



Empirical Analysis of Ethical issue of Privacy in E-Marketing

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The online marketing activities can offer lot of opportunities for companies to market themselves and their products inexpensively and effectively, but they need to exercise considerable care to ensure that their techniques don't get them into legal or other difficulties. In the study Gap analysis has been identified with the help of literature. E-Marketing, Internet marketing, web marketing and online marketing is used interchangeably and synonymously as it is supported by many authors hence this study E-marketing is only concerned with marketing through internet. A total of 600 questionnaires were mailed and distributed by selecting the respondents conveniently (Non-random technique). The questionnaire sent were followed and finally 568 questionnaire were received from respondents who could reasonably interpret the E-marketing and form ethical viewpoint toward privacy issue in E-marketing, hence in the present study the respondents were who are educated and exposed to E-marketing. The questionnaire responses were digitized using the SPSS software and scale reliability was done. This paper found that privacy policy, Trust on E-Marketing , Personal Information, Privacy is major problem and information from children are the five dominant factors which influence consumer perceptions of privacy in E-marketing. All these factors were considered as the predominant predictors of consumers' purchasing decisions.

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Introduction

Electronic-Marketing is the lifeblood of modern business. Electronic Marketing can be viewed as a new philosophy and a modern business practice involved with the marketing of goods, services, information and ideas via the Internet and other electronic means. Electronic marketing has become one of the essential characteristics in the Internet era. Nowadays generally people are seeking for some ways in which they can make their shopping simple and fast and of course in a secure manner. Electronic marketing means using digital technologies to sell goods or services. The basics of marketing remain the same creating a strategy to deliver the right messages to the right people. E-Marketing is the process of marketing a product or service using the Internet. It includes both direct response marketing as well as indirect marketing elements and uses a range of technologies to help connect businesses to their customers.

E-Marketing or electronic marketing refers to the application of marketing principles and techniques via electronic media and more specifically the Internet (Faisal Al-Madi et al., 2005). The terms E-Marketing, Internet marketing and online marketing, are frequently interchanged, and can often be considered synonymous.

E-Marketing can be.....

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| Perceived as an attractive market place where online activities enhance the relationship between buyers and sellers. | Kotler, 2003 |
| Use of information technology in the process of creating, | Strauss and Frost, |

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| communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization. | 2010 |
| viewed as a new philosophy and a modern business practice involved with the marketing of goods, services, information and ideas via the Internet and other electronic means. | Gohary, 2010 |
| Achieving marketing objectives through applying digital technologies. | Smith and Chaffey, 2005 |

The online marketing activities can offer lot of opportunities for companies to market themselves and their products inexpensively and effectively, but they need to exercise considerable care to ensure that their method or their E-Marketing technique doesn't get them into legal or other difficulties. Consumer concerns about unethical practices on internet are directly having a direct effect on the take up of electronic commerce as well as E-marketing. While many people are willing to access the Internet, a lack of trust is preventing them from purchasing via internet. Unethical behaviors include all actions that result in unfairness to others, whether those behaviours are legal or not. Unethical actions can be aimed towards competitors. Businesses will attempt to win customers away from competing businesses, as fair competition is a cornerstone to a free enterprise economy. However, when competition becomes unfair, it also becomes unethical (Wells and Spinks, 1996).

The online consumer market place is growing at an exponential rate. At the same time, technology has enhanced the capacity of online companies to collect, store, transfer and analyze vast amount of data has raised public awareness and consumer concerns about online privacy. To ensure consumer confidence in this new market place and its continued growth, consumer concerns about privacy must be addressed (Rechelle Codogen, 2001).

Ethics of marketing is closely related to consumer ethics and consumer protection. Studies have shown that many web sites are poorly secured. Michael Tarsal, a specialist in finding holes in web site security systems, conducted an informal survey of about 2,200 web sites and found about 70 to 80 percent had "serious security flaws." The survey consisted of 1,700 "high profile" sites and another 500 randomly selected sites. Tarsal found that the high profile sites had security problems at about twice the rate of the random sample. (Tarsal et al 1997) As stated above, the more sophisticated and interactive the site, the greater the risk. According to consumers, two of the most important attributes of commercial Websites are ease of use (e.g., simplicity, speed, convenience) and security (e.g., privacy, trustworthiness, transaction security) (Gervey and Lin, 2000).

