

# The effect of privacy concern on consumer behavioral intention in the online environment

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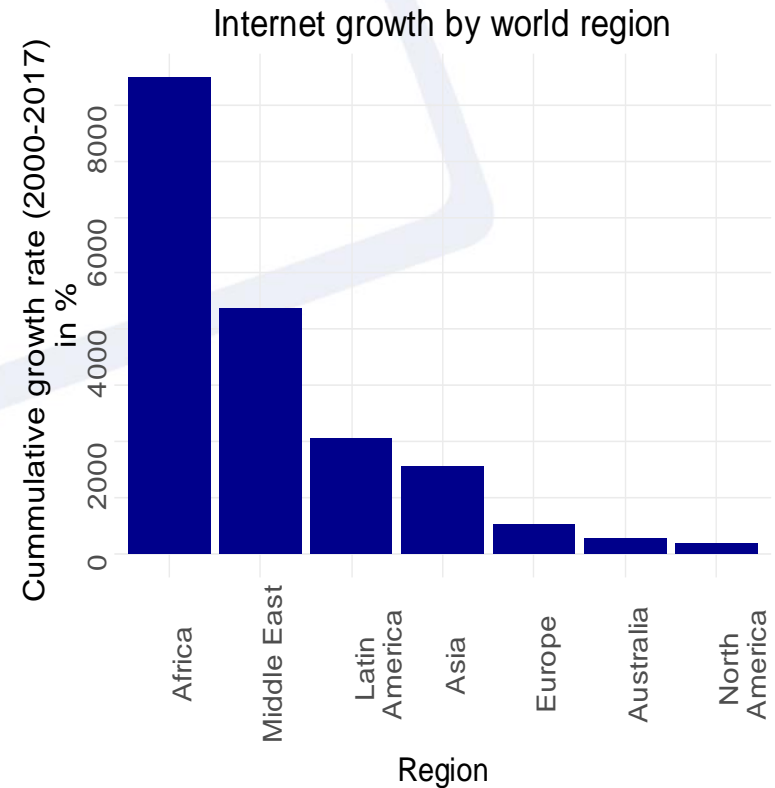
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# Intro and motivation

- Unprecedented technology development in the 21st century
- Ubiquity of the Internet in the developed world
- In spite of the enormous growth, some parts of the world still have relatively low levels of Internet penetration
- → hence, the need for better understanding of 'side-effects' of the Internet



Source: Internet World Stats (2017)

# Intro and motivaton (con'td.)

- Only **17%** of all EU companies earn part of revenues from online sales (Eurostat, 2016)
- **Privacy concern** due to increasing vulnerability on the Internet:
- recognised as an important factor for both online sales and online marketing

# Important working definitions

## Privacy

- The claim of an individual to determine what information about himself or herself should be known to others (Westin, 1968)

## Online environment

- Conditions in which the person exists and functions when using a device with Internet access

