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Online Privacy Concerns and Awareness Model in E-Retailing

[1]Pooja Yadav & [2]Neha Singh

[1&2]Assistant Professor, Banarsidas Chandiwala Institute of Professional Studies

ABSTRACT

'e' is gaining the impetus in almost all the fields today. The whole thing is getting digitally enabled including the business. All the businesses are trying to reap the benefits of technology to boost their profits. The Internet has become one of the important channels to carry out the business activities and retail sector being no exception is adapting the technology at a very fast pace. But at the same time these e-retail stores are facing threats related to the online privacy concerns. With the increase in consumer base there had been an increase in the cases related to data theft and other online frauds. Online Privacy concerns are emerging as one of the major considerations among the Internet users, particularly when they are using online services related to money transactions and data sharing. Further these concerns are getting higher because the users are becoming more and more aware of the significance of their digital privacy. The paper discusses various privacy concerns in relation to e-retailing and furthers it narrates the connection of these privacy concerns with the trust of customers on e-retail sector.

Keywords: Privacy Concerns, E-retail, Security, Privacy awareness.

INTRODUCTION

Internet is becoming essential for every business activity. Moreover, at the beginning; no one thought that the Internet will be a source for conducting business. The Internet and its enabled technologies are just few years old and are already being viewed as the world's most revolutionary development. The growth of e-commerce as a business technology is the result of such Internet driven initiative. It has created a universal platform for buying and selling goods and services and driving important business process inside the organization. Various studies (Arora and Banwet, 2003; Bakos, 2001; Sumanjeet, 2004) revealed that e-commerce offers huge business opportunities. Small and large companies are using the Internet to make their product information, ordering, and customer support immediately available to help buyers and sellers to make contact.

Today, businesses on the web can reach new markets that they could not previously reach effectively with its sales force or advertising campaigns. Since ecommerce provides no bounds in terms of time, space and distance, firms are thus able to expand their target markets. Thus, the benefits of e-commerce technology is really very huge, as a result, organizations find it very difficult to ignore implementation of e-commerce in their organizations. With the increase in the usage of Internet, privacy is emerging as one of the major considerations of Internet users. This concern is their whether they use online services (i.e., social network service, cloud service, and mobile banking service) or not. Such issues are further on the increase because users are becoming highly aware of the consequence of their digital privacy.

E-RETAIL

E-retailing is a significant component of e-commerce. Travel continues to enjoy the top position as the most successful e-commerce category in India, with 40-45% year-on-year growth. Retail, which is second only to travel, has an annual growth rate of 18%. It is quite evident from the trends that a retailer, especially one in the organized sector, cannot afford to overlook the online space to promote itself.

When e-commerce first made its presence felt in India, it was the year 1999 and the internet was available to only about three million of our total population. Today, however, with a base of 70 million internet users, e-commerce could potentially become an important channel for retail. The market may still be concentrated in a few key pockets owing to the digital divide. Today, broadband and mobile penetration, 4G rollout, internet banking and increasing number of online players could lead to re-emergence of e-commerce in a big way. Increased disposable income and connectivity has ensured that the Indian youth is a viable market for e-retail. With advanced user interfaces, e-retailers are able to provide an easy to use platform which captures the "discount friendly" mind space of the current youth. Further, the new wave of e-retail is visible in the past two years where there has been significant private equity investments in India in this space, such as Indiaplaza.in, Fashion and You, Flipkart, Myntra to name a few. With many a new players coming in owing to low investment, high potential return on investment and ease of setting-up, the business environment of e-retailing is becoming very competitive today.

India's retail industry continues to perform encouragingly, valuing at around USD 550 billion. Surprisingly, the organised sector accounts for merely 4 % of this fast-paced industry. In a report published in 2012, the Boston Consulting Group predicts the organized retail sector to grow from USD 28 billion to USD 260 billion over the next ten years, with 21 % penetration. The retail sector is dominated by glittering malls that showcase the best in terms of brands and service. Despite the ambience and the various incentives and attractions that these malls have to offer, why is the consumer gradually moving towards e-retail? The online retail industry is pegged to be a whopping Rs. 7,000 crore by 2015, according to a report published in February 2012 by ASSOCHAM, the apex industry body.

