

Department of Marketing



Research Seminars Series

Kelly D. Martin, Colorado State University (US)

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Customer Data Privacy as Firm Competitive Strategy

Abstract: Firms increasingly message on privacy as a positive, competitive differentiator, despite a lack of empirical evidence regarding how markets actually react to firms' strategic uses of privacy. When firm strategies use privacy positioning as a form of competitive differentiation, it constitutes "privacy as strategy." Leveraging marketing strategy literature, trust theory in privacy literature, and authenticity theory as a conceptual scaffolding, together with managerial insights and business press reports, the current research entails an event study of privacy-as-strategy announcements. The practice positively affects performance; a series of experiments also affirm that it prompts favorable customer evaluations. Yet not all approaches to privacy as strategy perform similarly. People-based versions enhance positive effects, whereas product-based strategies suppress them. Privacy authenticity factors can enhance or suppress privacy-as-strategy effects. Both the event study and experiments consider distinct authenticity factors derived from theory that are either controlled by the firm (proactive privacy motivation, brand-specific privacy commitment) or are more immutable (customer-centric reputation, data protection history). Competence and benevolence forms of trust mediate the effects of privacy as strategy on performance. Yet, authenticity moderates only the benevolence form. These nuanced findings provide actionable insights for marketing managers and privacy professionals and suggest future research directions.