



JÖNKÖPING UNIVERSITY  
*International Business School*

# Ethical Issues in E-Permission Marketing

A study of how consumer behaviour is affected by  
unethical practices involving E-Permission Marketing

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## **Abstract**

The massive growth of online marketing has been extensively beneficial for marketers for the past years. With the continuous rapid development of this sector consumers are becoming increasingly exposed to promotional activities. One of the marketing methods that marketers use in the recent years is online permission marketing which means that consumers agree to be involved in marketing activities. However, this practice could result in particular ethical issues that directly affect consumers without them being actually aware. Therefore, the purpose of this paper is to investigate the degree of consumer awareness of consent in e-permission marketing and explore how consumer attitude and behaviour is affected once consumers are knowledgeable about the existence and core nature of ethical issues in this field of marketing. This was investigated by performing an exploratory study with an abductive approach and online quantitative survey as a tool. Data was analysed through the analytics tool SPSS. Findings from the analysis showed that there is a lack of consumer awareness when giving consent, and there is focus only on perceived value. However, once aware of ethical implications and consequences, especially involving data collection practices which invade privacy, consumer behaviour and attitude changes.

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# **Chapter 1: Introduction**

*The introduction chapter presents the background of the problem of the research topic. It is followed by the purpose, and then several specific definitions in order to give an understanding of the research field.*

## **1.1 Background**

Seth Godin (1999) popularised the concept of permission marketing with his book *Permission Marketing*. Godin (1999) described the concept as a substitute to interruption marketing in which the consumer is targeted with a push strategy, or in other words, is bound to be a subject of marketing activities. Permission marketing is a pull strategy in which a potential consumer must initially give permission and only under such circumstances can he or she be a recipient of a marketing message (Law, 2009). The initial usage of permission marketing was connected to the concept of opt-in emails in order for companies to send out newsletters and offers to consumers without them being reported as spam (Godin, 1999). Over the years, permission marketing has evolved and is now utilized on a range of different social media platforms such as Facebook Connect, e-commerce websites such as eBay and email, etc. For this reason, the authors will use the term e-permission marketing from this point on in this paper, referring to permission marketing conducted in the digital world.

## **1.2 Problem Discussion**

The exponential growth of e-permission marketing in recent years is absolutely indisputable. Email marketing technology is currently used by 82% of Business-to-Consumer (B2C) companies (Ascend2, 2016). With the continuous rapid development of this sector consumers are becoming increasingly exposed to promotional activities conducted by marketers. Increasing sign-up conversion rate is the main objective for firms when it comes to their email growth strategy (Ascend2, n.d.). In addition, with regards to social media marketing, increasing audience engagement and brand awareness are what companies nowadays are aiming for (Ascend2, n.d.).

Even though permission marketing could be seen as a step forward from mass marketing or interruption marketing, it still implicates several ethical issues that directly affect consumers. For

the purpose of fully examining potential complications and the wide spectrum of their implications, the topics in ethics that this study will explore include consumer privacy, data collection, and value creation especially in terms of the relevance of the marketing offers consumers receive.

One paradoxical component of e-permission marketing is the requirement of acquiring the consumer attention through interruption marketing in order to establish a potential permission-based relationship. This is the initial controversial act that relates to privacy issues. Consumers are known to be taken advantage of when it comes to companies wanting to acquire their consent through manipulating questions and the following default answers, thus exploiting inattention and cognitive laziness (Tezinde et al., 2002). Consequently, this brings up the issue of unawareness of consent as well as the state in which consumers have neither given nor withheld consent to be a subject of marketing (Palmer, 2005). Evidently, consumers might obtain value through targeted ads without realizing they have given consent for data collection and marketing offers. Targeted personalized offers usually require substantial amount of personal data, which could be seen as another level of invasion of privacy (Tezinde et al., 2002). On the other hand, insufficient gathered information would certainly not guarantee relevant marketing offers for the consumer, thus they could be easily labelled as valueless (Christiansen, 2011). In order to avoid that companies oftentimes overutilize the former strategy which leads to the growing social awareness of such invasive methods (Christiansen, 2011).

With regards to email marketing, if solicited emails in e-permission marketing come in excessive quantities, e-permission marketing will not achieve its goal to cut through the clutter, it will become the clutter (Neuborne, 2001). Overwhelming amounts of marketing messages make it difficult for consumers to actually distinguish between opt-in and spam (Tezinde et al., 2002). From the consumer perspective, email advertising pressure is defined as “the state of irritation provoked by the impression of receiving too many email advertisement from a commercial source.” (Micheaux, 2011, p.46). Ultimately, such experiences would inevitably lead to consumers expressing the same negative attitude towards permission-based marketing as the one towards e-mail spam practices (Tezinde et al., 2002). Thus, the value given to and perceived by the consumer suffers major deterioration.

Existing research on the ethical implications in e-permission marketing precisely is currently growing and is largely influenced by applied ethical theory on marketing (Tezinde et al. 2002). General theory in marketing ethics focuses a lot on the elements of responsibility and the description of decision making (Haase, 2016; Hunt and Vitell, 1986). Teleology, along with its ethical manifestation in the face of utilitarianism, as well as deontology, are two crucial theories found in most research on ethics in marketing (Gaski, 2016; Haase, 2016; Hunt and Vitell, 1986).

### **1.3 Purpose**

The purpose of this paper is to investigate the degree of consumer awareness of consent in e-permission marketing and explore how consumer attitude and behaviour is affected once consumers are knowledgeable about the existence and core nature of ethical issues in this field of marketing.

### **1.4 Research Questions**

The relationship between e-permission marketing ethics and consumer behaviour is analysed with the help of the following three research questions:

1. What is the degree of consumer awareness towards marketing activities, once consent is given by the consumer?
2. Is consumer behaviour affected once consumers are aware of ethical issues in e-permission marketing practices?
3. What is the consumer attitude towards data collection practices which lead to privacy issues in e-permission marketing?

### **1.5 Definitions**

*The purpose of this section is to provide definitions, thus a clearer understanding, of relevant terms subsequently in the following sections of this paper since some of the terms are more present in the area of information technologies, or are relatively new to marketing.*

### **Opt-in and Opt-out**

Opt-in is defined as “A customer or potential customer who chooses to give permission for use of personalized information or to receive solicitation, particularly via direct marketing and the Internet.” (Law, 2009). Opt-out is defined by Law (2009) as “A customer who chooses to receive no solicitation, particularly via direct marketing or the Internet”. Usually, the two terms are most-often associated with the reception of emails from marketers.

### **Web 2.0**

“The web seen as a platform for participation in which the consumer is also a producer. This was enabled by multiple software applications that supported user-generated content. The term ‘Web 2.0’ is intended to be seen in contrast to a selective framing of ‘Web 1.0’, which characterized the web of the 1990s primarily as a source of information delivered through the browser, perpetuating the model of production and consumption associated with other mass media.” (Chandler and Munday, 2011).

### **Cookies**

A cookie, or also known as a tracking cookie, “is a key/value pair sent to a browser by a Web server to capture the current state of a Web session. The browser automatically includes the cookie in subsequent requests.” (Sit and Fu, 2001).

### **Terms and Conditions**

Terms and conditions, also called terms of agreement, is a broad term for specifications of arrangements, rules and standards that shapes an agreement or contract (Business Dictionary, 2017). Terms and conditions agreements used in websites usually include sections where it is explicitly stated that users must concur to specific data collection and marketing policies (Blythe and Sethna, 2016)

## **Chapter 2: Theoretical Framework**

*In this section of the research paper, the authors present important and relevant theory connected to the purpose. The theory is separated into several subsections which are funnelled down gradually in order to provide a clear understanding of the specific subjects in a coherent and structured manner. The first subsection is dedicated to relevant marketing theory. The second subsection focuses on the consumer aspect. Finally, the third subsection includes marketing ethics theory, which applies both to marketers and consumers.*

### **2.1 Marketing**

According to the American Marketing Association (AMA), marketing is defined as “the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organisational goals” (Czinkota and Kotabe, 2001, p.3). Generally, the purpose of marketing is to create value for consumers and build strong consumer relationships (Armstrong et al., 2015). For this purpose, companies need to have an understanding of the marketplace as well as what are the consumers’ needs and desires, what is the target market, and the differentiation and positioning of the company itself in the marketplace (Armstrong et al., 2015).

