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The Impact of Online Influence Strategies on Consumer Response and Privacy Expectations

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**THE IMPACT OF ONLINE INFLUENCE STRATEGIES ON CONSUMER
RESPONSE AND PRIVACY EXPECTATIONS**

A Dissertation Presented

By

JASON AARON GABISCH

Submitted to the Graduate School of the
University of Massachusetts Amherst in partial fulfillment
of the requirements for the degree of

DOCTOR OF PHILOSOPHY

May 2011

Isenberg School of Management

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DEDICATION

To my mother who has instilled in me a love for learning and appreciation of hard work, and who has shown unwavering support throughout all of my academic and life pursuits.

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I would like to thank my advisor, George Milne, for all his invaluable guidance and support in the conception and completion of my dissertation. It has been a real pleasure working with him throughout the program. I would also like to extend my gratitude to the members of my committee, Bill Diamond, Ronald Karren, and Lisa Keller for their helpful comments and suggestions throughout the dissertation process.

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ABSTRACT

THE IMPACT OF ONLINE INFLUENCE STRATEGIES ON CONSUMER RESPONSE AND PRIVACY EXPECTATIONS

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Identifying effective strategies for encouraging individuals to disclose their personal information on the Internet is important for marketers. In today's information-based economy, access to consumer data is imperative for organizations in conducting marketing activities. However, the extant privacy literature has found conflicting results regarding the effectiveness of safety cues (e.g., privacy policies) and rewards (e.g., discounts) for encouraging consumers to provide their personal information to Web sites (Andrade et al. 2002). There is also scant research on the implications of compensating consumers for their information, and its subsequent impact on privacy control expectations.

This dissertation consists of two essays that examine how consumers respond to marketers' strategies for encouraging self-disclosure on the Internet, and how these strategies affect expectations for privacy control. Essay 1 employs regulatory focus theory for investigating the impact of consumers' goals (privacy protection vs. acquisition of benefits) on how they respond to marketers' online influence strategies and brand reputation. The use of safety cues, rewards, and brand reputation have been identified in

the privacy literature as important factors that influence consumers' trust, privacy concern, and willingness to provide personal information (Milne and Culnan 2004). Essay 2 draws on theories of social exchange and social contracts for examining how the value and type of compensation received influences the degree to which consumers believe they own the information provided to marketers and their expectations for control over how their information is used. Although consumers frequently trade their personal information for benefits online, it has been suggested in the privacy literature that the point at which consumers own and control information about themselves and when that information becomes the property of marketers is unclear (Sheehan and Hoy 2000).

This dissertation employs a mixed methods approach that includes a series of scenario-based experiments using survey panel data, and in-depth interviews. The results of essay 1 provide evidence of the importance of consumer goals in decisions to disclose personal information to marketers. Findings from essay 2 reveal that privacy exchanges may affect the degree to which consumers believe ownership and control over their information is shared with marketers.

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CHAPTER 1

INTRODUCTION

1.1 Brief Overview of Information Privacy

Information privacy refers to the ability of individuals to control what information is collected about them, and to control how that information is accessed and used by others. As consumers exchange more information online, privacy concerns and the protection of privacy have become an important issue affecting the relationship between consumers and commercial Web sites. Many online activities such as purchase transactions, registering for Web sites, and joining online communities require that Internet users disclose personal information in order to take advantage of these benefits. Companies collect information from consumers for the development of targeted advertising, personalizing Web site experiences, and customizing products. A market for information has developed in the current technological environment that involves frequent exchanges of personal information between consumers and companies (Olivero and Lunt 2004).

Internet privacy is emerging as an important issue in marketing, as the Internet is redefining how privacy is perceived and how personal information is used by both consumers and companies. Traditional privacy theories during the 1970's conceptualized privacy as the "right to be let alone" and the "concealment of information" (Westin 1967; Altman 1975). These classical definitions of privacy tended to focus on the shielding of private information, and protection of oneself from others. However, more recent definitions of privacy view personal information as an economic asset that can be traded by individuals for benefits, and used by companies to generate revenue (Lessig 2002). In

fact, some researchers have suggested that privacy exchange is unavoidable in the current Internet environment as Internet users must be willing to tradeoff their personal information in order to participate in most online activities (Rust, Kannan, and Peng 2002; Joinson and Paine 2007). It can be argued that the concept of privacy is transitioning from an entirely protective perspective to a new transactional perspective, where personal information is seen as a unit of exchange. Individuals frequently provide information online and sacrifice some of their privacy in return for services or benefits that they desire. The Internet is altering the balance between privacy protection and the desire for disclosure.

While the exchange of personal information allows consumers to take advantage of benefits and participate online it also makes them vulnerable to misuse of their information and loss of privacy control (Joinson and Paine 2007). Although consumers are providing more personal information on the Internet they are also growing more concerned about their privacy and demanding more control over how their information is used (Sheehan and Hoy 2000; Jupiter Research 2002; Harris Interactive 2002). Many consumers are unwilling to provide personal information to commercial Web sites unless those Web sites can establish that they are trustworthy and able to protect the consumer's privacy. Thus, a primary focus for commercial Web sites is identifying strategies for collecting consumer information that are also able to build trust and reduce privacy concerns (Olivero and Lunt 2004). Marketers also recognize the importance of establishing a brand image and reputation that mitigates consumers' perceived risk of disclosing information online. Despite the importance of developing effective strategies (e.g., privacy policies, rewards) for encouraging consumers to reveal personal

information the privacy literature has offered little guidance for marketers on how to implement these strategies, and empirical findings on the effectiveness of these strategies has been inconclusive.

1.2 Overview of Essays

Although it is becoming common for consumers to exchange their personal information online for perceived benefits, the extant privacy literature offers only a limited understanding of how privacy exchanges affect self-disclosure and expectations for privacy (Hann et al. 2003; Olivero and Lunt 2004). This dissertation contributes to this discourse and consists of two essays that examine the privacy exchange process.

Essay 1 investigates how marketers encourage consumers to provide their personal information online. This essay addresses conflicting findings in the literature regarding the effectiveness of various strategies (e.g., privacy policies, rewards) for building trust, reducing privacy concerns, and increasing the willingness of consumers to disclose personal information to commercial Web sites. A framework is developed that examines the relationships between the type of influence strategy used by marketers, the company's brand reputation, and consumer trade-offs between privacy protection and attaining benefits. Regulatory Focus Theory (RFT: Higgins 1997), an emerging theory in social psychology, is used to examine the importance of compatibility between marketers' influence strategies, brand reputation, and consumers' goals. This essay also addresses a methodological gap in the privacy literature by empirically examining the causal relationship between marketers' influence strategies and consumer response.

Essay 2 explores the outcomes of privacy exchanges by examining the effect of compensation on consumers' expectations for information ownership and privacy control, following the provision of their information to commercial Web sites. A number of researchers have called for additional studies on the implications of gathering personal information by offering financial benefits, as the effects on consumers' privacy perceptions are not well understood (Andrade, Kaltcheva, and Weitz 2002; Hann et al. 2002; Olivero and Lunt 2004; Joinson and Paine 2007). To date, there has been very little empirical research that has examined how compensating consumers for their personal information may affect their expectations for privacy. This paper addresses this gap in the literature by drawing on social exchange theory for examining how the value and type of compensation received influences the extent to which consumers believe they should have ownership and control over the information they provide to Web sites.

1.3 Contributions

This dissertation contributes to the privacy literature by providing insights into the development of effective strategies for the collection of consumer information on the Internet and the impact of these influence strategies on consumers' privacy perceptions and disclosure behavior. Essay 1 addresses a gap in the privacy and persuasion literature by examining the fit between consumers' regulatory focus, marketers' influence strategies, and the company's brand reputation. The compatibility between consumers' motivations and marketers' influence strategies are likely to impact the effectiveness of efforts to encourage self-disclosure. This work answers the call by Wirtz and Lwin (2009) for additional research that examines the role that consumer goals (privacy

protection, attainment of benefits) play in privacy exchanges and cost-benefit tradeoffs. This essay calls attention to the importance of examining consumers' psychological factors (i.e., goals, motivations) for examining why marketers' online strategies differ in their ability to promote trust, reduce privacy concerns, and encourage self-disclosure. Consumers' psychological characteristics are likely to help explain how consumers respond to marketers' influence strategies. In addition, essay 1 examines the relationship between regulatory focus and brand reputation, a relationship that has not been tested in the marketing literature. Investigating the fit between regulatory focus and brand cues helps to address Swaminathan et al.'s (2009) call for research that explores how individual characteristics affect the relationship between brands and brand outcomes. This essay is the first to explore the interactions between influence strategies, brand reputation, and regulatory focus.

Essay 2 begins to fill a major gap in the privacy literature by investigating the increasingly essential, yet understudied, areas of information ownership and privacy control. Perceptions of information ownership and expectations for privacy control play a vital role in exchange relationships between marketers and consumers. However, it is not always clear what responsibilities and rights companies have for protecting and using consumer data. This study examines how the act of compensating consumers for their personal information affects the degree to which consumers believe they are either sacrificing control over their privacy, or sharing control with marketers. Information ownership is conceptualized as a belief system for allocating rights to control and use consumer information. Essay 2 contributes to social exchange theory by examining how the type and value of compensation affects consumers' information ownership

perceptions and expectations for privacy control. This essay addresses Sheehan and Hoy's (2000) call for research that examines consumers' perceived value of economic and non-economic compensation in privacy exchanges. This research explores the types of compensation that are most valued by consumers and how they affect consumers' privacy expectations.

1.4 Organization

This dissertation follows a two essay format and the remainder is organized into three chapters. Essay one, "The Impact of Regulatory Focus on Consumers' Response to Online Influence Strategies and Brand Reputation," is presented in Chapter 2. In this essay, three experimental studies are employed for understanding how consumer goals impact the effectiveness of marketers' strategies for encouraging self-disclosure. Additionally, this essay investigates the ways that consumers can respond to marketers' persuasion attempts. Essay two, "The Impact of Compensation on Information Ownership Perceptions and Privacy Control Expectations," is presented in Chapter 3. This empirical essay is comprised of four experimental studies, and in-depth interviews, for examining consumers' expectations for ownership and control over the information they trade to marketers for acquiring desired benefits. Chapter 4 concludes this dissertation by highlighting theoretical and managerial contributions, addressing limitations, and offering directions for future research.

CHAPTER 2

THE IMPACT OF REGULATORY FOCUS ON CONSUMERS' RESPONSE TO ONLINE INFLUENCE STRATEGIES AND BRAND REPUTATION

2.1 Introduction

Companies use a number of strategies to encourage consumers to disclose their personal information online. For instance, some companies offer incentives (e.g., discounts, coupons, rebates) in exchange for consumer information, while other companies display safety cues (e.g., privacy statements, third-party trust seals) that claim to protect consumers' online privacy. Despite the prevalence of these strategies, existing research has found conflicting results regarding the effectiveness of these various strategies for building trust, reducing privacy concerns, and increasing the willingness of consumers to provide their personal information on the Internet (Andrade et al. 2002; Sultan et al. 2002; Montoya-Weiss et al. 2003; Schlosser, White, and Lloyd 2006). While the use of rewards and privacy policies have been widely advocated in the privacy literature, some studies have found consumers to consider offers of a reward with suspicion, and the majority of people have been found not to read privacy policies (Hoffman, Novak, and Peralta 1999; Andrade et al. 2002; Milne and Culnan 2004). In fact, even when these strategies are employed by marketers, consumers have been found to frequently respond to marketers' requests for personal information by refusing to provide information or providing incomplete, or false information (Sheehan and Hoy 1999; Milne, Rohm, and Bahl 2004).

Identifying effective strategies for encouraging people to disclose their personal information is important for marketers, because collecting information about consumers on the Internet allows them to develop marketing communications and build relationships with customers. Personalization, market segmentation, and targeted marketing all rely on the extent to which consumers are willing to disclose accurate information about themselves. Thus, a critical question facing marketers is under what conditions are certain influence strategies most effective for encouraging consumers to provide their personal information online? Does the persuasiveness of these strategies depend on consumers' goals in the Internet environment, and are they thus more effective when compatible with those goals? These questions are addressed in this essay through three experiments that test the persuasiveness of marketers' online strategies for encouraging self-disclosure and the moderating role of consumers' regulatory focus.

Theories of self-disclosure suggest that consumers' willingness to disclose personal information is based on their assessments of the costs and benefits (Milne and Gordon 1993; Sheehan and Hoy 2000; Hann et al. 2002; Xie et al. 2006; Acquisti et al. 2009). Thus, companies who interact with consumers over the Internet use a number of approaches to alter this cost-benefit tradeoff and encourage consumers to self-disclose. Three approaches identified in the privacy literature for encouraging self-disclosure of personal information - safety cues (e.g., privacy policy, trust seals), the offer of a reward, and the reputation of the company - are examined in this research. Some companies increase the perceived benefits of self-disclosure by offering rewards (e.g., coupons or gifts) in exchange for personal information. Other companies reduce the perceived costs of self-disclosure by posting extensive privacy policies and trust seals that claim to

protect consumer privacy. Developing a reputation for trustworthiness is another way companies encourage self-disclosure. Even though self-disclosure is important for marketers, research on the compatibility between consumer goals and marketer strategies for encouraging self-disclosure is limited. While a number of studies have explored the effects of demographic information (e.g., age, gender, income) on self-disclosure, there is a lack of research on how psychological factors (e.g., goals, motivations) contribute to our understanding of online privacy exchanges (Wirtz and Lwin 2009).

The primary objective of this research is to explore the impact of consumer goals on the effectiveness of influence strategies for addressing privacy concerns, increasing trust, and promoting information disclosure on the Internet. Regulatory focus theory (Higgins 1997) is applied in this research for addressing gaps in the privacy literature by investigating how consumer goals may help to explain contradictory findings concerning the effectiveness of strategies for encouraging self-disclosure. Regulatory focus theory has emerged as a powerful theory for predicting how persuasion attempts may depend on the extent to which an individual is motivated by protection or achievement (Zhao and Pechmann 2007). The application of regulatory focus theory may be useful for understanding the effects of marketers' persuasion attempts on self-disclosure decisions, because online privacy exchanges involve risk-benefit tradeoffs between the protection of an individual's privacy and the acquisition of desired benefits. This research has implications for companies that collect personal information from consumers online. Marketers have control over the types of influence strategies they use to encourage consumers to provide their personal information online, and it may be possible that the effectiveness of these strategies are contingent upon consumer goals.

2.2 Background Literature

2.2.1 Regulatory Focus Theory

This essay applies regulatory focus theory (Higgins 1997) for predicting consumers' privacy perceptions, and intended behavioral response to marketers' online influence strategies. Higgins' regulatory focus theory has been found to be useful for predicting the effectiveness of persuasion attempts in the marketing literature (Kirmani and Campbell 2004), and has been used extensively throughout several marketing areas including adoption of new products (Herzenstein et al. 2007), advertising (Zhao and Pechmann 2007), and retailing (Arnold and Reynolds 2009). While regulatory focused theory has recently been introduced to the e-commerce (Noort, Kerkhof, and Fennis 2008) and privacy literature (Wirtz and Lwin 2009), the potential role of regulatory focus in predicting self-disclosure on the Internet has not been examined.

Regulatory focus theory suggests that there are two types of consumers with different motivational orientations: promotion-focused consumers and prevention-focused consumers. A person's regulatory focus refers to the extent to which a person's goal is either to avoid losses (prevention focus) or achieve gains (promotion focus), and thus influences which types of information a person searches for and is important to them. A person's regulatory focus can be the result of either personal characteristics or situational influences that temporarily encourage a particular focus (Higgins et al. 1994; Zhu and Meyers-Levy 2007). It has been estimated that approximately half of consumers are chronically promotion-focus, and the other half are prevention-focused, and several studies have shown that regulatory focus can be successfully manipulated through the use of priming techniques (Lockwood, Jordan, and Kunda 2002; Zhao and Pechmann 2007).

Promotion-focused consumers and prevention-focused consumers differ in how they weigh costs and benefits (Herzenstein, Posavac, and Brakus 2007). Promotion-focused consumers are motivated by achievements and are sensitive to opportunities for advancement, whereas prevention-focused consumers are motivated to avoid threats to security and safety and are sensitive to risk (Zhao and Pechmann 2007). Promotion-focused consumers are also more likely to focus on gains such as benefits and rewards, while prevention-focused consumers focus on losses, costs, and risks (Lee, Keller, and Sternthal 2010). Regulatory fit (Higgins 2000) occurs when an individual's regulatory focus and the type of information processed are compatible. For example, individuals with a prevention focus are more attentive to informational cues that address safety and security needs, while promotion-focused individuals are more receptive to information that addresses their needs for advancement and achievement.

Applying the principle of regulatory fit may be helpful for understanding individuals' behavior in response to marketers' strategies for encouraging self-disclosure on the Web. Regulatory focus theory is highly applicable to investigating privacy exchanges and tradeoffs, because it involves consumers' motivations and goals for privacy protection and the acquisition of benefits. Individuals' attitudes towards losses and gains are likely to be an important variable in decisions to disclose personal information (Acquisti 2004), because privacy exchanges involve tradeoffs between costs and benefits (Milne and Gordon 1993). Specifically, privacy exchanges involve sacrificing privacy for future benefits, and according to exchange theory if perceived benefits outweigh the loss of privacy the consumer is likely to provide personal information.

Research has shown that it is important for marketers to adapt influence strategies to consumers with different characteristics (McFarland, Challagalla, and Shervani 2006). Because a person's regulatory focus determines what information is important, it is expected that safety cues (privacy policies, trust seals) and a company's reputation for trustworthiness will fit with a prevention focus and therefore will be more important for influencing prevention-focused consumers' privacy concerns and willingness to self-disclose. On the other hand offering rewards for self-disclosure may be more effective for promotion-focused consumers. As a consequence, it is proposed in this research that the persuasiveness of marketers' influence strategies for encouraging self-disclosure depends on the consumer's goals in the online environment. It is expected that when influence strategies are compatible with consumer goals they will be more persuasive, in terms of building trust, reducing privacy concerns, and promoting self-disclosure.

2.2.2 Influence Strategies

Web sites can use various influence strategies to encourage consumers to provide their personal information including requests for disclosure, offering rewards, posting privacy statements, requiring information for site registration, and displaying third-party seals of approval on the Web site (Milne 2000). Some of these influence strategies, however, may be perceived by consumers to be manipulative, pushy, and high pressure, while other strategies are perceived to be helpful in that they consider the consumer's need for security (Kirmani and Campbell 2004). Influence strategies may differ in their effect on consumers' trust, privacy concerns, and willingness to provide information online (Hann et al. 2002; Petty and Andrews 2008; Milne et al. 2009). For example,

Andrade et al. (2002) found that posting a privacy policy on a Web site reduces the level of concern over disclosing personal information, but offering a reward heightens privacy concern and reduces self-disclosure. Ward, Bridges, and Chitty (2005) also found that offering incentives led to a marginal increase in levels of privacy concern. Some consumers consider offers of a reward with suspicion, as a ploy for getting individuals to reveal sensitive personal information. People often believe incentives are not provided without some catch such as leading to unwanted marketing solicitations or other concealed uses for the consumer's information. A few studies have found users to be unwilling to "sell" their personal data to Web sites for monetary incentives or access privileges (Hoffman et al. 1999; Ward et al. 2005), because the use of incentives are not effective in allaying their privacy concerns.

The use of rewards to elicit self-disclosure may be a double-edged sword. On one hand rewards may increase the attractiveness of disclosing information, but on the other hand the exchange of information for a reward may make the perception of risk more salient (Olivero and Lunt 2004). Web sites that offer rewards or require personal information for use of the Web site may be viewed by some consumers to be self-interested and opportunistic, and thus less trustworthy. A number of researchers have called for additional research on the implications of gathering personal information by offering incentives, as the effects on consumers' privacy perceptions are not well understood (Andrade et al. 2002; Hann et al. 2002; Olivero and Lunt 2004; Joinson and Paine 2007).

The literature in marketing channels and personal selling categorize marketers' influence strategies into coercive and non-coercive strategies, in order to examine the

effects of these strategies on consumer relationships (Payan and McFarland 2005; McFarland et al. 2006). Coercive strategies consist of promises and threats, whereas non-coercive influence strategies consist of requests, information provision, and recommendations (Frazier and Summers 1984; Payan and McFarland 2005). Types of influence strategies, definitions, and examples of these strategies in the privacy exchange context are presented in Table 2.1. Non-coercive influence strategies attempt to persuade the consumer to perform a specific action. Coercive influence strategies promise future incentives for compliance, or threats of future penalties for lack of compliance (Frazier and Summers 1986). The influence strategy framework is used in the current research to classify Web site's influence strategies for encouraging self-disclosure into coercive and non-coercive strategies.

Coercive Influence Strategies. Promises involve offers of an incentive for complying with a request. It is becoming common for companies to offer incentives in order to induce customers to reveal information about themselves (Acquisti and Varian 2005). Benefits for providing information many include economic (e.g. coupons, rebates, special offers) and non-economic (convenience, customization, personalization, access to exclusive content) incentives. Threats indicate a future penalty or denial of benefits for noncompliance. Threats are similar to promises in that threats often involve the deprivation of rewards if a request is not followed (Vankatesh et al. 1995; McFarland et al. 2006). For instance, many Web sites require consumers to provide personal information to register with the Web site and access certain types of information on the Web site. This type of data collection serves to penalize people who choose not to

provide their personal information by denying them access to Web site content and functionality (Sheehan 2005).

Non-Coercive Influence Strategies. For requests the company simply states the actions it would like the consumer to take without any mention of rewards or penalties. For instance, some Web sites explicitly ask consumers through the use of web forms to provide their personal information, but without the use of incentives or threats. Recommendations are suggestions for how a consumer may realize benefits for taking certain actions. Recommendations differ from promises in that incentives are not guaranteed or exchanged. Web sites can recommend to consumers that providing their personal information may improve their experience on the site (e.g., convenience, customization, personalization). Information provision is where the company shares information to influence the consumer's perceptions without stating a request. In the context of online privacy, Web sites can provide information in order to signal the Web site's privacy and security policies. For instance, Web sites can post privacy policies detailing how information will be collected and used (Milne, Rohm, and Bahl 2004), and display privacy seals of trust which provide consumers with a guarantee of privacy protection (Caudill and Murphy 2000). Some Web sites also provide customer testimonials about their security and privacy policies (Montoya-Weiss et al. 2003).

2.3 Conceptual Framework and Hypotheses

Self-disclosure has been defined in the privacy literature as the willingness of an individual to provide information about themselves to others (Jourard 1971). In general,

research on self-disclosure has adopted a social exchange theory perspective (Kelley and Thibaut 1978) which suggests that consumers assess the costs and benefits before disclosing personal information (Hann et al. 2002; Xie et al. 2006; Acquisti et al. 2009). Some approaches that companies can take to alter the consumer's cost-benefit analysis and encourage self-disclosure are: 1) providing safety cues (e.g., privacy statements, trust seals) indicating how the disclosed information will be protected, 2) offering a reward for disclosing information, and 3) developing a reputation for trustworthiness. A number of studies have shown that firms can use these approaches to enhance the willingness of consumers to disclose personal information by reducing privacy concerns and building trust (Milne and Boza 1998; Sheehan and Hoy 1999; Malhotra et al. 2004; Eastlick et al. 2006; Lwin et al. 2007; Wirtz and Lwin 2009).

This research views the effectiveness of these strategies for addressing consumers' privacy concerns and inducing them to provide personal information as being contingent on consumers' goals in the Internet environment. The framework developed in this paper identifies consumer goals (i.e., regulatory focus) for safety and the acquisition of benefits as a moderating variable in order to investigate under which conditions influence strategies and brand reputation improve trust, reduce privacy concern, and lead to self-disclosure. Compatibility between a consumer's goals, marketers' influence strategies, and a company's reputation are expected to improve trust and reduce concern for self-disclosure. As consumers' perceptions of trust increase, and their privacy concerns are reduced, they should be more willing to disclose personal information (Wirtz and Lwin 2009). However, as trust decreases and privacy concerns increase consumers are likely to

take protective actions by refusing to provide information, providing false information, or providing incomplete information. The conceptual model is presented in Figure 2.1.

2.3.1 Main Effects of Influence Strategy

A primary focus for commercial Web sites is identifying strategies for collecting consumer information that are also able to reduce privacy concerns and develop trust (Olivero and Lunt 2004; Lwin et al. 2007). The type of influence strategy used by marketers is likely to affect consumers' trust and privacy concerns. The use of non-coercive influence strategies (e.g., requests, recommendations, information provision) have been found to result in positive relational outcomes, while the use of coercive influence strategies (e.g., promises, threats) can have a negative effect on relationships (Payan and McFarland 2005). For instance, Hausman and Johnston (2009) found coercive strategies to have a negative effect on trust, while non-coercive strategies had a positive effect. These findings are consistent with those in the privacy literature, as non-coercive strategies such as posting privacy policies and privacy seals have been found to increase trust and reduce privacy concerns (Andrade et al. 2002; Milne and Culnan 2004; Rifon, LaRose, and Choi 2005), while rewards and threats may have the opposite effect (Andrade et al. 2002; Ward et al. 2005).

In this research, it is expected that the use of coercive influence strategies (e.g., rewards, threats) for encouraging consumers to provide their personal information online will lead to a reduction in trust, an increase in privacy concern, and a reduction in self-disclosure. On the other hand, the use of non-coercive types of influence strategies (e.g., privacy policies, trust seals) are expected to be more effective in establishing trust,

reducing privacy concerns, and increasing self-disclosure. Furthermore, it is predicted that coercive strategies will cause consumers to take protective actions by providing incomplete or false information in order to protect their privacy while maintaining their ability to participate in the online environment.

H1: Compared with a coercive influence strategy, a non-coercive influence strategy will lead consumers to have:

- (a) higher levels of trust.
- (b) lower privacy concerns.
- (c) greater willingness to provide personal information.
- (d) lower propensity to provide incomplete information.
- (e) lower propensity to provide false information.

2.3.2 Main Effects of Brand Reputation

In addition to marketers' use of influence strategies, companies can also build trust and reduce privacy concerns by improving their brand image and reputation (Chellappa and Sin 2005). A brand's reputation frequently serves as a cue for consumers in deciding whether to interact with a company (Venable et al. 2005). A company's brand reputation has been defined in the marketing literature as the extent to which people believe a firm is honest and concerned about its customers (Doney and Cannon 1997; Xie, Teo, and Wan 2006).

A company's brand reputation has been found to signal trustworthiness, reliability, and credibility (Chaudhuri 2002; Moorman et al. 1992; Veloutsou and Moutinho 2009). Consumers use brand reputation as a means of inferring quality about a company (Herbing and Milewicz 1995). Because brands differ in terms of their image and personality, consumers have been found to consider some brands to be more trustworthy than other brands (Delgado-Ballester et al. 2003; Kwon and Lennon 2009).

Internet users are likely to reveal personal information online only if they can trust the commercial Web site that is requesting their information. A company's reputation for trustworthiness has been found to alter consumers' cost-benefit analysis in privacy exchanges and encourage them to disclose personal information (Andrade et al. 2002; Milne and Culnan 2004), because the reputation of the firm reduces the perceived risks of disclosure.

It is expected that consumers will be more apt to share their personal information with reputable companies because these companies can be trusted with their information and decrease concerns for self-disclosure. It is also predicted that consumers will be less likely to provide incomplete or false information when dealing with a reputable company.

- H2:** Compared with a weak brand reputation, a strong brand reputation will lead consumers to have:
- (a) higher levels of trust.
 - (b) lower privacy concerns.
 - (c) greater willingness to provide personal information.
 - (d) lower propensity to provide incomplete information.
 - (e) lower propensity to provide false information.

2.3.3 Main and Mediating Effects of Trust and Privacy Concern

In order to achieve a better understanding of how marketers' influence strategies and brand reputation impact consumers' willingness to disclose personal information, it is essential to uncover the underlying mechanisms and processes through which this relationship operates. Specifically, it is suggested in this research that the impact of influence strategies and brand reputation on consumer response is mediated by trust and privacy concern. Correlational studies have examined the relationship between marketers' strategies and privacy concerns, and between privacy concerns and consumer response.

However, as Sheehan and Hoy (1999) note, causality can not be inferred from correlational studies. The current research examines the role of privacy concern and trust in determining how consumers respond to marketers' influence attempts and a company's brand reputation. Privacy concern and trust beliefs are likely to affect consumers' behavioral responses, and are expected to mediate the effect of influence strategies and brand reputation on consumer response strategies.

Trust and privacy concern are two important factors that affect a consumer's willingness to disclose information to a Web site (Milne and Boza 1999; Gefen 2000; Wirtz and Lwin 2009). Trust is an important asset in social exchange relationships on the Internet because electronic transactions often involve a high degree of uncertainty and lack of legal protection (Luo 2002). By reducing privacy concerns and building trust, marketers can encourage consumers to provide information to Web sites. Trust has been conceptualized as confidence in and reliance on an exchange partner (Moorman, Deshpande, and Zaltman 1993). When a consumer believes that a company has the ability to protect their personal information, and the company has the consumer's best interest in mind, the consumer will be more likely to disclose information (Malhotra, Kim, and Agarwal 2004). Privacy concern refers to consumers' apprehension and uneasiness over the collection and use of their personal information (Westin 2003; Wirtz and Lwin 2009). Online surveys have found privacy concern to be an important issue for consumers in using the Internet to interact with companies (Jupiter Research 2002; Harris Interactive 2002). Specifically, privacy concerns have been found to have a negative effect on consumers' trust in a Web site, leading consumers to refuse disclosure of

personal information or the provision of incomplete or false information (Sheehan and Hoy 1999; Merzger 2004; Chellappa and Sin 2005).

Consumers can respond to marketers' influence strategies by either complying with the marketer's request or taking protective action. In the Internet privacy context a consumer can comply with a marketer by agreeing to disclose personal information. However, when faced with privacy concerns online users may take steps to protect their privacy by refusing to provide information, providing inaccurate information, or providing incomplete information to a Web site (Sheehan and Hoy 1999; Milne 1997; Milne 2000; Milne et al. 2004). Several studies have found that consumers frequently provide false and incomplete information to Web sites (Pitkow and Kehoe 1997; Sheehan and Hoy 1999). Some consumers provide incomplete and false information in order to participate in online activities but maintain control over their information and privacy (Cespedes and Smith 1993).

It is expected that as privacy concerns increase consumers will be less willing to disclose personal information and more likely to take protective actions by providing incomplete or false information. However, trust will lead the consumer to comply with the marketer's request by disclosing their personal information. It is proposed that reducing privacy concerns and building trust will lead to greater self-disclosure.

- H3:** Compared to lower levels of trust, higher levels of trust will lead consumers to have:
- (a) greater willingness to provide personal information.
 - (b) lower propensity to provide incomplete information.
 - (c) lower propensity to provide false information.

H4: Compared to higher levels of privacy concern, lower levels of privacy concern will lead consumers to have:

- (a) greater willingness to provide personal information.
- (b) lower propensity to provide incomplete information.
- (c) lower propensity to provide false information.

H5: Trust mediates the effects of influence strategy on:

- (a) willingness to provide personal information.
- (b) propensity to provide incomplete information.
- (c) propensity to provide false information.

H6: Trust mediates the effects of brand reputation on:

- (a) willingness to provide personal information.
- (b) propensity to provide incomplete information.
- (c) propensity to provide false information.

H7: Concern mediates the effects of influence strategy on:

- (a) willingness to provide personal information.
- (b) propensity to provide incomplete information.
- (c) propensity to provide false information.

H8: Concern mediates the effects of brand reputation on:

- (a) willingness to provide personal information.
- (b) propensity to provide incomplete information.
- (c) propensity to provide false information.

2.3.4 Interaction Effects between Influence Strategy and Regulatory Focus

The extant privacy research has found conflicting findings on the use of safety cues and incentives for building trust and reducing privacy concerns (Andrade et al. 2002; Sultan et al. 2002; Montoya-Weiss et al. 2003; Schlosser et al. 2006). For instance, some studies have found the use of incentives to invoke suspicion and lead to higher privacy concerns (Andrade et al. 2002; Ward et al. 2005). Research on the effectiveness of privacy policies and trust seals have also produced conflicting results in terms of their ability to establish trust and mitigate concerns (Berendt et al. 2005; Hui et al. 2007).

Principles of regulatory fit may help to explain an individual's perceptions of trust and privacy concern in response to these various online influence strategies. An individual's regulatory focus determines what information is important and how they respond to marketers' persuasion attempts (Kirmani and Zhu 2007). For instance, prevention-focused individuals have been shown to foster a preferential search for information related to safety and security (Noort et al. 2008). Thus, it is expected that for prevention-focused consumers safety cues will be more important for building trust, and reducing privacy concern, than for promotion-focused consumers. Consumers with a prevention-focus have also been found to be more skeptical and sensitive to marketers' manipulative intent (Kirmani and Zhu 2007), and so the use of incentives may lead to a larger negative response for prevention-focused individuals. On the other hand, a promotion-focus may help to mitigate the undesirable effects of coercive influence strategies on trust and concern. In contexts in which risks are salient (e.g., online self-disclosure), a promotion-focus has been found to help mitigate risk (Kirmani and Zhu 2007; Noort et al. 2008). In general, studies have found prevention-focused consumers to be more responsive to safety information, and promotion-focused consumers to not differ significantly in their reaction to safety and non-safety cues (Pham and Higgins 2005; Noort et al. 2008).

It is predicted in this essay that the main effect of influence strategy on trust and privacy concern is moderated by a consumer's regulatory focus (prevention vs. promotion). Specifically, non-coercive strategies (e.g., privacy policies, trust seals) should be more effective in building trust and reducing concern for prevention-focused individuals, than for promotion-focused individuals, because individuals with a

prevention-focus are highly responsive to safety information. On the other hand, coercive strategies are expected to lead to lower levels of trust, and higher levels of concern, for prevention-focused individuals, as compared to promotion-focused individuals, because they are sensitive to manipulative content.

H9a: When consumers have a prevention-focus (but not a promotion-focus), a non-coercive (vs. coercive) influence strategy will lead to higher levels of trust.

H9b: When consumers have a prevention-focus (but not a promotion-focus), a non-coercive (vs. coercive) influence strategy will lead to lower levels of concern.

2.3.5 Interaction Effects between Brand Reputation and Regulatory Focus

Considerations regarding safety and risk continue to pose a challenge for marketers in collecting consumers data on the Internet (Noort et al. 2008). Findings indicate that a strong brand reputation can serve as an effective strategy for reducing consumers' risk perceptions on the Internet (Van den Poel and Leunis 1999; Tan 1999). Consumers frequently use brand reputations as cues for deciding whether to interact with companies (Venable et al. 2005; Lwin and Williams 2006). Consumers are more likely to trust and exchange information with companies that they perceive to be trustworthy and reputable. When dealing with a reputable company, privacy concerns and perceived risk of self-disclosure are typically reduced.

However, research has found that consumer characteristics may moderate the effect of brand cues on decisions to interact with a company. Theories of self-congruity have demonstrated that consumers may respond differently to various brands depending on whether the brand is perceived to match their personal goals and aspirations (Malhotra 1988; Sirgy 1982). For instance, Swaminathan, Stilley, and Ahluwalia (2009) found that

risk adverse individuals preferred companies that had a safe brand image. Their findings suggest that not all consumers are equally sensitive to a brand's reputation. In addition, Love et al. (2010) found that prevention-focused consumers are less willing to interact with unfamiliar firms than promotion-focused consumers. Brands may differ to the extent to which they are perceived to be safe, secure, and reliable (Aaker 1997). The compatibility of these brand cues with a consumer's goals for protection or achievement may affect their willingness to interact with the brand. For prevention-focused individuals who seek information pertaining to their safety and protection on the Internet, a company's strong reputation for trustworthiness may play an important role in their decision to disclose personal information. The ability to trust a brand helps to satisfy these prevention-oriented goals.

It is predicted in this essay that the main effect of brand reputation on trust and privacy concern is moderated by a consumer's regulatory focus. Specifically, a strong brand reputation should be more effective in building trust and reducing concern for prevention-focused individuals, than for promotion-focused individuals, because individuals with a prevention-focus are highly responsive to safety and protective cues. On the other hand, a weak brand reputation is expected to lead to lower levels of trust, and higher levels of concern, for prevention-focused individuals, as compared to promotion-focused individuals, because prevention-focused individuals are more sensitive to risk.

H10a: When consumers have a prevention-focus (but not a promotion-focus), a strong (vs. weak) brand reputation will lead to higher levels of trust.

H10b: When consumers have a prevention-focus (but not a promotion-focus), a strong (vs. weak) brand reputation will lead to lower levels of concern.

