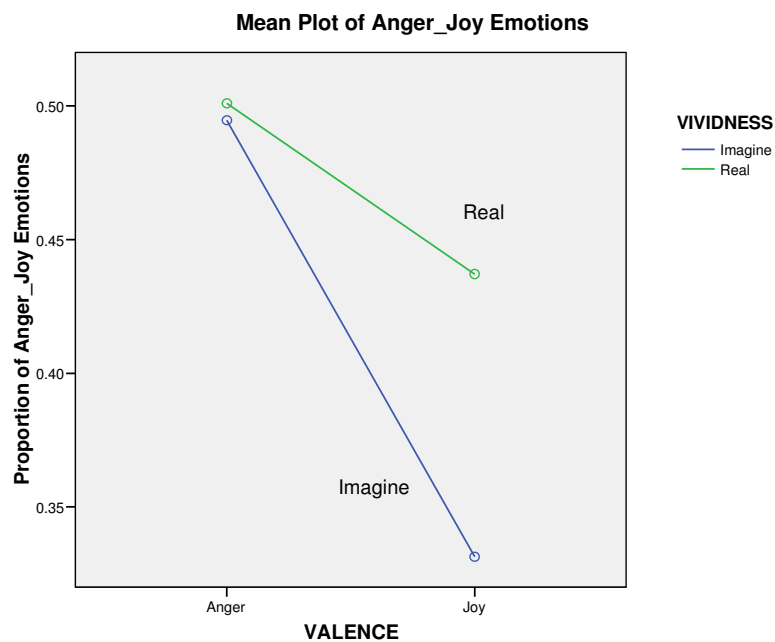
**Emotions.** First, the impact of valence (positive/negative) and vividness (real/imagine) on emotion was evaluated using multivariate analysis of variance (MANOVA). Both valence and vividness of consumers' information experience was found to significantly impact anger-joy (valence:  $p = .000$ ,  $d.f = 1$ ; vividness:  $p = .000$ ,  $d.f = 1$ ), and fear-relax (valence:  $p = .000$ ,  $d.f = 1$ ; vividness:  $p = .000$ ,  $d.f = 1$ ) emotions. Only valence impacted pride-shame ( $p = .000$ ,  $d.f = 1$ ) emotions.

In particular, in the case of anger-joy emotions, respondents experienced significantly more angry than joyful emotions ( $M_{\text{Negative}} = 0.4983 > M_{\text{Positive}} = 0.3901$ ). Further, a significant interaction effect ( $p = .006$ ,  $d.f = 1$ ) (Figure 4.4) suggests that consumers don't imagine as many joyful emotions as they end up experiencing.

However, for negative events, they imagine almost as many angry emotions as an actual negative event would evoke. Why consumers imagine that they will be less happy than they actually are could be a function of the expectations they have from a firm. This is an interesting issue that merits future research.

**FIGURE 4.4**

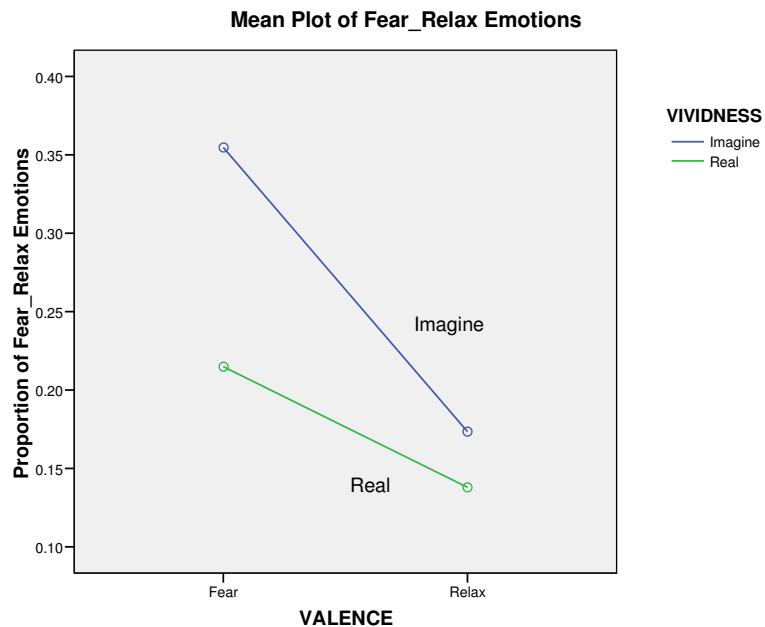
**Mean Plot of Anger-Joy Emotions in Consumers' Information Experience**



Also, in the case of fear-relax emotions, significantly ( $p = .000$ ,  $d.f = 1$ ) more negative than positive emotions were experienced ( $M_{\text{Negative}} = 0.275 > M_{\text{Positive}} = 0.154$ ). A significant interaction effect for fear-relax emotions ( $p = .003$ ,  $d.f = 1$ ) suggests that the vividness effect is stronger for negative than for positive events (Figure 4.5), with considerably more fearful emotions being imagined than actually experienced ( $M_{\text{Real}} = 0.2149 < M_{\text{Imagine}} = 0.3546$ ).

**FIGURE 4.5**

**Mean Plot of Fear-Relax Emotions in Consumers' Information Experience**

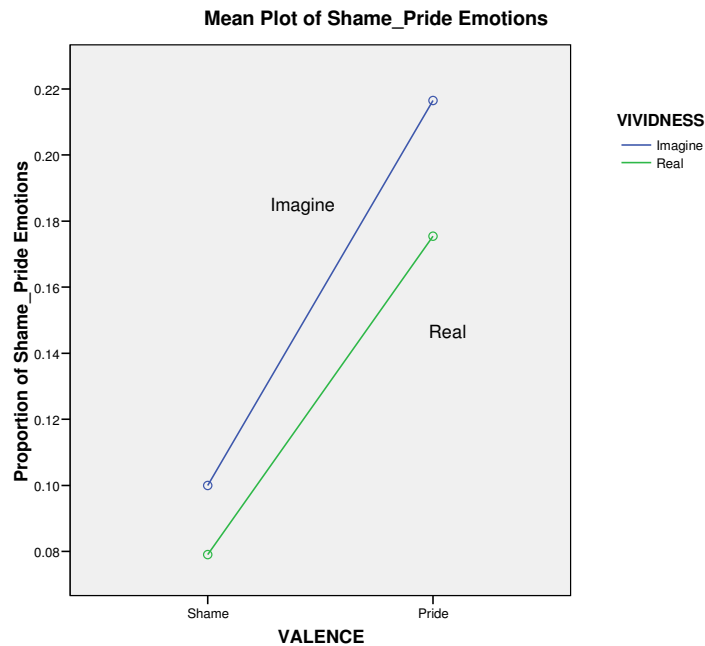


In the case of shame-pride emotions, respondents experienced significantly more ( $p = .000$ ,  $d.f = 1$ ) pride than shame emotions ( $M_{\text{Positive}} = 0.194 > M_{\text{Negative}} = 0.08$ ); in both positive and negative experiences, vividness effects ( $p = .015$ ,  $d.f = 1$ ) were evident with imagined emotions being significantly more than actually experienced emotions ( $M_{\text{Real}} = 0.185 < M_{\text{Imagine}} = 0.285$ ). There was no significant interaction effect ( $p = .576$ ,  $d.f = 1$ ) (Figure 4.6). In general, people tend to focus more on negative rather than positive emotions (Noguchi et al. 2006), as evident in anger-joy and fear-relax emotions. However, for shame-pride emotions, respondents experienced more pride than shame. This could be because of responsibility attributions (Folkes 1988). For example if people attribute negative events to the firm, there is no reason to experience shame, and if they attribute positive outcomes to themselves, it would be natural to experience pride.

All three emotion factors were significantly related to purchase, information, and word-of-mouth actions and the results are described while discussing each action next.