One of the key elements in marketing is communication. Creating consumer value is an important aspect in marketing and companies must also clearly and persuasively communicate that value (Armstrong et al., 2015). In order to have a better communication with consumers, companies use the promotion mix which is also called the marketing communication mix where companies need to implement these promotional elements to engage consumers with a clear message about the company and its products or service (Armstrong et al., 2015). The promotional mix consists of five parts: advertising, sales promotion, personal selling, public relations, and direct and digital marketing. Direct and digital marketing concentrates on communicating directly with targeted consumers which will lead to effective and immediate response from them, thus enforcing the creation of consumer relationships in the end (Armstrong et al., 2015). There are several elements that are included in traditional direct marketing such as: face-to face selling, direct-mail,

catalogue marketing, telemarketing, direct-response TV marketing and kiosk marketing (Armstrong et al., 2015).

### **2.1.1 Digital Marketing**

Internet and digital media have been a transformation phenomenon for businesses in terms of online marketing (Chaffey and Ellis-Chadwick, 2015). Over one billion people across the globe turn to websites to find the products they need (Chaffey and Ellis-Chadwick, 2015). By definition, digital marketing is a strategy involving marketing of products and services through digital channels (Kannan and Li, 2017). As an umbrella term, digital marketing can be described as a process of using digital technologies such as the Internet to acquire customer base and is a developing process to promote brands, maintain customers and increase sales (Kannan and Li, 2017). In recent years, marketers have identified the importance of digital marketing and how companies invest a lot of money to develop their marketing platform through internet (Tiago and Verissimo, 2014).

Furthermore, the advantage of internet and social media is represented through the information and communication with customers and stockholders where at the end sales are increased (Tiago and Verissimo, 2014). Internet and social media is an effective way to establish and build a strong brand and differentiate from the competitors (Tiago and Verissimo, 2014).

In the new digital era, companies need to consider all aspects of digital marketing in order to survive among competitors before going online (Chaffey and Ellis-Chadwick, 2015). There are three types of media channels marketers need to take under consideration since these approaches will help marketers to develop a strategy in order to reach and influence potential customers online (Chaffey and Ellis-Chadwick, 2015). According to Chaffey and Ellis-Chadwick (2015) these three key online media types consist of Paid Media, Earned Media and owned Media. He defines them under the term POEM. Paid, Owned and Earned Media.

*Paid media* essentially is bought media where companies pay for visitors, reach or conversions through search, basically it is an online marketing tool which firms pay for (Chaffey and Ellis-Chadwick, 2015). For example, Facebook, Twitter and LinkedIn are offering advertisement

which are good tools for companies to promote their marketing content (Chaffey and Ellis-Chadwick, 2015).

*Owned media* is owned by the brand where a company owns a website, blog, email list, mobile apps or is being present on social media platforms such as Facebook fan page (Chaffey and Ellis-Chadwick, 2015). Through this approach, companies can build a long-term relationship with their customer (Chaffey and Ellis-Chadwick, 2015).

*Earned media* includes word-of-mouth with the use of viral and social media marketing, and conversations in social networks, blogs and other communities (Chaffey and Ellis-Chadwick, 2015). The most effective way to execute and develop this approach is through partners such as publishers, bloggers and customer advocates (Chaffey and Ellis-Chadwick, 2015).

### **2.1.2 Permission Marketing**

The term permission marketing was coined by Seth Godin in 1999 and is one the most traditional approaches to online marketing. The term permission marketing means “customers agree (opting) to be involved in an organisation’s marketing activities, usually as a result of an incentive.” (Chaffey and Ellis-Chadwick, 2015, p.44). Furthermore, Seth Godin argues that “permission marketing encourages consumers to participate in a long-term, interactive marketing campaign in which they are rewarded in some way for paying attention to increasingly eleven messages” (Godin, 1999, p.43).

What Seth Godin (1999) emphasizes on in his book is that customers do not like to be constantly interrupted by advertisements while particularly watching a TV-program. Therefore, marketers could experience a tendency of failure in selling their products since customers can feel negatively towards the interruption and so-called time-wasting during commercials time (Godin, 1999). Godin argues that the better option is permission marketing, since it gives the consumer the freedom to volunteer to be a subject of marketing (Godin, 1999). This approach ensures that customers pay more attention to the marketing content (Godin, 1999). Permission marketing inspires consumers to actively engage in a long-term marketing campaign since it can lead to some increased perceived and obtained value in the end (Godin, 1999).

## **2.2 Consumer Behaviour**

In order to define consumer behaviour one has to know what a consumer is. Blythe and Sethna (2016) define a consumer as someone who uses and consumes a product or service, but also someone who enjoys the benefits of this offer. Blythe and Sethna (2016) state that consumption is the action of a consumer and includes where a product has been purchased e.g. offline or online as well as how and why a consumer acts in a certain way. This data describes how a product or service is used, which is closely related to consumer behaviour (Blythe and Sethna, 2016). Consumer behaviour includes the different actions people perform when consuming, using or accessing a product or service (Blackwell et al. 2001).

Blythe and Sethna (2016) believe attitude should precede behaviour. The reason is because a behaviour is shaped through an attitude and then expressed through behaviour. Another study points in the opposite direction and states that people tend to behave first and form an attitude after their actions (Fishbein and Ajzen, 1972). A third study states that an individual's behaviour and attitude is dependent on past experience and therefore important for future experiences (Ajzen and Madden, 1986).

Segmentation is a crucial part when measuring consumer behaviour. The purpose of segmentation is to detect potential customers by dividing markets into smaller segments as geographical, psychographic, behavioural and demographic segments. This gives an overview of how consumers are and behave, which is crucial when determining consumer behaviour thanks to increased measurability and simplified overview (Blythe and Sethna, 2016).

## **2.3 Consumer Value**

Consumer value is something that can be hard to define since the concept of value can be hard to measure (Slater et al., 2000). The term has therefore many definitions. One of them is that consumer value is established when the benefit for a consumer is higher than expected for a product or service (Slater et al., 2000). This is a very straightforward and simple explanation. Woodruff (1997) explains consumer value as “a customer’s perceived preference for and evaluation of those product attributes, attribute performances, and consequences arising from use that facilitate (or block) achieving the customer's goals and purposes in use situations” (p. 142).

Consumer value, nowadays, is easier to measure thanks to the wider accessibility to the Internet and constant development of methods for this since awareness of importance has increased (Doligalski, 2015). Doligalski also states that the importance of consumer value is to maintain and build consumer satisfaction. Businesses therefore have a large responsibility to act in terms of these conditions. One type of action to do this is through acting ethical, which can create or increase consumer value. On the other hand, unethical behaviour tends to decrease consumer value (Garbarski, 2009).

## **2.4 Consumer Awareness**

Consumer awareness is a subset of consumption (Du Plessis et al. 1994). Rousseau and Venter (1995) explain consumer awareness as into what extent consumers are conscious of their rights and obligations in a market place. The academic work of these authors regarding consumer awareness is rather old, but the theory is still reliable since it is general and timeless.

Consent is something that can play high importance when discussing consumer awareness. Cambridge Dictionary (2017) define consent as permission received from someone with the power to authorise. Awareness of given consent can be crucial in terms of marketing. Fahran et al. (2007) believe that awareness of consent is one of the most important rights consumers have in order to increase awareness and maintaining security for a consumer. This can in turn increase trustworthiness and brand loyalty of a business (Fahran et al. 2007). Awareness of given consent to collect personal data is an example of this.

Data and information are terms that are synonyms to each other with the difference that information is processed data (Ackoff, 1999). Doyle (2011) describes data collection as the process of gathering information about a specific target. The existence of data collection is important for marketing purposes for creating strategies and making tactical decisions (Doyle, 2011). The author's study focuses on the collection of personal information including names, contact information, and behaviour. This information is part of personal data collection, which increases the importance of ensuring awareness of consent (Harris and White. 2014).

## 2.5 Consumer Privacy

The general term of privacy is defined as “The ability or sometimes right of individuals and groups to withhold information about themselves or remove themselves from public view.” (Castree et al., 2013). In the era of digital and database marketing, the important factor of consumer privacy can be further narrowed down in interpretation as the ability of consumers to restrict and control the usage of their personal information by businesses (Milne and Rohm, 2000). In explanatory terms, this ability could be further examined and distinguished as consumers being capable of controlling “(a) the presence of other people in the environment during a market transaction or consumption behaviour and (b) the dissemination of information related to or provided during such transactions or behaviours to those who were not present” (Goodwin, 1991, p. 152).

