Why Do Consumers Boycott Personalization Marketing? A Perspective from Multidimensional Development Theory and Psychological Contract Violation

Research-in-Progress

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Abstract

With the advancement of data mining technologies and the collection and storage of massive consumer data, the increasing enterprises have taken the initiative to develop and provide personalization marketing for consumers. While personalization can benefit consumers, its features still reflect potential threats which may lead to consumer boycotts, such as privacy issues. Based on the multidimensional development theory and psychological contract violation, this study explores the mechanism of consumer boycott to personalization marketing from the comprehensive perspective, examines and distinguishes the different roles of situation (customization, advancement, and privacy control) and personal trait (personal innovativeness) in the formation of boycott. This study will help personalization providers to successfully manage their relationships with consumers, avoid boycotts and achieve marketing goals.

Keywords: personalization marketing, consumer boycotts, multidimensional development theory, psychological contract violation, privacy control

Introduction

In recent years, the gradual maturity of online commerce and the continuous growth of online interaction have further fueled the trend of vast consumer information acquired by enterprises. With the advancement of data mining technologies and the collection and storage of massive consumer data, the increasing enterprises have taken the initiative to provide and develop personalization marketing for consumers, which has promoted the requirement for privacy information. Personalization marketing refers to the tailoring of products and services to the preferences and interests of consumers based upon their personal information (Chellappa and Sin 2005). Personalization is widely touted by consumers in general owing to reducing search costs (e.g., time costs) and improving decision-making utility. However, while personalization can benefit consumers, its features still reflect potential threats to consumers, such as privacy issues. Actually, the essence of personalization marketing is service, and its core is the collection and use of private information. Due to the existence of potential threats of personalization marketing (e.g., the uncertainty of service effectiveness and the possibility of privacy invasions), individuals are driven to evaluate personalization marketing. Undoubtedly, consumers who actively or passively provide personal information to enterprises not only look forward to obtain high-quality services, but also have an expectation that enterprises can use private information reasonably and accurately. When the consumer’s cognitive assessment is undesirable, in addition to
negatively affecting the adoption of consumer IT services, it may also trigger consumer boycotts to personalization marketing, especially the latter will make the effect of personalization marketing counterproductive. Hence, how to weaken or avoid the emergence of consumer boycotts has become an important issue that enterprises need to deal with urgently, and the necessity of researching the formation mechanism of consumer boycott to personalization marketing has been highlighted.

This study explores the mechanism that leads consumers to boycott corporate-implemented personalization marketing. To the best of our knowledge, this issue has never been investigated in the existing literature. But in the field of IS, many scholars have studied privacy and privacy-related issues, for instance, with regard to personalization (Awad and Krishnan 2006) or mobile APP downloads (Gu et al. 2017), mainly focusing on the phenomenon of privacy paradox, which reflects the deviation between the actual privacy behaviors of consumers and the general privacy concerns expressed by individuals (Smith et al. 2011). From the perspective of individual behavior, previous studies have suggested that privacy paradox can be explained from the aspects of privacy calculation (Wang et al. 2016), bounded rationality (Acquisti and Grossklags 2007) and cognitive bias (Hallam and Zanella 2017). However, it is worth noting that there is still a study (Hui et al. 2007) proposed that, under the influence of situational factors, personal privacy concern has a weak impact on privacy behaviors, and even its impact is so weak that situational factors can replace the effect of general privacy concern (i.e. one type of personal traits). Therefore, situational factors may be an important reason for the formation of personalization-privacy issues and privacy paradox phenomenon. But in fact, previous research may overemphasize general privacy concerns and dilute or even ignore the impact of situational factors on privacy behaviors. Based on this clue, this study believes that in the context of personalization marketing in e-commerce, the overall situation of personalization marketing may be the main trigger for consumer boycotts. Hence, we use multidimensional development theory to explain the formation of consumer boycotts to personalization marketing from a comprehensive perspective.

In addition, previous research on situational factors is usually a rational judgment, such as cognitive assessment of situational effects. But because privacy is a complex concept involving emotions and emotions have been proved to play an important role in the fields of consumer behavior (e.g., technology/service adoption, consumer boycott) and information privacy (Jung and Park 2018; Li et al. 2017), this study intends to interpret the situational effects in combination with rationality and emotion, and based on this, reveals the inherent path of consumers boycotting personalization marketing. So how to mine the emotional state contained in the situation? According to social exchange theory, as an exchange of personal information provided by consumers to enterprises, enterprises should make rational and proper use of private information and provide satisfactory services. The above consumers’ expectation of corporate obligations is a psychological contract. If the enterprise fails to fulfill the obligation or is deemed to be improperly fulfilled, the consumer will have a perception of a psychological contract violation, which is a strong negative emotion and generate feelings of betrayal, resentment, and anger (Pavlou and Gefen 2005). Hence, this study explores emotions in context through the perspective of psychological contract violation. In so doing, the purpose of this study is to answer the following research question:

What is the intrinsic mechanism of consumer boycotts to personalization marketing?

