

# The Impact of Privacy Exposure on Consumer Choices in Digital Marketing: An Analysis Through Consumer Interviews

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### Abstract:

With the popularity of the Internet, the rise of digital marketing has opened up new opportunities for interaction between brands and consumers. However, consumers' privacy concerns are becoming increasingly prominent, affecting their consumption decisions. This study explores the potential impact of privacy exposure on consumer choice through interviews with teenagers and middle-aged workers. The study found that privacy breaches significantly reduced consumers' trust in brands, leading them to become more cautious in their shopping decisions. For example, a 17-year-old female high school student developed distrust in the brand in question due to inappropriate use of her personal information, which in turn altered her consumption behavior, while a 31-year-old male teacher showed tolerance towards advertisements but displayed strong privacy concerns when faced with scam phone calls. The findings suggest that companies should increase the transparency of data collection and use, adopt privacy protection technologies, and strictly comply with relevant laws and regulations to enhance both marketing effectiveness and consumers' awareness of privacy protection. Consumers should also be more aware of privacy protection and be cautious in providing personal information to reduce the risk of information leakage.

**Keywords:** Digital Marketing; Consumer Privacy; Trust and Loyalty; Privacy Exposure.

## 1. Introduction

In the early 1990s, with the increasing popularity of the Internet, businesses began to realize the many benefits of online advertising. In 1994, Wired magazine's website published the world's first banner

AD, which was the beginning of digital advertising [1]. Early advertisers might have delivered their ads by E-mail. Email became an important tool for businesses to communicate with customers, and although early email marketing faced spam problems, it laid the foundation for personalized and permission mar-

keting in the future [2]. The high use of smartphones and tablets has contributed to the rapid development of social media. The rise of social media came in the mid-2000s - early 2010s. Social media has broadly increased the connections between consumers and brands. The creation of Facebook in 2004, followed by Twitter and LinkedIn, revolutionized the way brands interact with consumers. Social media marketing is rapidly becoming an important tool for enterprises to promote their brands [3]. Social media has also become a very important platform for digital marketing to this day [4]. But now, in the environment of digital marketing, the issue of consumer privacy has become increasingly prominent [5]. For example, digital marketing companies collect and monitor the personal data of consumers. Digital marketing companies extensively collect personal data from consumers, including but not limited to browsing history, purchase history, location data, etc. While this data helps to tailor advertising and brand marketing strategies, consumers are often unaware of how their data is being collected and used. So there's unease or distrust of the platform. And the intrusive nature of personalized advertising. Personalized ads based on consumers' data can track user behavior across multiple platforms, and frequent ads can make consumers feel spied on, raising privacy and security concerns [6, 7].

The question of the research question is how privacy exposure in digital marketing affects consumer choices. The following points may affect the choice of consumers, such as a decline in trust in brands and an aversion to personalized advertising. When consumers realize that their personal information is being widely collected and used, they may have less trust in brands and businesses [8]. Trust is the core element of purchasing decisions, which will directly lead to the decline of consumer loyalty to the brand [9]. Consumers are more likely to avoid companies if they feel uneasy or suspicious about how they handle their data. This will also cause consumers to dislike personalized advertising. Although personalized advertising can improve the efficiency of marketing, excessive personalization and frequent tracking forms of advertising may cause consumer aversion. This aversion may lead consumers to directly have a negative impression of the relevant brands and may reject and block advertisements of these brands, thus reducing their willingness to buy.

The purpose of this study is to find out the potential impact of consumer privacy exposure on consumer decision-making. It could be a decline in trust. They may become more cautious in making purchasing decisions, reduce online shopping, etc. Brands that fail to protect their privacy may suffer a loss of reputation and word of mouth, affecting consumer sentiment. This negative perception can lead consumers to choose to avoid the brand.

Consumer privacy should also be further protected in the future. Companies should collect and process only the necessary data and avoid excessive collection of consumers' personal information. This not only helps reduce the risk of privacy breaches but also enhances consumer trust in the business. And enhance data security. Companies should adopt advanced security technologies and measures to protect consumer data.