FIGURE 4.6

### Mean Plot of Shame-Pride Emotions in Consumers' Information Experience

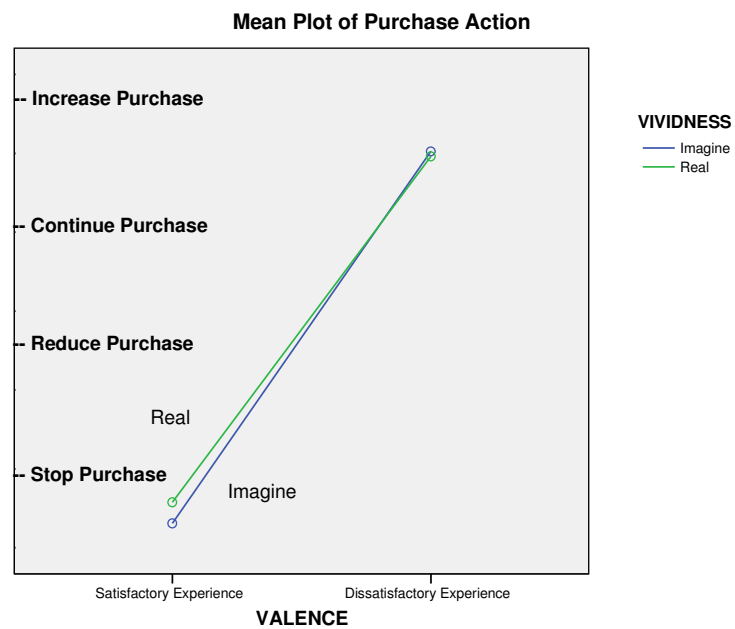


**Purchase action.** Purchase action included stopping (31%), reducing (5%), continuing (16%), and increasing (18%) purchase, where 1 indicated stopping purchase and 4 indicated increasing purchase. Valence ( $p = .000$ ,  $d.f = 1$ ) significantly impacted purchase action ( $M_{\text{Positive}} = 3.50 > M_{\text{Negative}} = 1.22$ ). There were neither any vividness ( $p = .239$ ,  $d.f = 1$ ;  $M_{\text{Real}} = 2.42 > M_{\text{Imagine}} = 2.20$ ) nor interaction effects ( $p = 0.055$ ,  $d.f = 1$ ) (Figure 4.7). All three emotion factors significantly impacted purchase (anger-joy:  $p = .000$ ,  $d.f = 1$ ; shame-pride:  $p = .000$ ,  $d.f = 1$ ; fear-relax:  $p = .000$ ,  $d.f = 1$ ). However, as

indicated in Table 4.12, emotions did not mediate the relationship between experience and purchase action; when using emotions as covariates, valence still remained significant while emotions did not.

**FIGURE 4.7**

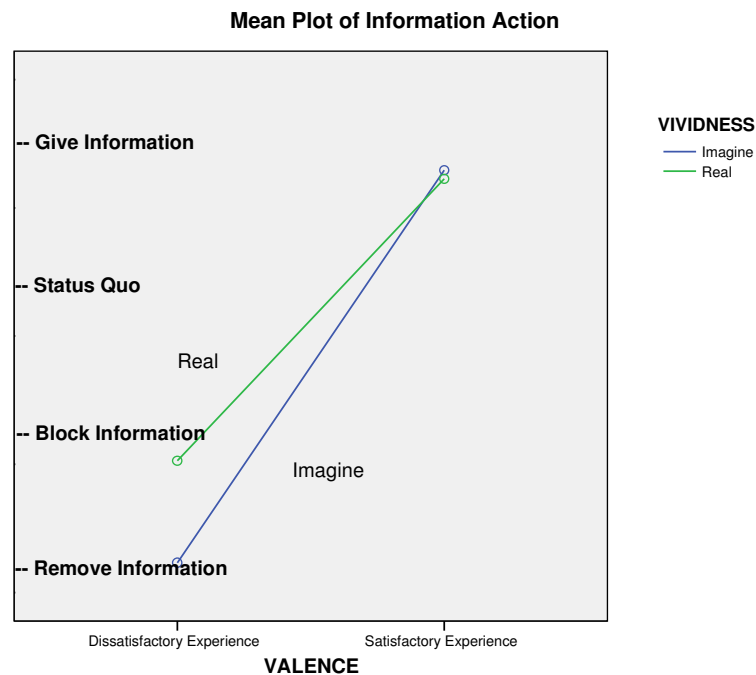
**Mean Plot of Purchase Action in Consumers' Information Experience**



**Information action.** Information action included consumers requesting removal of personal information about them from the company's database (33%), blocking further attempts by the company to obtain more information (7%), no action (i.e., letting the firm keep and use whatever information they already possess about the consumer) (10%), and proactively providing the company with information (6%). Here, 1 indicated removing information and 4 indicated giving information. Both valence ( $p = .000$ ,  $d.f = 1$ ;  $M_{\text{Positive}} = 3.130 > M_{\text{Negative}} = 1.840$ ) and vividness ( $p = .000$ ,  $d.f = 1$ ;  $M_{\text{Real}} = 2.430 < M_{\text{Imagine}} = 2.210$ ) significantly influenced information action. An interaction effect was also significant ( $p = .000$ ,  $d.f = 1$ ). Figure 4.8 suggests that although real and imagined information action were similar for positive events, for negative events, imagined negative action tended to be more severe (for example, removing information from firms' database) than actual action (for example, blocking firms' attempts to acquire more information). One reason why consumers may intend to remove information about them from the company's database, but only end up with milder actions such as blocking future attempts to collect information, may be because only 45% of consumers are aware of name removal mechanisms (Milne and Rohm 2000). Also, despite having the knowledge, the time and effort involved in accomplishing name removal from a database may be too high for consumers. Respondents' information-related actions were significantly impacted by all three emotion factors: anger-joy ( $p = 0.000$ ), pride-shame ( $p = 0.000$ ), and fear-relax ( $p = 0.000$ ). Again, emotions were not a significant mediator between experience and information action, as suggested by the results reported in Table 4.12.

**FIGURE 4.8**

**Mean Plot of Information Action in Consumers' Information Experience**



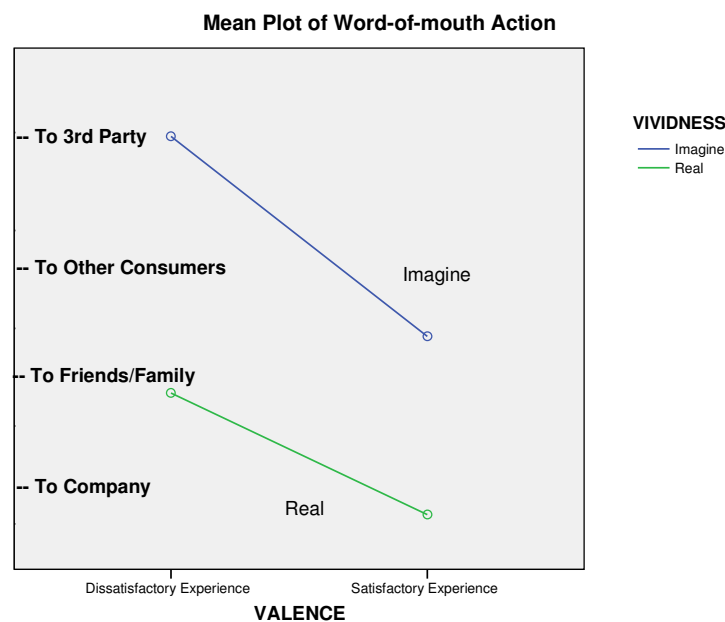
**Word-of-mouth action.** Word-of-mouth action included complaining about or praising the company to the company itself (36%), friends/family (79%), other consumers (40%), or third party (19%). As discussed later, consumers' imagined experiences were influenced not just by media, but also other peoples' experiences. This suggests that word-of-mouth is an important outcome that has not been examined to date in privacy research. Word-of-mouth was significantly impacted by valence ( $p = .000$ ,  $d.f = 1$ ), and complaining was much higher than praising ( $M_{\text{Positive}} = 1.480 < M_{\text{Negative}} = 1.870$ ). There



was also a significant vividness effect ( $p = .000$ ), where imagined WOM is much higher than in reality ( $M_{\text{Real}} = 1.470 < M_{\text{Imagine}} = 2.040$ ) for both positive as well as negative experiences. However, there were no interaction effects (Figure 4.9). Word-of-mouth was significantly affected by fear-relax ( $p = 0.023$ ), but not by anger-joy ( $p = 0.567$ ) and pride-shame ( $p = 0.970$ ). None of the emotion factors mediate the effect of experience on word-of-mouth as suggested by the results reported in Table 4.12.

**FIGURE 4.9**

**Mean Plot of Word-of-Mouth Action in Consumers' Information Experience**



### **Contextual Variables for Consumers' Information Experience**

The results reported next for contextual variables are associations of these variables with consumers' information experience. However, associations are suggestive in nature, and the actual direction of the relationship must be based more on theoretical considerations. It may be argued that variables such as information type, belief basis, responsibility attributions, and demographics, cannot by themselves result in satisfactory or dissatisfactory experiences. For example, just because a firm has financial information about a consumer that does not mean that the consumer's information experience will be negative. If the company keeps data securely or provides good benefits to the consumer, then the consumer might possibly have a satisfactory experience. Similarly, just because a particular incident is attributed to the firm does not suggest that the experience will be negative; it could just as well be a positive experience. Thus, theoretically, these contextual variables must be viewed more as moderating variables in the context of the antecedents that have been identified in the ZMET and CIT studies. The nature of this study, where textual data is coded as 1's and 0's, does not enable the testing of moderating effects and hence what is reported below are associations of these variables with the valence and vividness of consumers' information experience.