Statement of the problem: The usage of the Internet as a way to purchase goods and services has been growing over the past two decades globally. Compared to traditional shopping, the Internet not only facilitates transactions between buyers and sellers from anywhere at any time, but also provides a wide range of product choices and a platform for exchanging ideas for customers with low costs. In the past twenty years, we have witnessed the rapid development of the Internet and the geometric growth of the Internet users.

However, people still remain reluctant to make purchases on the Internet due to unethical practices in the new electronic environment. Past researches have indicated that unethical

practices in Electronic marketing constituted a key barrier to the use of Internet shopping as well as long-term commitment to the relationship building. As the number of people using the internet for their shopping steadily rises, number of Laws, Regulations agencies has been constructed simantancely namely FTC, COPAA, to control the E-Marketing but even than there are number of practices in Electronic- marketing which cross the ethical boundaries.

The review of the existing literature reveals that a numbers of studies have been carried out on privacy aspect of E-Marketing but a very few comprehensive studies in this area could be found which provides detailed information regarding privacy Ethical issue in E-Marketing and also no study could be cited out which could explain the perceptions of respondents/individuals. As the consumer can only decide what is right or wrong or even permissible in the field of E-marketing hence study regarding their behaviour becomes significant. In the light of the above discussion comprehensive and detailed study regarding perceptions and attitudes of respondents toward privacy ethical issue in E-Marketing is of dire need. Since these consumers are the only scapegoat of this unethical business, hence their perceptions and attitudes toward the privacy issue in E-marketing become an important matter of study.

The online consumer market place is growing at an exponential rate. At the same time, technology has enhanced the capacity of online companies to collect, store, maintains, transfer and analyze vast amount of data from and about the consumer who visit their web sites. This increase in the collection and use of data has raised public awareness and consumer concern about online privacy. Number of studies has been done in concerned field some of which are discussed in Table 1.

Table 1 Studies supporting the variables in identified factors related to Privacy in E-Marketing

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| Security and privacy: Carlos and Miguel (2006), Green et al. (1998), Godwin (2001), Lardner (1999) |
| Trust in E-Marketing: Lardner (1999), Hamed Armesh et al. (2010), Carlos and Miguel (2006), Farookh et al. (1998), Ye Diana and Henry (2005), Sally (2006) |
| Privacy in traditional marketing: Ponnurangam and Lorrie (2006) |
| E-Marketing is greatly at risk: Anil (2000), Fatimah (2000), Ramayah et al. (2003), Udo (2001), Carlos and Miguel (2006), Green et al. (1998), Lardner (1999) |
| Passwords for security and safety: Mohsen and Ilja (1999), Peter (1994), |
| Safety of personal/private information: Green et al. (1998), Robert and Anne (2001), Acquisti and Grossklags (2005b), McDonald and Cranor (2009), Hochhauser (2003), Jensen and Potts (2004), Culnan (2000), Dhillon et al. (2001) |
| Privacy is a major problem: Dora Brown et al. (2007) |
| Use of customers personal information: Hoffman et al. (1999), George and Andrew (2000), George (2000), Lucian (2002), Tynan (2000), Aldridge et al. (1997), H. J. Smith (1996), A. M. Porter (2000) |
| Selling the personal information of customers: Robert and Corey (2009), Rachel et al. (2005), Adar and Huberman (2001), Jacqueline (2010) |
| Collection of too much personal information: Jacqueline (2010), Donna et al. (1999) |
| Information requested from children: Deborah (2007), Mohsen and Ilja (1999), YPRT (2009) |
| Parents personal information from children: Deborah (2007), Mohsen and Ilja (1999), YPRT (2009) |
| Display of privacy policy: Jacobs (1997), Glass (1998), Pescovitz (2000), Ponnurangam et al. (2006), |