Based upon the multidimensional development theory and psychological contract violation, this study explores the mechanism of consumer boycott to personalization marketing from the comprehensive perspective, examines and distinguishes the different roles of situation and personal traits in the formation of boycott, unites rationality and emotion to explain the new phenomenon of consumer boycotts to personalization marketing, and contributes to the literature on consumer boycott and privacy paradox.

The rest of this paper is structured as follows. First, we define and explain the core concepts and theoretical boundaries of our study. We then develop a research model. Finally, we propose our research design, and the potential contribution to the theory and practice.
Literature Review

Personalization Marketing and Privacy

Personalization marketing refers to the tailoring of products and services to the preferences and interests of consumers based upon their personal information by using complex data mining technologies (Chellappa and Sin 2005). The increasing developments of data mining technologies have further promoted the attentions and favors of enterprises for personalization marketing and fueled the applications of strategic personalization marketing to obtain or retain consumers. In general, personalization can be roughly divided into two types of service: personalized service and personalized advertising. However, as pointed out by Awad and Krishnan (2006), the essence of these two types of personalization is service, with the same costs but different benefits. Therefore, in any case, personalization marketing always involves service and privacy, which are also the focus of consumers’ attentions.

Previous studies have suggested that the implementation of personalization, in terms of consumers, can improve the quality of corporate services, bringing consumers a positive experience of convenience and customization (Huang and Zhou 2018); in terms of enterprises providing personalization, it will positively affect consumer satisfaction, enhance consumer loyalty, and increase sales of products or services (Ho and Bodoff 2014; Zhang et al. 2011). However, it is worth noting that the availability of personalization marketing depends on not only technical issues but also strategic issues (Huang and Zhou 2018) which is the reason for personalization is not always good. In addition, since personalization marketing is based upon the collection of consumer personal information, the generation of privacy issues is inevitable. To this end, relevant research on personalization is often carried out in conjunction with a privacy perspective (Awad and Krishnan 2006; Bleier and Eisenbeiss 2015; Guo et al. 2016). In fact, to the best of our knowledge, previous research may focus too much on personal traits (e.g., general privacy concerns) to weaken or even ignore the impact of situational factors on privacy behavior, and excessively rely on rational judgment. In this study, the influence of situational factors and personal traits will be taken into account in a unified way. In addition, this paper will propose a different model from the previous rational model, that is, the rational deviation caused by emotions.

Consumer Boycott

Consumer boycott is a kind of refusal behavior to purchase and adopt for a specific purpose or demand (Friedman 1985), which is generally reflected in the consumer’s response to the wrong or improper behaviors of enterprises, and its purpose is to urge the enterprises to change or get punished. Moreover, the boycotting behavior is considered to be an extremely negative response, which is not equal to the lower purchase intention, and even triggers the situation of purchasing the products of competitors. At present, no scholar pays attention to consumer boycotts of personalization marketing. And most of the relevant research on boycotting behaviors focus on the antecedents of consumers’ willingness to participate in boycotts (Hahn and Albert 2017), the motivations of boycotts (Makarem and Jae 2016), the mechanism of occurrence (Klein et al. 2002) and the impacts of boycotting behaviors on enterprises (Heilmann 2016), etc. Generally speaking, boycotting behaviors can be either collective behaviors or individual boycotts to express oneself, that is, to express individual own attitudes, feelings or appeals (Klein et al. 2002). Besides, Klein et al. (2002) studied the motivation of consumers to participate in the boycotts, and proposed that the motivations of self-enhancement will also lead to boycotts, such as exemption from guilt, feeling better and avoiding negative opinions of others. According to the above theoretical clues, the consumer boycotts to personalization marketing may be derived from the self-expressions of consumer. And based upon the above, this study will explore the formation mechanism of consumer boycotts to personalization marketing.

