

# Chapter 50

## Prior Negative Experience, Online Privacy Concerns and Intent to Disclose Personal Information in Chinese Social Media

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### ABSTRACT

*A paper survey of 489 Chinese college students was conducted in spring, 2012 to test a conceptual model of online information disclosure in social media. It shows that young Chinese SNS users' prior negative experience of online disclosure significantly increased their online privacy concerns and their perceived risk. Their online privacy concerns undermined their trust of online companies, marketers and laws to protect privacy and elevated their perceived risk. Their trust strongly predicted their intent to disclose the lifestyle and sensitive information. Their online privacy concerns only inhibited them from disclosing sensitive information in social media. However, their prior negative experience did not directly predict their intent of self-disclosure on SNS. Implications for academia and industry are discussed.*

### INTRODUCTION

Consumers' willingness to disclose truthful personal information online underwrites the continuing success of Chinese social networking sites (SNS) such as Qzone and Renren.com. As we know, SNS make huge profits by utilizing the users' profiles, status updates, social connections and their friends' recent activities for advertising

and marketing purposes (Quinn, 2010). SNS allow advertisers to tailor their ads more effectively and target to social media users more precisely, especially those who expressed interests or liked their brands or products on SNS. As a result, Tencent became the world's third largest Internet company, after Google and Amazon, with the revenues of \$1.8 billion in 2009, including over \$144 million in ad revenue and net profit of \$760

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million, capitalizing on 637 million registered users of its social networking site Qzone (Madden, 2011). By the end of 2011, Chinese users of social networking websites reached 244 million, or 47.6% of Chinese Internet users (CNNIC, 2012). DCCI (2011) predicts that Chinese marketers will increase their advertising spending on social media from 1,730 million *yuan* (\$279 million) in 2011 to 4,160 million *yuan* (\$671 million) in 2013.

However, the inappropriate use and weak security of consumers' online data on SNS will raise their online privacy concerns, undermine their trust, increase their risk perceptions, curb consumers' enthusiasms of sharing valuable personal information online, diminish the effectiveness of targeted ads on SNS, and attract regulators' attention. Few Chinese commercial websites have realized the importance of gaining Internet users' trust by conspicuously announcing and strictly implementing their online privacy policies. Only 2 per cent of the Top 1500 Chinese websites, 8 per cent of the Top 100 commercial websites and 4 per cent of the Top 100 B2C websites seem to comply with the FTC (1998) four fair information practice principles of (1) Notice/awareness, (2) Choice/consent, (3) Access/participation, and (4) Integrity/security (Kong 2007). One of the biggest Chinese online security firms warn Internet users that the SNS have become the major culprit of abusing online privacy and the SNS users will have to deal with many privacy security risks when using social networking services (Rising, 2009). Among other things, SNS themselves are vulnerable to various attacks from hackers and cyber predators who covet subscribers' personal data because security, access controls, and privacy are weak by design on most SNS (Rising, 2009; Shin, 2010). Consequently, young Chinese Internet users have exhibited a very high level of online privacy concerns (Yao & Zhang, 2008). Research also shows that Chinese social media users have expressed low acceptance of all kinds of display ads on SNS with only 30% of them approving

and 10% ever clicking on them (CNNIC, 2009). To protect Chinese citizens' online privacy, the People's Congress has been working on a national law after it passed the Tort Liability Law specifically listing Chinese citizens' right to privacy in 2010. Many Chinese scholars believe that the Tort Liability Law can be evoked to protect Chinese Internet users' online privacy (e.g., Ma, 2011; Xu & Luo, 2010). Observers also raised the concerns that Chinese new privacy law might be more stringent than Western privacy laws (e.g., Antisdel & Ghalayini, 2011). Sooner or later, Chinese government will enforce new privacy laws and regulations in social media.

Adolescents and young adults are the heaviest users of SNS in China but little is known about how their prior negative experience of online disclosure influences their willingness to disclose personal information on SNS. Chinese SNS boast more than 124,000,000 subscribers, 52.6% of whom are young people ages 20-29, 50.33% of whom are students, and 59.1% of whom had some college education (CNNIC, 2009). Previous Chinese studies mainly focus on discussing business models/strategies of social networking websites (e.g., R. Sun, 2010; Wang, 2011), investigating the motives behind Chinese consumers' SNS use (e.g., Liang, Li, Wang, & Di, 2011; Xu & Zhao, 2011) and examining the effectiveness of marketing communications on SNS (e.g., J. Sun, 2010; Wang & Wu, 2010). Almost no empirical research has examined the impact of prior negative experience of online disclosure on Chinese consumers' willingness to disclose personal information on SNS, mediated by online privacy concerns, risks, trust, and SNS use.

Due to limited research, social media companies, interactive marketers and regulators are not sure whether they need to take appropriate measures to protect Chinese consumers' online privacy, reduce their online privacy concerns, minimize their privacy risks, and gain their trust so as to guarantee the continued effectiveness of

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