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| Mohsen and Ilja (1999) |
| Privacy/security policies are easy to understand: Jacobs (1997), Glass (1998), Pescovitz (2000), Mohsen and Ilja (1999), |
| Act/Regulation to protect from privacy: Prema Nakra (2001), Harris (2000), Kathleen Ann (2008), Gina Stevens (2010) |
| Reputation of Co. and web site is related to accurate personal information: Jarvenpaa et al. (1999), Doney and Cannon (1997), Lohse and Spiller (1998), |
| Purchase decisions related to control over the personal information: Branscum (2000) |

A Summary of Factors related to Privacy Ethical issue in E-Marketing:

Displays of Privacy policies play an important role in E-Marketing. While the electronic marketplace is growing rapidly, there are also indications that consumers are wary of participating in it because of concern about how their personal information is used in the online marketplace. Consumers have little privacy protection on the Internet. In a survey conducted by the Federal Trade Commission in 1998, it was noted that only few Web sites provide notice of their information collection practices to consumers (Mohsen and Ilja, 1999). Pescovitz (2000) revealed Mostly respondents who use the Internet have refused to give information to Web sites when they perceive that the information will be compromised when privacy policies are unclear and difficult to understand. Jacobs (1997) opined to combat this fear, consultants frequently advise e-commerce Web designers to include stated and authenticated policies of security (e.g. encryption and use of seals of approval) to communicate trustworthiness to the electronic consumer. Ponnurangam and Lorrie (2006) examined 89 Indian e-commerce websites listed in the Google Indian shopping directory and found that only 29% had posted privacy policies. Clear privacy policies are essential in an e-marketing environment regardless of country imposed legislation.

The privacy's issue has led to lawsuits by customers and consumer advocacy groups and investigations by government regulations. Online companies continue to invest in new technologies to gather and analyze customer data to improve their marketing effectiveness. Prema Nakra (2001) opined Marketers have a fiduciary responsibility to take measures to safeguard not only the information but also the privacy rights of their customers. Harris (2000) found online shoppers were more concerned about the use of personal information, and wanted some sort of laws/Acts regulating how personal information is collected and used. Kathleen (2008) revealed certain sectors are currently under legal obligations to protect sensitive personal information of consumers. These obligations were created more or less through the enactment of federal privacy legislation in the financial services, health care, government, and Internet sectors. The development of trust not only affects the intention to buy but it also indirectly affects the effective purchasing behavior, in terms of preference and frequency of visits. Jarvenpaa et al. (1999) studied the reputation of a web merchant greatly influences consumer trust. The most important component of most models on e-commerce trust is trust in the web merchant. Doney and Cannon (1997) and Lohse and Spiller (1998) revealed as in offline commerce it is the salesperson that often influences the buyer's trust in the seller in the Internet context it is the

website that does that. Therefore, one would expect that the customer experience with the web site would also have a strong effect on customer trust in the company.

The consumer lack of confidence in online information technology is not only about security of value, but also about trust in the information society. Privacy and security issues are the number one reason Web users are not purchasing over the Web. Privacy and security concerns are the main barrier to shopping on the Internet Godwin (2001). Carlos and Miguel (2006) found trust in the internet is influenced by the security perceived by consumers regarding the handling of their private data. Green et al. (1998) revealed it is the willingness of consumers to share information over the Internet that allows purchases to be concluded. However, it is clear that consumer concern with privacy of information is having an impact on the consumer Internet market. Lardner (1999) opined there is great lack of consumer's confidence, which in turn poses a serious problem to full scale electronic commerce.

One aspect of business is that the electronic marketing has great influences on computer industry. Hamed et al. (2010) revealed there is a significant correlation between trust & trustworthiness and security and privacy information. They also revealed that there is a significant correlation between loyalty in online marketing and trust & trustworthiness. Lardner (1999) opined lack of consumer's confidence, poses a serious problem for E-Marketing. Carlos and Miguel (2006) found trust in the internet is influenced by the security perceived by consumers regarding the handling of their private data. Farookh et al. (1998) revealed Peer-to-Peer systems suffer from numbers of problems; trust between two interacting peers involved in an electronic transaction is one of them. Ye Diana and Henry (2005) opined Lack of trust has been identified as one of the main formidable barriers to people for engaging in e-marketing, involving transactions in which personal and financial information's are submitted to merchants via the Internet. Sally (2006) revealed online marketing planners can overcome the barrier of perceived risk if they find the techniques to generate sufficient trust among their potential customers. Online marketers should be able to understand the problems the customer faces, and take adequate steps to build trust in order to overcome them. Ponnurangam and Lorrie (2006) demonstrated lack of awareness of privacy issues and less concern about privacy in India than has been found in similar studies conducted in the United States. They also opined numerous surveys have been conducted to assess attitudes/awareness about privacy in the United States, Australia, Canada, and the European Union. Very little information has been published about privacy attitudes/awareness in India. Donna (1999) revealed E-marketing potentially allows Web merchants to collect more detailed consumer behavior information than they can from most physical shopping trips. Many consumers are concerned that information about their private life is more readily and easily available on the Internet as compared to offline technologies. Specific problems include unwanted email, credit card fraud, identity theft, and harassment etc. Robert and Anne (2001).