**Information type.** The following key categories were created based on respondents' open-ended descriptions of the type of information that firms had/might have about them: demographic (64%), financial (44%), purchase (14%), and psychographic (4%). Other information types were also mentioned such as lifestyle, family/friends, employment, and physical (for example, health), but in very few cases.

**Demographic information.** 64% of respondents' critical incidents involved firms having demographic information about them such as name, address, email, etc. Overall and in real experiences, dissatisfied respondents were as likely to mention demographic information as satisfied respondents (overall:  $B = .989$ ,  $p = .003$ ,  $d.f = 1$ ; real:  $B = .302$ ,  $p = .406$ ,  $d.f = 1$ ). Also, demographic information is mentioned as often in imagined as in real experiences (satisfaction vividness:  $B = .223$ ,  $p = .431$ ,  $d.f = 1$ ; dissatisfaction vividness:  $B = -.107$ ,  $p = .685$ ,  $d.f = 1$ ).

**Financial information.** 44% of respondents discussed a critical incident that involved firms having financial information about them. Overall and in real experiences, more dissatisfied than satisfied respondents discussed financial information (overall:  $B = .838$ ,  $p = .000$ ,  $d.f = 1$ , real:  $B = .765$ ,  $p = .034$ ,  $d.f = 1$ ). Though financial information was mentioned as often in real satisfactory experiences as imagined ones, for dissatisfactory experiences it was discussed more by those who imagined dissatisfaction than by those who actually experienced it ( $B = .952$ ,  $p = .000$ ,  $d.f = 1$ ).

**Purchase information.** 14% of respondents mentioned a critical incident where a firm had their purchase information. Overall and in real experiences, respondents mentioned purchase information significantly more in association with satisfactory than dissatisfactory incidents (overall:  $B = -1.677$ ,  $p = .000$ ,  $d.f = 1$ ; real:  $B = -2.049$ ,  $p = .000$ ,  $d.f = 1$ ). Also, respondents mentioned purchase information as often for imagined as for real incidents (satisfactory vividness:  $B = -.574$ ,  $p = .073$ ,  $d.f = 1$ ; dissatisfactory vividness:  $B = .586$ ,  $p = .193$ ,  $d.f = 1$ ).

**Psychographic information.** Four percent of respondents discussed a critical incident involving psychographic information such as, likes, dislikes, and opinions. This was mentioned more in satisfactory than in dissatisfactory incidents both overall and in real experiences (overall:  $B = -2.439$ ,  $p = .004$ ,  $d.f = 1$ ; real:  $B = -2.845$ ,  $p = .040$ ,  $d.f = 1$ ). Further, more this type of information was mentioned as often in real as in imagined experiences (satisfactory vividness  $B = .723$ ,  $p = .102$ ,  $d.f = 1$ ; dissatisfactory vividness  $B = .530$ ,  $p = .765$ ,  $d.f = 1$ ).

**Responsibility attributions.** In line with attribution theory (Folkes 1988), for dissatisfactory experiences, overall, respondents were more likely to attribute responsibility to the company (mean = 5.68; overall:  $B = .187$ ,  $p = .014$ ,  $d.f = 1$ ). But for real and imagined incidents, company attribution was as much for satisfactory as for dissatisfactory incidents (real:  $B = .124$ ,  $p = .256$ ,  $d.f = 1$ ; satisfaction vividness:  $B = -.078$ ,  $p = .356$ ,  $d.f = 1$ ; dissatisfaction vividness:  $B = -.097$ ,  $p = .267$ ,  $d.f = 1$ ).

Overall and in reality, more self-attributions were made in the case of satisfactory experiences (overall:  $B = -.492$ ,  $p = .000$ ,  $d.f = 1$ ; real:  $B = -.501$ ,  $p = .000$ ,  $d.f = 1$ ). Further, for satisfactory incidents self-attributions were made as often for imagined as for real incidents (satisfactory vividness:  $B = .024$ ,  $p = .797$ ,  $d.f = 1$ ). But for dissatisfactory incidents, self-attribution was mentioned more for imagined than real incidents (dissatisfactory vividness:  $B = .206$ ,  $p = .001$ ,  $d.f = 1$ ).

Responsibility is attributed to other people (for example, hackers or companies that buy information from the focal firm) as often in dissatisfactory as satisfactory incidents, in overall, real, and imagined incidents (overall:  $B = .012$ ,  $p = .839$ ,  $d.f = 1$ ;

real:  $.027$ ,  $p = .738$ ,  $d.f = 1$ ; satisfaction vividness:  $B = -.028$ ,  $p = .706$ ,  $d.f = 1$ ;  
dissatisfaction vividness:  $B = .053$ ,  $p = .389$ ,  $d.f = 1$ ).

**Source of information.** Respondents' perception of the source of a firm's information was measured as follows: self with knowledge, self without knowledge, other source with consumers' knowledge, and other source without consumers' knowledge. In real incidents, as firms obtained information about consumers from others (rather than consumers themselves) and more of this was done without consumers' knowledge, the greater the likelihood of being associated with dissatisfactory incidents ( $B = .220$ ,  $p = .034$ ,  $d.f = 1$ ). Also, this factor was evoked as often in imagined as in real incidents (satisfaction vividness:  $B = .057$ ,  $p = .567$ ,  $d.f = 1$ ; dissatisfaction vividness:  $B = -.087$ ,  $p = .255$ ,  $d.f = 1$ ).

**Knowledge of acquisition, use, and benefits (Notice).** Measured on a 7 point Likert scale (mean = 6.29; S.D = 1.352), knowledge/notice was as likely to be evoked by satisfied as dissatisfied respondents, both overall as well as in reality (overall:  $B = -.062$ ,  $p = .669$ ,  $d.f = 1$ ; real:  $B = -.295$ ,  $p = .161$ ,  $d.f = 1$ ). Satisfied respondents mentioned notice more often than respondents who imagined satisfaction (satisfaction vividness:  $B = -.359$ ;  $p = .034$ ,  $d.f = 1$ ). However, no such group differences were evident between those who were dissatisfied versus those who imagined dissatisfaction (dissatisfaction vividness:  $B = -.122$ ,  $p = .498$ ,  $d.f = 1$ ).

**Permission for acquisition and use (Consent).** Measured on a 7 point Likert scale (mean = 6.29; S.D = 1.416), permission/consent was as likely to be evoked by satisfied as dissatisfied respondents, both overall as well as in reality (overall:  $B = .139$ ,  $p = .287$ ,

d.f = 1; real:  $B = .188$ ,  $p = .291$ , d.f = 1). Respondents who imagined satisfaction mentioned permission more often than respondents who actually experienced satisfaction (satisfaction vividness:  $B = .348$ ;  $p = .017$ , d.f = 1). However, no such group differences were evident between those who were dissatisfied versus those who imagined dissatisfaction (dissatisfaction vividness:  $B = .183$ ,  $p = .284$ , d.f = 1).

**Belief basis.** Respondents were asked whether media or personal experiences were the basis of the thoughts and feelings they had expressed in this survey. Overall and in real experiences, media, personal experience, or others' experiences were as likely to be mentioned with reference to satisfactory as dissatisfactory experiences (overall for media:  $B = .092$ ,  $p = .243$ , d.f = 1; overall for personal experience:  $B = -.067$ ,  $p = .346$ , d.f = 1; overall for others' experiences:  $B = .030$ ,  $p = .682$ , d.f = 1; real for media:  $B = .004$ ,  $p = .968$ , d.f = 1; real for personal experience:  $B = -.049$ ,  $p = .644$ , d.f = 1; real for others' experiences:  $B = .027$ ,  $p = .738$ , d.f = 1).

Expectedly, respondents mentioned personal experience as the basis of their beliefs for real rather than imagined experiences (satisfaction vividness:  $B = -.358$ ,  $p = .000$ , d.f = 1; dissatisfaction vividness:  $B = -.293$ ,  $p = .000$ , d.f = 1). Media and others' experiences were associated with both real as well as imagined satisfactory experiences (vivid satisfaction for media:  $B = .177$ ,  $p = .064$ , d.f = 1; vivid satisfaction for others' experiences:  $B = .045$ ,  $p = .622$ , d.f = 1). For dissatisfactory experiences, media and others' experiences were more likely to be mentioned in association with imagined rather than real experiences (vivid dissatisfaction for media:  $B = .316$ ,  $p = .000$ , d.f = 1; vivid dissatisfaction for others' experiences:  $B = .264$ ,  $p = .001$ , d.f = 1).