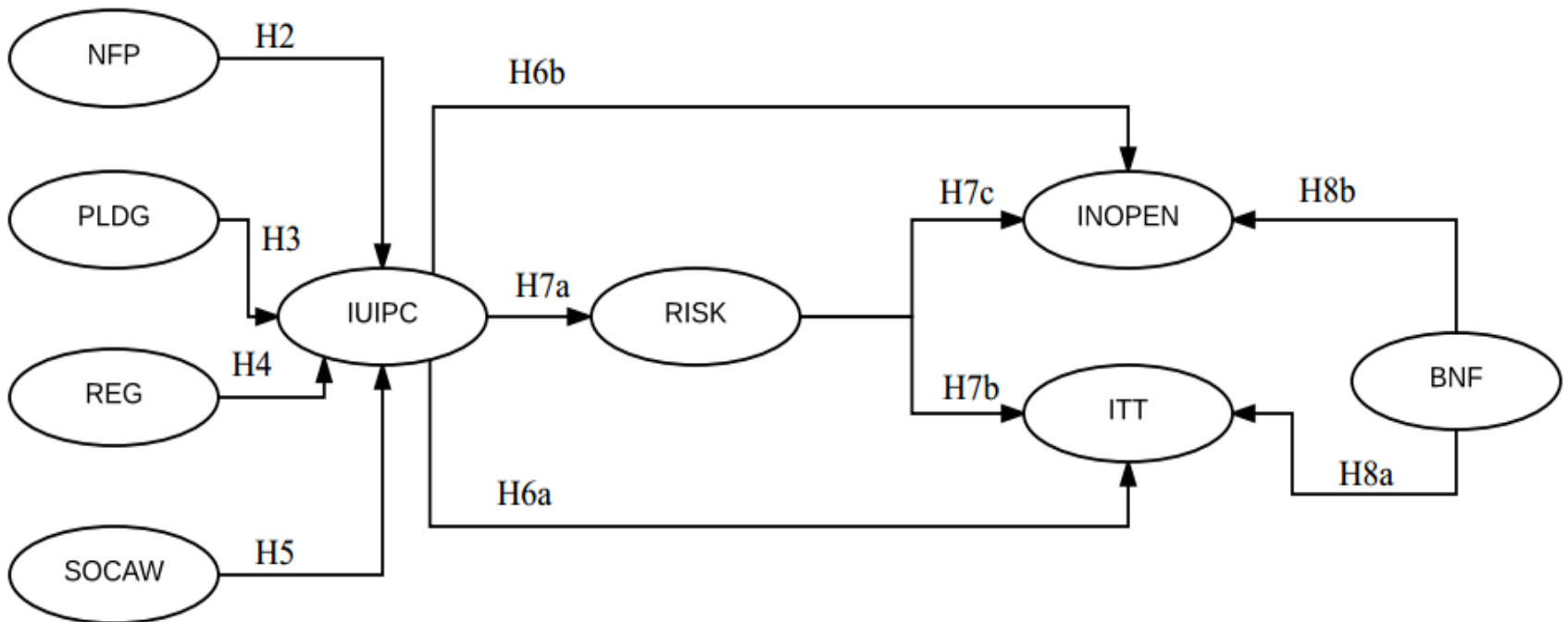
# Online privacy concern (IUIPC)

- the first paper conceptualizing multi-dimensional privacy concern – Smith, Milberg i Burke (1996) – CFIP (*Concern for information privacy*)
- Stewart i Segars (2002) - confirmation
- Malhotra, Kim i Agarwal (2004) – **IUIPC** – privacy concern as a second order factor
- *Internet users' information privacy concern*
- - **includes**: collection, control and privacy awareness
- Li (2011) – no significant differences between CFIP and IUIPC
- still, IUIPC is used less in the literature in spite of the fact that it is adjusted for online environment