One major concern associated with B2C electronic commerce is the privacy of consumer information. Security and privacy concerns are one of the main reasons web users are not purchasing over the Internet. Privacy through E-Marketing is greatly at risk, Consumer reluctant to the internet marketing because of partly due to the barrier to shopping on internet, high privacy and security concerns. Udo (2001) opined Privacy and security issues are the number

main reason Web users are not purchasing over the Web. Privacy and security concerns are the main obstacle to shopping on the Internet. Anil (2000) and Fatimah (2000) revealed Internet marketing activities often lead to several ways of processing personal information. To protect the privacy is important and these personal are used with care, required for legitimate purposes, not disclosed to the wrong persons and not processed without knowledge of the person concerned. Carlos and Miguel (2006) revealed trust in the internet is influenced by the security perceived by consumers regarding the handling of their private information. Lardner (1999) opined lack of consumer's confidence, poses a serious problem for E-Marketing. It is clear that consumer concern with privacy of information is having an impact on the consumer Internet market, Green et al. (1998).

Personal information is given in order to complete the transaction. Adar and Huberman (2001) revealed completing the transaction is the primary use of the personal information. Without any agreements for other uses, privacy is violated if the web merchant later uses that personal information in a manner outside of this primary use or allows the information to be disclosed to a party not involved in the primary use. The common models in use today are self-regulation and governmental regulation. Self-regulation places the responsibility in the hands of web merchants that gather, use, and sell personal information of consumers Rachel and Michael (2005). Jacqueline (2010) opined Personal information is readily available because of the widespread utility of the Internet, the availability of inexpensive computer storage, and increased disclosures of personal information by Internet users in participatory Web technologies. Robert and Corey (2009) explored the developing phenomenon of the ongoing collection and dissemination of personal identifying information, explaining the nature and form of personal identifying information, including the consequences of its collection; they also explored threats associated with data collection unauthorized disclosure due to data breaches.

Donna (1999) revealed E-marketing potentially allows Web merchants to collect more detailed personal information than they can from most physical shopping trips. Web merchants can collect not only the similar information available in most physical transactions identity, credit detail, and employment status but also such additional information as E-address, specific history of goods and services searched for and requested, other Internet sites visited, and contents of the consumer's data storage device. Personal information is easily available because of the widespread utility of the Internet, the availability of inexpensive computer storage, and increased disclosures of personal information by Internet users in participatory Web technologies (Jacqueline, 2010).

Mostly do not go for online purchase because they don't have control over their personal information. Branscum (2000) revealed people lost all control over how personal information is collected and used by companies. Consumers refused to give information because they thought it was inappropriate in the circumstance, and mostly decided not to purchase a product because of a concern over the use of their information collected in the transaction. The consumers after buying may not aware how the merchant use the personal information they revealed as part of the transaction. This lack of information arguably affects individual behavior in different ways (Acquisti and Grossklags, 2005b).

Various passwords are being used by online consumers to protect them on the internet but even then they are not secure. Mohsen and Ilja (1999) opined Mostly passwords cracking software contains common numeric combinations, full dictionaries as well as nicknames and abbreviations. To be absolutely safe on the internet, use a letter number combination. Never use your user name as your password. Never use the same password for all accounts. Have more than one password and use them as you surf the Net. After exiting your account, make sure that you erase your username from the login screen, and always try to log in manually. The passwords used by individuals to gain access to systems can be stolen while stored or while in transit, either within a system or a local network or across a global network such as the Internet. Even many of the encrypted passwords now in use are not safe enough to prevent theft (Peter, 1994).