**Benefits.** Monetary or non-monetary benefits, such as personalization, were measured on a 7 point Likert scale (mean: 4.67, S.D = 1.621). Benefits were associated as often with satisfactory as with dissatisfactory experiences (overall:  $B = -.138$ ,  $p = .064$ ,  $d.f = 1$ ; real:  $B = -.033$ ,  $p = .756$ ,  $d.f = 1$ ). Further, benefits were associated as much with imaginary as with real experiences (vivid satisfaction:  $B = .122$ ,  $p = .221$ ,  $d.f = 1$ ;  $B = .059$ ,  $p = .467$ ,  $d.f = 1$ ).

**Industry type.** Fifty nine percent of the critical incidents discussed were for service firms (providers of pure services), and 41% were retail firms (brick and mortar, as well as online companies that sold goods). No differences were found on the basis of industry type (overall:  $B = .277$ ,  $p = .198$ ,  $d.f = 1$ ; real:  $B = .343$ ,  $p = .255$ ,  $d.f = 1$ ; vivid satisfaction:  $B = .029$ ,  $p = .914$ ,  $d.f = 1$ ; vivid dissatisfaction:  $B = .345$ ,  $p = .179$ ,  $d.f = 1$ )

**Prior purchase experience.** Fifty three percent of respondents had prior purchase experience with the firm that they chose to discuss in this survey. Consistent with prior research by Culnan and Armstrong (1999), I found that in overall as well as real experiences, consumers who were satisfied were more likely to discuss firms that they had done business with earlier (overall:  $B = -1.377$ ,  $p = .000$ ,  $d.f = 1$ ; real:  $-1.239$ ,  $p = .000$ ,  $d.f = 1$ ). Respondents who imagined dissatisfaction were as likely to mention having prior experience as those who actually experienced dissatisfaction (vivid dissatisfaction:  $B = .973$ ,  $p = .000$ ,  $d.f = 1$ ). However, for satisfactory experiences, respondents who imagined satisfaction were more likely to have prior purchase experience, than those who actually had a satisfactory experience (vivid satisfaction:  $B = .795$ ,  $p = .015$ ,  $d.f = 1$ )

Despite findings in privacy research that suggest demographic differences in consumers' privacy concerns, I found no differences based on age, gender, education, income, ethnicity, and weekly Internet use, on consumers' information experience. There may be two reasons for this. First, as technology usage in this domain increases (for example, Internet use), consumers may become more familiar with information-related issues that arise, and demographic differences in privacy concerns may be gradually decreasing. Second, despite having concerns about privacy, consumers may still have satisfactory experiences if the rewards they receive for their information acquisition and usage are more than the risks they bear. This constitutes an interesting avenue to explore in future research.

## **CONCLUSION**

In this section, I develop working hypotheses and a more refined model for the antecedents and outcomes of consumers' information experience, by building on the results of this exploratory study. The antecedents are social justice factors (distributive, procedural, and interactional) and the outcomes are purchase action, information action, and word-of-mouth action. Contextual variables that were more often mentioned in the context of either positive or negative valence, and/or real or imaginary experiences, are modeled as moderating variables. Contextual variables examined in Essay 2 suggest that moderating effects include information type (demographic, financial, purchase, and psychological), prior experience, industry type, demographics, source of information,



and responsibility attributions. No evidence of moderating effects is found for other contextual variables such as belief basis and demographics.

Overall, distributive factors such as time and psychological gratification are more likely to be associated with satisfactory than dissatisfactory experiences. These are positive aspects that firms can use for focusing consumers' attention, as reflected in the following quote:

*“(They had) my warranty information which made it easy to verify. I felt they took care of me (and I was) not just a number.”* [Example of psychological reward, saving time, good relational cues, and lowering security risk]

The monetary factor is a key issue in consumers' information experience, discussed by 43% of respondents, but is as likely to be mentioned in a negative as a positive context. Although consumers are likely to mention social disapproval more often than approval, only 4% of respondents discuss social issues.

In general, consumers are more likely to associate dissatisfactory than satisfactory incidents with procedural factors. Though firms acquire consumer information for satisfying consumers' functional needs so as to build a relationship with consumers, actual functional and relational uses of information may result in as much dissatisfaction as satisfaction. Further, firms' procedures, such as policies adopted, security measures, manner of contacting consumers, and relational cues that foster and express mutual trust and commitment, fall short of consumer expectations in the information acquisition and usage process. This is a threat to firms' credibility with consumers because even when consumers have no personal experience, their

imagination about their likely information experience is as vivid as for those consumers who have had such information experience. Though consumers don't expect firms to dissatisfy them by their functional use of information about them and the manner of contacting consumers, negative outcomes are more likely to be associated with functional and contact mode factors than positive outcomes. Also, in general, firm-consumer interactions in the process of firms' acquiring and using consumer information are as likely to be dissatisfactory as satisfactory and they also tend to be more dissatisfactory than imagined by consumers.

The working hypotheses based on the associations described above are as follows:

*In the process of acquisition and utilization of information about consumers, by firms:*

**Antecedents**

**WH -1.** *Consumers who perceive (a) time and (b) psychological factors in their information experience are more likely to have a satisfactory than a dissatisfactory experience.*

**WH-2.** *Consumers who perceive (a) social, (b) security, (c) contact mode, (d) power, and (e) policy factors in their information experience, are more likely to have a dissatisfactory than a satisfactory experience.*

**WH-3.** *Consumers who perceive (a) monetary, (b) functional, (c) relationship, and (d) interactional factors in their information experience, are as likely to have a dissatisfactory as a satisfactory experience.*

**Vividness**

**WH-4.** *Consumers' imagination about satisfactory experiences is as vivid as or more vivid than real experiences.*

**WH-5.** *Consumers' imagination about dissatisfactory experiences is as vivid as or more vivid than real experiences for (a) monetary, (b) time, (c) psychological, (d) social, (e) security, (f) contact mode, (g) power, (h), policy, and (i) relationship factors.*

**WH-6.** *Consumers' actual dissatisfaction with their information experiences involving (a) functional, and (b) interactional factors, will be more than imagined.*

### **Outcomes**

**WH-7.** *The valence of consumers' information experience will be positively related to (a) emotions, (b) purchase actions, (c) information actions, and (d) word-of-mouth actions.*

**WH-8.** *The positive association between consumers' information experience with (a) emotions (b) information action, and (c) word-of-mouth action, will be as high in imagined as in real experiences.*

Information type, examined in prior research, suggests that financial information raises consumers' privacy concerns. Expectedly, in this study, financial information is associated more with dissatisfactory than satisfactory information experiences.

Additionally, financial information is evoked more by those who imagine dissatisfaction compared to those who have experienced it themselves. Demographic information is associated both with positive as well as negative experiences. However, psychographic and purchase information are associated more with satisfactory than dissatisfactory experiences. Respondents with satisfactory information experiences are more likely to have prior purchase experience. Dissatisfactory experiences are associated more with attributions to the firm, while satisfactory experiences are associated more with self-attributions. Negative incidents are associated more with lack of knowledge and with the source of information being others rather than oneself. Interestingly, the belief basis (media, personal experience, or others) is as likely to be associated with positive as with

negative experiences. Thus, I find no evidence for a moderating role of belief basis for the valence of consumer's information experience.