Multidimensional Developmental Theory

The multidimensional developmental theory (MDT) is proposed by Laufer and Wolfe (1977) to explain the individual perception of privacy and privacy invasion. As a theoretical framework, MDT
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considers privacy to be a multidimensional, dynamic and contextual concept, and consists of three dimensions: self-development, interpersonal interaction and environmental influence. In fact, MDT was used to understand privacy issues in offline contexts (i.e., hospitals and families), and was later extended by Hong and Thong (2013) and Li et al. (2017) to explain the privacy behaviors of online shopping. MDT gives a comprehensive perspective on the study of privacy issues, including the both individual and situational perspective (Li et al. 2017), proposing that the formation of privacy issues comes from personal characteristics and specific situational interaction with the environment and other individuals. It can be said that MDT synthesizes various factors that affect privacy behavior, such as self-development showing the development of personality in the individual’s desire for autonomy (individuation), environmental dimension reflecting the result of the impacts of the environment (e.g., cultural, social, and physical environment) on individuals, and interpersonal interaction used to describe the interaction between the individual and others, which was then expanded into the relationship between the individual and the online websites or business. This study intends to expand the theory to explain the privacy issues in the context of personalization marketing by emphasizing the situational and comprehensive perspectives, and conducts corresponding research as a cause of consumer boycotts to personalization marketing.

Psychological Contract Violation

Psychological contract, is defined as ‘an individual belief in mutual obligations between that person and another party’ (Rousseau and Tijoriwala 1998), which is different from another component of the contract called the legal contract (Malhotra et al. 2017; Pavlou and Gefen 2005). A psychological contract, which is the mutual belief or expectations of reciprocal obligation, has the characteristics of unwritten, implicit and fuzzy (Levinson et al. 1962), emphasizing the subjective feeling based on reciprocity (Morrison and Robinson 1997). The core of the psychological contract is the social exchange theory. According to the theory, under the principle of reciprocity, the applicable situation of psychological contract can be expanded from the field of employment relationship, such as the landlord and tenant, even the teacher and student, the husband and wife and so on (Roehling 1997). Later, the psychological contract was widely used in the field of marketing (Malhotra et al. 2017), which was generally reflected in the perception and belief formed in the reciprocal obligation between consumers and enterprises.

Psychological contract violation, caused by the unfulfilled or improper performance of the commitment obligation in the interaction between the two parties (Theotokis et al. 2012), actually, is a negative emotional experience. Specifically, psychological contract violation is the subjective perception of mixed negative emotions such as anger and betrayal (Pavlou and Gefen 2005), which will profoundly negatively affect individual emotions, attitudes, and behaviors (Malhotra et al. 2017; Pavlou and Gefen 2005). The main reasons are that the expectation is not satisfied and the perception is betrayed. Especially in the online marketplaces, the two sides of the transaction are non face-to-face and unfamiliar (Malhotra et al. 2017), which leads to a misunderstanding of their own obligations. Hence, the psychological contract violation is more likely to appear in the online context, such as personalization marketing scenarios. In the era of big data, consumers who actively or passively provide personal information to enterprises not only look forward to obtain high-quality services, but also have an expectation that enterprises can use private information reasonably and accurately. The above consumers’ belief of corporate obligations is a psychological contract. If the enterprise fails to fulfill the obligation or is deemed to be improperly fulfilled, the consumer will have a perception of a psychological contract violation.

Theoretical Model and Hypotheses

Cognitive Appraisals and Psychological Contract Violation

MDT believes that the environment can affect an individual’s privacy behavior. The environmental impact comes from the physical, social and cultural settings, but this study mainly considers the impact of physical environment on privacy behaviors. Consumers’ perceptions of the physical environment mainly focus on whether the environment is conducive to the realization of their

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motivations. For instance, Li et al. (2017) uses motive consistency as a cognitive appraisal of whether the website helps to realize individual’s motivations, to reveal the physical environment in the context of e-commerce. The motivations of personalization use are mainly to seek (1) customization and (2) advancement, so whether to help consumers achieve the above two motivations is an important manifestation of the environmental assessment.

Customization is often defined as the degree of content and services provided to individuals to comply with their preferences. Previous studies have proposed that the customization can improve the quality of service for consumers and bring positive experiences such as convenience and customization to consumers (Huang and Zhou 2018). And the advancement is often reflected in the time, money or convenience in the process of personalization, such as time saving, price concessions, etc. It is worth noting that scholars have proposed that whether motivation is satisfied can be used to distinguish between positive and negative emotions (Roseman 1996). In the context of this study, if customization and advancement as the main motivations of consumers are not satisfied, it may lead to negative emotions of consumers. When undesirable cognition of customization and advancement occur, expectations are difficult to satisfy and the payment of personal information is hard to reap the reward, resulting psychological contract violations. Therefore, the following hypothesis is stated:

H1. Perceived customization has a negative effect on psychological contract violation.

H2. Perceived advancement has a negative effect on psychological contract violation.

