Exploratory Study in Consumers' Perception of Ethical Personal Data Collection in Fashion e-Retailers

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Background. E-commerce is the buying and selling of products or services exclusively through electronic channels (Statista, 2023). The e-commerce industry is estimated to generate a revenue of 843.82 billion US dollars in 2024 in the United States alone (Statista, 2024). Clothing was the most popular category for online purchases in the US, accounting for approximately 43% of purchases in 2023 (Bashir, 2024). The typical consumer spends an average of USD 50.54 per apparel item purchased online (Capital One Shopping, 2024). However, the average number of apparel items ordered in a single transaction is 2.75, which is lower than all other shopping categories (Capital One Shopping, 2024). Additionally, the cart abandonment rate is 7.45% higher for fashion e-commerce compared to other industries (Capital One Shopping, 2024). About 42% of consumers admit to abandoning their cart either because the website required them to make an account or because they did not trust the site with their credit card information (Baluch, 2023). These consumer concerns are valid, with $41 billion lost to e-commerce fraud in 2022 (Baluch, 2023). While data collection is necessary for conducting e-commerce, it can lead to unethical activity. The purpose of this study is to gauge consumer perspectives on the ethical implications of online retailers collecting and using their data during online shopping. Therefore, this study proposed the following research questions: RQ1: How do consumers' data privacy concerns influence their online shopping behavior? RQ2: Do consumers find data collection by online retailers to be ethical?

Literature Review. Recent literature does not address consumer perceptions of ethical concerns relating to data collection on online fashion retailing sites. While similar studies have been conducted, they do not focus on the United States region, and they are already a few years old (Agag, 2017; Girsang et al., 2020; Li et al., 2019; Mousavi et al., 2020). Agag's (2017) research points out that the online environment is constantly evolving and multifaceted and that measuring ethics within the e-commerce context requires complexity and dimensionality. Therefore, this research aims to update the literature in this field and provide a new perspective on the United States market. Two theoretical perspectives were employed to guide this study in addressing this literature gap: 1) Perceived Risk and 2) Protection Motivation Theory. Perceived risk measures the type and intensity of risk perceived by a consumer when evaluating a purchase decision (Cox and Rich, 1964). This theory was used to assess the buying goals and purchase intentions of the consumer and how they relate to the amount of perceived risk that a consumer experiences through data collection during online shopping. Protection Motivation Theory predicts an individual's response when faced with a threat (Anderson and Agarwal, 2010). This theory was used to identify consumer's responses to perceived threats through data collection and online shopping.

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Methods. A qualitative method study was used, utilizing an interview approach with open-ended questions. With IRB approval, 5 interviews were conducted over 2-weeks from the end of February 2024 to the beginning of March 2024. The interviews consisted of 4 females and 1 male between the ages of 19 and 48. All participants were from the Midwest region of the United States. The interviews took between 30-45 minutes to complete. The interviews consisted of 4 screening questions leading to 37 main questions regarding participants' experiences, behaviors, and privacy concerns during online shopping. The interviews were conducted through Zoom (5), and the data was coded and analyzed using deductive (Perceived Risk and Protection Motivation Theory) and inductive (to generate more specific themes) coding schemes using MAXQDA software.

Findings. After coding the interviewees responses, the codes that had the most impact included consumer knowledge (14.5%), trust (17.5%), past experience (12.4%), purchase intention (7.5%), threat severity and susceptibility (7.3%), and privacy concern (13.7%). To answer RQ1, interviewees' privacy concerns while online shopping is relatively high (80.4%). However, many cited the convenience that online shopping offers (73.9%) as a factor that outweighs threat severity and susceptibility. Therefore, they will continue to shop online. Additionally, the majority of consumers have had positive past experiences while online shopping (71.7%). If consumers have positive past experiences with the brand, this increases their trust (58.5%) and positively impacts purchase intention (75.0%). In regard to RQ2, many consumers admitted to having a lack of knowledge of data privacy (68.5%). Respondents noted that while they may not like the amount of information being collected by the retailer, they understand its importance in the online shopping experience and implied that they do not find this data collection to be unethical. However, because consumer knowledge of online data privacy is low, they are also more likely to be deceived while online shopping (74.0%), and their trust in brands is lower (41.5%). This perceived deception could be due to discrepancies in price, product description, brand, or marketing materials provided by the retailer and has potential ethical implications for some retailers.

Table 1 Code Percentages and Sample Quotes

Themes	Frequency	Sample Quotes
1. Consumer Knowledge	**14.5%**	
1.1 High	31.5%	"I do [not allow] the whole cookie thing just cause I don't want different websites to track my data."
1.2 Low	68.5%	"I don't even realize that they're [privacy mechanisms] available."
2. Trust	**17.5%**	
2.1 High	58.5%	"They're [e-commerce websites] gonna protect my information to the best of their abilities, right?"
2.2 Low	41.5%	"I just don't really have faith in anything on the internet, anything that you put online I feel is being shared."
2.2.1 Deception	74.0%	"It's very devious of them [e-commerce websites] to ask for that information and have it already turned on for the consumer."
3. Past Experience	**12.4%**	
3.1 Positive	71.7%	"If I have my location enabled for the app when I'm using it, that makes my experience so much better because I'm able to see like, ok, this product is close by..."
3.2 Negative	28.3%	"My mom just got a bunch of Christmas gifts from TikTok shop and just had to cancel her credit card."
4. Purchase Intention	**7.5%**	
4.1 High	75.0%	"Very likely [to purchase again from Macy's] because their Black Friday and Christmas sales have been phenomenal."
4.1.1 Convenience	73.9%	"I would say pretty likely [to purchase again from online retailers]. I think the main component is just convenience."
4.2 Low	25.0%	"Online shopping it's just like an image of it, you know. I'm gonna get psychological here but it's less sensory driven."
5. Threat Severity and Susceptability	**7.3%**	
5.1 High	48.1%	"Well, so if you're including credit card, I think that's a huge risk."
5.2 Low	51.9%	"Do I have a problem with it [retailers collecting consumer data]? Sure, but it's like not my biggest concern."
6. Privacy Concern	**13.7%**	
6.1 High	80.4%	"Like I understand why [retailers] do it but I'd rather them not have my information."
6.2 Low	19.6%	"I don't think that they collect too much. Usually, like it's just my address...it's like basic what they would need to complete [the transaction]."

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Conclusion. The findings from this study show that consumer knowledge, past experience, and threat severity and susceptibility have the most impact on consumers' perceived trust and privacy concern, which then impacts purchase intention. This study has applications for both scholarly and industry fields. This study adds to the literature regarding ethical concerns in online data collection for scholarly applications, specifically for the US market. As for industry applications, businesses can use the findings from this study to evaluate their current data privacy policies and ensure that they are establishing positive online shopping experiences and trust with their consumers. Because this was a preliminary qualitative study, future quantitative studies can further explore these results.

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