2.3.6 Interaction Effects between Influence Strategy and Brand Reputation

It is proposed that brand reputation moderates the effect of coercive (e.g., rewards) and non-coercive (e.g., privacy notices) influence strategies on trust and privacy concerns. In other words, the effectiveness of various influence strategies for building trust and reducing privacy concerns may depend on the reputation of the company. In their study on product warranties, Lwin and Williams (2006) found that warranties were effective at reducing consumers' perceived risk only for online retailers with a strong reputation. In addition, Xie et al. (2006) found that privacy notices were more effective for soliciting personally identifiable information when companies had a strong reputation compared to when the company was unfamiliar to the person. Based on these findings from the literature, a company's reputation may impact the effectiveness of various strategies for encouraging consumers to disclose personal information on the Internet.

Consumers often rely on the reputation of the firm as a signal that provides assurances that their information is safe (Gefen et al. 2003; Shapiro 1987). For instance, Milne and Culnan (2004) argue that a strong reputation can serve as a substitute for reading privacy notices, and thus may lower the need for these types of companies to invest in other instruments. However, firms which do not have a strong reputation frequently employ other instruments, such as rewards and privacy notices, to entice consumers to disclose their personal information online (Xie et al. 2006). Because coercive (e.g., rewards) types of influence strategies have been found by some consumers to be manipulative and incites suspicion, this type of strategy may be inappropriate for new online businesses that are looking to engender trust, reduce privacy concerns, and attract consumers to disclose their personal information.

It is predicted in this essay that a two-way interaction effect may exist between influence strategy and brand reputation. Specifically, the main effect of influence strategy on trust and privacy concern may be moderated by the strength of the firm's brand reputation. Non-coercive strategies (e.g., privacy policies, trust seals) should be more effective in building trust and reducing concern for firms with a strong brand reputation, as compared to firms with a weak brand reputation, because a strong brand reputation offers legitimacy to these self-proclaimed safety cues. On the other hand, Coercive strategies (e.g., rewards) are expected to lead to lower levels of trust, and higher levels of concern, for companies with a weak brand reputation, as compared to companies with a strong brand reputation, because the use of rewards by a company with a weak brand reputation may heighten consumer skepticism. A strong brand reputation may be able to mitigate the negative effects of coercive strategies (e.g., rewards) on trust and privacy concern. In summary, both non-coercive and coercive influence strategies are predicted to lead to higher levels of trust, and lower levels of concern, for a company that has a strong brand reputation, as compared to a company with a weak brand reputation.

A three-way interaction between influence strategies, brand reputation, and regulatory focus is also tested, as they may function synergistically in influencing trust and privacy concerns. It is expected when prevention-focused individuals are dealing with an established company that is employing a non-coercive strategy it will lead to higher levels of trust and lower levels of privacy concern. On the other hand, when prevention-focused individuals are dealing with an unfamiliar company that is employing a coercive influence strategy it will lead to a lower levels of trust and higher levels of privacy concern.

H11a: Compared with a weak brand reputation, a strong brand reputation leads to higher levels of trust for both a non-coercive and coercive influence strategy.

H11b: Compared with a weak brand reputation, a strong brand reputation leads to lower levels of concern for both a non-coercive and coercive influence strategy.

H12: A marketer's influence strategy is the most persuasive when viewers' regulatory focus, the type of influence strategy, and brand reputation function synergistically (i.e., a three-way interaction effect). Specifically:

(a) When consumers have a prevention-focus (but not a promotion-focus), a non-coercive (vs. coercive) influence strategy will lead to higher levels of trust, when the company has a strong (vs. weak) brand reputation.

(a) When consumers have a prevention-focus (but not a promotion-focus), a non-coercive (vs. coercive) influence strategy will lead to lower levels of concern, when the company has a strong (vs. weak) brand reputation.

2.4 Method

The effects of online influence strategies and brand reputation on trust, privacy concern, and response intentions are tested in a series of three experimental studies.

Study 1 examines the main effects of influence strategy (H1), and the moderating effect of regulatory focus (H9). Study 2 investigates the main effects of brand reputation (H2), and the moderating effects of regulatory focus (H10). Study 3 offers a replication and extension of the findings by investigating the two-way interaction between influence strategy and brand reputation (H11), and the three-way interaction between each of the exogenous variables (i.e., influence strategy, brand reputation, regulatory focus) in the model (H12). The main effects (H3-H4) and mediating effects (H5-H8) of trust and privacy concern are tested across each of the three studies. Table 2.2 offers a visual representation of each of the hypothesized relationships, and Table 2.3 presents a summary of each study.

2.5 Study 1 - Assessing the Effects of Influence Strategies

This study examines the effect of online influence strategies on trust, privacy concern, and consumer response. Compared with a coercive influence strategy, it is expected that a non-coercive influence strategy will lead to greater levels of trust (H1a), a reduction in privacy concerns (H1b), and greater willingness to provide personal information (H1c). Non-coercive influence strategies are also expected to lead to a lower propensity to provide incomplete (H1d), and false (H1e) information. The moderating effect of regulatory focus is also investigated in this study. A two-way interaction between influence strategy and regulatory focus on trust (H9a) and privacy concern (H9b) is expected. Specifically, when consumers have a prevention-focus, a non-coercive (vs. coercive) influence strategy is predicted to lead to higher levels of trust, and lower levels of privacy concern. The type of influence strategy is not expected to have an effect on trust and concern for promotion-focused consumers.

2.5.1 Design and Procedure

Ninety-three respondents (35 male, 58 female, 25.8% ages 25-34) participated in this study through an online questionnaire. Demographic information for respondents is presented in Table 2.4. Participants were randomly assigned to conditions in a 2 (regulatory focus: prevention vs. promotion) x 2 (influence strategy: non-coercive vs. coercive) between-subjects factorial design in exchange for a small monetary reward. Influence strategy was a manipulated factor and regulatory focus was measured.

This study employed an experimental design with a scenario-based method. Scenarios have been found to offer a sense of realism and to be effective for evaluating perceptions, attitudes, and behavioral intentions in Internet privacy research (Sheehan and

Hoy 2000; Xie et al. 2006; Milne and Bahl 2010). In this study two types of scenarios were created according to the type of influence strategy. A between-subjects design was employed in which respondents were presented with only one of the two scenarios. In each scenario participants were asked to imagine a situation in which they were asked to fill out a customer satisfaction survey while browsing a retail company's Web site. The retail company was described as one that sold a variety of products including clothing, housewares, electronics, and food. After reading the scenario respondents then completed ratings of their perceptions of trust, privacy concern, and response intentions, along with manipulation check measures and a standard set of demographics. Respondents were then thanked and compensated for their time. In accordance with past studies the regulatory focus scale (Lockwood, Jordon, and Kunda 2002) was completed by respondents before being presented with a scenario, so as to avoid any confounding effects on the item responses. Appendix A presents the stimulus materials and scales used in Essay 1.

2.5.2 Independent Variables and Manipulations

Influence Strategy. Influence strategy was manipulated at two levels, non-coercive and coercive. The non-coercive strategy was operationalized by asking participants to imagine the following: "The company's Web site displays a privacy statement and privacy seal assuring you that your personal information will be protected." The coercive strategy included the statement, "The company's Web site requires you to provide your personal information in order to have full access to the site content. In return for providing your personal information the Web site promises that you will receive a special discount."

A pretest ($n = 103$) was conducted in order to determine which types of influence strategies respondents perceived to be non-coercive and coercive. Participants rated ten different influence strategy scenarios on a 7-point scale (1 = not at all descriptive, 7 = extremely descriptive) for the following six characteristics: manipulative, trustworthy, sincere, suspicious, thoughtful, and coercive. Pretest and t-test ($p < .01$) results revealed that privacy seals ($M_{\text{non-coercive}} = 13.68$, $M_{\text{coercive}} = 8.63$) and privacy statements ($M_{\text{non-coercive}} = 13.65$, $M_{\text{coercive}} = 8.67$) were considered by participants to be the least coercive types of influence strategies. Limited access to site content ($M_{\text{non-coercive}} = 7.45$, $M_{\text{coercive}} = 16.48$) and the promise of a special discount ($M_{\text{non-coercive}} = 7.92$, $M_{\text{coercive}} = 16.14$) were considered by participants to be the most coercive types of influence strategies. The pretest results were used to develop the experimental scenarios used in Essay 1.

Regulatory Focus. Regulatory focus was measured with the regulatory focus questionnaire (Lockwood et al. 2002), which includes two psychometrically distinct subscales: promotion and prevention. The regulatory focus scale has been validated in previous research (Lockwood et al. 2002; Yeo and Park 2006; Zhao and Pechmann 2007; Haws, Dholaki, and Bearden 2010). The Lockwood scale was selected for this analysis, because the scale incorporates key terms and concepts from regulatory focus theory directly into the scale item wording (Lockwood et al. 2002; Haws et al. 2010). The scale includes 18 items, half of which measure promotion focus and the other half of which measure prevention focus. Following previous work (Haws et al. 2010), four items specific to student subjects were not included in this essay, because the analysis involves adult samples. Using a 9-point Likert scale (1 = not at all true of me, 9 = very true of me), participants indicated the extent to which they endorsed items relevant to a promotion

focus (e.g., "In general, I am focused on achieving positive outcomes in my life," "Overall, I am more oriented toward achieving success than preventing failures.") and items relevant to a prevention focus (e.g., "In general, I am focused on preventing negative events in my life," "I am more oriented toward preventing losses than I am toward achieving gains"). Following previous research (e.g., Higgins et al. 2001; Lockwood et al. 2002; Zhao and Pechmann 2007; Herzstein, Posavac, and Brakus 2007), participants were classified as promotion or prevention focused according to a median split ($Mdn = 1.28$) on the difference between their subscale scores. In this study 49.5% of respondents had a prevention-focus, and 50.5% had a promotion-focus. Reliability for both the prevention ($\alpha = .81$) and promotion ($\alpha = .87$) subscales in this study were acceptable.

2.5.3 Dependent Variable Measures

Privacy Perceptions (e.g., Trust, Privacy Concern). Constructs used to assess privacy perceptions include trust and privacy concern. Each of these factors was measured on a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree) using three items adopted from the literature (Malhotra, Kim, and Agarwal 2004; Pan and Zinkham 2006; Wirtz and Lwin 2009). Trust was used to measure the extent to which respondents felt secure about sharing their personal information with the company's Web site. Privacy concern assessed respondents' apprehension and uneasiness over providing the company's Web site with their personal information. Examples of items to measure trust include, "I can count on this company's Web site to protect my privacy," and "The company's Web site is trustworthy". Examples of items to assess privacy concern include, "I would think

twice before providing this company's Web site with my personal information," and "I would be concerned about giving information to this company's Web site". Reliability for both trust ($\alpha = .92$) and privacy concern ($\alpha = .91$) were acceptable.

Response Intentions (e.g., willingness to provide, incomplete, falsify). Constructs used to assess response intentions include willingness to provide personal information, propensity to provide incomplete, and false information. These factors were used to assess respondents' compliant and protective behavioral intentions in response to the experimental scenarios. Each of these constructs was measured on a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree) using three items adapted from Malhotra et al. 2004. Example items include: "I am likely to share my personal information when registering with the company's Web site," "I would provide incomplete personal information when registering with the company's Web site," and "I would consider falsifying my personal information when registering with the company's Web site". Reliability for willingness ($\alpha = .96$), incomplete ($\alpha = .86$), and falsify ($\alpha = .96$) were acceptable.

2.5.4 Manipulation Checks

Analysis of variance showed that, as intended, the prevention-focus compatible Web site with non-coercive strategies was perceived as less coercive ($F(1,91) = 7.88, p = .006; M_{\text{non-coercive}} = 3.50, SD = 1.64$ vs. $M_{\text{coercive}} = 4.57, SD = 1.98$), safer ($F(1,91) = 8.11, p = .005; M_{\text{non-coercive}} = 4.16, SD = 1.56$ vs. $M_{\text{coercive}} = 3.20, SD = 1.56$), and more trustworthy ($F(1,91) = 9.46, p = .003; M_{\text{non-coercive}} = 4.12, SD = 1.55$ vs. $M_{\text{coercive}} = 3.09, SD = 1.59$) than the Web site with coercive influence strategies. Hence, the influence

strategies were successfully manipulated in this study. Results of the manipulation checks are presented in Table 2.5.

2.5.5 Measurement Model

As an assessment of construct validity, an exploratory factor analysis of all constructs achieves the expected factor solutions. A confirmatory factor analysis was conducted for all theoretical constructs in the study to examine the structure of the measures and to assess their convergent and discriminant validity. The tests were based on the covariance matrix and the maximum likelihood method, and were run using LISREL 8.80 (Joreskog and Sorbom 1988). The measurement model gives good fit indices: $\chi^2 = 93.78$, $df = 80$, $p = .13$ and the ratio of χ^2 to degree of freedom (1.17) is at the level generally required for such analysis. Moreover, other indicators of fit indicate that the fit of the measurement model is acceptable, CFI = .99, NFI = .96, GFI = .88, AFGI = .82, RMSEA = .04. Based on these results, the measurement model provides a satisfactory fit to the data.

According to Bagozzi et al. (1991), a construct exhibits substantial convergent validity if the t-test value associated with the factor loading of the variables is above 1.96. For all items, the t-values were greater than 1.96. Moreover, reliability estimates for each construct using coefficient alpha (Cronbach 1951) and composite reliabilities all exceed the threshold 0.70 level (Nunnally 1978). All shared variances extracted for each construct are acceptable as they exceed the recommended 0.50 value (Fornell and Larcker 1981; Bagozzi and Yi 1988). Thus, it can be concluded that these constructs have good convergent validity. A correlation matrix of all variables is summarized in Table 2.6, while Table 2.7 summarizes the statistical outcomes of the measurement model.

According to Anderson and Gerbing (1988) and Bagozzi et al. (1991), discriminant validity is good if the correlation between two dimensions is not 1. All constructs met this criteria. The second test used is in line with Fornell and Larcker's approach (1981). The AVE between two constructs is compared to the square of the correlation between the two constructs. This is done to verify that the shared variances between all possible pairs of constructs are lower than the average variance extracted for the individual constructs. For all the constructs, the AVE is greater than the square correlation. It can be seen from Table 2.8 that the measures in this study display sufficient discriminant validity (Fornell and Larcker 1981). In summary, all measures possess adequate reliability and validity.

2.5.6 Results of Study 1

The data were analyzed by MANOVA to assess the multivariate and univariate effects of influence strategy. The multivariate and univariate results are presented in Tables 2.9 and 2.10. Trust and privacy concern were included as dependent variables in the multivariate analysis. Multivariate effects of influence strategy (Wilks' $\lambda = .90$, $F = 4.73$, $p = .011$) and the two-way interaction between influence strategy and regulatory focus (Wilks' $\lambda = .88$, $F = 5.82$, $p = .004$) were found to be significant. Follow-up tests to the multivariate analysis are presented in Table 2.11, and provide additional evidence for the main effect of influence strategy, and the interaction between influence strategy and regulatory focus, on trust. Subsequent univariate analyses were conducted to assess the distinct effects for each dependent variable, and are discussed in the following sections.

2.5.6.1 Main Effects of Influence Strategy

An analysis of variance found that non-coercive influence strategies lead to higher levels of trust ($M_{\text{non-coercive}} = 4.06$, $M_{\text{coercive}} = 3.32$; $F(1,91) = 5.69$, $p = .019$), and lower levels of privacy concern ($M_{\text{non-coercive}} = 5.01$, $M_{\text{coercive}} = 5.63$; $F(1,91) = 3.99$, $p = .049$), compared to coercive influence strategies. Thus, both hypothesis H1a and H1b are both supported. The results also demonstrate that non-coercive influence strategies lead to a greater willingness to provide personal information ($M_{\text{non-coercive}} = 4.02$, $M_{\text{coercive}} = 3.30$; $F(1,91) = 4.30$, $p = .041$) than coercive strategies. The hypothesized effect of influence strategy on propensity to provide incomplete ($M_{\text{non-coercive}} = 4.27$, $M_{\text{coercive}} = 4.69$; $F(1,91) = 1.724$, $p = .192$), and false information ($M_{\text{non-coercive}} = 3.94$, $M_{\text{coercive}} = 3.62$; $F(1,91) = 3.16$, $p = .079$), was not found. These findings provide full support for hypothesis H1c, and no support for H1d and H1e. Cell means and standard deviations are presented in Table 2.12.

2.5.6.2 Moderating Effects of Regulatory Focus

The main effects of influence strategy on trust and privacy concern are qualified by the expected interaction effects. The results of a two-way analysis of variance found a significant interaction effect between influence strategy and regulatory focus on trust ($F(1,89) = 11.74$, $p = .001$). Simple effects analysis revealed that for prevention-focused respondents a non-coercive strategy led to more trust than a coercive strategy ($M_{\text{non-coercive}} = 4.20$, $M_{\text{coercive}} = 2.28$; $F(1,89) = 14.87$, $p = .000$). For promotion-focused respondents, non-coercive strategies did not differ from coercive strategies in terms of affecting trust ($M_{\text{non-coercive}} = 3.89$, $M_{\text{coercive}} = 4.01$; $F(1,89) = .04$, $p = .836$). These findings provide support for H9a, which states that when consumers have a prevention-focus (but not a

promotion-focus), a non-coercive (vs. coercive) influence strategy will lead to higher levels of trust.

An interaction effect was also found between influence strategy and regulatory focus on concern ($F(1,89) = 5.75, p = .019$). Simple effects analysis revealed that for prevention-focused respondents a non-coercive strategy led to less concern than a coercive strategy ($M_{\text{non-coercive}} = 4.96, M_{\text{coercive}} = 6.45; F(1,89) = 7.95, p = .006$). For promotion-focused respondents, non-coercive strategies did not differ from coercive strategies in terms of affecting concern ($M_{\text{non-coercive}} = 5.07, M_{\text{coercive}} = 5.09; F(1,89) = .02, p = .896$). These findings provide support for H9b, which states that when consumers have a prevention-focus (but not a promotion-focus), a non-coercive (vs. coercive) influence strategy will lead to lower levels of concern.

A supplemental analysis found an interaction effect between influence strategy and regulatory focus on willingness to provide information ($F(1,89) = 8.63, p = .004$). Simple effects analysis revealed that for prevention-focused respondents a non-coercive strategy led to more willingness to provide than a coercive strategy ($M_{\text{non-coercive}} = 3.97, M_{\text{coercive}} = 2.07; F(1,89) = 9.57, p = .003$). For promotion-focused respondents, non-coercive strategies did not differ from coercive strategies in terms of affecting willingness to provide ($M_{\text{non-coercive}} = 4.08, M_{\text{coercive}} = 4.12; F(1,89) = .01, p = .932$). These results are analogous to those for trust and privacy concern.

2.5.6.3 Main and Mediating Effects of Trust and Concern

The effects of trust (H3) and privacy concern (H4) on response intentions were tested using multiple regression analysis. In support of H3a, trust was found to have a positive effect ($\beta = .415, t(92) = 4.30, p = .000$) on willingness to provide personal

information. Hypothesis H3b was found to be partially supported, as trust had a negative effect ($\beta = -.238, t(92) = -1.85, p = .067$) on propensity to provide incomplete information, at the $p < .10$ level. Hypothesis H3c is not supported as an unexpected positive effect of trust was found on propensity to provide false information ($\beta = .467, t(92) = 3.53, p = .001$). In support of H4a and H4b, concern was found to have a negative effect ($\beta = -.409, t(92) = -4.24, p = .000$) on willingness to provide personal information, and a positive effect ($\beta = .304, t(92) = 2.36, p = .020$) on propensity to provide incomplete information. Hypothesis H4c was not supported as concern did not have a significant effect ($\beta = .019, t(92) = .146, p = .884$) on propensity to provide false information. In general, the expected results were found for the effects of trust and concern on willingness to disclose, and propensity to provide incomplete information, but not for the propensity to provide false information.

To assess whether perceptions of trust (H5) and privacy concern (H7) mediate the effects of influence strategy on response intentions mediation analyses were conducted using the bootstrapping method suggested by Zhao, Lynch, and Chen (2010). On the basis of this framework mediation is strongest when there is an indirect effect but no direct effect, which indicates full mediation. When there are both indirect and direct effects it is partial mediation. Thus, in order to establish mediation, all that matters is that the indirect effect is significant.

Trust is found to partially mediate the effect of influence strategies on willingness to provide personal information ($\beta_{\text{axb}} = -.571, 95\% \text{ CI} = -1.16 \text{ to } -.090$), and to fully mediate the effect of influence strategies on propensity to provide incomplete ($\beta_{\text{axb}} = .336, 95\% \text{ CI} = .051 \text{ to } .763$), and false ($\beta_{\text{axb}} = -.184, 95\% \text{ CI} = -.407 \text{ to } -.031$)

information. Thus, H5a is partially supported, while H5b and H5c are fully supported. Concern is found to partially mediate the effects of influence strategies on willingness to provide personal information ($\beta_{axb} = -.479$, 95% CI = $-.974$ to $-.018$), and fully mediates the effect on propensity to provide incomplete information ($\beta_{axb} = .296$, 95% CI = $.300$ to $.669$). However, concern is not found to mediate the effect of influence strategy on propensity to provide false information. These findings provide partial support for H7a, full support for H7b, and no support for H7c. A summary of the mediating effects of trust and concern can be seen in Table 2.13.

2.5.7 Discussion

The results from Study 1 provide support for a main effect of influence strategy on trust, concern, and consumer response. Specifically, a non-coercive (vs. coercive) influence strategy leads to a greater level of trust (H1a), and a reduction in privacy concern (H1b). A non-coercive strategy was also found to lead to a greater willingness to provide personal information. These findings have important implications, as they demonstrate that non-coercive strategies (e.g., privacy policies, trust seals), as compared to coercive strategies (e.g., rewards, threats), may be more effective at establishing trust, reducing privacy concerns, and encouraging self-disclosure. These results demonstrate the relative effectiveness of various influence strategies for encouraging self-disclosure on the Internet, and may be useful for marketers in understanding their effects on consumers' privacy attitudes and self-disclosure behavior.

The results of this study also provide evidence that trust (H3) and privacy concern (H4) have an effect on consumers' response intentions. Trust and concern are also found

to mediate the effect of influence strategies on consumer response (H5, H7). These findings suggest that trust and concern are important factors that affect how consumers respond to marketers' strategies for encouraging self-disclosure.

The findings provide support for the moderating effects of regulatory focus on trust and concern, as a two-way interaction was found between influence strategy and regulatory focus on trust and concern. In support of H9a and H9b, when consumers have a prevention-focus (but not a promotion-focus), a non-coercive (vs. coercive) influence strategy leads to higher levels of trust, and lower levels of concern. A supplemental analysis found similar findings for the two-way interaction between influence strategy and regulatory focus on willingness to provide information. These findings suggest that prevention-focused consumers are more responsive to the types of influence strategies used by marketers for encouraging self-disclosure on the Internet, because they are more sensitive to safety and non-safety information. On the other hand, promotion-focused respondents are unaffected by the types of influence strategies used.

In summary, full support is found for H1a, H1b, H1c, H3a, H4a, H4b, H5b, H5c, H7b, H9a, and H9b; partial support is found for H3b, H5a, and H7a; and no support for H1d, H1e, H3c, H4c, and H7c. In general, the empirical findings from this study provide evidence of a main effect of influence strategy, and moderating effect of regulatory focus, and warrants further investigation into these relationships.

2.6 Study 2 - Assessing the Effects of Brand Reputation

Study 2 extends the findings from Study 1 by examining the effects of brand reputation on trust, privacy concern, and consumer response. Compared with a weak

brand reputation, it is expected that a strong brand reputation will lead to greater levels of trust (H2a), a reduction in privacy concerns (H2b), and greater willingness to provide personal information (H2c). A strong brand reputation is also expected to lead to a lower propensity to provide incomplete (H2d), and false (H2e) information. The moderating effect of regulatory focus is also investigated in this study. A two-way interaction between brand reputation and regulatory focus on trust (H10a) and privacy concern (H10b) is expected. Specifically, when consumers have a prevention-focus, a strong (vs. weak) brand reputation will lead to higher levels of trust, and lower levels of concern. A company's brand reputation is not expected to have an effect on trust and concern for promotion-focused consumers.

2.6.1 Design and Procedure

One hundred twenty-four respondents (50 males, 74 females, 33.9% ages 25-34) participated in this study through an online questionnaire. Participants were randomly assigned to conditions in a 2 (regulatory focus: prevention vs. promotion) x 2 (brand reputation: weak vs. strong) between-subjects factorial design. Brand reputation was a manipulated factor and regulatory focus was measured. This study employed a similar procedure to that of Study 1.

2.6.2 Independent Variables and Manipulations

Brand Reputation. Brand reputation was manipulated at two levels, weak and strong. The weak reputation condition was constructed to represent a company's Web site as having an inferior reputation, and the strong reputation a superior reputation. The weak reputation condition was operationalized by asking participants to imagine the following:

"This Web site belongs to a new retail company, which has been in business for 6 months." The strong reputation condition included the statement, "This Web site belongs to one of the largest and most successful retailers in the U.S. The company has been in business for over 50 years." This procedure for manipulating brand reputation has been found to be effective for manipulating respondents' reputation perceptions towards a retail Web site (Xie et al. 2006; Eastlick, Lotz, and Warrington 2006).

Regulatory Focus. Regulatory focus was measured with the regulatory focus questionnaire (Lockwood et al. 2002). In this study 53.2% of respondents had a prevention-focus, and 46.8% had a promotion-focus. Reliability for both the prevention ($\alpha = .79$) and promotion ($\alpha = .89$) subscales in this study were acceptable.

2.6.3 Dependent Variable Measures

Privacy perceptions and response intentions were measured the same way as in Study 1. The measures for trust ($\alpha = .90$), privacy concern ($\alpha = .83$), willingness to provide personal information ($\alpha = .97$), incomplete information ($\alpha = .89$), and false information ($\alpha = .96$) demonstrated acceptable reliability in this study.

2.6.4 Manipulation Checks

Analysis of variance showed that, as intended, respondents in the strong brand reputation condition perceived the company's Web site to be more credible ($F(1,122) = 68.88, p = .000; M_{\text{weak}} = 3.64, SD = 1.10$ vs. $M_{\text{strong}} = 5.32, SD = 1.11$), and reputable ($F(1,122) = 66.97, p = .000; M_{\text{weak}} = 3.61, SD = 1.07$ vs. $M_{\text{strong}} = 5.24, SD = 1.11$) than

in the weak reputation condition. Hence, brand reputation was successfully manipulated in this study.

2.6.5 Measurement Model

As an assessment of construct validity, an exploratory factor analysis of all constructs achieves the expected factor solutions. A confirmatory factor analysis was conducted for all theoretical constructs in the study to examine the structure of the measures and to assess their convergent and discriminant validity. The measurement model gives good fit indices: $\chi^2 = 147.43$, $df = 80$, $p = .00$ and the ratio of χ^2 to degree of freedom (1.84) is at the level generally required for such analysis. Moreover, other indicators of fit indicate that the fit of the measurement model is acceptable, CFI = .98, NFI = .95, GFI = .86, AFGI = .79, RMSEA = .08. Reliability estimates for each construct using coefficient alpha and composite reliabilities all exceed the threshold 0.70 level. Based on these results, all measures in this study possess adequate reliability and validity. Table 2.14 presents the statistical outcomes of the measurement model.

2.6.6 Results of Study 2

The data were analyzed by MANOVA to assess the multivariate and univariate effects of brand reputation. Trust and privacy concern were included as dependent variables in the multivariate analysis. Multivariate effects of brand reputation (Wilks' $\lambda = .82$, $F = 12.73$, $p = .000$) and the two-way interaction between brand reputation and regulatory focus (Wilks' $\lambda = .87$, $F = 8.73$, $p = .000$) were found to be significant. Follow-up tests to the multivariate analysis are presented in Table 2.11, and provide additional

evidence for the main effect of brand reputation, and the interaction between brand reputation and regulatory focus, on trust and concern. Subsequent univariate analyses were conducted to assess the distinct effects for each dependent variable, as discussed in the following sections.

2.6.6.1 Main Effects of Brand Reputation

An analysis of variance found that a strong brand reputation leads to higher levels of trust ($M_{\text{weak}} = 3.08$, $M_{\text{strong}} = 4.26$; $F(1,122) = 22.85$, $p = .000$), and lower levels of privacy concern ($M_{\text{weak}} = 5.60$, $M_{\text{strong}} = 4.65$; $F(1,122) = 14.39$, $p = .000$), compared to a weak brand reputation. Thus, both hypothesis H2a and H2b are supported. The results also demonstrate that a strong brand reputation leads to greater willingness to provide personal information ($M_{\text{weak}} = 3.00$, $M_{\text{strong}} = 4.00$; $F(1,122) = 12.04$, $p = .001$), than a weak brand reputation. Partial support was found for the effect of brand reputation on the propensity to provide incomplete information ($M_{\text{weak}} = 4.89$, $M_{\text{strong}} = 4.38$; $F(1,122) = 2.84$, $p = .095$) at the $p < .10$ level. The hypothesized effect of brand reputation on propensity to provide false information was not found ($M_{\text{weak}} = 3.60$, $M_{\text{strong}} = 4.15$; $F(1,122) = 17.93$, $p = .000$). These findings provide full support for hypothesis H2c, partial support for H2d, and no support for H2e. Cell means and standard deviations are presented in Table 2.15.

2.6.6.2 Moderating Effects of Regulatory Focus

The main effects of brand reputation on trust and privacy concern are qualified by the expected interaction effects. The results of a two-way analysis of variance found a

significant interaction effect between brand reputation and regulatory focus on trust ($F(1,120) = 11.26, p = .001$). Simple effects analysis revealed that for prevention-focused respondents a strong brand reputation leads to more trust than a weak brand reputation ($M_{\text{weak}} = 3.00, M_{\text{strong}} = 4.89; F(1,120) = 31.77, p = .000$). For promotion-focused respondents, a weak brand reputation did not differ from a strong brand reputation in terms of affecting trust ($M_{\text{weak}} = 3.16, M_{\text{strong}} = 3.46; F(1,120) = 1.61, p = .207$). These findings provide support for H10a, which states that when consumers have a prevention-focus (but not a promotion-focus), a strong (vs. weak) brand reputation will lead to higher levels of trust.

An interaction effect was also found between brand reputation and regulatory focus on concern ($F(1,120) = 12.89, p = .000$). Simple effects analysis revealed that for prevention-focused respondent a strong brand reputation leads to less concern than a weak brand reputation ($M_{\text{weak}} = 5.67, M_{\text{strong}} = 3.96; F(1,120) = 25.31, p = .000$). For promotion-focused respondents, a weak brand reputation did not differ from a strong brand reputation in terms of concern ($M_{\text{weak}} = 5.53, M_{\text{strong}} = 5.53; F(1,120) = .22, p = .640$). These findings provide support for H10b, which states that when consumers have a prevention-focus (but not a promotion-focus), a strong (vs. weak) brand reputation will lead to lower levels of concern.

A supplemental analysis found an interaction effect between brand reputation and regulatory focus on willingness to provide information ($F(1,120) = 10.10, p = .002$). Simple effects analysis revealed that for prevention-focused respondents a strong brand reputation leads to more willingness to provide than a weak brand reputation ($M_{\text{weak}} = 2.86, M_{\text{strong}} = 4.65; F(1,120) = 20.77, p = .000$). For promotion-focused respondents, a

weak brand reputation did not differ from a strong brand reputation in terms of affecting willingness to provide ($M_{\text{weak}} = 3.15$, $M_{\text{strong}} = 3.18$; $F(1,120) = .13$, $p = .718$). These results are analogous to those for trust and privacy concern.

2.6.6.3 Main and Mediating Effects of Trust and Concern

The effects of trust (H3) and privacy concern (H4) on response intentions were tested using multiple regression analysis. In support of H3a, trust was found to have a positive effect ($\beta = .440$, $t(122) = 6.23$, $p = .000$) on willingness to provide personal information. Hypothesis H3b was not supported, as trust did not have a significant effect on propensity to provide incomplete information ($\beta = .074$, $t(122) = -.800$, $p = .426$). Hypothesis H3c is not supported as an unexpected positive effect of trust was found on propensity to provide false information ($\beta = .549$, $t(122) = 6.19$, $p = .000$). In support of H4a and H4b, concern was found to have a negative effect ($\beta = -.418$, $t(122) = -5.92$, $p = .000$) on willingness to provide personal information, and a positive effect ($\beta = .446$, $t(122) = 4.80$, $p = .000$) on propensity to provide incomplete information. Hypothesis H4c was not supported as concern did not have a significant effect ($\beta = -.009$, $t(122) = -.097$, $p = .923$) on propensity to provide false information. In general, the expected results were found for the effects on willingness to disclose, partial support for propensity to provide incomplete information, and no support for propensity to provide false information.

To assess whether perceptions of trust (H6) and privacy concern (H8) mediate the effects of brand reputation on response intentions mediation analyses were conducted using the bootstrapping method suggested by Zhao et al. (2010). Trust is found to

partially mediate the effect of brand reputation on willingness to provide personal information ($\beta_{axb} = .844$, 95% CI = .469 to 1.29), and false information ($\beta_{axb} = .295$, 95% CI = .159 to .497), and to fully mediate the effect of brand reputation on propensity to provide incomplete information ($\beta_{axb} = -.388$, 95% CI = -.755 to -.135). Thus, H6a and H6c are partially supported, and H6b is fully supported. Concern is found to partially mediate the effect of brand reputation on willingness to provide personal information ($\beta_{axb} = .664$, 95% CI = .223 to 1.07), and false information ($\beta_{axb} = .098$, 95% CI = .016 to .235), and to fully mediate the effect of brand reputation on propensity to provide incomplete information ($\beta_{axb} = -.529$, 95% CI = -.949 to -.236). Thus, H8a and H8c are partially supported, and H8b is fully supported. A summary of the mediating effects of trust and concern can be seen in Table 2.13.

2.6.7 Discussion

The results from Study 2 provide support for a main effect of brand reputation on trust, concern, and consumer response. Specifically, a strong (vs. weak) brand reputation leads to a greater level of trust (H2a), and a reduction in privacy concern (H2b). A strong brand reputation was also found to lead to a greater willingness to provide personal information (H2c), and less propensity to provide incomplete (H2d) information. These findings have important implications, as they demonstrate that a strong brand reputation may be more effective at establishing trust, reducing privacy concerns, and encouraging self-disclosure.

The results of this study also provide evidence that trust (H3) and privacy concern (H4) have an effect on consumers' response intentions. Trust and concern are found to

mediate the effect of brand reputation on consumer response (H6, H8). These findings suggest that trust and concern are important factors that affect how consumers respond to a company's brand reputation, and its effects on self-disclosure.

The findings provide support for the moderating effects of regulatory focus on trust and concern, as a two-way interaction was found between brand reputation and regulatory focus on trust and privacy concern. In support of H10a and H10b, when consumers have a prevention-focus (but not a promotion-focus), a strong (vs. weak) brand reputation leads to higher levels of trust, and lower levels of concern. A supplemental analysis found similar findings for the two-way interaction between brand reputation and regulatory focus on willingness to provide information. These findings suggest that prevention-focused consumers are more responsive to a company's brand reputation, because they are more sensitive to safety and non-safety cues. On the other hand, promotion-focused respondents are unaffected by a company's reputation for trustworthiness.

In summary, full support is found for hypotheses H2a, H2b, H2c, H3a, H4a, H4b, H6b, H8b, H10a, and H10b; partial support is found for H2d, H6a, H6c, H8a, and H8c; and no support for H2e, H3b, H3c, and H4c. In general, the empirical findings from this study provide evidence of a main effect of brand reputation, and a moderating effect of regulatory focus.

2.7 Study 3 - Assessing the Effects of Influence Strategy and Brand Reputation

Study 3 extends the findings from the previous studies by examining the two-way interaction effect between influence strategy and brand reputation on trust (H11a) and privacy concern (H11b). In addition a three-way interaction between influence strategy,

brand reputation, and regulatory focus is investigated (H12). All main effects and two-way interactions in Study 1 and Study 2 are replicated in this study.

2.7.1 Design and Procedure

One hundred fifty-three respondents (64 males, 89 females, 36.6% ages 25-34) participated in this study through an online questionnaire. Participants were randomly assigned to conditions in a 2 (influence strategy: non-coercive vs. coercive) x 2 (brand reputation: weak vs. strong) x 2 (regulatory focus: prevention vs. promotion) between-subjects factorial design. Influence strategy and brand reputation were manipulated factors and regulatory focus was measured. Participants were presented with only one of four scenarios. This study employed a similar procedure to that of Studies 1 and 2.