## 2. Literature Review

Digital marketing is a marketing strategy that uses digital channels and technology to promote a product or service. Digital Marketing refers to marketing activities that use the Internet, social media, search engines, email, and other digital channels to promote products or services. Its core purpose is to reach customers and increase brand awareness through digital platforms. Compared with traditional marketing, digital marketing has the advantage of stronger analysis of potential customer groups. Digital marketing is the use of digital channels and technologies to carry out marketing activities, including the Internet, mobile communications, social media, etc [10]. This paper synthesizes existing research and literature in the field of digital marketing, introducing basic theories and best practices. Various digital marketing theoretical frameworks and models are also proposed for the analysis and design of marketing strategies. Consider the AIDA model, where AIDA stands for Attention, Interest, Desire, and Action. This model describes the psychological state and behavior of consumers during the purchase process and helps to formulate targeted advertising and promotion strategies.

Privacy is widely recognized as part of individual rights and is a fundamental condition for the protection of individual freedom and dignity. It's also protected by a lot of laws. For example, privacy is protected by the United Nations Declaration of Human Rights and the constitutions and laws of many countries. In the digital age, consumer privacy is primarily concerned with the collection, storage, use, and sharing of personal data. Effective data protection measures can prevent data leaks or unauthorized access. Enterprises need to adopt technical measures and management measures to ensure the security of data. Westin proposed a classic definition of privacy, describing privacy as an individual's need and expectation for information control and emphasizing an individual's right to control their information [11]. The book also discusses the importance of privacy in modern society, especially in the context of technological advances and the increased flow of information. Consumer privacy is not only a legal and technical issue but also an ethical and social responsibility issue. Companies need to consider privacy protection,

data security, legal compliance, and social responsibility when processing personal data to ensure that consumers' privacy rights are respected and protected while providing innovative services.

There have also been many privacy exposure incidents in the past, where some companies or companies have exposed consumers' privacy without their permission, which also causes consumers to lose trust in the company. When consumers realize that their personal information has been compromised or improperly used, they may develop negative feelings toward the business, which can affect purchase intent and brand loyalty. For example, the Equifax data breach, a major data breach at Equifax in 2017, resulted in a significant decline in the company's credibility, reduced consumer trust in it, and a loss of intent and willingness to buy. The article written by Phelps et al., explored how privacy concerns affect consumers' willingness to provide personal information [12]. The study found that consumers' privacy concerns significantly influence their willingness to share personal data with businesses and, thus, their purchase behavior. These studies and cases show that privacy exposure not only directly affects consumers' purchasing behavior but also leads to decreased brand loyalty and purchase intention due to loss of trust. Understanding the harm caused by exposing consumer privacy can help companies develop more effective privacy protection strategies, thereby enhancing consumer trust, purchase intention, and market competitiveness.

### 3. Research Method

The research method used interview analysis, designed to interview two interviewees, teenagers, and middle-aged workers, because teenagers and middle-aged people are the main force in digital marketing. Because they are particularly exposed to social media, the Internet, etc., and use it very frequently. Both play an extremely important role in digital marketing. The interview process will also be recorded in the form of audio recordings and notes for later interview analysis. The interview questions are designed around the main research question of this paper, "How does privacy exposure in digital marketing affect consumers' choices?". The interview questions include: First, basic background information, a brief introduction of the interviewee's background and work situation. And how digital marketing channels are generally used (e.g., social media, email advertising, online shopping, etc.). Second, privacy awareness and concern. How concerned are the privacy issues involved in the digital marketing process, and can you give examples of specific situations that cause concern? And whether they understand how personal data is collected and used in digital marketing.