PRIVACY

Privacy is defined as "the right to be let alone" (Warren & Brandeis, 1890). Thereafter the term has been redefined many times and now online privacy entails to both Personally Identifying Information (PII) and non-PII information, such as the behavior of those who visit the sites. As per NIST (National Institute of Standards and Technology), PII is that information about a person which is maintained by an agency, including information to distinguish or mark out an individual's identity, such as name, date and place of birth, mother's maiden name, or biometric records. Apart from this any other information which can be linked to an individual including his/her educational, medical, financial or employment related information (Erika, Tim & Karen, 2010).

Online Privacy concerns are among the major considerations of the Internet users, when they are using online services (i.e., social networking, online shopping, mobile banking). These concerns are getting higher because the users are becoming more and more aware of the significance of their digital privacy. Because of increasing concerns, the perceived risk of Internet users is getting higher. Internet users must offer their personal information to the providers of online services. For example, Facebook users must give an e-mail address when setting up an account, and they have to disclose their real name, school name, and workplace on the profile section to make relationships easier to form. In addition, in order to give third-party companies users' personal data, Facebook requires their personal data, when using Facebook-related applications.

About 95% consumers decline to give their personal information on the web sites, and 63% consumers do not trust the data collecting (Hoffman, 2006).The users who are quite high in privacy concerns show reluctance to use various online services. Privacy concerns that influence level of using services are determined by some of these factors like awareness of privacy issues, perceived ability to control information collection, and perceived vulnerability to the data being misused (Dinev & Hart, 2005).

PRIVACY AND E-RETAIL TRUST MODEL DEVELOPMENT
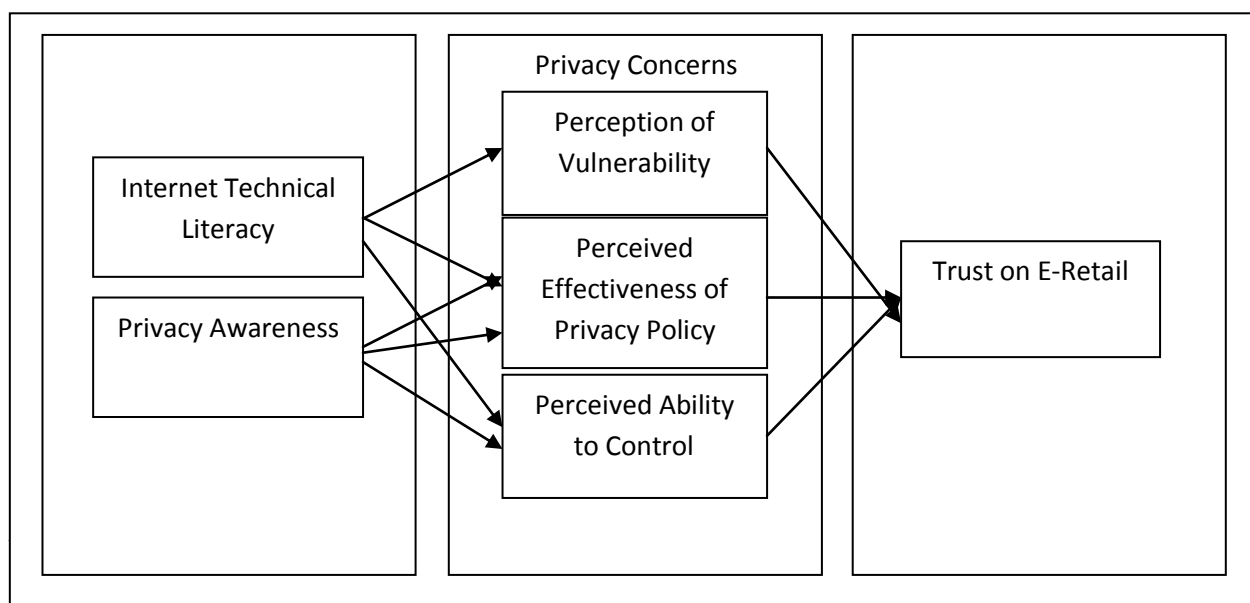
Internet technical literacy is defined as the ability of an individual to use the resources, tools, network, processes and systems to accomplish a task. It is an umbrella term including several issues like acquainting oneself proficiently on the web, accomplishing a transaction on e-commerce, submission of personal information online, using the Internet applications for a variety of reasons like entertainment, enjoyment, communication or for any other work related task.