2.7.2 Independent Variables and Manipulations

Influence strategy was manipulated the same as in study 1 with two levels, non-coercive and coercive. Brand reputation was manipulated the same as in study 2 with two levels, weak and strong. Regulatory focus was measured with the regulatory focus questionnaire (Lockwood et al. 2002). In this study 38.6% of respondents had a prevention-focus, and 61.4% had a promotion-focus. Reliability for both the prevention ($\alpha = .81$) and promotion ($\alpha = .90$) subscales in this study were acceptable.

2.7.3 Dependent Variable Measures

Privacy perceptions and response intentions were measured the same way as in Studies 1 and 2. The measures for trust ($\alpha = .87$), privacy concern ($\alpha = .91$), willingness

to provide personal information ($\alpha = .98$), incomplete information ($\alpha = .92$), and false information ($\alpha = .96$) demonstrated acceptable reliability in this study.

2.7.4 Manipulation Checks

Analysis of variance showed that, as intended, the prevention-focus compatible Web site with non-coercive strategies was perceived as less coercive ($F(1,151) = 8.14, p = .005; M_{\text{non-coercive}} = 3.69, SD = 1.65$ vs. $M_{\text{coercive}} = 4.50, SD = 1.87$), safer ($F(1,151) = 15.32, p = .000; M_{\text{non-coercive}} = 4.25, SD = 1.50$ vs. $M_{\text{coercive}} = 3.26, SD = 1.63$), and more trustworthy ($F(1,151) = 9.71, p = .002; M_{\text{non-coercive}} = 4.18, SD = 1.44$ vs. $M_{\text{coercive}} = 3.37, SD = 1.77$), than the Web site with coercive influence strategies. Analysis of variance also showed, as intended, that respondents in the strong brand reputation condition perceived the company's Web site to be more credible ($F(1,151) = 53.84, p = .000; M_{\text{weak}} = 3.40, SD = 1.42$ vs. $M_{\text{strong}} = 5.08, SD = 1.40$), and reputable ($F(1,151) = 80.40, p = .000; M_{\text{weak}} = 3.44, SD = 1.31$ vs. $M_{\text{strong}} = 5.36, SD = 1.32$), than in the weak reputation condition. Hence, influence strategy and brand reputation were successfully manipulated in this study.

2.7.5 Measurement Model

As an assessment of construct validity, an exploratory factor analysis of all constructs achieves the expected factor solutions. A confirmatory factor analysis was conducted for all theoretical constructs in the study to examine the structure of the measures and to assess their convergent and discriminant validity. The measurement model gives good fit indices: $\chi^2 = 114.65, df = 80, p = .00$ and the ratio of χ^2 to degree of

freedom (1.43) is at the level generally required for such analysis. Moreover, other indicators of fit indicate that the fit of the measurement model is acceptable, CFI = .99, NFI = .97, GFI = .91, AFGI = .86, RMSEA = .05. Reliability estimates for each construct using coefficient alpha and composite reliabilities all exceed the threshold 0.70 level. Based on these results, all measures in this study possess adequate reliability and validity. Table 2.16 presents the statistical outcomes of the measurement model.

2.7.6 Results of Study 3

The data were analyzed by MANOVA to assess the multivariate and univariate effects of influence strategy and brand reputation. Trust and privacy concern were included as dependent variables in the multivariate analysis. Multivariate effects of influence strategy (Wilks' $\lambda = .92$, $F = 6.09$, $p = .003$), brand reputation (Wilks' $\lambda = .91$, $F = 6.56$, $p = .002$), and the two-way interaction between influence strategy and brand reputation (Wilks' $\lambda = .90$, $F = 7.81$, $p = .001$) were found to be significant. A three-way interaction was not found to be significant (Wilks' $\lambda = 1.00$, $F < 1$). Follow-up tests to the multivariate analysis are presented in Table 2.11, and provide additional evidence for the main effect of influence strategy on trust, and the main effects of brand reputation on trust and concern. Subsequent univariate analysis was conducted to assess the distinct effects for each dependent variable, as discussed in the following sections.

2.7.6.1 Main Effects of Influence Strategy and Brand Reputation

An analysis of variance found that a non-coercive influence strategy ($M_{\text{non-coercive}} = 3.86$, $M_{\text{coercive}} = 3.15$; $F(1,151) = 9.82$, $p = .002$), and strong brand reputation ($M_{\text{weak}} = 3.11$, $M_{\text{strong}} = 3.94$; $F(1,151) = 13.77$, $p = .000$), lead to a greater level of trust. Thus,

both hypotheses H1a and H2a are supported. Also, as predicted in hypotheses H1b and H2b, a non-coercive influence strategy ($M_{\text{non-coercive}} = 4.84$, $M_{\text{coercive}} = 5.42$; $F(1,151) = 5.02$, $p = .026$), and strong brand reputation ($M_{\text{weak}} = 5.46$, $M_{\text{strong}} = 4.77$; $F(1,151) = 7.33$, $p = .008$), lead to a greater reduction in concern.

The results demonstrate that a non-coercive influence strategy ($M_{\text{non-coercive}} = 3.78$, $M_{\text{coercive}} = 2.97$; $F(1,151) = 8.08$, $p = .005$), and strong brand reputation ($M_{\text{weak}} = 2.92$, $M_{\text{strong}} = 3.88$; $F(1,151) = 11.76$, $p = .001$), lead to greater willingness to provide information. These findings provide support for hypotheses H1c and H2c. No support was found for the main effect of influence strategy on propensity to provide incomplete information, however partial support was found for the propensity to provide false information ($M_{\text{non-coercive}} = 3.12$, $M_{\text{coercive}} = 3.71$; $F(1,151) = 3.64$, $p = .058$) at the $p < .10$ level. No support was found for the main effect of brand reputation on the propensity to provide incomplete and false information. These findings provide partial support for H1e, and no support for H1d, H2d, and H2e. Cell means and standard deviations are presented in Table 2.17.

2.7.6.2 Moderating Effects of Regulatory Focus

As additional support for Studies 1 and 2, two-way interactions were found between influence strategy and regulatory focus ($F(1,149) = 5.13$, $p = .025$), and between brand reputation and regulatory focus ($F(1,149) = 4.75$, $p = .031$) on trust.

Simple effects analysis revealed that for prevention-focused respondents a non-coercive strategy led to more trust than a coercive strategy ($M_{\text{non-coercive}} = 3.72$, $M_{\text{coercive}} = 2.47$; $F(1,149) = 18.01$, $p = .000$). For promotion-focused respondents, non-coercive

strategies did not differ from coercive strategies in terms of affecting trust ($M_{\text{non-coercive}} = 3.91$, $M_{\text{coercive}} = 3.87$; $F(1,149) = .82$, $p = .366$). These findings provide support for H9a, which states that when consumers have a prevention-focus (but not a promotion-focus), a non-coercive (vs. coercive) influence strategy will lead to higher levels of trust.

Simple effects analysis also revealed that for prevention-focused respondents a strong brand reputation leads to more trust than a weak brand reputation ($M_{\text{weak}} = 3.35$, $M_{\text{strong}} = 4.40$; $F(1,149) = 15.94$, $p = .000$). For promotion-focused respondents, a weak brand reputation did not differ from a strong brand reputation in terms of affecting trust ($M_{\text{weak}} = 2.75$, $M_{\text{strong}} = 3.17$; $F(1,149) = 1.65$, $p = .201$). These findings provide support for H10a, which states that when consumers have a prevention-focus (but not a promotion-focus), a strong (vs. weak) brand reputation will lead to higher levels of trust.

Two-way interactions were also found between influence strategy and regulatory focus ($F(1,149) = 4.28$, $p = .040$), and between brand reputation and regulatory focus ($F(1,149) = 4.13$, $p = .044$) on concern. Simple effects analysis revealed that for prevention-focused respondents a non-coercive strategy led to less concern than a coercive strategy ($M_{\text{non-coercive}} = 4.79$, $M_{\text{coercive}} = 5.93$; $F(1,149) = 9.74$, $p = .002$). For promotion-focused respondents, non-coercive strategies did not differ from coercive strategies in terms of affecting concern ($M_{\text{non-coercive}} = 4.86$, $M_{\text{coercive}} = 4.88$; $F(1,149) = .22$, $p = .640$). These findings provide support for H9b, which states that when consumers have a prevention-focus (but not a promotion-focus), a non-coercive (vs. coercive) influence strategy will lead to lower levels of concern.

Simple effects analysis also revealed that for prevention-focused respondents a strong brand reputation leads to less concern than a weak brand reputation ($M_{\text{weak}} = 6.07$,

$M_{\text{strong}} = 4.88$; $F(1,149) = 9.02$, $p = .003$). For promotion-focused respondents, a weak brand reputation did not differ from a strong brand reputation in terms of concern ($M_{\text{weak}} = 5.05$, $M_{\text{strong}} = 4.70$; $F(1,149) = 1.31$, $p = .254$). These findings provide support for H10b, which states that when consumers have a prevention-focus (but not a promotion-focus), a strong (vs. weak) brand reputation will lead to lower levels of concern.

2.7.6.3 Moderating Effects of Brand Reputation

The results of a two-way analysis of variance found a significant interaction effect between influence strategy and brand reputation on trust ($F(1,149) = 3.99$, $p = .048$). Simple effects analysis revealed that a non-coercive strategy leads to more trust for a company with a strong brand reputation compared to a company with a weak brand reputation ($M_{\text{weak}} = 3.62$, $M_{\text{strong}} = 4.12$; $F(1,149) = 2.75$, $p = .099$) at the $p < .10$ level. The findings also suggest that a coercive strategy leads to more trust for a company with a strong brand reputation compared to a company with a weak brand reputation ($M_{\text{weak}} = 2.43$, $M_{\text{strong}} = 3.75$; $F(1,149) = 15.52$, $p = .000$). These findings provide support for H11a, which states that a strong brand reputation (vs. weak reputation) leads to higher levels of trust for both a non-coercive, and coercive influence strategy.

An interaction effect was also found between influence strategy and brand reputation on privacy concern ($F(1,149) = 3.96$, $p = .048$). Simple effects analysis revealed that a non-coercive strategy leads to less concern for a company with a strong brand reputation compared to a company with a weak brand reputation ($M_{\text{weak}} = 5.33$, $M_{\text{strong}} = 4.32$; $F(1,149) = 8.50$, $p = .004$). However, a strong brand reputation and weak brand reputation did not differ in terms of concern for a coercive strategy ($M_{\text{weak}} = 5.63$,

$M_{\text{strong}} = 5.24$; $F(1,149) = .82$, $p = .367$). These findings provide partial support for H11b, which predicted that a strong brand reputation (vs. weak brand reputation) leads to lower levels of concern for both a non-coercive and coercive influence strategy.

2.7.6.4 Main and Mediating Effects of Trust and Concern

The effects of trust (H3) and privacy concern (H4) on response intentions were tested using multiple regression. In support of H3, trust was found to have a positive effect on willingness to provide personal information ($\beta = .716$, $t(151) = 12.58$, $p = .000$), and a negative effect on propensity to provide incomplete information ($\beta = -.332$, $t(151) = -4.32$, $p = .000$), and false information ($\beta = -.198$, $t(151) = -2.47$, $p = .01$). In support of H4, concern was found to have a negative effect on willingness to provide personal information ($\beta = -.678$, $t(151) = -11.32$, $p = .000$), and a positive effect on propensity to provide incomplete information ($\beta = .608$, $t(151) = 9.41$, $p = .000$), and false information ($\beta = .381$, $t(151) = 5.06$, $p = .000$). Thus, H3 and H4 are fully supported.

To assess whether perceptions of trust and privacy concern mediate the effects of influence strategy and brand reputation on response intentions mediation analyses were conducted using the bootstrapping method. Trust is found to partially mediate the effect of influence strategy on willingness to provide personal information ($\beta_{\text{axb}} = -.625$, 95% CI = -1.04 to -.231), and to fully mediate the effect of influence strategy on propensity to provide incomplete ($\beta_{\text{axb}} = .280$, 95% CI = .086 to .608), and false ($\beta_{\text{axb}} = .280$, 95% CI = .082 to .581) information. Thus, H5a is partially supported, while H5b and H5c are fully supported. Trust is also found to partially mediate the effect of brand reputation on willingness to provide personal information ($\beta_{\text{axb}} = .722$, 95% CI = .328 to 1.13), and to

fully mediate the effect of influence strategy on propensity to provide incomplete ($\beta_{axb} = -.367$, 95% CI = -.665 to -.168), and false ($\beta_{axb} = -.367$, 95% CI = -.666 to -.161)

information. Thus, H6a is partially supported, while H6b and H6c are fully supported.

Concern is found to partially mediate the effect of influence strategy on willingness to provide personal information ($\beta_{axb} = -.425$, 95% CI = -.855 to -.055), and to fully mediate the effect of influence strategy on propensity to provide incomplete ($\beta_{axb} = .384$, 95% CI = .043 to .761), and false ($\beta_{axb} = .384$, 95% CI = .036 to .766)

information. Thus, H7a is partially supported, while H7b and H7c are fully supported.

Concern is also found to partially mediate the effect of brand reputation on willingness to provide personal information ($\beta_{axb} = .501$, 95% CI = .127 to .903), and to fully mediate the effect of influence strategy on propensity to provide incomplete ($\beta_{axb} = -.483$, 95% CI = -.866 to -.136), and false ($\beta_{axb} = -.483$, 95% CI = -.872 to -.128) information. Thus, H8a is partially supported, while H8b and H8c are fully supported. A summary of the mediating effects of trust and concern can be seen in Table 2.13.

2.7.7 Discussion

The results from Study 3 offer additional support for the main effects of influence strategy and brand reputation on trust and privacy concern. Furthermore, this study replicated the results for all two-way interaction effects found in Studies 1 and 2, thus providing strong support that the findings are robust. The results also provide full support that trust (H3) and privacy concern (H4) have an effect on consumers' response intentions. Consistent with the findings from Study 1 and Study 2, trust and privacy

concern are found to mediate the effects of influence strategy and brand reputation on consumers' response intentions (H5-H8).

The previously unexplored two-way interaction between influence strategy and brand reputation was found to be significant. In full support of H11a, non-coercive and coercive strategies both lead to higher trust for a company with a strong brand reputation, as compared to a company with a weak brand reputation. In partial support of H11b, a non-coercive strategy leads to less concern for a company with a strong brand reputation, but for a coercive strategy levels of trust did not differ when the company had a strong, or weak, brand reputation. These findings have important implications as they suggest that the effectiveness of strategies for building trust, and reducing privacy concern, are contingent upon the company's reputation for trustworthiness. A strong reputation allows for greater flexibility in the use of various influence strategies, as the negative effects of coercive strategies on trust and concern are mitigated, and the positive effects of non-coercive strategies on trust and concern are enhanced. A three-way interaction between the exogenous variable (i.e., influence strategy, brand reputation, regulatory focus) was not found in this study, thus H12 is not supported.

In summary, full support is found for hypotheses H1a, H1b, H1c, H2a, H2b, H2c, H3, H4, H5b, H5c, H6b, H6c, H7b, H7c, H8b, H8c, H9a, H9b, H10a, H10b, and H11a; partial support for H1e, H5a, H6a, H7a, H8a, and H11b; and no support for H1d, H2d, H2e, and H12. In general, the results of Study 3 replicate, and extend the findings from Studies 1 and 2, by providing evidence of an interaction effect between influence strategy and brand reputation.

2.8 General Discussion

As Table 2.2 reveals, the results of these three studies provide strong support of the main effects of influence strategy and brand reputation on trust, privacy concern, and consumer response. The moderating effect of regulatory focus is also established. The results demonstrate the importance of trust and privacy concern for encouraging self-disclosure. Overall, full support is found for 19 hypotheses, partial support for 13 hypotheses, and no support for 4 hypotheses. Studies 1 and 2 demonstrate the effects of influence strategies and brand reputation on trust, concern, and consumer response. Regulatory focus is shown to be a key moderating variable that influences the effectiveness of influence strategies and brand reputation for building trust, reducing concerns, and encouraging self-disclosure. Study 3 offers a replication of the main effects and two-way interactions found in Studies 1 and 2. Study 3 also provides an extension of these findings by demonstrating how brand reputation moderates the effects of influence strategies on trust and concern.

The findings from this essay provide strong evidence that various influence strategies and brand reputations have dramatically different effects on privacy, and their effectiveness is contingent upon their compatibility with consumers' goals for privacy protection or the attainment of benefits. In addition, certain types of influence strategies are more effective depending on the reputation of the company. Four key sets of findings are addressed in this discussion: 1) the effects of various influence strategies and brand reputations on trust, concern, and consumer response, 2) the role of trust and privacy concern in self-disclosure decisions, 3) the importance of compatibility between consumers' regulatory focus and the types of influence strategies and brand reputations

employed by marketers, and 4) the compatibility between a brand's reputation and the influence strategies they use to encourage self-disclosure.

Effects of Influence Strategies and Brand Reputation. Non-coercive types of influence strategies (e.g., privacy policies, trust seals) as compared to coercive types (e.g., rewards, threats), led to the highest levels of trust, and lowest levels of privacy concern. Furthermore, non-coercive strategies resulted in a greater willingness to provide personal information, and less propensity to provide false information. As the experimental manipulation checks suggest, Web sites that employ non-coercive types of strategies are perceived to be safer and more trustworthy than Web sites that use coercive strategies. These findings are consistent with studies in the literature that question the effectiveness of incentives for gaining consumers' personal information, because they may intensify privacy concerns and lead to mistrust (Hoffman et al. 1999; Andrade et al. 2002; Ward et al. 2005). The findings from this essay suggest that the use of rewards for encouraging self-disclosure on the Internet may have unintended, or undesirable, consequences for consumer privacy. However, it should be noted that much research has found the use of incentives to have a positive impact on online consumers' decision to provide personal information (Culnan and Bies, 2003; Hann et al. 2003; Xie et al. 2006), and thus its effects are further explored in this essay by considering how consumer goals, and brand reputation, may serve as boundary conditions.

A strong brand reputation as compared to a weak brand reputation led to the highest levels of trust, and lowest levels of privacy concern. Furthermore, a strong brand reputation resulted in a greater willingness to provide personal information, and less

propensity to provide incomplete information. As the experimental manipulation checks suggest a strong brand reputation is perceived to be more credible and trustworthy. These results are consistent with studies in the literature that find that a Web site's strong reputation positively influences trust and negatively influences privacy concerns (Andrade et al. 2002; Eastlick et al. 2006; Xie et al. 2006). The findings from this essay suggest that a strong company reputation can be a major advantage in the collection of consumer data.

The Role of Trust and Privacy Concern in Self-Disclosure Decisions. Trust and privacy concern are two related, but distinct approaches for encouraging consumers to disclose personal information. Although typically negatively correlated, previous literature (Milne and Boza 1999; Writz and Lwin 2009) has found individuals to respond differently to trust and privacy concern, with trust responses leading to compliant behavior (i.e., disclosure), and concern responses leading to protective behavior (i.e., refusal to provide information, misrepresentation of data). It has even been suggested by Milne and Boza (1999) that building trust may be a more effective strategy for encouraging disclosure than reducing privacy concerns. This essay examined the joint effects of both trust and privacy concern and found that while an increase in trust, and reduction in concern, each led to more self-disclosure, concern had a greater mitigating effect on protective behaviors (i.e., providing incomplete or false information). In each of the three studies, regression results showed that trust had a stronger effect on self-disclosure, as compared to the beta coefficients for privacy concern. On the other hand, concern had a stronger effect on the propensity to provide incomplete data, as compared

to trust. These findings are consistent with previous studies that found trust to lead to compliant responses, and concern to lead to protective responses.

In two of the studies an unexpected positive effect of trust was found on propensity to provide false information. Milne and Boza (1999) demonstrated that consumers can perceive varying degrees of trust and concern at the same time. For example, it is possible for an individual to trust the company they are dealing with but be concerned about having to provide their sensitive information. Thus, a consumer may have high trust, but still choose to provide false information, because they are concerned about providing personal information. The findings suggest that while trust is important for firms in persuading consumers to provide their information, privacy concerns must be alleviated through the use of safety cues in order to ensure that the data provided is accurate. Thus, trust may be necessary for encouraging disclosure, but insufficient for obtaining quality data.

Trust and concern are found to be important mechanisms through which influence strategies and brand reputation impact consumer response behavior. Trust and privacy concern were found to either partially, or fully, mediate each of the effects of influence strategy and brand reputation on response. Specifically, trust and concern serve to fully mediate the effects of influence strategy and brand reputation on propensity to provide incomplete information, and partially mediate the effects on self-disclosure and propensity to provide false information. The findings suggest that privacy perceptions are important intervening beliefs that help explain why consumers respond the way they do to strategies for encouraging disclosure.

While this research provides strong evidence for the inclusion of trust and concern in theoretical models for investigating privacy, the partial mediating effects on response behavior suggest that other mediating variables may exist. Potential limitations of trust and concern for explaining privacy-related behaviors are that they assume perfect rationality in disclosure decisions and the stability of privacy preferences. However, studies have shown that there is a disconnect between individuals' privacy beliefs, intentions, and their actual behavior (Norberg et al. 2007). Recent work in the privacy field has started to examine other possible explanations for disclosure behavior such as contextual factors (John, Acquisti, and Loewenstein 2011) and emotions (immediate gratification: Acquisti 2004). Future research may want to compare the relative effects of cognitive and affective decision-making in self-disclosure situations.

The Impact of Regulatory Focus on Influence Strategy Effectiveness. The aim of this research was to help explain the effectiveness of online strategies for encouraging self-disclosure by applying the principle of regulatory fit (Higgins, 2000). It was predicted that the effectiveness of marketers' strategies for building trust, and reducing privacy concerns, may be contingent upon the degree of regulatory fit (Higgins 2000) with consumers' goals for privacy protection, or the attainment of benefits.

The results provide evidence that the effect of influence strategy on building trust and reducing privacy concerns depends on consumers' regulatory goals. These findings help to explain why prior research has found mixed findings for the use of incentives and safety cues for encouraging self-disclosure. Specifically, the findings from this research show that for prevention-focused individuals, a non-coercive strategy resulted in more

trust, and less concern than a coercive strategy. In contrast, promotion-focused individuals did not differ in their response to the type of influence strategy. In other words, the use of incentives was not found to have any major advantages for promotion-focused individuals, but yet had detrimental effects for prevention-focused individuals, in terms of promoting trust, and mitigating privacy concerns.

These results are consistent with findings that prevention-focused consumers are more receptive to safety information (Pham and Higgins 2005; Noort et al. 2008), and also more sensitive to marketers' manipulative cues (Kirmani and Zhu 2007). The results however diverge from some of the past research on regulatory focus (Zhao and Pechmann 2007), in that the use of incentive-based information was not found to enhance persuasion for promotion-focused individuals, as compared to safety-based information. This may be a result of context effects, in that self-disclosure on the Internet makes risk perceptions more salient. Prior research has found that when risk is made salient prevention-focus and promotion-focused individuals behave more similarly (Kirmani and Zhu 2007; Herzstein et al. 2007).

From a managerial point of view, these findings suggest that it may always be more effective to emphasize safety and protective information for encouraging self-disclosure on the Internet. Although many Web sites use incentives and rewards to encourage self-disclosure, the current findings indicate that individuals are more easily persuaded by safety-oriented information. For firms that currently use incentives to promote self-disclosure, it may be prudent to segment individuals based on their regulatory focus, so as to avoid any negative outcomes of using incentives. Many Web sites currently use software to track consumer behavior on their sites, and this

information may be used to determine a person's regulatory focus, and for targeting communications that fit that focus. Although the current research measured the regulatory focus construct, many studies have shown that a person's regulatory focus can be temporarily altered (Higgins 1997; Zhao and Pechmann 2007; Herzenstein et al. 2007; Kirmani and Zhu 2007). Marketers may be able to frame communications to encourage consumers to adopt a promotion-focus and shift their focus away from seeking safety information. While this study examined the separate effects of safety-based information and incentive-based information, future research may want to examine how the joint effects of these influence strategies fit with a person's regulatory focus.

The Impact of Regulatory Focus on Brand Reputation Effectiveness. The role of brands in the privacy literature has received limited attention (Eastlick et al. 2006). Yet, both established and newer firms rely on access to consumer information. The effectiveness of reputation for alleviating concerns, and building trust, is not entirely clear from prior privacy research. Some studies have found a company's reputation to be a crucial factor in building trust and easing respondents' concerns about sharing personal information with Web sites (Eastlick et al. 2006; Xie et al. 2006). Andrade et al. (2002), however, found that only a small percentage of respondents indicated that a company's reputation decreased their concern over disclosure, and affected their propensity to disclose personal information to a Web site. Thus, it is possible that certain boundary conditions exist for the effects of brand reputation on privacy perceptions and self-disclosure.

This essay contributes to research on self-disclosure by exploring the interaction between a company's reputation for trustworthiness and consumers' regulatory focus. This research is also one of the first in the marketing literature to examine the interaction effects between regulatory focus and branding. It is predicted in this research that a strong reputation should be highly effective in building trust, and reducing concern for prevention-focused individuals, because these individuals tend to be more responsive to safety and protective cues. However, for promotion-focused individuals who are less risk adverse, a company's brand reputation will have less of an effect.

The results provide evidence that the effect of brand reputation on building trust and reducing privacy concerns depends on consumers' regulatory goals. Specifically, the findings show that for prevention-focused individuals, a strong brand reputation resulted in more trust, and less concern than a weak brand reputation. In contrast, promotion-focused individuals did not differ in their response to the different type of brand reputation. These results suggest that prevention-focused consumers are more sensitive to the brand reputation of Web sites.

For firms that do not have an established reputation, the results of this study suggest that creating a trustworthy reputation should be a primary objective. In particular, less reputable companies may need to emphasize the safety and protective features of their Web site, since these features help to relieve concerns for individuals with a prevention-focus. The next section in this discussion further explores how a company's reputation interacts with the types of strategies used for encouraging self-disclosure.

The Impact of Brand Reputation on Strategy Effectiveness. It has been suggested in the privacy literature that the effectiveness of using rewards and privacy policies for encouraging self-disclosure may depend on a company's brand reputation (Xie et al. 2006). Consistent with prior findings, the results of the present research indicate that the effectiveness of influence strategies (e.g., privacy notices, rewards) for building trust and reducing privacy concerns may depend on the strength of a Web site's reputation for trustworthiness. Specifically, the findings show that for a company with a strong brand reputation, a non-coercive influence strategy led to the highest levels of trust and lowest levels of concern. However, for companies with a weak brand reputation, a coercive influence strategy led to the lowest levels of trust and highest levels of concern. Compared with a weak brand reputation, a strong brand reputation had higher levels of trust and lower levels of concern, regardless of the type of strategy used to encourage self-disclosure. Thus, a strong brand reputation may allow companies more flexibility over the types of strategies they use to encourage disclosure. However, for newly established firms on the Internet, the findings suggest that an emphasis on safety information may be the most effective for building trust and reducing concern. Because the use of rewards for encouraging self-disclosure are often perceived by consumers with a degree of skepticism it may be necessary that a company have an established reputation to mitigate any negative effects on privacy. In addition, when a company has a strong reputation it may offer credibility to its privacy statement, thereby increasing its effectiveness.

In general, these findings indicate that the effectiveness of using safety cues and rewards for encouraging self-disclosure are contingent on the strength of the company's

reputation. It is suggested that marketers consider the image and reputation of their company when employing different strategies for soliciting personal information. Future research may want to consider the joint effects of safety cues and rewards and the moderating effects of brand reputation. It is possible that the use of safety cues may help mitigate the negative effects of using rewards for both reputable and new companies. Very few studies have examined the relative effectiveness of rewards and safety cues for different types of firms, and thus provides an important avenue for additional research.

Figure 2.1
Essay 1: Conceptual Model

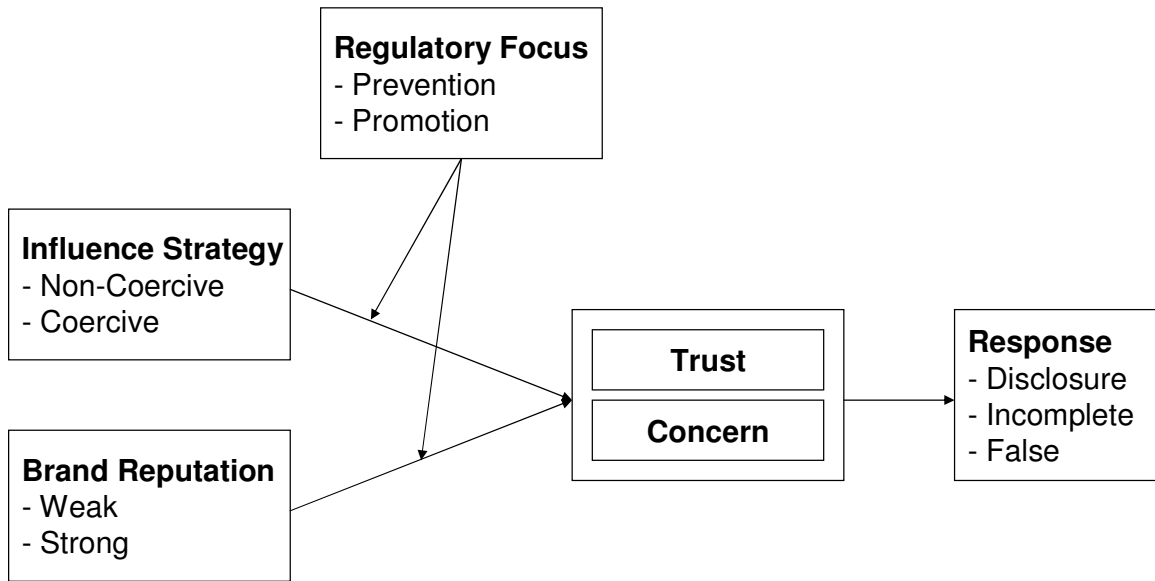


Table 2.1
Essay 1: Influence Strategies, Definitions, and Examples

Influence Strategy	Definition	Examples
Information Provision	The source discusses general issues and procedures to try to alter the target's general perceptions without stating a request.	<ul style="list-style-type: none"> - Privacy Statement - Trust Seal (e.g., Trust.e, WebTrust, VeriSign, BizRate, epubliceye, BBBOOnLine) - Customer Testimonials
Recommendations	The source predicts that the target will be more profitable if the target follows the source's suggestions.	<ul style="list-style-type: none"> - Customization, personalization of Web site. - Customer feedback systems.
Requests	The source simply states the actions it would like the target to take.	<ul style="list-style-type: none"> - Customer satisfaction surveys, data forms, site registration.
Threats	The source threatens the target with a future penalty if the target does not comply what a request.	<ul style="list-style-type: none"> - Denied or limited service for failure to provide information. - Member content areas.
Promises	The source promises the target a reward if the target complies with a request.	<ul style="list-style-type: none"> - Economic (e.g., discounts, coupons, rebates, special offers) - Non-Economic (e.g., convenience, customization, personalization, access to information)

Notes: Definitions are from McFarland, Challagalla, and Shervani (2006). Information provision, recommendations, and requests are classified in the influence strategy literature as non-coercive forms of influence, while threats and promises are classified as coercive.

Table 2.2
Essay 1: Summary of Hypotheses

Study	Hyp.	Description	Support ^a
1, 3	H1	Main Effects of Influence Strategy (a) Non-coercive (vs. coercive) strategy will lead to more trust. (b) Non-coercive (vs. coercive) strategy will lead to less concern. (c) Non-coercive (vs. coercive) strategy will lead to more willingness to provide. (d) Non-coercive (vs. coercive) strategy will lead to less incomplete information. (e) Non-coercive (vs. coercive) strategy will lead to less false information.	Full Full Full None Partial
2, 3	H2	Main Effects of Brand Reputation (a) Strong (vs. weak) brand reputation will lead to more trust. (b) Strong (vs. weak) brand reputation will lead to less concern. (c) Strong (vs. weak) brand reputation will lead to more willingness to provide. (d) Strong (vs. weak) brand reputation will lead to less incomplete information. (e) Strong (vs. weak) brand reputation will lead to less false information.	Full Full Full Partial None
1-3	H3	Main Effects of Trust (a) Higher (vs. lower) levels of trust will lead to more willingness to provide. (b) Higher (vs. lower) levels of trust will lead to less incomplete information. (c) Higher (vs. lower) levels of trust will lead to less false information.	Full Partial Partial
1-3	H4	Main Effects of Privacy Concern (a) Lower (vs. higher) levels of concern will lead to more willingness to provide. (b) Lower (vs. higher) levels of concern will lead to less incomplete information. (c) Lower (vs. higher) levels of concern will lead to less false information.	Full Full Partial
1, 3	H5	Mediating Effects of Trust on Influence Strategies (a) Trust mediates the effect of influence strategy on willingness to provide. (b) Trust mediates the effect of influence strategy on incomplete information. (c) Trust mediates the effect of influence strategy on false information.	Partial Full Full
2, 3	H6	Mediating Effects of Trust on Brand Reputation (a) Trust mediates the effect of brand reputation on willingness to provide. (b) Trust mediates the effect of brand reputation on incomplete information. (c) Trust mediates the effect of brand reputation on false information.	Partial Full Partial
1, 3	H7	Mediating Effects of Concern on Influence Strategies (a) Concern mediates the effect of influence strategy on willingness to provide. (b) Concern mediates the effect of influence strategy on incomplete information. (c) Concern mediates the effect of influence strategy on false information.	Partial Full Partial
2, 3	H8	Mediating Effects of Concern on Brand Reputation (a) Concern mediates the effect of brand reputation on willingness to provide. (b) Concern mediates the effect of brand reputation on incomplete information. (c) Concern mediates the effect of brand reputation on false information.	Partial Full Partial
1, 3	H9	Moderating Effects of Regulatory Focus on Influence Strategy (a) Regulatory focus moderates the relationship between influence strategy and trust. (b) Regulatory focus moderates the relationship between influence strategy and concern.	Full Full
2, 3	H10	Moderating Effects of Regulatory Focus on Brand Reputation (a) Regulatory focus moderates the relationship between reputation and trust. (b) Regulatory focus moderates the relationship between reputation and concern.	Full Full
3	H11	Moderating Effects of Brand Reputation on Influence Strategy (a) Reputation moderates the relationship between influence strategy and trust. (b) Reputation moderates the relationship between influence strategy and concern.	Full Partial
3	H12	3-Way Interaction: Influence Strategy, Brand Reputation, Regulatory Focus (a) There is a three-way interaction between the exogenous variables on trust. (b) There is a three-way interaction between the exogenous variables on concern.	None None

^a Support for hypotheses are based on the associated studies with $p < .05$ cutoff.

Table 2.3
Essay 1: Study Summary

Study	Description	Experimental Design^a
1	Interaction Effects between Influence Strategies and Regulatory Focus	2 (IS: coercive vs. non-coercive) x 2 (RF: promotion vs. prevention) n = 93
2	Interaction Effects between Brand Reputation and Regulatory Focus	2 (BR: strong vs. weak) x 2 (RF: promotion vs. prevention) n = 124
3	Interaction Effects between Influence Strategies, Brand Reputation, and Regulatory Focus (Three-way factorial)	2 (IS: coercive vs. non-coercive) x 2 (BR: strong vs. weak) x 2 (RF: promotion vs. prevention) n = 153

^a IS = Influence Strategy, BR = Brand Reputation, RF = Regulatory Focus.