Deborah (2007) opined to protect children; the Children's Online Privacy Protection Act imposed requirements on operators of websites or web merchants and other operators with actual knowledge that they have collected personal information from children. The Act generally mandates that such web merchants must provide notice of their privacy policies; obtain verifiable parental consent prior to collecting personal information from children; allow parents to review and delete personal information that their children have provided and maintain reasonable procedures to protect the security of personal information collected from children. Parent controls are also available through your online service. Advise your kids not to give out their real name and address in chat room and on bulletin board. Encourage them to post messages only with your supervision (Mohsenand Ilja, 1999). Children also bear information privacy risks when their personal data are collected online automatically, upon request by an information service provider or voluntarily, when they fill their personal information in online forms (YPRT, 2009). It is the willingness of consumers to share information over the Internet but they do not feel safe on the internet. Green et al. (1998) revealed consumer concern with privacy of information is having an impact on the consumer Internet market. A Business Week revealed that privacy is the biggest obstacle preventing them from using Websites, above the issues of cost and ease of use. Culnan (2000) revealed in online shopping people feel that they have been unfairly treated or that they have not received proper privacy notice. Many consumers are concerned that information about their private life is more readily and easily available on the Internet as compared to offline technologies. Specific problems include unwanted email, credit card fraud, identity theft, and harassment etc. Robert and Anne (2001). Acquisti and Grossklags (2005b) revealed consumers after buying may not know how the web merchant use the personal information they revealed as part of the transaction. This lack of information negatively affects individual behavior in different ways. Privacy policies try to fill the information gap between the consumer and the vendor by providing a complete picture of the vendor's information practices but the policies themselves may be very difficult to understand and may be time consuming to read (Hochhauser, 2003), (Jensen and Potts, 2004), (McDonald and Cranor, 2009).

Privacy is a high profile public as well as society policy issue that affects consumers and marketers. Hoffman et al. (1999) revealed willingness of consumers in providing personal information is one of the most important determinants of the commercial development of the Web. Porter (2000) and Smith et al. (1996) opined the Internet, enables online companies to engage in e-commerce activities as well as to collect, store, and exchange personal information obtained from online shoppers. Companies can use that information to gain greater insights into

customers' behaviour, support marketing strategies, and meet their needs. Aldridge (1997) and Hoffman et al. (1999) revealed consumers hesitate to engage in electronic commerce, such as sharing personal information with E-vendors and making purchases over the internet. That is lack of consumer trust, both in the attributes of specific web-based vendors and in the overall web environment, has been, and remains, a hindrance to electronic marketing.

Using the internet may amplify consumers' concerns about aspects such as loss of privacy, the dangers of spyware, Spam, and cookies. Aldridge (1997) and Hoffman et al. (1999) revealed consumers hesitate to engage in electronic commerce, such as sharing personal information with E-vendors and making purchases over the internet. That is lack of consumer trust, both in the attributes of specific web-based vendors and in the overall web environment and has been remains a hindrance to electronic marketing.

Gap Analysis: As the number of people using the internet for their shopping steadily rises, number of Laws, Regulations agencies has been constructed namely FTC, COPAA, to control the E-Marketing but even than there are number of practices in Electronic- marketing which cross the ethical boundaries. The review of the existing literature reveals that a numbers of studies have been carried out on various aspects of E-Marketing but a very few comprehensive studies in this area could be found which provides detailed information regarding privacy Ethical issue in E-Marketing and also no study could be cited out which could explain the perceptions of respondents/individuals. As the consumer can only decide what is right or wrong or even permissible in the field of E-marketing hence study regarding their privacy concern becomes significant. In the light of the above discussion comprehensive and detailed study regarding perceptions and attitudes of respondents toward privacy ethical issue in E-Marketing is of dire need. No study has been carried out on this theme as this is the first ever research conducted on Punjab and Chandigarh data.