# Methodological framework

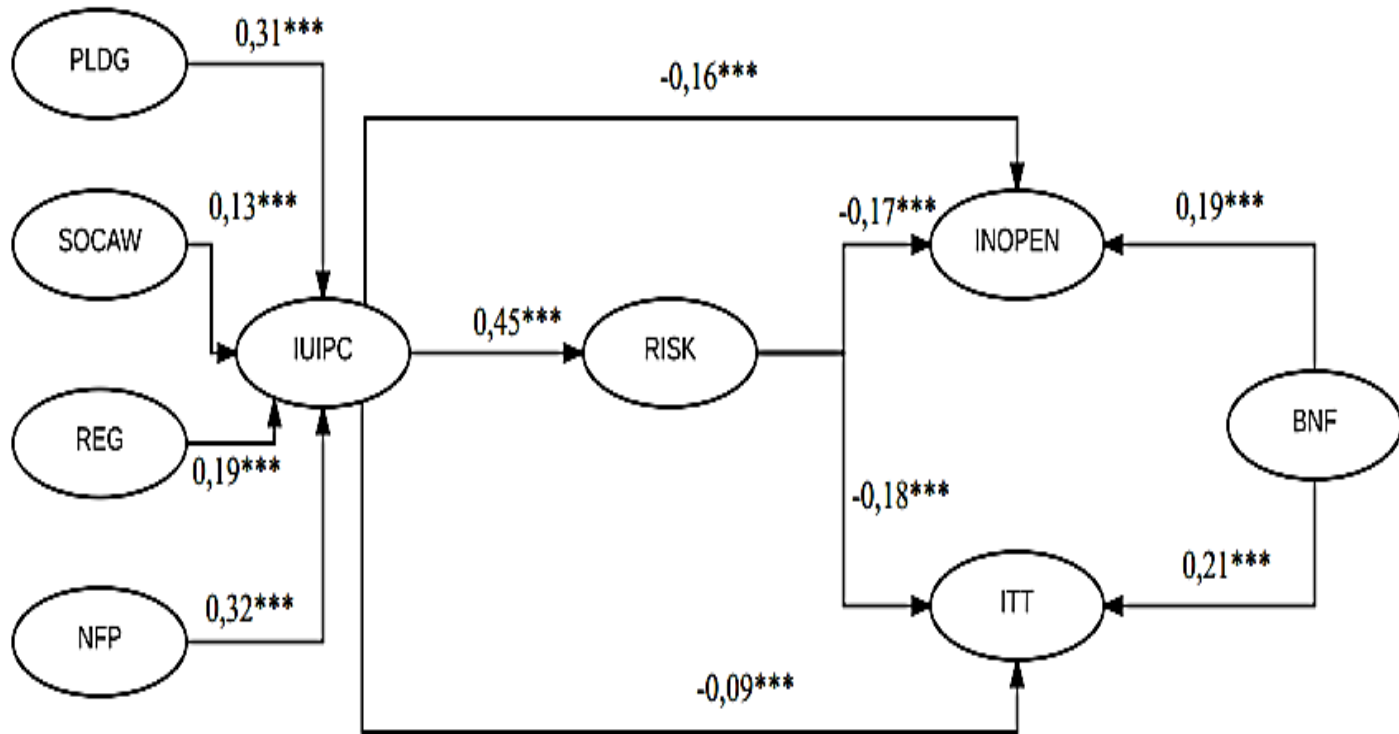
- preliminary qualitative research (semi – structured interviews)
- on convenient sample of Internet users
- Survey on representative sample of Internet users in Croatia
- 2060 Internet users participated, aged 18 and above
- PLS-PM (SEM-PLS)