Table 2.4
Essay 1: Demographics of Respondents

Variable	Frequency			Percentage		
	Study 1	2	3	1	2	3
<i>Age</i>						
<19	4	0	7	4.3	0	4.6
20-24	17	24	25	18.3	19.4	16.3
25-34	24	42	56	25.8	33.9	36.6
35-44	20	18	29	21.5	14.5	19.0
45-54	18	30	23	19.4	24.2	15.0
>54	10	10	13	10.7	8	8.5
<i>Gender</i>						
Male	35	50	64	37.6	40.3	41.8
Female	58	74	89	62.4	59.7	58.2
<i>Education</i>						
High School	13	11	9	13.9	8.9	5.8
College	65	87	119	69.8	70.1	77.7
Graduate	15	26	23	16.1	20.9	15.0
<i>Income</i>						
<\$20k	22	32	28	23.7	25.8	18.3
\$20-29k	15	15	30	16.1	12.1	19.6
\$30-39k	11	18	21	11.8	14.5	13.7
\$40-49k	11	11	19	11.8	8.9	12.4
\$50-59k	7	19	15	7.5	15.3	9.8
\$60-69k	5	7	5	5.4	5.6	3.3
>70k	22	22	35	23.7	17.8	22.9

Table 2.5
Essay 1: Results of Manipulation Checks

	Study 1	Study 2	Study 3
<i>Influence Strategy</i>			
Coercive	$p = .006$	-	$p = .005$
Non-Coercive	3.50 (1.64)	-	3.69 (1.65)
Coercive	4.57 (1.98)	-	4.50 (1.87)
Safe	$p = .005$	-	$p = .000$
Non-Coercive	4.16 (1.56)	-	4.25 (1.50)
Coercive	3.20 (1.56)	-	3.26 (1.63)
Trustworthy	$p = .003$	-	$p = .002$
Non-Coercive	4.12 (1.55)	-	4.18 (1.44)
Coercive	3.09 (1.59)	-	3.37 (1.77)
<i>Brand Reputation</i>			
Credible	-	$p = .000$	$p = .000$
Weak Reputation	-	3.64 (1.10)	3.40 (1.42)
Strong Reputation	-	5.32 (1.11)	5.08 (1.40)
Reputable	-	$p = .000$	$p = .000$
Weak Reputation	-	3.61 (1.07)	3.44 (1.31)
Strong Reputation	-	5.24 (1.11)	5.36 (1.32)

*Mean (standard deviation)

Table 2.6
Essay 1: Correlation Matrix

Variables	1	2	3	4	5	6	7
Study 1							
Promotion	1						
Prevention	.075	1					
Trust	.220*	.076	1				
Concern	-.186	.096	-.703**	1			
Willing	.329**	-.009	.702**	-.701**	1		
Incomplete	-.211*	-.047	-.452**	.471**	-.424**	1	
False	.007	.035	.454**	-.310**	.334**	-.222*	1
Study 2							
Promotion	1						
Prevention	-.031	1					
Trust	-.021	.248**	1				
Concern	.195*	-.111	-.520**	1			
Willing	-.071	.076	.657**	-.647**	1		
Incomplete	.023	.043	-.306**	.484**	-.473**	1	
False	-.034	.180*	.553**	-.294**	.422**	-.122	1
Study 3							
Promotion	1						
Prevention	-.046	1					
Trust	.215**	-.111	1				
Concern	-.001	.205*	-.521**	1			
Willing	.086	-.198*	.716**	-.678**	1		
Incomplete	-.032	.217**	-.332**	.608**	-.426**	1	
False	.018	.197*	-.198*	.381**	-.195*	.655**	1

* $p < .05$, ** $p < .01$

Table 2.8
Essay 1: Discriminant Validity Analysis*

	Trust	Concern	Willingness	Incomplete	False
Study 1					
Trust	.82				
Concern	.56	.79			
Willingness	.53	.54	.91		
Incomplete	.22	.22	.16	.70	
False	.08	.09	.04	.53	.89
Study 2					
Trust	.75				
Concern	.36	.63			
Willingness	.49	.51	.92		
Incomplete	.12	.30	.24	.74	
False	.10	.12	.16	.47	.90
Study 3					
Trust	.69				
Concern	.37	.76			
Willingness	.59	.60	.94		
Incomplete	.10	.37	.16	.81	
False	.04	.16	.04	.49	.89

*Based on (Fornell and Larcker 1981): AVE in the diagonal and squared correlations off-diagonal.

Table 2.9
Essay 1: Multivariate and Univariate Results

Independent variables	Multivariate results			Univariate results ^a							
	Wilks' λ	F	p	df	Trust ^b			Concern ^b			
					MS	F	p	MS	F	p	
Study 1											
IS	.90	4.73	.011	1	17.24	9.17	.003	11.95	6.04	.016	
RF	.93	3.00	.054	1	10.67	5.67	.019	8.26	4.18	.044	
IS x RF	.88	5.82	.004	1	22.07	11.74	.001	11.37	5.75	.019	
Error				89	1.88			1.97			
Study 2											
BR	.82	12.73	.000	1	35.36	21.56	.000	21.81	13.09	.000	
RF	.91	5.89	.004	1	11.83	7.21	.008	15.06	9.04	.003	
BR x RF	.87	8.73	.000	1	18.48	11.26	.001	21.47	12.89	.000	
Error				120	1.640			1.66			
Study 3											
IS	.92	6.09	.003	1	18.79	12.09	.001	9.81	4.33	.039	
BR	.91	6.56	.002	1	17.92	11.53	.001	17.82	7.87	.006	
RF	.93	5.40	.005	1	16.53	10.63	.001	9.44	4.17	.043	
IS x RF	.95	3.14	.046	1	7.98	5.13	.025	9.70	4.28	.040	
BR x RF	.89	8.72	.000	1	7.39	4.75	.031	9.35	4.13	.044	
IS x BR	.90	7.81	.001	1	6.20	3.99	.048	8.96	3.96	.048	
IS x BR x RF	1.00	.003	.997	1	.004	.003	.960	.002	.001	.974	
Error				149	1.55			2.26			

^a Boldface indicates significant univariate results ($p < .05$).

^b Included as a dependent variable in multivariate analysis.

IS = Influence Strategy, BR = Brand Reputation, RF = Regulatory Focus

Table 2.10
Essay 1: Univariate Results

Independent variables	Univariate results ^a									
	df	Willingness			Incomplete			False		
		MS	<i>F</i>	<i>p</i>	MS	<i>F</i>	<i>p</i>	MS	<i>F</i>	<i>p</i>
Study 1										
IS	1	18.53	7.99	.006	3.95	1.70	.195	2.75	3.90	.051
RF	1	24.85	10.71	.002	.322	.139	.710	1.04	1.47	.228
IS x RF	1	20.04	8.63	.004	1.32	.573	.451	.485	.686	.410
Error	89	2.32			2.31			.707		
Study 2										
BR	1	24.24	10.67	.001	7.19	2.67	.105	7.96	16.47	.000
RF	1	10.36	4.56	.035	.971	.361	.549	1.36	2.83	.095
BR x RF	1	22.95	10.10	.002	2.24	.833	.363	1.44	2.98	.086
Error	120	2.27			2.69			.483		
Study 3										
IS	1	27.55	10.18	.002	3.64	1.20	.274	9.59	2.62	.107
BR	1	29.96	11.07	.001	.014	.005	.946	6.23	1.70	.194
RF	1	11.71	4.32	.039	18.70	6.18	.014	9.43	2.57	.110
IS x RF	1	19.51	7.20	.008	8.21	2.71	.101	8.43	2.30	.131
BR x RF	1	.357	.132	.717	2.83	.393	.334	.099	.027	.869
IS x BR	1	.127	.047	.829	2.50	.828	.364	2.55	.698	.405
IS x BR x RF	1	.791	.292	.590	.066	.022	.883	1.96	.538	.464
Error	149	2.70			3.02			3.65		

^a Boldface indicates significant univariate results ($p < .05$).

IS = Influence Strategy, BR = Brand Reputation, RF = Regulatory Focus

Table 2.11
Essay 1: Follow-up Tests in MANOVA

Independent Variables	Trust						Concern						
	Coef.	SE	t-value	Sig. t	95% CI	Result	Coef.	SE	t-value	Sig. t	95% CI	Result	
Study 1													
IS	.902	.297	3.02	.003	(.156, .164)	Sig.	-.750	.305	-2.45	.015	(-1.51, .013)	n.s.	
RF	.709	.297	2.38	.019	(-.036, 1.45)	n.s.	-.624	.305	-2.04	.043	(-1.38, .140)	n.s.	
IS x RF	-2.04	.595	-3.42	.000	(-3.53, -.549)	Sig.	1.46	.610	2.39	.018	(-.064, 2.99)	n.s.	
Study 2													
BR	-1.09	.235	-4.64	.000	(-1.67, -.507)	Sig.	.858	.237	3.61	.000	(.268, 1.44)	Sig.	
RF	-6.32	.235	-2.68	.008	(-1.21, -.046)	Sig.	.713	.237	3.00	.003	(.122, 1.30)	Sig.	
BR x RF	1.58	.471	3.35	.001	(.408, 2.75)	Sig.	-1.70	.474	-3.59	.000	(-2.88, -5.22)	Sig.	
Study 3													
IS	.748	.215	3.47	.000	(.214, 1.28)	Sig.	-.541	.259	-2.08	.039	(-1.18, .103)	n.s.	
BR	-.731	.215	-3.39	.000	(-1.26, -.196)	Sig.	.729	.259	2.80	.005	(.084, 1.37)	Sig.	
RF	.702	.215	3.26	.001	(.167, 1.23)	Sig.	-.530	.259	-2.04	.042	(-1.17, .114)	n.s.	
IS x RF	-.976	.430	-2.26	.024	(-2.04, .092)	n.s.	1.07	.519	2.07	.040	(-.213, 2.36)	n.s.	
BR x RF	-.930	.430	-2.18	.030	(-2.00, .129)	n.s.	-1.05	.519	-2.03	.043	(-2.34, .233)	n.s.	
IS x BR	.860	.430	1.99	.047	(-.208, 1.92)	n.s.	1.03	.519	1.99	.048	(-2.55, 2.32)	n.s.	
IS x BR x RF	-.040	.861	-.050	.960	(-2.18, 2.09)	n.s.	-.033	1.03	-.032	.974	(-2.61, 2.54)	n.s.	

IS = Influence Strategy, BR = Brand Reputation, RF = Regulatory Focus

Table 2.12
Essay 1: Cell Means and Standard Deviations (Study 1)

	Coercive Strategy		Non-Coercive Strategy	
	<i>Promotion</i>	<i>Prevention</i>	<i>Promotion</i>	<i>Prevention</i>
Trust ^a	4.01 (1.28)	2.28 (1.34)	3.89 (1.49)	4.20 (1.33)
Concern ^b	5.09 (1.37)	6.45 (.53)	5.07 (1.67)	4.96 (1.43)
Cell Size	21	14	26	32

^aMeasured on a seven-point scale; higher numbers indicate greater trust.

^bMeasured on a seven-point scale; higher numbers indicate greater concern.

Table 2.13
Essay 1: Mediation Analysis

	Indirect Effect		Direct Effect		Mediation Type
	Coef.	95% CI	Coef.	t-value	
Study 1					
<i>Mediating Effects of Trust</i>					
Influence Strategy → Willingness	-.571	(-1.16, -.090)	-.724	-2.07*	Partial Mediation
Influence Strategy → Incomplete	.336	(.051, .763)	.425	1.31	Full Mediation
Influence Strategy → False	-.184	(-.407, -.031)	-.319	-1.77	Full Mediation
<i>Mediating Effects of Concern</i>					
Influence Strategy → Willingness	-.479	(-.974, -.018)	-.724	-2.07*	Partial Mediation
Influence Strategy → Incomplete	.296	(.300, .669)	.425	1.31	Full Mediation
Influence Strategy → False	-.101	(-.274, .006)	-.319	-1.77	No Mediation
Study 2					
<i>Mediating Effects of Trust</i>					
Brand Reputation → Willingness	.844	(.469, 1.29)	.997	3.47***	Partial Mediation
Brand Reputation → Incomplete	-.388	(-.755, -.135)	-.505	-1.68	Full Mediation
Brand Reputation → False	.295	(.159, .497)	.545	4.23***	Partial Mediation
<i>Mediating Effects of Concern</i>					
Brand Reputation → Willingness	.664	(.223, 1.07)	.997	3.47***	Partial Mediation
Brand Reputation → Incomplete	-.529	(-.949, -.236)	-.505	-1.68	Full Mediation
Brand Reputation → False	.098	(.016, .235)	.545	4.23***	Partial Mediation
Study 3					
<i>Mediating Effects of Trust</i>					
Influence Strategy → Willingness	-.625	(-1.04, -.231)	-.811	-2.84**	Partial Mediation
Influence Strategy → Incomplete	.280	(.086, .608)	.436	1.52	Full Mediation
Influence Strategy → False	.280	(.082, .581)	.436	1.52	Full Mediation
Brand Reputation → Willingness	.722	(.328, 1.13)	.964	3.43***	Partial Mediation
Brand Reputation → Incomplete	-.367	(-.665, -.168)	-.018	-.063	Full Mediation
Brand Reputation → False	-.367	(-.666, -.161)	-.018	-.063	Full Mediation
<i>Mediating Effects of Concern</i>					
Influence Strategy → Willingness	-.425	(-.855, -.055)	-.811	-2.84**	Partial Mediation
Influence Strategy → Incomplete	.384	(.043, .761)	.436	1.52	Full Mediation
Influence Strategy → False	.384	(.036, .766)	.436	1.52	Full Mediation
Brand Reputation → Willingness	.501	(.127, .903)	.964	3.43***	Partial Mediation
Brand Reputation → Incomplete	-.483	(-.866, -.136)	-.018	-.063	Full Mediation
Brand Reputation → False	-.483	(-.872, -.128)	-.018	-.063	Full Mediation

***p<.001, **p<.01, *p<.05

Table 2.15
Essay 1: Cell Means and Standard Deviations (Study 2)

	Strong Brand Reputation		Weak Brand Reputation	
	<i>Promotion</i>	<i>Prevention</i>	<i>Promotion</i>	<i>Prevention</i>
Trust ^a	3.46 (1.56)	4.89 (1.42)	3.16 (1.28)	3.00 (.94)
Concern ^b	5.53 (1.44)	3.96 (1.30)	5.53 (1.28)	5.67 (1.18)
Cell Size	22	28	36	38

^aMeasured on a seven-point scale; higher numbers indicate greater trust.

^bMeasured on a seven-point scale; higher numbers indicate greater concern.

Table 2.17
Essay 1: Cell Means and Standard Deviations (Study 3)

3-way ANOVA	Promotion				Prevention			
	Weak Reputation		Strong Reputation		Weak Reputation		Strong Reputation	
	NC	C	NC	C	NC	C	NC	C
Trust ^a	3.55 (1.29)	2.87 (1.36)	4.33 (1.31)	4.49 (1.33)	3.81 (.87)	2.14 (.78)	3.63 (1.35)	2.84 (1.38)
Concern ^b	5.19 (1.46)	4.69 (1.61)	4.48 (1.65)	5.00 (1.75)	5.72 (1.27)	6.28 (.77)	3.94 (1.26)	5.54 (1.76)
Cell Size	32	13	28	21	11	19	12	17
2-way ANOVA	Weak Reputation		Strong Reputation					
	NC	C	NC	C				
Trust ^a	3.62 (1.19)	2.43 (1.09)	4.12 (1.34)	3.75 (1.57)				
Concern ^b	5.33 (1.42)	5.63 (1.41)	4.32 (1.55)	5.24 (1.75)				

^aMeasured on a seven-point scale; higher numbers indicate greater trust.

^bMeasured on a seven-point scale; higher numbers indicate greater concern.

NC = Non-Coercive Influence Strategy, C = Coercive Influence Strategy

CHAPTER 3

THE IMPACT OF COMPENSATION ON INFORMATION OWNERSHIP PERCEPTIONS AND PRIVACY CONTROL EXPECTATIONS

3.1 Introduction

Incentives and rewards are frequently used by marketers to encourage consumers to provide their personal information (Phelps, Nowak, and Ferrell 2000; Sheehan and Hoy 2000). For instance, a host of retailers and restaurants (e.g., Wal-Mart[®], Target[®], Staples[®], Applebees[®], Taco Bell[®], and Burger King[®]) direct customers to complete surveys on their Web site in return for discounts, sweepstakes, prizes, gift cards, and free products. These online surveys typically require customers to enter both demographic and personal types of information in order to complete the survey and claim their reward. Firms often rely on the willingness of consumers to share their personal information in order to gather data for building relationships with their customers and developing targeted marketing programs.

Increasingly consumers are exchanging and sharing their personal data on the Internet in return for various services and other benefits. At the same time, however, studies have found that consumers are becoming more concerned about their privacy and are demanding greater control over how their information is being used by marketers (Sheehan and Hoy 2000; Jupiter Research 2002; Harris Interactive 2002). Despite a growing trend in compensating consumers for their information, it is not clear what effect these rewards are having on consumers' expectations for privacy protection and control

over their information. For instance, when a consumer is compensated for providing their personal information, does the consumer feel like they are either giving up, or sharing, ownership rights or control of their data? Does the presence of a reward impact consumers' expectations for privacy protection? Consumers' perspectives on the exchange of personal information for benefits may have important implications for how privacy policies and data collection strategies are developed by marketers and regulated by policy makers.

The effects of compensation on consumers' expectations for privacy are not clear. While, several marketing scholars have suggested that consumers perceive the disclosure of information for benefits as an exchange, privacy tradeoff, or sacrifice of their privacy protection in return for receiving rewards (Phelps et al. 2000; Acquisiti and Varian 2005; Dinev and Hart 2006; Hann et al. 2007). Other academics, however, have argued that consumers do not view their personal data in the context of an economic exchange of information for benefits (Hoffman, Novak, and Peralta 1999; Ward, Bridges, and Chitty 2005). That is, consumers may not evaluate such privacy trade-offs on an economic basis, and may actually be uninterested in "selling" their personal data to marketers, either for monetary incentives, or other benefits. Thus, there is mixed evidence on whether the offer of a reward reduces consumers' privacy expectations. This warrants further research, as how consumers and companies perceive privacy exchanges is likely to impact their expectations for ownership rights and control over the consumer's personal information.

Questions over who controls and has ownership rights to consumer data are emerging as important and multifaceted issues that affect consumers, marketers, researchers, and policy makers. For instance, Facebook's chief privacy officer, Chris

Kelly, released a statement in 2009 addressing users' concerns about data ownership on the social networking site (Wortham 2009). A number of lawsuits have also been filed against companies (e.g., DoubleClick, CVS Pharmacy, Sears, Facebook, Google) for selling consumers' personal information without consent (Gray 2000; Pearson 2011; Jacobs 2008 Vascellaro 2009). Studies that have examined information privacy beliefs find that "the boundary between when consumers own and control information about themselves and when that information becomes the property of marketers is unclear" (Sheehan and Hoy 2000). Discrepant views may emerge about who owns and has control over information provided by the consumer, and these inconsistent expectations for privacy can have negative consequences for company-consumer relationships (Milne and Bahl 2010).

3.2 Overview

Several studies have investigated the effect of rewards on encouraging consumers to disclose personal information on the Internet (Acquisti and Varian 2005; Hann et al. 2002; Andrade, Kaltcheva, and Weitz 2002), and have found consumers to be more willing to provide their information when a reward is offered. There is, however, a lack of empirical research that examines the factors underlying consumers' expectations for privacy protection following the disclosure of personal information in exchange for benefits. Thus, it is uncertain what effect compensation has on consumers' expectations for ownership rights and privacy control over their personal data.

A number of researchers have called for additional research on the implications of gathering personal information by offering financial benefits, as the effects on consumer

privacy perceptions are not well understood (Andrade et al. 2002; Hann et al. 2002; Olivero and Lunt 2004; Joinson and Paine 2007). This essay addresses this gap in the literature by drawing on social exchange (Kelley and Thibaut 1978), and social contract theory (Macneil 1974, 1980), for examining how the value and type of compensation received influences the extent to which consumers believe they should have ownership rights and control over the information they provide to marketers. The purpose of this essay is to address, and integrate, two related issues in the privacy literature, 1) who has ownership rights and control over consumer information, and 2) do consumers perceive information exchanges as a sacrifice of their privacy protection. This is done by empirically testing the effect of compensation on consumers' expectations for privacy protection.

This essay makes four primary contributions to the information privacy and exchange literature. The first is an empirical investigation into the essential, yet understudied, areas of information ownership rights and privacy control. Empirical studies on information ownership rights and privacy control are scarce, and often rely on correlation analysis (Sheehan and Hoy 1999). The second is identifying factors that affect consumers' expectations for information ownership rights and control within the context of information privacy exchanges. The third is to test the effect of compensation structure (i.e., monetary and non-monetary types of compensation) on privacy perceptions. The fourth is a multi-method approach to investigating online privacy control issues. Four experiments and a qualitative study are used to explore the effects of information exchanges on consumers' privacy expectations.

3.3 Conceptual Framework

Social exchange theory (Kelley and Thibaut 1978) and social contract theory (Macneil 1974, 1980) are two complementary theories that have been used as a basis in the privacy literature for examining the cost-benefit tradeoffs that consumers make in privacy exchanges and the implicit agreements that govern those exchanges. Social exchange theory seeks to understand the rules governing the exchange of resources between parties in a transaction (Emerson 1981). Personal information is considered to be a type of intangible resource that can be exchanged for desired benefits, thereby resulting in a sacrifice of privacy protection. The theory suggests that consumers will disclose their personal information to marketers when the perceived benefits of doing so outweigh the perceived costs (White 2004).

This essay draws on these theories for developing a model that examines the effect of compensation on a consumer's expectations for ownership rights and privacy control to information they disclose to marketers. In the online privacy context, exchanges often involve consumers giving up some of their information and privacy in order to obtain benefits in which they are interested. These exchanges may result in implicit contracts (Milne and Gordon 1993; Culnan 1995; Milne 2000) between the consumer and company that establish expectations for ownership rights and privacy control. It is proposed in this research that when consumers disclose their personal information in exchange for benefits that this leads to a reduction in both perceptions of information ownership rights, and lowered expectations for privacy control.

The degree to which a reward leads to a reduction in expectations for information ownership rights and privacy control is predicted to depend on the type of information

provided, relationship with the firm, and the reputation of the firm. These moderating variables are likely to influence the importance for maintaining ownership rights and control over personal information. For instance, in the case of high-risk situations such as providing sensitive information, or dealing with an unfamiliar company, the presence or absence of a reward may affect a consumer's willingness to relinquish some of their ownership rights and control over their personal information. As consumers relinquish a larger degree of their information ownership rights to marketers, their expectations for controlling how that information is used by marketers is predicted to diminish. It is argued in this research that expectations for privacy control are contingent on the degree to which consumers feel that the information they provide still "belongs" to them. The conceptual model is presented in Figure 3.1.

3.4 Background Literature

3.4.1 Compensation and Privacy Exchange

Compensating consumers for providing their personal information to businesses is a concept that has been widely advocated in the privacy literature (Westin 1992; Hann et al. 2003). It is suggested that companies should reward people for the collection and use of their private data. Compensation is an important factor that consumers consider in determining whether to provide personal information to a marketer (Milne and Gordon 1993). Theoretical models used in privacy research, such as social exchange theory, have suggested that individuals perform a "privacy calculus" to assess the costs and benefit of providing personal information (Laufer and Wolfe 1977; Stone and Stone 1990; Milne and Gordon 1993; Lwin 2003). Privacy costs consist of the perceived risks of disclosure

and the possibility of forgoing privacy protection. Benefits can be any monetary (e.g., coupons, discounts, rebates), or non-monetary (e.g., convenience, customization, personalization, access to exclusive content) reward that consumers receive from Web sites (Hann et al. 2002). Evidence has shown that people are generally willing to disclose personal information for a variety of benefits that they are interested in (Russell 1989; Milne and Gordon 1993).

In several studies, it has been suggested that consumers relinquish, or exchange, some of their privacy in return for rewards (Nowak and Phelps 1997; Culnan and Bies 2003; Phelps et al. 2000; Dinev and Hart 2006). Even privacy concerned individuals have been found in studies to be willing to reveal personal information for relatively small rewards, such as a chance to win \$100 (Tedeschi 2002; Spiekermann et al. 2001). It appears that consumers are willing to forgo some of their privacy in exchange for receiving benefits that are perceived to be of adequate value (Xie, Teo, and Wan 2006). Acquisti, John, and Loewenstein (2009) refer to this as a consumer's "willingness to accept" compensation in order to give up privacy protection. In other words, how much an individual would need to be compensated to permit a decrease in privacy.

Despite the much reported success of offering benefits in return for personal information, some researchers have found the use of incentives to be a less effective way of gaining consumers' personal data (Ward et al. 2005). A study by Hoffman, Novak, and Peralta (1999) found that the majority of survey participants were not interested in disclosing their personal data to Web sites in exchange for monetary, or non-monetary, rewards. Importantly, their findings question whether consumers view their personal information in the context of an economic exchange, as many marketers and privacy

scholars have presumed. These findings further suggest that consumers may make privacy trade-offs, not purely on an economic basis, but also through the evaluation of social and non-economic factors, such as trust and relationship building. Such exchanges may be governed by implied social agreements that recognize certain rights and responsibilities for consumers and marketers, such as the extent to which consumers maintain ownership rights and control over their data on the Internet (Hoffman et al. 1999).

3.4.2 Information Ownership Rights and Privacy Control

Ownership rights and privacy control for personal information are two interrelated aspects of privacy protection that have emerged as important areas of study for academics, businesses, lawyers, and policymakers with the advance of information technology. As the extensive use of consumer information has become prevalent in the modern marketplace, the issue of who "owns" and controls consumer information is raised (Davis 1997; Joinson and Pain 2007). In particular, the Internet has created an unprecedented free flow of information that frequently makes it unclear as to each parties' rights and responsibilities for maintaining consumer privacy. For marketers, understanding how individuals view their rights and responsibilities to the information they disclose is vital as it may impact what a firm can use personal information for and what types of rewards they must provide as compensation for that data (Davis 1997). Without an understanding of how consumers think about their privacy protection in information exchanges, companies may inadvertently violate consumers' perceived

rights, which can have a negative impact on the relationship with the firm (Foxman and Kilcoyne 1993; Milne and Bahl 2010)

Information ownership has been defined in the privacy literature as the legitimate right to having control over the access, use, and distribution of information (Davis 1997; Lipinski and Britz 2000). The information ownership construct has also been computed as the ratio of how much information is perceived to belong to the individual or the company (Constant, Kiesler, and Sproull 1994). In the current research information ownership is conceptualized as a multifaceted construct in which two countervailing facets are taken together to measure the extent to which an individual believes that information belongs to themselves, or to the company. It is necessary to consider these two dimensions of information ownership in order to assess the propensity and extent to which consumers share rights to their information with marketers.

In a related manner, privacy control has been defined as an individual's ability to exert influence and autonomy over decisions regarding the disclosure and subsequent use of their personal information, as well as freedom from unsolicited marketing communications (Westin 1967; Altman 1976; Goodwin 1991; Malhotra, Kim, and Agarwal 2004). Hence, information ownership rights and control over information are intertwined, and positively associated with each other (Jarvenpaa and Staples 2001). Factors that may impact perceptions of ownership rights and privacy control include 1) the current possession of information, 2) the initial possession of information, and 3) the degree of labor that has been exerted in acquiring information (Jarvenpaa and Staples 2001). In the case of personal information, because it is tied to the identity of an

individual, they are seen as having an inherent degree of ownership rights to their information.

Several perspectives have emerged in the privacy literature for determining the extent to which individuals and marketers have rights to own and control the consumers' personal information. In one view it has been argued that consumers have absolute privacy rights to their information (Hagel and Rayport 1997; Prabhaker 2000; Graeff and Harmon 2002). Westin (2001) refers to consumers who expect to have absolute privacy rights as 'privacy fundamentalists'. Specifically, some consumers believe that they should have the right to know what information a firm has collected about them, access and correct any errors, and the ability to specify how the firm can use that information. Absolute rights attached to consumers' personal information, however, could have dramatic implications for the ability of marketers to use this information. Marketers could be required to obtain permission from individuals before using personal information, and would be expected to compensate consumers whenever their information is used for profit or is used without consent (Davis 1997).

An alternative perspective suggests that most consumers and marketers acknowledge that the privacy rights of individuals are not absolute, and the boundary between when people own information about themselves and when that information becomes the property of others is unclear (Milne and Gordon 1993; Foxman and Kilcoyne 1993; Davis 1997; Sheehan and Hoy 2000). When a consumer and company participate in the exchange process, consumers are likely to believe that the ultimate ownership and control of information resides with the individual (Nowak and Phelps 1992; Sheehan and Hoy 2000). Marketers, however are likely to perceive that they have

legitimate ownership rights to the information they have gathered through expenditure of their resources, and should control its use and dissemination (Cespedes and Smith 1993; Davis 1997; Sheehan and Hoy 2000). A study by Taylor, Vassar, and Vaught (1995) found that companies that collect information from consumers, or purchase information from other businesses, often feel that the information belongs to the company and therefore are justified in using and selling the information without the consumer's consent. Thus, it is clear that consumers and marketers may have discrepant views regarding who has ownership rights and control over information collected from the consumer (Foxman and Kilcoyne 1993).

In an intermediate perspective, several scholars have advocated that control of personal information is shared and jointly owned by both the consumer and company (Westin 1992; Davis 1997; Foxman and Kilcoyne 1993; Jarvenpaa and Staples 2001). Westin (1992) and Masacrenhas et al. (2003) have suggested that consumers can willingly transfer control and ownership privileges to marketers when they are adequately compensated for the risk of disclosure. Under this economic and market-based approach personal information is thought of as property - a valued asset by both individuals and marketers - for which ownership rights and control can be traded and exchanged in the commercial marketplace (Posner 1978; Lessig 2002). Many online activities such as purchase transactions, registering for Web sites, and joining an online community require consumers to disclose and share their personal information in order to take advantage of these benefits. However, it is often unclear in these privacy exchanges what each party's rights are to the provided information. Is it possible that the exchange of personal

information for obtaining some benefit from a marketer initiates the transfer of rights to that information?

Despite the ambiguity and friction in privacy exchanges there is a lack of regulation for determining ownership rights and control over information provided by consumers (Lessig 2002; Graeff and Harmon 2002; Bergelson 2003). Furthermore, although most Web sites now post privacy policies the majority of consumers do not read them (Milne and Culnan 2004), and so many consumers may not be aware of marketers' expectations for ownership and control over the data they collect. Thus, it is important to investigate consumers' expectations for ownership and control over their personal information in privacy exchanges, as these expectations may differ between consumers and marketers (Milne and Bahl 2010).

3.5 Hypotheses

3.5.1 Main Effects of Compensation

In a privacy exchange, consumers give up information and sacrifice some of their privacy in order to obtain benefits that they value (Milne and Gordon 1993; Sheehan and Hoy 2000; Chellappa and Sin 2005). A number of studies have found that consumers appear to be willing to forgo certain levels of privacy for adequate compensation (Sheehan and Hoy 2000). Acquisiti et al. (2009) define this as an individual's "willingness to accept" compensation to permit a decrease in their privacy protection. Thus, when consumers participate in a privacy exchange it may affect their expectations for ownership rights and control over their information. For instance, the acceptance of payment for personal data may be seen by individuals as providing consent for marketers

to use their information for business purposes beyond the initial transaction. Based on social exchange theory, the level and type of compensation is likely to determine the impact of compensation on a consumer's expectations for privacy protection (Worthy, Gary, and Kahn 1969; Cropanzano and Mitchell 2005).

Consumers expect to receive benefits for providing personal information that are commensurate with the amount and type of information provided (Phelpts et al. 2000; Burke 2002; Culnan and Bies 2003). The level of compensation has been shown in studies to be viewed as either sufficient or inadequate for the disclosure of personal information and risks associated with trading off privacy (Hann et al. 2002; Andrade et al. 2002). A reward may only have an effect on privacy expectations when it exceeds a threshold level, as a sufficiently large reward may be viewed as adequate compensation for providing information (Hann et al. 2002). It is likely that higher compensation levels will make consumers more willing to relinquish some of their ownership rights and privacy control to marketers. In receiving a highly valued benefit from a marketer, the consumer may feel a sense of obligation for letting the company use and disseminate that information as part of the exchange process. However, a low level of compensation may have little to no effect on a consumer's expectations for privacy protection. Furthermore, when consumers are not compensated for providing information they may perceive that they retain absolute ownership rights and control over their information, because an exchange did not take place and the information was provided voluntarily.

The amount of compensation received in a privacy exchange is expected to influence the extent to which an individual believes that ownership rights and control are held by the company, or themselves. Specifically, it is predicted in this research that the

presence of a reward, as compared to a no reward condition, will lead to lower perceptions of self-ownership, and higher perceptions of company-ownership. The presence of a reward is also expected to lead to lower expectations for privacy control.

In addition to the presence of compensation, the type of compensation may also affect expectations for privacy protection. Compensation can be classified as either monetary (e.g., discounts, coupons, rebates) or non-monetary (e.g., convenience, customization, personalization, access to exclusive content) types of rewards. Sheehan and Hoy (2000) have suggested that marketers may wish to test what forms of compensation are most valued by customers, as various forms of monetary and non-monetary benefits may be valued differently by consumers.

Receiving economic compensation may make the exchange process more explicit, thus increasing the perception that a degree of ownership and control is being transferred from the consumer to the company. For instance, when companies provide monetary compensation such as discounts or "free" products the company may be perceived as sacrificing something of value since economic resources are finite. Findings from social psychology indicate that economic rewards often lead to different outcomes, and expectations than non-economic rewards (Ariely 2008). Economic exchanges involve market norms, whereas non-economic exchanges involve relational and social norms. In economic exchanges items that are exchanged are viewed as payment for acquiring desired benefits. The sales promotion literature has also found monetary and non-monetary incentives to be processed differently by consumers (Diamond and Campbell 1989; Diamond 1992). For instance, monetary types of compensation may be more likely to induce consumers to evaluate an exchange using a cost-benefit analysis.

Although both monetary and non-monetary types of compensation may lead to a reduction in consumers' expectations for privacy protection, it is expected that monetary compensation may have a stronger negative effect. It is predicted that a monetary type of compensation, as compared to non-monetary, will lead to lower perceptions of self-ownership, and higher perceptions of company-ownership. A monetary type of reward is also expected to lead to lower expectations for privacy control.

H1: Compared with the absence of a reward, the presence of a reward will lead consumers to have:

- (a) lower perceptions of self-ownership.
- (b) greater perceptions of company-ownership.
- (c) lower privacy control expectations.

H2: Compared with a non-monetary reward, a monetary reward will lead consumers to have:

- (a) lower perceptions of self-ownership.
- (b) greater perceptions of company-ownership.
- (c) lower privacy control expectations.

3.5.2 Main and Mediating Effects of Information Ownership

In order to achieve a better understanding of the nature of the relationship between compensation and privacy control expectations, it is essential to uncover the underlying mechanisms and processes through which this relationship operates. Specifically, it is suggested in this essay that the impact of compensation on privacy control expectations is mediated by perceived information ownership. Perceived information ownership has been conceptualized in the information management literature as an individual's subjective belief regarding the ratio of how much the information is perceived to belong to the individual or to the company (Constant, Kiesler, and Sproull 1994; Jarvenpaa and Staples 2000, 2001). In that stream of research "perceived

information ownership" is tested as an intervening variable that impacts perceptions of information sharing.

In accordance with prior research on information ownership (Constant et al. 1994; Jarvenpaa and Staples 2000, 2001), this essay partitions the construct of information ownership into two competing dimensions: perceptions of self-ownership and company-ownership. These dimensions measure the extent to which an individual believes that information belongs to themselves, or the company. It has been argued in the privacy literature that consumers can share ownership rights and control privileges with online marketers, and that these rights can be transferred to marketers when compensation is received (Mascarenhas et al. 2003). Following previous work that has treated the information ownership construct as an intervening variable (Constant et al. 1994; Jarvenpaa and Staples 2000, 2001), the construct is measured in this research as a mediating variable between compensation and expectations for privacy control.

It is expected that compensation may influence consumers' expectations for privacy control through its impact on information ownership perceptions. Evidence has shown that consumers may be willing to give up a degree of privacy control in exchange for adequate compensation (Milne and Gordon 1993; Sheehan and Hoy 2000; Hann et al. 2002). This reduction in privacy control expectations is likely due to a change in beliefs regarding the extent to which each party has ownership rights to that information. Social contract theory (Milne and Gordon 1993; Culnan 1995; Milne 1997; Miyazaki 2008) suggests that when consumers exchange personal information with a company an implicit agreement develops in which consumers and marketers are assumed to have certain rights with regard to the consumer's personal information. This implied agreement creates

expectations for consumers and marketers in terms of the right and ability to control the consumer's information.

When consumers receive adequate compensation for providing their personal information to marketers, they may feel that marketers take on a legitimate claim to being able to control and use that information. Thus, when individuals believe that marketers have a legitimate right to the control and use of their information, they then recognize that their own ability to control their information has diminished. It is predicted that as the extent to which an individual perceives a company to have rights to use their personal information, the individual's expectations for privacy control are reduced.

H3a: Compared to lower levels of self-ownership, higher levels of self-ownership will lead consumers to have greater expectations for privacy control.

H3b: Compared to higher levels of company-ownership, lower levels of company-ownership will lead consumers to have greater expectations for privacy control.

H4a: Self-ownership mediates the effects of compensation level on privacy control expectations.

H4b: Company-ownership mediates the effects of compensation level on privacy control expectations.

H5a: Self-ownership mediates the effects of compensation type on privacy control expectations.