Permission marketing is centred around the concept of opt-in initiated by the consumer, and the possibility to opt-out of being a subject of marketing activities (Godin, 1999). The importance for consumers to have such privacy control when it comes to them being a subject of marketing has not been a new topic of discussion. Foxman and Kilcoyne (1993) have suggested that consumers ought to be given more privacy control, for the sake of resolving marketers-consumers relationship and ethical issues. With the development and the greatly increased usage of the Internet, especially in the late 1990s and early 2000s, the effectiveness of opt-in and opt-out marketing strategies to protect private consumer information has been exceptionally challenged (Milne and Rohm, 2000). This is further complemented by the nowadays virtually boundless impact of Web 2.0 upon the emergence of ethical and relationship issues between consumers and companies. In fact, in present day, a strong majority of US adults agree that the way of collecting, protecting and using consumer personal data for commercial reasons is uncontrollable for today’s consumers (Collman and Matei, 2016). To illustrate the correlation between consumer privacy and opt-out and data collection mechanisms, Milne and Rohm (2000), in their study, include the Consumer Privacy State Framework ([Figure 1](#)). Consumers who belong to the quadrant “privacy exists” are more inclined to be satisfied with their relationships with marketers, thus being less impacted by ethical issues, unlike their counterparts who belong to a state of non-existential privacy (Milne and Rohm, 2000). The latter can be identified as the major consumer group facing

the growing number of ethical issues in online permission-based marketing (Milne and Rohm, 2000).

	<b>Consumer is knowledgeable about name removal mechanisms</b>	<b>Consumer is Not knowledgeable about name removal mechanisms</b>
<b>Consumer is aware of data collection</b>	Cell 1  Privacy exists.	Cell 2  Privacy does Not exist.
<b>Consumer is Not aware of data collection</b>	Cell 3  Privacy does Not exist.	Cell 4  Privacy does Not exist.

Figure 1. Consumer Privacy State Framework (George R. Milne and Andrew J. Rohm 2000, p.241)

## 2.6 Theological and Deontological Theories

Deontology and teleology are two ethical theories that have had a major influence upon the contemporary perception and analysis related to marketing ethics (see section 2.7).

Teleological theory is explicitly represented by utilitarianism (Kline, 2005). “This theory focuses on consequences, seeking the greatest good for the greatest number.” (Kline, 2005, p.9). Kline (2005) states that decisions based on teleology that are deemed right are based on the value or disvalue they produce compared to alternative decisions. The desired outcome for such decisions is personal or collective benefit, disregarding any potential harm to somebody if more people benefit from the decision (Micewski and Troy, 2007). Bartels and Pizarro (2011), however, argue that utilitarian decisions need not necessarily be related to the involvement of increasing welfare but “may instead result from reduced concern about causing harm”.

Decisions based on deontological theory are considered “right” on the condition that all stakeholders, whether they are the ones performing the action or are on the receiving end of it, would accept the specific decision rule (Kline, 2005). It, unlike teleological theory, “resides in reason, not utility-providing feelings” (Van Staveren, 2007). Business relies on deontological theory when its activities are dependent on rules and boundaries, even in situations when this approach could lead debilitation of profit (Kline, 2005). While business may rely on such theory to a high degree, Van Staveren (2007) claims that deontological theory has several limitations as it “excludes vulnerabilities of the human life that are outside the reach of the human will”, as well as that it lacks criterion with regards to dealing with conflicting rules (p.26). As powerful as it is, it confronts limitation issues when applied to concrete and complex real-life situations (Van Staveren, 2007). Deontological theory is centred around solid principles such as justice, basic rights, duties, obligations, responsibilities, and proper conduct, or in other words rightness of actions rather than the consequences (Akaah, 1997).

Micewski and Troy (2007) argue that both deontological and teleological ethical theories acknowledge that any action is triggered by a desired outcome, thus the reasoning for taking a specific action stems from the empirical world. Notably, deontological theory, while focusing on righteous principles, does not dismiss the notion of competition and profit (Micewski and Troy, 2007). In addition, Van Staveren (2007) suggests that deontological ethical theory has a legitimate role in economic theory. The actual difference between the two approaches is in the

“reaching of the result” (Micewski and Troy, 2007, p. 19). Traditional methodology surrounding the ethical dilemmas related to ethical decision making suggests that behaving accordingly to deontological principles is to essentially behave in opposition to utilitarian principles, and vice versa (Conway and Gawronski, 2013). On the other hand, Conway and Gawronski (2013) claim that this method is rather limiting as opposing deontological inclinations to teleological inclinations can lead to theoretical ambiguity. The same authors provide a relevant example with regards to this issue by analysing individual difference designs, where correlations between ethical dilemma judgements may manifest either a positive relation with one inclination or a negative relation with the other (Conway and Gawronski, 2013).

## **2.7 Marketing Ethics**

For the most part of the 20<sup>th</sup> century, theoretical efforts attempted at establishing rules and guidelines for marketers to follow in order to conduct their campaigns in an ethical manner (Hunt and Vitell, 1986). Modern theory of marketing ethics was to a certain extent influenced by the work of Hunt and Vitell (1986), which is based on deontological and teleological philosophy (Schlegelmilch and Oberseder, 2010). Unlike previous studies on the topic, their work introduces a new descriptive approach to ethical decision making (Schlegelmilch and Oberseder, 2010). Hunt and Vitell’s model pushes into a new direction as it considers the individual perception of a specific situation or the environment as influential when it comes to ethical decision-making (Akaah, 1997). Hunt and Vitell (1986), with the introduction of this new approach, contributed immensely to the transition of ethics research from its normative roots of moral philosophy to the analysis of the process of ethical decision making (Hunt and Vitell, 2016). In a way, this shaped the modern concept of marketing ethics which, in simplicity, can be described as “the systematic study of how moral standards are applied to marketing decisions, behaviours, and institutions” (Murphy et al., 2005, p.17). Due to the involvement of market participants, “marketing ethics is part of business and economic ethics and a unique branch of applied ethics” (Haase, 2016, p.125). Notably, Haase (2016) states that there is no distinction between ethical issues and marketing issues coming from the separation of activities in terms of a particular group being the subject of marketing, and another one being the subject of ethics. All issues in marketing have their own unique economic and ethical dimensions (Haase, 2016).

In contrast, to a certain extent, to Hunt and Vitell’s (1986) descriptive approach, Birnbacher (1999) argues that the relationship between descriptive and applied ethics has changed to the extent that it cannot be characterized by normative methods’ application to empirical domains. Haase (2016) states that empirical science related to marketing ethics is no longer restricted to describing ethical issues in certain situation. Furthermore, as Birnbacher (1999) himself argues, empirical science and ethics should co-exist not only on descriptive terms, but also to the extent of cooperation and mutual contribution to current problematic ethical situations. To portray the complexity of this relationship and to shed light on the specific purpose of applied ethics, Haase (2016) emphasizes on the importance of the framework of Applied Ethics as Cooperation between Ethics and Non-ethics (Figure 2).

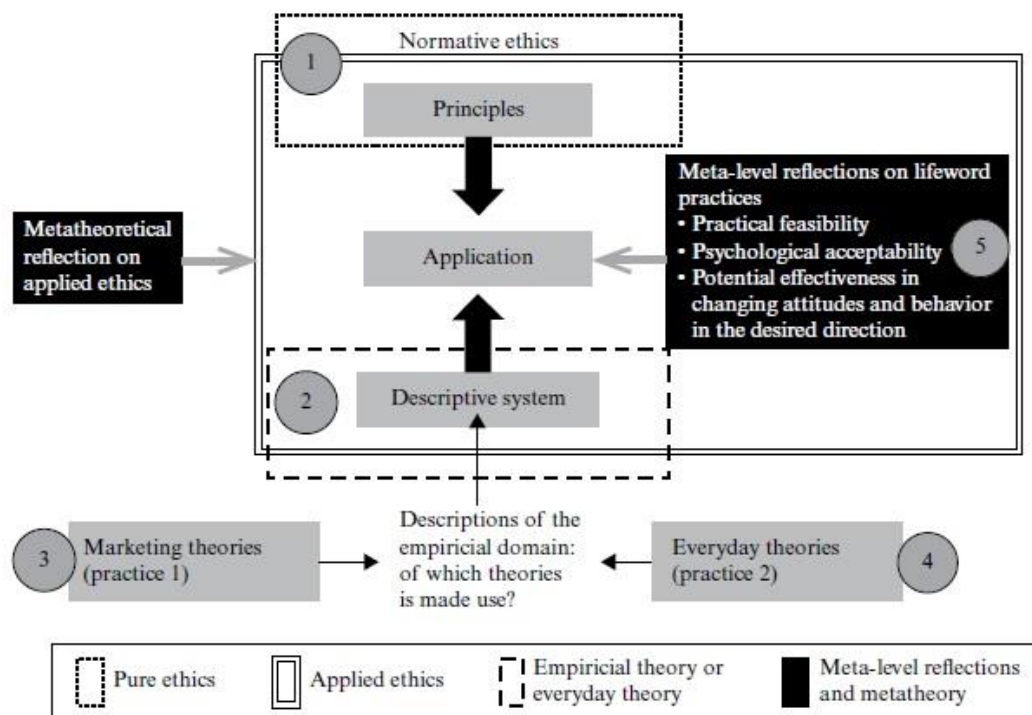


Figure 2. Applied Ethics as Cooperation between Ethics and Non-ethics (Michaela Haase 2016, p.133)

Normative ethics (1) “refers to the origin of ethical principles such as categorical and utilitarian perspectives” (Haase, 2016, p.133). Empirical disciplines (2) provide a basis for descriptions of empirical domains, which is further funnelled down in description in (3) Marketing theories and

(4) Everyday theories (Haase, 2016). Part (5) is based on Birnbacher's (1999) suggestions to scholars for practical feasibility, psychological acceptability and potential effectiveness in attitudes and behaviour.