The effect of distributive, procedural, and interactional factors on consumer's information experience may be viewed as rewards (positive/satisfactory experience) or risks (negative/dissatisfactory experiences). The moderating variables either enhance or mitigate these relationships as summarized below:

*The reward (risk) relationship between consumers' information experience and its antecedents will be:*

#### **Information Type**

*WH-9. Less (more) pronounced for financial than non-financial information.*

*WH-10. More (less) pronounced for purchase than non-purchase information.*

#### **Prior Purchase**

*WH-11. More (less) pronounced for consumers with prior purchase experience than those with no prior purchase experience.*

#### **Responsibility Attributions**

*WH-12. More (less) pronounced for self attributions than attributions to the firm or others.*

*WH-13. Less (more) pronounced for attributions to the firm than to oneself.*

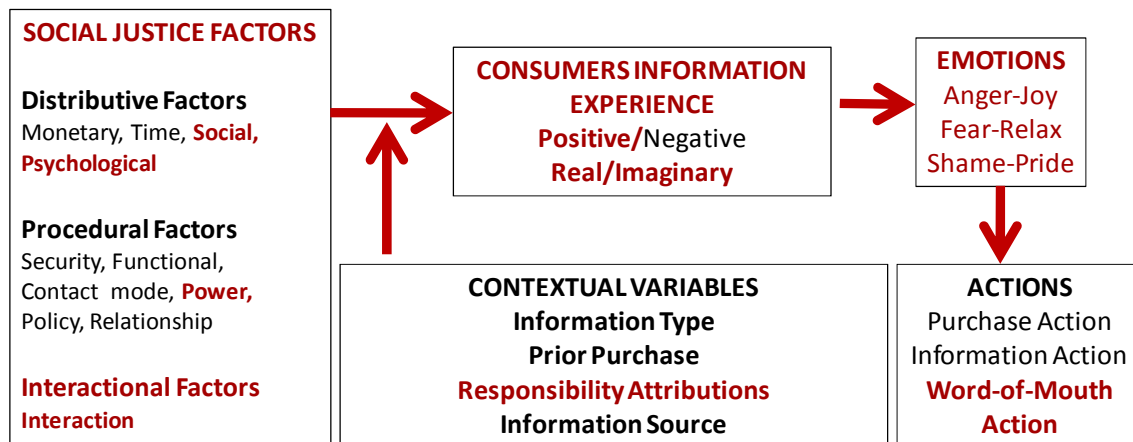
#### **Information Source**

*WH-14. More (less) pronounced when information is obtained from the consumer with his/her knowledge, than from other sources without the consumer's knowledge.*

The hypotheses are summarized in the working model in Figure 4.10. In the figure below, the variables marked in red with bold font indicate the contribution of this dissertation to privacy research and will be discussed in greater detail in the following chapter.

**FIGURE 4.10**

**Antecedents and Consequences of Consumers' Information Experience: A Social Justice Perspective**



Note: The variables marked in red with bold font represent the contribution made by this dissertation to privacy research.

## CHAPTER V

### SUMMARY: IMPLICATIONS OF CONSUMERS' INFORMATION

#### EXPERIENCE FOR RESEARCH AND PRACTICE

#### CONCLUSION

*What men really want is not knowledge but certainty.*  
Bertrand Russell

Story (2008) reported in *The New York Times* that after reading about Internet companies like Google and Yahoo collecting information about people online for targeted advertising, one New York Assemblyman drafted a bill that would make it a crime for Web companies to use personal information about consumers for advertising without their consent. Advertising executives argue that in view of no real harm being shown as a result of behavioral targeting or third-party advertising, regulating the Internet would only serve to undercut the business model that supports the Web.

While media focus on privacy has been steadily increasing (Petrisson and Wang 1995, Roznowski 2003), what is less clear is the actual impact of firms' information acquisition and use on consumers. For example, in the above case would the information collected by Microsoft and Yahoo have benefited their customers? And if customers appreciated such benefits then why would there be a need for such legislation?

In the face of ambiguity<sup>1</sup> about outcomes, does the potential of harm loom larger than the potential of gain? Further, what factors shape consumers' information experience with firms? These are important questions to address because the implications of actual harm coupled with imagined harm due to ambiguity could change the way we know business to be conducted.

Taking a bird's eye view of the privacy issue in this dissertation clarifies these issues. First, in Essay 1, I find that consumers' attitudes about their information experience are based on risks and are highly negative. However, in Essay 2, I find that consumers' information experience with firms is not overwhelmingly negative as suggested by consumers' predominantly negative attitudes, but can also be positive. By examining the basis of consumer's beliefs, I find that media and word-of-mouth play an important role in shaping consumers' perceptions. In fact, the findings suggest that effect of media and word-of-mouth possibly outweigh the effect of personal experiences in the formation of attitudes. This is because, in personal experiences, consumers can have positive experiences as well as negative ones. But for imagined experiences, media and word-of-mouth create *more* imagined than actual dissatisfaction, but only *as much* imagined as actual satisfaction. Thus, imagined experiences driven by media and word-of-mouth effects could potentially result in negative attitudes. Prospect theory (Kahneman and Tversky 1979) also suggests that since losses loom larger than gains, attitudes would likely be influenced more by negative events formed by media and

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<sup>1</sup> Uncertainty refers to situations where probabilities of outcomes are known. Ambiguity is a type of uncertainty where the probabilities of outcomes are unknown (Firsich and Baron 1988)

word-of-mouth than by positive personal experiences. On the other hand, positive actions (i.e., purchase, information, and word-of-mouth) are likely driven by positive personal experiences. In fact, media and word-of-mouth create as vivid imagined positive experiences as actual positive experiences, which may also contribute to positive consumer actions.

Second, risks need not be limited to monetary or security risks, and rewards need not be limited to monetary or personalization benefits, as focused on in prior research. Indeed, risks and rewards can encompass all potentially negative and positive implications of a variety of distributive, procedural, and interactional factors as outlined below (Table 5.1).

This dissertation has attempted to fill voids in prior research on privacy, as identified in Chapter II. First, examination of actual information experiences based on consumers' actual behaviors, instead of behavioral intentions, helps explain the disconnect between consumers' privacy attitudes and actions. Second, using an in-depth, phenomenological technique such as ZMET helped uncover a variety of risks and rewards previously unexplored in privacy research, such as social and psychological implications of consumers' information experience. Third, the vital role of emotions in consumers' information experience has been highlighted, revealing underlying dimensions such as anger, joy, fear, relaxation, pride, and shame. Hauser (2006) argues that neither reasoning nor emotions alone can do complete justice to the process leading up to moral judgment. Cognitive appraisals of consumers' privacy concerns must also take into account the role of emotions to more fully understand how affect and



cognitions influence consumers' actual behaviors in terms of purchase, information-action, and word-of-mouth related to consumers' information experience. Fourth, examining a variety of actions (purchase, information, and word-of-mouth) provides a more comprehensive understanding of the outcomes of consumers' information experiences. Fifth, though some attention had been paid to media effects in prior research, examining the role of media and word-of-mouth in creating vivid imaginations affords us valuable insights into why the privacy issue, much like security issues post 9-11, may be casting a long shadow.

Prior research on vividness effects, as discussed earlier in this dissertation, indicates the strong persuasive influence of vividness, and if consumers' imagined information experiences are as vivid as real experiences, this will likely be reflected in their actions. Gilbert et al. (1998) point out that when people forecast an event and imagine it to be more powerful than it actually turns out to be, they will overestimate the duration of their affective responses with consequent repercussions for actions related to those emotions. The implication is that if people act on the basis of their imagined fears, they will be likely to protect themselves from firms' information-related efforts. This means they will have fewer opportunities for disconfirming their pessimistic predictions, such as benefitting from the good use of their purchase and psychological information, saving time, or being psychologically gratified. For firms, consumers acting on the basis of their optimistic predictions present an opportunity for proving their good intentions while acquiring and using consumers' information.

**TABLE 5.1**

**Social Justice Based Risks and Rewards Shaping Consumers' Information  
Experience with Firms**

FACTORS	RISKS	REWARDS
<b>DISTRIBUTIVE FACTORS</b>		
<b>MONETARY</b>	Customer faces risk of identity theft or other monetary loss.	Customer saves money or gets cash/coupons/discounts.
<b>TIME</b>	Waste of customer's time.	Customer saves time.
<b>PSYCHOLOGICAL</b>	Customer experiences feelings of shame or poor self-esteem.	Customer experiences feelings of pride or high self-esteem.
<b>SOCIAL</b>	Because of this incident people think badly of the customer.	Because of this incident people think the customer is smart.
<b>PROCEDURAL FACTORS</b>		
<b>FUNCTIONAL</b>	Firm uses information which is incorrect or irrelevant for satisfying customers' needs. Firm misuses customers' information or sells it without taking customers' permission or does not use it for fixing customers' problems or satisfying their needs.	Firm uses the customers' information well (i.e., according to customer's desires) for satisfying customers' needs and fixing problems.
<b>SECURITY</b>	Firm does not keep information secure.	Firm keeps customer information secure.
<b>POLICY</b>	Firm asks the customer for permission for information acquisition and usage. Firm provides customers with knowledge. Firm is honest with customers about firms' policies and intentions.	Firm secretly monitors customers without customers' permission. Firm is not honest with customers about firms' policies and intentions.
<b>POWER</b>	Firm has power over the customer in the information acquisition and usage process.	Customer has power over the firm in the information acquisition and usage process.
<b>RELATIONSHIP</b>	Firm comes across as being untrustworthy, uncaring or unhelpful to the customer. Customer no longer wants to do business with the firm.	Firm comes across as trustworthy, caring or helpful to the customer. Customer wants to continue doing business with the firms.
<b>CONTACT MODE</b>	Firm uses email/directmail/telephone contact which is appreciated by the customer.	Firm uses email/directmail/telephone contact which is not appreciated by the customer.
<b>INTERACTIONAL FACTOR</b>		
<b>INTERACTION</b>	Customer is treated well by sales/customer service representative.	Customer is treated badly by sales/customer service representative.