H5b: Company-ownership mediates the effects of compensation type on privacy control expectations.

3.5.3 Moderating Effects of Information Sensitivity

An important issue in privacy exchanges is the sensitivity of the information disclosed by individuals to marketers. Information sensitivity refers to the level of privacy concern an individual feels for a type of information in a specific situation

(Sheehan and Hoy 2000). Personally identifiable information (PII) has been defined as information that can be used to "distinguish or trace an individual's identity" such as: name, street address, email address, phone number, credit card information, and social security number (FTC 1998; Caudill and Murphy 2000; NIST 2010). Information about an individual that may be linked or is linkable to PII include information such as: age, date of birth, gender, occupation, education, and income. Consumer concern and willingness to provide marketers with information vary dramatically by information type (Phelps, Nowak, and Ferrell 2000; Joinson and Paine 2007). Consumers have been found to be most concerned, and less willing, to provide personally identifiable information, as compared to providing linkable information (Phelps, Nowak, and Ferrell 2000; Okazaki, Li, and Hirose 2009).

The type of information affects consumers' concern for privacy and the value they place on that information (Chellappa and Sin 2005). Malhotra et al. (2004) find that a request for more sensitive information by online marketers reduces trust and increases perceived risk, because the request makes consumers more cautious and suspicious about the marketer's intended use of that information. Thus, consumers may demand, and expect more control over their sensitive information. Therefore, it is likely that when more sensitive information is provided, compensation may be necessary for influencing consumers' ownership perceptions. On the other hand, when the information provided to a Web site is less sensitive consumers may demand, and expect little to no ownership rights or control over that information, and thus compensation may not have an effect on ownership beliefs.

Following previous work that has examined the moderating effects of information sensitivity (Lwin, Wirtz, and Williams 2007), it is proposed that the main effects of compensation level and type on perceptions of ownership is moderated by information sensitivity. Specifically, compensation is expected to lead to a reduction in perceptions of self-ownership, and an increase in perceptions of company-ownership, for more sensitive information. However, compensation is not expected to have a significant effect for less sensitive information.

H6a: In conditions of high information sensitivity (but not low sensitivity), the presence (vs. absence) of a reward will lead to lower perceptions of self-ownership.

H6b: In conditions of high information sensitivity (but not low sensitivity), the presence (vs. absence) of a reward will lead to higher perceptions of company-ownership.

H7a: In conditions of high information sensitivity (but not low sensitivity), a monetary (vs. non-monetary) reward will lead to lower perceptions of self-ownership.

H7b: In conditions of high information sensitivity (but not low sensitivity), a monetary (vs. non-monetary) reward will lead to higher perceptions of company-ownership.

3.5.4 Moderating Effects of Company Relationship and Reputation

Relationship building and a strong brand reputation are ways that companies can establish trust and mitigate the risks of disclosing personal information. Studies have found that individuals are less concerned with disclosing personal information to a company when they have an existing relationship with the company (Hoffman et al. 1999; White 2004), or when the company has a reputation for being trustworthy (Andrade, Kaltcheva, and Weitz 2002; Xie et al. 2006; Eastlick, Lotz, and Warrington 2006). For instance, the type of relationship between individuals and companies has been

shown to have an effect on their information sharing activities (Rindfleisch and Moorman 2001).

Relationships are important factors in commercial exchanges, and two types of relationships defined in the marketing literature are transactional, short-term relationships and established, long-term relationships (Dwyer, Schurr, and Oh 1987; Doney and Canon 1997; Moorman, Deshpande, and Zaltman 1993). Long-term relationships involve trust and include elements of reciprocation, dependence, and commitment. Short-term relationships on the other hand entail very little communication or commitment beyond the immediate exchange. Individuals are more likely to trust companies with their personal information when a close relationship has been established relative to relationships where trust has not yet been established (Milne, Rohm, and Boza 1999; White 2004). Research has also found that consumers feel more comfortable when companies they are familiar with have some control over and use their personal information for business purposes (Rogers 1996; Milne and Boza 1999). Because established, long-term relationships involve trust, commitment, and reciprocation, it is predicted that consumers are more apt to share some of their information ownership rights with the company. Thus, compensation is expected to be more effective in reducing perceptions of self-ownership, and increasing perceptions of company-ownership when the relationship with the company is long-term, rather than short-term.

A company's brand reputation has also been found to signal trustworthiness, reliability, and credibility (Chaudhuri 2002; Moorman et al. 1992; Veloutsou, and Moutinho 2009). Consumers use brand reputation as a means of inferring quality about a company (Herbing and Milewicz 1995). Brand reputation has been defined in the

marketing literature as the extent to which people believe a firm is honest and concerned about its customers (Doney and Cannon 1997; Xie et al. 2006). Because a reputation is something that takes time for a company to build over time, it is considered unlikely that a reputable firm would behave in ways that would jeopardize its reputation (Xie et al. 2006). A company's reputation for trustworthiness has been found to alter the consumer's cost-benefit analysis in privacy exchanges and encourage them to disclose personal information (Andrade et al. 2002). Specifically, the reputation of the company was found to decrease concerns for sharing information with the firm. Because consumers tend to believe that reputable companies can be trusted with their personal information (Xie et al. 2006), it is predicted that consumers are more apt to share some of their information ownership rights with the company. Thus, compensation is expected to be more effective in reducing perceptions of self-ownership, and increasing perceptions of company-ownership, when the company has a strong, rather than weak, reputation.

H8a: In conditions where consumers have a strong relationship with the company (but not for a weak relationship), the presence (vs. absence) of a reward will lead to lower perceptions of self-ownership.

H8b: In conditions where consumers have a strong relationship with the company (but not for a weak relationship), the presence (vs. absence) of a reward will lead to higher perceptions of company-ownership.

H9a: In conditions where the company has a strong brand reputation (but not for a weak reputation), the presence (vs. absence) of a reward will lead to lower perceptions of self-ownership.

H9b: In conditions where the company has a strong brand reputation (but not for a weak reputation), the presence (vs. absence) of a reward will lead to higher perceptions of company-ownership.

3.6 Method

The effects of compensation on information ownership perceptions and privacy control expectations are tested in a series of four experimental studies. Study 1 examines the main effects of compensation level (H1), and the moderating effect of information sensitivity (H6). Study 2 investigates the main effects of compensation type (H2), and the moderating effects of information sensitivity (H7). Studies 3 and 4 offer a replication and extension of the findings by investigating the moderating effects of relationship (H8) and reputation (H9). The main effects (H3) and mediating effects (H4-H5) of information ownership are tested across each of the four studies. Table 3.1 offers a visual representation of each of the hypothesized relationships, and Table 3.2 presents a summary of each study.

3.7 Study 1 - Assessing the Effects of Compensation Level

This study examines the effect of compensation level on information ownership perceptions and privacy control expectations. As compared to no reward, it is expected that the presence of a reward will lead to lower perceptions of self-ownership (H1a), and privacy control expectations (H1c), and lead to an increase in perceptions of company-ownership (H1b). The moderating effect of information sensitivity is also investigated in this study. A two-way interaction between compensation level and information sensitivity on self-ownership (H6a) and company-ownership (H6b) is expected. Specifically, when information sensitivity is perceived to be high, the presence (vs. absence) of a reward is predicted to lead to lower perceptions of self-ownership, and higher perceptions of

company-ownership. The presence of a reward is not expected to have an effect on ownership perceptions when information sensitivity is low.

3.7.1 Design and Procedure

One hundred and forty-three respondents (55 male, 88 female, 42% ages 25-34) participated in this study through an online questionnaire. Demographic information for respondents is presented in Table 3.3. Participants were randomly assigned to conditions in a 2 (information sensitivity: low vs. high) x 2 (compensation level: absent vs. present) between-subjects factorial design in exchange for a small monetary reward. Information sensitivity and compensation level were manipulated factors.

This study employed an experimental design with a scenario-based method. Scenarios have been found to offer a sense of realism and to be effective for evaluating perceptions, attitudes, and behavioral intentions in Internet privacy research (Sheehan and Hoy 2000; Xie et al. 2006; Milne and Bahl 2010). In this study four types of scenarios were created according to the level of compensation and the sensitivity of the personal information requested. A between-subjects design was employed in which respondents were presented with only one of the four scenarios. In each scenario participants were asked to imagine a situation in which they were asked to fill out a customer satisfaction survey while browsing a retail company's Web site. The retail company was described as one that sold a variety of products including clothing, housewares, electronics, and food. After reading the scenario respondents then completed ratings of their perceptions of ownership and control expectations along with manipulation check measures and a

standard set of demographics. Respondents were then thanked and compensated for their time. Appendix B presents the stimulus materials and scales used in Essay 2.

3.7.2 Independent Variables and Manipulations

Compensation Level. Compensation level was manipulated at two levels, absent and present. The reward was manipulated by the presence or absence of the following statement, "In return for filling out the survey the company provided you with a check for \$50". Previous studies have used, or suggested, the use of similar rewards in the manipulation of compensation level (Hann et al. 2002). For instance, Malhotra et al. (2004) used a \$50 reward in their analysis. A pretest ($n = 113$) and t-test analysis was used to confirm that respondents perceived a \$50 reward to significantly differ in value from no reward ($M_{\text{noreward}} = 2.43$ vs. $M_{\text{reward}} = 5.42$; $t(120) = 18.32$, $p < .000$). A number of prior studies have also used "checks" as a form of monetary reward in their hypothetical scenarios (Andrade et al. 2002; Xie et al. 2006; Hui, Teo, and Lee 2007).

Information Sensitivity. The type of information requested was manipulated at two levels, low sensitivity and high sensitivity. The level of information sensitivity was manipulated by asking respondents to provide their "gender and age" for the low sensitivity condition, and "telephone number and e-mail address" for the high sensitivity condition. The scenarios were created according to the categorization of personal information from past studies (Caudill and Murphy 2000; Phelps et al. 2000; Sheehan and Hoy 2000; Sheehan 2005). Personally unidentifiable information (e.g., gender, age) are commonly found to be perceived as less sensitive than personally identifying information (e.g., telephone number, e-mail address). A pretest ($n = 85$) and t-test analysis was

conducted to verify the sensitivity of information results from past literature ($M_{\text{e-mail address}} = 4.38$ vs. $M_{\text{age}} = 2.84$; $t(84) = 6.25, p < .000$, and $M_{\text{telephone number}} = 5.86$ vs. $M_{\text{age}} = 2.84$; $t(84) = 13.03, p < .000$).

3.7.3 Dependent Variable Measures

Information Ownership Perceptions. Information ownership perceptions were assessed using two dimensions of information ownership: self-ownership and company-ownership. Both dimensions of information ownership were examined from the respondent's perspective. Self-ownership was used to measure the extent to which respondents perceive information belonging to themselves, while company-ownership assessed the extent to which respondents perceive information belonging to the company. Scale items were adopted from Constant et al. (1994) and measured using 7-point Likert scales (1 = strongly disagree, 7 = strongly agree). Two items were used to measure self-ownership and five items for company-ownership. Examples of items to evaluate self-ownership include, "I feel that the information I provided to the company belongs to me," and "I feel that I own the information I provided to the company". Examples of items to assess company-ownership include, "I feel that the information I provided belongs to the company," and "The company owns the information I provided". Reliability for both self-ownership ($\alpha = .92$) and company-ownership ($\alpha = .97$) were acceptable.

Privacy Control Expectations. Privacy control expectations were assessed using seven items adopted from Phelps et al. (2000) and measured using a 7-point Likert scale (1 = strongly disagree, 7 = strongly agree). In accordance with the FTC's (1998) guidelines for information privacy control three dimensions were assessed: secondary

use, access, and editing of information. Examples of items to measure privacy control expectations include, "I expect to have control over how the company uses my information," "I expect to have access to information collected about me by the company," and "I expect to have the ability to edit the information collected about me by the company". The measure demonstrated adequate reliability ($\alpha = .95$).

3.7.4 Manipulation Checks

Analysis of variance showed that, as intended, the presence of a reward was perceived to be more valuable than no reward. For conditions that offered a reward respondents indicated that they were offered a reward ($F(1,141) = 138.37, p = .000$; $M_{\text{noreward}} = 3.73, SD = 2.02$ vs. $M_{\text{reward}} = 6.70, SD = .739$), and were more fairly rewarded ($F(1,141) = 106.21, p = .000$; $M_{\text{noreward}} = 3.29, SD = 1.88$ vs. $M_{\text{reward}} = 6.10, SD = 1.33$) for providing their information to the company's Web site. Analysis of variance also found respondents in the high information sensitivity condition to perceive the information as more sensitive ($F(1,141) = 32.78, p = .000$; $M_{\text{low-sensitivity}} = 3.70, SD = 1.77$ vs. $M_{\text{high-sensitivity}} = 5.39, SD = 1.74$), and personal ($F(1,141) = 19.74, p = .000$; $M_{\text{low-sensitivity}} = 4.38, SD = 1.74$ vs. $M_{\text{high-sensitivity}} = 5.68, SD = 1.75$) than in the low information sensitivity condition. Hence, compensation level and information sensitivity were successfully manipulated in this study. Results of the manipulation checks are presented in Table 3.4.

3.7.5 Measurement Model

As an assessment of construct validity, an exploratory factor analysis of all constructs achieves the expected factor solutions. A confirmatory factor analysis was conducted for all theoretical constructs in the study to examine the structure of the measures and to assess their convergent and discriminant validity. The tests were based on the covariance matrix and the maximum likelihood method, and were run using LISREL 8.80 (Joreskog and Sorbom 1988). The measurement model gives good fit indices. The χ^2 is significant, ($\chi^2 = 147.08$, $df = 74$, $p = .00$) and the ratio of χ^2 to degree of freedom (1.98) is at the level generally required for such analysis. Moreover, other indicators of fit indicate that the fit of the measurement model is acceptable, CFI = .98, NFI = .96, GFI = .87, AFGI = .82, RMSEA = .08. Based on these results, the measurement model provides a satisfactory fit to the data.

According to Bagozzi et al. (1991), a construct exhibits substantial convergent validity if the t-test value associated with the factor loading of the variables is above 1.96. For all items, the t-values were greater than 1.96. Moreover, reliability estimates for each construct using coefficient alpha (Cronbach 1951) and composite reliabilities all exceed the threshold 0.70 level (Nunnally 1978). All shared variances extracted for each construct are acceptable as they exceed the recommended 0.50 value (Fornell and Larcker 1981; Bagozzi and Yi 1988). Thus, it can be concluded that these constructs have good convergent validity. A correlation matrix of all variables is summarized in Table 3.5, while Table 3.6 summarizes the statistical outcomes of the measurement model.

According to Anderson and Gerbing (1988) and Bagozzi et al. (1991), discriminant validity is good if the correlation between two dimensions is not 1. All

constructs met this criteria. The second test used is in line with Fornell and Larcker's approach (1981). The AVE between two constructs is compared to the square of the correlation between the two constructs. This is done to verify that the shared variances between all possible pairs of constructs are lower than the average variance extracted for the individual constructs. For all the constructs, the AVE is greater than the square correlation. It can be seen from Table 3.7 that the measures in this study display sufficient discriminant validity (Fornell and Larcker 1981). In summary, all measures possess adequate reliability and validity.

3.7.6 Results of Study 1

The data were analyzed by MANOVA to assess the multivariate and univariate effects of compensation level. The multivariate and univariate results are presented in Table 3.8. Self-ownership and company-ownership were included as dependent variables in the multivariate analysis. Multivariate effects of compensation level (Wilks' $\lambda = .94$, $F = 3.81$, $p = .024$) and the two-way interaction between compensation level and information sensitivity (Wilks' $\lambda = .95$, $F = 3.03$, $p = .051$) were found to be significant. Follow-up tests to the multivariate analysis are presented in Table 3.9, and provide additional evidence for the main effect of compensation level on perceptions of self-ownership. Subsequent univariate analyses were conducted to assess the distinct effects for each dependent variable, and are discussed in the following sections.

3.7.6.1 Main Effects of Compensation Level

An analysis of variance found that the presence of a reward led to lower perceptions of self-ownership ($M_{\text{reward}} = 4.78$, $M_{\text{no-reward}} = 5.59$; $F(1,141) = 6.48$, $p = .012$), and greater perceptions of company-ownership ($M_{\text{reward}} = 3.82$, $M_{\text{no-reward}} = 3.14$; $F(1,141) = 3.68$, $p = .057$) at the $p < .10$ level, compared to no reward. Thus, both hypothesis H1a and H1b are supported. The results also demonstrate that the presence of a reward led to lower privacy control expectations ($M_{\text{reward}} = 4.35$, $M_{\text{no-reward}} = 5.06$; $F(1,141) = 4.85$, $p = .029$), than no reward. This finding provides support for H1c. Cell means and standard deviations are presented in Table 3.10.

3.7.6.2 Moderating Effects of Information Sensitivity

The main effects of compensation level on perceptions of self-ownership and company-ownership are qualified by the expected interaction effects. The results of a two-way analysis of variance found a significant interaction effect between compensation level and information sensitivity on self-ownership ($F(1,139) = 5.83$, $p = .017$). Simple effects analysis revealed that in the high information sensitivity condition, the presence (vs. absence) of a reward led to lower perceptions of self-ownership ($M_{\text{reward}} = 4.77$, $M_{\text{no-reward}} = 6.36$; $F(1,139) = 12.44$, $p = .001$). In the low information sensitivity condition, the presence or absence of a reward did not have an effect on perceptions of self-ownership ($M_{\text{reward}} = 4.80$, $M_{\text{no-reward}} = 4.90$; $F(1,139) = .10$, $p = .754$). These findings provide support for H6a, which states that in conditions of high information sensitivity (but not low sensitivity), the presence (vs. absence) of a reward will lead to lower perceptions of self-ownership.

An interaction was also found between compensation level and information sensitivity on company-ownership ($F(1,139) = 4.12, p = .044$). Simple effects analysis revealed that in the high information sensitivity condition, the presence (vs. absence) of a reward led to higher perceptions of company-ownership ($M_{\text{reward}} = 3.82, M_{\text{no-reward}} = 2.40; F(1,139) = 7.81, p = .006$). In the low information sensitivity condition, the presence or absence of a reward did not have an effect on perceptions of company-ownership ($M_{\text{reward}} = 3.82, M_{\text{no-reward}} = 3.81; F(1,139) = .01, p = .933$). These findings provide support for H6b, which states that in conditions of high information sensitivity (but not low sensitivity), the presence (vs. absence) of a reward will lead to higher perceptions of company-ownership.

3.7.6.3 Main and Mediating Effects of Information Ownership

The effects of self-ownership (H3a) and company-ownership (H3b) on privacy control expectations were tested using regression analysis. In support of hypotheses H3a and H3b, self-ownership was found to have a positive effect ($\beta = .359, t(142) = 4.56, p = .00$), and company-ownership a negative effect ($\beta = -.438, t(142) = -6.44, p = .00$) on expectations for privacy control.

To assess whether perceptions of self-ownership (H4a) and company-ownership (H4b) mediate the effects of compensation level on privacy control expectations mediation analyses were conducted using the bootstrapping method suggested by Zhao, Lynch, and Chen (2010). On the basis of this framework mediation is strongest when there is an indirect effect but no direct effect, which indicates full mediation. When there

are both indirect and direct effects it is partial mediation. Thus, in order to establish mediation, all that matters is that the indirect effect is significant.

Self-ownership is found to partially mediate the effect of compensation level on privacy control expectations ($\beta_{\text{axb}} = .273$, 95% CI = .074 to .571). Company-ownership was also found to partially mediate the effect of compensation level on privacy control expectations ($\beta_{\text{axb}} = .285$, 95% CI = .015 to .629). These findings provide partial support for H4a and H4b. A summary of the mediating effects of self-ownership and company-ownership can be seen in Table 3.11.

3.7.7 Discussion

The results from Study 1 provide support for a main effect of compensation level on perceptions of self-ownership, company-ownership, and expectations for privacy control. Specifically, the presence (vs. absence) of a reward leads to lower perceptions of self-ownership (H1a), greater perceptions of company-ownership (H1b), and a reduction in privacy control expectations (H1c). These findings have important implications, as they demonstrate that rewards can be used to influence the degree to which consumers are willing to share ownership rights and control over their personal information with marketers.

The results of this study also provide evidence that perceptions of self-ownership have a positive effect on privacy control expectations (H3a), and company-ownership has a negative effect (H3b). Perceptions of self-ownership (H4a) and company-ownership (H4b) are also found to partially mediate the effects of compensation level on privacy control expectations. These findings suggest that the degree to which consumers believe

their information is shared with marketers has an effect on their expectations for privacy control, and rewards can be used by marketers to influence these beliefs.

The findings provide support for the moderating effects of information sensitivity on perceptions of self-ownership and company-ownership, as a two-way interaction was found between compensation level and information sensitivity. In support of H6a and H6b, in conditions of high information sensitivity (but not low sensitivity), the presence (vs. absence) of a reward leads to lower perceptions of self-ownership, and higher perceptions of company-ownership. This finding indicates that compensation may be necessary for influencing consumers' ownership beliefs when more sensitive information is provided, as consumers may desire more control over this type of information. On the other hand, when less sensitive information is provided, compensation has no effect on ownership beliefs, as consumers may be less concerned about how this type of information is used by marketers. The type of information provided by the consumer is shown to determine the effectiveness of compensation for influencing privacy beliefs.

In summary, full support is found for hypotheses H1, H3, and H6; and partial support for H4. In general, the empirical findings from this study provide evidence of a main effect of compensation level, and moderating effect of information sensitivity, and warrants further investigation into these relationships.

3.8 Study 2 - Assessing the Effects of Compensation Type

Study 2 extends the findings from Study 1 by examining the effects of compensation type on information ownership perceptions and privacy control expectations. As compared with a non-monetary type of reward, it is expected that a

monetary type of reward will lead to a greater reduction in perceptions of self-ownership (H2a) and privacy control expectations (H2c), and lead to an increase in company-ownership perceptions (H2b). The moderating effect of information sensitivity is also investigated. A two-way interaction between compensation type and information sensitivity on self-ownership (H7a) and company-ownership (H7b) is expected. Specifically, when information sensitivity is perceived to be high, a monetary (vs. non-monetary) reward is predicted to lead to lower perceptions of self-ownership, and higher perceptions of company-ownership. The type of reward is not expected to have an effect on ownership perceptions when information sensitivity is low.

3.8.1 Design and Procedure

Eighty-six respondents (28 male, 58 females, 57% ages 25-34) participated in this study through an online questionnaire. Participants were randomly assigned to conditions in a 2 (information sensitivity: low vs. high) x 2 (compensation type: monetary vs. non-monetary) between-subjects factorial design. This study employed a similar procedure to that of Study 1.

3.8.2 Independent Variables and Manipulations

Compensation Type. Compensation type was manipulated at two levels, monetary and non-monetary. The compensation type was manipulated by the presence of either a monetary reward or non-monetary reward. The monetary condition included the statement, "In return for filling out the survey the company provided you with a check for \$50". The non-monetary statement included the statement, "In return for filling out the

survey the company provided you with access to exclusive web content (e.g., music, movies, software) valued at \$50". Respondents were told the value of the non-monetary reward in order to verify that both conditions were equivalent in perceived value, thereby ensuring that only reward type was manipulated.

Information Sensitivity. The type of information requested was manipulated the same way as in Study 1 with two levels, low sensitivity and high sensitivity.

3.8.3 Dependent Variable Measures

Information ownership perceptions and privacy control expectations were measured the same way as in Study 1. The measures for self-ownership ($\alpha = .87$), company-ownership ($\alpha = .97$), and privacy control expectations ($\alpha = .94$), demonstrated acceptable reliability in this study.

3.8.4 Manipulation Checks

Analysis of variance showed that, as intended, respondents recognized the presence of a reward regardless whether the type of compensation was monetary or non-monetary ($F(1,86) = 1.15, p = .510; M_{\text{monetary}} = 6.17, SD = 1.48$ vs. $M_{\text{non-monetary}} = 5.96, SD = 1.42$). Analysis of variance also found respondents in the high information sensitivity condition to perceive the information as more sensitive ($F(1,86) = 10.80, p = .001; M_{\text{low-sensitivity}} = 3.72, SD = 2.04$ vs. $M_{\text{high-sensitivity}} = 5.12, SD = 1.91$), and personal ($F(1,86) = 10.12, p = .002; M_{\text{low-sensitivity}} = 4.24, SD = 1.85$ vs. $M_{\text{high-sensitivity}} = 5.45, SD = 1.64$) than in the low information sensitivity condition. Hence, compensation type and information sensitivity were successfully manipulated in this study.

3.8.5 Measurement Model

As an assessment of construct validity, an exploratory factor analysis of all constructs achieves the expected factor solutions. A confirmatory factor analysis was conducted for all theoretical constructs in the study to examine the structure of the measures and to assess their convergent and discriminant validity. The measurement model gives good fit indices. The χ^2 is significant, ($\chi^2 = 133.38$, $df = 74$, $p = .00$) and the ratio of χ^2 to degree of freedom (1.80) is at the level generally required for such analysis. Moreover, other indicators of fit suggest that the fit of the measurement model is acceptable, CFI = .97, NFI = .94, GFI = .82, AFGI = .74, RMSEA = .09. Reliability estimates for each construct using coefficient alpha and composite reliabilities all exceed the threshold 0.70 level. Based on these results, all measures in this study possess adequate reliability and validity. Table 3.12 presents statistical outcomes of the measurement model.

3.8.6 Results of Study 2

The data were analyzed by MANOVA to assess the multivariate and univariate effects of compensation type. Self-ownership and company-ownership were included as dependent variables in the multivariate analysis. Multivariate effects of compensation type (Wilks' $\lambda = .93$, $F = 2.99$, $p = .055$) at the $p < .10$ level, and the two-way interaction between compensation type and information sensitivity (Wilks' $\lambda = .83$, $F = 7.79$, $p = .001$) were found to be significant. Follow-up tests to the multivariate analysis are presented in Table 3.9, and provide additional evidence for the interaction between compensation type and information sensitivity on self-ownership and company-

ownership. Subsequent univariate analyses were conducted to assess the distinct effects for each dependent variable, as discussed in the following sections.

3.8.6.1 Main Effects of Compensation Type

An analysis of variance found that a monetary and non-monetary type of compensation led to an equivalent amount of self-ownership perceptions ($M_{\text{monetary}} = 4.78$, $M_{\text{non-monetary}} = 5.35$; $F(1,84) = 2.30$, $p = .133$). Thus, no support is found for the prediction that a monetary type of compensation leads to lower perceptions of self-ownership (H2a). However, the results demonstrate that a monetary type of compensation leads to a greater increase in perceptions of company-ownership ($M_{\text{monetary}} = 4.10$, $M_{\text{non-monetary}} = 3.40$; $F(1,84) = 2.81$, $p = .097$), and a greater reduction in privacy control expectations ($M_{\text{monetary}} = 4.29$, $M_{\text{non-monetary}} = 5.01$; $F(1,82) = 3.30$, $p = .072$) at the $p < .10$ level. Thus, both hypothesis H2b and H2c are supported. Cell means and standard deviations are presented in Table 3.13.

3.8.6.2 Moderating Effects of Information Sensitivity

The main effects of compensation type on perceptions of self-ownership and company-ownership are qualified by the expected interaction effects. The results of a two-way analysis of variance found a significant interaction effect between compensation type and information sensitivity on self-ownership ($F(1,82) = 14.28$, $p = .000$). Simple effects analysis revealed that in the high information sensitivity condition, a monetary (vs. non-monetary) type of reward led to lower perceptions of self-ownership ($M_{\text{monetary}} = 4.52$, $M_{\text{non-monetary}} = 6.52$; $F(1,82) = 17.80$, $p = .000$). In the low information sensitivity

condition, reward type did not have an effect on perceptions of self-ownership ($M_{\text{monetary}} = 5.09$, $M_{\text{non-monetary}} = 4.53$; $F(1,82) = 2.90$, $p = .102$). These findings provide support for H7a, which states that in conditions of high information sensitivity (but not low sensitivity), a monetary (vs. non-monetary) reward will lead to lower perceptions of self-ownership.

An interaction was also found between compensation type and information sensitivity on company-ownership ($F(1,82) = 9.71$, $p = .003$). Simple effects analysis revealed that in the high information sensitivity condition, a monetary (vs. non-monetary) type of reward led to higher perceptions of company-ownership ($M_{\text{monetary}} = 4.29$, $M_{\text{non-monetary}} = 2.20$; $F(1,82) = 14.57$, $p = .000$). In the low information sensitivity condition, reward type did not have an effect on perceptions of company-ownership ($M_{\text{monetary}} = 3.88$, $M_{\text{non-monetary}} = 4.24$; $F(1,82) = 1.30$, $p = .258$). These findings provide support for H7b, which states that in conditions of high information sensitivity (but not low sensitivity), a monetary (vs. non-monetary) reward will lead to higher perceptions of company-ownership.

A supplemental analysis found an interaction effect between compensation type and information sensitivity on expectations for control ($F(1,82) = 8.39$, $p = .005$). Simple effects analysis revealed that in the high information sensitivity condition, a monetary (vs. non-monetary) type of reward led to lower expectations for control ($M_{\text{monetary}} = 4.14$, $M_{\text{non-monetary}} = 6.10$; $F(1,82) = 13.97$, $p = .000$). In the low information sensitivity condition, reward type did not have an effect on expectations for control ($M_{\text{monetary}} = 4.47$, $M_{\text{non-monetary}} = 4.26$; $F(1,82) = .78$, $p = .381$). These results are analogous to those for self-ownership and company-ownership.

3.8.6.3 Main and Mediating Effects of Information Sensitivity

The effects of self-ownership (H3a) and company-ownership (H3b) on privacy control expectations were tested using regression analysis. In support of hypotheses H3a and H3b, self-ownership was found to have a significant positive effect ($\beta = .472, t(85) = 4.90, p = .00$), and company-ownership a negative effect ($\beta = -.448, t(85) = -4.59, p = .00$) on expectations for privacy control.

To assess whether perceptions of self-ownership (H5a) and company-ownership (H5b) mediate the effects of compensation type on privacy control expectations mediation analyses were conducted using the bootstrapping method suggested by Zhao, Lynch, and Chen (2010). As can be seen in Table 3.11, self-ownership ($\beta_{axb} = .277, 95\% \text{ CI} = -.044 \text{ to } .728$) and company-ownership ($\beta_{axb} = .286, 95\% \text{ CI} = -.041 \text{ to } .720$) were not found to mediate the effect of compensation type on privacy control expectations, as no significant indirect effects were found. These results provide no support for the mediating effect of self-ownership (H5a) and company-ownership (H5b) on privacy control expectations.

3.8.7 Discussion

The results from Study 2 provide support for a main effect of compensation type on company-ownership, and expectations for privacy control. Specifically, a monetary type of compensation led to an increase in perceptions of company-ownership (H2b), and a decrease in privacy control expectations (H2c). However, an effect of compensation type on perceptions of self-ownership was not found (H2a). These findings have important implications, as they suggest that monetary types of rewards can be used to

influence the degree to which consumers are willing to share ownership rights and control over their personal information with marketers.

The results of this study also provide evidence that perceptions of self-ownership have a positive effect on privacy control expectations (H3a), and company-ownership has a negative effect (H3b). However, perceptions of self-ownership (H5a) and company-ownership (H5b) were not found to mediate the effect of compensation type on privacy control expectations. These findings suggest that the degree to which consumers believe their information is shared with marketers has an effect on their expectations for privacy control. However, ownership beliefs don't appear to help explain the effects of compensation type on expectations for privacy control, as perceptions of ownership were not found to mediate the relationship.

The findings provide support for the moderating effects of information sensitivity on perceptions of self-ownership and company-ownership, as a two-way interaction was found between compensation type and information sensitivity. In support of H7a and H7b, in conditions of high information sensitivity (but not low sensitivity), a monetary (vs. non-monetary) reward leads to lower perceptions of self-ownership, and higher perceptions of company-ownership. A supplemental analysis found similar findings for the two-way interaction between compensation type and information sensitivity on expectations for privacy control. These findings suggest that a monetary type of compensation may be more effective for influencing consumers' ownership beliefs when more sensitive information is provided. On the other hand, when less sensitive information is provided, the type of compensation has no effect on ownership beliefs.

In summary, full support is found for hypotheses H2b, H2c, H3, and H7; and no support for H2a and H5. In general, the empirical findings from this study provide evidence of a main effect of compensation type, and moderating effect of information sensitivity.

3.9 Study 3 - Assessing the Moderating Effects of Relationship Type

This study replicates the findings from Study 1 by examining the effects of compensation level on information ownership perceptions and privacy control expectations. As compared with no reward, it is expected that the presence of a reward will lead to lower perceptions of self-ownership (H1a), and privacy control expectations (H1c), and lead to an increase in company-ownership perceptions (H1b).

This study extends the findings from Study 1 by investigating the moderating effects of relationship type. A two-way interaction between compensation level and relationship type on self-ownership (H8a) and company ownership (H8b) is expected. Specifically, when consumers have a strong relationship with the company, the presence (vs. absence) of a reward is predicted to lead to lower perceptions of self-ownership, and higher perceptions of company-ownership. The presence of a reward is not expected to have an effect on ownership perceptions when consumers have a weak relationship with the company.

3.9.1 Design and Procedure

One hundred and seventy-eight respondents (75 male, 103 female, 32% ages 25-34) participated in this study through an online questionnaire. Participants were randomly

assigned to conditions in a 2 (relationship: weak vs. strong) x 2 (compensation level: absent vs. present) between-subjects factorial design. This study employed a similar procedure to that of Study 1 and 2.

3.9.2 Independent Variables and Manipulations

Compensation Level. Compensation level was manipulated the same as in Study 1 with two levels, absent and present.

Company-Consumer Relationship. The relationship between the company and consumer was manipulated at two levels, weak and strong. The weak relationship condition was constructed to represent a transactional relationship, and the strong relationship to represent an ongoing relationship. The weak relationship was operationalized by asking participants to imagine the following: "You don't have a lot of experience with this retailer as you have just recently started to purchase products from this company." The strong relationship condition included the statement, "You have been in an ongoing relationship with this retailer and your experiences with the company have been positive. You have found the company associates to be knowledgeable, considerate, and concerned about your satisfaction and well-being." The procedure for manipulating relationship type was adopted from White (2004), as this method was found to be effective for manipulating respondents' relationship perceptions towards a retail Web site.

3.9.3 Dependent Variable Measures

Information ownership perceptions and privacy control expectations were measured the same way as in Studies 1 and 2. The measures for self-ownership ($\alpha = .91$),

company-ownership ($\alpha = .96$), and privacy control expectations ($\alpha = .93$), demonstrated acceptable reliability in this study.

3.9.4 Manipulation Checks

Analysis of variance showed that, as intended, the presence of a reward was perceived to be more valuable than no reward. For conditions that offered a reward respondents indicated that they were offered a reward ($F(1,178) = 178.67, p = .000$; $M_{\text{noreward}} = 3.26, SD = 2.08$ vs. $M_{\text{reward}} = 6.61, SD = .998$), and were more fairly rewarded ($F(1,178) = 140.85, p = .000$; $M_{\text{noreward}} = 3.04, SD = 1.65$ vs. $M_{\text{reward}} = 5.86, SD = 1.48$), for providing their information to the company's Web site. Analysis of variance also found respondents in the strong relationship condition to perceive the company-consumer relationship to be more long-term ($F(1,178) = 111.89, p = .000$; $M_{\text{weak}} = 3.26, SD = 1.64$ vs. $M_{\text{strong}} = 5.64, SD = 1.33$), and ongoing ($F(1,178) = 96.48, p = .000$; $M_{\text{weak}} = 3.71, SD = 1.54$ vs. $M_{\text{strong}} = 5.80, SD = 1.28$), than in the weak relationship condition. Hence, compensation level and relationship type were successfully manipulated in this study.

3.9.5 Measurement Model

As an assessment of construct validity, an exploratory factor analysis of all constructs achieves the expected factor solutions. A confirmatory factor analysis was conducted for all theoretical constructs in the study to examine the structure of the measures and to assess their convergent and discriminant validity. The measurement model gives good fit indices. The χ^2 is significant, ($\chi^2 = 268.17, df = 74, p = .00$) and the ratio of χ^2 to degree of freedom (1.80) is at the level generally required for such analysis.

Moreover, other indicators of fit indicate that the fit of the measurement model is acceptable, CFI = .96, NFI = .95, GFI = .82, AFGI = .75, RMSEA = .12. Reliability estimates for each construct using coefficient alpha and composite reliabilities all exceed the threshold 0.70 level. Based on these results, all measures in this study possess adequate reliability and validity. Table 3.14 presents statistical outcomes of the measurement model.