While the discussion of many theoretical and practical issues along their respective implications in marketing ethics over the past 50 years has not reached its conclusion, several new practical topics have emerged with the development and usage of online marketing over the recent years (Schlegelmilch and Oberseder, 2010). Most notably, it was in the 1990s when researchers shifted their focus more towards marketing ethics from the consumer point of view, and subsequently in the 2000s the role of the Internet also emerged as an extensive topic (Schlegelmilch and Oberseder, 2010).

## **Chapter 3: Methodology**

*Initially in this section, the research philosophy, approach and method are presented. In the second part of this chapter, the data collection process, the survey design as well as the ethical aspect, reliability of results and potential limitations are discussed.*

### **3.1 Research Philosophy**

The research philosophy represents the authors' assumptions regarding their view of the relationship between knowledge and its process of development (Saunders et al., 2009). These precise assumptions ultimately establish the foundation of the research strategy and the chosen methods (Saunders et al., 2009).

Realism, as a branch of epistemology, has been adopted by the authors for the purpose of this study. This research philosophy is considered as the most cohesive one with regards to the implementation of quantitative methods in studies with exploratory nature (Saunders et al., 2009). In addition, realism is appropriate for the purpose of this study due to its objective nature in terms of perception of the world. It is essentially exclusive of human thoughts and beliefs (Saunders et al., 2009). Realism assumes a scientific approach to the development of knowledge through the collection of data and thoroughly comprehending the data (Saunders et al., 2009). This purpose of the philosophy and its relevance for business and management research could be clearly

understood especially with the inclusion of the two contrasting forms of realism. “*Direct realism* says that what you see is what you get: what we experience through our senses portrays the world accurately.” (Saunders et al., 2009, p. 114). On the other hand, *critical realism* argues that what we experience are only sensations of the images of the real world (Saunders et al., 2009). The aim of this study is to include an observable phenomenon that can provide credible data facts. Insufficient data is a sign of inaccuracies in sensations, which relates to direct realism. Alternately, phenomena could create sensations which could be misinterpreted and deceitful in their core nature, which is an aspect related to critical realism (Saunders et al., 2009).

### **3.2 Research Approach**

The authors of this research paper have chosen an exploratory research approach and abductive reasoning for the selected method. According to Saunders et al. (2009), exploratory studies are particularly appropriate for clarifying the nature of a complex, relatively new or completely unknown problem, and assess it in a new light. This corresponds well to the relatively unexplored nature of the phenomena examined in this paper. Additionally, it provides the authors with much needed flexibility in terms of the scope and direction of the research (Saunders et al., 2009). To further add value to this choice of research, Adams and Schvaneveldt (1991) claim that the flexibility attached to exploratory studies does not imply absence of direction, but rather that the initial focus is broad and gradually becomes narrower as the research progresses. Ultimately, this involves a high degree of precision and coherence throughout the research paper.

Abductive methods differ from inductive and hypothetico-deductive in the sense that they acknowledge explanatory considerations when evaluating the worthiness of research hypotheses and theories (Haig, 2010). Inductive reasoning itself facilitates the prediction of novel situations based on prior knowledge and is an approach which commences at a specific ground level which gradually progresses to a more abstract theoretical level (Hayes et al., 2010). In contrast, deductive reasoning could be seen as a “top-down” approach as the formulation of theory commences from a higher, abstract ground and is narrowed down gradually (Johnson-Laird, 2010). The deductive approach generates valid conclusions which have to be true given the consideration of their premises (Johnson-Laird, 2010).

Due to the novelty of e-permission marketing, a strong theoretical base is necessary in the beginning, thus the inductive reasoning is not considered as appropriate for this study. With regards to deductive reasoning, its final theoretical implications are deemed as limiting, due to the aforementioned dependencies with initial propositions. The authors find this limitation to be unfitting with the exploratory nature of the study and its flexibility when relating empirical data to relevant theory. Consequently, considering the nature of the research study and having in mind the consequences and implications of the aforementioned factors, the abductive reasoning is regarded as the most appropriate method.

In practice, there are three distinguishable abductive methods. Firstly, theory of explanatory coherence (TEC) is regarded as “inference to the best explanation”, and is oftentimes used to judge between well-known competing theories (Haig, 2010). Secondly, grounded theory is a well-known methodological perspective on how to conduct and analyse qualitative research. Thirdly, exploratory factor analysis (EFA) enables researchers to model sets of latent, or unobserved variables, from the formulation of intentionally observed variables (Haig, 2010). Having in mind the purpose of this research, as well as its exploratory nature and quantitative method for collecting empirical data, EFA ([See section 3.7](#)) is regarded as the most appropriate method.

### **3.3 Quantitative Research Method**

In order to collect large and valuable amounts of empirical data, which can be analysed by implementing descriptive statistics, a survey based on a questionnaire was conducted. It is vital for this study to be able to rely on a large sample size as to ensure reliability and statistical significance. Careful planning of the questions included in the survey was undoubtedly needed in order to increase the relevance of the collected data and to ensure its unperplexed interpretation. According to Saunders et al. (2016), the usage of questionnaires is arguably the most efficient method of data collection. Not only does it provide the researchers with a larger sample size than qualitative methods, but it also enables the acquirement of more accurate measures than the qualitative approach (Curwin and Slater, 2007). Since this study is focusing on a relatively new phenomenon, it is crucial to gather as much relevant data as possible and then analyse it in an

objective manner. Contemplating on the aforementioned reasons, ultimately, the qualitative approach of empirical data collection was rejected.

The purpose of this research paper is to investigate the degree of consumer awareness of consent in e-permission marketing and explore how consumer attitude and behaviour is affected once consumers are knowledgeable about the existence and core nature of ethical issues in this field of marketing. Due to the unique marketing perceptions and purchasing habits of each internet user, the quantitative method is appropriate as it presents all these aspects in a numerical manner, which can be profoundly analysed further on and become a solid foundation for much needed conclusions in the field of permission marketing.

### **3.4 Data Collection**

*Data was collected through two different methods for the purpose of the study; primary and secondary data. Secondary data is needed as an underlying support for primary data and to serve as a source when formulating the research questions, and problems.*

#### **3.4.1 Primary Data**

Saunders et al. (2016) describe primary data as data obtained with the purpose to add value to a research. An advantage of using primary data is that the information obtained from collected data is made to fit the purpose of the specific research (Ghauri and Grønhaug, 2005). Nonetheless, there are of course disadvantages with the usage of primary data. The main one is that data collection can be costly in terms of time and money (Saunders et al. 2016). For this study, data was collected through the professional online tool Qualtrics, which is specifically designed for high quality surveys. What gives Qualtrics advantage over similar tools, in this specific case, is that Qualtrics is considered reliable as well as recommended and used by Jönköping International Business School. Another important factor is the feature to transfer results from Qualtrics to the statistical software tool SPSS. The SPSS software can help a lot in how data is processed and give the authors a more accurate view on the information received.

Data collection is performed with self-selected sampling through the social media. Social media was used in order to reach as many accurate responses as possible since the target group for the

study is Internet users. Social media may only reach out to friends and relatives to the authors, but is the best option regarding that the research as mentioned has scarce resourced in form of money and time. Discoveries made through primary data would not have been able to be solely observed through secondary data.