Demarcation of the study: Since the aspects of chosen study are many, I tried to narrow down the focus. The aim of the research is to find perceptions & attitudes of respondents towards major ethical issue in E-Marketing i.e. Privacy which has been taken based on the past studies. By reviewing the relevant literature it is noticed that definitions of electronic marketing vary according to each author's point of view, background and specialization. In the study the terms E-Marketing, Internet marketing and online marketing is used interchangeably and synonymously as it is supported by many authors i.e. Smith and Chaffey (2001), Gohary (2010), Strauss and Frost (2010),. So in this study E-marketing is only concerned with marketing through internet.

Database and Analysis: A survey questionnaire has been designed based on a strong literature support in consultation with both online buyers and sellers. A 17 items Likert scale was used to rate the importance of variables discussed in the literature survey. The pre-pilot survey helped us to get insight to improve the questionnaire. Later, a pilot survey was done and questionnaire was improved based on the insights from the professionals engaged in E-Marketing activities. Finally, the full scale survey was conducted in principal cities of Punjab and UT Chandigarh.

A total of 600 questionnaires were mailed and distributed by selecting the respondents conveniently (Non-random technique). The questionnaire sent were followed and finally 568 questionnaire were received from respondents who could reasonably interpret the E-marketing and form ethical viewpoint toward privacy issue in E-marketing, hence in the present study the respondents were who are educated and exposed to E-marketing. The questionnaire responses were digitized using the SPSS software and scale reliability was done.

(Table 2) Sample Profile

| | | Frequency | Percent | Valid Percent | Cumulative Percent |
|------------|-----------------|-----------|---------|---------------|--------------------|
| Place | Punjab | 373 | 65.7 | 65.7 | 65.7 |
| | Chandigarh | 183 | 32.2 | 32.2 | 97.9 |
| | Others | 12 | 2.1 | 2.1 | 100.0 |
| | Total | 568 | 100.0 | 100.0 | |
| Geography | Rural | 208 | 36.6 | 36.6 | 36.6 |
| | Urban | 360 | 63.4 | 63.4 | 100.0 |
| | Total | 568 | 100.0 | 100.0 | |
| Occupation | Business | 154 | 27.1 | 27.1 | 27.1 |
| | Service | 210 | 37.0 | 37.0 | 64.1 |
| | Housewife | 59 | 10.4 | 10.4 | 74.5 |
| | Student | 138 | 24.3 | 24.3 | 98.8 |
| | Any other | 7 | 1.2 | 1.2 | 100.0 |
| | Total | 568 | 100.0 | 100.0 | |
| Gender | Male | 293 | 51.6 | 51.6 | 51.6 |
| | Female | 275 | 48.4 | 48.4 | 100.0 |
| | Total | 568 | 100.0 | 100.0 | |
| Age | Below 15 years | 29 | 5.1 | 5.1 | 5.1 |
| | 15-30 years | 361 | 63.6 | 63.6 | 68.7 |
| | 30-45 years | 93 | 16.3 | 16.3 | 85.0 |
| | Above 45 years | 85 | 15.0 | 15.0 | 100.0 |
| | Total | 568 | 100.0 | 100.0 | |
| Education | Secondary | 11 | 1.9 | 1.9 | 1.9 |
| | Higher sec | 102 | 18.0 | 18.0 | 19.9 |
| | Graduation | 260 | 45.8 | 45.8 | 65.7 |
| | Post Graduation | 195 | 34.3 | 34.3 | 100.0 |
| | Total | 568 | 100.0 | 100.0 | |
| Income | Below 10,000 | 94 | 16.5 | 16.5 | 16.5 |
| | 10,000-25,000 | 197 | 34.7 | 34.7 | 51.2 |
| | 25,000-50,000 | 108 | 19.0 | 19.0 | 70.2 |
| | 50,000-75,000 | 64 | 11.3 | 11.3 | 81.5 |
| | Above 75,000 | 105 | 18.5 | 18.5 | 100.0 |

| | | | | | |
|----------|-----------|-----|-------|-------|-------|
| | Total | 568 | 100.0 | 100.0 | |
| Marriage | Unmarried | 347 | 61.1 | 61.1 | 61.1 |
| | Married | 221 | 38.9 | 38.9 | 100.0 |
| | Total | 568 | 100.0 | 100.0 | |

From a marketing point of view it is important to profile the online as well as off line buyers before we start discussing the results of the data analysis, as buyers' demographics is the basis of the market segmentation. This may affect business strategy decisions. The demographic features of Punjab, Chandigarh and other surrounding places of Punjab are exhibited in Table 2 above.