3.9.6 Results of Study 3

The data were analyzed by MANOVA to assess the multivariate and univariate effects of compensation level. Self-ownership and company-ownership were included as dependent variables in the multivariate analysis. Multivariate effects of compensation level (Wilks' $\lambda = .91$, $F = 7.68$, $p = .001$), and the two-way interaction between compensation level and relationship type (Wilks' $\lambda = .92$, $F = 6.64$, $p = .002$) were found to be significant. Follow-up tests to the multivariate analysis are presented in Table 3.9, and provide additional evidence for the main effects of compensation level, and interaction effects between compensation level and relationship type, on perceptions of self-ownership and company-ownership. Subsequent univariate analyses were conducted to assess the distinct effects for each dependent variable, as discussed in the following sections.

3.9.6.1 Main Effects of Compensation Level

An analysis of variance found that the presence of a reward led to lower perceptions of self-ownership ($M_{\text{reward}} = 4.75$, $M_{\text{no-reward}} = 5.48$; $F(1,176) = 6.28$, $p =$

.013), and greater perceptions of company-ownership ($M_{\text{reward}} = 4.03$, $M_{\text{no-reward}} = 2.87$; $F(1,176) = 15.25$, $p = .000$), compared to no reward. Thus, both hypothesis H1a and H1b are supported. The results also demonstrate that the presence of a reward led to lower privacy control expectations ($M_{\text{reward}} = 4.75$, $M_{\text{no-reward}} = 5.39$; $F(1,176) = 5.67$, $p = .018$), than no reward. This finding provides support for H1c. Cell means and standard deviations are presented in Table 3.15.

3.9.6.2 Moderating Effects of Relationship Type

The main effects of compensation level on perceptions of self-ownership and company-ownership are qualified by the expected interaction effects. The results of a two-way analysis of variance found a significant interaction effect between compensation level and relationship type on self-ownership ($F(1,174) = 11.97$, $p = .001$). Simple effects analysis revealed in the strong company-relationship condition, the presence (vs. absence) of a reward led to lower perceptions of self-ownership ($M_{\text{reward}} = 4.22$, $M_{\text{no-reward}} = 5.89$; $F(1,174) = 18.00$, $p = .000$). In the weak company-relationship condition the presence, or absence, of a reward did not have an effect on perceptions of self-ownership ($M_{\text{reward}} = 5.33$, $M_{\text{no-reward}} = 5.06$; $F(1,174) = .44$, $p = .510$). These findings provide support for H8a, which states that in conditions where consumers have a strong relationship with the company (but not for a weak relationship), the presence (vs. absence) of a reward will lead to lower perceptions of self-ownership.

An interaction was also found between compensation level and relationship type on company-ownership ($F(1,174) = 8.02$, $p = .005$). Simple effects analysis revealed in the strong company-relationship condition, the presence (vs. absence) of a reward led to

higher perceptions of company-ownership ($M_{\text{reward}} = 4.52$, $M_{\text{no-reward}} = 2.56$; $F(1,174) = 22.99$, $p = .000$). In the weak company-relationship condition the presence, or absence, of a reward did not have an effect on perceptions of company-ownership ($M_{\text{reward}} = 3.50$, $M_{\text{no-reward}} = 3.19$; $F(1,174) = .60$, $p = .440$). These findings provide support for H8b, which states in conditions where consumers have a strong relationship with the company (but not for a weak relationship), the presence (vs. absence) of a reward will lead to higher perceptions of company-ownership.

3.9.6.3 Main and Mediating Effects of Information Ownership

The effects of self-ownership (H3a) and company-ownership (H3b) on privacy control expectations were tested using regression analysis. In support of hypotheses H3a and H3b, self-ownership was found to have a significant positive effect ($\beta = .259$, $t(177) = 3.55$, $p = .00$), and company-ownership a negative effect ($\beta = -.385$, $t(177) = -5.54$, $p = .00$) on expectations for privacy control.

To assess whether perceptions of self-ownership (H4a) and company-ownership (H4b) mediate the effects of compensation level on privacy control expectations mediation analyses were conducted using the bootstrapping method suggested by Zhao et al. (2010). Self-ownership ($\beta_{\text{axb}} = .155$, 95% CI = .035 to .366) and company-ownership ($\beta_{\text{axb}} = .369$, 95% CI = .164 to .656) were found to partially mediate the effect of compensation level on privacy control expectations. These findings provide partial support for H4a and H4b. A summary of the mediating effects of self-ownership and company-ownership can be seen in Table 3.11.

3.9.7 Discussion

The results from Study 3 provide support for a main effect of compensation level on perceptions of self-ownership, company-ownership, and expectations for privacy control. Specifically, the presence (vs. absence) of a reward leads to lower perceptions of self-ownership (H1a), greater perceptions of company-ownership (H1b), and a reduction in privacy control expectations (H1c). These main effect results replicate the findings found in Study 1, and provide additional support for the influence of rewards on consumers' willingness to share ownership rights and control over their personal information with marketers.

The results of this study also provide evidence that perceptions of self-ownership have a positive effect on privacy control expectations (H3a), and company-ownership has a negative effect (H3b). Perceptions of self-ownership (H4a) and company-ownership (H4b) are also found to partially mediate the effects of compensation level on privacy control expectations. As with Study 1, these findings suggest that ownership beliefs affect consumer's expectations for control over their privacy, and that rewards can be used by marketers for influencing these beliefs.

The findings provide support for the moderating effects of relationship type on perceptions of self-ownership and company-ownership, as a two-way interaction was found between compensation level and relationship type. In support of H8a and H8b, in conditions where consumers have a strong relationship with the company (but not for a weak relationship), the presence (vs. absence) of a reward leads to lower perceptions of self-ownership, and higher perceptions of company-ownership. This finding indicates that compensation may be more effective for influencing consumers' ownership beliefs

when the company has an established relationship with the consumer. On the other hand, when the company does not have an established relationship with the consumer, compensation has no effect on ownership beliefs, as consumers may be more concerned with how an unfamiliar company will use their information.

In summary, full support is found for hypotheses H1, H3, and H8; and partial support for H4. In general, the empirical findings from this study provide evidence of a main effect of compensation level, and moderating effect of relationship type.

3.10 Study 4 - Assessing the Moderating Effects of Brand Reputation

This Study replicates the findings from Studies 1 and 3 by examining the effects of compensation level on information ownership perceptions and privacy control expectations. As compared with no reward, it is expected that the presence of a reward will lead to lower perceptions of self-ownership (H1a), and privacy control expectations (H1c), and lead to an increase in company-ownership perceptions (H1b).

This study extends the findings from Studies 1 and 3 by investigating the moderating effects of brand reputation. A two-way interaction between compensation level and brand reputation on self-ownership (H9a) and company-ownership (H9b) is expected. Specifically, when a company has a strong brand reputation, the presence (vs. absence) of a reward is predicted to lead to lower perceptions of self-ownership, and higher perceptions of company-ownership. The presence of a reward is not expected to have an effect on ownership perceptions when the company has a weak brand reputation.

3.10.1 Design and Procedure

One hundred and nine respondents (42 male, 67 female, 33.9% ages 25-34) participated in this study through an online questionnaire. Participants were randomly assigned to conditions in a 2 (reputation: weak vs. strong) x 2 (compensation level: absent vs. present) between-subjects factorial design. This study employed a similar procedure to that of Studies 1-3.

3.10.2 Independent Variables and Manipulations

Compensation Level. Compensation level was manipulated the same as in Studies 1 and 3 with two levels, absent and present.

Brand Reputation. Brand reputation was manipulated at two levels, weak and strong. The weak reputation condition was constructed to represent a company's Web site as having an inferior reputation, and the strong reputation a superior reputation. The weak reputation condition was operationalized by asking participants to imagine the following: "This Web site belongs to a new retail company, which has been in business for 6 months." The strong reputation condition included the statement, "This Web site belongs to one of the largest and most successful retailers in the U.S. The company has been in business for over 50 years." This procedure for manipulating brand reputation has been found to be effective for manipulating respondents' reputation perspectives towards a retail Web site (Xie et al. 2006; Eastlick et al. 2006).

3.10.3 Dependent Variable Measures

Information ownership perceptions and privacy control expectations were measured the same way as in Studies 1-3. The measures for self-ownership ($\alpha = .95$), company-ownership ($\alpha = .98$), and privacy control expectations ($\alpha = .96$), demonstrated acceptable reliability in this study.

3.10.4 Manipulation Checks

Analysis of variance showed that, as intended, the presence of a reward was perceived to be more valuable than no reward. For conditions that offered a reward respondents indicated that they were offered a reward ($F(1,107) = 56.69, p = .000; M_{\text{no-reward}} = 3.62, SD = 2.18$ vs. $M_{\text{reward}} = 6.23, SD = 1.38$), and were more fairly rewarded ($F(1,107) = 38.80, p = .000; M_{\text{no-reward}} = 3.54, SD = 2.02$ vs. $M_{\text{reward}} = 5.68, SD = 1.56$), for providing their information to the company's Web site. Analysis of variance also found respondents in the strong reputation condition to perceive the company's Web site to be more credible ($F(1,107) = 41.79, p = .000; M_{\text{weak}} = 3.67, SD = 1.45$ vs. $M_{\text{strong}} = 5.44, SD = 1.40$), and reputable ($F(1,107) = 53.76, p = .000; M_{\text{weak}} = 3.61, SD = 1.49$ vs. $M_{\text{strong}} = 5.54, SD = 1.21$), than in the weak reputation condition. Hence, compensation level and reputation type were successfully manipulated in this study.

3.10.5 Measurement Model

As an assessment of construct validity, an exploratory factor analysis of all constructs achieves the expected factor solutions. A confirmatory factor analysis was conducted for all theoretical constructs in the study to examine the structure of the

measures and to assess their convergent and discriminant validity. The measurement model gives good fit indices. The χ^2 is significant, ($\chi^2 = 153.09$, $df = 74$, $p = .00$) and the ratio of χ^2 to degree of freedom (2.06) is at the level generally required for such analysis. Moreover, other indicators of fit indicate that the fit of the measurement model is acceptable, CFI = .98, NFI = .96, GFI = .83, AFGI = .76, RMSEA = .09. Reliability estimates for each construct using coefficient alpha and composite reliabilities all exceed the threshold 0.70 level. Based on these results, all measures in this study possess adequate reliability and validity. Table 3.16 presents statistical outcomes of the measurement model.

3.10.6 Results of Study 4

The data were analyzed by MANOVA to assess the multivariate and univariate effects of compensation level. Self-ownership and company-ownership were included as dependent variables in the multivariate analysis. Multivariate effects of compensation level (Wilks' $\lambda = .93$, $F = 3.57$, $p = .032$), and the two-way interaction between compensation level and reputation type (Wilks' $\lambda = .90$, $F = 5.58$, $p = .005$) were found to be significant. Follow-up tests to the multivariate analysis are presented in Table 3.9, and provide additional evidence for the main effect of compensation level on company-ownership, and the interaction effects between compensation level and brand reputation, on perceptions of self-ownership and company-ownership. Subsequent univariate analyses were conducted to assess the distinct effects for each dependent variable, as discussed in the following sections.

3.10.6.1 Main Effects of Compensation Level

An analysis of variance found that the presence of a reward led to lower perceptions of self-ownership ($M_{\text{reward}} = 5.32$, $M_{\text{no-reward}} = 5.92$; $F(1,107) = 3.52$, $p = .063$) at the $p < .10$ level, and greater perceptions of company-ownership ($M_{\text{reward}} = 3.60$, $M_{\text{no-reward}} = 2.76$; $F(1,107) = 5.25$, $p = .024$), compared to no reward. Thus, both hypothesis H1a and H1b are supported. The results, however, demonstrate that respondents' privacy control expectations did not change as a result of the presence, or absence, of a reward ($M_{\text{reward}} = 5.06$, $M_{\text{no-reward}} = 5.20$; $F(1,107) = .154$, $p = .696$). Thus, hypothesis H1c is not supported in this study. Cell means and standard deviations are presented in Table 3.17.

3.10.6.2 Moderating effects of Brand Reputation

The main effects of compensation level on perceptions of self-ownership and company-ownership are qualified by the expected interaction effects. The results of a two-way analysis of variance found a significant interaction effect between compensation level and brand reputation on self-ownership ($F(1,105) = 10.71$, $p = .001$). Simple effects analysis revealed that in the strong brand reputation condition, the presence (vs. absence) of a reward led to lower perceptions of self-ownership ($M_{\text{reward}} = 4.65$, $M_{\text{no-reward}} = 6.30$; $F(1,105) = 14.02$, $p = .000$). In the weak brand reputation condition the presence, or absence, of a reward did not have an effect on perceptions of self-ownership ($M_{\text{reward}} = 5.88$, $M_{\text{no-reward}} = 5.53$; $F(1,105) = .76$, $p = .386$). These findings provides support for H9a, which states that in conditions where the company has a strong brand reputation (but not for a weak reputation), the presence (vs. absence) of a reward will lead to lower perceptions of self-ownership.

An interaction was also found between compensation level and brand reputation on company-ownership ($F(1,105) = 6.52, p = .012$). Simple effects analysis revealed that in the strong brand reputation condition, the presence (vs. absence) of a reward led to higher perceptions of company-ownership ($M_{\text{reward}} = 4.48, M_{\text{no-reward}} = 2.66; F(1,105) = 12.65, p = .001$). In the weak brand reputation condition the presence, or absence, of a reward did not have an effect on perceptions of company-ownership ($M_{\text{reward}} = 2.87, M_{\text{no-reward}} = 2.86; F(1,105) = .01, p = .919$). These findings provide support for H9b, which states in conditions where the company has a strong brand reputation (but not for a weak reputation), the presence (vs. absence) of a reward will lead to higher perceptions of company-ownership.

3.10.6.3 Main and Mediating Effects of Information Ownership

The effects of self-ownership (H3a) and company-ownership (H3b) on privacy control expectations were tested using regression analysis. In support of hypotheses H3a and H3b, self-ownership was found to have a significant positive effect ($\beta = .489, t(107) = 5.80, p = .00$), and company-ownership a negative effect ($\beta = -.416, t(107) = -4.73, p = .00$) on expectations for privacy control.

To assess whether perceptions of self-ownership (H4a) and company-ownership (H4b) mediate the effects of compensation level on privacy control expectations mediation analyses were conducted using the bootstrapping method suggested by Zhao, Lynch, and Chen (2010). Self-ownership ($\beta_{\text{axb}} = .336, 95\% \text{ CI} = .014 \text{ to } .793$) and company-ownership ($\beta_{\text{axb}} = .350, 95\% \text{ CI} = .082 \text{ to } .741$) were found to fully mediate the effect of compensation level on privacy control expectations. These findings provide full

support for H4a and H4b. A summary of the mediating effects of self-ownership and company-ownership can be seen in Table 3.11.

3.10.7 Discussion

The results from Study 4 provide support for the main effect of compensation level on perceptions of self-ownership, company-ownership, and expectations for privacy control. Specifically, the presence (vs. absence) of a reward leads to lower perceptions of self-ownership (H1a), and greater perceptions of company-ownership (H1b). However, a main effect of compensation level on expectations for privacy control was not found in this study (H1c), although this result was found to be significant in Studies 1 and 2. Overall, these main effect results replicate the findings from previous studies in this essay, and provide additional support for the influence of rewards on consumers' willingness to share ownership rights over their personal information with marketers.

The results of this study also provide evidence that perceptions of self-ownership have a positive effect on privacy control expectations (H3a), and company-ownership has a negative effect (H3b). Perceptions of self-ownership (H4a) and company-ownership (H4b) are also found to fully mediate the effect of compensation level on privacy control expectations. As with Studies 1 and 3, these findings suggest that ownership beliefs have a strong effect on consumers' expectations for privacy control, and that rewards can be used by marketers for influencing these beliefs. Information ownership perceptions serve as an important underlying process between compensation level and its impact on privacy control expectations.

The findings provide support for the moderating effects of reputation type on perceptions of self-ownership and company-ownership, as a two-way interaction was found between compensation level and brand reputation. In support of H9a and H9b, in conditions where the company has a strong brand reputation (but not for a weak reputation), the presence (vs. absence) of a reward leads to lower perceptions of self-ownership, and higher perceptions of company-ownership. This finding suggests that compensation may be more effective for influencing consumers' ownership beliefs when the company has a strong brand reputation. On the other hand, when the company has a weak brand reputation, compensation has no effect on ownership beliefs, as consumers may be less trusting of this type of company with their information.

In summary, full support is found for hypotheses H1a, H1b, H3, H4, and H9; and no support for H1c. In general the empirical findings from this study provide evidence of a main effect of compensation level, and moderating effect of brand reputation.

3.11 Discussion of Quantitative Findings

As Table 3.1 reveals, the results of these four studies provide strong support for the main effects of compensation level, and type, on ownership perceptions and expectations for privacy control. The moderating effects of information sensitivity, relationship type, and company reputation are also found. The results demonstrate the mediating role of ownership perceptions and their effect on privacy control expectations. Overall, full support is found for 14 hypotheses, partial support for 3 hypotheses, and no support for 3 hypotheses. Studies 1 and 2 demonstrate the effects of compensation level, and type, on ownership beliefs and control expectations. Information sensitivity was

found to be a key moderating variable that influences the relationship between compensation and ownership perceptions. When the type of information provided by respondents was perceived to be more sensitive, compensation had a greater effect on ownership beliefs. Studies 3 and 4 offer a replication of the main effects of compensation and find support for the moderating effects of relationship type, and company reputation.

This research explored the effects of compensation on consumers' information ownership perceptions, and expectations for privacy control. Although researchers have studied the effects of compensation on disclosure, only a few studies have begun to examine the role of compensation in privacy protection (Hann et al. 2002; Acquisti et al. 2009). The results of this essay provide strong support for a privacy exchange perspective, as compensation was found to be an important determinant for how much control over their information consumers are willing to share with marketers.

The findings from this essay support theories that suggest that compensation can be used to permit a decrease in privacy protection (Sheehan and Hoy 2000; Hui et al. 2006; Acquisti et al. 2009), as respondents were found to tradeoff their rights and ability to exercise control over their information in return for monetary, and non-monetary, incentives. The findings also provide support for the perspective advocated in the privacy literature that most consumers recognize that their privacy rights are not absolute (Westin 1992; Davis 1997; Foxman and Kilcoyne 1993; Jarvenpaa and Staples 2001), by empirically demonstrating that consumers are willing to share their ownership rights and privacy control with marketers in exchange for monetary benefits.

These results have important implications for marketers and policy makers as they suggest that compensation may have an effect on how marketers can use personal data

without violating consumers' rights to privacy. The results of this research may help to clarify the discrepant views that marketer and consumers typically hold concerning who has the right to own and control the consumer's personal information (Sheehan and Hoy 2000; Milne and Bahl 2010). For instance, the results suggest that consumers perceive marketers to have more legitimate ownership rights and control over their information when they have received financial compensation, as compared to when that information is voluntarily provided. In particular, when monetary types of rewards are present, consumers are willing to relinquish and share some of their ownership and control with marketers. These findings suggest that consumers may perceive the acceptance of compensation in exchange for their personal information as their implied consent for the marketer using that information. When consumers receive adequate compensation they may feel a sense of obligation for allowing the company to benefit from the exchange by using their information for financial gain.

Although it has been suggested in the privacy literature that consumers differ in the extent to which they share ownership rights and control over their information with marketers (Hagel and Rayport 1997; Prabhaker 2000; Graeff and Harmon 2002), little research has examined the boundary conditions that lead to these effects. This research finds that the effect of compensation on ownership perceptions is contingent on the sensitivity of the information provided, relationship with the company, and the reputation of the company. In particular, compensation had a greater effect on ownership beliefs when the information provided was perceived to be sensitive. This finding may suggest that compensation is necessary for altering beliefs when sensitive information is involved. However, for non-sensitive information, consumers may not require, or expect

much compensation and may in fact be willing to voluntarily give up rights and control of this information to marketers. Expectations for privacy protection differ across various types of consumer information. These findings suggest that it is necessary for marketers to provide rewards that correspond with the type of information provided by the consumer. When the consumer has been adequately compensated for the risk of disclosure they may be more willing to let the company use their information for business purposes.

Compensation was found to have a stronger effect on ownership beliefs when the consumer had an established, long-term relationship with the company, and when the company had a reputable image. In support of Xie and colleague's (2006) findings, the effect of incentives on privacy perceptions was found in this research to depend on a company's reputation for trustworthiness. Consumers are more willing to share ownership rights to their information with companies that they trust. Thus, it may be necessary for unfamiliar companies to offer a greater level of compensation for the collection, and use of consumers' personal data, in order to offset the risk to privacy protection.

While this research serves as a preliminary step towards understanding how compensation affects privacy perceptions, it includes certain limitations that offer important avenues for future research. First, this research included only two levels of monetary compensation in the experimental scenarios: the absence of a reward, and a \$50 check. These levels were used in order to test how voluntary, as compared to incentivized disclosure, affects privacy tradeoffs. Future research may want to investigate additional levels of monetary, and non-monetary, rewards in order to examine their marginal effects on privacy expectations.

Second, there is a need for additional, empirical research that examines the role of compensation and its effects on privacy expectations. In particular, privacy control is a key concern for consumers, and consumers feel a growing lack of control over how their personal information is being used by companies (Sheehan and Hoy 2000). While this research employed a global measure of privacy control, future studies may want to examine the effect of compensation on each of the various dimensions of privacy control (e.g., secondary use, transfer of data to third parties, price discrimination, marketing solicitations). It is also recommended that future studies develop and test a composite measure for examining the extent of shared ownership between consumers and companies. As with the current research on information ownership, previous studies have employed separate, countervailing measures for computing the ratio of how much information is perceived to belong to the individual or the company (Constant, Kiesler, and Sproull 1994). However, a composite measure of shared ownership may offer additional insights for the study of information privacy. As a final recommendation, it is suggested that future research test theories of information ownership and privacy control by using field-based experiments, in order to provide external validity for results found though controlled laboratory conditions.

3.12 Study 5 - Qualitative Analysis of Privacy Exchange

Information ownership and privacy control are complex and understudied social, ethical, and technology-driven phenomenon (Foxman and Kilcoyne 1993; Davis 1997; Sheehan and Hoy 2000). Given the relatively sparse empirical research on information

ownership and control, semi-structured long interviews were conducted. The interview data was used to cross-validate and enrich the interpretation of the quantitative results.

In-depth descriptions about privacy exchanges on the Internet offer an important source of data that has not been exploited. It is surprising that only a few studies have employed qualitative data and interviews for understanding privacy issues on the Internet. An extensive search of the expansive privacy literature found only four articles that employed qualitative methods (i.e., Sayre and Horne 2000; Olivero and Lunt 2004; Lee, Im, and Taylor 2008; Poddar, Mosteller and Ellen 2009). Such research can be very valuable for understanding how consumers think about their privacy and the trade-offs they make in exchange for benefits. Privacy exchanges often involve complex belief systems and situations regarding power, trust, commitment, and goal congruence, that may be difficult to fully examine through the use of quantitative studies. Qualitative methods, such as personal interviews, and open-ended responses from online respondents, have been found to be particularly useful for revealing underlying needs, goals, and decision-making processes (Kozinets 2002). Descriptive information on the social norms and contracts (e.g., privacy policies) governing privacy exchange relationships could be useful for theory development.

3.12.1 Data Collection and Informants

A qualitative study was used to develop a typology of privacy exchange relationships on the Internet. Data were collected with two different methods: open-ended survey responses and long-interviews. Following the analysis of open-ended responses from the surveys used in studies 1-4, long-interviews were then conducted. Thirteen

depth interviews, ranging from 10 to 40 minutes, were conducted during which informants, ages 19-49 (seven females and six males), described their experiences with providing personal information on the Internet in return for benefits. Informants included students and staff who were recruited from the University's business school. A separate panel of 156 Internet users were also asked a subset of the open-ended questions that were used in the depth-interviews, in order to gather multiple participant perspectives on information ownership and control in privacy exchanges. Specifically, the issues explored in the qualitative study included: 1) attitudes towards the exchange of information for benefits online, 2) the implications of companies offering rewards for self-disclosure on the Internet and how the trade of personal information is perceived by consumers, and 3) the extent to which participants feel their rights to control their information are "given up", or shared with marketers, in these privacy exchanges.

Interviews began with a conversation to elicit background information on the informant's level of privacy concern, privacy protection, and experiences with revealing personal information on the Internet in exchange for benefits. A structured set of questions were used for the interviews in this study and appear in Appendix B. Although the questions provided a general framework, they were followed by additional questions requesting clarifications, examples, and further detail. The questions were carefully worded to elicit participants' responses in a nondirective manner, thereby avoiding interviewer bias (McCracken 1988). Consistent with the recommendations of Podsakoff and colleagues (2003), interview participants were informed that their identity would be disguised in the reporting of the findings in order to protect participant anonymity and confidentiality. Demographic information for interview participants is reported along

with their responses in the findings section. After gaining permission from the participants, each interview was audio recorded. Audio recordings of the interviews were transcribed for analysis by a professional organization specializing in academic transcription services.

As the data collection process progressed, notes from the personal interviews and open-ended survey responses were reviewed, and emerging ideas and themes were identified. Ideas and themes were identified based on the number of times mentioned by participants and the interesting insights offered. The process of grounded theory (Glaser and Strauss, 1967; Strauss and Corbin 1990) was used in analyzing the data by 1) examining each participant's verbatim descriptions, 2) developing themes across participants, and 3) identifying relationships between the different themes. Several major themes emerged from the interviews and are discussed in the following sections.

3.12.2 Findings

Table 3.18 provides an overview of the major themes and ideas that emerged from constant comparative analysis of the qualitative data (Strauss and Corbin 1998). The data revealed that interview participants had varying perceptions on how much privacy control is given up in exchange for benefits on the Internet. Four main organizing themes associated with types of privacy exchange emerged in the research. These themes are compatible with the types of exchange relationships defined in the marketing literature: unilateral exchanges, bilateral exchanges, contractual exchanges, and complex exchanges (Bagozzi 1975; Heide 1994; Weitz and Jap 1995). The typology of four privacy exchange relationships are defined by the extent to which control is perceived to be shared with

marketers and the mechanisms governing these relationships. A typology of privacy exchanges is first described and then factors (reward structure, type of information provided, relationship with company, reputation of company) that influence how these privacy exchanges are perceived are considered.

There are often two parties in an online information exchange - the consumer and the firm. Each party has a set of rights and responsibilities for the use and protection of disclosed information that defines the type of exchange relationship that exists. It is proposed that the privacy exchange agreement may be categorized into four types, based on the extent to which there is mutuality in the control over consumer data, and the extent to which these agreements are implicitly or explicitly defined. When consumers perceive that their right to privacy control is either absolute, or completely given up, the privacy exchange has been labeled as 'unilateral exchange'. However, when a consumer perceives that some degree of control over their data is shared with the firm, this exchange is referred to as 'bilateral exchange'. Both unilateral and bilateral exchanges tend to be governed by social, implicit types of agreements (Weitz and Jap 1995). A 'contractual exchange' on the other hand reflects a privacy exchange that is governed by explicit agreements, such as privacy policies, which state each party's rights and responsibilities for the control of information. Finally, a 'complex exchange' describes a privacy exchange where consumers think of their personal information as a publicly available commodity rather than an exclusive asset.

3.12.2.1 Unilateral Exchange

A unilateral, or authoritarian, type of exchange has been defined in the marketing literature as when one party in the relationship uses its position or power to control and

influence the activities of the other party (Heide 1994; Weitz and Jap 1995). The power to invoke control is often initiated from a perceived right to that control. In terms of individual consumers, the nature of personal information being tied to the individual legitimizes the use of this authoritative control mechanism. In an information exchange context, individuals may demand total control over how their information is used by marketers, and may not even regard the marketer as having any legitimate rights to control of their information. On the other hand, marketers may think that their efforts and resources used in acquiring the data provides them with certain rights to use and benefit from that information. In particular, if a financial incentive is provided in exchange for the information, firms may view this as a mechanism that bestows legitimate rights to control. Often as a result of goal conflict between the parties, unilateral exchanges involve each party acting in its own self-interest rather than in a collaborative manner.

Consumer has absolute ownership and control (The Autocratic Consumer). Some academics have suggested that consumers have absolute privacy rights to their information, including the right to specify how the firm can use their information (Hagel and Rayport 1997; Prabhaker 2000; Graeff and Harmon 2002). When a consumer and company participate in the exchange process, consumers are likely to believe that the ultimate ownership and control of information resides with the individual (Nowak and Phelps 1992; Sheehan and Hoy 2000). In support of this perspective, one of the interview respondents proclaimed, " I feel like I mostly own the information, I would dictate the terms of the relationship. I would want to be able to say if [the company] can sell it or not." (male, age 30, graduate student). Other respondents offered parallel ideas:

"Even if [a company] pays for my information, it is still my information and not the company's. I feel that I still own that personal information, and should be able to tell the company when they can and cannot share my information"

"I believe that I still have ownership rights to the information and should have total control over how it is used and shared."

These statements reflect that some consumers believe they maintain ownership rights and absolute control over their personal information even when a reward is given. It is pointed out in the privacy literature that consumers' absolute rights to their personal information could result in marketers being expected to obtain permission from individuals before using personal information (Davis 1997). For instance one interview respondent proclaimed, "I don't care if [a company] pays me for my information, [they] can't pass it on to someone else without my consent." (male, age 39, graduate student). Similarly, another respondent asserted, "I do not think the company owns the information, they can not use it without my consent." Thus, when consumers feel that they have absolute rights to control over their personal information, this has implications for the ability of marketers to use this information without first obtaining permission.

Not an economic exchange of privacy control for benefits. Some academics have argued that consumers do not view their personal data in the context of an economic exchange of their privacy for benefits (Hoffman et al. 1999); Ward et al. 2005). That is, consumers may not evaluate such exchanges as involving a tradeoff of privacy, and may be uninterested in "selling" their personal data to marketers. As one respondent put it, "When I think of a reward, I think of kind of an incentive to bring me in as like a customer. So I don't think I feel like I tie the reward with the degree of how much privacy there is." (female, age 49, university staff). Another respondent suggested:

"I don't think it's an exchange at all, because the company can give out a million rewards if they have a ton of money, it might not even affect them in any way. But you give out my information, and who knows how that could affect me down the road. I don't believe it is an equal exchange in giving your personal information to receive a reward. Rewards are temporary and our information is permanent. There's no reward that could make me say, hey take [my information], give it to whoever you want, do whatever you want with it."

These verbatim quotations reveal that some consumers may not think of providing their personal information in return for benefits as a tradeoff of their privacy control. Thus, it is possible that some consumers do not view self-disclosure as an exchange of their privacy for desired benefits. Rather, consumers may view marketers' use of incentives not as a way to gain control over consumers' information, but as a means to entice the potential customer into building a relationship with the company.

Company has absolute ownership and control (The Autocratic Marketer). It has been suggested that consumers and marketers may have discrepant views as to who owns and controls the consumers' personal information (Sheehan and Hoy 2000; Milne and Bahl 2010). For instance, marketers are likely to perceive that they have legitimate ownership rights to the information they have gathered through expenditure of their resources, and should control its use and dissemination (Cespedes and Smith 1993; Davis 1997; Sheehan and Hoy 2000). For instance, it has been found that companies that collect information from consumers, or purchase information from other businesses, often feel that the information belongs to them and therefore justified in using and selling the information without the consumer's consent (Taylor et al. 1995). In the words of one respondent, "Many companies would see the reward as payment for your information,

and use it as they please. If I am paid for [my information], they probably think they OWN it!" Other respondents offer similar perspectives:

"I technically feel that I should have ownership and control of my information. However, I recognize that there are companies that may feel that they own and control it." (male, age 37, graduate student)

"I feel like it would be looked upon as buying my information which would give [the company] a sense of owning it and having control over it. I expect they would do with it what they want, therefore I would have lost control of how they use it." (female, 32, university staff)

Thus, consumers recognize that individuals and marketers may have discrepant views on who has ownership rights and control over the consumers' data. The qualitative data also revealed that some consumers feel once they have provided information to a firm that they have given up complete control over their information, especially if they receive a reward in return. For some consumers, the acceptance of a reward serves as implied consent for the company to use their personal information. For example, one respondent noted, "Once I provide it, it's their information. I know as a consumer that once I provide it they can do what they want with it. I feel like it is owned by them a lot of the times." Other respondents offered similar points of view:

"I feel that I would be giving up some ownership rights of my personal information. Once I exchange my information for some sort of reward, which is basically my consent, I have no discretion or ability to control how the company uses my information."

"I would feel like I am selling my ownership rights and control to the information, if I am exchanging my information for a reward. They can pretty much do whatever they want with it, I have no control at that point over how it is being used."

3.12.2.2 Bilateral Exchange

Bilateral exchanges are typically characterized in the marketing literature as relational types of exchanges that involve collaboration, reciprocity, shared beliefs, and a

long-term orientation in which parties frequently take into account the other party's interests when making decisions (Williamson 1983; Heide 1994; Weitz and Jap 1995). A degree of control and decision-making power is often shared between parties and based on an implicit set of principles and norms which help to coordinate and govern the relationship. Mutual obligations in a privacy context, may include the recognition of the desire of firms to profit from consumers' information, and the company's responsibility for protecting the consumer's personal data.

It has been advocated that most consumers and marketers recognize that the privacy rights of individuals are not absolute, and that control of personal information is shared and jointly owned by both the consumer and company (Westin 1992; Davis 1997; Foxman and Kilcoyne 1993; Jarvenpaa and Staples 2001). As one respondent put it, "I never feel like I have complete control over my information, as I must share at least some of it with all kinds of different public and private entities just to function in society." Consumers frequently transfer some of their control and ownership privileges to marketers when they are adequately compensated for disclosing personal information (Masacrenhas et al. 2003).

Sharing control, but maintaining ownership. The qualitative data suggests that while some individuals believe they are giving up a degree of control over their information by accepting a reward, they still feel that they own their information. For example, one respondent asserted, "I still would believe that I exclusively own all the rights to my personal information. However, I would realize that agreeing to such an

exchange would, for all practical purposes, be ceding some control of that information to the purchasing company." Other respondents offered parallel ideas:

"My personal information belongs to me even after accepting a reward from a company. I am letting them use it in exchange for the reward, but the information is still mine - it does not belong to the company."

"Anytime you give personal information to a third party, you are relinquishing some control over that information. I am sharing control over my information, but I retain ownership. I am merely providing this information for limited use by the company."

Recognition of company interests. Consumers understand that companies offer benefits and rewards for information, because they plan to profit from the use of that information. For instance, one respondent noted, "If you're going to accept something in exchange for your personal information, then there has to be some degree of understanding that you're giving something up as well, there's some understanding that they want that information for some reason and by accepting the offer you are in effect allowing them to use your information." (male, age 30, graduate student). Consumers often are aware that when they exchange their information with marketers that it may be used for marketing efforts. As one respondent put it, "If [the company] is going to give me a reward then I assume I'm getting signed up for some mailing list or I'm going to get phone calls. Why else would they be willing to pay me for my information?" He added, based on his personal experience, that "I know that even respected professional organizations routinely sell out their mailing list, and that's a huge source of income for them." (male, age 30, graduate student). In a different perspective, some participants felt that the information collected by the marketer should be used to benefit the consumer. In the words of one respondent, "I am choosing to share this information with a company that provides me benefits: coupons, discounts. I give my consent to receive coupons."

However, I would not be happy if they gave [my information] to other people." (female, age 36, university staff).

Limited use and responsibility for protection. Although many consumers feel that they give up some control over their information when it is exchanged for benefits, respondents indicated that marketers' use of that information is assumed to be restricted to certain internal purposes. In addition, it is expected that when consumers take a risk in disclosing their information to firms that the firm takes on some responsibility for protecting that information. As stated by one informant, "I am giving up control of my information, but under the assumption that the information will be used for purposes directly related to that company's own marketing efforts. It is implied that you are only allowing this company to utilize it for purposes directly related to the company's own marketing efforts, and not to pass on to third parties." Other examples include:

"I feel like the company owns that information, but I also feel that they have some responsibility with that information. I think it's implied by me in sharing the information with the company that they wouldn't turn around and give that information to somebody else. I don't necessarily think they have the right to sell that information, that's not implied by me." (male, age 29, graduate student)

"I feel like the company is paying to get access to me, but not to sell that access to a third party. The company does not have the right to pass my information on beyond their internal purposes." (male, age 37, graduate student)

3.12.2.3 Contractual Exchange

While unilateral and bilateral exchanges are often governed by implied agreements, contractual exchanges involve explicit agreements, established a priori, that define the responsibilities and entitlements for each party in the relationship (Weitz and Jap 1995). These contractual terms can be established by one party for governing the

relationship, and the terms can be accepted or rejected by the parties involved. It has been suggested that contractual terms can be very useful under conditions involving uncertainty and risk (Bergen, Dutta, and Walker 1992). In privacy exchanges, it has become common for company's Web sites to post privacy notices outlining how the company plans to use information that is collected, and the consumer's rights to privacy.