### **3.4.2 Secondary Data**

Saunders et al. (2016) define secondary data as information gathered from a previous research where a study has been made with a similar purpose. The purpose of secondary data is to provide support for existing research on a certain topic (Ghauri and Grønhaug, 2005). Secondary data was collected through statistics in order to collect relevant theory that fits the purpose of the research as well as understanding and conducting the purpose of the research. Statistics helped to add value and backup recently found theories. Collected data helped to funnel down the research scope for the authors in order to narrow it down to increase research quality. The secondary data mainly consisted of statistical data involving a more practical business perspective, in order to balance the study and add more relevance to it. Data was found in online databases such as Emerald, Google Scholar, Science Direct, EBSCO and the Jönköping University Library since they are deemed as reliable. To search through these databases some special keywords were used; *Digital Marketing, Marketing Ethics, Consumer Behaviour, Online Permission Marketing and Consumer Privacy*. To measure relevance, statistical studies were mainly determined from year of publication, quality of research and were derived only from peer reviewed journals. Year of publication was one of the most important factors when selecting literature since the concept of e-permission marketing is relatively new and is constantly evolving. Nonetheless, collected articles pointed in the same direction, which showed that their accuracy is high.

### **3.5 Sampling**

Prior to primary data collection, it is crucial to decide on choosing a sample. Saunders et al. (2016) define sampling as the act when a part of a population is chosen with the aim to gather information that reflect an entire population. Law (2009) describes the importance for a sample to represent the most important characteristics of a population. Law (2009) also explains that sampling must be used in order for a research to be feasible; feasible in the sense that a lot of effort must be put into measuring a whole population especially in terms of time and cost

(Saunders et al., 2016). In the case of this research study, sampling was required since the authors have a limit of both time and financial resources. Financial resources could have helped the authors to invest more into reaching out to a larger sample.

The two main techniques used for sampling are probability- and non-probability sampling. Probability sampling is mostly associated with survey-based research strategies where assumptions about the population have to be made in order to answer to the research questions (Saunders et al., 2016). Non-probability sampling is mainly used to conduct business researches. It is a technique where a selection process is made based on a researcher's subjective intuition since the researcher cannot reach out to the entire population (Saunders et al., 2016).

Saunders et al. (2016) further state several various techniques for non-probability sampling. One of them, called self-selection sampling, was the chosen for this research. The technique is designed for an exploratory purpose, which aligns with the purpose of this study and was therefore used by the authors. A benefit with self-selection sampling is how this technique gives a possible respondent the availability to decide whether to participate or not to. Saunders et al. (2016) believe this leads to a collection of reliable data with the argument of how the respondent is often more engaged since the person in question has made the decision to participate him or herself. When conducting a study, the specific population will be narrowed down to e.g. Internet users with the authors research question in mind. This is crucial since both the purpose and research questions of a thesis lay as a base for what kind of participants that will be included in a sample (Saunders et al., 2016).

### **3.6 Survey Design**

The survey was constructed in order to quantitatively collect primary data. It was made available in two languages, Swedish and English, to be able to reach out to as many respondents as possible. To reduce the possibility for misunderstandings in the bilingual survey, several checkings of translations were done. In order to make the survey easier to read and understand, the survey questions were phrased using mainly everyday language instead of complex business and technological terms. This can be advantageous for collecting more reliable responses.

The type of survey designed is a self-administered survey. Saunders et al. (2016) describe this as a survey where participants submit their answers by themselves to the researching authors. An internet based self-administered survey let the respondents answer and submit the survey online, which was the chosen method for empirical data collection for this specific research. The online distribution was made possible through social media platforms Facebook and LinkedIn since Internet users are the main target and these platforms can make it easier to reach a broad group of people. The format of these social media platforms also enabled to easily inform possible respondents about the survey and forward them to another website where they could answer to the survey. Another reason for taking advantage of social media is to reach the target of respondents to at least 200, which was the goal to get an accurate and overall opinion about the researched subject. When distributing a survey it is important to focus on the main characteristics of the population (Saunders et al., 2016). A statement that lay as a base for the decision of using Internet for distribution. Saunders et al. (2016) also state that this type of survey design is beneficial to use when aiming to the number of respondents the authors aim to reach.

The actual survey is built on questions where the respondents are asked to rate when answering. These lay as an extension to demographic and Internet usage question. They are built on a scale between agree to do not agree as well as always to never, etc. which are answers to a presented statement (Saunders et al., 2016). Saunders et al. (2016) describe this as the Likert-style rating scale approach, which is one of the most used techniques for surveys including rating questions. The approach is used when numeric data has to be collected to find out respondents' opinions (Saunders et al., 2016). This study is using the Likert-style rating scale with a four-point scale. This prompts the respondent to state an opinion since there is no possibility to be neutral. Using a four-point scale will therefore always give an either positive or negative outcome of answers (Saunders et al., 2016).

Before distributing the survey a pilot study was performed. A pilot study is a preliminary study in small scale, designed to increase quality and give opportunity to change the survey in order to avoid ambiguity by checking relevance. A pilot study can in the end increase overall quality for the study (Saunders et al., 2016).

### **3.6.1 Survey Description**

When a participant has chosen to answer to the survey ([see appendix 1](#)), they will receive information about the research through an introductory text. This text explains the authors' research in brief, appreciation towards the respondents' participation and the time frame for answering to all questions. This was done to inform and create a purpose for the respondent to participate. Introductory text was followed by demographic questions where participants answered anonymously to questions about their age, gender and occupation. Segmentation was done in order for the participants to be put into groups to ensure that data collection was performed with a relevant sample where it can be possible to e.g. see differences between age groups or genders. The third question in this part of the survey handled occupation of the respondent. This was asked in order to receive information and understand if results shifted depending on occupation. When answered to these questions, the participant was able to move on the next step in the survey.

This section includes questions about Internet usage. Questions regarded which online platforms the participants used and received most offer and promotions from. Followed by behaviour towards acceptance and awareness of terms and conditions. These questions enabled to filter out non-Internet users, get an understanding of attitude towards terms and conditions as well as strengthen importance of the research.

The third part of the survey was longer and included eight questions concerning behaviour towards permission marketing with focus on different forms of ethics as well as privacy issues. These questions were asked using the Likert-style rating scale approach ([See section 3.6](#)). The four-point scale had a range over 1-4 where 1 is the most possible positive answer and 4 the most possible negative one.

Questions were formulated and structured in an analogous way all through the survey except demographic questions and Internet usage. This was done in order to create consistency and a survey that is easier to understand and perform for respondents.

### **3.7 Data Analysis**

Saunders et al. (2016) argue that empirical data conducted through a quantitative research needs to be processed before an analysis is possible. Primary data is processed in SPSS where invalid or irrelevant data could be sorted out to enable a deep and relevant analysis. There are many techniques for this, and one of them is Cronbach's Alpha. Cronbach's Alpha is one of the most used metrics for data analysis (Lance et al., 2006). Lance et al. (2006) further describe that the metric is used to prove statistics reliability by validating statistics based on collected data. It is argued that the reliability of the result of Cronbach's Alpha should be at least 0.7 (70%) to be seen as accurate as in a statistical perspective. However, this number can be as low as 0.5 (50%) or 0.6 (60%) to be accurate for an exploratory study (Nunnally and Bernstein, 1994).

Another type of statistical analysis is factor analysis. Pallant (2005) describe the method as an analysis made for reducing irrelevant items of a research. This is performed by grouping items together to enable an overlook of numbers in order to discover differences in factors that is hard to see by the human eye (Pallant, 2015). This specific study uses an exploratory factor analysis (EFA), which is used to find underlying connections between variables (Norris & Lecavalier, 2009). EFA enables the authors to explore underlying theoretical structures which are derived through the relationship between the variable and the respondent. EFA "exemplifies well the character of existential abduction" (Haig, 2010, p.78). This fit accordingly with the research questions and the purpose of this research paper, as the focus is to investigate whether there is existence of awareness and change in consumer behaviour with relation to ethical issues in e-permission marketing. Finally, it also provides the authors with the opportunity to consider latent variables when utilizing factor analysis through SPSS, and with flexibility when it comes to the formulation and interpretation of data sets.

### **3.8 Ethics, Validity, Reliability, and Limitations**

#### **3.8.1 Ethics**

The selection of participants in this survey is completely random. The only requirement is that the participants are internet users, since this research study is related to online permission marketing. Participants have the option to choose between the two conservative gender types, as well as click on the option "other" should they identify themselves in a non-conventional way.

With regards to geographical information, the authors decided against involving it in the survey, as it is seen as irrelevant to the topic and the questions at hand. Furthermore, such involvement could be seen as a platform for favoritism in terms of origin, racial background and religion.

Data was collected and presented anonymously by not gathering personal information that could disclose personal identity information. The authors ensured that participation is voluntary as well, and is based on information about the purpose of the research that is adequate (ICC/ESOMAR, 2016).