Thus, Essay 1, a grounded research study, contributes to research in privacy and customer relationship management, by enhancing our understanding of the many issues that underlie the privacy issue. Essay 2 extends the qualitative insights of Essay 1 with a quantitative study that forms the basis for developing a model and working hypotheses to be tested in future. In this study, social justice theory provides the theoretical

underpinning for understanding the privacy issue. The objective of this exploratory study, an investigation of thoughts, feelings, and behaviors related to an invasion of privacy, is explaining the discrepancy between consumers' attitudes and actions. However, the emergent nature of this investigative method allows for broadening the scope of this study to the positive aspects of consumers' information experience as a means of explaining why behaviors differ from expressed attitudes. This is in keeping with the nature of grounded research, which is both iterative and purposeful.

### **MANAGERIAL IMPLICATIONS**

In the face of potential legislative action, firms can no longer ignore the implications of consumers' negative attitudes about their information experience. A recent longitudinal study (Taylor 2003) of consumers' privacy concerns suggested that "privacy pragmatists," people who are concerned with and want to protect their privacy, increased from 54% in 1999 to 64% in 2003, while the number of "privacy unconcerned" decreased from 22% in 1999 to 10% in 2003. Meanwhile, the number of "privacy fundamentalists" (26% of all adults), who resist any further erosion of already lost privacy, has remained steady. Although statistics reported by national polls suggest that actual incidences of privacy invasion are low, the figures may be understated because they reflect only those incidents of which consumers are aware. There are no estimates of invasions of privacy that occur without consumers' knowledge. In either case, the increase in privacy concerns is alarming because it may lead to an endangering of the current self-regulatory model of privacy governance being followed in the U.S. This has

potential negative implications not only for online firms, but also for brick and mortar businesses that acquire and use consumer information.

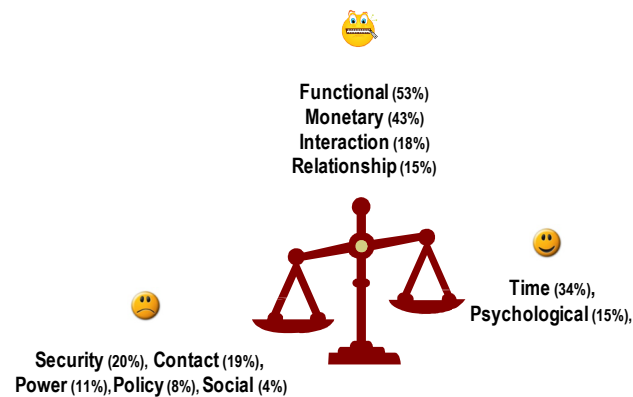
In order to mitigate consumers' negative reactions to firms' acquisition and use of information about them, firms can provide rewards to consumers. What is more insightful for firms is to understand which factors are likely to be associated with rewards rather than risks. Revisiting the findings from Essay 2 provides insights into what consumers hold in balance while weighing their decision to withhold or divulge information from/to firms (Figure 5.1)

The results suggest that procedural factors (i.e., data security and a firm's policies for acquiring and using information, methods of contacting consumers, and power over consumers) are more likely to be associated with negative rather than positive experiences. Though distributive factors like time and psychological factors are associated more with positive than negative experiences, they form just two out of eleven social justice factors. However, a number of critical factors such as functional, monetary, interaction, and relationship are associated as often with positive as with negative experiences. Considering that the fundamental reason why companies acquire information about consumers is to satisfy consumers' needs (i.e., functional use of information, mentioned by 53% of respondents in Essay 2) and that this goal is being achieved only about 50% of the time, it seems like an inefficient use of the large investments that firms make in acquiring and using consumer data. To add to this, the monetary factor was mentioned by 43% of respondents with reference to an incident they considered as memorable in Study 2, but this was perceived as a risk as often as it

was perceived as a reward. Coupled with firm-customer interactions (18% of respondents) and relationships (15% of respondents) that are as likely to be associated with negative as positive incidents, it may not be a surprise that consumers have a preponderance of negative cognitions and affect with regard to firms' acquisition and use of information about them.

**FIGURE 5.1**

**Social Justice Factors in Consumers' Information Experience: Weighing the Pros and Cons**



Note:

- Figures in brackets indicate percent of respondents who mentioned this factor.
- The smiling emoticon indicates association of factors with satisfactory information experiences.
- The sad emoticon indicates association of factors with dissatisfactory information experiences.
- The tilted balance indicates which factors that exert greater influence on the overall justice factor.
- Factors on top of the balance indicate that they are as likely to be associated with satisfactory as dissatisfactory information experiences.

A recent IBM-Ponemon survey (Ponemon 2004), suggests that firms spend from \$0.5 – \$22 million per annum on privacy and data protection measures. The first challenge for firms is to allocate their privacy spending across the factors discussed above, rather than mainly on data security. While data security is undoubtedly important, there are many aspects of the information acquisition and utilization process, apart from security, that could help firms mitigate consumers' privacy concerns.

Firms that aim to build good customer relationships need to not only create value for themselves and their customers but also communicate their efforts to protect and benefit customers. Lack of knowledge would lead to ambiguity in consumers' minds about the likely outcome of firms having access to information about them, with potential negative implications in terms of attitudes as well as actions. As emphasized in this dissertation, following social justice norms is critical for meeting consumers' expectations. The absence of fair treatment, coupled with lack of knowledge of being treated fairly, would amplify existing negative perceptions. For example, a firm may have good security measures in place and may use a privacy notice to communicate this to consumers. However, if the notice is rarely read because of complex language then this runs contrary to the firm's good intentions and actions. Similarly, offering consumers benefits that accrue in the future and which consumers may not associate with their provision of personal information to the firms, would again undermine the firm's good intentions and actions. So ensuring fair treatment may be a *sine qua non*, but communicating it well would better resolve the debate over privacy.

Sheth and Sisodia (2005) note that consumers are losing trust in marketing because, driven by a managerial, profit-oriented agenda, marketing has lost sight of its fundamental mission of representing consumers' interests to the firm. This issue is evident in the realm of consumer information where, in their quest for understanding consumers' needs, managers are amassing vast quantities of information at the risk of violating consumers' privacy and losing consumer trust. It is evident from the second study that the critical incidents relating to consumers' information experience were almost all marketing related. The large number of dissatisfactory incidents (both real and imagined) and the prospect that these numbers may be even higher in the general population than in the online panel sample, highlights the need for marketers to limit their marketing intrusions and find more palatable ways of interacting with consumers while acquiring and using information about consumers. Further, such amassing of consumer data costs firms billions of dollars. By following justice norms for consumers' information experience, firms could create data acquisition and use strategies in ways that would be mutually beneficial for the firm and its consumers. Thus, understanding not just consumers' privacy concerns, but their complete information experience, has implications for the communication, informational, and overall CRM strategy of the firm, with potentially far-reaching strategic and financial implications for firms.

## **LIMITATIONS**

In Study 1, the data analysis was subject to the interpretation of an individual researcher, as is the case with phenomenological interviews. The interpretation of such textual data is constructed through a hermeneutical process that involves a continuous movement

between the individual transcripts and the emerging understanding of the narratives (Thompson 1997). Not being subjected to the rigor of multiple coders, the data analysis and interpretation of the results may be subject to potential researcher bias.

The use of online panel data in Study 2 raises the concern that respondents may have lower privacy concerns and may be more disposed to provide information for benefits, which means that the negative experiences reported in Study 2 may be lower than the true rate in the general populace. However, given that 75% of U.S. consumers use the Internet and that adoption of Internet and related technologies is increasing, the online panel findings can be expected to be close to the general population. There is need for further research to empirically test proposed model and working hypotheses in an offline setting. Further, the CIT study was based on salient but atypical instances of consumers' information experience. Examining more experiences besides the most salient incident can provide insights into the generalizability of the findings. Further, the process of identifying a large number of consumers' emotions, and then reducing them to reveal underlying factors, constrained the measurement of emotions on a Likert scale. This may have effected analyses involving emotions; for example, not finding emotions to be a mediator between information experience and actions. Another limitation is the low response rates (6%) for Study 2. Drop-offs early on in the survey prevented capturing of demographic data for evaluating the impact of non-response and missing data.