Privacy policies for specifying control. For many consumers these policies help to determine the extent to which they expect to have control over their information. For example, one respondent said, "Unless there is some sort of privacy policy, I assume [the company] is going to sell my information to marketers. If they explicitly tell me in their privacy policy, we do not resell your information then that will give me some more comfort that I'm in control of my information." He also added, "Providing information to anyone in absence of a privacy policy implies consent, at least in this day in age." (male, age 30, graduate student). Other respondents offered a similar sentiment:

"Only in cases where there are very specific privacy statements would I feel that I had not lost total control. If there was no stipulation that the information wouldn't be shared or sold, then I would expect they would do with it what they want, therefore I would have lost control of how they use it." (female, age 49, university staff)

"It depends if there is a non-disclosure agreement in their privacy policy. If they say they reserve the right to share that information with third parties, then I would definitely say I'm exchanging my ownership rights for the reward, since I am giving up control to that information."

Privacy policies for cost-benefit analysis. Privacy policies and non-disclosure agreements are important for consumers in deciding whether to share their information with marketers, and for deciding whether the benefits associated are worth the risk of disclosure. Consumers expect to be notified of the terms of a privacy exchange

agreement. As one respondent put it, "Even if the [company] pays me for my information, they need to let me know up front in the fine print how they are going to use my information. If they let me know up front how they're going to use my information, and the reward is sizable, I may be okay with it." The respondent also added, "If I give my consent, I don't have a problem with the company using my information. What I have a problem with is [companies] getting your information and deciding, well, it's ours, we own it." (male, age 39, graduate student). Other respondents offered a similar perspective:

"I would have to make a decision am I willing to be paid that much to provide my information, and I need to know up front what the deal is. If the upfront deal says we're going to use it for this and it's going to be passed on, then I'm informed and giving my consent." (male, age 37, graduate student)

"I think companies have done a very bad job in telling people what information they're actually using about them, and letting people really understand what they're giving up. I would give personal information, as long as they're telling me what information they're taking and how they're going to use it." (female, age 48, university staff)

Limitations of privacy policies. Although privacy policies provide helpful guidelines for consumers in determining whether they want to engage in a relationship with the company, privacy policies may have certain limitations. For example, some companies frequently change the terms in their privacy policies to suit their own interests, some privacy policies use vague jargon that is difficult to decipher, and unlike most contracts, many privacy policies do not provide sufficient details on when and how the agreement can be terminated by the consumer. Because of these limitations, even when these statements are present, consumers often experience feelings of skepticism and may still be hesitant to provide their information. As one respondent suggested, "Once you give your information out to a company, you don't know what they'll do with it even if

they've said they won't sell it, you no longer have control over that." Another respondent noted that privacy policies often use ambiguous terminology such as "our partners and affiliates" when informing the consumer how their information will be distributed. This can make it unclear what restrictions have been set for how the company can use the consumer's information, and the extent to which the company has a responsibility for protecting that information. Several respondents also described a desire to terminate their agreement with the company, especially if the company begins to use their information in a disconcerting manner. As one respondent elaborated, "You should still be able to terminate the relationship when you want. So it's not permanent - it's almost like you're licensing out your personal information for a reward to an organization as long as both sides agree that the license is valid, they can do what you've agreed to let them do with it and then once that's over that's the end of it." (male, age 30, graduate student). Other respondents offered related thoughts:

"I don't think that it's ethical for [the company] to change the game later on. It's not a blank check after that they can say well, you already agreed to give us your [personal information], and now we can do anything we want with it. Even if they are paying me, they can't turn around and then go and do anything they please with my information." (male, age 37, graduate student)

"I would give personal information, as long as they're telling me how they're going to use it. However, I think the original intent sometimes morphs into something else - like you don't even understand the technologies that are there now in the future, because we can't put a crystal ball on it. So, you know, what I'm willing to share with you today might change for both the company and for me, and so I think it's not fair for the company to say, 'Well, five years ago, you gave me this information, there's a new technology and I'm using it in this different way, that you sort of implied that you would let me use it. But, you didn't know that this technology was occurring. So, I think you should be able to go backwards and ask to be deleted from the database, even if they provide you with a reward. To some extent I feel like if you receive compensation for your information you are giving up your rights. However, the company needs to be explicit in what they plan to do with the information and NOT change their procedures. You should also have the right to end the relationship at some point. I

don't think because I get a \$20 gift card that I give up rights to my information into perpetuity." (female, age 48, university staff).

3.12.2.4 Complex Exchange

Unilateral, bilateral, and contractual exchanges in this paper have been conceptualized as privacy exchanges between two parties - the consumer and the firm. However, these dyadic privacy exchanges between the consumer and firm are often embedded in a larger network of exchange relationships, which may have social and economic influences on the focal transaction. A complex exchange recognizes that often times more than two parties are present in an exchange. A complex exchange perspective takes a systemic view of resource exchanges by considering how entire systems and networks of relationships may influence how parties perceive the exchange process (Bagozzi 1975).

With advances in the ability of companies to collect information about consumers on the Web, and the willingness of consumers to share their information, a consumer's personal data is often times available to a multitude of parties, and available in both private and public spheres. The private versus public boundaries of personal information are becoming unclear, resulting in a widespread perception by consumers that their privacy is being eroded (Acquisti and Gross 2006; Rust, Kannan, and Peng 2002). Some have gone as far as asking whether we really have any privacy in this age of digital media, and others such as Scott McNealy, CEO of Sun Microsystems, have even suggested that the notion of "privacy is dead" (Meeks 2001). In addition, Mark Zuckerberg, founder and CEO of Facebook, has claimed that the age of privacy is over

(Bosker 2010). These perceptions may have implications for consumers' feelings of self-efficacy, and locus of control, for protecting their information and privacy on the Internet.

An important aspect of any exchange is the scarcity of the resources being exchanged. Resource exchange theory states that "any commodity will be valued to the extent that it is unavailable, or scarce" (Brinberg and Wood 1983). The widespread availability of a person's information on the Internet may affect that person's valuation of their information as a scarce resource or asset that is under their control. For example, some respondents were found to place little value on their information, because they perceive that much of their information has become a publicly owned commodity that is easily accessible and to which they have very little control over.

Generally low expectations for control. The qualitative data revealed that several respondents felt that their privacy was being eroded and that they have very little control over their information. For example, one respondent declared, "Generally, I have very low expectations of privacy on the Internet." (female, age 48, university staff) Another respondent said, "I never feel that I have complete control over my information, as I must share at least some of it with all kinds of different public and private entities just to function in society." These statements provide support for researchers who have suggested that privacy exchanges are unavoidable in the current Internet environment as users must be willing to tradeoff their personal information in order to participate in most online activities (Rust et al. 2002; Joinson and Paine 2007).

Public ownership of information. While some consumers may feel that they either have absolute, or a complete lack, of ownership and control over their personal information, other respondents suggested that ownership and control of information may be publicly owned. As one respondent noted, "I don't feel like I'm giving up ownership to my information in an exchange. No one owns information and if someone wants to find my information they will. Provided the information is something that could be obtained fairly easily, I would consider it public information." Another respondent said, "I am just giving out some basic information that they could probably get some other way. With the use of the Internet, anyone can get that information about me, so I don't feel that I have ownership rights to that information." Other respondents offered similar statements about public ownership of their information:

"In reality I think we give up control of our information all the time. The stuff is not truly private. I've revealed information to the public even though I've said I want privacy. It's funny when you think about Facebook and how much personal information I give on that for no reward whatsoever." (male, age 37, graduate student)

"I think that once you provide information, once you put it out there in the public's domain, then it's now the public's or the company's information. I think once it's in the public domain, now there is no ownership of it. Once something is online, once something is out there, it's somewhere forever, it can never be deleted, it's somewhere in some database forever. So, I think that once that's out there, you no longer have legal ownership of that. Once you put a picture on Facebook, once you put information on Facebook, you don't own it, it's just - everyone owns it. It's sort of a public ownership thing if that makes sense." (male, age 27, graduate student)

3.12.2.5 Factors Affecting Internet Privacy Exchanges

The qualitative data revealed that how privacy exchanges are perceived may depend on the reward, type of information provided, a person's relationship with the company, and the company's reputation. Table 3.19 provides an overview of factors affecting Internet privacy exchanges.

Reward structure (size, type). For some consumers the size of the reward led to expectations for less control over that information. For example, one respondent commented, "If the company is going to give me a reward then I expect less control. The larger the amount, the more likely I would give up my ownership rights." (male, age 37, graduate student) and another informant stated, "The more monetary value of the reward, the more obligated and indebted one feels to maintain the agreement for a longer period of time." (female, age 48, university staff) However, for others the level of compensation had no effect, as exemplified by quotes from the following informants:

"I think once you provide a company your information you are giving up control and ownership rights to that information, no matter what the rewards are. I don't really think the presence or absence of a reward changes my expectations for privacy. Once you give up that information, I think you give up ownership and control." (male, age 27, graduate student)

"Whether or not you receive a reward, any time you give personal information to a third party, you are relinquishing some control over that information."

"The size of the reward may affect my willingness to provide the information, but not how much control I would expect."

For some consumers receiving a larger reward implied that the company will use their information heavily for marketing efforts. As one respondent noted, "If the company is paying me for my information, they will maybe try harder to sell my personal information to marketers, because they need to recoup the costs." (male, age 30, graduate student) and one respondent added, "Perhaps a large reward might make it worthwhile to open myself up to endless marketing solicitations." In some cases respondents felt that a large reward actually made them desire more control over their privacy, because they were wary of what the company would do with their information. In the words of these respondents:

"Actually it would make me want to have more control with a higher reward. I would think the company is going to do something horrible with my information. If you're willing to pay this much for it, it increases my sensitivity. A large reward would make me suspicious of what they planned on doing with my information"

"With a large reward it would seem I am being bribed into giving up my personal information."

Most respondents were found to favor monetary types of rewards, and these types of rewards typically led to lower expectations for privacy control. As one respondent suggested, "I would exchange my information for cash, but I would still want control of the information for a gift card," and other respondents said:

"The larger the amount, the more likely I would give up my ownership rights. Money is better than all other types of rewards."

"The reward would probably have to be monetary in value for me to be willing to give up control of my information. The bigger the award, the more likely I am to give up certain pieces of my information."

For other consumers, regardless of the type of reward they still perceived it as an exchange of their privacy, as long as the size of the reward was adequate. As one respondent put it, "The type of reward wouldn't make a difference, you are still receiving some type of exchange for your information." and another respondent added, "Any type of monetary or non-monetary reward, I would feel I would be giving up private information, I would be selling my own identity."

Type of Information Provided. Some respondents indicated that the sensitivity of the information they provide to a company has an impact on how much control they would expect. For some consumers, when the information is considered to be non-sensitive they are more willing to let the company use that information, on the other hand they expect to have more control over their sensitive information. For example one

respondent says, "If the information is non-sensitive, I would be more likely to pass it on and less likely to care if the company passed it on or not." (male, age 39, graduate student) Other respondents had similar thoughts on the issue:

"In the case of demographic information, I feel like I'd have less control than if I provided my full name, or email address. If they are requiring less of me for a reward, I feel they are making a larger commitment, and so in that case they have a little more control over it." (female, age 31, university staff)

"I would be less likely to give up control of my sensitive information. I would be willing to part with non-sensitive information for much less."

"I feel non-sensitive information is different, and the company can claim to own it if I provide it."

For highly sensitive information some consumers wouldn't consider sharing or giving up control of that information for any price. As one respondent put it, "I'd be more willing to give up non-sensitive information over sensitive information. Some information would be too sensitive to share at any price." and another respondent added, "I think sensitive information is not something that should be easily exchanged for a reward. I'd be less willing to give up control of my sensitive information like my email, and totally unwilling to give up secure information like my social security number."

For other consumers the type of information provided does not have an effect on their expectations for control, as they either expect complete control, or alternatively that once the company has the information their control is given up entirely. One respondent noted, "All the information is mine regardless of what type it is, and I would expect complete control." and in an entirely divergent perspective another respondent asserted, "It doesn't matter what kind of information I gave them, as long as they have it they have control of it."

Company Relationship and Reputation. The reputation of a company is an important cue for many consumers as to how much they can trust a company with their information and their expectations for how the company will protect their information. For many consumers they expected more control over their information from reputable companies. As one consumer suggested, "I would have an expectation of a company with a better reputation to have better controls. I would expect more control because I would think that feeds into their reputation" (male, age 37, graduate student) Other respondents have similar perceptions:

"If it was a reputable company, or I had a stronger relationship with the company, I guess I would have slightly more control, but I think a more important issue would be, I would also expect that they would behave differently with my information." (male, age 29, graduate student)

"I would expect that the more reputable the company is, the more reputable they're going to be with the usage of my personal information. I would expect more control and more privacy, if the company is very reputable or well-known" (female, age 31, university staff)

There seems to be a general sense across consumers that "if the company is held in very high regard, it is expected that they would not want to tarnish that reputation." A strong reputation acts as a deterrent, or countervailing force, for the company to not abuse consumers' information. For example, a respondent suggested, "I need to have a sense that abuse of the information is as harmful to the company as it is to me." Thus, a more reputable company risks damaging its reputation by acting carelessly with the personal data it collects.

For some consumers a more reputable company makes them feel less concerned about sharing their information, but it does not have much of an impact on their expectations for control over their information. As one respondent asserted, "The

relationship with the company or the company's reputation would probably make me feel more at ease to give them information, but it would not change how I view the control of the information. I would still expect a large degree of control even if it was a reputable company." (male, age 39, graduate student) Another respondent noted, "I think the reputation of the company is related to how well they're going to protect that information, but I don't think I have any more or less control over that information." (male, age 27, graduate student) Other respondents offered parallel ideas:

"I'm not sure that the reputation of the company would make a huge difference. I would like to believe a company with a good reputation would want to hold on to that reputation. But, I still think I would feel as though I lost control of that information." (female, age 49, university staff)

"A company's reputation probably wouldn't do much to encourage me to give up my information; if their reputation is bad, it's already out of the question, but if it's good, it could possibly mean they haven't been caught doing anything wrong yet."

"Regardless of the company's reputation, I can't be absolutely sure of what they're going to do with my information, so I am giving up control."

A company's reputation may affect the cost of acquiring consumer data. The reputation of a company was found to have an impact on how much of an incentive the firm needs to provide consumers in order to entice them to provide their personal information. As one informant noted, "The reputation of the company would effect the amount of the reward I would require for my personal information. I would be more willing to provide my information for less if it was a company I trusted."

The relationship with the company is another important factor that influences how consumers perceive privacy exchanges. One respondent stated, "If I have a long-term relationship with the company then I think I would be ok with them having more ownership of my information." (female, age 19, undergraduate student) Another

respondent offered a different perspective by suggesting, "Most of the time I don't expect that I would have a lot of control. Again, I might be more apt to feel that I do if it's a company that I've dealt with." (female, age 49, university staff) The type of relationship with the company may have an impact on whether incentives are perceived as a privacy exchange. As one respondent points out, "If I had a relationship with the company I wouldn't feel like it was an exchange because we know each other. Some companies I do business with already most likely have a lot of personal information about me." Thus, the type of relationship with the company may affect whether a privacy exchange is viewed as transactional in nature, or as a reciprocal aspect of the relationship.

3.13 Discussion of Qualitative and Multi-method Findings

The primary contribution of this study is that it provides a typology of privacy exchange relationships that are classified along two dimensions: the extent to which consumers perceive control of their information to be shared with marketers, and the extent to which these relationships are governed by implicit or explicit agreements. Specifically, four different types of privacy exchanges were uncovered: unilateral, bilateral, contractual, and complex. The framework from the marketing exchange literature was applied for organizing the degree to which consumers share ownership rights and control over their information with marketers in privacy exchanges.

Several important implications for marketers and policy makers emerged from the results. The data reveal that participants' attitudes towards the exchange of personal information for benefits online, and its effect on privacy control expectations, vary widely. For instance, some interviewees were unwilling to relinquish any of their ownership rights or control over their personal information to marketers, even when

given some type of reward. These participants view rewards as an inadequate exchange for giving up control over their personal information, and do not consider self-disclosure in return for benefits on the Internet as an economic exchange that results in a sacrifice of their privacy control. Rather than rewards serving as an exchange mechanism for acquiring rights to control the consumer's personal information, these participants perceived the use of rewards by marketers as a way to encourage consumers to engage in a relationship with the firm.

On the other hand, many of the interviewees adopted a more pragmatic approach concerning their expectations for control in privacy exchanges. Westin (2001) refers to these types of consumers as 'privacy pragmatists', as they are willing to make privacy tradeoffs. Although these respondents also desire a great deal of control over their information, they recognize that when they disclose details about themselves to marketers they are giving up, or sharing, some of their ownership rights and control over that information with marketers. In particular, when rewards are involved, participants considered the acceptance of a reward as implied consent for letting the company use their information for marketing purposes. In addition, some individuals had generally low expectations for having control of their privacy following disclosure, regardless of whether a reward was received or not.

The findings highlight the need for marketers to recognize that consumers are active participants in privacy exchange relationships in that they take into account both their own well-being, and the commercial interests of the firm when determining the degree of privacy control they expect. For instance, interviewees acknowledge that marketers and consumers tend to hold discrepant views and goals for the use of consumer

data. In particular, the participants were aware that marketers often use consumer data for commercial gain and marketing purposes. However, at the same time participants felt that companies take on some responsibility for protecting consumer data, and that the use of data should be limited to what the consumer has agreed to. While compensation may serve as an implicit agreement for letting the company use personal data for internal marketing purposes, consumers do not feel that a reward gives the company unrestricted use of their data. In particular, participants objected to companies sharing or selling their information to third-parties, and a reward did little to quell those reservations. Participants were more tolerant of firms using their information for internal purposes, contacting consumers with solicitations, and in ways that benefit the consumer.

The ability to balance the consumer's need for privacy protection with the company's need for profitability is a challenge for marketers, as it is difficult to do both adequately. These findings may suggest that the use of consumer information that simultaneously benefits both the consumer and company may be the most acceptable use of consumer data, and such forms may include targeted advertising and promotions. Marketers need to make it clear to consumers how their information will be used to benefit them in the long-term, beyond the immediate reward. Future research may want to test the comparable effects of long-term benefits and immediate rewards on disclosure and privacy control expectations.

Many participants reported that they look to privacy policies and agreements for determining the rights and responsibilities of the parties involved. However, interviewees were found to have some concerns with privacy policies, such as the company's ability to change the terms without first obtaining consent from consumers, and the inability of the

customer to terminate the relationship. Companies that modify their privacy policies to suit their changing interests, and the limited consequences for companies in violation of their own privacy policies have resulted in some consumers having little faith in these types of agreements. Even with the presence of privacy statements and non-disclosure agreements, consumers tend to feel that they have lost control over their privacy, as means for resolving company violations of privacy are lacking.

In support of the quantitative findings from studies 1-4, larger rewards, for some participants resulted in lower expectations for ownership rights and privacy control. When a larger reward is received, a consumer tends to feel more obligated or indebted to the company in letting them use their information. For instance, participants were more willing to let the company send them solicitations in return for sizable rewards. Interestingly, the findings suggest there may be a curvilinear relationship for reward size, as for some respondents, a larger reward makes them more skeptical and suspicious of the company's intended use of their information. On one hand compensation can bestow rights to marketers for the use of consumer data, but on the other hand the trade of information for rewards reinforces a sacrifice in privacy, thereby stimulating a need for protection. Some interviewees suggested that a larger reward indicates that the company will use their information more aggressively to recoup their investment. Also, in support of the quantitative results, a monetary type of reward is found to be more effective for reducing expectations for privacy control, because monetary types of compensation are frequently preferred to non-monetary rewards.

In addition to the size of the reward, the type of information provided, relationship with the company, and reputation of the company were found to impact

participants' perceptions of privacy exchanges. For instance, respondents were found to be more willing to give up control over their non-sensitive information, as they feel more comfortable allowing companies to use this type of information. Thus, a lower amount of compensation is required for consumers in yielding some control over their non-sensitive information. These findings provide additional support for the quantitative results in that compensation appears to be necessary when the information provided is sensitive. Respondents were less concerned about how companies use their non-sensitive information, and thus compensation did not have an impact on their ownership and privacy control beliefs for this type of information.

The type of relationship and reputation of the company also affects how much of an incentive is required for consumers to share control of their information with marketers. Interviewees revealed a higher willingness to share their information with companies they have an established relationship with, and companies that are well known and have an image to maintain. However, many consumers expect that reputable companies will provide the consumer with better privacy controls. Reputation was considered to be a factor that leads companies to act more responsibly with consumer data, in order to avoid damaging the firm's reputation. Thus, a company's reputation serves as a deterrent for misuse of personal data and offers some assurance against risks of disclosure. These findings suggest that while consumers are more willing to trust reputable companies with their information, they have higher expectations for these companies in safeguarding their information.

This study set out to understand how consumers perceive Internet privacy exchanges in terms of how much control they expect and how those relationships are

governed. Specifically, this study examined the factors in a privacy exchange that affect the degree to which consumers maintain absolute control and ownership of their information, or the extent to which they share those privileges with marketers. Overall, the findings from the qualitative study provide support for the empirical findings in this essay, and suggest that those findings can be explained using a marketing exchange framework. This research suggests that it is useful to view privacy exchanges in terms of the degree of mutual ownership and control, and the types of mechanisms for governing those relationships.

The various methods in this research together produced largely consistent and convergent results. The quantitative studies identified the effects of compensation on privacy expectations, and the qualitative findings offered additional credibility and insights into the underlying mechanisms for these effects. In particular, the qualitative research employed a marketing exchange framework for organizing the experimental findings in terms of various privacy exchange relationship based upon dimensions of shared control and governance mechanisms.

Figure 3.1
Essay 2: Conceptual Model

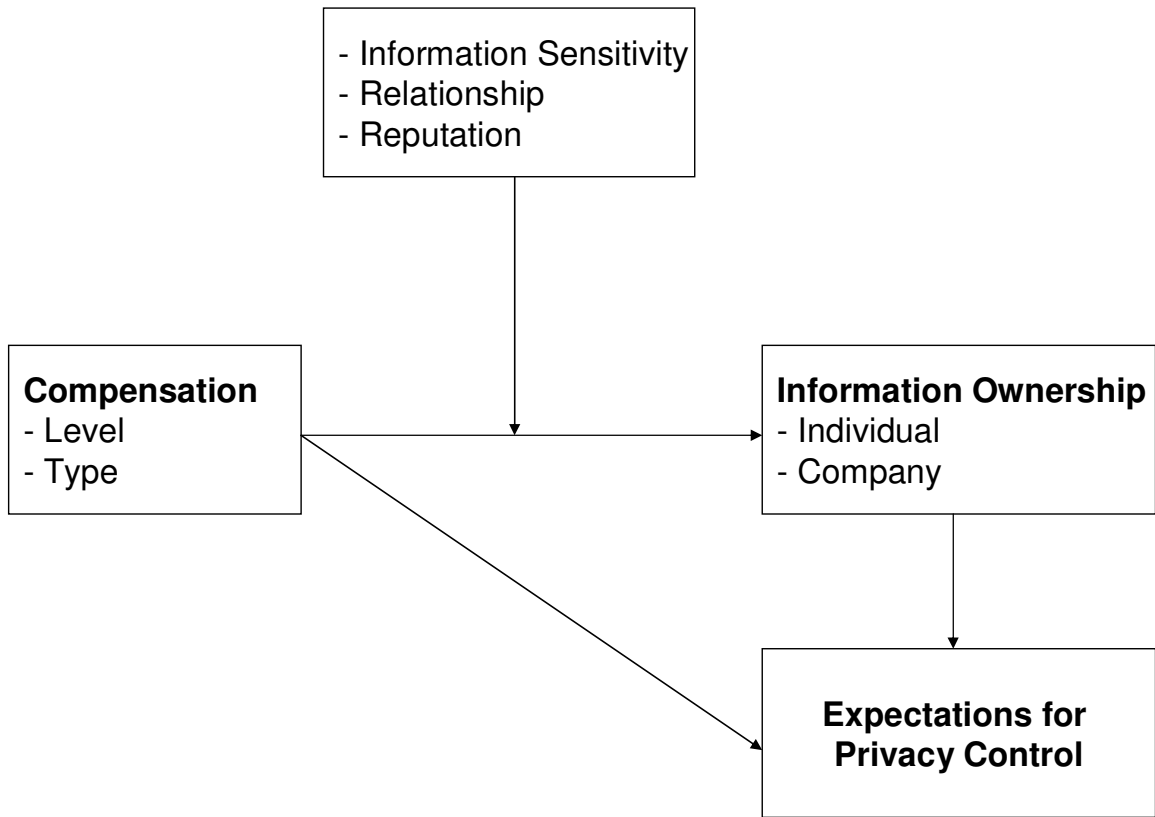


Table 3.1
Essay 2: Summary of Hypotheses

Study	Hyp.	Description	Support^a
1, 3-4	H1	Main Effects of Compensation Level (a) Presence (vs. absence) of a reward will lead to lower self-ownership. (b) Presence (vs. absence) of a reward will lead to higher company-ownership. (c) Presence (vs. absence) of a reward will lead to lower control expectations.	Full Full Partial
2	H2	Main Effects of Compensation Type (a) Monetary (vs. non-monetary) reward will lead to lower self-ownership. (b) Monetary (vs. non-monetary) reward will lead to higher company-ownership. (c) Monetary (vs. non-monetary) reward will lead to lower control expectations.	None Full Full
1-4	H3	Main Effects of Information Ownership (a) Higher (vs. lower) levels of self-ownership will lead to greater control expectations. (b) Higher (vs. lower) levels of company-ownership will lead to lower control expectations.	Full Full
1, 3-4	H4	Mediating Effects of Information Ownership on Compensation Level (a) Self-ownership mediates the effects of compensation level on control expectations. (b) Company-ownership mediates the effects of compensation level on control expectations.	Partial Partial
2	H5	Mediating Effects of Information Ownership on Compensation Type (a) Self-ownership mediates the effects of compensation type on control expectations. (b) Company-ownership mediates the effects of compensation type on control expectations.	None None
1	H6	Moderating Effects of Information Sensitivity on Compensation Level (a) Information sensitivity moderates the relationship between compensation level and self-ownership. (b) Information sensitivity moderates the relationship between compensation level and company-ownership.	Full Full
2	H7	Moderating Effects of Information Sensitivity on Compensation Type (a) Information sensitivity moderates the relationship between compensation type and self-ownership. (b) Information sensitivity moderates the relationship between compensation type and company-ownership.	Full Full
3	H8	Moderating Effects of Company-Relationship (a) Relationship moderates the relationship between compensation level and self-ownership. (b) Relationship moderates the relationship between compensation level and company-ownership.	Full Full
4	H9	Moderating Effects of Brand Reputation (a) Reputation moderates the relationship between compensation level and self-ownership. (b) Reputation moderates the relationship between compensation level and company-ownership.	Full Full

^a Support for hypotheses are based on the associated studies with $p < .05$ cutoff.

Table 3.2
Essay 2: Study Summary

Study	Description	Experimental Design
1	Interaction Effects between Level of Compensation and Information Sensitivity	2 (Level of Comp: low vs. high) x 2 (IS: low vs. high) n = 143
2	Interaction Effects between Type of Compensation and Information Sensitivity	2 (Type of Comp: monetary vs. non-monetary) x 2 (IS: low vs. high) n = 86
3	Interaction Effects between Level of Compensation and Relationship	2 (Level of Comp: low vs. high) x 2 (Relationship: low vs. high) n = 178
4	Interaction Effects between Level of Compensation and Reputation	2 (Level of Comp: low vs. high) x 2 (Reputation: weak vs. strong) n = 109

IS = Information Sensitivity

Table 3.3
Essay 2: Demographics of Respondents

Variable	Frequency				Percentage			
	Study 1	2	3	4	Study 1	2	3	4
<i>Age</i>								
<19	6	6	5	1	4.2	7	2.8	.90
20-24	21	22	29	17	14.7	25.6	16.3	15.6
25-34	60	27	57	37	42.0	31.4	32.0	33.9
35-44	29	14	37	27	20.3	16.3	20.8	24.8
45-54	18	15	39	19	12.6	17.4	21.9	17.4
>54	9	2	11	8	6.3	2.3	6.2	7.3
<i>Gender</i>								
Male	55	28	75	42	38.5	32.6	42.1	38.5
Female	88	58	103	67	61.5	67.4	57.9	61.5
<i>Education</i>								
High School	22	5	17	7	15.3	5.8	9.6	6.4
College	104	72	132	78	72.7	83.7	74.1	71.5
Graduate	17	8	29	24	11.8	9.3	16.2	22.0
<i>Income</i>								
<\$20k	32	25	44	25	22.4	29.1	24.7	22.9
\$20-29k	25	12	21	17	17.5	14.0	11.8	15.6
\$30-39k	20	9	22	14	14	10.5	12.4	12.8
\$40-49k	19	9	29	19	13.3	10.5	16.3	17.4
\$50-59k	12	8	17	6	8.4	9.3	9.6	5.5
\$60-69k	8	4	7	6	5.6	4.7	3.9	5.5
>70k	27	19	38	22	18.9	22.1	21.3	20.1

Table 3.4
Essay 2: Results of Manipulation Checks

	Study 1	Study 2	Study 3	Study 4
<i>Compensation Level</i>				
Offered Reward	$p = .000$		$p = .000$	$p = .000$
High Compensation	6.70 (.739)	-	6.61 (.998)	6.23 (1.38)
No Compensation	3.73 (2.02)	-	3.26 (2.08)	3.62 (2.18)
Fairly Rewarded	$p = .000$	-	$p = .000$	$p = .000$
High Compensation	6.10 (1.33)	-	5.86 (1.48)	5.68 (1.56)
No Compensation	3.29 (1.88)	-	3.04 (1.65)	3.54 (2.02)
<i>Compensation Type</i>				
Offered Reward	-	$p = .510$	-	-
Monetary	-	6.17 (1.48)	-	-
Non-Monetary	-	5.96 (1.42)	-	-
Fairly Rewarded	-	$p = .000$	-	-
Monetary	-	6.03 (1.48)	-	-
Non-Monetary	-	4.78 (1.61)	-	-
<i>Information Sensitivity</i>				
Sensitive	$p = .000$	$p = .001$	-	-
High Sensitivity	5.39 (1.74)	5.12 (1.91)	-	-
Low Sensitivity	3.70 (1.77)	3.72 (2.04)	-	-
Personal	$p = .000$	$p = .002$	-	-
High Sensitivity	5.68 (1.75)	5.45 (1.64)	-	-
Low Sensitivity	4.38 (1.74)	4.24 (1.85)	-	-
<i>Company Relationship</i>				
Long-Term	-	-	$p = .000$	-
Strong Relationship	-	-	5.64 (1.33)	-
Weak Relationship	-	-	3.26 (1.64)	-
Ongoing	-	-	$p = .000$	-
Strong Relationship	-	-	5.80 (1.28)	-
Weak Relationship	-	-	3.71 (1.54)	-
<i>Brand Reputation</i>				
Credible	-	-	-	$p = .000$
Strong Reputation	-	-	-	5.44 (1.40)
Weak Reputation	-	-	-	3.67 (1.45)
Reputable	-	-	-	$p = .000$
Strong Reputation	-	-	-	5.54 (1.21)
Weak Reputation	-	-	-	3.61 (1.49)

*Mean (standard deviation)

Table 3.5
Essay 2: Correlation Matrix

Variables	1	2	3
Study 1			
Self-Ownership	1		
Company-Ownership	-.711**	1	
Control	.359**	-.477**	1
Study 2			
Self-Ownership	1		
Company-Ownership	-.649**	1	
Control	.472**	-.448**	1
Study 3			
Self-Ownership	1		
Company-Ownership	-.574**	1	
Control	.259**	-.385**	1
Study 4			
Self-Ownership	1		
Company-Ownership	-.639**	1	
Control	.489**	-.416**	1

* $p < .05$, ** $p < .01$

Table 3.7
Essay 2: Discriminant Validity Analysis*

	Self-Ownership	Company-Ownership	Control
Study 1			
Self-Ownership	.85		
Company-Ownership	.54	.88	
Control	.14	.25	.74
Study 2			
Self-Ownership	.78		
Company-Ownership	.47	.89	
Control	.31	.24	.70
Study 3			
Self-Ownership	.83		
Company-Ownership	.34	.85	
Control	.06	.16	.69
Study 4			
Self-Ownership	.90		
Company-Ownership	.44	.90	
Control	.26	.19	.78

*Based on (Fornell and Larcker 1981): AVE in the diagonal and squared correlations off-diagonal.

Table 3.8
Essay 2: Multivariate and Univariate Results

Independent variables	Multivariate results			Univariate results ^a									
	Wilks' λ	F	p	df	Self-Ownership ^b			Company-Ownership ^b			Control		
					MS	F	p	MS	F	p	MS	F	p
Study 1													
CL	.94	3.81	.024	1	25.54	7.61	.007	18.21	4.28	.040	18.61	4.98	.027
IS	.96	2.87	.060	1	18.18	5.41	.021	17.53	4.13	.044	1.04	.280	.597
CL x IS	.95	3.03	.051	1	19.59	5.83	.017	17.50	4.12	.044	1.99	.534	.466
Error				139				4.24			3.73		
Study 2													
CT	.93	2.99	.055	1	10.53	4.50	.037	15.48	4.92	.029	15.58	5.44	.022
IS	.93	2.77	.068	1	10.32	4.42	.039	13.59	4.32	.041	11.62	4.06	.047
CT x IS	.83	7.79	.001	1	33.36	14.28	.000	30.54	9.71	.003	24.02	8.39	.005
Error				82	2.33			3.14			2.86		
Study 3													
CL	.91	7.68	.001	1	21.72	6.19	.014	56.69	15.19	.000	17.87	5.65	.019
CR	.99	.237	.789	1	.896	.255	.614	1.65	.444	.506	.959	.303	.582
CL x CR	.92	6.64	.002	1	42.01	11.97	.001	29.94	8.02	.005	.003	.001	.976
Error				174	3.50			3.73			3.16		
Study 4													
CL	.93	3.57	.032	1	11.53	4.55	.035	22.74	6.66	.011	.674	.185	.668
BR	.96	2.10	.127	1	1.45	.575	.450	13.53	3.96	.049	5.53	1.52	.220
CL x BR	.90	5.58	.005	1	27.16	10.71	.001	22.27	6.52	.012	.385	.106	.746
Error				105	2.53			3.41			3.64		

^a Boldface indicates significant univariate results ($p < .05$).

^b Included as a dependent variable in multivariate analysis.

CL = Compensation Level, IS = Information Sensitivity, CR = Company Relationship, BR = Brand Reputation

Table 3.9
Essay 2: Follow-up Tests in MANOVA

Independent Variables	Self-Ownership						Company-Ownership						
	Coef.	SE	t-value	Sig. t	95% CI	Result	Coef.	SE	t-value	Sig. t	95% CI	Result	
Study 1													
CL	-.848	.307	-2.75	.006	(-1.61, -.084)	Sig.	.716	.345	2.07	.040	(-.142, 1.57)	n.s.	
IS	.715	.307	2.32	.021	(-.047, 1.47)	n.s.	-.702	.345	-2.03	.044	(-1.56, .156)	n.s.	
CL x IS	-1.48	.614	-2.41	.016	(-3.01, .041)	n.s.	1.40	.691	2.02	.044	(-.313, 3.12)	n.s.	
Study 2													
CT	-.718	.338	-2.12	.036	(-1.56, .130)	n.s.	.871	.392	2.21	.029	(-.113, 1.85)	n.s.	
IS	.711	.338	2.10	.038	(-.137, 1.56)	n.s.	-.816	.392	-2.07	.040	(-1.80, .168)	n.s.	
CT x IS	-2.55	.676	-3.77	.000	(-4.25, -.859)	Sig.	2.44	.785	3.11	.002	(.477, 4.41)	Sig.	
Study 3													
CL	-.700	.281	-2.48	.013	(-1.39, -.003)	Sig.	1.13	.290	3.89	.000	(.412, 1.85)	Sig.	
CR	-.142	.281	-.503	.613	(-.839, .554)	n.s.	.193	.290	.666	.506	(-.525, .912)	n.s.	
CL x CR	-1.94	.563	-3.46	.000	(-3.34, -.554)	Sig.	1.64	.580	2.83	.005	(.207, 3.08)	Sig.	
Study 4													
CL	-.652	.305	-2.13	.035	(-1.41, .110)	n.s.	.916	.355	2.58	.011	(.030, 1.80)	Sig.	
BR	-.232	.305	-.758	.449	(-.995, .531)	n.s.	.706	.355	1.98	.049	(-.179, 1.59)	n.s.	
CL x BR	-2.00	.611	-3.27	.001	(-3.52, -.475)	Sig.	1.81	.710	2.55	.012	(.041, 3.58)	Sig.	