### **3.8.2 Validity and Reliability**

Saunders et al. (2009) identify reliability and validity as two vital components when it comes to enhancing the quality of the research and ensuring credibility.

“Reliability refers to the extent to which your data collection techniques or analysis procedures will yield consistent findings” (Saunders et al., 2009, p. 156). Robson (2002) identifies *subject or participant error*, *subject or participant bias*, *observer error*, and *observer bias* as the four threats to reliability.

The main factor concerning *subject or participant error* is responses being influenced by time frames. With regards to this study, the authors aimed to structure the questionnaire in a way that eliminates such probability, by excluding any reference to past or potential future events and time frames related to the topic which is being examined. Furthermore, the authors have minimised the probability of *subject or participant bias* by ensuring the anonymity of respondents. In this particular study, there is neither *threat of observer error* nor *observer bias* as the authors have worked together in creating a single survey questionnaire which was to be distributed to potential respondents. No changes were made to the survey during its lifespan or after the results had been collected. No other versions of the survey were created and distributed for the purpose of this research paper. Ultimately, the authors aim to present the results in full transparency in relation to the empirical data. This is to be achieved with the help of SPSS as a reliable statistical tool, as well as the inclusion of the test results in the appendix of this paper.

According to Saunders et al. (2009), “validity is concerned with whether the findings are really about what they appear to be about” (p. 157). Robson (2002) distinguishes several threats to validity.

Firstly, *history*, in terms of highly influential sudden events related to the research topic could have a dramatic impact on the results (Saunders et al., 2009).

Secondly, *testing and instrumentation* are related to the probability of respondents gaining advantage or being at a disadvantage depending on how they answer the questions (Saunders et al., 2009).

*Mortality and maturation* refer to participants dropping out of studies, which in some cases might be due to particularly influential events happening during the lifespan of the study (Saunders et al., 2009).

*Ambiguity* about causal direction, exists when researchers are perplexed in determining the influences variables have on each other, and more precisely if variable A has an effect on variable B, or if it is vice versa (Saunders et al., 2009).

During the process of gathering data, no events with regards to the topics of permission marketing, digitalisation, or data collection occurred that could have had a dramatic impact on the responses by participants. In terms of testing and instrumentation threats, it is very difficult to determine whether the respondents can feel certain disadvantages when choosing particular answers. It is very much possible that some of the employed participants are indeed working in the field of digital marketing, or that some students completing the survey are pursuing a career in that field. With regards to mortality and maturation, such threat could be seen as almost non-existent due to the short lifespan of the survey and the hundreds of participants in it. In terms of ambiguity of causal direction, this research study clearly states that it intends to examine practices in e-permission marketing that themselves spark ethical issues which in effect have an influence on consumers. There is an evident distinction in terms of the chain of events, thus limiting the threat of ambiguity.

### **3.8.3 Limitations**

Undoubtedly, the limited experience of the authors in terms of collecting and analysing statistical data could be seen as a weakness for the chosen method for this research study. Notably, time limitations are also present since the survey would be available for a limited time due to set deadline targets for collecting, analysing the data, crafting conclusions based on the results and completing the research paper. The choice of method itself involves certain limitation, the first of which is that all the benefits of the qualitative approach are automatically disregarded since that

approach was rejected. The selected quantitative method does not involve as profound remarks about the topic as the qualitative method could have offered. The implementation of surveys, as advantageous as it can be for business research, means that the data collected would not be as wide-ranging as it could be with usage of other strategies (Saunders et al., 2009). Finally, the scale of 1 to 4 could be seen as a limitation in terms of the lack of option for the respondents to have a neutral stand towards the questions based on the Likert-style scale approach.

## Chapter 4: Results

*In this chapter, the results of the survey are presented and statistically analysed. Initially, background answers are presented, followed by Internet usage answers, and more in-depth answers regarding awareness of consent and data collection. Further, established components from the conducted Factor Analysis are displayed, followed by descriptive statistics.*

The total number of collected responses from the survey was 218. Out of them, 17 were excluded due to incompleteness and incoherence. That means that the number of 201 is deemed as sufficient for the purpose of this study, and for conducting exploratory factor analysis (EFA). As shown in the table below, in terms of background responses, out of the 201 respondents 70.64% are between ages 18 and 24, 22.9% between 25 and 34, 3.7% between 35 and 44, 0.9% between 45 and 54, 1.4% between 55 and 64, and 0.5% of the age 85 or older. Most of the respondents (72.5%) are students, and 24.3% are currently employed.

Age	Freq.	Occupation	Freq.	Online Services Used	No. Of Answers
18-24	22,9%	Employed	24,3%	E-mail	183
25-34	3,7%	Unemployed	1,8%	Google	190
35-44	0,9%	Student	72,5%	Social Media	190
45-54	1,4%	Retired	1,4%	Video streaming sites	170
55-64	0,5%	Other	0,0%	I do not use any	0
65-74	0,0%				
75-84	0,0%				
85 or older	0,5%				

Table 1. Survey Results

Regarding general Internet usage questions, which were excluded from statistical analysis, all respondents indicated their frequent usage of online services such as Google (190 responses) Social media (190), Email (183), and Video streaming websites such as YouTube, Netflix and similar (170) (reference to graph in appendix). Respondents claimed that most online marketing offers came via Email (93), followed by Social media (83), Video streaming websites (28), and Google (9).

Two important questions regarding consent, privacy and data collection, which were excluded from statistical analysis via SPSS due to their structure, were in relation to consumer awareness, as 80.60% indicated that they were aware of third party data collection, whereas 19.40% indicated the opposite, as shown in the figures below. Finally, 78.10% of respondents claimed that they still gave consent via agreeing to Terms and Conditions of websites practicing online-based permission marketing, after being aware of such practices.

#### **4.1 Factor Analysis, Descriptive Statistics, and Reliability Tests**

Factor analysis was conducted on the variables including the Likert-style rating scale approach. Simply explained, as mentioned in [section 3.7](#), this tool aids in displaying relationships between variables, or as in our case - survey questions and their answers, by grouping them together in different components. The factor analysis established the existence of three main distinguishable components related to the topic of this paper on which the survey was based, as shown on the figure below.

### Rotated Component Matrix

	Component		
	1	2	3
Q7. How often do you read Terms and Conditions on websites?		.874	
Q9. How often have you rejected entering a website because you did not agree to their Terms and Conditions?		.810	
Q10. How comfortable do you feel about companies gathering your data for marketing purposes?			.652
Q13. Do you think that companies should gather data and use it for marketing purposes if that benefits the majority of internet users?	.679		
Q14. Do you agree that usage of personal data for marketing purposes is morally right if companies create more value for customers?	.675		
Q15. Do you feel more likely to click on an ad or be interested in promotional offers once they have been targeted to your specific preferences?	.756		
Q16. How often do you feel that your privacy has been invaded by marketing activities done by companies or ad agencies?			.840
Q17. Following up on the previous question, were you likely to allow marketers to make further offers?	.743		

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.<sup>a</sup>

a. Rotation converged in 4 iterations.

Table 2. Rotated Component Matrix (derived from SPSS)

Due to the presence of Question 12 from the survey in two components, this question was disregarded from the exploratory factor analysis.

The KMO and Bartlett's test was run to test the validity of the data. As shown in [Table 3](#) below, the obtained measure is 0.780. The values of the KMO and Bartlett's test vary between 0 and 1, as values above 0,6 are considered acceptable for proceeding with the execution of factor analysis and using it for interpreting the data (Tabacknich & Fidell, 2001). Therefore, the high value of 0.780 is a solid indicator for the validity of the data.

### KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.780
Bartlett's Test of Sphericity	Approx. Chi-Square	427.214
	df	36
	Sig.	.000

Table 3. KMO and Bartlett's Test (derived from SPSS)

Table 4 (below) shows that descriptive statistics were run on the three main components, derived from the factor analysis. Based on the topic to which they are connected, the components are named *consumer value*, (attitude towards) *consent*, and *data collection and privacy*, respectively.

#### Descriptive Statistics

	N		Mean	Median	Mode	Std. Deviation	Minimum	Maximum
	Valid	Missing						
Consumer_Value	201	0	2.3918	2.2500	2.00	.69941	1.00	4.00
Attitude_Towards_Consent	201	0	2.5398	2.5000	2.50	.36181	1.50	3.50
Data_Collection_Privacy	201	0	2.4005	2.5000	2.50	.49249	1.00	4.00

Table 4. Descriptive Statistics (derived from SPSS)

Once the factors were identified, the Cronbach's alpha test was carried out in order to show the reliability of each component. The values of the Cronbach's alpha vary from 0 to 1, and a measurement of 0.7 and above is considered to increase substantially the reliability of the data. The Cronbach's alpha values for each of the three components are shown in the subsections below.