## **DIRECTIONS FOR FUTURE RESEARCH**

It is interesting that while a negative information experience is labeled as “an invasion of privacy,” a positive information experience has no specific label. It could be that consumers’ information experience is an issue that catches attention when there is an invasion of privacy (i.e., when consumers bear some negative outcome because of firms having access to information about them), rather than if consumers experience benefits. Some of the pictures that respondents brought to the ZMET interviews help in understanding the association of the word “privacy” with the word “invasion,” because respondents appear to link the privacy issue to other invasions. For example, Figure 5.2 represents a burglary in progress and Figure 5.3 represents being overwhelmed by spam emails. Such “invasions” were linked to feelings of anxiety and vulnerability as depicted in Figure 5.4.

**FIGURE 5.2**

**Man in Mirror**



**FIGURE 5.3****Pfishing****FIGURE 5.4: Incubator Baby**

Invasions represent a loss of control where the invader has power over those who are being invaded. Not knowing the implications of firms exercising their power to acquire and use one's information is an ambiguous situation where fear of the unknown

(i.e., of unknown outcomes) could result in anxiety and vulnerability as discussed earlier. Ambiguity is a type of uncertainty in which information relevant to a prediction is missing, and which causes people to be unwilling to act (Frisch and Baron 1988). This may also be an explanation of why consumers fail to protect their information, despite being aware of protection methods. Examining consumers' perceptions of probabilities of positive or negative information experiences may shed light on how consumers deal with not knowing how and when firms' acquire and use information about them and whether they will benefit in some way from such provision of information to firms. Further, the study of ambiguity can also help explain contextual influences such as the role of media/word-of-mouth on consumers' information experience. Richards, Blanchette and Munjiza (2007) find that individuals in naturally occurring anxiety-inducing situations were more sensitive to contextual influences than a control group. This might be an explanation of the strong influence of media and word-of-mouth on the privacy issue, and merits being explored in future research.

Apart from being the basis for empirical testing of the model developed, this study also suggests several promising avenues for future research on the effect of vividness, which has thus far been limited to vividness effects in advertising. While vividly satisfactory experiences are an opportunity for firms, vividly dissatisfactory experiences can be a threat. For example, research in the field of counseling suggests that counselors treating trauma victims experience debilitating trauma reactions. This is termed as "vicarious trauma" (Trippany, Kress, and Wilcoxon 2004). If repeated exposure to others' negative information experiences via media or word-of-mouth cross

a certain threshold, public outcry over privacy invasions could have serious implications for firms. Further, real and imaginary experiences appeared to differentially impact emotions and outcomes, such as information action and word-of-mouth, but not on purchase action. For firms, the financial implications of such differential impact may be worth exploring. Additionally, the field of privacy research is wide open for studying the role of emotions, which are critical for driving action.

Another promising area for future research is the role of consumer characteristics such as materialism, consumers' technology readiness, and attention to positive and negative information. Ward, Bridges, and Chitty (2005) argue that materialistic consumers are more willing to provide personal information, but are not less concerned about privacy. In support, in Study 1, I also find that respondents believe that society in general has become more materialistic. This requires further examination, along with other consumer traits revealed in Essay 1, to enable firms to more efficiently target and address consumers' privacy concerns.

## **SUMMARY**

Glazer (1998) declares the loss of privacy as an illusion because privacy has long been obsolete -- its loss has just become more evident due to technology. Indeed, DeMarco (2006) argues that privacy scholars exaggerate both the probability and the actual extent of the negative outcomes from firms acquiring and using consumers' information and that privacy practices are more like "sheep" than "wolves." Thus far, research on firms' information acquisition and usage practices has been perceived as "wolf in sheep's clothing;" i.e., sinister outcomes for consumers couched as standard marketing practices

meant for better satisfying consumers' needs. While both sheep and wolf may be extreme descriptions, my own findings indicate that a more measured look at the privacy issue entails consideration of not just negative but also positive, real, and imagined experiences. By comprehensively examining all the antecedents based on social justice, actions (purchase, information, and word-of-mouth), emotions, and real versus imagined experiences, this dissertation has expanded the scope of privacy research, while providing avenues for firms to tackle consumers' privacy concerns to avoid potential legislative action that could cripple the business model that drives the Internet and related technologies.

As one mulls over the privacy debate, a question that comes to mind is that despite high levels of economic interdependence there appears to exist a power struggle between firms and their consumers, instead of mutual cooperation and dual creation of value.

This seems counterintuitive to the basic tenets of relationship marketing. Moving away from marketing, into areas such as security, which share some commonalities with the privacy issue, offers food for thought. Copeland (1996) examines trade expectations between nations and argues that high levels of interdependence between nations do not provide any surety of peace. Instead, what must be considered are expectations of future trade. In a historical analysis of the events that led to the two world wars, he makes a counterintuitive discovery -- if highly interdependent states have low expectations for future trade, the most highly dependent state will be the one most likely to initiate war for fear of losing the economic wealth

that supports long-term security. Using this frame of reference opens a whole new avenue for understanding firm-customer relationships in situations where they are tightly intertwined. Firms may have and desire a close relationship with consumers, and this may be to consumer's advantage as well. However, if consumers are not sure what the outcome will be of firms having access to information about them, and if firms are not sure whether consumers will continue to grant them access to information about them, then low future expectations will likely lead to a power struggle – which is what we may be witnessing today in the war over information between firms and their consumers. Resolving this conflict, by debating the optimal level of interdependency can have important implications for academics and practitioners in the area of relationship marketing.

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## APPENDIX

### QUESTIONNAIRE

Thank you for your interest in this study. We welcome your participation in this important academic research study exploring what people think about companies having and using information about their consumers. The findings from this study will be used to help companies better satisfy their consumers. Your responses will be completely confidential and no personally identifiable information about you will be recorded.

This research is my doctoral dissertation project and I appreciate your honest, candid answers. Contact me, Mona Srivastava at Texas A&M University (979-845-4525 or msrivastava@mays.tamu.edu) or my advisor Professor Leonard Berry (979-845-0804 or berryle@tamu.edu) if you have any questions. This survey will take you approximately 10-15 minutes to complete. Let's get started!

#### 1. Default Question Block

Companies often have information about you, including for example, your name, address, email address, financial information, and purchase history. Sometimes you are aware that they have this information; sometimes you are not. Please think of a time that you have had either a very good or very bad experience because a company had some information about you. In this survey I would like to ask you some questions about this experience. So please take a moment to think of such a past experience.

- (a) Yes, I can think of a particularly good experience. **(Go to 2)**
- (b) Yes, I can think of a particularly bad experience. **(Go to 3)**
- (c) No, I cannot think of a particularly good or bad experience. **(Go to 4)**

#### 2. Had satisfactory experience

- 2a. What is the name of the company you had this good experience with? If you don't know or don't remember, you may state the type of product/service that this company provides.
- 2b. What kind of information **about yourself** did this company have?
- 2c. What kind of good experience did you have because the above mentioned company had this particular information about you? Please be as descriptive as possible about the specific details that made this experience particularly good for you.
- 2d. How did this good experience make you think and feel? From the list below please select all the thoughts and feelings you experienced.
  - Confident
  - Happy

- Others admire me
- Convenient
- Comfortable
- Carefree
- Respected
- Feel important
- Proud
- Satisfied
- Makes life easier
- Calm
- In control
- Relaxed
- Delighted
- My time was well spent
- Other (Please specify)

2e. Why did you feel this way?

2f. Had you ever purchased from this company prior to this good experience?  
Yes/No

2g. After this good experience, what was your future interaction with this company?  
I ... (Please select all that apply)

- Increased purchases from this company
- Reduced purchases from this company
- Continued to purchase from this company as before
- Stopped purchasing from this company
- Tried to block the company from contacting me or taking my information
- Requested removal of my information from the company database
- Willingly provided information to the company
- No action
- Other (Please Specify)

2h. After this good experience, did you discuss your experience with... (Please select all that apply)

- The company
- Friends/Family
- Other consumers
- A third party/agency
- I did not discuss this experience with anyone

2i. How long ago did you have this good experience?

