

CONSUMER ONLINE BEHAVIOR IN THE EUROPEAN DIGITAL AGENDA CONTEXT: SHOULD WE RELY ON A PRIVACY PARADOX?

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EU Digital Agenda

- EU Cohesion Policy 2021-2027 aims to 'make Europe fit for the digital age'
- Objectives within the EU digital agenda should increase Europe's competitiveness and seize economic and social inequalities among EU regions and the EU periphery.
- Processes are supported by immense EU funding: about EUR 500 billion will be available for the EU Cohesion Policy 2021-2027, out of which the allocated EU funds are EUR 392 billion.
- Policies enabling smooth digital transformation -> increased availability and usage of online activities

Strengthening e-commerce, e-government, e-learning, e-inclusion, e-culture, and e-health are at the core of the EU Cohesion Policy digital action plans leading to a more competitive and smarter Europe.

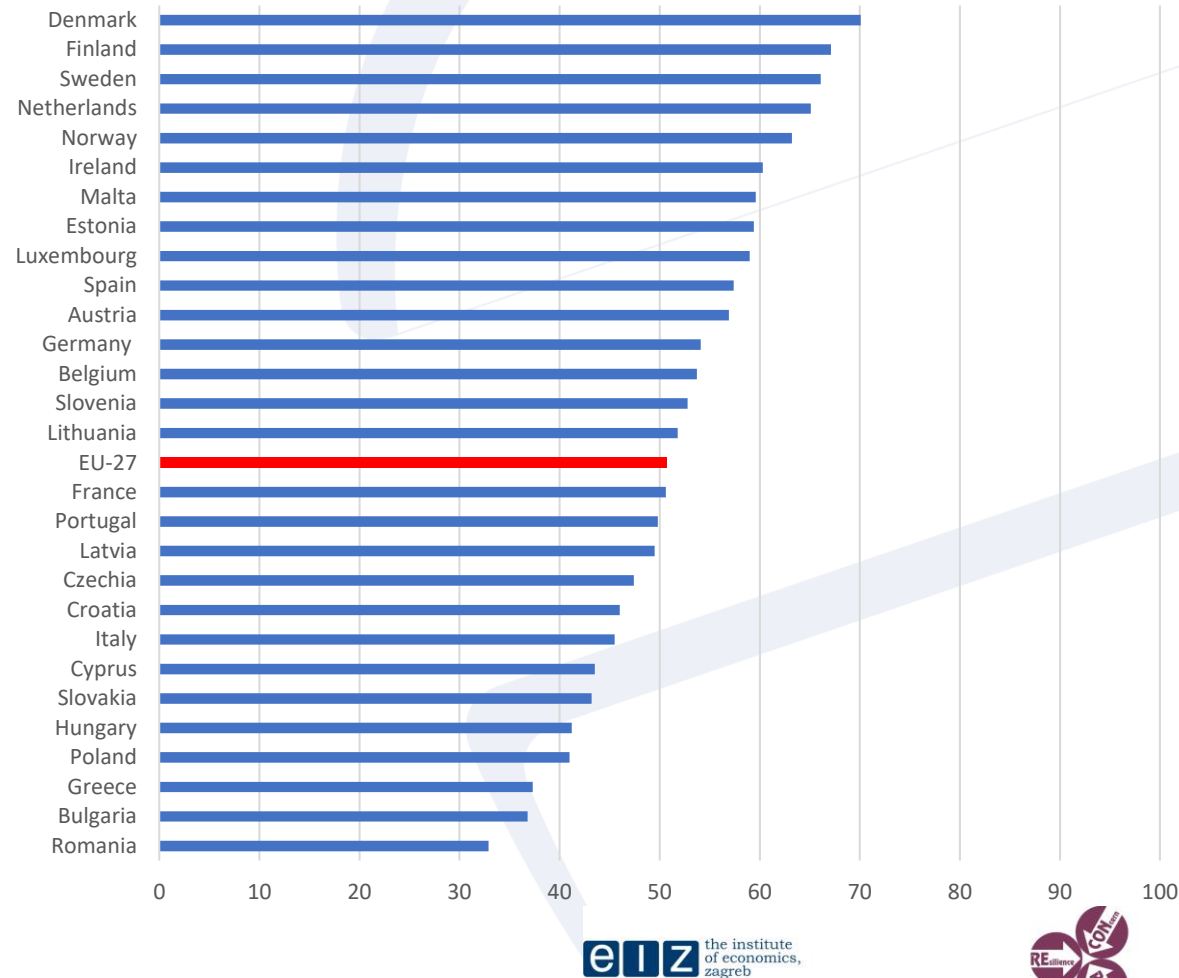
Aim & Scope

Consumer online attitudes and behavior in European countries are important for fostering the adoption of e-services.