#### 4.1.1 Consumer Value

As shown in [Table 1](#), four of the variables are grouped together in component 1, which we identify as the consumer value model. As displayed in the relevant figures, the variables included in the consumer value section measure up to  $\alpha=0.719$  (Cronbach's alpha, as shown below in [Table 5.1](#) and [5.2](#)), with a mean of  $\mu=2.4$ , which means the group can be a subject of exploratory work. By looking at the data, it could be interpreted that this particular component has the highest

significance level on the degree of the effect of ethical issues in e-permission marketing upon consumer behaviour. The mean is above 2, which in correlation to the four-point scale approach (see section 3.6), shows a rather negative consumer attitude towards e-permission marketing, even considering the condition that the consumers themselves receive value in the end.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.719	4

Table 5.1 Reliability Statistics for Consumer Value (derived from SPSS)

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Question 13	7.28	4.702	.543	.636
Question 14	7.20	4.980	.553	.635
Question 15	7.34	4.655	.481	.676
Question 17	6.89	4.922	.462	.684

Table 5.2 Reliability Statistics for Consumer Value (derived from SPSS)

**4.1.2 Attitude Towards Consent**

Component 2 of the Factor Analysis comprises of two variables which we relate to the topic of consumer attitude towards giving consent. As seen in the figures above, the factor measures up to  $\alpha=0.633$  (Cronbach's alpha, as shown below in Table 6.1 and 6.2), with a mean of  $\mu=2.5$ . It should be noted that this component as shown in Table 1 is comprised only of two elements, thus technically decreasing the reliability on the Cronbach's alpha test. For this reason, the model is still going to remain valuable for this study.

The mean shows low consumer awareness level of what consent includes in terms and conditions agreements, as well as high levels of compliance with websites' terms and condition agreements regardless of what they constitute of.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.633	2

Table 6.1. Reliability Statistics on Attitude Towards Consent (derived from SPSS)

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Question 7	3.38	.476	.463	
Question 9	3.46	.499	.463	

Table 6.2. Reliability Statistics on Attitude Towards Consent (derived from SPSS)

**4.1.3 Data Collection and Privacy**

Lastly, component 3 once again is comprised of two variables. This component is named data collection and privacy. It measured up relatively lower in terms of reliability compared to the two aforementioned ones, with  $\alpha=0.480$  (Cronbach's alpha, as shown below in [Table 7.1](#) and [7.2](#)), while the mean was  $\mu=2.4$ . Once again, this component is comprised of only two elements ([see table 1](#)), thus the reason for the lower result in the reliability testing, meaning that it will be considered in the results and analysis part of the paper.

It is vital to mention here that the responses on the scale of 1 to 4 on question 16, as a variable which is part of this component, were reversed in SPSS, due to the negative wording of the question itself. Thus, the mean shows a relatively negative attitude towards data collection practices in e-permission marketing.

**Reliability Statistics**

Cronbach's Alpha	N of Items
.480	2

Table 7.1. Reliability Statistics for Data Collection and Privacy (derived from SPSS)

**Item-Total Statistics**

	Scale Mean if Item Deleted	Scale Variance if Item Deleted	Corrected Item-Total Correlation	Cronbach's Alpha if Item Deleted
Question 10	2.69	.856	.323	
Question 16	2.49	.561	.323	

Table 7.2. Reliability Statistics for Data Collection and Privacy (derived from SPSS)

Following up in the next chapter, the presented statistical description will be thoroughly analysed using the theoretical framework.

## **Chapter 5: Analysis**

*The analysis further expands on the results of the survey and connects the relevant empirical data to theory. This segment of the thesis is divided into three sections based on the three distinguished components regarding ethical implications in e-permission marketing on consumer behaviour.*

The exploratory factor analysis (EFA), as shown in the tables in Chapter 4, presented the underlying relationships between sets of questions (variables). Subsequently, these variables were grouped together into three components, or so called models, which are deemed to have influence on the change in consumer attitude and behaviour once consumers are aware of ethical issues in e-permission marketing.

The following models derived from the EFA are presented and analysed in a logical sequence as interpreted by the authors, rather than in a technical sequence as shown in the Rotated Component Matrix (Table 2). To simplify and add coherence, Model 2 (Attitude Towards

Consent) will be analyzed first, followed by Model 1 (Consumer Value), and finally, Model 3 (Data Collection and Privacy).

### **5.1 Model 2: Attitude Towards Consent**

This model ( $\mu = 2.5$ ), derived from the external factor analysis, includes variables related to consumers reading through and getting familiar with terms and conditions, and potentially agreeing or disagreeing to terms and conditions. What could be interpreted from the results for this model is that consumers show little concern for the implications involved in giving consent to be a subject of marketing. An underlying assumption for this is that people could see potential for extracting value in their role as consumers. Marketing theory suggests that companies' main goal is to create value for customers (Armstrong et al., 2015). Seth Godin (1999) himself argues that through permission marketing, customers participate in a marketing campaign in which they are rewarded. If this is achieved there is a solid base for forming a consumer behaviour positively directed at e-permission marketing. Consumer behaviour, being affected by consumer value, could serve as establishment and key support for the formation of consumer attitudes (Fishbein and Ajzen, 1972).

By analysing the results of the questions related to this model, we can see a very low degree of awareness as only a little over 7% of respondents read terms and conditions on the scale of 1 to 2 ("most of the time" to "always", [Appendix 1](#)). This essentially provides an answer for [research question 1](#). To further analyse, the formation of behaviour and then attitude, if Fishbein and Ajzen's (1972) theory is taken into consideration, is formed without the consumers actually being aware of what they are agreeing to. The only viable explanation for such tendency is the perceived value as a main target and focus for the consumers. This aligns accordingly with teleological ethical theory, suggesting that consumers make decisions based on personal benefit (Micewski and Troy, 2007).

### **5.2 Model 1: Consumer Value**

The results regarding this model ( $\mu = 2.4$ ), when interpreted from a theoretical ethical standpoint, present several key implications to the topic at hand. Notably, Hunt and Vitell's model from 1986

is a key starting component. Due to each person's unique perception of value, as well as moral stance, the situation which the respondents are in is absolutely influential to their ethical decision-making process (Akaah, 1997). It is important to mention here that Garbarski (2009) states that unethical behaviour by companies, as perceived by the consumers, can have a negative effect on consumer value. Both Garbarski (2009) and Doligaski (2015) believe ethical behaviour by marketers is important to increase consumer value.

The overall mean of the model being higher than 2 on the Likert-scale approach shows that respondents' ethical views are relatively negatively directed towards e-permission marketing activities even if there is some value to be offered to the consumers themselves. The findings show that consumers tend to disagree towards unethical behaviour. To further expand on this, there is evidence of opposition to teleological theory, which standpoint is "the greatest good for the greatest number" (Kline, 2005, p.9). Consequently, this leads to the interpretation that consumers are more inclined to associate with deontological theory when it comes to ethical decision making once they are more aware of the nature of e-permission marketing ethical issues. This is an intriguing finding, since, as analysed in [section 5.1](#), unaware consumers are more concentrated on extracting value and show little concern for potential ethical dilemmas or issues. The underlying reason for this change of behaviour is that, once aware of potential issues, consumers could be more focused on the righteousness of their actions and avoiding negative consequences for themselves or other stakeholders, rather than the potential personal or collective benefits (Akaah, 1997; Van Staveren, 2007).

In addition, a further interpretation could be that consumers, once aware of potential ethical issues, do not associate their ethical stance with the one of marketers who want to maximise the number of acquired customers at all costs.

### **5.3 Model 3: Data Collection and Privacy**

Privacy is directly linked to consumer value, which further proves the connections between the three established models in this chapter (Milne and Rohm, 2000). The mean of this model ( $\mu = 2.4$ ) shows that consumers have had rather negative experiences associated with privacy and data collection practices. This indicates that an unbeneficial relationship is present between consumers

and marketers. Such situation is displayed in Milne and Rohm's (2000) Consumer Privacy State Framework (Figure 1). The majority of our respondents seem to classify as consumers who are either not knowledgeable about name removal mechanisms and/or consumers who are not aware of data collection practices (Figure 1, Milne and Rohm, 2000). Such interpretations correlate with Model 2, which suggests that consumers show a low level of awareness and concern towards giving consent and the implications of doing so. These implications, in practice, include data collection, or in other words, collection of personal information for marketing purposes, which in itself could lead to breach of privacy. The results prove that, indeed, these issues which are present in theory, do exist in reality as well. Referring once again to Milne and Rohm's (2000) Consumer Privacy State Framework, the findings suggest that consumers are not currently satisfied with their relationship with marketers, due to ethical concerns, once they are aware of ethical implications related to privacy and data collection. As shown in Model 1, consumer behaviour changes once the consumers are more aware of potential unethical behaviour. Model 3 not only displays the same change in attitude, but also further validates the claims shown in the problem discussion and relevant theory, that privacy and data collection are the one of the main drivers of unethical practices.