PRIVACY AWARENESS

Privacy awareness refers to the individual's knowhow on the personal information being leaked out or their activities being traced out on the Internet. Privacy technical literacy envelopes technologies to handle spam emails, offensive content, ActiveX controls and spy applications or techniques to set up the browser settings for privacy and security options (Diven & Hart, 2004). A considerable amount skill set and knowhow is required to avoid and handle the situations related to privacy breach to protect oneself from becoming a victim of cyber attacks.

PERCEPTION OF VULNERABILITY

A whole lot of previous studies show that privacy is quite a matter of concern on Internet. Internet users who are really concerned regarding online privacy feel that they could be involuntarily and unknowingly disclosing their sensitive information online. And at times such consumers are seen to be unwilling to use the network (Bandyopadhyay, 2010). The reason behind such behavior could be low Internet literacy and inability to manage privacy invasions. To add on consumers are more concerned with the information collection practice of the e-marketers specially when they consider their privacy at stake (Dinev & Hart,).

Vulnerability refers to the supposed negative consequences resulting from the information leaking on the Internet(Dinev and Hart 2004). Such disclose of information is further related to the consumers' expectations of negative events, like online identity theft or online scams related to their privacy concerns (LaRose & Rifon, 2007). Overall this perception of information being leaked out negatively impacts the consumers' willingness to provide any information on Internet (Norberg & Horne, 2007). Perceived vulnerability to privacy risks is found to be positively related to privacy concerns (Dinev & Hart, 2004).

PERCEIVED EFFECTIVENESS OF PRIVACY POLICY

Privacy policy on the Internet is to make the Web users aware of how their personal information is handled. But these policies are considered to be a failure from the customers point of view as they hardly read and understand the privacy policy meant for the benefit of those disclosing their information on the Web (A.McDonaldandL.Cranor, 2008). The trust of end users is believed to be associated with ones belief in the organization which in turn is governed by the organizations policies, norms, regulations and procedures. And this trust is results in the growing customers' confidence and thereby increasing the number of transactions on the website (Liu et al., 2004). The initial trust in the website and its privacy policy enhances the consumers intention to share their information and performing transactions online (McKnight et al., 2004).

PERCEIVED ABILITY TO CONTROL

Perceived ability to control is defined as the level to which consumers think that they can prevent their personal information being disclosed online (Dinev & Hart,). Those consumers that have a better sense to control their information on the network will always have fewer privacy concerns (Dinev & Hart) and will show more willingness to provide their personal information on the network. The main issue is not only the disclosure of information rather it is the degree or extent to which the consumers can control the collection of information they share on Internet and its successive usage by the marketers (White 2004). And it is observed that people have very less control over their information being collected, used and shared by various agencies (Norjihan Abdul et al. 2008).

TRUST ON E-RETAIL

Online trust is one of the main determinants of the success of e-retailers and much research has dealt with website features triggering consumer trust to them (Salim & Shah, 2014). Further the factors that govern the development of trust on e-retail stores are perception of vulnerability, perceived effectiveness of the privacy policy stated by the organization and the perceived ability to control the network and operations being performed on the web. The nature of experience and future transactions that an individual continue with the web are also a matter of trust.

Construct	Definition	References
Internet Technical Literacy	The ability of an individual to use the resources, tools, network, processes and systems to accomplish a task.	Spiekerman et al., 2001; Dinev & Hart, 2004
Privacy Awareness	The individual's knowhow on the personal information being leaked out or their activities being traced out on the Internet.	Lee, Kwon & Kim, 2014
Perception Of Vulnerability	Supposed negative consequences resulting from the information leaking on the Internet.	LaRose & Rifon, 2007; Dinev & Hart, 2004
Perceived Effectiveness Of Privacy Policy	Making the Web users aware of how their personal information is handled.	A.McDonaldandL.Cranor, 2008
Perceived Ability To Control	Level to which consumers think that they can prevent their personal information being disclosed online.	Dinev & Hart, 2004; Norjihan Abdul et al., 2008

DISCUSSION

This study provides an in-depth support to get an understanding on the privacy concerns related to e-retailing. The model developed shows three layered architecture. It provides an insight that the privacy concern factors depends on both the Internet technical literacy and privacy awareness among the customers in e-retail. The research model provides preliminary theoretical support to understand the formation of privacy concerns in the e-retail sector. Further an empirical research can be carried out to evaluate the model.

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