Factor analysis results for Privacy variables in E-Marketing: In order to identify the underlying dimensions of Privacy in E-marketing, exploratory factor analysis was employed. The respondents were asked to rate seventeen variables, using a five point Likert scale, which ranged from strongly disagree to strongly agree.

The inter-item consistency reliability of these seventeen variables was tested before factor analysis was carried out. The result for Cronbach's Alpha test was .709 this scale can be considered to be good. Moreover, the results of both the KMO (.716) and Bartlett's test of sphericity (.000), also indicate that it was appropriate to apply the exploratory factor analysis techniques to this data set. With principal components analysis and an eigen value of 1.00 as the deciding criterion, Varimax rotation yielded five factors that explained 60.70% of the matrix variance. According to Hair et al.'s [1995] practical significance criteria, individual item factor loadings have to exceed 0.4, and one factor should include at least two items. These practical significant criteria were fully met in the exploratory factor analysis. Following tables show the factor analysis of the seventeen variables; this analysis extracted five factors from the seventeen variables. Each factor was defined by at least three scale items except the one factor.

Factor one loaded on the four variables. This factor can be labeled as privacy policy, as these four variables revealed the perceptions of buyers related to the components of the privacy policies of web merchants; that is, Display of privacy policy, Easy to understand Privacy policy, Act/Regulations to protect privacy online and reputation of company in relation to privacy. All these elements were considered as the predominant predictors of consumers' purchasing decisions. This factor alone has explained 18.16% of the total variation in the factor analysis.

Factor two was correlated most highly with the first four variables; i.e., Security and privacy concerns are barriers for E-Marketing, customers do not trust E-Marketing because of security reasons, Privacy in E-marketing is less as compared to traditional marketing and Privacy through E-Marketing is greatly at risk. It might be labeled as Trust on E-Marketing. This category's results indicated that it is important for web merchants to create consumer's trust in E-marketing, as security and privacy uncertainty were two main issues for those considering purchasing online. This factor has explained 13.62% of the total variation in the factor analysis and indicates the importance of this factor in the study of online shopping behavior.

Mean, corrected item to total correlation and Scale Reliability alpha for 1st Factor (Privacy Policy)

| Items | Mean | Corrected Item-Total Correlation | N |
|--|------|----------------------------------|-----|
| Display of privacy policy | 3.20 | .665 | 568 |
| Privacy/security policies are easy to understand | 2.85 | .498 | 568 |
| Act/Regulation to protect from privacy | 3.21 | .607 | 568 |
| Reputation of Co. and web site is related to accurate personal information | 3.24 | .489 | 568 |
| Scale Reliability alpha= .745, Eigen Values 3.088, % Variance= 18.166, Cumulative % Variance= 18.166 No of items=4 | | | |

Mean, corrected item to total correlation and Scale Reliability alpha for 2nd Factor (Trust on E-Marketing)

| Items | Mean | Corrected Item-Total Correlation | N |
|---|------|----------------------------------|-----|
| Security and privacy | 3.23 | .532 | 568 |
| Trust in E-Marketing | 3.34 | .501 | 568 |
| Privacy in traditional marketing | 3.27 | .511 | 568 |
| E-Marketing is greatly at risk | 3.29 | .521 | 568 |
| Scale Reliability alpha= .726, Eigen Values 2.316, % Variance= 13.624, Cumulative % Variance= 31.790, No of items=4 | | | |

The third factor has explained 11.53% of the total variation in the factor analysis and might be labeled Personal Information. It includes four variables; i.e. Company use the customer's personal information for other reasons, Companies sell the personal information of customers in their computer databases to other companies, Companies are collecting too much personal information through E-Marketing and Consumers' purchase decisions are affected by the control over the amount of information. The results indicate consumers do not have control over their personal information submitted by them at the time of transaction.