## **Chapter 6: Conclusion**

The aim of this thesis is to explore the consumer behaviour and attitude towards ethical issues in e-permission marketing. Due to the novelty of this marketing practice, some of its ethical implications have been identified, but not yet explored into depth by researchers. To tackle this issue and go further into investigating the consumer perspective on the issue, the following research questions were developed: "*What is the degree of consumer awareness towards marketing activities, once consent is given by the consumer?*", "*Is consumer behaviour affected once consumers are aware of ethical issues in e-permission marketing practices?*", and "*What is the consumer attitude towards data collection practices which lead to privacy issues in e-permission marketing?*".

Following the analysis of the results of the survey, the findings support Palmer's (2005) statement the lack of consumer awareness of what consumers actually agree to when giving

consent. This is mainly linked to the perceived value for the consumers, thus lack of concern and awareness of what they are agreeing to in order to potentially extract this value. However, our findings show that once consumers are actually aware of ethical implications and consequences, their behaviour and attitude changes. Instead of seeking value as a consequence, consumers are more concerned about the processes and practices used by marketers that deliver the value to consumers. Thus, there is a notable shift in ethical decision making. In particular, the respondents showed a negative attitude towards data collection practices that could breach consumer privacy. Consequently, there is an evidence of lack of stability in the relationship between marketers and consumers once privacy does not exist, as displayed in Milne and Rohm's (2000) Consumer Privacy State Framework.

The findings have both theoretical and practical application. Future e-permission marketing and consumer behavior researchers could attempt to further develop the understanding of the aforementioned ethical issues. Marketers could reevaluate their permission-based marketing strategies as to ensure more understanding for consumers, less privacy concerns, and find a balance between the degree of personal consumer information needed and personalisation of marketing offers.

## **Chapter 7: Discussion**

### **7.1 Limitations and Strengths**

The main limitation of this thesis was the scarce resources of time. This limitation caused the authors to narrow down their research. More time could have given the opportunity to perform a mixed method research including both a quantitative and qualitative research. This could have added more value and strengthen the reliability of the research.

The analysis of the survey showed high reliability. However, the four-point Likert scale questions in the survey prompted respondents to have an opinion. Using five answer alternatives would have let respondents to give a neutral answer to a question they do not care or have an opinion about (Saunders et al., 2016). This could have let more respondents leave complete answers or not giving an answer they do not agree upon.

However, the usage of high quality academic literature gave a solid base for the research. The research performed gave highly reliable results for an exploratory study. Combining these two gave results that open up for further research.

## **7.2 Suggestions for Further Research**

The authors suggest conducting further research on ethical factors in e-permission marketing that is not so much centered around privacy and data collection. Due to the novelty of this marketing practice, most studies mainly incorporate these two issues. However, with the ever-growing usage of the Internet for marketing practices, the authors expect the literature on the topic to be more extensive in the future, thus providing a stronger base for further, and even more profound studies. It would definitely be intriguing to see if new ethical factors emerge, and what their influence on consumer behaviour would be.

In addition, as shown in the literature used in this paper, as well as the findings and analysis, consumer value plays a significantly major role in e-permission marketing. Its link to the already explored change in consumer behaviour connected to ethical issues, provides a solid base for research centered around consumer value. Researchers could further investigate which ethical factors have a noticeable impact upon the perceived value for the consumer. It would be also interesting to see whether the consumers themselves can increase or decrease the value they obtain, through their role and actions within e-permission marketing. Thus, incorporating literature on consumer ethics would be vital for such research.

Finally, the authors definitely recommend researchers to consider qualitative methods for collecting empirical data, especially on factors already developed in this paper using the quantitative approach. This could potentially further support the findings of this paper with a more profound analysis, or lead to other conclusions, which would definitely expand the scope of this field of marketing for future research.

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# **Appendix 1: Survey**

## **Question 1. Introduction**

Your help is needed! We are students writing a Bachelor thesis about online permission marketing. The information we gather from this survey would be extremely useful for our research.

This will only take about 3 minutes or even less.

Thank you for your participation!

## Demographic questions

### **Question 2. Age**

- Under 18 (1)
- 18 - 24 (2)
- 25 - 34 (3)
- 35 - 44 (4)
- 45 - 54 (5)
- 55 - 64 (6)
- 65 - 74 (7)
- 75 - 84 (8)
- 85 or older (9)

### **Question 3. Gender**

- Female (1)
- Male (2)
- Other (3)

### **Question 4. Occupation If you have more than one, choose your main occupation.**

- Employed (1)
- Unemployed (2)
- Student (3)

- Retired (4)
- Other (5) \_\_\_\_\_

## Internet behaviour

**Question 5. Which of the following online services do you frequently use? You can choose more than one alternative.**

- E-mail (1)
- Google (2)
- Social media (3)
- Video streaming sites (e.g. YouTube or Netflix) (4)
- I do not use any of these (5)

**Question 6. Which online service do you get promotions/offers from the most?**

- E-mail (1)
- Google (2)
- Social Media (3)
- Video streaming sites (e.g. YouTube or Netflix) (4)

**Question 7. How often do you read Terms and Conditions on websites?**

- Always (1)
- Most of the time (2)
- Sometimes (3)
- Never (4)

**Question 8. By knowing that companies use your personal data for marketing purposes, do you still agree to terms and conditions?**

- Yes (1)
- No (2)

**Question 9. How often have you rejected entering a website because you did not agree to their Terms and Conditions?**

- Always (1)
- Most of the time (2)
- Sometimes (3)
- Never (4)

## Awareness, behaviour, data collection and consent

**Question 10. How comfortable do you feel about companies gathering your data for marketing purposes?**

- Very comfortable (1)
- Relatively comfortable (2)
- Relatively uncomfortable (3)
- Very uncomfortable (4)

**Question 11. Are you aware that some companies share collected personal data to third parties?**

- Yes (1)
- No (2)

**Question 12. Do you think that companies should be able to sell information about buying habits to third parties if that increases value for you as a customer?**

- Agree (1)
- Somewhat agree (2)
- Somewhat disagree (3)
- Disagree (4)

**Question 13. Do you think that companies should gather data and use it for marketing purposes if that benefits the majority of internet users?**

- Agree (1)
- Somewhat agree (2)
- Somewhat disagree (3)

- Disagree (4)

**Question 14. Do you agree that usage of personal data for marketing purposes is morally right if companies create more value for customers?**

- Agree (1)
- Somewhat agree (2)
- Somewhat disagree (3)
- Disagree (4)

**Question 15. Do you feel more likely to click on an ad or be interested in promotional offers once they have been targeted to your specific preferences?**

- Agree (1)
- Somewhat agree (2)
- Somewhat disagree (3)
- Disagree (4)

**Question 16. How often do you feel that your privacy has been invaded by marketing activities done by companies or ad agencies?**

- Often (1)
- Sometimes (2)
- Rarely (3)
- Never (4)

**Question 17. Following up on the previous question, were you likely to allow marketers to make further offers?**

- Agree (1)
- Somewhat agree (2)
- Somewhat disagree (3)
- Disagree (4)

## Appendix 2: Factor Analysis (Correlation Matrix)

Correlation Matrix

	Question 7	Question 9	Question 10	Question 12	Question 13	Question 14	Question 15	Question 16	Question 17
Question 7	1.000	.463	-.121	-.053	-.086	-.082	-.083	-.001	-.079
Question 9	.463	1.000	-.339	-.248	-.198	-.211	-.045	-.174	-.141
Question 10	-.121	-.339	1.000	.478	.400	.397	.186	.323	.292
Question 12	-.053	-.248	.478	1.000	.584	.454	.295	.214	.340
Question 13	-.086	-.198	.400	.584	1.000	.571	.365	.184	.326
Question 14	-.082	-.211	.397	.454	.571	1.000	.348	.197	.349
Question 15	-.083	-.045	.186	.295	.365	.348	1.000	.139	.409
Question 16	-.001	-.174	.323	.214	.184	.197	.139	1.000	.067
Question 17	-.079	-.141	.292	.340	.326	.349	.409	.067	1.000