# Hypothesis and structural model



# Results

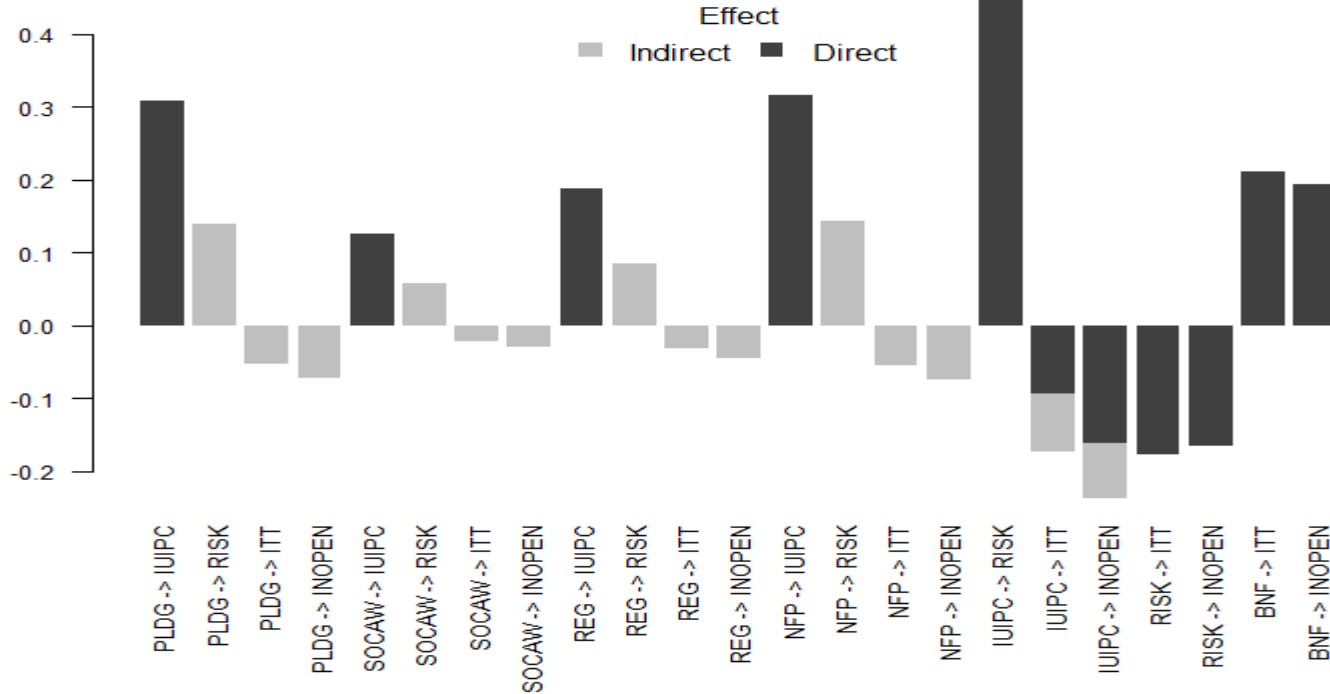
- Coefficients from structural model





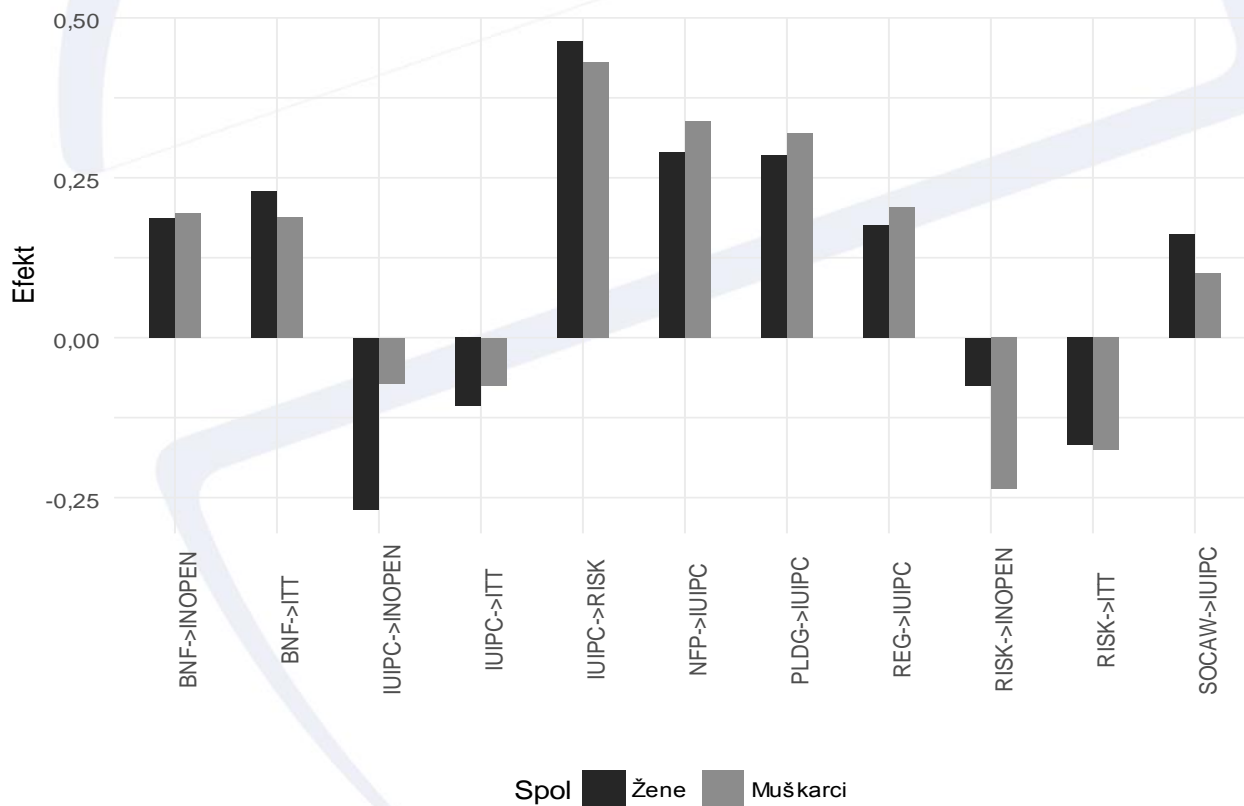
# Results

- Direct and indirect effects from the structural model



# Results

- Heterogeneity



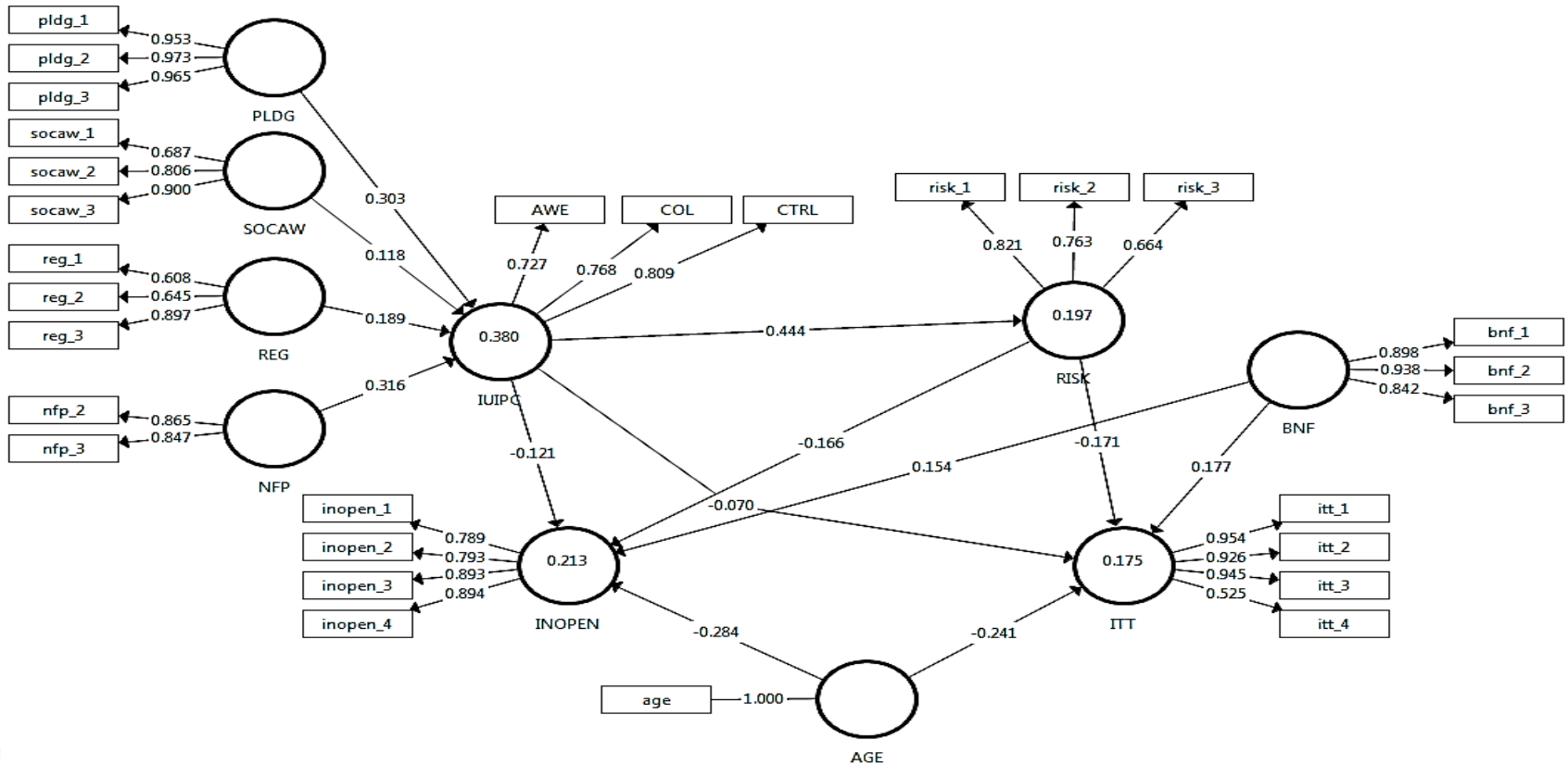
# Results

## Robustness

- modelling observed and unobserved heterogeneity
- removing the endogenous variables
- individual values from Lindeman i Verkasalo (2005)
- age as latent variable

# Results

- Structural and measurement model



# Concluding remarks

- low response rate – possible bias?
- estimated effects probably only lower-bound
- future research:
- experimental environment
- *clickstream* analysis (Senecal, Kalczynski i Nantel, 2005)

Thank you.