CL = Compensation Level, IS = Information Sensitivity, CR = Company Relationship, BR = Brand Reputation

Table 3.10
Essay 2: Cell Means and Standard Deviations (Study 1)

	Low Compensation		High Compensation	
	<i>High IS</i>	<i>Low IS</i>	<i>High IS</i>	<i>Low IS</i>
Self-Ownership ^a	6.36 (1.18)	4.90 (1.84)	4.77 (2.29)	4.80 (1.82)
Company-Ownership ^b	2.40 (1.73)	3.81 (1.99)	3.82 (2.40)	3.82 (2.05)
Cell Size	33	37	33	40

^aMeasured on a seven-point scale; higher numbers indicate greater perceptions of self-ownership.

^bMeasured on a seven-point scale; higher numbers indicate greater perceptions of company-ownership.

IS = Information Sensitivity.

Table 3.11
Essay 2: Mediation Analysis

	Indirect Effect		Direct Effect		Mediation Type
	Coefficient	95% Confidence Interval	Coefficient	t-value	
Study 1					
<i>Mediating Effects of Self-Ownership</i>					
Compensation Level → Control	.273	(.074, .571)	.709	2.20*	Partial Mediation
<i>Mediating Effects of Company-Ownership</i>					
Compensation Level → Control	.285	(.015, .629)	.709	2.20*	Partial Mediation
Study 2					
<i>Mediating Effects of Self-Ownership</i>					
Compensation Type → Control	.275	(-.044, .728)	.725	1.81	No Mediation
<i>Mediating Effects of Company-Ownership</i>					
Compensation Type → Control	.286	(-.041, .720)	.725	1.81	No Mediation
Study 3					
<i>Mediating Effects of Self-Ownership</i>					
Compensation Level → Control	.155	(.035, .366)	.633	2.38*	Partial Mediation
<i>Mediating Effects of Company-Ownership</i>					
Compensation Level → Control	.369	(.164, .656)	.633	2.38*	Partial Mediation
Study 4					
<i>Mediating Effects of Self-Ownership</i>					
Compensation Level → Control	.336	(.014, .793)	.143	.391	Full Mediation
<i>Mediating Effects of Company-Ownership</i>					
Compensation Level → Control	.350	(.082, .741)	.143	.391	Full Mediation

*** $p < .001$, ** $p < .01$, * $p < .05$

Table 3.13
Essay 2: Cell Means and Standard Deviations (Study 2)

	Monetary Compensation		Non-Monetary Compensation	
	<i>High IS</i>	<i>Low IS</i>	<i>High IS</i>	<i>Low IS</i>
Self-Ownership ^a	4.52 (1.87)	5.09 (1.68)	6.52 (.66)	4.53 (1.62)
Company-Ownership ^b	4.29 (2.04)	3.88 (2.07)	2.20 (1.20)	4.24 (1.74)
Cell Size	19	16	21	30

^aMeasured on a seven-point scale; higher numbers indicate greater perceptions of self-ownership.

^bMeasured on a seven-point scale; higher numbers indicate greater perceptions of company-ownership.

IS = Information Sensitivity.

Table 3.15
Essay 2: Cell Means and Standard Deviations (Study 3)

	Low Compensation		High Compensation	
	<i>Strong Relationship</i>	<i>Weak Relationship</i>	<i>Strong Relationship</i>	<i>Weak Relationship</i>
Self-Ownership ^a	5.89 (1.57)	5.06 (2.03)	4.22 (1.95)	5.33 (1.90)
Company-Ownership ^b	2.56 (1.73)	3.19 (1.86)	4.52 (2.02)	3.50 (2.12)
Cell Size	48	47	43	40

^aMeasured on a seven-point scale; higher numbers indicate greater perceptions of self-ownership.

^bMeasured on a seven-point scale; higher numbers indicate greater perceptions of company-ownership.

Table 3.17
Essay 2: Cell Means and Standard Deviations (Study 4)

	Low Compensation		High Compensation	
	<i>Strong Reputation</i>	<i>Weak Reputation</i>	<i>Strong Reputation</i>	<i>Weak Reputation</i>
Self-Ownership ^a	6.30 (1.14)	5.53 (1.50)	4.65 (1.62)	5.88 (1.92)
Company-Ownership ^b	2.66 (1.91)	2.86 (1.45)	4.48 (1.78)	2.87 (2.11)
Cell Size	26	26	26	31

^aMeasured on a seven-point scale; higher numbers indicate greater perceptions of self-ownership.

^bMeasured on a seven-point scale; higher numbers indicate greater perceptions of company-ownership.

Table 3.18
Essay 2: A Typology of Internet Privacy Exchanges

Type of Privacy Exchange	Examples
Unilateral Exchange:	Definition: Consumers' privacy control is either absolute, or non-existent
The Autocratic Consumer	"I still have ownership rights to the information and should have total control over how it is used and shared."
Not an Economic Exchange	"I don't think I feel like I tie the reward with the degree of how much privacy there is."
The Autocratic Marketer	"Many companies would see the reward as payment for your information, and use it as they please. If I am paid for [my information], they probably think they OWN it!"
Bilateral Exchange:	Definition: Consumers' privacy control is shared with marketers.
Sharing control, but maintaining ownership	"I am sharing control over my information, but I retain ownership."
Recognition of company interests	"There's some understanding that they want that information for some reason and by accepting the offer you are in effect allowing them to use your information."
Limited use and responsibility for protection	" I also feel that they have some responsibility with that information. I think it's implied by me in sharing the information with the company that they wouldn't turn around and give that information to someone else."
Contractual Exchange:	Definition: Consumers' privacy control is determined by explicit agreements.
Privacy policies for specifying control	"Only in cases where there are very specific privacy statements would I feel that I had not lost total control."
Privacy policies for cost-benefit analysis	"I would have to make a decision am I willing to be paid that much to provide my information, and I need to know up front what the deal is."
Limitations of privacy policies	"The company needs to be explicit in what they plan to do with the information and NOT change their procedures. You should also have the right to end the relationship at some point."
Complex Exchange:	Definition: Consumers' privacy control is publicly controlled.
Generally low expectations for control	"I never feel that I have complete control over my information, as I must share at least some of it with all kinds of different public and private entities just to function in society."
Public ownership of information	"Once you put it out there in the public's domain...you don't own it - everyone owns it. It's sort of a public ownership."

Table 3.19
Essay 2: Factors Affecting Internet Privacy Exchanges

Type of Privacy Exchange	Examples
Reward Structure:	Size and type of compensation
Reward Size leads to less control	"If the company is going to give me a reward then I expect less control. The larger the amount, the more likely I would give up my ownership rights.."
Reward Size has no impact on relinquishing control	"Whether or not you receive a reward, any time you give personal information to a third party, you are relinquishing some control over that information."
Reward Size creates suspicion of intent	"A large reward would make me suspicious of what they planned on doing with my information. It would make me want to have more control with a higher reward."
Reward Type leads to less control	"The reward would probably have to be monetary in value for me to be willing to give up control of my information."
Reward Type has no impact on relinquishing control	"The type of reward wouldn't make a difference, you are still receiving some type of exchange for your information."
Type of Information Provided:	Sensitivity of Information Provided
Less control for non-sensitive information	"If the information is non-sensitive, I would be more likely to pass it on and less likely to care if the company passed it on or not."
More control for sensitive information	"I would be less likely to give up control of my sensitive information. I would be willing to part with non-sensitive information for much less."
Complete control, regardless of information type	"All the information is mine regardless of what type it is, and I would expect complete control."
No control, regardless of information type	"It doesn't matter what kind of information I gave them, as long as they have it they have control of it."
Company Relationship:	Type of Relationship with the Company
Strong relationship leads to less control	"If I have a long-term relationship with the company then I think I would be ok with them having more ownership of my information."
Strong relationship leads to more control	"Most of the time I don't expect that I would have a lot of control. Again, I might be more apt to feel that I do if it's a company that I've dealt with."
Relationship affects how privacy exchange is viewed	"If I had a relationship with the company I wouldn't feel like it was an exchange because we know each other. Some companies I do with business with already have a lot of personal info about me."
Brand Reputation:	Type of Company Reputation
Expect more control from reputable companies	"I would expect more control and more privacy, if the company is very reputable or well-known."
Strong reputation as a deterrent for privacy violations	"If the company is held in very high regard, it is expected they would not want to tarnish that reputation."
Reputation affects amount of reward required	"The reputation of the company would effect the amount of the reward I would require for my personal information. I would be more willing to provide my information for less if it was a company I trusted."
Reputation has no impact on control expectations	"I think the reputation of the company is related to how well they're going to protect that information, but I don't think I have any more or less control over that information."

CHAPTER 4

CONTRIBUTIONS, LIMITATIONS, AND FUTURE RESEARCH

4.1 Theoretical Contributions

The purpose of essay 1 (Chapter 2) was to examine the effects of marketers' influence strategies and brand reputation on trust, privacy concern, and disclosure. The key research question explored was whether the persuasiveness of influence strategies and brand reputation are contingent upon consumers' goals (privacy protection vs. acquisition of benefits), and thus more effective when compatible with those goals. Three primary contributions to the privacy exchange literature are offered in this essay. First, this research addresses conflicting findings in the literature concerning the effectiveness of safety cues (e.g., privacy policies, trust seals) and rewards for encouraging consumers to provide their personal information to Web sites (Andrade et al. 2002; Montoya-Weiss 2003; Milne and Culnan 2004; Schlosser et al. 2006).

A second, and related contribution, is the use of regulatory focus theory (Higgins 1997) for investigating the impact of consumers' goals on how they respond to marketers' online influence strategies and a company's brand reputation. The results of essay 1 provide evidence of the importance of consumer goals in decisions to disclose personal information to marketers. The compatibility between consumers' motivations and marketers' influence strategies impact the effectiveness of these efforts on encouraging self-disclosure. This work answers the call by Wirtz and Lwin (2009) for additional research that examines the role that consumer goals play in privacy exchanges and cost-benefit tradeoffs. This essay demonstrates the importance of examining consumers'

psychological factors for examining why marketers' online strategies differ in their ability to promote self-disclosure. Consumers' psychological characteristics are found in this study to help explain how consumers respond to marketers' influence strategies and a company's brand reputation. Furthermore, investigating the fit between regulatory focus and brand cues helps to address Swaminathan et al.'s (2009) call for research that explores how individual characteristics affect the relationship between brands and brand outcomes. This is the first study to examine the interaction effects, and compatibility, between influence strategies, brand reputation, and regulatory focus. A third contribution of this essay is that it addresses a methodological gap in the privacy exchange literature by empirically examining the causal relationship between marketers' influence strategies and consumer response. Although correlational studies have examined the relationship between marketers' strategies and privacy concerns, as Sheehan and Hoy (1999) note causality can not be inferred from correlational studies.

The purpose of Essay 2 (Chapter 3) is to address, and integrate, two related issues in the privacy literature, 1) who has ownership rights and control over consumer information, and 2) do consumers perceive information exchanges as a sacrifice of their privacy protection. This is done by empirically testing the effect of compensation on consumers' expectations for privacy protection. This essay addresses the call by several researchers for additional research on discrepant views regarding who owns and controls the consumer's personal information (Sheehan and Hoy 2000; Milne and Bahl 2010), and the implications of offering rewards on these privacy perceptions (Andrade et al. 2002; Hann et al. 2002; Olivero and Lunt 2004; Joinson and Paine 2007).

This essay makes four primary contributions to the information privacy and exchange literature. The first is an empirical investigation into the essential, yet understudied, areas of information ownership rights and privacy control. Empirical studies on information ownership rights and privacy control are scarce, and often rely on correlation analysis (Sheehan and Hoy 1999). The second is identifying factors that affect consumers' expectations for information ownership rights and control within the context of information privacy exchanges. The third is an examination of the effects of compensation structure (i.e., monetary and non-monetary types of compensation) on privacy perceptions. This essay addresses Sheehan and Hoy's (2000) call for research that examines consumers' perceived value of monetary and non-monetary types of compensation in privacy exchanges. The fourth is a multi-method approach to investigating online privacy control issues. Four experiments and a qualitative study are used to explore the effects of information exchanges on consumers' privacy expectations.

The results of essay 2 reveal that privacy exchanges may affect the degree to which consumers believe ownership and control over their information is shared with marketers. A primary contribution of this research for academics is the development of a typology of privacy exchange relationships that are classified along two dimensions: the extent to which consumers perceive control of their information to be shared with marketers, and the extent to which these relationships are governed by implicit or explicit agreements. A marketing exchange framework was employed for organizing the experimental findings in terms of various privacy exchange relationships based upon dimensions of shared control and governance mechanisms.

4.2 Managerial Contributions

Essay 1 offers several managerial insights by evaluating the relative effectiveness of safety cues (e.g., privacy policies, trust seals) and rewards for encouraging self-disclosure on the Internet. Identifying effective strategies for encouraging individuals to disclose their personal information on the Internet is important for marketers. In today's information-based economy, access to consumer data is imperative for organizations in conducting marketing activities. Thus, a critical question facing marketers is under what conditions are certain influence strategies most effective for encouraging consumers to provide their personal information online. However, the extant privacy literature has offered little guidance for marketers on how to develop effective strategies. In particular, there is a limited amount of academic work in the privacy literature that examines the relative effectiveness of these various strategies, and their boundary conditions.

The findings from this research emphasize the importance of compatibility between marketers' influence strategies, brand reputation, and consumers' goals. This essay calls attention to the importance of examining consumers' psychological factors (i.e., goals, motivations) for examining why marketers' online strategies differ in their ability to promote trust, reduce privacy concerns, and encourage self-disclosure. The findings from this research suggest to marketing practitioners that it is important to consider consumers' goals (privacy protection, acquisition of benefits) for developing strategies in the Internet environment. The findings show that the effectiveness of these strategies for encouraging self-disclosure are contingent on the degree to which they are compatible with these goals. Specifically, the findings reveal that strategies that promote protection and security through the use of safety cues (privacy statements, trust seals)

may be more persuasive for prevention-focus consumers, while the use of incentives may be more persuasive for promotion-focused consumers. There is a strong literature base demonstrating that a consumer's regulatory focus can be temporarily manipulated, and thus future research in privacy may want to explore the ability of marketers to align their strategies with consumers' goals.

The findings from this research also suggest that a company's brand reputation influences the effectiveness of these various strategies for encouraging self-disclosure. In particular, incentives were found to be more effective for established firms, and potentially damaging for companies that were unfamiliar to the consumer. These findings may be helpful for practitioners as they demonstrate the importance of compatibility between a company's brand image and the type of strategy used by that company. In addition, this essay provides causal linkages showing how consumers respond to various influence situations. For instance, multiple ways in which consumers could respond to various influence strategies were explored including self-disclosure and the propensity to provide incomplete and false information. Thus, the results are informative for marketers in terms of consumers' intended response to various strategies. In general, the results suggest that safety cues, as compared to incentives, are more effective for building trust, reducing privacy concerns, and encouraging self-disclosure on the Internet. Future research, however, may want to test the effectiveness of these strategies in a more realistic environment in order to demonstrate whether behavioral intentions actually correlate with behavior. It is possible that while safety cues are more effective for reducing the perceived costs of self-disclosure, incentives may be more effective for

increasing the perceived benefits. Further research is needed for uncovering whether the costs, or benefits, of disclosure are more indicative of actual disclosure behavior.

Essay 2 offers several key insights of interest to practitioners and policymakers. In particular, this research addresses contemporary policy issues related to the ownership and control of consumer data. Questions over who controls and has ownership rights to consumer data is emerging as an important policy issue, as demonstrated by the publicity and legal action surrounding how companies are using personal information. It is important for companies to understand what consumers' expectations for privacy control are following the disclosure of personal information for benefits on the Internet. Discrepant views may emerge about who owns and has control over information provided by the consumer, and these inconsistent expectations for privacy can have negative consequences for company-consumer relationships (Milne and Bahl 2010). The lack of government regulation in terms of data ownership and control make it vital for companies to be aware of consumers' privacy perceptions and expectations.

The results of this essay are informative for practitioners and policymakers as they demonstrate that the level and type of compensation influences the degree to which consumers expect to share their ownership rights and control with marketers. Sensitivity of the information provided, relationship with the company, and the company's reputation were identified as important boundary conditions. A framework for classifying privacy exchange relationships in terms of shared control and governance mechanisms is developed in the hope that it will assist practitioners in avoiding the violation of individual rights to privacy. These findings are also informative for practitioners as they reveal consumers' general attitudes towards the exchange of personal information for

benefits online. For instance, implications for companies offering rewards for encouraging self-disclosure on the Internet, and how these rewards are perceived by consumers, were examined. The results also offer important insights concerning the extent to which participants feel their rights to control their information are "given up", or shared with marketers, in these privacy exchanges. Marketing managers can use insights from this research in developing privacy exchange agreements and in managing those relationships. In particular, the findings from this research begin to delineate the boundaries between when consumers believe that they own and control information about themselves and when control is shared with marketers (Sheehan and Hoy 2000).

4.3 Limitations and Suggestions for Future Research

While this dissertation employed the use of validated scales, sizeable non-student samples, and multiple methods for analysis, this research contains certain limitations. Many of these limitations provide opportunities for future research opportunities. One limitation of this research is that it employs scenario-based experiments. While scenarios have been found to offer a sense of realism and to be effective for evaluating perceptions, attitudes, and behavioral intentions in Internet privacy research (Sheehan and Hoy 2000; Xie et al. 2006; Milne and Bahl 2010), field studies are likely to offer more accurate measures of actual behavior. For instance, Norberg, Horne, and Horne (2007) found that intentions to disclose personal information differed from actual disclosure behavior. That individuals do not always act in accordance with their intentions is a common observation, and additional research may be able to offer insights into these discrepancies.

A second limitation is the use of a paid online panel. These individuals may not be representative of the larger Internet population, because of their inherent willingness to share information in return for payment. The generalizability of the results is also limited in that a U.S. sample of respondents was used. It is possible that cultural differences may exist concerning issues of Internet privacy. For example, perceptions of privacy control, ownership, and privacy exchange are likely to differ by country. Few studies have conducted cross-cultural comparisons on Internet privacy issues (Newell 1998; Harris, Hoye, and Lievens 2003). Evaluating how cultural and social norms affect privacy exchanges may be a fruitful avenue for additional research on data collection strategies. It is likely that cultural dimensions of collectivism and individualism may affect how consumers perceive the exchange of personal information for benefits.

There are a number of research opportunities in the areas of privacy exchange and information management. While this dissertation focused on the use of information technology for the collection of consumer data, it would be interesting to see how influence strategies operate in a multi-channel context. It is common for companies to use offline mechanisms for encouraging consumers to go online to share their personal information in return for possible prizes, contests, and free samples. Often time consumers receive receipts from their offline purchases that direct them to a company's Web site in order to complete a customer satisfaction survey in return for benefits. Comparative analyses on how privacy attitudes change based on the marketing channel (e.g., online, offline, multi-channel) have received limited attention in the privacy literature.

The current research examined the compatibility between influence strategies for encouraging self-disclosure, consumer goals (prevention-focus vs promotion-focus), and a brand's reputation. The findings from this research suggest that online firms should employ different strategies to solicit information according to the nature of the firm. While the branding literature is rich in terms of brand related cues, and consumer-brand relationships, the privacy literature has only begun to investigate the impact of brand cues on privacy attitudes and disclosure. It is suggested that the brand personality literature (Aaker 1997; Brakus, Schmitt, and Zarantonello 2009) may offer an interesting and new dimension for exploring how consumer-brand relationships affect disclosure decisions. For instance, daring and exciting types of brands may be more compatible with promotion-focused consumers, while sincere and competent brands may be more effective for persuading prevention-focused consumers. The brand personality construct may serve as a possible moderating effect of self-disclosure, in that it may influence the effectiveness of various strategies.

The persuasiveness of marketers' strategies for encouraging self-disclosure in this dissertation was tested using an experimental design where Web sites either contained safety cues (e.g., privacy policies, trust seals) or incentives. However, in real-life settings Web sites often contain both safety cues and incentives for encouraging self-disclosure. Future research can examine the joint effects of these influence strategies on privacy attitudes. Interesting questions concern the moderating effect of regulatory focus when both prevention and promotion compatible cues are present. The regulatory focus literature has typically studied the effects of promotion and prevention-focused strategies

in isolation from each other, and thus an examination of their joint effects may contribute to theory.

This dissertation offers one of the first empirical investigations into the effects of rewards on privacy perceptions related to ownership rights and control. Data ownership and control are privacy issues that companies are currently dealing with, and which can have important legal and social implications for the use of consumer information. Additional research is needed for understanding how the exchange of personal information for benefits influences privacy expectations. In particular, research is needed for identifying conditions in which consumers feel that they either relinquish or share some control over their personal information with marketers. Theories of ownership and control from the marketing channels literature can be brought to bear on this phenomenon. The marketing channels literature offers a number of concepts for the study of marketing exchange that are relatively unexplored in the privacy literature. Some of these concepts include notions of power, control, ownership, governance, countervailing power, and dependency. Several established marketing theories such as agency theory, resource exchange theory, transaction cost theory, and relational contracting theory can offer useful theoretical frameworks for examining how privacy exchange relationships are structured.

APPENDIX A
MATERIALS FOR ESSAY 1

Stimulus Materials

Essay 1, Study 1

INSTRUCTIONS: Please take a minute to imagine yourself in the following situation. You will then be asked several questions regarding this situation.

Scenario 1 (Non-Coercive Influence Strategy):

Imagine that you visit the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). While browsing the website you are invited to register with the website. To complete the registration process the company asks you to provide your personal information (e.g., telephone number, and e-mail address). The company's Web site displays a privacy statement and privacy seal assuring you that your personal information will be protected.

Scenario 2 (Coercive Influence Strategy)

Imagine that you visit the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). While browsing the website you are invited to register with the website. To complete the registration process the company asks you to provide your personal information (e.g., telephone number, and e-mail address). The company's Web site requires you to provide your personal information in order to have full access to the site content. In return for providing your personal information the Web site promises that you will receive a special discount.

Stimulus Materials

Essay 1, Study 2

INSTRUCTIONS: Please take a minute to imagine yourself in the following situation. You will then be asked several questions regarding this situation.

Scenario 1 (Strong Brand Reputation):

Imagine that you visit the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). This Web site belongs to one of the largest and most successful retailers in the U.S. The company has been in business for over 50 years. While browsing the website you are invited to register with the website. To complete the registration process the company asks you to provide your personal information (e.g., telephone number, and e-mail address).

Scenario 2 (Weak Brand Reputation)

Imagine that you visit the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). This Web site belongs to a new retail company, which has been in business for 6 months. While browsing the website you are invited to register with the website. To complete the registration process the company asks you to provide your personal information (e.g., telephone number, and e-mail address).

Stimulus Materials

Essay 1, Study 3

INSTRUCTIONS: Please take a minute to imagine yourself in the following situation. You will then be asked several questions regarding this situation.

Scenario 1 (Non-Coercive Influence Strategy, Weak Brand Reputation):

Imagine that you visit the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). This Web site belongs to a new retail company, which has been in business for 6 months. While browsing the website you are invited to register with the website. To complete the registration process the company asks you to provide your personal information (e.g., telephone number, and e-mail address). The company's Web site displays a privacy statement and privacy seal assuring you that your personal information will be protected.

Scenario 2 (Coercive Influence Strategy, Weak Brand Reputation)

Imagine that you visit the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). This Web site belongs to a new retail company, which has been in business for 6 months. While browsing the website you are invited to register with the website. To complete the registration process the company asks you to provide your personal information (e.g., telephone number, and e-mail address). The company's Web site requires you to provide your personal information in order to have full access to the site content. In return for providing your personal information the Web site promises that you will receive a special discount.

Scenario 3 (Non-Coercive Influence Strategy, Strong Brand Reputation):

Imagine that you visit the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). This Web site belongs to one of the largest and most successful retailers in the U.S. The company has been in business for over 50 years. While browsing the website you are invited to register with the website. To complete the registration process the company asks you to provide your personal information (e.g., telephone number, and e-mail address). The company's Web site displays a privacy statement and privacy seal assuring you that your personal information will be protected.

Scenario 4 (Coercive Influence Strategy, Strong Brand Reputation):

Imagine that you visit the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). This Web site belongs to one of the largest and most successful retailers in the U.S. The company has been in business for over 50 years. While browsing the website you are invited to register with the website. To complete the registration process the company asks you to provide your personal information (e.g., telephone number, and e-mail address). The company's Web site requires you to provide your personal information in order to have full access to the site content. In return for providing your personal information the Web site promises that you will receive a special discount.

Essay 1

Independent Variable Measures

Regulatory Focus Scale (Lockwood, Jordon and Kunda 2002; Zhao and Pechmann 2007)

9-point scale, 1 = not at all true of me, 9 = very true of me.

1. In general, I am focused on preventing negative events in my life.
2. I am anxious that I will fall short of my responsibilities and obligations.
3. I frequently imagine how I will achieve my hopes and aspirations. *
4. I often think about the person I am afraid I might become in the future.
5. I often think about the person I would ideally like to be in the future. *
6. I typically focus on the success I hope to achieve in the future. *
7. I often worry that I will fail to accomplish my academic goals.^a
8. I often think about how I will achieve academic success. ^{*a}
9. I often imagine myself experiencing bad things that I fear might happen to me.
10. I frequently think about how I can prevent failures in my life.
11. I am more oriented toward preventing losses than I am toward achieving gains.
12. My major goal in school right now is to achieve my academic ambitions. ^{*a}
13. My major goal in school right now is to avoid becoming an academic failure.^a
14. I see myself as someone who is primarily striving to reach my "ideal self" - to fulfill my hopes, wishes, and aspirations. *
15. I see myself as someone who is primarily striving to become the self I "ought" to be - fulfill my duties, responsibilities, and obligations.
16. In general, I am focused on achieving positive outcomes in my life. *
17. I often imagine myself experiencing good things that I hope will happen to me. *
18. Overall, I am more oriented toward achieving success than preventing failure. *

* promotion item

^a dropped item (adult sample)

Essay 1

Dependent Variable Measures

Trust (Malhotra, Kim, and Agarwal 2004; Pan and Zinkham 2006; Wirtz and Lwin 2009)

7-point scale, 1 = strongly disagree, 7 = strongly agree.

1. I trust the company's Web site to keep my best interest in mind.
2. The company's Web site is trustworthy.
3. I can count on this company's Web site to protect my privacy.

Concern (Malhotra, Kim, and Agarwal 2004; Pan and Zinkham 2006; Wirtz and Lwin 2009)

7-point scale, 1 = strongly disagree, 7 = strongly agree.

1. I would think twice before providing this company's Web site with my personal information.
2. It bothers me when this company's Web site asks me for personal information.
3. I would be concerned about giving information to this company's Web site.

Willingness to Provide (adapted from Malhotra, Kim, and Agarwal 2004)

7-point scale, 1 = strongly disagree, 7 = strongly agree.

1. I am willing to provide personal information when registering with the company's Web site.
2. I am likely to share my personal information when registering with the company's Web site.
3. I would reveal my personal information when registering with the company's Web site.

Provide Incomplete Information (adapted from Malhotra, Kim, and Agarwal 2004)

7-point scale, 1 = strongly disagree, 7 = strongly agree.

1. I would provide incomplete information when registering with the company's Web site.
2. I would withhold pieces of my personal information when registering with the company's Web site.
3. I would not provide complete personal information when registering with the company's Web site.

Provide False Information (adapted from Malhotra, Kim, and Agarwal 2004)

7-point scale, 1 = strongly disagree, 7 = strongly agree.

1. I would consider falsifying my personal information when registering with the company's Web site.
2. I am likely to provide inaccurate personal information when registering with the company's Web site.
3. I would probably misrepresent my personal information when registering with the company's Web site.

APPENDIX B
MATERIALS FOR ESSAY 2

Stimulus Materials

Essay 2, Study 1

INSTRUCTIONS: Please take a minute to imagine yourself in the following situation. You will then be asked several questions regarding this situation.

Scenario 1 (Reward, Sensitive Information Request):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your telephone number, and e-mail address. In return for filing out the survey the company provided you with a check for \$50.

Scenario 2 (No Reward, Sensitive Information Request)

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your telephone number, and e-mail address.

Scenario 3 (Reward, Non-Sensitive Information Request):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your gender and age. In return for filing out the survey the company provided you with a check for \$50.

Scenario 4 (No Reward, Non-Sensitive Information Request):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your gender and age.

Stimulus Materials

Essay 2, Study 2

INSTRUCTIONS: Please take a minute to imagine yourself in the following situation. You will then be asked several questions regarding this situation.

Scenario 1 (Monetary Reward, Sensitive Information Request):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your telephone number, and e-mail address. In return for filing out the survey the company provided you with a check for \$50.

Scenario 2 (Non-Monetary Reward, Sensitive Information Request):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your telephone number, and e-mail address. In return for filing out the survey the company provided you with access to exclusive web content (e.g., music, movies, software) valued at \$50.

Scenario 3 (Monetary Reward, Non-Sensitive Information Request):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your gender and age. In return for filing out the survey the company provided you with a check for \$50.

Scenario 4 (Non-Monetary Reward, Non-Sensitive Information Request):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your gender and age. In return for filing out the survey the company provided you with access to exclusive web content (e.g., music, movies, software) valued at \$50.

Stimulus Materials

Essay 2, Study 3

INSTRUCTIONS: Please take a minute to imagine yourself in the following situation. You will then be asked several questions regarding this situation.

Scenario 1 (Reward, Short-Term Relationship):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). You don't have a lot of experience with this retailer as you have just recently started to purchase products from this company. While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your telephone number, and e-mail address. In return for filing out the survey the company provided you with a check for \$50.

Scenario 2 (No Reward, Short-Term Relationship):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). You don't have a lot of experience with this retailer as you have just recently started to purchase products from this company. While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your telephone number, and e-mail address.

Scenario 3 (Reward, Long-Term Relationship):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). You have been in an ongoing relationship with this retailer and your experiences with the company have been positive. You have found the company associates to be knowledgeable, considerate, and concerned about your satisfaction and well-being. While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your telephone number, and e-mail address. In return for filing out the survey the company provided you with a check for \$50.

Scenario 4 (No Reward, Long-Term Relationship):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). You have been in an ongoing relationship with this retailer and your experiences with the company have been positive. You have found the company associates to be knowledgeable, considerate, and concerned about your satisfaction and well-being. While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your telephone number, and e-mail address.

Stimulus Materials

Essay 2, Study 4

INSTRUCTIONS: Please take a minute to imagine yourself in the following situation. You will then be asked several questions regarding this situation.

Scenario 1 (Reward, Weak Reputation):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). This Web site belongs to a new retail company, which has been in business for 6 months. While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your telephone number, and e-mail address. In return for filing out the survey the company provided you with a check for \$50.

Scenario 2 (No Reward, Weak Reputation):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). This Web site belongs to a new retail company, which has been in business for 6 months. While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your telephone number, and e-mail address.

Scenario 3 (Reward, Strong Reputation):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). This Web site belongs to one of the largest and most successful retailers in the U.S. The company has been in business for over 50 years. While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your telephone number, and e-mail address. In return for filing out the survey the company provided you with a check for \$50.

Scenario 4 (No Reward, Strong Reputation):

Imagine that you recently visited the Web site of a retail store that sells a variety of products (e.g., clothing, housewares, electronics, food). This Web site belongs to one of the largest and most successful retailers in the U.S. The company has been in business for over 50 years. While browsing the website you were invited to fill out a customer satisfaction survey. To complete the survey the company asked you to provide your telephone number, and e-mail address.

Essay 2

Dependent Variable Measures

Self-Ownership (adapted from Constant et al. 1994; Jarvenpaa and Staples 2000, 2001)

7-point scale, 1 = strongly disagree, 7 = strongly agree.

1. I feel that the information I provided to the company belongs to me.
2. I feel that I own the information I provided to the company.

Company-Ownership (adapted from Constant et al. 1994; Jarvenpaa and Staples 2000, 2001)

7-point scale, 1 = strongly disagree, 7 = strongly agree.

1. I feel that the information I provided belongs to the company.
2. The company owns the information I provided.
3. The company has ownership rights to the information I provided.
4. The information I provided is now property of the company.
5. The information I provided is now owned by the company.

Control Expectations (adapted from Phelps et al. 2000)

7-point scale, 1 = strongly disagree, 7 = strongly agree.

1. I expect to have control over how the company uses my information.
2. I expect to have control over whether the company uses my information to send me unsolicited promotions.
3. I expect to have control over whether the company shares my information with other companies.
4. I expect to have control over whether the company sells my information to other companies.
5. I expect to have control over whether the company shares my information with other divisions of the company.
6. I expect to have access to information collected about me by the company.
7. I expect to have the ability to edit the information collected about me by the company.

Questions for Interview Respondents

Essay 2, Study 5

Interview Guide

Primary Investigator: Jason Gabisch

University of Massachusetts

Marketing Department

Statement of participants' rights and consent:

This interview is being conducted as a part of a dissertation project at the University of Massachusetts. Your participation in this interview is entirely voluntary and you may withdraw at any time without penalty. All responses you provide in this interview will be kept anonymous and seen only by the researchers involved in this project. To insure reliability, this interview will be audio recorded with your permission. By participating in this survey you provide consent that the information can be used in this research project.

The questions in this interview will ask you for your opinions in regards to issues of Internet privacy.
This interview is estimated to take about 10-15 minutes to complete.

Print Name _____ Date _____

Signature _____

Demographic Questions:

What is your Gender? _____

What is your Age?_____

What is your Occupation?_____

Introduction Questions:

- How often do you use the Internet?
- What do you typically use the Internet for?
- How concerned are you about your privacy on the Internet?
- Do you take actions to protect your privacy?

Compensation Questions:

- What do you think about companies offering rewards for people to provide their personal information, online or offline?
- Can you recall situations where you have provided information to a company for a reward, online or offline?

If so, what information did you provide?

If so, what type of reward did you receive?

If so, what were your expectations for control over the information you provided?

- How likely are you to provide information when you are promised a reward?
- Are there types of rewards that you find most and least attractive

Ownership & Control Questions:

- If you voluntarily provide your information to a company on the Internet...
 - Who do you believe owns this information?
 - You, the company, or both?
 - How much control over that information would you expect?
 - What types of control would you expect to have?
 - How the company uses the information (shares, sells)?
 - Access to the information you provided?
 - Ability to edit the information you provided?

- If a company gives you a reward for providing your information on the Internet...
 - Who do you believe owns this information?
 - You, the company, or both?
 - How much control over that information would you expect?
 - What types of control would you expect to have?
 - How the company uses the information (shares, sells)?
 - Access to the information you provided?
 - Ability to edit the information you provided?

- Are there any factors that might change your beliefs about who owns or controls the information you provide to a company on the Internet?
 - Amount of the reward?
 - Type of information you provide?
 - Your relationship with the company?
 - The company's reputation?

- If a company provides you with a reward for your personal information do you believe the company needs to get consent from you to use that information?

General Questions:

- Do you believe people maintain absolute ownership and control over their information, even if they are given compensation?

- When you purchase a product do you feel the company has ownership or control over the information collected from that transaction?

- When a company purchases information about consumers from another company do you feel the company has ownership or control over that information?

- If you voluntarily provide personal information or content on a social network site do you feel the site has ownership or control over that information? How about if your friends post content about you on the site?

- Do you have any other comments about companies offering rewards for people's information that have not been addressed in this interview?

--- Thank You ---

Follow-up Questions: emailed to all interview participants

Thank you for participating in the Interview about Internet privacy. Your input has been extremely helpful. After looking through your responses I was wondering if you could take a moment to respond to a follow-up question, in order to provide some additional clarification to your original responses. Even a short response would be incredibly helpful.

If you receive a reward from a company for providing your information, do you feel like you are exchanging, or giving up, control or ownership rights to that information? Please explain.

Would the following factors have an impact on your response to the follow-up question? Please explain:

- a) size, or type, of the reward.

- b) type of information you provided (sensitive vs. non-sensitive).

- c) your relationship with the company.

- d) reputation of the company.

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