“Want to Watch? You’ve Got to Pay”: the Link Between Intrusiveness and Outcomes Typifying the Customer-Firm Relationship

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Individuals' risk appraisal about products and services can be source of unwanted outcomes for firms. In particular, this research investigates the causal relationship between intrusiveness as an antecedent of risk and its effect on moderating constructs such as overall satisfaction, commitment and trust, and relevant outcomes which typify the customer-firm relationship. Building on the extant literature on intrusiveness and privacy, two tests were accomplished to ascertain the existence of intrusiveness perceived and its global effect on loyalty. This experiment delivered satisfying results which suggest that an effect due to intrusiveness could be lying beneath additional key construct and outcomes.

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Individuals’ risk appraisal about products and services can be source of unwanted outcomes for firms. Perceived risk can be elicited by different means and can emerge in a myriad of contexts. In particular, this research investigates the causal relationship between intrusiveness as an antecedent of risk and its impact on moderating constructs and relevant outcomes which typify the customer-firm relationship.

According to Rust et al. (1999), risk is an important variable that influences perceived quality which in turn affects individuals’ overall satisfaction assessment about a firm’s performance (Johnson et al. 2006). In addition to commitment and trust, overall satisfaction mediates the relationship between perceived quality and outcomes such as loyalty (Chiou and Droge 2006), cooperation, future intentions and propensity to leave (Morgan and Hunt 1994; Garbarino and Johnson 1999).

Risk, as epitomized by Dahl, Manchanda & Argo (2001) in the context of disclosure of personal information, is related to the loss of privacy. Additionally, different authors claim that losing control over one’s personal information will lead to an increased perception of risk and to personal disclosure avoidance (Culnan, 1993; Zeithaml et al., 2002; White 2004). Throughout the marketing literature, the disclosure of personal information and related problems has been widely discussed (Culnan 1993; Culnan 2000; Hoffman and Novak 1999; Milne 2000; Phelps, Nowak and Ferrell 2000), nevertheless, few authors have addressed the loss of privacy and the risk associated from the perspective of intrusiveness and the intrusiveness perceived by individuals, i.e.: how company activities that are perceived by individuals as intrusive, affect privacy, firm performance and the customer-firm relationship.

Intrusiveness in marketing is considered to have profound implications on customer-firm relationships, as it is considered to be an important variable that triggers individual negative emotional reactions and unwanted outcomes (Aaker and Bruzone 1985; Ha 1996; Edwards et al. 2002). In the advertisement literature, recent researches proved that intrusive commercials can elicit irritation feelings, less favourable attitude toward advertised products and ad avoidance (Li et al. 2002; Wang and Calder 2006; Edwards et al. 2002). Differing slightly from previous definitions of intrusiveness, in this research it was conceptualized as the act of getting into one’s life without permission.3 Thus considering that intrusiveness, as a result of its nature, could be perceived as affecting a person’s privacy and elicit negative emotional feelings which in turn could lead to undesirable outcomes (negative word-of-mouth, customer churning and loss).

As a first step, it was judged important to determine the existence of intrusiveness as conceptualized and assess its global effect on an outcome. Because loyalty is thought to predict buying behaviour, in this first study, perceived intrusiveness by individuals and its global effect over loyalty were sought. A scenario based design was contextualized in a retail environment, following the work of Larson et al. (2005) and Klabjan (2005). The choice seemed appropriate as it provided latitude to manipulate variables such as communication and compensation, and because intrusiveness could be conceptualized in the form of data collection techniques with the correspondent implications (loss of control and privacy).

The study was divided in two tests. The first one aimed ascertaining that different data collection techniques (loyalty cards, video cameras and RFID4) could trigger different levels of perceived intrusiveness. Two variables identified for their importance were compensation (provided or not).

References


3Adapted from Encyclopedia Britannica

4Radio Frequency Identification
H1: Technologies which allow controlling one's personal data elicit lower levels of perceived intrusiveness than technologies that do not allow controlling one's personal data.

H2: Individuals perceive the use of technologies as less intrusive when compensation is provided and perceive the use of technologies as more intrusive when compensation is not provided.

Using scenarios which combined each of the data collection techniques with a particular communication style (positive, neutral or negative) and compensation, a group of 241 undergraduate students answered the questionnaires. A seven-item scale measuring intrusiveness was adapted from Li et al. (2002). The most significant differences were found when comparing the loyalty card systems communicated neutrally, with RFID communicated negatively ($T (3.539), p<0.001$), RFID communicated neutrally ($T (2.892), p=0.006$) and RFID communicated positively ($T (2.132), p=0.039$). A planned contrast indicated that RFID was perceived as more intrusive than loyalty cards and video cameras ($p=0.002$). Finally, compensation had a significant effect on the perceived intrusiveness of RFID under neutral communication scenario ($T (2.044), p<0.05$). These results show clearly that under certain conditions, different data collection methods used by retailers bring about different degrees of perceived intrusiveness in consumers’ minds.

Building on the previous results, a second test (on 120 students) aiming to prove the global effect of intrusiveness over loyalty was carried. A 2 X 2 (Loyalty card vs. RFID; compensation vs. no compensation) between subjects ANOVA was performed to measure the effect of the treatments over the degree of loyalty. The loyalty scale from Zeithaml, Berry and Parasuraman (1996) was used to test the following hypotheses:

H3: Individuals elicit lower levels of loyalty when more intrusive technologies are used, compared to higher levels of loyalty when less intrusive technologies are used.

H4: When compensation is provided, individuals experience similar levels of loyalty regardless of the technology employed, compared to the levels of loyalty experienced when no compensation is provided.

Results sustained the hypotheses as expected. When no compensation was provided, respondents elicited higher levels of loyalty with non intrusive technologies ($M=3.503$, $SD=0.812$) compared to the lower loyalty level elicited with an intrusive technology ($M=2.864$, $SD=0.944$; $F (1,115)=8.07$, $p=0.005$). Finally, a two-way interaction term between the technology used and the compensation type was found ($F (1,113), p=0.03$), satisfying H4.

The results of this first study are encouraging as they suggest that an effect due to intrusiveness could be lying beneath key moderating construct (overall satisfaction, commitment, trust) and additional relevant outcomes (future Intentions, cooperation). In the near future, a refined series of experiments will be carried including moderating variables (individual characteristics, situational context and company characteristics) over a heterogeneous population.

References