Third, privacy exposure experience. Have you ever experienced a personal information leak or privacy exposure? If so, how did this experience affect your feelings and behavior? Fourth, affects the specific performance of consumer choice. When you learn of a privacy breach at a brand, do you change your purchase decision? Specific examples need to be provided. Fifth, the future of digital marketing and privacy protection. How do you think the future of digital marketing should balance marketing effectiveness and consumer privacy protection? What improvements do you expect your organization to make to protect your privacy? Finally, you may want to add additional questions, such as if there are any other factors or issues that you think are relevant to the privacy exposure that you would like us to know about. After the interview is completed, the interview data is processed. Including data collation and transcription. The transcribed section transcribes the recorded interviews into text to ensure that answers are accurately recorded. The notes need to be collated and cross-referenced with the transcribed text to ensure that all key information has been recorded. The next step is to proofread the text, check the accuracy of the transcribed text, and correct any errors or omissions. It is necessary to remove irrelevant information, remove irrelevant or duplicate content, and ensure that the data is clear and refined. Finally, summarize the main views and the respondents' consensus. At the same time, comparative analysis should be carried out. Compare the answers of different respondents, compare the views of different respondents on the same topic, and analyze the possible reasons and influencing factors. Explore contextual factors (such as age, occupation, usage habits, etc.) that may influence respondents' views and behaviors. In-depth analysis can also be performed to identify patterns, trends, and relationships that emerge from interviews. For example, whether the impact of privacy exposure on consumer choice is linked to some specific factor, such as brand loyalty.

### 4. Results

The first case is about a 17-year-old female high school student who shared the privacy exposure she encountered while using digital marketing channels and how this experience affected her consumer behavior. Her privacy has been compromised through digital marketing methods such as social media, online shopping, and nuisance calls, which has caused her to develop a serious distrust of the relevant brands and changed her consumption choices.

In particular, the interviewee mentioned that after consulting with one study abroad agency, she received sales calls from several different agencies within hours. That

the agencies had shared her personal information without her authorizing it. This kind of unauthorized exchange of personal information has brought her a certain degree of trouble and also slightly disrupted her normal pace of study and life. She recalled that the phone harassment not only made her tired but also made her trust in some study-abroad agencies. She believes that her willingness to provide personal information was motivated by trust in the institution, but that trust was completely undermined when the information was misused. This experience has made her more cautious in choosing services in the future and trying to avoid dealing with these agencies again.

The impact of the privacy breach is not limited to personal emotions but also directly affects her consumption decisions. The respondent explicitly stated that if she learned that a brand or platform was involved in a privacy breach, she would reduce her consumption of the brand and might abandon the use of the brand's services. She believes that companies should be more transparent and careful in how they handle user data to ensure that consumers' privacy is not abused or trafficked, or they risk losing customer trust. When it comes to the level of concern about privacy in digital marketing, respondents show a high level of alertness. She mentioned that some privacy abuses in news reports have caused her deep concerns about the security of personal information. She was alarmed, for example, by cases of human trafficking in which a sample of the victim's voice was obtained through telephone harassment, and then the voice was cloned by technical means for fraud. She believes that current digital marketing platforms often require users to agree to a complex set of user agreements when registering, and while most people will simply click consent, these agreements may provide a legal basis for companies to collect and use personal data, which consumers often lack a clear understanding of.

Her experience of privacy exposure was not limited to nuisance calls but also involved information leaks during online shopping. She mentioned that certain online shopping platforms shared her personal information with third parties after she made a purchase. She is caught off guard by the speed and scale of the flow of this information and is often not aware of it until after she has made the purchase, meaning she cannot make a return or other remedy in time. This experience has left her with a marked resistance to the platforms involved and more cautious in future shopping decisions, trying to avoid choosing them again.

Respondents made several suggestions on how to address privacy concerns in digital marketing. She believes that the government should strengthen the supervision of enterprises, especially those who illegally sell personal information, and impose heavy fines. At the same time,

companies should also improve their privacy protection measures. She suggested that enterprises can provide users with virtual number services so that users log in or buy goods using a virtual number separate from the actual phone number, which can effectively prevent further exposure of personal information. In addition, she also called on companies to be more transparent in the development of user agreements and should not force users to accept some "hegemonic terms" but should use more reasonable and humane ways to obtain consumer consent.

In conclusion, the experiences of respondents reveal the profound impact of privacy breaches on consumer trust and consumption choices. Her view shows that the importance of privacy protection in digital marketing cannot be ignored, and companies and governments need to work together to balance the relationship between marketing effectiveness and privacy protection.

The second case is an interview with a 31-year-old male teacher about the problem of privacy disclosure in digital marketing and its impact on consumer behavior. The user is primarily exposed to digital marketing ads through social media and online shopping platforms, and although he is open to these ads, he has expressed concerns about privacy breaches, especially when his personal information may be used for marketing without consent.