- Novel approach to consumer online behavior in European countries
- Frequent internet users and e-buyers introduced in the analysis as well as the part of the population reluctant to purchase online for privacy and security concerns reasons.
 - How consumer online activities are related to the personal data management applied on the internet and experienced online security incidence
 - Do some people sustain from e-buying for privacy and security reasons
 - Typology of European internet users
 - Comparing EU vs. non-EU member states
- Contribution to the privacy paradox and privacy calculus literature

Digital Economy and Society Index

DESI 2021



Literature:

Digitalization offers benefits for individuals, companies, and governments; positive impact on economic progress, social well-being, and government effectiveness.

Negative implications of digital transformation to the life satisfaction of EU citizens.



Privacy paradox

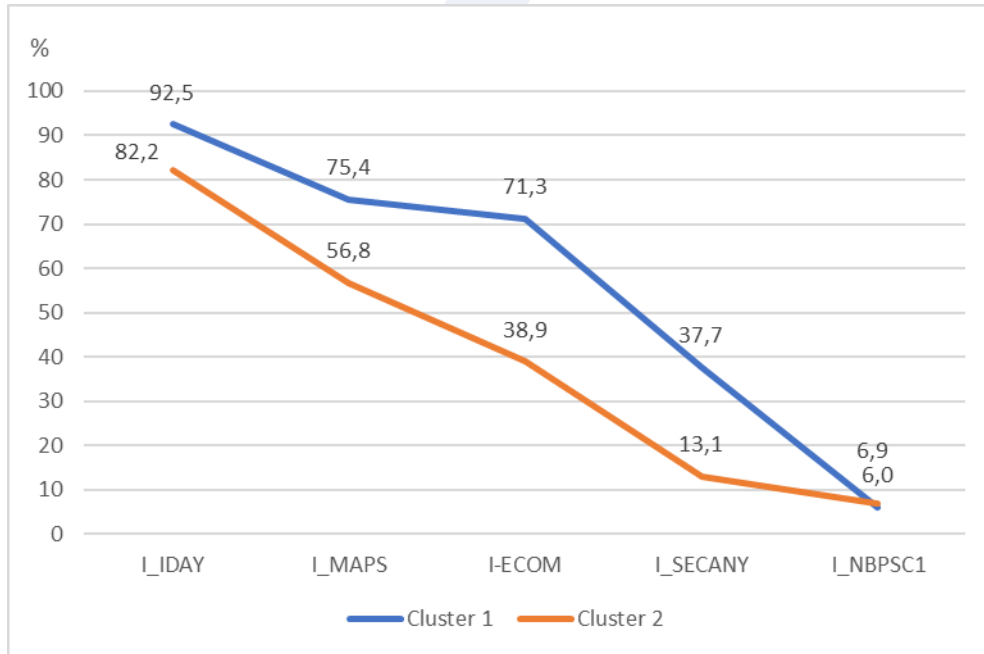
The privacy paradox is described as a dichotomy between privacy attitudes and privacy behavior where an individual expresses strong privacy concerns and behaves in a contradictory way.

- Even privacy-concerned individuals would provide personal information in exchange for benefits. The trade-off between privacy concern costs and benefits is privacy calculus.
- Empirical evidence produced different results (not) confirming the privacy paradox.
- The privacy paradox matters to consumer behavior online. If a consumer neglects his privacy concerns because the estimated benefits of using the internet surpass the potential losses caused by disclosing private information, he will use the internet and e-services to the same extent or more intensively as a non-concerned consumer. Otherwise, more privacy-concerned consumers would refrain from e-transactions.
- If there is a privacy paradox confirmed, the privacy concern if properly managed, should not be an obstacle to the use of digital services.

Variables and Data

- Eurostat data for 38 European countries for 2021
- Frequent Internet users (daily basis) (I_DAY)
- Online consumers - using Internet for e-commerce (I_ECOM)
- Internet users who undertake personal data protection activities before providing personal data (I_MAPS)
- Consumers whose reason for not buying online was having privacy and security concerns (I_NBPSC1)
- Consumers who experienced a security-related incident online (I_SECANY)
- DESI
- EU vs. non-EU status dummy variable

Cluster analysis results



ANOVA results indicated there are no statistical differences for variable I_NBPSC1

Cluster 1:

better control access to personal data;
more e-commerce although experienced
privacy/security violations online
Will not refrain from e-commerce.
Developed EU members, advanced digital economies

Cluster 2: manage access to their personal data less successfully

Less concerned and less experienced with payment
security and privacy online incidents
Increased trust in online transactions
Continue to use e-commerce but to a lesser extent
General DESI level is lower, new and non-EU members

Findings

- Privacy concerns did not prevent the majority of consumers to shop online so at least for e-commerce activities, **the privacy paradox in the EU countries is confirmed.**
- Both clusters have a similar proportion of 6-7% of the Internet population refraining from e-commerce because of privacy and security reasons: this share is the same regardless of the experienced violations and reflects the attitude towards e-commerce (formed by bad experiences, information, personal characteristics, etc.)
- Policies to reduce the 'drop-out rate' by education, technology policies to employ alternative strategies e.g. protective behavior to decrease risks from privacy and security incidents

Thank you for your attention!

Q & A ?

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