Chapter 8

Brand Privacy Policy and Brand Trust Reference in Online Business Communication

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ABSTRACT

This study aims to contribute to the existing literature by examining strategic communications of online privacy policies of e-commerce brands. Specifically, the key topics and the sentiments of privacy assurances, the aspects of brand trust referred, and the privacy policy-brand trust reference relationship were explored. A total of 62 privacy policy statements on the websites of the 100 leading companies in the e-commerce industry worldwide were analyzed using quantitative content, sentiment, and Spearman's correlation analyses. Results indicate that most of the leading companies in the global e-commerce sector share information about various privacy practices positively. Although the most valuable e-commerce international brands tend to have a higher level of the online brand privacy policy, they are less likely to refer to brand trust. However, online brand privacy policy and online brand trust reference levels are not found to be significantly associated.

INTRODUCTION

In the e-commerce domain, privacy risk is an important indicator of trust in service

providers, which in turn positively influences the intention to use online trading services (Chellappa, 2008; Roca et al., 2009). Privacy and security are the main factors influencing online trust (Hoffman et al., 1999). It is also shown that perceived security/privacy has a significant effect on online brand trust (Alam & Yasin, 2010). On the other hand, previous studies demonstrate that the privacy policies of service providers impact privacy risk perceptions in mobile banking applications (Balapour et al., 2020) and electronic commerce website contexts (Xu et al., 2011). Effective privacy notices play a critical role in managing risks associated with online shopping and the disclosure of personal data (Milne & Culnan, 2004). Consequently, increased perceived privacy risk (Malhotra et al., 2004) dramatically reduces one's desire to share information, such as location data through it (Keith et al., 2013). However, the perceived threat of information sharing for tailored social media advertising can be reduced by the existence of robust consumer-brand relationships (Hayes et al., 2021). Beyond its effects on consumer-brand relationships (Delgado-Ballester, 2004) and brand loyalty (Wongsansukcharoen, 2022), brand trust leads to higher brand purchase behaviors (Husain et al., 2022). Privacy policy statements are direct mechanisms of privacy assurances that increase trust and willingness to disclose personal information online (Bansal et al., 2015). Therefore, it is expected that business communication of privacy policy in online settings is critical for online brand trust management.

By analyzing online content, such as consumer reviews on social media, brands can determine the valence of consumer opinions and develop online marketing strategies accordingly (Micu et al., 2017). In addition, extensive research shows how the information presented, such as gain versus loss message framing, may produce differential persuasive outcomes (Nan et al., 2018). Since information security and privacy management are key issues in social media (Soomro et al., 2016), how online brand privacy policy is expressed (positive, negative, or neutral) may impact consumer attitudes and behaviors.

Consequently, this study aims to answer the following research questions:

RQ1. What are the key topics about information privacy shared in online brand privacy policies of the leading e-commerce companies?
RQ2. What are the sentiments on the key topics?
RQ3. Which aspects of brand trust are referred to in online brand privacy policies?
RQ4. Is there an association between the online brand privacy policy and online brand trust reference levels?

The next chapter provides a literature review on the privacy risk perceptions and consequences on brand trust, institutional privacy assurance, and online brand privacy policy. The methodology section presents sampling, data collection, and

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