- Less than a year ago
  - 1-5 years ago
  - More than 5 years ago
  - Do not remember
- 2j. How did the company get this information about you?
- From me, with my knowledge
  - Probably from me, but without my knowledge
  - From some other source, with my knowledge
  - Probably from some other source, but without my knowledge
  - Unsure
- 2k. You have expressed your thoughts and feelings about happened when this company had information about you. To what extent do you agree that your thoughts and feelings are based on ( Completely disagree ... Completely agree. 7 point Likert scale)
- Other people's experiences
  - Your personal experience
  - Media (e.g. news reports)

**(Go to 7)**

### **3. Had dissatisfactory experience**

- 3a. What is the name of the company you had this bad experience with? If you don't know or don't remember you may state the type of product/service that this company sells.
- 3b. What kind of information **about yourself** did this company have?
- 3c. What kind of a bad experience did you have because the above mentioned company had this particular information about you? Please be as descriptive as possible about the specific details that made this experience particularly bad for you.
- 3d. How did this bad experience make you think and feel? From the list below please select all the thoughts and feelings you experienced.
- Dislike
  - Guilt
  - Waste of time
  - Distress
  - Frustration

- Stress
  - Anger
  - Anxiety
  - Disgust
  - Regret
  - Sadness
  - Vulnerability
  - Outrage
  - Fear
  - Disappointment
  - Loss of control
  - Shame because of other people's perceptions of you
  - Dissatisfaction
  - Violation
  - Shame because of your own actions with the company
  - Other (Please specify)
- 3e. Why did you feel this way?
- 3f. Had you ever purchased from this company prior to this bad experience? Yes/No
- 3g. After this bad experience, what was your future interaction with this company? I ... (Please select all that apply)
- Increased purchases from this company
  - Reduced purchases from this company
  - Continued to purchase from this company as before
  - Stopped purchasing from this company
  - Tried to block the company from contacting me or taking my information
  - Requested removal of my information from the company database
  - Willingly provided information to the company
  - No action
  - Other (Please Specify)
- 3h. After this bad experience, did you discuss your experience with...(Please select all that apply)
- Friends/Family
  - Other consumers
  - A third party/agency
  - The company
  - I did not discuss this experience with anyone
- 3i. How long ago did you have this bad experience?

- Less than a year ago
  - 1-5 years ago
  - More than 5 years ago
  - Do not remember
- 3j. How did the company get this information about you?
- From me, with my knowledge
  - Probably from me, but without my knowledge
  - From some other source, with my knowledge
  - Probably from some other source, but without my knowledge
  - Unsure
- 3k. You have expressed your thoughts and feelings about what happened when this company had information about you. To what extent do you agree that your thoughts and feelings are based on... (Completely disagree... Completely agree 1 to 7 on a Likert scale)
- Your personal experience
  - Other people's experiences
  - Media (e.g. news reports)

**(Go to 7)**

#### **4. Had neither satisfactory/dissatisfactory experience**

Even though you have not had a particularly good or bad experience because of a company having your information, please imagine what might potentially happen if such an event were to occur. You will be answering the rest of this survey keeping one particular company and one specifically imagined incident in mind.

Would this experience likely be...

- Good (**Go to 5**)
- Bad (**Go to 6**)

#### **5. Imagine Satisfactory Experience**

What is the name of the company you imagine you might have this good experience with? If you can't think of a specific company you may state the type of product /service this company provides.

- 5a. What kind of information **about yourself** do you imagine this company might have?



- 5b. What kind of good experience do you imagine you might have, if the above mentioned company had this particular information about you? Please be as descriptive as possible about the specific details that you imagine might make this experience particularly good for you.
- 5c. How do you imagine this good experience might make you think and feel? From the list below please select all the thoughts and feelings you believe you might experience.
- Confident
  - Happy
  - Others admire me
  - Convenient
  - Comfortable
  - Carefree
  - Respected
  - Feel important
  - Proud
  - Satisfied
  - Makes life easier
  - Calm
  - In control
  - Relaxed
  - Delighted
  - My time was well spent
  - Other (Please specify)
- 5d. Why do you imagine you might feel this way?
- 5e. Have you ever purchased from this company that you imagine you might have this good experience with? Yes/No
- 5f. After such a good experience, what do you imagine your future interaction with this company might be like? I would ... (Please select all that apply)
- Increase purchases from this company
  - Reduce purchases from this company
  - Continue to purchase from this company as before
  - Stop purchasing from this company
  - Try to block the company from contacting me or taking my information
  - Request removal of my information from the company database
  - Willingly provide information to the company
  - No action
  - Other (Please Specify)

- 5g. After such a good experience would you discuss your experience with...(Please select all that apply)
- The company
  - Friends/Family
  - Other consumers
  - A third party/agency
  - I would not discuss this experience with anyone
- 5h. How do you imagine the company would get this information about you?
- From me, with my knowledge
  - Probably from me, but without my knowledge
  - From some other source, with my knowledge
  - Probably from some other source, but without my knowledge
  - Unsure
- 5i. You have expressed your thoughts and feelings about what might happen if this company had information about you. To what extent do you agree that your thoughts and feelings are based on... (Completely disagree... Completely agree. 7 point Likert scale)
- Media (e.g. news reports)
  - Your personal experience
  - Other people's experiences

**(Go to 7)**

## **6. Imagine Dissatisfactory Experience**

- 6a. What is the name of the company you imagine you might have this bad experience with? If you can't think of a specific company you may state the type of product/service that this company would be likely to provide.
- 6b. What kind of information **about yourself** do you imagine this company might have?
- 6c. What kind of bad experience do you imagine you might have, if the above mentioned company had this particular information about you? Please be as descriptive as possible about the specific details that you imagine might make this experience particularly bad for you.
- 6d. How do you imagine this bad experience would make you think and feel? From the list below please select all the thoughts and feelings you believe you might experience.

- Dislike
  - Guilt
  - Waste of time
  - Distress
  - Frustration
  - Stress
  - Anger
  - Anxiety
  - Disgust
  - Regret
  - Sadness
  - Vulnerability
  - Outrage
  - Fear
  - Disappointment
  - Loss of control
  - Shame because of other people's perceptions of you
  - Dissatisfaction
  - Violation
  - Shame because of your own actions with the company
  - Other (Please specify)
- 6e. Why do you imagine you might feel this way?
- 6f. Have you ever purchased from this company that you imagine you might have a bad experience with? Yes/No
- 6g. After such a bad experience, what do you imagine your future interaction with this company might be like? I would ... (Please select all that apply)
- Increase purchases from this company
  - Reduce purchases from this company
  - Continue to purchase from this company as before
  - Stop purchasing from this company
  - Try to block the company from contacting me or taking my information
  - Request removal of my information from the company database
  - Willingly provide information to the company
  - No action
  - Other (Please Specify)
- 6h. After such a bad experience would you discuss your experience with... (Please select all that apply)
- The company

- Friends/Family
  - Other consumers
  - A third party/agency
  - I would not discuss this experience with anyone
- 6i. How do you imagine the company would get this information about you?
- From me, with my knowledge
  - Probably from me, but without my knowledge
  - From some other source, with my knowledge
  - Probably from some other source, but without my knowledge
  - Unsure
- 6j. You have expressed your thoughts and feelings about what might happen if this company had information about you. To what extent do you agree that your thoughts and feelings are based on... (Completely disagree... Completely agree. 7 point Likert scale)
- Media (e.g. news reports)
  - Your personal experience
  - Other people's experiences
- 6k. How do you imagine the company would get this information about you?
- From me, with my knowledge
  - Probably from me, but without your knowledge
  - From some other source, but with my knowledge
  - Probably from some other source, but without my knowledge
  - Unsure

**(Go to 7)**

7. Common questions

- 7a. With regard to how this company acquires or uses your information, to what extent do you agree with the following statements. I should.. (Completely disagree to completely agree. 7 point Likert scale)
- Know how the company acquires my information.
  - Know how my information will be used.
  - Be asked for permission before my information is provided / sold to some other company.
  - Be asked for permission before the company acquires / uses my information.
  - Know in advance whether and what benefits I would get in return for my information.

- Receive monetary benefits in return for my information.
- Receive benefits such as product recommendations based on my information.

7b. Please indicate to what extent you agree with the following statements.  
(Completely disagree to completely agree. 7 point Likert scale).

- I am responsible for my experience
- The company is responsible for my experience
- Someone other than me or the company is responsible for my experience  
(Please specify)

**(Go to 8)**

## **8. General Information**

8a. What is your gender? Male/ Female

8b. What is your age?

- 18 to 24
- 25 to 34
- 35 to 44
- 45 to 54
- 55 to 64
- 65 to 84

8c. What is your ethnicity?

- White
- Black or African American
- Hispanic or Latino (Any Race)
- Asian or Pacific Islander
- American Indian or Alaska Native
- Other (Please specify)

8d. What is your annual household income?

- Below \$25,000
- \$25-49,999
- \$50-74,999
- \$75-99,999
- \$100,000 and above

8e. What is the highest educational degree you have completed?

- Some high school, but did not graduate
  - High school graduate
  - Some college or 2-year degree
  - College or Technical School Graduate
  - Graduate School
- 8f. How many hours per week do you spend on the Internet?
- Less than 3 hours/week
  - Between 3-10 hours/week
  - More than 10 hours/week

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