The user mentioned that he often receives some sales calls, including loans, real estate, and other content, this phone harassment has become a part of his daily life. He pointed out that personal data is often collected through the platform's registration process, especially when mobile phone numbers and emails are provided, which are most likely to be used by the platform for advertising or sold to third parties. In his view, consumers can hardly avoid this kind of information collection in a digital world because almost all applications require a phone number for verification, which creates a potential for personal information disclosure.

Users also mentioned a relatively serious privacy breach. He has received fraudulent phone calls from people who not only have personal information, such as his name and school of graduation but also try to defraud him through fake student loans. Although he saw through the scam, he realized that the access to the information could have come from a data breach on one of the platforms. This experience raised concerns about his privacy and security and affected his trust in digital marketing.

In exploring the impact of privacy breaches on consumer decisions, the user noted that when faced with a serious privacy breach, he would tend to choose a brand with better privacy protection. For example, if a brand gets a lot of attention due to a privacy breach, it may avoid continuing to use that brand's products or services. However, users

also mentioned that if the privacy disclosure problem affects the entire industry or platform, consumers' individual choices may not have enough impact on the market, and the brand may be naturally eliminated by the market due to large-scale negative public opinion.

He further discusses the relationship between privacy protection and marketing effectiveness. In his view, the two should not conflict. Advertising is everywhere, and tele-marketing is inefficient, so companies should find smarter ways to improve marketing effectiveness rather than relying on nuisance calls or massive AD pushes. He specifically mentioned the use of browser logs and search engine data, arguing that companies should not read consumers' private data across platforms. For example, if a user searches for a product on Taobao but then receives related ads on other platforms such as Douyin, this indicates that the data may be shared between different platforms, which makes him feel that his privacy has been compromised.

Interviewees also believe that the key to solving privacy problems lies in the improvement of laws and regulations and the optimization of technical means. For example, he cited Apple's privacy measures that allow users to choose whether to allow apps to track their activity on other platforms, which gives consumers more control. He suggested that the Android platform and other applications should also introduce similar mechanisms to enhance users' awareness of privacy protection and reduce the possibility of data abuse.

Finally, users have raised expectations about the ethical responsibility of companies in privacy protection. He wants companies to improve their ethical standards, reduce unwanted advertising intrusion, and be more transparent and accountable about their data use. He believes that when a privacy breach has not yet had a huge impact on consumers' daily lives, it may not be immediately felt by consumers, but that does not mean that the problem can be ignored. With the development of technology and the deepening of digital marketing, companies must find a reasonable balance between privacy protection and marketing effectiveness to ensure that consumers' privacy is not abused.

The first case involved a 17-year-old female high school student whose privacy was compromised after using digital marketing channels, resulting in a distrust of brands and a change in consumer behavior. Her main concerns came from harassing phone calls and unauthorized information sharing, especially after consulting the study abroad agency, where her private information was used by multiple agencies. In contrast, the 31-year-old male teacher in the second case also faced privacy breaches, but he was more tolerant of selling and only showed greater concern when scam calls were involved. He believes that

privacy protection and marketing effectiveness do not conflict and advocates legal and technical means to solve the problem.

## 5. Conclusion

This study analyzes the impact of privacy disclosure on consumer choice in digital marketing through interviews, and the results show that privacy exposure will significantly reduce consumers' trust in brands and then affect their purchasing decisions. Consumers' sensitivity to privacy directly affects their attitude and loyalty to brands, especially when personal information is widely used without permission, consumers are more inclined to avoid related brands. However, privacy protection and marketing effectiveness are not opposites, and rational use of data can both improve marketing effectiveness and protect consumer privacy.

For the management of digital marketing, it is recommended that companies should improve the transparency of data collection and use and adopt privacy protection technologies, such as virtual numbers. Strictly abide by relevant laws and regulations, and optimize the user experience, reduce excessive advertising push.

For consumers, it is recommended that they enhance their awareness of privacy protection, carefully provide personal information, use privacy protection tools such as encrypted browsing and virtual numbers, and carefully choose brands with privacy protection measures in place to reduce the risk of personal information disclosure.

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