Mean, corrected item to total correlation and Scale Reliability alpha for 3rd Factor (Personal Information)

| Items | Mean | Corrected Item-Total Correlation | N |
|---|------|----------------------------------|-----|
| Use of customers personal information | 3.32 | .511 | 568 |
| Selling the personal information of customers | 3.40 | .447 | 568 |
| Collection of too much personal information | 3.53 | .548 | 568 |
| Purchase decisions related to control over the personal information | 3.38 | .502 | 568 |

| Items | Mean | Corrected Item-Total Correlation | N |
|--|------|----------------------------------|-----|
| Use of customers personal information | 3.32 | .511 | 568 |
| Selling the personal information of customers | 3.40 | .447 | 568 |
| Collection of too much personal information | 3.53 | .548 | 568 |
| Scale Reliability alpha= .714, Eigen Values 1.960, %Variance= 11.528, Cumulative % Variance= 43.317, No of items=4 | | | |

Mean, corrected item to total correlation and Scale Reliability alpha for 4th Factor (Privacy Problem)

| Items | Mean | Corrected Item-Total Correlation | N |
|---|------|----------------------------------|-----|
| Passwords for security and safety | 2.93 | .590 | 568 |
| safety of personal/private information | 2.79 | .515 | 568 |
| Privacy is a major problem | 3.11 | .478 | 568 |
| Scale Reliability alpha= .707, Eigen Values 1.554, %Variance= 9.143, Cumulative % Variance= 52.461, No of items=3 | | | |

The fourth factor might be labeled Privacy is major problem. It includes three variables; i.e. Current passwords for security and safety on the internet, safety when personal information submitted on the internet for Shopping and Privacy is a major problem as compare to Cookies, Spamming, Spyware, etc. It indicated that security and privacy uncertainty were two main issues for those considering purchasing online. The last factor consist of two variables might be labeled as information from Children.

Mean, corrected item to total correlation and Scale Reliability alpha for 5th Factor (Information from Children)

| Items | Mean | Corrected Item-Total Correlation | N |
|---|------|----------------------------------|-----|
| Information requested from children | 3.38 | .582 | 568 |
| Parents personal information from children | 3.29 | .582 | 568 |
| Scale Reliability alpha= .735, Eigen Values 1.400, %Variance= 8.234, Cumulative % Variance= 60.694, No of items=2 | | | |

The fifth factor includes limited amount of information should be requested from children on the internet and Children should not be asked for parent's personal information. The fifth factor has explained only 8.23% of the total variation in the factor analysis.

Limitation and suggestions: As this is the first ever research conducted on Punjab and Chandigarh data, it has set the groundwork for further research. Firstly, random sampling techniques are not employed in this research; the ability of the collected data to generalize the

entire population is reduced because only buyers in principal cities of Punjab and UT Chandigarh were sampled. A random sample covering the whole of Punjab and UT Chandigarh should be employed to examine whether the results from this study are replicated. Secondly, the sample size was relatively small. A larger sample should be used to carry out any future research in this field. The respondents taken were both online and offline customers and the majority of attendees were college-educated, students or employees in service industries, thus the samples may be overly concentrated in some particular consumer groups, rendering bias in measuring the consumers online shopping experience and lifestyle. Thus, the results obtained may reflect only these groups' characteristics. It is suggested that future research could possibly diversify into more consumer groups so that the results can be applied more generally.

Conclusion: In line with many E-marketing researches concerning the factors which cause consumer satisfaction in online purchasing experiences, this paper found that privacy policy, Trust on E-Marketing, Personal Information, Privacy is major problem and information from children are the five dominant factors which influence consumer perceptions of privacy in E-marketing. Personal information had the highest rating score, followed by privacy policy. This research indicates that the least satisfying aspect to buying online is still trust in E-marketing which rated the lowest factor mean. This result is consistent with the findings from the annual report of Taylor Nelson Sofres (2002). The report highlighted security issues as the main reason for people choosing not to purchase online, yet the industry has done little to address these concerns over recent years. Consumers' concerns about online financial security and privacy are closely associated with their perception of how good the technologies for secure payment mechanisms are (Hoffman et al., 1999), and with the reputation of the vendor (GVU, 1998). Hence, it is important for web merchants to adopt advanced encryption technology, and post assurances of their online security on their website, in order to inform online consumers of their security measures.

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