According to MDT, the interpersonal interaction dimension reflects the core of privacy issues. Privacy invasion arise when an individual loses control of the interaction boundary (between himself/herself and others or websites) and loses control of personal information (Laufer and Wolfe 1977). Hence, personal control of privacy and interpersonal interaction are closely related. Perceived privacy control refers to the degree of consumer perception of personal information disclosure and the use of information (Xu et al. 2008). Previous studies have suggested that privacy control can reduce consumer concerns about privacy invasions (Laufer and Wolfe 1977) and inhibit privacy invasions (Li et al. 2017). In addition, privacy control is also the basis for subsequent service acceptance or secondary information exchange. When consumers perceive low privacy controls, they feel vulnerable (Martin et al. 2017) and react negatively (Brehm 1966). In fact, in the face of enterprises which collect and use private information to provide personalization, consumers will generate the expectation that enterprises can properly use their privacy data. Whether for the purpose of fair exchange or basic ethical requirements, enterprises should be cautious and responsible to fulfill this obligation. Once a high level of perceived control of personal information is perceived, the consumer is less likely to have a psychological contract violation. Hence, the following hypothesis is proposed:

H3. Perceived privacy control has a negative effect on psychological contract violation.

**Psychological Contract Violation and Behavioral Intention**

In the field of information systems, emotions directly affect various consumer behaviors that have been confirmed (Jung and Park 2018; Partala and Saari 2015). Negative emotions hinder the adoption of information systems and promote negative behaviors such as rejection. Under the influence of negative emotions, the relationship between consumers and enterprises is often difficult to maintain. As pointed out by Morrison and Robinson (1997), psychological contract violation has a profound negative impact on individual attitudes and behaviors. And according to Pavlou et al. (2005), psychological contract violation reduces consumer trust and purchase intention, and spreads to other businesses. Thus, the negative effects of psychological contract violation are strongly visible. Subsequently, numerous studies have confirmed the significant impact of psychological contract violations on consumers’ negative attitudes and behaviors in different situations (Malhotra et al. 2017). The former has negative attitude towards brands, while the latter includes complaint behaviors and boycotting behaviors arising. Therefore, once an individual perceives a psychological contract violation, it may trigger a boycotting intention. Based on the above, the following hypothesis is proposed:
H4. Psychological contract violation has a positive effect on the intention to boycott personalization marketing.

**Personal Innovativeness and Behavioral Intention**

MDT suggests that self-development dimension is the personal aspect to understand privacy based on personal growth, experience and sense. Seeking privacy is a way to enhance self and individuals at different levels of self-development pay different attention to privacy (Laufer and Wolfe 1977), so we use personal innovativeness to reflect the dimension of self-development. Personal innovativeness refers to the tendency of individuals to try new technologies (Agarwal and Prasad 1998). Individuals with higher personal innovativeness are willing to take risks and try new things, are able to cope with high levels of uncertainty (Rogers 2010) and are more inclined to accept new technologies and technological innovations. Personal innovativeness is often used to study the adoption of information technology and the proliferation of innovation (Agarwal and Prasad 1998), but some scholars have gradually extended their research to the context of new technologies involving privacy. For instance, Xu et al. (2009) has found that even if new technologies involve the collection and use of personal information, individuals with higher personal innovativeness are more likely to accept the new technology. In addition, more innovative consumers have also proven to be more receptive to the collection and use of personal information by businesses (Mothersbaugh et al. 2012; Xu et al. 2011). In view of the fact that the personalization of this study is a new technology based on personal information, and highly innovative consumers have a more open attitude towards new technologies and information disclosure, it is suggested that the higher the personal innovativeness is, the less likely consumers will boycott. Hence, the following hypothesis is proposed:

H5. Personal innovativeness has a negative effect on the intention to boycott personalization marketing.

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**Research Design**

A quantitative methodology employing a structured questionnaire will be used to validate the research model and test the hypotheses. We will distribute questionnaires to individuals who have experienced personalized marketing and plan to collect at least 400 samples.

**Potential Contribution**

The main potential contributions of this study are as follows: Firstly, this study use the comprehensive perspective of multidimensional development theory to explain the consumer’s boycott to personalization marketing, focusing on characterizing and embodying the role of situation and personal trait. Secondly, we introduce psychological contract violation into the context of
personalization marketing for the first time, and expand the application scope of the psychological contract. Third, this study can contribute to the literature on consumer boycott and privacy paradox by investigating the the link between cognitive appraisals (i.e., customization, advancement, and privacy control) and psychological contract violation. Besides, this study will help personalization providers to successfully manage their relationships with consumers, avoid boycotts and achieve marketing goals.

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